THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Circular is neither a prospectus nor an invitation to the public to subscribe for shares in Zimre Holdings Limited ("ZHL" or "the Company"), but is a document issued, in compliance with the Zimbabwe Stock Exchange Listings Requirements, to inform ZHL Shareholders of the Proposed Transactions whose basis, rationale and terms and conditions are more fully set out in this Circular.

Action required:

- Shareholders are invited to attend the Extraordinary General Meeting ("EGM") convened by the EGM Notice contained herein;
- Shareholders who are unable to attend the EGM, but wish to be represented thereat should complete and sign the Proxy Form included in Appendix VII of this Circular and return to the Company Secretary by 0900 hours on Monday 28 September 2020;
- Shareholders may attend the EGM in person, notwithstanding the completion and return of the Proxy Form;
- If you are in any doubt as to the action you should take, please consult your stockbroker, banker, accountant or other professional advisor immediately; and
- If you no longer hold any shares in ZHL, you should send this Circular, as soon as possible, to the stockbroker, bank or other agent through whom the sale of your shareholding in ZHL was executed for onward delivery to the purchaser or transferee of your shares.

ZIMRE HOLDINGS LIMITED

Security Growth and Profitability

(A public company incorporated in the Republic of Zimbabwe under company registration number 9837/2003)

CIRCULAR TO SHAREHOLDERS

REGARDING:

a) ZHL's proposed acquisition of 38,224,928 Fidelity Life Assurance of Zimbabwe Limited shares currently held by the National Social Security Authority ("The Proposed FLA Acquisition"); and

b) ZHL's proposed acquisition of all the issued ordinary shares in Zimre Property Investments Limited currently held by minority shareholders ("the Proposed ZPI Acquisition").

INCORPORATING: -

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting ("EGM") of members of Zimre Holdings Limited ("ZHL or the Company") will be held virtually through the following link ***https://zoom.us/j/98000279366?pwd=OXJKckJpOVpHZGFWQ2hBUWd5bzZFdz09*** on Wednesday, 30 September 2020, at 0900 hours, which notice was published on Wednesday 9 September 2020 in accordance with the requisite provisions of the ZSE Listings Requirements and the Companies and Other Business Entities Act [Chapter 24:31], and is set out at the end of this document. Shareholders are asked to complete and return the attached Form of Proxy in accordance with the instructions printed thereon, as soon as possible, by not later than 0900 hours on Monday 28 September 2020.

Lead Financial Advisors	Independent Financial Advisors	Legal Advisors
Corporate Excellence Financial Advisory Services	Akribos Capital Inc — Partnerships with a difference	MawereSibanda Commercial Lawyers

Independent Auditors and Reporting Accountants	Transfer Secretaries	Sponsoring Brokers
pwc	ZB Transfer Secretaries	mmc Capital

Date of issue: Wednesday 9 September 2020

This Circular is available in English only. Additional copies of this Circular are available from the Company Secretary at the Registered Offices of the Company during normal business hours on Business Days from Date of Issue up to the Date of the EGM. A copy of this Circular will also be available for viewing and downloading on ZHL's website (www.zhl.co.zw.)

Corporate information

Directors	
Mr. B. N. Kumalo	Independent Non-Executive Chairman
Mr. M Haken	Non-Executive Director
Mrs. J. Manguranyanga	Non-Executive Director
Mr I. Mvere	Non-Executive Director
Mr. H. B. W. Rudland	Non-Executive Director
Mr. C. von Siedel	Non-Executive Director
Mr. E. Zvandasara	Non-Executive Director
Mr. S. Kudenga	Group Chief Executive Officer

Company Secretary & Registered Office
L. Madzinga
Zimre Holdings Limited
Block D, 2nd Floor, Smatsatsa Office Park
Stand Number 10667, Borrowdale
Harare, Zimbabwe

Financial Advisors
Corporate Excellence Financial Advisory Services (Private) Limited
3 Drummond Chaplin Street
Milton Park
Harare, Zimbabwe

Independent Auditors and Reporting Accountants
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Building 4, Arundel Office Park
Norfolk Road, Mount Pleasant
Harare, Zimbabwe

Legal Advisors
MawereSibanda Commercial Lawyers
10th Floor Chiedza House
Corner First Street and Kwame Nkrumah Avenue
Harare, Zimbabwe

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

Sponsoring Brokers
MMC Capital (Private) Limited
Ground Floor Block D
Smatsatsa Office Park
Borrowdale
Harare, Zimbabwe

Independent Financial Advisors
Akribos Advisory Services (Private) Limited
62 Quorn Avenue
Mount Pleasant
Harare, Zimbabwe

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DEFINITIONS

In this Circular the following definitions apply, unless otherwise stated or the context indicates otherwise, the words in the first column have the meanings stated opposite them in the second column. Words in the singular shall include the plural and vice versa, and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa.

"Articles"	The Articles of Association of Zimre Holdings Limited.
"Akribos"	Akribos Advisory Services (Private) Limited, a financial advisory services company, registered in terms of the Companies and Other Business Entities Act (Chapter 24:31), licensed by the Securities and Exchange Commission of Zimbabwe and Independent Financial Advisors to ZHL on the Proposed Transactions.
"Board" or "Directors'"	The Board of Directors of Zimre Holdings Limited.
"Circular"	This Circular to ZHL Shareholders which sets out the details of the Proposed Transactions including all statutory notices, letters and appendices relating to the Proposed Transactions.
"Companies and Other Business Entities Act" or "COBE"	The Companies and other Business Entities Act of Zimbabwe [Chapter 24:31].
"Corporate Excellence"	Corporate Excellence Financial Advisory Services (Private) Limited, a financial advisory services company, registered in terms of the Companies and Other Business Entities Act (Chapter 24:31), licensed by the Securities and Exchange Commission of Zimbabwe and Lead Financial Advisors to ZHL on the Proposed Transactions.
"CTC"	Competition and Tariff Commission, a statutory body established in terms of Section 4 of the Competition Act [Chapter 14:28] to implement Zimbabwe's competition policy and execution of the country's trade tariffs policy.
"EGM"	The Extraordinary General Meeting of ZHL Shareholders to be held virtually on Wednesday 30 September 2020 at 0900 hours through the following link ***https://zoom.us/j/98000279366?pwd=OXJKckJpOVpHZGFWQ2hBUWd5bzZFdz09***, for purposes of considering the Proposed Transactions.
"FLA"	Fidelity Life Assurance of Zimbabwe Limited, a public company incorporated in Zimbabwe and registered in terms of the Companies and Other Business Entities Act (Chapter 24:31), whose ordinary shares are listed on the ZSE and is the subject of this document.
"FLA shares"	38,224,928 (thirty-eight million two hundred and twenty-four thousand nine hundred and twenty-eight) Fidelity Life Assurance of Zimbabwe Limited ordinary shares (constituting 35.09% of the entire issued shares) currently held by NSSA.
"Form of Proxy"	The form accompanying this Circular, which provides for ZHL Shareholders to appoint a proxy to attend the EGM and vote on their behalf on the resolutions proposed.
"IPEC"	Insurance and Pensions Commission, a statutory body established in terms of the Insurance and Pensions Commission Act [Chapter 24:21] to regulate the insurance and pensions industry.
"Last Practicable Date"	Thursday 3 September 2020, being the last practicable date prior to finalisation of this Circular.
"MawereSibanda" or "Legal Advisors"	MawereSibanda Commercial Lawyers, the Legal Advisors to ZHL on the Proposed Transactions.
"MMC"	MMC Capital (Private) Limited, a private company incorporated and domiciled in Zimbabwe and registered in terms of the Companies and Other Business Entities Act (Chapter 24:31), a member of the ZSE and the Sponsoring Brokers to the Proposed Transactions.

DEFINITIONS

"NAV"	Net Asset Value.
"NSSA"	National Social Security Authority, a statutory body established in terms of the National Social Security Act [Chapter 17:04], a significant shareholder in ZHL and FLA and a minority shareholder in ZPI.
"PWC"	PricewaterhouseCoopers Chartered Accountants (Zimbabwe), ZHL's Independent Auditors and Reporting Accountants.
"Shareholders" or "Members"	Holders of ZHL ordinary shares.
"the FLA acquisition shares"	65,144,492 (sixty-five million one hundred and forty-four thousand four hundred and ninety-two) new ZHL ordinary shares to be allotted to NSSA as consideration for the FLA shares.
"the Proposed FLA Acquisition"	ZHL's proposed acquisition of FLA shares currently held by the NSSA.
"the Proposed ZPI Acquisition"	ZHL's proposed acquisition of up to the entire issued ordinary shares in ZPI held by minority shareholders, in terms of the ZSE Listings Requirements and the COBE, upon approval by ZHL Shareholders.
"the Transactions" or "the Proposed Transactions"	The Proposed FLA Acquisition, the Proposed ZPI Acquisition and the subsequent delisting of ZPI from the ZSE to be undertaken in that sequence.
"the ZPI acquisition shares"	Up to 220,171,461 (two hundred and twenty million one hundred and seventy-one thousand four hundred and sixty-one) new ZHL ordinary shares to be allotted to ZPI minority shareholders as consideration for the ZPI Acquisition.
"the ZPI Minorities"	The remaining ZPI shareholders holding 35.7% of ZPI issued ordinary shares.
"US$"	The United States of America dollar, an allowable trading currency in Zimbabwe.
"ZB"	ZB Transfer Secretaries (Private) Limited, a private company incorporated and domiciled in Zimbabwe and registered in terms of the Companies and Other Business Entities Act (Chapter 24:31), licensed by the Securities and Exchange Commission of Zimbabwe and the Transfer Secretaries to ZHL.
"ZHL" or "the Company" or "the Group"	Zimre Holdings Limited, a public company incorporated and domiciled in Zimbabwe and registered in terms of the Companies and Other Business Entities Act (Chapter 24:31),whose ordinary shares are listed on the ZSE.
"ZPI"	Zimre Property Investments Limited, a public company incorporated and domiciled in Zimbabwe and registered in terms of the Companies and Other Business Entities Act (Chapter 24:31), whose ordinary shares are listed on the ZSE and the ordinary shares owned by the ZPI Minorities are subject of this Circular.
"ZWL$"	The Zimbabwe dollar, the official currency of Zimbabwe introduced under section 22 and 23 of the Finance Act Number 2 of 2019.
"ZSE"	Zimbabwe Stock Exchange Limited, a public company incorporated and domiciled in Zimbabwe and registered in terms of the Companies and Other Business Entities Act (Chapter 24:31), a securities exchange company registered and licensed by the Securities and Exchange Commission of Zimbabwe in terms of Part IV of the Securities Act [Chapter 24:25], on which the ordinary shares of ZHL, FLA and ZPI have a primary listing.
"ZSE Listings Requirements"	The Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, Statutory Instrument 134 of 2019.

Certain forward-looking statements

This Circular contains statements which are or may be, “forward-looking statements” which are prospective in nature. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning strategy, the economic outlook for the Company, production, cash flows and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity, capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy and expansion prospects, or future capital expenditure levels and other economic factors, such as, amongst other things, interest and exchange rates.

All these forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Zimre Holdings Limited cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industries in which Zimre Holdings Limited operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions, as regards Zimre Holdings Limited and made by Zimre Holdings Limited as communicated in publicly available documents by Zimre Holdings Limited, all of which are estimates and assumptions, although Zimre Holdings Limited believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to Zimre Holdings Limited or not currently considered material) may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

Zimre Holdings Limited Shareholders should keep in mind that any forward-looking statements made in this Circular or elsewhere are applicable only at the date on which such forward-looking statements are made. New factors that could cause the business of Zimre Holdings Limited not to develop as expected may emerge from time to time and it is not possible to predict all of them. The extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Zimre Holdings Limited has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of issue of this Circular, except as may be required by law.

SALIENT INFORMATION AND IMPORTANT DATES

This summary presents the salient information of the Proposed Transactions, the detailed terms and conditions of which are more fully set out in this Circular. Accordingly, this Circular should be read in its entirety for a full appreciation of the rationale and the implications of the Proposed Transactions, as well as with regard to determining the actions required to be taken by Shareholders.

Extraordinary General Meeting

To consider and, if deemed fit, approve the following resolutions:

a) the proposed acquisition by ZHL of 38,224,928 Fidelity Life Assurance of Zimbabwe Limited shares currently held by the National Social Security Authority; and
b) the proposed acquisition by ZHL of all the issued ordinary shares in ZPI held by the ZPI Minorities.

The above resolutions are set out in Appendix VII. ZHL shareholders are being called by notice dated Wednesday 9 September 2020 (notice of which is attached to and forms part of this Circular) to attend the EGM of the Company which will be held virtually through the following link ***https://zoom.us/j/98000279366?pwd=OXJKckJpOVpHZGFWQ2hBUWd5bzZFdz09*** on Wednesday, 30 September 2020, at 0900 hours.

Important dates and times

Event	Date
Notice of Zimre Holdings Limited EGM published	Wednesday 9 September 2020
Abridged Circular to Zimre Holdings Limited Shareholders published	Wednesday 9 September 2020
Circular to Zimre Holdings Limited Shareholders posted	Wednesday 9 September 2020
Last day of lodging Forms of Proxy for the EGM (at 0900 hours)	Monday, 28 September 2020
ZHL EGM (at 0900 hours)	Wednesday, 30 September 2020
Publication of EGM resolution results	Friday, 2 October 2020

Notes

- The dates stated above are subject to change at the discretion of ZHL and any such change will be published in the Zimbabwean press and on the Company's website.
- All times indicated above and elsewhere in this Circular are Zimbabwean standard times.
- If the EGM is adjourned or postponed, Forms of Proxy submitted in respect of the EGM will remain valid in respect of any adjournment or postponement thereof.
- If the Proposed Transactions are approved by ZHL Shareholders at the EGM, update announcements will be made on progress regarding completion of any outstanding Conditions Precedent.

The Proposed Transactions

The Board hereby proposes the following transactions that require approvals by the Shareholders of ZHL:

a) The acquisition of 38,224,928 (thirty eight million two hundred and twenty four thousand nine hundred and twenty eight) Fidelity Life Assurance of Zimbabwe Limited ordinary shares (constituting 35.09% of the entire issued ordinary shares) currently held by the National Social Security Authority to be settled through the issuance of new ZHL ordinary shares on the basis of 1 ZHL ordinary share for every 0.59 FLA shares held by NSSA.

   ZHL already holds 20.57% shareholding in FLA and the acquisition of the additional shares from NSSA constituting 35.09% of the issued ordinary shares of FLA will take ZHL's total shareholding to 55.66%. In terms of the COBE and ZSE Listings Requirements, ZHL will be required to make an offer, within sixty days of approval of the FLA Acquisition by ZHL shareholders, to the remaining 44.34 % FLA shareholders on terms and conditions which are the same or better than those on which the FLA shares were acquired.

b) The acquisition of up to 613,166,867 (six hundred and thirteen million one hundred and sixty six thousand eight hundred and sixty seven) ZPI shares (constituting 35.7% of the entire issued shares) currently held by ZPI minority shareholders through an open market offer to be settled through the issuance of new ZHL shares on the basis of 1 ZHL ordinary share for every 2.78 ZPI ordinary shares held.

Financial impact of the Proposed Transactions

The financial impact of the Proposed Transactions is as illustrated in the table below, assuming the Proposed Transactions had been implemented on 31 December 2019:

	ZHL Audited (ZWL$)	FLA Audited (ZWL$)	ZPI Audited (ZWL$)	Post-transactions Pro-forma (ZWL$)
Total assets	1,096,418,411	1,031,428,206	525,668 854	2,183,464,413
Shareholders equity	572,319,243	61,966,187	487,647,396	839,505,272
Non-controlling interest	162,235,611	95,084,404	-	107,717,969
Total liabilities	361,863,557	874,377,615	38,021,458	1,236,241,172
Total capital employed	1 096,418,411	1,031,428,206	525,668,854	2,183,464,413
Outstanding shares	1 533,338,937	108,923,291	1,716,666,667	1,818,654,890
NAV/share (ZWL$)	**0.37**	**0.57**	**0.28**	**0.46**

Share capital structure of ZHL before and after the Proposed Transactions

The table below shows the effects of the Proposed Transactions on the share capital structure of ZHL

Increase in issued share capital	Before Transactions	Increase	After Transactions
Authorised Ordinary shares	2,000,000,000	-	2,000,000,000
Nominal value per share (ZWL$)	0.01	-	0.01
Nominal value (ZWL$)	20,000,000	-	20,000,000
Issued Ordinary shares	1,533,338,937	-	1,533,338,937
Nominal value per share (ZWL$)	0.01	-	0.01
Nominal value (ZWL$)	15,333,389	-	15,333,389
Effects of the Proposed FLA Acquisition			
Issued share capital			
Total number of Ordinary shares	1,533,338,937	65,144,492	1,598,483,429
Nominal value per share (ZWL$)	0.01	0.01	0.01
Nominal value (ZWL$)	15,333,389	651,445	15,984,834
Authorised but unissued shares			
Ordinary shares	466,661,063		401,516,571
Effects of the Proposed ZPI Acquisition			
Issued share capital			
Total number of Ordinary shares	1,598,483,429	220,171,461	1,818,654,890
Nominal value per share (ZWL$)	0.01	0.01	0.01
Nominal value (ZWL$)	15,984,834	-	18,186,549
Authorised but unissued shares			
Ordinary shares	-	-	181,345,110

CHAIRMAN'S LETTER TO SHAREHOLDERS

ZIMRE HOLDINGS LIMITED
Security Growth and Profitability

(Incorporated in Zimbabwe under company registration number 2873/98)

Directors: Mr. B. N. Kumalo (Chairman), Mr. M Haken, Mrs. J. Maguranyanga, Mr. I. Mvere

Mr. H. B. W. Rudland, Mr. C. von Seidel, Mr. E. Zvandasara, Mr. S. Kudenga *

***Executive**

Address: Block D, 2nd Floor Smatsatsa Office Park, Stand Number 10667 Borrowdale, Harare, Zimbabwe

Dear Shareholders,

1. Background

ZHL was formed to create wealth while also serving a greater purpose of propelling economic progress. Accordingly, the Company's key investments have been in industries that are at the heart of personal and economic growth, namely insurance and property. Over the years, the Company has applied a strategy with three main headings:-

Safety and Security (1983 – 1999)

Insurance is the financial first responder in times of unexpected losses, while reinsurance is a capital protector as it spreads and diversifies insurance risk. As the first local provider of such services, ZHL was the market leader in insurance for the masses and therefore pivotal in the creation of national wealth. As the Company grew it gained in knowledge and expertise of the industry and pioneered the same to the Southern African region. The consistent insurance income allowed ZHL to infuse capital into other business ventures, namely property prior to this timeline. Through its property arm, ZPI, the Company acquired and developed large portions of Zimbabwe's residential and commercial land. Examples include Parklands in Bulawayo and the development of Eastview Gardens, Malborough Heights, Zimre Park in Ruwa and Rufaro Gardens in Harare.

Economic/Financial Stability (1999- 2018)

In line with its founding principles, the Company unbundled many of its businesses during this strategic phase as a competitive strategy in the economic landscape of the era. FLA and ZPI were unbundled and separately listed on the ZSE in 2003 and 2007 respectively. The commercial property portfolio has been essential in housing many of the country's investors and creating working capital within the economy and ultimately contributing to the improvement in the country's standard of living. The life assurance portfolio facilitated economic stability in the economy through savings promotion and improving financial literacy on life products both locally and in the Southern African region. The changes in economic dynamics in the later years of this era have set the Group to review its approach to overall value enhancement for the benefit of its shareholders and the economy. This informed the decision to divest from Nicoz Diamond Insurance in 2017 and subsequently acquiring a leaner dynamic short-term insurance operation, Credit Insurance Zimbabwe Limited, ("Credsure") and the roll out of the Underwriting Management Agency ("UMA") model.

The Next Frontier: Growth & Development (2019 – 2030)

Development is a continuous process which has been enabled by the strong foundation of the Group's initial strategic decisions. At this juncture, ZHL intends to be an infrastructure enabler and innovation catalyst evidenced by the sale of Zimre Centre in Harare to fund the construction of Sawanga Mall in Victoria Falls. As the town's first mall, the commercial facility ushers financial prosperity to the area while providing a safe and secure marketplace for vendors and consumers.

In order to maintain the momentum of this stage, especially noting the "introversion" of global policies, the competitive landscape and the renewed strategic thrust to be a leading local investment holding group in Zimbabwe, the Group has begun to consolidate its position in many of its key investments. The purpose for this is to create a value chain that can efficiently utilise the assets for the benefit of shareholders.

Against the foregoing background, ZHL has formulated a plan to increase the Company's shareholding in FLA to levels where its operations are controlled by the Group with the intention of acquiring the remaining shares and delisting it in the future. Pursuant to this, ZHL has entered into a Share Purchase Agreement with the National Social Security Authority ("NSSA") for the purchase of FLA ordinary shares currently held by NSSA constituting 35.09% of the FLA issued share capital. ZHL already holds 20.57% shareholding in FLA and the acquisition will take the total shareholding to 55.66% resulting in FLA becoming a subsidiary of ZHL and its operations being consolidated in the financial statements of ZHL.

Similarly, over the past few years ZHL has been on a deliberate path to regain control of ZPI. Pursuant to that, the Company managed to gradually increase its shareholding from 47.6% in 2016 to 64.3% at present through open market purchases. The Board believes the right time has come to complete its acquisition of ZPI to become a 100% owned subsidiary of ZHL. The two phased approach will entail the acquisition of the remaining shares held by minority shareholders through an open market offer and the subsequent application for the delisting of ZPI.

The Proposed Transactions outlined herein seek to achieve total control of FLA and ZPI thus enhancing the Group's ability to create and preserve value for all its stakeholders.

2. The Proposed Transactions

The Board is seeking approvals by ZHL Shareholders with regard to the following Proposed Transactions.

2.1. Proposed FLA Acquisition

The Board has entered into an arrangement with NSSA which entails that ZHL regains control of FLA through the acquisition of the FLA shares held by NSSA in exchange for new ZHL shares being allotted to NSSA. NSSA believes that ZHL is in a better position to control the direction of the FLA business strategy resulting in shareholder value enhancement at the ZHL level. It is important to highlight that FLA directly and indirectly holds a 16.75% minority interest in ZPI, rendering the acquisition strategic for ZHL in its quest to secure 100% control of ZPI.

The proposed acquisition of ordinary shares in FLA from NSSA is a related party transaction because NSSA is a significant shareholder in both FLA and ZHL. Therefore NSSA, the related party, will not be eligible to vote on the resolution regarding the acquisition of ordinary shares in FLA.

ZHL already holds 20.57% shareholding in FLA and the acquisition of the FLA shares will take ZHL's total shareholding to 55.66%. In terms of the COBE and ZSE Listings Requirements, ZHL will be required to make an offer, within sixty days of approval of the FLA acquisition by ZHL shareholders, to the remaining 44.34% FLA shareholders on terms and conditions which are the same or better than those on which the FLA shares were acquired.

2.2. Proposed ZPI Acquisition

In line with its development strategy, the Board is seeking to regain total control of ZPI which would enable ZHL to fully align the operations of ZPI with the strategic interests of ZHL. The bolt – on acquisition of ZPI and subsequent delisting will propel the interests of both current ZHL and would benefit former ZPI shareholders through;

(a) the pursuit of innovative and community changing development projects;
(b) introduction of unique financing models that leverage the property portfolio in a more flexible manner;
(c) a business restructuring that will culminate in a delink between the property portfolio and the property management services; a critical step to achieve the next growth phase of the property portfolio;
(d) capacity enhancement of ZHL's investment portfolio thereby improving the competitive positioning and income earning

prospects of the direct insurance and reinsurance (local and regional) operations as well as opening up new private equity pursuits; and

(e) streamlining costs associated with listed entities and enhance the flow of cash to shareholders of the business.

As of the Last Practicable Date, the Board is not aware of any conflict of interest in so far as the contemplated acquisition is concerned. Accordingly, and upon reasonable enquiry, the Proposed ZPI Acquisition does not constitute a related party transaction as defined in Section 266.1 of the ZSE Listings Requirements. It is therefore the Board's opinion that as of the Last Practicable Date all Shareholders registered as such are eligible to vote on the resolution to be tabled at the Extraordinary General Meeting for the purposes of approving the Proposed ZPI Acquisition.

2.3. Delisting of ZPI

Subject to the offer being accepted by minority shareholders such that ZHL's shareholding in ZPI exceeds 70% or ZPI has less than 300 shareholders, ZPI shall subsequently delist from the ZSE on a voluntary basis. ZPI currently has 4,100 shareholders.

3. Brief overview of FLA and ZPI operations

3.1 ZPI

ZPI is a real estate company offering services which include project management of residential and commercial developments, as well as management, valuations and sales of residential, commercial and industrial property. Set out below is a brief background of ZPI:

- prior to 2007, ZPI was a wholly owned subsidiary of ZHL;
- in 2007, in order to take advantage of the working capital within the economy, ZPI was listed on the ZSE following a private placement that resulted in ZHL being diluted from 100% to 51%;
- ZHL shareholding in ZPI had reduced to 47.6% by 2016; and
- ZHL increased its shareholding in ZPI through open market purchases and as at the Last Practicable Date, ZHL directly and indirectly holds 1,103,499,800 ordinary shares in ZPI constituting 64.3% of all the issued ordinary shares in ZPI.

Major shareholders as at 8 June 2020 were:

Rank	Shareholder	Number of shares	% shareholding
1	Zimre Holdings Limited	1,103,499,120	64.3%
2	Fidelity Life Assurance of Zimbabwe Limited	270,444,097	15.8%
3	Zesa Pension Fund	29,176,341	1.7%
4	Mega Market (Private) Limited	21,180,056	1.2%
5	SCB NOMINEES 033667800001	18,617,972	1.1%
6	Steyn Andre	17,166,670	1.0%
7	NSSA-Workers Compensation IF	14,862,208	0.9%
8	Stanbic Nominees (Pvt)LTD-A/C 140043470003	11,294,643	0.7%
9	Triangle Money Plan Pension Fund-Imara A/C	10,997,385	0.6%
10	Hippo Valley Estates PF - IMARA	10,797,486	0.6%
	Sub-total	**1,508,035,978**	**87.8%**
	Others	208,630,689	12.2%
	Total	**1,716,666,667**	**100.0%**

3.2 FLA

Fidelity Life Assurance of Zimbabwe Limited, together with its subsidiaries, engages in the life assurance, funeral assurance and services, asset management, actuarial consultancy, property development, and micro-financing services businesses in Zimbabwe and Malawi. It also offers medical aid solutions comprising health packages and managed healthcare and property related solutions. The company listed on the ZSE in June 2003.

Major shareholders as at 8 June 2020 were:

Rank	Name	Number of shares	% of total shareholding
1	NSSA	38,224,928	35.09%
2	Turismo Investments (Private) Limited	24,703,557	22.68%
3	Zimre Holdings Limited	22,408,641	20.57%
4	Standard Chartered Nominees-056885900001	2,043,000	1.88%
5	SCB Nominees 033667800001	1,903,634	1.75%
6	Summerton (NNR) RHYS Drennan	1,493,377	1.37%
7	Mega Market (Private) Limited	1,432,820	1.32%
8	Triangle Money Plan Pension Fund-IMARA A/C 110008090006	1,419,420	1.30%
9	Stanbic Nominees (Private) Limited a/c 110008090011	1,026,845	0.94%
10	FLAM Management Special Fund	886,653	0.81%
	Total holding of the top 10 shareholders	95,542,875	87.72%
	Others	13,380,416	12.28%
	Total shareholding	**108,923,291**	**100%**

4. Details of the proposed FLA Acquisition

4.1 Transaction structure

Subject to ZHL Shareholder approval of the Proposed Acquisition of ordinary shares in FLA, the Board proposes to acquire 38,224,928 (thirty eight million two hundred and twenty four thousand nine hundred and twenty eight) Fidelity Life Assurance of Zimbabwe Limited ordinary shares (constituting 35.09% of the entire issued shares of FLA) currently held by the National Social Security Authority in return for 65,144,492 (sixty-five million one hundred and forty-four thousand four hundred and ninety-two) authorized but unissued ZHL shares on the basis of 1 ZHL ordinary share for every 0.59 FLA shares held by NSSA. The FLA acquisition shares constitute 4.25% of the ZHL total issued ordinary shares.

4.2 Pricing of the Proposed FLA Acquisition

4.2.1 Pricing for the FLA shares held by NSSA

The Board proposes to acquire 38,224,928 (thirty-eight million two hundred and twenty four thousand nine hundred and twenty eight) Fidelity Life Assurance of Zimbabwe Limited shares from NSSA through the issuance of 65,144,492 (sixty-five million one hundred and forty-four thousand four hundred and ninety-two) authorized but unissued ZHL shares on the basis of 1 ZHL ordinary share for every 0.59 FLA shares held by NSSA.

The pricing of the Proposed Acquisition of the ordinary shares in FLA has been adjudged to be fair and reasonable by the Independent Financial Advisors, Akribos, as set out in their report in Appendix V of this Circular.

4.2.2 Pricing for the offer to the remaining 44.34% FLA shareholders

Subject to approval of the Proposed Acquisition of FLA by ZHL Shareholders the Board will make an offer to the remaining 44.34% shareholders of FLA, on terms and conditions to be advised at the time of the offer. The terms shall be the same or better than those on which the FLA shares were acquired from NSSA, in accordance with regulatory requirements.

5. Details of the Proposed ZPI Acquisition

5.1 Transaction structure

- Subject to ZHL Shareholder approval of the Proposed Acquisition of ordinary shares in ZPI, the Board proposes to acquire up to 613,166,867 (six hundred and thirteen million one hundred and sixty six thousand eight hundred and sixty seven) ZPI ordinary shares (constituting 35.7% of the entire issued shares of ZPI) currently held by ZPI minority shareholders in return for 220,171,461 (two hundred and twenty million one hundred and seventy-one thousand four hundred and sixty-one) new ZHL shares. The ZPI acquisition shares constitutes 14.36 % of the ZHL total issued ordinary shares;
- Subject to the ZPI minority shareholders taking up the ZHL offer, and ZHL not obtaining 100% but having acquired at least 90% of ZPI's entire shareholding, ZHL shall be entitled to acquire the remaining ZPI minority shareholders on the same terms that applied to shares whose holders accepted the original offer, in terms of section 238 of the COBE; then
- When ZHL's shareholding in ZPI exceeds 70% or ZPI has less than 300 shareholders, ZPI shall subsequently apply for a voluntary delisting from the ZSE on the basis that ZPI will no longer be in compliance with the ZSE Listings Requirements.

5.2 Pricing of the Proposed ZPI Acquisition

5.2.1 Pricing for the ZPI shares held by minority shareholders

The Board proposes to acquire up to 613,166,867 (six hundred and thirteen million one hundred and sixty six thousand eight hundred and sixty seven) ZPI ordinary shares from minority shareholders through the issuance of up to 220,171,461 (two hundred and twenty million one hundred and seventy-one thousand four hundred and sixty-one) ZHL ordinary shares at a share swap ratio of 1 authorized but unissued ZHL share for every 2.78 ZPI shares held by minority shareholders.

The pricing of the Proposed Acquisition of ordinary shares in ZPI has been adjudged to be fair and reasonable by the Independent Financial Advisors, Akribos, as set out in their report in Appendix V of this Circular..

5.3 Dilutive effect

The proposed share swap between ZHL and NSSA for the FLA shares, and between ZHL and ZPI minority shareholders shall have a 4.08% and 12.11% dilutive effect respectively, resulting in a total dilution of 15.69% to the current ZHL shareholders assuming that the transactions are done sequentially.

6. Rationale for the Transactions

The principal rationale for the Proposed Transactions is to grow the Group's balance sheet and enhance the insurance arm's underwriting capacity, leverage the property portfolio to attract permanent capital, enhance the flow of cash from the businesses to the shareholders through eliminating some layers of expenditure and to leverage economies of scale backed by a larger capital base.

6.1 Rationale for the Proposed Acquisitions

The Proposed Acquisition of ordinary shares in FLA and ZPI have been influenced by the following factors:

6.1.1 Balance sheet growth and enhanced underwriting capacity

The Proposed Acquisitions will result in ZHL having combined assets of ZWL$2.075 billion and shareholders' equity of ZWL$837 million had the acquisitions been implemented on 31 December 2019. The growth of the Group's balance sheet will significantly increase the insurance arm's underwriting capacity and hence its competitiveness both in Zimbabwe and the region.

6.1.2 Future funding initiatives

The Proposed acquisitions will enhance the Group's future capital raising efforts as the balance sheet will now be anchored by a significant property portfolio comprising a mixture of properties in prime locations around the country. The Group's enhanced capital raising prospects will also improve the development of its diverse landbank in accordance with prevailing international trends and standards.

6.1.3 Economies of scale

The portfolio restructuring facilitates consolidation of the capital base, thereby creating economies of scale that have become critical for sustainable operational efficiencies. In cross - selling prospects will be better exploited thereby generating synegies from the business combinations.

6.1.4 Corporate parenting

This will enable the Group to implement a broad strategy for the combined businesses and leverage competencies within the Group to create value for shareholders. In particular, the successful acquisition of FLA and ZPI will result in enhanced skills transfer and optimisation through a shared services framework across the Group which will result in elimination of duplication and standardisation of processes thereby enhancing operational efficiencies.

6.2 Rationale for the proposed delisting of ZPI

Delisting of ZPI will ease the restructuring of the business composition, enabling a leaner and more focused business structure. In addition, high governance costs associated with listing both the Parent ("ZHL") and subsidiary ("ZPI") such as audit fees, annual listing fees and annual report publication fees will be eliminated.

7. Effects of the Proposed Transactions

7.1 Effects on ZHL share capital structure

The Proposed Transactions will result in the following changes in the Company's share capital structure.

Increase in issued share capital	Before Transactions	Increase	After Transactions
Authorised Ordinary shares	2,000,000,000	-	2,000,000,000
Nominal value per share (ZWL$)	0.01	-	0.01
Nominal value (ZWL$)	20,000,000	-	20,000,000
Issued Ordinary shares	1,533,338,937	-	1,533,338,937
Nominal value per share (ZWL$)	0.01	-	0.01
Nominal value (ZWL$)	15,333,389	-	15,333,389
Effects of the Proposed FLA Acquisition			
Issued share capital			
Total number of Ordinary shares	1,533,338,937	65,144,492	1,598,483,429
Nominal value per share (ZWL$)	0.01	0.01	0.01
Nominal value (ZWL$)	15,333,389	651,445	15,984,834
Authorised but unissued shares			
Ordinary shares	466,661,063		401,516,571
Effects of the Proposed ZPI Acquisition			
Issued share capital			
Total number of Ordinary shares	1,598,483,429	220,171,461	1,818,654,890
Nominal value per share (ZWL$)	0.01	0.01	0.01
Nominal value (ZWL$)	15,984,834	-	18,186,549
Authorised but unissued shares			
Ordinary shares	-	-	181,345,110

*Calculated assuming the FLA Acquisition is implemented first

7.2 Effects on the ZHL shareholding structure

7.2.1 Current top 20 shareholders

As at the Last Practicable Date prior ZHL had 1,533,338,937 issued ordinary shares and its top 20 Shareholders were as follows:

Rank	Shareholder	Number of shares	% shareholding
1	Day River Corporation (Private) Limited	614,769,314	40.09%
2	Government of Zimbabwe	331,728,844	21.63%
3	National Social Security Authority	203,905,526	13.30%
4	Lalibela Limited-NNR	157,498,202	10.27%
5	Nickdale Enterprises (Private) Limited	68,123,292	4.44%
6	NSSA-Workers Compensation IF	53,005,462	3.46%
7	Local Authorities Pension Fund	34,788,794	2.27%
8	Von Seidel-NNR Richard John	8,535,224	0.56%
9	Mariot Computing and Management Services (Private) Limited	6,002,411	0.39%
10	Guramatunhu Family Trust	3,758,894	0.25%
11	Old Mutual Life Assurance of Zimbabwe Limited	3,593,205	0.23%
12	Mega Market (Private) Limited	3,154,719	0.21%
13	Tembo Solomon	3,000,000	0.20%
14	Mealcraft Investments (Private) Limited	2,616,540	0.17%
15	Munster Investments (Private) Limited	2,285,052	0.15%
16	Stanbic Nominees (Private) Limited-NNR-a/c 14004347000	2,221,855	0.14%
17	Salisbury General Investments Company (Private) Limited	2,183,668	0.14%
18	Anderson Robert	1,920,161	0.13%
19	Remo Investment Brokers (Private) Limited	1,489,972	0.10%
20	FBC Securities (Private) Limited	1,478,700	0.10%
	Total holding of top 20	**1,506,059,835**	**98.22%**
	Other shareholders	27,279,102	1.78%
	Total issued shares	**1,533,338,937**	**100.00%**

7.2.2 Effects of the Transactions on the shareholding structure

The table below shows the effect, on the ZHL shareholding structure, assuming all ZPI shareholders accept the offer and the acquisition of the FLA shares is successfully concluded:

Shareholder	Post-transactions Number of shares	% holding	Number of ZHL shares from ZPI Acquisition	Number of ZHL shares from FLA Acquisition	Pre-transactions Number of shares	% holding
Day River Corporation (Private) Limited	614,769,314	33.80%	-	-	614,769,314	40.09%
Government of Zimbabwe	331,728,844	18.24%	-	-	331,728,844	21.63%
National Social Security Authority	239,206,270	13.15%	2,117,074	33,183,670	203,905,526	13.30%
Lalibela Limited-NNR	157,498,202	8.66%	-	-	157,498,202	10.27%
Nickdale Enterprises (Private) Limited	68,123,292	3.75%	-	-	68,123,292	4.44%
NSSA-Workers Compensation IF	88,798,093	4.88%	3,831,809	31,960,822	53,005,462	3.46%
Fidelity Life Assurance Company	44,125,773	2.43%	44,125,773	-	-	-
Stanbic Niominees 110008040010	43,317,053	2.38%	43,317,053	-	-	-
Local Authorities Pension Fund	34,788,794	1.91%	-	-	34,788,794	2.27%
Mega Market (Private) Limited	10,759,898	0.59%	7,605,179	-	3,154,719	0.21%
Zesa Pension Fund	10,476,426	0.58%	10,476,426	-	-	-
Stanbic Nominees (Private) Limited a/c 110008040007	9,382,887	0.52%	9,382,887	-	-	-
Von Seidel-NNR Richard John	8,535,224	0.47%	-	-	8,535,224	0.56%
Guramatunhu Family Trust	7,265,217	0.40%	3,506,323	-	3,758,894	0.25%
SCB Nominees 033667800001	6,221,102	0.34%	6,221,102	-	-	-
Steyn Andre	6,164,081	0.34%	6,164,081	-	-	-
Mariot Computing And Management Services (Private) Limited	6,002,411	0.33%	-	-	6,002,411	0.39%
Stanbic Nominees (Private) Limited a/c 140043470003	4,055,597	0.22%	4,055,597	-	-	-
Triangle Money Plan Pension Fund - Imara a/c	3,948,860	0.22%	3,948,860	-	-	-
Hippo Valley Estates Pension Fund - Imara	3,877,082	0.21%	3,877,082	-	-	-
Sub-total	**1,699,044,420**	**93.42%**	**148,629,246**	**65,144,492**	**1,485,270,682**	**96.87%**
Other shareholders	119,610,470	6.58%	71,542,215	-	48,068,255	3.13%
Total shares issued	**1,818,654,890**	**100.00%**	**220,171,461**	**65,144,492**	**1,533,338,937**	**100.00%**

7.3 Effects on the financial position

Balance sheet impact is as set out below:

	ZHL Audited (ZWL$)	FLA Audited (ZWL$)	ZPI Audited (ZWL$)	Post-transactions Pro-forma (ZWL$)
Total assets	1,096,418,411	1,031,428,206	525,668 854	2,183,464,413
Shareholders equity	572,319,243	61,966,187	487,647,396	839,505,272
Non-controlling interest	162,235,611	95,084,404	-	107,717,969
Total liabilities	361,863,557	874,377,615	38,021,458	1,236,241,172
Total capital employed	1 096,418,411	1,031,428,206	525,668,854	2,183,464,413
Outstanding shares	1 533,338,937	108,923,291	1,716,666,667	1,818,654,890
NAV/share (ZWL$)	**0.37**	**0.57**	**0.28**	**0.46**

The full effects of the financial impact of the Proposed Transactions are disclosed in the pro-forma financial information in Appendix III (a).

