Abridged Audited Financial Statements for the year ended 31 December 2019

CHAIRMAN'S STATEMENT

INTRODUCTION
On behalf of the Board of Directors, I am pleased to present the financial results for Dawn Properties Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2019.

2019 was a transitional year, with various laws and regulations being implemented by the government in a bid to turn around the economy. We, however, made significant strategic progress on the Group's three core businesses of hospitality, property development and property consulting. We started execution of some of the key initiatives that we announced in the prior year.

MACRO-ECONOMIC ENVIRONMENT
According to African Development Bank (AfDB), Zimbabwe's Growth Domestic Product ("GDP") contracted by 12.8% in 2019 due to poor performance in almost all sectors of the economy. The economy experienced a number of challenges including, inter alia, foreign currency, fuel and electricity shortages. Prolonged drought, cyclone Idai and livestock diseases had noticeable impact on agriculture.

Following the introduction of local currency, initially termed real-time gross settlement ("RTGS") dollar in February 2019, the exchange between the RTGS dollar and the United States dollar ("US$") deteriorated from 2.5 Zimbabwe dollars per US dollar in February 2019 to 16.77 Zimbabwe dollars per US dollar in December 2019. Parallel market rates remained higher than the official interbank exchange rates. Inflation spiked from single digits in 2018 to three digits in December 2019, occasioned largely by the exchange rate movements and shortages of basic goods, including fuel, foodstuffs, and electricity.

The national budget deficit narrowed in 2019, mainly due to government measures, which included frozen public sector employment, reduced investment and consumption spending, better revenue mobilisation, and restrictions on government borrowing and the issue of government securities. The African Development Bank expects the economy to recover with GDP growth of 4.6% in 2020 and 5.6% in 2021 if corrective measures are taken, especially to restore macroeconomic stability. Measures that have, so far, been implemented to contain the economic challenges experienced in 2019 have proved to be limited in their effectiveness as inflation has continued to rise resulting in the country entering hyperinflationary period for reporting periods on or after 1 July 2019. In the medium term, if effective fiscal and monetary reforms are implemented, these should stabilise the economy and begin to generate positive results at national and business level. We believe agriculture, mining and tourism will continue to provide some tailwinds for the economy to generate foreign currency and stabilise the exchange rate on the interbank trading platform. Continued efforts should be made towards reforming the investment climate both more broadly and in the above-mentioned key sectors.

We continue to roll out the strategic initiatives we announced in the prior year as we explore on ways to navigate the business in the current challenging environment.

CHANGE OF FUNCTIONAL CURRENCY
The government introduced separation of foreign currency accounts ("FCA" s) into two categories, namely Nostro FCAs and RTGS FCAs on 1 October 2018. Various measures meant to turn around the economy, subsequently came with the fiscal policy including the intermediated monetary transfer tax ("IMTT") 2%. A Monetary Policy Statement announced by the Central Bank Governor on the 20th of February 2019 brought a number of changes including, inter alia, establishment of an Inter-bank Foreign Exchange Market meant to formalise the trading of RTGS balances and bond notes with US dollar and other currencies on a willing-buyer willing-seller basis through banks and bureaux de change and denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the current monetary balances and foreign currency.

The above announcements were followed by Statutory Instrument ("SI") 33 of 2019 which clarified that the Reserve Bank had, with effect from the 20th of February 2019, issued an electronic currency called the RTGS dollar. RTGS dollar means any funds held as bank deposits under the Real Time Gross Settlement system established in terms of the National Payment Systems Act [Chapter 24:23]. This effectively became a legal tender and formed part of the multi-currencies acceptable for transactional settlements from 20 February 2019. From the effective date the bond notes and coins referred to in the Reserve Bank of Zimbabwe Amendment Act, 2017 (Number 1 of 2017) became legal tender within Zimbabwe, exchangeable with the RTGS dollar at parity with each bond note unit, that is to say, at a one-to-one rate. For accounting and other purposes, all assets and liabilities that were, immediately before the effective date, valued and expressed in United States America dollars (other than assets and liabilities referred to in section 44C (2) of the principal Act) were deemed to be valued in RTGS dollars at a rate of one-to-one to the United States of America dollar.

On 24 June 2019, the government promulgated SI 142 of 2019. The effect of SI 142 of 2019 was that the Zimbabwe dollar became the sole legal tender for any local transaction and that all other currencies were no longer legal tender and cannot be used in settlement of obligations in Zimbabwe. This was effectively an abandonment of the multi-currency system that had been adopted since 2009. Before promulgation of SI 142 of 2019 and the Reserve Bank of Zimbabwe (RBZ) (Legal Tender) Regulations 2019, gazetted on June 24, 2019, the legal tender in Zimbabwe included bank notes printed by the RBZ in terms of section 41 of the RBZ Act, vouchers printed by the RBZ in terms of section 42B of the RBZ Act, coins of current mass in terms of section 44 of the RBZ Act, foreign currencies as provided for in section 44A of the RBZ Act and the RTGS dollar introduced as section 4C (4) (1) of the RBZ Act through SI 33 of 2019.

The government later on issued SI 212 of 2019 which reinforced the exclusive use of the Zimbabwe dollar for domestic transactions as a follow up to SI 142 of 2019 which nullified the multi-currency regime. The functional currency of the Group therefore changed from the previous reporting currency of US$ to RTGS$ in 2019.

HYPERINFLATION REPORTING
The Public Accountants and Auditors Board (PAAB) advised that there was broad market consensus within the accounting and auditing professions in Zimbabwe that the factors and characteristics to apply the Financial Reporting in Hyperinflationary Economies Standard (IAS 29), in Zimbabwe had been met and that businesses ought to apply this standard for reporting periods on or after 01 July 2019. The Group, as such, applied this standard to its financial reporting, in 2019.

FINANCIAL REVIEW

Statement of comprehensive income
The Group experienced a revenue decline of 4% closing the year at ZW$66.5 million (ZW$31.8 million historical cost) from ZW$69.3 million (ZW$11.1 million historical cost) reported in the previous year, owing to suspension of development inventory sales due to the subdued market. This represents a 185% growth on historical cost revenue. While there was a drop in international arrivals compared to last year, the growth of 185% in historical cost revenue was attributed to the continued devaluation of the local currency, which saw our foreign currency earnings being translated from 1:1 in January moving to circa 1:17 by end of December 2019.

Operating expenses amounted to ZW$36.1 million (ZW$16.4 million historical cost) compared with ZW$24.7 million (ZW$3.9 million historical cost) reported in 2018, representing a 46% growth in costs (321% increase on historical cost operating expenses). The significant expenses growth came on the back of general increase in costs in line with inflationary pressures experienced in 2019. The major cost driver was staff cost as the Group tried to cushion employees against a steep increase in costs of living.

The Group recorded a net profit after tax amounting to ZW$861 million (ZW$1.4 billion historical cost) compared with ZW$21 million (ZW$3.5 million historical cost) recorded in 2018. The business adjusted for fair value gains in property of ZW$888.6 million (ZW$1.4 billion historical cost) following the change of reporting currency. We expect that fair value gains will continue to be adjusted in line with movements in the currency

Statement of financial position
The carrying value of the investment property was ZW$1.5 billion compared to ZW$90.8 million as at 31 December 2018. The significant change is primarily attributable to fair value adjustments on the property portfolio.

OPERATIONS

Property investments

Hotel properties

Trading conditions were subdued compared to last year. Local demand was on the decline as the economy continued to worsen towards end of year. Salary increases across the board have not caught up with inflation forcing most consumers to reduce expenditure on travel. Internationally, our major source markets in the West faced uncertainty owing to a chaotic Brexit and a trade war between the USA and China. As a result, overall occupancy was down 10% compared to last year's performance.

Rental revenue earned for the 2019 financial period was at ZW$49.4 million (ZW$24.6 million historical cost) compared with ZW$25.1 million (ZW$4.0 million historical cost) for the prior year. The rental revenue growth was mainly attributable to increased rentals from Elephant Hills Resort and Conference Centre up by 270% (89% historical cost), Monomotapa Hotel up by 223% (59% historical cost) and Holiday Inn Mutare up by 339% (110% historical cost).

The rental yield declined from 5.4% recorded in 2018 to 1.7% in 2019. This is largely a result of the volatility of the local currency during the reporting period. The management team, in conjunction with African Sun Limited (ASL), continue to work on a number of measures to ensure that this key performance indicator matches shareholders' expectations.

Timeshare lodges – Blue Swallow Lodges and Kingfisher Cabanas

2019 represents the third full year under which Dawn has managed the timeshare resorts of Blue Swallow Lodges in Nyanga and Kingfisher Cabanas in Kariba. Revenue from timeshare rentals grew by 7% (228% historical cost) from ZW$1.7 million (ZW$270,820 historical cost) in 2018 to ZW$1.8 million (ZW$888,682 historical cost) in 2019. The Board is convinced that the market for the timeshare contracts, which remains the key focus area, is yet to be fully exploited. Renovation of the lodges to world class standards is ongoing and should invariably increase the uptake of our timeshare contracts.

