Reviewed Condensed Consolidated Financial Statements for the six months ended 30 June 2020

CHAIRMAN'S STATEMENT

INTRODUCTION

On behalf of the Board of Directors, it gives me pleasure to present the reviewed interim condensed consolidated financial statements for the six months ended 30 June 2020 ("the interim financial statements") for Dawn Properties Limited and its subsidiaries (the "Group").

OPERATING ENVIRONMENT

The economic challenges faced by businesses and individuals in Zimbabwe persisted during the period under review. Inflation continued to soar with the annual inflation rate at 737.3% in June 2020. The high inflation rate and depreciation of the Zimbabwe Dollar ("ZWL") against the United States Dollar ("USD") continued to deplete disposable incomes and suppress aggregate demand.

Access to finance was constrained as financial institutions slowed down on lending. Financiers who are still lending are charging interest rates ranging from 40% to as high as 65% per annum in a bid to earn a real return. With limited funding options, activity in the property development sector is anticipated to remain low in the short to medium term.

The negative effects of an already fragile economic environment were exacerbated by the lockdowns imposed by various Governments in an effort to curb the spread of the corona virus. The International Monetary Fund revised the Gross Domestic Product ("GDP") projections for Zimbabwe from negative 7.4% to negative 10.4%.

Given its exposure to the tourism sector, the Group's performance was significantly affected by the lockdowns. The Group's hotel occupancies plummeted due to Covid related travel restrictions. African Sun Limited, a related party company that leases seven hotels from the Group, reported that as at 6 May 2020, it had suffered cancellations of almost 32,000 room nights.

The aforementioned challenges that prevailed during the period under review generally led to falling property yields and occupancies as well as increase in rental arrears.

FINANCIAL PERFORMANCE REVIEW

The interim consolidated financial statements were prepared in accordance with International Accounting Standard ("IAS") 29 - Financial Reporting in Hyperinflationary Economies. All figures and percentage changes reflected in this statement are based on the inflation adjusted financial performance of the Group.

Despite the various headwinds faced by the Group as a result of a weak operating environment and impact of Covid-19, all business units were profitable. The Group registered an operating profit of Zimbabwe dollar ("ZWL") 25.7 million albeit 34% lower than operating profit achieved during the same period last year.

Group revenue for the half year ended 30 June 2020 at ZWL58.9 million, was 20% lower than revenue earned during the same period in the prior year. In response to the decline in demand and revenues, the Group implemented various cost containment measures that resulted in 12% decline in operating expenses compared to prior year.

Hotel Properties

During the period under review, hotel assets contributed 52% to the Group revenue compared with 72% in the prior year. At ZWL31.7 million, hotel revenue for the six months ended 30 June 2020 was 39% lower than the comparative prior reporting period as a result of depressed occupancies. As at 30 June 2020, the average occupancy rate for the hotel assets was 21% in comparison to 41% occupancy rate achieved over the same period in the prior year.

Following the lockdown announcement by the Government of Zimbabwe on 30 March 2020, all hotels and lodges were closed effective 31 March 2020 and remained closed for the month of April 2020. Subsequent to the relaxation of lockdown requirements, two hotels were reopened in the month of May 2020 namely Holiday Inn Mutare and Great Zimbabwe hotels. Blue Swallow timeshare lodges were reopened in June 2020 while the Troutbeck Inn Resort and the King Fisher Cabanas timeshare lodges were only reopened in July 2020. The Elephant Hills Resort and the Monomotapa Hotel, which traditionally contribute more than 60% to total revenue remained closed through the three months ending 30th June 2020.

5% of the hotel revenue was attributable to timeshares in comparison to 3.8% in the prior year.

Property Consultancy

The Property Consultancy segment's revenue at ZWL21.0 million, registered a marginal decline of 3% from prior year.

The Property Management cluster, contributing approximately 31% to the total revenue, continued to underperform as rent reviews lagged inflation and exchange rate movements. Rent reviews were suspended following the introduction of Statutory Instrument ("SI") 96 of 2020; an SI that deferred rent reviews during the lockdown.

The Advisory and Valuation cluster contributed approximately 61% to total revenue. The Valuation and Advisory cluster performed better that the Property Management cluster as a result of a pricing model that tracks inflation better.

Travel restrictions during the lockdown resulted in a reduction in the number of mandates completed during the period under review. Only 192 valuation mandates were completed during the six months ended 30 June 2020 compared with 320 completed during the same period in the prior year. However, value per mandate executed during the period under review was 176% higher than prior year, mainly as a result of inflationary factors.

Property Development

Elizabeth Windsor Gardens

Incoherent monetary policies and their impact on mortgage finance adversely affected the progress on sale of the 2 bedrooms and 3 bedrooms homes at Elizabeth Windsor Gardens. Only one unit was sold during the period under review. Of the 58 units built, 21 units remain unsold.

Marlborough Sunset Views

Servicing of 65 stands under Phase 1A, measuring on average 2,000 square metres each, was completed in July 2020. The Group commenced selling of the stands in June 2020 and has witnessed strong interest for the product. As at 30 June 2020, four stands had been sold.

The Group has now set in motion processes to commence development of Phase 1B. Phase 1B is expected to deliver 53 stands of approximately similar size as under Phase 1A and is earmarked to be completed by the end of the current financial year.

OUTLOOK

Due to the prevailing effects of Covid-19, the Group's profitability for the remainder of the year is expected to be largely driven by property development as the Group continues to sell stands at Marlborough Sunset Views.

