



FINANCIAL PERFORMANCE HIGHLIGHTS

- Revenue for the period ended 30 June 2015 of \$4.258 million (HY2014: \$4.431 million), down by 3.90%. Revenue includes rental income and property services income;
- Property expenses increased by 24.23% to \$0.605 million (HY2014: \$0.487 million) driven by an increase in expenses relating to vacant space;
- Net property income before administration expenses declined by 1.08% to \$3.255 million (HY2014: \$3.290 million);

- Administration expenses declined by 7.18% to \$1.317 million due to savings in staff related costs, depreciation and group shared services fees; and
- Operating profit before tax and fair value adjustment increased by 12.77% to \$1.945 million (HY2014: \$1.725 million) following savings on staff rationalization and external borrowing costs.

CHAIRMAN'S STATEMENT

The Economy

The macroeconomic environment continues to be characterised by illiquidity and deflationary conditions. The challenges faced in policy implementation, fiscal collections, debt distress and global commodity price decline further hampered any meaningful development in the local economy.

Strong economic growth is important for the success of the real estate market. It helps in the maintainance of strong property fundamentals, attracts investors and inspires demand and growth.

The Property Market

The poor aggregate demand and the depressed operating environment negatively affected property sector fundamentals with increasing pressure on the ability of tenants to remain profitable and the ability of property owners to stimulate positive outcomes on rentals, yields and development activity.

The property market remained subdued in the first half of 2015 with increasing defaults, declining occupancy levels, increasing evictions and voluntary space surrenders. These fundamentals adversely affected the prospects for upward rent reviews as landlords seek to retain existing paying tenants. Demand for space remained weak with the Central Business District ("CBD") office sector being affected the most. However, the demand for retail space remains relatively strong in both the CBD and suburban areas despite the subdued economic fundamentals.

The overall subdued demand for space and punitive pricing of mortgage facilities available from financial institutions restricted meaningful property development. The uncompetitively priced mortgage facilities resulted in property sales transactions being completed at suppressed prices with the affordability of mortgages being restricted to a small segment of the formally employed.

Appointment of Auditors

At the last AGM, PriceWaterhouseCoopers Chartered Accountants (Zimbabwe) were appointed as auditors of the Group. We appreciate the invaluable service by the outgoing auditors to the Group during their tenure and welcome the new auditors.

Dividend

Your Board has deemed it prudent not to declare an interim dividend in light of capital and operational obligations to be settled during the period to 31 December 2015.

Outlook

The implementation of sustainable macro-economic policies to resuscitate key productive sectors remains the stimulus to growth, with investment in public infrastructure being a key driver in supporting productive sector growth. To this end, growth in the property sector is positively correlated to the economic fundamentals that will stimulate growth, stability and security for investors, with the added access to competitive funding for property development and infrastructure being essential to growth in the real estate market.

In the short term, the Group will continue to implement cost reduction initiatives to ensure sustainable earnings as growth in revenue is likely to remain depressed. The Group will also seek opportunities to enter into tailored property development structures to enhance the value and long term sustainability of the property portfolio.

Acknowledgements

On behalf of your Board, I appreciate the invaluable support received from all stakeholders.



E.K. Moyo  
Chairman  
28 August 2015

MANAGING DIRECTOR'S OPERATIONS OVERVIEW

Operations Update

In the six months ended 30 June 2015, the business has been operating in a constrained property market due to the persistent challenging macro-economic conditions. The deflationary and illiquidity conditions led to space rationalisation, increased requests for downward rent review(s) and business closures by tenants.

The occupancy level declined to 77.37% (FY2014: 79.93%) with vacations spread across the portfolio.

Tenant arrears grew to \$2.638 million (FY2014: \$2.393 million) due to the liquidity challenges prevailing in the economy. During the period, the Group committed a total of \$0.142 million (HY2014: \$0.073 million) towards property maintenance. The aim of the business is to improve the quality of lettable space in order to retain existing tenants and also attract new tenants to improve occupancy levels.

The disposal of Kamfinsa Cluster Housing Development commenced in the first quarter of 2015 and eight sale offers have been accepted as at 30 June 2015. The Group has established arrangements with financial institutions to assist potential home seekers with mortgage finance.

The Group will continue seeking innovative solutions to expand the revenue base while implementing cost management strategies to preserve earnings at sustainable levels.