8. Costs of the Proposed Transactions

The costs of the Proposed Transactions are expected to amount to approximately a maximum of 5% of the transaction value which relate to various advisory, accounting, regulatory as well as advertising, printing and postage, and settlement charges. The final costs will be determined upon the conclusion of the Transactions. The table below depicts an indicative breakdown of the cost of the Proposed Transactions.

Description	Percentage of the final transaction value
Professional fees	3.25%
Execution and settlement costs	1%
Publication, printing and distribution	0.75%
Total	**5%**

9. Summary information on ZHL

An overview of the business operations of ZHL, together with statutory information required in terms of the COBE, is set out in Appendix I to this Circular.

10. Future prospects of ZHL

The Group's strategy is to grow the balance sheet organically and through mergers and acquisitions in the current sectors of exposure as well as develop a new pipeline of investments. ZHL's growth strategy to optimize shareholder value will, among other initiatives, leverage on the Group's balance sheet; diversify the business portfolio; and broaden the resource mobilisation strategy. The ultimate objective is to develop a Group that is effectively in control of the strategic direction of portfolio businesses and to derive synergistic dividends.

11. Summary information on ZPI

An overview of the business operations of ZPI, together with statutory information required in terms of the COBE, is set out in Appendix II to this Circular.

12. Future prospects of ZPI

Subsequent to the successful acceptance of the ZHL offer by the minorities of ZPI, it is anticipated that ZPI will apply for voluntary delisting from the ZSE. ZPI will continue with its pursuit to develop the property portfolio in the country through development projects. A reconfiguration of the business organisation will however be critical to extract maximum return from the income earnings. Further, a delinking between the property portfolio and the property management services will be critical to achieve the next growth phase of the property portfolio. This initiative will allow the business to streamline costs and enhance the flow of cash to shareholders of the business.

13. Summary information on FLA

An overview of the business operations of FLA, together with statutory information required in terms of the COBE, is set out in Appendix III to this Circular.

14. Future prospects of FLA

The acquisition by ZHL will present an opportunity for FLA to extract potential strategic synergies within the ZHL Group. FLA's integrated financial services model presents scope for the Group to derive numerous benefits which enhance value for shareholders through the following;

- optimise the insurance value chain by reinsuring risks through the Group's reinsurance operations (local and regional);
- integrate the wealth management offering into the Group portfolio growth initiatives that will be pursued through the private equity pursuits; and
- value extraction from current and future property assets through the introduction of unique financing models that leverage and sweat the property asset base in a more flexible manner.

15. Conditions precedent

15.1 The Proposed FLA Acquisition

The Proposed FLA acquisition is subject to the following conditions precedent:

- approval by the Members of ZHL at the EGM to be held on Wednesday 30 September 2020 in terms of the EGM Notice in Appendix VII;
- approval of the proposed acquisition by the IPEC; and
- approval of the proposed acquisition by the CTC.

15.2 The Proposed ZPI Acquisition

The Proposed ZPI acquisition is subject to the following conditions precedent:

- approval by the Members of ZHL at the EGM to be held on Wednesday 30 September 2020 in terms of the EGM Notice in Appendix VII;
- approval by exchange control authorities to issue ZHL ordinary shares to non-resident ZPI minority shareholders; and
- the offer being accepted by the ZPI minority shareholders.

15.3 The Proposed ZPI delisting

The Proposed ZPI delisting is subject to the following condition precedent:

- the offer being accepted by ZPI minorities provided that ZHL's shareholding in ZPI exceeds 70% or ZPI has less than 300 shareholders.

16. Regulatory issues

This Circular is issued in compliance with the ZSE Listings Requirements. The Listings Committee of the ZSE met and approved the Proposed Transactions on 8 September 2020 and granted approval for the publication of the Abridged Circular, EGM Notice and the distribution to Shareholders of this Circular in respect of the Proposed Transactions.

17. Borrowings

In terms of the ZHL Articles, the Directors shall not allow the borrowings of ZHL to exceed at any time, twice the value of the funds attributed to the Shareholders.

The level of borrowings of ZHL as of the Last Practicable Date did not exceed the limit set in terms of ZHL's Articles.

18. Experts' consents

Corporate Excellence, MMC, MawereSibanda, PwC, Akribos and ZB have given, and have not withdrawn, their consents to the issue of this Circular with the inclusion of their logos, names and reports in the forms and contexts in which they appear.

19. Working capital adequacy statement

The Directors, after considering the effects of the Proposed Transactions, are of the opinion that the working capital available to ZHL after the Proposed Transactions will be sufficient for ZHL's present requirements for at least the next 12 months from the date of issue of this Circular. Essentially the Transactions do not have an impact on the capital of ZHL because there is no money being expended in the acquisitions considering that the Transactions are being implemented by means of a share swap.

20. Litigation statement

There are no legal or arbitration proceedings, pending or threatened, of which ZHL or any of its subsidiaries (including ZPI) are aware, that may have or have had a material effect on the financial position of ZHL in the 12-month period preceding the Last Practicable Date.

21. Dividend policy

The Company's dividend policy states that the Company's ability to declare and pay dividends is based on the Company's level of profitability after providing for all contingent liabilities and reserves. After a detailed consideration of the above policy, the Company's growth strategy in light of the prevailing economic challenges, and the need to invest in the Group, the Directors deemed it fit to not declare dividends for the year ended 31 December 2018. For the financial year ended 31 December 2019, the Directors declared a dividend of ZWL$3.1 million.

22. Documents available for inspection

The following original documents, or certified copies thereof, will be made available for inspection at the registered offices of ZHL, at Block D, 2nd Floor, Smatsatsa Office Park, Stand Number 10667, Borrowdale, Harare, during normal business hours, on week-days until the date of the EGM;

- the Vote Pooling Agreement on FLA between ZHL, NSSA and Turismo (Investments) Private Limited
- the Share Purchase Agreement of FLA shares between NSSA and ZHL;
- the Memorandum and Articles of Association for ZHL;
- the Memorandum and Articles of Association for ZPI;
- the Memorandum and Articles of Association of FLA;
- the Annual Reports containing the audited financial statements of ZHL for the 3-year period prior to 31 December 2019;
- the Annual Reports containing the audited financial statements of ZPI for the 3-year period prior to 31 December 2019;
- the Annual Reports containing the audited financial statements of FLA for the 3-year period prior to 31 December 2019;
- the original signed copy of this Circular to Shareholders;
- the ZSE approval letter for the distribution of this Circular;
- the original Accountant's Report on the historical and pro forma financial information of ZHL;
- the Independent Financial Advisors' Fair and Reasonable Opinion on the proposed acquisitions of FLA and ZPI; and
- the experts' consent letters.

23. Directors' recommendations

The Directors of ZHL have considered the terms of the Proposed Transactions and having also considered the fair and reasonable opinions of the Independent Financial Advisors in relation to the Proposed Transactions, are unanimously of the opinion that the Proposed Transactions are in the best interests of ZHL Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the resolutions giving effect to the Proposed Transactions.

The Independent Directors of ZHL will collectively vote in favour of the resolutions to approve the Proposed Transactions at the EGM in respect of their own shareholdings.

Yours faithfully,
For and on behalf of the Board of Zimre Holdings Limited
(Signed on original)

B. N. Kumalo
Non-Executive Chairman

24. Directors responsibility statement

The Directors of ZHL, whose names are set out below, collectively and individually accept full responsibility for the accuracy of the information provided in this Circular and certify that, to the best of their knowledge and belief, there are no other facts the omission of which make any statement in this Circular false or misleading, that they have made all reasonable inquiries to ascertain such facts (where applicable), and that this Circular contains all information required by law.

Signed on 9 September 2020 by the Directors:

Director's Name	Position	
Benjamin N. Kumalo	Non-Executive Chairman	(Signed on original)
Mark Haken	Non-Executive Director	(Signed on original)
Ignatius Mvere	Non-Executive Director	(Signed on original)
Hamish Brian Wilburn Rudland	Non-Executive Director	(Signed on original)
Robert Cron von Seidel	Non-Executive Director	(Signed on original)
Edwin Zvandasara	Non-Executive Director	(Signed on original)
Stanley Kudenga	Group Chief Executive Officer	(Signed on original)

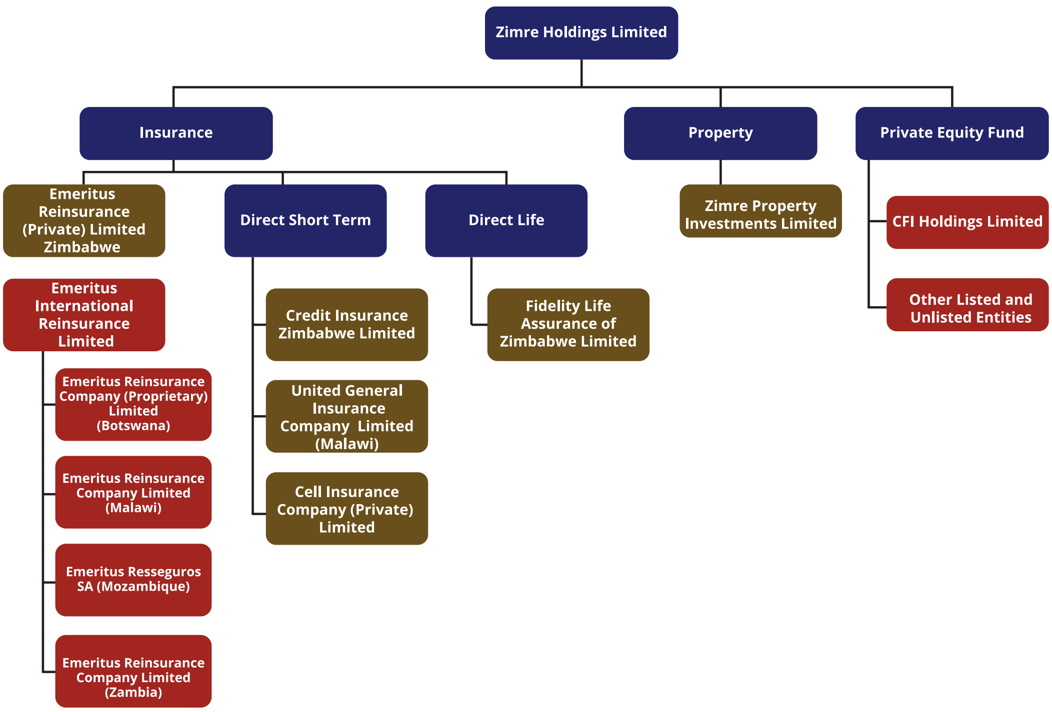
APPENDIX I:
INFORMATION ON ZIMRE HOLDINGS LIMITED

A1.1 Company background

ZHL is a leading financial services group that is committed to creating value through risk management, wealth creation and wealth management predominantly in the insurance sector. The Group has more than thirty-five years of serving Zimbabwe through its strategic business units. The Company has diverse interests in short term insurance, short term reinsurance, life assurance, long term reinsurance, health insurance and real estate housed under its various subsidiaries and associates. ZHL seeks to strategically position its businesses as a preferred service provider through focusing on service delivery, process efficiency and balance sheet strength. The Company places great emphasis on the recruitment, training and retention of quality skills; and harnessing of efficient information technology platforms complemented by a strong capital base. The Group will continue to examine trends in the African economies with the expectation of developing sub-Saharan opportunities and converting them to increased business for the Group using existing group synergies to maximum advantage.

A1.2 Group corporate structure

Set out below is the current ZHL Group structure:



A1.3 Zimre Holdings Limited

ZHL is the Group's holding company with diversified investments ranging from insurance, property businesses and private equity investments. ZHL has investments and operations located in Zimbabwe and the Southern African Region. ZHL is an active growth-oriented investor that provides strategic leadership and guidance and ensures value creation and portfolio optimization.

A1.3.1 Insurance

A1.3.1.1 Reinsurance

ZHL's core business is reinsurance, with all its operations consolidated under Emeritus International Reinsurance Company Limited ("Emeritus International"). Emeritus International has a presence in the following countries:

- Zimbabwe;
- Zambia;
- Malawi;
- Mozambique; and
- Botswana.

A1.3.1.2 Direct short-term insurance

ZHL has investments in direct short-term insurance with significant shareholding in the following companies which operate both in Zimbabwe and the region:

- United General Insurance Company Limited (Malawi)
- Cell Insurance Company (Private) Limited (Zimbabwe)
- Lidwala Insurance Company (Swaziland)
- Diamond Companhia de Seguros SA (Mozambique)
- Credit Insurance Zimbabwe Limited (Zimbabwe)

A1.3.2 Property

ZPI is the Group's property management and development arm which is listed on the Zimbabwe Stock Exchange. ZPI is currently pioneering projects in world class student accommodation and shopping malls in Zimbabwe's emerging cities and towns.

A1.3.3 Private Equity

The Group maintains a diverse private equity fund with plans to proactively grow this fund in the future. This includes shareholding in companies such as CFI Limited and other listed and unlisted entities.

A1.4 Overview of main subsidiaries

A1.4.1 Zimre Property Investments Limited

ZPI is a ZSE listed real estate company offering services which include project management, property development, real estate agency services and project management.

a. Property Management

This division is primarily engaged in leasing and managing ZPI's property portfolios. ZPI has a diversified property portfolio, which consists mainly of office and retail property. The division's core functions include letting, contracting, responding to and addressing maintenance issues and performing credit and background checks on tenants. Rental income is primarily derived from the activities of this division.

b. Property Development

The core function of this division is to acquire undeveloped land and improve it with onsite and offsite infrastructure. This provides the base for further development of either built up structures or serviced land, which is subdivided and then sold piecemeal to other building developers or individuals. Where built structures are developed, the buildings are either sold entirely or in part, or retained as assets to earn rental income.

c. Real Estate Agency

ZPI is a registered estate agent involved in property brokerage and property valuations for fees and sales commissions. ZPI seeks to establish a trading stock portfolio by buying and selling properties. The objective is to enhance portfolio liquidity and tradability, and contribute to a more diverse income stream, in order to realize immediate value to the shareholder.

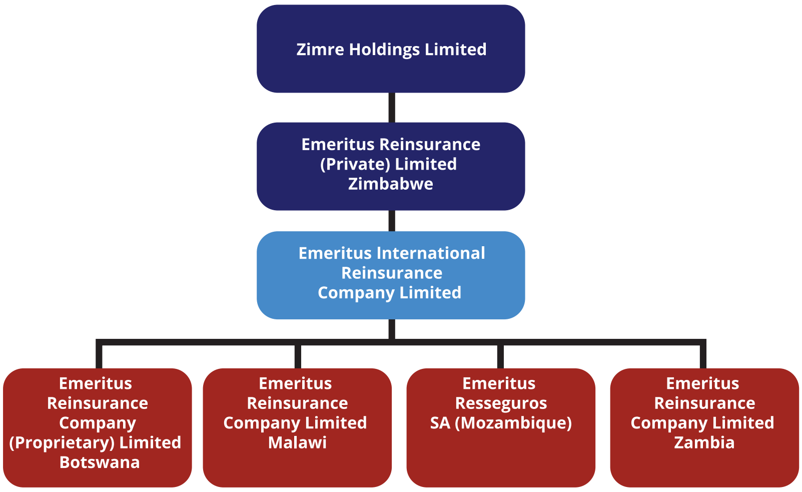
d. Project Management

The Company has a solid track record as project manager for land and building developments. The Company has in the past been involved in the management of the construction and/or refurbishment of various buildings including Fidelity Life Centre (Kwekwe), Sakubva and Gwanda Shopping Centres, Insurance Centre (Nicoz Diamond-Harare), Heritage House, the Public Servants Housing Development project, Harare and Fidelity Life Assurance Manresa housing infrastructural development project. Management fees have contributed significantly to total income and it is the Company's strategy to increase its activity in this business.

A1.4.2 Emeritus International Reinsurance Company Limited

Emeritus International Reinsurance Company Limited ("Emeritus International") was incorporated in Botswana on the 12th of February 2008 as Arkadee (Proprietary) Limited and changed its name to Emeritus International Reinsurance Company on the 28th of January 2009. On the 12th of July 2011, the company became a public limited entity. Emeritus International is the parent company of EmeritusRe Botswana, EmeritusRe Malawi, EmeritusRe Mozambique and EmeritusRe Zambia. These assets were transferred to Emeritus International from Emeritus Reinsurance (Private) Limited Zimbabwe ("EmeritusRe Zimbabwe") (formerly Baobab Reinsurance (Private) Limited), being the 100% (albeit indirect) Shareholder of Emeritus International. Emeritus International was registered on the Botswana International Financial Services Centre on 12 November 2010 in order for the company to enjoy the benefits afforded by such registration. The company is structured to be a holding company for the regional businesses.

Below is the Emeritus International organisational structure.



A1.5 Overview of country operations

Emeritus International writes business in the Southern African Development Community ("SADC") and Common Market for Eastern and Southern Africa ("COMESA") region in Africa. The principal markets of the company are Botswana, Malawi, Mozambique and Zambia insurance markets.

A1.5.1 EmeritusRe Botswana

EmeritusRe Botswana is a proprietary limited company that was incorporated and licensed in Botswana in November 2009. It was Botswana's first resident reinsurance company. The Company is run under a management contract by Emeritus International, which is also the holding company and its sole shareholder.

There are three resident competitors in the Botswana reinsurance industry namely EmeritusRe Botswana, FMRE and Continental Re, who specialize in property and casualty reinsurance. However, EmeritusRe Botswana's biggest competition remains the international reinsurance companies based in South Africa, who have dominated the insurance industry in Botswana. All the three (3) reinsurers currently licensed in Botswana are non-life reinsurers.

A1.5.2 Emeritus Re Malawi

EmeritusRe Malawi began operations in 1996 as a branch of Baobab Re and was subsequently incorporated in 2004. The company is 100% owned by Emeritus International. In turn EmeritusRe Malawi owns 25% of EmeritusRe Mozambique. EmeritusRe Malawi offers reinsurance security and risk management services in Malawi and in some selected African states, notably in East Africa.

A1.5.3 Emeritus Re Zambia

EmeritusRe Zambia was incorporated on the 25th of November 1998 and commenced operations on the 1st of April 1999. This move heralded the establishment of the first resident reinsurance company in the Zambian insurance market. The company is run under management contract by Emeritus International, which is also the holding company and sole shareholder. Under the terms of the Management Contract, Emeritus International:

- provides strategic direction and technical support;
- appoints senior persons to manage the business;
- assists in technical policy implementation;
- advises on best software programmes to implement; and
- coordinates training, attachments and courses for staff and management.

EmeritusRe Zambia's main sources of business include Zambian insurance companies and reinsurance brokers. The company depends on two international brokers (JB Boda and AON SA) in acquiring shares on treaty business. Facultative business is mainly on a direct basis from insurance companies. It is envisaged that as EmeritusRe Zambia becomes more established more facultative business will be brokered in the Zambian insurance market.

Further, the company services insurance companies such as Professional Insurance Corporation Zambia (PLC), Zambia State Insurance Corporation Limited, Madison General Insurance Company Zambia Limited, Diamond General Insurance Limited and NICO Insurance Zambia Limited. These clients represent 95% of the Zambian insurance market. There is therefore scope for the company to increase the amount of business underwritten given that business relationships already exist with the major players in the industry.

A1.5.4 EmeritusRe Mozambique

EmeritusRe Mozambique commenced operations in June 2007 and is the first reinsurance company to be incorporated in Mozambique. The company is owned by Emeritus International through its shareholding held by both EmeritusRe Malawi.

A1.6 Credit Insurance Zimbabwe Limited

Credit Insurance Zimbabwe Limited ("Credsure") is a credit and short-term insurance provider with operations in Zimbabwe. It is 90.65% owned by ZHL. Credsure offers a wide range of short-term insurance solutions covering:

- credit insurance;
- household insurance;
- motor vehicle insurance;
- marine insurance;
- travel insurance;
- fire & accident insurance; and
- personal possessions insurance.

A1.7 Key associates and strategic investments

The table below shows ZHL's key associates as well as strategic investments and the Group's shareholding thereof.

Associate	Listing status	Shareholding (%)
CFI Holdings Limited ("CFI")	Listed on ZSE	28.00%
Fidelity Life Assurance Company Limited ("Fidelity")	Listed on ZSE	20.57%
United General Insurance Limited ("UGI")	Unlisted	20.00%
Special Automobile Underwriters Association of Zimbabwe ("SAUAZ")	Unlisted	20.00%
Diamond Seguros Mozambique	Unlisted	27.75%
Zimbabwe United Passenger Company ("ZUPCO")	Unlisted	49.00%

Strategic investments	Listing status	Shareholding (%)
Cell Insurance (Private) Limited	Unlisted	11.00%
Lidwala Swaziland	Unlisted	15.60%
Vanguard Malawi	Unlisted	3.74%
PTA Reinsurance	Unlisted	0.86%
Guardian Reinsurance Brokers	Unlisted	9.00%

Source: ZHL management and 2019 annual report

A1.8 Directors' Profiles and Interests

A1.8.1 ZHL Directors

Set out below are the brief profiles of the directors of ZHL:

Benjamin N Kumalo – *Non-Executive Chairman*

Benjamin is the Group Chief Executive Officer of the Industrial Development Corporation of Zimbabwe "IDC". He is a Chartered Accountant (Zimbabwe) with over 31 years' experience in Finance and Administration. He serves on a number of Boards, including the boards of Motec Holdings (Private) Limited and FBC Building Society.

Stanley Kudenga – *Group Chief Executive Officer*

Stanley is a Chartered Accountant (Zimbabwe) who has passion for efficiency and good corporate governance. His attitude to finance has made him a reputable investment banker and strategist in Zimbabwe. Formerly the Managing Director of FBC Reinsurance (Private) Limited ("FBC Re"), Stanley spearheaded the company's turnaround strategy resulting in FBC Re having the highest return on capital in the industry. As the Group Chief Executive Officer of ZHL, he sits on the Boards of its subsidiaries in a non-executive capacity.

Mark Haken – *Non-Executive Director*

Mark is a seasoned and professional insurance practitioner. He has a wealth of experience and expertise in insurance and related disciplines acquired over a period of 38 years in a variety of roles across geographies and industries. He is currently the Chief Executive Officer and shareholder of Mearc Management (Proprietary) Limited and Cotsworld Consulting (Proprietary) Limited, both in South Africa.

Jean Maguranyanga – *Non Executive Director*

Jean is a successful commercial lawyer with over 21 years' experience in the field of banking and working with a diversified portfolio of clients. She is a partner with a local law firm.

Ignatius Mvere – *Non Executive Director*

Ignatius is a Director responsible for Finance, Human Resources and Administration in the Ministry of Finance. Ignatius holds a B.Com degree and is a registered Public Accountant. He sits on the Board of Printflow (Private) Limited.

Hamish B. W. Rudland – *Non Executive Director*

Hamish is the founder of Pioneer Coaches which over the years has developed to a regional brand. He sits on a number of boards in various key industries namely TSL Limited and Scanlink (Private) Limited to name a few.

Robert Cron von Seidel – *Non Executive Director*

Robert is a corporate finance and investment banking expert with over 20 years' experience advising and managing a wide range of listed and unlisted entities in South Africa and Zimbabwe.

Edwin Zvandasara – *Non Executive Director*

Edwin is a Director of Finance in the Ministry of Finance and Economic Development. He holds a Bachelor of Accountancy degree and is a Public Sector Financial Management practitioner with 29 years' experience in Public Sector Accounting. He has sat on a number of Boards which included Zambezi River Authority, Agricultural Bank of Zimbabwe and Zimbabwe Investments Authority.

A1.8.2 The Directors' shareholding interests

At the Last Practicable Date, the direct and indirect shareholding interests of the Directors of ZHL and their immediate families were as follows:

Director	Position	Direct shareholding	Indirect shareholding	Share options
Benjamin N. Kumalo	Non-Executive Chairman	1,031,315	Nil	Nil
Stanley Kudenga	Group Chief Executive Officer	100,000	Nil	Nil
Mark Haken	Non Executive Director	Nil	Nil	Nil
Jean Maguranyanga	Non Executive Director	Nil	Nil	Nil
Ignatius Mvere	Non Executive Director	Nil	Nil	Nil
Hamish B. W. Rudland	Non Executive Director	Nil	614,769,314	Nil
Robert Cron von Seidel	Non Executive Director	Nil	166,033,426	Nil
Edwin Zvandasara	Non Executive Director	Nil	Nil	Nil

A1.8.3 Other interests

Except as disclosed in this Circular, none of the Directors of ZHL nor any member of their immediate families, nor any person acting in concert with the Directors of ZHL, control or is interested, beneficially or otherwise, in any ZHL shares or in any securities convertible to rights to subscribe for ZHL shares.

As provided by the COBE, the Directors are bound to declare at any time during the year, in writing, whether they have any interest in any contract of significance with the Company or any of its subsidiaries or joint ventures. No Director confirmed having, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses except as disclosed in note 36.4 of the audited financial statements of the Group for the year ended 31 December 2019. Executive Directors have employment contracts with the Company or its subsidiaries.

A1.9 Directors Emoluments

The Directors' remuneration for the financial year ending 31 December 2019 was as follows:

Name and designation	Total remuneration (ZWL$)
B Kumalo (Non-executive chairman)	155,642
H Rudland (Non-executive)	116,762
I Mvere (Non-executive)	153,597
J Maguranyanga (Non-executive)	134,449
E Zvandasara (Non-executive)	100,601
M Haken (Non-executive)	109,562
V Seidel (Non-executive)	110,062
A Adamjee	12,682
Total	**893,357**

A1.10 Corporate governance

The Group's corporate governance approach promotes strategic decision making that is attune to the Group's goals and the interests of its stakeholders and society so as to create sustainable and shared value. To this end, the Group remains committed to maintaining the highest standards of Corporate Governance as guided by the National Code on Corporate Governance of Zimbabwe and the King Report on Corporate Governance as amended from time to time. Corporate governance is the responsibility of the Board and Management applies the tone set by the Board in its integration of the governance principles to all the Group's operations. In line with the Group's belief in continuous improvement, the Board annually reviews its corporate governance philosophy and if necessary, improves the same to ensure full and consistent compliance with legal and regulatory requirements.

Directorate

The Board serves as the focal point for and custodian of the Group's corporate governance principles. To this end, the Group strives to reflect the same in its composition which it believes is qualitatively and quantitatively balanced in terms of skills, nationalities, experience, tenure and independence. The ZHL Board comprises eight non-executive directors and one executive director. In order to strengthen its independence and in line with best practice, it is chaired by an independent non-executive director.

It is the responsibility of the Board to provide ethical and effective leadership to the Group. In this regard, the role of the Board is to determine overall policies, plans and strategies which are used to measure the organization's performance. The Board meets regularly, at least four times a year, and guides corporate strategy, risk management practices, annual budgets, and business plans. Special Board meetings may be convened on an ad-hoc basis to consider issues requiring urgent attention or decisions.

In line with the Group's belief of continuous development, in 2018 it introduced an annual Board Evaluation programme. The programme is meant to assess the effectiveness of the Board and its committees while also facilitating self and peer evaluation of the members. To promote openness and independence, the programme is externally facilitated. Aside from induction training, following a new appointment, the ZHL Board also attends training workshops. In 2018, the Board underwent corporate governance training focusing on leadership and good corporate governance.

Board committees

The Board is supported by various committees in executing its responsibilities. The committees meet quarterly to review performance and provide guidance to management on both operational and policy issues. Each committee acts within written terms of reference under which certain functions of the Board are delegated with clearly defined purposes. The Board and board committees may take independent advice at the Group's expense where necessary.

Audit and Risk Management Committee

The Audit and Risk Management Committee, chaired by a non-executive director, comprises three non-executive directors and meets at least four times in a year. The main roles and responsibilities of the Audit and Risk Management Committee include the monitoring of the financial reporting process, the effectiveness of the Group's internal control, internal audit and risk management system and the audit of the annual consolidated financial statements. The Committee is also responsible for managing the relationship with independent and internal auditors. The independent and internal auditors have unrestricted access to the Committee and attend all meetings.

Finance and Investments Committee

The Group Finance and Investments Committee, chaired by a non-executive director, comprises four non-executive directors and meets at least four times in a year. The committee is responsible for the formulation of investment policies and reviewing investment strategies affecting the assets and liabilities to ensure optimum return on resources. The Finance and Investments Committee also deals with the Group and Company resource requirements and major acquisitions and disposals.

Human Resources and Nominations Committee

The Human Resources and Nominations Committee, chaired by a non-executive director, is made up of four non-executive directors and meets as often as directed by changes in the environment with the Group Chief Executive Officer in attendance. The committee assists the Board in the review of critical personnel issues. Staff compensation policies and manpower development proposals made by the Committee are presented to the Board for approval. It also deals with the identification and recommendation of potential directors to the Board.

A1.10 Senior Management Profiles

Set out below are the profiles of ZHL's senior management team:

Group Chief Executive Officer

Stanley Kudenga – CA(Z), MBL (Unisa)

Finance Executive

Lovemore Madzinga – BAcc (Hons) (UZ), ACCA, CIS, Masters in Arts and Leadership

Corporate Affairs Manager

Phillip Mundangepfufu – BAcc (UZ), MBA (UZ), CIS

Group Corporate Finance and Business Strategy Executive

Chakanyuka Nziradzemhuka – MSc Finance and Investment(NUST), Exec MBA(NUST), MIFM(SAIFM), BBS(Hons) Finance & Banking (UZ)

Group Legal Services

Ruvimbo Chidora – LLB (Leiden)

Head Human Resources
Charles Masukume – MBA (UZ), BSc – Psych (Hons) (UZ), IMS(UK)

Head Internal Audit
Claudius Chikundura – MBA (UZ), ACCA (UK), FIIFA (fellow) (SA), BSc – Eco (hons) (UZ)

Head Information Technology
Fadzanai Mupandenyama – BSc – Comp Sci (UZ), MBA(UZ), CISM

A1.11 Significant Contracts

The following significant contracts have been entered into by ZHL or its subsidiaries, not being contracts in the ordinary course of business, during the two years immediately preceding the date of this Abridged Circular:

a) ZHL entered into a Vote Pooling Agreement ("VPA") with the National Social Security Authority ("NSSA") and Turismo Investment (Private) Limited on 23 October 2018; and

b) ZHL entered into a purchase and sale agreement with NSSA on 15 June 2020 for the purchase of 38,224,928 Fidelity Life Assurance of Zimbabwe Limited ordinary shares currently held by NSSA to be settled through the issuance of 65,144,492 ZHL shares.

A1.12 Pro-forma Financial Information of ZHL

The pro forma financial statements have been prepared to illustrate how the Proposed Transactions might have affected the financial position of ZHL had they been effected on 31 December 2019. The pro forma financial information is set out in Appendix IV (a) and (b).

A1.13 Financial Information on ZHL

The audited financial information of ZHL for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 is set out in the Accountants' Report in Appendix IV(c).

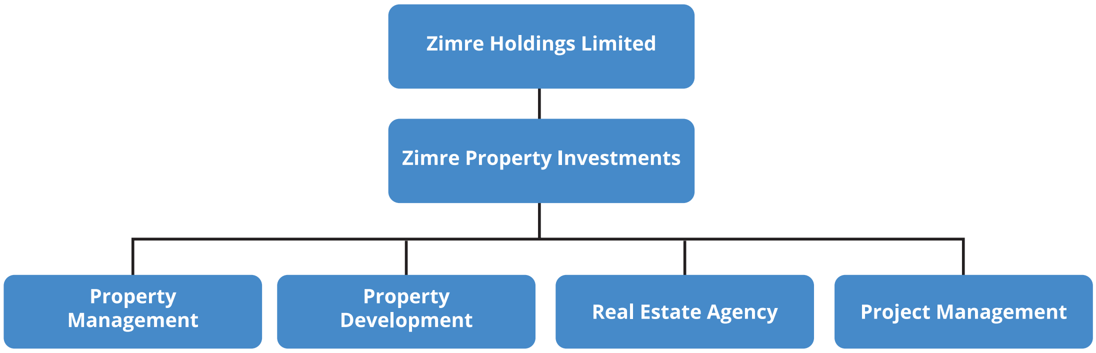
APPENDIX II:
INFORMATION ON ZIMRE PROPERTY INVESTMENTS LIMITED

A2.1 Company background

ZPI is a public limited company incorporated in terms of the laws of Zimbabwe in 2003. The Company's shares were listed and started trading on the Zimbabwe Stock Exchange in 2007.

A2.2 Overview of operations

ZPI is a real estate company offering services which include project management of residential and commercial developments, as well as management, valuations and sales of residential, commercial and industrial property. ZPI's organisational structure is shown below:



A2.2.1 Property Management

This division is primarily engaged in leasing and managing ZPI's property portfolios. ZPI has a diversified property portfolio, which consists mainly of office and retail property. The division's core functions include letting, contracting, responding to and addressing maintenance issues and performing credit and background checks on tenants. Rental income is primarily derived from the activities of this division.

A2.2.2 Property Development

The Company is a leading property developer in Zimbabwe. The core function of this division is to acquire undeveloped land and improve it with onsite and offsite infrastructure. This provides the base for further development of either built up structures or serviced land, which is subdivided and then sold piecemeal to other building developers or individuals. Where built structures are developed, the buildings are either sold entirely or in part, or retained as assets to earn rental income.

A2.2.3 Real Estate Agency

ZPI is a registered estate agent involved in property brokerage and property valuations for fees and sales commissions. The Company seeks to establish a trading stock portfolio by buying and selling properties. The objective is to enhance portfolio liquidity and tradability, and contribute to a more diverse income stream, in order to realize immediate value to the shareholder.

A2.2.4 Project Management

The Company has a solid track record as project manager for land and building developments. The Company has in the past been involved in the management of the construction and/or refurbishment of various buildings including Fidelity Life Centre (Kwekwe), Sakubva and Gwanda Shopping Centres, Insurance Centre (Nicoz Diamond-Harare), Heritage House, the Public Servants Housing Development project in Harare and Fidelity Life Assurance Manresa housing infrastructural development project. Management fees have contributed significantly to total income and it is the Company's strategy to increase its activity in this business.

A2.3 Directors' Profiles

Jean Maguranyanga – *Non-Executive Chairperson*
See under ZHL board profiles.

Edson Muvingi – *Managing Director*
See under ZPI senior management profiles.

Hamish Rudland – *Non-Executive Director*
See under ZHL board profiles

Edwin Zvandasara – *Non-Executive Director*
See under ZHL board profiles

Stanley Kudenga – *Non-Executive Director*
See under ZHL board profiles.

Zvenyika Zvenyika – *Independent Non-Executive Director*
Zvenyika has 19 years' experience in accounting and finance most of which has been at senior level. He is a seasoned finance person strong in corporate financial planning. He brings to the Board extensive investments and portfolio management experience with a bias towards property investments, private equity and asset management. He is currently the Chief Finance Officer of Fidelity Life Assurance of Zimbabwe Limited

Michael Raymond Davis – *Non-Executive Director*
Mike is a Civil Engineer by profession and his career spans over 27 years. The projects he has overseen range from civil engineering contracts to earth moving and mining operations both in Zimbabwe and in the region. He brings to the Board a wealth of experience in construction and projects implementation, key components of the company's project focus.

A2.4 Directors Interest in Shares

As at the Last Practicable Date, ZPI directors Messrs. Hamish. B.W. Rudland and Stanley Kudenga owned shares indirectly in ZPI by virtue of their interests in ZHL as set out in section A1.8.2 of this Circular.

A2.5 Senior Management Profiles

Set out below are the profiles of ZPI's senior management team:

Edson Muvingi – *Managing Director*
Edson has more than 20 years' experience in real estate particularly project management, property management and property valuations. Edson brings complementary skills to the already highly skilled and experienced team, ensuring that Management represents a resilient, adaptable and productive Company.

