

## Condensed Unaudited Results For Half Year Ended 30 June 2020

### Chairman's Statement

#### OPERATING ENVIRONMENT

The advent of the Covid-19 pandemic, currency depreciation and rising inflation characterized the operating environment. These factors have strained business operations and inevitably impacted the property sector negatively.

Annual inflation peaked at 737% as at 30 June 2020, leading to significant increase in operating cost of buildings as service providers resorted to indexing charges to the United States of America dollars ("US\$"). Cost indexation also adversely affected property developments. A significant number of real estate development projects in the market have been put on hold. Property yields significantly decreased as they are income and value driven.

The Covid-19 pandemic paralysed performance of tourism related assets, student accommodation and project sales while it negatively affected office space. Retail remained somewhat resilient. The Company's view is that in the medium to long-term these assets will recover.

The commercial real estate sales market has been dormant as investors are not prepared to sell in local currency. Sales on the market, albeit at a slow pace because of liquidity challenges, are mostly of residential properties.

#### INVESTMENT PROPERTY PERFORMANCE

Notwithstanding the challenges, the portfolio performed well with rentals remaining resilient in the face of mounting pressure on rental rates. Rental income was boosted by regular upward reviews and improved turnover rental on retail space. Month-on-month rent collection averaged 100% for the period under review, a decent performance considering the challenging operating environment. The average portfolio vacancy rate marginally worsened to 23% from 22% over the reporting period. Harare CBD office, Bulawayo CBD office and the Gweru industrial facility recorded the highest void rates.

Investment properties were valued at ZWL2.25 billion by independent valuers Knight Frank as at 30 June 2020, a 75% increase from December 2019. In US\$ terms, however, the portfolio value declined. The decline is reflective of the discount on portfolio rental income in US\$ terms and the deteriorating exchange rate. Despite the regular reviews, the depreciating exchange rate and hyperinflation negatively affected portfolio incomes and hence fair values.

#### FINANCIAL PERFORMANCE

The financial statements for the half year ended 30 June 2020 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim financial reporting" and are expressed in terms of the measuring unit current at the end of the reporting period. The financial performance commentary is based on the inflation adjusted financial statements which are the Company's primary financial statements prepared in terms of IAS 29 - "Financial reporting in hyperinflationary economies." Historical cost based figures are presented for information purposes only.

Total revenue for the half year declined by 29% to ZWL27.06 million from ZWL37.96 million achieved in the first half of 2019. Rental income grew by 27% to ZWL24.21 million from ZWL19.05 million attained in the corresponding period in 2019. Projects income significantly declined during the half year mainly as a result of the COVID-19 induced lockdown which restricted marketing of the stands and movement of potential purchasers. Sales amounted to ZWL2.38 million, down from ZWL18.13 million achieved in the previous half year, an 87% decline. Investment properties achieved a fair value gain of ZWL963.02 million for the half year compared to ZWL639.72 million in the first half of 2019.

Cost control measures were adopted throughout the reporting period. As a result, total administration costs were ZWL19.96 million compared to ZWL21.75 million the previous half year.

The Company realised a profit for the half year of ZWL946.67 million compared to ZWL580.67 million in the same period last year.

#### PROJECTS UPDATE

##### Conversion of CBD properties

Your company is pursuing possibilities of converting Harare CBD properties to alternative uses. The First Street and Nelson Mandela corner is the immediate target area. Technical investigations are advanced and commencement of works could be soon depending on viability profiles. The Company intends to convert some of its CBD properties to alternative uses such as boutique hotel, residential apartments and student accommodation. A collaborative and syndicated development approach of the First Street and George Silundika Avenue block is also being pursued.

##### Victoria Falls Lodge

The process of securing development permit for construction of a lodge in Victoria Falls is at an advanced stage. The project involves construction of a 40-roomed lodge facility at an estimated cost of US\$1.6 million. Works are expected to commence once regulatory approvals are granted.

##### Adylin Townhouse, Westgate

Development of this project is expected to commence in the course of the fourth quarter. The project is located at Westgate off old Mazowe Road and comprises 80, 2 and 3 bed cluster units. The total expected cost of the project is US\$6 million. The project will sell off-plan once preliminary and regulatory issues are cleared.

#### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the half year in light of the uncertainties brought about by the COVID-19 pandemic and lockdown.

#### OUTLOOK

While the short to medium-term remains highly unpredictable due to macro-economic challenges and impact of COVID-19 pandemic, the Company believes that the future is in collaborative and syndicated development approach. A number of potentially game changing projects are being pursued with companies where there are common shareholders. I look forward to breaking ground for a cluster development in Harare and Victoria Falls Lodge. The official opening ceremony of Sawanga Shopping Mall in Victoria Falls is also planned for the fourth quarter.

#### APPRECIATION

I would like to thank all Shareholders, Stakeholders and fellow Board members for their unwavering support. Further, I wish to extend my appreciation to Management and Staff for their hard work over a particularly difficult half year.



