

FINANCIAL HIGHLIGHTS



CHAIRMAN'S REPORT

On behalf of the directors of WestProp Holdings Limited I have the pleasure of submitting the abridged Financial Report, together with the audited Financial Results for the year ended 31 December 2023.

OPERATING ENVIRONMENT

The year 2023 presented unique challenges and opportunities for Zimbabwe's economy. The early part of the year was characterised by a tough operating environment as economic activity slowed down following a sudden surge in inflation and volatility in the exchange rate. The Government's recent budget had a negative impact on the real estate market as there was increased tax pressure on the middle class coupled with the property tax which was not well received in our sector, as our economy is not yet mature with a thriving real estate and much more development is needed before it can be effectively taxed.

The group however, remained viable and managed to ride out the economic downturn aided by the loyalty of our client base as well as the monetary measures introduced by the government to bring about some stability within the environment. The Group registered significant growth towards the end of the year with a steep increase in premium sales owing to an improved operating environment. The Group anticipates continued wide use and stability of the USD environment to 2030 and low inflation to continue thus enabling all businesses and the economy to register significant growth.

DIRECTORS' RESPONSIBILITY

The directors are required by the Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the Group's financial statements and related financial information included in this report. It is their responsibility to ensure that the Group's financial statements fairly present the state of affairs of the Group as at the end of the period and the results of its operations and cash flows for the period that ended, in conformity with International Financial Reporting Standards.

FINANCIAL PERFORMANCE

The Group's revenue increased significantly to USD16,089,596 during the period under review compared to USD11,665,081 for the same period last year which is an increase of USD4,424,515 (37.9%). The confirmed order book of sales for the period with paid-up deposits was more than USD25 million which represents an achievement of both the budget set 13 months prior and an increase on the previous year's results. For the year ended 31 December 2023 there were current projects pipeline worth USD174 million of sales with an anticipated Gross Profit of USD68 million, and this is confirmation that we are on track to deliver sales of USD50 million with a gross profit over USD20 million per year for the period 2025 to 2027. This should result in a PBT operating income of USD12-14 million per annum.

The Group recorded a net profit after tax of USD50,284,203 for the year with the sharp increase attributable to gains in the Group's investment property portfolio. A market-based valuation of the group's land banks inclusive of its 70% interest in Sunshine Development Private Limited done during the period gave an aggregated fair value of USD250,400,590 as of 31 December 2023.

Operating expenses for the year 2023 amounted to USD5,183,491 compared to USD2,498,912 the previous year, representing a USD2,684,581 increase. The major cost drivers being Initial Public Offer (IPO) and Victoria Falls Stock Exchange (VFEX) listing requirements which resulted in the Group incurring ad hoc public relations, advertising, marketing, audit, legal and other professional fees, these were all expensed in year 2023.

Liquidity of the Group improved by 209% with the Group having cash and its equivalents of USD2,659,628 as of 31 December 2023 compared to USD860,182 in the previous year. The Group closed the year with a healthy current ratio of 3.93 times.

SUSTAINABILITY

We have created a future focused culture through driving sustainability initiatives as envisaged in our vision of putting to ground "a billion bricks by 2050". In our continued commitment to sustainability we have embraced global trends, the use of technology, climate change and "the Green" movement. Throughout 2023 the Group led a clean-up campaign and maintenance of the Harare Gardens in an effort to encourage environmental awareness and practices.

In both The Hills (which has a record breaking 82% open space and green areas) as well as Pomona City where we are going to recreate new land features that will see future properties overlooking water bodies, green belts and eco parks as well as ultra gatehouses which will be equipped with guard rooms, 24/7 surveillance cameras and access control, gadgets including electronic and cloud-based access technology aided by AI as well as a full solar green energy supply with batteries and a charge room to power the entire site 24/7.

As part of its core values of Corporate Social Responsibility, the Group channeled USD142,350 in mentorship, sporting, educational and medical assistance to over 100 selected beneficiaries.

