MASHONALAND HOLDINGS LIMITED

(Incorporated in Zimbabwe)

Leading property owners and developers

results

NOTICE TO MEMBERS: AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

STATEMENT OF COMPREHENSIVE INCOME

	Notes	GROUP Year ended 30 Sept 2012 US$	Year ended 30 Sept 2011 US$
Revenue	5	**7,395,800**	**5,626,444**
Property expenses		(689,754)	(629,943)
Net property income		**6,706,046**	**4,996,501**
Other income	6	282,636	154,068
Administrative expenses		(1,975,571)	(1,564,738)
Net property income after administrative expenses		**5,013,111**	**3,585,831**
Fair value adjustments		**13,848,673**	**20,202,209**
Quoted securities		(44,467)	85,209
Investment properties		13,893,140	20,117,000
Operating profit before interest and tax		**18,861,784**	**23,788,040**
Finance income	3	499,948	185,352
Profit before tax		**19,361,732**	**23,973,392**
Tax	4	(2,132,249)	10,229,236
Profit for the period		**17,229,483**	**34,202,628**
Attributable to:			
Owners of parent		**17,229,483**	**34,202,628**
		17,229,483	**34,202,628**
Total comprehensive income for the period		**17,229,483**	**34,202,628**
Attributable to:			
Owners of parent		17,229,483	34,202,628
Number of shares in issue		1,859,073,947	1,859,073,947
Weighted average number of shares		1,717,968,072	1,732,716,482
Earnings per share - cents		1.00	1.97

ABRIDGED STATEMENT OF FINANCIAL POSITION

	Notes	GROUP Year ended 30 Sept 2012 US$	Year ended 30 Sept 2011 US$
Equity and liabilities			
Shareholders' funds		96,707,994	80,691,275
Deferred taxation		4,811,351	4,148,542
Current liabilities	9	723,290	510,211
		102,242,635	**85,350,028**
Assets			
Non-current assets	7	96,686,221	82,457,216
Current assets	8	5,556,414	2,892,812
		102,242,635	**85,350,028**
Net asset value per share -cents		5.63	4.66

ABRIDGED STATEMENT OF CASH FLOWS

	GROUP Year ended 30 Sept 2012 US$	Year ended 30 Sept 2011 US$
Net cash inflow from operating activities	**5,122,278**	**3,634,500**
Operating profit before dividend income, interest and tax	18,861,784	23,788,040
Non-cash items	(13,592,345)	(20,085,784)
Loss/(profit) on disposal of plant and equipment	4,252	(3,420)
(Increase) in working capital	(151,413)	(64,336)
Tax paid	**(1,370,949)**	**(1,126,598)**
Finance income	**499,948**	**185,352**
Net cash (outflow) from investing activities	**(519 150)**	**(213 659)**
Proceeds on sales of quoted shares	10,806	8,879
Purchase of investments - qouted shares	(110,239)	(103,742)
Purchase of plant and equipment	(98,928)	(125,966)
Refurbishment of investment property	(324,860)	-
Proceeds from disposal plant and equipment	4,071	7,170
Net cash (outflows) from financing activities	**(1 196 018)**	**(1 217 091)**
Purchase of treasury shares	(761,930)	(876,328)
Dividend paid	(434,088)	(340,763)
Net increase in cash and cash equivalents	**2,536,111**	**1,262,504**

STATEMENT OF CHANGES IN EQUITY

	GROUP Year ended 30 Sept 2012 US$	Year ended 30 Sept 2011 US$
Balance brought down	**80,691,275**	**47,716,487**
Earnings attributable to shareholders	17,229,483	34,202,628
Treasury shares bought back	(761,930)	(876,328)
Dividend	(450,834)	(351,512)
Shareholders' equity at end of period	**96,707,994**	**80,691,275**

SUPPLEMENTARY INFORMATION

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

1.2 Audit opinion
The Group auditors Ernst & Young, have expressed an unqualified opinion on the Group financial statements. The signed Annual Report is available for inspection at the Company's registered office.

	GROUP Year ended 30 Sept 2012 US$	Year ended 30 Sept 2011 US$
2. Depreciation on fixed assets charged to operating profit	**134,565**	**116,425**
3. Finance income		
Interest received	**499,948**	**185,352**
4. Tax		
Current year tax charge	1,414,026	988,578
Withholding tax	55,413	21,204
Deferred tax (credit)/ charge	662,810	(11,239,018)
Total	**2,132,249**	**(10,229,236)**
5. Revenue		
Rental Income	**7,395,800**	**5,626,444**
6. Other income		
Service charges	172,194	143,696
(Loss)/profit on disposal of plant and equipment	(4,254)	3,420
Dividends	4,457	6,952
Proceeds from sinking fund	110,239	-
	282,636	**154,068**
7. Non-current assets		
Investment properties	95,623,000	81,405,000
Plant and equipment	425,896	469,857
Investments in quoted shares	637,325	582,359
Total	**96,686,221**	**82,457,216**
8. Current assets		
Inventories	18,808	16,850
Tax asset	-	33,350
Trade and other receivable	818,937	660,054
Cash and cash equivalents	4,718,669	2,182,558
	5,556,414	**2,892,812**
9. Current liabilities		
Accounts payable	456,170	429,990
Income tax payable	65,140	-
Provisions	201,980	80,221
	723,290	**510,211**
10. Cash and cash equivalents		
Opening balance	2,182,558	920,054
Increase in cash and cash equivalents	2,536,111	1,262,504
Closing balance	**4,718,669**	**2,182,558**

CHAIRMAN'S STATEMENT

Introduction
The operating environment remained stable for the year ended 30 September 2012.The market witnessed the return of limited mortgage finance.The impact of these real estate financing instruments are yet to be realized. Policy inconsistencies and liquidity constraints continued to stifle the general business confidence and prospects.

