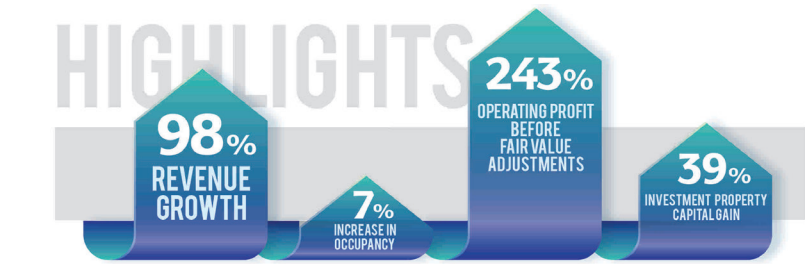




AUDITED CONDENSED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

CHAIRMAN'S STATEMENT



**Chairman's statement**  
I am pleased to present the Mashonaland Holdings Limited inflation adjusted financial results for the year ended 31 December 2022.

**Operating environment**  
The economy recorded subdued growth in 2022 mainly due to the unstable macro-economic environment. The exogenous factors, such as the increase in international prices of oil and food continued to negatively impact the operating environment. At a local level, the combined effects of continued inflationary pressures, power supply disruptions and currency volatility continue to stifle economic recovery. Year-on-year inflation was at 60.6% at the beginning of the year, accelerated to 191.6% towards the end of the first half of the year and closed the year at a high of 243.8%. The inflation trend closely mirrors the annual growth in money supply which was estimated at 400% according to statistics released by the Reserve Bank of Zimbabwe. There are market concerns that inflation will remain on an upward trajectory in light of the expected growth in money supply during 2023.

The market continues to witness marked disparities in the pricing of goods and services depending on the currency of settlement, with an increased number of transactions being settled in foreign currency. These market dynamics present cost-push pressures which require the Group to continue to focus on increasing efficiencies while pursuing its portfolio diversification strategy.

**Property market**  
The property market continues to evolve for survival in response to the headwinds in the mainstream economy. The incessant macro-economic challenges have seen some sectors within the property market failing to provide an automatic hedge against inflation. The retail and sub-urban office park sectors have proved a safer bet in the past year. The CBD office sector has seen rental growth significantly lagging inflation. The ability to hedge, however shifts between different subsectors as economic conditions and structural factors come into play. Whilst demand-driven inflation in the past has boded well for real estate in terms of hedging against inflation, supply side shocks, such as the increase in food and oils prices are more difficult to hedge as tenants' rent paying capacity is invariably impaired.

The occupier sub-market is expected to continue endearing itself with the informal sector through, among other measures, reconfiguration of low-rise buildings in the CBD into small to medium enterprise miniaturized retail facilities as demand for such facilities remains positive. Demand for warehousing and purpose-built industrial space as well as suburban offices has been steady though there is very limited potential of rental growth in real terms.

Frequent rent reviews, indexation and charging of rentals in USD, as the economy continues to dollarise, are some of the measures the occupier submarket has adopted in order to ensure inflation hedging. This attribute has attracted more investments towards specific pockets of the property market such as small sub-urban retail sector as opposed to the traditional, large and capital intensive centrally located retail malls.

In the development sub-market, construction cost remains high mirroring the inflationary trends and high interest rates. However, capital values remain under pressure. As such, new developments for investment purposes remains under pressure for viability.

**Inflation adjusted financial performance**  
Revenue for the year increased by 98% from ZWS\$1.9billion to ZWS\$3.8billion. The revenue growth was mainly driven by revenue earned from the Mashview Gardens cluster housing development amounting to ZWS\$1.2billion, which contributed 30% of the revenue performance. Rental income increased by 34% to ZWS\$2.6billion, despite the comparative period being longer following the change in financial year end in 2021, thereby also contributing to the improved revenue performance. The increase in rental income was driven in part by periodic rent reviews to align rentals with obtaining market conditions and also improved occupancy which grew from 81% in 2021 to 87% in December 2022.

Operating profit before fair value adjustments increased by 243% from ZWS\$1billion to ZWS\$3.5billion. The increase in operating profit was partly due to foreign exchange gains of ZWS\$3billion which were realized on foreign currency balances on hand following disposal of Charter House. Consequently, the Group's operating profit margin increased from 53% to 93% in 2022.

The Group recorded a profit for the year of ZWS\$17.2billion versus a loss of ZWS\$4.8billion recorded in 2021. The improved performance was due to the improved operating profitability and 39% capital gain recorded on investment properties.

**Investment property**  
The Group's investment properties were valued at ZWS\$68billion at 31 December 2022, the valuation represents a 39% capital gain for the year. The capital gain was achieved through the Group's periodic rent reviews to hedge against rising inflation as well as firming values for the Group's strategically located land banks. This realignment is reflected in the growth in rental income in inflation adjusted terms. The Group's investment properties were valued by EPG Global, an independent and professional property valuer.

New property investments and projects

**Pomona Wholesale Centre development**  
The Group acquired a 4ha site in Pomona for the development of a wholesale centre. The pre-construction phase works including design development, Environmental Impact Assessment (EIA) approvals, building plan approvals and tendering are almost complete. Demolition of existing structure is underway with works for the new development targeted to commence in April 2023. The Group has pre-leased 85% of the proposed development there by effectively eliminating the inherent market risk.

