





**ZIMRE PROPERTY INVESTMENTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (cont'd) for the the year ended 31 December 2017**

	2017 US\$	2016 US\$
<b>4 INVESTMENT PROPERTY</b>		
At 1 January	43,871,347	46,554,210
Improvements to existing properties	217,391	121,376
Reclassification from inventory	-	196,294
Additions to existing properties	3,324,650	203,271
Disposals	(10,000,000)	(390,000)
Fair value adjustments	(703,427)	(2,813,804)
At 31 December	<u>36,709,961</u>	<u>43,871,347</u>

Investment property with a total carrying amount of US\$9.3 million (2016: US\$10 million) was encumbered at 31 December 2017.

<b>5 INVENTORY</b>		
Developed stands	2,524,375	1,320,285
Land under development	848,326	1,418,650
At 31 December	<u>3,372,701</u>	<u>2,738,935</u>

There was no write-off of inventories during the year ended 31 December 2017 (2016: US\$nil).

<b>6 TRADE AND OTHER RECEIVABLES</b>		
Tenant receivables	1,652,161	2,045,989
Property sales receivables	1,824,684	1,394,979
Trade receivables	3,476,845	3,440,968
Less: allowance for credit losses	(929,424)	(1,244,140)
Net trade debtors	2,547,421	2,196,828
Prepayments	1,164,211	639,962
Other receivables	1,580,033	1,248,132
Total trade and other receivables	<u>5,291,665</u>	<u>4,084,922</u>

At 31 December 2017, trade receivables of US\$929,424 (2016: US\$1,244,140) were past due and impaired and were provided for. The individually impaired receivables mainly relate to tenants who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

Reconciliation of allowance for credit losses		
At 1 January	1,244,140	794,391
Add: charge for the year	(314,716)	449,749
At 31 December	<u>929,424</u>	<u>1,244,140</u>

<b>7 CASH AND CASH EQUIVALENTS</b>		
Short-term investments	9,803,660	-
Cash at bank and in hand	416,705	377,712
At 31 December	<u>10,220,365</u>	<u>377,712</u>

Short-term investments earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company and earn interest at the short-term deposit rates.

Included in cash and cash equivalents are balances with banks.

Cash and cash equivalents include bond notes. Bond notes are a debt instrument which has been disclosed under cash and cash equivalents since it meets the definition of cash and cash equivalents and is pegged at 1:1 with the United States of America Dollar.

<b>8 BORROWINGS</b>		
At 1 January	1,164,418	683,157
Drawdown during the year	1,208,006	1,035,883
Amortised interest	130,849	114,409
Repayment of capital and interest	(772,515)	(669,031)
At 31 December	<u>1,730,758</u>	<u>1,164,418</u>
Short-term portion	1,244,288	570,995
Long-term portion	486,470	593,423
	<u>1,730,758</u>	<u>1,164,418</u>

The Company has two loan facilities from CABS and ZB Bank Limited. The ZB Bank loan is being used to fund the Nicos House Bulawayo refurbishment project. The loan is payable over 3 years at an interest rate of 11.1% per annum and is secured by a first mortgage bond over stand 353 Bulawayo Township.

The CABS loan funded the Zimre Park Ruwa and Merwede projects in Harare. The loan is payable over 3 years at an interest rate of 10% (2016:13%) per annum and is secured by a first mortgage bond over Stand 16591 Harare Township.

<b>9 DEFERRED INCOME</b>		
At 1 January	186,654	278,021
Arising during the year	1,192,623	-
Recognised in profit or loss	(162,969)	(91,367)
At 31 December	<u>1,216,308</u>	<u>186,654</u>
Short-term portion	1,111,223	87,004
Long-term portion	105,085	99,650
	<u>1,216,308</u>	<u>186,654</u>

<b>10 TRADE AND OTHER PAYABLES</b>		
Sundry creditors	362,831	339,501
Trade creditors	1,279,230	312,119
At 31 December	<u>1,642,061</u>	<u>651,620</u>

Trade and other payables are non-interest bearing and are normally on 30 day credit terms. The fair value of trade and other payables at 31 December approximates the carrying amount.

<b>11 REVENUE</b>		
Rental income	2,782,114	3,142,756
Property sales	2,403,553	2,268,201
Property services income	88,087	109,692
	<u>5,273,754</u>	<u>5,520,649</u>

<b>12 EARNINGS PER SHARE</b>		
Profit from continuing operations attributable to the parent company	2,485,634	(1 447 445)

**Number of shares used in calculating Earnings per share**

Shares in issue	1,716,666,666	1,716,666,666
Weighted average shares in issue	1,716,666,666	1,716,666,666

**Basic Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.

**Headline Earnings per share**

Headline Earnings per share is calculated by dividing the headline earnings for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.

Headline earnings are calculated as follows:

Profit/(loss) for the year attributable to ordinary equity holders of the parent	2,485,634	(1,447,445)
Fair value gain on held for trading investments	(19,037)	(137,343)
Gain/(loss) on sale of assets	(921,398)	10,409
Fair value loss on investment property	703,427	2,813,804
Headline earnings	<u>2,248,626</u>	<u>1,239,425</u>

<b>13 SEGMENT INFORMATION</b>	<b>Rentals US\$</b>	<b>Stands US\$</b>	<b>Other US\$</b>	<b>Total US\$</b>
<b>Year ended 31 December 2017</b>				
Revenue	2,782,114	2,403,553	88,087	5,273,754
Profit before tax	1,268,162	758,955	72,509	2,099,627
Non-current assets	37,232,874	451,761	16,556	37,701,191
Current assets	8,133,429	10,593,911	197,776	18,925,116
Liabilities	2,207,155	2,430,974	49,387	4,687,515
<b>Year ended 31 December 2016</b>				
Revenue	3,142,756	2,268,201	109,692	5,520,649
(Loss)/profit before tax	(1,721,255)	1,537,650	(1,314,900)	(1,498,505)
Non-current assets	44,553,183	492,097	23,798	45,069,078
Current assets	2,591,653	4,963,782	40,133	7,595,568
Liabilities	1,436,747	2,201,352	50,147	3,688,246
			<b>2017 US\$</b>	<b>2016 US\$</b>

<b>14 CAPITAL COMMITMENTS</b>		
Authorised and contracted for	11,379,532	1537493
Authorised but not contracted for	5,277,128	6370315
	<u>16,656,660</u>	<u>7,907,808</u>

Capital commitments will be funded from a combination of internal and external resources.