ZIMRE PROPERTY
INVESTMENTS LIMITED

2019

ANNUAL
REPORT

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COMPANY PROFILE

Zimre Property Investments Limited, Registration Number: 1026/2003

NATURE OF BUSINESS

The main business of the Company is that of property management, property valuation, property development and estate agency.

DIRECTORS

J. Maguranyanga	Non-Executive	Chairman
M. Makusha	Non-Executive	(Resigned 30 June 2019)
E. Zvandasara	Non-Executive	
S. Kudenga	Non-Executive	
P. Zvandasara	Non-Executive	(Resigned 5 December 2019)
H. Rudland	Non-Executive	
M. R. Davis	Non-Executive	(Appointed 16 August 2019)
E. Muvingi	Managing Director	

HOLDING COMPANY

Emeritus Reinsurance (Private) Limited

ULTIMATE HOLDING COMPANY

Zimre Holdings Limited

AUDIT COMMITTEE

M. R. Davis (Chairman)
E. Zvandasara
J. Maguranyanga

INVESTMENTS COMMITTEE

E. Zvandasara (Chairman)
S. Kudenga
E. Muvingi
H. Rudland
M. R. Davis

EXECUTIVE AND HUMAN RESOURCES COMMITTEE

J. Maguranyanga (Chairman)
S. Kudenga
E. Muvingi

REGISTERED OFFICE

6th Floor Fidelity Life Tower
5 Raleigh Street
Harare

TRANSFER SECRETARIES

ZB Transfer Secretaries (Private) Limited
21 Natal Road
Avondale
Harare

ATTORNEYS

Mhishi Legal Practice
9th Floor Old Mutual Centre
Jason Moyo Avenue
Harare

Hove and Associates
3rd Floor, Hungwe House
69 Jason Moyo Avenue
Harare

MAIN BANKERS

ZB Bank Limited
21 Natal Road
Avondale
Harare

Central African Building Society
Centre Platinum Branch
North Park
Harare

Nedbank
Jason Moyo Branch
Corner 3rd Street/Jason Moyo Avenue
Harare

COMPANY SECRETARY

Mr. N. Zhou
6th Floor Fidelity Life Tower
5 Raleigh Street
Harare

INDEPENDENT AUDITOR

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Building Number 4, Arundel Office Park
Norfolk Road, Mount Pleasant
Harare

VISION

Real estate value and solutions re-imagined

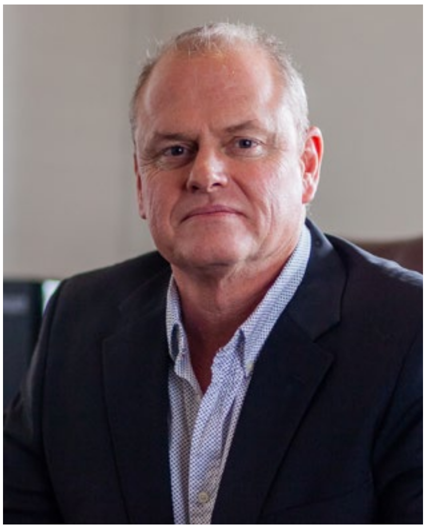
MISSION

To #shift and enhance the well-being of people and communities through real estate solutions.

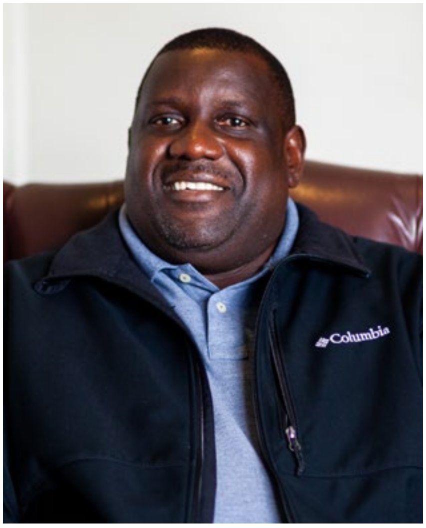
HOW WE BEHAVE:
#SHIFT Shared Values

Self-Respect | See Value | Service Mania | Synergise
Sell Solutions | Stay Focused

Ms. J. Maguranyanga
Chairman



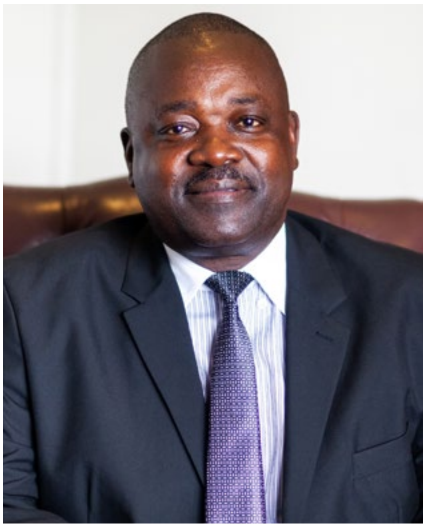
Mr. M. R. Davis



Mr. S. Kudenga

Mr. E. Muvingi
Managing Director

Mr. H. Rudland



Mr. E. Zvandasara

OPERATING ENVIRONMENT

The operating environment during the year under review remained difficult for business operations. The economy was characterised by rapid devaluation of the Zimbabwe Dollar and rising inflation. Added to these were government policy changes that negatively affected planning and presented a challenging investment climate. Under these conditions, the real estate sector experienced multiple problems which included subdued demand for space, declining rental revenues in real terms, lower portfolio values in real terms, increasing debtors and high building operating expenses.

INVESTMENT PROPERTY PERFORMANCE

Key portfolio performance indicators remained stable. Portfolio void levels closed the year at 22% compared to 28% in the previous year. There was severe pressure on rental rates during the year, particularly for office space. As a measure to curb value loss, Zimre Property Investments Limited ("the Company") implemented quarterly upward rent reviews and increased its presence in the retail sector as well as in student accommodation. These measures, together with improved occupancy levels across the portfolio, had a positive impact on turnover performance for the year. Rent collection for the period averaged 101% of monthly rentals charged.

FINANCIAL PERFORMANCE

The financial statements for the year ended 31 December 2019 have complied with the requirements of International Accounting Standard (IAS) 29 "Financial Reporting in Hyper-inflationary Economies" which requires that financial statements be expressed in terms of a measuring unit current at the end of the reporting period.

Total revenue for the year increased by 8% to ZWL30.12 million from ZWL28.01 million achieved in 2018. Rental income marginally increased by 1.5% to ZWL16.08 million from ZWL15.85 million the year before. Projects income for the year amounted to ZWL12.97 million, up from ZWL11.28 million achieved in the previous year, a 15% growth. Investment properties realised a fair value gain of ZWL172.04 million for the year compared to a fair value loss of ZWL56.85 million in 2018.

Cost control measures were adopted throughout the reporting period to contain the effects of escalating prices of goods and services in the market. As a result, total administration costs were ZWL16.69 million compared to ZWL15.86 million the previous year.

CHAIRMAN'S STATEMENT

The Company realised a profit for the year of ZWL181.33 million compared to a loss of ZWL73.49 million the previous year.

PROJECTS UPDATE

Victoria Falls - Sawanga Shopping Mall

Construction of the Sawanga Shopping Mall was completed during the year. The mall commenced trading at the end of the first quarter of the year. This is a US$13 million shopping mall, providing approximately 5000 square meters of lettable space anchored by TM Pick 'n' Pay. The mall, which houses various prime brands, has established itself as a destination of choice in Victoria Falls. Currently the mall is at 92% occupancy level.

Nicoz House Refurbishment - Bulawayo Student Accommodation

This facility has been well received by the student community. It offers 190 beds, in-house kitchen facilities, WIFI and biometric security access among other facilities. The level of occupancy is satisfactory. I am glad to report to you that this facility secured Zimbabwe Tourism Authority (ZTA) tourist facility status. This certification will go a long way in retaining shareholder value.

DIVIDEND

The Board is pleased to announce the declaration of a final dividend for 2019 of ZWL0.14 per share amounting to ZWL2,396,341. A separate dividend notice will be issued in due course.

OUTLOOK

The general outlook over the short to medium term remains challenging. Your Company will focus on innovative ways to hedge income, defend capital and preserve shareholder value.

I look forward to welcoming you to the official opening of the Sawanga Shopping Mall this year.

APPRECIATION

I would like to thank all shareholders, stakeholders and fellow board members for their support and to express my appreciation to management and staff for sustaining the operations of the Company in a very difficult environment.

J. Maguranyanga
Chairman **28 May 2020**

1 SHARE CAPITAL

The authorised and issued share capital of the Company with a nominal value of ZWL0.001 (2018: ZWL0.001) cents per share remained unchanged at 3,000,000,000 and ZWL1,716,666,667 respectively.

2 COMPANY RESULTS

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Net property income/(loss) after administration expenses	6,360,948	(4,124,900)	4,096,042	(384,358)
Fair value adjustments	170,916,307	(55,739,655)	433,090,085	(942,600)
Other income	11,974,111	(1,766,404)	7,363,013	(184,965)
Monetary gain/(loss) for the year	13,969,367	(15,260,219)	-	-
Finance income	523,446	2,231,419	174,042	319,536
Finance costs	(1,915,963)	(976,149)	-	-
Profit/(loss) before income tax	201,828,216	(75,635,908)	444,723,182	(1,192,387)
Income tax (expense)/credit	(20,493,744)	2,144,625	(26,756,000)	(230,631)
Profit/(loss) for the year	181,334,472	(73,491,283)	417,967,182	(1,423,018)

3 DIVIDEND

The Directors declared a dividend of ZWL0.14 cents per share at a Board of Directors meeting held on 20 March 2020 (2018: ZWL 0.03).

4 DIRECTORATE

At 31 December 2019, the following were the Directors and Secretary of the Company:

Jean Maguranyanga	Chairman	Non executive
Morlie Makusha (resigned 30 June 2019)	Director	Non executive
Edwin Zvandasara	Director	Non executive
Stanley Kudenga	Director	Non executive
Patricia Zvandasara (resigned 5 December 2019)	Director	Non executive
Michael Raymond Davis (appointed 16 August 2019)	Director	Non executive
Hamish Rudland	Director	Non executive
Edson Muvingi	Director	Managing Director
Nyasha Zhou	Company Secretary	

Post year end, Mr. Zvenyika Zvenyika was appointed to the board on 8 June 2020.

5 DIRECTORS' INTEREST IN SHARES

At 31 December 2019, there were no direct or indirect interests held in the ordinary shares of the Company by the Directors.

6 INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers Chartered Accountants (Zimbabwe) was appointed auditor of the Company with effect from the past audit and shall hold office until the conclusion of the next Annual General Meeting.

7 ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held virtually via the zoom platform on 14 July 2020 at 12:00 hours.

By Order of the Board

Jean Maguranyanga
Chairman

Nyasha Zhou
Company Secretary

The Board is committed to high standards of corporate governance and believes that a sound governance structure engenders a successful company.

The Board

The Board currently comprises, in addition to the Chairman, one Executive and five Non-Executive Directors and meets at least four times a year. The Non-Executive Directors bring judgment which is independent to that of management to Board deliberations.

The Board is responsible for the overall management, strategic direction, maintaining sound risk management and internal control systems, succession planning and performance of the Company. It discharges its responsibilities through regularly scheduled meetings and ad hoc meetings, as may be required. The Board has formally reserved specific matters to itself for determination and approval which include strategic issues, the annual budget, changes in share capital, approval of the Company's financial statements, approval of material contracts and succession planning for senior management. It also monitors and evaluates the performance of the Company as a whole, through engaging with the Managing Director and members of the Management team, as appropriate. Matters requiring detailed input of directors or requiring specialist input are delegated to Board Committees, which having examined the issues in detail, make recommendations to the Board for final approval.

Roles and responsibilities of the Chairman, Deputy Chairman and Managing Director

The offices of the Chairman, Deputy Chairman and Managing Director are held by different individuals. The Chairman is responsible for the conduct of the Board and ensures that Board discussions are conducted in such a way that all views are taken into account so that no individual director or a group of directors dominates proceedings. The Deputy Chairman's role is to provide support and guidance to the Chairman and to deputise the Chairman as required. It is Company policy that the Chairman of the Audit Committee is the Deputy Chairman of the Board. The Managing Director has the overall responsibility for running the business on a day-to-day basis and chairs the Management Committee. The roles and responsibilities of the Chairman, Deputy Chairman and Managing Director are clearly defined, separate and have been approved by the Board.

Board and Committee meetings(1)

The attendance of the Directors at Board and Committee meetings held in 2019 was as follows:

	Main Board	Executive and Human Resources	Investments	Audit
J Maguranyanga	4/4	4/4	n/a	4/4
M Makusha	2/2	n/a	n/a	2/2
E Zvandasara	4/4	n/a	4/4	4/4
S Kudenga	4/4	4/4	4/4	n/a
P Zvandasara	3/3	3/3	n/a	3/3
H Rudland	3/4	n/a	3/4	n/a
M R Davis	2/2	n/a	1/1	1/1
E Muvingi	4/4	4/4	4/4	4/4

(1) x/y where 'x' is the number of meetings attended and 'y' is the number of meetings that could have been attended.

Appointment and re-election of Directors

The Board has authority to appoint any person to be a director either to fill a vacancy or as an addition to the existing Board. Any director so appointed must retire and offer himself or herself for election at the next Annual General Meeting following appointment. A third of the Directors retire by rotation at each Annual General Meeting. In addition, a director who is appointed by the Board to fill a casual vacancy must retire at the next Annual General Meeting following the appointment.

Committees of the Board

The Board has established the Audit Committee, the Executive and Human Resources Committee and the Investments Committee (together 'the Committees'). Each Committee has written terms of reference which have been approved by the Board.

Audit Committee

The Audit Committee oversees the accounting and financial reporting processes of the Company, the audit of its financial statements and the effectiveness of the Company's risk management and internal control framework. The Audit Committee met on four occasions in 2019. The members of the Audit Committee are all Non-Executive Directors with sound financial backgrounds and experience. The Audit Committee is chaired by an independent board member with the necessary expertise and experience.

Financial reporting and disclosure, internal control and the role of the auditors

The Board has, through the Audit Committee, established formal and transparent arrangements for financial reporting, external auditing and the review of the internal control environment including compliance issues. The Audit Committee's terms of reference extend to the Company's compliance and risk management activities as a whole and not just the financial aspects of internal control.

The Audit Committee has access, as it may require, to the Company's internal and external auditors throughout the year, in addition to presentations from both on a quarterly basis. Any significant findings or identified risks are closely examined and are reported by the Audit Committee Chairman to the Board with recommendations for action.

Risk management, compliance and internal control

The Board recognises its overall responsibility to maintain sound risk management and internal control systems to safeguard shareholders' investments and the Company's assets and to regularly review the effectiveness of such systems. Whilst the Board acknowledges its responsibility for the systems of risk management and internal control, such systems are designed to manage rather than eliminate all risk. Accordingly, even the most effective systems of risk management and internal control can provide only reasonable and not absolute assurance against material misstatement or loss.

In 2019, the Board reviewed both the key risks faced by the Company and the effectiveness of the Company's risk management and internal control systems. Aside from these reviews, the Board delegates responsibility to the Audit Committee for more regular review of both key risks and internal controls and for monitoring the activities of the internal audit function. The Audit Committee has kept these areas under regular review during 2019.

The Company has risk management, compliance and internal audit functions. The Head of Internal Audit reports to the Chairman of the Audit Committee functionally and to the Managing Director operationally but has direct and regular access to the Audit Committee Chairman and the other members of that Committee. He also attends and regularly presents at Audit Committee meetings.

The Company's risk management, compliance and internal audit strategy is based on a risk and control framework containing the following key elements:

- an effective control environment;
- an effective process to identify, assess and manage risks;
- effective internal control procedures; and
- effective internal audit.

Internal audit

Internal Audit operates in accordance with an approved charter, which defines the role, organisational status, authority, responsibilities and scope of activities of the Internal Audit function. The internal audit objectives include promoting effective risk management and operational efficiency.

Working together with the Company's independent auditor, the Internal Audit function reports to the Audit Committee to assist the Company in further formalising and managing its risk management process, and has channels of communication to the Managing Director. Internal Audit provides written assessments of the effectiveness of the system of internal controls and risk management to the Board. An assessment, based on a written documented review of the internal financial controls, is reported directly to the Audit Committee.

The responsibility of Internal Audit includes conducting activities in accordance with the Institute of Internal Auditor's ("IIA's") standards. The Internal Audit plan is submitted to the Audit Committee for its approval and Internal Audit reports are submitted for discussions and approval at all Audit Committee meetings. The Audit Committee ensures that the Internal Audit function is subjected to a quality review as and when the Audit Committee determines it appropriate as a measure to ensure that the function remains effective.

Independent auditor

The Audit Committee has the primary responsibility for making recommendations, the appointment, re-appointment and removal of the independent auditor as well as for determining the remuneration, and overseeing the work of the independent auditor. The Audit Committee assesses at least annually the objectivity and independence of the independent auditor taking into account relevant regulatory requirements. The Committee reviews and approves the annual independent audit plan each year and ensures it is consistent with the scope of the independent auditor's engagement.

The Committee also considers the fees paid to the independent auditor and whether the fee levels for non-audit services, individually and in aggregate, relative to the audit fees are appropriate so as not to undermine their independence.