**Acquisition of a 2ha Office Park land along Borrowdale Road**  
The Group acquired a 2ha site along Borrowdale Road for the development of an Office Park as part of the Group's diversification and growth strategy. The Group intends to appoint a project team by the third quarter of the year to commence pre-construction works. The Group intends to commence site work in the second quarter of 2024 after the completion and substantial progression of some of the current projects.

**Mashview Gardens cluster housing development**  
The Group completed construction works on the 1<sup>st</sup> phase of the project and is set to complete construction work on phases 2 and 3 in the second quarter of 2023. All the 25 units were pre-sold prior to development.

**Milton Park Day Hospital project**  
Construction works on the development are progressing in line with the construction programme and are set to be completed in August 2023. The hospital development was borne out of the Agreement to Develop and Lease entered into with the identified medical services operator.

**Charter house disposal**  
The Group disposed of Charter house during the financial year as part of its diversification strategy, which entails reduction of Harare Central Business District (CBD) office exposure and deployment of the sales proceeds towards development of strategic investment assets in line with emerging market needs.

**Dividend**  
The Board declared and paid an interim dividend of ZWS\$141,782,393 during the year. The Board has further declared a final dividend of ZWS\$212,404,088 payable from the Group's profits for the year. From this final dividend, a component amounting to US\$200,000 will be paid in foreign currency. A separate dividend notice will be published to this effect.

**Outlook**  
The Government of Zimbabwe has forecast that the economy will record a 3.8% growth due to the positive effects of a favourable rainy season during the 2022 to 2023 farming season. It is however noted that the resurgence of COVID-19 infections in developed countries and global supply chain disruptions emanating from geo-political tensions in Europe as well as the ensuing harmonized elections in 2023 may have a negative impact on the speed of economic recovery in the short term.

The Group's strategic focus will remain targeted at delivering on its long term strategy which is hinged on portfolio diversification and increasing operational efficiencies to ensure sustained business growth.

**Appreciation**  
On behalf of the Board, I express appreciation to our valued tenants for their continued loyalty and all our other stakeholders for their support. I also thank my fellow board members, management and staff for their continued dedication.

Harare  
16 March 2023



Eng. G. Bema  
Board Chairperson

**Independent auditor's report**  
The condensed financial results should be read in conjunction with the complete set of financial statements of Mashonaland Holdings Limited for the financial year ended 31 December 2022, which have been audited by Deloitte & Touche (Zimbabwe), signed by Stelios Michael, PAAB Practice certificate number 0443, and an unqualified opinion has been issued thereon. The auditor's report for the year then ended carries a key audit matter ("KAM") on the valuation of investment property. The auditor's report on the condensed financial statements and the full set of financial statements is available for inspection at the Company's registered office.

| Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income |          | Inflation adjusted Group |   | * Historical cost Group   |   |
|---|----------|--------------------------|---|---------------------------|---|
|   | Notes    | 31 Dec 2022 Audited ZWS  | 15 months ended 31 Dec 2021 Audited ZWS | 31 Dec 2022 Unaudited ZWS | 15 months ended 31 Dec 2021 Unaudited ZWS |
| <b>Revenue</b>  | <b>3</b> | <b>3 819 256 644</b>     | <b>1 930 172 359</b>                    | <b>2 885 507 337</b>      | <b>427 075 761</b>                        |
| Property expenses   |          | (1 750 333 260)          | (400 740 820)                           | (1 132 311 315)           | (88 536 021)                              |
| <b>Net property income</b>  |          | <b>2 068 923 384</b>     | <b>1 529 431 539</b>                    | <b>1 753 196 022</b>      | <b>338 539 740</b>                        |
| Other income  | <b>4</b> | 2 651 482 008            | 119 936 682                             | 3 578 923 421             | 31 209 747                                |
| Allowance for credit losses   |          | (31 201 771)             | (3 151 216)                             | (48 216 587)              | (4 562 625)                               |
| Administrative expenses   |          | (1 153 010 722)          | (613 981 455)                           | (772 101 142)             | (136 987 792)                             |
| <b>Operating profit before fair value adjustments</b>                             |          | <b>3 536 192 899</b>     | <b>1 032 235 550</b>                    | <b>4 511 801 714</b>      | <b>228 199 070</b>                        |
| <b>Fair value adjustments</b>   |          | <b>17 700 575 483</b>    | <b>(5 730 450 776)</b>                  | <b>52 254 792 852</b>     | <b>5 721 282 736</b>                      |
| Investments held for trading  |          | (1 003 241 618)          | 1 085 630 650                           | 169 161 655               | 391 415 398                               |
| Investment properties   |          | 18 703 817 101           | (6 227 263 269)                         | 52 085 631 197            | 5 468 205 739                             |
| Non-current assets held for sale  |          | -                        | (588 818 157)                           | -                         | (138 338 401)                             |
| <b>Profit/(loss) before finance income and tax</b>                                |          | <b>21 236 768 382</b>    | <b>(4 698 215 226)</b>                  | <b>56 766 594 566</b>     | <b>5 949 481 806</b>                      |
| Finance income  | <b>5</b> | 103 197 188              | 49 920 019                              | 88 519 469                | 10 638 787                                |
| Finance cost  | <b>6</b> | (267 853 491)            | -                                       | (187 801 696)             | -   |
| Exchange losses on loan   |          | (3 031 933 255)          | -                                       | (1 973 163 350)           | -   |
| Monetary gain/(loss)  |          | 154 663 878              | (356 779 755)                           | -                         | -   |
| <b>Profit/(loss) before tax</b>   |          | <b>18 194 842 702</b>    | <b>(5 005 074 962)</b>                  | <b>54 694 148 989</b>     | <b>5 960 120 593</b>                      |
| Tax (expense)/credit  | <b>7</b> | (949 085 850)            | 181 950 597                             | (2 620 223 292)           | (315 819 471)                             |
| <b>Profit/(loss) after tax</b>  |          | <b>17 245 756 852</b>    | <b>(4 823 124 365)</b>                  | <b>52 073 925 697</b>     | <b>5 644 301 122</b>                      |
| Weighted average number of shares   |          | 1 687 584 009            | 1 690 249 809                           | 1 687 584 009             | 1 690 249 809                             |
| Basic and diluted earnings per share - cents                                      |          | 1 021.92                 | (285.35)                                | 3 085.71                  | 333.93                                    |

