



Incorporated in Zimbabwe in 1991  
under registration number 4880/91  
ZSE Symbol: RTG.ZW  
ISIN: ZW000901147

# PRESS ANNOUNCEMENT

The Board of Directors of Rainbow Tourism Group Limited ("RTG" or "the Company") wishes to advise shareholders and the investing public that the Company is in the process of finalising a strategic acquisition in Cape Town, South Africa. To this end, RTG, through its South African-registered subsidiary, Rainbow Tourism Group (SA) Proprietary Limited, has entered into a Sale and Purchase Agreement with Elleke Hospitality Proprietary Limited for the acquisition of a seven-storey commercial property located at Erf 807, 13 Buitengracht Street, Cape Town. The property which is currently a commercial asset, will undergo adaptive reuse and refurbishment to transform it into a branded hotel operated under a leading international hospitality group. The total consideration for the acquisition is ZAR98 million (approximately US\$5.6 million), representing roughly 9.3% of the Company's market capitalisation on the Zimbabwe Stock Exchange (ZSE).

This acquisition marks RTG's entry into the South African market and is aligned with the Group's long-term strategy to expand its hospitality footprint into high-growth regional destinations. Cape Town remains one of the most attractive tourism and investment locations on the continent, benefitting from consistent international arrivals, robust infrastructure, and its position as a gateway city to Southern Africa. In compliance with the ZSE Listings Requirements, specifically, the Securities Exchange Rules Statutory Instrument 134 of 2019 (the "Listings Rules") – this transaction qualifies as a Category 3 transaction under Section 253, paragraph 3. Accordingly, this announcement is issued in line with the provisions of Section 258 of the Listings Rules.

**Date of Issue: 21 August 2025**

This announcement is also accessible for viewing and download on the Rainbow Tourism Group website at: <https://rtgafrica.com/shareholder-notices/>

*Please note that this press announcement is available in English only.*

## Information About Rainbow Tourism Group Limited

RTG is one of Zimbabwe's leading tourism and hospitality companies. Listed on the ZSE, RTG is a dominant player in the hospitality sector. RTG has expanded its presence across the tourism value chain through key initiatives such as the launch of Heritage Expeditions Africa, its domestic tour operations subsidiary and the development of Gateway Stream – a proprietary super app offering an integrated digital marketplace for products, services, and travel experiences. To support foreign arrivals into its local hotels, RTG also maintains a dedicated sales and marketing office in Johannesburg, South Africa.

The table below lists RTG's current hotels and conferencing portfolio:

| CATEGORY  | HOTELS   | CONFERENCE CAPACITY | ROOMS      |
|---|----------|---------------------|------------|
| <b>5 Star *****</b><br>The Rainbow Towers Hotel & Conference Centre (City)  | 1        | 7,000               | 304        |
| <b>4 Star ****</b><br>A' Zambesi River Lodge (Resort)   | 1        | 80                  | 87         |
| <b>3 Star ***</b><br>Victoria Falls Rainbow Hotel (Resort)<br>Bulawayo Rainbow Hotel (City)<br>Kadoma Hotel & Conference Centre (City)<br>New Ambassador Hotel (City)<br>Montclair Resort & Conference (Resort) | 5        | 1,520               | 572        |
| <b>TOTAL</b>  | <b>7</b> | <b>8,600</b>        | <b>963</b> |

### Information About the Asset Under Acquisition

The property is a seven-storey commercial building comprising a ground-floor retail unit measuring approximately 221m<sup>2</sup> and six upper floors of office space totaling 3,600m<sup>2</sup>. The property enjoys a prime location along a major arterial route leading into Cape Town's Central Business District (CBD), offering high visibility and pedestrian traffic, as well as close proximity to key business and leisure landmarks – including the V&A Waterfront, Cape Town International Convention Centre (CTICC), the DHL Cape Town Stadium and the Bo-Kaap tourist district. It also offers unobstructed views of the iconic Table Mountain, one of the most recognisable natural landmarks in the world. This premium location positions the property as an ideal candidate for conversion into a hotel development that caters to both corporate and leisure travellers. Its proximity to the CTICC enhances its suitability for the Meetings, Incentives, Conferences, and Exhibitions (MICE) segment, while the surrounding cultural, culinary, and recreational attractions boost its appeal to domestic and international tourists alike. Strategically located near Cape Town's financial district, Bree Street's vibrant dining scene, and the city's renowned beaches, the property represents a high-potential anchor asset for RTG's regional expansion strategy into South Africa's dynamic hospitality market.