F. Nyambiri  
Managing Director  
28 August 2015

Consolidated Statement of Financial Position  
As at 30 June 2015

All figures in USD	Note	Unaudited	Unaudited	Audited
ASSETS	30 June 2015	30 June 2014	31 December 2014	
Investment properties	3	140,991,207	139,190,192	140,797,000
Vehicles and equipment	4	178,429	364,340	339,553
Financial assets available -for-sale	5	324,127	324,997	486,190
Financial assets at fair value through profit or loss	6	105,029	107,663	157,543
Long-term receivable		977,022	977,022	977,022
Long term investments		301,610	254,365	287,910
Inventory	7	3,075,880	1,834,687	2,785,738
Tax credit		610,483	440,608	630,972
Trade and other receivables	8	2,321,278	2,433,446	1,934,423
Cash and cash equivalents	9	1,320,765	712,940	964,958
<b>Total assets</b>		<b>150,205,830</b>	<b>146,640,260</b>	<b>149,361,309</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to equity holders of the parent</b>				
Ordinary share capital		1,238,157	1,238,157	1,238,157
Available-for-sale reserve		(199,589)	(148,570)	(39,146)
Retained earnings		127,211,296	124,233,804	126,313,858
<b>Total shareholders' equity</b>		<b>128,249,864</b>	<b>125,323,391</b>	<b>127,512,869</b>
<b>LIABILITIES</b>				
Long-term portion of borrowings	10	2,841,666	3,941,667	3,391,666
Short-term portion of borrowings	10	1,100,000	1,100,000	1,100,000
Deferred tax	11	15,475,785	14,678,677	15,511,193
Tax payable		58,073	264,594	10,334
Trade and other payables	12	2,386,678	1,069,591	1,603,602
Loans and other payables		-	182,010	146,194
Provisions		93,764	80,330	85,451
Total liabilities		21,955,966	21,316,869	21,848,440
<b>Total equity and liabilities</b>		<b>150,205,830</b>	<b>146,640,260</b>	<b>149,361,309</b>

Consolidated Statement of Profit or Loss  
For the six months ended 30 June 2015

All figures in USD	Note	Unaudited	Unaudited	Audited
	30 June 2015	30 June 2014	31 December 2014	
<b>Revenue</b>		<b>4,258,378</b>	<b>4,431,014</b>	<b>8,777,892</b>
Rent income		4,245,273	4,387,013	8,699,564
Property service income		13,105	44,001	78,328
Property expenses	13	(605,294)	(487,165)	(1,102,797)
Provision for credit losses		(398,086)	(653,432)	(1,215,199)
<b>Net property income (NPI)</b>		<b>3,254,998</b>	<b>3,290,417</b>	<b>6,459,896</b>
Administration expenses	15	(1,316,769)	(1,418,669)	(2,766,230)
<b>NPI after administration expenses</b>		<b>1,938,229</b>	<b>1,871,748</b>	<b>3,693,666</b>
Staff rationalisation costs		230,671	(216,038)	(216,038)
Investment and finance income	14	9,226	241,869	268,884
Dividend and other income		(233,216)	(382,199)	(643,623)
<b>Finance costs</b>		<b>1,944,910</b>	<b>1,724,622</b>	<b>3,579,672</b>
Operating profit		(52,514)	(26,258)	1,231,887
Fair value adjustment		-	-	-
<b>Profit before taxation</b>		<b>1,892,396</b>	<b>1,698,364</b>	<b>4,811,559</b>
Taxation	16	(313,971)	(253,437)	(1,286,578)
<b>Profit for the period</b>		<b>1,578,425</b>	<b>1,444,927</b>	<b>3,524,981</b>

Consolidated Statement of Other Comprehensive Income  
For the six months ended 30 June 2015

All figures in USD	Note	Unaudited	Unaudited	Audited
	30 June 2015	30 June 2014	31 December 2014	
<b>Profit for the period</b>		<b>1,578,425</b>	<b>1,444,927</b>	<b>3,524,981</b>
<b>Other comprehensive income - items to subsequently be classified to profit or loss</b>				
Fair value adjustments on available-for-sale financial assets		(162,063)	(80,796)	80,795
Available for sale reserve reclassified to profit or loss		-	-	(50,547)
Deferred tax effect		1,621	905	(715)
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(160,442)</b>	<b>(79,891)</b>	<b>29,533</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>1,417,983</b>	<b>1,365,036</b>	<b>3,554,514</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent		1,417,983	1,365,036	3,554,514
<b>Total comprehensive income</b>		<b>1,417,983</b>	<b>1,365,036</b>	<b>3,554,514</b>

