



Mashonaland Holdings Limited

(Incorporated in Zimbabwe)

MASHONALAND HOLDINGS LIMITED TRADING UPDATE FOR 12 MONTHS ENDED 30 SEPTEMBER 2021

Operating environment

Inflation has been on a downward trajectory having decreased from 362.6% in January 2021 to 51.5% in September 2021. Despite the decrease in inflation, the market continues to witness a widening gap between the Reserve Bank of Zimbabwe auction and unofficial market exchange rates, a development which may sustain inflationary pressures in the economy.

The country is lagging behind on its vaccination targets, which might affect the country's preparedness to contain the 4th wave of the COVID-19 virus. The containment of the 3rd wave and the resultant easing of the lockdowns has seen an increase of economic activity across all sectors. The tourism sector remains depressed especially for international visitors.

Property market

The property market remains susceptible to low demand for space particularly in the CBD office sector due to low economic activity. The market has however recorded improvements in occupancies for the retail sector as the economy mirrors its retail concentration. The industrial sector has remained resilient with average yields of 8% across the market as well as occupancies above 90%. On the supply side of the property market, the dominant sector has been the residential sub-sector which continues to attract new development activity due to the high demand for residential space and also the low risk given the sizes of residential units.

Unaudited inflation adjusted performance highlights

	30-Sep-21	30-Sep-21	
Statement of Comprehensive income highlights	ZW\$	ZW\$	% Movement
Revenue	359 722 357	262 728 301	37% ▲
Operating profit	184 479 115	155 752 716	18% ▲
Operating profit margin	51%	59%	14% ▼
Occupancy level	80.60%	79.20%	2% ▲
Collections	93%	90%	3% ▲

- Revenue increased by 37% compared to the same period last year driven by periodic rent reviews which the business has been performing in line with market practice. The improved revenue performance was also driven by new leases concluded during the period. Occupancy levels have increased by 2% from 79.2% to 80.6%.

- Operating profit increased by 18% due to the revenue growth, the operating profit margin however decreased by 14% following an increase in total operating expenses. Increase in operating expenses

was driven by movement in unofficial market exchange rates which had a bearing on the Zimbabwe Dollar value of maintenance materials and services consumed by the company. The company increased its investment in maintenance activities in an effort to retain occupancies and also to attract new lettings.

Property developments update

Mashview Gardens, Bluffhill Harare

The development of the Mashview Gardens cluster housing project in Bluff Hill Harare is ongoing with construction activity in progress for delivery of the first batch of houses in Q1 2022. Project marketing is ongoing, and the company is in negotiations with a potential buyer for completed units.

Chiyedza House Co-working

The company completed renovations at the Chiyedza House co-working hub and opened the facility for leasing with effect from 1 September. The company is exploring expanding into other vacant floors in the building due to demand from the market.

Change of financial year end

The company has changed its reporting date from 30 September to 31 December starting from the current financial period and issued a notice to shareholders in this respect on the 10th of September 2021. The company will therefore be presenting its audited financial performance for the 15 months ended 31 December 2021 in Q1 2022.

Outlook

Government of Zimbabwe has forecast that the economy will, in spite of the headwinds, record a growth of 7.8% for the year 2021. The positive economic growth projections are anticipated to contribute towards improved demand in the real estate occupier market. The company remains focussed on its strategic priorities which include portfolio diversification and portfolio optimisation to sustain overall business performance.



E. MADHAKA
COMPANY SECRETARY

11 November 2021