\*The historic amounts are shown as supplementary information. The auditors have not issued an opinion on this historical information.

| Condensed Consolidated Statement of Financial Position |           | Inflation adjusted Group |                         | * Historical cost Group   |                           |
|--|-----------|--------------------------|-------------------------|---------------------------|---------------------------|
|  | Notes     | 31 Dec 2022 Audited ZWS  | 31 Dec 2021 Audited ZWS | 31 Dec 2022 Unaudited ZWS | 31 Dec 2021 Unaudited ZWS |
| <b>Assets</b>  |           |                          |                         |                           |                           |
| <b>Non-current assets</b>                              |           | <b>67 650 577 419</b>    | <b>48 141 499 924</b>   | <b>67 478 277 716</b>     | <b>13 959 652 044</b>     |
| Vehicles and equipment                                 |           | 200 650 158              | 205 209 456             | 28 350 455                | 14 950 044                |
| Investment property                                    | <b>8</b>  | 66 865 248 000           | 47 936 290 468          | 66 865 248 000            | 13 944 702 000            |
| Long-term receivables                                  |           | 584 679 261              | -                       | 584 679 261               | -                         |
| <b>Current assets</b>                                  |           | <b>5 599 357 909</b>     | <b>3 503 201 412</b>    | <b>5 474 795 746</b>      | <b>1 001 891 203</b>      |
| Inventories  |           | 286 493 847              | 607 634 806             | 69 653 499                | 159 568 757               |
| Investments held for trading                           |           | 527 553 502              | 1 701 610 392           | 527 553 502               | 494 999 709               |
| Trade and other receivables                            |           | 681 647 987              | 81 771 396              | 681 647 987               | 23 787 359                |
| Contract asset receivable from customers               |           | -                        | -                       | 92 278 185                | -                         |
| Cash and cash equivalents                              |           | 4 103 662 573            | 1 112 184 818           | 4 103 662 573             | 323 535 378               |
| Asset held for sale                                    | <b>9</b>  | -                        | 971 230 282             | -                         | 282 531 600               |
| <b>73 249 935 328</b>                                  |           | <b>52 615 931 618</b>    | <b>72 953 073 462</b>   | <b>15 244 074 847</b>     |                           |
| <b>Equity and liabilities</b>                          |           |                          |                         |                           |                           |
| Equity   |           | 66 239 275 575           | 49 306 163 548          | 66 175 591 314            | 14 301 376 426            |
| <b>Non-current liabilities</b>                         |           |                          |                         |                           |                           |
| Deferred taxation                                      |           | 3 274 411 747            | 2 531 523 893           | 3 166 003 392             | 721 070 807               |
| Non-current portion of borrowings                      | <b>11</b> | 1 026 591 593            | -                       | 1 026 591 593             | -                         |
| <b>Current liabilities</b>                             |           | <b>2 709 656 413</b>     | <b>778 244 177</b>      | <b>2 584 887 163</b>      | <b>221 627 614</b>        |
| Trade and other payables                               |           | 1 201 523 415            | 118 931 430             | 1 201 523 415             | 29 833 052                |
| Current portion of borrowings                          | <b>11</b> | 1 042 737 411            | -                       | 1 042 737 411             | -                         |
| Liabilities payable from contracts with customers      | <b>10</b> | 169 628 235              | 547 698 308             | 44 858 985                | 159 325 839               |
| Income tax payable                                     |           | 84 078 769               | 56 990 898              | 84 078 769                | 16 578 694                |
| Accruals   |           | 211 688 583              | 54 623 541              | 211 688 583               | 15 890 029                |
| <b>73 249 935 328</b>                                  |           | <b>52 615 931 618</b>    | <b>72 953 073 462</b>   | <b>15 244 074 847</b>     |                           |
| Net asset value per share -cents                       |           | 3 925.10                 | 2 917.09                | 3 921.32                  | 846.11                    |