Property consultancy

The consultancy business recorded total revenue of ZW$15.7 million (ZW$6.5 million historical cost) compared to ZW$20.5 million (ZW$2.5 million historical cost) in 2018. The business unit continues to be resilient despite a tough operating environment in the property management arena, driven by increased voids and downward pressure on rentals.

Property management remained the main driver of revenue, with a contribution of ZW$7.5 million (ZW$3 million historical cost). Valuation and advisory services continued on a steady growth, with revenues of ZW$6.3 million (ZW$2.7 million historical cost). The balance of ZW$1.9 million (ZW$0.8 million historical cost) came from travel recoveries, agency commission and project management.

Profit after income tax for the consultancy business decreased by 104% (grew by 69% historical cost) from ZW$4,297,966 profit (ZW$428,125 historical cost profit) to ZW$169,030 loss (ZW$724,969 historical cost profit). The Board took a decision to effect a salary increase to cushion staff from the increase in the costs of living driven by the hyper inflationary economic environment. Going forward, the business should be able to re-align its pricing model to the cost structures prevailing in the market.

Property development

Elizabeth Windsor Gardens

There were no sales recorded in 2019. The market was subdued as most banks suspended their mortgage offerings. Prior to the promulgation of Statutory Instrument 142 of 2019, prices had continued to be pegged in US$ which put them beyond the affordability levels of most local buyers. The Group made a decision to hold the remaining 22 units for capital appreciation purposes and reclassified them from inventory to investment property at 31 December 2019.

Marlborough Sunset Views

The Group launched its second development project during the latter part of the second half of the year. Marlborough Sunset Views is located about 13 kilometres west of Harare CBD. It will consist of 295 residential stands measuring circa 2,000 square metres each. Phase 1 of the development is expected to be completed in April 2020. The large land bank in Marlborough offers exciting development opportunities in the short to medium term.

BOARD CHANGES
Mr P Matute stepped down as Managing Director on 15 October 2019. Mr J Dowa was appointed Managing Director by the Board with effect from 16 October 2019. We are grateful for the contribution Mr Matute rendered to the Company and wish him the very best in his future.

On behalf of the Board, I would like to welcome Mr Dowa to the Board and wish him the very best.

DEBT
As at 31 December 2019, the Company had total debt of ZW$6.0m. The bulk of the proceeds were deployed towards the Remainder of Marlborough project. The Group's gearing ratio stood at 0.4% as at the reporting date with an average interest cost of 35%.

OUTLOOK
The Group's new strategic initiatives from 2020 going forward is as follows:
1. Investment Property Portfolio – focus remains on increasing our exposure to Victoria Falls and Hwange.
2. Timeshare Assets – continued focus on driving contract sales and rentals.
3. Property Development – continue to execute a number of pipeline projects. Our land bank gives the Group the ability to create a sustainable business Unit going forward.
4. Property Consultancy – enhance brand visibility and technology as a key enabler for delivering value to our clients.

Although we experienced a challenging operating environment in 2019, we remain confident that the business is in a healthy state and is well positioned to execute its strategy in 2020.

However, the recent Covid-19 pandemic has posed some uncertainty on the Group's future performance as the world is still battling to contain its economic impact. The Group will continue to review its response strategy and maintain sustainable performance in the current circumstances.

APPRECIATION
2019 was a challenging year. We, however, continue to roll out the strategic initiatives we implemented from 2018 and we believe we will be able to find solutions to take the business forward. I thank our stakeholders for their support and our Management and staff's commitment to driving the Group strategy forward.

Phibion P. Gwatidzo
Board Chairman

INDEPENDENT AUDITORS STATEMENT

The inflation adjusted consolidated financial statements from which the abridged version has been extracted have been audited by PricewaterhouseCoopers Chartered Accountants (Zimbabwe). The engagement partner on the audit is Esther Antonio. An adverse opinion has been issued thereon as requirements of IAS 21, *'The effects of changes in exchange rates'*, IAS 29, *'Financial reporting in hyperinflationary economies'*, and IAS 40, *'Investment property'*, were not met.

The auditors' report on the inflation adjusted consolidated financial statements is available for inspection at the Company's registered office.

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

		Inflation adjusted		Historical cost	
	Note	Audited 31 December 2019 ZW$	Audited 31 December 2018 ZW$	Audited 31 December 2019 ZW$	Audited 31 December 2018 ZW$
ASSETS					
Non-current assets					
Investment property	10	1 476 666 450	564 021 195	1 476 666 450	90 802 754
Property and equipment	11	9 338 159	7 332 423	9 338 159	925 303
Trade and other receivables	13	19 917 539	19 917 539	2 312 980	2 312 980
		1 505 922 148	**591 271 157**	**1 488 317 589**	**94 041 037**
Current assets					
Inventories	12	1 734 568	21 047 313	293 609	2 444 179
Trade and other receivables	13	14 484 941	14 579 178	14 484 941	2 347 127
Current income tax assets		162 061	259 498	162 061	41 777
Cash and cash equivalents		874 178	10 447 959	874 178	1 682 035
		17 255 748	**46 333 948**	**15 814 789**	**6 515 118**
TOTAL ASSETS		**1 523 177 896**	**637 605 105**	**1 504 132 378**	**100 556 155**
EQUITY					
Share capital		16 927 366	16 927 366	1 965 738	1 965 738
Share premium		150 961 534	150 961 534	17 530 833	17 530 833
Revaluation reserves		67 865 595	63 325 182	13 610 494	7 353 815
Retained earnings		1 199 827 748	345 191 503	1 445 572 222	63 934 262
Shareholders' equity		**1 435 582 243**	**576 405 585**	**1 478 679 287**	**90 784 648**
LIABILITIES					
Non-current liabilities					
Borrowings	14	2 341 609	9 811 187	2 341 609	1 579 520
Deferred lease income		271 059	1 841 126	271 059	296 406
Deferred tax liabilities	15	77 085 121	29 370 168	14 942 559	4 647 245
		79 697 789	**41 022 481**	**17 555 227**	**6 523 171**
Current liabilities					
Borrowings	14	3 739 536	9 185 509	3 739 536	1 478 791
Deferred lease income		32 688	191 724	32 688	30 866
Trade and other payables		4 125 640	10 799 806	4 125 640	1 738 679
		7 897 864	**20 177 039**	**7 897 864**	**3 248 336**
Total liabilities		**87 595 653**	**61 199 520**	**25 453 091**	**9 771 507**
TOTAL EQUITY AND LIABILITIES		**1 523 177 896**	**637 605 105**	**1 504 132 378**	**100 556 155**

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year 31 December 2019

		Inflation adjusted		Historical cost	
	Note	Audited 31 December 2019 ZW$	Audited 31 December 2018 ZW$	Audited 31 December 2019 ZW$	Audited 31 December 2018 ZW$
Revenue	**5**	**66 544 330**	**69 304 468**	**31 843 989**	**11 157 447**
Cost of sales		-	(35 995 464)	-	(4 180 075)
Gross profit		**66 544 330**	**33 309 005**	**31 843 989**	**6 977 372**
Other income		3 190 080	1 348 585	1 744 531	217 111
Fair value gain on investment property	10	888 644 964	11 799 237	1 380 846 808	1 899 580
Total income		**958 379 374**	**46 456 827**	**1 414 435 328**	**9 094 063**
Operating expenses	6	(36 133 142)	(24 705 383)	(16 420 758)	(3 901 782)
Net impairment losses on financial assets		(562 108)	(1 877 873)	(466 436)	(302 322)
Operating profit		**921 684 124**	**19 873 571**	**1 397 548 134**	**4 889 959**
Net finance expense	7	(1 229 816)	(1 600 567)	(464 931)	(257 678)
Monetary loss/(non -monetary gain)		(7 785 336)	10 030 933	-	-
Profit before income tax		**912 668 972**	**28 303 937**	**1 397 083 203**	**4 632 281**
Income tax expense	8	(50 814 323)	(7 428 023)	(12 831 107)	(1 107 805)
Profit for the period		**861 854 649**	**20 875 914**	**1 384 252 096**	**3 524 476**
Other comprehensive income					
Revaluation surplus	11	4 540 413	-	6 256 679	-
Total comprehensive income for the period		**866 395 062**	**20 875 914**	**1 390 508 775**	**3 524 476**
Earnings per share from operations attributable to owners of the parent during the period					
Basic and fully diluted earnings per share (cents)	9.1	35.08	0.85	56.34	0.14
Headline earnings per share	9.3	1.00	0.34	2.92	0.05

