



# Mashonaland Holdings Limited

(Incorporated in Zimbabwe)

Leading property owners and developers



## NOTICE TO MEMBERS UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2014

### STATEMENT OF COMPREHENSIVE INCOME

Notes	GROUP	
	Six months to 31 March 2014 US\$	Six months to 31 March 2013 US\$
<b>Revenue</b>	<b>3,643,803</b>	<b>3,895,891</b>
Property expenses	(642,373)	(408,266)
<b>Net property income</b>	<b>3,001,430</b>	<b>3,487,625</b>
Other income	75,988	76,514
Administrative expenses	(1,388,256)	(974,419)
<b>Net property income after administrative expenses</b>	<b>1,689,162</b>	<b>2,589,720</b>
<b>Fair value adjustments - Quoted shares</b>	<b>(123,536)</b>	<b>136,173</b>
<b>Operating profit before interest and tax</b>	<b>1,565,626</b>	<b>2,725,893</b>
Finance income	367,478	270,376
<b>Profit before tax</b>	<b>1,933,104</b>	<b>2,996,269</b>
Tax	(361,721)	(812,694)
<b>Profit for the period</b>	<b>1,571,383</b>	<b>2,183,575</b>
<b>Attributable to:</b>		
Owners of parent	1,571,383	2,183,575
	<b>1,571,383</b>	<b>2,183,575</b>
<b>Total comprehensive income for the period</b>	<b>1,571,383</b>	<b>2,183,575</b>
<b>Attributable to:</b>		
Owners of parent	1,571,383	2,183,575
Number of shares in issue	1,859,073,947	1,859,073,947
Weighted average number of shares	1,697,792,896	1,700,083,932
Earnings per share - cents	0.09	0.13

### ABRIDGED STATEMENT OF FINANCIAL POSITION

Notes	GROUP	
	Six months to 31 March 2014 US\$	Year ended 30 Sept 2013 US\$
<b>Equity and liabilities</b>		
Shareholders' funds	106,562,157	105,451,469
Deferred taxation	5,055,618	5,256,902
Current liabilities	1,282,619	963,940
	<b>112,900,394</b>	<b>111,672,311</b>
<b>Assets</b>		
Non-current assets	106,854,276	105,471,893
Current assets	6,046,118	6,200,418
	<b>112,900,394</b>	<b>111,672,311</b>
Net asset value per share -cents	6.28	6.14

### ABRIDGED STATEMENT OF CASH FLOWS

	GROUP	
	Six months to 31 March 2014 US\$	Six months to 31 March 2013 US\$
<b>Net cash inflow from operating activities</b>	<b>1,412,496</b>	<b>2,421,730</b>
Operating profit before interest and tax	1,565,626	2,725,893
Non-cash items	217,667	(66,138)
(Profit)/loss on disposal of plant and equipment	(200)	3,200
(Increase)/decrease in working capital	(370,597)	(241,225)
<b>Tax paid</b>	<b>(440,404)</b>	<b>(565,764)</b>
<b>Net cash outflow from returns on investment and servicing of finance</b>	<b>(10,123)</b>	<b>(285,910)</b>
Net finance income	367,478	270,376
Dividend paid	(377,601)	(556,286)
<b>Net cash (outflow) from investing and financing activities</b>	<b>(1,740,496)</b>	<b>(1,323,203)</b>
Proceeds on sales of quoted shares	7,550	5,473
Purchase of investments - quoted shares, loans	-	(563,179)
Purchase of plant and equipment	(127,503)	(233,544)
Development/refurbishment of investment property	(1,562,327)	(395,656)
Proceeds from disposal of plant and equipment	3,073	1,800
Purchase of treasury shares	(61,289)	(138,097)
<b>Net increase in cash and cash equivalents</b>	<b>(778,527)</b>	<b>246,853</b>