\*The historic amounts are shown as supplementary information. The auditors have not issued an opinion on this historical information.

| Condensed Consolidated Statement of Cash Flows             |          | Inflation adjusted Group |   | * Historical cost Group   |   |
|--|----------|--------------------------|---|---------------------------|---|
|  |          | 31 Dec 2022 Audited ZWS  | 15 months ended 31 Dec 2021 Audited ZWS | 31 Dec 2022 Unaudited ZWS | 15 months ended 31 Dec 2021 Unaudited ZWS |
| <b>Net cash inflow from operating activities</b>           |          | <b>1 126 139 758</b>     | <b>1 261 475 441</b>                    | <b>2 812 116 279</b>      | <b>369 149 707</b>                        |
| Profit/(loss) before tax                                   |          | 18 194 842 702           | (5 005 074 962)                         | 54 694 148 989            | 5 960 120 593                             |
| Non-cash items   |          | (17 067 587 354)         | 5 793 009 497                           | (51 946 043 290)          | (5 715 157 183)                           |
| Increase/(decrease) in working capital                     |          | 58 796 996               | 637 282 398                             | 120 528 901               | 170 074 776                               |
| Tax paid   |          | (59 912 586)             | (163 741 492)                           | (56 518 321)              | (45 888 479)                              |
| <b>Net cash inflow/(outflow) from investing activities</b> |          | <b>1 372 660 021</b>     | <b>(119 151 728)</b>                    | <b>1 210 755 558</b>      | <b>(35 894 553)</b>                       |
| Interest received  |          | 61 658 404               | 44 935 490                              | 60 150 584                | 9 188 784                                 |
| Dividend received  |          | 10 110 939               | -                                       | 8 727 436                 | -   |
| Proceeds on disposal of investments held for trading       | <b>1</b> | 199 162 241              | 1 988 857                               | 164 193 563               | 340 179                                   |
| Additions of assets held for trading                       |          | (28 748 089)             | (964 827)                               | (27 585 701)              | (174 685)                                 |
| Purchase of property and equipment                         |          | (30 159 289)             | (52 314 413)                            | (18 840 742)              | (15 035 468)                              |
| Proceeds from disposal of non-current asset held for sale  |          | 518 397 856              | -                                       | 518 397 857               | -   |
| Proceeds from disposal of investment property              |          | 3 858 848 496            | 183 845 127                             | 2 343 302 723             | 42 908 530                                |
| Additions to investment property                           |          | (3 216 610 537)          | (296 641 962)                           | (1 837 590 162)           | (73 121 893)                              |
| <b>Net cash inflow/(outflow) from financing activities</b> |          | <b>492 677 976</b>       | <b>(250 033 591)</b>                    | <b>(242 744 642)</b>      | <b>(45 185 576)</b>                       |
| Dividend paid  |          | (224 431 227)            | (238 251 754)                           | (189 663 927)             | (43 071 711)                              |
| Loan raised  |          | 1 454 530 716            | -                                       | 585 849 482               | -   |
| Loan repayment   |          | (469 568 022)            | -                                       | (451 128 501)             | -   |
| Finance costs  |          | (267 853 491)            | -                                       | (187 801 696)             | -   |
| Acquisition of treasury shares                             |          | -                        | (11 781 837)                            | -                         | (2 113 865)                               |
| <b>Increase in cash and cash equivalents</b>               |          | <b>2 991 477 755</b>     | <b>892 290 122</b>                      | <b>3 780 127 195</b>      | <b>288 069 578</b>                        |
| Cash and cash equivalents at the beginning of the period   |          | 1 112 184 818            | 219 894 696                             | 323 535 378               | 35 465 800                                |
| <b>Cash and cash equivalents at the end of the period</b>  |          | <b>4 103 662 573</b>     | <b>1 112 184 818</b>                    | <b>4 103 662 573</b>      | <b>323 535 378</b>                        |

\*The historic amounts are shown as supplementary information. The auditors have not issued an opinion on this historical information.





AUDITED CONDENSED CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

| Condensed Consolidated Statement of Changes in Equity | Inflation adjusted Group |  | * Historical cost Group    |  |
|---|--------------------------|--|----------------------------|--|
|   | 31 Dec 2022 Audited ZW\$ | 15 months ended 31 Dec 2021 Audited ZW\$ | 31 Dec 2022 Unaudited ZW\$ | 15 months ended 31 Dec 2021 Unaudited ZW\$ |
| Balance at beginning of the period                    | 49 306 163 548           | 54 366 474 822                           | 14 301 376 426             | 8 703 740 568                              |
| Total comprehensive income/(loss)                     | 17 245 756 852           | (4 823 124 365)                          | 52 073 925 697             | 5 644 301 122                              |
| Acquisition of treasury shares                        | -                        | (11 781 837)                             | -                          | (2 113 865)                                |
| Dividend declared                                     | (312 644 825)            | (225 405 072)                            | (199 710 809)              | (44 551 399)                               |
| Balance at end of the period                          | 66 239 275 575           | 49 306 163 548                           | 66 175 591 314             | 14 301 376 426                             |

\*The historic amounts are shown as supplementary information. The auditors have not issued an opinion on this historical information.