Executive and Human Resources Committee

The Executive and Human Resources Committee is responsible for developing, reviewing and overseeing the implementation of the Company's compensation and benefits policy. The remuneration of Directors and the Managing Director is determined by the Executive and Human Resources Committee. The Committee also acts as the Nominations Committee of the Board and, in that regard, is responsible for identifying and nominating, for the approval of the Board, candidates for the Board. The Committee also ensures adequate succession planning for the Board. The members of the Executive and Human Resources Committee, with the exception of the Managing Director, are all Non-Executive Directors. The Committee met four times during 2019.

The Committee retains the services of executive search consultants to assist it in the discharge of its responsibilities, as it considers necessary.

Investments Committee

The Investments Committee is responsible for approving or making recommendations to the Board on investment policies, including the asset mix policy. In addition, the Committee reviews the effectiveness of these policies and their implementation, formulates procedures to monitor the application of, and compliance with, the investment policies by officers and employees and approves the engagement and dismissal of investment managers and other specialist property consultants and reviews their performance on a regular basis. Members of the Committee, with the exception of the Managing Director, are all Non Executive Directors. The Committee met four times during 2019.

Relations with shareholders

The Company is committed to maintaining constructive relationships with shareholders. The Company announces its financial results bi-annually. The Managing Director and the Management team give presentations on the results each half year for institutional investors and analysts.

The Chairman, her Deputy and the Managing Director are available to meet with major shareholders to discuss the Company's strategy and performance and to understand the views of major shareholders, which are then communicated to the Board as a whole. At the Company's Annual General Meeting, shareholders are given the opportunity to ask questions of the Directors. The Directors also make themselves available informally after the meeting to answer questions from shareholders.

The Company's website at http://www.zimreproperties.co.zw provides information about the Company and its business and is regularly updated.

Code of Ethics

The Company is committed to the maintenance of high ethical standards. The Company's Code of Ethics applies to all Directors and employees.

Code of Corporate Governance

The Company has adopted the Zimbabwe Code of Corporate Governance ("Zimcode") as its code of corporate governance.

Financial reporting and disclosure

The Board, with the assistance of the Audit Committee, has ultimate responsibility for the preparation of financial statements and for monitoring of systems of internal control. The Board strives to present a balanced assessment of the Company's financial position and prospects and it endeavours to present all financial and other information so as to be comprehensible to investors. The Company publishes half yearly financial reports so that its shareholders can monitor the Company's financial position and performance regularly.

Company Secretary

The Company Secretary attends all board and committee meetings at the invitation of the Board, and is responsible for preparing the agenda and packs in advance of the respective Board and Committee meetings and for accurately recording the minutes of these meetings. In addition, the Company Secretary acts as an advisor to the Board, providing guidance to Directors and Committees on matters concerning corporate governance, updates on legal and statutory amendments and on the effective execution of their responsibilities and fiduciary duties. When required, the Company Secretary will involve other experts to ensure the Directors have the required information to discharge their responsibilities.

The Company Secretary maintains an arm's-length relationship with the Board of Directors and is not a director of the Company. The Board of Directors is satisfied with the competence, qualifications and experience of the Company Secretary.

Jean Maguranyanga
Chairman

Michael Raymond Davis
Audit Committee Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Zimbabwe Companies Act (Chapter 24:03) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the management to meet these responsibilities, the Directors set standards for internal control aimed at reducing the risk of fraud or error in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, but not absolute assurance against material misstatement or loss.

In preparing the financial statements, the Directors are responsible for assessing 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors have assessed the ability of the Company to continue operating as a going concern and believe that the preparation of the financial statements on a going concern basis is still appropriate.

The independent auditor is responsible for independently auditing and reporting on the Company's financial statements. The financial statements and related notes have been audited by the Company's independent auditor and their report is presented on page 14 to 18.

The audited annual financial statements set out on pages 19 to 77 were approved by the Board of Directors on 22 May 2020 and are signed on its behalf by:

Jean Maguranyanga	Michael Raymond Davis
Chairman	**Audit Committee Chairperson**

In my capacity as Company Secretary, I hereby confirm that, for the year ended 31 December 2019, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Zimbabwe Companies Act (Chapter 24:03), and that all such returns are true, correct and up to date.

Nyasha Zhou, CA (Z)

Company Secretary

9 July 2020

DECLARATION BY HEAD OF FINANCE
31 DECEMBER 2019

These annual financial statements have been prepared under the supervision of N. Zhou CA (Z), a member of the Institute of Chartered Accountants of Zimbabwe registered with the Public Accountants and Auditors Board as a public accountant.

Head of Finance : Nyasha Zhou, CA (Z)

Institute of Chartered Accountants of Zimbabwe, Membership Number M3881

Public Accountants and Auditors Board, Public Accountant Registration Number 4238

9 July 2020

Independent auditor's report

To the shareholders of Zimre Property Investments Limited

Our adverse opinion

In our opinion, because of the significance of the matter discussed in the Basis for adverse opinion section of our report, the financial statements do not present fairly the financial position of Zimre Property Investments Limited as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

Zimre Property Investments Limited's financial statements, set out on pages 19 to 77, comprise:

- the statement of financial position as at 31 December 2019;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement 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, and bond notes and coins would be held at the same value as the US$.

As described in note 2.2 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 2.2 of 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 Company, as described in note 2.2, changed its functional currency on 22 February 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 financial statements been prepared in accordance with the requirements of IAS 21, many elements in the accompanying financial statements would have been materially restated. It was not practicable to quantify the financial effects on the financial statements.

As described in note 2.2 of the financial statements, the Public Accountants and Auditors Board 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 described in the paragraph above affect the historical amounts which enter into the calculation of the inflation adjusted amounts. Had the underlying historical 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 financial statements would have been materially restated. It was not practicable to quantify the financial effects on the financial statements.

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P O Box 453, Harare, Zimbabwe
T: +263 (242) 338362-8, F: +263 (242) 338395, www.pwc.com

T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.

Furthermore, as disclosed in note 2.5, note 5.1 and note 7, the Company performed a valuation of investment properties as at 31 December 2019. Valuations rely on observable and sufficiently frequent historical transactional market evidence. Monetary policy changes, specifically Statutory Instrument 142 of 2019, which introduced the Zimbabwe Dollar ("ZWL") as the sole legal tender effective 24 June 2019, resulted in a limited period for observable transactional evidence. Unobservable inputs include capitalisation rates and vacancy rates. In addition, the valuation was also undertaken in an unstable economic environment which is characterised by rising inflation, liquidity problems, hard currency shortages and frequent monetary policy changes and presented the limitations explained below.

Market evidence for capitalisation rates in ZWL did not exist at 31 December 2019 for purposes of the valuation of commercial and industrial properties using the income capitalisation method. For residential properties and land, in order to determine the ZWL values of the investment property 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.

There were no further audit procedures that we could have performed to obtain sufficient and appropriate audit evidence regarding the valuation of the investment properties. As a result, we were unable to determine whether any adjustments would be required in respect of the recorded fair value of investment properties.

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 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.

Our audit approach

Overview

Overall materiality	ZWL 3,942,516 which represents 0.75% of the total assets. Inflation adjusted amounts were used in determining materiality.
Key audit matters	Adequacy of allowance for credit losses on trade and other 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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall 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 materiality	ZWL 3,942,516
How we determined it	0.75% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because in our view it is the benchmark that reflects the expectations of users and the economic environment that the Company is operating in. The inflationary pressures and the current economic operating environment has brought about a strategic shift in the users' attention to the total assets of the Company, as shareholders expect their value to be preserved in total assets. We chose 0.75% based on our professional judgement and after consideration of the range of quantitative materiality thresholds that we typically apply when using total assets to compute materiality. Inflation adjusted amounts were used in determining materiality.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the 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, we determined the matter described below to be a key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Adequacy of allowance for credit losses on trade and other receivables The Company adopted International Financial Reporting Standard 9, 'Financial instruments' ("IFRS 9") for the first time in the 2018 reporting period. IFRS 9 requires the recognition of expected credit losses ("ECL") on all financial assets within the scope of its impairment model. Management assessed the ECL on trade and other receivables using a simplified approach which requires expected lifetime losses to be recognised from initial recognition of the trade and other receivables. The application of the standard required management to exercise significant judgment and apply estimates in the determination of the ECL. Significant judgment was required in the determination of loss rates and the use of forward looking economic expectations affecting the ability of the customers to settle the trade and other receivables. As at 31 December 2019, trade receivables and other receivables amounted to ZWL 8,854,028 against which management recognised an ECL of ZWL 1,038,946. We considered the ECL on trade and other receivables to be a matter of most significance to our current year audit due to the following: ▪ the judgement and estimates applied by management in determining the ECL; and ▪ the significance of the trade and other receivables to the financial statements. Refer to the following notes to the financial statements for disclosure relating to this matter: ▪ note 2.12, accounting policy note; ▪ note 3,financial risk management; ▪ note 5.2, significant accounting judgments, estimates and assumptions; and, ▪ note 11, trade and other receivables.	Our procedures to audit the expected credit losses on trade and other receivables included the following: ▪ We obtained an understanding of management's process for determining the ECL on trade and other receivables; ▪ We considered the appropriateness of the accounting policies implemented and evaluated the impairment methodologies applied by management against the requirements of IFRS 9; ▪ We assessed whether the financial statement disclosures appropriately reflected the Company's exposure to credit risk in accordance with the requirements of IFRS 7,'Financial instruments: Disclosures'; ▪ We assessed the design of management's models, including assessing the appropriateness of the forward looking economic expectations applied by management by comparing them to independent sources; ▪ On a sample basis, we assessed the accuracy of historical data used by management in determining the loss rates, through recomputation of historical credit loss rates and agreeing the inputs used to calculate historical data to prior year working papers and financial statements; ▪ We evaluated the appropriateness of adjustments for forward looking information by assessing the applied economic scenarios against the publicly available economic forecasts on Zimbabwe; ▪ On a sample basis, we tested the ageing of the trade and other receivables balances by recalculating the days past due; and ▪ We tested the mathematical accuracy of the ECL calculation through recomputations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Zimre Property Investments Limited 2019 Annual Report". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 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 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 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 the valuation of investment properties. 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 financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required 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 financial statements, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 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

Evangelista Ravasingadi
Registered Public Auditor

Partner, for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Public Auditor, Registration Number 0391
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253514

10 July 2020

Harare
Zimbabwe

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		INFLATION ADJUSTED		HISTORICAL COST	
		2019	2018	2019	2018
ASSETS	**Note**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Non-current assets					
Investment properties	7	489,210,800	279,329,916	489,210,800	44,970,886
Vehicles and equipment	8	7,863,521	6,984,053	1,856,879	962,714
		497,074,321	286,313,969	491,067,679	45,933,600
Current assets					
Inventories	9	18,357,572	20,495,141	2,483,641	2,771,672
Financial assets at fair value through profit or loss	10	279,482	1,405,616	279,482	226,298
Current income tax assets	26.2	-	264,274	-	42,547
Trade and other receivables	11	9,024,935	32,849,554	8,445,736	5,224,840
Cash and cash equivalents	12	932,544	1,775,365	932,544	285,826
		28,594,533	56,789,950	12,141,403	8,551,183
Total assets		**525,668,854**	**343,103,919**	**503,209,082**	**54,484,783**
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to equity holders of the parent					
Ordinary share capital	13	12,693,901	12,693,901	1,716,667	1,716,667
Share premium		275,148,578	275,148,578	37,209,876	37,209,876
Retained earnings		199,804,917	18,470,445	427,645,389	9,678,207
Total shareholders' equity		487,647,396	306,312,924	466,571,932	48,604,750
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	14	27,670,484	9,077,741	26,286,176	1,431,178
Borrowings	15	2,853,959	12,814,090	2,853,959	2,063,012
		30,524,443	21,891,831	29,140,135	3,494,190
Current liabilities					
Borrowings	15	3,038,232	8,150,124	3,038,232	1,312,134
Current income tax liabilities	26.2	1,858,454	-	1,858,454	-
Trade and other payables	16	2,600,329	6,249,941	2,600,329	1,006,213
Deferred income	17	-	499,099	-	67,496
		7,497,015	14,899,164	7,497,015	2,385,843
Total liabilities		38,021,458	36,790,995	36,637,150	5,880,033
Total equity and liabilities		**525,668,854**	**343,103,919**	**503,209,082**	**54,484,783**

The above statement of financial position should be read in conjunction with the accompanying notes.

The financial statements were authorised for issue by the Board of Directors on 22 May 2020 and signed on its behalf by:

CHAIRMAN
Jean Maguranyanga

MANAGING DIRECTOR
Edson Muvingi

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		INFLATION ADJUSTED		HISTORICAL COST	
		2019	2018	2019	2018
	Note	ZWL	ZWL	ZWL	ZWL
Revenue	18	30,118,190	28,012,557	13,868,062	4,028,284
Allowance for credit losses	11	667,034	(1,707,988)	290,540	(252,706)
Property expenses	19	(4,822,814)	(7,086,642)	(2,327,446)	(977,289)
Cost of stands sold		(2,626,504)	(7,480,499)	(387,663)	(995,260)
Net property income		23,335,906	11,737,428	11,443,493	1,803,029
Employee costs	20	(5,975,540)	(8,536,714)	(2,600,369)	(1,181,818)
Other operating expenses	21	(10,999,418)	(7,325,614)	(4,747,082)	(1,005,569)
Net property income/(loss) after administration expenses		6,360,948	(4,124,900)	4,096,042	(384,358)
Fair value adjustments	22	170,916,307	(55,739,655)	433,090,085	(942,600)
Other income	23	11,974,111	(1,766,404)	7,363,013	(184,965)
Operating profit/(loss)		189,251,366	(61,630,959)	444,549,140	(1,511,923)
Monetary gain/(loss) for the year		13,969,367	(15,260,219)	-	-
Finance income	24	523,446	2,231,419	174,042	319,536
Finance costs	25	(1,915,963)	(976,149)	-	-
Profit/(loss) before income tax		201,828,216	(75,635,908)	444,723,182	(1,192,387)
Income tax (expense)/credit	26	(20,493,744)	2,144,625	(26,756,000)	(230,631)
Profit/(loss) for the year		181,334,472	(73,491,283)	417,967,182	(1,423,018)
Other comprehensive income					
Items that will not be reclassified to profit or loss		-	-	-	-
Items that may be subsequently reclassified to profit or loss		-	-	-	-
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive profit/(loss) for the year, net of tax		181,334,472	(73,491,283)	417,967,182	(1,423,018)
Attributable to:					
-Owners of the Company		181,334,472	(73,491,283)	417,967,182	(1,423,018)
-Non controlling interests		-	-	-	-
		181,334,472	(73,491,283)	417,967,182	(1,423,018)
Basic and diluted earnings per share (ZWL cents)	27	10.56	(4.28)	24.35	(0.08)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

INFLATION ADJUSTED

	Attributable to owners of the parent			
Year ended 31 December 2018	**Ordinary Shares ZWL**	**Share premium reserve ZWL**	**Retained earnings ZWL**	**Total shareholders' equity ZWL**
Balance as at 1 January 2018 as originally presented	12,693,901	275,148,578	96,276,840	384,119,319
Change in accounting policy - IFRS 9	-	-	(1,116,267)	(1,116,267)
Restated total equity as at 1 January 2018	12,693,901	275,148,578	95,160,573	383,003,052
Total comprehensive income for the year	-	-	(73,491,283)	(73,491,283)
Loss for the year	-	-	(73,491,283)	(73,491,283)
Other comprehensive income for the year	-	-	-	-
Transactions with owners in their capacity as owners:				
Dividend declared and paid	-	-	(3,198,845)	(3,198,845)
Balance as at 31 December 2018	12,693,901	275,148,578	18,470,445	306,312,924
Year ended 31 December 2019				
Balance as at 1 January 2019	12,693,901	275,148,578	18,470,445	306,312,924
Total comprehensive income for the year	-	-	181,334,472	181,334,472
Profit for the year	-	-	181,334,472	181,334,472
Other comprehensive income for the year	-	-	-	-
Balance as at 31 December 2019	12,693,901	275,148,578	199,804,917	487,647,396

HISTORICAL COST

	Attributable to owners of the parent			
	Ordinary shares ZWL	**Share premium ZWL**	**Retained earnings ZWL**	**Total shareholders' ZWL**
Year ended 31 December 2018				
Balance as at 1 January 2018 as originally presented	1,716,667	37,209,876	11,795,939	50,722,482
Change in accounting policy - IFRS 9	-	-	(179,714)	(179,714)
Restated total equity as at 1 January 2018	1,716,667	37,209,876	11,616,225	50,542,768
Total comprehensive income for the year	-	-	(1,423,018)	(1,423,018)
Loss for the year	-	-	(1,423,018)	(1,423,018)
Other comprehensive income for the year	-	-	-	-
Transactions with owners in their capacity as owners:				
Dividend declared and paid	-	-	(515,000)	(515,000)
Balance as at 31 December 2018	1,716,667	37,209,876	9,678,207	48,604,750
Year ended 31 December 2019				
Balance as at 1 January 2019	1,716,667	37,209,876	9,678,207	48,604,750
Total comprehensive income for the year	-	-	417,967,182	417,967,182
Profit for the year	-	-	417,967,182	417,967,182
Other comprehensive income for the year	-	-	-	-
Balance as at 31 December 2019	1,716,667	37,209,876	427,645,389	466,571,932

