



REVIEWED ABRIDGED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2021

CHAIRMAN'S STATEMENT

HIGHLIGHTS



I am pleased to present the Mashonaland Holdings Limited inflation adjusted financial results for the six months ended 31 March 2021.

Operating environment

The trading environment continues to be dynamic. The Covid-19 pandemic remained the dominant economic theme during the period, in addition to inflation and low economic activity. While inflation remains high, it has been on a general downward trend, with year-on-year inflation moving from 659.4% in September 2020 to 240.6% in March 2021. The Reserve Bank of Zimbabwe (RBZ) auction market exchange rate has remained stable since its introduction. However, the widening gap between the RBZ auction rate and the non-official rate is a cause for concern.

The commencement of the tobacco marketing season as well as anticipated harvests from the 2020/2021 farming season are expected to lead to an improvement in foreign currency supply. The government-led COVID-19 vaccination program is anticipated to result in a decrease in infection rates, which should help improve economic activity.

Property market

The property market remains subdued characterized by limited commercial freehold transactions as the investment climate remains hazy. The few property transactions and developments are mainly concentrated in the residential sector. The COVID-19 pandemic has mainly affected the occupier sub-market with weakening demand mainly for CBD office space. The two-month lockdown period during the trading period affected rental growth as the market could not timely review rentals due to the negative effects of the lockdown on tenants' rent paying capacity. The development sub-market remains constrained by viability challenges as effective demand remains depressed against high costs of construction.

Inflation adjusted financial performance

Revenue for the six-month period increased by 46% from ZW\$ 102.6million in March 2020 to ZW\$ 149.4million in March 2021. The revenue growth is mainly attributable to periodic rent reviews to hedge against the effects of inflation. Occupancy increased from 77.4% to 79.7%, which also contributed to the revenue growth. Operating expenses to revenue decreased marginally from 47% to 46% due to the improved revenue performance.

Operating profit increased by 29% from ZW\$ 64million in 2020 to ZW\$ 83million in 2021 as a result of the revenue growth.

Despite the macro-economic challenges, collections for the 6 months to March 2021 remained resilient at 94% up from 91% in 2020. The collaborative business relationships with tenants and robust on-boarding and credit control processes continue to sustain collections.

Investment property

The Company performed an open market valuation of its investment property. The portfolio value suffered a 2% loss at 31 March 2021 in comparison with the inflation adjusted value as at 30 September 2020. The decrease in the portfolio value is a reflection that rentals remain below optimum levels due to the depressed economic performance. This however, presents an opportunity for the company to further align its rentals as the country's economic performance is forecast to improve.

Property development projects

The Company experienced delays in commencement of planned development projects due to COVID-19 induced lockdowns. Following the partial lifting of COVID-19 restrictions, the Company commenced the construction phase of the 25-unit Bluff Hill housing project. The construction of a model show house is now complete and pre-selling has commenced.

Following the issuance of the Certificate of Compliance by the Ruwa Town Board, the Company has commenced disposals of its 24 fully serviced residential stands in Windsor Park. Disposal of the stands and other non-core assets will provide liquidity to enable the Company to embark on its strategic developments.

Charter House reconfiguration works to a boutique hotel are now expected to commence in the second half of 2021.

Dividend

The Board has declared an interim dividend amounting to ZW\$21,932,027. A separate dividend notice will be published.

Outlook

The Company remains optimistic to exploit the pockets of growth emerging in the market as the economy weathers the COVID-19 storm. The forecasted GDP growth of 7.4% will, thankfully, improve space demand and effective demand for the company's on-going residential projects. The Company will remain focused on its strategic focus areas of performance optimization, portfolio and revenue streams diversification, a robust corporate governance and most recently digitalization to improve operational efficiency and customer servicing.

Appreciation

On behalf of the Board, I wish to express my appreciation to our valued tenants for their continued loyalty and all our other stakeholders for their support. I also wish to express gratitude to our members of staff for their continued dedication to duty in the challenging operating environment. Finally, I would like to thank my fellow Board members for their continued oversight work.

Harare
28 May 2021


Eng. G. Bema
Board Chairperson

Independent Auditor's Review Conclusion

The abridged inflation adjusted financial statements for the 6 months ended 31 March 2021 have been reviewed by the Group's external auditors, Deloitte & Touche, who have issued an unmodified review conclusion. The engagement partner for the review engagement was Mr. Tumai Mafunga, PAAB practice certificate number 0442.

Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Inflation Adjusted Group		* Historical Cost Group	
		31 March 2021 Reviewed ZW\$	31 March 2020 Reviewed ZW\$	31 March 2021 Unaudited ZW\$	31 March 2020 Unaudited ZW\$
Revenue	3	149 368 795	102 605 100	137 165 497	21 403 456
Property expenses		(25 113 959)	(16 967 182)	(23 219 442)	(3 546 191)
Net property income		124 254 836	85 637 918	113 946 055	17 857 265
Other income	4	3 010 216	10 306 890	2 829 595	2 270 904
Allowances for credit losses		(1 730 089)	(5 157 916)	(1 624 538)	(1 133 053)
Administrative expenses		(42 212 745)	(26 316 926)	(38 709 363)	(5 734 337)
Operating profit		83 322 218	64 469 966	76 441 749	13 260 779
Fair value adjustments		(119 501 746)	(5 998 478 160)	2 166 553 133	499 564 369
Quoted securities		116 263 326	(39 711 531)	135 278 840	6 646 376
Investment properties		(248 212 235)	(5 923 132 279)	2 011 324 293	490 250 993
Non-current assets held for sale		12 447 163	(35 634 350)	19 950 000	2 667 000
(Loss)/profit before finance income and tax		(36 179 528)	(5 934 008 194)	2 242 994 882	512 825 148
Finance income	5	4 262 520	3 091 762	3 895 681	670 267
Monetary loss		(33 610 948)	(25 945 081)	-	-
(Loss)/profit before tax		(65 527 956)	(5 956 861 513)	2 246 890 563	513 495 415
Tax (expense)/credit	6	(58 866 096)	289 018 091	(178 560 858)	(26 565 556)
(Loss)/profit for the period		(124 394 052)	(5 667 843 422)	2 068 329 705	486 929 859
Total comprehensive (loss)/income for the period		(124 394 052)	(5 667 843 422)	2 068 329 705	486 929 859
Weighted average number of shares		1 688 043 894	1 690 709 694	1 688 043 894	1 690 709 694
Basic and diluted (loss)/earnings per share - cents		(7.37)	(335.23)	122.53	28.80
Headline (loss)/earnings per share - cents		(25.27)	(332.47)	93.77	28.26

Abridged Consolidated Statement of Financial Position

	Notes	Inflation Adjusted Group		* Historical Cost Group	
		31 March 2021 Reviewed ZW\$	30 Sept 2020 Reviewed ZW\$	31 March 2021 Unaudited ZW\$	30 Sept 2020 Unaudited ZW\$
Assets					
Non-current assets	7	11 039 478 688	11 277 069 303	11 006 289 664	8 985 235 727
Current assets	8	455 412 308	343 030 863	389 892 506	208 540 307
		11 494 890 996	11 620 100 166	11 396 182 170	9 193 776 034
Equity and liabilities					
Shareholders' funds		10 821 677 854	10 973 689 000	10 747 326 727	8 703 740 568
Deferred tax		630 191 862	595 106 870	605 834 163	449 040 808
Current liabilities	9	43 021 280	51 304 296	43 021 280	40 994 658
		11 494 890 996	11 620 100 166	11 396 182 170	9 193 776 034
Net asset value per share - cents		641.08	649.06	636.67	514.80

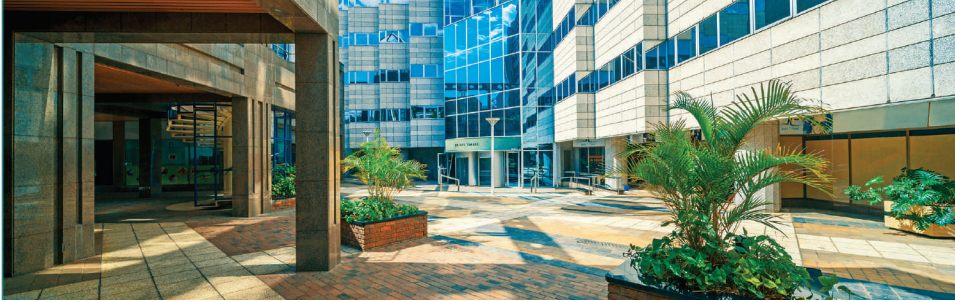
Abridged Consolidated Statement of Cash Flows

