ANNUAL REPORT 2017

Dawn Properties Limited

Contents

The financial Statements are expressed in United States of America dollars ("US$")

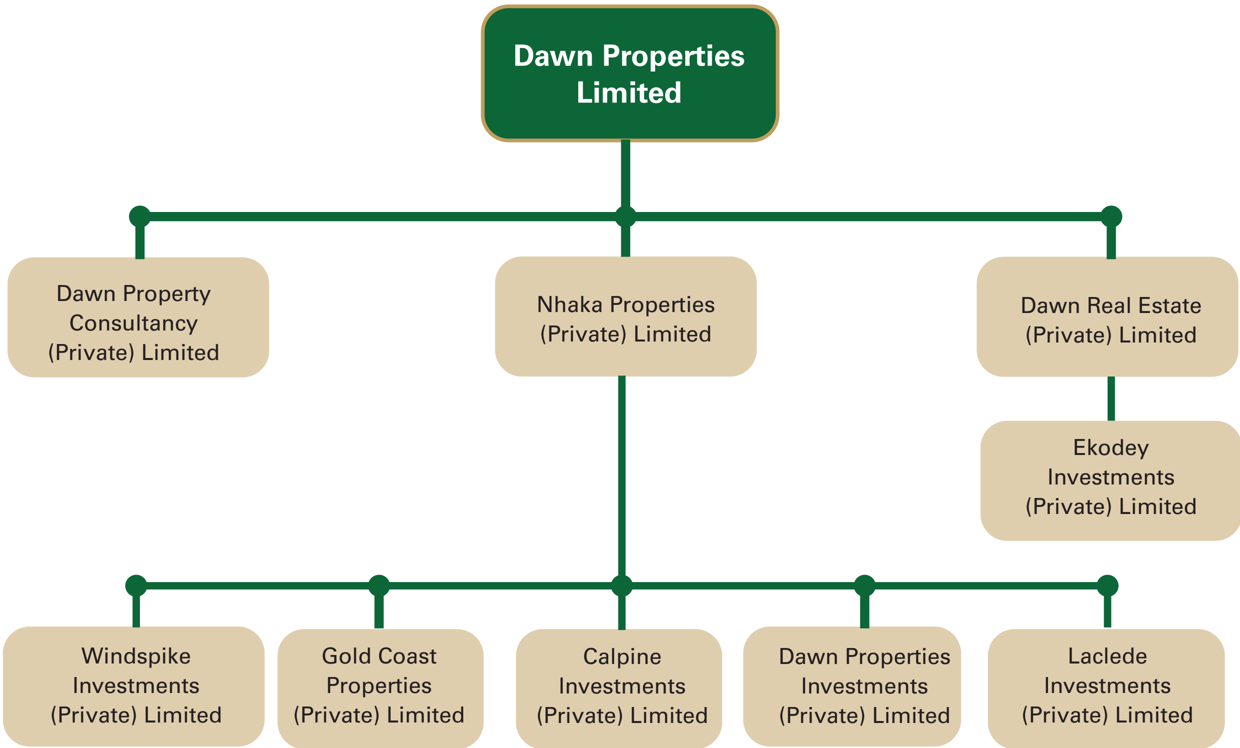
The financial statements have been prepared under the supervision of the Finance Director, Valerie Muyambo, a member of Institute of Chartered Accountant of Zimbabwe, membership number M3336.

Group Profile

Dawn Properties Limited (the "Company" or "Dawn Properties") is one of the industry leaders in real estate investment, development and consulting in Zimbabwe. Established in 2003, the Company has significant investments in hotel properties in all the major tourist destinations in Zimbabwe, as well as a large undeveloped residential land bank. The Company is listed on the Zimbabwe Stock Exchange.

Dawn Properties has three integrated real estate businesses, namely property investments, property development and property consultancy. The Company's flat corporate structure and business model supports synergies across its businesses and contributes to the overall success of the businesses and the Group.

The Group structure is as follows:



All the subsidiaries above are wholly owned either directly or indirectly.

STRATEGIC BUSINESSES

Property investments

The Group's hotel properties, valued at US$74 651 000 as at 31 December 2017, are operated by African Sun Limited under long term operating leases, except for Beitbridge Express Hotel which is currently non-operational. Rental income from that particular investment portfolio is one of the main contributors to Group revenue.

The Company's hotel portfolio also includes timeshare properties. Acquired in March 2016 from African Sun Limited for US$1.1million through a settlement transaction (refer to note 25.5.2 of the financial statements), these timeshares offer customers who are looking for a flexible, dependable and affordable vacation option, partial ownership and regular access to luxury lodges located in two major vacation destinations – Blue Swallow Lodges located in Nyanga and the Kingfisher Cabanas in Kariba.

Group Profile (continued)

The hotel and timeshare property portfolio comprises the following:

PROPERTIES	NUMBER OF ROOMS	LOCATION
Hotels		
Caribbea Bay Resort	83	Kariba
Monomotapa Hotel	245	Harare
Elephant Hills Resort and Conference Centre	276	Victoria Falls
Great Zimbabwe Hotel	56	Masvingo
Holiday Inn Mutare	96	Mutare
Hwange Safari Lodge	106	Hwange
Troutbeck Resort	70	Nyanga
Total available rooms	**932**	

PROPERTIES	NUMBER OF LODGES	LOCATION
Timeshares		
Kingfisher Cabanas	11	Kariba
Blue Swallow Lodges	24	Nyanga
Total available timeshare units	**35**	

Kingfisher Cabanas and Blue Swallow Lodges are timeshare properties that offer one to three bedroom self-catering stand alone units.

Property consultancy

The Group's property consulting services are offered through a standalone entity, Dawn Property Consultancy (Private) Limited ("DPC") (formerly CB Richard Ellis Zimbabwe). With a permanent staff complement of 38, DPC is one of the largest independent property consultancy firms in Zimbabwe offering mainly two services – property management and valuation advisory.

The property management division manages over 735 000m² of lettable space mainly on behalf of large corporates across 130 sites in Zimbabwe. The valuation advisory division offers accurate, timely and supportive conclusions of value for all types of property, plant, machinery and equipment.

Property development

The Group owns land measuring approximately 2 900 hectares (ha), in both residential and commercial areas, whose fair value amounted to US$12 325 000 at 31 December 2017. The land, which is largely earmarked for residential development, is located in some of the most sought after neighbourhoods in the country. The development of the residential land bank is being rolled out in phases with an objective of providing luxury, low to middle income residential housing solutions at competitive prices.

The land bank is as follows:

	SIZE (HA)	LOCATION
Borrowdale	1.78	Harare
Marlborough Residential Land	332.57	Harare
Lake View	9.15	Kariba
Brondesbury Park	212.25	Juliasdale
Farm 41	2 330.36	Hwange
Mandara	1.45	Harare
Total	**2 887.56**	

Mission, Vision and Core Values

MISSION

To create sustainable value for stakeholders. This is to be achieved by:

a) Identifying and investing in high yielding investment properties opportunities;
b) Optimising net rentals by drafting appropriate lease agreements and closely managing costs;
c) Ensuring that properties are properly maintained; and
d) Ensuring that adequate attention is given to risk management.

VISION

To be a successful investment property holding and development Group.

CORE VALUES

Employment Equity
We are committed to ensuring that employees are offered equal opportunities and appropriate participation.

Integrity
We conduct our business in an honest, fair and transparent manner.

Passion
We believe in our products and this drives all our innovations.

Quality
We are committed to the highest standards of both product and service delivery.

Teamwork
We believe in creating a happy work environment premised on teamwork.

Sensitivity to environmental issues
We are committed to safeguarding the environment for the present and future generations, and we are committed to complying with environmental, health and safety standards.

Directorate and Other Key Information

DIRECTORS

Name:	Designation:	Appointed on:	Resigned on:
P P Gwatidzo (Chairman)	Non-Executive	10 June 2010	-
M Mukonoweshuro	Non-Executive	1 January 2013	-
W T Kambwanji	Non-Executive	13 April 2015	8 March 2018
T Chiweshe	Non-Executive	13 April 2015	8 March 2018
G Manyere	Non-Executive	20 April 2015	14 March 2017
B Childs	Non-Executive	14 March 2017	-
P Saungweme*	Non-Executive	3 August 2017	-
L Mhishi	Non-Executive	1 July 2017	-
P J Matute (Managing Director)	Executive	1 December 2015	-
P Saungweme (Finance Director)*	Executive	21 September 2015	30 June 2017
V Muyambo (Finance Director)	Executive	1 July 2017	-

*Peter Saungweme resigned as the Finance Director and Company Secretary on 30 June 2017 and was appointed as a non-executive director on 3 August 2017.

Audit and Risk Committee
M Mukonoweshuro (Chairman)
G Manyere
W T Kambwanji
L Mhishi
P Saungweme

Remuneration and Nominations Committee
W T Kambwanji (Chairman)
P P Gwatidzo
B Childs

Finance and Investments Committee
T Chiweshe (Chairman)
M Mukonoweshuro
B Childs
L Mhishi

COMPANY SECRETARY
V Muyambo

BANKERS
Barclays Bank of Zimbabwe Limited
NMB Bank Limited
Nedbank Zimbabwe Limited
Standard Chartered Bank Zimbabwe Limited
Central Africa Building Society (CABS)
Stanbic Bank Zimbabwe Limited
BancABC Zimbabwe Limited

INDEPENDENT AUDITOR
PricewaterhouseCoopers
Chartered Accountants (Zimbabwe)
Building No. 4, Arundel Office Park
Norfolk Road, Mt Pleasant,
Harare

LEGAL ADVISORS
Mhishi Nkomo Legal Practice
86 McChlery Avenue
Eastlea
Harare

Gill, Godlonton and Gerrans
7th Floor, Berverley Court
100 Nelson Mandela Avenue
Harare

Mutamangira and Associates
Clarewood Chambers
38 Clairwood Road
Alexandra Park
Harare

REGISTERED OFFICE
8th Floor, Beverley Court
100 Nelson Mandela Avenue
Harare

TRANSFER SECRETARIES
Corpserve Registrars (Private) Limited,
2nd Floor, ZB Centre
Corner First Street and Kwame Nkrumah Avenue
Harare

Corporate Governance

Dawn Properties Limited accepts and complies with the principles of the Code of Corporate Practices as enunciated in the King III Report. The directors are fully aware and cognisant of the importance of executing their duties in keeping with the principles of transparency, integrity, fairness and accountability and in accordance with accepted corporate practices in order to enhance the interests of its shareholders, employees and other stakeholders. This includes timely and meaningful reporting to all its stakeholders.

BOARD OF DIRECTORS

The Board of Directors (the "Board") currently comprises five non-executive directors and two executive directors. The non-executive directors bring to the Board a wide range of skills and experience that enables them to contribute independent views and to exercise objective judgment in matters requiring the directors' decisions.

Board of directors' profiles

Director	Qualifications and experience
Phibion Pasipanodya Gwatidzo Citizenship: Zimbabwean Position: Chairman Appointed on: 10 June 2010	Phibion Gwatidzo is the Chief Executive Officer of Baker Tilly Chartered Accountants, a quad-country Member Firm of Baker Tilly International™. Phibion holds Bachelor of Accounting Science Degree and an Honours Bachelor of Accounting Science Degree both from the University of South Africa. He qualified as a Chartered Accountant in 1991 after serving articles with Deloitte & Touche Zimbabwe and is entitled to use the designation Chartered Accountant (Zimbabwe). He has 27 years' experience in the accounting field, 23 years in public accounting and auditing. He serves on the Institute of Chartered Accountants of Zimbabwe's Centenary Committee and is a director of several companies. Phibion has experience in the audit of Public Companies, Private Companies, Financial Institutions, Educational Institutions, Public Enterprises and Public Institutions. Phibion is Chairman of the Zimbabwe Wildlife Ecological Trust and sits on the Engen Petroleum Zimbabwe (Private) Limited board. He is the current Chairman of the Baker Tilly International ™ Africa Coordination Committee and a member of the Baker Tilly International ™ Europe, Middle East and Africa Advisory Council.
Murisi Mukonoweshuro Citizenship: Zimbabwean Position: Non-Executive Director Appointed on: 1 January 2013	Murisi Mukonoweshuro is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants of Zimbabwe, with a solid professional background acquired through serving at Deloitte & Touche Zimbabwe, at Old Mutual Asset Managers (now Old Mutual Investment Group) and complemented by over twelve years' experience in consulting and advisory services with Dominion Consulting Services. He is currently the Chief Finance Officer for Central Africa Building Society (a member of the Old Mutual Group) and is a member of the Board of Directors of the Society. He also sits on the Board of Directors of Standard Telephones and Cables (Successors) (Private) Limited. Murisi is married to Maitirwa Mukonoweshuro and they have three daughters.

Corporate Governance (continued)

Board of directors' profiles (continued)

Director	Qualifications and experience
Brett Ivor Childs Citizenship: UK Position: Non-Executive Director Appointed on: 14 March 2017	Brett Childs, a Chartered Accountant originally from Zimbabwe, has over 25 years' experience in change management, capital raising, IPOs, corporate actions and investment strategy. Brett has spent 15 years in London, where he helped to build a successful venture business, listed assets on the London Stock Exchange and Helsinki Stock Exchange (HEX). Brett has been based in Mauritius for the last 16 years and has managed and has been a director of a number of listed investment businesses, with a pan-African focus, including Maitland, Brait S.E., Novare Africa Fund and Tana Africa Capital. Brett has been approved by various regulatory authorities including the Bank of Mauritius, Financial Services Commission (British Virgin Islands), Malta Financial Services Authority, Financial Services Board (South Africa), Solicitors Regulatory Authority (UK) and Financial Services Commission (Mauritius), to be a Director of companies they license.
Peter Saungweme Citizenship: Zimbabwean Position: Non-Executive Director Appointed on: 3 August 2017	Peter is a Chartered Accountant (Zimbabwe). He holds Bachelor of Accounting Science Honours and Bachelor of Accounting Science degrees from the University of South Africa (UNISA), Certificate of Theory in Accounting (CTA) and an Advanced Diploma in Auditing. He possesses strong financial management skills having been the Finance Director at Dawn Properties Limited, Financial Controller of Ecobank Zimbabwe Limited and Chief Finance Officer at Cell Holdings (Private) Limited - a holding company with subsidiaries and associates with interests in short term and medical insurance. Peter has vast external audit background in the banking, insurance, tourism and power generation sectors having worked as an Audit Manager for both KPMG Zimbabwe and KPMG Namibia for a combined period of 5 years. Peter is currently the Chief Finance Officer for Brainworks Limited and also sits on the board of directors of African Sun Limited.