The tourism sector is anticipated to recover as the Government has permitted the resumption of all local tourism product offerings. The government has relaxed some of the Covid-19 containment measures to facilitate economic recovery. In that regard, the resumption of domestic and international flights with effect from 23 September 2020 and 1 October 2020 respectively, complemented by lifting of inter-city travel restriction, are steps in the right direction from a tourism perspective. In the short to medium term, tourism recovery in Zimbabwe is anticipated to be driven by domestic tourism.

OFFER TO ACQUIRE 100% OF DAWN PROPERTIES LIMITED'S ISSUED SHARES BY AFRICAN SUN LIMITED

In May 2020 the Board received an offer from African Sun Limited ("African Sun") to acquire a 100% of the issued shares of Dawn Properties Limited ("Dawn"). In terms of the offer, Dawn shareholders who accept the offer will receive 1 African Sun ordinary share for every 3.988075946 Dawn ordinary shares held. African Sun has stated that upon completion of this transaction, Dawn will be delisted from the Zimbabwe Stock Exchange.

BOARD CHANGES

Retirement

Phibion Pasipanodya Gwatidzo retired from the Board of Directors on 9 July 2020 after ten years of dedicated service. Phibion was appointed to the Board as an independent non-executive director in June 2010 and later appointed as Chairman of the Board in November 2012, the position he held until he retired.

The Board would like to thank Phibion for his leadership and valuable contribution to the Group and wish him the very best in his future endeavours.

Appointments

I was appointed Chairman of the Board effective 20 July 2020.

Zvaitwa Elizabeth Rabvukwa and Fungai Constantine Chikosi were appointed to the Board of Directors on 27 August 2020. On behalf of the Board I congratulate them on their appointment and look forward to their valuable contribution to the Board.

In line with new corporate governance requirements included in the Companies And Other Business Entities Act [Chapter 24:31], the Group appointed Markus de Klerk as the Company Secretary effective 17 September 2020.

APPRECIATION

My appreciation goes to management and staff for their commitment even in these challenging times. I also extend my appreciation to my fellow

Graham Johnson
Board Chairman
30 September 2020

INDEPENDENT AUDITOR'S STATEMENT

These inflation adjusted condensed consolidated interim financial results for the six months ended 30 June 2020 have been reviewed by Deloitte & Touche and a modified review conclusion has been issued thereon. An adverse conclusion has been expressed due to:

- Non–compliance with "International Accounting Standard 21" - "The Effects of Changes in Foreign Exchange Rates" on prior year comparatives; and
- Non – compliance with "International Financial Reporting Standards 13" - "Fair value measurement" with respect to correlation of the rate used to translate the USD valuation amounts to ZWL, with the market dynamics in the economy.

Attention is drawn to Note 16 of the financial statements, which describes the uncertainties related to the possible effects of the Covid -19 outbreak on the Group and its inability to quantify the possible impact. Our conclusion is not modified in respect of this matter.

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an adverse opinion on those statements on 11 June 2020.

The review conclusion has been made available to management and those charged with the governance of Dawn Properties Limited, and the conclusion is available for inspection at their registered offices.

The engagement partner responsible for this review is Stelios Michael.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	Inflation adjusted		Historical cost	
		Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL
ASSETS					
Non-current assets					
Investment property	5	4 598 392 547	3 868 741 896	4 598 392 547	1 476 666 450
Property and equipment		26 596 562	24 465 191	26 596 562	9 338 159
Trade and other receivables	6	52 182 277	52 182 277	2 312 980	2 312 980
		4 677 171 386	**3 945 389 364**	**4 627 302 089**	**1 488 317 589**
Current assets					
Inventories	7	277 165 049	4 544 423	112 381 224	293 609
Trade and other receivables	6	13 998 165	37 949 327	13 998 165	14 484 941
Current income tax assets		-	424 586	-	162 061
Cash and cash equivalents		13 107 841	2 290 273	13 107 841	874 178
		304 271 055	**45 208 609**	**139 487 230**	**15 814 789**
TOTAL ASSETS		**4 981 442 441**	**3 990 597 973**	**4 766 789 319**	**1 504 132 378**
EQUITY					
Share capital		44 348 275	44 348 275	1 965 738	1 965 738
Share premium		395 506 522	395 506 522	17 530 833	17 530 833
Revaluation reserves		183 241 029	177 802 151	26 076 311	13 610 494
Retained earnings		4 274 558 291	3 143 447 781	4 637 189 788	1 445 572 222
Shareholders' equity		**4 897 654 117**	**3 761 104 729**	**4 682 762 670**	**1 478 679 287**
LIABILITIES					
Non-current liabilities					
Borrowings	8	3 467 919	6 134 819	3 467 919	2 341 609
Deferred lease income		479 376	710 152	479 376	271 059
Deferred income tax liabilities		63 504 320	201 956 533	63 742 645	14 942 559
		67 451 615	**208 801 504**	**67 689 940**	**17 555 227**
Current liabilities					
Borrowings	8	1 444 362	9 797 270	1 444 362	3 739 536
Deferred lease income		32 688	85 640	32 688	32 688
Trade and other payables		12 464 531	10 808 830	12 464 531	4 125 640
Current income tax liabilities		2 395 128	-	2 395 128	-
		16 336 709	20 691 740	16 336 709	7 897 864
Total liabilities		**83 788 324**	**229 493 244**	**84 026 649**	**25 453 091**
TOTAL EQUITY AND LIABILITIES		**4 981 442 441**	**3 990 597 973**	**4 766 789 319**	**1 504 132 378**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2020