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Cash flows from operating activities					
Profit/(loss) before income tax		201,828,216	(75,635,908)	444,723,182	(1,192,387)
Adjustment for non-cash items:					
Monetary (gain)/loss		(13,969,367)	15,260,219	-	-
Depreciation	8	853,721	847,281	156,433	97,546
Allowance for credit losses	11	(667,034)	1,707,988	(290,540)	252,706
Bad debts written off	21	282,771	-	282,771	-
Fair value adjustments	22	(170,916,307)	55,739,655	(433,090,085)	942,600
Other non-cash items		17,299	3,827	7,768	634
Loss on disposal of property and equipment	23	8003	17,217	1005	2,550
Loss from disposal of investment property		-	2,513,705	-	295,652
Working capital adjustments:					
Decrease/(increase) in trade and other receivables		23,824,619	6,279,684	(3,220,896)	(385,337)
Decrease/(increase) in inventories		2,137,569	(4,444,310)	288,031	601,030
(Decrease)/increase in trade and other payables		(3,649,612)	(5,892,278)	1,594,116	(1,882,262)
Decrease in deferred income		(499,099)	-	(67,496)	-
Cash generated from/(utilised in) operating activities after working capital adjustments		39,250,779	(3,602,920)	10,384,289	(1,267,268)
Dividends received	23	(113,478)	(33,292)	(32,051)	(4,931)
Interest income on investments	24	(523,446)	(2,231,419)	(174,042)	(319,536)
Income tax paid	26.2	-	(896,473)	-	(121,235)
Net cash generated from/(utilised in) operating activities		38,613,855	(6,764,104)	10,178,196	(1,712,970)
Cash flows from investing activities					
Improvements and additions to existing investment property	7	(37,838,443)	(77,517,105)	(10,458,359)	(10,893,180)
Purchase of property and equipment	8	(1,741,192)	(674,173)	(1,051,603)	(92,130)
Interest income on investments	24	523,446	2,231,419	174,042	319,536
Purchase of financial assets at fair value through profit or loss	10	-	(2,213,978)	-	(226,259)
Dividends received	23	113,478	33,292	32,051	4,931
Proceeds from disposal of property and equipment		-	270,133	-	20,550
Proceeds from disposal of investment property		-	12,274,877	-	1,660,000
Net cash utilised in investing activities		(38,942,711)	(61,167,579)	(11,303,869)	(9,206,552)
Cash flows from financing activities					
Proceeds from short-term borrowings	15	9,508,532	18,114,894	3,940,000	2,916,419
Finance costs	15	(1,915,963)	(1,049,423)	(744,654)	(144,405)
Repayment of borrowings	15	(4,823,732)	(8,195,858)	(1,422,955)	(1,272,031)
Dividends paid to shareholders	31	-	(3,198,845)	-	(515,000)
Net cash generated from financing activities		2,768,837	5,670,768	1,772,391	984,983
Inflation effect on cash		(3,282,802)	(11,538,250)	-	-
Net (decrease)/increase in cash and cash equivalents		(842,821)	(73,799,165)	646,718	(9,934,539)
Cash and cash equivalents at the beginning of the year		1,775,365	75,574,530	285,826	10,220,365
Cash and cash equivalents at end of the year	12	932,544	1,775,365	932,544	285,826

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

1.1 Nature of business

The main business of Zimre Property Investments Limited (the "Company") is real estate management, property management, property valuation and property development.

The Company, whose registration number is 1026/2003 is a public limited company which is incorporated and domiciled in Zimbabwe and listed on the Zimbabwe Stock Exchange.

The Company is ultimately controlled by Zimre Holdings Limited, which is also listed on the Zimbabwe Stock Exchange.

The registered office of the Company is 6th Floor, Fidelity Life Tower, 5 Raleigh Street, Harare.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies adopted in the preparation of financial statements to the extent that they have not already been disclosed in the other notes above, are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) except for the non-compliance with IAS 21, 'The effects of changes in foreign exchange rates'.

The Company adopted the Zimbabwe Dollar (ZWL) as its functional and presentation currency on 22 February 2019 on which date the Company reporting in the United States Dollar (US$). Details of the currency conversion are set out in note 2.2 below.

The financial statements are prepared from books and records maintained under the historical cost convention except for financial assets at fair value through profit or loss and investment properties measured at fair value and are restated to take into account the effects of inflation in accordance with International Accounting Standard 29, 'Financial reporting in hyperinflationary economies'. The historical cost financial information has been restated for changes in the general purchasing power of the Zimbabwe Dollar. Accordingly, the inflation adjusted financial statements are the primary financial statements of the Company. Historical cost financial statements have been provided as supplementary information.

IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that the corresponding figures for the comparative periods be stated in the same terms .The financial statements and the corresponding figures for the previous years have been restated to take account of the changes in the general purchasing power of the Zimbabwe Dollar. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Reserve Bank of Zimbabwe from the figures provided by the Zimbabwe National Statistics Agency. The indices and conversion factors used are as follows:

Date	Consumer Price Index	Conversion Factor
31 December 2019	551.6	1.000
31 December 2018	88.8	6.212
31 October 2018	74.6	7.395
31 December 2017	67.7	8.160

The main procedures applied in the above mentioned restatement of transactions and balances are as follows:

- corresponding figures as of and for the period ended 31 December 2018 are restated by applying the change in the index from 31 October 2018 to 31 December 2019 as appropriate depending on the nature of the amount;
- monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date;
- non-monetary assets and liabilities that are not carried at amounts current at reporting date are restated by applying the change in the index from the date of the transaction or if applicable from their most recent revaluation;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

- property, plant and equipment is restated by applying general change in the price index as appropriate from 1 October 2018 to 31 December 2019. Depreciation and amortisation amounts are based on the restated amounts;
- additions to property and equipment acquired after 1 October 2018 (date of change in currency) are restated using the relevant conversion factors from the date of the transaction to the reporting date, or if acquired before 1 October 2018, using the conversion rate from 1 October 2018;
- non-monetary assets carried at fair value are not restated as they are carried at amounts current at the end of the period;
- investment properties which are carried at fair value are not restated as they are carried at the measuring unit current at the reporting date;
- realised exchange gains are restated using an average CPI as they arose throughout the period;
- property inventories are restated by applying the change in the general price index level from the date of acquisition of the property and subsequent development costs from the dates they were incurred. Borrowing costs are not capitalised but are treated as period costs;
- components of owners' equity are restated by applying the general price level from the beginning of the period or date of contribution, if later;
- statement of comprehensive income items are restated to the measuring unit current at the reporting date by applying a general price index from the date of the underlying transaction or events with the exception of items such as depreciation and cost of sales which are calculated separately. Depreciation is calculated based on the restated carrying amount of the property, plant and equipment. Cost of sales is calculated based on the consumption of restated inventory;
- the effect of inflation on the net monetary position of the Company is included in the statement of profit or loss as a gain or loss arising on the net monetary position; and
- items in the statement of cash flows are expressed in terms of the measuring unit current at the reporting date.

The IFRS Conceptual Framework requires that in applying fair presentation to the financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining its functional currency for use in the preparation of its financial statements. This standard also requires an entity to make certain judgements, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange is not achievable.

The Company was unable to comply with International Accounting Standard 21, 'The effects of changes in foreign exchange rates' (IAS 21) due to compliance with laws and regulations stemming from Statutory Instrument ("S.I.") 33 of 2019. Refer to note 2.2 below, for further details regarding the change in presentation and functional currency.

In the opinion of the Directors, the requirement to comply with S.I. 33 of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework.

2.2 Change in functional and presentation currency

The financial statements are presented in Zimbabwe Dollar ("ZWL") which is both the functional and presentation currency of the Company. Zimbabwe witnessed significant monetary and exchange control policy changes from 2016 through to 2019. These changes resulted in the promulgation of S.I. 33 of 2019 on 22 February 2019 which introduced the RTGS Dollar.

Subsequently, the Zimbabwe Dollar was introduced on 24 June 2019 through promulgation of SI 142 of 2019 which removed the multi-currency system, which had been introduced in February 2009, for domestic transactions. In prior years, the functional and presentation currency was the United States Dollar (US$). The change in presentation currency resulted in comparative figures being restated to ZWL. However, the translation to ZWL was effected at a rate of 1:1 which was the official legal exchange rate at the time.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Change in functional and presentation currency (continued)

As a result of the currency changes announced by the Government, the Board assessed, in accordance with International Accounting Standard 21, 'The effects of changes in foreign exchange rates' and the guidance issued by the Public Accountants and Auditors Board ('PAAB'), whether use of the United States Dollar as the functional and presentation currency remained appropriate. In this regard, the following aspects were considered as articulated in IAS 21:

- The currency of the country whose economy determines sale prices of goods and services;
- The currency that influences the price for the Company's products;
- The currency that influences labour, material and other costs of running the Company's operations;
- The currency in which operating receipts are retained.

In the view of the Directors, the ZWL remained the key driver of the factors noted above for the purpose of preparing the 2019 financial statements. The ZWL was determined as the Company's functional and presentation currency for the purpose of accounting and reporting.

2.2.1 Determination of date of change in functional currency

The Company resolved to adopt 22 February 2019 as the date of change in functional currency, given that this was when the local currency was legally introduced. IAS 21 requires that the functional currency of an entity be determined based on the underlying circumstances of the entity. The Company's assessment of functional currency indicates that the functional currency may have changed at an earlier date than this, however, this change could not be implemented as it was not practical to do so.

Given the change in functional and presentation currency, the financial statements of the entity had to be translated to the ZWL. In the current financial reporting period, up to the date of change in functional currency, the income and expenditure in the statement of profit or loss were translated at a rate of 1:1; items denominated in a currency other than the ZWL in the statement of financial position were translated at spot rate on the date of change in functional currency. Comparative periods were translated at a rate of 1:1 as this was the official legal exchange rate during the period.

2.2.2 Determination of exchange rate

The challenge with determining exchange rates within the context of the economy is that there are multiple exchange rates available which may be used for the translation. S.I. 33 of 2019 prescribed the use of an interbank exchange rate for conversion of assets and liabilities. The interbank exchange rate opened trading at 2.5. Therefore, on the date of functional currency conversion, the Company used a rate of 2.5 to translate the balances denominated in foreign currencies in the statement of financial position. Determination of an exchange rate is considered a significant judgement due to its nature and the number of alternative exchange rates that could have been applied.

2.2.3 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuation where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.3 New standards, amendments and interpretations

2.3.1 New standards, amendments and interpretations, effective for the first time for 31 December 2019 year ends that are relevant to the Company

Number	Effective date	Executive summary
IFRS 16, 'Leases'	1 January 2019	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New standards, amendments and interpretations (continued)

2.3.1 New standards, amendments and interpretations, effective for the first time for 31 December 2019 year ends that are relevant to the Company (continued)

Number	Effective date	Executive summary
IFRS 16, 'Leases' (continued)	1 January 2019	For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an arrangement contains a lease', SIC 15, 'Operating leases – Incentives' and SIC 27, 'Evaluating the substance of transactions involving the legal form of a lease'.
Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities	1 January 2019	The narrow-scope amendment covers two issues: ▪ The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities. ▪ How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.
IFRIC 23, 'Uncertainty over income tax treatments'	1 January 2019	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.
Annual improvements cycle 2015-2017	1 January 2019	These amendments include minor changes to: ▪ IFRS 3, 'Business combination' - a company remeasures its previously held interest in a joint operation when it obtains control of the business. ▪ IFRS 11, 'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. ▪ IAS 12, 'Income taxes' - The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. ▪ IAS 23, ' Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New standards, amendments and interpretations (continued)

2.3.2 New standards, amendments and interpretations issued but not effective for 31 December 2019 year ends that are relevant to the Company and have not been early adopted

Number	Effective date	Executive summary
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	1 January 2020	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: ▪ use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; ▪ clarify the explanation of the definition of material; and ▪ incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

There are no other standards, amendments and interpretations that are not yet effective that are likely to have a material impact on the Company. Management is assessing the impact of the new standards on the Company and the timing of their adoption.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group of persons that allocate resources to and assesses the performance of the operating segments of an entity. The Management Committee of the Company has been identified as the chief operating decision maker.

2.5 Investment property

Investment property comprises completed property that is held to earn rentals or for capital appreciation or both and property under construction or development for future use as investment property. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in the statement of profit or loss in the period in which they arise. Fair values are evaluated annually by an accredited external independent valuer, applying valuation models recommended by the International Valuation Standards Committee.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property and the fair value is re-assessed.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. The difference between the cost-based measurement and fair value is treated as a revaluation adjustment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Investment property (continued)

Where an investment property undergoes a change in use, such as commencement of development with a view to sell, the property is transfered to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

2.6 Property and equipment

Property and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses (if any). Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria is met. When significant parts of property and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for decommissioning an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

Buildings	40 years
House boat	14 years
Motor vehicles	5 years
Computers	5 years
Office equipment	5 years
Office furniture	10 years

Land is not depreciated.

The depreciable amount of an asset is determined after deducting its residual value. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate. If expectations differ from the previous estimates the Company accounts for it as a change in estimate.

An item of property and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

2.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are seperately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast financial information, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment allowances may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment allowance is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment allowance was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment allowance been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

2.8 Inventories

Inventories consist of land development projects for disposal in the normal course of trade and office consumables. On initial recognition, inventories are measured at cost. Cost comprises all costs of purchasing, costs of developing the land and other costs incurred in bringing the inventories to their present location and condition after deducting rebates and discounts. Subsequently, inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost is determined using the weighted average cost method.

2.9 Investments and other financial assets

Classification of financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains or losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Company reclassifies financial instruments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of financial instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial instruments:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Investments and other financial assets (continued)

Debt instruments (continued)

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

- **FVPL:** Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised under "fair value adjustments" in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1(b) for further details.

2.10 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9, 'Financial instruments', are classified as financial liabilities at fair value through profit or loss or other financial liabilities at amortised cost. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Company's financial liabilities comprise trade and other payables and borrowings which are all classified as financial liabilities at amortised cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such a modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.11 Off-setting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Company. They are generally due for settlement within 30 days and are therefore all classified as current. Trade and other receivables are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in note 3.1(b).

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.14 Share capital

Ordinary shares

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax from the proceeds.

Treasury shares

Where the Company purchases the Company's ordinary share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received net of any directly attributable incremental transaction costs is included in equity attributable to the Company's equity holders.

2.15 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged or cancelled or has expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.18 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

2.19 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Current versus non-current classification

An asset is current when it is:

- expected to be realised or intended to be sold or consumed within a period of twelve months;
- held primarily for the purpose of trading; and
- expected to be realised within twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled within 12 months;
- It is held primarily for the purposes of trading;
- It is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.21 Revenue recognition

The Company derives revenue from the transfer of goods and services over time and at a point in time.

Revenues from external customers come from the sale of developed residential stands, the leasing of space to tenants and from other property services which include property valuations, property management and property sale. These are detailed below:

Rental income

The Company is the lessor on operating lease transactions. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Services and management charges are recognised in the accounting period in which they are incurred.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of profit or loss when the right to receive them arises.

Property services income

Property services income comprises income due from property-related services to other parties. The income is recognised when the related services have been provided. Property services income is generated from the following services:

- property management;
- property sales; and
- property valuations.

Sale of completed property

The Company develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Company due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. The consideration is due upon signing the sale contract. Deferred payment terms may be agreed in some cases for periods up to 36 months. In such cases, the transaction price is adjusted for the effects of a significant financing component.

The Company has contracts with customers where the period between signing of the sale contract and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices for the time value of money at the effective interest rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Revenue recognition (continued)

Deferred income
Where conditions precedent to the sale of completed stands have not been met, any related revenue is recognised as deferred income. Amounts recognised in deferred income will only be recognised as revenue after all conditions precedent have been met and significant risks and rewards have been transferred to the buyer and, the buyer has accepted the property.

Property valuation fees
Revenue is recognised when a property valuation mandate has been fully executed and invoiced to the customer. Revenue is measured at the transaction price agreed under the contract. Revenue is recognised at a point in time when an invoice is issued to the customer.

Property management fees
The Company earns revenue from the management of third party properties under a management agreement. Revenue is recognised when tenants to the property pay their monthly rentals from which property management fees are deducted before net proceeds are remitted to the property owner. Revenue is measured at the amount or rate agreed under the management agreement.

Property sales commission
The Company earns commission from the sale of third party property sales. Revenue is recognised at a point in time when an agreement of sale has been signed between the buyer and the seller. Revenue is measured at the amount or rate set out in the agreement of sale.

2.22 Finance income
For all financial instruments measured at amortised cost and interest bearing financial assets classified as fair value through other comprehensive income (“FVOCI”), interest income or expense is recorded using the effective interest method (“EIM”), which is the rate that exactly discounts the estimated future cash payments or receipts throughout the expected life of the financial instrument or a shorter period.

2.23 Current income and deferred tax
The income tax expense or credit for the period is the tax payable on the current period’s taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax
The current income charge is calculated on the basis of the tax laws enacted or substantively enacted, at the reporting date in Zimbabwe where the Company operates and generates taxable income. Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities.

Income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or directly in equity. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax
Deferred tax is provided for using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Current income and deferred tax (continued)

Deferred tax (continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period.

Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable amounts will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

2.24 Employment benefits

Post-employment benefits
The Company operates one defined contribution pension plan, which requires contributions to be made to the fund which is separately administered. The pension plan is funded by payments from employees and the Company. The Company's contribution to the defined contribution pension plan is charged to the statement of profit or loss in the period to which the contributions relate. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The pension plan is funded by payments from employees and the Company. Retirement benefits are also provided for the Company's employees through the National Social Security Authority ("NSSA") Scheme. The cost of retirement benefits applicable to the scheme is determined by the systematic recognition of legislated contributions.

Termination benefits
The Company recognises termination benefits when there is a demonstrable commitment to either terminate employment of an employee or group of employees before normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The Company recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37, 'Provisions, contingent liabilities and contingent assets', and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Short term employee benefits
Short term employee benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions.

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Employment benefits (continued)

Profit sharing and bonus plans
The Company recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.25 Change in accounting policy

The Company adopted IFRS 16, "Leases" from 1 January 2019 which resulted in changes in accounting policies.

The Company's business mainly involves the leasing of space to tenants for which rentals are earned. The Company did not need to make any adjustments to the accounting for assets held as lessor under operating lease as a result of the adoption of IFRS 16. The Company has applied the simplified transition approach and has not restated any comparative information. The Company does not have any finance leases as lessor. The adoption of IFRS 16 did not require any adjustments to the amounts recognised in relation to assets held by the Company as lessor under operating leases.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks; market risk (including price risk, cash flow and fair value interest rate risk and foreign exchange risk), credit risk and liquidity risk.

The Company's principal financial liabilities comprise borrowings and trade payables. The Company has various financial assets such as trade and other receivables, cash and cash equivalents which arise directly from its operations. In addition the Company has financial instruments such as financial assets at fair value through profit or loss that arise from investing activities.

The Company's senior management oversees the management of these risks within the framework of the risk management matrix. As such, the Company's senior management is supported by the Zimre Holdings Limited Group Internal Audit Department which advises on financial risks and the appropriate financial risk governance framework for the Company. The Group Internal Audit Department provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies on risk management.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: price risk, interest rate risk and foreign exchange risk. The Company's market risks arise from open positions in foreign currencies, interest bearing liabilities and equity prices to the extent that these are exposed to general and specific market movements.

i) Price risk

Price risk is the potential loss arising from changes in the market price of a financial instrument as a result of fluctuations in the market price. A substantial part of the equity portfolio comprises listed counters.

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future values of the investments. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis.

At the reporting date, the exposure to listed equity securities at fair value was ZWL279,482 (2018: ZWL1,405,616). An increase or decrease of 10% of the Zimbabwe Stock Exchange market index could have a positive or negative impact of approximately ZWL27,948 (2018: ZWL140,562) on the fair value gains or losses of the Company's financial assets at fair value through profit or loss, depending on whether or not the increase or decrease is fairly significant or prolonged. A significant decrease will affect profit or loss if it results in an impairment.

ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Company analyses its interest rate exposure on a dynamic basis and various scenarios are simulated. The Company manages its interest rate risk by re-negotiating fixed interest rates whenever there are changes in the market.

The Company's interest rate risk arises from interest-bearing assets and from borrowings. Investments and borrowings expose the Company to cash flow and fair value interest rate risk, as the fair value of the financial instrument fluctuates because of changes in market interest rates.

As at 31 December 2019, the Company's exposure to borrowings was ZWL5,892,191 (2018: ZWL20,964,214). A 10% increase or decrease in the interest rate on borrowings will result in an increase or decrease of ZWL191,596 (2018: ZWL97,615) in interest charges.

The interest bearing money market investments are invested for a short tenor of less than 30 days and the Company is not significantly exposed to changes in market interest rates.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

3.1 Financial risk factors (continued)

(a) Market risk (continued)

ii) Cash flow and fair value interest rate risk (continued)

As at 31 December 2019, if the interest rate on trade and other receivables at the date had been 1% higher/lower with all other variables held constant, the recalculated post-tax effects on profit for the year would have been ZWL91,047 (2018: ZWL346,276) higher/lower mainly as a result of higher/lower interest income on trade and other receivables, receivables and investments.

iii) Foreign exchange risk

Foreign exchange risk is the risk arising from fluctuations in foreign exchange rates and their effect on future commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Company is exposed through holding of monetary assets and liabilities denominated in a currency other than the Company's functional currency.

The table below shows the balances denominated in foreign currency.

As at 31 December 2019	Foreign currency amount US$	Exchange rate	ZWL equivalent
Assets			
Cash and cash equivalents	20,464	16.77	343,181

As at 31 December 2018	Foreign currency amount US$	Exchange rate	ZWL equivalent
Assets			
Cash and cash equivalents	247,791	1	1,539,116

Foreign exchange risk sensitivity analysis

The following analysis is performed for reasonably possible movements in the foreign exchange rates to ZWL with all other variables held constant, showing the impact on profit/(loss) before income tax and equity due to changes in the fair value of balances held in foreign currency. An analysis has been performed based on a -/+ 10% movement on the interest rates.

		2019 ZWL	2018 ZWL
Effect on profit/(loss) before income tax	**Change**		
31 December	10%	34,318	3,276
31 December	-10%	(34,318)	(3,276)
Effect on equity			
31 December	10%	25,481	2,432
31 December	-10%	(25,481)	(2,432)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk is managed internally by the operations and finance departments. Credit risk arises from deposits with banks and financial institutions as well as outstanding receivables and committed transactions. For banks and financial institutions, only well established and reliable institutions are used.

Credit risk on trade receivables is managed by requiring good tenancy deposits and tenants to pay rentals in advance. The credit quality of the tenants is assessed based on a financial risk assessment at the time of entering into a lease agreement. Outstanding tenant receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset as disclosed in the statement of financial position.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Company's maximum exposure to credit risk by class of financial asset is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Trade receivables	6,190,710	8,019,381	6,190,710	1,291,085
Staff and other receivables (excluding prepayments and statutory receivables)	1,614,111	13,451,642	1,614,111	2,165,655
Financial assets at fair value through profit or loss	279,482	1,405,616	279,482	226,298
Cash and cash equivalents	644,127	1,776,268	644,127	284,361
	8,728,430	24,642,907	8,728,430	3,967,399

Credit risk analysis
As at 31 December the analysis of financial assets were as follows:

	INFLATION ADJUSTED				
	30 days ZWL	60 days ZWL	90 days ZWL	120 days ZWL	Total ZWL
As at 31 December 2019					
Trade receivables	5,102,845	755,730	199,846	132,289	6,190,710
Staff and other receivables (excluding prepayments and statutory receivables)	317,196	370,547	370,547	555,821	1,614,111
Financial assets at fair value through profit or loss	279,482	-	-	-	279,482
Cash and cash equivalents	644,127	-	-	-	644,127
	6,343,650	1,126,277	570,393	688,110	8,728,430
As at 31 December 2018					
Trade receivables	4,723,187	1399,387	667,023	1,229,784	8,019,381
Staff and other receivables (excluding prepayments and statutory receivables)	4,035,493	2,690,328	2,690,328	4,035,493	13,451,642
Financial assets at fair value through profit or loss	1,405,616	-	-	-	1,405,616
Cash and cash equivalents	1,766,268	-	-	-	1,766,268
	11,930,564	4,089,715	3,357,351	5,265,277	24,642,907

	HISTORICAL COST				
	30 days ZWL	60 days ZWL	90 days ZWL	120 days ZWL	Total ZWL
As at 31 December 2019					
Trade receivables	5,102,845	755,730	199,846	132,289	6,190,710
Staff and other receivables (excluding prepayments and statutory receivables)	317,196	370,547	370,547	555,821	1,614,111
Financial assets at fair value through profit or loss	279,482	-	-	-	279,482
Cash and cash equivalents	644,127	-	-	-	644,127
	6,343,650	1,126,277	570,393	688,110	8,728,430

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

3.1 Financial risk factors (continued)

Credit risk analysis (continued)

(b) Credit risk (continued)	HISTORICAL COST 30 days ZWL	60 days ZWL	90 days ZWL	120 days ZWL	Total ZWL
As at 31 December 2018					
Trade receivables	784,632	215,013	102,487	188,953	1,291,085
Staff and other receivables (excluding prepayments and statutory receivables)	649,697	433,130	433,131	649,697	2,165,655
Financial assets at fair value through profit or loss	226,298	-	-	-	226,298
Cash and cash equivalents	284,361	-	-	-	284,361
	1,944,988	648,143	535,618	838,650	3,967,399

Impairment of financial assets

The Company has four types of financial assets that are subject to the expected credit loss model:

- trade receivables from sale of stands and leasing of space to tenants and other related activities;
- staff receivables;
- other receivables; and
- cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified credit loss allowance was immaterial.

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables have been grouped in the following categories:

- Listed companies
- Government and parastatals
- Large corporate companies
- Private companies and SME's
- Partnerships
- Individuals
- Sole traders

The expected credit loss rates are based on the payment profiles of sales over a period of 60 months before 31 December 2019 or 1 January 2019 respectively 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 Company has identified the current liquidity crisis and foreign currency shortages to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Analysis by credit quality of trade receivables

Customers are assessed for creditworthiness in line with Company criteria prior to entering into lease arrangements and sale agreements. For lessees and purchasers of stands, the assessment includes reference checks with institutions that have the debtors previous trading information. Credit risk is managed by requiring tenants to pay good tenancy deposits upfront and rentals in advance; and in the case of purchasers of land, a substantial deposit is paid upfront and title is withheld until such a time the outstanding balance has been settled. Outstanding trade receivables are regularly monitored and all debtors that accrue arrears are closely monitored. An impairment analysis is performed at each reporting date on an individual basis for all debtors. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Trade receivables (continued)

Analysis by credit quality of trade receivables (continued)

Tenant receivables
When determining specific allowance for credit losses in respect of tenant rent receivables, the following criteria is used:

(i) Length of period of non-payment
The length of period a tenant stays without making payment towards past due balances is used as a measure of the extent of delinquency of outstanding amounts. All past due amounts over three months are referred to collection agencies and lawyers for collection while amounts that are over six months past due may qualify for specific write-off subject to the fulfilment of additional qualification criteria. All tenant account balances that are over three months are profiled with relevant percentages of general provisions applied to arrive at a provision amount.

(ii) Analysis of results of collection efforts undertaken so far in order to recover amounts that are past due
When the efforts of lawyers, collection agencies or direct approaches by the Company to tenants does not yield significant recovery of past due amounts and the prospects of significant recoveries considered remote, the outstanding balance should be considered for specific write off. Significant managerial judgment is exercised in analysing the likelihood of success of current collection efforts with assessment of prospects of recovery rated from more highly probable to remote.

(iii) Liquidity and solvency status of the debtor
As may be revealed by a review of the tenant's financial records and through other means such as media press reports, it may be determined that a deteriorating liquidity and solvency status of a defaulting tenant renders the past due amount uncollectable and therefore qualifying them for specific write-off.

(iv) Security arrangements
The Company considers directors' guarantees as vital security in the event that all other means of recovery of past due amounts does not yield meaningful results. In this regard, directors of tenant companies provide guarantees which are called upon in the event that the tenant fails to pay. Unsecured past due amounts that have gone through all reasonable recovery effort and remain uncollectable qualify for specific write-off subject to fulfilment of additional qualifying criteria.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Trade receivables (continued)

Analysis by credit quality of trade receivables (continued)

Tenant receivables (continued)
The credit loss allowance for tenant receivables as at 31 December 2019 for the various groups was determined as follows :

As at 31 December 2019

	Current	30 Days	60 Days	90 Days	120+ Days	Balance
Listed companies						
Gross carrying amounts	55,727	35,888	1,127	-	-	92,742
Expected loss rate	6%	13%	13%	32%	32%	
Loss allowance	3,596	4,632	145	-	-	8,373
Government and parastatals						
Gross carrying amounts	205,501	161,755	108,865	36,084	54,964	567,169
Expected loss rate	7%	13%	13%	34%	34%	
Loss allowance	13,849	21,799	14,674	12,160	18,520	80,978
Large corporate companies						
Gross carrying amounts	305,409	69,640	26,644	3,702	34,668	440,063
Expected loss rate	7%	14%	14%	34%	100%	
Loss allowance	20,744	9,460	3,619	1,257	34,668	69,748
Private companies and SMEs						
Gross carrying amounts	442,189	190,637	87,973	32,104	738,906	1,491,809
Expected loss rate	7%	14%	14%	34%	100%	
Loss allowance	30,035	25,897	11,951	10,903	738,906	817,692
Partnerships						
Gross carrying amounts	34,158	24,048	15,846	11,339	40,518	125,909
Expected loss rate	7%	14%	14%	34%	100%	
Loss allowance	2,320	3,267	2,153	3,851	40,518	52,109
Individuals						
Gross carrying amounts	15,782	4,218	450	1,000	5,479	26,929
Expected loss rate	13%	32%	38%	100%	100%	
Loss allowance	2,037	1,361	169	1,000	5,479	10,046
Sole traders						
Gross carrying amounts	-	-	-	-	-	-
Expected loss rate	13%	32%	32%	100%	100%	
Loss allowance	-	-	-	-	-	-
Total gross carrying amount	1,058,767	486,186	240,905	84,229	874,535	2,744,621
Loss allowance	(72,581)	(66,416)	(32,687)	(29,171)	(838,091)	(1,038,946)
Staff receivables						
Gross carrying amounts						1,242,210
Loss allowance						(32,357)
Total loss allowance						(1,071,303)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Trade receivables (continued)

Analysis by credit quality of trade receivables (continued)

Tenant receivables (continued)

As at 31 December 2018

	Current	30 Days	60 Days	90 Days	120+ Days	Balance
Listed companies						
Gross carrying amounts	7,751	5,528	4,255	3,608	65,169	86,311
Expected loss rate	6%	12%	12%	30%	30%	
Loss allowance	465	663	511	1,082	19,551	22,272
Government and parastatals						
Gross carrying amounts	49,633	33,575	26,655	22,600	408,204	540,667
Expected loss rate	6%	13%	13%	32%	32%	
Loss allowance	2,978	4,365	3,465	7,232	130,208	148,248
Large corporate companies						
Gross carrying amounts	64,174	43,412	34,464	29,221	527,792	699,063
Expected loss rate	6%	13%	13%	32%	100%	
Loss allowance	3,850	5,644	4,480	9,351	527,792	551,117
Private companies and/SMEs						
Gross carrying amounts	482,214	258,023	204,839	173,677	3,136,990	4,255,743
Expected loss rate	5%	13%	13%	32%	100%	
Loss allowance	22,886	33,543	26,629	55,577	3,136,990	3,275,625
Partnerships						
Gross carrying amounts	62,767	42,461	33,709	28,581	516,231	683,749
Expected loss rate	6%	13%	13%	32%	100%	
Loss allowance	3,766	5,520	4,382	9,146	516,231	539,045
Individuals						
Gross carrying amounts	3,323	2,246	1,783	1,512	27,308	36,172
Expected loss rate	12%	30%	30%	100%	100%	
Loss allowance	399	674	535	1,512	27,308	30,428
Sole traders						
Gross carrying amounts	279,492	189,069	150,098	127,264	2,298,665	3,044,588
Expected loss rate	13%	32%	32%	100%	100%	
Loss allowance	36,334	60,502	48,031	127,264	2,298,665	2,570,796
Total gross carrying amounts	949,353	574,314	455,804	386,462	6,980,360	9,346,293
Loss allowance	(70,678)	(110,910)	(88,034)	(211,163)	(6,656,746)	(7,137,531)
Staff receivables						
Gross carrying amounts						7,415,540
Loss allowance						(1,321,353)
Total loss allowance						(8,458,884)

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Trade receivables (continued)

Analysis by credit quality of trade receivables (continued)

Property sales receivables
No impairment allowance has been recognised on property sales receivables because the debtors pay a significant deposit upfront, therefore monthly repayments are affordable and title does not pass until the full amount has been settled. There has been no history of default.

The loss allowance for receivables as at 31 December reconciles to the opening loss allowance as follows:

Trade receivables	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Opening credit loss allowance as at 1 January	7,137,948	6,563,027	1,149,111	887,603
(Decrease)/increase in the allowance recognised in profit or loss during the period	(252,880)	552,920	(110,165)	81,795
Change in accounting policy - IFRS 9	-	1,328,889	-	179,713
Effects of IAS 29	(5,846,122)	(1,307,305)	-	-
Closing credit loss allowance as at 31 December	1,038,946	7,137,531	1,038,946	1,149,111

Staff receivables

Opening loss allowance as at 1 January	1,321,353	309,229	212,732	41,821
(Decrease)/increase in the allowance recognised in profit or loss during the period	(414,044)	1,155,323	(180,375)	170,911
Effects of IAS 29	(874,952)	(143,199)	-	-
Closing loss allowance as at 31 December	32,357	1,321,353	32,357	212,732

The general approach has been used in determining the expected credit loss on staff receivables. Staff receivables comprise mortgage loans, vehicle loans and personal loans. The allowance for credit losses is calculated by multiplying the Reserve Bank of Zimbabwe non-performing loans rate of 14% by the outstanding loans at 31 December 2019. The potential impairment is then reduced by any collateral the Company holds on each loan as follows:

- Mortgage loans - the Company holds the title deed to the property and where the value of the collateral is greater than the outstanding loan, no impairment is raised. In 2019, all mortgage loan balances were lower than the security held.
- Motor vehicle loans - the Company holds the vehicle registration book as security and where the value of the vehicle is greater than the outstanding loan, no impairment is raised. As at 31 December 2019, all motor vehicle loan balances were lower than the collateral held by the Company. In the case of employees who left and there is inadequate or no security the outstanding loan has been impaired.
- Personal loans - employee terminal benefits from the pension fund were considered in arriving at the allowance for credit losses. The uncovered portion of the loan would be provided for.
- In the case of employees who left, the outstanding loans were provided for in full.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Trade receivables (continued)

Analysis by credit quality of trade receivables (continued)

Staff receivables (continued)
The probability of default was calculated as 14%
The loss given default was determined to be 100%
The exposure at default was determined to be ZWL 1,242,210

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Gross carrying amount	1,242,210	7,415,540	1,242,210	1,193,869
Allowance for credit losses	(32,357)	1,321,353	(32,357)	(212,732)

Cash and cash equivalents
Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy as stipulated by the Investment Committee. The policy requires investments to be placed with a minimum of three financial institutions, so as to spread risk. On maturity, such investments are terminated and recalled to establish the financial institution's ability to honour maturities.