### STATEMENT OF CHANGES IN EQUITY

	GROUP	
	Six months to 31 March 2014 US\$	Six months to 31 March 2013 US\$
<b>Balance brought down</b>	<b>105,451,469</b>	<b>96,707,994</b>
Earnings attributable to shareholders	1,571,383	2,183,575
Treasury shares bought back	(61,289)	(138,097)
Dividend paid	(399,406)	(579,886)
<b>Shareholders' equity at end of period</b>	<b>106,562,157</b>	<b>98,173,586</b>

### SUPPLEMENTARY INFORMATION

	GROUP	
	Six months to 31 March 2014 US\$	Six months to 31 March 2013 US\$
<b>1. Accounting policies</b>		
All the accounting policies that were used in the latest annual statements continued to be applied during the period.		
<b>2. Depreciation on fixed assets charged to operating profit</b>	<b>98,037</b>	<b>70,035</b>
<b>3. Net finance income</b>	<b>367,478</b>	<b>270,376</b>
Interest received		
<b>4. Tax</b>	<b>361,721</b>	<b>812,694</b>
Current year tax charge	538,145	685,913
Withholding tax	24,860	35,232
Deferred tax charge/(credit)	(201,284)	91,549
<b>5. Revenue</b>	<b>3,643,803</b>	<b>3,895,891</b>
Rental income		
<b>6. Other income</b>	<b>75,988</b>	<b>76,514</b>
Service charges	72,904	77,494
Profit/(loss) on disposal of plant and equipment	200	(3,200)
Dividends	2,884	2,220

### SUPPLEMENTARY INFORMATION continued

	GROUP	
	Six months to 31 March 2014 US\$	Year ended 30 Sept 2013 US\$
<b>7. Non-current assets</b>		
Investment properties	105,044,327	103,482,000
Plant and equipment	501,317	474,721
Long term loans	591,426	666,879
Investments in quoted shares	717,205	848,292
Investments in unquoted shares	1	1
	<b>106,854,276</b>	<b>105,471,893</b>
<b>8. Current assets</b>		
Inventories	24,511	17,940
Accounts receivable	1,552,563	934,907
Cash and cash equivalents	4,469,044	5,247,571
	<b>6,046,118</b>	<b>6,200,418</b>
<b>9. Current liabilities</b>		
Accounts payable	(674,189)	(543,049)
Income tax payable	(203,693)	(81,092)
Provisions	(404,737)	(339,799)
	<b>(1,282,619)</b>	<b>(963,940)</b>
<b>10. Cash and cash equivalents</b>		
Opening balance	5,247,571	4,718,669
Increase in cash and cash equivalents	(778,527)	528,902
<b>Closing balance</b>	<b>4,469,044</b>	<b>5,247,571</b>

### 11. Segmental information - US\$

	Office/retail	Industrial	Pure retail	Other	Admin	Total
<b>31 March 2014</b>						
Revenue	2,637,038	603,253	211,612	191,900	-	<b>3,643,803</b>
Profit before tax	2,164,837	548,573	202,269	158,655	(1,141,230)	<b>1,933,104</b>
Assets	78,580,599	10,495,045	6,103,372	11,417,873	6,303,505	<b>112,900,394</b>
Liabilities	4,146,421	530,221	337,386	601,828	722,381	<b>6,338,237</b>
<b>31 March 2013</b>						
Revenue	2,885,361	635,055	210,460	165,015	-	<b>3,895,891</b>
Profit before tax	2,727,176	610,574	198,928	117,199	(657,608)	<b>2,996,269</b>
Assets	71,893,731	10,432,454	5,488,994	9,851,728	6,345,283	<b>104,012,190</b>
Liabilities	4,027,581	524,277	298,002	499,106	489,638	<b>5,838,600</b>