**J. Maguranyanga**  
Chairman

15 October 2020

### Condensed Statement of Financial Position as at 30 June 2020

ASSETS	Notes	Inflation Adjusted		Historical Cost	
		Reviewed 30-Jun-20 ZWL	Audited 31-Dec-19 ZWL	Reviewed 30-Jun-20 ZWL	Audited 31-Dec-19 ZWL
<b>Non-current assets</b>					
Investment properties	5	2,246,090,000	1,281,678,553	2,246,090,000	489,210,800
Vehicles and equipment	6	20,636,867	20,601,561	2,704,710	1,856,879
		<u>2,266,726,867</u>	<u>1,302,280,114</u>	<u>2,248,794,710</u>	<u>491,067,679</u>
<b>Current assets</b>					
Inventories	7	47,807,101	48,094,822	2,478,349	2,483,641
Financial assets at fair value through profit or loss		2,297,969	732,212	2,297,969	279,482
Trade and other receivables	8	19,287,526	23,644,338	16,875,152	8,445,736
Cash and cash equivalents	9	6,801,226	2,443,163	6,801,226	932,544
		<u>76,193,822</u>	<u>74,914,535</u>	<u>28,452,696</u>	<u>12,141,403</u>
<b>Total assets</b>		<b><u>2,342,920,689</u></b>	<b><u>1,377,194,649</u></b>	<b><u>2,277,247,406</u></b>	<b><u>503,209,082</u></b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the parent</b>					
Ordinary share capital		33,256,626	33,256,626	1,716,667	1,716,667
Share premium		720,859,047	720,859,047	37,209,876	37,209,876
Retained earnings		1,457,766,939	523,468,415	2,111,715,615	427,645,389
<b>Total shareholders' equity</b>		<u>2,211,882,612</u>	<u>1,277,584,088</u>	<u>2,150,642,158</u>	<u>466,571,932</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities		114,718,955	72,492,147	110,286,126	26,286,176
Borrowings	10	1,928,525	7,477,059	1,928,525	2,853,959
		<u>116,647,480</u>	<u>79,969,206</u>	<u>112,214,651</u>	<u>29,140,135</u>
<b>Current liabilities</b>					
Borrowings	10	2,769,633	7,959,834	2,769,633	3,038,232
Current income tax liability		2,387,498	4,868,945	2,387,498	1,858,454
Trade and other payables	11	9,233,466	6,812,576	9,233,466	2,600,329
		<u>14,390,597</u>	<u>19,641,355</u>	<u>14,390,597</u>	<u>7,497,015</u>
<b>Total liabilities</b>		<u>131,038,077</u>	<u>99,610,561</u>	<u>126,605,248</u>	<u>36,637,150</u>
<b>Total equity and liabilities</b>		<b><u>2,342,920,689</u></b>	<b><u>1,377,194,649</u></b>	<b><u>2,277,247,406</u></b>	<b><u>503,209,082</u></b>

### Condensed Statement of Profit or Loss and Other Comprehensive Income for half year ended 30 June 2020

Notes	Inflation Adjusted		Historical Cost		
	Reviewed 30-Jun-20 ZWL	Reviewed 30-Jun-19 ZWL	Reviewed 30-Jun-20 ZWL	Reviewed 30-Jun-19 ZWL	
Revenue	27,056,583	37,962,963	17,271,476	3,373,761	
Property expenses	(546,704)	(5,459,220)	(218,304)	(467,340)	
Cost of stands sold	(315,747)	(4,642,001)	(24,705)	(296,667)	
<b>Net property income</b>	<u>26,194,132</u>	<u>27,861,742</u>	<u>17,028,467</u>	<u>2,609,754</u>	
Employee expenses	(7,266,889)	(8,182,697)	(4,900,089)	(649,639)	
<b>Administration expenses</b>	<u>(12,690,523)</u>	<u>(13,564,766)</u>	<u>(7,169,741)</u>	<u>(1,162,291)</u>	
<b>Net property income after administration expenses</b>	<u>6,236,720</u>	<u>6,114,279</u>	<u>4,958,637</u>	<u>797,824</u>	
Fair value adjustments	964,589,509	638,170,629	1,758,040,720	121,830,545	
Other income	10,542,625	43,770,530	8,778,836	3,334,014	
Operating profit	981,368,854	688,055,438	1,771,778,193	125,962,383	
Net loss on monetary assets	(581,516)	(38,550,251)	-	-	
Finance income	143,998	1,133,652	95,078	115,039	
Finance costs	(1,381,010)	-	(778,101)	-	
<b>Profit before income tax</b>	<u>979,550,326</u>	<u>650,638,839</u>	<u>1,771,095,170</u>	<u>126,077,422</u>	
Income tax expense	(42,855,536)	(69,965,853)	(84,628,678)	(9,490,449)	
<b>Profit for the period</b>	<b><u>936,694,790</u></b>	<b><u>580,672,986</u></b>	<b><u>1,686,466,492</u></b>	<b><u>116,586,973</u></b>	
<b>Other comprehensive income</b>					
Items that will not be classified to profit or loss	-	-	-	-	
Items that may be subsequently reclassified to profit or loss	-	-	-	-	
<b>Other comprehensive income for the period, net of tax</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Total comprehensive income for them period, net of tax</b>	<b><u>936,694,790</u></b>	<b><u>580,672,986</u></b>	<b><u>1,686,466,492</u></b>	<b><u>116,586,973</u></b>	
<b>Attributable to:</b>					
-Owners of the parent	936,694,790	580,672,986	1,686,466,492	116,586,973	
-Non-controlling interest	-	-	-	-	
<b>Total comprehensive income for the period</b>	<b><u>936,694,790</u></b>	<b><u>580,672,986</u></b>	<b><u>1,686,466,492</u></b>	<b><u>116,586,973</u></b>	
Basic and diluted earnings per share (ZWL cents)	13	54.56	33.83	98.24	6.79
Headline earnings per share (ZWL cents)	13	(1.62)	(3.35)	(4.17)	(0.31)





