



# MASHONALAND HOLDINGS LIMITED

(Incorporated in Zimbabwe)

Leading property owners and developers

## NOTICE TO MEMBERS UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2013

### STATEMENT OF COMPREHENSIVE INCOME

Notes	GROUP	
	Six months to 31 March 2013 US\$	Six months to 31 March 2012 US\$
<b>Revenue</b>	<b>3,895,891</b>	<b>3,567,608</b>
Property expenses	(408,266)	(425,036)
<b>Net property income</b>	<b>3,487,625</b>	<b>3,142,572</b>
Other income	76,514	185,002
Administrative expenses	(974,419)	(806,957)
<b>Net property income after administrative expenses</b>	<b>2,589,720</b>	<b>2,520,617</b>
<b>Fair value adjustments - Quoted securities</b>	<b>136,173</b>	<b>(70,819)</b>
<b>Operating profit before interest and tax</b>	<b>2,725,893</b>	<b>2,449,798</b>
Finance income	270,376	211,439
<b>Profit before tax</b>	<b>2,996,269</b>	<b>2,661,237</b>
Tax	(812,694)	(663,412)
<b>Profit for the period</b>	<b>2,183,575</b>	<b>1,997,825</b>
<b>Attributable to:</b>		
Owners of parent	2,183,575	1,997,825
	<b>2,183,575</b>	<b>1,997,825</b>
<b>Total comprehensive income for the period</b>	<b>2,183,575</b>	<b>1,997,825</b>
<b>Attributable to:</b>		
Owners of parent	2,183,575	1,997,825
Number of shares in issue	1,859,073,947	1,859,073,947
Weighted average number of shares	1,700,083,932	1,716,805,442
Earnings per share - cents	0.13	0.12

### ABRIDGED STATEMENT OF FINANCIAL POSITION

Notes	GROUP	
	Six months to 31 March 2013 US\$	Year ended 30 Sept 2012 US\$
<b>Equity and liabilities</b>		
Shareholders' funds	98,173,586	96,707,994
Deferred taxation	4,902,900	4,811,352
Current liabilities	935,704	723,289
	<b>104,012,190</b>	<b>102,242,635</b>
<b>Assets</b>		
Non-current assets	97,934,270	96,686,221
Current assets	6,077,920	5,556,414
	<b>104,012,190</b>	<b>102,242,635</b>
Net asset value per share -cents	5.77	5.63

### ABRIDGED STATEMENT OF CASH FLOWS

	GROUP	
	Six months to 31 March 2013 US\$	Six months to 31 March 2012 US\$
<b>Net cash inflow from operating activities</b>	<b>2,421,730</b>	<b>2,609,377</b>
Operating profit before dividend income, interest and tax	2,725,893	2,449,798
Non-cash items	(66,138)	136,703
Loss on disposal of plant and equipment	3,200	-
(Increase)/decrease in working capital	(241,225)	22,876
<b>Tax paid</b>	<b>(565,764)</b>	<b>(460,456)</b>
<b>Net cash outflow from returns on investment and servicing of finance</b>	<b>(285,910)</b>	<b>(222,633)</b>
Interest received	270,376	211,439
Dividend paid	(556,286)	(434,072)
<b>Net cash outflow from investing and financing activities</b>	<b>(1,323,203)</b>	<b>(937,637)</b>
Proceeds on sales of quoted shares	5,473	4,152
Purchase of investments - quoted shares, loans	(563,179)	(110,239)
Purchase of plant and equipment	(233,544)	(58,416)
Refurbishment of investment property	(395,656)	(324,860)
Proceeds from disposal plant and equipment	1,800	1,075
Purchase of treasury shares	(138,097)	(449,349)
<b>Net increase in cash and cash equivalents</b>	<b>246,853</b>	<b>988,651</b>

### STATEMENT OF CHANGES IN EQUITY

	GROUP	
	Six months to 31 March 2013 US\$	Six months to 31 March 2012 US\$
<b>Balance brought down</b>	<b>96,707,994</b>	<b>80,691,275</b>
Earnings attributable to shareholders	2,183,575	1,997,825
Treasury shares bought back	(138,097)	(449,349)
Dividend paid	(579,886)	(450,836)
<b>Shareholders' equity at end of period</b>	<b>98,173,586</b>	<b>81,788,915</b>