	Note	Inflation adjusted		Historical cost	
		Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL
Revenue	9	**58 911 359**	**73 764 472**	**33 310 876**	**6 429 303**
Cost of sales		(4 646 277)	-	(2 208 655)	-
Gross profit		**54 265 082**	**73 764 472**	**31 102 221**	**6 429 303**
Other income		4 083 728	2 405 640	6 163 875	220 956
Total income		**58 348 810**	**76 170 112**	**37 266 096**	**6 650 259**
Operating expenses		(32 663 483)	(37 147 647)	(17 923 970)	(3 101 919)
Operating profit		**25 685 327**	**39 022 465**	**19 342 126**	**3 548 340**
Fair value gain on investment property	5	994 466 302	3 523 580 442	3 222 670 125	506 618 287
Net finance expense		(307 762)	(1 994 126)	(162 980)	(162 005)
Monetary (loss)/gain		(21 719 412)	137 344 455	-	-
Profit before income tax		**998 124 455**	**3 697 953 236**	**3 241 849 271**	**510 004 622**
income tax credit/(expense)	10	136 086 473	(68 921 813)	(48 858 361)	(8 231 852)
Profit for the period		**1 134 210 928**	**3 629 031 423**	**3 192 990 910**	**501 772 770**
Other comprehensive income net of tax					
Revaluation of property, plant and equipment		5 438 878	14 085 627	12 465 817	2 028 013
Total comprehensive income for the period		**1 139 649 806**	**3 643 117 050**	**3 205 456 727**	**503 800 783**
Earnings per share from operations attributable to owners of the parent during the period					
Basic and fully diluted earnings per share (cents)	11.1	46.16	147.69	129.95	20.42
Headline earnings /(loss) per share	11.3	5.43	4.29	(1.42)	(0.2)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2020

	Inflation adjusted				
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
	Share capital ZWL	Share premium ZWL	Revaluation reserves ZWL	Retained earnings ZWL	Total ZWL
SIX MONTHS ENDED 30 JUNE 2020					
Balance as at 1 January 2020	**44 348 275**	**395 506 522**	**177 802 151**	**3143 447 781**	**3761 104 729**
Comprehensive income					
Profit for the period	-	-	-	1134 210 928	**1134 210 928**
Other comprehensive income	-	-	5 438 878	-	**5 438 878**
Total comprehensive income for the period	**-**	**-**	**5 438 878**	**1134 210 929**	**1139 649 806**
Transactions with owners, in their capacity as owners recognised directly in equity					
Dividend declared	-	-	-	(3 100 418)	**(3 100 418)**
Balance as at 30 June 2020	**44 348 275**	**395 506 522**	**183 241 029**	**4 274 558 291**	**4 897 654 117**
SIX MONTHS ENDED 30 JUNE 2019					
Balance as at 1 January 2019	**44 348 275**	**395 506 522**	**64 464 448**	**904 372 703**	**1408 691 948**
Comprehensive income					
Profit for the period	-	-	-	3629 031 423	**3629 031 423**
Other comprehensive income	-	-	14 085 627	-	**14 085 627**
Total comprehensive income for the period	**-**	**-**	**14 085 627**	**3629 031 423**	**3643 117 050**
Transactions with owners, in their capacity as owners recognised directly in equity	**-**	**-**	**-**	**-**	**-**
Dividend declared	-	-	-	(13 122 167)	**(13 122 167)**
Balance as at 30 June 2019	**44 348 275**	**395 506 522**	**78 550 075**	**4520 281 959**	**5038 686 831**

Reviewed Condensed Consolidated Financial Statements for the six months ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the period ended 30 June 2020

	Historical cost				
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
	Share capital ZWL	Share premium ZWL	Revaluation reserves ZWL	Retained earnings ZWL	Total ZWL
SIX MONTHS ENDED 30 JUNE 2020					
Balance as at 1 January 2020	**1 965 738**	**17 530 833**	**13 610 494**	**1445 572 222**	**1478 679 287**
Comprehensive income					
Profit for the period	-	-	-	3192 990 910	3192 990 910
Other comprehensive income	-	-	12 465 817	-	12 465 817
Total comprehensive income for the period	**-**	**-**	**12 465 817**	**3192 990 910**	**3205 456 727**
Transactions with owners, in their capacity as owners recognised directly in equity					
Dividend paid	-	-	-	(1 373 344)	(1 373 344)
Balance as at 30 June 2020	**1 965 738**	**17 530 833**	**26 076 311**	**4637 189 788**	**4682 762 670**
SIX MONTHS ENDED 30 JUNE 2019					
Balance as at 1 January 2019	**1 965 738**	**17 530 833**	**7 353 815**	**63 934 262**	**90 784 648**
Comprehensive income					
Profit for the period	-	-	-	501 772 770	501 772 770
Other comprehensive income	-	-	2 028 013	-	2 028 013
Total comprehensive income for the period	**-**	**-**	**2 028 013**	**501 772 770**	**503 800 783**
Transactions with owners, in their capacity as owners recognised directly in equity	**-**	**-**	**-**	**-**	**-**
Dividend paid	-	-	-	(1 000 000)	(1 000 000)
Balance as at 30 June 2019	**1 965 738**	**17 530 833**	**9 381 828**	**564 707 032**	**593 585 431**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 June 2020