**WEAR FACE MASK**



**WASH HANDS REGULARLY**



**KEEP SOCIAL DISTANCE**



**AVOID CONTACT**



**DISINFECT CONTACT ELEMENTS**

## Condensed Unaudited Results For Half Year Ended 30 June 2020 (continued)

### Statement of Changes in Equity for the half year ended 30 June 2020

	Inflation Adjusted Attributable to owners of the parent			Total Shareholders' ZWL
	Ordinary shares	Share premium ZWL	Retained earnings ZWL	
<b>Half year ended 30 June 2019</b>				
Balance as at 1 January 2019	33,256,626	720,859,047	48,390,537	802,506,210
<b>Total comprehensive income for the period</b>	-	-	580,672,986	580,672,986
Profit for the period	-	-	580,672,986	580,672,986
Other comprehensive income	-	-	-	-
<b>Transactions with owners in their capacity as owners</b>				
Dividend declared and paid	-	-	-	-
<b>Balance as at 30 June 2019</b>	<b>33,256,626</b>	<b>720,859,047</b>	<b>629,063,522</b>	<b>1,383,179,196</b>
<b>Half year ended 30 June 2020</b>				
Balance as at 1 January 2020	33,256,626	720,859,047	523,468,415	1,277,584,088
<b>Total comprehensive income for the period</b>	-	-	936,694,790	936,694,790
Profit for the period	-	-	936,694,790	936,694,790
Other comprehensive income	-	-	-	-
<b>Transactions with owners in their capacity as owners</b>				
Dividend declared and paid	-	-	(2,396,266)	(2,396,266)
<b>Balance as at 30 June 2020</b>	<b>33,256,626</b>	<b>720,859,047</b>	<b>1,457,766,939</b>	<b>2,211,882,612</b>

	Historical Cost Attributable to owners of the parent			Total Shareholders' ZWL
	Ordinary shares	Share premium ZWL	Retained earnings ZWL	
<b>Half year ended 30 June 2019</b>				
Balance as at 1 January 2019	1,716,667	37,209,876	9,678,207	48,604,750
<b>Total comprehensive income for the period</b>	-	-	116,586,973	116,586,973
Profit for the period	-	-	116,586,973	116,586,973
Other comprehensive income	-	-	-	-
<b>Transactions with owners in their capacity as owners</b>				
Dividend declared and paid	-	-	-	-
<b>Balance as at 30 June 2019</b>	<b>1,716,667</b>	<b>37,209,876</b>	<b>126,265,180</b>	<b>165,191,723</b>
<b>Half year ended 30 June 2020</b>				
Balance as at 1 January 2020	1,716,667	37,209,876	427,645,389	466,571,932
<b>Total comprehensive income for the period</b>	-	-	1,686,466,492	1,686,466,492
Profit for the period	-	-	1,686,466,492	1,686,466,492
Other comprehensive income	-	-	-	-
<b>Transactions with owners in their capacity as owners</b>				
Dividend declared and paid	-	-	(2,396,266)	(2,396,266)
<b>Balance as at 30 June 2020</b>	<b>1,716,667</b>	<b>37,209,876</b>	<b>2,111,715,615</b>	<b>2,150,642,158</b>

#### AUDIT REVIEW CONCLUSION

The condensed interim financial results for the six months ended 30 June 2020 have been reviewed by PricewaterhouseCoopers Chartered Accountants (Zimbabwe).

A report on the review has been issued and has an adverse conclusion with respect to the following:

- The audit report issued on the financial statements for the year ended 31 December 2019 included the following matters, which resulted in an adverse audit opinion being issued. These matters affect the comparability of the current period balances to those of the prior period:
  - Non compliance with IAS 21, with respect to date of functional currency change and use of the interbank exchange rate which is not considered as an appropriate exchange rate;
  - Non compliance with IAS 29, 'Financial reporting in hyperinflationary economies' as a result of non compliance with IAS 21; and
  - Valuation of investment properties;
- Valuation of investment properties in the current period, and.

The Engagement Partner responsible for this review is Evangelista Ravasingadi. The review report on these condensed interim financial results is available for inspection at the Company's registered office.

#### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the Company's condensed inflation-adjusted financial statements and related financial information included in this report. It is their responsibility to ensure that the Company's condensed inflation-adjusted financial statements fairly present the state of affairs of the Company as at the end of the reporting period and the results of its operations and cash flows for the period then ended in conformity with International Financial Reporting Standards.

### Notes to the Financial Statements

#### 1 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

Although the COVID-19 pandemic and lockdown have affected business performance, particularly the office sector where tenants have had to rationalise space occupied after adopting remote working models and to manage business costs, the Company remains well placed to sustain profitability into the foreseeable future. The Company has reviewed its exposure to the effects of the COVID-19 pandemic and lockdown and other emerging business risks but has not identified any risks that could impact the financial performance or position of the Company as at 30 June 2020. It has sufficient headroom to meet its current loan covenants, to establish new borrowing facilities with its bankers and sufficient working capital to service its operating activities and ongoing investments.

#### 2 BASIS FOR PREPARATION

These condensed financial statements for the half-year ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 - 'Interim financial reporting'.

The condensed interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by Zimre Property Investments Limited during the interim reporting period.

### Statement of Cash Flows for the half year ended 30 June 2020

	Inflation Adjusted		Historical Cost	
	Reviewed 30-Jun-20 ZWL	Reviewed 30-Jun-19 ZWL	Reviewed 30-Jun-20 ZWL	Reviewed 30-Jun-19 ZWL
<b>Cash flows from operating activities</b>				
Profit before income tax	979,550,326	650,638,839	1,771,095,170	126,077,422
Adjustment for non-cash items	(963,116,447)	(637,282,578)	(1,757,072,435)	(122,126,688)
Net loss on monetary assets	581,516	38,550,251	-	-
Working capital adjustments	7,065,423	84,798,789	(1,790,987)	2,819,241
<b>Net cash generated from operating activities</b>	<b>24,080,818</b>	<b>136,705,301</b>	<b>12,231,748</b>	<b>6,769,975</b>
Dividend received	-	(262,420)	-	(18,737)
Interest income on investments	(143,998)	(1,133,652)	(95,078)	(115,039)
Income tax paid	(177,768)	-	(99,683)	-
<b>Net cash generated from operating activities</b>	<b>23,759,052</b>	<b>135,309,229</b>	<b>12,036,987</b>	<b>6,636,199</b>
<b>Cash flows from investing activities</b>				
Improvements and additions to existing investment property	(1,387,694)	(77,694,873)	(856,967)	(6,073,494)
Purchase of property and equipment	(1,508,371)	(1,933,158)	(1,038,016)	(181,249)
Interest on investments	143,998	1,133,652	95,078	115,039
Dividend received	-	262,420	-	18,737
<b>Net cash utilised in investing activities</b>	<b>(2,752,067)</b>	<b>(78,231,959)</b>	<b>(1,799,905)</b>	<b>(6,120,967)</b>
<b>Cash flows from financing activities</b>				
Proceeds from short-term borrowings	-	13,812,277	-	940,000
Finance costs	(1,381,010)	(2,992,030)	(778,101)	-
Repayment of borrowings	(2,270,158)	(8,745,811)	(1,194,033)	(874,189)
Dividends paid to Company's shareholders	(2,396,266)	-	(2,396,266)	-
<b>Net cash (utilised in)/generated from financing activities</b>	<b>(6,047,434)</b>	<b>2,074,436</b>	<b>(4,368,400)</b>	<b>65,811</b>
<b>Inflation effect on monetary items</b>	<b>(10,601,488)</b>	<b>(56,544,521)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,358,063</b>	<b>2,607,185</b>	<b>5,868,682</b>	<b>581,043</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,443,163</b>	<b>4,651,261</b>	<b>932,544</b>	<b>285,826</b>
<b>Cash and cash equivalents at end of the period</b>	<b>6,801,226</b>	<b>7,258,446</b>	<b>6,801,226</b>	<b>866,869</b>

### Notes to the Financial Statements (continued)

#### 2 BASIS FOR PREPARATION (continued)

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

#### 2.1 Compliance statement

The historical cost amounts of property and equipment and inventories acquired before 22 February 2019 are reflected at parity with the US\$, which is not considered an appropriate exchange rate in accordance with IAS 21. As a result of this, the inflation adjusted amounts relating to property and equipment and inventories, accounted for in accordance with IAS 29, are also misstated.

#### 2.2 Hyperinflation accounting

On 9 July 2019, the Public Accountants and Auditors Board ("PAAB") issued Pronouncement 01/2019, which advised that Zimbabwe had met all the conditions for the application of IAS 29 effective for financial reporting periods ending on or after 1 July 2019. These hyper-inflationary conditions persisted into the current interim reporting period, making the application of IAS 29 imperative. For purposes of fair presentation in accordance with IAS 29, the historical cost information has been restated for changes in the general purchasing power of the Zimbabwe dollar ("ZWL"). Accordingly the inflation adjusted interim financial statements represent the primary financial statements of the Company. In line with the provisions of IAS 29, the historical cost financial information has been provided by way of supplementary information only.