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year 31 December 2019

	Inflation adjusted				
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
	Share capital ZW$	Share premium ZW$	Revaluation reserves ZW$	Retained profits ZW$	Total ZW$
YEAR ENDED 31 DECEMBER 2018					
Balance as at 1 January 2018	**1 965 738**	**17 530 833**	**7 353 815**	**71 589 441**	**98 439 827**
Adjustment resulting from adoption of IFRS9	-	-	-	(321 551)	**(321 551)**
Balance as at 1 January 2018- Restated	**1 965 738**	**17 530 833**	**7 353 815**	**71 267 890**	**98 118 276**
Adjustment resulting from adoption of IAS 29	14 961 628	133 430 701	55 971 367	254 754 992	**459 118 688**
Comprehensive income					
Profit for the period	-	-	-	20 875 914	**20 875 914**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**20 875 914**	**20 875 914**
Transactions with owners, in their capacity as owners recognised directly in equity					
Dividend paid	-	-	-	(1 707 293)	**(1 707 293)**
Balance as at 31 December 2018	**16 927 366**	**150 961 534**	**63 325 182**	**345 191 503**	**576 405 585**
YEAR ENDED 31 DECEMBER 2019					
Balance as at 1 January 2019	**16 927 366**	**150 961 534**	**63 325 182**	**345 191 503**	**576 405 585**
Comprehensive income					
Profit for the period	-	-	-	861 854 649	**861 854 649**
Other comprehensive income	-	-	4 540 413	-	**4 540 413**
Total comprehensive income for the period	**-**	**-**	**4 540 413**	**861 854 649**	**866 395 062**
Transactions with owners, in their capacity as owners recognised directly in equity					
Dividend paid	-	-	-	(7 218 404)	**(7 218 404)**
Balance as at 31 December 2019	**16 927 366**	**150 961 534**	**67 865 595**	**1 199 827 748**	**1 435 582 243**

DIRECTORS: P.P. Gwatidzo (Chairman), B.I. Childs, M. Mukonoweshuro, L. Mhishi, P. Saungweme, G.P. Johnson, J. Dowa (Managing Director), F.M. Myambuki (Finance Director).
REGISTERED OFFICE: 8th Floor, Beverley Court, 100 Nelson Mandela Avenue, Harare.
INDEPENDENT AUDITOR: PricewaterhouseCoopers, Chartered Accountants (Zimbabwe), Building No. 4, Arundel Office Park Norfolk Road, Mt Pleasant, Harare.

Dawn Properties Limited

Abridged Audited Financial Statements for the year ended 31 December 2019

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year 31 December 2019

	Historical cost				
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
	Share capital ZW$	Share premium ZW$	Revaluation reserves ZW$	Retained profits ZW$	Total ZW$
YEAR ENDED 31 DECEMBER 2018					
Balance as at 1 January 2018	**1 965 738**	**17 530 833**	**7 353 815**	**60 736 413**	**87 586 799**
Adjustment resulting from adoption of IFRS9	-	-	-	(51 767)	**(51 767)**
Balance as at 1 January 2018- Restated	**1 965 738**	**17 530 833**	**7 353 815**	**60 684 646**	**87 535 032**
Comprehensive income					
Profit for the period	-	-	-	3 524 476	**3 524 476**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**3 524 476**	**3 524 476**
Transactions with owners, in their capacity as owners recognised directly in equity					
Dividend paid	-	-	-	(274 860)	**(274 860)**
Balance as at 31 December 2018	**1 965 738**	**17 530 833**	**7 353 815**	**63 934 262**	**90 784 648**
YEAR ENDED 31 DECEMBER 2019					
Balance as at 1 January 2019	**1 965 738**	**17 530 833**	**7 353 815**	**63 934 262**	**90 784 648**
Comprehensive income					
Profit for the period	-	-	-	1 384 252 096	**1 384 252 096**
Other comprehensive income	-	-	6 256 679	-	**6 256 679**
Total comprehensive income for the period	**-**	**-**	**6 256 679**	**1 384 252 096**	**1 390 508 775**
Transactions with owners, in their capacity as owners recognised directly in equity					
Dividend paid	-	-	-	(2 614 136)	**(2 614 136)**
Balance as at 31 December 2019	**1 965 738**	**17 530 833**	**13 610 494**	**1 445 572 222**	**1 478 679 287**

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS
For the year 31 December 2019

		Inflation adjusted		Historical	
	Note	Audited 31 December 2019 ZW$	Audited 31 December 2018 ZW$	Audited 31 December 2019 ZW$	Audited 31 December 2018 ZW$
Cash flows from operating activities					
Profit before income tax		**912 668 972**	**28 303 937**	**1 397 083 203**	**4 632 281**
Adjustments for:					
- Fair value gains on investment properties	10	(888 644 964)	(11 799 237)	(1 380 846 808)	(1 899 580)
- Depreciation	6	1 688 044	1 284 720	145 411	131 248
- Interest income		(107 884)	(233 164)	(31 796)	(37 538)
- Interest expense		1 337 701	2 212 958	496 727	356 268
- Impairment allowances		562 108	1 877 873	466 436	302 322
- Impairment loss on equipment	6	2 894 562			
- Profit on disposal of equipment		(778 566)	(73 165)	(652 016)	(11 779)
- Loss on disposal of investment property		-	31 057	-	5 000
- Monetary adjustment		7 785 336	(10 030 933)	-	-
- Other provisions		-	98 539	-	15 864
Operating cash flows before working capital changes		**37 405 309**	**11 672 585**	**16 661 157**	**3 494 086**
Changes in working capital:					
(Increase)/decrease in inventories		(428 327)	16 601 436	(327 057)	2 672 694
(Increase)/decrease in trade and other receivables		(608 797)	(8 724 056)	(12 604 250)	(1 404 501)
Decrease/(increase) in trade and other payables		(8 262 344)	4 085 371	2 363 436	657 711
Cash generated from operations		**28 105 841**	**23 635 336**	**6 093 286**	**5 419 990**
Income tax paid		(4 492 887)	(6 168 904)	(4 710 608)	(993 143)
Interest paid		(1 337 701)	(2 212 958)	(496 727)	(356 268)
Interest received		107 884	233 164	31 796	37 538
Net cash generated from/((utilised in) operating activities		**22 383 137**	**15 486 638**	**917 747**	**4 108 117**
Cash flows from investing activities					
Proceeds from disposal of equipment		782 845	150 600	661 474	24 246
Acquisition of equipment	11	(561 255)	(784 761)	(256 516)	(204 579)
Acquisition of leasehold improvements capitalised to investment property	10	(3 065 177)	(265 561)	(2 539 261)	(42 753)
Acquisition of investment property	10	-	(4 288 544)	-	(690 420)
Net cash utilised in investing activities		**(2 843 587)**	**(5 188 266)**	**(2 134 303)**	**(913 506)**
Cash flows from financing activities					
Dividend paid	17	(7 218 404)	(1 707 293)	(2 614 136)	(274 860)
Proceeds from interest-bearing borrowings		5 000 000	-	5 000 000	-
Repayment of interest-bearing borrowings		(8 915 329)	(8 951 428)	(1 977 165)	(1 441 106)
Net cash (utilised in)/generated from financing activities		**(11 133 733)**	**(10 658 721)**	**408 699**	**(1 715 966)**
Net decrease in cash and cash equivalents		8 405 817	(360 349)	(807 857)	1 478 645
Cash and cash equivalents at beginning of the period		10 447 959	1 263 357	1 682 035	203 390
Inflation effect on cash		(17 979 598)	9 544 951	-	-
Cash and cash equivalents at the end of period		**874 178**	**10 447 959**	**874 178**	**1 682 035**

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019

1 GENERAL INFORMATION
Dawn Properties Limited ("Dawn Properties" or the "Company") and its subsidiaries, (together "the Group") owns investment property, develops properties with a view to sell and provides consultancy services.

The Company is a limited liability company incorporated and domiciled in Zimbabwe that is listed on the Zimbabwe Stock Exchange. The address of its registered office is 8th Floor, Beverley Court, 100 Nelson Mandela Avenue, Harare, Zimbabwe.

These abridged consolidated financial statements ("the abridged financial statements") were approved for issue by the Board of Directors on 28 April 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation
The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies Act (Chapter 24:03), except for IAS 21,'The effects of changes in exchange rates'. The economy in Zimbabwe is considered to be a hyperinflationary economy. IAS 29 (Financial Reporting in Hyperinflationary Economies) requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for the previous period also be restated in terms of the same measuring unit.

The financial statements are based on the statutory records that are maintained under the historical cost convention and restated to take account of the effects of inflation in accordance with International Accounting Standard 29 (IAS 29) (Financial Reporting in Hyperinflationary Economies).

Accordingly, the inflation adjusted financial statements represent the principal financial statements of the company. IAS 29 discourages the presentation of historical cost financial statements when inflation adjusted financial statements are presented. However, the Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange have permitted companies in Zimbabwe to present historical results in conjunction with the inflation adjusted results.

Accordingly, the financial statements and the corresponding figures have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar and, as a result, are stated in terms of the measuring unit current at the balance sheet date. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index ("CPI') compiled by the Zimbabwe Central Statistical Office.