He worked for the District Development Fund, Bard Real Estate (Bard Unit Trusts), and Old Mutual Properties. He holds a Bachelor of Science Degree in Rural and Urban Planning (UZ), Diploma in Real Estate (REIZ), Masters of Science Degree in Infrastructure Planning (Germany) and a Masters of Business Administration (UZ). Edson is a Registered Valuer and Estate Agent (Zimbabwe and Namibia).

Nyasha Zhou – *Finance and Administration Manager*

Nyasha brings along a wealth of experience in accounts, finance and company secretarial. He worked for Anglo-American, Montclair Hotel & Casino, Sagit Financial Holdings and Mike Appel in various capacities as Finance & Administration Manager and Group Company Secretary. He is a Chartered Accountant (Zimbabwe) and holds a Bachelor of Accountancy Honors Degree and an MBA from the University of Zimbabwe (UZ) and is a member of the Institute of Chartered Secretaries and Administrators in Zimbabwe (CIS).

Tawanda Manyadza - *Property Administrator*

Tawanda has more than seven years' experience in Property Valuation and Management. He is a Chartered Surveyor with the Royal Institute of Chartered Surveyors (RICS) and a Registered Valuer with the Ministry of Local Government. He also holds a Bachelor of Science Degree in Rural & Urban Planning (UZ), and an MSc in Real Estate from the University of Reading, UK.

Tasiyana Allen Mutede - *Projects Manager*

Tasiyana is responsible for property development and project management. He has more than nine years' experience in infrastructure development projects. He holds a Bachelor of Science Honors Degree in Civil Engineering from the University of Zimbabwe (UZ) and an MSc in Construction Project Management (National University of Science and Technology). Allen worked for Telecel Zimbabwe (Pvt) Ltd as a Construction Engineer for five years. He also worked as a Structural Engineer at STC Consultancy (Free State, South Africa) as well as at TJ Associates Zimbabwe. Prior to consultancy work he worked as a Resident Engineer at the Ministry of Transport and Communications (Zimbabwe). He is registered with the Zimbabwe Institution of Engineers.

Girison Afia - *Branch Manager Bulawayo*

Girison has more than fifteen years' experience in valuation and sales in the southern region of the country. He holds a Bachelor of Commerce Degree in Real Estate (UNISA), a Diploma in Real Estate (REIZ), he is an Associate Member of the Royal Institution of Chartered Surveyors (RICS) and is a Registered Valuer with Ministry of Local Government as well as a Registered Agent with Estate Agents Council of Zimbabwe (EACZ).

Gilbert Gatsi - *Senior Portfolio Administrator*

Gilbert's main role is to open the line of communication between clients, both potential and existing and ZPI. With over 4 years in property management, Gilbert has experience in property management as well as property valuation among other proven competencies in real estate including consultancy. He joined ZPI in late 2018 as a Property Administrator where he is primarily responsible for revenue collection and handling of all administrative elements of running a property and ensuring the portfolio maintains its value. Prior to joining ZPI Gilbert was instrumental in the general valuation roll exercise of the Municipal of Chitungwiza Valuation as an Assistant Valuer under a consortium of GM Properties and Global World Properties before joining Solid Real Estate Pvt Ltd as a Property Manager. Gilbert holds a Bachelor of Science Degree in Real Estate with the University of Zimbabwe and is currently studying for an MBA(Management) with the University of Zimbabwe and Master of Science in Finance and Investment with NUST.

A2.6 Corporate Governance

The Board is committed to high standards of corporate governance and believes that a sound governance structure engenders a successful company. The Company has adopted the Zimbabwe Code of Good Corporate Governance (ZIMCODE) as its code of corporate governance.

The Board

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

The Board is responsible for the overall management, strategic direction, maintaining sound risk management and internal control systems, succession planning and performance of ZPI. It discharges its responsibilities through regularly scheduled meetings and adhoc meetings, as may be required. The Board has formally reserved specific matters to itself for determination and approval which include strategic issues, the annual budget, changes in share capital, approval of the company's financial statements, approval of material contracts and succession planning for senior management. It also monitors and evaluates the performance of the company as a whole, through engaging with the Managing Director and members of the management team, as appropriate. Matters not formally reserved to the Board are delegated to Board Committees, which, having examined the issues in detail, make recommendations to the Board for final approval.

Committees of the Board

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

Audit Committee

The Audit Committee oversees the accounting and financial reporting process of the company, the audit of its financial statements and effectiveness of the company's risk management and internal control framework. The members of the Audit Committee are all Non-Executive Directors with sound financial backgrounds and experience.

Executive and Human Resources Committee

The Executive and Human Resources Committee is responsible for developing, reviewing, and overseeing the implementation of the company's compensation and benefits policy. The remuneration of Directors and the Managing Director is determined by the Executive and Human Resources Committee. The Committee also acts as the Nominations Committee of the Board and, in that regard, is responsible for identifying and nominating, for the approval of the Board, candidates for the Board. The Committee also ensures adequate succession planning for the Board. Members of the Executive and Human Resources Committee, with the exception of the Managing Director, are all Non-Executive Directors. The Committee retains the services of executive search consultants to assist it in the discharge of its responsibilities, as it considers necessary.

Investments Committee

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

A2.8 Significant Contracts

Save for the agreements relating to the Proposed Transactions as described in this Circular, ZPI has not entered into any material contract other than in the ordinary course of business within the past year prior to the Last Practicable Date.

A2.8 Financial information on ZPI

The financial information of ZPI for the audited years ended 31 December 2017 to 31 December 2019 is set out as follows:

ZIMRE PROPERTY INVESTMENTS LIMITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER	INFLATION ADJUSTED		HISTORICAL COST
	2019	2018	2017
	ZWL$	ZWL$	US$
Revenue	30,118,190	28,012,557	5,273,754
Allowance for credit losses	667,034	(1,707,988)	314,716
Property expenses	(4,822,814)	(7,086,642)	(633,241)
Cost of stands sold	(2,626,504)	(7,480,499)	(1,219,544)
Net property income	**23,335,906**	**11,737,428**	**3,735,685**
Employee costs	(5,975,540)	(8,536,714)	(1,477,508)
Other operating expenses	(10,999,418)	(7,325,614)	(815,735)
Net property income after administration expenses	**6,360,948**	**(4,124,900)**	**1,442,442**
Fair value adjustments	170,916,307	(55,739,655)	(684,390)
Other income	11,974,111	(1,766,404)	1,040,683
Operating (loss)/profit	**189,251,366**	**(61,630,959)**	**1,798,735**
Net monetary gain/(loss)	13,969,367	(15,260,219)	-
Finance income	523,446	2,231,419	300,892
Finance costs	(1,915,963)	(976,149)	-
Profit/(loss) before income tax	**201,828,216**	**(75,635,908)**	**2,099,627**
Income tax credit	(20,493,744)	2,144,625	386,007
Profit/(loss) for the year	**181,334,472**	**(73,491,283)**	**2,485,634**
Profit/(loss) attributable to:			
-Owners of the parent	181,334,472	(73,491,283)	2,485,634
Profit/(loss) for the year	**181,334,472**	**(73,491,283)**	**2,485,634**
Other comprehensive income	-	-	-
Total comprehensive profit/(loss) for the year, net of tax	181,334,472	(73,491,283)	2,485,634
Attributable to:			
-Owners of the Company	181,334,472	(73,491,283)	2,485,634
Total comprehensive profit/(loss) for the year	**181,334,472**	**(73,491,283)**	**2,485,634**
Basic and diluted earnings/ (loss) per share (cents)	10.56	(4.28)	0.14

Source: ZPI Annual Reports

ZIMRE PROPERTY INVESTMENTS LIMITED			
STATEMENTS OF FINANCIAL POSITION	INFLATION ADJUSTED		HISTORICAL COST
AS AT 31 DECEMBER	2019	2018	2017
ASSETS	ZWL$	ZWL$	US$
Non-current assets			
Investment property	489,210,800	279,329,916	36,709,960
Vehicles and equipment	7,863,521	6,984,053	991,231
	497,074,321	286,313,969	37,701,191
Current assets			
Inventories	18,357,572	20,495,141	3,372,701
Financial assets at fair value through profit or loss	279,482	1,405,616	40,385
Tax receivable	-	264,274	-
Trade and other receivables	9,024,935	32,849,554	5,291,665
Cash and cash equivalents	932,544	1,775,365	10,220,365
	28,594,533	56,789,950	18,925,116
Total assets	**525,668,854**	**343,103,919**	**56,626,307**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Ordinary share capital	12,693,901	12,693,901	1,716,667
Share premium	275,148,578	275,148,578	37,209,876
Retained earnings	199,804,917	18,470,445	11,795,939
Total shareholders' equity	487,647,396	306,312,924	50,722,482
Non-current liabilities			
Deferred tax liabilities	27,670,484	9,077,741	1,209,301
Borrowings	2,853,959	12,814,090	486,470
Deferred income	-	-	105,086
	30,524,443	21,891,831	1,800,857
Current liabilities			
Borrowings	3,038,232	8,150,124	1,244,287
Current income tax liability	1,858,454	-	105,398
Trade and other payables	2,600,329	6,249,941	1,642,060
Deferred income	-	499,099	1,111,223
	7,497,015	14,899,164	4,102,968
Total liabilities	38,021,458	36,790,995	5,903,825
Total equity and liabilities	**525,668,854**	**343,103,919**	**56,626,307**

Source: ZPI Annual Reports

STATEMENTS OF CASH FLOWS	INFLATION ADJUSTED		HISTORICAL COSTS
FOR THE YEAR ENDED 31 DECEMBER	2019	2018	2017
	ZWL$	ZWL$	US$
Cash flows from operating activities			
Profit/(loss) before income tax	201,828,216	(75,635,908)	2,099,627
Adjustment for non-cash items:			
Net monetary (gain)/loss	(13,969,367)	15,260,219	-
Depreciation	853,721	847,281	152,572
Allowance for credit losses	(667,034)	1,707,988	(314,716)
Bad debt written off	282,771	-	-
Fair value adjustments	(170,916,307)	55,739,655	684,390
Other non-cash items	17,299	3,827	(100,375)
Loss from disposal of property and equipment	8,003	17,217	-
Loss from disposal of investment property	-	2,513,705	(800,000)
Gain from disposal of financial assets through profit or loss	-	-	(105,664)
Working capital adjustments:			
Decrease/(increase) in trade and other receivables	23,824,619	6,279,684	(892,029)
Decrease/(increase) in inventories	2,137,569	(4,444,310)	(506,691)
(Decrease)/increase in trade and other payables	(3,649,612)	(5,892,278)	990,440
Decrease in deferred income	(499,099)	-	1,029,655
Cash flow generated from/(utilised in) operating activities after working capital adjustments	39,250,779	(3,602,920)	2,237,209
Dividends received	(113,478)	(33,292)	-
Interest income on investments	(523,446)	(2,231,419)	(300,892)
Income tax paid	-	(896,473)	(94,937)
Net cash generated from/(utilised in) operating activities	38,613,855	(6,764,104)	1,841,380
Cash flows from investing activities			
Improvements and additions to existing investment property	(37,838,443)	(77,517,105)	(3,538,266)
Purchase of property and equipment	(1,741,192)	(674,173)	(98,370)
Interest on investments	523,446	2,231,419	300,892
Purchase of financial assets at fair value through profit or loss	-	2,213,978	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	-	401,750
Dividend received	113,478	33,292	-
Proceeds from disposal of property and equipment	-	270,133	252,673
Proceeds from disposal of investment property	-	12,274,877	10,800,000
Net cash generated from/(utilised in) investing activities	(38,942,711)	(61,167,579)	8,118,679
Cash flows from financing activities			
Proceeds from short-term borrowings	9,508,532	18,114,894	1,208,007
Finance costs	(1,915,963)	(1,049,423)	(130,849)
Repayment of borrowings	(4,823,732)	(8,195,858)	(641,666)
Dividends paid to company's shareholders	-	(3,198,845)	(701,974)
Proceeds on sale of treasury shares	-	-	149,076
Net cash generated from/(utilised in) financing activities	2,768,837	5,670,768	(117,406)
Inflation effect on cash	(3,282,802)	(11,538,251)	-
Net increase in cash and cash equivalents	(842,821)	(73,799,165)	9,842,653
Cash and cash equivalents at the beginning of the year	1,775,365	75,574,530	377,712
Cash and cash equivalents at end of the year	932,544	1,775,365	10,220,365

Source: ZPI Annual Reports

APPENDIX III:
INFORMATION ON FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED

A3.1 Company background

Fidelity Life Assurance of Zimbabwe Limited is one of the leading life assurance companies in Zimbabwe. Fidelity was founded from a local branch of a United Kingdom insurance company, Legal and General (Private) Limited, which traded in both life assurance and short-term insurance. The Bulawayo branch was opened in 1936 and was formally incorporated into a separate legal entity, Legal and General Assurance of Rhodesia (Private) Limited, on 27 October 1977. By 1982, the Company had sold off its short-term insurance business. In 1988, the remaining life assurance business was purchased by a local consortium, and soon after, changed its name to Fidelity Life Assurance of Zimbabwe (Private) Limited. The Company Listed on the Zimbabwe Stock Exchange as Fidelity Life Assurance of Zimbabwe Limited in June 2003. The Company is headquartered in Harare, Zimbabwe. Fidelity continues to offer life assurance as its core business but has over its lifetime invested in subsidiaries that trade in the micro-finance, asset management, actuarial consulting and medical aid space. The Company also extended its life assurance business into Malawi, through its subsidiary Vanguard Life Assurance Company Limited.

A3.2 Overview of operations

An overview of Fidelity activities, by operating subsidiaries, is detailed below.

A3.2.1 Fidelity Life Assurance Company Limited

Fidelity Life Assurance Company Limited ("FLA") is the core operating and flagship company of the Fidelity Group. The Company offers individual and group life assurance.

A3.2.2 Fidelity Life Financial Services (Private) Limited

Fidelity Life Financial Services (Private) Limited ("FLFS") is licensed by the Reserve Bank of Zimbabwe to offer micro finance to individuals, the informal sector, Small to Medium scale Enterprises ("SMEs") and corporates. Formerly known as KU Finance (Private) Limited, FLFS opened its lending doors in 2010. The company offers consumer loans, asset financing and business loans.

A3.2.3 Fidelity Life Funeral Assurance (Private) Limited

Fidelity Life Funeral Assurance (Private) Limited ("FLFA") was formed to capture the existing market for funeral and related services. They have tailor-made products to cater for individuals, families, burial societies, churches, NGOs and corporates. In addition to basic funeral services, they also provide funeral planning services, which allow individuals to plan how they want their funeral to be conducted.

A3.2.4 Zimbabwe Actuarial Consultants (Private) Limited

Zimbabwe Actuarial Consultants (Private) Limited provide actuarial services to general, life and/or health insurers, employee benefits providers, reinsurers, brokers, business and special projects. This is done through the application of appropriate techniques and analytical approaches to monitoring experience and profitability, premium pricing/rating, and reserving. Broad services offered include product development, pricing, reserving, life company and pension scheme valuations and other aspects of financial advice.

A3.2.5 Fidelity Life Asset Management (Private) Limited ('FLAM")

FLAM offers a complete investment package for individuals, corporates and pension funds. The investment package for each class of investors addresses the client's long-term, medium term or short-term investment needs, as well as their risk tolerance. FLAM provides security and profitability within the preferred risk zones. The product offering includes portfolio management and unit trusts. FLAM offers portfolio management that gives investors the flexibility to administer and have a good return on investment. FLAM also offers six different funds to adequately cater for the investors' varied investment preferences.

A3.2.6 Fidelity Life Medical Aid Society ("FLIMAS")

FLIMAS is a health care funder that offers health care management solutions to its client base mostly in the form of medical aid. FLIMAS products are specially designed to cushion its members against the high cost of medical care. The society offers health care packages that allow access to various health care providers, from government and mission hospitals through to specialized health care in foreign countries such as India and South Africa. FLA manages the society on behalf of its members for a monthly fee.

A3.2.7 Vanguard Life Assurance Limited

Vanguard Life Assurance Company Limited ("Vanguard") is FLA's foreign subsidiary domiciled in Malawi. As an established financial services company, Vanguard provides financial security through life assurance, pensions, and other long-term investment solutions. Vanguard has been in operation since 2001.

A3.3 Directors' Profiles

Fungai Ruwende - *Non-Executive Chairman*

Fungai is a seasoned private equity deal maker and fund manager with intimate knowledge of investing in Africa. He is a director of several companies, advisor and confidant of CEOs. Fungai specializes in deal origination, deal structuring and execution, due diligence, capital raising, portfolio management, strategy crafting and implementation, operational management and corporate governance.

Rueben Java - *Chief Executive Officer*

Rueben is a seasoned insurance expert with 26 years of experience starting from 1991 when he joined Old Mutual Limited as Actuarial Trainee straight from university. Rueben joined FLA from Old Mutual Limited where he was General Manager of Old Mutual Life Assurance Company (Private) Limited. His illustrious career includes a 5-year stint as Managing Director of First Mutual Life Assurance Company (Private) Limited, where he also led the founding of First Mutual Health (Private) Limited. He provided leadership, guidance and direction in concept design, product development and all other business development processes to bring to life what is today called First Mutual Health (Private) Limited.

Rueben spent a year as CEO of Old Mutual Kenya. Where he was responsible for creating sustainable community value and set up the Old Mutual Kenya Foundation in 2014. As CEO of the Old Mutual Group in Kenya, he was involved in the various governance and management activities including the post-merger integration of Faulu Kenya Microfinance Bank with Old Mutual Kenya. Rueben holds a BSc Honours degree in Mathematics from the University of Zimbabwe, an MBA from University of Cape Town (South Africa) and he is an Associate Actuary with the Institute and Faculty of Actuaries (United Kingdom). He has also attended the following business leadership schools; Gordon Institute of Business Science (South Africa) and the INSEAD Business School in France.

Zvenyika Zvenyika - *Chief Finance Officer*

See under ZPI board profiles

Ignatius Mvere - *Non-Executive Director*

Ignatius is a certified public accountant with vast experience in public sector finance and administration, having worked for City of Harare, National Arts Council and now the Ministry of Finance. He has expertise in finance, accounting, audit as well as administration. Ignatius is an Associate of the Institute of Municipal Finance Officers and member of Zimbabwe Institute of Finance and Public Accountants.

Ruwadzano Maramba - *Non-Executive Director*

Mrs Maramba is a seasoned human resources practitioner with vast experience in human resource training and development. Mrs Maramba has experience and training in mainstream gender related issues, middle management development as well as management development for senior managers.

Francis Dzanya - *Non-Executive Director*

Francis is a banker with an illustrious career that started off at one of Zimbabwe's largest banking groups the Zimbabwe Banking Corporation, where he achieved the position of being the youngest manager ever appointed. He has held various positions in banking groups in Zimbabwe and Botswana. Previous leadership roles included Managing Director of African Banking Corporation Zimbabwe and Group Chief Operating Officer for ABC Holdings. His banking experience covers, risk management, corporate and international banking as well as currency swaps.

Henry Nemaire – *Non-Executive Director*

Henry is a certified chartered accountant (Zimbabwe) with vast experience gained in the transformation of Tanganda Tea Company over the period 2010 to 2018 from being a single crop (tea) and loss-making operation to a diversified and profitable entity. He completed his articles of clerkship with Deloitte & Touché, one of the big 4 audit firms. He has vast experience in auditing, special investigations and review of internal control systems attained as head of Internal Audit at Tanganda Tea Company for 8 years from 2000 to 2008. Henry gained considerable experience in handling taxation matters obtained from lecturing Tax Law & Practice at Africa University and Zimbabwe Open University for 6 years from 2000 to 2006.

Henry served on the board of Afrasia Bank Zimbabwe from January 2014 to February 2015 where he made significant contributions towards resolving the bank's legacy issues. Henry is also a member of the Confederation of Zimbabwe Industries National Council.

Gary Dhombo - *Independent Non-Executive Director*

Gary is a leader in the insurance business with experience on the continent having worked in Zimbabwe, Namibia and South Africa. He has experience in insurance broking spanning over 20 years. He has held senior positions for Allianz Group, Santam and Alexander Forbes, including managing director of Alexander Forbes Insurance South Africa and executive for retail and sales and service for the Alexander Forbes Group.

Stanley Kudenga – *Non-Executive Director*

See under ZHL board profiles.

A3.4 Directors Interest in Shares

As at the Last Practicable Date, there were no direct or indirect interests held in the ordinary shares of FLA by the Directors.

Director	Position	Direct shareholding	Indirect shareholding	Share options
F. Ruwende	Non-Executive Chairman	348	Nil	Nil

A3.5 Senior Management Profiles

Set out below are the profiles of FLA's senior management team:

Rueben Java – *Chief Executive Officer*

See under FLA board profiles

Zvenyika Zvenyika - *Chief Finance Officer*

See under ZPI board profiles

Reginald Chihota – *General Manager Life and Pension Services*

Reginald is the General Manager –Life and Pensions Services within Fidelity Life Group , based in Harare, Zimbabwe. He has over 20 years of experience in life assurance services. He has extensive experience in administering corporate pension schemes and self administered pension schemes. Reginald is the current chairman of Zimbabwe Association of Pension Funds.

Nickson Vamwe – *Head Human Capital*

Nickson has over 15 years' experience in the financial services sector and has held assignments in South Africa, Tanzania, Botswana and Uganda.

Chipo Matongo – *Company Secretary*

Chipo has over 30 years' experience in financial Management and accounting, having served and completed articles of clerkship with PricewaterhouseCoopers. She holds a Bachelor of Accounting Science degree (B.Compt) with the University of South Africa and is an FCCA member of ACCA UK. She is also a registered public accountant with PAAB Zimbabwe. Her working career includes serving in both senior and executive management positions.

Melenie Gumbo – *General Manager Group Marketing*

Melenie is a marketing and branding innovation specialist in the financial services and FMCG sector with twenty years of experience as a marketer, locally and within the region. The brands that she has worked on have been recognized for many accolades while under her leadership including, the Corporate Social Responsibility award, best bank supporting SMEs, Marketing Association of Zimbabwe super brand runner up and the Megafest best bank award. She is vastly experienced in marketing and brand-building in the banking, FMCG, insurance and financial services arena. Melanie been responsible for building and communicating for such brands as Barclays Africa, Trust Bank Corporation, The Coca-Cola Company and ZB Financial Holdings.

Kupang Dube – *Head ICT*

Kupang has over 30 years' experience in ICT spanning from the Government of Zimbabwe (Ministry of Defence), parastatals (Zimbabwe Electricity Supply Authority and PowerTel) and the financial services industry. This has seen him implementing ICT projects in other countries in Africa including Democratic Republic of Congo, Malawi, South Sudan and South Africa.

Keith Nkomo – *General Manager Medical Health Insurance*

Keith has over 10 years of experience in medical health insurance services. He has extensive experience in administering medical health insurance and medical insurance schemes.

Sonwell Mudzengi – *Head Actuarial Services*

Sonwell has over 24 years of experience in the actuarial field. He has extensive knowledge and experience in life & funeral insurance, employee benefits, general insurance and health care. Sonwell is a specialist in modelling and enterprise risk management and has knowledge of SunGard iWork's Prophet actuarial software, risk management, short-term insurance, monitoring & reporting and life insurance. Sonwell is a member of the Institute and Faculty of Actuaries (UK).

Brighton Wesley – *Managing Director Fidelity Life Financial Services*

Brighton is a banking and finance professional with over 21 years' experience providing thorough and skillful support at senior & executive level. He has extensive knowledge and experience in microfinance, business banking (SMEs), retail banking, banking operations, credit management, business management & property sales & development. His work experience includes having held executive and strategic positions of head of Business Banking (SMEs), acting head of retail banking, senior manager Retail Banking, general manager of Property Sales & Development and currently as managing director of Fidelity Life Financial Services (Pvt) Ltd (Microfinance Institution).

Earnest Masvavike – *Head of Risk*

Ernest serves as the head of Strategy and Reporting within Fidelity Life Group , based in Harare, Zimbabwe. He has more than 8 years of experience in strategy formulation and implementation, organizational development, product development & pricing, performance management, change management. He has extensive knowledge and experience of the financial services industry.

Robson Mtangadura – *Managing Director of Group Investment Services*

Robson has more than ten years of experience in investments management, including strategy formulation and implementation, product innovation, development & pricing. He has extensive knowledge and experience of the financial services industry.

Loveness Mhundirwa – *Legal Services Manager*

Loveness has more than 15 years of experience in corporate legal services including analysing and identifying the legal risks and implications of business transactions and keeping the executive and senior management informed of developments in laws and regulations that potentially affect the business.

Troubles Masiiwa – *Head of Internal Audit*

Troubles is the internal auditor within Fidelity Life Group. He has more than 10 years of experience in finance, risk management and internal audit. He has exposure in financial services, education, mining, medical and real estate industries

A2.6 Corporate Governance

FLA maintains high standards of corporate governance, ensuring that it complies with the regulatory requirements of the industry in which it operates in and the country at large.

Board of Directors

The Board of Directors consists of a Non-Executive Chairman, two Executive Directors and six Non-Executive directors. The Chairpersons of the various committees are all Non-Executive Directors. It has the right mix of competencies to enable rich deliberations. The Board meets regularly to review financial results, dictate policy, formulate overall strategy and approve the budgets. They have introduced structures of corporate governance, certain functions and responsibilities have been delegated to the board committees indicated below. Their terms of reference and composition are regularly reviewed. The Board meetings are held quarterly.

The Board is supported by various Committees in executing its responsibilities. The main Committees meet four times a year to assess, review and provide guidance to management on both operational and policy issues.

Audit Committee

The Audit Committee liaises with the Group's external auditors. The external auditors have unrestricted access to the audit committee. The annual, half yearly statements and financial reporting matters are reviewed by the committee at appropriate intervals. The Audit Committee meets 4 times per year.

Executive Committee

The Executive Committee sits between board meetings to deliberate and consider detailed operational issues of the Group which includes strategy implementation. The Executive Committee meets on a monthly basis.

Human Resources and Nominations Committee

This committee sets the remuneration of the executive directors and approves guidelines for the Group's pay reviews. The Human Resources and Nominations committee meet 4 times per year.

Investments Committee

The committee was established to assist the Board with all investment related matters including policy and strategy, investment class selection and strategy. The investments committee meets 4 times per year.

The Risk and Compliance Committee

The committee assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to the company's risk appetite statement, risk management function, risk management framework and risk management strategy. The risk and compliance committee meet 4 times a year.

A2.7 Litigation statement

FLA is involved in legal proceedings relating to legal claims lodged against its ownership of the Langford Estates landbank and the outcome of these proceedings may have material effect on the company's financial position.

A2.8 Significant Contracts

Save for the agreements relating to the Proposed Transactions as described in this Circular, neither FLA nor any of its subsidiaries have entered into any material contract other than in the ordinary course of business within the past year prior to the Last Practicable Date.

A2.8 Financial Information on FLA

The financial information of FLA for the audited years ended 31 December 2015 - 2019 is set out as follows:

FLA statements of comprehensive income for the years ended 31 December 2017, 31 December 2018, and 31 December 2019

FLA consolidated statements of comprehensive income	Inflation adjusted		Audited
	31-Dec-2019	31-Dec-2018	31-Dec-2017
	ZWL$	ZWL$	US$
Gross premiums	121,319,500	127,256,480	14,244,245
premiums ceded to reinsurers	(5,678,342)	(3,385,077)	(494,334)
Net premiums	**115,641,158**	**123,871,403**	**13,749,911**
Fees and commission income	8,886,270	8,843,786.00	1,098,614
Investment income	9,804,488	4,664,261	943,800
Interest income from residential stands receivables	10,466,267	18,637,663	5,324,537
Fair value gains and loses from equities	(61,203,660)	19,706,331	4,536,392
Fair value gains and loses from investment property	371,829,858	3,100,284	2,921,783
Interest income from microlending	19,622,900	20,702,221	2,787,012
Other operating income	28,301,751	37,027,183	1,225,064
Income from sale of residential stands	297,329	95,439,088	23,359,890
Total revenue	**503,646,361**	**331,992,220**	**55,947,003**
Gross benefits and claims paid	(40,691,516)	(46,138,352)	(4,929,868)
Claims ceded to insurers	465,967	136,372	826,669
Gross change in contract liabilities			
Net benefits and claims	**(40,225,549)**	**(46,001,980)**	**(4,103,199)**
Gross change in insurance and investment contract liabilities	(123,795,175)	(43,065,204)	(15,403,537)
Fee and commission expenses, and other acquisition costs	(6,137,932)	(6,247,070)	(864,179)
Operating and administration expenses	(81,596,731)	(83,891,618)	(17,324,246)
Allowance for expected credit losses on receivables	6,011,453	(11,285,857)	-
Cost of sales of residential stands	(322,498)	(67,066,742)	(15,882,554)
Project development costs	(100,081,571)	(44,288,462)	-
Finance Costs	(7,889,513)	(15,882,071)	(1,675,697)
Net monetary loss	(69,080,156)	-	-
Total benefits, claims and other expenses	**(423,117,672)**	**(317,729,004)**	**(55,253,412)**
Profit(Loss) before tax	80,528,689	14,263,216	693,591
Income tax expense	(6,422,698)	(18,080,382)	(1,984,434)
Profit(loss) for the year	**74,105,991**	**(3,817,166)**	**(1,290,843)**
Other comprehensive income:			
Gross gains on property revaluation	41,851,011	1,574,318	12,471
Income tax related to items that will not be classified to profit or loss	(66,342)	(307)	(1,871)
Tax	-	-	-
Gross change in insurance liabilities through OCI	(34,725,232)	(1,415,046)	-
Exchange differences arising on transaction of foreign operations	20,432,369	(17,565)	(13,978)
Total comprehensive profit/ (loss) for the year	**101,597,797**	**(3,675,766)**	**(1,294,221)**

Source: FLA Annual Reports

FLA statement of financial position as at 31 December 2017, 31 December 2018, and 31 December 2019

FLA consolidated statements of financial position	Inflation Adjusted		Audited
	31-Dec-2019	31-Dec-2018	31-Dec-2017
	ZWL$	ZWL$	US$
Assets			
Property and equipment	80,820,535	39,427,601	6,557,084
Investment property	661,999,240	122,542,909	19,117,149
Right of use asset	2,373,492	-	-
Intangible assets	6,654,485	2,156,610	265,412
Inventories	13,648,078	153,351,644	35,628,497
Trade and other receivables	64,330,155	273,106,179	36,522,202
Corporate tax assets	1,404,181	2,682,554	30,511
Deferred tax assets	21,366	38,679	966
Deferred acquisition costs	5,807,062	989,339	177,089
Equities at fair value through profit or loss	69,882,774	94,437,481	12,738,977
Debt securities at amortised cost	51,239,503	14,416,716	-
held to maturity financial assets	-	-	830,100
Cash and deposits with banks	73,247,335	59,147,614	7,801,682
Total assets	**1,031,428,206**	**762,297,326**	**119,669,669**
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Issued share capital	6,765,662	6,765,662	1,089,233
Share premium	4,170,390	4,170,390	671,409
Treasury shares	(62,344)	(52,344)	(10,037)
Retained earnings	38,995,323	14,486,422	3,647,721
Revaluation reserve	7,059,437	6,614,106	1,039,240
Foreign currency translation reserve	5,037,719	(7,524,176)	(1,209,617)
Total ordinary shareholder's equity	**61,966,187**	**24,460,060**	**5,227,949**
Non-controlling interests	95,084,404	31,002,734	4,738,189
Total equity	**157,050,591**	**55,462,794**	**9,966,138**
Liabilities			
Insurance contract liabilities and investment contract liabilities with discretionary participation features	692,265,994	416,593,694	59,950,625
Investment contracts without discretionary participation features	39,411,708	34,935,476	5,076,181
Borrowings	23,685,254	134,530,846	-
Deferred tax liabilities	9,106,112	3,622,180	532,120
Current Borrowings	-	-	10,927,160
Non-current borrowings	-	-	13,320,000
Non-current finance lease obligations	-	-	-
Finance lease obligations	3,429,537	502,161	-
Trade and other payables	104,988,630	105,691,038	19,398,096
Corporate tax liability	1,490,380	10,969,137	499,349
Total liabilities	**874,377,615**	**706,844,532**	**109,703,531**
Total equity and liabilities	**1,031,428,206**	**762,307,326**	**119,669,669**

Source: FLA Annual Reports

FLA statements of cash flows for the years ended 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019

FLA consolidated statements of cash flow	Inflation adjusted		Audited
	31-Dec-2019	31-Dec-2018	31-Dec-2017
	ZWL$	ZWL$	US$
Profit/(loss) before tax	80,528,689	14,263,216	693,591
Adjustments	**(220,227,164)**	**65,319,636**	**9,744,324**
Fair value gains on equities at fair value through profit or loss	61,203,660	(19,706,331)	(4,536,392)
Fair value gains on investment property	(371,829,858)	(3,100,286)	(2,921,783)
Amortisation of intangible assets	333,857	322,325	75,554
Impairment of intangible assets	109,518	-	
Amortisation of use asset	357,174	-	
Amortisation of deferred acquisition costs	1,315,387	1,688,192	580,211
Finance costs	7,889,513	15,882,071	1,675,697
Increase in deferred acquisition costs	-	-	(526,384)
Increase in deferred acquisition costs	-	-	-
Endowment payment	-	-	-
Depreciation of property and equipment	6,689,944	6,673,791	1,050,622
Increase in policy liabilities	-	-	-
Impairment loss on investment in subsidiaries and joint ventures	-	-	-
Gross change in insurance and investment contract liabilities with	123,795,175	43,065,202	15,403,537
Profit on sale of investment property			(45,320)
Cash inflow/((outflow) on investment contracts without DPF	731,471	1,021,950	(180,559)
Non cash claim and other expenses	10,721,075	(3,698,523)	-
Bad debt recovery -non-cash	-	(15,839,070)	-
Investment income	(9,804,488)	(4,664,255)	(830,859)
Impairment of inventory included in the project development costs	-	9,467,664	-
Non-cash adjustment IAS 29	(122,064,970)	-	
Unrealised exchange gains/(losses)	-	-	
Other projects development costs written off	85,058,451	34,820,797	-
Profit on disposal of property, plant & equipment	(14,733,073)	(613,891)	-
Changes in working capital	121,113,804	(34,239,624)	(880,171)
Decrease/ (increase) in inventories	1,189,348	33,130,400	6,123,618
Increase in deferred acquisition costs	(3,090,711)	(1,583,049)	-
Decrease/(increase) in current trade and other receivables	-	-	-
Decrease/(increase) in non current trade and other receivables	-	-	-
Decrease/ (increase) in trade and other receivables	208,776,023	(50,988,680)	(6,354,763)
Decrease in trade and other payables	(85,760,856)	(14,798,295)	(649,026)
Cash generated from operations	**(18,584,671)**	**45,343,228**	**9,557,744**
Income taxes paid	(5,273,942)	(11,188,115)	(1,790,501)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**(23,858,613)**	**34,155,113**	**7,767,243**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to and replacement of property and equipment	(923,065)	(4,522,692)	(363,273)
Additions and improvements to investments property	(546,485)	(453,252)	(3,639)
Additions to intangible assets	(2,243,835)	(833,771)	(11,898)
investment income	9,132,368	4,664,261	830,859
Dividend income	672,119	-	-
Increase in investment in subsidiaries	-	-	-
Additions to financial assets at fair value through profit/loss	(17,211,097)	(4,499,280)	(862,177)
Disposals of financial assets at fair value through profit/ loss	6,626,610	9,848,516	321,113
Proceeds from sale of investment property	-	11,152,203	552,981
Proceeds from sale pf property and equipment	14,718,657	1,946,263	-
Additions/ (disposals) debt securities held at amortised cost	(22,251,857)	(9,260,635)	(48,146)
NET CASH GENERATED FROM /(UTILISED) IN INVESTING	**(12,026,585)**	**8,041,613**	**415,820**
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs	(7,889,513)	(15,882,071)	(1,675,697)
Dividends paid	-	-	-
Sale of treasury and employee share option plan	-	-	-
Acquisition of non-controlling interest in subsidiary	-	(683,492)	-
Payments for acquisition of additional interest in subsidiaries	-	-	-
Repayments of lease obligations	(757,789)	(118,091)	(16,126)
Rights issue proceeds from non-controlling interest	-	1,425,240	-
Loan security deposits	-	(2,346,356)	-
Repayments of borrowings	(37,108,071)	(93,379,765)	(7,375,598)
Proceeds from borrowings	28,035,596	77,301,806	2,300,000
NET CASH UTILISED FROM FINANCING ACTIVITIES	**(17,719,777)**	**(33,682,729)**	**(6,767,421)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(53,604,975)**	**8,513,997**	**1,415,642**
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE	56,801,259	48,459,367	6,358,665
Exchange differences on translation of foreign operation	70,051,040	(172,107)	27,374
Cash and cash equivalent in prior year excluded restricted cash	**73,247,324**	**56,801,257**	**7,801,681**

Source: FLA Annual Reports

APPENDIX IV (A):
UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ZHL

Basis of preparation for pro forma financial information

The pro forma Financial Information of Zimre Holdings Limited, its subsidiaries and associates, (together the "Group") has been prepared to illustrate the impact of the acquisition of the acquisition of Fidelity Life Assurance of Zimbabwe ("Fidelity") shares representing 35.09% of the issued ordinary shares of Fidelity through a share swap involving ZHL shares and the acquisition of the ordinary shares of Zimre Property Investments Limited ("ZPI"), currently held by minority shareholders through a share swap involving ZHL shares and subsequently delisting ZPI from the Zimbabwe Stock Exchange ("ZSE"), together (the "Proposed Transactions")

The Proposed Transactions are assumed to have occurred on 31 December 2019 for the purpose of the pro forma statement of financial position and on 1 January 2019 for the purpose of pro-forma statement of comprehensive income.