IAS 29 requires that the financial statements of the Company, 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 periods 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") published by the Reserve Bank of Zimbabwe from the inflation indices provided by the Zimbabwe National Statistics Agency. The indices and conversion factors used are as follows:

Date	Index	Factor
30 June 2020	1445.2	1.000
31 December 2019	551.6	2.620
30 June 2019	172.6	8.373

The same procedures applied in the restatement of transactions and balances in the previous financial year have been used for the half year interim financial results and these are fully disclosed in the audited annual financial statements for the year ended 31 December 2019.

#### 3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in the Zimbabwe dollar ("ZWL") which is both the functional and presentation currency of the Company. The change in functional and presentation currency was implemented in the prior year following the introduction of the Zimbabwe dollar as the sole currency on 24 June 2019.

#### 3.1 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### 4 GOING CONCERN ASSUMPTION

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

The COVID-19 pandemic was declared a global pandemic by the World Health Organisation (WHO) on 11 March 2020.

In response and as a measure to contain the spread of the virus, the Government of Zimbabwe declared a national lockdown effective from 30 March 2020 through Statutory Instrument ("SI") 83 of 2020 "Public Health (COVID-19 Prevention, Containment and Treatment) (National Lockdown) Order, 2020. The lockdown was extended indefinitely as reported cases of infected persons and deaths increased. Initially, all businesses, except for essential services, were required to close and movement of vehicular and human traffic severely limited. There was subsequent relaxation of the lockdown provisions which allowed businesses to resume operations. 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.

## Condensed Unaudited Results For Half Year Ended 30 June 2020 (continued)

### Notes to the Financial Statements (continued)

#### 4 GOING CONCERN ASSUMPTION (continued)

The relaxation of the lockdown provisions to level 2, allowing businesses to re-open and operate saw the Company's tenants coming back to resume their operations. Business, however, remained heavily constrained. 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 measures, which are being strengthened from time to time, have allowed for operations to continue.

The lockdown affected the majority of tenant operations and a decline in rental inflows was therefore inevitable. A number of tenants have requested either rent holidays or rent reductions in light of their depressed operations. The Company has taken the approach to assess the situation and capabilities of each affected tenant and to then agree on the settlement of rentals. In addition, rent reviews for the first and second quarters, albeit following difficult negotiations, were successfully implemented. Collections for the period to date averaged 100% of total monthly charges, which compares well with all prior years since 2016. Projects income, however declined especially in the months of March and April 2020 as marketing of properties remained difficult under lockdown conditions. The relaxation of lockdown conditions has seen a gradual improvement in stands sales.

The Directors have assessed the performance of the Company during the half year, 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, the Directors have determined that the current resources at hand, funding facilities with banks and the revised levels 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.

#### 5 INVESTMENT PROPERTIES

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWL	31-Dec-19 ZWL	30-Jun-20 ZWL	31-Dec-19 ZWL
As at 1 January	1,281,678,553	731,813,694	489,210,800	44,970,886
Improvements to existing properties	1,387,694	4,388,809	856,967	634,482
Additions to existing properties	-	85,335,334	-	10,568,531
Disposals	-	-	-	-
Fair value adjustments	963,023,753	460,140,716	1,756,022,233	433,036,901
	<u>2,246,090,000</u>	<u>1,281,678,553</u>	<u>2,246,090,000</u>	<u>489,210,800</u>

Investment properties with a total carrying amount of ZWL377.4 million (2019: ZWL64.2 million) was encumbered as at 30 June 2020.

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 30 June 2020. 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.

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.

The determination of fair value was done under the following circumstances

- Limited market evidence with regards to capitalisation rates in ZWL as at 30 June 2020 for purposes of the valuation using the income capitalisation method
- For residential properties and land, in order to determine the ZWL values of the investment properties as at 30 June 2020, 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.
- Use of the interbank exchange rate which is not considered an appropriate spot rate for translation as required by IAS 21.