		Inflation adjusted		Historical cost	
	Note	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL
Cash flows from operating activities					
Profit before income tax		**998 124 455**	**3 697 953 236**	**3 241 849 271**	**510 004 622**
Adjustments for:					
- Fair value gains on investment properties	5	(994 466 302)	(3523 580 442)	(3222 670 125)	(506 618 287)
- Depreciation		5 021 564	2 690 335	384 924	61 478
- Interest income		(521)	(89 924)	(358)	(19 156)
- Interest expense		308 283	2 084 050	163 338	118 662
- Monetary adjustment		21 719 412	(137 344 455)	-	-
- Impairment allowances		762 349	1 499 099	762 349	176 267
- (Profit)/loss on disposal of equipment		(1 235 880)	-	(175 842)	2 247
- Loss/(profit) on disposal of investment property		3 163 775	-	(338 184)	-
Operating cash flows before working capital changes		**33 397 135**	**43 211 899**	**19 975 373**	**3 725 833**
Changes in working capital:					
Increase in inventories		(4 544 423)	(2 732 958)	(11 908 124)	(164 885)
Decrease/(increase) in trade and other receivables		23 951 163	6 028 780	(275 572)	(1 671 140)
Increase/(decrease) in trade and other payables		1 371 973	(14 478 726)	8 547 208	220 293
Cash generated from operations		**54 175 848**	**32 028 995**	**16 338 884**	**2 110 101**
Income tax paid		(2 635 217)	(4 437 833)	(1 594 537)	(569 468)
Dividend paid	15	(2 449 122)	(13 122 167)	(1 373 344)	(1 000 000)
Interest paid		(308 283)	(2 084 050)	(163 338)	(118 662)
Interest received		521	89 924	358	19 156
Net cash generated from operating activities		**48 783 748**	**12 474 869**	**13 208 023**	**441 127**
Cash flows from investing activities					
Proceeds from disposal of equipment		1 051 776	-	215 362	-
Acquisition of equipment	14.1	(3 984 400)	(551 138)	(2 304 311)	(43 420)
Acquisition of leasehold improvements capitalised to investment property	5	(216 547)	(1 680 998)	(216 547)	(118 958)
Proceeds from disposal of investment property		2 500 000	-	2 500 000	-
Net cash utilised from investing activities		**(649 171)**	**(2 232 136)**	**(194 504)**	**(162 378)**
Cash flows from financing activities					
Repayment of interest-bearing borrowings		(2 139 670)	(36 813 341)	(1 168 866)	(1 510 830)
Net cash utilised in financing activities		**(2 139 670)**	**(36 813 341)**	**(1 168 866)**	**(1 510 830)**
Net increase/(decrease) in cash and cash equivalents		**45 994 910**	**(26 570 609)**	**12 233 663**	**(1 232 081)**
Cash and cash equivalents at beginning of the period		2 290 273	22 070 486	874 178	1 682 035
Inflationary effects		(35 177 342)	8 267 397	-	-
Cash and cash equivalents at the end of period		**13 107 841**	**3 767 274**	**13 107 841**	**449 954**

NOTES TO THE ABRIDGED REVIEWED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 June 2020

1 GENERAL INFORMATION

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

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

These condensed interim financial statements ("the condensed interim financial statements") were approved for issue by the Board of Directors on 25 September 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim financial statements have been prepared in accordance with the requirements of the "International Accounting Standard (IAS) 34" - "Interim Financial Reporting". Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position of the Group since the last annual consolidated financial statements for the year ended 31 December 2019. These condensed interim financial statements do not include all the information required for the full annual financial statements prepared in accordance with the requirements of the International Financial Reporting Standards. Accordingly, these condensed interim financial statements are are to be read in conjunction with the annual report for the year ended 31 December 2019.

2.1 Basis of preparation

The condensed interim financial statements have been prepared under the historical cost convention and restated to take account of the effects of hyper inflation in accordance with the "International Accounting Standard 29": "Financial Reporting in Hyper Inflationery Economies." Accordingly, the condensed interim financials statements and the corresponding figures have been restated to take into account the changes in the general purchasing power of the Zimbabwe dollar and, as a result, are stated in terms of the measuring unit currency at the balance sheet date with effect from 1 October 2018. The restatement is based on the conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Zimbabwe National Statistics Agency (ZIMSTAT).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

Inflation Adjustment Factors

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

Date	Indices	Conversion factor
30 June 2020	1 445.2114	1.0000
31 December 2019	551.6251	2.6199
30 September 2018	64.0590	22.5606

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity and assumptions and estimates that are significant to the financial statements have been disclosed in note 4 of the financial statements.

2.2 Consolidation

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

2.3 Segment reporting

	Inflation adjusted			
	Investment property ZWL	Property development ZWL	Property consultancy ZWL	Total ZWL
SIX MONTHS ENDED 30 JUNE 2020 - REVIEWED				
Revenue from external customers:				
Rental income	30 202 340	-	-	**30 202 340**
Timeshares hotel revenue	1 418 512	-	-	**1 418 512**
Timeshares sale of contracts	81 129	-	-	**81 129**
Property development	-	5 579 468	-	**5 579 468**
Professional valuations	-	-	12 874 971	**12 874 971**
Property management	-	-	6 534 291	**6 534 291**
Projects management	-	-	-	**-**
Agency fees	-	-	-	**-**
Travel and other recoveries	-	-	2 220 648	**2 220 648**
Total segment revenue	**31 701 981**	**5 579 468**	**21 629 910**	**58 911 359**
Total segment operating expenses	**(16 134 142)**	**(4 646 277)**	**(16 529 341)**	**(37 309 760)**
Other material non-cash items:				
Fair value gain on investment property	994 466 302	-	-	**994 466 302**
Reportable segment profit before taxation	**991 651 997**	**933 192**	**5 539 266**	**998 124 455**
Includes consolidation journals				
Reportable segment assets as at 30 June 2020	4 692 151 596	276 605 698	12 685 147	**4 981 442 441**
Reportable segment liabilities as at 30 June 2020	76 209 628	3 579 603	3 999 093	**83 788 324**
SIX MONTHS ENDED 30 JUNE 2019 - REVIEWED				
Revenue from external customers:				
Rental income	50 091 299	-	-	**50 091 299**
Timeshares hotel revenue	1 718 615	-	-	**1 718 615**
Timeshares sale of contracts	266 407	-	-	**266 407**
Property development	-	-	-	**-**
Professional valuations	-	-	7 894 422	**7 894 422**
Property management	-	-	11 437 776	**11 437 776**
Projects management	-	-	36 130	**36 130**
Agency fees	-	-	916 607	**916 607**
Travel and other recoveries	-	-	1 403 216	**1 403 216**
Total segment revenue	**52 076 321**	**-**	**21 688 151**	**73 764 472**
Total segment operating expenses	**(19 862 051)**	**-**	**(17 285 595)**	**(37 147 646)**
Other material non cash items:				
Fair value gain on investment property	3 523 580 442	-	-	**3 523 580 442**
Reportable segment profit before taxation	**3 692 828 357**	**-**	**5 124 879**	**3 697 953 236**
Reportable segment assets as at 30 June 2019	5 105 093 973	56 307 164	17 985 970	**5 179 387 107**
Reportable segment liabilities as at 30 June 2019	136 074 786	-	4 625 489	**140 700 275**

