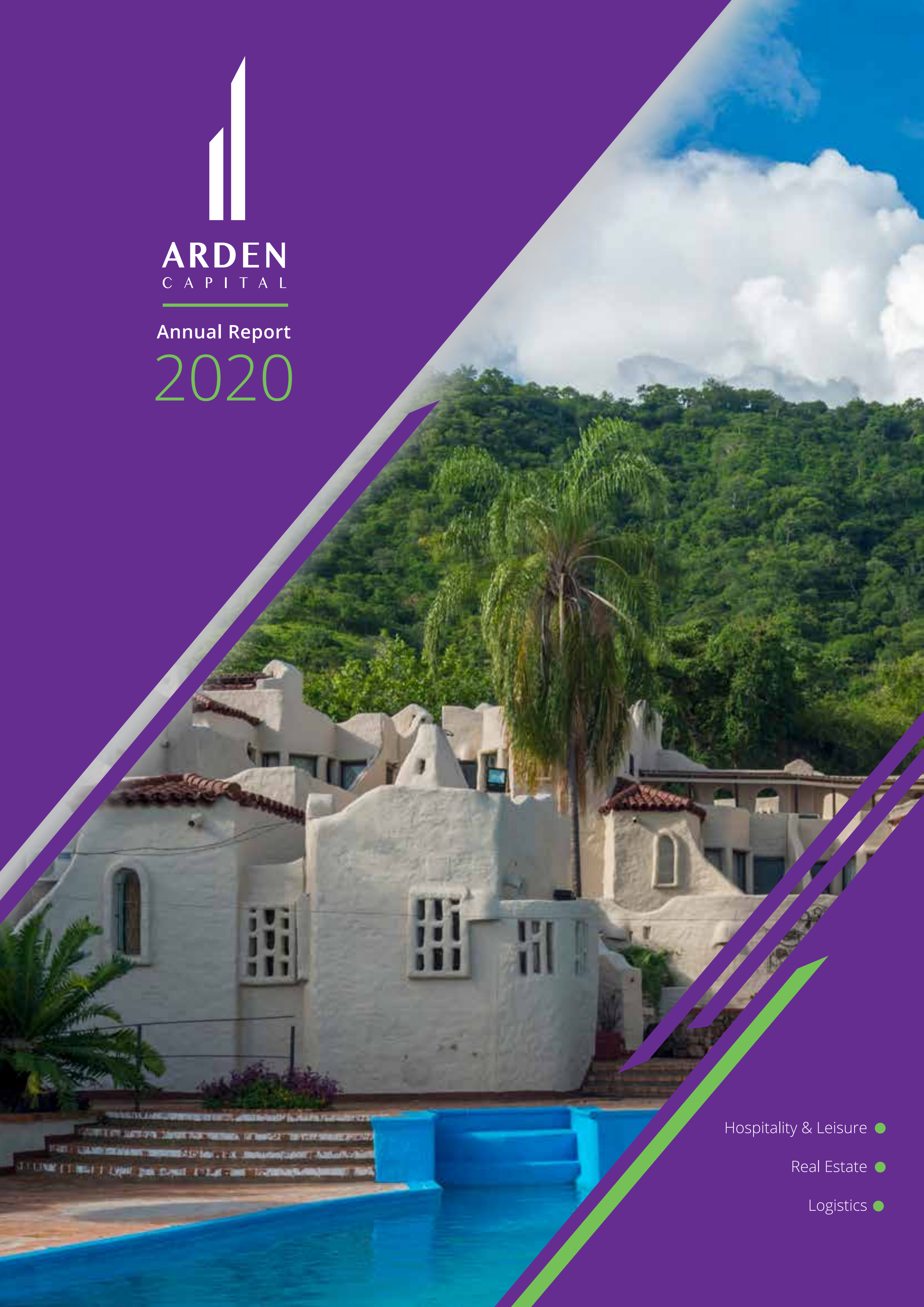
ARDEN CAPITAL

Annual Report 2020



Hospitality & Leisure

Real Estate

Logistics

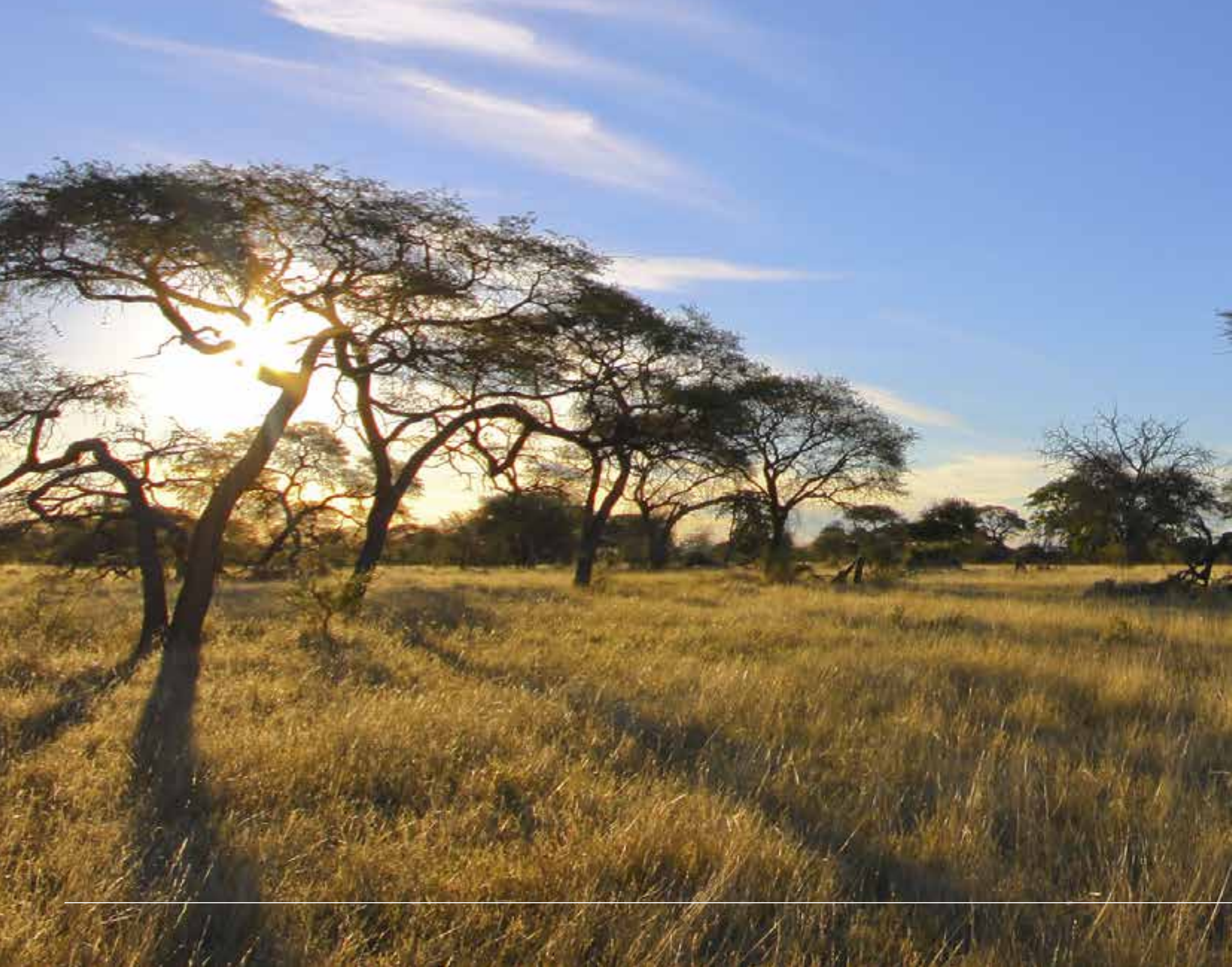
Our Investments

Our investment horizon is long term and it seeks to grow shareholder value through sustainable dividend pay-outs and consistent capital growth.

Hospitality & Leisure

Real Estate

Logistics



Index to the financial statements

These financial statements are presented in the United States of America dollar ("US$").

