



MASHONALAND HOLDINGS LIMITED

(Incorporated in Zimbabwe)

Leading property owners and developers

Trading update for the quarter ended 31 March 2023

Operating environment

The 1st quarter of the year was characterised by continued inflationary pressures and depreciation in the local currency exchange rate. During the quarter, the RBZ interbank exchange rate depreciated by 40% on the back of an increase in money supply in the economy.

In addition to the local currency loss of purchasing power, the economy continues to be impacted by power supply challenges which have increased the cost of doing business. Power authorities have responded by introducing foreign currency tariffs on commercial properties for improved power supply.

Property market

The property occupier sub-market continues to suffer from high voids in the CBD office sector due to sluggish economic activity. Pockets of growth continue to be witnessed within the retail and residential sectors with emphasis on quality offering. Consequently, development activity and sales transactions are skewed towards these two sectors attracted by encouraging space absorption rates and yields. The industrial segment remains affected by power supply challenges which have impinged on the sector's ability to improve its capacity utilisation, this in turn has affected the sector's ability to generate optimal yields.

Among other macro-economic pressures, the property sector remains affected by distortions in exchange rates and inflationary pressures. As a result, most property owners are engaging tenants with a view of converting Zimbabwe Dollar denominated leases to United States Dollars to enable value preservation.

Financial performance

The unaudited historical results for the 3 months ended 31 March 2023 are as presented below:

Income statement highlights	Historical results for the period		
	31 Mar 2023 ZWL	31 Mar 2022 ZWL	% movement
Revenue	969 875 907	166 971 472	481%
Operating profit before fair value adjustments	2 005 143 328	148 885 397	1247%
Key ratios	% movement		
Occupancy level (%)	87%	81%	7%
Collections (%)	95%	96%	-1%
Rental yields (%)	6.9%	6.5%	6%

- Revenue increased by 481% driven by an increase in space absorption in the portfolio. Overall portfolio occupancy increased from 81% to 87%. Revenue increase was also driven by regular rent reviews being implemented to preserve value.
- Operating profit increased by 1 247% to ZW\$2billion driven by the revenue growth. Included in operating profit are exchange gains amounting to ZW\$1.5billion (Q1 2022: ZW\$28million).

Property development projects

Milton Park Day Hospital Facility

The pre-leased project commenced in June 2022, and it is targeted for completion and handover in Q3 2023. The project is progressing as planned with emphasis on cost, time and quality management.

Pomona Wholesale Centre

The development concept consists of wholesaling and flexible warehousing with 14,000sqm lettable space. The anchor tenant has been secured and 60% of the development has been successfully pre-leased. Pre-construction works including demolition of existing structures and designing of the new buildings is complete. Tendering works are underway and construction works are set to commence in Q3 2023.

Mashview Gardens

Phase 1 of the housing development in Bluff Hill was completed in December 2022. Construction of the housing units under phases 2 and 3 is on-going. The units are due for handover in June 2023 in line with the project programme.

Outlook

In spite of the challenging operating environment, the Group remains focused on implementing its portfolio diversification strategy. The Group will continue to put measures in place to manage the risk associated with new developments. Focus will also be put on enhancing customer experience in order to increase our occupancies.

E. Madhaka
Company Secretary
15 May 2023

12th Floor ZB Life Towers
77 Jason Moyo Avenue
Harare

Directors: Eng. G. Bema (Chairperson), G. Mapfudza (Managing Director), M. Mubayiwa, H.M. Munyati, B. Musariri, P. Musarurwa, K. Musundire (CFO), S.M. Mutangadura, B. Shumba.