



## Dawn Properties Limited

(Incorporated in Zimbabwe under Registration number 9363/2003)

### Board of Directors

P Gwatidzo (Chairman), R Makoni, P Matute, M Mukonoweshuro, B Ndebele, I Saunders (alt. D Goldwasser), J Dowa (Group Chief Executive officer)\*,

\* Executive

### Trustees



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### Lead Advisor



### Transfer Secretaries



### Reporting Accountants and Independent Auditor



### Sponsoring Brokers



### Legal Advisors

GILL, GODLONTON & GERRANS  
LEGAL PRACTITIONERS

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## ABRIDGED CIRCULAR TO DAWN PROPERTIES LIMITED LINKED UNIT HOLDERS

regarding:

The conversion of the current linked unit capital structure to an all ordinary share capital structure as follows:

- i. Conversion of all debentures in issue into ordinary shares using a conversion ratio of 99 new ordinary shares for every debenture held;
- ii. Consolidating the new authorised and issued share capital after the conversion by a consolidation factor of 100; and
- iii. Termination of the Dawn Properties Limited Linked Unit Trust Deed.

and incorporating

- a notice convening an Extraordinary General Meeting of Linked Unit Holders;
  - a notice convening an Extraordinary General Meeting of Shareholders;
  - a form of proxy to vote at the Dawn Properties Limited Linked Unit Holders Extraordinary General Meeting; and
  - a form of proxy to vote at the Dawn Properties Shareholders Extraordinary General Meeting.
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This Abridged Circular is important and requires your immediate attention. If you are a Dawn Properties Limited Linked Unit holder and you are in any doubt as to what action you should take, you should consult your accountant, stockbroker, legal advisor or other professional advisor immediately.

### Action required:

If you have disposed of all of your Linked Units as at the date of opening of this Abridged Circular, please forward this Abridged Circular, to the purchaser of such Linked Units or to the agent, broker or banker through whom you disposed of such Linked Units. Dawn Properties Limited does not accept responsibility, and will not be held liable, for any action of, or omission by any agent, broker or banker, including, without limitation, any failure on the part of the agent, broker or banker of any beneficial owner of Linked Units to notify such Linked Unit Holders of the Transaction set out in this Abridged Circular.

The Directors of Dawn Properties Limited, collectively and individually accept full responsibility for the accuracy of the information given in this Abridged Circular and certify that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement in this Abridged Circular false or misleading and that they have made all reasonable inquiries to ascertain such facts and that this Abridged Circular contains all information required in law and by the Zimbabwe Stock Exchange Listing Requirements.

## TIMETABLE OF THE TRANSACTION

Event	Date
Last practicable date	Monday 17 November 2014
Notice of Linked Unit Holders Extraordinary General Meeting published	Wednesday 19 November 2014
Notice of Shareholders Extraordinary General Meeting published	Wednesday 19 November 2014
Abridged Circular to Linked Unit Holders published	Wednesday 19 November 2014
Full Circular posted	Wednesday 19 November 2014
Last day for lodging proxy forms	Monday 8 December 2014
Dawn Properties Limited Linked Unit Holders Extraordinary General Meeting at 10:00 hours	Wednesday 10 December 2014
Dawn Properties Limited Shareholders Extraordinary General Meeting at 11:00 hours	Wednesday 10 December 2014
Announcement of the results of the Extraordinary General Meetings	Friday 12 December 2014
Last day to trade in existing linked units on the ZSE prior to the conversion of the Linked Unit Debentures and the consolidation of the ordinary shares	Wednesday 24 December 2014
Record date	Wednesday 24 December 2014
Share register re-opens	Monday 29 December 2014
Listing and trading on the ZSE of the new shares	Monday 29 December 2014
Certificates posted to shareholders by	Monday 19 January 2015

## DEFINITIONS AND ABBREVIATIONS

In this Abridged Circular, unless otherwise stated or the context otherwise requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa* and words importing natural persons shall include juristic persons, whether corporate or incorporate and *vice versa* and all monetary values unless expressly stated otherwise are in United States of America dollars and cents.

“Abridged Circular”	This Abridged Circular dated, Wednesday, 19 November 2014 to Linked Unit Holders and Shareholders of Dawn Properties Limited.
“Company” or “Dawn Properties”	Dawn Properties Limited, registration number 9363/2003, a limited liability company incorporated in accordance with the laws of the Republic of Zimbabwe and listed on the Zimbabwe Stock Exchange (Code: DAWN:ZW).
“Debenture”	an unsecured, variable rate, negotiable debenture of the Company indivisibly linked to the ordinary shares of the Company with a nominal value of USD0.00073.
“Linked Unit”	An investment unit issued by Dawn Properties comprising a USD0.00073 debenture indivisibly linked to USD0.00000739 ordinary share in the capital of the Company.
“Linked Unit Holders”	Holder of the Linked Units.
“Linked Unit Trust Deed”	The Trust Deed in respect of the Linked Units entered into on 28 July 2003 between the Company and the Linked Unit Trustees.
“Linked Unit Trustees”	Corporate Excellence, a firm which carries out the business of providing financial advisory services in Zimbabwe.
“Qualifying Linked Unit Holders”	Dawn Properties Limited Linked Unit Holders on the register of the Company on Wednesday, 24 December 2014.
“Shareholders”	The holders of ordinary shares in the issued share capital of the Company.
“Transaction”	The conversion of the Company’s current Linked Unit capital structure to an all ordinary share capital structure, the termination of the Trust Deed, and the consolidation of the authorised and issued ordinary share capital of the Company by a factor of 100.