Corporate information

ARDEN CAPITAL LIMITED
(Incorporated in the Republic of Mauritius, registration number 115883 C1/GBL)
Share code: ACZ ISIN: MU0548S00026

DIRECTORS:

Name	Designation	Appointed on:	Resigned on:
Simon F.W. VILLAGE (Chairman)	Non-executive	25 January 2016	-
Peter SAUNGWEME (Chief Executive Officer and Chief Finance Officer)	Executive	31 March 2017	-
George S.J. BENNETT	Independent non-executive	8 July 2016	-
Chipo MTASA	Independent non-executive	19 November 2018	-
Simon NYAROTA	Independent non-executive	19 November 2018	-
Audrey M. MOTHUPI	Independent non-executive	6 September 2016	-
Zain M. MADARUN	Non-executive	28 June 2019	-
Manisha RAMPHUL	Non-executive	28 June 2019	30 November 2020
Richard G. MUIRIMI	Non executive	9 July 2015	-
Mohammad N. SADAGUR	Non-executive	30 November 2020	-

COMPANY SECRETARY AND ADMINISTRATOR:
Adansonia Management Services Limited
Suite 1, Perrieri Office Suites C2-302,
Level 3, Office Block C,
La Croisette, Grand Baie 30517,
Mauritius

REGISTERED OFFICE:
c/o Adansonia Management Services Limited
Suite 1, Perrieri Office Suites C2-302,
Level 3, Office Block C,
La Croisette, Grand Baie 30517,
Mauritius

LEGAL ADVISORS
Dube, Manikai & Hwacha
6th Floor, Goldbridge
Eastgate Complex,
Harare,
Zimbabwe

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

LEGAL ADVISORS (CONTINUED)
Evershed Sutherlands
Suite 310, 3rd Floor,
Barkly Wharf,
Le Caudan Waterfront,
Port Louis,
Mauritius

INDEPENDENT STATUTORY AUDITORS:
Deloitte & Touche
Business Registration Number: P10019073,
7th-8th Floor, Standard Chartered Tower,
19-21 Bank Street,
Cybercity,Ebène,
Réduit 72201,
Mauritius

JOHANNESBURG STOCK EXCHANGE ("JSE") ACCREDITED INDEPENDENT AUDITOR:
Deloitte & Touche
5 Magwa Crescent,
Waterfall City, 2090,
Johannesburg,
Gauteng,
South Africa

BANKER:
AfrAsia Bank Limited
4th Floor, NeXTeracom Tower III
Ebène,
Mauritius

SPONSOR:
Questco Corporate Advisory Proprietary Limited
Ground Floor,
Block C, Investment Place,
10th Road,
Hyde Park, 2196
Johannesburg,
South Africa

Arden Capital Limited is a Mauritian diversified investment holding company, listed on the **Johannesburg Stock Exchange**, with an exclusive focus on Zimbabwe. Arden Capital Limited invests in assets that are consumer-facing and cash-generative, and aims to build a portfolio that will deliver capital growth. The substantial existing investment portfolio currently offers exposure to prominent Zimbabwe-based assets in hospitality, real estate and logistics.

Directors' report

Simon. F. Village | **Chairman**

> "Notwithstanding these unprecedented challenges, the Group's operations have shown a domestic market driven recovery after relaxation of Covid-19 restrictions"

INTRODUCTION

The directors hereby present the audited consolidated financial statements ("the Financial Statements") of Arden Capital Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2020. All the Company's subsidiaries operate in Zimbabwe.

ECONOMIC REVIEW

The Zimbabwean business environment for the period under review was characterised by operational challenges brought about by the global outbreak of the Coronavirus ("Covid-19") pandemic. The inevitable proclamation of the first lockdown measures to combat the spread of Covid-19 in Zimbabwe in March 2020, brought the Group's hotel operations to a standstill.

The Government of Zimbabwe ("the Government") declared a 21-day nationwide lockdown starting on 30 March 2020, which resulted in the Group's entire hotel portfolio ceasing operations. Following an initial extension of two weeks, until 3 May 2020, the Government announced a partial easing of lockdown regulations, allowing formal industry and commerce to resume operations. In September 2020, the Government further relaxed the lockdown measures, which among other positive outcomes resulted in the resumption of all tourism and hospitality related activities in Zimbabwe. In a bid to boost economic recovery, the Government announced an estimated Zimbabwe dollar ("ZWL") 18 billion United States dollar ("US$") (US$720 million equivalent at that time) economic relief package to assist financially distressed companies in various economic sectors. The allocation for the tourism and hospitality industry was set at about ZWL500 million (US$20 million at the time).