The main procedures applied in the restatement of transactions and balances are as follows:
- All corresponding figures as of, and for the prior year ended, are restated by applying the change in the index from 1 October 2018 to the end of the current year being reported on;
- Monetary assets and liabilities are not restated because they are already stated in terms of the measuring unit current at balance sheet date;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)
- Non-monetary assets and liabilities, and components of shareholders equity/funds, are restated by applying the change in the index from the date/month of the transaction or, if applicable, from the date of their most recent revaluation to the balance sheet date;
- Investment property and equipment are restated by applying the change in the index from the date of transaction or, if applicable, from the date of their most recent/last revaluation, to the statement of financial position date. Depreciation and amortisation amounts are based on the restated amounts;
- Income statement items/transactions, except depreciation and amortisation charges as explained above, are restated by applying the change in the average change in the index during the period to the balance sheet date;
- Gains and losses arising from the net monetary asset or liability positions are included in the income statement; and
- All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

The Zimbabwe Consumer Price Indices presented below as compiled by Zimbabwe National Statistics Agency (ZIMSTAT), and the conversion factors derived therefrom, have been applied in adjusting the historical financial statement figures, as required per IAS 29 (Financial Reporting in Hyperinflationary Economies):

Date	Indices	Conversion factor
31 December 2019	551,6251	1,0000
31 December 2018	88,8071	6,2115
30 Septemnber 2018	64,0590	8,6112

Unless otherwise disclosed, these financial statements are prepared in conformity with International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB). International Financial Reporting Standards (IFRS's) include standards and interpretations approved by the IASB as well as International Accounting Standards (IAS's) and SIC interpretations issued under previous constitutions.

2.2 Consolidation
The Group's financial results incorporate the financial results of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to change returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial results of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses, profits and losses resulting from intra-group transactions that are recognised in assets and liabilities are eliminated in full.

2.3 Functional and reporting currency
For the purpose of the abridged financial statements, the results and financial position of the Group are expressed in Zimbabwe Dollars ("ZW$") which is the functional and presentation currency of the Group, and the presentation currency for the consolidated financial statements. The Group's functional and presentation currency was changed from United States dollars ("US$") to Real Time Gross Settlement dollars ("RTGS$") following the re-introduction of a local currency on 22 February 2019 and the establishement of an interbank currency market in Zimbabwe through statutory instrument ("SI") 32 and 33 of 2019 and Exchange Control Directive RU28 of 2019. The change in functional currency was effected using an exchange rate of US$1:RTGS$1. The local currency started to trade officially against other international currencies on 22 February 2019 at a reference rate of US$1:ZW$2.5.

The Group translated balances as of that date at an exchange rate of US$1:RTGS$1. Following Statutory instrument 142 of 2019 on 24 June 2019 which introduced the Zimbabwe dollar, the Group changed its functional and presentation currency again from RTGS$ to ZW$. The change was effected using a rate of RTGS$1:ZW$1.

2.4 Comparative information
The Directors had to apply judgement in determining the rates at which the historical comparative information for the year ended 31 December 2018 would be restated. The currency conversion challenge emanates from the existence of a 3-tier pricing structure during the comparative period depending on mode of settlement and the challenge was compounded by the fact that the official exchange rate between US$ and the bond note/electronic balances was pegged at 1:1 and there was neither an orderly, nor functional market where foreign currency transactions were being conducted in order to establish credible foreign currency conversion rates. On that basis, the Directors have restated the historical comparative information at the official rate of USD/ZW$1:1 as the cost and effort of restating the comparative information using any other rate outweighs the benefits that may arise from the exercise and would contravene the country's laws and regulations.

3 ACCOUNTING POLICIES
"The accounting policies adopted are consistent with those of the previous financial period, except for the change in account policy from the cost model to the revaluation model for property and equipment as described in 4 below.

IFRS 16 Leases became effective for the first time in this interim period. This standard does not have a material effect on the abridged financial statements.

4 ESTIMATES
The preparation of abridged financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these abridged financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 31 December 2018 with the exception of the fair valuation of property and equipment and additional assumptions on valuation of investment property as described below.

Valuation processes
The investment property, and property and equipment was valued as at 31 December 2019 by Dawn Property Consultancy (Private) Limited in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards. For investment property, comprising hotel properties, time shares and residential property units, the valuation basis is a market comparison method for land and cost approach for buildings, both valuation basis conform to international valuation standards. For property and equipment, the fair value thereof was determined using the market approach that reflects the cost to a market participant to acquire assets of comparable utility and age.

Dawn Property Consultancy (Private) Limited (the "valuer") - a subsidiary of the Company, is a related party and therefore is not an independent valuer as encouraged but not required in IAS 40 *Investment Property*. The valuer holds recognised and relevant professional qualifications and has recent experience in the relevant locations and categories of properties being valued.

Valuation techniques underlying management's estimation of fair value
The property valuer considered comparable market evidence of recent sale transactions and those transactions where firm offers had been made but awaiting acceptance for property and equipment. Land is valued using the sales comparison method. Fair value is based on prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Hotel properties are valued using the cost approach. The cost approach reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). Lease contracts have not been taken into consideration due to depressed revenue inflows. Turnover based rentals and the lease agreements do not have clauses that require the tenant to provide turnover projections.In addition, the property market is currently not stable due to liquidity constraints and changes in the functional currency hence comparable values are also not readily available.

Statutory Instrument 142 of 2019 introduced the Zimbabwe Dollar (ZWL) as the sole legal tender effective 24 June 2019. This appears to have been a follow up measure to the Monetary Policy Statement (MPS) of 22 February 2019 which added the RTGS$ to the then basket of currencies. The de-dollarisation of the economy is now complete. The MPS established an Inter-Bank Foreign Exchange market which continues to function. These events have created complex valuation challenges, at least for the short term. Valuations rely on historical market evidence for calculation inputs. This includes transaction prices for comparable properties, rents and capitalisation rates. Such market evidence does not exist at present to calculate ZW$ values.

Therefore, the adopted approach for the meanwhile is of completing valuations in US$ and then converting the same at the Inter-Bank Foreign Exchange Auction Rate of the day to come up with ZW$ property values. This approach, however, presents a multitude of risks to the users of the valuation reports. These are detailed as follows:

1) Overstating the Property Values - The key inputs for the valuation of non-residential investment property are the rent income and the capitalisation rate. No trends for ZW$ rentals have yet been established neither is there easily verifiable market evidence of ZW$ transactions to enable analysis of the yields. It is unlikely that ZW$ rent movements will mirror the activity on the Inter-Bank Foreign Exchange market. In addition, the property market will price the risk associated with the ZW$, which is not a fully convertible currency, and this will be reflected through the capitalisation rates. Therefore, a direct conversion of the US$ property values likely overstates the ZW$ property values. Property Sub-Sectors Will Respond Differently to the New Currency To use a single conversion rate for different property sub-sectors does not recognise the fact that each will respond differently to the currency change. Non-residential property is likely to lag behind the economic cycle quite considerably. Whereas residential property which is more sentiment driven, is likely to respond positively quicker.

2) Ignoring market dynamics - To use a single conversion rate for different property sub-sectors does not recognise the fact that each will respond differently to the currency change. Non-residential property is likely to lag behind the economic cycle quite considerably. Whereas residential property which is more sentiment driven, is likely to respond positively quicker. Ignoring Market Dynamics Applying a conversion rate to US$ property values to arrive at ZW$ property values is not an accurate reflection of market dynamics. Risks associated with currency trading do not reflect the risks associated with property trading. The two markets perceive and price their respective risks quite differently. It is, therefore, unlikely that property values will strictly track the movement in the Inter-Bank Foreign Exchange Rate.

As there is no active market for the hotel properties in Zimbabwe, current prices were drawn from recent transactions of land in general.The following rates have been used:

	31 December 2019 US$	31 December 2018 US$
Construction cost figures:		
Grade "A" offices	1 200 - 1 400	1 000 - 1 150
Grade "B" offices	1 050 - 1 150	950 - 1 150
Industrial offices	850 - 1 000	850 - 1 000
Industrial factory	700 - 800	700 - 750
Land comparable:		
Industrial areas	25 - 30	25 - 30
High density areas	30 - 75	30 - 75
Medium density areas	30 - 60	30 - 60
Low density areas	25 - 45	25 - 45
Commercials - avenues	250 - 400	250 - 400
Central business district	600 - 750	600 - 750

The valuers performed the valuation using the cost approach reporting on: gross replacement cost, depreciated replacement cost ("DRC"), land value, land value plus depreciated replacement cost and fair value of the freehold interest in the property.