## **1. INTRODUCTION**

The Directors of Dawn Properties are proposing that the Company converts the current linked unit capital structure to an all ordinary share capital structure by converting all the debentures into ordinary shares as provided for in the Linked Unit Trust Deed, by converting the debentures in issue into ordinary shares in the capital of the Company by issuing ninety nine (99) new ordinary shares of Dawn Properties Limited for every one (1) debenture held, and thereafter consolidating the new share capital by a consolidation factor of 100. Collectively, the Directors' proposals will be referred to herein as the "Transaction".

The terms of the Debentures state that the declaration of interest on the Debentures is at the sole discretion of the Directors. No interest on the debentures has been declared and paid since the inception of the Company.

## **2. PURPOSE OF THE THIS ABRIDGED CIRCULAR**

The purpose of this Abridged Circular is to provide information to Linked Unit Holders and Shareholders about the proposed Transaction in order to enable Linked Unit Holders and Shareholders to make informed decisions as to whether they should vote in favour of the resolutions set out in the notices of the General Meetings. The notices of the General Meetings containing the Resolutions required to implement the Transaction were published in the press on Wednesday, 19 November 2014 and are also attached to and form part of this Abridged Circular.

## **3. THE PROPOSED TRANSACTION**

The details of the Transaction are outlined below:

### **3.1 Rationale:**

The decision to convert the current linked unit structure to an all ordinary share capital structure is motivated by a need to:

- a) Convert Dawn Properties current capital structure into a simple structure comprised solely of ordinary shares;
- b) Simplify the accounting treatment of Dawn Properties capital structure. The accounting treatment of Linked Units has become complex due to continual changes in IFRS;
- c) Remove the administrative burden and costs associated with maintaining the structure;
- d) Enable the Group, which after the Transaction will become debt free, to borrow at competitive interest rates funding required to unlock value from the Group's land bank; and
- e) Create greater tax certainty - in other jurisdictions this capital structure has been challenged by the tax authorities leading to property companies changing their capital structures.

### **3.2 Mechanics of the Transaction**

It is the Directors', intention to convert the current linked unit capital structure to an all ordinary share capital structure in accordance the Linked Unit Trust Deed which prescribes, under clause 7, the terms for a full conversion of the debentures into ordinary shares. The Linked Unit Trust Deed stipulates that upon the passing of a special resolution by the Linked Unit Holders under clause 7.1 of the Linked Unit Trust Deed, the debentures may be converted at any time at the instance of the Company by a special resolution of the Linked Unit Holders, and that all the debentures in issue will then be converted to ordinary shares in the capital of the Company by applying a conversion ratio of ninety nine (99) shares for every debenture held. The nominal value of the debentures was stated in the Zimbabwe dollar which was demonetised on 1 February 2009, and no formal redenomination of the monetary value of the debentures was incorporated into the Linked Unit Trust Deed. In addition the Linked Unit Trust Deed provides that the Company should have sufficient ordinary shares available for the exercise of the full conversion.

To effect the conversion ratio of ninety nine (99) shares for every debenture one (1) held, the Company will issue an additional 243,260,038,692 new ordinary shares resulting in an increase in the issued share capital to 245,717,210,800 ordinary shares. The ordinary shares in issue after the conversion would exceed the current authorised share capital of 4,000,000,000 shares with a nominal value of 0.00000739 by 241,717,210,800.

The Shareholders are therefore asked to vote on a special resolution to increase the authorised share capital of the Company from US\$29,560 comprising 4,000,000,000 shares with nominal value of US\$0.00000739 to US\$2,926,440 comprising 396,000,000 shares with nominal values of US\$0.00000739.

This will accommodate the issue of new shares necessary for the conversion, as is illustrated in the table 3.1.1 below:

**Table 3.1.1**

	Current capital structure	Increase in authorised share capital	Effect of Debenture conversion	New capital structure
<b>Authorised share capital</b>				
Number of ordinary shares	4 000 000 000	396 000 000 000	-	400 000 000 000
Nominal value (US\$)	0.00000739	0.00000739	-	0.00000739
Share capital(US\$)	29 560	2 926 440	-	2 956 000
<b>Issued share capital</b>				
Number of ordinary shares	2 457 172 108	-	243 260 038 692	245 717 210 800
Nominal value (US\$)	0.00000739	-	0.00000739	0.00000739
Share capital(US\$)	18 156	-	1 797 692	1 815 850
<b>Unissued share capital</b>				
Number of ordinary shares	1 542 827 892	-	154 282 789 200	154 282 789 200
Nominal value (US\$)	0.00000739	-	0.00000739	0.00000739
Share capital(US\$)	11 401	-	1 140 150	1 140 150

The increase in the authorised share capital from 4,000,000,000 shares to 400,000,000,000 shares, all with a nominal value of US\$0.00000739 will however impose a severe administrative burden on the Company as it would after the conversion have to maintain a share register of 245, 717, 210,800 ordinary shares.