The pro forma financial information has been prepared for illustrative purposes only and because of its pro forma nature may not fairly present the Zimre Holdings Limited's financial position, changes in equity, results of operations or cash flow nor, the effect and impact of the Proposed Transactions Limited going forward.

The pro forma financial information is based on the audited consolidated financial statements of the Group for the year ended 31 December 2019. An adverse opinion was issued with respect to these consolidated financial statements. Furthermore, the pro forma adjustments applied to these financial statements to arrive at the pro forma financial information are derived from the financial statements of FLA and ZPI, on which adverse opinions have also been issued.

The directors of the Company are responsible for the compilation, contents and preparation of the pro forma financial information. Their responsibility includes determining that the pro forma financial information has been properly compiled on the basis stated, and that the pro forma adjustments are appropriate for purposes of the pro forma financial information disclosed pursuant to the ZSE Listings Requirements.

The pro forma financial information has been prepared using accounting policies that comply with International Financial Reporting Standards ("IFRS") except for non-compliance with IAS 21 and its consequent effects on the hyperinflationary adjustments made in terms of IAS 29, as well as the valuation of investment properties and that are consistent with those applied in the audited historical financial statements of the Zimre Holdings Limited for the year ended 31 December 2019.

The pro forma financial information is presented in accordance with the ZSE Listings Requirements.

The Independent Reporting Accountant's report on the pro forma financial information is set out in **Appendix IV (b)** to this Circular.

Proforma statement of financial position as at 31 December 2019

ZIMRE HOLDINGS LIMITED
PROFORMA STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

ASSETS	Before	FLA Acquisition						Proforma after FLA Acquisition	ZPI Acquisition		Proforma after FLA & ZPI Acquisition
	1	2	3	4	5	6	7	8=(1+2+3+4+5+6+7)	9	10	11=(8+9)
Property and equipment	81,845,649				80,820,535			162,666,184			162,666,184
Right of use of assets	9,987,870				2,373,492			12,361,362			12,361,362
Investment property	507,570,140				661,999,241			1,169,569,381			1,169,569,381
Intangible assets	887,858				6,654,485			7,542,343			7,542,343
Goodwill	2,023,904					103,444,819		105,468,723			105,468,723
Investment in subsidiaries		73,793,625	43,260,100			(117,053,725)		-			-
Investment in associates	34,673,131		(12,746,445)					21,926,686			21,926,686
Deferred income tax asset	15,917,838				21,365			15,939,203			15,939,203
Financial assets available for sale	-							-			-
Inventory	18,847,227				13,648,078			32,495,305			32,495,305
Trade and other receivables	178,646,856				64,330,155			242,977,011			242,977,011
Life reassurance contract asset	1,433,800							1,433,800			1,433,800
Current income tax receivable	7,464,716				1,404,182			8,868,898			8,868,898
Deferred acquisition costs	12,484,672				5,807,061			18,291,733			18,291,733
Financial assets :								-			-
held to maturity investments	-							-			-
at fair value through profit or loss	24,276,610				69,882,774			94,159,384			94,159,384
at amortised cost	30,871,601				51,239,503			82,111,104			82,111,104
at fair value through other comprehensive income	78,046,090							78,046,090			78,046,090
Cash and cash equivalents	91,440,449	`		(7,379,363)	73,247,335			157,308,422		(27,701,218)	129,607,204
Total assets	**1,096,418,411**	**73,793,625**	**30,513,654**	**(7,379,363)**	**1,031,428,206**	**(13,608,906)**		**2,211,165,628**	**-**	**(27,701,218)**	**2,183,464,410**
EQUITY AND LIABILITIES											
Equity attributable to equity holders of the parent											
Share capital	113,365,163	651,445			6,765,662	(6,765,662)		114,016,608	2,201,715		116,218,323
Share premium	84,497,249	73,142,180		(7,379,363)	4,170,390	(4,170,390)		150,260,067	182,473,069	(27,701,218)	305,031,918
Treasury shares	(115,725)				(62,344)	62,344		(115,725)			(115,725)
Revaluation reserve	106,609,794					-		106,609,794			106,609,794
Mark-to-market reserve	39,428,578		(4,036,108)		7,059,437	(6,614,106)		35,837,801			35,837,801
Foreign currency translation reserve	101,225,798				5,037,719	7,524,173		113,787,690			113,787,690
Retained earnings	122,252,022		34,549,762		38,995,323	(14,486,422)		181,310,685			181,310,685
Other reserves	5,056,365							5,056,365	(24,231,579)		(19,175,214)
Total equity attributable to equity holders of the parent	**572,319,243**	**73,793,625**	**30,513,654**	**(7,379,363)**	**61,966,187**	**(24,450,062)**		**706,763,285**	**160,443,205**	**(27,701,218)**	**839,505,272**
Non-controlling interest	162,235,611				95,084,404	10,841,159		268,161,173	(160,443,205)		107,717,969
Total equity	**734,554,854**	**73,793,625**	**30,513,654**	**(7,379,363)**	**157,050,591**	**(13,608,903)**		**974,924,458**	**-**	**(27,701,218)**	**947,223,241**
Liabilities											
Life reassurance contract liabilities	6,486,500				692,265,994			698,752,494			698,752,494
Lease liability	5,281,509				3,429,537			8,711,046			8,711,046
Deferred income tax liability	12,798,175				9,106,112			21,904,287			21,904,287
Borrowings	14,454,883				23,685,254			38,140,137			38,140,137
Trade and other payables	187,077,093				104,988,630			292,065,723			292,065,723
Short term insurance contract liabilities	123,566,461				39,411,708			162,978,169			162,978,169
Corporate tax liability					1,490,380			1,490,380			1,490,380
Other provisions	12,198,936							12,198,936	-		12,198,936
Total liabilities	**361,863,557**	**-**	**-**	**-**	**874,377,615**	**-**		**1,236,241,172**	**-**	**-**	**1,236,241,172**
TOTAL EQUITY AND LIABILITIES	**1,096,418,411**	**73,793,625**	**30,513,654**	**(7,379,363)**	**1,031,428,206**	**(13,608,903)**		**2,211,165,631**	**-**	**(27,701,218)**	**2,183,464,413**

Notes and assumptions to the pro forma statement of financial position

1 Represents the unadjusted consolidated statement of financial position for ZHL as at 31st December 2019. The results were extracted from the published audited financial statement for the year ended 31 December 2019.

2 Represents the issue of new ZHL shares to NSAA at a swap ratio of 1 ZHL share for every 0.59 FLA share held by NSAA in FLA, representing 35.09% of the issued share capital of Fidelity.

3 Represents the de-recognition of the investment in associate in FLA, representing 20.57% of the issued share capital of Fidelity and remeasurement to fair value on transfer to investment in subsidiary, after the purchase of Fidelity ordinary shares held by NSSA.

4 Represents cashflow effects of transaction costs of the FLA transaction estimated at 10% of transaction value.

5 Represents the unadjusted consolidated statement of financial position for FLA as at 31st December 2019. The results were extracted from the published audited financial statement for the year ended 31 December 2019.

6 Represents elimination of investment in FLA - at acquisition journal upon consolidation of FLA, the goodwill and recording of NCI on consolidation of FLA.

7 Represents transfer of ZHL shares held by FLA from financial assets to treasury shares.

8 Represents the proforma consolidated statement of financial position after the FLA acquisition transaction.

9 Represents the issuance of new ZHL shares at a swap ratio of 1 ZHL share for every 2.78 ZPI shares and elimination of NCI in ZPI.

10 Represents payment of capital gains tax due from NCI arising as a result of the share swap which is estimated at 5% of transaction value and transaction costs estimated at 10%.

11 Represents the proforma consolidated statement of financial position after the ZPI and FLA acquisition transactions.

Pro forma statement of comprehensive income for the year ended 31 December 2019

ZIMRE HOLDINGS LIMITED PROFORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		Fidelity Acquisation					ZPI acquisition	
	Before 1	**2**	**3**	**4**	**5**	**Fidelity acquisition 6=(1+2+3+4+5)**	**7**	**Fidelity & ZPI acquisition 8= (6+7)**
INCOME								
Gross written premium	496,508,052			121,319,500	(5,183,434)	612,644,118		612,644,118
Premium ceded	(163,250,366)			(5,678,342)	5,183,434	(163,745,274)		(163,745,274)
Net premium written	333,257,686			115,641,158		448,898,844		448,898,844
Unearned premium reserve	(13,726,735)			-		(13,726,735)		(13,726,735)
Net premium earned	319,530,951			115,641,158		435,172,109		435,172,109
Brokerage commission and fees	41,180,880			8,886,270	(1,033,052)	49,034,098		49,034,098
Total Insurance income	360,711,831			124,527,428	(1,033,052)	484,206,207		484,206,207
Rental income	17,410,307			471,084		17,881,391		17,881,391
Fair value adjustments on investment property	172,655,944			371,829,858		544,485,802		544,485,802
Revenue from sale of inventory property	-			297,329		297,329		297,329
Property operating cost recoveries	10,339,582			-		10,339,582		10,339,582
Fair value adjustment on investment in associate	-		38,230,722			38,230,722		38,230,722
Goodwill						-		-
Investment income	10,864,291			9,804,488		20,668,779		20,668,779
Other income	(15,408,342)			(3,283,826)		(18,692,168)		(18,692,168)
Total revenue	556,573,613		38,230,722	503,646,361	(1,033,052)	1,097,417,643		1,097,417,643
EXPENDITURE								
Insurance benefits and claims:								
Non-life insurance contracts	(172,074,119)					(172,074,119)		(172,074,119)
Life reassurance contracts	(4,780,909)			(164,486,692)		(169,267,601)		(169,267,601)
Movement in life reassurance contract liabilities	(7,298,136)					(7,298,136)		(7,298,136)
Claims ceded to retrocessionaires	51,859,366			465,967		52,325,333		52,325,333
	(132,293,798)			**(164,020,724)**		**(296,314,522)**		**(296,314,522)**
Net property costs	(4,822,814)							
Commission and acquisition expenses	(123,039,173)			(6,137,930)	1,033,052	(128,144,051)		(128,144,051)
Operating and administrative expenses	(97,651,864)			(81,919,229)		(179,571,093)		(179,571,093)
Allowance for expected credit losses on receivables	(64,142,190)			6,011,453		(58,130,737)		(58,130,737)
Project development costs	-			(100,081,571)		(100,081,571)		(100,081,571)
Finance costs	(5,025,216)			(7,889,513)		(12,914,729)		(12,914,729)
TOTAL EXPENDITURE	(426,975,055)		-	(354,037,514)	1,033,052	(775,156,704)		(775,156,704)
Profit/(loss) before share of loss of associate	129,598,558		38,230,722	149,608,846	-	322,260,940		322,260,940
Share of profit/(loss) of associates	4,544,261	(3,680,959)		-		863,302		863,302
Profit/(loss) before income tax	134,142,819	(3,680,959)	38,230,722	149,608,846	-	323,124,241		323,124,241
Monetary gain/loss for the period	(15,923)			(69,080,156)		(69,096,079)		(69,096,079)
Profit/ Loss after monetary gain/loss before income tax	134,126,896	(3,680,959)	38,230,722	80,528,690	-	254,028,162		254,028,162
Profit/(loss) before income tax	134,126,896	(3,680,959)	38,230,722	80,528,690	-	254,028,162		254,028,162
Income tax expense	(28,024,788)			(6,422,698)		(34,447,486)		(34,447,486)
Profit for the period from continuing operations	106,102,108	(3,680,959)	38,230,722	74,105,992	-	219,580,677		219,580,677
Discontinued operations								
Loss from discontinued operations	-					-		-
Profit for the period	106,102,108	(3,680,959)	38,230,722	74,105,992	-	219,580,677		219,580,677
Other comprehensive income						-		-
Items that will not be reclassified to profit or loss						-		-
Gains on property and equipment revaluations	23,377,422			41,851,011		65,228,433		65,228,433
Share of other comprehensive income of associates	16,056,426	(4,036,108)				12,020,318		12,020,318
Other comprehensive income arising from discontinued operations	-					-		-
Income tax relating to components of other comprehensive income	(2,967,297)			(66,342)		(3,033,639)		(3,033,639)
Gross change in insurance liabilities through OCI				(34,725,233)		(34,725,233)		(34,725,233)
	36,466,551	(4,036,108)	-	7,059,437	-	39,489,880		39,489,880
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	116,344,332	(4,202,938)		20,432,369		132,573,762		132,573,762
Fair value gains on financial assets at fair value through other comprehensive income	34,197,408	(1,452,126)				32,745,282		32,745,282
Income tax relating to components of other comprehensive income	(1,581,290)					(1,581,290)		(1,581,290)
								-
	148,960,450	(5,655,064)	-	20,432,369	-	163,737,754	-	163,737,754
						-		-
Other comprehensive income for the period net of tax	185,427,001	(9,691,172)	-	27,491,805	-	203,227,634	-	203,227,634
						-		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	291,529,109	(13,372,132)	38,230,722	101,597,797	-	422,808,311	-	422,808,311
ZIMRE HOLDINGS LIMITED								
PROFORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER								
	Before 1	**2**	**3**	**4**	**5**	**Proforma after Fidelity acquisition 6=(1+2+3+4+5)**	**7**	**8= (6+7)**
Profit/(loss) for the period attributable to:								
Equity holders of the parent	41,774,664	(3,680,959)	38,230,722	17,894,796	19,621,331	61,525,911	64,645,739	187,040,375
Non-controlling interests	64,327,442	-		56,211,196	37,516,127	158,054,766	(64,645,739)	32,540,302
	106,102,106	(3,680,959)	38,230,722	74,105,992	57,137,459	219,580,677	-	219,580,677
			-		37,516,127			
Total comprehensive income/(loss) attributable to:								
Equity holders of the parent	215,952,874	(13,372,132)	-	37,516,127	-	240,096,870		366,829,351
Non-controlling interests	75,576,235	-	-	64,081,670		55,972,803		55,978,959
	291,529,109	(13,372,132)	38,230,722	101,597,797	-	422,808,311		422,808,311
Total comprehensive income/(loss) attributable to owners of Zimre Holdings Limited arising from			-	-	-			
Continuing operations	215,952,874	(13,372,132)	38,230,722	37,516,127	-	240,096,870		366,829,351
Discontinued operations	-					-		-
	215,952,874	(13,372,132)	38,230,722	37,516,127	-	240,096,870		366,829,351
Earnings per share from profit on continuing operations attributable to owners of Zimre Holdings Limited								
Basis and diluted earnings per share (ZWL cents):	2.73					15.02		20.18
Earnings per share from loss on discontinued operations attributable to owners of Zimre Holdings Limited								
Basic and diluted earnings per share (ZWL cents):	2.73					15.02		20.18
Earnings per share attributable to owners of Zimre Holdings Limited								
Basic and diluted earnings per share (ZWL cents):	2.73					15.02		20.18
Headline earnings per share attributable to owners of Zimre Holdings Limited	6.92					13.74		12.08
Number of shares for basic EPS	1,532,903,493					1,598,047,985		1,818,219,446

Notes and assumptions to the pro forma statement of comprehensive income

1. Represents the unadjusted audited statement of comprehensive income for ZHL for the year ended 31st December 2019. The results were extracted from the published audited financial statement for the year ended 31 December 2019.
2. Represents the equity accounted profit of FLA for the year ended 31 December 2019, as if FLA had been accounted for as a subsidiary from 1 January 2019. The adjustments of ZWL$1.4m, ZWL$3.7m, ZWL$4m and ZWL$4.2m to the share of associate profits decreases the total equity accounted profit of FLA.
3. Represents the gain arising on re-measurement of the investment in associate in FLA.
4. Represents the unadjusted audited statement of comprehensive income for FLA for the year ended 31st December 2019.
5. Represents the elimination of intra Group transactions between FLA and ZHL for the year ended 31st December 2019.
6. Represents the proforma statement of comprehensive income after the FLA acquisition.
7. Transfer of NCI portion on acquisition of ZPI
8. Represents the proforma statement of comprehensive income for ZHL after the FLA and ZPI acquisitions.

Independent Reporting Accountant's Assurance Report on the Compilation of Pro Forma Financial Information Included in a Circular

To the Directors of Zimre Holdings Limited

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Zimre Holdings Limited (the "Company") and its subsidiaries and associates (together the "Group") by the Directors. The pro forma financial information, as set out in Appendix IV(a) of the Zimre Holdings Limited Circular to Shareholders (the "Circular"), consist of the pro forma consolidated statement of financial position as at 31 December 2019, the pro forma consolidated statement of comprehensive income for the year ended 31 December 2019 and related notes. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the Zimbabwe Stock Exchange ("ZSE") Listings Requirements and the basis of preparation disclosed in Appendix IV(a) of the Circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the acquisition of 38 224 928 ordinary shares of Fidelity Life Assurance of Zimbabwe Limited, representing 35.09% of the issued ordinary shares of Fidelity Life Assurance of Zimbabwe Limited, through a share swap of 1 Zimre Holdings Limited ordinary share for 0.59 Fidelity Life Assurance of Zimbabwe Limited share and the acquisition of 613,166,867 ordinary shares of Zimre Property Investments Limited, representing 35.7% of the issued share capital of Zimre Property Investments Limited through a share swap of 1 Zimre Holdings Limited ordinary share for 2.78 Zimre Property Investments Limited ordinary shares, and subsequently delisting Zimre Property Investments Limited from the Zimbabwe Stock Exchange ("ZSE"), together ("the Proposed Transactions"). As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's financial statements for the year ended 31 December 2019, on which an adverse audit opinion has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the ZSE Listings Requirements and the basis of preparation described in Appendix IV(a) of the Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (*including International Independence Standards*), issued by the International Ethics Standards Board for Accountants (the "IESBA Code") and other independence requirements applicable to performing audits in Zimbabwe. The IESBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on *Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements,* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the ZSE Listings Requirements and the basis of preparation described in Appendix IV(a) of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on *Assurance Engagements ("ISAE") 3420, Assurance Engagements to Report on the Compilation of pro forma financial information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the ZSE Listings Requirements and the basis of preparation described in Appendix IV(a) of the Circular.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria, involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction , and to obtain sufficient appropriate evidence about whether:

- the related pro-forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.
Our engagement also involves evaluating the overall presentation of the pro forma financial information.
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the ZSE Listings Requirements and the basis of preparation described in Appendix IV(a) of the Circular.

Emphasis of matter

As disclosed in note 1 to the pro forma financial information, the pro forma financial information is based on the audited consolidated historical financial information of the Group for the year ended 31 December 2019. An adverse opinion was issued with respect to these consolidated historical financial information. Furthermore, the pro-forma adjustments applied to these financial statements to arrive at the pro forma financial information are derived from the financial statements of Fidelity Life Assurance of Zimbabwe Limited and Zimre Property Investments Limited, on which adverse opinions have also been issued. Our opinion on the compilation of the pro forma financial information is not modified in this respect.

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)

General review of business operations

Currency Reforms and Hyperinflation

In October 2018, the Central Bank implemented the separation of bank accounts into Real Time Gross Settlement ("RTGS") and Nostro Foreign Currency Accounts ("FCA") accounts. In February 2019, the Central Bank again introduced the RTGS dollar, and an interbank market thereby abolishing the 1:1 parity between the United States of America dollar ("US$") and the local currency. In June 2019, the country abolished the multi-currency regime and established the Zimbabwe dollar ("ZWL$" or "Z$") as the sole legal tender, with a few exemptions, for all local transactions. During the year 2019, the ZWL$ lost about 571% of its value against the US$ and ended the year at around ZWL$16.74 from the interbank rate of ZWL$2.5 in February 2019. The currency reforms also triggered hyperinflation which peaked at an implied rate of 521% as at 31 December 2019, as the prices of goods and services tracked the parallel market exchange rates which traded at a significant premium to the interbank rate because of the suppressed foreign currency liquidity on the official market.

The currency reforms and hyperinflation coupled with the acute liquidity challenges in the market, foreign currency and power shortages, had far reaching impact on the Group, especially the domestic operations. The reforms affected operations of ZPI especially on pre-existing construction contracts, sale agreements and fixed USS lease contracts. Contractors insisted on contract re-negotiations to mitigate loss of value. Investment property values increased substantially in ZWL$ terms resulting in significant fair value adjustments recognised in the financial statements.

To mitigate the impact of inflation and the currency reforms the Group: -

- Pre-purchased the bulk of materials for most of the construction projects at ZPI;
- Introduced quarterly rent reviews, short period insurance policies and regular reviews of insured values;
- Strengthened credit control systems to ensure timeous collections of receivables; and
- Aggressive pursuit of the foreign business acquisition strategy to shore up hard currency earnings

Key developments

The financial strength of the Group gained growth momentum and resilience over the three-year period mainly due to the following: -

- Positive impact of Group restructuring and cost alignment initiatives which started in 2016 and led to the attainment of operational efficiencies and improving market confidence and sentiment.
- Steady recovery in the performance of core reinsurance operations and strengthening of market positions following recapitalization (2015 rights issue), growth in market confidence, improvement in underwriting standards, credit rating upgrades, rebranding which provided the necessary impetus for business growth, the adoption of the Underwriting Management Agency ("UMA") business acquisition model and service excellence.
- The removal of the Group from the sanctions list in January 2017 which enabled the Group to trade with its counterparties, locally, regionally and internationally and paved way for the mobilization of capital; and
- Reconfiguration of the property portfolio which entailed the, conversion, construction and refurbishment of properties from underperforming classes to classes with higher rental yields

Group performance

The Group's regional businesses which are operating in relatively stable economic environments, and growth in the offshore reinsurance hard currency fund have provided the much-needed inflation hedge on the Group. The regional recapitalisation exercise which is aimed at providing the regional reinsurance subsidiaries with competitive capital, will facilitate further exploitation of current regulation that requires local capacity to be exhausted first before business is externalised.

The Group registered commendable revenue growth over the three-year period which was mainly driven by the contribution of the domestic reinsurance operations, adoption of the UMA model at Credit Insurance Company of Zimbabwe Limited, which improved the insurance business of the company and the reconfiguration of the property portfolio to classes with higher rental yields, progressive disposal of property stands and Total income grew by 184% from ZWL$201 million in the year ended 31 December 2018 to ZWL$570 million in 2019. Claims and expenses were restricted to a growth of 96% from ZWL$225 million in 2018 to ZWL$441 million in the year ended 31 December 2019. The Group adopted stringent and conservative underwriting controls which led to relatively lower claims ratios of below 60% in both the insurance and reinsurance operations which consequently led to the core reinsurance operations reporting positive results

Spurred by the reconfiguration and growth in the property portfolio, the rebranding and turn-around of the reinsurance operations and implementation of cost containment measures beginning in 2016, the Group reported positive results over the past three years enabling payment of dividend in 2018 and declaration of dividends for the year 2019. The Group generated positive cashflows from operations and a profit of ZWL$118 million for the year ended 31st December 2019 against a loss of ZWL$48 million in 2018.

Looking ahead

Notwithstanding the challenges brought about by the outbreak of Coronavirus (Covid-19) global pandemic, whose effects on businesses is still unfolding, the Group is expected to continue addressing the anticipated negative effects on business performance and financial position through to its diversified business portfolio buttressed by a sizeable and diversified property portfolio, and the cushioning effect of foreign assets and a highly skilled manpower base.

ZIMRE HOLDINGS LIMITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER:	Inflation adjusted		Audited
	Group 2019 ZWL$	Group 2018 ZWL$	Group 2017 US$
INCOME			
Gross written premium	496,508,052	243,940,334	27,688,451
Premium ceded	(163,250,366)	(66,379,788)	(6,671,379)
Net premium written	333,257,686	177,560,546	21,017,072
Unearned premium reserve	(13,726,735)	(9,413,089)	1,181,011
Net premium earned	319,530,951	168,147,457	22,198,083
Brokerage commission and fees	41,180,880	15,055,091	1,829,665
Total Insurance income	360,711,831	183,202,548	24,027,748
Rental income	17,410,307	16,450,733	2,725,893
Fair value adjustments on investment property	172,655,944	(56,579,966)	(807,852)
Revenue from sale of inventory property	-	-	2,403,553
Net property income	10,339,582	3,798,463	843,308
Investment income	10,864,291	10,164,451	1,434,438
Other income	(15,408,342)	32,240,335	5,741,927
Total revenue	556,573,613	189,276,564	36,369,015
EXPENDITURE			
Insurance benefits and claims:			
Non-life insurance contracts	(172,070,509)	(70,309,094)	(9,366,162)
Life insurance contracts	(4,784,519)	(4,956,982)	(2,274,593)
Movement in life insurance contract liabilities	(7,298,136)	14,797,103	-
Claims ceded to retrocessionaires	51,859,366	19,306,084	3,636,438
	(132,293,798)	**(41,162,889)**	**(8,004,317)**
Net property operating costs	(4,822,814)	(7,086,642)	-
Commission and acquisition expenses	(123,039,173)	(56,607,293)	(7,428,578)
Operating and administrative expenses	(97,651,864)	(92,668,981)	(14,891,485)
Allowance for expected credit losses on receivables	(64,142,190)	(13,860,737)	(382,975)
Finance costs	(5,025,216)	(1,876,524)	(15,405)
TOTAL EXPENDITURE	(426,975,055)	(213,263,066)	(30,722,760)
Profit/(loss) before share of loss of associate	129,598,558	(23,986,502)	5,646,255
Share of profit/(loss) of associates	4,544,261	572,211	280,247
Profit/(loss) before income tax	134,142,819	(23,414,291)	5,926,502
Monetary gain/loss for the period	(15,923)	(25,856,524)	
Profit/ Loss after monetary gain/loss before income tax	134,126,896	(49,270,815)	5,926,502
Income tax expense/(credit)	(28,024,788)	908,986	32,050
Profit for the period from continuing operations	106,102,108	(48,361,829)	5,958,552
Discontinued operations			
Loss from discontinued operations	-	-	(134,962)
Profit for the period	106,102,108	(48,361,829)	5,823,590
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gains on property and equipment revaluations	23,377,422	691,920	67,711
Share of other comprehensive income of associates	16,056,426	(748,787)	(29,290)
Other comprehensive income arising from discontinued operations	-	-	-
Income tax relating to components of other comprehensive income	(2,967,297)	(207,576)	93,322
	36,466,551	(264,443)	131,743
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	116,344,332	(2,259,227)	509,178
Fair value gains on financial assets at fair value through other comprehensive income	34,197,408	2,853,178	232,803
Income tax relating to components of other comprehensive income	(1,581,290)	(117,877)	(11,640)
	148,960,450	476,074	730,341
Other comprehensive income for the period net of tax	185,427,001	211,631	862,084
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	291,529,109	(48,150,198)	6,685,674
Profit/(loss) for the period attributable to:			
Equity holders of the parent	41,774,664	(15,698,634)	4,877,957
Non-controlling interests	64,475,687	(32,663,195)	945,633
	106,250,351	(48,361,829)	5,823,590
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent	215,952,874	(15,815,198)	5,516,835
Non-controlling interests	75,576,235	(32,335,000)	1,168,839
	291,529,109	(48,150,198)	6,685,674
Total comprehensive income/(loss) attributable to owners of Zimre Holdings Limited arising from:			
Continuing operations	215,952,874	(15,815,198)	5,651,797
Discontinued operations	-	-	(134,962)
	215,952,874	(15,815,198)	5,516,835
Earnings per share from profit on continuing operations attributable to owners of Zimre Holdings Limited			
Basic and diluted earnings per share (ZWL cents: 2018 and 2019)(US$ cents: 2017)	2.73	(1.03)	0.37
Earnings per share from loss on discontinued operations attributable to owners of Zimre Holdings Limited			
Basic and diluted earnings per share (ZWL cents: 2018 and 2019)(US$ cents: 2017)	-	-	-
Earnings per share attributable to owners of Zimre Holdings Limited			
Basic and diluted earnings per share (ZWL cents: 2018 and 2019)(US$ cents: 2017)	14.09	(1.03)	0.36
Headline earnings per share attributable to owners of Zimre Holdings Limited	6.92	(3.15)	0.39
Number of shares for basic EPS	1,532,903,493	1,533,338,937	1,533,338,937

Source: ZHL Annual Reports

ZIMRE HOLDINGS LIMITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER:	Inflation adjusted Group 2019 ZWL$	 Group 2018 ZWL$	Audited Group 2017 US$
ASSETS			
Property and equipment	81,845,649	35,925,308	4,077,382
Right of use of assets	9,987,870	-	-
Investment property	507,570,140	285,776,307	37,784,845
Intangible assets	887,858	1,005,743	123,681
Goodwill	2,023,904	2,023,904	325,803
Investment in associates	34,673,131	14,072,444	5,415,437
Deferred income tax asset	15,917,838	16,023,856	1,902,755
Financial assets available for sale	-	-	7,556,385
Inventory	18,847,227	20,704,923	3,393,994
Trade and other receivables	178,646,856	112,001,688	14,583,142
Life reassurance contract asset	1,433,800	969,592	569,900
Current income tax receivable	7,464,716	6,353,156	721,503
Deferred acquisition costs	12,484,672	13,693,017	1,517,042
Financial assets :			
held to maturity investments	-	-	2,661,550
at fair value through profit or loss	24,276,610	39,222,238	975,534
at amortised cost	30,871,601	39,549,397	-
at fair value through other comprehensive income	78,046,090	32,185,406	-
Cash and cash equivalents	91,440,449	60,826,365	24,417,087
Total assets	**1,096,418,411**	**680,333,344**	**106,026,040**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	113,365,163	113,365,163	15,331,003
Share premium	84,497,249	84,497,249	11,427,034
Treasury shares	(115,725)	(97,905)	-
Revaluation reserve	106,609,794	87,010,606	13,920,328
Mark-to-market reserve	39,428,578	6,812,460	650,181
Foreign currency translation reserve	101,225,798	(20,737,106)	(7,512,006)
Retained earnings	122,252,022	80,887,778	15,882,487
Other reserves	5,056,365	-	-
Total equity attributable to equity holders of the parent	**572,319,243**	**351,738,245**	**49,699,027**
Non-controlling interest	162,235,611	91,715,739	21,828,246
Total equity	**734,554,854**	**443,453,984**	**71,527,273**
Liabilities			
Life reassurance contract liabilities	6,486,500	12,606,556	4,632,265
Lease liability	5,281,509	-	-
Deferred income tax liability	12,798,175	11,385,630	1,330,614
Borrowings	14,454,883	24,611,761	1,799,361
Trade and other payables	187,077,093	95,039,852	13,626,357
Short term insurance contract liabilities	123,566,461	88,079,667	11,932,762
Other provisions	12,198,936	5,155,894	1,177,408
Total liabilities	**361,863,557**	**236,879,360**	**34,498,767**
TOTAL EQUITY AND LIABILITIES	**1,096,418,411**	**680,333,344**	**106,026,040**

Source: ZHL Annual Reports

ZIMRE HOLDINGS LIMITED	Inflation adjusted		Audited
CONSOLIDATED STATEMENT OF CASH FLOWS	Group	Group	Group
FOR THE YEAR ENDED 31 DECEMBER 2019:	2019	2018	2017
	ZWL$	ZWL$	US$
Profit/(Loss) before tax	**134,126,898**	(49,270,815)	5,926,502
Adjusted for non cash items:			
Net monetary loss	15,923	25,856,524	
Depreciation	8,125,022	3,196,867	390,481
Lease Depreciation charge	2,142,865	-	
Fair value adjustment of investment properties	(172,655,944)	56,579,966	807,852
Fair value on initial investement in subsidiary	-	-	(60,197)
Armortisation of intangible assets	463,521	188,109	71,753
Share of profit of associate	(4,544,261)	(572,211)	(280,247)
Movement in life reassurance contract liabilities	7,298,136	(14,797,103)	
Movement in deferred acquisition costs	1,208,345	(2,473,740)	240,159
Movement in reinsurance contract liabilities	49,070,627	16,745,409	(3,072,771)
Movement in allowance for credit losses	64,142,190	13,860,737	-
Movement in non insurance provisions	7,043,042	(2,239,089)	134,222
Loss from disposal of investment property	-	(2,204,938)	
Loss from disposal of investments			(2,670,109)
(Gins)/losses from disposal of subsidiary			365,684
Profit from disposal of financial asset at fair value through profit or loss	(429,382)	(16,480,209)	-
Profit from disposal of financial assets at fair value through other comprehensive income	-	30,159	-
Gains from share split of financial asset at fair value through profit or loss	-	(1,592,919)	-
Fair value gains on financial assets at fair value through profit or loss	35,515,025	(8,039,081)	(776,264)
Unrealised exchange (gains)/losses	8,857,021	(642,189)	438,988
Profit from disposal of property and equipment	(274,450)	(300,535)	(119,273)
Other non-cash movements	-	1,950,230	
Gain from disposal of associate	-	(31,860)	-
Adjusted for seperately disclosed items:			
Finance costs	5,025,216	1,876,524	15,405
Dividend received	(3,037,018)	(3,117,380)	(275,348)
Interest received	(7,827,273)	(7,047,071)	(1,159,090)
Working capital changes:			
(Increase)/ decrease in trade and other receivables	(2,502,978)	(14,989,226)	136,040
(Decrease)/(increase) in inventory	1,857,696	3,654,889	(638,934)
(Increase)/ decrease in trade and other payables	92,037,241	9,657,028	(663,824)
Cash flows from operations	225,657,462	9,798,075	(1,188,971)
Finance costs	(5,025,216)	(1,876,524)	(15,405)
Income tax paid	(2,001,168)	(3,182,317)	(487,186)
Net cash flows from operating activities	218,631,078	4,739,234	(1,691,562)
Cash flows from investing activities			
Purchase of property and equipment	(8,972,332)	(11,379,604)	(330,452)
Purchase of intangible assets	(109,556)	(232,837)	
Acquisition and development of investemnt property	(37,838,443)	(77,517,105)	(3,542,041)
Acquisition of subsidiary net of cash acquired	(5,180,918)	(8,337,727)	(916,902)
Disposal of investment property	-	10,600,054	10,800,000
Disposal of subsidiary			20,000
Disposal of investments			2,791,724
Purchase of financial assets at FVOCI	(5,783,613)	-	
Purchase of financial assets at fair value through profit or loss	(15,901,281)	(43,816,868)	
Purchase of financial assets at amortised cost	(17,439,635)	(2,019,679)	(397,983)
Proceeds from disposal of financial assets through profit or loss	8,190,920	34,927,345	
Proceeds from disposal of financial assets at amortised cost	2,932,757	847,474	
Proceeds from disposal of financial assets through OCI	-	1,141,743	6,474,596
Proceeds from disposal of an associate	-	31,855	
Dividends received	3,037,018	3,117,380	275,348
Interest received	7,827,273	7,047,071	1,159,090
Proceeds from sale of property and equipment	2,029,627	385,292	251,780
Net cash (utilised in)/generated from operating activities	(67,208,182)	(85,205,606)	16,585,160
Cash flows from financing activities			
Dividends paid	-	(10,131,027)	(318,396)
Loan drawdown	9,508,532	21,757,251	1,338,855
Loan repayment	(5,648,844)	(8,352,427)	(804,620)
Purchase of further investment in subsidiaries			(2,028,280)
Lease payments	(1,624,132)	-	
Share buy-back	(17,820)	(138,815)	
Cash used in financing activities	2,217,736	3,134,982	(1,812,441)
Inflation effect on cash	(165,421,768)	(10,858,094)	-
Net increase/ (decrease) in cash and cash equivalents	153,640,632	(77,331,390)	13,081,158
Cash and cash equivalents at beginning of period	71,684,452	151,671,905	11,077,397
Effect of exchange rate movements	42,395,221	(2,656,063)	258,533
Cash and cash equivalents at end of period	**267,720,305**	**71,684,452**	**24,417,087**
Comprising:			
Cash on hand	79,256	34,467	
Cash at bank	56,978,369	30,764,780	
Investments maturing within 6 months	34,382,824	30,027,117	
	91,440,449	**60,826,365**	

Source: ZHL Annual Reports

ZIMRE HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital US$	Share premium US$	Non distributable reserve US$	Treasury shares US$	Revaluation reserve US$	Mark to market reserve US$	at fair value through other comprehensive income reserve US$	Foreign currency translation reserve US$	Retained earnings/ (accumulated losses) US$	Attributable to equity holders of parent US$	Non-controlling interest US$	Total equity US$
Balance as at 1 January 2017	15,331,003	11,427,034	-	-	13,759,295	429,018	-	(7,768,687)	6,574,047	39,751,710	25,219,840	64,971,550
Total comprehensive income for the year	-	-			161,033	221,163	-	256,681	4,877,957	5,516,834	1,357,285	6,874,119
Profit for the year	-	-		-	-	-	-	-	4,877,957	4,877,957	945,633	5,823,590
Other comprehensive income for the										-		-
year net of tax	-	-		-	161,033	221,163	-	256,681	-	638,877	223,207	862,084
Acquisition of subsidiary	-	-		-	-	-	-	-	-	-	137,159	137,159
Disposal of subsidiary	-	-		-	-	-	-	-	-	-	51,286	51,286
Transactions with owners in their capacity as owners :	-	-			-	-	-	-	4,430,483	4,430,483	(4,748,879)	(318,396)
Dividend declared and paid	-	-		-	-	-	-	-	-	-	(318,396)	(318,396)
Change in degree of control	-	-		-	-	-	-	-	4,430,483	4,430,483	(4,430,483)	-
Balance as at 31 December 2017	15,331,003	11,427,034		-	13,920,328	650,181	-	(7,512,006)	15,882,487	49,699,027	21,828,246	71,527,273