Consolidated Statement of Changes in Equity  
For the six months ended 30 June 2015

All figures in USD	Ordinary Share Capital	Available-for-Sale Reserve	Retained Earnings	Total Shareholders' Equity
<b>At 1 January 2014</b>	<b>1,238,157</b>	<b>(68,679)</b>	<b>122,788,877</b>	<b>123,958,355</b>
Profit for the period	-	-	3,524,981	3,524,981
Other comprehensive income	-	29,533	-	29,533
<b>At 31 December 2014</b>	<b>1,238,157</b>	<b>(39,146)</b>	<b>126,313,858</b>	<b>127,512,869</b>
Profit for the period	-	-	1,578,425	1,578,425
Other comprehensive loss	-	(160,443)	-	(160,443)
Dividend paid	-	-	(680,987)	(680,987)
<b>At 30 June 2015</b>	<b>1,238,157</b>	<b>(199,589)</b>	<b>127,211,296</b>	<b>128,249,864</b>

Consolidated Statement of Cash Flows  
As at 30 June 2015

All figures in USD	Note	Unaudited	Unaudited	Audited
	30 June 2015	30 June 2014	31 December 2014	
<b>Profit before taxation</b>		<b>1,892,396</b>	<b>1,698,364</b>	<b>4,811,559</b>
Adjust for non-cash items and interest		390,070	199,236	(219,050)
<b>Cash flows before working capital changes</b>		<b>2,282,466</b>	<b>1,897,600</b>	<b>4,592,509</b>
Working capital changes		(139,434)	4,579,807	3,705,591
<b>Cash generated from operations</b>		<b>2,143,032</b>	<b>6,477,407</b>	<b>8,298,100</b>
Interest paid		(233,216)	(382,199)	(643,623)
Tax paid		(302,744)	(197,468)	(844,336)
<b>Net cash generated from operations</b>		<b>1,607,072</b>	<b>5,897,740</b>	<b>6,810,141</b>
Net cash generated/(used) from investing activities		125,915	(10,697,991)	(10,800,625)
Net cash (used)/generated from financing activities		(1,377,180)	5,195,610	4,637,861
<b>Net increase in cash and cash equivalents</b>		<b>355,807</b>	<b>395,359</b>	<b>647,377</b>
Opening cash and cash equivalents		964,958	317,581	317,581
<b>Closing cash and cash equivalents</b>	9	<b>1,320,765</b>	<b>712,940</b>	<b>964,958</b>

Notes to the Consolidated Financial Results  
For the six months ended 30 June 2015

- Basis of preparation**  
The Group's interim financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and guidance from international Financial Reporting Interpretation Committee (IFRIC). The financial statements are based on the statutory records that were maintained under historical cost convention except for investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss that have been measured at fair value.
- Accounting policies**  
The accounting policies adopted in the preparation of the interim results are consistent with those followed in the preparation of the Group's annual report for the year ended 31 December 2014  
  
The Group's interim financial results were approved for issue on 28 August 2015.
- Investment properties**

All figures in USD	30 June 2015	30 June 2014	31 December 2014
January	140,797,000	128,142,000	128,142,000
Additions	-	10,448,011	10,727,341
Improvements to existing properties	194,207	600,181	722,029
Fair value adjustments	-	-	1,205,630
<b>Closing balance</b>	<b>140,991,207</b>	<b>139,190,192</b>	<b>140,797,000</b>
- Vehicles and equipment**

At 1 January	339,553	461,770	461,771
Additions	6,414	-	73,239
Disposals	(95,864)	(55,000)	(23,404)
Depreciation	(71,674)	(42,430)	(172,053)
<b>Closing balance</b>	<b>178,429</b>	<b>364,340</b>	<b>339,553</b>
- Financial assets available-for-sale**

At 1 January	486,190	415,460	415,460
Disposals	-	(9,431)	(9,195)
Impairment	-	-	(870)
Fair value adjustment	(162,063)	(81,032)	80,795
<b>Closing balance</b>	<b>324,127</b>	<b>324,997</b>	<b>486,190</b>
- Financial assets at fair value through profit or loss**