To avoid this administrative burden, the Directors propose that the share capital after the conversion be consolidated by a consolidation factor of 100 in terms of which 100 ordinary shares with a nominal value of 0.00000739 each shall be consolidated into 1 share each with a nominal value of US\$0.000739.

The effect of the consolidation is illustrated in the table 3.1.2 below:

**Table 3.1.2**

	New capital structure	Consolidation factor	New capital structure
<b>Authorised share capital</b>			
Number of ordinary shares	400 000 000 000	100	4 000 000 000
Nominal value (US\$)	0.00000739	100	0.000739
Share capital(US\$)	2 956 000		2 956000
<b>Issued share capital</b>			
Number of ordinary shares	245 717 210 800	100	2 457 172 108
Nominal value (US\$)	0.00000739	100	0.000739
Share capital(US\$)	1 815 850		1 815 850
<b>Unissued share capital</b>			
Number of ordinary shares	154 282 789 200	100	1 542 827 892
Nominal value (US\$)	0.00000739	100	0.000739
Share capital(US\$)	1 140 150		1 140150

The share consolidation will have the effect of reducing the number of authorised shares from 400,000,000,000 ordinary shares to 4,000,000,000 ordinary shares whilst the number of issued shares will be reduced from 245 717 210 800 shares to 2 475 172 108 ordinary shares with a nominal value of USD0.000739 per ordinary share. The consolidation has no effect on the total monetary value of the Company's authorised share capital and no additional costs will be incurred. These ordinary shares will carry the same rights set out in the Company's Memorandum and Articles of Association, as currently attached to each existing ordinary shares. Thereafter the Directors propose that the Linked Unit Trust Deed be terminated.

### **Rationale for the consolidation**

The purpose of the consolidation is to reduce the number of ordinary shares resulting from the conversion so as to ultimately maintain current number of the authorised and issued ordinary shares. This is based on the fact that recent consolidations where the authorised number of ordinary shares declined as a result of the consolidation have resulted in erosion in shareholder value because the share price did not increase by the same consolidation factor and this resulted in the market capitalisation decreasing. The proposed consolidation will reduce the authorised and issued number of ordinary shares resulting from the conversion to the number of authorised and issued linked units held before the conversion.

The overall effect of this Transaction is that the Linked Unit which is the instrument traded on the ZSE will no longer exist and shareholders will hold ordinary shares that will be traded on the ZSE. This Transaction has no dilution effects on any shareholder because the Transaction is restricted to existing Linked Unit Holders only and the conversion is based on the Linked Unit Holders' current ordinary shareholding interest in the capital of the Company.

The overall effect of this Transaction on the share capital of the Company is illustrated in the table below:

**Table 3.1.3**

Number of shares held by each shareholder	Number of shares after conversion and consolidation
1 000	1 000
10 000	10 000
100 000	100 000
1 000 000	1 000 000
10 000 000	10 000 000
100 000 000	100 000 000

Each individual Shareholder will retain the same percentage ownership in the issued share capital of Dawn Properties that they held before the share consolidation and conversion. This is illustrated in the table below:

**Table 3.1.4**

	Before the Transaction		Effect of conversion at a factor of 99 shares for every debenture		Effect of consolidation at a factor of 100		
	Issued shares	% total	New shares issued	% total	New shares issued	% total	Change
African Sun Limited	406 466 976	16.54%	40 646 697 600	16.54%	406 466 976	16.54%	0.000%
Lengrah Investments (Private) Limited	365 716 551	14.88%	36 571 655 100	14.88%	365 716 551	14.88%	0.000%
Old Mutual Zimbabwe Limited	249 647 184	10.16%	24 964 718 400	10.16%	249 647 184	10.16%	0.000%
Standard Chartered Nominees (Private) Limited	224 839 232	9.15%	22 483 923 200	9.15%	224 839 232	9.15%	0.000%
Tanvest (Private) Limited	220 648 249	8.98%	22 064 824 900	8.98%	220 648 249	8.98%	0.000%
Old Mutual Life Assurance Company Zimbabwe Limited	192 975 024	7.85%	19 297 502 400	7.85%	192 975 024	7.85%	0.000%
Fed Nominees (Private) Limited	114 167 617	4.65%	11 416 761 700	4.65%	114 167 617	4.65%	0.000%
National Social Security Authority (NSSA NPS)	45 249 544	1.84%	4 524 954 400	1.84%	45 249 544	1.84%	0.000%
Stanbic Nominees (Private) Limited (NNR)	41 282 208	1.68%	4 128 220 800	1.68%	41 282 208	1.68%	0.000%
Other	596 179 523	24.26%	59 617 952 300	24.26%	596 179 523	24.26%	0.000%
Total	2 457 172 108	100.00%	245 717 210 800	100.00%	2 457 172 108	100.00%	-

Registered shareholders otherwise entitled to fractional shares as a result of the Share Consolidation will have their shares rounded up to the nearest whole number.