### SUPPLEMENTARY INFORMATION

	GROUP	
	Six months to 31 March 2013 US\$	Six months to 31 March 2012 US\$
<b>1. Accounting policies</b>		
All the accounting policies that were used in the latest annual statements continued to be applied during the year.		
<b>2. Depreciation on fixed assets charged to operating profit</b>	<b>70,035</b>	<b>65,883</b>
<b>3. Finance income</b>		
Interest received	270,376	211,439
<b>4. Tax</b>		
Current year tax charge	685,913	679,025
Withholding tax	35,232	23,820
Deferred tax charge/(credit)	91,549	(39,433)
<b>Total</b>	<b>812,694</b>	<b>663,412</b>
<b>5. Revenue</b>		
Rental income	3,895,891	3,567,608
<b>6. Other income</b>		
Service charges	77,494	72,871
(Loss) on disposal of plant and equipment	(3,200)	-
Dividends	2,220	1,892
Proceeds from sinking fund	-	110,239
	<b>76,514</b>	<b>185,002</b>

### SUPPLEMENTARY INFORMATION continued

	GROUP	
	Six months to 31 March 2013 US\$	Year ended 30 Sept 2012 US\$
<b>7. Non-current assets</b>		
Investment properties	96,018,656	95,623,000
Plant and equipment	584,408	425,896
Investments in quoted shares, loans	1,331,205	637,325
Investments in unquoted shares	1	-
<b>Total</b>	<b>97,934,270</b>	<b>96,686,221</b>
<b>8. Current assets</b>		
Inventories	27,327	18,808
Accounts receivable	1,085,071	818,937
Bank and cash	4,965,522	4,718,669
	<b>6,077,920</b>	<b>5,556,414</b>
<b>9. Current Liabilities</b>		
Accounts payable	574,940	456,170
Income tax payable	220,522	65,140
Provisions	140,242	201,979
	<b>935,704</b>	<b>723,289</b>
<b>10. Cash and cash equivalents</b>		
Opening balance	4,718,669	2,182,558
Increase in cash and cash equivalents	246,853	2,536,111
Closing balance	<b>4,965,522</b>	<b>4,718,669</b>

### 11. Segmental information - US\$

31 March 2013	Office/retail	Industrial	Pure retail	Other	Admin	Total
Revenue	2,885,361	635,055	210,460	165,015	-	3,895,891
Profit before tax	2,727,176	610,574	198,928	117,199	(657,608)	2,996,269
Assets	71,893,731	10,432,454	5,488,994	9,851,728	6,345,283	104,012,190
Liabilities	4,027,581	524,277	298,002	499,106	489,638	5,838,604

31 March 2012	Office/retail	Industrial	Pure retail	Other	Admin	Total
Revenue	2,713,426	547,184	158,127	148,871	-	3,567,608
Profit before tax	2,647,445	513,923	144,518	96,023	(740,672)	2,661,237
Assets	59,191,378	9,421,489	5,320,880	8,358,979	4,272,125	86,564,851
Liabilities	3,330,153	544,971	284,117	213,908	402,787	4,775,936

### 12. Property portfolio performance - US\$

31 March 2013	GLA %	Rent %	Rate/sqm-US\$	Yields %
Office/retail	46	72	9.84	8
Industrial	45	18	2.24	12
Pure retail	4	6	7.97	8
Other	5	4	5.23	7
<b>Total/portfolio average</b>	<b>100</b>	<b>100</b>	<b>6.18</b>	<b>8</b>

31 March 2012	GLA %	Rent %	Rate/sqm-US\$	Yields %
Office/retail	46	76	9.26	9
Industrial	45	15	1.93	11
Pure retail	4	5	6.04	8
Other	5	4	4.72	7
<b>Total/portfolio average</b>	<b>100</b>	<b>100</b>	<b>5.66</b>	<b>9</b>

### 13. Commitments for capital expenditure

	Six months to 31 March 2013 US\$	Year ended 30 Sept 2012 US\$
Authorised and contracted for	629,200	423,788
Authorised and not contracted for	3,384,722	3,575,732
	<b>4,013,922</b>	<b>3,999,520</b>

This capital expenditure is to be financed out of the Group's own resources.