Inflation Adjusted

Year ended 31 December 2018	Share capital ZWL$	Share premium ZWL$	Non distributable reserve US$	Treasury shares ZWL$	Revaluation reserve ZWL$	Other reserve ZWL$	Financial assets at fair value through other comprehensive income reserve ZWL$	Foreign currency translation reserve ZWL$	Retained earnings/ (accumulated losses) ZWL$	Attributable equity holders of parent ZWL$	Non-controlling interest ZWL$	Total equity ZWL$
Balance as at 1 January 2018, as previously reported	**15,331,003**	**11,427,034**		**-**	**13,920,328**	**650,181**	**-**	**(7,512,006)**	**15,882,487**	49,699,027	**21,828,246**	**71,527,273**
Change in accounting policy due to adoption of IFRS 9	-	-		-	-	(650,181)	1,550,187	-	(282,516)	617,490	(105,985)	511,505
Balance as at 1 January 2018, as restated	**15,331,003**	**11,427,034**		**-**	**13,920,328**	**-**	**1,550,187**	**(7,512,006)**	**15,599,971**	**50,316,517**	**21,722,261**	**72,038,778**
Restatement of	98,075,069	73,070,215		-	72,538,545	-	2,526,972	(9,821,502)	75,999,918	312,389,217	116,160,381	428,549,598
Profit for the year	-	-		-		-			(15,698,634)	(15,698,634)	(32,663,195)	(48,361,829)
Other comprehensive income for the year, net of tax	-	-		-	551,733	-	2,735,301	(3,403,598)	-	(116,564)	328,195	211,631
Total comprehensive income for the year	**-**	**-**		**-**	**551,733**	**-**	**2,735,301**	**(3,403,598)**	**(15,698,634)**	**(15,815,198)**	**(32,335,000)**	**(48,150,198)**
Dividend declared and paid	-	-			-	-	-	-	(6,848,307)	(6,848,307)	(1,997,073)	(8,845,380)
Share buy-back	(40,910)	-		(97,903)	-	-	-	-	-	(138,813)	-	(138,813)
Change in ownership perce		-			-	-	-	-	11,834,830	11,834,830	(11,834,830)	-
Transactions with owners in their capacity as owners :	**(40,910)**	**-**		**(97,903)**	**-**	**-**	**-**	**-**	**4,986,523**	**4,847,710**	**(13,831,903)**	**(8,984,193)**
Balance as at 31 December 2018	**113,365,162**	**84,497,249**		**(97,903)**	**87,010,606**	**-**	**6,812,460**	**(20,737,106)**	**80,887,778**	**351,738,246**	**91,715,739**	**443,453,985**
Year ended 31 December 2019												
Balance as at 1 January 2019, as previously reported	**113,365,162**	**84,497,249**		**(97,903)**	**87,010,606**	**-**	**6,812,460**	**(20,737,106)**	**80,887,778**	**351,738,246**	**91,715,739**	**443,453,985**
Changes on initial application of IFRS 16									(262,176)	(262,176)		(262,176)
Balance as at 1 January 2019, as restated	**113,365,162**	**84,497,249**		**(97,903)**	**87,010,606**	**-**	**6,812,460**	**(20,737,106)**	**80,625,602**	**351,476,070**	**91,715,739**	**443,191,809**
Profit for the year									53,296,103	53,296,103	64,327,442	117,623,545
Other comprehensive income for the year, net of tax					19,599,188		32,616,118	123,581,859		175,797,165	11,248,795	187,045,960
Total comprehensive income for the year	**-**	**-**		**-**	**19,599,188**	**-**	**32,616,118**	**123,581,859**	**53,296,103**	**229,093,268**	**75,576,237**	**304,669,505**
Share buy-back				(17,822)						(17,822)		(17,822)
Change in ownership percentage						814,869			-	-	-	-
Transactions with owners in their capacity as owners :	**-**	**-**	**-**	**(17,822)**	**-**	**814,869**	**-**	**-**	**-**	**(17,822)**	**814,869**	**(17,822)**
Balance as at 31 December 2019	**113,365,162**	**84,497,249**	**-**	**(115,725)**	**106,609,794**	**814,869**	**39,428,578**	**102,844,753**	**133,921,705**	**580,551,516**	**168,106,845**	**747,843,493**

Source: ZHL Annual Reports

INFLATION ADJUSTED

Year ended 31 December 2018	Share capital ZWL$	Share premium ZWL$	Treasury shares ZWL$	Revaluation reserve ZWL$	Mark-to-market reserve ZWL$	Financial assets at fair value through other comprehensive income reserve ZWL$	Foreign currency translation reserve ZWL$	Change in ownership reserve ZWL$	Retained earnings/ (accumulated losses) ZWL$	Attributable equity holders of parent ZWL$	Non-controlling interest ZWL$	Total equity ZWL$
Balance as at 1 January 2018, as previously reported	15,331,003	11,427,034	-	13,920,328	650,181	-	(7,512,006)	-	15,882,487	49,699,027	21,828,246	71,527,273
Change in accounting policy due to adoption of IFRS 9	-	-	-	-	(650,181)	1,550,187	-	-	(282,516)	617,490	(105,985)	511,505
Balance as at 1 January 2018, as restated	15,331,003	11,427,034	-	13,920,328	-	1,550,187	(7,512,006)	-	15,599,971	50,316,517	21,722,261	72,038,778
Restatement of owners equity on application of IAS 29	98,075,070	73,070,215	-	72,538,545	-	2,526,972	(9,821,502)	-	77,285,565	313,674,865	116,160,381	429,835,246
Total comprehensive income for the year	-	-	-	551,733	-	2,735,301	(3,403,598)	-	(15,698,634)	(15,815,198)	(32,335,000)	(48,150,198)
Profit for the year	-	-	-		-			-	(15,698,634)	(15,698,634)	(32,663,195)	(48,361,829)
Other comprehensive income for the year, net of tax	-	-	-	551,733	-	2,735,301	(3,403,598)	-	-	(116,564)	328,195	211,631
Transactions with owners in their capacity as owners	(40,910)	-	(97,905)	-	-	-	-	-	3,700,876	3,562,061	(13,831,903)	(10,269,842)
Dividend declared and paid	-	-	-	-	-	-	-	-	(8,133,954)	(8,133,954)	(1,997,073)	(10,131,027)
Share buy-back	(40,910)	-	(97,905)	-	-	-	-	-	-	(138,815)	-	(138,815)
Change in ownership percentage	-	-	-	-	-	-	-	-	11,834,830	11,834,830	(11,834,830)	-
Balance as at 31 December 2018	113,365,163	84,497,249	(97,905)	87,010,606	-	6,812,460	(20,737,106)	-	80,887,778	351,738,246	91,715,739	443,453,985
Year ended 31 December 2019												
Balance as at 1 January 2019, as previously reported	113,365,163	84,497,249	(97,905)	87,010,606	-	6,812,460	(20,737,106)	-	80,887,778	351,738,246	91,715,739	443,453,985
Changes on initial application of IFRS 16	-	-	-	-	-	-	-	-	(410,420)	(410,420)	-	(410,420)
Balance as at 1 January 2019, as restated	113,365,163	84,497,249	(97,905)	87,010,606	-	6,812,460	(20,737,106)	-	80,477,358	351,327,826	91,715,739	443,043,565
Total comprehensive income for the year	-	-	-	19,599,188	-	32,616,118	121,962,904	-	41,774,664	215,952,874	75,576,235	291,529,109
Profit for the year	-	-	-	-	-	-	-	-	41,774,664	41,774,664	64,327,444	106,102,108
Other comprehensive income for the year, net of tax	-	-	-	19,599,188	-	32,616,118	121,962,904	-	-	174,178,210	11,248,791	185,427,001
Transactions with owners in their capacity as owners	-	-	(17,820)	-	-	-	-	5,056,365	-	5,038,545	(5,056,365)	(17,820)
Share buy-back	-	-	(17,820)	-	-	-	-	-	-	(17,820)	-	(17,820)
Change in ownership percentage	-	-	-	-	-	-	-	5,056,365	-	5,056,365	(5,056,365)	-
Balance as at 31 December 2019	113,365,163	84,497,249	(115,725)	106,609,794	-	39,428,578	101,225,798	5,056,365	122,252,022	572,319,245	162,235,609	734,554,854

Source: ZHL Annual Reports

HISTORICAL COST Year ended 31 December 2018	Share capital ZWL$	Share premium ZWL$	Treasury shares ZWL$	Revaluation reserve ZWL$	Mark-to-market reserve ZWL$	Financial assets at fair value through other comprehensive income reserve ZWL$	Foreign currency translation reserve ZWL$	Change in ownership reserve ZWL$	Retained earnings/ (accumulated losses) ZWL$	Attributable equity holders of parent ZWL$	Non-controlling interest ZWL$	Total ZWL$
Balance as at 1 January 2018, as previously reported	15,331,003	11,427,034	-	13,920,328	650,181	-	(7,512,006)	-	15,882,487	49,699,027	21,828,246	71,527,273
Change in accounting policy due to adoption of IFRS 9	-	-	-	-	(650,181)	1,550,187	-	-	(282,516)	617,490	(105,985)	511,505
Balance as at 1 January 2018, as restated	15,331,003	11,427,034	-	13,920,328	-	1,550,187	(7,512,006)	-	15,599,971	50,316,517	21,722,261	72,038,778
Total comprehensive income for the year	-	-	-	96,710	-	440,372	(653,701)	-	4,424,810	4,308,191	(922,077)	3,386,114
Profit for the year	-	-	-	-	-	-	-	-	4,424,810	4,424,810	(875,166)	3,549,644
Other comprehensive income/(loss) for the year, net of tax	-	-	-	96,710	-	440,372	(653,701)	-	-	(116,619)	(46,911)	(163,530)
Transactions with owners in their capacity as owners	(4,354)	-	(8,886)	-	-	-	-	-	779,026	765,786	(2,085,710)	(1,319,924)
Dividend declared and paid	-	-	-	-	-	-	-	-	(1,100,000)	(1,100,000)	(206,684)	(1,306,684)
Share buy-back	(4,354)	-	(8,886)	-	-	-	-	-	-	(13,240)	-	(13,240)
Change in ownership percentage	-	-	-	-	-	-	-	-	1,879,026	1,879,026	(1,879,026)	-
Balance as at 31 December 2018	15,326,649	11,427,034	(8,886)	14,017,038	-	1,990,559	(8,165,707)	-	20,803,807	55,390,494	18,714,474	74,104,968
Year ended 31 December 2019												
Balance as at 1 January 2019, as previously reported	15,326,649	11,427,034	(8,886)	14,017,038	-	1,990,559	(8,165,707)	-	20,803,807	55,390,494	18,714,474	74,104,968
Change in accounting policy due to adoption of IFRS 16	-	-	-	-	-	-	-	-	(35,430)	(35,430)	-	(35,430)
Balance as at 1 January 2019, as restated	15,326,649	11,427,034	(8,886)	14,017,038	-	1,990,559	(8,165,707)	-	20,768,377	55,355,064	18,714,474	74,069,538
Total comprehensive income for the year	-	-	-	32,301,301	-	55,267,556	113,740,025	-	269,729,091	471,037,973	161,712,836	632,750,809
Profit for the year	-	-	-	-	-	-	-	-	269,729,091	269,729,091	149,278,807	419,007,898
Other comprehensive income for the year, net of tax	-	-	-	32,301,301	-	55,267,556	113,740,025	-	-	201,308,882	12,434,029	213,742,911
Transactions with owners in their capacity as owners	-	-	(17,046)	-	-	-	-	814,869	-	797,823	(814,869)	(17,046)
Share buy-back	-	-	(17,046)	-	-	-	-	-	-	(17,046)	-	(17,046)
Change in ownership percentage	-	-	-	-	-	-	-	814,869	-	814,869	(814,869)	-
Balance as at 31 December 2019	15,326,649	11,427,034	(25,932)	46,318,339	-	57,258,115	105,574,318	814,869	290,497,468	527,190,860	179,612,441	706,803,301

Source: ZHL Annual Reports

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The principal activity of Zimre Holdings Limited (the "Company") and its subsidiaries and associates (together "the Group") is the provision of insurance, reinsurance and reassurance and property management and development services. The Group also has an associate that operates in the agro industrial sector. Zimre Holdings Limited is a public company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange ("ZSE"). The registered office is located at Block D, 2nd Floor, Smatsatsa Office Park, Stand Number 10667, Borrowdale, Harare, Zimbabwe.

2.1 Basis of preparation and presentation

2.1.1 Basis of preparation

The Historical Financial Information of the Group does not comprise a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations applicable under IFRS and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listings Requirements.

The Historical Financial Information has been prepared for the purpose of the Circular and for no other purpose. As a result, the Historical Financial Information may not be suitable for another purpose.

At the request of the directors of ZHL and with the approval of the ZSE, some notes and accounting policies included in the audited financial statements for the years ended 31 December 2019, 31 December 2018 and 31 December 2017 have been excluded from the Historical Financial Information, but are available for inspection.

The directors of ZHL therefore used their discretion to determine, notes and accounting policies that in their view are key to the to the understanding of the Historical Financial Information.

a) Inflation indices and adjustments

On 11 October 2019, the Public Accountants and Auditors Board (the "PAAB") issued pronouncement 01/2019, which advised that Zimbabwe has met conditions for application of hyperinflation accounting for financial periods ending on or after 1 July 2019.

Hyperinflation accounting economy requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that the corresponding figures for the comparative periods be stated in the same terms. The financial statements for the year ended 31 December 2019 and the corresponding figures for the previous year have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index ("CPI") compiled by the Reserve Bank of Zimbabwe from the figures provided by the Zimbabwe National Statistics Agency. The indices and conversion factors used are as follows:

Dates	Index	Conversion factor
31 December 2019	551.63	1.0000
31 December 2018	88.81	6.21
31 October 2018	74.6	7.4
31 December 2017	61.13	9.02
Averages		
31 December 2019	240.27	2.3
31 December 2018	61.13	9.02
31 October 2018	67.63	8.16

The main procedures applied for the above-mentioned restatement are as follows:

- corresponding figures for the previous period are restated in terms of the measuring unit current at the statement of financial position date by applying the change in the index;
- monetary assets and liabilities that are carried at amounts current at the statement of financial position date are not restated since they are already stated in terms of the monetary unit current at the statement of financial position date;
- non-monetary assets and liabilities that are not carried at amounts current at reporting date are restated by applying the change in the index from the date of the transaction or if applicable from their most recent revaluation as detailed below;
- property, and equipment and accumulated depreciation
  - the original purchase cost of property, and equipment is restated from the earlier date of the purchase of each item or the dated of change in currency to the statement of financial position date using the applicable general price index. The depreciation charge for the current period is calculated on the basis of the restated property, and equipment. Opening accumulated depreciation is also calculated on the basis of restated property, and equipment;
  - additions to property and equipment acquired after 1 October 2018 (date of change in currency) are restated using the relevant conversion factors from the date of the transaction to the reporting date, or if acquired before 1 October 2018, using the conversion rate from 1 October 2018;
  - for disposals, the original date of purchase and the historical cost is determined and the restated balance is deducted from the property, and equipment balance.
- non-monetary assets carried at fair value are not restated as they are carried at amounts current at the end of the period;
- investment properties which are carried at fair value are not restated as they are carried at the measuring unit current at the reporting date;

- components of owners' equity are restated by applying the general price level from the beginning of the period or date of contribution, if later;

- statements of profit or loss and comprehensive income items are restated to the measuring unit current at the reporting date by applying a general price index from the date of the underlying transaction or events. The restatement of the income statement items is done on a monthly basis with the exception of items such as depreciation and cost of sales which are calculated separately.

Depreciation is calculated based on the restated carrying amount of the property, plant and equipment. Cost of sales is calculated based on the consumption of restated inventory;

- the effect of inflation on the net monetary position of the Group is included in the statement of profit or loss as a gain or loss arising on the net monetary position;

- items in the statement of cash flows are expressed in terms of the measuring unit current at the reporting date;
- the financial statements of the foreign subsidiaries which do not report in the currencies of hyper-inflationary economies were dealt with in accordance with IAS 21. The items included in statement of profit or loss and comprehensive income were translated using average exchange rates and statement of financial position items were translated at the closing rates. The opening balances were restated by applying the adjustment factor as at 31 December 2018.

The consolidated historical financial information for the year ended 31 December 2017 was prepared in accordance with the accounting policies applicable for the year then ended and were prepared based on statutory records maintained under the historical cost convention except for investment property, available for sale financial assets and financial assets at fair value through profit or loss measured at fair value and life insurance contract liabilities measured using the financial soundness valuation methodology.

The functional and presentation currency of the Company for the year ended 31 December 2017 was the United States of America dollars ("US$").

2.1.2 Functional and presentation currency

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

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

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

In terms of S.I. 33 of 2019 all assets and liabilities that were, expressed in US$ were deemed, for accounting purposes, on and after the effective date, to be valued in the local currency at par with the US$. As a result, no adjustment has been made to prior year figures, which were previously expressed in US$ and have been determined to have assumed the same values in ZWL$. The convertibility of monetary balances as at the end of the prior year into other international currencies at the presumed rate of US$1:ZWL$1 was, however, significantly impaired resulting in various exchange rate scenarios being adopted by the market, substantially at variance with the exchange rate maintained at policy level.

As a result of the currency changes announced by the Government, the Board assessed, in accordance with the accounting policy that deals with the effects of changes in foreign exchange rates and the guidance issued by the Public Accountants and Auditors Board ('PAAB'), whether use of the United States Dollar as the functional and presentation currency remained appropriate. In the view of the Directors, the ZWL$ remained the key driver of the factors noted above for the purpose of preparing the 2019 financial statements. The ZWL$ was determined as the Company's functional and presentation currency for the purpose of accounting and reporting.

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

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

(c) 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 of monetary assets and liabilities denominated in foreign currencies, are generally recognised in the statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(d) Group companies

The results and financial positions of all the Group's subsidiaries and associates that have a functional currency different from the ZWL$ (none of which is a currency of a hyperinflationary economy) are translated into ZWL$ as follows:

i) income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average foreign currency exchange rate;

ii) assets and liabilities for each statement of financial position are translated at the closing foreign currency exchange rate at the date of the statement of financial position; and

iii) all resulting foreign currency exchange rate differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.1.3 Going concern assumption

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

2.2 Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the "Group Executive Committee" which is made up of Group Chief Executive Officer, Group Finance Executive and Managing Directors of subsidiaries.

2.4 Investment property

Investment property comprises land and buildings that are either held for capital appreciation or to earn rentals or both. Buildings under construction to be used for rental to others or for capital appreciation or both are also classified as investment property. Investment property is measured initially at historical cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property is included in statement of comprehensive income in the year in which they arise, including the corresponding tax effect. Fair values are determined using the income capitalisation approach based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment property is derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of comprehensive income in the year of derecognition.
Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner- occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant, and equipment up to the date of change in use. The difference between the cost-based measurement and fair value is treated as a revaluation adjustment. The revaluation reserve is realised on disposal of the property.

2.5 Trade and other receivables

Premiums receivables relate to reinsurance premiums outstanding from insurance companies and are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, premiums receivable are measured at amortised cost, using the effective interest rate method.

Insurance contracts are issued at market rates even when credit terms are offered. Furthermore, short term insurance contracts are for periods not exceeding one year. Therefore there is no significant financing component in insurance premiums thus their carrying amount is considered to be the same as their fair value.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the Company. If collection of the amount is due in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Other receivables comprise loans to employees and prepayments.

Other receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method less allowance for impairment.

2.6 Deferred acquisition costs

Deferred acquisition costs, relating to commission incurred to acquire insurance business, are deferred over a period in which the related premiums are earned. The deferred portion is calculated by applying the actual commission rate on the unearned premium reserve balance.

2.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.7.1 Financial assets

2.7.1.1 New accounting policy adopted from 1 January 2018

i) Classification

From 1 January 2018, the Group adopted a new accounting policy for financial instruments and classifies its financial assets in the following measurement categories:

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

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

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

The Group reclassifies debt investments when and only when their business model for managing those assets changes.

ii) Recognition and derecognition

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

iii) Measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. The effective interest method is a technique for calculating the actual interest rate in a period based on the amount of a financial instrument's book value at the beginning of the accounting per in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Equity instruments

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

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

The Group has classified investments in quoted equities as financial assets at FVPL because they are held for trading with expected disposal in the short-term. Unquoted equity investments are long-term strategic investments and not expected to be disposed in the short-term, as such have been classified as financial assets at FVOCI.

iv) Impairment

From 1 January 2018, the Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the new accounting policy which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 6 for further details.

Financial assets are considered to be in default if the following characteristics are noted:

- involuntary roll-over of instrument on maturity;
- inability to pay by counterparty when instrument is recalled; and
- inability to pay interest when due.

Old accounting policy adopted prior to 1 January 2018

Prior to 1 January 2018, the Group and Company adopted a previous accounting policy for financial assets.

Financial assets within the scope of the old standard were classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for-sale financial assets as appropriate. Financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Fair value gains/(losses) on financial assets at fair value through profit or loss are recognised in statement of comprehensive income. The Group and Company determine the classification of its financial assets on initial recognition and where allowed and appropriate, re-evaluates the designation at each financial year-end. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and Company commit to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows;

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. The Group and Company designate a financial asset or financial liability at fair value through profit or loss where designation significantly reduces a measurement inconsistency which may arise where a financial asset and a liability are measured using different methods. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with gains or losses recognised in statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Gains or losses are recognised in the profit or loss statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments

These are non-derivative financial assets with fixed or determinable payments and maturities of which the Group and Company have the positive intention and ability to hold until maturity. Subsequent to initial recognition, these investments are carried at amortised cost, using the effective interest method. Gains and losses are recognised in statement of comprehensive income when the investments are de-recognised or impaired, as well as through the amortisation process.

Available-for-sale financial investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables, or held-to-maturity. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised in other comprehensive income and accumulated in an available-for-sale reserve (a separate component of equity) until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in the available-for-sale reserve is reclassified out of other comprehensive income into statement of comprehensive income.

De-recognition of financial assets

A financial asset is de-recognised when the right to receive cash flows from the asset has expired or the Group and Company have their transferred rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and have transferred substantially all the risks and rewards of the asset to another party, or the Group and Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if and to what extent they have retained the risks and rewards of ownership.

When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and Company continue to recognise the transferred asset to the extent of the Group and Company's continuing involvement. In that case, the Group and Company also recognise an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have retained.

2.8 Financial liabilities

2.8.1 New accounting policy applied from 1 January 2018

Classification

From 1 January 2018, the Group and Company a new accounting policy standard for financial liabilities as measured at amortised cost.

The Group's financial liabilities include trade and other payables, bank borrowings, policyholder liabilities, and investment contracts.

Measurement

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, less directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised.

2.8.2 De-recognition of financial liabilities

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

Old accounting policy standard adopted prior to 1 January 2018

Prior to 1 January 2018, the Group and Company adopted a previous accounting policy standard for financial liabilities.

Financial liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, less directly attributable transaction costs.

Financial liabilities within the scope of this policy standard are classified as financial liabilities at fair value through profit or loss, at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The Group's financial liabilities include trade and other payables, bank borrowings, policyholder liabilities, and investment contracts.

All the Group's financial liabilities are classified as other financial liabilities at amortised costs.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised.

De-recognition of financial liabilities

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

2.9 Shared-based incentives: share option

Employees (including senior executives) of the Group participate in the Group's Employee Share Option Scheme, whereby employees pay a predetermined exercise price as consideration for equity instruments ("equity-settled transactions"). The exercise price is determined as an average price with reference to the rules of the option scheme. The cost of equity- settled transactions with employees is measured by reference to the fair value at the date on which the shares are exercised. The fair value is determined with reference to market prices.

The cost of equity – settled transactions is recognized together with a corresponding increase in equity, on the date on which the relevant employees exercise the rights to the options by paying an amount for the options exercised. This is the date on which the employees become fully entitled to the award (" the vesting date"). The cumulative expense recognized for equity – settled transactions at each reporting date reflects the extent to which the employees have paid for the options.

No expense is recognized for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of the earnings per share.

2.10 Insurance contract liabilities

2.10.1 Reinsurance contract liabilities

Reinsurance contract liabilities relate to life reassurance and non-life reinsurance. At the end of the year, a liability adequacy test is carried out by a registered actuary to determine the sufficiency of the insurance contract liabilities.

2.10.2 Life reassurance policy holder liabilities

Life reassurance policy holder liabilities are policyholders' liabilities computed by an independent actuary in accordance with the Financial Soundness Valuation Methodology as set out in the guidelines issued by the Actuarial Society of South Africa. Under this method, the policyholders' liabilities are valued using realistic expectations of future experience with prescribed margins for prudence and deferral profit emergence.

2.10.3 Non-life reinsurance contract liabilities

The estimation of the ultimate liability arising from claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that are considered in the estimate of the liability that the Group will ultimately pay for such claims.

i) Unearned premiums

Unearned premiums represent the proportion of premiums written in the current year, which relate to risks that have not expired by the end of the financial year. The Group raises provisions for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. An unearned premium provision is created at the commencement of each insurance contract and is released as the risk covered by the contract expires. Most of the Group's insurance contracts have an even risk profile. Therefore, the unearned premiums are released evenly over the period of insurance using a time proportion basis. The unearned premiums are first determined on a gross level and thereafter the reinsurance impact is separately recognised based on the relevant reinsurance contract. Deferred acquisition costs and commission revenue is recognised on a basis that is consistent with the related provision for unearned premiums. At each reporting date an assessment is made of whether the unearned premiums are adequate. A separate provision can be made, based on information available at the reporting date, for any estimated future underwriting losses relating to unexpired risks.

ii) Outstanding claims

Outstanding claims represent the Group's estimate of the cost of settlement of claims that have occurred and were reported by the reporting date (net of salvage recoveries), but that have not yet been fully settled.

Claims provisions are determined based on previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on the interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with due regard for the specific circumstances, information available from the insured and/or loss adjuster, past experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions. The Group employs personnel experienced in claims handling and rigorously applies standardised policies and procedures to claims assessment.

The ultimate cost of reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Therefore, case estimates are reviewed regularly and updated when new information becomes available. The provision for outstanding claims is initially estimated at a gross level. A separate calculation is performed to estimate reinsurance recoveries. The calculation of reinsurance recoveries considers the type of risk underwritten, the year in which the loss claim occurred, under which reinsurance programme the recovery will be made, the size of the claim and whether the claim was an isolated incident or formed part of a catastrophe reinsurance claim.

iii) Claims incurred but not reported ("IBNR")

There is also considerable uncertainty concerning the eventual outcome of claims that have occurred but had not yet been reported to the insurer by the reporting date. The IBNRliability relates to these events. In calculating the estimated cost of unpaid claims (both reported and not reported), the Group's estimation techniques are based on the basic chain-ladder (2017: Regulatory method). The basic chain-ladder method assumes that payments for an accident year will develop in the same way as claims have for prior years and an estimate based upon actual accident years claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Insurance contract liabilities (policyholders' funds) and actuarial assumptions

The life policyholder funds, under un-matured policies, are computed at the reporting date by the Group independent actuary, in accordance with prevailing legislation, guidelines issued by the Actuarial Society of South Africa ("SAP") 104. Under this method, the insurance contract liabilities are valued using realistic expectations of future experience with prescribed margins for prudence. The insurance contract liabilities reflected in the statement of financial position represent the increase or decrease in actuarial liabilities.

The main assumptions used relate to mortality, longevity, investment returns, expenses, lapses, surrender rates and discount rates. Estimates are also made as to future investment income arising from the assets backing the life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. Assumptions on future expenses are based on current expense levels adjusted for expected expense inflation adjustments if necessary. Lapse and surrender rates depend on product features, policy duration and external circumstances such as sales trends. Discount rates are based on current expense levels adjusted for expected inflation adjustments if appropriate.

Life and health sensitivity analysis

Sensitivity analysis for life and health policyholder contract liabilities has not been disclosed as the unit is significantly small, the trends reflect unreliable wide fluctuations and there is not sufficient historical information.

2.11 Retrocession

The Group cedes reinsurance risk in the normal course of business for its reinsurance businesses to retrocessionaires.

Retrocession receivables and payables are disclosed as part of insurance trade receivables and payables respectively. Retrocession income and expenses are disclosed in profit or loss.

2.12 Revenue recognition

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Revenue recognition criteria	Group 2019 ZWL$	Group 2018 ZWL$	Group 2017 US$
Rental income from investment property	over time	16,077,614	15,853,389	2,725,893
Sale of inventory stands	at a point in time	12,966,086	11,278,962	2,403,553
Property management fees	over time	137,936	158,246	-
Property valuations	at a point in time	765,569	112,343	-
Sales commission	at a point in time	170,985	609,617	-
		30,118,190	28,012,557	5,129,446

2.13 Income

2.13.1 Insurance premium income

Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are net of any taxes or duties levied on premiums.

2.13.2 Rental income

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

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

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

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

2.13.3 Property services income

Property services income comprises income received from property-related services to other parties. The income is recognised when the related services have been provided. Property services income is generated, and revenue recognised as indicated, from the following services:

- Project management - over time;
- Property management - over time;
- Property purchases - at a point in time;
- Property sales - at a point in time; and
- Property valuations - at a point in time.

2.13.4 Sale of inventory property and stands

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

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

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

Deferred income

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

2.14 Other income

2.14.1 Dividend income

Dividend income is recognised when the Group rights to receive the payment is established, when the investee`s board of directors has declared the dividend.

2.14.2 Interest income

Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the statement of comprehensive income.

2.14.3 Fee income

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees and charges are recognised as income over the period in which the related services are performed. Actuarial and consultancy fee income is recognised on an accrual basis, based on the values of the services provided and disclosed under other income.

2.14.4 Commission income

Commission income received or receivable under reinsurance contracts for non-life insurance contracts is recognised as revenue proportionally over the period of the insurance contract.

2.14.5 Realised gains and losses

Realised gains and losses recorded in statement of comprehensive income on investments include gains and losses on financial assets at FVPL and investment properties. Gains and losses on financial assets are from financial assets at FVPL. Gains from financial assets at FVOCI are recognised through other comprehensive income and are not recycled to profit or loss on disposal. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

2.15 Insurance claims and benefits

2.15.1 Life and health reassurance

Insurance benefits and claims relating to group life assurance contracts are recognised in profit or loss based on the estimated liability for compensation owed to the contract holder. Death, disability and severe illness and surrender claims are accounted for when notified. These claims include outstanding claims and claims incurred but not reported ("IBNR"). The IBNR estimate is determined taking into account the likelihood of the claim being valid and the expected severity of the claim. The proportion to be included is estimated separately for each benefit type. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Maturity and income disability are recorded as incurred. Liabilities are held to reflect IBNR claims. The IBNR is modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.

Claims are accounted for as incurred and consist of claims paid, movement in the provision for outstanding claims and relates claims handling expenses. The provision for outstanding claims is based on estimates of the cost of settling all claims incurred but unpaid at the reporting date, whether reported or not.

2.15.2 Non-life insurance

Benefits payable under non-life insurance contracts are accounted for as incurred. Liabilities are held to reflect IBNR claims. The IBNR calculation is performed using the chain ladder approach. This allows for the historical patterns of claims payment in determining the likely future emergence of claims. The IBNR is further modified to reflect current operational conditions or known events.

2.15.3 Retrocession recoveries

Related retrocession recoveries are disclosed separately as assets in the statement of financial position and are included in recoveries from retrocessions in profit or loss.

2.16 Acquisition costs on reinsurance contracts

Acquisition costs on reinsurance and insurance contracts comprises commission and other acquisition costs over the life of the reinsurance and insurance contracts.

Commission

Commission is recognised as an expense in statement of comprehensive income when the premium is received through an intermediary or agent. The period of the commission and the commission rate differ per product depending on the product design structure. Commission is deferred in deferred acquisition costs over the duration of the contract.

Other acquisition costs

Other acquisition costs are expenses incurred to acquire reinsurance and insurance business including staff costs directly associated with obtaining business.

2.17 Leases

From 1 January 2019, the Group and company adopted a new accounting policy for Leases.

This policy introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Group assesses whether a contract is or contains a lease, at inception of contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the statement of financial position. The liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever the lease term has changed or the lease contract has been modified.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position. The Group applies IAS 36 Impairment of assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment losses.

The Group and company applies a policy on impairment of assets to determine whether the right-of-use asset is impaired and accounts for any identified impairment losses.

The new accounting standard for leases has an impact on deferred tax. Lease payments are tax deductible on a cash basis. However the tax basis of the right-of-use asset and a deductible temporary difference in relation to the lease liability.

Old accounting policy adopted prior to 1 January 2018

Prior to 1 January 2018, the Group and company adopted the previous accounting policy for leases.

Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group, as lesee, are classified as operating leases. Payments under operating leases (net of earning incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

3 INSURANCE RISK MANAGEMENT

3.1 Definition of insurance risk

Insurance risk is the risk that actual future underwriting policyholder behaviour and expense experience will differ from that assumed in measuring policyholder liabilities and assets and pricing products. Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts. This could be due to variations in mortality, morbidity, policyholder behaviour or expense experience in the case of life products, claims incidence, claim severity or expense experience in the case of short-term insurance products. These could have adverse impacts on the Group's earnings and capital if different from those assumed.

The insurance risks that the Group is exposed to that have the greatest impact on the financial position and comprehensive income are covered in more detail in section 4.6.

3.2 Ownership and accountability

The management and staff in all subsidiaries accepting insurance risk are responsible for the day-to-day identification monitoring and treatment of insurance risk. It is also management's responsibility to report any material insurance risks, risk events and issues identified to senior management through certain pre-defined escalation procedures.

The Group's Internal Audit and Risk Department provides independent oversight on compliance with the Group's risk management policies and procedures and the effectiveness of the Group's insurance risk management processes.

The Risk Committee, in place, is responsible for managing all aspects of insurance risk.
This Committee reports directly or indirectly to board committees (Audit, Risk and Compliance Committee)
The functions of the committee include:

- recommending insurance risk related policies to the Audit, Risk and Compliance Committee for approval and ensure compliance therewith.
- ensuring that insurance risk is appropriately controlled by monitoring insurance risk triggers against agreed limits and/or procedures.

- gaining assurance that material insurance risks are being monitored and that the level of risk taken is in line with the risk appetite statement at all times.
- considering any new insurance risks introduced through new product development or strategic development and how these risks should be managed.
- monitoring, ratifying and/or escalating to Audit, Risk and Compliance Committee and Reinsurance Board all material insurance risk-related breaches. Excesses highlighting the corrective action undertaken to resolve the issue.
- monitoring insurance risk capital requirements as they apply to the management of the Group and its subsidiaries' statements of financial position; and
- approving the reinsurance, underwriting and claim management strategies and oversee the implementation of those strategies.

The statutory actuaries provide oversight on the long-term insurance risks undertaken by the Group in that they are required to:

- report at least annually on the financial soundness of the reassurance division within the Group.
- oversee the setting of assumptions used to provide best estimate liabilities plus compulsory and discretionary margins (as described in the accounting policies) in accordance with the assumption setting policy; and
- report on the actuarial soundness of premium rates in use for new business and on the profitability of the business taking into consideration the reasonable benefit expectations of policyholders and the associated insurance and market risks.

3.3 Risk identification, assessment, measurement and management

Risk management takes place prior to the acceptance of risks through the product development, underwriting, pricing and claims assessment process and at the point of sale. Risks continue to be managed through the measurement, monitoring and treatment of risks once the risks are contracted.

3.3.1 Risk management through product development, pricing and at the point of sale

The product development and pricing process defines the terms and conditions on which the Group is willing to accept risks. Once a policy has been sold, the Group takes on risk for the duration of the contract and the Group cannot unilaterally change the terms and conditions of the policy except where the policy allows for rate reviews. It is for these reasons that risks need to be carefully assessed and appropriately mitigated before a product is launched and before new policies are accepted onto the Group's statement of financial position. In order to manage these risks, new products need to comply with the Group's minimum risk acceptance criteria.

The product development and approval process ensures that:

- risks inherent in new products are identified and quantified;
- sensitivity tests are performed to enhance understanding of the risks and appropriateness of mitigating actions;
- pricing is adequate for the risk undertaken;
- product design takes account of various factors including size and timing of fees and charges, appropriate levels of minimum premiums, commission structures and policy terms and conditions;
- the Group makes use of reinsurance or retrocession to reduce its exposures to some insurance risks;
- customer needs and expectations will be met by the product; and
- post implementation reviews are performed to ensure that intended outcomes are realised and to determine if any further action is required.

3.3.2 Risk management post-implementation of products and of in-force policies

The ongoing management of insurance risk, once the risk has been contracted, includes the management of costs, premium adjustments where permitted and appropriate, management strategies and training of cedants to encourage customers to retain their policies, and careful follow up on disability claims , default claim and early death claims.

Further, experience investigations are conducted at least annually on all significant insurance risks to ascertain the extent of deviations from assumptions and their financial impacts. If the investigations indicate that these deviations are likely to persist in future, the assumptions will be adjusted accordingly for the subsequent measurement of policyholder liabilities and assets. Furthermore, any deviations that are likely to persist are also used to inform the product development and pricing of new existing products.

Insurance risks are assessed and reviewed against the Group's risk appetite and risk target. Mitigating action are developed for any risks that fall outside of management's assessment of risk appetite in order to reduce the level of risk to within the approved tolerance limits.

Embedded value sensitivities for insurance risks are also prepared for internal use and reporting to analysts.

3.4 Reporting

Each relevant customer facing unit prepares monthly and quarterly reports that include information on insurance risk. The reports are presented to the relevant customer facing unit executive committees and relevant risk committees for review and discussion. Major insurance risks are incorporated into a report of the internal audit on the Group's overall risk which is submitted to the Group Audit Committee. Where it is deemed necessary, material insurance risk exposures are escalated to the board.

In respect of insurance risks, the reports contain the results of experience investigations conducted along with other indicators of actual experience. These reports also raise any issues identified and track the effectiveness of any mitigation plans put in place.

3.5 Policyholder behaviour risk

This is the risk of adverse financial impact caused by actual policyholders' behaviour deviating from expected policyholders' behaviour, mainly due to:

- regulatory and legislative changes (including taxation);
- changes in economic conditions;
- sales practices;
- competitor behaviour;
- policy conditions and practices; and
- policyholders' perceptions.

The primary policyholder behaviour risk is persistency risk. This generally arises when policyholders discontinue or reduce contributions or terminate their policies at a rate that is not in line with expectations. This behaviour results in a loss of future premiums that are designed to recoup expenses and commission incurred early in the life of the contract and to provide a profit margin or return on capital. A decrease in persistency generally gives rise to a loss, as the loss of these future charges generally exceeds the charges that the Group applies to the policyholder benefits in these events. However, with certain products the general principle does not always apply.