## Resolutions

The conversion of the current linked unit capital structure to an all ordinary share capital structure and subsequent consolidation of the authorised and issued share capital of Dawn Properties Limited requires Shareholder approval by way of five (5) resolutions in terms of the Companies Act (Chapter 24:03):

- i. A special resolution to approve the increase in the authorised share capital of Dawn Properties Limited from US\$29 560 comprising 4,000,000,000 ordinary shares with a nominal value of US\$0.00000739 each to US\$2 926 440 comprising 400,000,000,000 ordinary shares of the same nominal value;
- ii. An ordinary resolution to approve the issue of 243 260 038 692 new shares so as to facilitate the conversion of the debentures into ordinary shares;
- iii. A special resolution to approve the consolidation of the authorised and issued ordinary share capital of the Company by a factor of 100 such that every 100 (one hundred) ordinary shares with a nominal value of 0.00000739 each in the authorised and issued share capital of the Company be consolidated into one (1) ordinary share of a nominal value US\$0.000739 each; and

- iv. A resolution to authorise the directors of Dawn Properties Limited to do all such things as they may consider necessary or desirable to give effect to or pursuant to or in connection with the Transaction contemplated in section 3 of this Abridged Circular.

#### **4. SHARE CERTIFICATES**

Subject to the passing and registration of the special resolutions necessary for the conversion of the debentures into ordinary shares, and subsequent consolidation and issue of new ordinary shares it is necessary to recall the Linked Unit certificates from Linked Unit Holders in order to replace them with ordinary share certificates.

The new share certificates, issued in respect of the Transaction, will be posted, at the risk of the registered Linked Unit Holder, to the registered Linked Unit Holder's address as recorded on the Company's share register, unless specific instructions to the contrary are given in writing, signed by the person concerned and received by the Company by Wednesday, 24 December 2014.

Linked Unit Holders are encouraged to send their existing Linked Unit certificates for replacement with the new certificates to the Transfer Secretaries, Corpservice Share Transfer Secretaries (Private) Limited, 2nd Floor, ZB Centre, Corner First Street and Kwame Krumah Avenue, Harare by Wednesday, 24 December 2014. The Linked Unit share certificates will no longer be valid and should be sent to the Transfer Secretaries once the new share certificates are received.

Application will be made to the ZSE for the listing of the ordinary shares allotted as a result of the debenture conversion and the share consolidation.

#### **5. CONDITIONS PRECEDENT**

The implementation of the Transaction is subject to the following conditions precedent:

- Approval by the Dawn Properties Linked Unit Holders of the Transaction through the passing of the Resolutions to be tabled at an Extraordinary General Meeting to be held on Wednesday, 10 December 2014 in terms of the Notice of the EGM appended to this Abridged Circular;
- Approval by the Dawn Properties Shareholders of the Transaction through the passing of the Resolutions to be tabled at the Extraordinary General Meeting to be held on Wednesday, 10 December 2014 in terms of the Notice of the EGM appended to this Abridged Circular;
- The approval of the listing of the new ordinary shares to be issued pursuant to the conclusion of the Transaction by the ZSE Listing Committee.

#### **6. REGULATORY ISSUES**

The ZSE approved the issue and publication of this Abridged Circular on Tuesday, 11 November 2014.

Application will be made to the ZSE Listing Committee for a listing of the New Ordinary Shares. Save for any changes announced after the publication of this Abridged Circular and/or arising from regulatory directives, the ZSE has provisionally agreed that dealing in the New Ordinary Shares commences on Monday, 29 December 2014.

#### **7. LINKED UNIT TRUSTEES' RETAINER**

The table below summarises the retainers paid to Trustees during their tenure.

<b>Date</b>	<b>Amount (US\$)</b>
27 March 2012	15 000
07 April 2014	5 000
09 January 2014	5 000
10 March 2014	10 000
29 October 2014	5 000
<b>Total</b>	<b>40 000</b>

No fees were paid in 2010, 2011 and 2013. The fees paid in 2012 and 2014 incorporate fees not paid during earlier years.

## **8. LINKED UNIT TRUSTEES' APPROVAL**

Following full implementation of the Transaction, the Linked Unit Trust Deed will be terminated with effect from the conversion date. The Linked Unit Trust Deed Trustees have consented to the conversion of the debentures into ordinary shares subject to approval by Linked Unit Holders in a general meeting by passing, with the requisite majority, the resolutions set forth in the EGM Notice appended to this Abridged Circular. The Trustees believe the conversion of the debentures into ordinary shares is in the best interests of the Linked Unit Holders.

## **9. TAX IMPACT OF THE TRANSACTION**

The conversion of the debentures into ordinary shares and subsequent consolidation of the ordinary share capital of Dawn Properties does not create tax liabilities. However, the Linked Unit Holders are advised to consult their professional advisor regarding their individual tax position in relation to their participation in the offer.

## **10. EXCHANGE CONTROL APPROVALS**

Specific Exchange Control approval was obtained in 2003 for the linked debentures to be issued with the same rights of remittance as the linked shares. The linked debentures were funded at the same time as the share purchase and the Linked Unit traded on the ZSE.