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4 ESTIMATES (CONTINUED)

The summary of the results are as follows:

	31 December 2019 ZW$	31 December 2018 ZW$
Investment property value indicators:		
Gross replacement cost	3 390 257 000	203 121 000
Depreciated replacement cost, buildings only	992 593 000	64 238 000
Existing use value of land	247 575 000	26 990 000
Land value plus depreciated replacement cost	1 464 677 000	91 228 000
Market value	1 476 666 450	90 802 754

The cost approach was used to determine the fair value of the hotel properties. This method is based on the theory of substitution and is usually termed the method of last resort. The method is used in situations where it is difficult to estimate inputs required to calculate fair value using the income approach to volatile market factors and inaccessible or unavailable information. Under normal circumstances hotels are valued using the income method. With current turnover and occupancy rates of hotels in Zimbabwe, an offer received to purchase the hotel property at a price that is equivalent to the discounted cash flow method would not be realistic. An offer more closely representative to the depreciated replacement cost would be accepted. The most significant unobservable inputs into this valuation are replacement cost per square metre for buildings and improvements and selling price per square metre of land.

The method used for valuing land is the market comparison method. The method entails comparing like to like thus residential must be compared with residential and industrial with industrial etc. The most significant input in this valuation method is the selling price per square metre.

(a) Construction costs figures:	Based on architectural design/modern equivalent as well as the costs from quantity surveyors' cost on steel and other requisite building materials. To come up to the replacement cost per square metre.
(b) Age of property:	Based on the use to date as well as the date from commissioning of the hotel and the current state of structures and utilities specific to it's use as investment property, as well as the financial obsolescence of the structure.
(c) Comparable land values:	Based on the intrinsic value of the land on which the structure is built supplied by quantity surveyors taking into consideration the respective zoning conducted by the office of the Surveyor General.

The Group's investment property is measured at fair value. The Group holds four classes of investment property being hotel properties, land, timeshares and residential property units situated in Zimbabwe.

	Cost approach ZW$	Sales comparison ZW$	Total ZW$
YEAR ENDED 31 DECEMBER 2019			
Valuation	1 261 095 501	215 570 949	**1 476 666 450**
Rental income	24 609 835	12 174	**24 622 009**
YEAR ENDED 31 DECEMBER 2018			
Valuation	76 600 000	14 202 755	**90 802 755**
Rental income	4 001 395	46 915	**4 048 310**

Sensitivity analysis
Sensitivity analysis is performed on valuation of assets and liabilities with significant unobservable inputs (level 3) to generate a range of reasonable alternative valuations. The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative methods.

The valuation techniques and sensitivity analysis for the assets classified in level 3 are described below.

Observability
Since each property is unique in nature and the hotel real estate is illiquid, valuation inputs are largely unobservable.

There are inter-relationships between unobservable inputs. Increases in construction costs that enhance the property's features may result in an increase in future rental values and/or replacement costs.

	Cost approach ZW$	Sales comparison ZW$
Sensitivity on managements estimates:		
Change in depreciated replacement cost/square metre (cost/sqm):		
Year ended 31 December 2019		
5% increase in the replacement cost/sqm	49 629 650	
5% decrease in the replacement cost/sqm	(49 629 650)	
5% increase in the replacement cost/sqm		12 378 750
5% decrease in the replacement cost/sqm		(12 378 750)
Year ended 31 December 2018		
5% increase in the replacement cost/sqm	3 211 900	
5% decrease in the replacement cost/sqm	(3 211 900)	
5% increase in the replacement cost/sqm		1 349 500
5% decrease in the replacement cost/sqm		(1 349 500)

A significant portion of the revenue from investment property is derived from African Sun Limited which contributes over 90% of rental income.

	Market value ZW$
Sensitivity on managements estimates:	
Change in US$:ZW$ exchange rate:	
Year ended 31 December 2019	
5% increase in the US$:ZW$ exchange rate	73 833 322
5% decrease in the US$:ZW$ exchange rate	(73 833 322)

The analysis of the sensivity of the market value to changes in the US$:ZW$ exchange rate was limited to the investment property balance as at 31 December 2019 as the change in functional currency only occurred during 2019.

Fair value measurements
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants will take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and /or disclosure purposes in these financial statements is determined on such a basis, except for the share - based payment transactions, leasing transactions, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in inventories` or value in use in impairment of assets`.

Fair value hierarchy
IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurement, specify a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources: unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities. This level includes listed equity.
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non listed equity investments.

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The Group had no financial assets and liabilities carried at fair value as at 31 December 2019 (31 December 2018: ZW$nil).

Income taxes
Significant judgement is required in determining the liability for deferred and current income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax liabilities in the period in which such determination is made.

Impairment losses on trade and other receivables
The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.The Group reviews its trade and other receivables to assess impairment on a monthly basis.The expected loss rates are based on the payment profiles of sales over a period of 5 years before 1 January 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The macroeconomic forward looking information considered included expectations about future levels of unemployment in specific industries and regards that are relevant to property debtors portfolio.

4 ESTIMATES (CONTINUED)

Changes in accounting policies

Property and equipment valuation
The Group changed its property and equipment accounting policy from cost model to revaluation model with effect from 30 June 2019. On the date of change in functional currency historical balances were deemed to be ZW$ balances resulting in the Group's property and equipment which were historically acquired in foreign currency being undervalued. The change in accounting policy has been applied prospectively from 30 June 2019 as retrospective application was not practical due to changes in functional currency.

Management believes that the change in accounting policy will result in fair presentation of the Group property and equipment which resulted in recognition of a revaluation surplus of ZW$6 256 679, net of taxes. The revaluation surplus was split proportionately to cost and accumulated depreciation as at 31 December 2019, as presented in note 11.

The summary of the results are as follows:

	Inflation adjusted	Historical cost
	31 December 2019 ZW$	31 December 2019 ZW$
Increase in carrying amount of property and equipment	6 031 367	8 311 210
Increase in deferred tax liabilities	(1 490 954)	(2 054 531)
Increase in equity	**4 540 413**	**6 256 679**

	Inflation adjusted		Historical cost	
	31 December 2019 ZW$	31 December 2018 ZW$	31 December 2019 ZW$	31 December 2018 ZW$
5 REVENUE				
Variable lease rentals	49 379 707	25 146 070	24 622 009	4 048 310
Timeshares rentals	1 804 116	1 682 197	888 682	270 820
Timeshares sale of contracts	101 685	141 817	31 513	22 831
Property sales	-	27 330 594	-	4 400 000
Valuations of property, plant and equipment	5 967 573	3 598 155	2 472 474	579 273
Property management fees	7 481 433	8 391 709	2 971 681	1 350 996
Property sales commissions	412 191	2 088 198	81 226	336 183
Project consultancy and management fees	102 372	538 826	93 687	86 747
Travel and other recoveries	1 295 253	386 903	682 717	62 287
	66 544 330	**69 304 469**	**31 843 989**	**11 157 447**
6 OPERATING EXPENSES				
Staff costs	15 810 042	10 638 852	7 468 045	1 712 768
Directors' fees	2 182 759	614 865	1 154 805	98 988
Bank charges	849,035	229 644	402 814	36 971
Depreciation	1 688 044	1 284 720	145 411	131 248
Electricity, water and rates	2,062,530	2 228 872	1 606 030	358 830
Consultancy fees	1 801 899	2 069 515	966 922	333 175
Stationery	582,028	338 263	245 236	54 458
Statutory expenses	354 651	267 411	109 175	43 051
Repairs and maintenance	366 753	2 792 333	101 501	449 542
Impairment loss on equipment	2 894 562	-	-	-
Other expenses	7 540 839	4 240 908	4 220 819	682 751
	36 133 142	**24 705 383**	**16 420 758**	**3 901 782**
7 NET FINANCE EXPENSE				
Interest on short term deposits	107 884	233 164	31 796	37 538
Finance guarantee fee	(387 594)	(485 273)	(104 167)	(78 125)
Finance expense	(950 106)	(1 348 459)	(392 560)	(217 091)
	(1 229 816)	**(1 600 568)**	**(464 931)**	**(257 678)**
8 INCOME TAX				
Current year tax	4 590 324	4 763 251	4 590 324	766 844
Deferred tax	46 223 999	2 664 772	8 240 783	340 961
	50 814 323	**7 428 023**	**12 831 107**	**1 107 805**

Taxes have been recognised in the profit for the year, except for the tax effect of the revaluation of property and equipment which has been recognised in other comprehensive income.

9 EARNINGS PER SHARE

	Inflation adjusted 31 December 2019 ZW$	Inflation adjusted 31 December 2018 ZW$	Historical cost 31 December 2019 ZW$	Historical cost 31 December 2018 ZW$
9.1 Basic earnings per share				
Profit attributable to the owners of the parent	861 854 649	20 875 914	1 384 252 096	3 524 476
Weighted average number of ordinary shares in issue	2 457 172 108	2 457 172 108	2 457 172 108	2 457 172 108
Earnings per share (cents)	35.08	0.85	56.34	0.14

9.2 Diluted earnings per share
The Group has no arrangements that will dilute ordinary shares, therefore the diluted earnings per share are the same as the basic earnings per share.