	Historical cost			
	Investment property ZWL	Property development ZWL	Property consultancy ZWL	Total ZWL
SIX MONTHS ENDED 30 JUNE 2020 - REVIEWED				
Revenue from external customers:				
Rental income	15 546 616	-	-	**15 546 616**
Timeshares hotel revenue	730 854	-	-	**730 854**
Timeshares sale of contracts	52 079	-	-	**52 079**
Property development	-	5 579 468	-	**5 579 468**
Professional valuations	-	-	6 445 966	**6 445 966**
Property management	-	-	3 674 847	**3 674 847**
Projects management	-	-	-	**-**
Agency fees	-	-	-	**-**
Travel and other recoveries	-	-	1 281 046	**1 281 046**
Total segment revenue	**16 329 549**	**5 579 468**	**11 401 859**	**33 310 876**
Total segment operating expenses	**(9 893 949)**	**(2 208 655)**	**(8 030 021)**	**(20 132 625)**
Other material non-cash items:				
Fair value gain on investment property	3 222 670 125	-	-	**3 222 670 125**
Reportable segment profit before taxation	**3 234 891 988**	**3 370 813**	**3 586 469**	**3 241 849 271**
Includes consolidation journals				
Reportable segment assets as at 30 June 2020	4 647 130 888	112 048 190	7 610 241	**4 766 789 319**
Reportable segment liabilities as at 30 June 2020	76 447 953	3 579 603	3 999 093	**84 026 649**

Dawn Properties Limited

Reviewed Condensed Consolidated Financial Statements for the six months ended 30 June 2020

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Segment reporting (continued)

	Historical cost			
	Investment property ZWL	Property development ZWL	Property consultancy ZWL	Total ZWL
SIX MONTHS ENDED 30 JUNE 2019 - REVIEWED				
Revenue from external customers:				
Rental income	4 505 692	-	-	4 505 692
Timeshares hotel revenue	139 781	-	-	139 781
Timeshares sale of contracts	31 513	-	-	31 513
Property development	-	-	-	-
Professional valuations	-	-	650 425	650 425
Property management	-	-	926 341	926 341
Projects management	-	-	2 500	2 500
Agency fees	-	-	66 054	66 054
Travel and other recoveries	-	-	106 997	106 997
Total segment revenue	**4 676 986**	**-**	**1 752 317**	**6 429 303**
Total segment operating expenses	**(1 772 197)**	**-**	**(1 329 722)**	**(3 101 919)**
Other material non-cash items:				
Fair value gain on investment property	506 618 287	-	-	506 618 287
Reportable segment profit before taxation	**509 506 668**	**-**	**497 954**	**510 004 622**
Reportable segment assets as at 30 June 2019	604 648 302	2 609 065	3 132 959	610 390 326
Reportable segment liabilities as at 30 June 2019	15 712 314	-	1 092 581	16 804 895

2.4 Functional and reporting currency
For the purpose of the condensed interim financial statements, the results and financial position of the Group are expressed in Zimbabwe Dollars (ZWL) which is the functional and presentation currency of the Group.

The Group translated balances at the interbank exchange rate up to 23 June 2020 when the auction rate was introduced.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial period, unless where otherwise stated.

4 ESTIMATES

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

In preparing these reviewed financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the consolidated interim financial statements for the period ended 31 December 2019.

Valuation processes
The investment property, and property and equipment was valued as at 30 June 2020 by Dawn Property Consultancy (Private) Limited in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards. For investment property, the valuation basis is a market comparison method for land and cost approach for buildings, both valuation basis conform to international valuation standards. For property and equipment, the fair value thereof was determined using the cost approach that reflects the cost to a market participant to acquire assets of comparable utility and age.

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

Valuation techniques underlying management's estimation of fair value
The property valuer considered comparable market evidence of recent sale transactions and those transactions where firm offers had been made but awaiting acceptance for property and equipment. Land is valued using the sales comparison method. Fair value is based on prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Hotel properties are valued using the cost approach. The cost approach reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). Lease contracts have not been taken into consideration due to depressed revenue inflows. Turnover based rentals and the lease agreements do not have clauses that require the tenant to provide turnover projections.In addition, the property market is currently not stable due to liquidity constraints and changes in the functional currency hence comparable values are also not readily available. Furthermore, the multi-currency regime was discontinued on 24 June 2019 through Statutory Instrument 142 (SI 142) of 2019, and as such there had not been many ZWL property sale transactions in that period and the property valuer had to benchmark the investment property, property and equipment values in US dollars at the valuation date and then apply an exchange rate as of the same date to determine a ZWL value.