During March 2020, the Reserve Bank of Zimbabwe ("RBZ") through Statutory Instrument ("SI") 85 of 2020, permitted the settlement of ZWL denominated prices in foreign currency. Prior to this pronouncement, local transactions could generally only be settled in ZWL in accordance with the law. On 8 June 2020, the RBZ's Monetary Policy Committee announced the launch of a weekly Dutch foreign currency auction system and relaxation of restrictions permitting dual pricing for goods and services, in accordance with SI 185 of 2020. The foreign currency auction system made its debut on 23 June 2020, at which the ZWL depreciated by 129.6% from US$1: ZWL25 to US$1: ZWL57.4. Since then, the exchange rate has generally been allowed to float based on bid rates on the foreign currency auction system and has settled below the 1US$: ZWL85 mark.

The improved availability of foreign currency on the official market, based on a more stable and predictable exchange rate has largely been credited with stabilisation of the economy, as evidenced by the reduction of the inflation rate from a high of 737.3% in June 2020, to 348.6% in December 2020. The inflation rate has continued on a downward trend beyond year-end, with the inflation rate of April 2021 reported at 194.1%. This, coupled with improved industry capacity utilisation from 36.4% in 2019 to 47% in 2020, has renewed hopes for a Zimbabwean economy that is now on a recovery trajectory.

Directors' report (continued)

FINANCIAL RESULTS

Revenues

The Group's revenue for the year ended 31 December 2020 of US$25.4 million represents a 56% decline from US$58 million recorded during the comparative period. The decrease in revenue was recorded across all the Group's segments, with a notable decrease being recorded by the Hospitality segment which remains the major driver of total revenue. The decrease in revenues is primarily attributable to:

- a decline in hotel occupancies to 23%, relative to 48% recorded in the prior year. The current year occupancies reflect the devastating impact of the global outbreak of Covid-19 which affected global and domestic business and leisure travel. In response to the Government's Covid-19 containment measures, the Group closed all its hotels during April 2020 and resumed operation under a phased approach with limited-service offering being restored at four of the city-based hotels by the end of May 2020, and the last hotel being opened in November 2020.

  The year under review had started off on a positive note, with occupancy for the first quarter closing at 40%, representing a 2-percentage points increase from 38% recorded in the same quarter in the prior year. The results for the rest of the year reflect the challenges that the hospitality segment experienced as a result of the pandemic, with the Group recording unprecedented occupancies of 0% and 2%, for April and May 2020, respectively. Notwithstanding these unprecedented challenges, the Group's operations have shown a domestic market driven recovery after relaxation of Covid-19 restrictions.

- The Group's revenue was also adversely affected by translation in line with the requirements of International Accounting Standard ("IAS") 21 - *The Effects of Changes in Foreign Exchange Rates* following the formal establishment of an exchange rate between the ZWL and the US$ in February 2019. Post implementation of requirements of IAS 29 - *Financial Reporting in Hyperinflationary Economies,* revenues were translated to the US$ equivalent based on an exchange rate of 1US$: ZWL81.7866 for the year under review. In contrast, revenues for the comparative period were translated on the basis of an exchange rate of US$1: ZWL16.7734 for the full year.

Operating expenses

At US$24.1 million, the Group's operating expenses recorded 23% decrease in comparison to the prior year operating expenses of US$31.2 million. The Hospitality segment alone recorded a decrease in operating expenses of 27% from US$28.7 million in 2019 to US$20.9 million during the year under review, mainly due to cost containment measures which the Group adopted in a bid to mitigate the adverse impact of significantly curtailed operations as a result of impact of the pandemic.

Profitability

Excluding the net monetary loss of US$11.8 million arising from the application of IAS 29, the Group recorded loss for the year of US$2.2 million during the year under review, relative to comparable US$14.5 million profit recorded in the prior year.

SIGNIFICANT FINANCIAL REPORTING MATTERS

Corporate transaction involving the Company's major subsidiaries

On 23 June 2020, the Company advised through an announcement that African Sun Limited ("African Sun") and Dawn Properties Limited ("Dawn"), both of which are subsidiaries of the Company, advised that they were in negotiations with respect to potential acquisition, by African Sun of 100% of the issued ordinary shares of Dawn, in exchange for African Sun ordinary shares, which were going to be issued based a certain share swap ratio.

