



## NOTICE TO MEMBERS: ABRIDGED UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2018

### ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Notes	GROUP	
	Six months ended 31 March 2018 US\$	Six months ended 31 March 2017 US\$
<b>Revenue</b>	<b>2,351,593</b>	<b>2,394,226</b>
Property expenses	(633,601)	(749,065)
<b>Net property income</b>	<b>1,717,992</b>	<b>1,645,161</b>
Other income	87,557	79,337
Administrative expenses	(685,026)	(729,243)
<b>Operating profit</b>	<b>1,120,523</b>	<b>995,255</b>
<b>Fair value adjustments</b>	<b>(864,398)</b>	<b>563,625</b>
Quoted securities	(864,398)	563,625
<b>Profit before finance income and tax</b>	<b>256,125</b>	<b>1,558,880</b>
Finance income	291,156	238,535
<b>Profit before tax</b>	<b>547,281</b>	<b>1,797,415</b>
Tax expense	(247,113)	(812,667)
<b>Profit for the period</b>	<b>300,168</b>	<b>984,748</b>
<b>Total comprehensive income for the period</b>	<b>300,168</b>	<b>984,748</b>
Weighted average number of shares	1,695,708,918	1,695,723,308
Earnings per share - (US\$ cents)	0.02	0.06

### ABRIDGED STATEMENT OF FINANCIAL POSITION

Notes	GROUP	
	As at 31 March 2018 US\$	As at 30 Sept 2017 US\$
<b>Equity and liabilities</b>		
Shareholders' funds	92,671,952	94,017,405
Deferred taxation	8,860,874	8,609,388
Current liabilities	1,247,222	1,691,246
	<b>102,780,048</b>	<b>104,318,039</b>
<b>Assets</b>		
Non-current assets	90,886,001	91,532,325
Current assets	11,894,047	12,785,714
	<b>102,780,048</b>	<b>104,318,039</b>
Net asset value per share - (US\$ cents)	5.47	5.54

### ABRIDGED STATEMENT OF CASH FLOWS

	GROUP	
	Six months ended 31 March 2018 US\$	Six months ended 31 March 2017 US\$
<b>Net cash inflow from operating activities</b>	<b>1,466,535</b>	<b>1,743,041</b>
Operating profit before interest tax	256,125	1,558,880
Non-cash items	1,104,827	(470,004)
Increase/(decrease) in working capital	275,040	(12,682)
Tax credit/(paid)	(169,457)	666,847
<b>Net cash (outflow) from investing activities</b>	<b>(823,898)</b>	<b>(52,434)</b>
Interest received	291,156	238,535
Proceeds on sales of quoted shares	13,222	5,462
Purchase of quoted shares	(951,327)	(2,398)
Purchase of property and equipment	(142,166)	(34,210)
Purchase of investment property	-	(11,250)
Development and refurbishment of investment property	(34,783)	(248,573)
Issue of long term loans	-	-
<b>Net cash outflow from financing activities</b>	<b>(1,721,601)</b>	<b>(395,335)</b>
Dividend paid	(1,721,601)	(395,335)
Treasury shares acquired	-	-
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(1,078,964)</b>	<b>1,295,272</b>

### ABRIDGED STATEMENT OF CHANGES IN EQUITY

	GROUP	
	Six months ended 31 March 2018 US\$	Six months ended 31 March 2017 US\$
<b>Balance brought down</b>	94,017,405	92,958,312
Total comprehensive income	300,168	984,748
Treasury shares acquired	-	-
Dividend declared	(1,645,621)	(508,955)
Shareholders' equity at end of the period	92,671,952	93,434,105

### ABRIDGED SUPPLEMENTARY INFORMATION

#### 1. Directors' responsibility

The Directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements. This press publication represents an extract of the consolidated financial statements. The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards and in a manner required by the Companies Act (Chapter 24:03) of Zimbabwe. The accounting policies used in the current year are consistent with those applied in the previous year.

