



MASHONALAND HOLDINGS LIMITED

(Incorporated in Zimbabwe)

Leading property owners and developers

Trading update for the quarter ended 30 September 2023

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. The RBZ exchange rates relatively stabilised during the third quarter pursuant to monetary policy interventions. The Government has extended the multi-currency regime to 2030 through Statutory Instrument 218 of 2023. The move is anticipated to improve business confidence in the short term and will assist in promoting lending support to productive sectors of the economy.

Property market

The occupier segment continues to witness sustained positive performance in the suburban retail sector supported by high occupancies and optimal yields in newly constructed neighbourhood malls. The industrial sector has consistently outperformed traditional real estate sectors with occupancies averaging 95%, however, the sector remains affected by power supply challenges which have an impact on tenant's cost of occupancy. The CBD office sector continues to struggle with high voids as occupants exit the CBD preferring suburban office locations.

The development market segment continues to be impacted by a mismatch between development costs and resultant open market property values. This mismatch has been perpetuated by the increasing cost and shortage of critical materials in the market.

Financial performance

The unaudited historical results for the 9 months ended 30 September 2023 are as presented below. The performance is presented in both ZW\$ (inflation adjusted) and US\$.

Statement of comprehensive income highlights	30 Sept 2023 ZW\$'000	30 Sep 2022 ZW\$'000	% mvt.	30 Sept 2023 US\$	30 Sept 2022 US\$	% mvt.
Revenue	15 686 244	5 994 066	162%	4 607 308	3 384 618	36%
Operating profit before fair value & exchange gains	6 428 784	2 620 496	145%	2 257 851	1 590 586	42%
Operating profit margin %	41%	44%	(6%)	49%	47%	4%

Statement of financial position highlights	30 Sept 2023 ZW\$'000	31 Dec 2022 ZW\$'000	% mvt.	30 Sept 2023 US\$	31 Dec 2022 US\$	% mvt.
Investment property	457 124 597	218 700 486	109%	81 381 052	76 882 000	6%

- In Zimbabwe Dollar terms, revenue increased to ZW\$15.7billion driven by an increase in space absorption in the portfolio and project sales. Portfolio occupancy improved from 83% to 89%. The Group now earns 74% of its rental revenue in foreign currency up from 35% in Q3 2022, the deterioration in the exchange rate over the period led to an improvement in revenue in Zimbabwe Dollar terms.
- In USD terms, the company's revenue improved by 36% from US\$3.3million in September 2022 to US\$4.6million in September 2023. Projects revenue earned from the Mashview Gardens project contributed 14% to the revenue performance. The growth in US\$ earnings contribution has averted loss of value associated with ZW\$ rentals. Operating profit improved by 42% to US\$2.3million driven by the improved revenue performance.
- Investment property increased by 6% in real terms due to capital expenditure incurred on ongoing property development projects.

Property development projects

Milton Park Day Hospital Facility

The pre-leased project commenced in June 2022. The project has now been completed and has been handed over to the tenant to commence tenant fit outs. The development will start earning rentals under a long-term lease from January 2024 in line with the Agreement to Develop and Lease (ADL) concluded with the tenant.

Pomona Wholesale Centre

The development concept consists of wholesaling and flexible warehousing with 14,000sqm lettable space. The anchor tenant has been secured and 60% of the development has been successfully pre-leased. The project Construction works commenced in July 2023 with a target completion period of 18 months ending in Q4 2024.

Mashview Gardens

Construction of the housing units under phases 1, 2 and 3 was completed in Q3 2023 and site clearance is underway to pave way for the handover of the units due end of November 2023 in line with the adjusted project programme.

Chiyedza House SME Retail Shops

During the period, the company commenced a project to reconfigure retail space at Chiyedza House to create 32 SME retail shops. Renovation works were completed in Q3 2023, and tenants started operating in the month of October 2023, the facility is anticipated to achieve 100% occupancy in November 2023.

Outlook

Looking ahead, the Group remains focused on implementing its portfolio diversification strategy which will enable sustainable growth and delivery of shareholder value. The Group will continue to put in place measures to manage risks associated with new developments.

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Company Secretary
15 November 2023

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