Corporate Governance (continued)

Board of directors' profiles (continued)

Director	Qualifications and experience
Lloyd Mhishi Citizenship: Zimbabwean Position: Non-Executive Director Appointed on: 1 July 2017	Lloyd Mhishi is the founder and current Senior Partner of Mhishi Nkomo Legal Practice based in Harare. Lloyd has practiced law at several well established Zimbabwean law firms since 1993. Although he has experience in general practice, Lloyd has a special interest in Property Law, Real Estate and Conveyancing including registration of transfers and mortgage bonds with the Deeds Office. He has extensive experience in financial transactions involving financing agreements for international funders having registered security in their favour binding local institutional debtors. He also has experience in commercial and corporate law practice, banking and financial services work. Individually and as part of teams, Lloyd has advised on significant transactions including on competition laws, reconstruction and restructuring, schemes of arrangement, privatisations, unbundling, mergers and acquisitions and listings relating to a number of companies listed on the Zimbabwe Stock Exchange. Lloyd is, and has been, a director and member of several public and private corporations and councils including FBC Building Society, Council for Legal Education, Zimbabwe Schools Examinations Council, Standards Association of Zimbabwe General Council, ZECO Limited, Estate Agents Council, Firstel Cellular (Private) Limited, Ecobank Zimbabwe Limited, MHMK Infratek (Private) Limited and a Trustee on a number of charitable and family trusts established in Zimbabwe. He is a past president of the Law Society of Zimbabwe having been a Councillor for more than a decade. He has also been a lecturer and was Departmental Chairman in the Procedural Law Department of the University of Zimbabwe for more than 15 years. Lloyd has been appointed to several constitutional commissions and is currently a Commissioner on the Judicial Services Commission. Lloyd wrote and published a book entitled "The Law & Practice of Conveyancing in Zimbabwe" (Legal Resources Foundation, August 2005). Apart from being a holder of a Bachelor of Laws (Honours) Degree, he is also a holder of a Masters Degree in Business Administration with specialisation in Finance.
Patrick Jabulani Matute Citizenship: Zimbabwean Position: Managing Director Appointed on: 1 December 2015	Patrick holds a Bachelor of Commerce (Honours) in Finance (University of the Witwatersrand), a Bachelor of Commerce (Finance) (NUST, Zimbabwe) and a Masters of Business Administration from Hult International Business School. He has completed CFA Level 1 and 2 exams. Patrick started his career with Questco, a boutique corporate finance company based in Johannesburg, where he was involved in corporate finance transactions in the mining, industrial and financial services sectors. Since then, he worked at Frankfurt-listed African Development Corporation ("ADC") as an investment manager, focusing on financial services in Sub-Saharan Africa, before joining Brainworks Limited in 2013. At Brainworks, Patrick served as the Head of Advisory, assisting the CEO in executing acquisition transactions in African Sun Limited, Dawn Properties Limited, GetBucks Microfinance Bank Limited and FML Logistics (Private) Limited. His extensive experience in corporate finance and private equity makes an invaluable contribution to the Group's strategy.

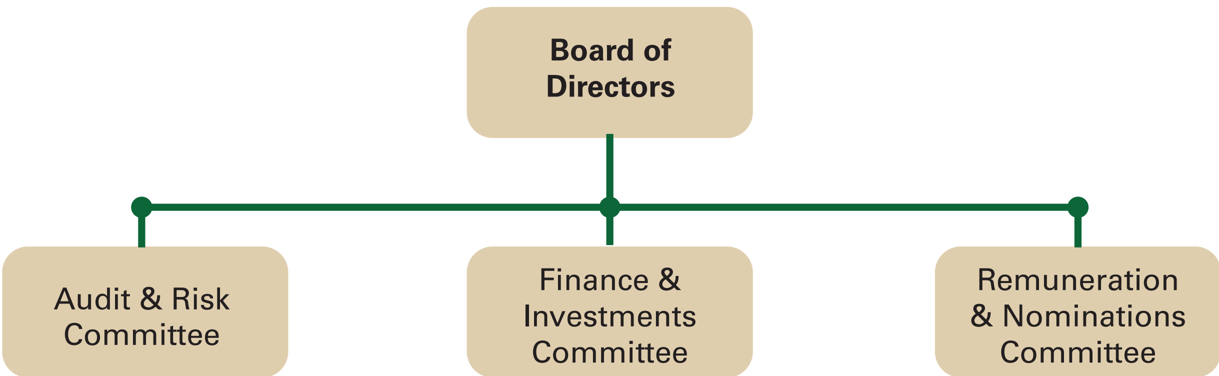
Corporate Governance (continued)

Board of directors' profiles (continued)

Director	Qualifications and experience
Valerie Christine Muyambo Citizenship: Zimbabwean Position: Finance Director Appointed on: 1 July 2017	Valerie is a Chartered Accountant (Zimbabwe) with over 17 years' extensive auditing, financial management and reporting experience. She joined Dawn Properties Limited in July 2017 as Finance Director, having held the same position with Alpha Media Holdings (Private) Limited prior to this appointment. Before venturing into the private sector, Valerie spent 15 years with KPMG, two of which were with the South African practice where she worked as a manager in both the learning and development, as well as the technical accounting departments. She is a member of the Institute of Chartered Accountants of Zimbabwe's (ICAZ) Accounting Procedures, Women Chartered Accountants Network and Public Relations Committees, along with also being a member of the Zimbabwe Accounting Practices Board's International Financial Reporting Standards sub-committee. Valerie also sits on the ICAZ Council.

The Board is responsible for the strategic direction of the Group, as well as reviewing and approving the investment policy and all significant transactions. The Board has ultimate responsibility for proper management, risk management and the general compliance and ethical behaviour of management. To achieve this, the Board has established three committees to give detailed attention to each specific area.

CORPORATE GOVERNANCE STRUCTURE



AUDIT AND RISK COMMITTEE

The Committee has two mandates:

a) Audit

The audit aspect focuses on providing the Board with additional assurance regarding the efficacy and reliability of the financial information used by the directors to assist them in the discharge of their duties. The Committee is required to provide assurance to the Board that adequate and appropriate financial operating controls are in place, that significant financial, business and other risks have been identified and are being suitably managed and that satisfactory standards of governance, reporting and compliance are in operation.

Its responsibilities also include overseeing the financial reporting process, reviewing audit results, audit processes and risk management, as well as monitoring the cost effectiveness, independence and objectivity of the auditors.

AUDIT AND RISK COMMITTEE (CONTINUED)

b) Risk

With respect to risk, the Committtee identifies, assesses, manages and monitors the risks to which the business is exposed. The most significant risk is that of a single customer exposure. Others are single sectorial exposure and total or partial destruction of property. The tenant insures all properties at replacement values.

The Audit and Risk Committee currently comprises three non-executive directors. The Managing Director and Finance Director attend the meetings by invitation. The independent auditors have unfettered access to the committee and its chairman. The committee meets at least four times a year.

Remuneration and Nominations Committee

The Human Resources Committee has the mandate to ensure that the Group adopts market related remuneration policies and reviews and approves remuneration for senior executives. In addition, the Committee also assesses and makes recommendations to the main Board of Directors on all new director appointments.

Finance and Investments Committee

The Finance and Investments Committee reviews performance of the Group's investment property. In addition, the Committee also reviews and makes recommendations to the Board concerning new investment proposals as well as all financing arrangements.

BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER

The table below outlines the Board and Committee members' attendance of meetings held during the year ended 31 December 2017:

	Main Board	Audit and Risk	Finance and Investments	Remuneration and Nominations
Number of meetings held	**4**	**4**	**4**	**3**
P P Gwatidzo	3	N/A	N/A	3
G Manyere[1]	-	-	N/A	N/A
W T Kambwanji[6]	4	2	N/A	3
M Mukonoweshuro	4	4	4	N/A
T Chiweshe[6]	3	N/A	4	N/A
B Childs[2]	3	1	1	1
L Mhishi[3]	2	1	1	N/A
P Saungweme[4]	3	1	N/A	N/A
P J Matute	4	N/A	N/A	N/A
V Muyambo[5]	3	N/A	N/A	N/A

1 - Resigned on 14 March 2017
2 - Appointed on 14 March 2017
3 - Appointed on 1 July 2017
4 - Resigned as finance director and company secretary on 30 June 2017 and appointed as non-executive director on 3 August 2017
5 - Appointed on 1 July 2017
6 - Resigned on 8 March 2018
N/A - Not a member

Shareholders

The Board's primary role is to create value and protect the interests of the Company's shareholders. The Board is accountable to shareholders for the Company's performance and its activities. Communication with shareholders is achieved through the Annual Report, Annual General Meeting ("AGM") and local media where necessary. In addition, all Company announcements and corporate information are available to investors on the Company's website.

Chairman's Statement

INTRODUCTION

It is with pleasure that I present the audited financial statements for Dawn Properties Limited and its subsidiaries (the "Group") for the year ended 31 December 2017.

2017 was an eventful year for Zimbabwe. We saw a challenging year for the economy, with prices increasing significantly during the third quarter of the year. The availability of foreign currency remained a major constraint, with most businesses struggling to make their international payments on time. While there were challenges, it is important to note that tourism continued on a positive growth trajectory, boosted by the opening of the refurbished Victoria Falls International Airport in May. This has seen increased arrivals of tourists in Victoria Falls and Hwange.

MACRO-ECONOMIC ENVIRONMENT

The Zimbabwean economy grew by 3.7% in 2017, which was above the initial projection rate of 1.7%. The revised growth rate was largely underpinned by a strong performance in the agriculture sector which posted impressive yields for maize for the 2016/2017 season, largely attributable to the mobilisation of productive inputs via the Command Agriculture programme.

Despite this growth, the operating environment in Zimbabwe continued to deteriorate. The reduction in the inflows from foreign direct investment as well as the overreliance on imported goods against poor export performance, were central to widening the trade deficit and reducing offshore nostro balances whilst depleted liquidity levels in the economy only further reduced consumer spending. Additionally, the servicing of internal debt through the issuance of treasury bills only served to increase the local cost of debt servicing.

Although trading conditions remained extremely challenging during the year under review, we are optimistic that the policy initiatives put in place by Government will yield results. Policies that increase local production, reduce the dependency on imports, avail foreign currency to import key raw materials and clear arrears with international financial institutions will improve medium to long term prospects for improvement in the economic environment. On the backend of policy initiatives to re-engage the international community, the Government of Zimbabwe projects growth for 2018 at 4.5%.

FINANCIAL REVIEW

Statement of comprehensive income

The Group achieved revenue amounting to US$5.1 million compared with US$4.3 million for the same period in 2016, representing an increase of 18%. The increase was mainly attributable to strong performance coming from rental collection on the hotel property portfolio. Total income closed at US$7.1 million compared to US$4.4 million in 2016. The significant difference is attributed to a net fair value gain recorded in 2017 amounting to US$1.9 million compared to a net fair value loss of US$69 000 in 2016.

Operating expenses amounted to US$2.9 million compared with US$2.7 million for the same period last year, representing an 8% increase in costs. The significant increase came on the back of renovation work in some of the hotel property portfolio, which was expensed rather than capitalised.

The Group recorded a profit for the year amounting to US$3.0 million compared to US$1.0 million recorded in 2016.

Statement of financial position

The fair value of the investment property increased to US$88.2 million from US$86.3 million as at 31 December 2016.

Chairman's Statement (continued)

OPERATIONS

Property investments

Hotel properties

Rental revenue earned for the 2017 financial period was at US$3.0 million compared to US$2.3 million for the same period last year. While overall all the properties performed better than last year, the total increase of 29% was mainly attributable to increases rentals from Elephant Hills Resort and Conference Centre, Hwange Safari Lodge and Caribbea Bay Hotel.

Our rental yield improved from 3.2% recorded in 2016 to 4.2% in 2017. The management team, in conjunction with African Sun Limited ("ASL"), continue to work on a number of measures to ensure that this key performance indicator improves significantly. In the period under review, the Group undertook refurbishments at Caribbea Bay Hotel.

It is the Board's strategy to ensure that our properties benefit from the resurgence in tourism and also increased business traffic coming to the major cities. We are cautiously optimistic that the major driver of growth will be in Victoria Falls and Hwange. As such, particular attention is being paid to ensuring that the Elephant Hills Resort and Conference Centre and Hwange Safari Lodge are equipped to handle the increased volumes.

Timeshare lodges – Blue Swallow Lodges and Kingfisher Cabanas

2017 represented the first full 12 months which the Group operated the timeshare business unit. We have had some encouraging results and timeshare revenue for the year amounted to US$196 000. As at year end, we had sold contract weeks to the value of US$219 000 and the resultant revenue will be recognised over the respective contract terms. For the year 2018, while we will increase our focus on driving contract sales, we will continue to renovate our lodges and ensure that our guests enjoy a 5-star holiday experience in Nyanga and Kariba.

Property consultancy

The business unit recorded an impressive growth in profitability for the year ended 31 December 2017. Although revenues were marginally up by 5% to close at US$1.9 million, profit after tax increased by 45% to close at US$532 798. The growth in profit was driven mainly by management's continued focus on cost containment measures implemented in 2016.

Property management was the main driver of revenue, with a contribution of US$1.2 million. Valuation advisory services continued on a steady growth, with revenues of US$570 000, while the balance of US$123 000 came from agency commission and project management.

The valuation advisory services unit was not spared by the harsh economic environment. A reduction in the volume of high value mandates as clients battled to stay profitable was offset by an increase in low value mandates emanating especially from the lending community which favours holding property as security for loans. Values have generally remained stable despite the economic turbulence, a result of the lag effect against economic cycles which is a feature of property as an asset class. Management continues to nurture existing client relationships while aggressively pursuing all opportunities to grow the base.

Property development

The business unit struggled to complete its maiden project, the 58-unit cluster development in Marlborough, on time due to a number of challenges. These include, but are not limited to, procurement challenges in the second half of the year owing to major suppliers facing challenges in sourcing foreign currency. The Board has given its full support to management to ensure the project is completed and that, going forward, we will strengthen internal capacity as we carry projects of such complexity. While we missed our dates as communicated in my half year report to shareholders in 2017, we are optimistic that the development will be completed within the first half of 2018.

OPERATIONS (CONTINUED)

Property investments (continued)

Property development (continued)

Although completion of the project was a challenge, the Group benefitted from the increased demand for property assets in the market. We received a number of offers which we are assessing as we near completion. We are quite confident that the development will be fully sold by end of 2018.

BOARD CHANGES

Mr Peter Saungweme stepped down as Finance Director on 30 June 2017 following his appointment as the Chief Finance Officer of Brainworks Limited ("Brainworks"). Peter was retained as a Non-Executive Director by the Board with effect from 3 August 2017. We are grateful to still have Peter on our board and we wish him success in his new executive role at Brainworks.

Ms Valerie Muyambo was appointed Finance Director with effect from 1 July 2017. On the same date, Mr Lloyd Mhishi was appointed a Non-Executive Director bringing with him a wealth of experience in legal matters. On behalf of the Board, I would like to welcome Valerie and Lloyd and wish them the very best.

Messrs Walter Kambwanji and Tendayi Chiweshe resigned from the Board on 8 March 2018. On behalf of the Board, I would like to take this opportunity to thank Walter and Tendayi for their invaluable contribution to the Board and wish them the very best in their future endeavours.

DEBT

As at 31 December 2017, the Group had total debt of US$4.5 million. The bulk of the proceeds have been deployed towards the construction of the 58 residential cluster units in Marlborough, as well as for the purchase of 2.2ha of land within the Harare Gardens from City of Harare.

The Group's gearing ratio stood at 4.90% as at the reporting date with an average interest cost of 9.04%.

DIVIDEND

In view of the improved performance, the Board declared a final dividend of US$274 860, being US$0.000112 per share (0.0112 US cents per share) for the year ended 31 December 2017.

OUTLOOK

In my statement for 2017, I indicated that the board and management will focus on keeping the Group in a healthy and sound financial state until the macroeconomic conditions improve. We are convinced, based on the current fundamentals in the market, that 2018 will have a much-improved economic performance. The property market has already started showing signs of improving, with demand exceeding supply of quality assets.

With our unique positioning in hotel properties, we are confident that going forward we should be able to attain our target yield of 10% within 5 years.

While the completion of Elizabeth Windsor Gardens was delayed, we believe the lessons learnt will bode well for our next pipeline of projects as we aim to improve our efficiency and execution skills. The timeshare business unit is unique and exciting as it overlaps on both the property and leisure markets.

Chairman's Statement (continued)

APPRECIATION

The year under review has been an exciting and challenging one. We have continued to build on the restructuring done in 2015 and believe we now have a sustainable business model to take us forward. Management and staff fully share the Board's vision for the Group and I thank all of them for the enthusiasm and drive with which they have confronted and overcome the many challenges that have been faced by the business thus far; I believe that this tenacity will serve us well towards the realisation of the Group's ambitions.