#### 6 VEHICLES AND EQUIPMENT

##### Inflation adjusted

	Land and Buildings	Motor vehicles	Office equipment	House boat	Office furniture	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
<b>Year ended 31 December 2019</b>						
Opening net book amount	7,859,201	1,475,302	1,274,998	7,104,846	583,104	18,297,451
Additions	-	2,707,890	1,650,067	-	203,775	4,561,732
Disposals	-	-	-	-	(20,967)	(20,967)
Depreciation charge	(296,000)	(492,898)	(591,283)	(710,145)	(146,329)	(2,236,655)
<b>Closing net book amount</b>	<u>7,563,201</u>	<u>3,690,294</u>	<u>2,333,782</u>	<u>6,394,701</u>	<u>619,583</u>	<u>20,601,561</u>
<b>As at 31 December 2019</b>						
Cost or valuation	14,086,948	5,933,085	6,284,556	9,945,988	2,222,825	38,473,402
Accumulated depreciation	(6,523,747)	(2,242,791)	(3,950,774)	(3,551,287)	(1,603,242)	(17,871,841)
<b>Net book amount</b>	<u>7,563,201</u>	<u>3,690,294</u>	<u>2,333,782</u>	<u>6,394,701</u>	<u>619,583</u>	<u>20,601,561</u>
<b>Half year ended 30 June 2020</b>						
Opening net book amount	7,563,201	3,690,294	2,333,782	6,394,701	619,583	20,601,562
Additions	-	-	1,327,576	-	180,795	1,508,371
Disposals	-	-	(50,251)	-	(7,508)	(57,759)
Depreciation charge	(148,001)	(451,263)	(378,492)	(355,072)	(82,478)	(1,415,306)
<b>Closing net book amount</b>	<u>7,415,200</u>	<u>3,239,031</u>	<u>3,232,615</u>	<u>6,039,629</u>	<u>710,392</u>	<u>20,636,867</u>
<b>As at 30 June 2020</b>						
Cost or valuation	14,086,947	5,933,084	7,305,463	9,945,989	2,373,572	39,645,055
Accumulated depreciation	(6,671,747)	(2,694,053)	(4,072,848)	(3,906,360)	(1,663,180)	(19,008,188)
<b>Net book amount</b>	<u>7,415,200</u>	<u>3,239,031</u>	<u>3,232,615</u>	<u>6,039,629</u>	<u>710,392</u>	<u>20,636,867</u>

##### Historical cost

<b>Year ended 31 December 2019</b>						
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)
<b>Closing net book amount</b>	<u>403,971</u>	<u>775,034</u>	<u>297,423</u>	<u>330,087</u>	<u>50,364</u>	<u>1,856,879</u>
<b>As at 31 December 2019</b>						
Cost or valuation	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)
<b>Net book amount</b>	<u>403,971</u>	<u>775,034</u>	<u>297,423</u>	<u>330,087</u>	<u>50,364</u>	<u>1,856,879</u>

### Notes to the Financial Statements (continued)

#### 6 VEHICLES AND EQUIPMENT (continued)

##### Historical cost (continued)

	Land and Buildings	Motor vehicles	Office equipment	House boat	Office furniture	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
<b>Half year ended 30 June 2020</b>						
Opening net book amount	403,971	775,034	297,423	330,087	50,364	1,856,879
Additions	-	-	936,636	-	101,380	1,038,016
Disposals	-	-	(2,594)	-	(387)	(2,981)
Depreciation charge	(7,640)	(84,811)	(68,255)	(18,328)	(8,170)	(187,204)
<b>Closing net book amount</b>	<u>396,331</u>	<u>690,223</u>	<u>1,163,210</u>	<u>311,759</u>	<u>143,187</u>	<u>2,704,710</u>
<b>As at 30 June 2020</b>						
Cost or valuation	727,152	921,429	1,445,102	513,400	236,438	3,843,521
Accumulated depreciation	(330,821)	(231,206)	(281,892)	(201,641)	(93,251)	(1,138,811)
<b>Net book amount</b>	<u>396,331</u>	<u>690,223</u>	<u>1,163,210</u>	<u>311,759</u>	<u>143,187</u>	<u>2,704,710</u>

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWL	31-Dec-19 ZWL	30-Jun-20 ZWL	31-Dec-19 ZWL
<b>7 INVENTORY</b>				
Developed stands	47,807,101	48,094,822	2,478,349	2,483,641
Land under development	-	-	-	-
	<u>47,807,101</u>	<u>48,094,822</u>	<u>2,478,349</u>	<u>2,483,641</u>

There was no write-off of inventories during the half year ended 30 June 2020 (2019: ZWLnil).

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWL	31-Dec-19 ZWL	30-Jun-20 ZWL	31-Dec-19 ZWL
<b>8 TRADE AND OTHER RECEIVABLES</b>				
Tenant receivables	6,951,335	7,190,606	6,951,335	2,744,621
Property sales receivables	7,904,084	11,750,299	7,904,084	4,485,035
<b>Trade receivables</b>	<u>14,855,419</u>	<u>18,940,905</u>	<u>14,855,419</u>	<u>7,229,656</u>
Less: allowance for expected credit losses	(1,071,303)	(2,721,924)	(1,071,303)	(1,038,946)
<b>Net trade receivables</b>	<u>13,784,116</u>	<u>16,218,981</u>	<u>13,784,116</u>	<u>6,190,710</u>
Prepayments	2,767,268	2,571,396	354,894	402,291
Staff receivables	2,584,663	3,254,454	2,584,663	1,242,210
Other receivables	151,479	1,684,279	151,479	642,882
Less: allowance for expected credit losses	-	(84,772)	-	(32,357)
<b>Total trade and other receivables</b>	<u>19,287,526</u>	<u>23,644,338</u>	<u>16,875,152</u>	<u>8,445,736</u>