## 11. FINANCIAL EFFECTS OF THE TRANSACTION

Assuming the Transaction was implemented as at 31 March 2014, the consolidated financial position of the Company would be affected in the manner shown in the pro forma consolidated statement of financial position shown below:

### Proforma Consolidated statement of financial position

	Pre-Transaction	Effects of transaction		Post -
	As at 31 March	Note 1	Note 2	transaction
	2014			31 March 2014
	US\$	US\$	US\$	US\$
<b>Assets</b>				
<b>Non-current assets</b>				
Investment property	85 435 000	-	-	85 435 000
Property, plant and equipment	1 246 890	-	-	1 246 890
Goodwill	120 186	-	-	120 186
<b>Current assets</b>				
Inventories	26 898	-	-	26 898
Trade and other receivables	823 772	-	-	823 772
Cash and cash equivalents	1 604 770	-	(120 000)	1 484 770
<b>Total assets</b>	<b>89 257 516</b>	<b>-</b>	<b>(120 000)</b>	<b>89 137 516</b>
<b>Equity</b>				
Share capital	18 156	1 797 670	-	1 815 6 85
Share premium	17 680 929	-	-	17 680 929
Revaluation reserves	7 353 815	-	-	7 353 815
Linked unit debentures equity component	206 790	(206 790)	-	-
Retained profits	60 685 406	-	(120 000)	60 565 406
<b>Shareholders' equity</b>	<b>85 945 096</b>	<b>1 590 696</b>	<b>-</b>	<b>87 415 792</b>
Minority interest	495 210	-	-	495 210
<b>Total equity</b>	<b>86 440 306</b>	<b>1 590 696</b>	<b>(120 000)</b>	<b>87 911 002</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Linked unit debentures	1 590 696	(1 590 696)	-	-
Deferred income tax liabilities	703 677	-	-	703 677
	<b>2 294 373</b>	<b>(1 590 696)</b>	<b>-</b>	<b>703 677</b>
<b>Current liabilities</b>				
Trade and other payables	489 326	-	-	489 326
Current income tax liabilities	33 511	-	-	33 511
	<b>522 837</b>	<b>-</b>	<b>-</b>	<b>522 837</b>
<b>Total liabilities</b>	<b>2 817 210</b>	<b>(1 590 696)</b>	<b>-</b>	<b>1 226 514</b>
Total equity and liabilities	<b>89 257 516</b>	<b>-</b>	<b>-</b>	<b>89 137 516</b>

Note 1: Represents the conversion of the value of the debentures into equity.

Note 2: Represents the Transaction costs

## 12. FUTURE PROSPECTS OF DAWN PROPERTIES

This Transaction will free the Company from the restrictions imposed by the Linked Unit Trust Deed, for example enabling it to borrow beyond the current limit imposed by the Linked Unit Trust Deed.

### 13. DIRECTORS' INTERESTS

As at 26 June 2014, the Directors held directly and indirectly the following number of Linked Units in the Company:

Name	Indirect	Direct	Total
J Dowa	-	470 953	470 953
B Ndebele	-	500	500
D Goldwasser	220 648 249	-	220 648 249

### 14. WORKING CAPITAL ADEQUACY STATEMENT

The Directors are of the opinion that the financial resources available to the Group after the Transaction will be adequate to meet the working capital requirements in the foreseeable future.

### 15. DIVIDEND DECLARATION

The Transaction will have no impact on the Company's dividend policy of paying 25% of cash operating profits, introduced during the financial year ended 31 March 2014.

### 16. LITIGATION STATEMENT

Dawn Properties has no significant contingent liabilities as 31 March 2014 except for a disagreement with a Zimbabwe Revenue Authority over tax allowances on certain of the Companies assets. The case is under appeal at the High Court and the Companies lawyers have not given an indication as to the possible outcome. Tax specialists are, however, of the opinion that the appeal will be successful. If the appeal is unsuccessful the Company is liable to a tax penalty and interest amounting to US\$1,7 million and discontinuance of wear and tear allowances claimed on the investment property.

### Liphong Investments (Private) Limited

On 22 July 2009, Dawn Properties Limited entered into an agreement of sale of which it acquired the whole of the issued shares of Liphong Investments (Private) Limited. Of the 20 000 authorised share capital 10 002 shares had been issued. Liphong Investments (Private) Limited owns an immovable property being the remaining extent of stand 1649 Salisbury Township measuring 1441 square metres held under deed of transfer 2231/2001, generally called 35 Baines Avenue, Harare. One of the shareholders in Liphong has come to Dawn Properties indicating that he was not aware of the transaction to, and did not sell his shares to Dawn Properties Limited. The concerned shareholder has indicated a willingness to settle. The value of Liphong Investments (Private) Limited is USD360, 000.

### 17. EXPERTS' CONSENTS

PricewaterhouseCoopers Business Services (Private) Limited, PricewaterhouseCoopers Chartered Accountants (Zimbabwe), Lynton-Edwards Stockbrokers (Private) Limited, Gill, Godlonton & Gerrans and Corpserve Share Transfer Secretaries (Private) Limited have given and have not withdrawn their consents to issue this Abridged Circular with the inclusion of their names in the forms and contexts in which appear.