Statutory Instrument 142 of 2019 introduced the Zimbabwe Dollar (ZWL) as the sole legal tender effective 24 June 2019. This appears to have been a follow up measure to the Monetary Policy Statement (MPS) of 22 February 2019 which added the RTGS$ to the then basket of currencies. The de-dollarisation of the economy is now complete. The MPS established an Inter-Bank Foreign Exchange market which continues to function. On the 23rd of June 2020, the monetary authority established the Foreign Exchange Auction market for the trading of the foreign currency in an effort to easy the shortages. These events have created complex valuation challenges, at least for the short term. Valuations rely on historical market evidence for calculation inputs. This includes transaction prices for comparable properties, rents and capitalisation rates. Such market evidence does not exist at present to calculate ZWL values.

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

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

2) Ignoring Market Dynamics - Applying a conversion rate to USD property values to arrive at ZWL property values is not an accurate reflection of market dynamics. Risks associated with currency trading do not reflect the risks associated with property trading. The two markets perceive and price their respective risks quite differently. It is, therefore, unlikely that property values will strictly track the movement in the Inter-Bank Foreign Exchange Rate. Therefore, a direct conversion of the USD property values likely overstates the ZWL property values.

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

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

	Reviewed 30 June 2020 USD	Audited 31 December 2019 USD
Construction cost figures:		
Grade "A" offices	1 200 - 1 400	1 200 - 1 400
Grade "B" offices	1 050 - 1 150	1 050 - 1 150
Industrial offices	850 - 1 000	850 - 1 000
Industrial factory	700 - 800	700 - 750
Land comparable:		
Industrial areas	25 - 30	25 - 30
High density areas	30 - 75	30 - 75
Medium density areas	30 - 60	30 - 60
Low density areas	25 - 45	25 - 45
Commercials - avenues	250 - 400	250 - 400
Central business district	600 - 750	600 - 750

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

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

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

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

The Group had no financial assets and liabilities carried at fair value as at 30 June 2020 (30 June 2019: ZWLnil).

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

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

	Cost approach ZWL	Sales comparison ZWL
Sensitivity on managements estimates based on Inflation adjusted numbers:		
Change in depreciated replacement cost/square metre (cost/sqm):		
Year ended 30 June 2020		
5% increase in the replacement cost/sqm	171 537 450	
5% decrease in the replacement cost/sqm	(171 537 450)	
5% increase in the replacement cost/sqm		56 684 200
5% decrease in the replacement cost/sqm		(56 684 200)
Year ended 31 December 2019		
5% increase in the replacement cost/sqm	49 629 650	-
5% decrease in the replacement cost/sqm	(49 629 650)	-
5% increase in the replacement cost/sqm	-	12 378 750
5% decrease in the replacement cost/sqm	-	(12 378 750)

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

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

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

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities. This level includes listed equity.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non listed equity investments.

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

5 INVESTMENT PROPERTY

	Inflation adjusted			Historical cost		
	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL	Audited 31 December 2019 ZWL	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL	Audited 31 December 2019 ZWL
At the beginning of the period	**3 868 741 896**	**1 477 688 091**	**1 477 688 091**	**1 476 666 450**	**90 802 754**	**90 802 754**
	-	-	-	-	-	-
Transfer (to)/from property inventory	(259 368 423)	-	54 848 238	(98 998 759)	-	2 477 627
Improvements capitalised	216 547	1 680 998	8 030 505	216 547	118 959	2 539 261
Disposals	(5 663 775)	-	-	(2 161 816)	-	-
Fair value gain on investment property	994 466 302	3 523 580 442	2 328 175 062	3 222 670 125	506 618 287	1 380 846 808
At the end of the period	**4 598 392 547**	**5 002 949 531**	**3 868 741 896**	**4 598 392 547**	**597 540 000**	**1 476 666 450**

Investment property is measured at fair value as described in note 4.

6 TRADE AND OTHER RECEIVABLES

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL
Non-current	52 182 277	52 182 277	2 312 980	2 312 980
Current				
Trade receivables	10 135 592	18 191 934	10 135 592	6 943 709
Prepayments	829 240	19 658 041	829 240	7 503 310
Other receivables	3 033 333	99 352	3 033 333	37 922
	13 998 165	**37 949 327**	**13 998 165**	**14 484 941**

Dawn Properties Limited

Reviewed Condensed Consolidated Financial Statements for the six months ended 30 June 2020

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2020

6 TRADE AND OTHER RECEIVABLES (CONTINUED)

Non-current trade and other receivables relate to a prepayment in respect of the acquisition of two pieces of land measuring approximately 2.2 hectares. The process to transfer legal title of the land to the Group had not yet been completed at the reporting date. This transaction is expected to be completed beyond 12 months after the reporting date, and thus the prepayment has been classified as a non-current asset.

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL
The fair values of trade and other receivables are as follows:				
Trade receivables	10 135 592	18 191 934	10 135 592	6 943 709
Other receivables	3 033 333	99 352	3 033 333	37 922
	13 168 925	**18 291 286**	**13 168 925**	**6 981 631**

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

The estimated fair values of receivables are the discounted amounts of the estimated future cash flows expected to be received and approximate value of their carrying amounts. Expected cash flows are discounted at current market rates to determine fair values.

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL
7 INVENTORIES				
Property under construction (note 7.1)	276 168 583	-	112 048 190	-
Property development inventories	437 114	660 049	19 375	29 257
Stationery and other office consumables	559 352	3 884 374	313 659	264 352
	277 165 049	**4 544 423**	**112 381 224**	**293 609**

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL
7.1 Analysis of property inventory under construction				
At the beginning of the period	-	-	-	-
Transfer from investment property	259 368 423	-	98 998 759	-
Capitalised	18 353 020	-	14 077 355	-
Transfer from property, plant and equipment	3 093 417	-	1 180 731	-
Cost of sales	(4 646 277)	-	(2 208 655)	-
	276 168 583	**-**	**112 048 190**	**-**

The property inventory under development comprises of sixty five (65) stands of an average of 2,000 square metres each that are on sale.