Phibion P Gwatidzo
Board Chairman

Corporate Social Responsibility

At the beginning of 2017, the Group adopted an active citizenry approach to a number of social issues which impact our business and the community in which we operate. We adopted two programmes which directly affect wildlife conservation efforts in the Hwange area. Through our 2 330 hectare farm in Hwange, Farm 41, the Company is working with the Wildlife Conservation Research Unit which is affiliated with Oxford University and the Elephant Trust.

The Hwange Lion Project – Wildlife Conservation Research Unit (WildCru)

African lions are one of the key drawcards for tourists visiting Africa and their presence makes a valuable contribution to revenues derived from wildlife. However, on a continental scale, lion numbers are declining and there is significant concern about the future of the species. The Hwange Lion Project was started in 1999 to address some of the conservation needs of lions in the Hwange area, but also to assist local Zimbabweans to co-exist with the big cats.

Lions are challenging animals for people to live with. They pose a danger to domestic livestock and sometimes people. A large part of the Hwange Lion Project's work is to help people to better co-exist with and benefit from the dangerous predators. To this end, WildCru has established the Longshield lion guardian programme. This programme employs 10 local people, known as 'Longshields'. Each Longshield assists people in their local village area with livestock protection and monitors the lions, where necessary chasing trespassing lions back into the Hwange National Park. This programme has seen a 50% reduction in livestock depredation by lions since 2012.

The project's research work also aims to gain an understanding of the lions' ecological needs in the Hwange ecosystem to provide wildlife managers with the detailed knowledge they need to inform management decisions. Hwange is part of a much larger ecosystem that is protected by the Kavango-Zambezi Transfrontier Conservation Area (KAZA-TFCA). This conservation area, established by a treaty signed by five countries in southern Africa, is one of the largest in the world. Lions are one of the icons of African wilderness across this regional landscape and the work of the Hwange Lion Project contributes to this regional conservation initiative.

WildCru occupies the farm house on Farm 41 for their outfield activities.

Elephant Research – Elephant Trust ('The Trust')

The Elephant Trust was founded in 1974 by Alan Elliot. The objective of the trust was to preserve and study the magnificent Elephants roaming the wild of Hwange. The Trust adopted a unique group of elephants which roamed the private estates around Farm 41.

By the late 1980s, it had become policy within National Parks to conduct large-scale population reduction exercises known as culling.

In 1990, The Trust, concerned about the possibility of its adopted elephants getting caught in the crossfire when venturing into the National Park, approached the President requesting his patronage and special protection of this unusual herd. The President agreed to this unique proposal and from that time these became known as the Presidential Elephants of Zimbabwe.

The Trust has to date expanded its efforts in researching, conserving and protecting the elephants of the Hwange area. Anti-poaching crusades and reduction of human wildlife conflict form part of their objectives.

The Trust occupies the Katshana Lodge at Farm 41. Further, the Group has seconded Mr Brett Childs and Mr Patrick Matute to join the Trust board.

Report of the Directors

The Directors have pleasure in presenting their report with the audited financial statements of the Group for the year ended 31 December 2017.

All figures in US$	31 December 2017	31 December 2016
Results for the year		
Profit before income tax	3 900 869	1 674 168
Income tax expense	(851 732)	(639 333)
Profit for the year	**3 049 137**	**1 034 835**

SHARE CAPITAL

As at 31 December 2017, the authorised share capital was 4 000 000 000 (2016: 4 000 000 000) ordinary shares with a nominal value of US$0.0008 each.

The issued shares as at 31 December 2017 were 2 457 172 108 (2016: 2 457 172 108) ordinary shares.

RESERVES

The movements in the reserves of the Group are shown in the consolidated statement of changes in equity, on page 25.

The Company had the following subsidiaries as at the reporting date:

Subsidiary	31 December 2017	31 December 2016
Nhaka Properties (Private) Limited	100%	100%
Laclede Investments (Private) Limited	100%	100%
Goldcoast Properties (Private) Limited	100%	100%
Calpine Investments (Private) Limited	100%	100%
Dawn Real Estate (Private) Limited	100%	100%
Dawn Properties Investments (Private) Limited	100%	100%
Dawn Property Consultancy (Private) Limited	100%	100%
CBRE (Proprietary) Limited Dormant	100%	100%
Ekodey (Private) Limited	100%	100%
Windspike Investments (Private) Limited	100%	100%

There were no subsidiaries that were either acquired or sold during the year.

CAPITAL EXPENDITURE

Capital expenditure for the year ended 31 December 2017 amounted to US$1 800 777 (2016: US$2 491 934). This comprised US$1 720 994 on property development and US$79 783 on operating assets.

DIVIDENDS

On 21 March 2018, the Board of Directors declared a final dividend of US$274 860, being US$0.000112 per share (0.0112 US cents per share) for the year ended 31 December 2017. (2016: US$nil).

DIRECTORS

In terms of the Articles of Association, all non-executive directors retire at the forthcoming Annual General meeting and being eligible, these directors offer themselves for re-election.

DIRECTORS' FEES

Members will be asked to approve the directors' fees for the year ended 31 December 2017 amounting to US$96 825 (2016: US$89 917).

INDEPENDENT AUDITORS' REMUNERATION AND APPOINTMENT

Members will be asked to approve the remuneration of the independent auditors for the financial period ended 31 December 2017 and to appoint independent auditors of the Company to hold office for the ensuing year.

Phibion P Gwatidzo
Board Chairman

Directors' Responsibility Statement

The Directors of the Group are required by the Zimbabwe Companies Act (Chapter 24:03) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the financial position of the Group at the end of the financial year and of its financial performance and its cash flows for the year then ended. In preparing the accompanying statements, cognisance has been taken of the current financial reporting environment and procedures followed to present information and adequately disclose the status of the Group in United States of America dollars ("US$"). Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgments and estimates have been made.

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Board recognises and acknowledges its responsibility for the Group's system of internal financial control. Dawn Properties Limited maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect fraud and ensure the completeness and accuracy of the Group's accounting and other records. There were no breakdowns in the systems of internal errors and controls resulting in material losses which were reported to the directors in respect of the period under review.

The consolidated financial statements for the year ended 31 December 2017, which appear on pages 22 to 70 were approved by the Board of Directors on 21 March 2018 and are signed on its behalf by:

P P Gwatidzo
Chairman

V Muyambo
Finance Director

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dawn Properties Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Dawn Properties Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

Dawn Properties Limited's financial statements set out on pages 22 to 70 comprise:

- the consolidated statement of financial position as at 31 December 2017 and the accompanying statement of financial position of the Company standing alone as at 31 December 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B) (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matter

A key audit matter is a matter that, in our professional judgment, is of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PriceWaterHouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant
PO Box 453, Harare, Zimbabwe
T:+263 (4) 338362-8, F:+263 (4) 338395, www.pwc.com

TI Rwodzi - Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Zimbabwe Partner's Names is available for inspection.

Key audit matter	How our audit addressed the key audit matter
Investment property valuation We considered the valuation of investment property a matter of most significance to our current year audit, as the selection of appropriate valuation methods and the related assumptions and estimates require the exercise of significant judgement by management. As at 31 December 2017, the Group and Company held investment property valued at US$87 765 000 and US$410 000 respectively, comprising hotel properties, timeshares and land. Group management engaged Dawn Property Consultancy (Private) Limited (the "valuer"), which is a subsidiary of Dawn Properties Limited, to perform the valuation of the investment property. As disclosed in note 5 to the financial statements, the valuer used the depreciated replacement cost approach to determine the fair value of the hotel properties and timeshares and the market comparison method to value the land. For the determination of the fair value, the key estimates are; • for the hotel properties and timeshares, the replacement cost per square metre and the associated depreciation based on the expected useful lives of similar properties; and • for the land, the selling price per square metre of land of a similar nature Disclosure is provided in the financial statements in note 2.7 on pages 32 to 33, note 4 on pages 46 to 47 and note 5 on pages 48 to 52.	We obtained the valuation report as at 31 December 2017 from the valuer. We assessed the appropriateness of the valuation methods used by the valuer, and determined that the methods used are recognised under the International Valuation Standards and are commonly used in Zimbabwe. We evaluated the qualifications, competence, experience and objectivity of the valuer and obtained an understanding of their work. To do this, we inspected the company profile and the curricula vitae of the personnel who performed the valuation. We met with the valuer to obtain an understanding of the assumptions used in applying the respective valuation methods. To assess the reasonableness of the key assumptions we compared the: • Replacement cost of hotel properties' and timeshares' components as specified by a consulting quantity surveyor to the average prices obtained in the market. The results were consistent with the values determined by the valuer; • Expected useful lives to depreciation rates for similar hotel properties and timeshares obtained from the industry. The valuer's assumptions were consistent with our findings; and • Fair value of the land to prices for recent sales transactions for land within the same zone with similar use. These results consistent with those of the valuer. In order to validate the underlying data we physically inspected the hotel properties, the timeshares and the land that were recorded in the valuation report, and inspected the related title deeds. Finally, we re-performed the mathematical calculations made by the valuer and agreed the results to the Group's and Company's financial records.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Dawn Properties Limited Annual Report. Other information does not include the financial statements on pages 22 to 70 and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor’s responsibilities for the audit of the financial statements (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Esther Antonio
Registered Public Auditor

Partner for and on behalf
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Public Auditor Registration Number 0661
Institute of Chartered Accountants of Zimbabwe Public Practice Certificate Number 255940

Date: 24 May 2018

Harare, Zimbabwe

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2017

All figures in US$	Note	31 December 2017	31 December 2016
ASSETS			
Non-current assets			
Investment property	5	88 175 000	86 263 037
Property and equipment	7	864 443	973 145
		89 039 443	**87 236 182**
Current assets			
Inventories	6	5 116 873	3 329 532
Trade and other receivables	8	3 627 646	4 031 376
Current income tax assets		-	19 758
Cash and cash equivalents	9	203 390	396 610
		8 947 909	**7 777 276**
TOTAL ASSETS		**97 987 352**	**95 013 458**
EQUITY			
Share capital	10.2	1 965 738	1 965 738
Share premium	10.2	17 530 833	17 530 833
Revaluation reserves	10.4	7 353 815	7 353 815
Retained profits		60 736 413	57 687 276
		87 586 799	**84 537 662**
LIABILITIES			
Non-current liabilities			
Borrowings	11.1	3 424 488	1 509 300
Deferred lease income	12	204 036	-
Deferred tax liabilities	13	4 324 237	4 058 394
		7 952 761	**5 567 694**
Current liabilities			
Borrowings	11.1	1 074 929	2 749 448
Deferred lease income	12	14 782	-
Trade and other payables	14	1 173 558	1 937 788
Current income tax liabilities	15	184 523	220 866
		2 447 792	**4 908 102**
Total liabilities		**10 400 553**	**10 475 796**
TOTAL EQUITY AND LIABILITIES		**97 987 352**	**95 013 458**

The notes on pages 27 to 70 are an integral part of these financial statements.

Approved for issue on 21 March 2018 and signed on behalf of the Board of Directors of Dawn Properties Limited by:

M Mukonoweshuro
Chairman - Audit & Risk Committee

V Muyambo
Company Secretary

P P Gwatidzo
Chairman

Company Statement of Financial Position

AS AT 31 DECEMBER 2017

All figures in US$	Note	31 December 2017	31 December 2016
ASSETS			
Non-current assets			
Investment property	5	410 000	375 000
Investments in subsidiaries	16	19 537 683	19 879 204
		19 947 683	**20 254 204**
Current assets			
Amounts due from related parties	25.4.3	2 422 261	2 857 650
Prepayments	8	2 312 980	2 320 520
Cash and cash equivalents		403	(4 849)
		4 735 644	**5 173 321**
TOTAL ASSETS		**24 683 327**	**25 427 525**
EQUITY			
Capital and reserves			
Ordinary share capital	10.2	1 965 738	1 965 738
Share premium	10.2	17 530 833	17 530 833
Retained profits		2 786 962	3 310 602
Total equity		**22 283 533**	**22 807 173**
LIABILITIES			
Non-current liabilities			
Borrowings	11.2	1 492 558	179 048
Current liabilities			
Borrowings	11.2	727 437	2 378 386
Amounts due to related parties	25.4.5	69 624	-
Other payables		110 175	62 918
		907 236	**2 441 304**
Total liabilities		**2 399 794**	**2 620 352**
TOTAL EQUITY AND LIABILITIES		**24 683 327**	**25 427 525**

The notes on pages 27 to 70 are an integral part of these financial statements.

Approved for issue on 21 March 2018 and signed on behalf of the Board of Directors of Dawn Properties Limited by:

M Mukonoweshuro
Chairman - Audit & Risk Committee

V Muyambo
Company Secretary

P P Gwatidzo
Chairman

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2017

All figures in US$	Note	31 December 2017	31 December 2016
Revenue	17	5 131 783	4 348 771
Fair value gain/(loss) on investment property	5	1 949 696	(69 154)
Other income	18	66 039	141 685
Total income		**7 147 518**	**4 421 302**
Operating expenses	19	(2 919 369)	(2 693 264)
Operating profit		**4 228 149**	**1 728 038**
Net finance expense	20	(327 280)	(53 870)
Profit before income tax		**3 900 869**	**1 674 167**
Income tax expense	21	(851 732)	(639 333)
Profit for the year		**3 049 137**	**1 034 835**
Other comprehensive income			-
Items that may be subsequently reclassified to profit or loss		-	-
Items that may not be subsequently reclassified to profit or loss		-	-
Total comprehensive income for the year		**3 049 137**	**1 034 835**
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the period			
Basic earnings per share: US cents			
From continuing operations	10.3.1	0.12	0.04
From discontinued operations	10.3.1	-	-
		0.12	**0.04**
Diluted earnings per share: US cents			
From continuing operations	10.3.2	0.12	0.04
From discontinued operations	10.3.2	-	-
		0.12	**0.04**

The notes on pages 27 to 70 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2017

All figures in US$	Share capital	Share premium	Revaluation reserves	Retained profits	Total	Non-controlling interests	Total
	ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT						
Balance as at 1 January 2016	**1 965 738**	**17 530 833**	**7 353 815**	**56 652 441**	**83 502 827**	**-**	**83 502 827**
Comprehensive income							
Profit for the year	-	-	-	1 034 835	**1 034 835**	-	**1 034 835**
Other comprehensive income	-	-	-	**-**	**-**		**-**
Total comprehensive loss for the period	-	-	-	**1 034 835**	**1 034 835**	**-**	**1 034 835**
Transactions with owners, in their capacity as owners recognised directly in equity	-	-	-	**-**	**-**	-	**-**
Balance as at 31 December 2016	**1 965 738**	**17 530 833**	**7 353 815**	**57 687 276**	**84 537 662**	**-**	**84 537 662**
YEAR ENDED 31 DECEMBER 2017							
Balance as at 1 January 2017	**1 965 738**	**17 530 833**	**7 353 815**	**57 687 276**	**84 537 662**	**-**	**84 537 662**
Comprehensive income							
Profit for the year	-	-	-	3 049 137	**3,049,137**		**3,049,137**
Other comprehensive income	-	-	-	**-**	**-**	-	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**3 049 137**	**3 049 137**	**-**	**3 049 137**
Transactions with owners, in their capacity as owners recognised directly in equity	-	-	-	**-**	**-**	-	**-**
Balance as at 31 December 2017	**1 965 738**	**17 530 833**	**7 353 815**	**60 736 413**	**87 586 799**	**-**	**87 586 799**

The notes on pages 27 to 70 are an integral part of these financial statements.