The Company holds cash accounts with financial institutions with sound financial and capital cover. The financial institutions holding the cash and cash equivalents of the Company have the following credit ratings.

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Credit rating				
A+	281,534	929,659	281,534	149,671
A	56,842	-	56,842	-
BB	305,751	-	305,751	-
BB-	-	836,609	-	134,690
	644,127	1,766,268	644,127	284,361

(c) Liquidity risk
Liquidity risk is the risk that the Company may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet its obligations to creditors. The Company monitors its risk to shortage of funds using a recurring liquidity planning tool. This tool involves daily, weekly and monthly cash flow forecasts and considers the maturity of both its financial investments and financial assets (tenant debtors, other financial assets). The Company's objective is to maintain a balance between continuity of funding and flexibility through use of bank loans or borrowings from related parties.

Trade and other payables are due on demand as the market does not offer credit terms. The table below analyses the maturity profile of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial assets and financial liabilities based on contractual and undiscounted payments on a worst case scenario.

Liquidity gap analysis

	INFLATION ADJUSTED			
As at 31 December 2019	**On demand and within 3 months ZWL**	**3 - 12 months ZWL**	**1 to 5 years ZWL**	**Total ZWL**
Financial assets				
Trade receivables	6,058,421	132,289	-	6,190,710
Staff and other receivables (excluding prepayments and statutory receivables)	1,058,290	555,821	-	1,614,111
Financial assets at fair value through profit or loss	279,482	-	-	279,482
Cash and cash equivalents	932,544	-	-	932,544
	8,328,737	688,110	-	9,016,847
Liabilities				
Trade and other payables (excluding statutory liabilities and provisions)	2,478,522	-	-	2,478,522
Borrowings	1,227,529	3,072,244	3,398,407	7,698,180
	3,706,051	3,072,244	3,398,407	10,176,702
Liquidity gap	4,622,686	(2,384,134)	(3,398,407)	(1,159,855)
Cumulative gap	4,622,686	2,238,552	(1,159,855)	-
As at 31 December 2018				
Financial assets				
Trade receivables	6,798,597	1,229,784	-	8,019,381
Staff and other receivables (excluding prepayments and statutory receivables)	9,416,149	4,035,493	-	13,451,642
Financial assets at fair value through profit or loss	1,405,616	-	-	1,405,616
Cash and cash equivalents	1,766,268	-	-	1,766,268
	19,377,630	5,265,277	-	24,642,907
Liabilities				
Trade and other payables (excluding statutory liabilities and provisions)	6,030,413	-	-	6,030,413
Borrowings	2,929,754	8,670,177	16,914,354	28,514,285
	8,960,167	8,670,177	16,914,354	34,544,698
Liquidity gap	10,417,463	(3,404,900)	(16,914,354)	(9,901,791)
Cumulative gap	10,417,463	7,012,563	(9,901,791)	-

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

HISTORICAL COST

As at 31 December 2019

	On demand and within 3 months ZWL	3 - 12 months ZWL	1 to 5 years ZWL	Total ZWL
Financial assets				
Trade receivables	6,058,421	132,289	-	6,190,710
Staff and other receivables (excluding prepayments and statutory receivables)	1,058,290	555,821	-	1,614,111
Financial assets at fair value through profit or loss	279,482	-	-	279,482
Cash and cash equivalents	932,544	-	-	932,544
	8,328,737	688,110	-	9,016,847
Liabilities				
Trade and other payables (excluding statutory liabilities and provisions)	2,478,522	-	-	2,478,522
Borrowings	1,227,529	3,072,244	3,398,407	7,698,180
	3,706,051	3,072,244	3,398,407	10,176,702
Liquidity gap	4,622,686	(2,384,134)	(3,398,407)	(1,159,855)
Cumulative gap	4,622,686	2,238,552	(1,159,855)	-

As at 31 December 2018

	On demand and within 3 months ZWL	3 - 12 months ZWL	1 to 5 years ZWL	Total ZWL
Financial assets				
Trade receivables	1,102,131	188,954	-	1,291,085
Staff and other receivables (excluding prepayments and statutory receivables)	1,515,958	649,697	-	2,165,655
Financial assets at fair value through profit or loss	226,298	-	-	226,298
Cash and cash equivalents	285,826	-	-	285,826
	3,130,213	838,651	-	3,968,864
Liabilities				
Trade and other payables (excluding statutory liabilities and provisions)	970,870	-	-	970,870
Borrowings	471,650	1,395,779	2,722,978	4,590,407
	1,442,520	1,395,779	2,722,978	5,561,277
Liquidity gap	1,687,693	(557,128)	(2,722,978)	(1,592,413)
Cumulative gap	1,687,693	1,130,565	(1,592,413)	-

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.2 Fair value estimation

The Company measures financial instruments, such as equity investments and non-financial assets such as investment property, at fair value at reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Company's market assumptions. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value
The fair value is an estimate of 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. The following table summarises the fair value of assets and liabilities not measured at fair value on the entity's statement of financial position.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

3.2 Fair value estimation (continued)

	INFLATION ADJUSTED			
	2019		2018	
	ZWL Carrying amount	ZWL Fair value	ZWL Carrying amount	ZWL Fair value
Financial assets				
Trade and other receivables (excluding prepayments and statutory receivables)	7,804,821	7,804,821	21,471,023	21,471,023
Cash and cash equivalents	932,544	932,544	1,775,365	1,775,365
	8,737,365	8,737,365	23,246,388	23,246,388

The carrying amounts of loans and receivables closely approximate their fair values.

	2019 ZWL Carrying amount	2019 ZWL Fair value	2018 ZWL Carrying amount	2018 ZWL Fair value
Financial liabilities				
Trade and other payables (excluding statutory liabilities and provisions)	2,478,522	2,478,522	6,030,413	6,030,413
Borrowings	5,892,191	5,892,191	20,964,214	20,964,214
	8,370,713	8,370,713	26,994,627	26,994,627

The carrying amounts of other financial liabilities carried at amortised cost closely approximate their fair value. The impact of discounting is not significant due to market terms (rates and tenor) on borrowings, and the short term nature of trade and other payables.

4 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. The Company's capital comprises ordinary share capital, share premium and retained earnings. The Company's borrowing headroom is analysed as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Maximum borrowing limit (100% of shareholders' limit equity)	487,647,396	306,312,924	466,571,932	48,604,750
Borrowings	(5,892,191)	(20,964,214)	(5,892,191)	(3,375,146)
Borrowing headroom	481,755,205	285,348,710	460,679,741	45,229,604

The Directors are authorised to borrow up to an aggregate principal amount at any one time not exceeding 100% of the total shareholders' equity as set out in Section 84 of the Company's Articles of Association. At 31 December 2019, the Company was not exposed to any external capital restrictions (2018:nil).

4 CAPITAL MANAGEMENT (continued)

The Company monitors capital on the basis of a gearing ratio, which is net debt divided by total capital plus debt. The Company includes within net debt interest bearing loans, trade and other payables less cash and cash equivalents. No changes were made in the objective or processes for managing capital during the years ended 31 December 2019 and 31 December 2018. The gearing ratios at 31 December were as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Net debt				
Borrowings	5,892,191	20,964,214	5,892,191	3,375,146
Trade and other payables	2,600,329	6,249,941	2,600,329	1,006,213
Less: cash and cash equivalents	(932,544)	(1,775,365)	(932,544)	(285,826)
	7,559,976	25,438,790	7,559,976	4,095,533
Capital				
Ordinary share capital	12,693,901	12,693,901	1,716,667	1,716,667
Share premium	275,148,578	275,148,578	37,209,876	37,209,876
Retained earnings	199,804,917	18,470,445	427,645,389	9,678,207
	487,647,396	306,312,924	466,571,932	48,604,750
Gearing ratio	1.55%	8.30%	1.62%	8.43%
Target gearing	30%	30%	30%	30%

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities effected in future periods.

The Company based its estimates and assumptions on parameters available when the financial statements were prepared, existing circumstances and assumptions about future developments, however, these may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

5.1 Valuation of investment property

The Company carries its investment property at fair value, with changes in fair value being recognised in the statement of profit or loss. The income capitalisation method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and the application of investor yield or return requirements.

The determined fair value of the investment property is most sensitive to the estimated yield as well as the vacancy rates.

Valuation approach

The valuations have been undertaken in an environment of poor liquidity conditions and limited transaction evidence. Limited transaction evidence affects all properties whose fair values are arrived at based on comparable transactions obtained from the market. With regards to commercial and industrial properties, yields obtained from US$ transaction evidence were utilised.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

5.1 Valuation of investment properties (continued)

Valuation approach (continued)

In undertaking the valuations for commercial, industrial and retail properties, reliance has been placed on rental market evidence, void rates and arrears currently applying to the individual properties in the portfolio. The achieved rentals for the property portfolio are generally in line, and in some instances, higher than the rental rates being achieved in the market.

With regards to the residential properties, various properties were identified that were sold or which are on sale and situated in comparable low density residential suburbs. In analysing the comparable properties, the Main Space Equivalent ("MSE") principle was applied. The total MSE of the comparable was then used to determine the value per square meter of MSE. The objective is to arrive at a common basis of comparison. After adjustments for quality, location and size, the rates per MSE reflected by the comparable were then applied to the subject residential properties.

The yields have been obtained from the limited concluded transactions and have also been assessed taking into account asking prices and offers that may have been received for properties currently on the market, formally or otherwise, although the transactions may not have been concluded. Refer to note 7 for the carrying amount of investment property and the estimates and assumptions used to value investment property.

5.2 Allowances for credit losses on financial assets measured at amortised cost

The Company assesses its financial assets at amortised cost for impairment on a monthly basis and recognises credit loss allowances using the expected credit loss model. Key assumptions applied in this calculation are the estimated debt recovery rates within the Company's debtors' book, as well as an estimation or view on current and future market conditions that could affect the debt recovery rates. Refer to note 11 for further details on the allowance and the carrying amount of trade and other receivables.

5.3 Income taxes

The Company is subject to income taxes in Zimbabwe. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Company 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 income tax and deferred tax assets and liabilities in the period in which such determination is made.

5.4 Going concern

The Directors have assessed the ability of the Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is appropriate.

Impact of COVID 19 pandemic

A pneumonia of unknown cause detected in Wuhan, China was first reported to the World Health Organisation (WHO) Country Office in China on 31 December 2019. The disease outbreak caused by the coronavirus (COVID-19) was declared a Public Health Emergency of International Concern on 30 January 2020. Having assessed the alarming levels of spread and severity, the WHO characterised COVID-19 as a global pandemic on 11 March 2020.

In response and as a measure to contain the spread of the virus, the Government of Zimbabwe declared a 21-day national lockdown effective from 30 March 2020 through Statutory Instrument 83 of 2020 "Public Health (COVID-19 Prevention, Containment and Treatment) (National Lockdown) Order, 2020. The lockdown was initially extended by 14 days to end on 3 May 2020. Under the lockdown provisions, businesses except for essential services, were required to close and movement of vehicular and human traffic severely limited. In abiding by the lockdown provisions, the Company closed its offices on 30 March 2020 except for key areas involving the maintenance of critical building equipment. In addition, limited operations were allowed in buildings where tenants in essential services were permitted to operate. To that end, tenants running pharmacies, retail operations and fuel distributions continued to operate.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

5.4 Going concern (continued)

Impact of COVID 19 pandemic (continued)

While the lockdown has been extended indefinitely to allow Government to monitor the pandemic, the lockdown provisions have been relaxed to level 2, allowing businesses to re-open and operate. This has seen the Company's tenants coming back to resume their operations. The Company invested in facilities to enable employees to work offsite and migrated its database to Cloud to enable employee access from anywhere. This allowed for the processing of tenant information and tenant billing. These tools and facilities were put on trial during the initial 21-day lockdown period and despite the initial teething problems, were found to be working effectively to allow employees to continue the normal operations of the business.

The lockdown affected the majority of tenant operations and a decline in rental inflows was therefore inevitable. While a number of tenants have requested either rent holidays or rent reductions, the Company's approach has been to review each tenant's individual case and seek agreement on settlement of rentals. However, rent reviews for the first quarter were successfully implemented. Collections for the four months to April 2020 averaged 90% of total monthly charges, which compares well with all prior years since 2016. Projects income took a knock especially in the months of March and April 2020 as marketing of properties remained difficult under lockdown conditions. However, the relaxation of lockdown conditions should see stand sales improving.

The Directors have assessed the performance of the Company in the first four months of the year to April 2020, its financial projections and cashflow situation amidst the COVID-19 pandemic and lockdown and are satisfied with the measures taken by the Company to protect the business and preserve shareholder value. Further, in the assessment of post lockdown relaxation to level 2, the Directors have determined that the current resources at hand, funding facilities with banks and the revised level of rental inflows are adequate to finance operating expenses. The Directors have assessed the ability of the Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is appropriate.

6 SEGMENTAL REPORTING

The Company earns its income from rentals from its investment property portfolio, stand sales from development projects and from other services including property valuations, property sales and property management. Financial information is provided to the Management Committee, which is the chief operating decision maker for each of these segments. The income earning business activities are aggregated into segments with similar economic characteristics. The Management Committee considers that this is best achieved by aggregating rental income, stand sales and other income segments. Consequently the Company is considered to have three reportable operating segments, namely: rental (property management), stands sales (property development) and other.

All the Company's income is generated in Zimbabwe.

Property management segment
The Company earns rental income from leases with tenants who occupy its office, retail and industrial premises. Rental income is net of all taxes and charges.

Property development segment
The Company develops residential stands for onward selling to the public. This involves laying infrastructure required by local authorities which includes road network and sewer and water reticulation. The Company passes on the risks and rewards of ownership at a point where the project has been issued with a certificate of compliance by the local authority and the buyer has settled the purchase price.

Other segment
Other comprises income generated from other property services including valuations, property sales and management fees.

There are no sales between segments.

6 SEGMENTAL REPORTING (continued)

Segment assets for the rental income represent rent-earning investment property (including additions and improvements). Other assets (both current and non-current) are allocated to segments in proportion to the revenue earned by each segment.