As at 30 June 2020 trade receivables of ZWL1,071,303 (2019: ZWL1,071,303) were past due and impaired and were provided for. The individually impaired receivables mainly relate to tenants who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWL	31-Dec-19 ZWL	30-Jun-20 ZWL	31-Dec-19 ZWL
<b>Reconciliation of allowance for credit losses</b>				
As at 1 January	2,806,696	3,567,879	1,071,303	1,361,843
Charge for the period	-	(761,183)	-	(290,540)
Effect of IAS 29	(1,735,393)	(84,772)	-	-
	<u>1,071,303</u>	<u>2,721,924</u>	<u>1,071,303</u>	<u>1,071,303</u>

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWL	31-Dec-19 ZWL	30-Jun-20 ZWL	31-Dec-19 ZWL
<b>9 CASH AND CASH EQUIVALENTS</b>				
Cash at bank	2,578,738	1,687,542	2,578,738	644,127
Cash on hand	4,222,488	755,621	4,222,488	288,417
	<u>6,801,226</u>	<u>2,443,163</u>	<u>6,801,226</u>	<u>932,544</u>

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.

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWL	31-Dec-19 ZWL	30-Jun-20 ZWL	31-Dec-19 ZWL
<b>10 BORROWINGS</b>				
As at 1 January	15,436,893	54,923,938	5,892,191	3,375,146
Drawdown during the year	-	24,911,309	-	3,940,000
Finance costs / Amortised interest	1,381,010	5,019,613	778,101	744,654
Repayment of capital and interest	(3,651,168)	(17,657,258)	(1,972,134)	(2,167,609)
Effects of IAS 29	(8,468,577)	(51,760,709)	-	-
	<u>4,698,158</u>	<u>15,436,893</u>	<u>4,698,158</u>	<u>5,892,191</u>
Short-term portion	1,928,525	7,477,059	1,928,525	2,853,959
Long-term portion	2,769,633	7,959,834	2,769,633	3,038,232
	<u>4,698,158</u>	<u>15,436,893</u>	<u>4,698,158</u>	<u>5,892,191</u>

The Company has a loan facility with ZB Bank Limited. The loan funded the Nicoz House Bulawayo refurbishment project and the completion of the Sawanga Shopping Mall. The loan is payable over 3 years and bears interest rate of 31.1% (2019: 31.1%) per annum and is secured by first mortgage bonds over stands 353 Bulawayo Township, 771 Salisbury Township and 326 Fort Victoria Township.

<b>11 TRADE AND OTHER PAYABLES</b>				
Trade creditors	2,019,380	4,330,175	2,019,380	1,879,883
Unclaimed dividends	12,176	31,900	12,176	12,176
Statutory liabilities	738,994	319,121	738,994	121,807
Unallocated deposits	366,137	695,130	366,137	265,328
Intercompany payables	14,632	546,858	14,632	208,733
Sundry creditors	908,134	889,392	908,134	112,402
Stand sales deposits	5,174,013	-	5,174,013	-
	<u>9,233,466</u>	<u>6,812,576</u>	<u>9,233,466</u>	<u>2,600,329</u>

Trade and other payables are non-interest bearing and are normally on 30-day credit terms. The fair value of trade and other payables as at 30 June approximate the carrying amount.

## Condensed Unaudited Results For Half Year Ended 30 June 2020 (continued)

### Notes to the Financial Statements (continued)

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWL	30-Jun-19 ZWL	30-Jun-20 ZWL	30-Jun-19 ZWL
<b>12 REVENUE</b>				
Rental income	24,205,191	19,052,947	14,907,686	1,506,951
Property sales	2,376,266	18,126,349	1,947,234	1,753,841
Property services income	475,126	783,667	416,556	112,969
	<u>27,056,583</u>	<u>37,962,963</u>	<u>17,271,476</u>	<u>3,373,761</u>

<b>13 EARNINGS PER SHARE</b>				
Profit for the period attributable to the equity holders of the Company	936,694,790	580,672,986	1,686,466,492	116,586,973

#### Number of shares used in calculating Earnings per share

Weighted average shares in issue	1,716,666,666	1,716,666,666	1,716,666,666	1,716,666,666
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#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

#### Headline earnings per share

Headline earnings per share is calculated by dividing the headline earnings for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Inflation Adjusted		Historical Cost	
	30-Jun-20 ZWL	31-Dec-19 ZWL	30-Jun-20 ZWL	31-Dec-19 ZWL
<b>Headline earnings are calculated as follows:</b>				
Profit for the period attributable to the equity holders of company	936,694,790	580,672,986	1,686,466,492	116,586,973
Fair value (loss)/gain on financial assets at fair value through P/L	(1,565,757)	1,549,150	(2,018,487)	(28,493)
Fair value gain on investment properties	<u>(963,023,753)</u>	<u>(639,719,779)</u>	<u>(1,756,022,233)</u>	<u>(121,802,052)</u>
Headline losses	<u>(27,894,719)</u>	<u>(57,497,643)</u>	<u>(71,574,228)</u>	<u>(5,243,572)</u>

### 14 SEGMENT INFORMATION

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.