Consolidated Statement of Cashflows

FOR THE YEAR ENDED 31 DECEMBER 2017

All figures in US$	Note	31 December 2017	31 December 2016
Cash flows from operating activities			
Profit before income tax		**3 900 869**	**1 674 167**
Adjustments for:			
- Fair value (gain)/loss on investment properties	5	(1 949 696)	69 154
- Depreciation	7	149 119	188 225
- Impairment (reversal)/charge against trade and other receivables	19.1	(53 313)	33 401
- Profit from disposal of equipment	18	(6 092)	(630)
- Loss from disposal of investment property	18	16 214	-
- Interest income	20	(20 395)	(5 675)
- Interest expense	20	285 175	59 545
- Other provisions		37 785	89 232
Operating cash before working capital changes		**2 359 666**	**2 107 422**
Changes in working capital:			
Increase in inventories		(1 787 341)	(2 429 995)
Decrease/(increase) in trade and other receivables		403 730	(2 771 558)
(Decrease)/increase in trade and other payables		(545 411)	1 098 793
Net cash generated from/(used in) operations		**430 644**	**(1 995 340)**
Income tax paid	15	(581 124)	(835 648)
Interest income	20	20 395	5 675
Interest expense	20	(285 175)	(59 545)
Net cash utilised in operating activities		**(415 260)**	**(2 884 858)**
Cash flows from investing activities			
Purchase of property and equipment	7	(79 783)	(55 514)
Proceeds from sale of property and equipment		33 420	26 865
Proceeds from disposal of investment property		90 000	-
Acquisition of investment property		-	(1 466 829)
Acquisition of leasehold improvements capitalised to investment property		(62 267)	(436 651)
Net cash used in investing activities		**(18 630)**	**(1 932 129)**
Cash flows from financing activities			
Proceeds from interest bearing borrowings		3 481 533	4 301 564
Repayment of interest bearing borrowings		(3 240 863)	(106 503)
Net cash generated from financing activities		**240 670**	**4 195 061**
Net decrease in cash and cash equivalents		**(193 220)**	**(621 926)**
Cash and cash equivalents at the beginning of the year		396 610	1 018 536
Cash and cash equivalents at the end of the year	**9**	**203 390**	**396 610**

The notes on pages 27 to 70 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Dawn Properties Limited ("Dawn Properties" or the "Company" and its subsidiaries, (together "the Group") owns investment property, develops properties with a view to sell and provides consultancy services.

The Company is a limited liability company incorporated and domiciled in Zimbabwe that is listed on the Zimbabwe Stock Exchange. The address of its registered office is 8th Floor, Beverley Court, 100 Nelson Mandela Avenue, Harare, Zimbabwe.

The consolidated financial statements were approved for issue by the Board of Directors on 21 March 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless where otherwise stated.

2.1 Going concern

The Group's forecasts and projections, taking into account possible changes in trading performance, show that the Group should be able to operate within the level of its current financing. As a result, the Directors are of the opinion that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

2.2 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies Act (Chapter 24:03). The financial statements have been prepared under the historical cost convention, as modified by the fair valuation of investment property.

Preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.3 Changes in accounting policies and disclosures

a) New standards, amendments and interpretations effective for the first time for 31 December 2017 year ends that are relevant to the Group

The following were the standards, amendments and interpretations effective for the first time for 31 December 2017 year ends that are relevant to the Group. These standards did not have a material impact on the financial statements.

Standard/interpretation	Effective date	Executive summary
Amendment to IAS 7 *Cash Flow Statements*	1 January 2017	In January 2016, the International Accounting Standards Board ("IASB") issued an amendment to IAS 7 introducing an additional disclosure that enables users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responded to requests from investors for information that helps them better understand changes in an entity's debt. The amendment affected every entity preparing IFRS financial statements.
Amendment to IAS 12 *Income Taxes*	1 January 2017	The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarified the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarified certain other aspects of accounting for deferred tax assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

b) New standards, amendments and interpretations issued but not effective for 31 December 2017 year ends that are relevant to the Group but have not been early adopted

The following new standards, amendments and interpretations are not effective for accounting periods ended 31 December 2017 but are relevant to the Group. These standards are not expected to have a material impact on the financial statements (continued).

Standard/interpretation	Effective date	Executive summary
IFRS 9 *Financial Instruments (2009 and 2010)*	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9 to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 *Financial Instruments: Recognition and Measurement,* without change, except for financial liabilities that are designated at fair value through profit or loss.
Amendment to IFRS 9 *Financial Instruments* on general hedge accounting	1 January 2018	The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The transitional provisions are likely to change once the IASB completes all phases of IFRS 9.
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018	This is the converged standard on revenue recognition. It replaces IAS 11 *Construction Contracts,* IAS 18 *Revenue* and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: • Step1: Identify the contract(s) with a customer; • Step 2: Identify the performance obligations in the contract; • Step 3: Determine the transaction price; • Step 4: Allocate the transaction price to the performance obligations in the contract(s); and • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

b) New standards, amendments and interpretations issued but not effective for 31 December 2017 year ends that are relevant to the Group but have not been early adopted (continued)

The following new standards, amendments and interpretations are not effective for accounting periods ended 31 December 2017 but are relevant to the Group. These standards are not expected to have a material impact on the financial statements (continued).

Standard/interpretation	Effective date	Executive summary
IAS 40 *Investment Property*	1 January 2018	These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
IFRS 16 *Leases*	1 January 2019	After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortized in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17 *Leases,* IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

c) New standards, amendments and interpretations issued but not effective for 31 December 2017 year ends that are not relevant to the Group

The following new standards, amendments and interpretations are not effective for accounting periods ended 31 December 2017 but are not relevant to the Group:

Standard/interpretation	Effective date	Executive summary
Amendments to IFRS 2 *Share-based Payment*	1 January 2018	This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
IFRS 4 *Insurance Contracts*	1 January 2018	These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will: • Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and • Give companies whose activities are predominantly connected with insurance an optional exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard – IAS 39.
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018	This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.

There are no other standards, amendments and interpretations that are not yet effective that are likely to have a material impact on the Group.

2.4 Principles of consolidation

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Principles of consolidation (continued)

(a) Subsidiaries (continued)

Acquisition-related costs are expensed as incurred.If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39, *Financial Instruments: Recognition and Measurement* either in the statement of comprehensive income or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All the subsidiaries have 31 December as their year ends.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

2.5.1 Investments in subsidiaries

Investments in subsidiaries, in the separate statement of financial position of the Company, are accounted for at cost less accumulated allowance for impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the United States of America dollar ("US$"), the Company's and the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the date of that financial position;

(ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income.

2.7 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Investment property comprises hotel properties in major cities and tourist destinations in Zimbabwe and land bank in Harare.

Land held under operating leases is classified and accounted for by the Group as investment property when the definition of investment property would otherwise be met.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment property under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, is measured at cost less accumulated allowance for impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier. Land is valued using the sales comparison method. Fair value is based on prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Hotel properties are valued using the cost approach. The cost approach reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment property (continued)

From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. That is because a market participant buyer would not pay more for an asset than the amount for which it could replace the service capacity of that asset. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence and is broader than depreciation for financial reporting purposes (an allocation of historical cost) or tax purposes (using specified service lives).

Hotel properties are leased to third parties , including related parties who may also susequently enter into hotel management contracts with other third parties. The Group is not involved in the management of the hotels.

Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract;
- The stage of completion;
- Whether the project/property is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- Past experience with similar constructions;
- The development risk specific to the constructions; and
- Status of construction permits.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the investment property.

Changes in fair value are recognised in the statement of comprehensive income. Investment property is derecognised either when it has been disposed, or use of the property has changed. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of the transfer is treated in the same way as revaluation under IAS 16, *Property, Plant and Equipment*. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increases directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in the comprehensive income against any previously recognised decrease charged to the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and allowance for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

Motor vehicles	5 years
Computer and office equipment	4 years
Farm equipment and implements	10 years

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the loans and receivables category only. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These would be classified as non-current assets.

The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' on the statement of financial position.

2.11.2 Recognition and measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

2.11.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11.4 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("a loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.12 Inventories

The Group's inventory comprises office consumables and/or property under development with a view to sell in the ordinary course of business. Stationery and other office consumables are stated at cost, using the first-in, first out ("FIFO") method, whilst property under development would be stated at actual cost.

2.13 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial liabilities

Liabilities within the scope of IAS 39, *Financial Instruments: Recognition and Measurement* are classified as financial liabilities at fair value through profit or loss or at amortised cost as appropriate.

A financial liability is derecognised when the obligation under liability is discharged, cancelled or expires. All loans and borrowings are classified as financial liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities included in trade and other payables are initially recognised at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount.

2.16 Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds.

Where any group company purchases the Company's equity share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.17 Current income and deferred tax

The income tax expense comprises current income and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted on the date of the statement of financial position in Zimbabwe where the Group operates and generates income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying value of the Group's hotel property is assumed to be realised through use, rather than through sale. The impact of this assumption is that no deferred tax liabilities or assets are recognised on any fair value gains or losses on these hotel properties. Deferred tax liabilities are however recognised based on the effective income tax rate, on all temporary differences arising from capital allowances awarded the hotel properties in accordance with the Zimbabwe Income Tax Act.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits

(a) Pensions

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For the defined contribution plan, the Group pays contributions to privately administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Short-term employee benefits and compensation absences

Wages, salaries, paid annual leave, bonuses and other monetary benefits are recognised as employee benefit expense and accrued when the associated services are rendered by the employees of the Group.

(c) National Social Security Authority Scheme

The Group and its employees contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act (Chapter 17:04). The Group obligations under the scheme are limited to specific contributions as legislated from time to time.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and

(b) when the entity recognises costs for a restructuring that is within the scope of IAS 37, 'Provisions, contingent liabilities and contingent assets', and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.20 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, from rental of investment property, property management and consultancy valuation services which is stated net of value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific recognition criteria has been met for each of the Group's activities, as described below.

Rental income

Rental income from operating leases is recognised in the accounting period in which the property is occupied by the tenant.

Rendering of services

Rendering of services is recognised in the accounting period in which the property valuation, management and consultancy services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Timeshare revenue

(a) *Sale of contracts*

Although it is received upfront, revenue from the sale of contracts is recognised over the contract period on a straightline basis. The contracts terms vary from 10 to 25 years.

(b) *Rental pool revenue*

Revenue from the rental pool is recognised in the accounting period in which lodge weeks not yet sold as contracts have been sold to guests.

2.22 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.23 Leases

(a) *Where the Group is the lessee in an operating lease*

Leases in which a significant portion of the risks and rewards of ownership are retained by another party - the lessor, are classified as operating leases. Payments, including pre-payments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(b) *Where the Group is the lessor in an operating lease*

Properties leased out under operating leases are included in investment property in the statement of financial position.

The Group does not have any finance lease arrangements.

2.24 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective rate interest method.

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Borrowings

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of the borrowings are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the borrowings (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the borrowings and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared by the Company's directors. Dividends declared after the reporting date but before the financial statements are issued are not recognised in the financial statements but are disclosed in the notes to the financial statements.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The primary objectives of financial risk management are to identify, evaluate and manage financial risks, establish risk limits, and then ensure that exposure to risks stays within limits.

Risk management is governed by the Audit and Risk Committee under policies approved by the Board of Directors. The Audit and Risk Committee identifies and evaluates financial risks in close cooperation with the subsidiaries. The Board provides written principles for overall risk management.

Key risk management reports are produced monthly at subsidiary level and provided to the key management personnel of the Group. The reports include both financial and non financial risks such as liquidity, credit risk, single major client, lease agreements, information technology risk, insurance cover etc. The reports spell out the rating of the identified risk, the action required and the risk monitoring process.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

(i) Currency risk

The risk that the fair value of the cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Currency risks arise from recognised monetary financial assets and liabilities and future commercial transactions, that are not denominated in the functional currency of the Group.

The Group had a subsidiary in Botswana and is exposed to foreign exchange risk, primarily with respect to the Botswana pula. This risk is not significant as the subsidiary is in the process of being closed down.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

All figures in US$	Pula equivalent	Other equivalent	Total equivalent
AS AT 31 DECEMBER 2017			
Financial assets – loans and receivables			
Trade and other receivables			
– Other receivables	-	-	-
Cash and cash equivalents	6 329	-	6 329
Total financial assets	**6 329**	**-**	**6 329**
AS AT 31 DECEMBER 2017			
Financial liabilities measured at amortised cost			
Trade and other payables:			
– Trade payables	-	-	-
Total financial liabilities	**-**	**-**	**-**
Net foreign currency exposure	**6 329**	**-**	**6 329**
AS AT 31 DECEMBER 2016			
Financial assets – loans and receivables			
Trade and other receivables			
– Receivables from customers	-	-	-
Cash and cash equivalents	6 329	-	6 329
Total financial assets	**6 329**	**-**	**6 329**
Financial liabilities measured at amortised cost			
Trade and other payables:			
– Trade payables	-	-	-
Total financial liabilities	**-**	**-**	**-**
Net foreign currency exposure	**6 329**	**-**	**6 329**

Foreign exchange risk is managed at subsidiary level and monitored at group level. The Group's primary method of managing foreign currency risk is to match the Group's principal cash outflows to the currency in which the principal cash inflows are denominated. This is generally achieved by converting all currencies received into US$, for all entities domiciled in Zimbabwe.

The functional currency of the Group and its principal subsidiaries is the US$. Only the Botswana incorporated subsidiary had the Botswana pula as its functional currency. The particular subsidiary is currently dormant.

The following paragraph presents sensitivities of profit or loss to reasonably possible changes in exchange rates applied at the financial position date relative to the functional currency of the respective group entities, with all other variables held constant.

As at 31 December 2017, if the Botswana pula weakened/strengthened by 10%, post-tax profit/(loss) for the year would have been US$508 (2016:US$508) higher/lower.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Price risk

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk and currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments traded in the market. The Group has no significant exposure to price risks on commodity or equity securities (2016: US$nil) because as at 31 December 2017 it had neither commodity contracts nor equity security investments.

(iii) Cash flow and fair value interest rate risk

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate. All the Group's borrowings were issued at fixed rates, therefore the Group is not exposed to cashflow interest rate risk.

Cash and bank balances are held at zero interest, short term investments were held at an average interest rate of 3% (2016: 5%). Trade receivables and payables are interest free and have settlement dates within one year.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge a contract. Credit risk arises from bank balances and short term money market investments, including rental receivables from the lessee and outstanding amounts from the property consulting business segment, as well as loans to employees. Credit risk is managed at a subsidiary level and monitored at group level. The are no independent ratings for customers locally. To assess the credit quality of the trade receivables, management takes into account the customer's financial position and past experience.

To manage the risk associated with collection of receivables, management engages the debtors on a regular basis. Credit is only given to corporate customers and in very exceptional cases with respect to individuals. Where the Group considers to have exhausted all reasonable recovery avenues, it pursues the legal route to enforce recovery, where prospects of recovery are bright and amounts are considered material.

Repayments in respect of employee loans are through monthly deductions from the employee's respective salary. Cash balances are held only with financial institutions with sound capital bases and good credit ratings.

The Group's maximum exposure to credit risk by class of financial asset is as follows:

All figures in US$	31 December 2017	31 December 2016
Trade receivables, before allowance for impairment:		
- Rent receivable from lessee	547 683	850 104
- Trade receivables from customers	268 612	321 775
- Loans to employees	29 852	38 695
- Cash and cash equivalents	203 390	396 610
	1 049 537	**1 607 184**

The fair value of trade receivables and cash and cash equivalents as at 31 December 2017 approximates the carrying amount because their short term nature.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The fair value of trade receivables and cash and cash equivalents as at 31 December 2017 approximates the carrying amount because of their short tenor.

All figures in US$	31 December 2017	31 December 2016
Trade receivables, gross neither past due nor impaired		
- Receivables from large companies	505 674	383 347
- Receivables from small to medium sized companies	64 220	9 138
- Receivables from individuals	71 048	600
Total neither past due nor impaired	**640 942**	**393 085**
Trade receivables, gross past due but not impaired		
- Receivables from large companies	64 516	596 563
- Receivables from small to medium sized companies	16 927	10 703
- Receivables from individuals	2 074	26 606
Total past due but not impaired	**83 517**	**633 872**
Trade receivables, gross past due and impaired		
- Receivables from large companies	61 882	87 335
- Receivables from small to medium sized companies	20 306	36 635
- Receivables from individuals	9 648	20 952
Total past due and impaired	**91 836**	**144 922**
Total trade receivables, before allowance for impairment	**816 295**	**1 171 879**

US$506 323 (2016: US$707 121) of the rent receivable as at the reporting date was due from a single customer. As at the reporting date, amount past due but not impaired stood at US$285 522 (2016: US$633 872). No impairment allowance has been recognised for these amounts as the directors are of the opinion that these would be fully recoverable as they have been outstanding for a relatively short period of time and the underlying debtors have been assessed as having capacity to fully settle.