In the measurement of policyholder liabilities and assets, margins as described in the accounting policies are added to the best estimate withdrawal rates. In addition, an allowance is made for the withdrawal risk in the Technical Capital Adequacy Requirement ("TCAR") and Oridnary Capital Adequacy Requirement ("OCAR") calculations, with the TCAR providing a capital requirement underpin of meeting the surrender benefits on all policies where this is onerous.

In the calculation of economic capital requirements, allowance is made for the following risks in respect of policyholder behaviour:

- The risk that the actual level of withdrawals is different from expected; and
- The risk of withdrawal catastrophe to capture a run-on-a-bank type of scenario.

3.6 Underwriting risks

The primary purpose of underwriting is to ensure that an appropriate premium is charged for each risk and that cover is not offered to uninsurable risks. Underwriting risks are the risks that future demographic or claims incidence experience will exceed the allowance for expected demographic or claims incidence experience, as determined through provisions, pricing, risk measures and value measures. Underwriting risks include, amongst others, mortality and morbidity risks, longevity risks and non-life (short-term insurance) risks.

3.6.1 Mortality and morbidity risk

Mortality risk is the risk of adverse financial impact due to actual mortality (death) claims being higher than anticipated.
Morbidity risk is the risk of adverse financial impact due to policyholder health related (disablement and dread disease) claims being higher than expected.
The Group has the following processes and procedures in place to manage mortality and morbidity risk.

a) Pricing

Premium rates are differentiated by factors which historical experience has shown are significant determinants of mortality and morbidity claims experience.

Prior to taking on individual risk policies, appropriate underwriting processes are conducted, such as medical tests, which influence pricing on the policy prior to acceptance.

The actual claims, experience or monitored on a monthly basis so that deteriorating experience can be timeously identified. Product pricing and the measurement of the liabilities are changed if the deteriorating experience is expected to continue and cannot be mitigated. Detailed mortality and morbidity investigations are conducted on a bi-annual basis for key products.

Allowance for HIV related deaths is made in product pricing and in the measurement of policyholder liabilities and assets.

b) Terms and conditions

The terms and conditions contain exclusions for non-standard and unpredictable risks that may result in severe financial loss (e.g. on life policies, a suicide exclusion applies to the sum assured for death within two years from the date of issue). terms are built into the policy contracts that permit risk premiums to be reviewed on expiry of a guarantee period. In particular:

- for institutional risk business, the risk premiums are reviewable annually; and
- for non-Zimbabwean business, similar terms exist.

c) Underwriting

Underwriting guidelines concerning authority limits and procedures to be followed are in place. All individual business applications for risk cover are underwritten except for some policies with smaller sums assured where specific allowance for no underwriting has been made in the product design and pricing. For other smaller sums assured, the underwriting process is largely automated. For individual and institutional business, larger sums assured in excess of specified limits are reviewed by experienced underwriters and evaluated against established processes. For institutional risk business, these specified limits are scheme specific based on the size of the scheme, membership, average age, gender distribution, industry and distribution of sums assured. Since applications on institutional business below the specified limits are not medically underwritten, very few lives are medically tested. However, the annually reviewable terms on institutional business enable premiums to keep pace with emerging claims experience.

Specific testing for HIV and other medicals is carried out based on the assessment of the risk.

Part of the underwriting process involves assessing the current health conditions and family medical history of applicants. Terms and conditions are varied accordingly.

Non-standard risk, such as hazardous pursuits and medical conditions, are assessed at underwriting stage.
Financial underwriting is used where necessary to determine insurable interest.

The non-life insurance risks are sensitive to certain assumptions. The table below shows the qualitative sensitivity of certain triggers related to insurance business:

Risk triggers	General effect on insurance market	Effect on the Group
1. Many cedants and competition in the domiciled market	Undercutting premium rates	Lower premiums, increase in claims ration, lower profits
	Underwriting bad business	Increase in claims, increase in bad debts, lower profits
2. Weakening local currency	Underinsurance of cedants	Increase in claim ratios on partial claims, lower profit
3. Lack of foreign currency and strict exchange controls in local markets.	Inability to discharge external claims and retrocessions	Lower premiums and risk spread, increase in claims ration, lower profits
	Substandard construction and risk management practices	Increased fire and engineering risk, increase in claims, lower profits
4. Weak risk practices of cedants and underlying clients	Having insurance as the only effective risk management item	Increase in claims, lower profit

d) Claims management

For mortality, claims are validated against policy terms and conditions. Early claims within a period of 1 year for non-accidental claims are assessed for non-disclosure of material facts and investigations carried out to deter fraud.

For morbidity, experienced claims assessors determine the merits of the claim in relation to the policy terms and conditions.

e) Reinsurance

Reinsurance is used by the Group to reduce exposure to a particular line of business, a particular individual, a single event, and to benefit from the management support services and technical expertise offered to reinsurers.

The Group has a centralised reinsurance function that works closely with subsidiaries to optimise and monitor reinsurance at Group level to ensure consistent governance and execution of the Group's reinsurance strategy.

Regular reviews, which consider risk appetite, are conducted on reinsurance arrangements for new business. The levels of reinsurance purchased for new business written in 2019 were broadly similar to those in the previous years. Given that large proportions of the Group's business is long term individual risk business, where the proportion of the risk that is reinsured is fixed for life at the inception of the policy, the Group's overall reinsurance result is heavily influenced by historic reinsurance arrangements. In some instances where underlying policyholder benefits are annually renewable, for example institutional business.

Existing reinsurance arrangements include proportional reinsurance (quota share and surplus type arrangements) on both a treaty and facultative basis and catastrophe reinsurance which is renewed annually.

Catastrophe reinsurance is consolidated across subsidiaries and is in place to reduce the risk of many claims arising from the same event. Various events are excluded from the catastrophe reinsurance (e.g. epidemics and radioactive contamination).

3.7 Non-life reinsurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual payments made. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting guidelines, as well as the use of reinsurance arrangements. The Group purchases reinsurance as part of its risks transfer programme.

Reinsurance ceded is placed on both a proportional and non–proportional basis. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Risk management is very vital starting from pre-risk acceptance where some large risks or business perceived risky is surveyed and improvement recommendations passed before cover commences. Selected running risks are also surveyed for risk improvement and mitigating chances and severity of losses. Risk management is thus filtered into the whole underwriting process to manage the portfolio. Furthermore, firm claim management policies to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events. The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management.

Underwriting strategy

Concentration of insurance risk and policies mitigating the concentrations within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's resources. The Group monitors the concentration risk by class of business and geographical spread.

Types of contracts	
Fire	provide indemnity for loss or damage to property caused by perils such as fire, lightning, explosion, earthquakes, floods and malicious damage.
Accident	provide indemnity for third party bodily injury, property damage, professional indemnity, group personal accident and legal expenses.
Motor	provide indemnity for loss or damage to the insured motor vehicle.
Engineering	provide indemnity for losses sustained through use of machinery and equipment or erection of buildings or structures.
Marine	provide indemnity for cargo, hull and third-party bodily injury or property damage classes of business
Agriculture	provide indemnity for loss of income crop damage due to hail, floods, pests and fire
Aviation	provide indemnity for cargo, hull and third-party bodily injury or property damage classes of business

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: once–off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

3.8 Sensitivities

The analysis below is performed for reasonably possible movements in the principal assumption (10% of net premium written) with all other variables held constant, showing the impact on the reported value, profit before income tax and equity of the movement in incurred but not reported ("IBNR") claims. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in the assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The IBNR development has been modelled from past experience. The impact on the profit and equity assumed a change in the actual development holding other variables constant.

	INFLATION ADJUSTED			
Assumption	Change in assumption %	Change in reported value ZWL$	Profit before income tax ZWL$	Change in equity ZWL$
December 2019				
Increase in IBNR	10%	1,840,006	(1,375,405)	(1,375,405)
Decrease in IBNR	-10%	(1,840,006)	1,375,405	1,375,405
December 2018				
Increase in IBNR	10%	1,746,587	(1,305,574)	(1,305,574)
Decrease in IBNR	-10%	(1,746,587)	1,305,574	1,305,574
December 2017				
Increase in IBNR	10%	18,594	(15,991)	(15,991)
Decrease in IBNR	-10%	(18,594)	15,991	15,991

Exposure relating to catastrophe events

The Group sets out the total aggregate exposure that it is prepared to accept in Zimbabwe and the region to a range of events such as natural catastrophes. The aggregate position is reviewed annually. The Group's policies for mitigating catastrophe risk exposure include the use of both proportional and excess of loss treaty. In the event of major catastrophe the net retained loss is ZWL$2,500,000 (2018 : ZWL$100,000) which is made up of a gross loss of ZWL$375,000,000 (2018: ZWL$15,000,000) and retrocession of ZWL$372,500,000 (2018:ZWL$14,900,000). This is based on the Group's risk appetite as determined by the level of capital. The Group has a retrocession programme in place with various reinsurers to cushion it in the event of a catastrophe.

3.9 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, trade and other receivables and financial assets at amortised cost.

Credit risk analysis

The maximum exposure to credit risk by class of financial asset is set out below:

	INFLATION ADJUSTED				
Group	30 days ZWL	60 days ZWL	90 days ZWL	120 days ZWL	Total ZWL
As at 31 December 2019					
Trade and other receivables:					
- reinsurance receivables	70 886 396	45 421 173	19 776 823	41 403 176	177 487 568
- rental receivables	2 284 696	338 357	89 470	59 222	2 771 745
- debtors for inventory sales	4 485 035	-	-	-	4 485 035
Financial assets at amortised cost	30 871 601	-	-	-	30 871 601
Cash and cash equivalents	91 361 193	-	-	-	91 361 193
Total	**199 888 921**	**45 759 530**	**19 866 293**	**41 462 398**	**306 977 142**
As at 31 December 2018					
Trade and other receivables:					
- reinsurance receivables	51 845 846	6 221 631	12 356 736	9 587 533	80 011 746
- rental receivables	5 234 082	2 289 909	1 362 822	469 487	9 356 300
- debtors for inventory sales	5 810 619	-	-	-	5 810 619
Financial assets at amortised cost	39 549 397	-	-	-	39 549 397
Cash and cash equivalents	60 791 897	-	-	-	60 791 897
Total	**163 231 841**	**8 511 540**	**13 719 558**	**10 057 020**	**195 519 959**
As at 31 December 2017	**USD**	**USD**	**USD**	**USD**	**USD**
Trade and other receivables:					
- reinsurance receivables	4 276 331	1 361 271	1 104 426	2 720 256	9 437 284
- rental receivables	160 451	191 562	214 856	236 073	802 942
- debtors for inventory sales	1 847 411	-	-	-	1 847 411
Financial assets at amortised cost	6 247 868	-	-	-	6 247 868
Cash and cash equivalents	24 417 087	-	-	-	24 417 087
Total	**36 949 148**	**1 527 833**	**1 319 282**	**2 956 329**	**42 752 592**

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

3.9.1 Cash and cash equivalents

The Group has a credit policy that establishes counterparty trading limits for each banking institution that the Group trades with. These counter party limits are reviewed at least quarterly and submitted to the Group Finance and Investments Committee for approval. In this process the financial results of the banking institutions which are published semi-annually, are reviewed and together with other qualitative factors that may be noted. The limits worked out are proposed to the Group Finance and Investments Committee for approval.

The Group only trades with and receives service from banking institutions that meet regulatory requirements.
Key considerations in the review of limits and security requirements: include

- compliance with minimum capital requirements set by the central banks in the various jurisdiction in which the Group operates,
- conformance with the minimum rating as set out in the periodic capital adequacy, asset quality, management, earnings liquidity and sensitivity ratings,
- total shareholder equity,
- total assets,
- ratios such as loan to deposit ratios and non-performing loans ("NPLs"),
- overall profitability and cash generation,
- historical performance and outlook, and
- ability of the bank to provide collateral security

The Group further considers the following information in determining the trading limits:

- other qualitative factors covered under the rating system; and
- qualitative factors include additional opinion formed through market intelligence on the financial institution, shareholder profile, management and segment of market being served.

Approved collateral security instruments are as follows:

- treasury bills; or
- bankers acceptances.

The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings by the Global Credit Rating Company:

	INFLATION ADJUSTED		
Group	**2019 ZWL$**	**2018 ZWL$**	**2017 US$**
Credit rating:			
AA+	46,733,088	9,677,060	3,888,364
AA-	605,901	1,377,263	553,402
A+	383,376	13,846,192	5,563,576
A	27,974,780	10,341,438	4,155,321
BBB+	8,509,669	410,894	165,103
BBB-	775,912	61,668	24,780
BB+	2,712,200	10,533,116	4,232,338
BB-	-	3,828,052	1,538,159
B+	3,666,267	10,716,213	4,301,785
	91,361,193	60,791,897	24,422,828

Definition of ratings:	Description
AA+ AA-	Has very strong financial security characteristics.
A+ A-	Has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than banks with higher ratings.
BBB+ BBB-	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than banks with higher ratings.
BB+ BB- B+	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than banks with higher ratings. Possessing substantial risk that obligations will not be paid when due.

Impairment of financial assets

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

- trade receivables for insurance premiums, sales of inventory and from rentals
- other receivables
- debt investments carried at amortised cost

While cash and cash equivalents are also subject to the impairment requirements of the new accounting policy, the identified impairment loss was immaterial.

Trade receivables for insurance premiums, sales of inventory

The Group applies both the new accounting policy for financial assets and liabilities simplified approach and the general approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics.

The expected loss rates are based on the payment profiles of income over a period of 5 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Group identifies the inflation rate, interest rates, expected changes in legislation in countries in which it operates and expected changes in the Group policy and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for both trade receivables and contract assets.

Group	INFLATION ADJUSTED					
Receivables for insurance premiums:	Current	31 - 60 days	61 - 120 days	121 - 180 days	More than 180 days	Total
As at 31 December 2019	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Default rate (%)	3%	5%	24%	37%	67%	
Gross carrying amount (ZWL)	70 886 396	45 421 173	19 776 823	17 951 973	23 451 203	177 487 568
Credit loss allowance (ZWL)	2 208 017	2 100 341	4 656 327	6 712 242	15 599 275	31 276 202
As at 31 December 2018						
Default rate (%)	6%	6%	9%	10%	70%	
Gross carrying amount (ZWL)	8 966 873	23 065 114	4 938 186	9 905 024	33 136 549	80 011 746
Credit loss allowance (ZWL)	538 012	1 332 535	453 972	998 958	13 449 121	16 772 598

Group Receivables from rentals: As at 31 December 2019	INFLATION ADJUSTED Current ZWL	 31 - 60 days ZWL	 61 - 120 days ZWL	 121 - 180 days ZWL	 More than 180 days ZWL	 Total ZWL
Default rate (%)	7%	14%	14%	35%	96%	
Gross carrying amount (ZWL)	1 085 890	486 186	240 905	84 229	874 535	2 771 745
Credit loss allowance (ZWL)	72 581	66 416	32 687	29 171	838 091	1 038 946
As at 31 December 2018						
Default rate (%)	8%	19%	36%	55%	95%	
Gross carrying amount (ZWL)	959 361	574 314	455 804	386 462	6 980 360	9 356 301
Credit loss allowance (ZWL)	70 678	110 910	88 034	211 163	6 656 746	7 137 531

3.9.2 Trade receivables for sales of inventory

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

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

All of the Group's trade receivables and contract assets at amortised cost have not shown signs of deterioration of credit quality, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The credit risk of the investments is considered to have increased significantly if there have been missed contractual payments for a period of greater than 30 days.

Other receivables

Other receivables comprise receivables from disposal of investment in equity instruments, staff loans and sundry receivables. No "impairment allowance has been recognised on equity instruments and sundry receivables as the identified credit loss allowance was" immaterial.

The Group uses the simplified approach to determine expected credit loss allowance for staff loans that are short term and the general approach for staff loans exceeding twelve months.

Debt investments at amortised cost

All of the Group's debt investments at amortised cost are considered to have low credit risk, and the loss allowance was therefore limited to 12 months' expected losses.

These are investments in prescribed assets with a long tenure, issued by both government and private entities. The assets pay fixed interest coupons at half yearly or quarterly intervals. The principal amount is settled on maturity of the investment. There has been no indication of a lack of capacity by the counterparties to settle the coupons and principal amounts as they fall due, particularly because of their prescribed asset status. As such, probability of default is estimated to approximate zero. No impairment allowance has been recognised on these instruments.

The financial assets as at 31 December 2019 were held as follows:

GROUP	INFLATION ADJUSTED 2019 ZWL$	2018 ZWL$	2017 US$
Issued by the Government:			
-Bonds	6,181,128	8,238,265	1,822,502
-Treasury bills	3,552,656	5,426,374	3,772,241
Issued by other financial institutions, rated:			
BB-	18,175,301	17,630,992	606,261
Unrated	2,962,516	8,253,766	46,684
	30,871,601	39,549,397	6,247,868

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

During preparation of the financial statements of the Group, management makes judgements and estimates that affect reported amounts, of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. The uncertainty about the judgements and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

4.1 Judgements other than estimates

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

4.1.1 Taxes

The Group is subject to income and capital gains taxes in Botswana, Malawi, Mozambique, Zambia and Zimbabwe. Significant judgement is required to determine the charge for current income and deferred taxes.

There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. In particular, when calculating deferred tax, the effective tax rate applicable on the temporary differences on investment property depends on the method by which the carrying amount of investment property will be realised. Management has rebutted the presumption that the investment property measured at fair value will be recovered through sale. Management has rebutted the presumption as the objective of its business model is to consume substantially all of the economic benefits embodied in the investment property over time rather than through sale. As a result, the Group will apply the income tax rate of 24.72% (2018: 25.75%) for the purpose of recognising deferred tax for its investment property with the exception of land. The Group will recover the carrying amount of land recognised as investment property through sale and in that respect, the capital gains tax rate is used to determine deferred tax.

4.2 Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group.

Such changes are reflected in the assumptions when they occur.

4.2.1 Incurred but not reported claims

The provision for incurred but not reported claims represents an estimate of claims incurred before the reporting date but that are only reported subsequent to year end.

4.2.2 Insurance contract liabilities (policyholders' funds) and actuarial assumptions.

The life policyholder funds, under un-matured policies, are computed at the reporting date by the Group's independent actuary, in accordance with prevailing legislation, guidelines issued by the Actuarial Society of South Africa ("SAP") 104. Under this method, the insurance contract liabilities are valued using realistic expectations of future experience with prescribed margins for prudence. The insurance contract liabilities reflected in the statement of financial position represent the increase or decrease in actuarial liabilities, calculated using the Financial Soundness Valuation method.

The main assumptions used relate to mortality, longevity, investment returns, expenses, lapses, surrender rates and discount rates. Estimates are also made as to future investment income arising from the assets backing the life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. Assumptions on future expenses are based on current expense levels adjusted for expected expense inflation adjustments if necessary. Lapse and surrender rates depend on product features, policy duration and external circumstances such as sales trends. Discount rates are based on current expense levels adjusted for expected inflation adjustments if appropriate.

Life and health sensitivity analysis

Sensitivity analysis for life and health policyholder contract liabilities has not been disclosed as the unit is significantly small, the trends reflect unreliable wide fluctuations and there is not sufficient historical information.

4.2.3 Fair value

The Group measures financial assets such as quoted and unquoted investments and non-financial assets such as investment property at fair value at reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.
  The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

Determination of fair value and fair value hierarchy

Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. These two types pf inputs have created the following fair value hierarchy.

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities. The level includes listed equity securities traded on active markets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, directly (that is, as prices) or indirectly (that is derived from prices).

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	ZWL	ZWL	ZWL	ZWL
As at 31 December 2019				
Financial assets at fair value through profit or loss	24 276 610	-	-	24 276 610
Financial assets at fair value through other comprehensive income	-	-	78 046 090	78 046 090
Total	**24 276 610**	**-**	**78 046 090**	**102 322 700**
As at 31 December 2018				
Financial assets at fair value through profit or loss	39 222 232	-	-	39 222 232
Financial assets at fair value through other comprehensive income	-	-	32 185 496	32 185 496
Total	**39 222 232**	**-**	**32 185 496**	**71 407 728**
As at 31 December 2017	**USD**	**USD**	**USD**	**USD**
Financial assets at fair value through profit or loss	975 534	-	-	975 534
Financial assets at fair value through other comprehensive income	-	-	-	-
Total	**975 534**	**-**	**-**	**975 534**

4.2.4 Valuation technique for financial assets measured at fair value

Listed equity investments valuation

Level 1 is made up of the Group's investments in equities securities listed on the Zimbabwe Stock Exchange or the Zambian Stock Exchange.

Unlisted equity investments valuation

Valuation technique

The Group used the relative valuation technique to value unlisted equities. Under this models, various value indicators of publicly traded stocks are used as comparatives for companies in the same industry. The Relative Valuation Approach considers discounted cash flow valuation too intricate to establish, arguing that medium and long-range earnings projections are too intricate to make accurately and that the discount rates used are always controversial. Instead, various valuation parameters of publicly traded stocks such as Price to Book Ratios ("PBV"), Relative Market Capitalization can be used as comparatives for companies in the same industry. The PBV so "obtained is then applied to the book value of equity to arrive at an implied value. These methods have also been considered for the" valuation of the insurance companies.

Valuation process

The Group engaged an independent consultant to assist management to determine the fair values of the unlisted equities at each reporting date

Management provides the independent consultant with prior periods' audited financial statements, future projected cash flows and other non-financial strategic information and they perform the following:

- determine return on equity using the earnings and equity;
- normalise return on equity for forecast periods;
- calculate the predicted Price/Book Value based on a regression model, by considering other publicly tradable reinsurance businesses within the region's PBV ratios; and
- apply the regressed Price to Book Ratio to the firm's equity to determine the
- price."

As part of the engagement, the independent consultant provides the determined valuations for discussions.

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value. The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following table summarises the fair value of assets and liabilities not measured at fair value on the entity's statement of financial position.

Group	**2019**	**2019**	**2018**	**2018**
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
	ZWL	**ZWL**	**ZWL**	**ZWL**
Financial assets				
Financial assets at amortised cost	30 871 601	30 871 601	39 549 397	39 549 397
Trade and other receivables (excluding prepayments and statutory receivables)	178 646 856	178 646 856	112 001 688	112 001 688
Cash and cash equivalents	91 440 449	91 440 449	60 826 365	60 826 365
	300 958 906	**300 958 906**	**212 377 450**	**212 377 450**

Group	**2017**	**2017**
	Carrying value	**Fair value**
	USD	**USD**
Financial assets		
Financial assets at amortised cost	6 247 868	6 247 868
Trade and other receivables (excluding prepayments)	5 714 293	5 714 293
Life reassurance contract asset	569 900	569 900
Cash and cash equivalents	24 417 087	24 417 087

The carrying amount of trade and other receivables and financial assets at amortised cost closely approximates its fair value as the instruments are short term in nature.

Group	2019 Carrying value ZWL	2019 Fair value ZWL	2018 Carrying value ZWL	2018 Fair value ZWL
Financial liabilities				
Short term insurance contract liabilities	123 566 461	123 566 461	88 079 667	88 079 667
Life reassurance contract liabilities	6 486 500	6 486 500	12 606 556	12 606 556
Borrowings	14 454 883	14 454 883	24 711 761	24 711 761
Lease liabilities	5 281 509	5 281 509	-	-
Trade and other payables (excluding provisions and statutory payables)	187 077 093	187 077 093	95 039 852	95 039 852
	336 866 446	**336 866 446**	**220 437 836**	**220 437 836**

Group	2017 Carrying value USD	2017 Fair value USD
Financial liabilities		
Short term insurance contract liabilities	14 209 440	14 209 440
Life reassurance contract liabilities	823 675	823 675
Borrowings	1 799 463	1 799 463
Lease liabilities	10 961 948	10 961 948
Trade and other payables	13 626 357	13 626 357
	41 420 883	**41 420 883**

The carrying amounts of financial liabilities carried at amortised cost closely approximates their fair values. The impact of discounting is not significant due to the market terms (rates and tenor) available.

4.2.5 Fair value of investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in the statement of comprehensive income. The approach mostly used on commercial and industrial properties is the comparative approach. This method seeks to ascribe the subject property a value similar to that achieved for comparable properties. Another method is the yield method which converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and the application of investor yield or return requirements.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term void rate.

Valuation approach

The property valuations have been undertaken in an environment of poor liquidity conditions and limited transaction evidence. In undertaking the valuations for commercial, industrial and retail properties, reliance has been placed on rental market evidence, void rates and arrears currently applying to the individual properties in the portfolio. The achieved rentals for the portfolio are generally in line and in some instances higher than the rental rates being achieved in the market. With regards to the residential properties, various properties were identified that were sold or which are on sale and situated in comparable residential suburbs. In analysing the comparable properties, the main space equivalent ("MSE") principle was applied. The total MSE of the comparable property was then used to determine a value per square metre of MSE. The objective is to arrive at a common basis of comparison. After adjustments for quality, location and size, the rates per MSE reflected by the comparable were then applied to the subject residential properties. The yields, have been obtained from the limited concluded transactions and have also been assessed taking into account asking prices and offers that may have been received for properties currently on the market, formally or otherwise, although the transactions may not have been concluded.

4.2.6 Useful lives and residual values of property and equipment

The Group assesses the useful lives and residual values of property and equipment each year taking to consideration past experience, technology changes and the local operating environment. No changes to the useful lives and residual values have been considered necessary during the year.

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

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

4.2.8 Trade and other receivables

- The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.
- To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.
- The expected loss rates are based on the payment profiles of income over a period of 5 years and the corresponding historical credit a losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Group has identified inflation rate and expected changes in legislation to customers to enforce cash before cover of the countries in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for both trade receivables and contract assets.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

All of the Group's trade receivables and contact assets at amortised cost have not shown signs of deterioration of credit quality, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The credit risk of the investments is considered to have increased significantly if there have been missed payments of principal and/or interest during the period of investment.

5 SEGMENT INFORMATION

5.1 Information about products and services

2019	Non-life reinsurance ZWL	Life reassurance ZWL	General insurance ZWL	Property ZWL	Other and eliminations ZWL	Total ZWL
	INFLATION ADJUSTED					
Gross written premium	471 976 465	27 931 996	29 873 558	-	(33 273 967)	496 508 052
Retrocession premium	(168 233 866)	(6 554 011)	(21 736 456)	-	33 273 967	(163 250 366)
Net premium written	303 742 599	21 377 985	8 137 102	-	-	333 257 686
Change in unearned premium reserve	(13 091 354)	-	(635 381)	-	-	(13 726 735)
Net premium earned	**290 651 245**	**21 377 985**	**7 501 721**	**-**	**-**	**319 530 951**
Brokerage commission and fees	40 533 939	5 052 072	5 685 873	-	(10 091 004)	41 180 880
Total insurance income	**331 185 184**	**26 430 057**	**13 187 594**	**-**	**(10 091 004)**	**360 711 831**
Rental income from investment property and income from sale of inventory property	1 209 137	-	123 556	26 417 196	-	27 749 889
Investment income	8 726 237	627 588	218 094	636 924	655 448	10 864 291
Other losses	(17 260 118)	4 566 853	3 102 705	11 526 218	(17 344 000)	(15 408 342)
Total income	**323 860 440**	**31 624 498**	**16 631 949**	**38 580 338**	**(26 779 556)**	**383 917 670**
Claims and expenses	**(352 955 539)**	**(26 653 717)**	**(15 373 433)**	**(20 847 967)**	**(6 119 181)**	**(421 949 837)**
Insurance benefits and claims	(117 072 038)	(13 299 117)	(1 922 641)	-	-	(132 293 796)
Commission and acquisition expenses	(120 259 585)	(6 246 923)	(6 623 668)	-	10 091 004	(123 039 172)
Net property operating costs	-	-	-	(4 822 814)	-	(4 822 814)
Operating and administrative expenses	(115 623 916)	(7 107 676)	(6 827 124)	(16 025 153)	(16 210 185)	(161 794 055)
Operating (loss)/profit	**(29 095 099)**	**4 970 780**	**1 258 516**	**17 732 371**	**(32 898 737)**	**(38 032 167)**

2018	Non-life reinsurance ZWL	Life reassurance ZWL	General insurance ZWL	Property ZWL	Other and eliminations ZWL	Total ZWL
	INFLATION ADJUSTED					
Gross written premium	218 970 439	29 245 380	22 756 718	-	(27 032 203)	243 940 334
Retrocession premium	(74 019 396)	(3 220 683)	(16 171 912)	-	27 032 203	(66 379 788)
Net premium written	144 951 043	26 024 697	6 584 805	-	-	177 560 546
Change in unearned premium reserve	(11 183 013)	-	1 769 924	-	-	(9 413 089)
Net premium earned	**133 768 030**	**26 024 697**	**8 354 729**	**-**	**-**	**168 147 457**
Brokerage commission and fees	18 402 038	752 806	4 414 351	-	(8 514 103)	15 055 091
Total insurance income	**152 170 068**	**26 777 503**	**12 769 080**	**-**	**(8 514 103)**	**183 202 548**
Rental income from investment property and net Income from sale of inventory property	375 462	-	221 882	19 651 852	-	20 249 196
Investment income	5 003 064	2 254 594	450 368	2 264 710	191 715	10 164 451
Other income	(10 389 700)	995 305	3 659 879	187 499	37 787 352	32 240 335
Total income	**147 158 894**	**30 027 403**	**17 101 210**	**22 104 061**	**29 464 963**	**245 856 531**
Claims and expenses	(162 939 855)	(6 548 522)	(13 927 514)	(24 656 958)	(3 313 692)	(211 386 542)
Insurance benefits and claims	(48 116 613)	9 508 183	(2 554 459)	-	-	(41 162 889)
Commission and acquisition expenses	(51 720 054)	(9 318 448)	(4 082 894)	-	8 514 103	(56 607 293)
Net property operating costs	-	-	-	(7 086 642)	-	(7 086 642)
Operating and administrative expenses	(63 103 189)	(6 738 257)	(7 290 161)	(17 570 316)	(11 827 795)	(106 529 718)
Operating (loss)/profit	**(15 780 962)**	**23 478 881**	**3 173 696**	**(2 552 897)**	**26 151 271**	**34 469 989**

2017	Non-life reinsurance USD	Life reassurance USD	General insurance USD	Property USD	Other and eliminations USD	Total USD
			HISTORICAL COST			
Gross premium	25 558 128	3 754 417	2 371 659	-	(3 995 753)	27 688 451
Retrocession premium	(8 264 551)	(492 569)	(1 196 911)	-	3 282 652	(6 671 379)
Net premium written	17 293 577	3 261 848	1 174 748	-	(713 101)	21 017 072
Change in unearned premium provision	1 277 078	-	73 880	-	(169 947)	1 181 011
Net premium earned	**18 570 655**	**3 261 848**	**1 248 628**	**-**	**(883 048)**	**22 198 083**
Brokerage fees and commission	2 304 234	106 381	293 232	-	(874 182)	1 829 665
Total insurance income	**20 874 889**	**3 368 229**	**1 541 860**	**-**	**(1 757 230)**	**24 027 748**
Rental income and sale of inventory	16 159	-	18 042	5 185 667	(90 422)	5 129 446
Investment and other income	4 005 223	453 945	193 707	1 588 581	970 365	7 211 821
Total revenue	**24 896 271**	**3 822 174**	**1 753 609**	**6 774 248**	**(877 287)**	**36 369 015**
Claims and expenses	**(20 750 784)**	**(3 464 602)**	**(1 825 373)**	**(4 674 623)**	**8 027**	**(30 707 355)**
Net benefits and claims	(5 972 920)	(1 710 234)	(551 699)	-	230 536	(8 004 317)
Commission and acquisition expenses	(7 172 247)	(963 913)	(275 237)	-	982 819	(7 428 578)
Other operating and administrative expenses	(7 605 617)	(790 455)	(998 437)	(4 674 623)	(1 205 328)	(15 274 460)
Operating (loss)/profit	**4 145 487**	**357 572**	**(71 764)**	**2 099 625**	**(869 260)**	**5 661 660**

5.2 Geographical information

Information below shows operating results in the countries in which the Group operates

2019	Botswana ZWL	Malawi ZWL	Mozambique ZWL	Zambia ZWL	Zimbabwe ZWL	Eliminations ZWL	Total ZWL
			INFLATION ADJUSTED				
Gross premium	30 320 998	135 053 715	106 840 717	46 928 528	210 638 062	(33 273 967)	496 508 052
Retrocession premium	(13 286 983)	(58 444 235)	(56 499 570)	(18 601 217)	(49 692 328)	33 273 967	(163 250 366)
Net premium written	17 034 015	76 609 480	50 341 147	28 327 310	160 945 734	-	333 257 686
Change in unearned premium provision	(1 199 422)	(962 906)	836 363	912 132	(13 312 902)	-	(13 726 735)
Net premium earned	**15 834 593**	**75 646 574**	**51 177 510**	**29 239 442**	**147 632 832**	**-**	**319 530 952**
Brokerage fees and commission	4 564 790	10 327 930	15 578 332	5 555 755	15 245 076	(10 091 003)	41 180 880
Total insurance revenue	**20 399 383**	**85 974 504**	**66 755 842**	**34 795 198**	**162 877 908**	**(10 091 003)**	**360 711 832**
Rental revenue and net income from sale of inventory property	-	678 407	530 730	-	26 540 752	-	27 749 889
Investment income	498 551	1 888 513	2 357 752	2 489 974	3 482 548	146 951	10 864 291
Other income	665 434	814 042	11 510 333	2 443 375	(31 206 897)	365 371	(15 408 342)
Total income	**21 563 368**	**89 355 467**	**81 154 657**	**39 728 547**	**161 694 312**	**(9 578 681)**	**383 917 669**
Total claims and expenses	**(19 446 317)**	**(82 846 646)**	**(74 176 196)**	**(51 514 112)**	**(186 872 860)**	**(7 093 706)**	**(421 949 838)**
Net benefits and claims	(5 513 849)	(24 659 990)	(17 188 466)	(14 672 050)	(70 259 442)	-	(132 293 798)
Commission and acquisition expenses	(8 440 779)	(27 037 481)	(27 343 970)	(15 184 302)	(55 123 645)	10 091 003	(123 039 173)
Net property operating costs	-	-	-	-	**(4 822 814)**	-	**(4 822 814)**
Operating and administrative expenses	(5 491 688)	(31 149 176)	(29 643 760)	(21 657 760)	(56 666 959)	(17 184 709)	(161 794 053)
Operating profit/ (loss)	**2 117 051**	**6 508 820**	**6 978 461**	**(11 785 565)**	**(25 178 548)**	**(16 672 387)**	**(38 032 168)**

Information below shows operating results in the countries in which the Group operates

	INFLATION ADJUSTED							
	Botswana	**Malawi**	**Mozambique**	**South Africa**	**Zambia**	**Zimbabwe**	**Eliminations**	**Total**
2018	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Gross written premium	19 381 227	48 903 180	35 136 737	-	24 213 262	143 338 131	(27 032 203)	243 940 334
Retrocession premium	(6 897 821)	(23 308 489)	(20 512 850)	-	(7 234 826)	(35 458 005)	27 032 203	(66 379 788)
Net premium written	12 483 407	25 594 691	14 623 887	-	16 978 435	107 880 126	-	177 560 546
Change in unearned premium provision	(1 435 012)	(1 323 946)	1 174 266	-	(697 207)	(7 131 190)	-	(9 413 089)
Net premium earned	**11 048 395**	**24 270 745**	**15 798 153**	**-**	**16 281 228**	**100 748 936**	**-**	**168 147 457**
Brokerage fees and commission	2 231 613	2 874 738	6 521 694	-	2 436 573	9 504 576	(8 514 103)	15 055 091
Total insurance income carried forward	**13 280 008**	**27 145 483**	**22 319 847**	**-**	**18 717 801**	**110 253 512**	**(8 514 103)**	**183 202 548**
Rental revenue and net income from sale of inventory property	-	245 894	129 568	-	-	19 873 734	-	20 249 196
Investment income	(25 992)	493 576	859 144	55 366	730 114	10 564 316	(2 512 073)	10 164 451
Other income	263 485	703 294	1 304 919	-	1 522 979	27 051 822	1 393 836	32 240 335
Total revenue	**13 517 501**	**28 588 248**	**24 613 477**	**55 366**	**20 970 895**	**167 743 385**	**(9 632 341)**	**245 856 531**
Total claims and expenses	**(13 014 587)**	**(27 382 727)**	**(29 275 653)**	**(2 346 269)**	**(23 755 632)**	**(112 549 037)**	**(3 062 637)**	**(211 386 542)**
Net benefits and claims	(3 248 320)	(9 014 020)	(5 673 857)	-	(7 866 966)	(15 359 726)	-	(41 162 889)
Commission and acquisition expenses	(5 285 255)	(8 347 132)	(9 221 143)	-	(7 269 103)	(34 998 763)	8 514 103	(56 607 293)
Net Property Operating costs	-	-	-	-	-	(7 086 642)	-	(7 086 642)
Operating and administrative expenses	(4 481 011)	(10 021 576)	(14 380 653)	(2 346 269)	(8 619 563)	(55 103 906)	(11 576 740)	(106 529 718)
Operating profit/(loss)	**502 914**	**1 205 520**	**(4 662 175)**	**(2 290 904)**	**(2 784 737)**	**55 194 348**	**(12 694 978)**	**34 469 989**

HISTORICAL COST

2017	Botswana US$	Malawi US$	Mozambique US$	South Africa US$	Zambia US$	Zimbabwe US$	Eliminations US$	Total US$
Gross premium	2,091,807	5,093,741	5,275,491	(11,061)	3,057,322	16,176,904	(3,995,753)	27,688,451
Retrocession premium	(923,097)	(1,790,743)	(2,606,430)	-	(888,179)	(3,745,581)	3,282,651	(6,671,379)
Net premium written	1,168,710	3,302,998	2,669,061	(11,061)	2,169,143	12,431,323	(713,102)	21,017,072
Change in unearned premium provision	22,289	256,104	223,537	176,451	12,500	660,076	(169,946)	1,181,011
Net premium earned	1,190,999	3,559,102	2,892,598	165,390	2,181,643	13,091,399	(883,048)	22,198,083
Brokerage fees and commission	316,377	418,863	807,640	20,452	254,184	886,331	(874,182)	1,829,665
Total insurance revenue	1,507,376	3,977,965	3,700,238	185,842	2,435,827	13,977,730	(1,757,230)	24,027,748
Rental revenue and income from sale of inventory property	-	-	16,159	-	-	5,203,709	(90,422)	5,129,446
Investment and other revenue	199,467	46,656	(241,209)	166,942	230,813	11,545,462	(4,736,310)	7,211,821
Total revenue	1,706,843	4,024,621	3,475,188	352,784	2,666,640	30,726,901	(6,583,962)	36,369,015
Total claims and expenses	(1,709,050)	(3,673,512)	(3,814,321)	(728,027)	(2,354,786)	(20,386,549)	1,958,890	(30,707,355)
Net benefits and claims	(315,332)	(1,047,171)	(1,138,759)	(164,971)	(587,939)	(4,980,681)	230,536	(8,004,317)
Commission and acquisition expenses	(603,358)	(1,353,404)	(1,376,524)	(61,766)	(886,462)	(4,129,883)	982,819	(7,428,578)
Operating and administrative expenses	(790,360)	(1,272,937)	(1,299,038)	(501,290)	(880,385)	(11,275,985)	745,535	(15,274,460)
Operating profit/ '(loss)	(2,207)	351,109	(339,133)	(375,243)	311,854	10,340,352	(4,625,072)	5,661,660

6 CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of the new accounting policy for leases on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

6.1 New accounting policy for leases

The Group has adopted a new accounting policy for leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

6.1.1 Impact on the financial statements

On adoption of the new accounting policy, the Group recognised lease liabilities in relation leases which had previously been classified as "operating leases" under the principles of the old policy on leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 range depending on jurisdiction.