### 18. TRANSACTION COSTS

The costs of implementing the Transaction are estimated at USD120, 000. This amount relates to various advisory fees, brokerage fees, printing and regulatory fees and other professional charges. The Directors believe that the costs are in line with market rates for similar services.

### 19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the Company's registered office from the date of issue of this Abridged Circular Thursday, 19 November 2014, up to the date of the extraordinary general meeting Wednesday, 10 December 2014:

- the Memorandum and Articles of Association of Dawn Properties Limited;
- the audited financial statements of Dawn Properties Limited for the years ended 31 March 2010, 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014;
- a signed copy of the Circular;
- the Experts’ consents referred to in paragraph 17 above;
- the Linked Unit Trust Deed;
- Notice of the Extraordinary General Meeting;
- Notice of Linked Unit Holders Extraordinary General Meeting; and
- Board of Directors’ resolution approving the Transaction.

## **20. DIRECTORS’ REMUNERATION AND SERVICE CONTRACTS**

The total remuneration receivable by Dawn Properties Limited Directors will not be varied as a consequence of the Transaction.

There are no material particulars of an abnormal nature in respect of Dawn Properties Limited Directors’ service contracts which require specific disclosure, nor were any Directors’ service contracts entered into or amended during the period beginning six months prior to the opening date and ending on the last practicable date.

The service contracts of Dawn Properties Limited Directors will not be affected by this Transaction.

## **21. DIRECTORS’ RESPONSIBILITY STATEMENT**

The Directors, whose names appear hereunder, collectively and individually accept full responsibility for the accuracy of the information contained in this Abridged Circular and further confirm that they have made all reasonable enquiries and declare that to the best of their knowledge and belief, there are no facts the omission of which would make any statement in this Abridged Circular false or misleading.

The Directors also confirm that this Abridged Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) that investors and their professional advisors would require and reasonably expect to find for the purposes of making informed assessment of the assets and liabilities, financial position, profits or losses and prospects of Dawn Properties Limited in order to vote from an informed position at the EGM.

<b>NAME</b>	<b>DESIGNATE</b>	<b>SIGNATURES</b>
P Gwatidzo	Non-Executive Chairman	Signed on original
R Makoni	Non-Executive Director	Signed on original
P Matute	Non-Executive Director	Signed on original
M Mukonoweshuro	Non-Executive Director	Signed on original
B Ndebele	Non-Executive Director	Signed on original
I Saunders (alt D Goldwasser)	Non-Executive Director	Signed on original
J Dowa	Group Chief Executive	Signed on original

## **22. DIRECTORS’ RECOMMENDATIONS**

The Directors of Dawn Properties Limited have considered the terms of the Transaction and are unanimously of the opinion that they are in the interests of the Company and of the Linked Unit Holders. Accordingly, the Directors recommend that Dawn Properties Limited’s Linked Unit Holders and Shareholders vote in favour of the resolutions giving effect to the Transaction. The Directors will vote in favour of the resolutions to approve the Transaction at the General Meetings in respect of their individual direct or indirect equity holdings.

## **23. QUERIES**

If you have any questions on any aspect of this document, Please contact your stockbroker, accountant, banker, lawyer or other professional advisor. Alternatively please contact the PricewaterhouseCoopers Business Services on +263 4 338362 – 8 or by email on [clive.k.mukondiwa@pwc.com](mailto:clive.k.mukondiwa@pwc.com) or [tandiwe.masunda@zw.pwc.com](mailto:tandiwe.masunda@zw.pwc.com)

Yours faithfully

*Signed on original*

**P Gwatidzo**  
**Chairman**  
**For and behalf of the Board of Directors of**  
**Dawn Properties Limited**



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## **TRUSTEES' LETTER TO DAWN PROPERTIES LIMITED LINKED UNIT HOLDERS**

### **24. INTRODUCTION**

The Directors of Dawn Properties are proposing that the Company converts the current linked unit capital structure to an all ordinary share capital structure. The proposed all ordinary share capital structure is to be achieved through the conversion of all the debentures in the capital of the Company by issuing ninety nine (99) new ordinary shares of Dawn Properties Limited for every one (1) debenture held as provided for under clause 7 of the Linked Unit Trust Deed. Following the conversion, the Directors are proposing to consolidate the new share capital by a consolidation factor of 100. Collectively, the Directors' proposals will be referred to herein as the "Transaction". It is the duty of your Trustees in terms of the Linked Unit Trust Deed, to convene an EGM of debenture holders to consider the aforesaid proposal by the Company, and if deemed fit, the debenture holders will approve, with or without amendments, the requisite resolutions to give effect to the conversion of all debentures to ordinary shares. This Abridged Circular therefore sets forth the rationale for the proposed share capital conversion and incorporates a notice of EGM with the requisite resolutions for consideration by debenture holders.