Subsequently, African Sun made an offer to the shareholders of Dawn to acquire all the issued ordinary shares in Dawn, based on 1 African Sun ordinary share for every 3,988075946 Dawn issued ordinary shares ("the Offer"). Pursuant to the Offer, Dawn shareholders holding 2,240,283,488 ordinary shares, representing 91.17% of the Dawn issued ordinary shares accepted the Offer and surrendered their shares to the African Sun, effectively on 20 January 2021. Consequently, Dawn was delisted from Zimbabwe Stock Exchange ("the ZSE") on the 16 February 2021. African Sun is currently engaged in the pertinent legal processes to acquire the remaining 8.83% shareholding in Dawn.

Directors' report (continued)

SIGNIFICANT FINANCIAL REPORTING MATTERS (CONTINUED)

Corporate transaction involving the Company's major subsidiaries (continued)

The Group's intention since listing has been to optimise operations and expand its hospitality footprint. The consolidation of the two subsidiaries' businesses will create a robust balance sheet, with enhanced financial leverage for unlocking future developmental capital for the combined business to survive the Covid-19 downturn, protect jobs, as well as guarantee future for the business and its stakeholders.

CHANGE IN AUDITORS

Effective 24 July 2020, PricewaterhouseCoopers Chartered Accountants (Zimbabwe) and PricewaterhouseCoopers (Mauritius) (collectively "PwC") notified the Company of their resignation as external auditors to the Company and all its subsidiaries. PwC's resignation follows a compulsory requirement in terms of the new Zimbabwe Companies and Other Business Entities Act [Chapter 24:31] and the ZSE Listing Requirements for African Sun and Dawn to rotate their auditors. As PwC could no longer serve as auditors of these major subsidiaries, they advised that they were no longer able to continue as auditors of the Company.

Deloitte and Touche (Zimbabwe) in collaboration with Deloitte and Touche (South Africa) (collectively "Deloitte") were appointed as auditors to the Company with effect from 24 July 2020.

On behalf of the Group, the Board would like to extend its sincere gratitude to PwC for their years of service to the Group and welcomes Deloitte to their new role.

IMPACT OF COVID-19

With the Group's business being predominantly tourism and hospitality focused, Covid-19 represents the most significant challenge that our industry has ever faced. The pandemic has resulted in suspension of international travel activities and lockdowns during the year under review. According to the latest issue of the United Nations World Travel and Tourism Organisation ("UNTWO"), international tourist arrivals (overnight visitors) fell by 74% in 2020 over the same period last year, driven by slow virus containment, low traveler confidence and important restrictions on travel still in place, due to the Covid-19 pandemic. UNTWO observed that the decline in 2020 represented 1 billion fewer international tourist arrivals compared to the same period in 2019 and translated into a loss of US$1.3 trillion in export revenues from international tourism, more than 11 times the loss in 2009 under the impact of the global economic crisis. This plunge in international tourism resulted in an estimated economic loss of over US$2 trillion in global Gross Domestic Product ("GDP"), more than 2% of the world's GDP in 2019. The International Monetary Fund ("IMF"), projects that receipts worldwide are not expected to recover to 2019 levels before 2023.

On the other hand, the World Bank observed that Sub-Saharan African countries managed to keep the Covid-19 under control with relatively low number of cases, but the pandemic continued to take a toll on the region's economic activities. However, the World Bank expects the region to rebound in 2021 with overall GDP growth forecasted to average 2.7%, a significant improvement for a region believed to be experiencing its first recession in 25 years. Furthermore, as part of its global response, the World Bank will be deploying up to US$50 billion in financial support across Africa to help protect poor and vulnerable communities, support businesses, and bolster economic recovery.

The Group recorded a historic low occupancy of 23% for 2020, an unprecedented decline of 25 percentage points from 48% recorded in 2019. The 2020 prospects were adversely impacted by the global outbreak which brought travel and tourism to a standstill following the introduction of strict national lockdown protocols generally across the globe, and on 30 March 2020 in Zimbabwe in particular. As a consequence, the Group's operations were severely affected.