Practical expedients in applying the new accounting policy

In applying the new accounting policy for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right -of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying the old accounting policy and Interpretations for determining whether an arrangement contains a lease.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

As at 1 January 2019, the Group recognised the following:

	GROUP 2019 ZWL
Assets	
Right-of-use of assets	2 877 556
Liabilities	
Lease liabilities	3 287 976
Retained earnings	(410 420

As lessor

The Group holds cancellable operating leases with terms that expire after 3 to 5-year lease periods. Future lease payments could not be determined as rental rates are reviewed on an annual basis.

	GROUP 2019 ZWL
Assets	
Discounted using incremental borrowing rate as of the date of initial application	3 097 628
Split as:	
Current	1 171 858
Non-current	1 925 770
	3 097 628

7. LEASES

	Group	Group
		1 January *
	2019	2019
	ZWL	ZWL
Right-of-use assets		
Office Space	9 987 870	2 877 556
	9 987 870	**2 877 556**
Lease liabilities		
Non-current	1 887 050	2 054 035
Current	3 394 459	1 043 593
	5 281 509	**3 097 628**
Depreciation charge of right-of-use assets		
Buildings	(2 142 865)	-
	(2,142,865)	**-**
Interest expense (Included in Finace cost)	(909 278)	-

*In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as finance leases under the old accounting policy on leases. The assets were presented in property, plant and equipment.

Lease commitments - Group as lessee

Future minimum rentals payable under the non-cancellable operating lease as at 31 December 2019 are as follows:

Maturity analysis - contractual undiscounted cashflows		
Less than one year	1 764 584	1 060 032
One to five years	3 606 570	32 188 458

8. INVESTMENT PROPERTY

	GROUP	GROUP	GROUP
	2019	2018	2017
	ZWL	ZWL	USD
Carrying amount as at 1 January	285 776 307	280 018 692	44 924 623
Improvements to existing properties	1 675 188	16 869 306	-
Acquisition and development	36 163 255	60 647 799	3 554 041
Capitalised borrowing costs	-	-	-
Disposals	-	(12 804 992)	(10,000,000)
Fair value gain/(loss) recognised in profit or loss	172 655 944	(56 579 966)	(807 852)
Exchange rate movements	11 299 446	(2 374 532)	114 033
Carrying amount as at 31 December	**507 570 140**	**285 776 307**	**37 784 845**

All investment properties are classified as non-current assets.

The Group's investment property comprises properties located in Zimbabwe that are owned by the Group's subsidiary Zimre Property Investments Limited, that is listed on the Zimbabwe Stock Exchange ("ZSE"). All the properties are under level 3 on the fair value hierarchy.

Investment property with a total carrying amount of ZWL$64.7 million (2018: ZWL$88.2 million) was encumbered at 31 December 2019

Measuring investment property at fair value

Investment property, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other income.

8.1 Leasing arrangements

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

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

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

	INFLATION ADJUSTED	
	2019	**2018**
	ZWL	**ZWL**
Within 3 months	3 235 115	4 558 369
3 to 6 months	4 036 912	4 791 458
6 to 12 months	8 805 588	8 723 760
1 to 5 years	329 414 958	314 319 839
	345 492 573	**332 393 426**

8.2 Fair value hierarchy

The fair value hierarchy prioritises the inputs used to measure fair value into three broad levels (levels 1, 2 and 3), moving from quoted prices in active markets in level 1 to unobservable inputs in level 3. All gains and losses recorded in statement of comprehensive income for recurring fair value measurements categorised within level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

Valuation techniques used to derive level 3 fair values

The table below presents the following for each class of the investment property:

- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy (in this case level 3) within which the fair value measurements are categorized in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the

same building; and

- Level 3 fair value measurements, quantitative information about the significant observable inputs used in the fair value measurement.

Class of property	Fair value 31 December 2019 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD retail*	178 713 000	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	149.00 5.00% 3.00%
CBD offices	223 519 340	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	108.00 11.00% 24.00%
Industrial	12 200 000	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	40.81 14.00% 25.00%
Land - Residential	20 145 600	Market comparable	Rate per square metre (ZWL)	142.00
Land - Commercial	47 191 200	Market comparable	Rate per square metre (ZWL)	500 - 1 000
Student accommodation	19 950 000	Income capitalisation	Rental per room (ZWL) Capitalisation rate Vacancy rate	800-1200 10.00% n/a
Residential	5 851 000	Market comparable	Comparable transacted properties prices (ZWL)	5000-8000
Total	**507 570 140**			

Class of property	Fair value 31 December 2018 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD retail*	159 300 615	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	12.00 7.00% 0.00%
CBD offices	97 458 800	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	5.00 9.00% 33.00%
Industrial	7 236 644	Income capitalisation	Rental per square metre (ZWL) Capitalisation rate Vacancy rate	2.00 13.00% 52.00%
Residential and other	21 780 248	Market comparable	Rate per square metre (ZWL) Comparable transacted properties prices (ZWL)	500 - 1 000 5000-8000
Total	**285 776 307**			

Class of property	Fair value 31 December 2017 USD	Valuation technique	Key unobservable inputs	(weighted average)
CBD retail*	4 812 196	Income capitalisation	Rental per square metre (US$) Capitalisation rate Vacancy rate	15.00 8.00% 3.90%
CBD offices	26 804 886	Income capitalisation	Rental per square metre (US$) Capitalisation rate Vacancy rate	5.00 8.00% 24.90%
Industrial	980 000	Income capitalisation	Rental per square metre (US$) Capitalisation rate Vacancy rate	4.00 13.00% 47.00%
Land - Commercial	4 887 763	Market comparable	Rate per square metre (US$)	400 - 700
Residential	300 000	Market comparable	Comparable transacted properties prices (US$)	1 000 - 1 500
Total	**37 784 845**			

Lettable space per square metre

	Lettable space m2			% of portfolio		
Sector	**December 2019**	**December 2018**	**December 2017**	**December 2019**	**December 2018**	**December 2017**
CBD retail	19,500	11,685	13,674	31.80%	25.83%	24.19%
CBD offices	32,498	26,676	35,980	52.99%	58.96%	63.64%
Industrial	6,881	6,881	6,881	11.22%	15.21%	12.17%
Student accommodation	2,499	-	-	3.99%	-	-
Total	61,378	45,242	56,535	100.00%	100.00%	100.00%

Lettable space declined following the disposal of Zimre Centre Harare and the de-commissioning of Nicoz House Bulawayo for refurbishment.

Descriptions and definitions

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

Valuation process

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

i) Income approach

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

ii) Market approach

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

iii) Rent per square metre

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

iv) Vacancy rate

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

v) Prime yield

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

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

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

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

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

Where net incomes remain constant, a reduction in the yield rates will result in increased property values.

Fair value hierarchy

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

Valuation approach	Relationship between key unobservable inputs and fair value
Fair value is determined by applying the income approach based on the estimated rental values of the property. Discount rates, terminal yields, expected voids rates and rental growth rates are estimated by the external valuer based on comparable transactions and industry data.	The estimated fair value would increase (decrease) if: - expected market rental growth were higher (lower); - void periods were shorter (longer); - occupancy rates were higher (lower).

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

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

9. INVESTMENT IN SUBSIDIARIES

	Company 2019 ZWL$	Company 2018 ZWL$	Company 2017 US$
At 1 January	305,004,274	296,666,547	38,844,107
Additions	5,180,918	8,337,727	1,277,946
	310,185,192	305,004,274	40,122,053

Investments are all classified as non-current assets.

The principal subsidiaries are those listed in note 35.1 of the financial statements

The reporting date of all subsidiaries is 31 December.

10. INVESTMENTS IN ASSOCIATES

	Group 2019 ZWL$	Group 2018 ZWL$	Group 2017 US$
As at 1 January	14,072,444	15,110,868	10,371,239
Change in accounting policy due to adoption of new policy for financial instruments	-	(861,848)	
Share of profits of associates	4,544,261	572,211	280,247
Share of other comprehensive income	16,056,426	(748,787)	(29,290)
Effects of hyperinflation accounting	-	-	(5,207,570)
Exchange rate movements	-	-	811
As at 31 December	34,673,131	14,072,444	5,415,437

Name of associate	Published activity	Country of incorporation principal place of business	Proportion of ownership interest held as at 31 December 2019	Proportion of ownership interest held as at 31 December 2018	Proportion of ownership interest held as at 31 December 2017
1. CFI Holdings Limited*	Agro-retail	Zimbabwe	28.00%	28.00%	28.00%
2. Fidelity Life Assurance Limited*	Life insurance	Zimbabwe	20.57%	20.57%	20.57%
3. United General Insurance Limited	General insurance	Malawi	20.00%	20.00%	23.00%
4. Special Automobile Underwriters Association of Zimbabwe ("SAUZ")	General insurance	Zimbabwe	20.00%	20.00%	20.00%

Investments in associates are all classified as non-current assets.

The reporting dates of all associates is 31 December, except for the Agro-retail entity whose reporting date is 30 September. The financial statements taken into account for that associate are for the year ended 30 September 2019. Management has determined that there were no significant transactions to take into account for the period 1 October to 31 December 2019 in respect of the associate. Equity accounting in 2016 reduced the investment to nil determine whether it should be written back.

10.1 Details of the Group's associates are as follows:

The quoted values of the listed associates were as follows,

as at 31 December:	2019 ZWL	2018 ZWL	2017 US$
Fidelity Life Assurance Limited	1 909 016	11 352 270	2 464 951
CFI Holdings Limited*	-	-	30 716 202

* The associates are listed on the Zimbabwe Stock Exchange.

*CFI Holdings was suspended from trading on the ZSE in January 2018 due to non-compliance with the ZSE listing requirements.
A review of the investment will be made in 2020 to establish whether it should be written back.

10.2 Summarised information of associates

As at 31 December 2019	CFI Holdings Limited ZWL	Fidelity Life Assurance Limited ZWL$	United General Insurance Limited ZWL$	Sauz ZWL$
A. Statements of financial position				
Current assets	244,076,276	228,319,585	71,399,819	9,650,867
Non-current assets	172,958,208	803,108,621	21,255,442	533,778
Current liabilities	(94,622,015)	(851,842,042)	(58,804,455)	(8,638,792)
Non-current liabilities	(76,703,030)	(22,535,573)	-	(2,095)
Net assets	245,709,439	157,050,591	33,850,806	1,543,758
B. Statements of comprehensive income				
Revenue	347,184,383	503,646,361	173,448,937	12,446,387
Profit/(loss) for the year	31,059,650	74,105,991	4,303,830	1,238,421
Other comprehensive income	1,868,755	27,491,806	377,542	-
Total comprehensive income	32,928,405	101,597,797	4,681,372	1,238,421
Dividends received from associate	-	-	-	-

As at 31 December 2018	CFI Holdings Limited ZWL	Fidelity Life Assurance Limited ZWL$	United General Insurance Limited ZWL$	Sauz ZWL$
A. Statements of financial position				
Current assets	149 786 271	583,753,490	6,440,504	4,398,706
Non-current assets	189 745 950	178,543,836	1,729,345	1,456,013
Current liabilities	(80 922 207)	(602,405,279)	(5,079,696)	(4,331,687)
Non-current liabilities	(45 828 980)	(104,439,253)	-	(2,739)
Net assets	212 781 034	55,452,794	3,090,153	1,520,292
B. Statements of comprehensive income				
Revenue	277 729 483	331,992,219	63,465,194	8,650,245
Profit/(loss) for the year	14 454 917	(3,817,166)	3,994,037	340,368
Other comprehensive income	-	141,403	(1,502,798)	-
Total comprehensive income	14 454 917	(3,675,763)	2,491,239	340,368
Dividends received from associate	-	-	-	-

As at 31 December 2017	CFI Holdings Limited US$	Fidelity Life Assurance Limited US$	United General Insurance Limited US$	Sauz US$
A. Statements of financial position				
Current assets	27 317 775	81 034 127	7 074 901	1 227 598
Non-current assets	45 447 238	38 856 677	2 341 956	6 104
Current liabilities	(16 568 090)	(84 695 555)	(7 405 009)	(1 050 837)
Non-current liabilities	(12 459 986)	(24 617 568)	-	(682)
Net assets	**43 736 937**	**10 577 681**	**2 011 848**	**182 183**
B. Statements of comprehensive income				
Revenue	42 534 742	55 918 083	8 710 901	775 432
Profit/(loss) for the year	879 869	(56 242)	492 611	20 195
Other comprehensive income	3 900	(10 912)	12 342	-
Total comprehensive income	**883 769**	**(67 154)**	**504 953**	**20 195**
Dividends received from associate	-	-	-	-

11 TRADE AND OTHER RECEIVABLES

	2019 ZWL$	2018 ZWL$	2017 US$
Reinsurance receivables	177,487,568	80,011,746	8,507,189
Less: allowance for credit losses	(31,276,202)	(16,772,598)	(2,387,566)
Net reinsurance receivables	146,211,366	63,239,148	6,119,623
Non reinsurance receivables			
Rental receivables	5,759,056	9,356,301	1,577,991
Debtors for inventory sales	1,497,724	5,810,619	1,847,912
Less: allowance for credit losses	(1,038,946)	(7,137,531)	(929,424)
Non reinsurance receivables - net	6,217,834	8,029,389	2,496,479
Total trade and other receivables-net	152,429,200	71,268,537	8,616,102
Receivables from related parties	-	6,310,990	889,753
Total	152,429,200	77,579,527	9,505,855
Prepaid property development costs	-	5,772,644	1,435,232
Other receivables and prepayments*	26,250,012	29,970,870	3,642,055
Less: allowance for credit losses	(32,357)	(1,321,353)	-
Total trade and other receivables	178,646,855	112,001,688	14,583,142

All receivables are classified as current assets. The Group does not hold any collateral as security.

*Other receivables and prepayments comprise of receivables from disposal of investment in equity instruments, staff loans, prepaid licence fees and sundry receivables.

Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.
Based on credit history of these other receivables' it is expected that these amounts will be received when due.

12 DEFERRED ACQUISITION COSTS

	Group 2019 ZWL$	Group 2018 ZWL$	Group 2017 US$
As at 1 January	13 693 017	11 219 277	1 757 201
Movement for the year	(1,208,345)	2,473,740	(240,159)
As at 31 December	12,484,672	13,693,017	1,517,042

All deferred acquisition costs are classified as current assets.

13 SHORT-TERM INSURANCE CONTRACT LIABILITIES

	Group 2019 ZWL	Group 2018 ZWL	2017 US$
Gross liabilities			
Outstanding claims	47 820 468	36 664 372	7 347 470
Incurred but not reported claims provision	24 526 554	23 925 849	2 739 641
Unearned premium provision	92 408 260	60 066 857	8 377 612
	164 755 282	**120 657 078**	**18 464 723**
Recoveries from reinsurance			
Outstanding claims	(11 955 117)	(9 899 380)	(2 631 691)
Incurred but not reported claims provision	(6 133 354)	(6 459 979)	(880 208)
Unearned premium provision	(23 100 349)	(16 218 051)	(3 020 062)
	(41 188 820)	**(32 577 411)**	**(6 531 961)**
Net liabilities			
Outstanding claims	35 865 351	26 764 991	4 715 779
Incurred but not reported claims provision	18 393 199	17 465 870	1 859 433
Unearned premium provision	69 307 911	43 848 806	5 357 550
	123 566 461	**88 079 667**	**11 932 762**

All short-term insurance contract liabilities are classified as current liabilities.

13.1 Reconciliation of insurance and other provisions

	Outstanding claims US$	Incurred but not reported claims US$	Unearned premium US$	Total US$
Group				
Balance as at 1 January 2017	4,361,232	1,688,739	588,034	6,638,005
Additions during the year	686,903	196,634	5,950,527	6,834,064
Utilised during the year	(332,356)	(25,940)	(1,181,011)	(1,539,307)
Balance as at 31 December 2017	4,715,779	1,859,433	6,514,406	12,056,034
Group	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
Balance as at 1 January 2018	29,293,052	11,550,259	33,279,547	74,122,857
Additions during the year	6,188,412	1,342,880	19,982,348	27,513,640
Utilised during the year	(5,663,938)	(1,668,382)	(9,413,089)	(16,745,409)
Effects of hyperinflation accounting	(3,052,534)	6,241,114	-	3,188,580
Balance as at 31 December 2018	26,764,992	17,465,871	43,848,806	88,079,668
Balance as at 1 January 2019	26,764,992	17,465,871	43,848,806	88,079,668
Additions during the year	24,673,912	20,697,669	39,185,840	84,557,421
Utilised during the year	(15,573,553)	(19,770,340)	(13,726,735)	(49,070,627)
Balance as at 31 December 2019	35,865,352	18,393,200	69,307,911	123,566,462

14 LIFE REASSURANCE CONTRACT ASSET AND LIABILITIES

14.1 Life reassurance contract asset

	Group	Group	Group
	2019	2018	2017
	ZWL$	ZWL$	US$
Life reassurance contract asset			
As at 1 January	969,592	4,211,607	569,900
Movement for the year	2,933,074	(2,797,359)	-
Effects of hyperinflation accounting	(2,468,866)	(444,656)	-
As at 31 December	1,433,800	969,592	569,900

14.2 Life reassurance contract liabilities

	Group	Group	Group
	2019	2018	2017
	ZWL$	ZWL$	ZWL$
As at 1 January	**12 606 556**	**34 232 811**	**4 632 265**
Movement for the year	10 231 210	(17 594 462)	-
Effects of hyperinflation accounting	(16 351 266)	(4 031 793)	-
As at 31 December	**6 486 500**	**12 606 556**	**4 632 265**
Net movement for the year	**7 298 136**	**(14 797 103)**	**-**
Split into:			
Non-current	6 486 500	12 606 556	2 029 600
Current	-	-	2 602 665
	6 486 500	**12 606 556**	**4 632 265**

Relates to policyholder funds. The movement is accounted for through statement of profit or loss

15 BORROWINGS

	Group	Group	Group
	2019	2018	2017
	ZWL$	ZWL$	ZWL$
Long term portion	11 416 651	16 461 567	555 073
Short-term portion of long term loans	3 038 232	8 150 194	1 244 288
	14 454 883	**24 611 761**	**1 799 361**
Balance as at 1 January	24 450 002	12 799 727	1 376 091
New drawn downs	9 508 532	21 757 251	1 227 890
Interest for the year	1 915 963	1 049 423	15 405
Capital repayments	(5 648 844)	(8 352 427)	(804 620)
Interest payment	(1 915 963	(1 049 423)	(15 405)
Effects of hyperinflation accounting	(22 655 411)	161 759	-
Foreign exchange movement	8 800 604	(1 754 549)	-
Balance as at 31 December	**14 454 883**	**24 611 761**	**1 799 361**
Maturity analysis:			
1 month to 6 months	1 561 701	4 012 079	-
6 month to 1 year	1 476 531	4 138 115	1 244 288
1 year to 5 years	11 416 651	16 461 567	555 073
	14 454 883	**24 611 761**	**1 799 361**

Bank borrowings comprise loans from Central Africa Building Society, ZB Bank Limited and African Banking Corporation of Mozambique Limited.

Central Africa Building Society

The loan was ZWL2 355 522 and bore interest at 10% per annum and was secured by a first mortgage bond on Stand 16591, Harare Township.

The loan was paid up during the year.

ZB Bank Limited

The loan of ZWL2 853 959 bears interest at 31.11% (2018: 11.1%) per annum and is secured by first mortgage bonds over stands 353 Bulawayo Township, 771 Salisbury Township and 326 Fort Victoria Township.

The loan is repayable over 3 years.

African Banking Corporation, Maputo

The loan of ZWL8 562 692 bears interest at 20.75% per annum and is secured by acquired asset building 141/8 Marginal Avenue, Maputo.

The loan is repayable over 7 years.

16 TRADE AND OTHER PAYABLES

	2019 ZWL$	2018 ZWL$	2017 ZWL$
Due to retrocessionaires	132,726,783	60,074,111	8,093,041
Pensions and other employee long-term benefits	901,338	6,961,394	1,835,507
Deferred revenue from sale of stands	-	419,255	1,216,308
Other trade payables*	36,017,289	8,537,483	1,419,084
Accruals**	17,431,683	19,047,609	1,062,417
Total financial liabilities, excluding borrow ings, classified as financial liabilities measured at amortised cost	**187,077,093**	**95,039,852**	**13,626,357**

All trade and other payables are classified as current assets.

* Other payables are constituted of non-insurance payables from the holding company and property business and business subscriptions and other payables.

**Included in the accruals are actuarial fees accrued and accruals arising from change in executive management contracts.

17 GROSS PREMIUM WRITTEN

	Group 2019 ZWL$	Group 2018 ZWL$	Group 2017 US$
Life reassurance contracts	27,931,996	29,245,380	3,754,417
Non-life reinsurance	468,576,056	214,694,954	23,934,034
	496,508,052	**243,940,334**	**27,688,451**

18 RETROCESSION PREMIUM

	Group 2019 ZWL$	Group 2018 ZWL$	Group 2017 US$
Life reassurance contracts	(6,554,011)	(3,220,683)	(492,569)
Non-life reinsurance	(156,696,355)	(63,159,105)	(6,178,810)
	(163,250,366)	**(66,379,788)**	**(6,671,379)**

19 UNEARNED PREMIUM PROVISION

	Group 2019 ZWL$	Group 2018 ZWL$	Group 2017 US$
Provision on gross premium	(31,249,471)	(17,547,669)	654,220
Less retrocession premiums	17,522,736	8,134,580	526,791
	(13,726,735)	**(9,413,089)**	**1,181,011**

20 BROKERAGE COMMISSION AND FEES

	Group 2019 ZWL$	Group 2018 ZWL$	Group 2017 US$
Retrocession commission income	43,432,273	17,165,559	1,946,659
Surrender charges and other contract fee income	(2,251,393)	(2,110,468)	(116,994)
	41,180,880	**15,055,091**	**1,829,665**

21 SALE OF COMPLETED PROPERTY

	Group 2019 ZWL$	Group 2018 ZWL$	Group 2017 US$
Revenue from contracts with customers: Sale of property and stands	12,966,086	11,278,962	2,403,553
Cost of sales of property and stands	(2,626,504)	(7,480,499)	(1,219,544)
	10,339,582	**3,798,463**	**1,184,009**

22 EARNINGS PER SHARE

The following reflects the income and ordinary share data used in the computations of basic and diluted earnings/(loss) per share:

Basic earnings per share	**Group 2019 ZWL**	**Group 2018 ZWL**	**Group 2017 US$**
Earnings attributable to ordinary equity holders of the parent for basic earnings per share	41 774 664	(15 698 634)	5 651 797
From discontinued operation	-	-	(134 962)
Total earnings attributable to ordinary equity holders of the parent for basic earnings per share	**41 774 664**	**(15 698 634)**	**5 516 835**
Weighted average number of ordinary shares in issue	1 532 903 493	1 533 338 937	1 533 338 937
From continuing operations attributable to the ordinary equity holders of the company	2.73	(1.02)	0.37
From discontinued operations	-	-	(0.01)
Total basic earnings per share attributable to the ordinary equity holders of the company	2.73	(1.02)	0.36

Diluted earnings per share

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

23 MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

23.1 Summary of non-controlling interest amounts

Name of company	Country of incorporation	Nature of business	2019	2018	2017
Zimre Property Investments Limited	Zimbabwe	Property	36%	37%	40%
Emeritus Resegguros SA	Mozambique	Reinsurance	30%	30%	49%
Credit Insurance Zimbabwe Limited	Zimbabwe	General Insurance	9%	15%	15%
Accumulated material non-controlling interest balances					
Zimre Property Investments Limited	Zimbabwe	Property	173 846 297	112 723 156	21 886 303
Emeritus Resegguros SA	Mozambique	Reinsurance	8 249 836	2 666 758	878 484
Credit Insurance Zimbabwe Limited	Zimbabwe	General Insurance	3 024 885	4 182 750	195 677
			185 121 018	**119 572 664**	**22 960 464**
Profit/ (loss) allocated to material non-controlling interests					
Zimre Property Investments Limited	Zimbabwe	Property	64 645 739	(27 044 792)	1 051 643
Emeritus Resegguros SA	Mozambique	Reinsurance	270 273	(1 772 980)	(122 058)
Credit Insurance Zimbabwe Limited	Zimbabwe	General Insurance	(1 103 883)	(376 514)	58 518
			63 812 129	**(29 194 286)**	**988 103**

23.3 Summarised statements of financial position

23.3.1 Summarised statement of financial position as at 31 December:

	2019			2018			2017		
	Zimre Property Investments Limited ZWL	Emeritus Resegguros SA ZWL	Credit Insurance Zimbabwe Limited ZWL	Zimre Property Investments Limited ZWL	Emeritus Resegguros SA ZWL	Credit Insurance Zimbabwe Limited ZWL	Zimre Property Investments Limited US$	Emeritus Resegguros SA US$	Credit Insurance Zimbabwe Limited US$
Gross premium	**-**	**106 840 717**	**29 873 558**	**-**	**35 136 737**	**22 756 718**	**-**	**5 275 491**	**2 371 659**
Total income	**41 855 917**	**69 644 324**	**15 391 843**	**34 108 715**	**23 308 558**	**13 441 331**	**5 749 172**	**3 670 131**	**1 602 239**
Net benefits and claims	-	(17 188 466)	(1 922 641)	-	(5 673 857)	(2 554 459)	-	(1 138 759)	(551 699)
Commission and acquisition expenses	-	(27 343 970)	(6 623 668)	-	(9 221 143)	(4 082 894)	-	(1 376 524)	(275 237)
Operating and administration	(34 575 275)	(29 643 760)	(6 827 124)	(35 968 905)	(14 380 653)	(7 290 161)	(4 674 623)	(1 299 038)	(998 437)
Total claims and expenses	**(34 575 275)**	**(74 176 196)**	**(15 373 433)**	**(35 968 905)**	**(29 275 653)**	**(13 927 514)**	**(4 674 623)**	**(3 814 321)**	**(1 825 373)**
Operating profit/(loss)	**7 280 642**	**(4 531 872)**	**18 410**	**(1 860 190)**	**(5 967 095)**	**(486 188)**	**1 074 549**	**(144 190)**	**(223 134)**
Other gains/(loss)	194 547 574	8 265 244	(7 936 016)	(73 775 719)	57 159	(1 893 993)	1 025 076	(194 942)	151 869
(Loss)/ profit before income tax	**201 828 216**	**3 733 372**	**(7 917 606)**	**(75 635 909)**	**(5 909 936)**	**(2 380 176)**	**2 099 625**	**(339 132)**	**(71 265)**
Income tax	(20 493 744)	(2 832 463)	(3 888 631)	2 144 625		(83 203)	386 007	90 036	364 348
(Loss)/ profit for the year	**181 334 472**	**900 909**	**(11 806 237)**	**(73 491 284)**	**(5 909 936)**	**(2 463 379)**	**2 485 632**	**(249 096)**	**293 083**
Dividends paid	-	-	-	3 198 845	-	-	701 974	-	-

23.3 Summarised statements of financial position

23.3.1 Summarised statement of financial position as at 31 December:

	2019			2018			2017		
	Zimre Property Investments Limited ZWL	Emeritus Resegguros SA ZWL	Credit Insurance Zimbabwe Limited ZWL	Zimre Property Investments Limited ZWL	Emeritus Resegguros SA ZWL	Credit Insurance Zimbabwe Limited ZWL	Zimre Property Investments Limited US$	Emeritus Resegguros SA US$	Credit Insurance Zimbabwe Limited US$
Assets									
Property and equipment	7 863 521	19 072 697	31 231 508	6 984 053	5 687 365	11 310 302	991 231	52 034	1 631 448
Investment properties	489 210 800	6 976 167		279 329 916	2 915 100	-	36 709 959	536 824	12,500
Intangible assets	-	94 340	20 047	-	-	26,378	1 020 400	752 597	598 502
Deferred tax asset	-	207 651	-	-	475 387	3 653 833	-	-	-
Financial assets:									
at amortised cost	751 184	4 000 760	682 719	7 415 540	1 554 578	2 220 510	40 385	756 130	270 720
at fair value through profit or loss	279 482	11 571 112	2 604 553	1 405 616	3 922 923	7 378 403	-	-	-
at fair value through other comprehensive income	-	14 087 013	-	-	3 737 843	-	-	-	-
Trade and other receivables	8 273 751	36 472 350	8 541 399	25 698 288	11 330 563	15 207 175	4 271 395	3 349 062	271 538
Inventories	18 357 572	-	-	20 495 141	-	-	3 372 701	-	-
Current tax receivable	-	11 530 097	161 493	264 274	-	1,003,068	-	-	-
Deferred acquisition costs	-	1 729 557	199 961	-	885 251	284 460	-	195 373	35 239
Cash and cash equivalents	932 544	4 248 228	2 529 785	1 775 365	2 988 991	8 170 538	10 220 365	465 545	1 433 196
Total assets	**525 668 854**	**109 989 972**	**45 971 465**	**343 368 193**	**33 498 001**	**49 254 667**	**56 626 436**	**6 107 565**	**4 253 143**
Liabilities									
Deferred tax liability	27 670 484	-	1 068 038	9 077 741	-	-	1 800 856	-	-
Trade and other payables	4 406 586	45 565 932	8 102 322	6 749 040	10 094 016	7 297 396	2 714 407	2 441 428	255 145
Borrowings	5 892 191	8 562 692	-	20 964 214	3 485 789	-	1 244 288	-	-
Insurance and other provisions	52 197	28 361 903	4 449 398	-	11 028 978	14 072 270	144 273	1 359 820	740 952
Total liabilities	**38 021 458**	**82 490 527**	**13 619 758**	**36 790 995**	**24 608 783**	**21 369 666**	**5 903 824**	**3 801 248**	**996 097**
Total equity	**487 647 396**	**27 499 445**	**32 351 707**	**306 577 198**	**8 889 218**	**27 885 001**	**50 722 612**	**2 306 317**	**3 257 046**
Total equity and liabilities	**525 668 854**	**109 989 972**	**45 971 465**	**343 368 193**	**33 498 001**	**49 254 667**	**56 626 436**	**6 107 565**	**4 253 143**

23.4 Summarised statements of cash flows

23.4.1 Summarised cash flow information for year ended 31st December:

	2019			2018			2017		
	Zimre Property Investments Limited ZWL	Emeritus Resegguros SA ZWL	Credit Insurance Zimbabwe Limited ZWL	Zimre Property Investments Limited ZWL	Emeritus Resegguros SA ZWL	Credit Insurance Zimbabwe Limited ZWL	Zimre Property Investments Limited US$	Emeritus Resegguros SA US$	Credit Insurance Zimbabwe Limited US$
Operating	38 613 855	778 788	8 439 799	(6 764 104)	2 290 470	4 138 235	1 846 047	248 543	(702 278)
Investing	(38 942 710)	(1 650 450)	(8 696 362)	(61 167 579)	(6 358 472)	(5 262 724)	8 114 012	(200 435)	36 660
Financing	2 768 837	(610 643)	407 516	5 670 768	4 315 599	7 331 363	(117 406)	(22 015)	2 000 000
Net increase in cash and cash equivalents	**2 439 982**	**(1 482 305)**	**150 953**	**(62 260 915)**	**247 597**	**6 206 874**	**9 842 653**	**26 093**	**1 334 382**

24 RELATED PARTY DISCLOSURES

24.1 Transactions involving changes in subsidiaries shareholding

24.2.1 Change in ownership percentage in Zimre Property Investments Limited

Zimre Holdings Limited purchased a further interest in Zimre Property Investments Limited as analysed below:

Additional interest purchased	1.15%
Interest after purchase	64.35%
Purchase price	ZWL696 053

24.1.2 Change in ownership percentage in Credit Insurance Zimbabwe (Private) Limited

Zimre Holdings Limited purchased a further interest in Credit Insurance Zimbabwe as shown below:

Additional interest purchased	6.00%
Interest after purchase	90.65%
Purchase price	ZWL2 019 879

25 EVENTS AFTER THE REPORTING DATE

25.1 Dividend

At its meeting held on 27th May 2020, the Board of Zimre Holdings Limited ("ZHL") resolved to declare a dividend of ZWL$ 3.1 million for the year ended 31 December 2019. The dividend declared shall be subject to ratification by members at the upcoming Annual general Meeting. No dividend was declared for the year ended 31 December 2018.

25.2 Coronavirus disease (COVID-19)

Introduction

Following the outbreak of the Corona virus (Covid-19) in China in December 2019 and its rapid spread across the world, the World Health Organization ("WHO") declared it a global pandemic on 11 March 2020. The outbreak presented unprecedented health challenges and disruptions to economic activity which are expected to result in a global economic downturn in 2020. In response to the challenges, and in line with the WHO guidelines, the Government of Zimbabwe through Statutory Instrument ("SI") 76 of 2020, declared COVID-19 a national disaster. The government has introduced a number of directives to mitigate the widespread transmission of the virus and these include a 21 day national lockdown with effect from 30th March 2020 which was further extended to 17th May 2020, with relaxed conditions for some sectors of the economy. The Government also announced a ZWL$18 billion fiscal relief package to support vulnerable businesses and individuals. The full economic costs of the lockdowns are still uncertain but the effects are clearly negative.

Response measures

In response to the outbreak of the pandemic and in compliance with various regional and domestic government directives on the control of the spread of Covid-19, ZHL has introduced a raft of measures to protect its staff, clients and ultimately the general public. These measures include the recommended standards of hygiene, social distancing and working from home. To ensure business continuity ZHL introduced the working from home programme which is buttressed by its robust Information Technology systems. Group operations are therefore conducted through digital platforms which has resulted in minimum disruption to business. ZHL is also revisiting its business strategy to ensure survival in the face of a looming economic recessions in most countries where it operates.

Impact assessment

Since Covid-19 is a novel virus, its impact on the Zimbabwean and regional economies where the Group operates, has not yet been fully assessed. Consequently, its implications on ZHL operations cannot be estimated with any degree of accuracy. Below is a brief analysis of the Group's key areas of operation and a summary of the current and potential implications of Covid-19 on those operations and key aspects of the business.

Insurance and reinsurance

Insurance and reinsurance operations have not recorded any Covid-19 related claims as these are not covered in any of the existing insurance contracts. However, in the face of looming economic downturns and recessions, businesses are expected to go into financial distress more so for African economies where governments have limited capacity to provide financial bailouts. By extension, the performance of the insurance businesses is expected to be negatively affected because of the derived nature of the demand for insurance. While funeral and health related classes of business will be directly affected, the Group has limited exposure to these classes. The short-term business also has marginal acceptances in marine, aviation and travel related insurance classes and hence the overall impact will be negligible

Property

Although the lockdown period did not materially affect rental collections for the months of March and April 2020, collections are expected to decline to around 60% as the general economic situation deteriorates as a result of the pandemic. We do not expect any major increases in void levels post the lockdown period.

Liquidity

With regards to liquidity, the key drivers of the business are premium and rental collections, retrocession costs, claims and the normal operating expenses. Potential liquidity gaps will be managed through stringent daily cashflow management controls, alignment of costs to revenues and fall back on hard currency denominated claims fund in more stable jurisdictions in which the Group operates. The geographical diversification of the Group's operations will also mitigate against potential risk as the impact and government responses to the virus are not the same across the region.

Accounting considerations

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

26 CONTINGENT ASSETS

The Group has had a 49% shareholding in the Zimbabwe United Passenger Company (Private) Limited ("ZUPCO") since 1993. In 2000, the Group expressed intention to exit ZUPCO through disposal of shareholding to the majority shareholder, Government of Zimbabwe. It was agreed that a valuation of the 49% shareholding be performed for the determination of the consideration. However, neither the valuation nor an agreement of sale was concluded. The investment in ZUPCO was impaired from the Group's financial statements from then. Negotiations are ongoing between the Board and the majority shareholder to determine the value of the investment in ZUPCO.