#### **Rationale for the proposed conversion of debentures to ordinary shares**

The terms of the Debentures, state that the declaration of interest on the Debentures is at the sole discretion of the Directors. No interest on the debentures has been declared and paid since the inception of the Company. The current dividend policy, and the uncertainty of future interest on the Debentures, makes the Debentures less attractive. Further, given that debenture holders and shareholders in Dawn Properties are the same through the current Linked Unit share capital structure, the following factors have motivated the Company to propose the Transaction:

- f) simplify the share capital structure to comprise solely of ordinary shares;
- g) simplify the accounting treatment of the capital structure. The accounting treatment of Linked Units has become complex due to continual changes in IFRS;
- h) remove the administrative burden and costs associated with maintaining the structure;
- i) enable the Group, which after the Transaction will become debt free, to borrow at competitive interest rates funding required to unlock value from the Group's land bank; and
- j) create greater tax certainty - in other jurisdictions this capital structure has been challenged by the tax authorities leading to property companies changing their capital structures.

#### **Linked Unit Trust Deed conversion mechanics**

The Linked Unit Trust Deed prescribes under clause 7 the terms for a full conversion of the debentures into ordinary shares. The Linked Unit Trust Deed stipulates that upon the passing of a special resolution by the Linked Unit Holders under clause 7.1 of the Linked Unit Trust Deed, the debentures can be converted at any time at the instance of the Company by a special resolution of the Linked Unit Holders and all the debentures in issue will be converted to ordinary shares in the capital of the Company by applying a conversion ratio of ninety nine (99) ordinary shares for every debenture held. The nominal value of the debentures were stated in the Linked Unit Trust Deed in Zimbabwe dollars which was de facto demonetised on 1 February 2009, and no formal redenomination of such monetary value, was incorporated into the Linked Unit Trust Deed. In addition, the Linked Unit Trust Deed provides that the Company should have sufficient ordinary shares available for the exercise of the full conversion. Accordingly, the full conversion of debentures to ordinary shares is subject to the authorised ordinary share capital of the Company being increased sufficiently to satisfy the conversion.

Effectively the proposed conversion will not change the ownership structure of the Company and each shareholder will hold the same number of ordinary shares as the number of Linked Units previously held. It has no dilutive effects on any shareholder because the Transaction is restricted to existing Linked Unit Holders only and the conversion is based on the Linked Unit Holders' current ordinary shareholding interest in the capital of the Company.

### **Resolutions**

The conversion of the current linked unit capital structure to an all ordinary share capital structure and subsequent consolidation of the authorised and issued share capital of Dawn Properties Limited requires:

Linked Unit Holder approval by way of the following two (2) resolutions in terms of the Linked Unit Trust Deed:

- i. a special resolution to approve the conversion of the debentures in issue into ordinary shares in the capital of the Company by issuing ninety (99) new ordinary share of Dawn Properties Limited for every one (1) debenture held; and
- ii. an ordinary resolution authorising the Company to accept the resignation of the Linked Unit Trustee and to take such steps as may be necessary to wind up the Trust and to deregister the Linked units from the ZSE.

These resolutions shall only come into effect on the passing of the resolutions of shareholders proposed at the EGM of shareholders convened on Wednesday, 10 December 2014.

Upon the passing of all resolutions of Linked Unit Holders and Shareholders necessary to give effect to the Transaction, the Trustees, shall tender their resignation as Trustees of the Trust.

### **Recommendation**

The Trustees have considered the rationale for the proposed conversion of all debentures to ordinary shares and the provisions of the Linked Unit Trust Deed, and are of the opinion that it is in the best interests of the Linked Unit Holders. Accordingly, Linked Unit Holders are recommended to vote in favour of the proposed resolutions to give effect to the proposed Transaction.

Yours faithfully

**Trustees for and behalf of  
Corporate Excellence**

## 25. NOTICE OF LINKED UNIT HOLDERS EXTRAORDINARY GENERAL MEETING



**Dawn Properties Limited**  
(Incorporated in Zimbabwe under Registration number 9363/2003)

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### NOTICE OF LINKED UNIT HOLDERS EXTRAORDINARY GENERAL MEETING

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**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of the members of Dawn Properties Limited (“the Company”) will be held in the Ophir Room, Crowne Plaza Monomotapa, 54 Parklane, Harare on Wednesday, 10 December 2014 at 1000 hours. Members will be asked to consider and, if deemed fit, to pass with or without modification the resolutions set out below, on the basis that they shall only come into effect on the passing of the resolutions of Shareholders of the Company to be proposed at the extraordinary general meeting of Shareholders to be convened on Wednesday, 10 December 2014 at 1100 hours.

#### **AS A SPECIAL RESOLUTION – CONVERSION OF THE DEBENTURES**

That in terms of clause 7 of the Linked Unit Trust Deed the Debentures issued by the Company and comprising part of each Linked Unit be converted into ordinary shares in the share capital of the Company on the basis of ninety-nine (99) new ordinary shares for every one (1) Debenture held.

#### **AS AN ORDINARY RESOLUTION – TO APPROVE THE TERMINATION OF THE LINKED UNIT TRUST DEED**

That the Company be authorised to accept the resignation of the Trustees of the Linked Unit Trust and to take such steps as may be necessary to wind up the Linked Unit Trust and to deregister the Linked Units from the Zimbabwe Stock Exchange.