Segment reporting for the year ended 31 December 2019

INFLATION ADJUSTED

i) Segment results	Property management ZWL	Property development ZWL	Other ZWL	Total ZWL
Revenue	16,077,614	12,966,086	1,074,490	30,118,190
Allowance for credit losses	667,034	-	-	667,034
Property expenses	(4,822,814)	-	-	(4,822,814)
Cost of stands sold	-	(2,626,504)	-	(2,626,504)
Segment net property income	11,921,834	10,339,582	1,074,490	23,335,906
Fair value adjustment on investment property	172,042,441	-	-	172,042,441
Administration expenses	(9,061,528)	(7,307,835)	(605,595)	(16,974,958)
Fair value adjustments on financial assets through profit or loss	(601,150)	(484,808)	(40,176)	(1,126,134)
Other income	6,391,989	5,154,936	427,186	11,974,111
Finance income	279,425	225,347	18,674	523,446
Finance costs	(1,915,963)	-	-	(1,915,963)
Monetary gain	7,457,091	6,013,908	498,368	13,969,367
Profit before income tax	186,514,139	13,941,130	1,372,947	201,828,216
ii) Segment assets and liabilities				
Assets				
Investment properties	489,210,800	-	-	489,210,800
Vehicles and equipment	4,197,684	3,385,299	280,538	7,863,521
Trade and other receivables	3,676,189	5,282,650	66,096	9,024,935
Other current assets	647,001	18,879,357	43,240	19,569,598
Total segment assets	497,731,674	27,547,306	389,874	525,668,854
Liabilities				
Non-current liabilities	17,624,945	11,912,332	987,166	30,524,443
Current liabilities	5,418,408	1,919,536	159,070	7,497,015
Total segment liabilities	23,043,353	13,831,868	1,146,236	38,021,458
iii) Segment capital expenditure				
Investment properties	37,838,443	-	-	37,838,443
Vehicles and equipment	598,649	432,059	20,895	1,051,603
	37,437,092	432,059	20,895	38,890,046

6 SEGMENTAL REPORTING (continued)

Segment reporting for the year ended 31 December 2019 (continued)

HISTORICAL COST

i) Segment results	**Property management ZWL**	**Property development ZWL**	**Other ZWL**	**Total ZWL**
Revenue	7,597,400	5,526,698	743,964	13,868,062
Allowance for credit losses	290,540	-	-	290,540
Property expenses	(2,327,446)	-	-	(2,327,446)
Cost of stands sold	-	(387,663)	-	(387,663)
Segment net property income	5,560,494	5,139,035	743,964	11,443,493
Fair value adjustments on investment properties	433,036,901	-	-	433,036,901
Administration expenses	(4,025,186)	(2,928,105)	(394,160)	(7,347,451)
Fair value adjustments on financial assets at fair value through profit or loss	27,139	23,026	3,019	53,184
Other income	4,033,711	2,934,307	394,995	7,363,013
Finance income	94,867	69,885	9,290	174,042
Profit before income tax	438,727,926	5,238,148	757,108	444,723,182

ii) Segment assets and liabilities

Assets				
Investment properties	489,210,800	-	-	489,210,800
Vehicles and equipment	1,012,155	745,610	99,114	1,856,879
Trade and other receivables	6,095,638	2,248,971	101,127	8,445,736
Other current assets	663,989	2,966,657	65,020	3,695,667
Total segment assets	496,982,582	5,961,238	265,261	503,209,082
Liabilities				
Non-current liabilities	17,254,428	10,475,563	1,410,144	29,140,135
Current liabilities	5,480,906	1,776,914	239,195	7,497,015
Total segment liabilities	22,735,334	12,252,477	1,649,339	36,637,150
iii) Capital expenditure				
Investment properties	11,203,013	-	-	11,203,013
Vehicles and equipment	598,649	432,059	20,895	1,051,603
	11,801,662	432,059	20,895	12,254,616

6 SEGMENTAL REPORTING (continued)

Segment reporting for the year ended 31 December 2018

INFLATION ADJUSTED

i) Segment results	Property management ZWL	Property development ZWL	Other ZWL	Total ZWL
Revenue	15,853,389	11,278,962	880,206	28,012,557
Allowance for credit losses	(1,707,988)	-	-	(1,707,988)
Property expenses	(7,086,642)	-	-	(7,086,642)
Cost of stands sold	-	(7,480,499)	-	(7,480,499)
Segment net property income	7,058,759	3,798,463	880,206	11,737,428
Fair value adjustments on investment properties	(56,846,644)	-	-	(56,846,644)
Administration expenses	(8,977,106)	(6,386,799)	(498,423)	(15,862,328)
Fair value adjustments on financial assets value at fair value through profit or loss	626,488	445,717	34,784	1,106,989
Other income	(999,676)	(711,224)	(55,504)	(1,766,404)
Finance income	1,262,846	898,457	70,116	2,231,419
Finance costs	(976,149)	-	-	(976,149)
Monetary loss	(8,636,348)	(6,144,367)	(479,504)	(15,260,219)
Loss before income tax	(67,487,830)	(8,099,753)	(48,325)	(75,635,908)

ii) Segment assets and liabilities

	Property management ZWL	Property development ZWL	Other ZWL	Total ZWL
Assets				
Investment properties	279,329,916	-	-	279,329,916
Vehicles and equipment	3,952,546	2,812,056	219,451	6,984,053
Trade other receivables	17,829,063	14,353,785	666,706	32,849,554
Other current assets	1,949,802	21,882,337	108,257	23,940,396
Total segment assets	303,061,327	39,048,178	994,414	343,103,919
Liabilities				
Non-current liabilities	17,951,535	3,655,057	285,239	21,891,831
Current liabilities	12,186,306	2,516,473	196,385	14,899,164
Total segment liabilities	30,137,841	6,171,530	481,624	36,790,995
iii) Capital expenditure				
Investment properties	77,517,105	-	-	77,517,105
Vehicles and equipment	52,447	37,852	1,831	92,130
	77,569,552	37,852	1,831	77,609,235

6 SEGMENTAL REPORTING (continued)

Segment reporting for the year ended 31 December 2018 (continued)

HISTORICAL COST

i) Segment results	Property management ZWL	Property development ZWL	Other ZWL	Total ZWL
Revenue	2,192,708	1,715,728	119,848	4,028,284
Allowance for credit losses	(252,706)	-	-	(252,706)
Property expenses	(977,289)	-	-	(977,289)
Cost of stands sold	-	(995,260)	-	(995,260)
Segment results	962,713	720,468	119,848	1,803,029
Fair value adjustments on investment properties	(902,254)	-	-	(902,254)
Administration expenses	(1,190,657)	(931,653)	(65,077)	(2,187,387)
Fair value adjustments on financial assets at fair value through profit or loss	(21,962)	(17,184)	(1,200)	(40,346)
Other income	(100,682)	(78,780)	(5,503)	(184,965)
Finance income	173,932	136,097	9,507	319,536
(Loss)/profit before income tax	(1,078,909)	(171,052)	57,575	(1,192,387)

ii) Segment assets and liabilities

	Property management ZWL	Property development ZWL	Other ZWL	Total ZWL
Assets				
Investment properties	44,970,886	-	-	44,970,886
Vehicles and equipment	524,033	410,039	28,642	962,714
Trade other receivables	2,732,786	2,390,423	101,631	5,224,840
Other current assets	301,923	3,007,918	16,502	3,326,343
Total segment assets	48,529,628	5,808,380	146,775	54,484,783
Liabilities				
Non-current liabilities	2,842,042	609,567	42,581	3,494,190
Current liabilities	1,927,341	428,567	29,935	2,385,843
Total segment liabilities	4,769,383	1,038,134	72,516	5,880,033
iii) Capital expenditure				
Investment properties	10,883,181	-	-	10,883,181
Vehicles and equipment	52,447	37,852	1,831	92,130
	10,935,628	37,852	1,831	10,975,311

7 INVESTMENT PROPERTIES	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
As at 1 January	279,329,916	271,451,947	44,970,886	36,709,960
	37,838,443	77,517,105	10,458,359	10,777,296
Improvements to existing properties - capitalised subsequent expenditure	1,675,188	16,869,306	634,482	2,715,854
Additions to investment properties	36,163,255	60,647,799	9,823,877	8,061,442
Capitalised borrowing costs	-	-	744,654	115,884
Disposals	-	(12,792,492)	-	(1,730,000)
Fair value adjustments	172,042,441	(56,846,644)	433,036,901	(902,254)
As at 31 December	489,210,800	279,329,916	489,210,800	44,970,886

Investment properties with a total carrying amount of ZWL64.7 million (2018: ZWL88.2 million) were encumbered as at 31 December 2019.

7.1 Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments are based on agreed rentals from periodic rent reviews that are carried out. Where considered necessary to reduce credit risk, the Company may obtain bank guarantees and sureties for the term of the lease.

Although the Company is exposed to changes in the residual value at the end of the current leases, the Company typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are as follows:

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Within 3 months	3,235,115	4,558,369	593,458	517,878
3 to 6 months	4,036,912	4,791,458	959,730	544,026
6 to 12 months	8,805,588	8,723,760	6,044,212	1,130,805
1 to 5 years	329,414,958	314,319,839	329,414,958	314,319,839
	345,492,573	332,393,426	337,012,358	316,512,548

7.2 Valuation of investment properties

Investment properties are stated at fair value, which were determined based on desktop valuations performed by Knight Frank Zimbabwe, an accredited independent property valuer, as at 31 December 2019. Knight Frank Zimbabwe is an industry specialist in valuing these types of investment properties. The fair values of the property portfolio have been determined using the income approach for developed commercial and industrial properties; and the market approach for residential properties and undeveloped land. Valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

Valuation process

The market value was determined by reference to observable prices in an open market. Where there were no comparable prices, the market value was determined by capitalising achieved rentals by apprpriate yields. The fair value of investment property is categorised as level 3 because of the significant unobservable inputs which were used.

i) Income approach

Under the income capitalisation method, a property's fair value is estimated based on the annualised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return). Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised (discounted).

7 INVESTMENT PROPERTIES (continued)

7.2 Valuation of investment properties (continued)

Valuation process (continued)

ii) Market approach
Under the market comparable method, a property's fair value is estimated based on comparable transactions. The unit of comparison applied by the Company is the price per square metre ("sqm").

iii) Rent per square metre
The rent at which space could be let in the market conditions prevailing at the date of valuation. The unit of comparison is the rental rate per square metre.

iv) Vacancy rate
The Company determines the vacancy rate which can be based on the percentage of estimated vacant space divided by the total lettable area.

v) Prime yield
The prime yield is defined as the internal rate of return of the cash flows from the property, assuming a rise to Estimated Rental Value ("ERV") at the next review, but with no further rental growth.

The rental rate yield represents the net income expected in year zero divided by the current property values (historical or trailing income yield). The risk arises when void levels in the portfolio increase. This increase will consequently result in a reduction in net incomes. Where net incomes remain constant, a reduction in the yield rates will result in increased property values.

7.3 Fair value hierarchy
Changes recorded in the statement of profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to ZWL172,042,441 (2018: ZWL56,846,644) and are presented in the statement of profit or loss line item 'fair value adjustments'.

All gains and losses recorded in statement of profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment properties held at the end of the reporting period.

Valuation techniques used to derive level 3 fair values
The table below presents the following for each class of the investment properties:

- The fair value measurements at the end of the reporting period;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- Level 3 fair value measurements, quantitative information about the significant observable inputs used in the fair value measurement.

7 Investment properties (continued)

7.3 Fair value hierachy (continued)

Class of property	Fair value 31 December 2019 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
Retail	178,713,000	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	149.00 5.00% 3.00%
CBD offices	205,160,000	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	108.00 11.00% 24.00%
Industrial	12,200,000	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	40.81 14.00% 25.00%
Land - Residential	20,145,600	Market comparable	Rate per square metre	142.00
Land - Commercial	47,191,200	Market comparable	Rate per square metre (ZWL)	500-1,000
Student accommodation	19,950,000	Income capitalisation	Rental per room (ZWL) Capitalisation rate Vacancy rate	800 - 1200 10.00% n/a
Residential	5,851,000	Market comparable	Comparable transacted properties prices (ZWL)	5,000- 8,000
Total	489,210,800			

Class of property	Fair value 31 December 2018 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
Retail	155,089,946	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	12.00 7.00% 0.00%
CBD offices	108,325,351	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	5.00 9.00% 33.00%
Industrial	11,460,000	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	2.00 13.00% 52.00%
Land - Residential	19,021,437	Market comparable	Rate per square metre	n/a
Land - Commercial	44,819,000	Market comparable	Rate per square metre (ZWL)	500 -1,000
Residential	5,481,000	Market comparable	Comparable transacted properties prices (ZWL)	5,000 - 8,000
Total	416,196,734			

Lettable space per square metre

	Square metres of lettable space		% of portfolio	
	December 2019	December 2018	December 2019	December 2018
Sector				
Pure retail	19,500	11,685	31.80%	25.83%
CBD offices	32,498	26,676	52.99%	58.96%
Industrial	6,881	6,881	11.22%	15.21%
Student accommodation	2,499	-	3.99%	-
Total	61,328	45,242	100.00%	100.00%

A new asset class, student accommodation, was introduced during the year after the successful conversion of Nicoz House Bulawayo from an office block.

7 INVESTMENT PROPERTIES (continued)

7.3 Fair value hierarchy (continued)

The valuation technique and key unobservable inputs used in determining the fair value measurement of investment properties as well as the inter-relationship between key unobservable inputs and fair value, is detailed in the table below:

Property class	Valuation technique	Key unobservable inputs	Range	Relationship between key unobservable inputs and fair value
CBD offices	Income capitalisation and comparison approach	Market rental rates per square metre Capitalisation rate Occupancy rate Void period	ZWL50 to100 8% -10% 60% to 80% Average 6 months	The estimated fair value would increase/(decrease), if market rent rates were higher/(lower), capitalisation rates were lower/(higher), occupancy rates were higher/(lower) and voids periods were shorter/(longer)
Retail	Income capitalisation and comparison approach	Market rental rates per square metre Capitalisation rate Occupancy rate Void period	ZWL160 to ZWL200 7% -10% 80% - 95% Average 2 months	The estimated fair value would increase/(decrease), if market rent rates were higher/(lower), capitalisation rates were lower/(higher), occupancy rates were higher/(lower) and voids periods were shorter/(longer)
Industrial	Income capitalisation and comparison approach	Market rental rates per square metre Capitalisation rate Occupancy rate Void period	ZWL15 to ZWL35 11% - 13% 50% to 80% Average 6 months	The estimated fair value would increase/(decrease), if market rent rates were higher/(lower), capitalisation rates were lower/(higher), occupancy rates were higher/(lower) and voids periods were shorter/(longer)
Residential	Comparison approach	Comparable transcated sales evidence	ZWL100,000 to ZWL250,000	The estimated fair value would increase/(decrease) if achieved transacted sale evidence were higher/(lower)
Land - commercial	Comparison approach	Comparable transcated sales evidence per square meter	ZWL40 to ZWL100	The estimated fair value would increase/(decrease) if achieved transacted sale evidence were higher/(lower)
Land - residential	Comparison approach	Comparable transcated sales evidence per square meter	ZWL15 to ZWL40	The estimated fair value would increase/(decrease) if achieved transacted sale evidence were higher/(lower)

Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy

Significant increases/(decreases) in the comparable transacted properties and rental per square metre in isolation would result in a significant higher/(lower) fair value measurement. Significant increases/(decreases) in the long-term vacancy rate and prime yield in isolation would result in a significant lower/(higher) fair value measurement.

7 INVESTMENT PROPERTIES (continued)

7.3 Fair value hierarchy (continued)

Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy (continued)

The annual rental income used in the valuation of the portfolio was ZWL36,606,629 and the overall capitalisation rate was 7.6%. Increasing the capitalisation rate by 10% would decrease the fair value to ZWL437,880,942. Reducing the capitalisation rate by 10% would increase the fair value to ZWL535,184,573.

Market prime yields

Sector	Prime yield
Retail	7% - 8%
Office	8% - 10%
Industrial	11% - 13%

The impact of the factors listed below on fair value was as follows:

Void periods	-	2 - 5 years
Total occupancy rate	-	87.17%
Total vacancy rate	-	12.83%

8 VEHICLES AND EQUIPMENT

INFLATION ADJUSTED

Year ended 31 December 2018	Land and buildings ZWL	Motor vehicles ZWL	Office equipment ZWL	House boat ZWL	Office furniture ZWL	Total ZWL
Opening net book amount	3,213,131	557,066	429,789	2,982,946	261,579	7,444,511
Additions	-	440,601	218,302	-	15,270	674,173
Disposals	-	(287,350)	-	-	-	(287,350)
Depreciation charge	(213,310)	(147,201)	(161,430)	(271,059)	(54,281)	(847,281)
Closing net book amount	2,999,821	563,116	486,661	2,711,887	222,568	6,984,053
As at 31 December 2018						
Cost	5,376,922	1,231,043	1,768,964	3,796,338	778,664	12,951,931
Accumulated depreciation	(2,377,101)	(667,927)	(1,282,303)	(1,084,451)	(556,096)	(5,967,878)
Net book amount	2,999,821	563,116	486,661	2,711,887	222,568	6,984,053
Year ended 31 December 2019						
Opening net book amount	2,999,821	563,116	486,661	2,711,887	222,568	6,984,053
Additions	-	1,033,589	629,823	-	77,780	1,741,192
Disposals	-	-	-	-	(8,003)	(8,003)
Depreciation charge	(112,982)	(188,137)	(225,690)	(271,059)	(55,853)	(853,721)
Closing net book amount	2,886,839	1,408,568	890,794	2,440,828	236,492	7,863,521
As at 31 December 2019						
Cost	5,376,923	2,264,631	2,398,786	3,796,338	848,442	14,685,120
Accumulated depreciation	(2,490,084)	(856,063)	(1,507,992)	(1,355,510)	(611,950)	(6,821,599)
Net book amount	2,886,839	1,408,568	890,794	2,440,828	236,492	7,863,521

8 VEHICLES AND EQUIPMENT (continued)

HISTORICAL COST Year ended 31 December 2018	Land and buildings ZWL	Motor vehicles ZWL	Office equipment ZWL	House boat ZWL	Office furniture ZWL	Total ZWL
Opening net book amount	434,529	58,833	59,093	403,401	35,375	991,231
Additions	-	59,582	30,483	-	2,065	92,130
Disposals	-	(23,101)	-	-	-	(23,101)
Depreciation charge	(15,279)	(19,170)	(19,099)	(36,657)	(7,341)	(97,546)
Closing net book amount	419,250	76,144	70,477	366,744	30,099	962,714
As at 31 December 2018						
Cost	727,152	166,478	241,569	513,400	105,303	1,753,902
Accumulated depreciation	(307,902)	(90,334)	(171,092)	(146,656)	(75,204)	(791,188)
Net book amount	419,250	76,144	70,477	366,744	30,099	962,714
Year ended 31 December 2019						
Opening net book amount	419,250	76,144	70,477	366,744	30,099	962,714
Additions	-	754,951	266,897	-	29,755	1,051,603
Disposals	-	-	-	-	(1,005)	(1,005)
Depreciation charge	(15,279)	(56,061)	(39,951)	(36,657)	(8,485)	(156,433)
Closing net book amount	403,971	775,034	297,423	330,087	50,364	1,856,879
As at 31 December 2019						
Cost	727,152	921,429	508,466	513,400	135,058	2,805,505
Accumulated depreciation	(323,181)	(146,395)	(211,043)	(183,313)	(84,694)	(948,626)
Net book amount	403,971	775,034	297,423	330,087	50,364	1,856,879

9 INVENTORY

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Developed stands	18,357,572	18,673,157	2,483,641	2,525,275
Land under development	-	1,821,984	-	246,397
As at 31 December	18,357,572	20,495,141	2,483,641	2,771,672

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to ZWL2,626,504 (2018: ZWL7,480,499).