#### 2. Depreciation on fixed assets charged to operating profit

	GROUP	
	Six months ended 31 March 2018 US\$	Six months ended 31 March 2017 US\$
<b>2. Depreciation on fixed assets charged to operating profit</b>	<b>67,918</b>	<b>77,728</b>
<b>3. Finance income</b>		
Interest received and receivable	291,156	238,535
	<b>291,156</b>	<b>238,535</b>
<b>4. Tax</b>		
Current income tax (credit)/expense	(12,920)	166,968
Prior year under provision of tax	-	274,970
Deferred income tax - current year	-	408,769
Deferred capital gains tax	251,486	(43,080)
Withholding tax	8,547	5,040
	<b>247,113</b>	<b>812,667</b>
<b>5. Revenue</b>		
Rental Income	<b>2,351,593</b>	<b>2,394,226</b>
<b>6. Other income</b>		
Service charges	72,486	72,414
Credit losses recovered	1,127	1,826
Dividends	13,944	5,097
	<b>87,557</b>	<b>79,337</b>

### ABRIDGED SUPPLEMENTARY INFORMATION continued

	GROUP	
	As at 31 March 2018 US\$	As at 30 Sept 2017 US\$
<b>7. Non-current assets</b>		
Investment property	89,742,100	90,047,000
Property and equipment	277,791	203,543
Long term receivables	866,110	1,281,782
	<b>90,886,001</b>	<b>91,532,325</b>
<b>8. Current assets</b>		
Assets held for trading	3,601,614	3,527,907
Inventories	2,546,828	2,183,057
Trade and other receivables	1,309,205	1,664,917
Tax asset	105,531	-
Cash and cash equivalents	4,330,869	5,409,833
	<b>11,894,047</b>	<b>12,785,714</b>
<b>9. Current liabilities</b>		
Trade and other payables	(1,200,731)	(1,561,474)
Income tax payable	-	(68,299)
Provisions	(46,491)	(61,473)
	<b>(1,247,222)</b>	<b>(1,691,246)</b>
<b>10. Cash and cash equivalents</b>		
Opening balance	5,409,833	2,578,561
Decease/(increase) in cash and cash equivalents	(1,078,964)	2,831,272
	<b>4,330,869</b>	<b>5,409,833</b>

Included in cash and cash equivalents are balances with banks. These balances are used for transactions on a daily basis. The Reserve Bank of Zimbabwe (RBZ), through Exchange Control Operational Guide 8 ("ECOGAD8"), introduced prioritisation criteria which has to be followed when making foreign payments. Any foreign payments which we make from the bank balances above are ranked based on the RBZ prioritisation criteria and paid subject to the banks having adequate funds with their foreign correspondent banks.

#### 11. Segment information - US\$

31 March 2018	Office/retail	Industrial	Pure retail	Other	Admin	Total
Revenue	1,503,077	462,100	228,756	157,660	-	<b>2,351,593</b>
Net property income	980,434	419,431	201,148	116,979	-	<b>1,717,992</b>
Assets	62,597,070	9,266,213	7,419,186	11,051,804	12,445,775	<b>102,780,048</b>
Liabilities	8,596,329	520,147	377,824	236,941	376,855	<b>10,108,096</b>

31 March 2017	Office/retail	Industrial	Pure retail	Other	Admin	Total
Revenue	1,557,219	460,029	213,788	163,190	-	<b>2,394,226</b>
Net property income	881,055	447,672	178,811	137,623	-	<b>1,645,161</b>
Assets	65,604,243	9,302,835	7,762,509	11,673,321	9,163,687	<b>103,506,595</b>
Liabilities	8,374,894	483,259	379,510	260,628	574,199	<b>10,072,490</b>

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

31 March 2018	GLA %	Rental income %	Rate/sqm-US\$	Vacancy %	Yields %
Office/retail	46	64	10,95	55	5
Industrial	43	19	1,67	4	10
Pure retail	6	10	8,92	29	6
Other	5	7	5,18	-	6
<b>Total/portfolio average</b>	<b>100</b>	<b>100</b>	<b>5,00</b>	<b>29</b>	<b>6</b>

31 March 2017	GLA %	Rental income %	Rate/sqm-US\$	Vacancy %	Yields %
Office/retail	48	65	11,28	55	5
Industrial	43	19	1,62	-	10
Pure retail	4	9	13,44	40	6
Other	5	7	5,18	-	6
<b>Total/portfolio average</b>	<b>100</b>	<b>100</b>	<b>5,11</b>	<b>28</b>	<b>5</b>

Six months ended 31 March 2018 US\$	Year ended 30 Sept 2017 US\$
262,776	32,256
-	5,429,850

#### 13. Commitments for capital expenditure

Authorised and contracted	262,776	32,256
Authorised and not yet contracted	-	5,429,850