The past due and impaired trade receivables relate to the property consultancy operating segment both for the periods ended 31 December 2017 and 31 December 2016.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Concentration risk in respect of trade receivables:

All figures in US$	31 December 2017	%	31 December 2016	%
Trade receivables due from:				
Large companies	632 072	57%	1 067 245	91%
Small to meduim sized companies	101 453	25%	56 476	5%
Individuals	82 770	18%	48 158	4%
	816 295	**100%**	**1 171 879**	**100%**

The Group holds bank accounts with large financial institutions with a credit rating of BB+ or better using the Global Credit Rating Company ratings.

All figures in US$	31 December 2017	31 December 2016
Financial institution rating		
AA-	121 542	317 363
A+	33 861	46 974
A	13 478	-
A-	-	24 261
BB+	22 389	6 804
Unrated	12 120	1 208
	203 390	**396 610**

The ratings have been obtained from the latest available ratings on the financial institutions.

(c) Liquidity risk

The Finance and Investment Committee monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times so that the Group does not breach borrowing limits set in the Memorandum of Association. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to short term money market investments. The Group invests surplus cash in interest bearing current accounts, time deposits, money market deposits and chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above mentioned forecasts. At the reporting date, the Group had cash and cash equivalents held with the above rated financial institutions.

The Group's liquidity position is monitored on a weekly basis by the Executive Committee and reviewed quarterly by the Finance and Investment Committee.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

A maturity analysis of financial instruments as at 31 December 2017 is as follows:

All figures in US$	Less than 1 year	1 - 5 years	More than 5 years	Total contractual cash flows	Total carrying amount
As at 31 December 2017					
Liabilities					
Borrowings	1 785 954	3 315 249	-	5 101 203	**4 499 416**
Trade and other payables (excluding statutory liabilities)	403 984	-	-	403 984	**403 984**
	2 189 938	**3 315 249**	**-**	**5 505 187**	**4 903 400**
Assets held for managing liquidity risk					
Trade and other receivables (excluding prepayments)	753 403	-	-	753 403	**753 403**
Cash and cash equivalents	203 390	-	-	203 390	**203 390**
	956 793	**-**	**-**	**956 793**	**956 793**
Liquidity gap	**(1 233 145)**	**(3 315 249)**	**-**	**(4 548 394)**	
Cumulative liquidity gap	**(1 233 145)**	**(4 548 394)**	**(4 548 394)**	**-**	
As at 31 December 2016					
Liabilities					
Borrowings	1 925 505	4 920 803	-	6 846 308	**4 449 064**
Trade and other receivables (excluding prepayments)	698 362	-	-	698 362	**698 362**
	2 623 867	**4 920 803**	**-**	**7 544 670**	**5 147 426**
Assets held for managing liquidity risk					
Trade and other receivables (excluding prepayments)	1 063 779	-	-	1 063 779	**1 063 779**
Cash and cash equivalents	-	-	-	-	**396 610**
	1 063 779	-	-	1 063 779	**1 460 389**
Liquidity gap	**(1 560 088)**	**(4 920 803)**	**-**	**(6 480 891)**	
Cumulative liquidity gap	**(1 560 088)**	**(6 480 891)**	**(6 480 891)**	**-**	

The expected cash flows are based on contractual terms as per the requirement of IFRS 7 *Financial Instruments: Disclosures.*

With the completion of its first property development expected within the first half of 2018, the Group is confident that sufficient cash flows will be generated from the sales of the units to cater for the liquidity gap as analysed above. Management closely monitors the liquity gap and ensures that obligations are settled as they fall due.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ration. The ratio is calculated as the net debt divided by total capital. The net debt is calculated as total borrowings (including current and non current borrowings as shown in the statement of financial position) less cash and cash equivalents. The total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The gearing ratios as at 31 December 2017 and 2016 were as follows:

All figures in US$	31 December 2017	31 December 2016
Total borrowings (note 11)	4 499 417	4 258 748
Less cash and cash equivalents (note 3)	(203 390)	(396 610)
Net debt	**4 296 027**	**3 862 138**
Total equity	87 586 799	84 537 662
Total capital	**91 882 826**	**88 399 800**
Gearing ratio	**5%**	**4%**

Net debt reconciliation

This section sets out an analysis of net debt and movements in net debt for each of the periods presented.

All figures in US$	31 December 2017	31 December 2016
Cash and cash equivalents	203 390	396 610
Total liquid investments	**203 390**	**396 610**
Total borrowings (fixed interest rates)	4 499 417	4 258 748
Net debt position	**4 296 027**	**3 862 138**

	Other assets	Liabilities from finacing activities	
All figures in US$	**Cash at bank including bank overdraft**	**Borrowings**	**Total**
Net debt as at 1 January 2016	**1 018 536**	**-**	**1 018 536**
Cash flows	(621 926)	(4 258 748)	**(4 880 675)**
Net debt as at 31 December 2016	**396 610**	**(4 258 748)**	**(3 862 139)**
Cash flows	(193 220)	(240 669)	**(433 889)**
Net debt as at 31 December 2017	**203 390**	**(4 499 417)**	**(4 296 028)**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants will take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for the share-based payment transactions, leasing transctions, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in inventories or value in use in impairment of assets.

3.3 Fair value hierarchy

IFRS 7 *Financial Instruments: Disclosures and* IFRS 13 *Fair Value Measurement*, specify a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources: unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities. This level includes listed equity.
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non listed equity investments.

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The Group had no financial assets and liabilities carried at fair value as at 31 December 2017 (2016: US$nil).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Principal assumptions underlying estimation of fair value of investment property

In determining the open market value of investment property, Dawn Property Consultancy (Private) Limited used the market comparison method for land and the cost approach for hotel properties. Refer to notes for assumptions.

The economic environment and market conditions experienced in 2016 continued throughout 2017 and investment property transactions (i.e. hotels) on an arm's length basis are non-existent in Zimbabwe. For investment properties with a total carrying amount of US$88 175 000 (2016: US$86 263 037), the valuation was determined principally using the market comparison method for land and the depreciated replacement cost for the hotel properties. Lease contracts have not been taken into consideration due to the depressed revenue inflows and the lease agreements do not have minimum fixed monthly rental payments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (continued)

(a) Principal assumptions underlying estimation of fair value of investment property (continued)

As there is no active market for the hotel properties in Zimbabwe, current prices were drawn from recent transactions of land in general. The prices were adjusted for contractual, location and inherent differences. The following rates have been used:

	31 December 2017 US$ Rate/sqm	31 December 2016 US$ rate/sqm
Construction cost figures:		
Grade 'A' offices	1 200 - 1800	1 100 - 1200
Grade 'B' offices	1 050 - 1 200	950 - 1 150
Industrial offices	850 - 1 050	800 - 950
Industrial factory	750 - 850	650 - 700
Land comparables:		
Industrial areas	15 - 35	15 - 30
High density areas	45 - 60	40 - 60
Medium density areas	25 - 45	25 - 40
Low density areas	18 - 25	18 - 25
Commercial - avenues	300 - 450	300 - 400
Central business district	550 - 700	550 - 700

The cost approach was used to determine the fair value of the hotel properties. This method is based on the theory of substitution and is usually termed the method of last resort. The method is used in situations where it is difficult to estimate inputs to be used to calculate value due to volatile market factors. Under normal circumstances hotels are valued using the income method. With current turnover and occupancy rates of hotels in Zimbabwe, a valuation based on the income method would give a figure which no property owner would accept unless in a forced sale situation. The most significant unobservable input into this valuation is replacement cost per square metre for the buildings and improvements and selling price per square metre for land.

For vacant land, the method that was used for valuing land is market comparison method. The method entailed comparing like to like thus residential must be compared with residential and industrial with industrial etc. The most significant input in this valuation method is the selling price per square metre for land.

(b) Income taxes

Significant judgement is required in determining the liability for deferred and current income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax liabilities in the period in which such determination is made.

4.2 Critical judgements in applying the entities accounting policies

(a) Impairment losses on trade and other receivables

The Group reviews its trade and other receivables to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is an observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of trade and other receivables before the decrease can be identified with an individual receivable in that portfolio. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

5 INVESTMENT PROPERTY

	31 December 2017		31 December 2016	
All figures in US$	**Group**	**Company**	**Group**	**Company**
At the beginning of the year	**86 263 037**	375 000	**84 428 712**	-
Acquisition of timeshare properties	-	-	1 053 333	-
Acquisition of leasehold improvements capitalised to investment property	-	-	361 802	-
Land acquisitions	-	-	413 496	413 496
Improvements capitalised	62 267	-	74 848	-
Disposals	(100 000)	-	-	-
Fair value gain/(loss) on investment property	1 949 696	35 000	(69 154)	(38 496)
At the end of the year	**88 175 000**	**410 000**	**86 263 037**	**375 000**

Encumbrances on investment property

Investment property worth US$7 810 000 had been pledged as security for the Group's borrowings as at the reporting date (2016: US$20 593 526). Refer to note 11 to these financial statements for further detail of the securitisation arrangements.

Income and expenses relating to investment property

Rental income from investment property in the reporting period totalled US$3 166 229 (2016: US$2 430 644). Rental income from hotel properties is based on room, food and beverages revenue generated by the lessee. Direct operating expenses relating to investment property comprise repairs and maintenance expenses amounting to US$140 542 (2016: US$nil) and were recognised in the statement of comprehensive income.

Valuation processes

The investment property was valued as at 31 December 2017 by Dawn Property Consultancy (Private) Limited in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book") 6th Edition, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards. The valuation basis is a market comparison method for land and cost approach for buildings, both valuation basis conform to international valuation standards.

Dawn Property Consultancy (Private) Limited (the "valuer"), a subsidiary of the Company, is a related party and therefore is not an independent valuer as encouraged but not required in IAS 40 *Investment Property*. The valuer holds recognised and relevant professional qualifications and has recent experience in the relevant locations and categories of properties being valued.

Valuation techniques underlying management's estimation of fair value

The economic environment and market conditions experienced in 2016 continued throughout 2017 and investment property transactions (i.e. hotels) on an arm's length basis are non-existent in Zimbabwe. For investment property with a total carrying amount of US$88 175 000 (2016: US$86 263 037) the valuation was determined principally using market comparison method for land and the depreciated replacement cost for the hotel properties. Lease contracts have not been taken into consideration due to depressed revenue inflows. Turnover based rentals and the lease agreements do not have clauses that require the tenant to provide turnover projections.

5 INVESTMENT PROPERTY (CONTINUED)

As there is no active market for the hotel properties in Zimbabwe, current prices were drawn from recent transactions of land in general. The prices were adjusted for contractual, location and inherent differences. The following rates have been used:

	31 December 2017 US$ Rate/sqm	31 December 2016 US$ rate/sqm
Construction cost figures:		
Grade "A" offices	1 200 - 1800	1 100 - 1200
Grade "B" offices	1 1050 - 1 200	950 - 1150
Industrial offices	850 - 1 050	800 - 950
Industrial factory	750 - 850	650 - 700
Land comparable:		
Industrial areas	15 - 35	15 - 30
High density areas	45 - 60	40 - 60
Medium density areas	25 - 45	25 - 40
Low density areas	18 - 25	18 - 25
Commercials - avenues	300 - 450	300 - 400
Central business district	550 - 700	550 - 700

The valuers performed the valuation using the cost approach reporting on: gross replacement cost, depreciated replacement cost (“DRC”), land value, land value plus depreciated replacement cost and fair value of the freehold interest in the property.

The summary of the results are as follows:

Investment property value indicators:

All figures in US$	31 December 2017	31 December 2016
Gross replacement cost	194 922 000	169 599 000
Depreciated replacement cost, buildings only	63 704 000	61 686 000
Existing use value of land	27 985 000	28 180 000
Land value plus depreciated replacement cost	91 689 000	89 866 000
Market value	88 175 000	86 263 037

The cost approach was used to determine the fair value of the hotel properties. This method is based on the theory of substitution and is usually termed the method of last resort. The method is used in situations where it is difficult to estimate inputs required to calculate fair value using the income approach to volatile market factors and inaccessible or unavailable information. Under normal circumstances hotels are valued using the income method. With current turnover and occupancy rates of hotels rates of hotels in Zimbabwe, an offer received to purchase the hotel property at a price that is equivalent to the discounted cash flow method would not be realistic. An offer more closely representative to the depreciated replacement cost would be accepted. The most significant unobservable input into this valuation is replacement cost per square metre for buildings and improvements and selling price per square metre of land.

5 INVESTMENT PROPERTY (CONTINUED)

Valuation techniques underlying management's estimation of fair value (continued)
The method used for valuing land is the market comparison method. The method entails comparing like to like thus residential must be compared with residential and industrial with industrial, etc. The most significant input in this valuation method is the selling price per square metre.

(a) Construction costs figures:
Based on architectural design/modern equivalent as well as the costs from quantity surveyors' cost on steel and other requisite building materials. To come up to the replacement cost per square metre.

(b) Age of property:
Based on the use to date as well as the date from commissioning of the hotel and the current state of structures and utilities specific to it's use as investment property, as well as the financial obsolescence of the structure.

(c) Comparable land values:
Based on the intrinsic value of the land on which the structure is built supplied by quantity surveyors taking into consideration the respective zoning conducted by the office of the Surveyor General.

The Group's investment property is measured at fair value. The Group holds two classes of investment property being hotel properties and land situated in Zimbabwe.

All figures in US$	Hotel properties	Land	Timeshares	Total
YEAR ENDED 31 DECEMBER 2017				
Fair value hierarchy	3	3	3	
Fair value at 1 January 2017	**72 606 650**	**12 556 387**	**1 100 000**	**86 263 037**
Acquisitions	-	-	-	**-**
Improvements to investment properties	-	62 267	-	**62 267**
Disposals	-	(100 000)	-	**(100 000)**
Fair value gain/(loss)	2 044 350	(193 654)	99 000	**1 949 696**
Fair value as at 31 December 2017	**74 651 000**	**12 325 000**	**1 199 000**	**88 175 000**
YEAR ENDED 31 DECEMBER 2016				
Fair value hierarchy	3	3	3	
Fair value at 1 January 2016	**72 470 000**	**11 958 712**	**-**	**84 428 712**
Acquisition	361 802	413 496	1 053 333	**1 828 631**
Improvements to investment properties	74 848	-	-	**74 848**
Disposals	-	-	-	**-**
Fair value (loss)/gain	(300 000)	184 179	46 667	**(69 154)**
Fair value as at 31 December 2016	**72 606 650**	**12 556 387**	**1 100 000**	**86 263 037**

5 INVESTMENT PROPERTY (CONTINUED)

Valuation techniques underlying management's estimation of fair value (continued)
Information about fair value measurements using significant unobservable inputs (level 3):

All figures in US$	Cost approach	Sales comparison	Total
YEAR ENDED 31 DECEMBER 2017			
Valuation	75 850 000	12 325 000	**88 175 000**
Rental income	3 118 815	46 914	**3 165 729**
YEAR ENDED 31 DECEMBER 2016			
Valuation	73 706 650	12 556 387	**86 263 037**
Rental income	2 383 729	46 915	**2 430 644**

Fair value estimation
Assets and liabilities are categorised in terms of the fair value hierarchy as follows:

All figures in US$	Significant unobservable inputs (level 3)	Total
Recurring fair value measurement		
YEAR ENDED 31 DECEMBER 2017		
Non-financial assets		
Investment property	88 175 000	**88 175 000**
YEAR ENDED 31 DECEMBER 2016		
Non-financial assets		
Investment property	86 263 037	**86 263 037**

Sensitivity analysis
Sensitivity analysis is performed on valuation of assets and liabilities with significant unobservable inputs (level 3) to generate a range of reasonable alternative valuations. The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative methods.

