



**NOTICE TO MEMBERS: AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2010**

**STATEMENT OF COMPREHENSIVE INCOME**

	Notes	GROUP	
		Year ended 30 Sept 2010 \$	Year ended 30 Sept 2009 \$
<b>Revenue</b>	5	<b>4,059,492</b>	<b>2,399,627</b>
Property expenses		(675,707)	(169,780)
<b>Net property income</b>		<b>3,383,785</b>	<b>2,229,847</b>
Other income	6	139,483	30,516
Administration expenses		(1,165,613)	(709,150)
<b>Net property income after administration expenses</b>		<b>2,357,655</b>	<b>1,551,213</b>
Fair value adjustments		10,819,370	(24,475,896)
Quoted securities		(42,748)	(177,168)
Investment properties		10,862,118	(24,298,728)
<b>Operating profit/(loss) before interest and tax</b>		<b>13,177,025</b>	<b>(22,924,683)</b>
Net finance income	3	59,236	23,580
<b>Profit/(loss) before tax</b>		<b>13,236,261</b>	<b>(22,901,103)</b>
Tax	4	(7,054,515)	13,564,585
<b>Profit/(loss) for the period</b>		<b>6,181,746</b>	<b>(9,336,518)</b>
<b>Attributable to:</b>			
<b>Equity holders of parent</b>		<b>6,181,746</b>	<b>(9,336,518)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the period</b>		<b>6,181,746</b>	<b>(9,336,518)</b>
<b>Attributable to:</b>			
Equity holders of parent		6,181,746	(9,336,518)
Number of shares in issue		1,859,073,947	1,859,073,947
Weighted average number of shares		1,859,073,947	1,859,073,947
Earnings per share - cents		0.33	(0.50)

**ABRIDGED STATEMENT OF FINANCIAL POSITION**

	Notes	GROUP	
		Year ended 30 Sept 2010 \$	Year ended 30 Sept 2009 \$
<b>Equity and liabilities</b>			
Shareholders' funds		47,716,487	42,108,874
Deferred taxation		15,387,562	9,016,911
Current liabilities	8	570,108	474,811
		<b>63,674,157</b>	<b>51,600,596</b>
<b>Assets</b>			
Non-current assets	6	62,154,358	50,802,309
Current assets	7	1,519,799	798,287
		<b>63,674,157</b>	<b>51,600,596</b>
Net asset value per share -cents		2.57	2.27

**ABRIDGED STATEMENT OF CASH FLOWS**

		GROUP	
		Year ended 30 Sept 2010 \$	Year ended 30 Sept 2009 \$
<b>Net cash inflow from operating activities</b>		<b>2,388,170</b>	<b>1,518,562</b>
Operating profit/(loss) before dividend income, interest and tax		13,177,025	(22,924,683)
Non-cash items		(10,732,665)	24,500,155
Increase in working capital		(56,190)	(56,910)
<b>Tax paid</b>		<b>(768,936)</b>	<b>(334,525)</b>
<b>Net cash inflow from returns on investment and servicing of finance</b>		<b>59,236</b>	<b>23,580</b>
Net finance income		59,236	23,580
<b>Net cash (outflow) from investing and financing activities</b>		<b>(1,193,517)</b>	<b>(772,516)</b>
Proceeds on sales of quoted shares		8,554	-
Purchase of long-term investments - equities		(15,000)	(40,000)
Purchase of investment property		(344,482)	(44,428)
Purchase of property, plant and equipment		(268,726)	(245,129)
Proceeds from disposal ppe		270	12,500
Purchase of treasury shares		(574,133)	(455,459)
<b>Net increase in cash and cash equivalents</b>		<b>484,953</b>	<b>435,101</b>

**STATEMENT OF CHANGES IN EQUITY**

		GROUP	
		Year ended 30 Sept 2010 \$	Year ended 30 Sept 2009 \$
<b>Shareholders equity at beginning of period</b>		<b>42,108,874</b>	<b>51,900,851</b>
Earnings attributable to shareholders		6,181,746	(9,336,518)
Treasury shares bought back		(574,133)	(455,459)
<b>Shareholders' equity at end of period</b>		<b>47,716,487</b>	<b>42,108,874</b>
The shareholders' equity is arrived at after netting off \$1,029,592 in treasury shares.			

**SUPPLEMENTARY INFORMATION**

	GROUP	
	Year ended 30 Sept 2010 \$	Year ended 30 Sept 2009 \$
<b>1. Accounting policies</b>		
The accounting policies applied in the current year are the same as those applied in the previous year		
<b>2. Depreciation on fixed assets charged to operating profit</b>	<b>86,705</b>	<b>24,260</b>
<b>3. Net finance income</b>		
Interest received	<b>59,236</b>	<b>23,580</b>
<b>4. Tax</b>		
Current year tax charge	678,601	502,284
Capital gains tax	200	-
Withholding tax	5,063	777
Deferred tax charge	6,370,651	(14,067,646)
<b>Total</b>	<b>7,054,515</b>	<b>(13,564,585)</b>
<b>5. Revenue</b>		
Rental Income	4,059,492	2,399,627
<b>6. Other income</b>		
Service charges	136,889	-
Foreign exchange gains	1,883	30,515
Dividends	711	-
	<b>139,483</b>	<b>30,515</b>
<b>6. Non-current assets</b>		
Investment properties	61,288,000	50,081,400
Plant and equipment	464,070	282,319
Investments in quoted shares	402,288	438,590
<b>Total</b>	<b>62,154,358</b>	<b>50,802,309</b>
<b>7. Current assets</b>		
Inventories	21,094	14,225
Accounts receivable	578,651	348,961
Bank and cash	920,054	435,101
	<b>1,519,799</b>	<b>798,287</b>
<b>8. Current Liabilities</b>		
Accounts payable	419,086	247,140
Income tax payable	83,464	168,536
Provisions	67,558	59,135
	<b>570,108</b>	<b>474,811</b>
<b>9. Cash and cash equivalents</b>		
<b>Balance at beginning of period</b>	<b>435,101</b>	-
Increase in cash and cash equivalents	484,953	435,101
<b>Balance at end of period</b>	<b>920,054</b>	<b>435,101</b>