Pressure on rental growth began to manifest against a backdrop of lukewarm economic performance. There were also limited developments in the office sector. These were mainly of a speculative nature, with developers taking positions ahead of a possible economic turnaround. On the other hand, the residential developments were driven by tangible demand in the form of a huge housing backlog.

Results
Revenue for the period under review grew by 31% to $7.40 million (2011: $5.63 million). The growth in revenue was a result of continued rent reviews in line with the market. The effective average rent per square metre for the portfolio increased to $6.39 (2011: $4.47). Due to the uncertainties in the macro-economic environment, future rent negotiations will be largely reflective of these circumstances.

Property expenses at $0.69 million (2011: $0.63 million) were 10% higher than prior year. Property management costs and voids related operating costs continued to be key drivers of this expenditure.

Administration expenses at $1.98 million (2011: $1.56 million) increased by 27% from prior year. Although expenses increased, the income to expenses ratio marginally improved to 27% (2011: 28%).

The Group posted a net property income after administration expenses of $5.01 million (2011: $3.59 million) representing a growth of 40%.Growth in net property income was largely driven by increases in rental income.

The fair value adjustment on the Group's investment properties was $13.89 million (2011: $20.12 million). Investment properties' growth of 17% was underpinned by the improvement in rental income.

The Group posted a profit for the period of $17.23 million (2011: $34.20 million) arising from net property income and fair value adjustments on investment properties.

Investment Properties
The Group's property portfolio was valued at $95.6 million by independent professional valuers Knight Frank Zimbabwe. This was a 17% increase from the portfolio market value of $81.4 million reported for the previous year. The major driver of this uplift was the rental growth within our portfolio.

Portfolio replacement costs remained higher than market values. The total market value indicated an 18% discount to the total depreciated replacement cost, compared to only 8% last year. This continued divergence between the two values for our portfolio and indeed, for the whole market in general indicates market inefficiencies. Properties remained undervalued in the market.

Operations
A rental growth of 31% was achieved in the year under review. The major contributor was the office sector which contributed 77% of total revenue. The contribution was however down from the 80% recorded in the prior year, showing a marginal increase in the contribution of other sectors.

Besides paying basic rent, tenants also meet operating costs which, for multi-let office premises, averaged $5 per square metre. More than 60% of these operating costs are from electricity and municipal charges. It is therefore anticipated that the on-going installation of prepaid electricity meters within office buildings will increase transparency, enhance user responsibility and significantly lower total occupancy costs for tenants. Arrears at the end of the year were 10.7% compared to 8% as at the same date in the previous year. Through the debtors' management strategy, the bulk of these arrears will be recovered.

The overall portfolio yield for the year was 8%, an increase from 7.3% reported in the prior year. The industrial sector had the highest yield at 11% followed by the office sector and specialized sector, both yielding 8%. The retail sector dropped from 8% to 6% over the year, largely as a result of lack of income for the vacant Rhodesville supermarket.

Maintenance work which previously had been deferred has now resumed. The installation of two new lifts at one of our office buildings is at commissioning stage. The lift modernisation program is set to extend to other buildings in the coming financial year.

Share Buyback
At the Annual General Meeting held on 23 February 2012, the Group's shareholders renewed the share buyback scheme. During the year, a total of 28.4 million (2011: 44.4 million) shares were bought at an average price of $0.027 per share ($2011: $0.02). As at 30 September 2012, the market value of the treasury shares was $4 million (2011: 3 million).

Outlook
With the economy expected to remain on a steady growth path, the Group will continue to actively seek growth opportunities through unlocking value embedded in its land banks.

Appreciation
On behalf of the Board, I would like to thank our Directors, management and staff for their commitment and steadfastness towards our shared values and goals. I also express my sincere thanks to our valued tenants, suppliers and consultants for their continued support during the year under review.

Dividend
I am pleased to advise that the Directors have declared a dividend of 0.034 cents per share (2011: 0.026 cents). The dividend will be paid to shareholders registered in the books of the Company at close of business on Friday 7 December 2012 when the share register will be closed until Tuesday 11 December 2012. The dividend will be payable on or about 27 December 2012. Taxes will be deducted as applicable.

Harare
26 November 2012

E. N. Mushayakarara
Chairman

Directors: E.N. Mushayakarara (Chairman), M. Mahari *(Chief Executive), A.G. Chinembiri, N. Matsangura*, W.B. Mashumba, L.Mawire, P. Simela Ncube. (*Executive)

MH 47