### Strategic Implication of The Acquisition

This strategic investment is aligned with the Board's overarching mandate to identify and pursue growth opportunities that support the Group's long-term vision of expansion. It marks a significant milestone in RTG's regional growth strategy and affirms the Company's commitment to unlocking long-term shareholder value.

Currently, RTG's asset base and operations are entirely concentrated in Zimbabwe. This acquisition presents an opportunity to diversify both the Group's balance sheet and revenue streams by establishing a presence in one of Africa's most vibrant and competitive tourism markets. Cape Town, a globally acclaimed destination and a key hospitality hub, offers strong market fundamentals, including high occupancy rates, well-developed infrastructure, and year-round international visitor appeal. Establishing a footprint in this environment not only enhances the Group's regional and global profile but also provides direct access to global best practices in hospitality operations, customer experience, and service excellence.

To ensure world-class delivery, the Company is presently in advanced discussions with reputable international hotel brands to secure a management agreement for the acquired property. Partnering with a global operator is expected to drive international skills transfer, operational efficiency, and increased visibility of the RTG brand on the global stage. This collaboration will also support talent development and skills capacitation within the Group and contribute positively to Zimbabwe's hospitality talent ecosystem.

In addition to its strategic and operational value, the investment is anticipated to be a strong source of foreign currency generation, contributing positively to both RTG's financial performance and the broader Zimbabwean economy. This development will enhance RTG's earnings potential, reinforce long-term shareholder value, and position the Group for sustained growth within the Southern African region.

The building earmarked for acquisition will be converted and redeveloped into a modern, fully operational hotel consistent with international hospitality standards. The redevelopment will be guided by the specifications and brand standards of the selected global hotel partner, ensuring that the final product meets world-class benchmarks in design, guest experience, and service delivery. Once complete, the hotel will stand as a competitive and high-impact asset within Cape Town's hospitality landscape, reinforcing RTG's commitment to delivering exceptional and refreshing experiences across its expanding portfolio.