	Inflation adjusted 31 December 2019 ZW$	Inflation adjusted 31 December 2018 ZW$	Historical cost 31 December 2019 ZW$	Historical cost 31 December 2018 ZW$
9.3 Headline earnings per share				
Headline earnings	24 592 121	(998 811)	71 780 675	1 617 723
Weighted average number of ordinary shares in issue (number)	2 457 172 108	2 457 172 108	2 457 172 108	2 457 172 108
Headline earnings per share (cents)	1.00	0.04	2.92	0.07
9.4 Reconciliation of earnings used in calculating earnings per share				
Earnings attributable to owners	861 854 649	20 875 914	1 384 252 096	3 524 476
Adjusted to headline earnings as follows:				
Fair value gain on investment property, net of tax	(844 212 716)	(11 209 275)	(1 311 804 468)	(1 804 601)
Monetary adjustment	7 785 336	(10 030 933)	-	-
Profit from disposal of property and equipment	(778 566)	(73 165)	(652 016)	(11 779)
Loss on disposal of investment property	-	31 057	-	5 000
Discount received	(56 582)	(592 409)	(14 937)	(95 373)
	24 592 121	**(998 811)**	**71 780 675**	**1 617 723**
9.5 Weighted average number of shares in issue				
Shares at the beginning of the period	2 457 172 108	2 457 172 108	2 457 172 108	2 457 172 108
Shares at the end of the period	**2 457 172 108**	**2 457 172 108**	**2 457 172 108**	**2 457 172 108**

For the purposes of calculating earnings per share, the weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time weight factor. The time weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in a year.

Weighted average number of shares for diluted earnings are calculated by adjusting the weighted number of ordinary shares with the potentially dilutive ordinary shares. As at 31 December 2019, there were no potential dilutive shares.

	Inflation adjusted 31 December 2019 ZW$	Inflation adjusted 31 December 2018 ZW$	Historical cost 31 December 2019 ZW$	Historical cost 31 December 2018 ZW$
9.6 Net asset value per share				
Net assets	1 435 582 243	576 405 585	1 478 679 287	90 784 648
Weighted average number of ordinary shares in issue	2 457 172 108	2 457 172 108	2 457 172 108	2 457 172 108
Net asset value per share (cents)	58.42	23.46	60.18	3.69
9.7 Net tangible asset value per share				
Net tangible assets	1 435 582 243	576 405 585	1 478 679 287	90 784 648
Weighted average number of ordinary shares in issue	2 457 172 108	2 457 172 108	2 457 172 108	2 457 172 108
Net tangible asset value per share (cents)	58.42	23.46	60.18	3.69

Reconciliation of net assets to net tangible assets
Net assets and net tangible assets are equal as there are no significant intangible assets.

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10 INVESTMENT PROPERTY

	Inflation adjusted		Historical cost	
	31 December 2019 ZW$	31 December 2018 ZW$	31 December 2019 ZW$	31 December 2018 ZW$
At the beginning of the period	**564 021 195**	**547 698 903**	**90 802 754**	**88 175 000**
Land acquisitions - non cash	-	1 242 306	-	200 001
Land acquisitions - cash	-	4 288 544	-	690 420
Transfer from property inventory	20,935,114		2,477,627	
Improvements capitalised	3 065 177	265 561	2 539 261	42 753
Disposals	-	(1 273 356)	-	(205 000)
Fair value gain on investment property	888 644 964	11 799 237	1 380 846 808	1 899 580
At the end of the period	**1 476 666 450**	**564 021 195**	**1 476 666 450**	**90 802 754**

11 PROPERTY AND EQUIPMENT

Inflation adjusted

	Motor vehicles ZW$	Computer equipment ZW$	Office equipment ZW$	Farm equipment ZW$	Total ZW$
YEAR ENDED 31 DECEMBER 2019					
Opening net book amount	**1 679 002**	**445 766**	**1 067 137**	**4 140 518**	**7 332 423**
Cost	5 813 549	2 088 840	1 942 422	5 339 739	15 184 550
Accumulated depreciation	(4 134 547)	(1 643 074)	(875 285)	(1 199 221)	(7 852 127)
Additions	-	402 628	158 627	-	561 255
Revaluation of property and equipment	2 660 767	1 315 543	2 055 057		6 031 367
Impairment loss on equipment				(2 894 562)	(2 894 562)
Disposals at cost	(740 677)	(44 442)	-	-	(785 119)
Accumulated depreciation on disposals	740 677	40 162	-	-	780 839
Depreciation charge	(713 415)	(403 929)	(505 475)	(65 225)	(1 688 044)
Closing net book amount	**3 626 354**	**1 755 728**	**2 775 346**	**1 180 731**	**9 338 159**
As at 31 December 2019					
Cost	7 733 639	3 762 569	4 156 106	2 445 177	18 097 491
Accumulated depreciation	(4 107 285)	(2 006 841)	(1 380 760)	(1 264 446)	(8 759 332)
Net book amount	**3 626 354**	**1 755 728**	**2 775 346**	**1 180 731**	**9 338 159**
YEAR ENDED 31 DECEMBER 2018					
Opening net book amount	**1 829 096**	**502 861**	**1 242 563**	**4 286 220**	**7 860 740**
Cost	5 436 135	1 890 644	1 903 343	5 339 739	14 569 861
Accumulated depreciation	(3 607 039)	(1 387 783)	(660 780)	(1 053 519)	(6 709 121)
Additions	547 486	198 196	39 079	-	784 761
Disposals at cost	(170 072)	-	-	-	(170 072)
Accumulated depreciation on disposals	141 714	-	-	-	141 714
Depreciation charge	(669 222)	(255 291)	(214 505)	(145 702)	(1 284 720)
Closing net book amount	**1 679 002**	**445 766**	**1 067 137**	**4 140 518**	**7 332 423**
As at 31 December 2018					
Cost	5 813 549	2 088 840	1 942 422	5 339 739	15 184 550
Accumulated depreciation	(4 134 547)	(1 643 074)	(875 285)	(1 199 221)	(7 852 127)
Net book amount	**1 679 002**	**445 766**	**1 067 137**	**4 140 518**	**7 332 423**

Historical cost

	Motor vehicles ZW$	Computer equipment ZW$	Office equipment ZW$	Farm equipment ZW$	Total ZW$
YEAR ENDED 31 DECEMBER 2019					
Opening net book amount	**241 003**	**59 346**	**131 811**	**493 143**	**925 303**
Cost	724 207	261 861	225 415	620 092	1 831 575
Accumulated depreciation	(483 204)	(202 515)	(93 604)	(126 949)	(906 272)
Additions	-	203 109	53 407	-	256 516
Revaluation of property and equipment	3 440 262	1 562 174	2 606 871	701 903	8 311 210
Disposals at cost	(138 000)	(12 499)	-	-	(150 499)
Accumulated depreciation on disposals	137 999	3 041	-	-	141 040
Depreciation charge	(54 640)	(50 687)	(25 769)	(14 315)	(145 411)
Closing net book amount	**3 626 624**	**1 764 484**	**2 766 320**	**1 180 731**	**9 338 159**
As at 31 December 2019					
Cost	4 026 469	2 014 645	2 885 693	1 321 995	10 248 802
Accumulated depreciation	(399 845)	(250 161)	(119 373)	(141 264)	(910 643)
Net book amount	**3 626 624**	**1 764 484**	**2 766 320**	**1 180 731**	**9 338 159**
YEAR ENDED 31 DECEMBER 2018					
Opening net book amount	**198 215**	**50 349**	**104 310**	**511 569**	**864 443**
Cost	647 236	223 078	176 789	620 092	1 667 195
Accumulated depreciation	(449 021)	(172 729)	(72 479)	(108 523)	(802 752)
Additions	115 920	38 783	49 876	-	204 579
Disposals at cost	(38 949)	-	(1 250)	-	(40 199)
Accumulated depreciation on disposals	26 697	-	1 031	-	27 728
Depreciation charge	(60 880)	(29 786)	(22 156)	(18 426)	(131 248)
Closing net book amount	**241 003**	**59 346**	**131 811**	**493 143**	**925 303**
As at 31 December 2018					
Cost	724 207	261 861	225 415	620 092	1 831 575
Accumulated depreciation	(483 204)	(202 515)	(93 604)	(126 949)	(906 272)
Net book amount	**241 003**	**59 346**	**131 811**	**493 143**	**925 303**

During the year, the Group changed its property and equipment measurement basis from the cost model to the revaluation model, as described in note 4, which resulted in recognition of a revaluation surplus of ZW$4 540 413 (ZW$6 256 679 historical cost), net of taxes. The revaluation surplus was split proportionately to cost and accumulated depreciation as at 31 December 2019.