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 1 January	1,405,616	298,627	226,298	40,385
Additions	-	2,213,978	-	226,259
Fair value adjustment	(1,126,134)	(1,106,989)	53,184	(40,346)
As at 31 December	279,482	1,405,616	279,482	226,298

Financial assets at fair value through profit or loss comprises securities listed on the Zimbabwe Stock Exchange.

The fair value of all the equity securities is based on the current bid prices on the Zimbabwe Stock Exchange.

11 TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Tenant receivables	2,744,621	9,346,293	2,744,621	1,504,712
Property sales receivables	4,485,035	5,810,619	4,485,035	935,484
Trade receivables	7,229,656	15,156,912	7,229,656	2,440,196
Less: allowance for credit losses	(1,038,946)	(7,137,531)	(1,038,946)	(1,149,111)
Trade receivables - net	6,190,710	8,019,381	6,190,710	1,291,085
Prepayments	981,490	4,933,622	402,291	730,498
Staff receivables	1,242,210	7,415,540	1,242,210	1,193,869
Other receivables	642,882	13,802,364	642,882	2,222,120
Less: allowance for credit losses	(32,357)	(1,321,353)	(32,357)	(212,732)
Total trade and other receivables	9,024,935	32,849,554	8,445,736	5,224,840

Other receivables include value added tax receivable of ZWL238,624 (2018: ZWL6,444,909), sundry debtors of ZWL296,858 (2018 : ZWL7,316,367) and amounts due from related parties of ZWL107,400 (2018:ZWL41,088).

Exposure to key management is disclosed in note 28.1.2.

Lifetime expected credit losses
As at 31 December 2019, the entity calculated expected credit losses amounting ZWL1,071,303 (2018: ZWL8,858,884).

The Company holds no collateral in respect of tenant receivables. No impairment allowance has been recognised on property sales receivables as the debtors pay a significant deposit upfront, therefore monthly repayments are affordable and title does not pass until the full amount has been settled. There has been no history of default. Trade receivables that are past due, without credit payment plans and whose chances of recovery are rated remote are considered for specific write-off. Trade receivables are normally on 30 day terms. Tenants are charged interest at 5% per annum on overdue amounts that remain outstanding after 30 days. Refer to note 3.1 (b) for further information relating to credit risk management.

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Reconciliation of allowance for credit losses for trade and other receivables				
As at 1 January	8,458,884	6,872,256	1,361,843	929,424
(Reversal)/charge recognised in profit or loss - trade receivables	(667,034)	1,707,988	(290,540)	252,706
Change in accounting policy - IFRS 9	-	1,328,816	-	179,713
Effects of IAS 29	(6,720,547)	(1,450,176)	-	-
As at 31 December	1,071,303	8,458,884	1,071,303	1,361,843
Analysed as follows:				
Trade receivables	1,038,946	7,137,531	1,038,946	1,149,111
Staff receivables	32,357	1,321,353	32,357	212,732
	1,071,303	8,458,884	1,071,303	1,361,843

11 TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2019, staff receivables amounting to ZWL1,242,210 were outstanding of which loans amounting to ZWL32,357 were provided for.

The probability of default was calculated as 14%
The loss given default was determined to be 100%
The exposure at default was determined to be ZWL 1,242,210

	INFLATION ADJUSTED		HISTORICAL COST	
12 CASH AND CASH EQUIVALENTS	**2019 ZWL**	**2018 ZWL**	**2019 ZWL**	**2018 ZWL**
Cash at bank	644,127	1,766,268	644,127	284,361
Cash on hand	288,417	9,097	288,417	1,465
As at 31 December	932,544	1,775,365	932,544	285,826

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company and earn interest at the short-term deposit rates.

13 ORDINARY SHARE CAPITAL

	INFLATION ADJUSTED		HISTORICAL COST	
As at 31 December 2019	**Number of shares**	**ZWL**	**Number of shares**	**ZWL**
Authorised				
Ordinary shares with a nominal value of ZWL0.001 each	3,000,000,000	3,000,000	3,000,000,000	3,000,000
Issued and paid				
Ordinary shares with a nominal value of ZWL0.001 each	1,716,666,667	1,716,667	1,716,666,667	1,716,667
Effects of IAS 29	-	10,977,234	-	-
	1,716,666,667	12,693,901	1,716,666,667	1,716,667
As at 31 December 2018				
Authorised				
Ordinary shares with a nominal value of ZWL0.001 each	3,000,000,000	3,000,000	3,000,000,000	3,000,000
Issued and paid				
Ordinary shares with a nominal value of ZWL0.001 each	1,716,666,667	1,716,667	1,716,666,667	1,716,667
Effects of IAS 29	-	10,977,234	-	-
	1,716,666,667	12,693,901	1,716,666,667	1,716,667

14 DEFERRED TAX LIABILITIES

The analysis of deferred tax assets and liabilities is as follows:	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Deferred tax assets:				
- Deferred tax assets to be recovered after more than 12 months	-	-	-	-
- Deferred tax assets to be recovered within 12 months	(277,729)	(2,249,454)	(277,729)	(362,152)
	(277,729)	(2,249,454)	(277,729)	(362,152)
Deferred tax liabilities:				
- Deferred tax liabilities to be recovered after more than 12 months	27,948,213	11,327,195	26,563,905	1,793,330
- Deferred tax liabilities to be recovered within 12 months	-	-	-	-
	27,948,213	11,327,195	26,563,905	1,793,330
Deferred tax liabilities (net)	27,670,484	9,077,741	26,286,176	1,431,178
The movement on the deferred tax account is as follows:				
As at 1 January	9,077,741	11,627,020	1,431,178	1,209,301
Charged/(credited) to the income statement	18,592,743	(2,310,363)	24,854,998	257,341
Change in accounting policy - IFRS 9	-	(238,916)	-	(35,464)
As at 31 December	27,670,484	9,077,741	26,286,176	1,431,178

14.1 The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

INFLATION ADJUSTED

Deferred tax liabilities	Accelerated tax depreciation ZWL	Fair value adjustments on investment property ZWL	Fair value adjustments on financial assets through profit or loss ZWL	Total ZWL
As at 1 January 2018	(450,440)	14,925,677	99,563	14,574,800
Charged/(credited) to the income statement	1,227,708	(4,389,806)	(85,507)	(3,247,605)
As at 31 December 2018	777,268	10,535,871	14,056	11,327,195
As at 1 January 2019	777,268	10,535,871	14,056	11,327,195
Charged/(credited) to the income statement	961,037	15,671,242	(11,261)	16,621,018
As at 31 December 2019	1,738,305	26,207,113	2,795	27,948,213

14 DEFERRED TAX LIABILITIES (continued)

INFLATION ADJUSTED (continued)

Deferred tax assets	Allowance for credit losses ZWL	Leave pay provision ZWL	Total ZWL
As at 1 January 2018	(3,085,700)	(100,996)	(3,186,696)
Charged to the income statement	907,538	29,704	937,242
As at 31 December 2018	(2,178,162)	(71,292)	(2,249,454)
As at 1 January 2019	(2,178,162)	(71,292)	(2,249,454)
Charged to the income statement	1,913,336	58,389	1,971,725
As at 31 December 2019	(264,826)	(12,903)	(277,729)

HISTORICAL COST

Deferred tax liabilities	Accelerated tax depreciation ZWL	Fair value adjustments on investment property ZWL	Fair value adjustments on financial assets through profit or loss ZWL	Total ZWL
As at 1 January 2018	88,173	1,368,446	2,019	1,458,638
(Credited)/charged to the income statement	(2,388)	327,784	9,296	334,692
As at 31 December 2018	85,785	1,696,230	11,315	1,793,330
As at 1 January 2019	85,785	1,696,230	11,315	1,793,330
Charged to the income statement	201,919	24,510,883	57,773	24,770,575
As at 31 December 2019	287,704	26,207,113	69,088	26,563,905

Deferred tax assets	Allowance for credit losses ZWL	Leave pay provision ZWL	Total ZWL
As at 1 January 2018	(239,327)	(10,010)	(249,337)
Change in accounting policy - IFRS 9	(35,464)	-	(35,464)
Credited to the income statement	(75,884)	(1,467)	(77,351)
As at 31 December 2018	(350,674)	(11,478)	(362,152)
As at 1 January 2019	(350,674)	(11,478)	(362,152)
Charged/(credited) to the income statement	85,848	(1,425)	84,423
As at 31 December 2019	(264,826)	(12,903)	(277,729)

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
15 BORROWINGS				
Non-current				
Central African Building Society	-	-	-	-
ZB Bank Limited	2,853,959	12,814,090	2,853,959	2,063,012
	2,853,959	12,814,090	2,853,959	2,063,012
Current				
Central African Building Society	-	235,522	-	37,918
ZB Bank Limited	3,038,232	7,914,602	3,038,232	1,274,216
	3,038,232	8,150,124	3,038,232	1,312,134
Total borrowings	5,892,191	20,964,214	5,892,191	3,375,146
The movements in borrowings during the year were as follows:				
As at 1 January	20,964,214	12,799,727	3,375,146	1,730,758
Drawdown during the year	9,508,532	18,114,894	3,940,000	2,916,419
Interest charged	1,915,963	1,049,423	744,654	144,405
Repayment of capital	(4,823,732)	(8,195,858)	(1,422,955)	(1,272,031)
Repayment of interest	(1,915,963)	(1,049,423)	(744,654)	(144,405)
Effects of IAS 29	(19,756,823)	(1,754,549)	-	-
As at 31 December	5,892,191	20,964,214	5,892,191	3,375,146
Non-current liabilities	2,853,959	12,814,090	2,853,959	2,063,012
Current liabilities	3,038,232	8,150,124	3,038,232	1,312,134
	5,892,191	20,964,214	5,892,191	3,375,146
Maturity analysis:				
1 month to 6 months	1,561,701	4,012,079	1,561,701	645,927
6 months to 1 year	1,476,531	4,138,045	1,476,531	666,207
1 year to 5 years	2,853,959	12,814,090	2,853,959	2,063,012
	5,892,191	20,964,214	5,892,191	3,375,146

15 BORROWINGS (continued)

Central African Building Society
The loan accrued interest at 10% per annum (2018 : 10%) and was repayable over 36 months. The loan was secured by a first mortgage bond over Stand 16591, Harare Township and was repaid during the year.

ZB Bank Limited
The loan bears interest at 31.1% per annum (2018 : 11.1%) and is repayable over 36 months. The loan is secured by first mortgage bonds over stands 353 Bulawayo Township, 771 Salisbury Township and 326 Fort Victoria Township.

The fair value of the borrowings approximates their carrying amounts as the interest charged is market related.

15.1 Net debt reconciliation
This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Cash and cash equivalents	(932,544)	(1,775,365)	(932,544)	(285,826)
Short-term portion of borrowings	3,038,232	8,150,124	3,038,232	1,312,134
Long term portion of borrowings	2,853,959	12,814,090	2,853,959	2,063,012
Net debt	4,959,647	19,188,849	4,959,647	3,089,320

	Cash and cash equivalents ZWL	Borrowings due within one year ZWL	Borrowings due after one year ZWL	Total ZWL
Year ended 31 December 2018				
As at 1 January 2018	(75,574,530)	9,202,064	3,597,662	(62,774,804)
Cashflows	73,799,165	3,448,183	5,421,430	82,668,778
Accrued interest	-	754,458	294,965	1,049,423
Effects of IAS 29	-	(8,131,859)	6,377,311	(1,754,548)
Reclassification to current liabilities	-	2,877,278	(2,877,278)	-
As at 31 December 2018	(1,775,365)	8,150,124	12,814,090	19,188,849
Year ended 31 December 2019				
As at 1 January 2019	(1,775,365)	8,150,124	12,814,090	19,188,849
Cashflows	842,821	1,076,423	1,692,414	3,611,658
Accrued interest	-	744,857	1,171,106	1,915,963
Effects of IAS 29	-	(744,857)	(19,011,966)	(19,756,823)
Reclassification to current liabilities	-	(6,188,315)	6,188,315	-
Net debt as at 31 December 2019	932,544	3,038,232	2,853,959	4,959,647

	INFLATION ADJUSTED		HISTORICAL COST	
	2019	2018	2019	2018
16 TRADE AND OTHER PAYABLES	ZWL	ZWL	ZWL	ZWL
Trade creditors	1,879,883	3,884,622	1,879,883	625,407
Unclaimed dividends	12,176	582,656	12,176	93,805
Statutory liabilities	121,807	219,528	121,807	35,343
Unallocated deposits	265,328	1,229,586	265,328	197,958
Amounts due to related parties (note 28)	208,733	-	208,733	-
Sundry creditors	112,402	333,549	112,402	53,700
As at 31 December	2,600,329	6,249,941	2,600,329	1,006,213

The fair value of the trade and other payables approximates their carrying amount due to their short tenor.

17 DEFERRED INCOME

As at 1 January	499,099	10,735,241	67,496	1,216,609
Recognised in profit or loss	(499,099)	(10,236,142)	(67,496)	(1,149,113)
As at 31 December	-	499,099	-	67,496

18 REVENUE

Rental income (over time)	16,077,614	15,853,389	7,997,234	2,192,708
Revenue from contracts with customers:				
- Sales of completed property (at a point in time)	12,966,086	11,278,962	5,526,698	1,715,728
- Property management fees (over time)	137,936	158,246	211,412	21,882
- Property valuations (at a point in time)	765,569	112,343	48,804	15,192
- Sales commission (at a point in time)	170,985	609,617	83,914	82,774
	30,118,190	28,012,557	13,868,062	4,028,284

19 PROPERTY EXPENSES

Maintenance costs	1,253,385	668,844	687,849	94,717
Administration, insurance and valuation	2,053,913	2,190,725	992,168	299,059
Property security and utilities	760,053	2,868,067	301,134	395,914
Other	755,463	1,359,006	346,295	187,599
As at 31 December	4,822,814	7,086,642	2,327,446	977,289
Property expenses arising from investment properties				
- that generated rental income	4,355,966	6,523,542	2,102,149	899,634
- that did not generate rental income	466,848	563,100	225,297	77,655
	4,822,814	7,086,642	2,327,446	977,289

20 EMPLOYEE COSTS

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Salaries and wages	4,501,211	5,960,593	1,841,288	827,043
Bonus	125,687	731,124	125,687	98,874
Pension fund contributions (note 29)	236,706	550,891	71,132	76,019
National Social Security Authority Scheme contributions (note 29)	57,091	123,184	17,348	17,019
Leave pay costs	59,899	266,053	5,966	36,957
Medical aid and funeral policy contributions	175,027	281,415	93,549	38,885
Training	158,415	385,173	62,787	52,760
Other staff related costs	661,504	238,281	382,612	34,261
	5,975,540	8,536,714	2,600,369	1,181,818

21 OTHER OPERATING EXPENSES

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Directors' fees	401,471	525,522	195,184	74,079
Auditors' fees	313,075	467,357	84,375	66,547
Depreciation (note 8)	853,721	847,281	156,433	97,546
Communication expenses	191,416	190,531	94,980	26,190
Intermediated money transfer tax	932,301	361,056	323,664	56,534
Bank charges	207,327	84,993	79,897	11,673
Insurance cover	271,819	141,844	116,283	19,580
Legal charges	142,415	288,460	42,315	39,010
Professional fees	576,702	1,016,828	197,586	146,991
Valuation fees and accounting fees	79,583	66,447	14,332	8,984
Selling expenses	611,514	943,314	324,664	128,864
Office costs	1,980,450	804,158	792,245	109,973
Travel and entertainment expenses	1,735,354	926,717	689,773	127,988
Premises	700,136	316,391	357,389	43,368
Shareholder relations	465,552	227,629	175,555	31,930
Advertising	1,253,811	117,086	819,636	16,312
Bad debts written off	282,771	-	282,771	-
	10,999,418	7,325,614	4,747,082	1,005,569

22 FAIR VALUE ADJUSTMENTS

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Investment properties (note 7)	172,042,441	(56,846,644)	433,036,901	(902,254)
Financial assets at fair value through profit or loss (note 10)	(1,126,134)	1,106,989	53,184	(40,346)
	170,916,307	(55,739,655)	433,090,085	(942,600)

23 OTHER INCOME

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Loss on disposal of property and equipment	(8,003)	(17,217)	(1,005)	(2,550)
Loss on disposal of investment property	-	(2,513,705)	-	(295,652)
Dividend income	113,478	33,292	32,051	4,931
Exchange gains	11,801,059	-	7,293,702	-
Sundry income	67,577	731,226	38,265	108,306
	11,974,111	(1,766,404)	7,363,013	(184,965)

Exchange gains partly arose from clients who had balances denominated in US dollars during the multi-currency regime when the exchange rate was US$1:ZWL1 and who subsequently paid after the introduction of the interbank market when the exchange rate was liberated. The Company also revalued its bank balances held in nostro FCA accounts for reporting purposes resulting in additional foreign exchange movements.