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL
8 BORROWINGS				
Non-current portion of long term loans	3 467 919	6 134 819	3 467 919	2 341 609
Current portion of long term loans	1 444 362	9 797 270	1 444 362	3 739 536
	4 912 281	**15 932 089**	**4 912 281**	**6 081 145**
Analysis of borrowings				
NMB Bank Limited	4 841 840	15 689 047	4 841 840	5 988 378
CBZ Bank Limited	70 441	243 042	70 441	92 767
	4 912 281	**15 932 089**	**4 912 281**	**6 081 145**

The Group's borrowings with Commercial Bank of Zimbabwe (CBZ) and National Merchant Bank of Zimbabwe (NMB) are secured by properties valued at ZWL412 406 000 and will mature in August 2021 and December 2022 respectively.

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL
9 REVENUE				
Operating lease rentals	30 202 340	50 091 299	15 546 616	4 505 692
Timeshare rentals	1 418 512	1 718 615	730 854	139 781
Timeshare sale of contracts	81 129	266 407	52 079	31 513
Property sales	5 579 468	-	5 579 468	-
Valuations of property, plant and equipment	12 874 971	7 894 422	6 445 966	650 425
Property management fees	6 534 291	11 437 776	3 674 847	926 341
Other	2 220 648	2 355 953	1 281 046	175 551
	58 911 359	**73 764 472**	**33 310 876**	**6 429 303**
10 INCOME TAX				
Current tax	4 151 726	7 563 568	4 151 726	903,374
Deferred tax	(140 238 199)	61 358 245	44 706 635	7 328 478
	(136 086 473)	**68 921 813**	**48 858 361**	**8 231 852**

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

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL
11 EARNINGS PER SHARE				
11.1 Basic earnings per share				
Profit attributable to the owners of the parent	1 134 210 928	3 629 031 423	3 192 990 910	501 772 770
Weighted average number of ordinary shares in issue	2 457 172 108	2 457 172 108	2 457 172 108	2 457 172 108
Earnings per share (cents)	46.16	147.69	129.95	20.42

11.2 Diluted earnings per share

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

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL
11.3 Headline earnings per share				
Headline earnings/(loss)	133 448 734	105 450 981	(34 820 736)	(4 843 270)
Weighted average number of ordinary shares in issue (number)	2 457 172 108	2 457 172 108	2 457 172 108	2 457 172 108
Headline earnings/(loss) per share (cents)	5.43	4.29	(1.42)	(0.20)
11.4 Reconciliation of earnings used in calculating earnings per share				
Earnings attributable to owners	1 134 210 928	3 629 031 423	3 192 990 910	501 772 770
Adjusted to headline earnings as follows:				
Fair value gain on investment property, net of tax	(994 466 302)	(3 523 580 442)	(3 222 670 125)	(506 618 287)
Loss/(profit) from disposal of propery and equipment	(1 235 880)	5 887	(175 842)	2 247
Foreign exchange gains	(5 060 012)	-	(4 965 679)	-
	133 448 734	**105 456 868**	**(34 820 736)**	**(4 843 270)**
11.5 Weighted average number of shares in issue				
Shares at the beginning of the period	2 457 172 108	2 457 172 108	2 457 172 108	2 457 172 108
Shares at the end of the period	**2 457 172 108**	**2 457 172 108**	**2 457 172 108**	**2 457 172 108**

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

Weighted average number of shares for diluted earnings are calculated by adjusting the weighted number of ordinary shares with the potentially dilutive ordinary shares. As at 30 June 2020, there were no potential dilutive shares.

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2019 ZWL
11.6 Net asset value per share				
Net assets	4 897 654 117	5 038 686 832	4 682 762 670	593 585 431
Weighted average number of ordinary shares in issue	2 457 172 108	2 457 172 108	2 457 172 108	2 457 172 108
Net asset value per share (cents)	199.32	205.06	190.58	24.16
11.7 Net tangible asset value per share				
Net tangible assets	4 897 654 117	5 038 686 832	4 682 762 670	593 585 431
Weighted average number of ordinary shares in issue	2 457 172 108	2 457 172 108	2 457 172 108	2 457 172 108
Net tangible asset value per share (cents)	199.32	205.06	190.58	24.16

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

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL
12 CAPITAL COMMITMENTS				
Authorised and contracted for	19 493 634	120 867 386	19 493 634	46 134 071
Authorised and not contracted for	22 454 029	-	22 454 029	-
	41 947 663	**120 867 386**	**41 947 663**	**46 134 071**

Capital commitments relate to improvements to investment properties, servicing of Marlborough Sunset Views land bank and acquisition of property and equipment. All capital commitments will be financed from normal operating cash flows.

13 SIGNIFICANT RELATED PARTY TRANSACTIONS

13.1 Transactions and balances with African Sun Limited
The Group leases out seven of its hotel properties to African Sun Limited ("ASL"), a subsidiary of Arden Capital Management (Private) Limited ("Arden"). Arden is the Group's largest shareholder which controls 66.81% of Dawn Properties Limited's issued share capital.