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

N. M. Tome (Mrs)  
Company Secretary

#### **Proxies**

Linked Unit Holders are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not be a member of the company.

Proxy forms must reach the Company’s registered office not less than 48 hours before the meeting

## 26. NOTICE OF SHAREHOLDERS EXTRAORDINARY GENERAL MEETING



**Dawn Properties Limited**  
(Incorporated in Zimbabwe under Registration number 9363/2003)

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### NOTICE OF SHAREHOLDERS EXTRAORDINARY GENERAL MEETING

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**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of the Shareholders of Dawn Properties Limited (“the Company”) will be held in the Ophir Room, Crowne Plaza Monomotapa, 54 Park lane, Harare on Wednesday, 10 December 2014 at 1100 hours. Members will be asked to consider and, if deemed fit, to pass with or without modification the resolutions set out below;

#### **AS A SPECIAL RESOLUTION – INCREASE IN AUTHORISED ORDINARY SHARE CAPITAL**

That the authorised share capital of the Company be increased from US\$29 560 comprising 4 000 000 000 ordinary shares of a nominal value of US\$0.00000739 each to US\$2 926 440 comprising 396 000 000 000 ordinary shares of a nominal value of US\$0.00000739 each.

#### **AS AN ORDINARY RESOLUTION – ISSUE OF ORDINARY SHARES**

That the Directors be and are hereby authorised to issue 243 260 038 692 new ordinary shares in the share capital of the Company so as to facilitate the conversion of the Debentures comprising part of each Linked Unit into ordinary shares on the basis of ninety-nine (99) new ordinary shares for every one (1) Debenture issued

#### **AS A SPECIAL RESOLUTION – SHARE CONSOLIDATION**

That immediately upon the conversion of shares to Debentures as envisaged by the preceding ordinary resolution, the authorised and issued share capital of the Company be consolidated by a factor of 100 such that every 100 (one hundred) ordinary shares of a nominal value of 0.00000739 each in the share capital of the Company is consolidated into one (1) share of a nominal value US\$0.000739 each.

#### **AS AN ORDINARY RESOLUTION – APPROVAL OF THE TRANSACTION**

That the directors of Dawn Properties Limited be and are hereby authorised to do all such things as they may consider necessary or desirable to give effect to or pursuant to or in connection with the Transaction contemplated in Abridged Circular to Shareholders dated Wednesday, 19 November 2014.

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

N M Tome (Mrs)  
Company Secretary

#### **Proxies**

Members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not be a member of the company.

Proxy forms must reach the Company’s registered office not less than 48 hours before the meeting

## 27. PROXY FORM FOR THE LINKED UNIT HOLDERS EXTRAORDINARY GENERAL MEETING



**Dawn Properties Limited**  
(Incorporated in Zimbabwe under Registration number 9363/2003)

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### PROXY FORM

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I/ We .....

of .....

Being member/members of the above Company, hereby appoint:

Mr/Mrs/Ms/Dr .....

or failing him .....

of .....

as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held on Wednesday, 10 December 2014 at 1000 hours and any adjournment thereof.

Signature ..... Signed this..... day of ..... 2014

#### Note

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, and speak in his stead. The person appointed need not be a member.
2. Proxy forms should be lodged at the registered office of the Company by no later than 48 hours before the time of holding the meeting.
3. Any alterations or corrections made to this form of proxy (including the deletion of alternatives) must be initialled by the signatory/signatories.
4. Shareholders are requested to submit key questions in writing at least five days before the date of the meeting to enable comprehensive answers to be prepared. This will not preclude them from raising questions from the floor.

Physical  
N. M. Tome (Mrs)  
Company Secretary  
Dawn Properties Limited  
8th Floor, Beverley Court  
Corner Fourth Street and Nelson Mandela Avenue  
Harare  
Zimbabwe

Delivery By Post  
Garikayi Munema  
Corpserve (Private) Limited  
2nd Floor ZB Centre  
PO Box 2208  
Harare  
Zimbabwe

## 28. PROXY FORM FOR THE SHAREHOLDERS EXTRAORDINARY GENERAL MEETING



**Dawn Properties Limited**  
(Incorporated in Zimbabwe under Registration number 9363/2003)

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### PROXY FORM

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I/ We .....

of .....

Being member/members of the above Company, hereby appoint:

Mr/Mrs/Ms/Dr .....

or failing him .....

of .....

as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held on Wednesday, 10 December 2014 at 1100 hours and any adjournment thereof.

Signature ..... Signed this..... day of ..... 2014

#### Note

5. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, and speak in his stead. The person appointed need not be a member.
6. Proxy forms should be lodged at the registered office of the Company by no later than 48 hours before the time of holding the meeting.
7. Any alterations or corrections made to this form of proxy (including the deletion of alternatives) must be initialled by the signatory/signatories.
8. Shareholders are requested to submit key questions in writing at least five days before the date of the meeting to enable comprehensive answers to be prepared. This will not preclude them from raising questions from the floor.

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