	Inflation Adjusted Group		* Historical Cost Group	
	31 March 2021 Reviewed ZW\$	31 March 2020 Reviewed ZW\$	31 March 2021 Unaudited ZW\$	31 March 2020 Unaudited ZW\$
Net cash inflow from operating activities	44 164 094	19 121 496	48 894 506	8 555 538
(Loss)/profit before finance income and tax	(36 179 528)	(5 934 008 194)	2 242 994 882	512 825 148
Non-cash items	94 413 366	5 976 664 921	(2 164 287 517)	(498 776 614)
Increase/(decrease) in working capital	6 317 821	(9 099 409)	(9 778 404)	(2 550 907)
Tax paid	(20 387 565)	(14 435 822)	(20 034 455)	(2 942 089)
Net cash outflow from investing activities	(11 363 225)	(4 836 072)	(10 314 728)	(886 299)
Interest received	71 634	29 204	119 952	7 559
Proceeds on sales of quoted shares	-	6 741 293	-	1 348 857
Purchase of property and equipment	(2 704 822)	(4 760 388)	(2 352 977)	(942 156)
Refurbishment of investment property	(8 730 037)	(11 771 161)	(8 081 703)	(2 284 902)
Proceeds on disposal of equipment	-	4 924 980	-	984 343
Net cash outflow from financing activities	(29 123 561)	(12 071 702)	(25 983 270)	(2 415 194)
Dividend paid	(26 745 433)	(12 071 702)	(23 869 405)	(2 415 194)
Acquisition of treasury shares	(2 378 128)	-	(2 113 865)	-
Increase in cash and cash equivalents	3 677 308	2 213 722	12 596 508	5 254 045
Cash and cash equivalents at the beginning of the period	44 385 000	24 435 120	35 465 800	2 571 158
Cash and cash equivalents at the end of the period	48 062 308	26 648 842	48 062 308	7 825 203

Abridged Consolidated Statement of Changes in Equity

	Inflation Adjusted Group		* Historical Cost Group	
	31 March 2021 Reviewed ZW\$	31 March 2020 Reviewed ZW\$	31 March 2021 Unaudited ZW\$	31 March 2020 Unaudited ZW\$
Shareholders' equity at beginning of the period	10 973 689 000	11 485 044 563	8 703 740 568	1 201 287 698
Total comprehensive income	(124 394 052)	(5 667 843 422)	2 068 329 705	486 929 859
Acquisition of treasury shares	(2 378 128)	-	(2 113 865)	-
Dividend declared	(25 238 966)	(12 262 442)	(22 629 681)	(2 450 862)
Shareholders' equity at end of the year	10 821 677 854	5 804 938 699	10 747 326 727	1 685 766 695

*The historic amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not issued a review conclusion on the historic financial information.



REVIEWED ABRIDGED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2021

Notes to the Abridged Consolidated Financial Statements

1. Basis of preparation and accounting policies

Mashonaland Holdings Limited and its subsidiaries' (the "Group") abridged interim consolidated financial statements have been prepared in accordance with policies consistent with International Financial Reporting Standards (IFRS). The accounting policies used in the current period are consistent with those applied in the period ended 30 September 2020 unless otherwise stated. These abridged interim consolidated financial statements have been prepared under the assumption that the Group operates on a going concern basis.

The abridged interim consolidated financial statements for the six months ended 31 March 2021 have been prepared in accordance with IAS 34 "Interim financial reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended 30 September 2020.

1.1 Reporting currency

These financial statements are presented in the Zimbabwean currency ("ZW\$"), which was designated as the sole transactional and functional currency through Statutory Instrument 33 of 2019 of 2019 (SI33/19) dated 22 February 2019 and Statutory instrument 142 of 2019 (SI142/19) dated 24 June 2019.