OUTLOOK

The Group has earmarked several new exciting major projects that will run concurrently in 2024. We have already begun the rollout of two multi-billion-dollar developments, Pomona City a "City within a city" as well as one of Africa's most premier Golf Estate "The Hills" in which both developments are currently being planned and implemented. The Hills Lifestyle Estate launch was befittingly presented to the public for the first time at none other than the prestigious Lafayette Square Soffitel in the Capital Washington DC to a well-received diaspora audience of over 90 in-person and 200 online. Pressies have begun with all marketing and sales materials rolling out including a grand 28m long giant billboard on Borrowdale Road Harare. The groundbreaking ceremony is set for 2nd May with civil works, the wall construction and the USD10 million upgrade of the Golf Course all concurrently going ahead. The USD280 million project has many firsts in Zimbabwe with some being: the first USGA, the first driving range on water, the first tennis and swimming branded academies, the first branded residences (in sub-Sahara), the first 82% green area open space development (perhaps an African record) and first 12-floor residential tower. The design and technical teams for both the golf course and the buildings have included best-of-breed professionals from South Africa, Dubai, Spain and Portugal. The final product is the most luxurious and sophisticated seen to date in Zimbabwe and can compete with the world's best. We plan to complete the roads for Pomona City 1B & 1C in May and thereafter launch Pomona flats this year with the rest of the USD 4 billion city being announced in Q1 of 2025. If that was not enough then I am also extremely proud of the team's efforts to make sure Millennium Heights state-of-the-art Gatehouse launch is done on time for the 5th of April as well as the handover of Block 3 in June. The investments committee met on the 20th of March this year and approved an immediate projects pipeline of USD 174 million which is an increase of USD 27 million over the half-year published amount due to the completion of more ready-to-build projects. Confirmed sales from this pipeline have amounted to USD 56.7 million which has resulted in a net forward pipeline of USD 118 million (more than two years of sales). We anticipate this pipeline to increase to over USD 300 million by Q2 of 2025 as we continue to plan and build up to our 2030 goal of USD 100 million sales per year.

We are also pleased to confirm that we have had approval from our board and that of ZimWorX to commence construction of our first 5,500 square meter Head Office in Borrowdale by the end of May this year. We are also in the final stages of negotiations with our South African partners for Zimbabwe's long-awaited first-ever regional mall "The Mall of Zimbabwe" which we expect to go to the ground post mid-2024.

To achieve all this the group is far advanced with discussions with international strategic partners in construction and shopping centre design and tenant mix to set a world-class standard for Zimbabwe as well as the much-required skill transfer. Another positive investment for the group is in its first manufacturing division which produces aluminium door and window frames in-house at a higher quality than any other local producers.

Looking ahead, the Group remains cautiously optimistic and continues to work towards its target of putting a billion bricks in the ground by 2050 and is still within this target. We continue to move from strength to strength and believe that our diversified portfolio and strategic initiatives position us well to capitalize on emerging opportunities and mitigate potential risks.

APPRECIATION

I would like to express my sincere gratitude to our shareholders and customers for their continued loyal support. In particular to my board and the executive team who with passion and dedication have continued to serve the company with distinction. Together we will continue to build on our successes and create lasting value for all our stakeholders.



DR. MICHAEL LOUIS
BOARD CHAIRMAN

1 AUDITOR'S STATEMENT

These abridged financial results derived from the audited consolidated financial statements of WestProp Holdings Limited for the financial year ended 31 December 2023, should be read together with the complete set of audited consolidated financial statements of the Group for the year ended 31 December 2023, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Edmore Chimhova, Registered Public Auditor 0470.

A qualified opinion has been issued on the audited consolidated financial statements for the year then ended. The qualified opinion was issued regarding the inclusion of unaudited financial statements of Sunshine Developments (Private) Limited in the consolidated financial statements of WestProp Holdings Limited.

Included in the auditor's report is an emphasis of matter paragraph pertaining to pending legal cases against the group as at 31 December 2023. The auditor's opinion is not modified in respect of this matter.