Notes to the condensed consolidated inflation adjusted financial statements

1. Basis of preparation and accounting policies
- The Group's condensed consolidated inflation adjusted financial statements for the year ended 31 December 2022 have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), the Zimbabwe Stock Exchange Listing requirements and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE). The Group's condensed consolidated inflation adjusted financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwean Dollars (ZW\$). The accounting policies used in the current period are consistent with those applied in the previous period unless otherwise stated. These audited condensed consolidated inflation financial statements have been prepared under the assumption that the Group operates on a going concern basis.
- 1.1 Reporting currency
- These condensed financial statements are presented in the Zimbabwean currency ("ZW\$"), which was designated as the functional and reporting currency.
- 1.2 Hyperinflation
- These results have been prepared under the current cost basis in line with the provisions of Accounting Standards (IAS) 29 – Financial Reporting in Hyperinflationary economies. The Public Accountants and Auditors Board (PAAB) pronounced that the economy is trading under conditions of hyperinflation in line with IAS 29 (Pronouncement 1/2019). The directors have applied the guidelines provided by the PAAB and the accounting bodies and made various assumptions to produce the inflation adjusted financials. The inflation adjusted amounts are the primary set of results. The historic information is supplementary.
- The Group used the price indices provided by the Zimbabwe Statistical Office as reported on the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to 31 December 2022.

|                            | Index     | Conversion factor |
|----------------------------|-----------|-------------------|
| CPI as at 31 December 2022 | 13 672.91 | 1.00              |
| CPI as at 31 December 2021 | 3 977.46  | 3.44              |

|   | Inflation adjusted Group |  | * Historical cost Group    |  |
|---|--------------------------|--|----------------------------|--|
|   | 31 Dec 2022 Audited ZW\$ | 15 months ended 31 Dec 2021 Audited ZW\$ | 31 Dec 2022 Unaudited ZW\$ | 15 months ended 31 Dec 2021 Unaudited ZW\$ |
| 2. Depreciation on vehicles and equipment charged to operating profit   | 30 487 072               | 9 662 646                                | 3 116 328                  | 2 964 583                                  |
| 3. Revenue  | 3 819 256 644            | 1 930 172 359                            | 2 885 507 337              | 427 075 761                                |
| IFRS 16 rental income   | 2 558 288 987            | 1 912 685 229                            | 1 848 734 004              | 422 450 703                                |
| Revenue from contract with customers:   |                          |  |                            |  |
| a) Recognised based on stage of completion  |                          |  |                            |  |
| Mashview Gardens housing project  | 1 168 400 683            | -  | 962 262 980                | -  |
| b) Recognised at a point in time:   |                          |  |                            |  |
| Land inventory sales  | 69 450 358               | 9 530 863                                | 54 102 328                 | 2 039 801                                  |
| Property services income  | 23 116 616               | 7 956 267                                | 20 408 025                 | 2 585 257                                  |
| 4. Other income   | 2 651 482 008            | 119 936 682                              | 3 578 923 421              | 31 209 747                                 |
| Service charges   | 38 429 595               | 112 829 421                              | 28 148 613                 | 34 985 625                                 |
| Dividend income   | 10 480 070               | 46 750 729                               | 9 096 567                  | 5 635 940                                  |
| Net exchange gains  | 3 001 045 752            | -  | 2 237 279 013              | -  |
| Profit on disposal of investment property   | 207 146 149              | (39 643 468)                             | 207 146 149                | (9 411 818)                                |
| (Loss)/profit on disposal of asset held for sale  | (605 619 558)            | -  | 1 097 253 079              | -  |
| 5. Finance income   | 103 197 188              | 49 920 019                               | 88 519 469                 | 10 638 787                                 |
| Interest received from tenants receivables  | 29 251 880               | 49 322 911                               | 25 112 625                 | 10 524 984                                 |
| Interest received from staff balances   | 26 894 869               | 597 108                                  | 24 238 890                 | 113 803                                    |
| Interest received on money market investments   | 47 050 439               | -  | 39 167 954                 | -  |
| 6. Finance costs  | (267 853 491)            | -  | (187 801 696)              | -  |
| Loan arrangement fees   | (95 724 091)             | -  | (38 555 328)               | -  |
| Loan interest   | (172 129 400)            | -  | (149 246 368)              | -  |
| 7. Tax  | (949 085 850)            | 181 950 597                              | (2 620 223 292)            | (315 819 471)                              |
| Current income tax expense  | (206 197 997)            | (234 837 852)                            | (175 290 706)              | (43 789 472)                               |
| Deferred tax  | (742 887 853)            | 416 788 449                              | (2 444 932 586)            | (272 029 999)                              |
| 8. Investment properties  | 47 936 290 468           | 55 690 813 070                           | 13 944 702 000             | 8 982 114 000                              |
| Opening balance   | (264 140 000)            | (310 009 502)                            | (264 140 000)              | (50 000 000)                               |
| Disposals   | (3 678 230 686)          | (1 305 840 649)                          | (1 070 000 000)            | (379 870 001)                              |
| Net reclassification to held for sale   | -                        | (208 051 144)                            | -                          | (148 869 631)                              |
| Net effects of transfer to Inventory  | -                        | 296 641 962                              | 2 169 054 803              | 73 121 893                                 |
| Improvements/additions  | 4 167 511 117            | (6 227 263 269)                          | 52 085 631 197             | 5 468 205 739                              |
| Fair value adjustments  | 18 703 817 101           | -  | -                          | -  |
| Closing balance   | 66 865 248 000           | 47 936 290 468                           | 66 865 248 000             | 13 944 702 000                             |
| 9. Asset held for sale  | 971 230 282              | 254 207 789                              | 282 531 600                | 41 000 000                                 |
| Opening balance   | 3 678 230 686            | 1 305 840 650                            | 1 070 000 000              | 379 870 001                                |
| Reclassification from investment property   | (4 649 460 968)          | -  | (2 403 425 806)            | -  |
| Disposals   | -                        | (588 818 157)                            | 1 050 894 206              | (138 338 401)                              |
| Net fair value adjustment   | -                        | -  | -                          | -  |
| Closing balance   | -                        | 971 230 282                              | -                          | 282 531 600                                |
| 10. Liabilities payable from contracts with customers   |                          |  |                            |  |
| During the year, the Group reclassified revenue received in advance from trade and other payables amounting to ZW\$ 539 570 391 (Historic: ZW\$ 153 372 372) as reflected in the prior year financial statements to customer contract liability. The comparatives have been updated accordingly. This did not affect the opening balance sheet and it is therefore not presented. |                          |  |                            |  |

