

TRADING UPDATE

For the first quarter ended 31 March 2024

Operating Environment

The first quarter witnessed a rapid depreciation of the local currency, high inflationary pressures, and liquidity challenges in the economy. This culminated in the Government intervening through introduction of a new structured currency in early April 2024, the Zimbabwe Gold (ZiG) which is expected to foster macroeconomic stability and predictability in the exchange rate going forward.

The economy continues to face challenges in the form of the El-nino induced drought coupled with weak commodity prices. Diaspora remittances are however likely to remain strong, supporting liquidity requirements in the highly dollarized economy and sustaining domestic trade, services and construction activities.

Property Market

The market has been characterized by a surge in commercial and residential real estate developments with a noticeable number of cluster apartments, shopping malls and service stations being constructed within and on the outskirts of major urban centres. The CBD offices sector, however, continues to struggle with high voids as occupants exit the CBD preferring suburban office locations to escape from increased traffic congestion, high parking fees, street vendors, and soaring rentals. This presents a strong case for urban re-generation.

Portfolio Performance and Prospects

Revitus Property Fund remains focused on the vision to revitalise CBD properties and improve the occupancy ratios, rental yields and market values. The pilot project for refurbishment of Chester House (Harare) is at an advanced stage with the conversion from office use to licensed residential accommodation scheduled to commence in Q3 2024. Preliminary scoping of Pioneer House (Bulawayo) renovations is underway, with commencement of the project expected to result in a temporary revenue shrinkage after tenant evacuations.

The average occupancy and yield ratios were weakened by evictions of tenants in preparation for renovations and termination of non-performing leases. These should improve as the buildings are revitalised and quality tenants are on-boarded in the short to medium term. Economic challenges induced by inflationary pressures and exchange rate volatility added pressures on tenants' ability to meet their obligations, resulting in low collection rates in Q1 2024. Anticipated economic stability driven by a more stable structured currency is expected to enhance business performance for occupants and uplift collection rates.

Unaudited Performance Highlights

The REIT continues to realise revenues from its existing portfolio of buildings as they await revitalisation. The unaudited performance highlights for the 3 months ended 31 March 2024 are as presented below:

| Financial Highlights | 31 Mar 2024 (USD) |
|-------------------------|-------------------|
| Profit for the period | \$102 636 |
| Net Asset Value | \$22 539 020 |
| Average Occupancy Ratio | 40% |

The achieved profit for Q1 was 81% above budget and the growth trend is expected for the rest of the financial year. Proceeds from the Initial Public Offer (IPO) were largely deployed towards payments to service providers for the revitalisation initiatives whilst the balance went towards purchase of listed equities as a capital preservation strategy whilst awaiting deployment towards actual construction activities.

Dividend Announcement

In line with our commitment to pay quarterly distributions, the REIT has declared a maiden interim dividend for the quarter ended 31 March 2024 of USD 45,804 (being 0.012 United States cents per unit).

Dividend timetable

| DETAILS | DATES |
|--------------------|-----------|
| Announcement Date | 20-May-24 |
| Trade cum-Dividend | 04-Jun-24 |
| Trade Ex-Dividend | 05-Jun-24 |
| Record Date | 07-Jun-24 |
| Payment Date | 13-Jun-24 |

On behalf of the Asset Manager

On behalf of the Trustee



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