



## Dawn Properties Limited

# TRADING UPDATE FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

Dawn Properties Limited and its subsidiaries ("the Group") is pleased to provide a trading update for the third quarter and nine months ended 30 September 2020.

### OPERATING ENVIRONMENT

The impact of the corona virus pandemic and the general decline in economic activity continued to curtail productivity and growth. Falling aggregated demand persisted amid tight liquidity in the market. The operating environment during the quarter under review was however more stable compared with the first half of the financial year mainly as a result of the introduction of the foreign currency exchange auction system and relaxation of lockdowns. Year on year inflation rate eased to 659% in September 2020, a decline from a July 2020 peak of 837%. The Zimbabwean economy is however expected to shrink from last year level, with the Ministry of Finance and the International Monetary Fund projecting that the Gross Domestic Product growth rate for the full year 2020 will be negative 4.5% and 10.4% respectively.

### FINANCIAL PERFORMANCE REVIEW

All figures and percentage changes reflected in this statement are based on the inflation adjusted financial performance of the Group.

#### **Hotels**

Hotel revenue for the nine months ended 30 September 2020, at ZWL65.3 million, was 54% lower than the revenue achieved during the same period last year. This was mainly due to depressed occupancies as a result of strict lockdowns imposed by the government during the second quarter in response to the Covid-19 pandemic. Year to date average occupancies as at 30 September 2020 stood at 16% compared to 41% achieved during the same period in prior year.

The Group witnessed an increase in hotel occupancies from the previous quarter as three additional hotels (Monomotapa Hotel, Troutbeck Hotel and Carribea Bay Hotel) were reopened in July and August 2020. Average occupancy for all the hotels for third quarter 2020 was 13% compared with a 42% occupancy achieved during the same period last year. The two resort hotels namely Hwange Safari Lodge and Elephant Hills Hotel were only reopened in October 2020.

#### **Property Consultancy**

Property Consultancy revenue at ZWL43.7 million registered a 10% decline from prior year. The lower than prior year performance was mainly due to subdued business during the lockdown period as well as the loss of a significant client, effective 31 March 2020. The Valuations and Advisory cluster contributed 59% of the total Property Consultancy revenue compared with 41% during the same period in prior year. The Property Management cluster contributed 32% of revenue compared with 49% in the prior year during the same period. Property Management income however grew by 56% from the previous quarter due to rent reviews effected beginning July 2020.

#### **Property development**

Servicing of 65 stands under Phase 1A of Marlborough Sunset Views (MSV), measuring on average 2,000 square metres each, was completed in July 2020. As at 30 September 2020, the Group had sold eight stands.

#### **Expenses**

Administrative expenses to revenue ratio for the period ended 30 September 2020 was 56% compared with 50% for the previous corresponding period reflecting the decline in revenue from prior year. Property expenses to revenue ratio remained flat at 6%.

### OFFER TO ACQUIRE 100% OF DAWN PROPERTIES LIMITED'S ISSUED SHARES BY AFRICAN SUN LIMITED

At an extra ordinary general meeting held on the 19th of October 2020 the shareholders of Dawn Properties Limited "Dawn" approved a proposed transaction for the acquisition of the entire issued ordinary shares of Dawn in exchange for an issuance of African Sun Limited ("African Sun") ordinary shares listed on the Zimbabwe Stock Exchange through an issuance of 1 African Sun ordinary share for every 3.988075946 Dawn ordinary shares held.

The Offer made by African Sun to Dawn shareholders closes on 13 November 2020 and the results of the Offer will be published by no later than 18 November 2020.

### OUTLOOK

The reopening of the tourism sector by the government of Zimbabwe has already started yielding positive results. As at 1 October 2020, all the African Sun run hotels are back in operation and occupancies are steadily increasing. In the short to medium term, tourism recovery in Zimbabwe is anticipated to be driven by domestic tourism.

Subsequent to 30 September 2020, twelve additional stand sales were completed bringing the total number of stands sold to date to twenty. The development of Phase 1B, which is expected to deliver 53 stands of approximately similar size as under Phase 1A, will commence in the near future.

The operating environment remains volatile and uncertain but the Group is confident that it is on a sound footing and should continue on the recovery path.

#### **By Order of the Board**

**Markus de Klerk**  
Company Secretary

#### **Registered Office**

8th Floor, Beverley Court  
100 Nelson Mandela Avenue  
Harare

**15 October 2020**

#### **Directors:**

G Johnson (Chairman), M Mukonoweshuro, B Childs, L Mhishi, P Saungweme, C Chikosi, E Rabvukwa, J Dowra (Managing Director)\*, N Mutizwa (Finance Director)\*. \* Executive