#### Proforma Group Consolidated Statement of Financial Position;

|                                     | Group<br>before the<br>Transaction<br>31.12.2024<br>US\$ | RTG SA<br>(Capetown<br>Property)<br>US\$ | Purchase<br>transaction<br>US\$ | Group<br>after the<br>Transaction<br>31.12.2024<br>US\$ |
|-------------------------------------|--|--|---------------------------------|---|
| <b>ASSETS</b>                       |  |  |                                 |   |
| <b>Non current assets</b>           |  |  |                                 |   |
| Property and equipment              | 48 757 513   | 6 000 000                                | -                               | 54 757 513  |
| Intangible assets                   | 87 235   | -  | -                               | 87 235  |
| Right-of use assets                 | 968 765  | -  | -                               | 968 765   |
|                                     | <b>49 813 513</b>  | <b>6 000 000</b>                         |                                 | <b>55 813 513</b>                                       |
| <b>Current assets</b>               |  |  |                                 |   |
| Inventories                         | 3 163 469  | -  | -                               | 3 163 469   |
| Trade and other receivables         | 6 569 949  | -  | 6 000 000                       | 12 569 949  |
| Other financial assets              | 2 527 838  | -  | -                               | 2 527 838   |
| Cash and cash equivalents           | 2 440 126  | -  | -                               | 2 440 126   |
|                                     | 14 701 383   | -  | 6 000 000                       | 20 701 383  |
| <b>Total assets</b>                 | <b>64 514 896</b>  | <b>6 000 000</b>                         | <b>6 000 000</b>                | <b>76 514 896</b>                                       |
| <b>EQUITY AND LIABILITIES</b>       |  |  |                                 |   |
| <b>Capital and reserves</b>         |  |  |                                 |   |
| Share capital                       | 249 650  | -  | -                               | 249 650   |
| Share premium                       | 1 470 887  | -  | -                               | 1 470 887   |
| Revaluation reserve                 | 29 261 376   | -  | -                               | 29 261 376  |
| Retained earnings                   | 6 971 015  | -  | -                               | 6 971 015   |
| <b>Total equity</b>                 | <b>37 952 928</b>  | <b>-</b>                                 | <b>-</b>                        | <b>37 952 928</b>                                       |
| <b>Non current liabilities</b>      |  |  |                                 |   |
| Lease liabilities                   | 866 500  | -  | -                               | 866 500   |
| Deferred tax                        | 10 847 485   | -  | -                               | 10 847 485  |
| Long term portion of borrowings     | 2 458 333  | -  | 6 000 000                       | 8 458 333   |
|                                     | <b>14 172 318</b>  | <b>-</b>                                 | <b>6 000 000</b>                | <b>20 172 319</b>                                       |
| <b>Current liabilities</b>          |  |  |                                 |   |
| Short term portion of borrowings    | 1 041 667  | -  | -                               | 1 041 667   |
| Trade and other payables            | 10 254 474   | 6 000 000                                | -                               | 16 254 474  |
| Tax payable                         | 942 854  | -  | -                               | 942 854   |
| Lease liabilities                   | 150 655  | -  | -                               | 150 655   |
|                                     | 12 389 650   | 6 000 000                                | -                               | 18 389 650  |
| <b>Total liabilities</b>            | <b>26 561 968</b>  | <b>6 000 000</b>                         | <b>6 000 000</b>                | <b>38 561 968</b>                                       |
| <b>Total equity and liabilities</b> | <b>64 514 896</b>  | <b>6 000 000</b>                         | <b>6 000 000</b>                | <b>76 514 896</b>                                       |

## **Transaction Consideration and Settlement**

To finance the acquisition, the Group has secured a loan facility of approximately US\$6 million from a local financial institution. The terms of the facility are consistent with RTG's existing borrowing arrangements. The facility carries a fixed interest rate of 12.5% per annum with a tenure of five years.

Following drawdown, the facility is expected to increase the Group's gearing ratio from 9% as at the end of 2024 to approximately 32% post the transaction. The resulting leverage ratio reflects a prudent and strategic use of debt in support of growth and remains comfortably within recognised industry norms for the hospitality sector.

## **Conditions Precedent**

This transaction is subject to various conditions precedent, the majority of which have now been initiated and are at varying stages of fulfilment. The company has obtained both the Reserve Bank of Zimbabwe as well as the South African Reserve Bank exchange control approvals. In addition, the Company conducted a comprehensive due diligence exercise covering legal, technical, and commercial aspects of the transaction. This process has been satisfactorily completed and confirmed the viability and strategic rationale of the investment. At the successful satisfaction of all requisite conditions precedent, the company shall notify its shareholders and the investing public through its normal channels.

## **Directors Responsibility Statement**

The Directors of the Company accept full responsibility for the accuracy of the information relating to Rainbow Tourism Group Limited contained in this announcement. They certify that, to the best of their knowledge and belief, there are no material facts omitted which would render any statement misleading, and that they have made all reasonable enquiries to ensure the completeness and correctness of the information disclosed.

By order of the Board



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**TAPIWA MARI**  
**COMPANY SECRETARY**

RAINBOW TOURISM GROUP LIMITED  
NUMBER 1 PENNEFATHER AVENUE  
SAMORA MACHEL AVENUE WEST  
**HARARE**

**21 AUGUST 2025**