12 INVENTORIES

	Inflation adjusted		Historical cost	
	31 December 2019 ZW$	31 December 2018 ZW$	31 December 2019 ZW$	31 December 2018 ZW$
Property inventory	-	20 618 988	-	2 394 438
Property development inventories	251 935	267 232	29 257	31 033
Stationery and other office consumables	1 482 633	161 093	264 352	18 708
	1 734 568	**21 047 313**	**293 609**	**2 444 179**

12.1 Analysis of property inventory

	Inflation adjusted		Historical cost	
	31 December 2019 ZW$	31 December 2018 ZW$	31 December 2019 ZW$	31 December 2018 ZW$
At the beginning of the year	**20 618 988**	**-**	**2 394 438**	**-**
Capitalisation to inventory	316 126	-	83,189	-
Transfer from property under construction on completion	-	56 614 453	-	6 574 513
Cost of sales	-	(35 995 465)	-	(4 180 075)
Reclassification to investment property	(20 935 114)	-	(2 477 627)	-
	-	**20 618 988**	**-**	**2 394 438**

The transfer to property inventory comprises cluster houses for which development for a total of 58 units was completed in November 2018 and 36 were sold with the 22 remaining for sale which were reclassified to investment property. Management's intention changed from holding the units as held for sale to holding these for capital appreciation purposes and renting out.

13 TRADE AND OTHER RECEIVABLES

	Inflation adjusted		Historical cost	
	31 December 2019 ZW$	31 December 2018 ZW$	31 December 2019 ZW$	31 December 2018 ZW$
Non-current	**19 917 539**	**19 917 539**	**2 312 980**	**2 312 980**
Current				
Gross trade receivables	5 790 707	14 538 119	5 790 707	2 340 517
Allowance for impairment on trade receivables	(904 122)	(2 718 686)	(904 122)	(437 686)
Trade receivables - net	4 886 585	11 819 433	4 886 585	1 902 831
Prepayments	7 503 310	2 399 707	7 503 310	386 333
Other receivables	2 095 046	360 038	2 095 046	57 963
	14 484 941	**14 579 178**	**14 484 941**	**2 347 127**

The prepayment is in respect of the acquisition of two pieces of land measuring approximately 2.2 hectares. After failing to transfer title of the two pieces of land to Dawn, the seller then offered two alternative pieces of land measuring the same size in settlement of this transaction. The Group obtained a court order that gives it title to these two pieces of land. As at reporting date, the processes to obtain control and finalise transfer of title for the alternative assets offered were being finalised.

The fair values of trade and other receivables are as follows:				
Trade receivables	6 943 709	11 819 433	6 943 709	1 902 831
Other receivables	37 922	360 038	37 922	57 963
	6 981 631	**12 179 471**	**6 981 631**	**1 960 794**

The carrying amounts of trade and other receivables approximate fair values as the effect of discounting is not material.

14 BORROWINGS

	Inflation adjusted		Historical cost	
	31 December 2019 ZW$	31 December 2018 ZW$	31 December 2019 ZW$	31 December 2018 ZW$
Non-current portion of long term loans	2 341 609	9 811 187	2 341 609	1 579 520
Current portion of long term loans	3 739 536	9 185 509	3 739 536	1 478 791
	6 081 145	**18 996 696**	**6 081 145**	**3 058 311**
NMB Bank Limited	5 988 377	18 150 422	5 988 377	2 922 068
CBZ Bank Limited	92 768	846 273	92 768	136 243
	6 081 145	**18 996 695**	**6 081 145**	**3 058 311**

The Group's borrowings mature from October 2020 to December 2022 and are secured by properties valued at ZW$131 323 502. In addition, a ZW$5 000 000 facility from NMB Bank Limited is also secured by an unlimited guarantee from Arden Capital (Private) Limited which carries a cost of 2.5% per annum (2018: 2.5%).

15 DEFERRED TAX LIABILTIES

The gross movement on deferred tax account is as follows:

	Inflation adjusted 31 December 2019 ZW$	Inflation adjusted 31 December 2018 ZW$	Historical cost 31 December 2019 ZW$	Historical cost 31 December 2018 ZW$
At the beginning of year	**29 370 168**	**26 859 993**	**4 647 245**	**4 324 237**
Adjustment resulting from adoption of IFRS9	-	(154 597)	-	(17 953)
Revaluation surplus	1 490 954	-	2 054 531	-
Statement of comprehensive income charge - note 8	46 223 999	2 664 772	8 240 783	340 961
At the end of the year	**77 085 121**	**29 370 168**	**14 942 559**	**4 647 245**

16 CAPITAL COMMITMENTS

	Inflation adjusted 31 December 2019 ZW$	Inflation adjusted 31 December 2018 ZW$	Historical cost 31 December 2019 ZW$	Historical cost 31 December 2018 ZW$
Authorised and contracted for	46 134 071	1 209 155	46 134 071	194 664
	46 134 071	**1 209 155**	**46 134 071**	**194 664**

A capital commitment of ZW$46 134 071 was authorised for the residential stands development project in the west part of Marlborough that will consist of residential stands measuring approximately 2 000 square metres each.

17 SIGNIFICANT RELATED PARTY TRANSACTIONS

17.1 Transactions and balances with African Sun Limited

The Group leases out all its hotel properties to African Sun Limited ("ASL"), a subsidiary of Arden Capital (Private) Limited ("Arden"). Arden is the Group's largest shareholder, controlling 66.81% of Dawn Properties Limited's issued share capital as at the reporting date.

The Group charged ASL ZW$24 658 058 (2018: ZW$4 048 310) in rentals during the period under review. Balances with African Sun Limited for the period under review were as follows:

	Inflation adjusted		Historical cost	
	31 December 2019 ZW$	31 December 2018 ZW$	31 December 2019 ZW$	31 December 2018 ZW$
Outstanding lease rental payments (trade receivables)	**5 790 707**	**4 537 792**	**5 790 707**	**730 547**

The outstanding lease rental payments are unsecured in nature and bear no interest as they are expected to be paid in full within the current financial year. An impairment allowance amounting to ZW$53 581(2018: ZW$53 581) has been recognised against the balance due from African Sun Limited.

18 DIVIDEND

A dividend of ZW$1 000 069 was declared and paid for the year ended 31 December 2018. A final dividend of ZW$1 614 067 was declared and paid for the year ended 31 December 2019.

19 GOING CONCERN

Following suspension of ASL's operations in March 2020, after the lockdown announced by the government to control the spread of Covid-19, the Group expects budgeted rental income for the year 2020 from the hotel portfolio to decrease by ZW$92 million, assuming that the impact of this pandemic ends in August 2020. Budgeted revenue from the consultancy business is also expected to decline by circa ZW$15 million in 2020 due to the impact of Covid-19 pandemic and the resultant lockdown imposed by government, initially for 21 days from 30 March 2020 and extended for a further 14 days to 3 May 2020. This has reduced the business activity of the unit during the lockdown and there is an expectation of further reduction due to the impact on the wider economy. The Group has implemented cost containment measures to protect the business' viability.

The Covid-19 pandemic has posed uncertainty regarding the Group's future performance. The Group is working on a number of initiatives to mitigate the impact of this pandemic. These include, inter alia, expanding revenue streams from the existing business unit which is property development. 64 stands are expected to be ready for sale in less than three months' time. Sales are expected to start from May 2020 for the stands that are ready for sale already. The Group expects to sell 25 stands before end of year and this will assist to generate adequate cash for the company's operating and working capital cashflow requirements until ASL resume operations. It is expected that property development will generate net cashflows of ZW$50 million for the eight-month period to 31 December 2020. For purposes of going concern assessment, it has been assumed that cashflows from the hotel business will resume from September 2020. If the lockdown ends earlier than anticipated by the Government, Directors are of the view that the hotel industry will take considerable time to peak to the normal levels, and therefore the assumption has been made that hotel revenue may only get back to normal levels from September 2020. The Group, however, projects that domestic tourism will resume much earlier than international tourism.

Although the Group remains positive that the business should return to normalcy before end of the year and that it is still appropriate to adopt the going concern assumption in preparing its financial statement, it is, however, difficult to estimate the full impact of Covid-19 with precision as the outbreak has been continuing. Therefore, a material uncertainty still remains as the world continues to implement various restrictions and measures to contain the outbreak of Covid-19 related to these events and conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business . The Group's future performance projections may be affected by unforeseen changes that may be brought by the impact of Covid-19 pandemic.

20 REDENOMINATION OF SHARE CAPITAL

Following Statutory instrument 142 of 2019 on 24 June 2019 which introduced the Zimbabwe dollar, the Group redenominated share capital from US$ to ZW$. The change was effected using a rate of US$1:ZW$1.