At 1 January	157,543	299,644	299,644
Disposal	-	(165,723)	(165,724)
Impairment	-	-	(2,634)
Fair value adjustment	(52,514)	(26,258)	26,257
<b>Closing balance</b>	<b>105,029</b>	<b>107,663</b>	<b>157,543</b>
- Inventory**

Property held-for-trading	139,728	140,233	140,233
Kamfinsa cluster housing development	2,897,736	1,659,283	2,608,309
Consumables	38,416	35,171	37,196
<b>Closing balance</b>	<b>3,075,880</b>	<b>1,834,687</b>	<b>2,785,738</b>
- Trade and other receivables**

Tenant receivables	2,637,960	2,072,608	2,393,036
Tenant operating cost recoveries	559,156	549,313	573,565
<b>Trade receivables</b>	<b>3,197,116</b>	<b>2,621,921</b>	<b>2,966,601</b>
Allowance for credit losses	(1,902,690)	(1,262,023)	(1,647,666)
<b>Net trade receivables</b>	<b>1,294,426</b>	<b>1,359,898</b>	<b>1,318,935</b>
Prepayments	674,131	810,959	417,953
Other receivables	128,275	114,529	18,493
Related party receivables	224,446	148,060	179,042
<b>Closing balance</b>	<b>2,321,278</b>	<b>2,433,446</b>	<b>1,934,423</b>
- Cash and cash equivalents**

Short-term investments	208,620	145,109	54,363
Cash at bank	1,112,145	567,831	910,595
<b>Closing balance</b>	<b>1,320,765</b>	<b>712,940</b>	<b>964,958</b>
- Borrowings**

At 1 January	4,491,666	-	-
Proceeds from financial institution	-	5,500,000	5,500,000
Amortised interest	199,061	354,135	604,372
Capital and interest repayments	(749,061)	(812,468)	(1,612,706)
<b>Closing balance</b>	<b>3,941,666</b>	<b>5,041,667</b>	<b>4,491,666</b>
Short-term portion	1,100,000	1,100,000	1,100,000
Long-term portion	2,841,666	3,941,667	3,391,666
<b></b>	<b>3,941,666</b>	<b>5,041,667</b>	<b>4,491,666</b>

The loan is secured by an immovable property stamped to cover \$6,500 million. The loan has an interest rate currently at 10% per annum.
- Deferred tax**

All figures in USD	30 June 2015	30 June 2014	31 December 2014
At 1 January	15,511,193	14,969,274	14,969,274
Arising on vehicles and equipment	(48,609)	(16,682)	(19,080)
Arising on investment properties	-	-	709,534
Arising on assessed losses	15,347	(271,090)	(147,829)
Arising on financial assets at fair value through profit or loss	(525)	(1,920)	(1,421)
Arising on financial assets available-for-sale	(1,621)	(905)	715
<b>Closing balance</b>	<b>15,475,785</b>	<b>14,678,677</b>	<b>15,511,193</b>
- Trade and other payables**

Tenant payables	861,280	5,461	500,220
Accrued expenses	12,004	255,356	157,687
Sundry creditors	208,880	291,195	231,073
Trade creditors	1,304,514	517,579	714,622
<b>Closing balance</b>	<b>2,386,678</b>	<b>1,069,591</b>	<b>1,603,602</b>
- Property expenses**

Maintenance costs	142,233	73,569	212,888
Property security and utilities	129,998	50,731	237,632
Valuation fees	10,500	15,873	15,873
Operating cost under recoveries	322,563	346,992	636,404
<b>Closing balance</b>	<b>605,294</b>	<b>487,165</b>	<b>1,102,797</b>

- Investment and finance income**

All figures in USD	30 June 2015	30 June 2014	31 December 2014
Interest on overdue tenant accounts	139,210	127,988	263,906
Interest on long term receivable	62,755	63,762	126,878
Interest on short term investments	28,706	17,492	85,999
<b></b>	<b>230,671</b>	<b>209,242</b>	<b>476,783</b>
- Administration expenses**

Directors fees - for services as directors	39,683	25,910	55,199
Auditors fees	38,220	45,312	84,907
ICT expenses	37,366	33,958	69,597
Staff related costs	703,429	726,818	1,424,920
Depreciation	71,674	97,430	172,053
Communications	16,964	8,568	17,387
Fees and other charges	33,141	51,603	77,750
Impairment of investments	-	-	3,504
Office costs	114,423	142,064	277,505
Travel and entertainment	4,993	2,365	4,973
Group shared services	237,107	276,976	554,301
Project			