| 11. Borrowings   | Inflation adjusted Group |                          | * Historical cost Group    |                            |
|--|--------------------------|--------------------------|----------------------------|----------------------------|
|  | 31 Dec 2022 Audited ZW\$ | 31 Dec 2021 Audited ZW\$ | 31 Dec 2022 Unaudited ZW\$ | 31 Dec 2021 Unaudited ZW\$ |
| Interest bearing bank loan   | 2 069 329 004            | -                        | 2 069 329 004              | -                          |
| The loan balance is presented on the Statement of Financial Position as follows: |                          |                          |                            |                            |
| Current liabilities  | 1 042 737 411            | -                        | 1 042 737 411              | -                          |
| Non-current liabilities  | 1 026 591 593            | -                        | 1 026 591 593              | -                          |
| Total  | 2 069 329 004            | -                        | 2 069 329 004              | -                          |

11. Borrowings (continued)
- The loan details and terms are as follows:
- The loan is denominated in United States Dollars and has a 36-month tenure
- The interest rate on the loan is 10.35% per annum payable quarterly
- The Group secured the loan against one of its investment properties with a carrying value of ZW\$ 6 593 800 000.

| 12. Segment information | Inflation adjusted |               |               |                              |                   |  |
|-------------------------|--------------------|---------------|---------------|------------------------------|-------------------|--|
|                         | Office             | Industrial    | Pure retail   | Residential, health and land | Reconciling items | Totals per consolidated financial statements |
| 31 Dec 2022 ZW\$        |                    |               |               |                              |                   |  |
| Revenue                 | 1 782 395 484      | 397 067 081   | 207 559 678   | 1 432 234 401                | -                 | 3 819 256 644                                |
| Segment profit          | 11 555 609 879     | 2 616 121 614 | 1 305 101 996 | 5 268 436 560                | -                 | 20 745 270 049                               |
| Assets                  | 37 039 682 920     | 7 845 435 623 | 4 876 974 818 | 17 619 526 186               | 5 868 315 781     | 73 249 935 328                               |
| Liabilities             | 2 171 874 171      | 376 204 359   | 224 178 051   | 1 046 529 124                | 3 191 874 048     | 7 010 659 753                                |

| 31 Dec 2021 ZW\$ | Inflation adjusted |               |               |                              |                   |  |
|------------------|--------------------|---------------|---------------|------------------------------|-------------------|--|
|                  | Office             | Industrial    | Pure retail   | Residential, health and land | Reconciling items | Totals per consolidated financial statements |
| Revenue          | 1 190 529 399      | 342 285 277   | 155 617 628   | 241 740 055                  | -                 | 1 930 172 359                                |
| Segment loss     | (3 484 016 672)    | (706 813 755) | (473 040 930) | (36 993 639)                 | -                 | (4 700 864 996)                              |
| Assets           | 31 884 269 913     | 5 688 595 048 | 3 620 837 008 | 6 809 896 185                | 4 612 333 464     | 52 615 931 618                               |
| Liabilities      | 1 701 609 972      | 298 621 556   | 189 442 356   | 365 892 647                  | 754 201 539       | 3 309 768 070                                |