APPENDIX IV (D):

INDEPENDENT ACCOUNTANT'S REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF ZHL

pwc

Independent reporting accountant's audit report on the consolidated historical financial information

To the Directors of Zimre Holdings Limited

Our opinion

Zimre Holdings Limited is issuing a Circular to its shareholders (the "Circular") relating to the acquisition of 38,224,928 ordinary shares of Fidelity Life Assurance of Zimbabwe Limited representing 35.09% of the issued ordinary shares of Fidelity Life Assurance of Zimbabwe Limited through a share swap of 1 Zimre Holdings Limited ordinary share for 0.59 Fidelity Life Assurance of Zimbabwe Limited ordinary share and the acquisition of 613,166,867 ordinary shares of Zimre Property Investments Limited, representing 35.7% of the issued ordinary shares of Zimre Property Investments Limited, through a share swap of 1 Zimre Holdings Limited ordinary share for 2.78 Zimre Property Investments Limited ordinary shares, and subsequently delisting Zimre Property Investments Limited from the Zimbabwe Stock Exchange, together ("the Proposed Transactions").

In our opinion, because of the significance of the matter discussed in the *Basis for opinion for the year ended 31 December 2017 and adverse opinion for the years ended 31 December 2019 and 31 December 2018* section of our report, the consolidated historical financial information of Zimre Holdings Limited ("the Company") and its subsidiaries and associates (together the "Group") as set out in Appendix IV(c) of the Circular (the "consolidated historical financial information") as at 31 December 2019 and 31 December 2018, are not prepared in accordance with the basis of accounting as set out in note 2.1.1 to the consolidated historical financial information and the requirements of the Zimbabwe Stock Exchange Listings Requirements.

In our opinion, the consolidated historical financial information of the Group as at 31 December 2017 are prepared in accordance with the basis of accounting described in note 2.1.1 to the consolidated historical financial information and the requirements of the Zimbabwe Stock Exchange Listings Requirements.

What we have audited

At your request and solely for the purpose of the Circular to be dated on or about 10 September 2020, we have audited Zimre Holdings Limited's consolidated historical financial information, which comprises:

- the consolidated statements of financial position as at 31 December 2019, 31 December 2018 and 31 December 2017;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated historical financial information, which include a summary of significant accounting policies.

Basis for opinion for the year ended 31 December 2017 and adverse opinion for the years ended 31 December 2019 and 31 December 2018

On 1 October 2018, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement ("MPS") that directed a separation of Foreign Currency Bank Accounts ("FCAs") into two categories, Nostro FCAs and the Real Time Gross Settlement ("RTGS FCA"). The Nostro FCAs were to hold individual foreign currencies permissible in Zimbabwe's multi-currency economy at the time. The RTGS FCA, mobile money, and bond notes and coins would be held at the same value as the US$.

As described in note 2.1.2 of the consolidated historical financial information, during 2018 financial year, and for the period 1 January 2019 to 22 February 2019, the Group transacted using a combination of Nostro FCAs and RTGS FCA, mobile money, bond notes and coins. These payment methods would have been considered as separate currencies to be translated for financial reporting purposes to the functional and presentation currency of the Group at appropriate exchange rates. However, in order to comply with the legislation as described in note 2.1.2 to the consolidated historical financial information, the RTGS transactions and balances in the financial statements for the 2018 financial year, are reflected at parity with the US$. The Group, as described in note 2.1.2, changed its functional currency on 22 February 2019 to comply with legislation, which is not in compliance with the Group's accounting policies set out in note 2.1, which would have required a functional currency change on 1 October 2018.

Had the consolidated historical financial information as at 31 December 2019 and 31 December 2018 been prepared in accordance with the requirements of the Group's accounting policies set out in note 2.1 to the consolidated historical financial information as at 31 December 2019 and 31 December 2018, many elements in the accompanying consolidated historical financial information would have been materially restated. It was not practicable to quantify the financial effects on the consolidated historical financial information as at 31 December 2019 and 31 December 2018.

In addition, for the 2019 financial year foreign denominated transactions and balances of the Group were translated into ZWL using the interbank rate which is not considered an appropriate spot rate for translation as required by the basis of preparation set out in note 2.1 to the consolidated historical financial information.

As described in note 2.1.1 to the consolidated historical financial information, the Public Accountants and Auditors Board issued a pronouncement that required companies to apply the requirements of inflation accounting in the preparation and presentation of its financial statements for financial periods ending on or after 1 July 2019. The misstatements described in the paragraph above affect the historical amounts which enter into the calculation of the inflation adjusted amounts. Had the underlying historical cost consolidated financial information been prepared in accordance with the requirements of the Group's accounting policies set out in note 2.1.1 to the consolidated historical information as at 31 December 2019, and then inflation adjusted, many elements in the accompanying consolidated historical financial information as at 31 December 2019 would have been materially restated. It was not practicable to quantify the financial effects on the consolidated historical financial information as at 31 December 2019.

Furthermore, as disclosed in note 2.4, note 4.2.5 and note 8 to the consolidated historical financial information, the Group performed valuation of investment property as at 31 December 2019. Valuations rely on observable and sufficiently frequent historical market evidence for calculation inputs. Monetary policy changes, specifically Statutory Instrument 142 of 2019 which introduced the Zimbabwe dollar ("ZWL") as the sole legal tender effective 24 June 2019, resulted in a limited period for observable transactional evidence. Unobservable inputs include capitalisation rates and vacancy rates. In addition, the valuation was undertaken in an unstable economic environment which is characterised by rising inflation, liquidity problems, hard currency shortages and frequent monetary policy changes, and presented the limitations explained below.

Market evidence for capitalisation rates in ZWL did not exist at 31 December 2019 for purposes of the valuation of commercial and industrial properties using the income capitalisation method. For residential properties and land, in order to determine the ZWL values of the investment property at 31 December 2019, US$ inputs were used and then translated into ZWL using the closing interbank exchange rate. The application of a conversion rate to US$ valuation inputs to calculate ZWL property values is not an accurate reflection of market dynamics, as the risks associated with currency trading do not reflect the risks associated with property trading.

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

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Reporting accountant's responsibilities for the audit of the consolidated historical financial information section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion for the years ended 31 December 2019 and 31 December 2018, and our opinion for the year ended 31 December 2017.

Independence

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

Emphasis of Matter - Basis of accounting

We draw attention to note 2.1.1 to the consolidated historical financial information, which describes the basis of accounting. The consolidated historical financial information is prepared in accordance with the entity's own accounting policies for purposes of the Circular. As a result, the financial statements may not be suitable for another purpose. Our opinion is not further modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated historical financial information for the year ended 31 December 2019. These matters were addressed in the context of our audit of the consolidated historical financial information for the year ended 31 December 2019 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for opinion for year ended 31 December 2017 and adverse opinion for the years ended 31 December 2019 and 31 December 2018 section, we determined the matters described below to be key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Adequacy of allowance for credit losses on trade and other receivables The Group adopted a new accounting policy for financial instruments for the first time in the 2018 reporting period. The insurance receivable balances are also subject to the new accounting policy's impairment requirements based on the voluntary change in accounting policy that was adopted by the entity in 2018. This new accounting policy requires the recognition of expected credit losses ("ECL") on all financial assets within the scope of its impairment model. Management assessed the Expected Credit Losses ("ECL") on trade and other receivables using a simplified approach which requires expected lifetime losses to be recognised from initial recognition of the trade and other receivables.	Our procedures to audit the expected credit losses on trade and other receivables included the following: • We obtained an understanding of management's process for determining the ECL on trade and other receivables; • We evaluated the impairment methodologies applied by management against the requirements of the accounting policy disclosed in the basis of accounting of the consolidated historical financial information; • We assessed the design of management's models, including assessing the appropriateness of the forward-looking economic expectations applied by management by comparing them to independent sources;

Key audit matter	How our audit addressed the key audit matter
The application of the new accounting policy as disclosed in the basis of preparation of the consolidated historical financial information required management to exercise significant judgment and apply estimates in the determination of the ECL. Significant judgment was required in the determination of loss rates and the use of forward-looking economic expectations affecting the ability of the customers to settle the trade and other receivables. As at 31 December 2019, reinsurance receivables amounted to ZWL177 487 568 for the Group and non-reinsurance receivables amounted to ZWL7 256 780. Management provided an ECL of ZWL32 347 505. We considered the ECL on trade and other receivables to be a matter of most significance to our current year audit due to the following: • the judgement and estimates applied by management in determining the loss rates and the use of forward-looking economic expectations affecting the ability of the customers to settle the trade and other receivables; and • the significance of the trade and other receivables to the consolidated historical financial information. Information relating to this key audit matter is disclosed in : • note 2.5, accounting policy: trade and other receivables; • note 4.2.7, significant accounting judgments and estimates: allowances for credit losses on financial assets measured at amortised cost; • note 3.9, credit risk; and, • note 11, trade and other receivables.	• On a sample basis, we assessed the accuracy of historical data used by management in determining the loss rates, through recomputation of historical credit loss rates and agreeing the inputs used to calculate historical data to prior year working papers and financial statements; • We evaluated the appropriateness of adjustments for forward looking information by assessing the applied economic scenarios against the publicly available economic forecasts on Zimbabwe; • On a sample basis, we tested the ageing of the trade and other receivables balances by recalculating the days past due; and • We tested the mathematical accuracy of the ECL calculation through recomputations.
Valuation of insurance contract liabilities As at 31 December 2019 insurance contract liabilities amounted to ZWL130,052,961, comprising short term insurance contract liabilities amounting to ZWL123,566,461 (Note 13) and life reassurance contract liabilities amounting to ZWL6,486,500 (Note 14). The life policyholder funds, under un-matured policies, are computed at the reporting date by the Group's independent actuary, in accordance with prevailing legislation and guidelines issued by the Actuarial Society of South Africa. Under this method, the insurance contract liabilities are valued using realistic expectations of future experience with prescribed margins for prudence. The insurance contract liabilities reflected in the statement of financial position represent the increase or decrease in actuarial liabilities, calculated using the Financial Soundness Valuation method. Management applies judgement in determining the assumptions used to value the insurance contract liabilities. The main assumptions	We assessed the independence, experience and competence of the statutory actuary used by management for all the entities. We inspected the actuary's *curricula vitae* and held discussions with them and management. We utilised our actuarial expertise to evaluate the reasonableness of significant assumptions and estimates and the actuarial computations, and to evaluate the actuarial valuation report obtained from management for adequacy and reasonableness. In doing so, the following procedures were performed: - We compared the Group's mortality tables against the standard actuarial mortality tables to assess the reasonableness of the assumption; - We assessed whether the expenses and lapse rate assumptions were based on the Group's internal experience;

Key audit matter	How our audit addressed the key audit matter
used relate to mortality, longevity, investment returns, expenses, lapses, surrender rates and discount rates. We considered the valuation of insurance contract liabilities to be a matter of most significance to our current year audit due to the following: • the valuation of the Group's insurance contract liabilities involves complex calculations, significant judgements, and long and short term estimates and assumptions. The methodology involves judgements about future events, both internal and external to the Group; and • the value of the Group's insurance contract liabilities is significant to the consolidated financial statements. The principal assumption underlying the liability estimate is that the Group's future claims development will follow a similar pattern to past claims development experience. This inludes assumptions in respect of average claims cost, claim handling cost, claims inflation factors and claim numbers for each accident year. The main assumptions used relate to mortality, longevity, investment returns, expenses, lapses, surrender rates and discount rates. *Disclosure is provided in the following notes :* • *note 2.10.1 - accounting policy: reinsurance contract liabilities,* • *note 3 - insurance risk management* • *note 4.2.2 - significant accounting judgements and estimates: insurance contract liabilities,* • *note 13 - short term insurance contract liabilities and;* • *note 14- life reassurance contract assets and liabilities.*	- We assessed the reasonableness of the expense inflation by comparing to external sources such as external industry research reports, - We assessed whether discount rates used reflected the nature of the assets backing the insurance contract liabilities and also whether they reflected the conditions of the market in which these assets are held; - We compared the actual emerging claims for prior years against the provision for the same period to assess the reasonableness of management's previous provisions. - We tested data used in the valuation by agreeing a sample of that data to supporting evidence; - We assessed the valuation basis (Including chain ladder methodology, run off analysis on historical loss experience,1/365 method and ⅛ method) through discussion with the statutory actuary and assessing its appropriateness, given the nature of the business as well as actuarial best practice; - We assessed the valuation results by rerunning the models, on a sample basis, to consider accurate application of the selected methodology and assumptions; and - We inspected the actuarial report for 2019 prepared by the statutory actuary and compared it to the prior year signed actuarial report in order to identify any significant changes in assumptions and methodology. - We compared the mortality, expenses, expense inflation, discount rates and lapses to the prior year valuation in order to test whether they were consistently applied by management.

Responsibilities of the directors for the consolidated historical financial information

The directors of Zimre Holdings Limited are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Zimre Holdings Limited complies with the requirements of the Zimbabwe Stock Exchange Listings Requirements.

The directors of the Company are responsible for the preparation and presentation of the consolidated historical financial information in accordance with the basis of preparation as described in note 2.1.1 to the consolidated historical financial information and the requirements of the Zimbabwe Stock Exchange Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of consolidated historical financial information that are free from material misstatement, whether due to fraud or error.

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

Reporting accountant's responsibilities for the audit of the consolidated historical financial information

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

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

- Identify and assess the risks of material misstatement of the consolidated historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the consolidated historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated historical financial information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors of the Company, we determine those matters that were of most significance in the audit of the consolidated historical financial information for the year ended 31 December 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(signed on original)
Evangelista Ravasingadi
Registered Public Auditor
Public Accountants and Auditors Board, Public Auditor Registration Number 0439
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253168
Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

APPENDIX V:
FAIR AND REASONABLE INDEPENDENT VALUATION OPINION ON THE FLA AND ZPI ACQUISITIONS

Akribos Advisory Services
Partnerships with a difference

September 7, 2020

The Board of Directors
ZimRe Holdings Limited
Block D, 2nd Floor
Smatsatsa Office Park
Stand Number 10667
Borrowdale, Harare
Zimbabwe

Dear Sirs,

INDEPENDENT FAIR AND REASONABLE OPINION ON THE PROPOSED ACQUISITIONS BY ZIMRE HOLDINGS LIMITED OF;

a. **Up to 613,166,867 Zimre Property Investments Limited ordinary shares from minority shareholders through the issuance of up to 220,171,461 Zimre Holdings Limited ordinary shares at a share swap ratio of 1 (one) new Zimre Holdings Limited share for every 2.78 (two comma seven eight) Zimre Property Investments Limited shares.**

b. **38,224,928 Fidelity Life Assurance of Zimbabwe Limited ordinary shares from the National Social Security Authority through the issuance of 65,144,492 Zimre Holdings Limited ordinary shares at a swap ratio of 1 (one) new Zimre Holdings Limited ordinary share for every 0.59 (zero comma five nine) Fidelity Life Assurance of Zimbabwe Limited shares.**

1. Introduction

We write with respect to our appointment by the Board of Directors of Zimre Holdings Limited ("ZHL"), as Independent Professional Experts in accordance with the Zimbabwe Stock Exchange Listings Requirements and in terms of the Companies and Other Business Entities Act [Chapter 24:31] ("COBE") to advise the Board of ZHL whether in our opinion, the proposed acquisition of shares by ZHL in both Zimre Property Investments Limited ("ZPI") and Fidelity Life Assurance of Zimbabwe Limited ("Fidelity" or "FLA") ("the Transactions"), is fair and reasonable to the shareholders of ZHL.

The Transactions will be implemented by way of share swaps as follows:

i) Acquisition of up to 613,166,867 (six hundred and nine million four hundred and sixteen thousand six hundred and sixty seven) ZPI ordinary shares (constituting 35.7% of the entire issued shares) currently held by ZPI minority shareholders through an open market offer to be settled through the issuance of new ZHL ordinary shares on the basis of 1 ZHL ordinary share for every 2.78 ZPI ordinary shares held.

   Subject to the offer being accepted by minority shareholders such that ZHL's shareholding in ZPI exceeds 70% or ZPI has less than 300 shareholders, ZPI shall subsequently delist from the Zimbabwe Stock Exchange on a voluntary basis.

ii) Acquisition of 38,224,928 (thirty eight million two hundred and twenty four thousand nine hundred and twenty eight) Fidelity Life Assurance of Zimbabwe Limited shares (constituting 35.09% of the entire issued shares) currently held by the National Social Security Authority ("NSSA") to be settled through the issuance of new ZHL ordinary shares on the basis of 1 ZHL ordinary share for every 0.59 FLA shares.

2. **Appointment of Independent Professional Expert**

Akribos has been appointed as the Independent Professional Experts, to provide its opinion to the Board of ZHL, as to whether the terms of the proposed acquisitions are fair and reasonable. There is no relationship between Akribos and any other parties involved in the Transaction. Akribos does not own shares in ZHL or any other party involved in the Transactions. Each shareholder's individual decision may be influenced by such shareholder's particular circumstances and accordingly each shareholder should consult an independent advisor if in any doubt as to the merits or otherwise of the Transactions. Our procedures and enquiries did not constitute an audit in terms of International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion. Akribos is entitled to receive a fixed fee plus compensation for reasonable out of pocket expenses (and VAT if applicable) for the preparation of this opinion. This fee is not contingent in whole or in part on the conclusions reached in this opinion or the completion of the Transactions.

3. **Definition of Fairness and Reasonableness for the Purposes of the Acquisitions**

In terms of Schedule 5A of the ZSE Listings Requirements, the expert is only required to opine on the fairness of the transaction although it would allow the expert to opine on the reasonableness provided detailed disclosure is made in this regard. The "fairness and reasonableness" of a transaction to the shareholders is based on both the quantitative and qualitative impact that the transaction would have on them. A transaction is regarded as fair if the benefits received by the shareholders as a result of a transaction, are equal to or more than the value ceded by the shareholders to obtain the benefits. "Reasonableness" on the other hand is based primarily on qualitative factors chief among them the sensibility or appropriateness of the transaction given the obtaining situation.

In preparing our opinion we applied the aforementioned principles and considered the Transactions to be fair to ZHL shareholders if the exchange ratios settled for implied valuations of ZHL equal to or are higher than the fair price of its equity, and reasonable if the acquisitions will further ZHL's strategic intent.

4. **Limiting Conditions and Related Party Relationships**

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purposes of this opinion, whether in writing or obtained through discussion with the management of ZHL, ZPI, FLA and their advisors. Our procedures and enquiries did not constitute an audit and accordingly, we do not express any opinion on the financial data or other information used in arriving at our opinion. There were no limiting conditions, or any restrictions of scope imposed by ZHL when this opinion was being prepared. Our opinion is based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect this opinion, which we are under no obligation to update, review or re-affirm. This opinion is provided to the ZHL Board solely to assist the ZHL Board in forming and expressing an opinion for the benefit of shareholders of ZHL in connection with and for the purposes of their consideration in respect of the Transactions.

Forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual results will correspond to those projected by management or by equity analysts. In providing this opinion, Akribos is not making any recommendations as to how to vote or otherwise deal in connection with the Transactions in whole or in part. An individual security holder's decision may be influenced by such holder's particular circumstances and such a holder should consult an independent expert if such a holder is in any doubt as to the merits or otherwise of the Transactions. Akribos' opinion does not purport to cater for an individual security holder. With respect to the financial forecasts estimates of ZPI and FLA (herein referred to as "Targets"), we have assumed that they have been reasonably prepared on a basis reflecting the best currently available estimates and judgements of the management of the Targets as to the future performance of the Targets. We accept no responsibility for the accounting or other data and commercial assumptions on which this opinion is based. Furthermore, our opinion does not address any legal, regulatory, taxation or accounting matters or other professional advice, as to which we understand that such opinions, counsel or interpretations have been or will be obtained from the appropriate qualified professional sources. We have also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transactions will be obtained without any material adverse effect on the Targets or the Transactions.

5. Sources of Information

The principal sources of information used in formulating our opinion are as follows:

- Information and assumptions made available by and from discussions held with the directors and Management of ZHL, ZPI and FLA;
- Audited annual financial statements of ZHL, ZPI and FLA for the years ending 31 December 2017, 31 December 2018 and 31 December 2019;
- Managements Accounts for the three months ending 31 March 2020;
- Publicly available information relating to ZHL, ZPI and FLA together with other competitors in the sectors that we deemed to be relevant, including company announcements.

We obtained the information through:

- Conducting interviews with ZHL, ZPI and FLA's management, directors and corporate advisors;
- Obtaining corroborating evidence from third parties (where practicable); and
- Extracting information from the internet and the press.

We satisfied ourselves as to the appropriateness and reasonableness of the information with reference to:

- Audited annual financial statements of ZHL, ZPI and FLA for the years ended 31 December 2017, 31 December 2018 and 31 December 2019;
- Conducting analytical reviews on the annual financial statements; and
- Understanding the industries in which ZHL, ZPI and FLA operate.

6. Procedures

In order to assess the fairness of the terms and conditions relating to the Transactions, we have performed, amongst others, the following procedures:

6.1 Acquisition of ZPI shares held by minority shareholders

- Reviewed and analysed all relevant information made available to us by the directors of ZHL pertaining to both ZHL and ZPI,
- Reviewed published market data and/or other public information available to us, relating to the companies,
- Examined documentation relating to the proposed transaction,
- Reviewed the final terms and conditions of the proposed acquisition of ZPI shares,
- Carried out a valuation of both ZHL and ZPI, and
- Prepared reports communicating the outcomes of the valuation process and our views as regards the fairness and reasonableness of the proposed acquisition.

6.1.1 Valuations

We relied on relative valuation techniques in performing a valuation for the two companies (ZHL and FLA) for the purposes of establishing a fair exchange ratio. We added a NAV analysis to establish the ratios considering the book value of each company. Further, we carried a study of market statistics from the beginning of the year up to the 5th of June 2020 being the last trading day before publication of the joint cautionary statement by ZHL and ZPI pertaining to the acquisition of ZPI shares by ZHL.

We applied the Price to Book and Price to Earnings ratios to value the two companies. Our method involved constructing a model using key fundamentals from listed companies in emerging and frontier markets, being Return on Earnings, Beta, Earnings Retention Ratio and the growth in Earnings Per Share from current and historic data of the same companies. We calculated ZHL and ZPI's specific data and applied the same to the model to estimate their fair Price to Book and Price to Earnings ratios. The ratios were used together with the company's Book Value and Net Earnings to estimate the value of each company. The resultant valuations as well as the Net Asset values of each company where used in estimating fair exchange ratios.

The study from market statistics involved calculating the ratios implied by each day's volume weighted average price from each of the companies. We calculated average prices for different time scales from the beginning of the year to the 5th of June.

The valuation exercise and NAV analysis produced ZHL: ZPI exchange ratios that ranged from 1: 1.36 to 1:2.03, while a study on the companies' trading activities produced exchange ratios between 1:2.54 and 1:2.72. We considered the arithmetic mean of the outcomes of all approaches to be a fair exchange ratio, which worked out to 1:2.24.

6.1.2 Conclusion on the Acquisition of ZPI

ZHL is proposing to issue 1 (one) share in exchange of 2.78 (two comma seven eight) shares of ZPI. Our analysis states that an exchange ratio of 1 (one) ZHL share in exchange of 2.24 (two comma two four) ZPI share is a fair exchange. The proposed transaction is thus value adding to ZHL shareholders as it generates more shares from each ZHL share compared to the above calculated fair exchange ratio. Our opinion is therefore that the proposed transaction is fair to ZHL shareholders. Further, we find the rationale of the transaction plausible as it furthers ZHL's strategic thrust, hence making the proposed acquisition reasonable.

6.2 Acquisition of Fidelity shares held by NSSA

To analyse the financial impact of the proposed acquisition to ZHL shareholders, we carried out the following tasks.

- Reviewed and analysed all relevant information made available to us by the directors of ZHL pertaining to both ZHL and Fidelity,
- Reviewed published market data and/or other public information available to us, relating to both companies,
- Examined the terms and conditions of the share sale and purchase agreement between ZHL and NSSA,
- Carried out a valuation of both ZHL and Fidelity, and
- Prepared a report communicating the outcomes of the valuation process and our views as regards the fairness and reasonableness of the proposed acquisition.

6.2.1 Valuation

We relied on relative valuation techniques in performing a valuation for the two companies for the purposes of establishing a fair exchange ratio. We added a NAV analysis to establish the ratios considering the book value of each company. Further, we carried a study of market statistics from the beginning of the year up to the 5th of June 2020.

We applied the Price to Book and Price to Earnings ratios to value the two companies. Our method involved constructing a model using key fundamentals from listed companies in emerging and frontier markets, being Return on Earnings, Beta, Earnings Retention Ratio and the growth in Earnings Per Share from current and historic data of the same companies. We calculated ZHL and Fidelity's specific data and applied the same to the model to estimate their fair Price to Book and Price to Earnings ratios. The ratios were used together with the company's Book Value and Net Earnings to estimate the value of each company. These values as well as the Net Asset values of each company were used in estimating fair exchange ratios.

The study from market statistics involved calculating the ratios implied by each day's volume weighted average price from each of the companies. We calculated average prices for different time scales from the beginning of the year to the 5th of June.

The valuation exercise and NAV analysis produced ZHL: FLA exchange ratios that ranged from 1: 0.17 to 1:0.67, while a study on the companies' trading activities produced exchange ratios between 1:3.21 and 1:4.80. We noted the huge disconnect between the ratios produced by the market study and valuations which was clearly driven by the relative inactivity of Fidelity on the stock market. While ZHL's share price went up by more than 1,000% and the ZSE All Shares Index soared 576%, Fidelity only increased by about 112% over the study period. This in our view distorted results from the market study. We thus excluded the results of our study in calculating the fair ratio and came up with a fair ratio of 1:0.47, being the average of results from the valuation exercise.

6.2.2 Conclusion on the Acquisition of FLA

ZHL is proposing to issue 1 (one) share in exchange of 0.59 (zero comma five nine) shares of Fidelity. Our analysis states that an exchange ratio of 1 (one) ZHL share in exchange of 0.47 (zero comma four seven) Fidelity share is a fair exchange. The proposed transaction is thus value adding to ZHL shareholders as it produces more shares for ZHL than our fair exchange ratio. Our opinion is therefore that the proposed transaction is fair to ZHL shareholders. Further, we find the rationale of the transaction compelling especially given the potential of the enlarged group if resources to fund FLA's ongoing recovery are availed. We thus opine that the proposed acquisition is reasonable.

7. Opinion

Based upon and subject to the foregoing and such other matters Akribos considered to be relevant, as at the date hereof, Akribos considers that the terms of the Transactions are fair and reasonable to the shareholders of ZHL. This letter and the opinion is provided solely for the benefit of the Board of Directors of ZHL, in their capacity as Directors of ZHL, in connection with and for the purposes of their consideration of the Transactions. This letter is not on behalf of, and shall not confer rights or remedies upon, may not be relied upon, and does not constitute a recommendation by Akribos to any shareholders of the Targets or any other person other than the Board of Directors of ZHL to vote in favour of or take any other action in relation to the Transactions.

This letter may not be used for any other purpose, or reproduced (other than for the Board of Directors, acting in such capacity, and, on a no-reliance basis, its advisers), disseminated or quoted at any time and in any manner without our prior written consent. This letter and the opinion is made without legal liability or responsibility on our part. We accept no responsibility to any person other than the Board of Directors of ZHL in relation to the contents of this letter, even if it has been disclosed with our consent.

We record that no persons who form part of the staff of Akribos who are directly or indirectly involved in preparing this fair and reasonable opinion have any interest in the issued share capital of ZHL, ZPI and / or FLA; and/or the success or failure of the transaction. We further record that Akribos has the necessary competence to act as the independent expert for purposes of these opinions.

8. Consent

We hereby consent to the inclusion of this opinion and references hereto, in the form and context in which it appears in the Circular and any required regulatory announcement or document.

Yours faithfully

(Director - Akribos Advisory Services (Private) Limited)

APPENDIX VI:
ZIMRE HOLDINGS LIMITED'S SHARE PRICE INFORMATION

The table below provides statistical information on the trading prices and volume of shares traded for Zimre Holdings Limited from 29 June 2019 to 29 June 2020.

Month	High (ZWL c)	Low (ZWL c)	Volume	Value (ZWL $)
Jun-19	6.10	5.00	76,600	4,637
Jul-19	6.10	4.32	342,600	15,341
Aug-19	4.60	4.54	150,000	6,850
Sep-19	5.93	3.74	181,600	7,810
Oct-19	8.20	7.12	93,700	6,971
Nov-19	11.50	8.30	283,100	25,310
Dec-19	15.00	11.50	613,100	85,917
Jan-20	19.00	15.00	269,300	42,295
Feb-20	50.00	19.00	1,819,700	482,460
Mar-20	42.50	33.90	228,500	80,303
Apr-20	44.00	39.00	26,400	15,783
May-20	135.00	44.00	526,137	438,472
Jun-20	247.40	144.20	837,102	1,301,078

NOTICE OF EXTRAORDINARY GENERAL MEETING

ZIMRE HOLDINGS LIMITED
Security Growth and Profitability

(Incorporated in Zimbabwe under company registration number 9837/2003)

Directors: Mr. B. N. Kumalo (Chairman), Mr. M Haken, Mrs. J. Maguranyanga, Mr. I. Mvere

Mr. H. B. W. Rudland, Mr. C. von Seidel, Mr. E. Zvandasara, Mr. S. Kudenga *

***Executive**

Address: Block D, 2nd Floor Smatsatsa Office Park, Stand Number 10667 Borrowdale, Harare, Zimbabwe

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting of members of Zimre Holdings Limited ("the Company") will be held virtually on Wednesday 30 September 2020, at 0900 hours through the following link ***https://zoom.us/j/98000279366?pwd=OXJKckJpOVpHZGFWQ2hBUWd5bzZFdz09***. Members will be asked to consider, and if deemed fit, to pass with or without modification, the resolutions set out below:-

AS ORDINARY RESOLUTIONS:

1. **The Proposed FLA Acquisition**
   "That, the Company be and is hereby authorised, to acquire 38,224,928 (thirty eight million two hundred and twenty four thousand nine hundred and twenty eight) Fidelity Life Assurance of Zimbabwe Limited ("FLA") ordinary shares (constituting 35.09% of the entire issued shares) from National Social Security Authority ("NSSA") at a consideration of 1 authorised but unissued ZHL ordinary share for every 0.59 FLA ordinary shares held by NSSA and to allot 65,144,492 (sixty-five million one hundred and forty-four thousand four hundred and ninety-two) of the authorized but issued ZHL ordinary shares to NSSA pursuant to the acquisition".

2. **The Proposed ZPI Acquisition**
   "That, the Company be and is hereby authorised, to acquire up to 613,166,867 (six hundred and thirteen million one hundred and sixty six thousand eight hundred and sixty seven) Zimre Property Investments Limited ("ZPI") ordinary shares (constituting 35.7% of the entire issued shares) from ZPI minority shareholders, through an open market offer, at a consideration of 1 authorised but unissued ZHL ordinary share for every 2.78 ZPI ordinary shares held by ZPI minority shareholders and to allot up to 220,171,461 (two hundred and twenty million one hundred and seventy-one thousand four hundred and sixty-one) authorized but unissued ZHL ordinary shares to the former ZPI minority shareholders, pursuant to their acceptance of the offer by ZHL".

3. **Directors' Authority to settle the Proposed Acquisitions using the Company's authorised but unissued shares within their control**
   "That, subject to the passing of either one or both of the ordinary resolutions in (1) and/or (2) above, the Directors be and are hereby authorised to issue the authorised unissued shares, currently placed under their control, to settle the acquisitions pursuant to the said resolutions."

4. Directors' Authority to give effect to the above Resolutions

"That, subject to the passing of any one or all of the ordinary resolutions above, the Directors be and are hereby authorised, instructed and empowered to do all such things and sign all such documents and procure the doing of all such things and the signing of all such documents as may be necessary to give effect to the resolutions."

Any Other Business

To transact any other business competent to be dealt with at a general meeting.

Notes:

a) Please note that NSSA, being a related party as defined in the ZSE Listing Requirements, is not eligible to vote in respect of the Proposed FLA Acquisition resolution above.

b) In terms of the Companies and Other Business Entities Act [Chapter 24:31] a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company.

c) Proxy forms must be lodged at the registered office of the Company not less than forty-eight hours before the time for holding the meeting.

d) The registration of members attending the meeting will commence at 0800hours, at the meeting venue.

BY ORDER OF THE BOARD 9 September 2020

Lovemore Madzinga (Mr.)
Group Company Secretary

Registered Office
Zimre Holdings Limited
Block D, 2nd Floor
Smatsatsa Office Park
Stand Number 10667
Borrowdale
Harare, Zimbabwe

FORM OF PROXY

A form of proxy, in which are set out the relevant instructions for its completion, is attached hereto, for use by such shareholder of the Company who is unable to attend the EGM but who wishes to be represented thereat. Completion of a form of proxy will not preclude such shareholder of the Company from attending and voting (in preference to the appointed proxy) at the EGM.

The instrument appointing a proxy and the authority (if any) under which it is signed must be received by the Company's transfer secretaries or at the Company's Registered Offices (Attention the Company Secretary) no later than 48 (Forty-eight hours) before the time appointed for the holding of the EGM.

ZIMRE HOLDINGS LIMITED
Security Growth and Profitability

(Incorporated in Zimbabwe under company registration number 2873/98)
Directors: Mr. B. N. Kumalo (Chairman), Mr M Haken, Mrs. J. Maguranyanga, Mr. I. Mvere

Mr. H. B. W. Rudland, Mr. R. C. von Seidel, Mr. E. Zvandasara, Mr. S. Kudenga (Group Chief Executive Officer)*
***Executive**

Address: Block D, 2nd Floor Smatsatsa Office Park, Stand Number 10667 Borrowdale, Harare, Zimbabwe

For use by Shareholders at the Company's EGM to be held on Wednesday 30 September 2020 at 0900 hours.

Each member entitled to attend and vote at the EGM is entitled to appoint one person as his proxy, who need not be a member of the Company, to attend, speak and vote in his/her stead at the EGM.

I/We ____
(Name in block letters)

Of ____

Being the holder of ______________________ shares in the Company hereby appoint

1.____________________________________ of ______________________or failing him/her

2.____________________________________ of ______________________or failing him/her

3. The Chairman of the EGM
As my/our proxy to act for me/us at the EGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2) in accordance with the following instructions:

ORDINARY RESOLUTIONS	Number of Votes		
	For	Against	Abstain
1 The Proposed FLA Acquisition "That, the Company be and is hereby authorised, to acquire 38,224,928 (thirty eight million two hundred and twenty four thousand nine hundred and twenty eight) Fidelity Life Assurance of Zimbabwe Limited ("FLA") ordinary shares (constituting 35.09% of the entire issued shares) from National Social Security Authority ("NSSA") at a consideration of 1 authorised but unissued ZHL ordinary share for every 0.59 FLA ordinary shares held by NSSA and to allot 65,144,492 (sixty-five million one hundred and forty-four thousand four hundred and ninety-two) authorized but unissued ZHL ordinary shares to NSSA, pursuant to the acquisition".			
2 The Proposed ZPI Acquisition "That, the Company be and is hereby authorised, to acquire up to 613,166,867 (six hundred and thirteen million one hundred and sixty six thousand eight hundred and sixty seven) Zimre Property Investments Limited ("ZPI") ordinary shares (constituting 35.7% of the entire issued shares) from ZPI minority shareholders, through an open market offer, at a consideration of 1 authorised but unissued ZHL ordinary share for every 2.78 ZPI ordinary shares held by ZPI minority shareholders and to allot up to 220,171,461 (two hundred and twenty million one hundred and seventy-one thousand four hundred and sixty-one) authorized but unissued ZHL ordinary shares to the former ZPI minority shareholders, pursuant to their acceptance of the offer by ZHL".			
3 Directors' Authority to settle the Proposed Acquisitions using the Company's authorised but unissued shares within their control "That, subject to the passing of either one or both of the ordinary resolutions in (1) and/or (2) above, the Directors be and are hereby authorised to issue the authorised unissued shares, currently placed under their control, to settle the acquisitions pursuant to the said resolutions."			
4 Directors' Authority to give effect to the above Resolutions "That, subject to the passing of any one or all of the ordinary resolutions above, the Directors be and are hereby authorised, instructed and empowered to do all such things and sign all such documents and procure the doing of all such things and the signing of all such documents as may be necessary to give effect to the resolutions".			

Every person present and entitled to vote at the EGM shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

Signed at ________ ____ on ____2020

Signature(s) ____

Assisted by me ____

Full name(s) of signatory/ies if signing in a representative capacity (see note 2) (please use block letters).

NOTES TO THE FORM OF PROXY

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. In terms of section 171 (1) of the Companies and Other Business Entities Act [Chapter 24:31], a member of the Company is entitled to appoint one or more persons to act in the alternative as his proxy, to attend and vote and speak in his stead. A proxy need not be a shareholder of the Company. Please note that in terms of section 171 (8) a director or officer of the Company may not act as a proxy for a shareholder.
2. Unless otherwise instructed, the proxy will vote as he/she thinks fit.
3. This proxy form must be deposited at the Registered Office of the Company which is situated at Block D, 2nd Floor Smatsatsa Office Park, Stand Number 10667 Borrowdale, Harare, Zimbabwe, so as to be received by the Secretary not less than 48 hours before the meeting.
4. The proxy form must be signed and dated for it to be valid. Any alterations or corrections to this form must be initialled.
5. Anyone signing this proxy form in a representative capacity must be authorised to do so. Please stamp this form with your company or organisation's stamp and enclose proof of authorisation.
6. The return of this proxy form will not prevent you from attending the meeting and voting in person. However, should this happen, the proxy will be revoked.

OFFICE OF THE TRANSFER SECRETARIES

ZB Transfer Secretaries (Private) Limited
21 Natal Road
Avondale
Harare, Zimbabwe
Tel: +263-4-242-759 660/9
Email: rmutakwa@zb.co.zw

REGISTERED OFFICE OF THE COMPANY

Company Secretary
Lovemore Madzinga
Zimre Holdings Limited
Block D, Second Floor
Smatsatsa Office Park
Stand Number 10667
Borrowdale, Harare
Zimbabwe
Email: madzinga@zimre.co.zw