**CHAIRMAN'S STATEMENT**

The country's economic environment remained subdued but stable for the financial year ended 30 September 2010. As a result of the liquidity constraints, a number of tenants found it difficult to fulfill their lease obligations. Despite concerted efforts to re-introduce long term finance in the form of mortgage finance, activity on the property market remained restricted. Foreign investment in the property market continued to be hampered by the high country risk and negative publicity.

**Results**

Revenue for the period under review grew to \$4 059 492 (2009: \$2 399 627). It should be noted that prior year revenue was effectively for ten months as the first two months' revenue was in Zimbabwe dollars. Rent reviews in line with market conditions resulted in an increase in total annual revenue. The effective average rent per square metre for the portfolio was \$3.2 (2009: \$2.28).

Property expenses incurred during the year totalled \$675 707 (2009: \$169 780). The increase in property expenses was as a result of operating costs relating to voids and deferred maintenance costs incurred during the year under review.

Administration expenses at \$1 165 613 (2009: \$709 150) represented 29% of annual revenue.

The Company posted a net property income after administration expenses of \$2 357 655 (2009: \$1 551 212). This represented 58% of revenue.

The fair value adjustment on the Group's investment properties was \$10 862 118 (2009: \$24 298 728 loss).

The Group posted a profit for the period of \$6 181 746 (2009: \$9 336 518 loss) driven by improved rental income and fair value adjustment.

**Investment Properties**

Independent professional valuers revalued the Group's investment portfolio to \$61 288 000 (2009: \$50 081 400). This was on the back of rental growth that the group has enjoyed over the year. This growth has translated into better rental yields and higher asset values.

The open market value of these properties remained below their depreciated replacement cost of \$75.6 million. Property value movements in the portfolio were influenced entirely by market rental changes. Although the regional real estate rentals are still ahead of those obtained in Zimbabwe, this disparity narrowed substantially.

**Operations**

The major performance driver in the year was mainly rent adjustments to market levels. Rentals in pure retail sector firmed from \$1.65 per square metre in September 2009 to \$8 at the end of the year buoyed by improved activity in the retail sector. The office sector rose from an average \$3.50 per square metre to between \$6.50 to \$8.50 depending on grade of the building and date of rent agreement. Rentals in all sectors continued to trail regional averages as the operating environment struggled to recover from general market liquidity challenges.

Vacancy levels were steady at 10%. Whilst the retail sector maintained 100% occupancy, the office sector had higher levels of vacancies. This was partly due to a deliberate strategy of cancelling lease agreements with struggling tenants to manage arrears and to create space for potentially good tenants. Additionally, the Group has worked out a programme for refurbishing some of the vacant premises as part of this strategy.

As the pool of quality tenants continue to dwindle, the Group will continue with its strategy of attracting tenants of high covenant strength.

The average rental yield rose to 8.4% in the year ending 30 September 2010, compared to 5% in the previous year. Average market rental yields in Zimbabwe were still below 10 - 15% achieved in the region. In terms of yields per sector, offices and industrial rose to 8.4% and 8.8% respectively whilst pure retail was at 10.5%. The rent arrears position further improved from 15% in September 2009 to 9% of annual revenue in the year under review. Management will continue to actively manage arrears downwards in line with the long term risk management strategy.

Due to the improved operating environment, the Group embarked on its deferred maintenance program. This resulted in high maintenance costs being incurred.

**Share Buyback**

At the Annual General Meeting held on 25 February 2010, the Group's shareholders renewed the share buyback scheme. A total of 37.6 million shares were bought at an average price of \$0.015 per share.

**Outlook**

Despite renewed interest in the local property market from external property investors, the country's negative public image and the high country risk continues to weigh negatively against Zimbabwe. However, the Group's quality property portfolio and its relatively solid and stable tenant base should enable it to continue achieving sustainable and growing rental income. The Group will engage in a systematic refurbishment exercise on its existing property portfolio as part of its improved customer service delivery.

**Appreciation**

I would like to thank the directors for their continued efforts during the year under review. I also express my sincere gratitude to our valued tenants, shareholders and our professional advisors. On behalf of the Board, I would like to thank the Chief Executive Officer, management and staff for their dedication and continued steadfastness.

**Dividend**

The directors have declared a dividend of 0.02 cents per share (2009: 0.00 cents). The dividend will be paid to shareholders registered in the books of the company at close of business on Friday 10 December 2010 when the share register will be closed until Tuesday 14 December 2010. The dividend will be payable on or about 28 December 2010. Taxes will be deducted as applicable.

All shareholders are kindly requested to submit their banking and contact details including e-mail addresses by 10 December 2010 to:

**ZB Transfer Secretaries,**  
1<sup>st</sup> floor, ZB Centre  
59 Kwame Nkrumah Ave.  
P.O.Box 2540  
Harare

Alternatively, they can submit the same to their nearest ZB Bank branch.

Harare  
22 November 2010

**E. N. Mushayakarara**  
Chairman