The auditor's report includes a section on key audit matters outlining matters that in the auditor's professional judgement, were of most significance in the audit of the consolidated financial statements. The key audit matter was with respect to revenue recognition.

The auditor's report on the consolidated financial statements is available for inspection at the company's registered office and the auditor's report has been lodged with the Victoria Falls Stock Exchange.

2 SUPPLEMENTARY INFORMATION

1. Corporate Information

WestProp Holdings Limited is a public listed company incorporated and domiciled in Zimbabwe. The Group is made up of limited liability companies incorporated and domiciled in Zimbabwe. The Group was converted into a public limited entity with effect from the 7th of March 2023. It became the first real estate Group to be listed on the Victoria Falls Stock Exchange (VFEX) and the listing became the first equity capital raise by way of preference shares in an Initial Public Offering (IPO) on the VFEX stock market.

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared in accordance with the Victoria Falls Stock Exchange listing requirements and in the manner required by the Zimbabwe Companies and Other Business Entities Act Chapter (24:31).

3. Going Concern

The consolidated financial statements are prepared on the basis that the Group will continue to be a going concern. This basis presumes that the Group's plans will be successful, and the Group will realise its assets and discharge its liabilities in the ordinary course of business.

4. Functional and Presentation Currency

These abridged consolidated financial statements are presented in United States of America dollar (USD), which is the Group's functional currency.

2 SUPPLEMENTARY INFORMATION (CONTINUED)

5. Accounting Policies

Accounting policies are consistent with those applied in the previous years.

6. Dividends

The directors have declared a dividend of USD3,226,857 translating to 10.76 cents per share payable to ordinary shareholders from the distributable profits of the year ended 31 December 2023. A separate dividend notice will be published to this effect in accordance with the Group's Articles of Association and Victoria Falls Stock Exchange listing requirements.

7. Pending Legal Cases

As at 31 December 2023, the main legal case against the Group was dismissed by the Supreme Court on the 15th of September 2023 under Judgement No. SC93/23. At the close of the year, the Group had other pending legal cases against it, these were subsequently ruled in the Group's favour prior to publication.

8. Fair Value Gain on Investment Property

As at 31 December 2023 the Group revalued its investment property which resulted in a fair value gain of USD49,514,456. Refer to note 4.

3 ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 USD	Restated 2022 USD
Revenue	1	16,089,596	11,665,081
Cost of sales	2	(10,209,924)	(7,506,941)
Gross profit		5,879,672	4,158,140
Other income		1,247,787	7,147,111
Fair value adjustments on investment property		49,514,456	58,624,185
Share of joint venture (loss)/profit		(36,201)	202,290
Operating expenses		(5,183,491)	(2,498,912)
Profit from operations		51,422,223	67,632,814
Finance costs		(139,881)	(432,480)
Profit before tax		51,282,342	67,200,334
Income tax expense		(998,139)	(12,277,727)
PROFIT FOR THE YEAR		50,284,203	54,922,607
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		50,284,203	54,922,607
EARNINGS PER SHARE:			
Basic earnings per share in USD:	5	1.68	549,226
Diluted earnings per share in USD:	5	1.67	549,226
Headline earnings per share in USD:	5	0.03	85,761

4 ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Notes	2023 USD	Restated 2022 USD
ASSETS			
Non-current assets			
Property, plant and equipment		2,688,828	138,175
Investment properties	4	139,523,752	89,893,634
Investment in joint venture	3	6,605,871	6,642,072
		148,818,451	96,673,881
Current assets			
Inventories		11,432,024	14,783,674
Trade and other receivables		13,896,867	14,148,948
Related party receivables		1,870,872	1,117,043
Cash and cash equivalents		2,659,628	860,182
		29,859,391	30,909,847
TOTAL ASSETS		178,677,842	127,583,728
EQUITY AND LIABILITIES			
Equity and reserves			
Ordinary share capital		100	100
Non-distributable reserves		548,695	548,695
Retained earnings		142,597,072	95,539,726
Total equity		143,145,867	96,088,521
Non current liabilities			
Shareholder's loan		4,202,488	4,283,246
Preference shares		783,510	-
Related party payables		8,645,234	7,905,313
Long term payables		4,282,489	4,971,549
Deferred tax liability		10,023,142	9,607,890
		27,936,863	26,767,998
Current liabilities			
Trade and other payables		6,044,168	1,854,774
Dividend payable		968,057	-
Current tax payable		582,887	2,872,435
		7,595,112	4,727,209
TOTAL EQUITY AND LIABILITIES		178,677,842	127,583,728