| 31 Dec 2022 ZW\$ | * Historical cost |               |               |                              |                   |  |
|------------------|-------------------|---------------|---------------|------------------------------|-------------------|--|
|                  | Office            | Industrial    | Pure retail   | Residential, health and land | Reconciling items | Totals per consolidated financial statements |
| Revenue          | 1 288 038 668     | 286 938 426   | 149 991 903   | 1 160 538 340                | -                 | 2 885 507 337                                |
| Segment profit   | 29 122 687 604    | 6 468 821 288 | 3 794 045 524 | 14 408 787 571               | -                 | 53 794 341 987                               |
| Assets           | 37 039 682 920    | 7 845 435 623 | 4 876 974 818 | 17 651 563 145               | 5 539 416 956     | 72 953 073 462                               |
| Liabilities      | 2 273 371 682     | 376 656 646   | 224 365 441   | 866 281 581                  | 3 036 806 798     | 6 777 482 148                                |

| 31 Dec 2021 ZW\$ | * Historical cost |               |               |                              |                   |  |
|------------------|-------------------|---------------|---------------|------------------------------|-------------------|--|
|                  | Office            | Industrial    | Pure retail   | Residential, health and land | Reconciling items | Totals per consolidated financial statements |
| Revenue          | 265 828 501       | 76 427 498    | 34 747 232    | 50 072 530                   | -                 | 427 075 761                                  |
| Segment profit   | 3 844 855 657     | 713 583 895   | 439 426 664   | 821 343 058                  | -                 | 5 819 209 274                                |
| Assets           | 9 275 157 466     | 1 654 816 465 | 1 053 304 137 | 1 981 003 787                | 1 279 792 992     | 15 244 074 847                               |
| Liabilities      | 487 414 552       | 85 550 169    | 54 274 678    | 104 799 197                  | 210 659 825       | 942 698 421                                  |

| 13. Transactions and balances with related parties |                      |                                       |                    |                  |                  |                  |
|--|----------------------|---------------------------------------|--------------------|------------------|------------------|------------------|
| Related party                                      | Relationship         | Nature of transaction                 | Inflation adjusted |                  |                  |                  |
|  |                      |                                       | Transaction        |                  | Balance          |                  |
|  |                      |                                       | 31 Dec 2022 ZW\$   | 31 Dec 2021 ZW\$ | 31 Dec 2022 ZW\$ | 31 Dec 2021 ZW\$ |
| ZB Life Assurance Limited                          | Direct shareholder   | Rent accrued                          | 109 232 125        | 81 621 094       | -                | -                |
| ZB Bank Limited                                    | Indirect shareholder | Rent accrued                          | 157 500 553        | 123 849 650      | -                | (9 642 406)      |
| ZB Life Assurance Limited                          | Direct shareholder   | Interest received                     | -                  | 959 637          | -                | -                |
| ZB Bank Limited                                    | Indirect shareholder | Interest received                     | 38 397 637         | 875 154          | -                | -                |
| ZB Bank Limited                                    | Indirect shareholder | Interest payable                      | 172 129 400        | 875 154          | -                | -                |
| ZB Financial Holdings Limited                      | Indirect shareholder | Dividends received                    | 7 605 973          | 16 349 148       | -                | -                |
| ZB Financial Holdings Limited                      | Indirect shareholder | Investment in money market securities | -                  | -                | -                | 3 595 948        |
| ZB Financial Holdings Limited                      | Indirect shareholder | Investment in equities                | -                  | -                | 271 509 436      | 1 398 112 930    |
| ZB Bank Limited                                    | Indirect shareholder | Bank balances                         | -                  | -                | 3 780 609 253    | 160 755 068      |
| ZB Bank Limited                                    | Indirect shareholder | Loan payable                          | -                  | -                | 2 069 329 004    | -                |
|  |                      |                                       | 484 865 688        | 224 529 837      | 6 121 447 693    | 1 552 821 540    |

| Related party                 | Relationship         | Nature of transaction                 | * Historical cost |                  |                  |                  |
|-------------------------------|----------------------|---------------------------------------|-------------------|------------------|------------------|------------------|
|                               |                      |                                       | Transaction       |                  | Balance          |                  |
|                               |                      |                                       | 31 Dec 2022 ZW\$  | 31 Dec 2021 ZW\$ | 31 Dec 2022 ZW\$ | 31 Dec 2021 ZW\$ |
| ZB Life Assurance Limited     | Direct shareholder   | Rent accrued                          | 78 936 018        | 18 027 477       | -                | -                |
| ZB Bank Limited               | Indirect shareholder | Rent accrued                          | 113 816 941       | 27 354 408       | -                | (2 804 982)      |
| ZB Life Assurance Limited     | Direct shareholder   | Interest received                     | -                 | 204 272          | -                | -                |
| ZB Bank Limited               | Indirect shareholder | Interest received                     | 31 964 779        | 199 857          | -                | -                |
| ZB Bank Limited               | Indirect shareholder | Interest payable                      | 149 246 368       | 199 857          | -                | -                |
| ZB Financial Holdings Limited | Indirect shareholder | Dividends received                    | 6 834 611         | 3 915 528        | -                | -                |
| ZB Financial Holdings Limited | Indirect shareholder | Investment in money market securities | -                 | -                | -                | 1 046 064        |
| ZB Financial Holdings Limited | Indirect shareholder | Investment in equities                | -                 | -                | 271 509 436      | 406 712 075      |
| ZB Bank Limited               | Indirect shareholder | Bank balances                         | -                 | -                | 3 780 609 253    | 46 763 767       |
| ZB Bank Limited               | Indirect shareholder | Loan payable                          | -                 | -                | 2 069 329 004    | -                |
|                               |                      |                                       | 380 798 717       | 49 901 399       | 6 121 447 693    | 451 716 924      |