21 EVENTS AFTER THE REPORTING DATE

On 11 March 2020, the World Health Organisation ("WHO") declared Covid - 19 as a global pandemic due to the rising rate and scale of infection observed. The rapid spread of the pandemic since the start of 2020 has caused significant disruption in the global economy, with most countries implementing travel restrictions to control the spread of the pandemic. The main tenant of the Group's hotel portfolio, African Sun Limited, suspended operations with effect from 30 March 2020 following announcement of a 21 days lock down period by the Government to contain the spread of Covid-19. A further 14 days lock down period was pronounced by Government on 19 April 2020. Government further announced a 14 day lock down under relaxed lockdown conditions which entail reopening of the formal sector effective from 4 May 2020. ASL will continue to monitor the situation and once contained they will consider reopening all or some of the hotels and resorts after the stipulated period of 49 days lockdown. The impact of the pandemic has been considered in Group's going concern assessment.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dawn Properties Limited

Our adverse opinion

In our opinion, because of the significance of the matters discussed in the *Basis for adverse opinion* section of our report, the consolidated and separate financial statements do not present fairly the financial position of Dawn Properties Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

Dawn Properties Limited's consolidated and separate financial statements set out on pages **25 to 94** comprise:

- the consolidated and company statements of financial position as at 31 December 2019;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for adverse opinion

On 1 October 2018, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement ("MPS") that directed a separation of Foreign Currency Bank Accounts ("FCAs") into two categories, Nostro FCAs and the Real Time Gross Settlement ("RTGS") FCA. The Nostro FCAs were to hold individual foreign currencies permissible in Zimbabwe's multi-currency economy at the time. The RTGS FCA, mobile money,bond notes and coins would be held at the same value as the US$. As described in note 2.7 of the financial statements, during the prior financial year, and for the period 1 January 2019 to 22 February 2019, the Company transacted using a combination of the Nostro FCAs and RTGS FCA, mobile money, bond notes and coins. In terms of International Accounting Standard 21 - "The Effects of changes in foreign exchange rates" ("IAS 21"), these payment methods would have been considered as separate currencies to be translated for financial reporting purposes to the functional and presentation currency of the Company at appropriate exchange rates. However, in order to comply with the legislation as described in note 2.7 to the financial statements, the RTGS transactions and balances in the financial statements for the prior financial year, and the transactions in the current year financial statements from 1 January 2019 to 22 February 2019, are reflected at parity with the US$. The Group and Company, as described in Note 2.2, changed its functional currency on 1 March 2019 to comply with legislation, which is not in compliance with IAS 21, which would have required a functional currency change on 1 October 2018.

Had the consolidated and separate financial statements been prepared in accordance with the requirements of IAS 21, many elements in the accompanying consolidated and separate financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated and separate financial statements.

As described in Note 2.3 to the financial statements, the Public Accountants and Auditors Board of Zimbabwe issued a pronouncement that required companies to apply the requirements of IAS 29 - "Financial Reporting in Hyperinflationary Economies" ("IAS 29") in the preparation and presentation of its financial statements for financial periods ending on or after 1 July 2019. The misstatements

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described in the paragraph above affect the historical amounts which enter into the calculation of the inflation adjusted amounts. Had the underlying historical consolidated and separate financial statements been prepared in accordance with the requirements of IAS 21, and then inflation adjusted in accordance with IAS 29, many elements in the accompanying consolidated and separate financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated and separate financial statements.

As disclosed in Note 4 to the financial statements, the Group and Company performed a fair valuation of investment property as at 31 December 2019. Valuations rely on historical market evidence for calculation inputs. Due to monetary policy changes, specifically Statutory Instrument 142 of 2019 which introduced the Zimbabwe Dollar (ZWL) as the sole legal tender effective 24 June 2019, market evidence for inputs including transaction prices for comparable properties, rents, costs of construction and capitalisation rates were available in USD as at 31 December 2019. In order to determine the ZWL values of the investment property as at 31 December 2019, US$ inputs were used and then translated into ZWL using the closing interbank exchange rate. The application of a conversion rate to US$ valuation inputs to calculate ZWL property values is not an accurate reflection of market dynamics as the risks associated with currency trading do not reflect the risks associated with property trading. It was not practicable to quantify the financial effects of this matter on the consolidated and separate financial statements.

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Independence

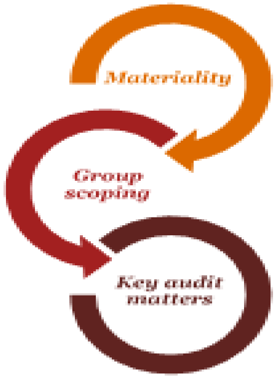
We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements, which discusses the impact of COVID-19 on the Group’s ability to continue as a going concern. The Group’s forecast and projections assume that there will be a cessation of the Group’s trade in April 2020 that may last for several weeks, with a significant reduction in trade for some time thereafter. The Group has planned compensating cost saving measures including reduction of salaries to mitigate the effects of this reduction in trade whilst working on increasing lost rental revenue streams leasing out of residential units and hotels used as offices. While the forecasts assume a resumption in hotel trade towards by September 2020 although four of the hotels opened in May 2020, this is uncertain and is dependent on advice from the government, the lifting of global travel restrictions and the overall impact of the pandemic on tourism. In the event that COVID-19 restrictions remain in place, resulting in a cessation of trade for an extended period (in excess of three months), then the Group and consequently this Company would need to seek additional financing to the arrangements currently in place. As stated in Note 28, these events or conditions, along with other matters as set forth in Note 30, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

Overview



Overall Group materiality

- ZWL 1,590,467 which represents 5% of adjusted consolidated profit before tax.

Group audit scope

- We conducted full scope audits on the Company and its nine subsidiaries due to their associated audit risk and financial significance.

Key audit matters

- Expected credit losses on trade receivables.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall Group materiality	ZWL 1,590,467.
How we determined it	5% of consolidated profit before tax adjusted for the fair value gain on investment property and the monetary loss.
Rationale for the materiality benchmark applied	We chose consolidated profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

	We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector. The consolidated profit before tax has been adjusted by reversing the impact of the fair value gain on investment property and the monetary loss as these are unusual fluctuations and not reflective of the ongoing business operations.

How we tailored our group audit scope

We tailored the scope of the audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's financial statements are a consolidation of the Company and nine subsidiaries. We selected the Company and all nine subsidiaries for full scope audits due to their associated audit risk and financial significance. The Group audit team performed the audit of the Company and all nine subsidiaries.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for adverse opinion* section and the *Material uncertainty relating to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

The key audit matters discussed in the table below relate to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on trade receivables Trade receivables include rent receivable from lessee and trade receivables from customers. As at 31 December 2019, the Group recognised gross trade receivables of ZWL 7,847,831 and allowance for credit losses of ZWL 904,122. Expected credit losses ("ECLs") on trade receivables was considered a matter of most significance to our current year audit due to the following: • The magnitude of the trade receivable balances on which ECL has been recognised; and • The judgements and estimates applied in determining the ECL. The Group applied the simplified approach under IFRS 9, Financial instruments ("IFRS 9") to measure ECLs on trade receivables which	We obtained an understanding of the applicable accounting policies applied in the preparation of the consolidated financial statements, and evaluated the impairment methodologies applied by the Group against the requirements of IFRS 9. On a sample basis, we tested the ageing of the trade receivable balances by recalculating the days past due. We analysed the quality of the trade and rent receivables book of the Group by testing the historic loss rates as follows: • We reperformed the average allowance for credit losses and write-offs percentage for a five-year period; and • We agreed inputs used to calculate the historic loss rates to prior years working

uses a lifetime ECL allowance. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group considers trade receivable balances to be in default when contractual payments are 90 days past due or when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts. The expected loss rates are based on the payment profiles of sales over a period of 5 years before 1 January 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivable. The macroeconomic forward-looking information includes expectations about future levels of unemployment in specific industries and regions relevant to property debtors portfolio. Refer to the following notes to the consolidated financial statements for detail: ● Note 2.11.6 - Impairment of financial assets; ● Note 3 (b) - Financial risk management, credit risk; and ● Note 8 - Group trade and other receivables.	papers and financial statements. We tested the current and forward-looking information applied in the determination of the expected loss rate by considering the macro-economic factors of the country and assessing whether their impact has been appropriately factored into the model. We inspected subsequent payments made by trade and lease debtors in 2019 to determine their consistency with regards to payments and their adherence to agreed payment plans. We recalculated the loss allowance by multiplying the gross trade receivable carrying amount with the expected loss rate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Dawn Properties Limited Annual Report for the year ended 31 December 2019”. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for adverse opinion* section above, the consolidated and separate financial statements contain material misstatements with respect to the application of IAS 21 and its consequent effects on the hyperinflationary adjustments made in terms of IAS 29, as well as with respect to the application of IAS 40. We have concluded that the other information is materially misstated for the same reasons, with respect to the amounts or other items in the other information affected by these matters.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Esther Antonio
Registered Public Auditor
Partner for and on behalf
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Public Auditor Registration Number 0661
Institute of Chartered Accountants of Zimbabwe Public Practice Certificate Number 255940

Date: 3 June 2020

Harare, Zimbabwe