The valuation techniques and sensitivity analysis for the assets classified in level 3 are described below.

Observability
Since each property is unique in nature and the hotel real estate is illiquid, valuation inputs are largely unobservable.

There are inter-relationships between unobservable inputs. Increases in construction costs that enhance the property's features may result in an increase in future rental values and/or replacement costs.

5 INVESTMENT PROPERTY (CONTINUED)

Valuation techniques underlying management's estimation of fair value (continued)

All figures in US$	Cost approach	Sales comparison
Sensitivity on managements estimates:		
Change in depreciated replacement cost/square metre (cost/sqm):		
Year ended 31 December 2017		
5% increase in the replacement cost/sqm	3 185 200	-
5% decrease in the replacement cost/sqm	(3 185 200)	-
5% increase in the replacement cost/sqm	-	1 399 250
5% decrease in the replacement cost/sqm	-	(1 399 250)
Year ended 31 December 2016		
5% increase in the replacement cost/sqm	3 084 300	-
5% decrease in the replacement cost/sqm	(3 084 300)	-
5% increase in the replacement cost/sqm	-	1 409 000
5% decrease in the replacement cost/sqm	-	(1 409 000)

A significant portion of the revenue from investment property is derived from African Sun Limited which contributes over 90% of rental income.

6 INVENTORIES

All figures in US$	31 December 2017	31 December 2016
Property under construction (note 6.1)	4 998 686	3 186 989
Construction inventories	101 994	130 195
Stationery and other office consumables	16 193	12 348
	5 116 873	**3 329 532**

6.1 Analysis of property under construction costs

All figures in US$	31 December 2017	31 December 2016
Land value	400 000	400 000
Construction expenses incurred to date	4 262 956	2 713 102
Finance guarantee fee	62 500	-
Interest capitalised	273 230	73,887
	4 998 686	**3 186 989**

The property under construction comprises 58 cluster houses that are currently being developed with a view to sell in Marlborough, Harare, Zimbabwe.

7 PROPERTY AND EQUIPMENT

All figures in US$	Motor vehicles	Computer equiment	Office equiment	Farm equiment	Total
YEAR ENDED 31 DECEMBER 2017					
Opening net book amount	**276 601**	**51 946**	**114 603**	**529 995**	**973 145**
Cost	694 577	230 825	172 254	620 092	1 717 748
Accumulated depreciation	(417 976)	(178 879)	(57 651)	(90 097)	(744 603)
Additions	36 140	33 705	9 938	-	79,783
Disposals at cost	(83 481)	(41 453)	(5 402)	-	(130 336)
Accumulated depreciation on disposals	53 385	33 946	3 639	-	90 969
Depreciation charge	(84 430)	(27 795)	(18 468)	(18 426)	(149 119)
Closing net book amount	**198 215**	**50 349**	**104 310**	**511 569**	**864 443**
As at 31 December 2017					
Cost	647 236	223 078	176 789	620 092	1 667 195
Accumulated depreciation	(449 021)	(172 729)	(72 479)	(108 523)	(802 752)
Net book amount	**198 215**	**50 349**	**104 310**	**511 569**	**864 443**
YEAR ENDED 31 DECEMBER 2016					
Opening net book amount	424 972	64 917	96 733	548 421	1 135 043
Cost	743 264	218 736	138 075	620 092	1 720 167
Accumulated depreciation	(318 292)	(153 819)	(41 342)	(71 671)	(585 124)
Additions	4 618	16 717	34 179	-	55 514
Disposals at cost	(53 305)	(4 628)	-	-	(57 933)
Accumulated depreciation on disposals	24 747	3 999	-	-	28 746
Depreciation charge	(124 431)	(29 059)	(16 309)	(18 426)	(188 225)
Closing net book amount	**276 601**	**51 946**	**114 603**	**529 995**	**973 145**
As at 31 December 2016					
Cost	694 577	230 825	172 254	620 092	1 717 748
Accumulated depreciation	(417 976)	(178 879)	(57 651)	(90 097)	(744 603)
Net book amount	**276 601**	**51 946**	**114 603**	**529 995**	**973 145**

8 TRADE AND OTHER RECEIVABLES

All figures in US$	31 December 2017	31 December 2016
Trade receivables:		
- Rent receivable	547 683	850 104
- Trade receivables from customers	268 612	321 775
Gross trade receivables	**816 295**	**1 171 879**
Allowance for impairment on trade receivables	(103 226)	(158 741)
Trade receivables - net	**713 069**	**1 013 138**
Prepayments	2 874 243	2 967 597
Loans to employees	29 852	38 695
Other receivables	10 482	11 946
	3 627 646	**4 031 376**

Included in prepayments are payments amounting to US$2 312 980 made with respect to the acquisition of two pieces of land from City of Harare, measuring approximately 2.2 hectares. The process to transfer legal title of the land to the Group had not yet been completed at the reporting date.

8.1 The fair values of trade and other receivables excluding prepayment are as follows:

	31 December 2017	31 December 2016
Trade receivables	713 069	1 013 138
Loans to employees	29 852	38 695
Other receivables	10 482	11 946
	753 403	**1 063 779**

The carrying amounts of trade and other receivables approximate fair values as the effect of discounting is not material.

The estimated fair values of receivables are the discounted amounts of the estimated future cash flows expected to be received and approximate their carrying amounts. Expected cash flows are discounted at current market rates to determine fair values.

All figures in US$	Gross	Impairment	Net
Ageing of trade receivables as at 31 December 2017			
Fully performing	544 069	-	544 069
Past due 31-60 days	44 281	-	44 281
Past due 61-90 days	53 017	-	53 017
More than 90 days	174 928	(103 226)	71 702
	816 295	**(103 226)**	**713 069**
Ageing of trade receivables as at 31 December 2016			
Fully performing	375 796	-	375 796
Past due 31-60 days	429 946	-	429 946
Past due 61-90 days	111 611	-	111 611
More than 90 days	254 526	(158 741)	95 785
	1 171 879	**(158 741)**	**1 013 138**

The individually impaired receivables are over 120 days past due and mainly relate to certain customers in the property consultancy segment. An allowance has been recognised for amounts that are expected not to be recovered.

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

All figures in US$	31 December 2017	31 December 2016
8.3 Movements on the Group's allowance for impairment of trade receivables are is follows:		
As at the beginning of the period	**(158 741)**	**(346 232)**
Debtors previously provided for written off	-	220 892
Recognition of additional impairment allowances	(21 216)	(33 401)
Unused provision reversed	76 731	-
As at the end of the period	**(103 226)**	**(158 741)**

All the Group's trade and other receivables are denominated in US$. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

9 CASH AND CASH EQUIVALENTS

All figures in US$	31 December 2017	31 December 2016
Cash and bank balances	183 875	396 610
Restricted cash	10 154	-
Short term money market investments	9 361	-
Cash and cash equivalents	**203 390**	**396 610**

Restricted cash is cash paid to the State Procument Board as a bid bond for a City of Harare valuation tender.

10 SHARE CAPITAL AND RESERVES

	31 December 2017 Number	31 December 2016 Number
10.1 Authorised		
Ordinary shares with of a nominal value of US$0.0008 (2016: US$0.0008)	4 000 000 000	4 000 000 000

10.2 Issued and fully paid

	Number of shares	Ordinary shares	Share premium	Total
Year ended 31 December 2017				
As at the beginning of the period	**2 457 172 108**	**1 965 738**	**17 530 833**	**19 496 571**
At the end of the period	**2 457 172 108**	**1 965 738**	**17 530 833**	**19 496 571**
Year ended 31 December 2016				
At the beginning of the year	**2 457 172 108**	**1 965 738**	**17 530 833**	**19 496 571**
At the end of the year	**2 457 172 108**	**1 965 738**	**17 530 833**	**19 496 571**

The unissued shares are under the control of the directors. The directors are authorised to allot or dispose of unissued shares under their control at their discretion in accordance with the provisions of the Articles of Association and Memorandum of the Company, the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements.

10 SHARE CAPITAL AND RESERVES (CONTINUED)

10.3 Earnings per share

	All figures in US$	31 December 2017	31 December 2016
10.3.1	**Basic earnings per share: US cents**		
	From continuing operations	0.12	0.04
	From discontinued operations	-	-
	Total basic earnings attributable to owners of parent	**0.12**	**0.04**
10.3.2	**Diluted earnings per share: US cents**		
	From continuing operations	0.12	0.04
	From discontinued operations	-	-
	Total diluted earnings attributable to owners of parent	**0.12**	**0.04**
10.3.3	**Headline earnings per share: US cents**		
	From continuing operations	0.05	0.04
	From discontinued operations	-	-
	Total headline earnings attributable to owners of parent	**0.05**	**0.04**
10.3.4	**Reconciliation of earnings used in calculating earnings per share**		
	Profit attributtable to owners of the parents arising from:		
	From continuing operations	3 049 137	1 034 835
	From discontinued operations	-	-
		3 049 137	1 034 835
	Profit from disposal of equipment	(6 092)	(630)
	Loss from disposal of investment property	16 214	-
	Fair value (gain)/loss on investment property	(1 949 696)	-
	Headline earnings attributable to owners of the parent	**1 109 563**	**1 034 205**

	Numbers	31 December 2017	31 December 2016
10.3.5	**Weighted average number of shares used as the denominator**		
	Share in issue at the beginning and end of the year	**2 457 172 108**	**2 457 172 108**
	Weighted average number of shares in issue for basic earnings per share	2 457 172 108	2 457 172 108
	Weighted average number of shares in issue for diluted earnings per share	2 457 172 108	2 457 172 108

For the purpose of basic earnings per share, the weighted average number of ordinary shares outstanding during theperiod is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time weight factor. The time weight factor is the number of days that the shares are outstanding as a proportion of the total number of days in a year.

Weighted average number of shares for diluted earnings are calculated by adjusting the weighted number of ordinary shares with the potentially dilutive ordinary shares. As at 31 December 2017 and 31 December 2016, there were no potentially dilutive share options or other potentially dilutive financial instruments.

	All figures in US$	31 December 2017	31 December 2016
10.3.5	**Net asset value per share (US cents)**		
	Net asset	87 586 799	84 537 662
	Number of ordinary shares	2 457 172 108	2 457 172 108
	Net asset value per share	**3.56**	**3.44**
10.3.6	**Net tangible asset value per share (US cents)**		
	Net tangible assets	87 586 799	84 537 662
	Number of ordinary shares	2 457 172 108	2 457 172 108
	Net asset value per share	**3.56**	**3.44**
	Reconciliation of net asset to net tangible assets		
	Net asset	87 586 799	84 537 662

The net asset and net tangible assets are equal since there are no intangible assets.

10 SHARE CAPITAL AND RESERVES (CONTINUED)

10.4 Revaluation reserve

The revaluation reserve arose from the revaluation of land while it was accounted for under IAS 16 *Property, Plant and Equipment*. This land was subsequently transferred to investment property.

11 BORROWINGS

	All figures in US$	31 December 2017	31 December 2016
11.1	**Group borrowings**		
	At the beginning of the year	**4 258 748**	**-**
	Additions	3 481 533	4 317 771
	Interest charged	461 537	232 507
	Capital and interest repayments	(3 702 401)	(291 530)
	At the end of the year	**4 499 417**	**4 258 748**
	Non-current portion of long term loans	3 424 488	1 509 300
	Current portion of long term loans	1 074 929	2 749 448
		4 499 417	**4 258 748**
	Loans analysed as being due to:		
	NMB Bank Limited	4 322 336	1 701 314
	CBZ Bank Limited	177 081	212 139
	Brainworks Capital Management (Private) Limited	-	2 345 295
		4 499 417	**4 258 748**
11.2	**Company borrowings**		
	Non-current portion of long term loans	1 492 558	179 048
	Current portion of long term loans	727 437	2 378 386
		2 219 995	**2 557 434**
	Loans analysed as being due to:		
	CBZ Bank Limited	177 081	212 139
	Brainworks Capital Management (Private) Limited	-	2 345 295
	NMB Bank Limited	2 042 914	-
		2 219 995	**2 557 434**

11.3 NMB Bank loan

The outstanding loan balance arose from a five year US$5 000 000 facility with NMB Bank Limited. The loan proceeds were applied towards financing the Group's housing development project, as well as towards full settlement of an outstanding loan from Brainworks Capital Management (Private) Limited (refer to note 11.5). The loan, which bears interest at 9% per annum, will be repaid over a remaining period of 34 months at monthly instalments of US$46 451 up to 31 October 2020.

The loan is secured through first mortgage bonds of US$5 000 000 and US$1 250 000 over the Beitbridge Hotel and Great Zimbabwe Hotel respectively, an unlimited guarantee by Brainworks Capital Management (Private) Limited and power of attorney to register a first mortgage bond for US$5 000 000 over stand number 3204, New Marlborough Township, Harare held in the name of Gold Coast Properties (Private) Limited, a wholly owned subsidiary of the Company.

11.4 CBZ Bank loan

The outstanding loan balance arose from a five year mortgage loan of US$222 000 with CBZ Bank Limited. The loan, which bears interest at 10% per annum, is repayable in equal monthly instalments of US$5 468, up to 31 August 2021.

11.5 Brainworks Capital Management (Private) Limited ("Brainworks")

Subsequent to 31 December 2016, the Company successfully arranged a net drawdown amounting to US$2 275 000 on the NMB Bank facility (refer to note 11.3). All proceeds were applied towards settling in full the outstanding loan balance from Brainworks.

12 DEFERRED LEASE INCOME

All figures in US$	31 December 2017	31 December 2016
Non-current portion of deferred lease income	204 036	-
Current portion of deferred lease income	14 782	-
	218 818	-

Deferred lease income relates to timeshare contract sales that are spread over the contract period.

13 DEFERRED TAX

All figures in US$	31 December 2017	31 December 2016
The gross movement on deferred tax account is as follows:		
At the beginning of year	**4 058 394**	**3 787 498**
Statement of comprehensive income charge	265 843	270 896
At the end of the year	**4 324 237**	**4 058 394**

The movement in deferred tax assets and liabilities during the year ended 31 December 2017, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

All figures in US$	Property and equipment	Investment property	Assessed losses	Other	Total
Year ended 31 December 2017					
As at 1 January 2017	**126 114**	**3 934 154**	**30 549**	**(32 423)**	**4 058 394**
Charge to the statement of comprehensive income	(83 622)	364 363	(32 299)	17 401	265 843
As at 31 December 2017	**42 492**	**4 298 517**	**(1 750)**	**(15 022)**	**4 324 237**
Year ended 31 December 2016					
As at 1 January 2016	**123 758**	**3 820 666**	**(78 708)**	**(78 218)**	**3 787 498**
Charge to the statement of comprehensive income	2 356	113 488	109 257	45 795	270 896
As at 31 December 2016	**126 114**	**3 934 154**	**30 549**	**(32 423)**	**4 058 394**

All figures in US$	31 December 2017	31 December 2016
13.1 Analysis of deferred tax assets and liabilities		
The analysis of deferred tax assets and liabilities is as follows:		
Deferred tax assets:		
- Deferred tax asset to be recovered more than 12 months	16 772	1 873
- Deferred tax asset to be recovered within 12 months	-	-
	16 772	**1 873**
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	4 341 009	4 060 267
- Deferred tax liability to be recovered within 12 months	--	-
	4 341 009	**4 060 267**
Net deferred tax liabilities	**4 324 237**	**4 058 394**

14 TRADE AND OTHER PAYABLES

All figures in US$	31 December 2017	31 December 2016
Trade payables	158 011	403 466
Amounts due to related parties (refer to note 25.5.2)	69 624	879 417
Leave pay provision (note 14.1)	94 779	74 935
Other payables (note 14.2)	851 144	579 970
	1 173 558	**1 937 788**

14.1 Analysis of movement in leave pay provision:

All figures in US$	Leave pay
As at 1 January 2016	**91 047**
Current provision	-
Utilisation of provision	(16 112)
As at 31 December 2016	**74 935**
Current provision	37 785
Utilisation of provision	(17 941)
As at 31 December 2017	**94 779**

The fair value of trade and other payables approximates the carrying amounts presented.

