

TRADING UPDATE

For The Third Quarter Ended 30 September 2024

WestProp Holdings Limited "The Group" hereby presents the Trading update for the third quarter ended 30 September 2024.

TRADING ENVIRONMENT

The economic environment had been experiencing relative currency stability following the introduction of the Zimbabwe Gold (ZWG) in April 2024. This recalibration of the monetary policy resulted in stability in the second quarter (Q2) through exchange rate stability and lowering of economic pressure. Despite being embraced by businesses and accepted by the transacting public, the ZWG was, however, weakened by continued rising informal market rates and market pressure.

At the end of Q3, the Reserve Bank of Zimbabwe officially devalued the ZWG by 44.55% for the first time since its inception. The Reserve Bank continued its liquification of the foreign exchange market with 50% of the 25% export surrender. This ensured the Group's operational flexibility by awarding foreign currency for raw material imports and equipment on the interbank foreign exchange market using up its ZWG balances.

The Reserve Bank of Zimbabwe also hiked the bank policy rate from 20% to 35% on the 27th of September 2024. The month-on-month inflation for the quarter closed at 5.8%. This marks the most significant rise since ZWG's introduction in April 2024.

Despite the economic challenges, the Group remained resilient and managed to achieve sales growth compared to the same quarter in the previous year.

FINANCIAL PERFORMANCE

The Group entered into contracts with customers worth USD 6,478,794 for the third quarter (Q3), making a year-to-date figure of USD 18,687,717 for the nine months ended 30 September 2024. However, the Group recognizes USD 4,253,353 as revenue to comply with the requirements of IFRS 15 – Revenue from Contracts with Customers, based on a stage of completion assessment.

Contracts for Q3 account for 35% of the year-to-date revenue for the nine months traded in 2024, reflecting an 11% increase compared to the same period in Q3 2023. This growth was primarily driven by the strong performance of Pomona City Properties, which contributed 58% of total contracts, followed by Pokugara Residential Estate and Millenium Heights, contributing 20% and 23% respectively.

The Group experienced a notable 5% improvement in its gross profit margin, rising from 46% in Q3, 2023 to 51% in the current period. This enhancement is primarily attributed to strategic investments in freehold property, plant, and equipment, along with cost-cutting measures achieved through insourcing.

Operating expenses for Q3 increased by 29%, rising from USD 1,288,272 to USD 1,560,465 compared to the previous quarter. This increase reflects the significant expansion drive being undertaken by the Group.

GROUP SUMMARY

Pokugara Residential Estate

The Group's prime real estate development, Pokugara Properties (Residential Estate Townhouses), experienced a significant surge in demand, with a 61% increase in value of contracts with customers from USD 910,000 in Q3 2023 to USD 1,463,00 in Q3 2024. Construction is concurrently underway for a mix of manors, villas, and garden flats, which are now at various stages of completion. Most of the luxury houses are in their final stages of finishes. The Group anticipates completing the first batch of 28 luxurious townhouses by the end of Q4 2024.

Pomona City

In Q3, Pomona City Properties contributed the largest portion to the value of contracts with customers of USD 3,725,594, this is a 68% increase compared to the same period prior year which had USD 2,217,628. The Group officially launched Pomona City Flats, these walk-up flats are both affordable and luxurious, offering the finest amenities and an unparalleled lifestyle. The flats are sold turnkey, complete with finishes, and will be handed over ready to move into. Only 380 units are available in phases, featuring modern amenities such as water supply, backup power, internet connection, and LP Gas. Residents of Pomona City Flats will have access to the estate's facilities, providing them the convenience to live, work, shop, and play within the smart city.

Millenium Heights

The Group is pleased to announce that Millenium Heights Block 3, a 4-storey apartment block with 112 units, has been fully constructed and handed over to clients. The Group is now directing its attention to Block 4 which is currently in the construction phase and is at the first-floor slab level. Notable features of Block 4 include cascading floors, spacious verandas/balconies, and beautiful views. Apartments in Block 4 come fully serviced, with amenities like backup water, solar power, fibre internet, and metered LPG gas. The units will span six floors and offer additional features like glass balconies and elevators while interior finishes will be customized based on client preferences. The apartment complex boasts an impressive array of amenities, recreational facilities and is over 80% sold out. Block 5 is currently selling off-plan and construction will commence by Q2 2025.

The Hills

On the 23rd of August 2024 the Group successfully held a state event groundbreaking ceremony for the USD 300 million Hills Luxury Golf Estate, presided over by His Excellency, The President of the Republic of Zimbabwe, Dr. E.D. Mnangagwa, the Vice President and several members of His cabinet. The Hills project spans 127 hectares and will feature over 862 residential units, accommodating around 4,310 people. The Estate will include luxury villas, apartments, retirement homes, a shopping mall, and a state-of-the-art golf course, among other amenities as well as the first branded residences and ultra-luxury 5-star hotel in phase 2.

Mall of Zimbabwe

The Group is in advanced plans with its South African partners for Zimbabwe's first-ever regional mall, "The Mall of Zimbabwe" to break ground on this long-awaited project in 2025.

OUTLOOK

The Group remains optimistic about economic recovery and has confidence in the government's measures outlined in the Mid-term Monetary Policy Review Statement. These measures are expected to promote economic growth and address emerging risks to currency stability.

Adopting a positive optimistic approach, the Group is confident that its diversified portfolio and strategic initiatives have strategically positioned it as the market leader in real estate enabling it to capitalize on emerging opportunities while effectively mitigating potential risks. The Group expects to onboard potential investors for its Mall of Zimbabwe project before the end of 2024.



Simbarashe Kadye
Finance Director