24 FINANCE INCOME

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Interest on overdue tenant accounts	167,269	371,424	53,366	51,160
Interest on property sales and other receivables	128,006	387,551	45,054	54,392
Interest on investments	228,171	1,472,444	75,622	213,984
	523,446	2,231,419	174,042	319,536

25 FINANCE COSTS

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Finance costs	1,915,963	976,149	744,654	144,405
Less interest capitalised:				
-inventory	-	-	-	(28,521)
-investment property	-	-	(744,654)	(115,884)
	1,915,963	976,149	-	-

26 INCOME TAXES

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Current income tax	1,901,001	165,738	1,901,002	(26,710)
Deferred tax (note 14)	18,592,743	(2,310,363)	24,854,998	257,341
	20,493,744	(2,144,625)	26,756,000	230,631

26.1 Reconciliation of income tax charge

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the basic tax rate applicable to profit of the entity as follows:

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Profit/(loss) before income tax	201,828,216	(75,635,908)	444,723,182	(1,192,387)
Tax calculated at standard rate of tax: 25.75% (2018:25.75%)	51,970,766	(19,476,246)	114,516,219	(307,040)
Tax effects of:				
Donations, subscriptions and journals	311,335	53,167	94,884	7,827
Employee teas and meals	62,661	48,286	19,097	7,108
Legal fees employee cases	2,031	-	619	-
Dividend received	(13,196)	8,573	(8,253)	1,270
Interest on prior years tax obligations	29,951	62,011	9,128	9,128
2% IMTT Tax	273,467	98,892	83,343	14,558
Unrealised exchange gain - current year	(579,711)	(452,515)	(579,711)	(72,853)
Interest received	(101,960)	(374,308)	(31,074)	(55,101)
Other non deductible expenses	-	2,525,781	-	371,813
Effects of lower tax rate on fair value adjustments	(34,680,717)	15,998,329	(87,292,589)	253,921
Monetary adjustment	(3,540,389)	3,929,506	-	-
Permanent differences on adoption of IAS 29	6,817,832	(4,566,101)	-	-
Effect of change in tax rate	(58,325)	-	(55,663)	-
	20,493,744	(2,144,625)	26,756,000	230,631

26 INCOME TAX EXPENSE (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
26.2 Current tax assets/(liabilities)				
As at 1 January	264,274	(654,664)	42,547	(105,398)
Current tax (charge)/credit to profit or loss	(1,901,001)	165,737	(1,901,001)	26,710
Income tax paid	-	896,473	-	121,235
Effects of IAS 29	(221,727)	(143,272)	-	-
As at 31 December	(1,858,454)	264,274	(1,858,454)	42,547

27 EARNINGS PER SHARE

27.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The following reflects the income and ordinary share data used in the computations of basic and diluted earnings per share:

Earnings attributable to ordinary equity holders of the Company	181,334,472	(73,491,283)	417,967,182	(1,423,018)
Weighted average number of ordinary shares in issue with a nominal value of ZWL0.001 each	1,716,666,667	1,716,666,667	1,716,666,667	1,716,666,667
Basic earnings\(loss) per share (ZWL cents)	10.56	(4.28)	24.35	(0.08)

27.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The Company has no arrangements or contracts that could result in dilution therefore, the diluted earnings per share are the same as the basic earnings per share.

28 RELATED PARTY DISCLOSURES

The financial statements include transactions between Zimre Property Investments Limited and Zimre Holdings Limited and its subsidiaries.

28.1 Transactions and balances with related companies

28.1.1 Ultimate parent company's effective shareholding

Zimre Property Investments Limited is ultimately controlled by Zimre Holdings Limited which directly owns 9.54% (2018: 8.33%) and controls 47.61% (2018: 47.61%) of the ordinary shares of Zimre Property Investments Limited through 100% shareholding in the companies listed below which in turn own ordinary shares in the Company:

	2019	2018
Moontide Investments (Private) Limited	15.97%	15.97%
Homefield Investments (Private) Limited	15.00%	15.00%
Incisive Risk Surveyors (Private) Limited	10.00%	10.00%
Zimre Reinsurance (Private) Limited	6.64%	6.64%
	47.61%	47.61%

28 RELATED PARTY DISCLOSURES (continued)

28.1 Transactions and balances with related companies (continued)

28.1.2 Related party transactions and balances

The following table provides the transactions that have been entered into with related parties and the resultant balances at year end.

INFLATION ADJUSTED

Year ended 31 December 2019

Related party	Relationship	Amounts due to related parties ZWL	Rentals charged to related parties ZWL	Amounts due from related parties ZWL
Emeritus Reinsurance (Private) Limited	Parent	208,733	-	-
Fidelity Life Assurance Company Limited	Common shareholder	-	292,381	-
		208,733	292,381	-

Key management personnel of the Company	Amounts due from related parties ZWL
Classified under other receivables	305,705

Year ended 31 December 2018

Related party	Relationship	Sale of equipment ZWL	Rentals charged to related parties ZWL	Amounts due from related parties ZWL
Emeritus Reinsurance (Private) Limited	Parent	332,431	-	256,324
Fidelity Life Assurance Company Limited	Common shareholder	-	280,992	52,387
		332,431	280,992	308,710

HISTORICAL COST

Year ended 31 December 2019

Related party	Relationship	Amounts due to related parties ZWL	Rentals charged to related parties ZWL	Amounts due from related parties ZWL
Emeritus Reinsurance (Private) Limited	Parent	208,733	-	-
Fidelity Life Assurance Company Limited	Common shareholder	-	89,107	-
		208,733	89,107	-

28 RELATED PARTY DISCLOSURES (continued)

28.1 Transactions and balances with related companies (continued)

28.1.2 Related party transactions and balances (continued)

Key management personnel of the Company	Amounts due from related parties ZWL
Classified under other receivables	305,705

Year ended 31 December 2018

Related party	Relationship	Sale of equipment ZWL	Rentals charged to related parties ZWL	Amounts due from related parties ZWL
Emeritus Reinsurance (Private) Limited	Parent	53,520	-	41,267
Fidelity Life Assurance Company Limited	Common shareholder	-	41,364	8,434
		53,520	41,364	49,701

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured with agreed payment terms and settlement occurs in cash. There have been no guarantees provided or received for any amounts due from or amounts due to related parties.

The sale and purchases from related parties are made at terms equivalent to those that prevail for arm's length transactions. The amounts outstanding are unsecured and will be settled on normal terms. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

28.2 Remuneration of key management

	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
The following remuneration was paid to key management during the year:				
Short term employee benefits	901,264	2,521,585	392,607	373,006
Post-employment benefits	70,045	180,645	30,513	26,722
	971,309	2,702,230	423,120	399,728

Key management team includes executive directors and members of the management committee. Directors fees are disclosed on note 21.

29 ZIMRE GROUP PENSION FUNDS

Zimre Property Investments Limited contributes to the Zimre Group Staff Pension and Life Assurance Scheme which is a defined contribution scheme managed by Fidelity Life Assurance Company Limited.

All employees are members of the Zimre Group Staff Pension and Life Assurance Scheme. The Company's contributions to the defined contribution pension plan are charged to the income statement in the period to which they relate.

All employees contribute to the pension fund at the same prescribed rate. Total employer contributions amounted to:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Pension fund contributions	236 706	550 891	71 132	76 019

National Social Security Authority Scheme

The Company and its employees contribute to the National Social Security Authority Scheme. This is a social security scheme which was set up under the National Social Security Act (Chapter 17.04). The Company's obligations under the scheme are limited to specific contributions as legislated from time to time. Total employer contributions amounted to:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
National Social Security Authority scheme contributions	57,091	123,184	17,348	17,019

30 CONTINGENCIES AND COMMITMENTS

30.1 Commitments

Operating lease commitments

The Company holds cancellable operating leases with terms that expire after 3 to 5 year lease periods. Future lease payments are set out in note 7.1 above.

Capital commitments

The Company has capital expenditures contracted for at the end of the year but not yet incurred analysed as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Investment properties	134,001,193	25,800,623	134,001,193	25,800,623
Inventories - property trading stock	4,646,950	555,713	4,646,950	555,713
Total	138,648,143	26,356,336	138,648,143	26,356,336

Expenditure on the capital commitments will be funded by internal resources and committed borrowing facilities.

31 DIVIDENDS

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
As at 1 January				
Dividends declared	-	3,198,845	-	515,000
Dividends paid	-	(3,198,845)	-	(515,000)
	-	-	-	-

During the year year ended 31 December 2019, the board of directors declared and paid a dividend of ZWL nil (2018 : ZWL3,198,845).

32 EVENTS AFTER REPORTING DATE

32.1 Dividend declaration

The Directors declared a final dividend of ZWL2,396,341 which equates to ZWL0.140 (2018: ZWL 0.030) cents per share at a Board meeting held on 22 May 2020, from the profits for the year ended 31 December 2019. In accordance with IAS 10, 'Events after the reporting period', as the final dividend was declared after the reporting period, the dividend has not been recognised as a liability as at 31 December 2019, but has been disclosed in the notes and will be accounted for in the financial statements for the year ending 31 December 2020.

32.2 Impact of COVID 19 pandemic

In line with the provisions of IAS 10, 'Events after the reporting period', the Company has treated the Covid-19 pandemic as an ongoing and non-adjusting event since the knowledge and spread of the pandemic took place post year-end and is evolving. Although the pandemic and the lockdown period are expected to negatively impact business growth, insurance claims, investment and property values and returns, this is still an evolving issue whose full financial implications could not be determined as of the date of these financial statements. The Company will continue to monitor developments in each jurisdiction and business operation and take appropriate measures to mitigate any emerging risks.

TOP 20 SHAREHOLDERS

FOR THE YEAR ENDED 31 DECEMBER 2019

Rank	Names	Industry	Shares	Percentage %
1	Moontide Investments P/L	Insurance	274,156,366	15.97
2	Homefield Investments P/L	Insurance	257,504,414	15.00
3	Incisive Risk Surveyors P/L	Insurance	171,669,610	10.00
4	Zimre Holdings Limited	Insurance	163,850,866	9.54
5	Fidelity Life Assurance Company	Life Assurance	122,888,145	7.16
6	Stanbic Nominees (Private) Limited A/C 110008040011	Various	122,338,960	7.13
7	Stanbic Nominees 110008040010	Various	120,635,899	7.03
8	Emeritus Reinsurance (Private) Limited	Insurance	113,978,904	6.64
9	ZESA Pension Fund	Pension	29,176,341	1.70
10	Stanbic Nominees (Private) Limited A/C 110008040007	Various	26,130,887	1.52
11	Mega Market (Private) Limited	Commodities	19,868,126	1.16
12	SCB Nominees 033667800001	Various	18,617,972	1.08
13	Steyn Andre	Various	17,166,670	1.00
14	NSSA Workers Compensation	Pension	14,862,208	0.87
15	Stanbic Nominees A/c 140043470003	Various	11,183,813	0.65
16	Triangle Money Plan Pension Fund-Imara A/c	Pension	10,997,385	0.64
17	Standard Chartered Nominees-056885900001	Various	10,797,486	0.63
18	National Social Security Authority	Pension	10,247,096	0.60
19	Stanbic Nominees A/C 110007980014	Various	10,184,848	0.59
20	Guramatunhu Family Trust	Various	9,764,941	0.57
			1,536,020,937	89.48

NOTICE IS HEREBY GIVEN THAT the 15th Annual General Meeting of Members will be held in the Board Room, 6th Floor Fidelity Life Tower, 5 Raleigh Street, Harare on 26 June 2020 (postponed to 14 July 2020) at 12:00 hours. Shareholders are advised that in light of the current lockdown regulations that prohibit gatherings of more than 50 people and the need to promote social distancing and address other hygiene matters due to the COVID-19 pandemic, the Company will organize a virtual meeting details of which will be communicated to shareholders in due course. The agenda of the meeting is set out below:

SPECIAL BUSINESS

To consider and, if deemed fit, to pass as special resolutions, with or without modification, the following resolutions:

1. **The holding of virtual shareholders' meetings**
   "That the Company be and is hereby authorised to hold virtual meetings as shareholders' general meetings which shall include Annual General Meetings and Extraordinary General Meetings. Resolutions passed thereat shall be as binding as if they were passed at a general meeting physically held".

2. **Distribution of electronic reports**
   "That the Directors be and are hereby authorised to distribute electronic reports to shareholders, such reports being annual reports and other interim financial reports".

ORDINARY BUSINESS

1. To consider and adopt the audited financial statements and the reports of the Directors and Independent Auditor for the year ended 31 December 2019. The full annual report will be posted on the Company's website at: www.zimreproperties.co.zw.
2. To elect Directors of the Company.
   Messrs Michael Raymond Davis and Zvenyika Zvenyika were appointed directors of the Company during the year. In terms of Article 95 of the Company's Articles of Association, Messrs Davis and Zvenyika retire at the Annual General Meeting. In addition, Mr Edwin Zvandasara retires by rotation. Being eligible, they all offer themselves for re-election.
3. To approve Directors' remuneration for the year ended 31 December 2019.
4. To approve the remuneration of the Auditors, Messrs PricewaterhouseCoopers Chartered Accountants (Zimbabwe) for the past audit and to appoint auditors to hold office until the conclusion of the next annual general meeting.
5. To transact such other business as may be transacted at an Annual General Meeting.

Proxies

A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend, vote and speak on his/her behalf. A proxy need not be a member of the Company. Proxy forms must be lodged with the registered office of the Company at least forty-eight hours before commencement of the meeting. Please complete the proxy form available on the Company's website at: www.zimreproperties.co.zw to appoint a proxy or proxies.

Notes:

Election of Directors

At each annual general meeting other than the annual general meeting held in the year following incorporation, one third of the directors, or, if their number is not three or a multiple of three, then the number nearest to one third shall retire. The Directors retiring from office shall be eligible for re-election (Article 95).

No person other than a director retiring at the meeting shall be eligible for election to the office of director at any general meeting unless not less than three or more than twenty-one days before the date appointed for the meeting, there shall have been left at the registered office of the Company, notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by that person of his/her willingness to be elected (Article 98).

By Order of the Board

N Zhou
Company Secretary

4 June 2020

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PROXY FORM

I/We____

of____

being a member / members of Zimre Property Investments Limited, hereby appoint

Mr / Mrs / Ms / Dr/Prof____

or failing him/her____

of____

or failing him /her____

of____

Or failing him/her, the Chairman of the meeting as my/ our proxy to attend, speak and vote for me/us and act on my/our behalf at the general meeting of the Company to be held on 14 July 2020 and any adjournment thereof.

SIGNED______________________this___________________day of_________________________2020

Signature of Member____

NOTES

1. A member entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person, whether a member of the Company or not, as his / her proxy to attend, vote and speak in his/her stead.
2. Proxy forms should be lodged at the registered office of the Company or at the office of the Transfer Secretaries (ZB Transfer Secretaries (Private) Limited, 21 Natal Road, Avondale, Harare, Zimbabwe by no later than 48 hours before the time of the holding of the meeting.
3. Any alterations or corrections made to this form of proxy (including the deletion of alternatives) must be initiated by the signatory/signatories.
4. Shareholders are encouraged to submit their questions in writing at least five days before the date of the meeting to enable comprehensive answers to be prepared. This will not preclude them from raising questions from the floor.

Change of address Advice

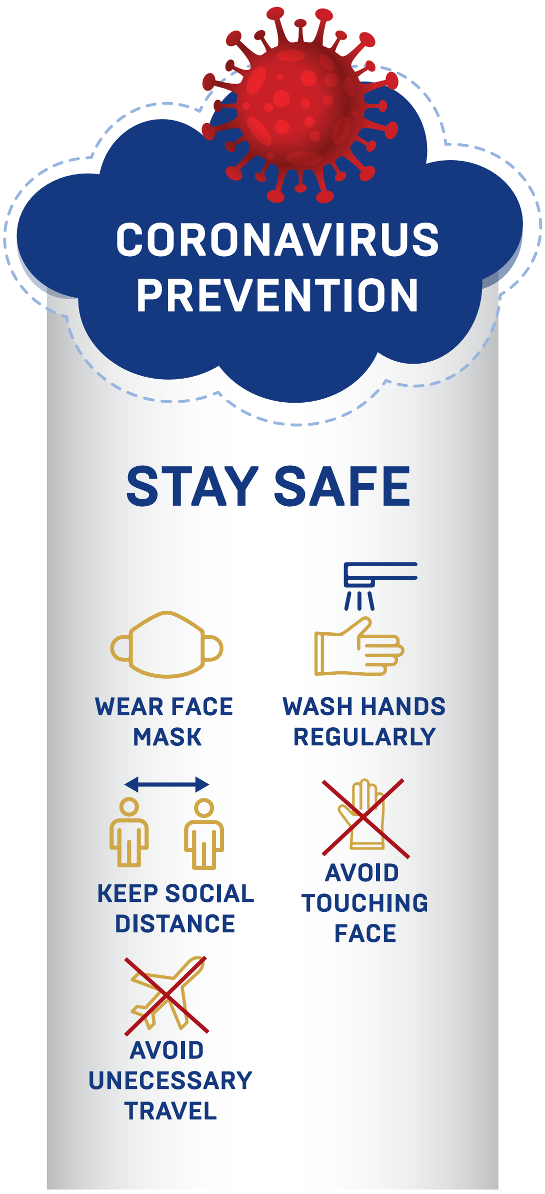
Shareholders should of necessity keep the Transfer Secretaries advised of any change in name or address:

Shareholder's name in full (Block Letters)____

New Address (Block Letters)____

____

Signature/s of member/s____



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