1.2 Hyperinflation

These results have been prepared under the current cost basis in line with the provisions of International Accounting Standards (IAS) 29 – Financial Reporting in Hyperinflationary economies. The Public Accountants and Auditors Board (PAAB) pronounced that the economy is trading under conditions of hyperinflation in line with IAS 29 (Pronouncement 1/2019). The directors have applied the guidelines provided by the PAAB and the accounting bodies and made various assumptions to produce the inflation adjusted financials. The inflation adjusted amounts are the primary set of results. The historic information is supplementary.

The Group used the price indices provided by the Zimbabwe Statistical Office as reported on the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to 31 March 2021.

	Index	Conversion factor
CPI as at 31 March 2021	2698.9	1.000
CPI as at 30 September 2020	2205.2	1.224
CPI as at 31 March 2020	810.4	3.330

1.3 Valuation of investment properties

An internal valuation of investment properties was carried out to determine fair values at 31 March 2021. The internal valuation was conducted by the company's qualified internal valuation team based on IFRS 13 (Fair Value Measurement) level 3 valuation inputs. An internal valuation was considered appropriate considering the company had performed a comprehensive external valuation at the last reporting date on 30 September 2020.

Significant judgements were applied as at 31 March 2021 as a result of the uncertainties resulting from the hyperinflationary economic environment, market volatility and a lack of comparable market transactions concluded in ZW\$.

	Inflation Adjusted Group		* Historical Cost Group	
	31 March 2021 Reviewed ZW\$	31 March 2020 Reviewed ZW\$	31 March 2021 Unaudited ZW\$	31 March 2020 Unaudited ZW\$
2. Depreciation on property and equipment charged to operating profit	865 853	2 167 058	707 065	336 789
3. Revenue	149 368 795	102 605 100	137 165 497	21 403 456
Rental income	148 689 598	102 290 315	136 515 163	21 324 353
Property services income	679 197	314 785	650 334	79 103
4. Other income				
Service charges	1 927 870	998 732	1 804 116	222 802
Credit losses recovered	-	249 679	-	44 879
Dividend income	190 400	-	162 293	-
Foreign currency translation gain	869 141	-	842 738	-
Profit on disposal of non-current assets	-	2 332 459	-	590 337
Sundry income	22 805	6 726 020	20 448	1 412 886
	3 010 216	10 306 890	2 829 595	2 270 904
5. Finance income				
Interest received and receivable	4 216 501	2 580 471	3 852 030	540 875
Interest on staff loans	46 019	511 291	43 651	129 392
Total	4 262 520	3 091 762	3 895 681	670 267
6. Tax				
Current income tax expense	(23 781 105)	(8 032 163)	(21 767 506)	(1 909 520)
Deferred income tax (expense)/credit	(7 048 629)	296 584 775	(3 898 369)	(24 603 225)
Deferred capital gains tax	(28 036 362)	465 479	(152 894 983)	(52 811)
Total	(58 866 096)	289 018 091	(178 560 858)	(26 565 556)
	Inflation Adjusted Group		* Historical Cost Group	
	31 March 2021 Reviewed ZW\$	30 Sept 2020 Reviewed ZW\$	31 March 2021 Unaudited ZW\$	30 Sept 2020 Unaudited ZW\$
7. Non-current assets				
Investment property	11 001 520 000	11 241 002 195	11 001 520 000	8 982 114 000
Property and equipment	37 714 093	35 763 538	4 525 069	2 879 159
Long term receivables	7 286	9 118	7 286	7 286
Fixed deposit investment	237 309	294 452	237 309	235 282
Total	11 039 478 688	11 277 069 303	11 006 289 664	8 985 235 727

Fair valuation of investment property was determined through an internal valuation performed at 31 March 2021 as disclosed in note 1.3 to the interim financial results.

8. Current assets				
Assets held for trading	238 988 442	129 841 570	238 988 442	103 749 805
Inventories	78 309 081	98 269 242	12 789 279	12 963 724
Trade and other receivables	29 102 477	19 224 069	29 102 477	15 360 978
Cash and cash equivalents	48 062 308	44 385 000	48 062 308	35 465 800
Assets held for sale	60 950 000	51 310 982	60 950 000	41 000 000
	455 412 308	343 030 863	389 892 506	208 540 307
9. Current liabilities				
Trade and other payables	19 069 550	20 309 456	19 069 550	16 228 255
Income tax payable	9 198 980	13 718 066	9 198 980	10 961 410
Provisions	14 752 750	17 276 774	14 752 750	13 804 993
	43 021 280	51 304 296	43 021 280	40 994 658