#### 14. Related parties

Related party	Relationship	Nature of transaction	Transaction amount US\$	Balance 2018 US\$	Balance 2017 US\$
ZB Life Assurance Limited	Direct shareholder	Rent accrued	83,006	(85)	1,262
ZB Bank Limited	Indirect shareholder	Rent accrued	181,680	(34,822)	262
ZB Life Assurance Limited	Direct shareholder	Interest received	85	-	-
ZB Bank Limited	Indirect shareholder	Interest received	70,740	-	-
ZB Bank Limited	Indirect shareholder	Cash and cash equivalents	-	2,795,811	3,402,132
			<b>335,511</b>	<b>2,760,904</b>	<b>3,403,656</b>

#### 15. Functional currency

The acute shortage of cash and foreign currency in the country saw the emergence of different modes of payment for goods and services, such as settlement via Real Time Gross Settlement (RTGS), Point of Sale (POS) and mobile money. This has made functional currency a key area of judgement. The directors have concluded that the United States dollar remains the Group's functional currency.

### CHAIRMAN'S STATEMENT

#### Introduction

The period under review remained relatively stable compared to prior year for the property market. Though uncertainties persisted, there were no major tenant movements and property values generally held. This was mainly because of the positive sentiments and expectations about the country rather than actual improvement of market fundamentals. Tenants are still struggling to pay rent and the void situation has not improved. However, expectations of better prospects have increased enquiries for business space and exploration of projects. There is renewed interest from foreign investors, some of whom are eyeing participating in the local property market either directly or through portfolio investments.

#### Results

Revenue at US\$2.35 million (2017:US\$2.39 million) fell by 2% from the corresponding period last year. The marginal decline was due to the relatively stable occupancy level over the period and also because there were no major rent reviews in the period.

Property expenses were at US\$0.63 million, (2017:US\$0.75 million). This represented a 15% decline from same period in prior year and the expense to income ratio declined to 26% (2017:30%). Voids related costs remain the major item in this spend and constituted 44% in this period.

Administrative expenses at US\$0.7million were 6% below prior year.

Your company posted an operating profit of US\$1.1 million (2017:US\$1.0 million) in the period, 13% above prior year. The operating profit margin was 46% (2017:41%).

#### Investment properties

After performing an internal valuation, there were no significant capital movements to the investment portfolio in the period under review. The investment portfolio was therefore maintained at values based on a valuation by the independent valuers Knight Frank as at 30 September 2017. However, one investment property (US\$0.33 million) was reclassified from investment property to inventory following the development of this property.

#### Operations

There were no major tenant movements in the period under review, although some encouraging enquiries were received in the period. Major tenants retained their space although occupancy levels still remain delicate. The occupancy level as at the end of the period marginally declined to 71% (2017:72%). Inquiries from suitable prospective tenants increased slightly in the period. However, the twin challenges of a fragile economy and preferences for out-of-Central Business District (CBD) premises may still haunt most portfolios with a presence in the country's major CBDs. Your company is engaging local authorities to manage this risk.

The average annualised portfolio yield for your Company remained at 6%.

Arrears decreased to US\$1.1 million (30%) compared to US\$2.1 million (39%) as at the same period in 2017. A total of US\$0.87 million in legacy debts was written off in the year and this largely accounted for the decline in arrears.

#### Projects

The company embarked on the servicing of 24 residential stands in Old Windsor Park, Ruwa in the period under review. The main contract for the works was at US\$0.2 million, being incremental capital outlay. Work which commenced in March 2018 is almost complete. The stands will be disposed in line with market conditions. Your company has also progressed on the development of another 24 residential units, being cluster houses on one of its stands in Bluffhill, Harare. Works are expected to commence in the last half of the year.

#### Share Buyback

No shares were bought in the period under review. The total share buyback to date remains at 163 365 029 as at 31 March 2018. There still remains a balance of 36 000 000 shares on the currently approved Share Buyback Scheme. The Scheme shall expire on 1 April 2019 or the next Annual General Meeting, whichever is sooner.

#### Dividend

The Directors have declared an interim dividend of \$0.061 US cents per share payable in respect of all the ordinary shares of the Company. A separate dividend notice will be issued in due course.

#### Outlook

Your company will maintain its strategy of demand driven developments. In addition, focus on value preservation through tenant retention strategies and pro-active property management will continue. A review of projects on its land banks is currently underway to take advantage of opportunities that may arise and ensure proper timing of execution.

Your company remains positive about the medium to long term potential of the property market and will adapt its strategies in line with market trends.

#### Appreciation

I wish to express my sincere gratitude to our valued tenants, suppliers, management and staff, directors and other stakeholders for their invaluable support during the period under review.

Harare  
28 May 2018

R Mutandagayi  
Chairman