



MASHONALAND HOLDINGS LIMITED

UPDATE FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2022

OPERATING ENVIRONMENT

The economy continues to experience subdued consumer demand across major economic sectors due to subsisting inflationary pressures which have reduced consumer purchasing power. To mitigate the effects of inflation, which was measured at 268.79% year on year inflation in September 2022, authorities have responded by maintaining a conservative monetary policy position which has sought to reduce excess Zimbabwe Dollar liquidity in the market. The decline in Zimbabwe Dollar liquidity and exchange rate depreciation on the Reserve Bank of Zimbabwe foreign currency markets has led to a partial convergence of official and unofficial exchange rates in the market. There are concerns, however, that money supply is likely to increase due to the agricultural support obligations, higher wage and bonus demands and elections funding, among other government obligations.

PROPERTY MARKET

The occupier sub-market continues to be marked by low demand particularly for Central Business District (CBD) office space. CBD properties have recorded occupancies of 40% on average as occupiers prefer sub-urban office locations. The development sub-market has witnessed an increase in the number of developments in the industrial and retail sectors due to active demand for strategically located properties in these sectors. Construction cost remains steep with developers having to employ a cocktail of cost containment measures to ensure project viability.

UNAUDITED INFLATION ADJUSTED PERFORMANCE HIGHLIGHTS

The unaudited inflation adjusted financial performance highlights for the 9 months ended 30 September 2022 are as presented below.

	30-Sep-22	30-Jun-21*	
Statement of comprehensive income highlights	ZW\$	ZW\$	% Movement
Revenue	1 699 348 121	1 001 907 024	69.6% ▲
Operating profit before fair value and Foreign exchange gains	792 820 479	494 454 035	60.3% ▲
Key Ratios	ZW\$	ZW\$	% Movement
Operating profit margin %	46.7%	49.4%	-5.5% ▼
Occupancy level (%)	83.0%	78.5%	5.7% ▲
Collections (%)	95.0%	91.0%	4.4% ▲

*Comparative results are for the 9 months ended 30 June 2021 due to the change of financial year end in the previous financial year.

- The 69.6% revenue increase is mainly attributed to quarterly rent reviews implemented during the period to preserve value in view of the prevailing inflationary environment.
- Occupancy levels improved from 78.5% in 2021 to 83% in September 2022 thereby contributing to revenue growth.
- Operating profit increased by 60.3% to ZW\$793million driven by the revenue growth.

PROPERTY DEVELOPMENT PROJECTS

Pomona Wholesale Centre

The development project is currently at the pre-construction stage, with design works substantially complete and EIA application underway. Site works are scheduled to commence in the 2023 financial period. Over 60% of the proposed development has been successfully pre-let.

Mashview Gardens

Construction works on the 25 housing units in Bluff Hill Harare is on-going with 16 units nearing completion. The Group is targeting to complete all construction works on the project in December 2022 and will hand-over the completed project in the first quarter of 2023.

Milton Park Day Hospital Facility

The Group has signed an agreement to develop and lease the medical facility with a leading medical services provider. Construction works on the day hospital project commenced in the second quarter of the year and is earmarked for completion in August 2023.

Outlook

Despite the prevailing economic headwinds, the Group remains focussed on delivering its on-going property development projects and others in the pipeline, which are all part of its portfolio diversification strategy. Strategic focus will remain directed towards optimizing the performance of the current property portfolio while responding to the locational and functionality needs of our customers.

E. MADHAKA
COMPANY SECRETARY

14 November 2022