Directors' report (continued)

IMPACT OF COVID-19 (CONTINUED)

The Government continued to extend the lockdown accompanied by easing of some restrictions to facilitate resumption of business activities in the formal sector in April and May 2020. In response to the relaxation of some of the lockdown measures, the Group took a decision to reopen its hotels under a phased approach. Under the first phase, four city-based hotels namely the Holiday Inn Harare, Holiday Inn Mutare, Holiday Inn Bulawayo and Great Zimbabwe Hotel were reopened on 11 May 2020. In September 2020, the Government announced resumption of all activities in the tourism sector, including international travel. International airlines resumed flights into Zimbabwe with effect from on 1 October 2020. As a result, the Group resumed operations on its resorts hotels with the last hotel, The Victoria Falls being opened on 1 November 2020 under the final phase of its hotel re-opening strategy.

The Group recorded an average occupancy level of 39% during the festive season. After a marked improvement towards the 2020-year end, Zimbabwe unfortunately experienced a significant resurgence in the Covid-19 cases at the beginning of 2021. Government reintroduced lockdown measures in a bid to control the Covid-19 second wave but allowed the tourism sector to remain open. The restrictions have since been substantially lifted.

GOING CONCERN

In response to the adverse impact the outbreak of Covid-19 has had on the Group's operations, the Group moved swiftly to right-size the business to align with the precipitous decline in revenue by rebasing the cost structure, strengthening the balance sheet, and lowering capital spending.

The Group's financial statements have been prepared on the going concern basis. Based on the cashflow forecasts, cash resources at the Group's disposal and measures taken, the directors are confident that the Group has sufficient financial resources to continue as a going concern.

Further going concern disclosures are documented in note 2.1.1.

OUTLOOK

In view of the challenging times facing the tourism and hospitality sector, the Group will continue to position itself to take advantage of the opportunities that will arise post Covid-19.

While we do not expect that there will be a quick recovery to previous trading levels, we are encouraged by the recent relaxation of Covid-19 induced restrictions. The Group is optimistic the ongoing global Covid-19 vaccination programs would lead to resumption of notable global travel later in 2021. In the interim, the Group expects the domestic market to be lead the recovery efforts.

The various fiscal and monetary policy measures have begun to yield inspiring outcomes on the economic fundamentals, namely stabilisation of the exchange rate and inflation, with the latter beginning to reflect a sustained downward trend. The Group is cautiously optimistic that the economy could now be on stable path to recovery. The fiscal and monetary authorities' resolve on stabilising the economic environment is evident.

Directors' report (continued)

SHAREHOLDING

The Company's summarised shareholding structure as at 31 December 2020 was as follows:

Ordinary shareholders	Number of ordinary shareholders	Percentage of total	Number of shares	Percentage of issued shares
SIZE OF SHAREHOLDING (shares)				
1 - 1000	50	43.47%	14 419	0.01%
1 001 - 10 000	19	16.52%	60 664	0.05%
10 001 - 100 000	10	8.70%	557 841	0.48%
100 001 - 1 000 000	25	21.74%	8 006 557	6.83%
Over 1 000 000	11	9.57%	108 627 042	92.63%
	115	**100.00%**	**117 266 523**	**100.00%**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders				
Directors of the Company (current and immediate past)	5	4.35%	3 151 658	2.69%
Nominee of a Group company	3	2.61%	9 241 436	7.88%
Strategic holding (more than 10%)	2	1.74%	80 899 239	68.99%
	10	**8.70%**	**93 292 333**	**79.56%**
Public shareholders	105	91.30%	23 974 190	20.44%
Total listed shareholders	**115**	**100.00%**	**117 266 523**	**100.00%**
BENEFICIAL SHAREHOLDERS HOLDING MORE THAN 5% OF SHARE CAPITAL				
JPMBLSA Re Private Bank account*			69 014 502	58.85%
SG Nantes Global Securities			11 537 349	9.84%
Fintrust Pension Fund			11 884 737	10.13%
Adcone Holdings SA			7 775 000	6.63%
			100 211 588	**85.45%**

** The beneficial shareholders did not change between the prior and current year.*

The total number of shares presented above includes 7 775 000 treasury shares, which are not listed on the Johannesburg Stock Exchange ("JSE").