#### INFLATION ADJUSTED

##### Half-year ended 30 June 2020

	Rentals ZWL	Stands ZWL	Other ZWL	Total ZWL
Revenue	24,205,191	2,376,266	475,126	27,056,583
Profit before income tax	977,887,970	1,332,746	329,610	979,550,326
Investment properties	2,246,090,000	-	-	2,246,090,000
Vehicles and equipment	18,462,025	1,812,449	362,393	20,636,867
Current assets	19,235,356	56,750,632	207,834	76,193,822
Non-current liabilities	104,557,679	10,075,283	2,014,518	116,647,480
Current liabilities	13,165,907	1,020,620	204,070	14,390,597

##### Half-year ended 30 June 2019

Revenue	19,052,947	18,126,349	783,667	37,962,963
Profit before income tax	644,810,270	5,394,648	433,922	650,638,840
Investment properties	1,449,228,345	-	-	1,449,228,345
Vehicles and equipment	4,587,895	4,364,773	188,705	9,141,373
Current assets	15,136,939	45,110,037	494,964	60,741,940
Non-current liabilities	62,593,347	43,823,433	1,894,643	108,311,423
Current liabilities	20,954,192	6,390,563	276,287	27,621,042

#### HISTORICAL COST

##### Half-year ended 30 June 2020

	Rentals ZWL	Stands ZWL	Other ZWL	Total ZWL
Revenue	14,907,686	1,947,234	416,556	17,271,476
Profit before income tax	1,768,917,229	1,789,782	388,159	1,771,095,170
Investment properties	2,246,090,000	-	-	2,246,090,000
Vehicles and equipment	2,334,541	304,936	65,233	2,704,710
Current assets	16,450,468	11,716,782	285,446	28,452,696
Non-current liabilities	97,120,791	12,433,963	2,659,897	112,214,651
Current liabilities	12,800,141	1,310,180	280,276	14,390,597

##### Half-year ended 30 June 2019

Revenue	1,506,951	1,753,841	112,969	3,373,761
Profit before income tax	123,585,640	2,323,040	168,742	126,077,422
Investment properties	173,079,907	-	-	173,079,907
Vehicles and equipment	487,647	567,541	36,557	1,091,745
Current assets	1,686,447	5,551,580	98,643	7,336,670
Non-current liabilities	14,595,152	13,664,801	880,182	29,140,135
Current liabilities	5,029,828	2,317,887	149,301	7,497,016

By order of the Board



**N Zhou**  
Company Secretary

**Registered Office:**

6th Floor Fidelity Life Tower  
5 Raleigh Street  
Harare, Zimbabwe



## Report on review of interim financial information

To the shareholders of Zimre Property Investments Limited

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Zimre Property Investments Limited (“the Company”) as at 30 June 2020 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The directors are responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed 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 information 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

The audit report issued on the financial statements for the year ended 31 December 2019 included the following matters, which resulted in an adverse audit opinion being issued. These matters affect the comparability of the current period balances to those of the prior period:

- In order to comply with legislation, Real Time Gross Settlement (“RTGS”) transactions conducted between 1 January 2019 and 22 February 2019 were translated at parity with the United States Dollar (“US\$”), rather than an appropriate exchange rate in terms of International Accounting Standard (“IAS”) 21, 'The effects of changes in foreign exchange rates'. Furthermore, the Company changed their 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.
- As a result of the non-compliance with IAS 21, the historical amounts that were used in the calculation of inflation adjusted amounts in accordance with IAS 29, 'Financial reporting in hyperinflationary economies' were misstated, resulting in misstatements to the inflation adjusted amounts.
- Market evidence for the capitalisation rates in the Zimbabwe dollar (“ZWL”) did not exist 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 30 June 2020, US\$ inputs were used and then translated into ZWL using the closing interbank exchange rate.

As described in note 6 and note 7 of the condensed interim financial information, the historical cost amounts of property and equipment and inventories acquired before 22 February 2019 are reflected at parity with the US\$, which is not considered an appropriate exchange rate in accordance with IAS 21. As a result of this, the inflation adjusted amounts relating to property and equipment and inventories, accounted for in accordance with IAS 29, are also misstated.

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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.



As described in note 5, the Company performed a valuation of investment properties as at 30 June 2020. 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.

Market evidence for capitalisation rates in ZWL were limited as at 30 June 2020 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 properties as at 30 June 2020, 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. In addition the interbank exchange rate is not considered an appropriate spot rate for translation as required by IAS 21.

It was not practicable to quantify the financial effects of this matter on the condensed interim financial information.

#### **Adverse conclusion**

Our review indicates that because of the significance of the effects on the condensed interim financial information of the matters described in the preceding paragraphs, the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with ‘International Accounting Standard 34, “Interim financial reporting”’.

#### **Other matter**

The comparative information for the statement of financial position is based on the audited financial statements as at 31 December 2019. The comparative information for the statements of profit or loss, comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 30 June 2020 has not been audited or reviewed.

A handwritten signature in black ink, appearing to read 'Evangelista Ravasingadi'.

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

16 October 2020  
Harare, Zimbabwe