5 ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share Capital USD	Non Distributable Reserve USD	Retained Earnings USD	Total USD
Balance at 1 January 2022		100	548,695	40,617,119	41,165,914
Total comprehensive income for the year (restated)	7	-	-	54,922,607	54,922,607
Restated balance at 31 December 2022		100	548,695	95,539,726	96,088,521
Balance at 1 January 2023		100	548,695	95,539,726	96,088,521
Total comprehensive income for the year		-	-	50,284,203	50,284,203
Dividends declared		-	-	(3,226,857)	(3,226,857)
Balance at 31 December 2023		100	548,695	142,597,072	143,145,867

6 ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 USD	Restated 2022 USD
Cash flows from operating activities			
Profit before tax		51,282,342	67,200,334
Adjustments for:			
Depreciation		65,083	33,190
Fair value adjustment - investment property	4	(49,514,456)	(58,624,185)
Foreign exchange gain/(loss)		-	(6,121,883)
Share of joint venture loss/profit	3	36,201	(202,290)
		1,869,170	2,285,166
Effect of changes in working capital:			
Decrease in inventories		3,351,650	15,527,127
Increase/(decrease) in trade and other receivables		252,081	(2,171,218)
Increase in trade and other payables		4,189,394	855,256
Decrease in related party receivables		(753,829)	(421,292)
Increase in related party payables		739,921	519,958
		9,648,387	16,594,997
Income tax paid		(2,872,435)	(3,422,911)
Cash flows generated from operating activities		6,775,952	13,172,086
Cash flows from investing activities			
Purchase of plant and equipment		(2,615,736)	(133,331)
Investment property additions		(115,662)	(14,069,449)
Net cash utilised in investing activities		(2,731,398)	(14,202,780)
Cash flows from financing activities			
Long term loans		(689,060)	2,801,040
Shareholder's loan		(80,758)	(1,575,256)
Issue of preference shares		783,510	-
Dividends paid		(2,258,800)	-
Net cash flow from financing activities		(2,245,108)	1,225,784
Net increase in cash and cash equivalents		1,799,446	195,090
Cash and cash equivalents, at the beginning of the period		860,182	665,092
Cash and cash equivalents, at the end of the period		2,659,628	860,182

7 NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 USD	Restated 2022 USD
1 Revenue		
Pokugara residential estate	1,773,241	2,430,987
Millennium heights	4,787,131	2,257,172
Pomona city residential estate	9,529,224	6,976,922
	16,089,596	11,665,081
2 Cost of sales		
Pokugara residential estate	1,364,624	2,732,318
Millennium heights	2,761,814	2,350,112
Pomona city residential estate	6,083,486	2,424,511
	10,209,924	7,506,941
3 Investment in joint venture		
Balance at 1 January	6,642,072	6,439,782
Share of joint venture (loss)/profit	(36,201)	202,290
Balance at 31 December	6,605,871	6,642,072

Included in the consolidated financial statements of WestProp Holding Limited is an investment in a joint venture - Sunshine (Private) Limited. The financial statements for the joint venture were last audited for the 31 December 2020 year end.

	2023 USD	Restated 2022 USD
4 Investment property		
At 1 January	89,893,634	17,200,000
Additions	115,662	14,069,449
Fair value adjustment	49,514,456	58,624,185
Closing balance	139,523,752	89,893,634

The investment property held by WestProp Group consists of land held for future development - stand number 19,673 measuring 5,4236 hectares and stand number 40,611 measuring 16,0918 hectares which are both located along Borrowdale Road. The land had a fair value gain of USD49,514,456 being valued at USD160 per square metre. The valuers for the land were Phoenix Real Estate.