All figures in US$	31 December 2017	31 December 2016
14.2 Other payables		
Deferred sales		
ZIMRA	141 027	-
Interfin	487 462	186 151
Audit fees	132 432	132 432
Other payables	72 618	71 577
	17 605	189 810
	851 144	**579 970**

Deferred sales are sales from the development project that is incomplete. The development project is expected to be completed in the first half of the year ending 31 December 2018.

15 CURRENT TAX LIABILITIES

All figures in US$	31 December 2017	31 December 2016
Current income tax (asset)/liability at the beginning of the year	**220 866**	**756 055**
Income tax on profits for the year (note 21.1)	585 889	368 437
Withholding taxes offset against income tax liabilities	(41 108)	(67 978)
	765 647	**1 056 514**
Current income tax liability/(asset) at the end of the year	184 523	220 866
Income tax paid during the year	**581 124**	**835 648**

16 INVESTMENTS IN SUBSIDIARIES

All figures in US$	31 December 2017	31 December 2016
At the beginning of the year	19 879 204	20 471 606
Impairment of investment in Dawn Real Estate (Private) Limited	(341 521)	(592 402)
At the end of the year	**19 537 683**	**19 879 204**

Dawn Properties Limited recognised an impairment allowance of US$341 521 against its investment in Dawn Real Estate (Private) Limited an investment property holding subsidiary. As at 31 December 2017, the carrying amount of the investment in the respective subsidiary of US$1 344 539 exceeded the carrying amount of the subsidiary's net assets of US$1 003 018 due to fair value losses recognised during the year on a significant asset held by the subsidiary. The carrying value represents the recoverable amount of the subsidiary, which was determined by reference to the underlying assets' fair value less cost of disposal.

Since the estimated replacement cost of the underlying asset is a significant unobservable input, the fair value of the subsidiary is classified as a level 3 fair value.

All figures in US$	31 December 2017	31 December 2016
16.1 The carrying amount for each of directly held subsidiary as at the reporting date was as follows:		
Nhaka Properties (Private) Limited	18 411 979	18 411 979
Dawn Property Consultancy (Private) Limited	122 686	122 686
Dawn Real Estate (Private) Limited	1 003 018	1 344 539
	19 537 683	**19 879 204**

16.2 List of all subsidiaries as at the reporting date

Dawn Properties Limited's subsidiaries, held directly and indirectly as at the reporting date, were as follows:

Name of subsidiary	Country of incorporation	Held	% of equity interest 31 December 2017	% of equity interest 31 December 2016
Dawn Real Estate (Private) Limited	Zimbabwe	Directly	100%	100%
Nhaka Properties (Private) Limited	Zimbabwe	Directly	100%	100%
Dawn Property Consultancy (Private) Limited	Zimbabwe	Directly	100%	100%
Calpine Investments (Private) Limited	Zimbabwe	Indirectly	100%	100%
Gold Coast Properties (Private) Limited	Zimbabwe	Indirectly	100%	100%
Laclede Investments (Private) Limited	Zimbabwe	Indirectly	100%	100%
Dawn Properties Investments Management (Private) Limited	Zimbabwe	Indirectly	100%	100%
CBRE (Proprietary) Limited (dormant)	Botswana	Indirectly	100%	100%
Windspike Investments (Private) Limited	Zimbabwe	Indirectly	100%	100%
Ekodey (Private) Limited	Zimbabwe	Indirectly	100%	100%

17 REVENUE

All figures in US$	31 December 2017	31 December 2016
Operating lease rentals	2 970 210	2 297 290
Timeshares	195 519	133 354
Timeshares sale of contracts	500	-
Valuations of property, plant and equipment	570 305	534 854
Property management fees	1 222 404	1 177 863
Property sales commissions	81 190	87 350
Project consultancy and management fees	41 958	52 400
Travel and other recoveries	49 697	65 660
	5 131 783	**4 348 771**

18 OTHER INCOME

All figures in US$	31 December 2017	31 December 2016
Profit from disposal of equipment	6 092	630
Loss from disposal of investment property	(16 214)	-
Other	76 161	141 055
	66 039	**141 685**

19 OPERATING EXPENSES

All figures in US$	31 December 2017	31 December 2016
19.1 Administration expenses		
Employee benefit expenses (note 19.3)	1 330 570	1 284 535
Depreciation (note 7)	149 119	188 225
Impairment (reversal)/charge against trade and other receivables	(53 313)	33 401
Audit fees:		
- Internal audit services	-	-
- External audit services	80 245	99 543
Management fees	-	257 427
Directors fees	96 825	89 917
Travelling expenses	64 575	43 784
Telephone and fax	51 787	42 075
Advertising	34 310	7 889
Bad debts	106 169	-
Commissions	11 777	66 266
Motor vehicle expenses	95 733	69 184
Rent, repairs and maintenance	256 243	114 639
Consultancy	53 620	79 171
Electricity and water	24 458	26 694
Insurance	45 341	79 976
Legal expenses	13 765	15 264
Statutory expenses	45 540	53 139
Printing and stationery	29 139	20 225
	2 435 903	**2 571 354**

19 OPERATING EXPENSES

All figures in US$	31 December 2017	31 December 2016
19.2 Other expenses		
Fines and penalties	301 311	-
Subscriptions	9 908	11 710
Sundry expenses	172 248	110 200
	483 467	**121 910**
Total expenses	**2 919 369**	**2 693 264**
19.3 Employee benefits expenses		
Salaries and wages	1 029 026	979 827
Social security costs	100 789	90 625
Medical aid	81 891	63 569
Education allowances	-	-
Bonus	-	51 010
Cash in lieu of leave	37 785	38 222
Retrenchment costs	28 136	1 359
Staff training	19 312	18 428
Staff welfare	13 318	10 366
Other	20 313	31 129
Total	**1 330 570**	**1 284 535**

20 NET FINANCE EXPENSE

All figures in US$	31 December 2017	31 December 2016
Interest income on short term deposits	20 395	5 675
Finance guarantee fee	(62 500)	-
Interest expense on borrowings	(285 175)	(59 545)
Net finance expense	**(327 280)**	**(53 870)**

21 INCOME TAX EXPENSE

All figures in US$	31 December 2017	31 December 2016
21.1 Income tax expense		
Current income tax on profits		
- Current year change	585 889	368 437
Deferred tax charge (note 13)	265 843	270 896
Income tax expense	**851 732**	**639 333**

21 INCOME TAX EXPENSE (CONTINUED)

21.2 Income tax expense reconciliation

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the income tax rate of 25.75% (2016: 25.75%) on the applicable consolidated profits of the Group as follows:

All figures in US$	31 December 2017	31 December 2016
Profit before income tax	3 900 868	1 674 167
Tax calculated at domestic rates applicable to profits	1 004 474	431 098
Tax effects of :		
- Impairment of investments in subsidiaries	197 001	262 388
- Net fair value gains	(502 047)	17 807
- Non-deductibe management fees	-	58 539
- Non-deductible interest	73 432	-
-Tax losses for which no deferred tax asset was	-	-
-Tax losses for which no deferred income tax asset was recognised	153 726	40 479
- Effect of capital allowances granted on investment property	(212 653)	(212 653)
- Bad debts written previously provided for now written off	(33 738)	(58 930)
- ZIMRA penalties and interest	77 588	-
- Other non-deductibe expenses	93 949	100 604
Income tax charge	**851 732**	**639 332**

The Group had no tax-related contingent assets or liabilities as at the reporting date (2016: US$nil).

22 SEGMENT INFORMATION

The operating profit and profit or loss of the Group's reportable segments reported to the Chief Operating Decision Maker, the Executive Committee, are measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of operating profit to profit before tax is therefore not presented separately.

The amounts provided to the Chief Operating Decision Maker in respect of total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. The assets and liabilities are allocated based on operations of the segment and the physical location of the asset. As all assets and liabilities have been allocated to the reportable segments, reconciliations of reportable segments' assets to total assets, and of reportable segments' liabilities to total liabilities, are not presented.

All figures in US$	31 December 2017	31 December 2016
The breakdown of revenue from all services is as follows:		
Analysis of revenue by category		
Rental income	2 970 210	2 297 290
Timeshares sale of contracts	500	-
Timeshares hotel revenue	195 519	133 354
Professional valuations	570 305	534 854
Property management	1 222 404	1 177 863
Project consultancy	81 190	87 350
Agency fees	41 958	52 400
Travel and other recoveries	49 697	65 660
Total revenue	**5 131 783**	**4 348 771**

22 SEGMENT INFORMATION (CONTINUED)

The Group's revenue is generated from investment property assets which are held by the Group companies domiciled in the same country as the relevant asset is located. The breakdown of the major components of revenue from external customers by segment is disclosed above.

Revenues of approximately US$2 921 730 (2016: US$2 250 375) are derived from a single external customer. These revenues are attributable to the investment property segment.

There were no inter-segment revenues as all sales are to external customers except for valuations conducted by Dawn Property Consultancy (Private) Limited for financial reporting purposes.

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business from service and product perspective.

The reportable operating segments derive their revenue primarily from rental income from lessees and property valuation, management and consultancy services, as well as property development. The Executive Committee assesses the performance of the operating segments based on a measure of operating profit.

The entity and all its subsidiaries are domiciled in Zimbabwe except CBRE (Proprietary) Limited, which is dormant and domiciled in Botswana. The revenue from external customers in Zimbabwe was US$5 131 783 (2016: US$4 348 771) and the total revenue from external customers from other countries is US$nil (2016: US$nil).

The total of non-current assets other than financial instruments and deferred tax assets located in Zimbabwe is US$89 039 443 (2016: US$87 236 182).

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2017 is as follows:

- Property investments: The principal business is that of investing in investment properties in the form of seven hotel properties and tracts of land.
- Property consultancy: Involved in real estate consultancy, building, plant and machinery valuations, property management and agency.
- Property development: the principal business is that of developing real estate assets with a view to sell either as residential properties or to hold as part of the investment property portfolio.

22 SEGMENT INFORMATION (continued)

The segment information provided to the executive committee for the reportable segments is as follows:

All figures in US$	Investment property	Property development	Property consultancy	Head office	Intersegment transactions	Continuing operations	Discontinued operations	Group
Year ended 31 December 2017								
Revenue:								
Rental income	2 970 210	-	-	-	-	2 970 210	-	2 970 210
Timeshares hotel revenue	195 519	-	-	-	-	195 519	-	195 519
Timeshares sale of contracts	500	-	-	-	-	500	-	500
Professional valuations	-	-	570 305	-	-	570 305	-	570 305
Property management	-	-	1 222 403	-	-	1 222 403	-	1 222 403
Project consultancy	-	-	81 190	-	-	81 190	-	81 190
Agency fees	-	-	41 958	-	-	41 958	-	41 958
Travel and other recoveries	-	-	49 698	-	-	49 698	-	49 698
	3 166 229	-	1 965 554	-	-	5 131 783	-	5 131 783
Internal customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total revenue	**3 166 229**	**-**	**1 965 554**	**-**	**-**	**5 131 783**	**-**	**5 131 783**
Operating expenses								
Employee benefit expenses	(542 690)	(12 333)	(770 559)	(4 988)	-	(1 330 570)	-	(1 330 570)
Other operating expenses	(811 268)	-	(522 690)	(179 436)	20 400	(1 492 994)	-	(1 492 994)
Depreciation and armotisation	(76 143)	-	(72 975)	-	-	(149 118)	-	(149 118)
Impairment (charge)/ reversal	(423 531)	-	53 313	(341 520)	765 051	53 313	-	53 313
	(1 853 632)	**(12 333)**	**(1 312 911)**	**(525 944)**	**785 451**	**(2 919 369)**	**-**	**(2 919 369)**
Other key information								
Other income (net)	1 991 772	-	9 362	365 000	(350 400)	2 015 734	-	2 015 734
Operating profit	**3 304 369**	**(12 333)**	**662 005**	**(160 944)**	**435 051**	**4 228 148**	**-**	**4 228 148**
Finance income	17 907	-	50 324	4	-	20 395	-	20 395
Finance cost	-	-	-	(347 675)	(47 840)	(347 675)	-	(347 675)
Net finance (cost)/income	**17 907**	**-**	**50 324**	**(347 671)**	**(47 840)**	**(327 280)**	**-**	**(327 280)**
Profit/(loss) before income tax	**3 322 276**	**(12 333)**	**712 329**	**(508 615)**	**387 211**	**3 900 868**		**3 900 868**
Total assets as at 31 December 2017	**91 835 729**	**5 489 105**	**662 115**	**403**	**-**	**97 987 352**	**-**	**97 987 352**
Total assets include:								
Non current assets (other than financial instruments and deferred tax assets):								
Investment property	88 175 000	-	-	-		88 175 000	-	88 175 000
Property and equipment	609 027	-	255 416	-		864 443	-	864 443
	88 784 027	-	255 416	-	-	89 039 443	-	89 039 443
Total liabilities as at 31 December 2017	**9 127 488**	**2 279 423**	**241 514**	**2 330 170**	**(3 578 042)**	**10 400 554**	**-**	**10 400 554**

22 SEGMENT INFORMATION (continued)

The segment information provided to the executive committee for the reportable segments is as follows:

All figures in US$	Investment property	Property development	Property consultancy	Head office	Intersegment transactions	Continuing operations	Discontinued operations	Group
Year ended 31 December 2016								
Revenue:								
Rental income	2 297 290	-	-	-	-	2 297 290	-	2 297 290
Timeshares hotel revenue	133 354	-	-	-	-	133 354	-	133 354
Professional valuations	-	-	534 854	-	-	534 854	-	534 854
Property management	-	-	1 177 863	-	-	1 177 863	-	1 177 863
Project consultancy	-	-	87 350	-	-	87 350	-	87 350
Agency fees	-	-	52 400	-	-	52 400	-	52 400
Travel and other recoveries	-	-	65 660	-	-	65 660	-	65 660
	2 430 644	-	1 918 127	-	-	4 348 771	-	4 348 771
Internal customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total revenue	**2 430 644**	**-**	**1 918 127**	**-**	**-**	**4 348 771**	**-**	**4 348 771**
Operating expenses								
Employee benefit expenses	(537 057)	(10 782)	(735 084)	(1 612)	-	(1 284 535)	-	(1 284 535)
Other operating expenses	(423 226)	-	(523 559)	(240 318)	-	(1 187 103)	-	(1 187 103)
Depreciation and armotisation	(74 757)	-	(113 468)	-	-	(188 225)	-	(188 225)
Impairment charge	(426 582)	-	(35 547)	(592 402)	1 018 984	(35 547)	2 146	(33 401)
	(1 461 622)	**(10 782)**	**(1 407 658)**	**(834 332)**	**1 018 984**	**(2 695 410)**	**2 146**	**(2 693 264)**
Other key information								
Other income (net)	92 119	-	12 909	(32 497)	-	72 531	-	72 531
Operating profit	**1 061 141**	**(10 782)**	**523 378**	**(866 829)**	**1 018 984**	**1 725 892**	**2 146**	**1 728 038**
Finance income	4 694	-	24 289	22	(23 330)	5 675	-	5 675
Finance cost	-	-	-	(59 545)		(59 545)	-	(59 545)
Net finance (cost)/income	**4 694**	**-**	**24 289**	**(59 525)**	**(23 330)**	**(53 870)**	**-**	**(53 870)**
Profit/(loss) before income tax	**1 065 835**	**(10 782)**	**547 667**	**(926 352)**	**995 654**	**1 672 022**	**2 146**	**1 674 168**
Total assets as at 31 December 2016	**90 401 696**	**3 705 610**	**911 001**	**(4 849)**	**-**	**95 013 458**	**-**	**95 013 458**
Total assets include:								
Non current assets (other than financial instruments and deferred tax assets):								
Investment property	86 263 037	-	-	-		86 263 037	-	86 263 037
Property and equipment	677 804	-	295 341	-		973 145	-	973 145
	86 940 841	**-**	**295 341**	**-**	**-**	**87 236 182**	**-**	**87 236 182**
Total liabilities as at 31 December 2016	**9 229 275**	**2 267 346**	**518 012**	**2 441 305**	**(3 980 142)**	**10 475 796**	**-**	**10 475 796**

23 RETIREMENT BENEFIT OBLIGATION

The Group and all employees contribute to the following independently administered pension funds:

Dawn Properties Limited pension
The fund is a fully funded, uninsured, and consolidated defined contribution plan. All employees are members of this fund and they all contribute to a defined contribution plan. The Group made total contributions of US$113 395 into the pension fund during the year ended 31 December 2017 (2016: US$74 056).