The Group charged ASL ZWL28 107 210 (2019:ZWL49 017 114), historical cost ZWL14 161 399 (2019: ZWL4 505 692) in rentals during the period under review. Balances with African Sun Limited as at the end of the reporting period were as follows:

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL	Reviewed 30 June 2020 ZWL	Audited 31 December 2019 ZWL
Outstanding lease rental payments (trade receivables)	**2 767 441**	**15 171 165**	**2 767 441**	**5 790 707**

The oustanding lease rental payments are unsecured in nature and bear no interest as they are expected to be paid in full within the current financial year. An impairment allowance amounting of ZWL53 581(2019: ZWL53 581) has been recognised against the balance due from African Sun Limited.

14 SIGNIFICANT EVENTS

14.1 Acquisition of property, plant and equipment

	Inflation adjusted	Historical cost
	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2020 ZWL
Motor vehicles	3 750 852	2 108 000
Computer equipment	208 637	171 400
Office equipment	24 911	24 911
	3 984 400	**2 304 311**

14.2 Offer to acquire 100% of Dawn Properties Limited's issued shares by African Sun Limited
In May 2020 the Board received an offer from African Sun Limited ("African Sun") to acquire a 100% of the issued shares of Dawn Properties Limited ("Dawn"). In terms of the offer, Dawn shareholders who accept the offer will receive 1 African Sun ordinary share for every 3.988075946 Dawn ordinary shares held. Upon completion of this transaction, Dawn will be delisted from the Zimbabwe Stock Exchange.

15 DIVIDEND

During the period under review, a dividend of ZWL2 449 122 (historical ZWL1 373 344) was declared and paid with respect to the year ended 31 December 2019. No dividend was declared for the interim period ended 30 June 2020.

16 GOING CONCERN

The Group's forecasts and projections have been updated to include the ongoing developments related to the Covid-19 pandemic. In the period under review the entity's operations were affected by the first phase of the lockdown. Dawn Properties Limited was not classified as one of the essential service providers and thus no operations were conducted during the lockdown. The Group's forecasts and projections taking into account possible changes in trading performance, show that the Group should be able to operate within the level of its current financing. As a result, the Directors are of the opinion that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements. However, uncertainty still exists as it remains difficult to predict the impact of Covid-19 pandemic with certainty.

17 EVENTS AFTER THE REPORTING DATE

There were no events subsequent to the reporting date that could have a material impact on these reviewed condensed consolidated financial statements.

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Independent Auditor's Report on the Review of Inflation Adjusted Condensed Financial Statements
To the Shareholders of Dawn Properties Limited

Introduction

We have reviewed the accompanying inflation adjusted condensed consolidated interim statement of financial position of Dawn Properties Limited ("the Company") and its subsidiaries ("the Group") as at 30 June 2020 and the inflation adjusted condensed consolidated interim statement of comprehensive income, the inflation adjusted condensed consolidated interim statement of changes in equity and the inflation adjusted condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The Directors are responsible for the preparation and presentation of these interim financial statements in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Basis for Adverse Conclusion

1. <u>Impact of incorrect date of application of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" on comparative financial information</u>

The Group and Company did not comply with IAS 21 in the prior financial period, as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19"). Had the assessment required by IAS 21 occurred in the correct period from 1 October 2018, the adjustments that were recognised in the comparative 2019 period would have been materially different. Therefore, the departure from the requirements of IAS 21 were considered to be pervasive in the prior period. The financial effects on the inflation adjusted condensed consolidated financial statements of this departure were not determined. Furthermore, our conclusion on the current period's financial results is modified because of the possible effects of the matter on the comparability of the current period's financial results with those of the prior year.

2. <u>Reliability of ZWL Valuation of Investment Property and Property, Plant and Equipment Based on Attributes of Market Participants and Price as Prescribed in IFRS 13 'Fair Value Measurements'</u>

As set out in note 4 to the inflation adjusted condensed consolidated interim financial statements, the Group performed a fair valuation of investment property and property, plant and equipment as at 30 June 2020. The Group engaged professional valuers to determine fair values in USDs, and management subsequently determined the ZWL equivalent fair values by translating those USD valuations using the closing ZWL/USD auction exchange rate as at 30 June 2020.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date.

While we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD auction exchange rate in the determination of the final ZWL fair valuations presented.

Basis for Adverse Conclusion (continued)

2. Reliability of ZWL Valuation of Investment Property and Property, Plant and Equipment Based on Attributes of Market Participants and Price as Prescribed in IFRS 13 'Fair Value Measurements' (continued)

IFRS 13 requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

We were therefore unable to obtain sufficient appropriate evidence to support the appropriateness of simply applying the closing ZWL/USD auction exchange rate in determining the ZWL fair value of investment property and property, plant and equipment, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of investment property and property, plant and equipment in ZWL. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZWL valuations of property, plant and equipment to the auction exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of property, plant and equipment reflects the implications on market dynamics of the auction exchange rate.

Adverse Conclusion

Due to the significance of the matters described in the Basis for Adverse Conclusion paragraphs, we conclude that the accompanying consolidated inflation adjusted condensed financial statements of the Group do not present fairly, in all material respects, the consolidated inflation adjusted condensed financial position of the Group as at 30 June 2020, and of its consolidated inflation adjusted condensed financial performance and cash flows for the six month period then ended in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the requirements of the Companies and Other Business Entities Act (24:31).

Emphasis of matter

We draw attention to Note 16 of the financial statements, which describes the uncertainties related to the possible effects of the COVID-19 outbreak on the Group and its inability to quantify the possible impact. Our conclusion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an adverse opinion on those statements on 11 June 2020. The reasons for the modification related to the incorrect application of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" and the inappropriate application of the closing interbank exchange rate on the US$ valuation of investment property and property, plant and equipment performed at 31 December 2019 in order to determine the ZWL values. It was not practicable to quantify the financial effects on the financial statements.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Stelios Michael
Partner
Registered Auditor
PAAB Practice Certificate Number: 0443

30 September 2020