| 14. Compensation to key management personnel of the Group | Inflation adjusted Group |  | * Historical cost Group    |  |
|---|--------------------------|--|----------------------------|--|
|   | 31 Dec 2022 Audited ZW\$ | 15 months ended 31 Dec 2021 Audited ZW\$ | 31 Dec 2022 Unaudited ZW\$ | 15 months ended 31 Dec 2021 Unaudited ZW\$ |
| Non-executive directors' emoluments                       | 79 357 660               | 29 791 008                               | 59 175 270                 | 6 323 889                                  |
| Short- and long-term employee benefits                    | 97 523 457               | 81 253 233                               | 62 343 500                 | 18 108 236                                 |
| Post-employment pension and medical benefits              | 8 380 415                | 15 860 276                               | 6 435 188                  | 3 534 649                                  |
| Total compensation paid to key management                 | 185 261 532              | 126 904 517                              | 127 953 958                | 27 966 774                                 |

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| 15. Commitments for capital expenditure   |               |               |               |               |
| Expenditure authorised and contracted     | 2 491 557 764 | 289 546 105   | 2 491 557 764 | 84 229 174    |
| Expenditure authorised but not contracted | 4 775 281 954 | 3 874 997 839 | 4 775 281 954 | 1 127 239 709 |

The capital expenditure will be financed from the Group's bank and cash balances of ZW\$4 103 662 573. The balance of the capital expenditure will be funded from a bank loan.

16. Going concern
- The Directors assessed the ability of the Group to continue operating as a going concern and concluded that the use of the going concern assumption is appropriate in the preparation of the inflation adjusted financial statements. The Directors have considered the impact of macro-economic conditions on the Group's business and are satisfied that adequate measures have been put in place to ensure viability of the Group beyond the next 12-month period.

17. Subsequent events

- 17.1 Reduction in loan interest
- Subsequent to year end, the company renegotiated the interest rate on its bank loan from 10.35% to 8.5% with effect from 1 January 2023. Other loan terms and conditions remained unchanged as disclosed in note 11.

- 17.2 Approval of financial statements
- The Group consolidated inflation adjusted financial statements for the year ended 31 December 2022 were authorised by the Board of Directors for issue on 16 March 2023.

- 17.3 Dividend declaration
- The Board of Directors declared a final dividend of ZW\$212,404,088 to be paid from the company's distributable profits.

## **INDEPENDENT AUDITOR'S REPORT ON THE CONDENSED INFLATION ADJUSTED FINANCIAL STATEMENTS**

### **TO THE SHAREHOLDERS OF MASHONALAND HOLDINGS LIMITED**

#### **Opinion**

The condensed inflation adjusted consolidated financial statements of Mashonaland Holdings Limited and its subsidiaries ("the Group"), which comprise the condensed inflation adjusted consolidated statement of financial position as at 31 December 2022, and the condensed inflation adjusted consolidated statement of profit or loss and other comprehensive income, the condensed inflation adjusted consolidated statement of changes in equity, and the condensed inflation adjusted consolidated statement of cash flows for the then ended, and related notes, are derived from the audited inflation adjusted consolidated financial statements of Mashonaland Holdings Limited for the year ended 31 December 2022.

In our opinion, the accompanying condensed inflation adjusted consolidated financial statements are consistent, in all material respects, with the audited inflation adjusted consolidated financial statements of the Group, in accordance with the requirements of the ZSE listings requirements for condensed reports and the requirements of Companies and Other Business Entities Act (Chapter 24:31).

#### **Summary inflation adjusted consolidated financial statements**

The condensed inflation adjusted consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31) as applicable to annual financial statements. Reading the condensed inflation adjusted consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited inflation adjusted consolidated financial statements of the Group and the auditor's report thereon.

#### **The audited inflation adjusted consolidated financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited inflation adjusted consolidated financial statements in our report dated 17 March 2023. That report also includes the communication of a key audit matter as reported in the auditor's report of the audited inflation adjusted financial statements.

#### **Directors' Responsibility for the summary inflation adjusted consolidated financial statements**

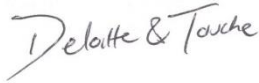
The directors are responsible for the preparation of the summary inflation adjusted consolidated financial statements in accordance with the requirements of the ZSE and the requirements of the Companies and Other Business Entities Act (Chapter 24:31) as applicable to condensed financial statements.

The listings requirements require condensed reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS).



### **Auditor's Responsibility**

Our responsibility is to express an opinion on whether the condensed inflation adjusted consolidated financial statements are consistent, in all material respects, with the inflation adjusted consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to report on summary financial statements.



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**DELOITTE & TOUCHE**  
**CHARTERED ACCOUNTANTS (ZIMBABWE)**  
**Per: Stelios Michael**  
**(PAAB Practice Certificate 0443)**  
**Partner**  
**Registered Auditor**  
**Harare, Zimbabwe**

**Date: 22 March 2023**