10. Segment information

31 March 2021 ZW\$

Revenue

Net property income

Assets

Liabilities

31 March 2020 ZW\$

Revenue

Net property income

Assets

Liabilities

31 March 2021 ZW\$

Revenue

Net property income

Assets

Liabilities

31 March 2020 ZW\$

Revenue

Net property income

Assets

Liabilities

11. Property portfolio performance

31 March 2021 ZW\$

Office/retail

Industrial

Pure retail

Other

Total/portfolio average

31 March 2020 ZW\$

Office/retail

Industrial

Pure retail

Other

Total/portfolio average

*GLA - Gross lettable area

**The rent/sqm numbers are stated in inflation adjusted terms

12. Commitments for capital expenditure

Authorised and contracted

Authorised and not yet contracted

13. Related parties

Inflation Adjusted				Balance 2021 ZW\$	Balance 2020 ZW\$
Relationship	Relationship	Nature of transaction	Transaction amount ZW\$		
ZB Life Assurance Limited	Direct shareholder	Rent accrued	5 220 844	526 148	173 716
ZB Bank Limited	Indirect shareholder	Rent accrued	12 796 672	-	1 558 598
ZB Life Assurance Limited	Direct shareholder	Interest received	51 760	-	-
ZB Bank Limited	Indirect shareholder	Interest received	26 355	-	-
ZB Bank Limited	Indirect shareholder	Cash and cash equivalents	-	4 289 273	6 242 158
			18 095 631	4 815 421	7 974 472
* Historical Cost				Balance 2020 ZW\$	Balance 2020 ZW\$
Relationship	Relationship	Nature of transaction	Transaction amount ZW\$		
ZB Life Assurance Limited	Direct shareholder	Rent accrued	4 354 130	526 148	52 162
ZB Bank Limited	Indirect shareholder	Rent accrued	10 672 294	-	468 003
ZB Life Assurance Limited	Direct shareholder	Interest received	49 059	-	-
ZB Bank Limited	Indirect shareholder	Interest received	24 274	-	-
ZB Bank Limited	Indirect shareholder	Cash and cash equivalents	-	4 289 273	1 874 344
			15 099 757	4 815 421	2 394 509

13.1 Compensation to key management

All compensation with related parties is carried out on an arm's length basis

	31 March 2021 Reviewed ZW\$	31 March 2020 Reviewed ZW\$	31 March 2021 Unaudited ZW\$	31 March 2020 Unaudited ZW\$
Compensation of key management in the Group				
Short term employee benefits	8 993 912	5 972 632	8 260 805	1 120 883
Post-employment benefits	520 675	125 040	478 234	23 466
Total compensation paid to key management	9 514 588	6 097 672	8 739 039	1 144 349
Non-executive directors' emoluments	2 056 367	1 275 195	1 881 469	303 468

14. Going concern

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

INDEPENDENT REVIEWER'S REPORT ON REVIEW OF ABRIDGED INTERIM FINANCIAL INFORMATION

TO THE SHAREHOLDERS OF MASHONALAND HOLDINGS LIMITED

Introduction

We have reviewed the accompanying abridged inflation adjusted consolidated statement of financial position of Mashonaland Holdings Limited and its subsidiaries (the Group) as at 31 March 2021, the abridged inflation adjusted consolidated statement of profit and loss and other comprehensive income, abridged inflation adjusted consolidated statement of changes in equity and abridged inflation adjusted consolidated statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34 – *Interim Financial Reporting*.

Our responsibility is to express a conclusion on this interim financial information based on our review.

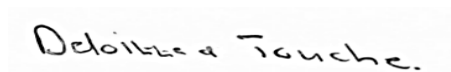
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of Mashonaland Holdings Limited is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 – *Interim Financial Reporting* and the requirements of the Zimbabwe Stock Exchange.

The engagement partner on the review engagement resulting in this independent reviewer's report is Tumai Mafunga.



DELOITTE & TOUCHE
PER TUMAI MAFUNGA
PARTNER
PAAB PRACTICE CERTIFICATE NUMBER: 0442
HARARE
ZIMBABWE

4 JUNE 2021