National Social Security Authority Scheme
The Group and its employees contribute to the National Social Security Authority. This is a social security scheme which was promulgated under the National Social Security Statutory Act (Chapter 17:04). The Group's obligations under this scheme are limited to the specific contributions legislated from time to time. These are presently 3.5% of US$700 per employee maximum.

The Group made total contributions of US$19 196 into the pension scheme during the year ended 31 December 2017 (2016: US$15 568).

24 OPERATING LEASES

The Group leases investment properties, namely its hotel portfolio to African Sun Limited and farm land to other parties.

The signed hotel lease agreements are ten year leases and the lessee has the option to renew the leases for four 10 year periods resulting in a 50 year effective lease period.

Property	Initial lease date	Current expiry date for the second 10 year period	Original effective period of lease including renewal periods	Remaining effective period of lease including renewal period	Basis of charging rentals
Caribbea Bay Resort	08.08.2003	30.06.2023	50 years	36 years	Trading revenue
Caribbea Bay Marina	15.09.2006	30.11.2019	13.22 years	1.92 years	Fixed rental
Monomotapa Hotel	08.08.2003	30.06.2023	50 years	36 years	Trading revenue
Elephant Hills Resort and Conference Centre	08.08.2003	30.06.2023	50 years	36 years	Trading revenue
Holiday Inn Mutare	08.08.2003	30.06.2023	50 years	36 years	Trading revenue
Hwange Safari Lodge	08.08.2003	30.06.2023	50 years	36 years	Trading revenue
Troutbeck Resort	08.08.2003	30.06.2023	50 years	36 years	Trading revenue

Trading revenue lease rental is based on trading revenue and 5% on food and beverage revenue.

For the purpose of determining rental income, trading revenue is defined as follows:
- All revenues from accommodation;
- All revenues from sale of goods in the kiosk(s) or shop(s) operated by the lessee on the property;
- All rentals receivable by the lessee from space sub-let by the lessee within the property;
- All fees, charges and other revenue derived from all sporting, entertainment, tourist facilities, amenities and services provided by the lessee on the property or in connection with the lessee's business conducted thereon;
- All revenue earned by the lessee from casino operations conducted by the lessee on the property and;
- All surcharges levied by the lessee on its foreign customers.

For the purpose of determining rental income, trading revenue excludes:
- Any sums received or receivable in respect of sales tax (now value added tax), bed levies or any other government tax, levy, charge and the like that are collected by the lessee and charged to its customers;
- Telephone and other similar guest services provided by the lessee, the recovery whereof is primarily for the purposes of recouping costs; and
- Any debts written off which should be deducted, provided that should any amounts so written off be subsequently recovered, they shall be added back to trading turnover.

Future minimum lease payments could not be determined as rental is based on revenue as generated by African Sun Limited. All the lease agreements with African Sun Limited are renewable for a 10 year period subject to agreeing on enhanced terms.

25 RELATED PARTY TRANSACTIONS

The Group leases out all its hotel property to African Sun Limited ("African Sun") who are owned 57.67% by Brainworks Capital Management (Private) Limited ("Brainworks"). Brainworks is the major shareholder of the Company. The leases are structured in a way that charges rentals related to turnover.

The following transactions were carried out with related parties:

	All figures in US$	31 December 2017	31 December 2016
25.1	**Lease rentals**		
	African Sun Limited (common shareholding) lease rentals	2 921 730	2 250 375
25.2	**Key management compensation**		
	Key management includes executive directors of the Company and its subsidiaries. The compensation paid to key management for employee services are shown below:		
	Salaries and other short-term employee benefits as management	383 500	383 500
	Severance packages	28 136	-
	Services as directors	96 825	89 917
		508 461	473 417
25.3	**Finance guarantee fee**		
	Finance guarantee fee capitalised (note 6.1)	62 500	-
	Finance guarantee fee expensed (note 20)	62 500	-
		125 000	-

The finance guarantee fee relates to the unilimited guarantee issued by Brainworks Capital (Private) Limited against the US$5 000 000 facility with NMB Bank Limited as disclosed under note 11.3.

	All figures in US$	31 December 2017	31 December 2016
25.4	**Amounts due from related parties**		
25.4.1	**Due from African Sun Limited**	506 323	707 121
	The receivables from African Sun arose from lease of hotel properties and are due within one month after accrual. The receivables are unsecured in nature and bear no interest. No impairment allowances are held against receivables from related parties (2016: US$nil).		
25.4.2	**Loans to related parties**		
	Loans to executive management	520	3 823
25.4.3	**Amounts due from subsidiaries**		
	Gold Coast Properties (Private) Limited ("Gold Coast")	2 337 855	2 803 063
	Dawn Properties Investments (Private) Limited	1 854	3 381
	Nhaka (Private) Limited	112	40
	Calpine Investments (Private) Limited	38 529	20 836
	Laclede Investments (Private) Limited	10	10
	Ekodey Investments (Private) Limited	21 012	12 337
	Windspike Investments (Private) Limited	22 889	17 983
		2 422 261	**2 857 650**

25 RELATED PARTY TRANSACTIONS (CONTINUED)

25.4 Amounts due from related parties (continued)

25.4.3 Amounts due from subsidiaries (continued)

The amount due from Gold Coast is non-interest bearing and does not have fixed repayment terms. The amount arose from a dividend that was declared in the prior year net of expenses paid on behalf of the parent current in the current year.

The amounts due from other subsidiaries arose from various expenses paid on their behalf by the parent company. These amounts are non-interest bearing and do not have repayment terms.

All figures in US$	31 December 2017	31 December 2016
25.5 Amounts due to related parties		
25.5.1 Loan due to parent company - Brainworks	**-**	**2 345 295**
Refer to note 11 for additional disclosures on this obligation.		
25.5.2 Other balances due to related parties		
Due to African Sun Limited	-	747 261
Due to Dawn Real Estate	69 624	-
Due to Brainworks	-	132 156
	69 624	**879 417**

Due to African Sun Limited

The amount due to African Sun arose from acquisition of timeshare properties and leasehold improvements during 2016. The amount was settled through a set-off against amounts due from African Sun in the current year.

25.5 Due to Brainworks

The amount due to Brainworks arose from unpaid management fees. Effective 1 January 2016, the Group entered into a management contract with Brainworks. In terms of the management contract, Brainworks managed the three business segments of the Group namely hotel lease, property consultancy and property development, and were entitled to receive performance based remuneration. The management contract was terminated on 31 December 2016.

The management fees accrued to Brainworks by each of the three segments during the period under review were as follows:

All figures in US$	31 December 2017	31 December 2016
Hotel property lease segment	-	164 861
Property consultancy segment	-	92 566
Property development	-	-
	-	**257 427**

26 CONTINGENCIES

26.1 Land compensation by City of Harare

City of Harare allocated land registered in the name of one of the Company's subsidiaries to two beneficiaries - Seventh Day Adventist Church and Jungle Sisters. City of Harare acknowledged its error and undertook to compensate the Group with land of equal value in accordance with a High Court order that was issued during the year. City of Harare has since identified a suitable piece of land to sub-divide and transfer to the Group as compensation and the process to effect transfer is currently underway.

26.2 Operating lease commitments - as lessor

(i) Hotel properties

The lessee has the option to renew the leases for three 10 year periods resulting in a 50 year effective lease period. Future minimum lease payments could not be determined as rental is based on revenue as generated by African Sun Limited. The lease agreements are in the process of being renegotiated.

All figures in US$	31 December 2017	31 December 2016
(ii) Farm lease	**-**	**-**
No later than 1 year	-	-
Later than 1 year and no longer than 5 years	-	-
Later than 5 years	-	-
26.3 Operating lease commitments - as lessee		
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
No later than 1 year	40 986	40 625
Later than 1 year and no longer than 5 years	-	-
Later than 5 years	-	-
	40 986	**40 625**

27 CAPITAL COMMITMENTS

All figures in US$	31 December 2017	31 December 2016
Authorised and contracted for	191 540	-
Authorised and not contracted for	1 166 315	-
	1 357 855	**-**

28 EVENTS AFTER THE REPORTING DATE

On 21 March 2018, the Board of Directors declared a final dividend of US$274 860, being US$0.000112 per share (0.0112 US cents per share) for the year ended 31 December 2017.

Analysis of Shareholders

AS AT 31 DECEMBER 2017

Shareholder distribution	Number of shareholders	%	Issued shares	%
1 - 5000	5 780	72.39%	7 461 879	0.31%
5001 - 10000	791	9.91%	5 685 378	0.23%
10001 - 25000	632	7.92%	10 126 037	0.41%
25001 - 50000	348	4.36%	12 101 371	0.49%
50001 - 100000	190	2.38%	12 784 775	0.52%
100001 - 200000	93	1.16%	12 656 807	0.52%
200001 - 500000	63	0.79%	20 723 060	0.84%
500001 - 1000000	50	0.63%	35 621 230	1.45%
1000001 and above	37	0.46%	2 340 011 571	95.23%
TOTAL	**7 984**	**100.00%**	**2 457 172 108**	**100.00%**

ANALYSIS BY INDUSTRY:

Local companies	657	8.23%	1 922 785 319	78.25%
Insurance companies	19	0.24%	270 796 100	11.02%
Foreign nominees	19	0.24%	85 705 516	3.49%
Local resident individual	6 653	83.33%	71 302 174	2.90%
Pension funds	46	0.58%	33 773 917	1.37%
Fund managers	29	0.36%	25 311 598	1.03%
Local nominees	66	0.83%	17 349 918	0.71%
New non-resident	188	2.35%	12 257 407	0.50%
Unknown	40	0.50%	9 410 064	0.38%
Other investments and trusts	92	1.15%	2 822 097	0.12%
Charitable	56	0.70%	2 762 249	0.11%
Trusts	10	0.13%	1 207 297	0.05%
Deceased Estates	98	1.23%	1 008 205	0.04%
Banks	03	0.04%	294 465	0.01%
Foreign resident individuals	05	0.06%	224 769	0.01%
Government/Quasi-government	01	0.01%	150 000	0.01%
Foreign companies	02	0.03%	11 013	0.00%
TOTAL	**7 984**	**100.00%**	**2 457 172 108**	**100.00%**

TOP 10 SHAREHOLDERS

Rank	Shareholder	Issued share	%
1	Brainworks Capital Management (Private) Limited	1 275 953 683	51.93%
2	Lengrah Investments (Private) Limited	365 716 551	14.88%
4	Old Mutual Life Assurance Company Zimbabwe Limited	266 953 216	10.86%
3	Old Mutual Zimbabwe Limited	249 647 184	10.16%
5	Stanbic Nominees (Private) Limited	99 742 890	4.06%
6	Zimbabwe Sun Employee Share Ownership Trust	24 000 000	0.98%
7	Stanbic Nominees (Private) Limited -NNR	15 653 318	0.64%
8	Archer Clothing Manufacturing (Private) Limited	5 956 364	0.24%
9	Armstrong Adrian Richard Fraser	5 956 364	0.24%
10	Faanya Rose	4 678 990	0.19%
		2 314 258 560	**94.18%**
	Other	**142 913 548**	**5.82%**
	TOTAL ISSUED SHARES	**2 457 172 108**	**100.00%**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN TO THE SHAREHOLDERS OF THE COMPANY THAT the 15th Annual General Meeting ("AGM") of the Shareholders of Dawn Properties Limited will be held in the Ophir Room at Monomotapa Hotel, 54 Park Lane, Harare on Thursday, 28 June 2018 at 1000 hours for the purpose of considering the following business to be transacted and, if deemed fit, passing with or without amendment the resolutions set out hereunder, and considering any other matters raised by shareholders at the AGM:

Voting thresholds:

For the purpose of approving the ordinary resolutions, the support of more than 50% of the voting rights exercised by shareholders present in person, or represented by proxy, at the AGM is required.

ORDINARY BUSINESS

1. Statutory financial statements

To receive and adopt the financial statements for the year ended 31 December 2017, together with the report of the Directors and Independent auditor therein.

2. Directors' resignations and appointments

Mr W T Kambwanji and Mr T Chiweshe resigned from the Board on 8 March 2018. Mr L Mhishi was appointed as a non-executive director on 1 July 2017. Mr P Saungweme resigned as finance director on 30 June 2017 and was appointed as a non-executive director on 3 August 2017. Ms V Muyambo was appointed finance director on 1 July 2017.

In terms of the Company's Articles of Association, all non-executive directors retire by rotation at the AGM. All the non-executive directors, being eligible, will offer themselves for re-election at the AGM.

3. Independent auditors

3.1. To ratify the Auditors' remuneration for the past audit.

3.2. To confirm the re-appointment of PricewaterhouseCoopers Chartered Accountants (Zimbabwe) as external auditors of the Company for the ensuing year.

4. Directors' fees

To ratify the payment of directors' fees for non-executive directors for the year ended 31 December 2017.

ANY OTHER BUSINESS

To transact any other business competent to be dealt with at the AGM.

Note:

(a) In terms of section 129 of the Companies Act (Chapter 24:03), members are entitled to appoint one or more proxies to act in the alternative, to attend, vote and speak in their place at the meeting. A proxy need to be a member of the Company.

(b) In terms of the Company's Articles of Association, instruments of the proxy must be lodged at the registered office of the Company at least forty-eight hours before the time appointed for holding the meeting.

By Order of the Board

V Muyambo
Company Secretary

Registered Office
8th Floor, Beverley Court
100 Nelson Mandela Avenue
Harare

Proxy Form

I/We..being a member/members

of Dawn Properties Limited, hereby appoint...of

....

....as my/our proxy to vote

for me/us on my behalf at the annual general meeting of the Company to be held in the Ophir Room at Monomotapa Hotel, 54 Park Lane, Harare on Thursday, 28 June 2018 at 1000 hours and at any adjournment thereof.

Signed this..day of...2018.

Signature...

NOTES

1. A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a member.
2. Proxy forms should be lodged at the Company's registered address not later than 48 hours before the scheduled date and time for the AGM.
3. Unless specific voting instructions are noted on this form, the appointee shall vote as he thinks fit.

CHANGE OF ADDRESS ADVICE

The attention of shareholders is drawn to the necessity for keeping the transfer secretaries advised of any change in name and/or address.

Shareholder's name in full (block letters)...

New address (in block letters)..

....

Shareholder's signature..

stamp

The Company Secretary

Registered Office:
Dawn Properties Limited
8th Floor, Beverley Court
100 Nelson Mandela Avenue
Harare

Dawn Properties Limited

www.dawnpropertieslimited.co.zw