Directors' report (continued)

SHAREHOLDING (CONTINUED)

The Company's summarised shareholding structure as at 31 December 2019 was as follows:

Ordinary shareholders	Number of ordinary shareholders	Percentage of total	Number of shares	Percentage of issued shares
SIZE OF SHAREHOLDING (shares)				
1 - 1000	45	42.06%	14 194	0.01%
1 001 - 10 000	15	14.02%	46 603	0.04%
10 001 - 100 000	11	10.28%	572 127	0.49%
100 001 - 1 000 000	25	23.36%	8 006 557	6.83%
Over 1 000 000	11	10.28%	108 627 042	92.63%
	107	**100.00%**	**117 266 523**	**100.00%**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders				
Directors of the Company (current and immediate past)	6	5.61%	2 957 359	2.52%
Nominee of a Group company	1	0.93%	7 775 000	6.63%
Strategic holding (more than 10%)	2	2.80%	80 899 239	68.99%
	9	**9.34%**	**91 631 598**	**78.14%**
Public shareholders	98	90.66%	25 634 925	21.86%
Total listed shareholders	**107**	**100.00%**	**117 266 523**	**100.00%**
BENEFICIAL SHAREHOLDERS HOLDING MORE THAN 5% OF SHARE CAPITAL				
JPMBLSA Re Private Bank account*			69 014 502	58.85%
SG Nantes Global Securities			11 537 349	9.84%
Fintrust Pension Fund			11 884 737	10.13%
Adcone Holdings SA			7 775 000	6.63%
			100 211 588	**85.45%**

** The beneficial shareholders did not change between the prior and current year.*

The total number of shares presented above includes 7 775 000 treasury shares, which are not listed on the JSE.

DIVIDENDS

In view of the operating losses recorded during the year under review and given the need to preserve available cash resources the directors have decided not to declare any dividend.

For and on behalf of the Board

Simon. F Village
Chairman

Directors' declaration

for the year ended 31 December 2020

Except for the possible effects of non-compliance with IAS 21 and International Financial Reporting Standard ("IFRS") 13 – *Fair Value Measurement,* in the directors' opinion, the consolidated financial statements as set out on pages 38 to 116 present a true and fair view of the financial position of the Group as at 31 December 2020, and the results of its financial performance and cashflows for the year then ended.

The directors confirm that the Group has adequate resources to operate for the foreseeable future and will remain a going concern in the year ahead.

These annual financial statements have been prepared under the supervision of the Chief Executive Officer and Chief Finance Officer, Mr. Peter Saungweme, a member of the Institute of Chartered Accountants Zimbabwe ("ICAZ"), membership number M3312, and registered under the Public Accountants and Auditors Board ("PAAB") membership number 1037.

PETER SAUNGWEME
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER

CHIPO MTASA
CHAIRPERSON -AUDIT AND RISK COMMITTEE

27 April 2021

Chief executive officer and chief finance officer declaration

for the year ended 31 December 2020

The director, whose name is stated below, hereby confirms that:

a. Except for possible effects of non-compliance with IAS 21 - *The Effects of Changes in Foreign Exchange Rates* and IFRS 13 – *Fair Value Measurements* (as more fully described below), the annual financial statements set out on pages 38 to 116, fairly present in all material respects the financial position, financial performance, and cash flows of the Arden Capital Limited in terms of IFRS;

b. no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

c. internal financial controls have been put in place to ensure that material information relating to Arden Capital Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Arden Capital Limited; and

d. the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where I am not satisfied, I have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Non compliance with IAS 21 and IFRS 13

a. Non-compliance with IAS 21 arose from the fact that in 2019, the Group did not comply with IAS 21 as its subsidiaries, who all operate in Zimbabwe and have the Zimbabwe dollar ("ZWL") as their functional currency were, based on Statutory Instrument 33 ("SI 33/2019") of 2019, legally compelled to comply with the adoption of the ZWL as their functional currency with effect from February 2019. Prior to this date, the official exchange rate between the US$ and the ZWL was 1:1. All entities in Zimbabwe were legally compelled to prepare financial statements on the basis of the official exchange rate.

   However, economic conditions from the last quarter of 2018 to 22 February 2019, in the absence of SI 33/2019, would have not supported a parity exchange rate between the US$ and the ZWL for financial reporting purposes. The non-compliance with IAS 21, therefore arose from the fact that the Group accounted for transactions for the period up to 22 February 2019 on the basis of an exchange rate of US$1: ZWL1.

b. Non-compliance with IFRS 13 arose from the fact that the subsidiaries' fair valuation of Property and equipment as at 31 December 2019 was based on US$ inputs, instead of ZWL. The ZWL values of properties as at that date were derived from a translation of US$ values based on the closing interbank exchange rate between the US$ and the ZWL. The translation of the US$ property values to ZWL values using the interbank exchange rate was not an accurate reflection of the market dynamics, since the risks associated with currency trading did not reflect the risks associated with property trading as required by IFRS 13.