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

	GLA %	Rent %	Rate/sqm-US\$	Yields %
<b>31 March 2014</b>				
Office/retail	46	72	11.26	7
Industrial	45	17	2.21	12
Pure retail	4	6	7.94	2
Other	5	5	7.38	5
<b>Total/portfolio average</b>	<b>100</b>	<b>100</b>	<b>6.73</b>	<b>7</b>
<b>31 March 2013</b>				
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>5.66</b>	<b>9</b>

### 13. Commitments for capital expenditure

	Six months to 31 March 2014 US\$	Year ended 30 Sept 2013 US\$
Authorised and contracted	2,577,245	3,032,588
Authorised and not contracted	2,525,000	-
	<b>5,102,245</b>	<b>3,032,588</b>

## CHAIRMAN'S STATEMENT

### Introduction

The economic environment remained subdued during the period under review. Consequently, the rental market stagnated. Occupancy levels within the portfolio gradually declined and some tenants could not adequately discharge their lease obligations. Mortgage finance remained elusive curtailing activity in the real estate sector.

### Results

Revenue at \$3.6 million (2013-\$3.9 million) was 6% below the corresponding period last year due to high voids levels within the portfolio. Various initiatives are being pursued to mitigate the decline in revenue.

Property expenses at \$0.6 million (2013-\$0.4 million) were 57% above last year. This represented 17% (2013-12%) of income. Operating costs relating to voids constituted 28% of this spend. Administrative expenses at \$1.4 million (2013-\$1.0 million) increased by 42% from the prior year. The increase was mainly driven by the payment for the performance based incentive scheme. Subsequently, the administrative-expenses to income ratio was 37% (2013-25%). The net property income after administrative expenses was \$1.7 million (2013-\$2.6 million) representing a margin of 45% (2013-65%).

The Group posted an after tax profit of \$1.6 million (2013-\$2.1 million). This was 28% below the same period last year.

### Investment properties

The lifts modernisation program which commenced last year is currently on going across the entire property portfolio. The program is being financed from the Group's internal resources. Two lifts were recently commissioned and are now in service at one of the major high rise building. Apart from the capital expenditure incurred on the Belgravia project and on new lifts, your Directors considered it prudent to maintain the investment property values at the same level as the previous year end. A full and independent professional valuation will be carried out at the end of the current financial year.

### Property development

The office development project in Belgravia is progressing well and is on schedule. Beneficial occupation by the tenant is earmarked for end of August 2014. The Group is also pursuing two residential projects, namely Westgate and Hazeldene. These projects are at different stages of municipal approvals. Construction is anticipated to commence within the current financial year.

### Operations

Rental levels declined across all sectors of the portfolio. The office sector which constitutes 46% of the portfolio was most affected. Collection levels declined from 89% as at 30 September 2013 to 81%. The Group is actively pursuing various initiatives to collect outstanding amounts.

Private and public sector tenants have continued to downsize on space requirements. As a result, occupancy levels declined to 85% (2013:89%).

### Maintenance

The Group continued with its comprehensive preventative maintenance programme in order to preserve value. This includes replacement of plant and equipment, preservation of the general building fabric and adherence to safety and regulatory requirements.

### Share Buyback

Shareholders renewed the share buyback scheme at the Annual General Meeting held on 27 February 2014. A further 2 million shares were bought at an average price of \$0.03 per share. This brought the cumulative number of treasury shares to 162 million. The approved number of shares for the scheme is 200 million. As at 31 March 2014, the market value of the treasury shares held was \$4 million dollars.

### Dividend

In view of the need for the Group to continue in pursuit of the current development projects, your Directors decided not to declare an interim dividend.

### Outlook

Various development opportunities are being pursued to boost and diversify our income streams. The Group will continue to actively improve on its occupancy levels through a mix of tenant retention and attraction strategies. Sustainable ways of strengthening relationships with key stakeholders within the Group's value chain are also being prioritised.

### Appreciation

I wish to express my sincere gratitude to all stakeholders for their invaluable support during the period under review.

Harare  
22 May 2014

E N Mushayakarara  
Chairman