



Debenture Redemption Notice

BACKGROUND AND INTRODUCTION

In January 2018, Rainbow Tourism Group Limited ("RTG" or "the Company") raised ZW\$22,500,000.00 by way of a rights issue linked to debentures. The capital raise comprised of ZW\$5,812,500.00 worth of rights issue shares and ZW\$16,687,500.00 in linked redeemable debentures carrying a par value of ZW\$1.00 each. The rights issue shares and debentures have since been delinked and both were listed and are trading on the Zimbabwe Stock Exchange (ZSE).

The Board of Directors of the Company hereby advises debenture holders that the board has resolved to redeem in full the 16,687,500 debentures issued during January 2018 capital raise. The redemption will be consummated in line with Clause 5.6 of the Rainbow Tourism Group Notarial Deed of Debenture dated 20 February 2019.

RATIONALE FOR REDEMPTION

The Board of the Company has arrived at this decision primarily for the following reasons;

1. The debenture is secured by the following three hotel assets owned by the Company;
 - 1.1 Stand 592 Bulawayo Township together with Subdivision A of Stand 591A Bulawayo Township and the remaining extent of Stand 591A Bulawayo Township, otherwise known as Bulawayo Rainbow Hotel.
 - 1.2 Stand 278 Victoria Falls Township, otherwise known as Victoria Falls Rainbow Hotel.
 - 1.3 Stand 308 Victoria Falls Township, otherwise known as AZambezi River Lodge.

The combined value of the three properties relative to the value of the debentures have rendered the financing arrangement sub-optimal. Evidently, continued securitization of the Company's properties against the ZW\$ debentures now shows an inefficient way of utilizing the Company's assets. Redeeming all the debentures will allow your company flexibility and an opportunity to explore optimal funding alternatives for growth.

Further, the Board believes that full redemption will allow debenture holders an opportunity to redeploy their funds into other investment instruments likely to yield returns commensurate with the now obtaining environment.

EXPECTED ACTION BY DEBENTURE HOLDERS

The debentures will be redeemed at a price of ZW\$1.00 per debenture, being the par value of each debenture. Notwithstanding provision 5.6 of the Rainbow Tourism Group Notarial Deed of Debenture which provides for a sixty (60) day notice for redemption from the day of publication of this notice, the Company has put in place adequate funding to fully pay the accrued interest for the period between 22 February 2020 to 21 August 2020 and redeem the entire principal on the same day. Debenture holders should thus expect payment of their debenture principle amount plus accrued interest on or about 30 June 2020.

Herewith the scheduled calendar of events;

Event	Date
Redemption Notice Publication	26 June 2020
Accrued Interest Number of Days	181 Days
Accrued Interest Payment	30 June 2020
Principal Payment	30 June 2020

Upon payment, all debenture certificates held shall become null and invalid.

Debenture holders who may have changed their bank account details should provide their new details to the debenture Trustees.

For further enquiries on the matter including payments, debenture holders should immediately contact the Company Secretary, the Sponsoring broker and or the Debenture trustees on the addresses below.

By Order Of the Board

Napoleon Mtukwa

Company Secretary



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Sponsoring Broker



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Debenture Trustees



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