	2023 USD	Restated 2022 USD
5 Basic earnings per share		
Net profit attributable to equity holders	50,284,203	54,922,607
Weighted average number of shares at the end of the year	30,000,000	100
Basic EPS	1.68	549,226

	2023 USD	Restated 2022 USD
Diluted Earnings per share		
Net profit attributable to equity holders	50,284,203	54,922,607
Weighted average number of shares at the end of the year	30,000,000	100
Dilutive preference shares	156,707	-
Diluted EPS	1.67	549,226

	2023 USD	Restated 2022 USD
Headline Earnings per share		
Net profit attributable to equity holders	50,284,203	54,922,607
Fair value adjustments on investment properties	(49,514,456)	(58,624,185)
Income tax expense effect of fair value adjustments	212,634	12,277,727
Headline Earnings	982,381	8,576,149
Weighted average number of shares at the end of the year	30,000,000	100
Headline Earnings per share	0.03	85,761

	2023 USD	Restated 2022 USD
Diluted Headline Earnings per share		
Headline Earnings	982,381	8,576,149
Weighted average number of shares at the end of the year	30,000,000	100
Dilutive preference shares	156,707	-
Diluted Headline Earnings per share	0.03	85,761

6 Correction of revenue in-line with IFRS 15 - Revenue from contracts with customers

The auditors report for the prior year was modified due to non-compliance with IFRS 15 (Revenue from contracts with customers). Management has subsequently adjusted the revenue in current year consolidated financial statements and adjustments were effected retrospectively.

Below is a summary of the impact of the adjustment on the consolidated financial statements:

	Reported 2022 USD	Adjustment USD	As Restated 2022 USD
Revenue	23,313,262	(11,648,181)	11,665,081
Cost of sales	(11,243,637)	3,736,696	(7,506,941)
Gross profit	12,069,625	(7,911,485)	4,158,140
Other income	6,222,973	924,138	7,147,111
Fair value adjustments on investment property	-	58,624,185	58,624,185
Share of joint venture (loss)/profit	202,290	-	202,290
Operating expenses	(2,498,912)	-	(2,498,912)
Profit from operations	15,995,976	51,636,838	67,632,847
Finance costs	(432,480)	-	(432,480)
Profit before tax	15,563,496	51,636,838	67,200,334
Income tax expense	(4,434,273)	(7,843,454)	(12,277,727)
PROFIT FOR THE YEAR	11,129,223	43,793,384	54,922,607

7 Change in accounting policy

Management has decided to classify a portion of the land banks held to investment property as the land is currently being held for capital appreciation. The consolidated financial statements have been restated retrospectively to highlight this change. The respective land banks have been fair-valued in line with the requirements of IAS 40 (Investment property) as at 31 December 2023 and the impact is as follows:

	2022 USD
Summarised statement of financial position as at 31 December 2022	
Decrease in inventory	(14,069,449)
Increase in investment property	14,069,449
Fair value gain	47,853,631
Total assets	47,853,631
Other income	47,853,631
Increase in non-taxable differences	9,570,726
Increase in deferred tax liability	(9,570,726)
Increase in equity	47,853,631

8 Events after reporting date - Introduction of ZIG

The RBZ introduced a structured currency, known as Zimbabwe Gold (ZIG) with effect from 5th April 2024, replacing the Zimbabwean dollar (ZWL). Zimbabwe Gold (ZIG) currency is backed by a composite basket of foreign currency and precious metals held as reserves by the Central bank. All Zimbabwe dollar balances shall be converted to the new currency and the swap rate will be guided by the closing interbank exchange rate and the price of gold as at 5 April 2024. In accordance with IAS 10 events after the reporting date, the event does not warrant an adjustment on the current set of financial statements.

OUR CURRENT PROJECTS



POMONA CITY
A city within a city



THE HILLS
LIFESTYLE ESTATE



MALL
of
ZIMBABWE