## CHAIRMAN'S STATEMENT

### Introduction

In spite of the relatively stable macro-economic environment, liquidity challenges continued to affect the covenant strength of our tenants. This resulted in a growing debtors' book whilst occupancy levels declined marginally. The lack of affordable mortgage finance impacted negatively on the availability of residential stock.

### Results

Revenue at \$3.90 million (2012-\$3.57 million) grew by 9% from the corresponding period last year. This growth in revenue was in line with our forecasts and largely reflective of the trading environment. Management is actively pursuing opportunities that will bolster the current revenue streams.

Property expenses at \$0.41 million, (2012-\$0.43 million) declined by 4%. The major drivers of this spend were operating costs relating to voids, property management costs and the provision for credit losses. Administrative expenses at \$0.97 million (2012-\$0.81 million) rose by 21% from the prior year due to increases in staff related costs. Consequently, the expense to income ratio marginally grew from 22% last year to 25% in the period under review. The net property income after administrative expenses grew by 4% to \$2.59 million (2012-\$2.52 million). The operating profit margin at 65% was largely in line with the prior year. (2012-66%).

Your Company posted an after tax profit of \$2.18 million (2012-\$2.00 million). This was 5% ahead of the same period last year.

### Investment properties

The Group continued with its modernisation programme on lifts and amenities. In the period under review, your Company engaged a new lifts service provider to spearhead the replacement of lifts on some of our major high rise buildings. The Board considered it prudent to defer the full and independent valuation of its investment properties to the end of the financial year. The portfolio therefore remained valued at \$96 million.

### Operations

The rental growth rate of 9% from March 2012 to March 2013 was a result of rent reviews to market levels.

The total portfolio rental yield at 8.2%, was marginally lower than prior year (2012-9%). Given the upward rental trend, this decline was attributed to increasing capital values. At \$0.97 million, the annualized arrears level was at 12% (2012-7%). Ongoing efforts are in place to reduce the arrears position.

Vacancies increased from 8% in the prior year to 11%. This increase was as a result of tenants either downsizing space requirements or vacating to cheaper premises in the outskirts of the Central Business District (CBD). Your Company is actively pursuing opportunities outside the CBD in line with the decentralisation trend.

### Share Buyback

Shareholders renewed the share buyback scheme at the Annual General Meeting held on 28 February 2013. A further 5.3 million shares were bought at an average price of \$0.026 per share. This brought the cumulative number of treasury shares to 160 million. The approved number of shares for the scheme is 200 million. As at 31 March 2013, the market value of the treasury shares held was \$4 million dollars.

### Dividend

I am pleased to advise that the Directors have declared an interim dividend of 0.0235 cents per share (2012: nil). The dividend will be paid to Shareholders registered in the books of the Company at close of business on Friday 14 June 2013 when the share register will be closed until Tuesday 18 June 2013. The dividend will be payable on or about 26 June 2013. Taxes will be deducted as applicable.

All shareholders are kindly requested to submit their banking details including e-mail addresses by 14 June 2013 to:

ZB Transfer Secretaries,  
1st Floor, ZB Centre  
59 Kwame Nkrumah Ave.  
P.O.Box 2540  
Harare

Alternatively they can submit the same through e-mail to [amuseumha@zb.co.zw](mailto:amuseumha@zb.co.zw)

### Outlook

Your Company remains strategically positioned to optimize on any value creating opportunities. With the rental market showing strong signs of stagnation, your Board shall be actively pursuing the development of new revenue streams.

### Appreciation

On behalf of the Board, I wish to express my sincere gratitude to all stakeholders for their invaluable support during the period under review.

Harare  
24 May 2013

E N Mushayakarara  
Chairman