   The absence of ZWL valuation inputs itself arose from the fact that in 2019, the Zimbabwean economy was effectively going through a currency transitional phase, having formally adopted the ZWL as its functional currency in February of 2019, from what hitherto had been a US$ denominated economic environment.

The two matters above also resulted in the modification of the prior year audit report.

P. SAUNGWEME
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER

27 April 2021

Corporate governance statement

PREAMBLE

Corporate governance is an integral part of the Group's business strategy. The directors of the Company accept responsibility for compliance with the required principles underpinning effective corporate governance practice throughout the Group.

The Company adopted King IV and its best practice recommendations. The Board is of the opinion that the Group substantially complies with the key requirements of King IV and the International Integrated Reporting Framework. The Board, with assistance from Group Legal Counsel, reviews compliance with the King IV and International Integrated Reporting Framework recommendations and monitors and evaluates areas of non-compliance. A full report of the Company's compliance with the King IV principles is available on http://www.arden-capital.comlinvestor-relations/corporate-governance.

BOARD OF DIRECTORS

The Company employs a unitary board system with nine directors comprising one executive director and eight non-executive directors, four of whom are independent. The Board provides effective leadership based on a stated ethics policy to ensure that the Company and the Group are responsible corporate citizens and that all deliberations and decisions are based on principles of accountability, fairness, responsibility, and transparency that are the cornerstone of good corporate governance. The Board ensures that ethics are managed in accordance with the Group's ethics policy and the Company and its subsidiaries conduct their business in the best interest of all stakeholders.

The Board has a formal code setting out its responsibilities and is ultimately accountable for good corporate governance. The Board's responsibilities centre on providing a clear strategic vision ensuring that there is adequate succession planning at senior levels, reviewing operational performance and management, determining policies and procedures aimed at enhancing the integrity of the Group's risk management and internal controls, creating clear communication channels and controlling director selection, orientation and evaluation.

The Company's non-executive directors bring an independent view to the Board's decision making on issues such as strategy, human capital, sustainability, capital deployment and stakeholder relationships.

At each Annual General Meeting ("AGM"), directors comprising one-third of the aggregate number of non-executive directors are subject, by rotation, to retirement and re-election by shareholders in accordance with the Company's Memorandum of Incorporation.

Documentation and information relevant to a meeting is supplied on a timely basis to the Board, ensuring well-informed and reasoned decisions. The directors have unrestricted access to Group Legal Counsel and the Company Secretary and, where applicable, may seek the advice of independent professionals on matters concerning the affairs of the Company and the Group.

Board of Directors' Profiles

Simon. F. Village
Citizenship: United Kingdom
Position: Chairman
Appointed on: 25 January 2016

Simon Village, a resident of the United Kingdom, is the founding director of Argentum Limited, a company with substantial relationships across Africa, and a proven record of accomplishments in business development and corporate finance services to emerging corporates in Southern, Central and Eastern Africa. Simon has served on the boards of numerous international companies, and has led a number of successful global initiatives, the foremost of these being the development of a series of commodity-backed funds, which his team listed in 13 countries, and which revolutionised the gold market, attracting some US$100 billion of new investment into that sector. Simon also led the financing and development of a number of resource companies, where Simon served as a director, including raising some US$500 million required for building the first gold mine in the DRC since that country's independence. Prior to this, Simon was a Managing Director with HSBC in London, having worked his way up through HSBC as a top-ranked Financial Analyst to Head of Research for their emerging markets business, before being appointed as Managing Director of the securities business in South Africa. Prior to that Simon worked for De Beers in Southern Africa. Simon holds a Bachelor of Engineering (Honours) degree in Mining Engineering from the Camborne School of Mines in the United Kingdom.

Peter Saungweme
Citizenship: Zimbabwe
Position: Chief Executive Officer and Chief Finance Officer
Appointed on: 01 April 2017

Peter Saungweme 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 was appointed to assume the role of both CEO and CFO of the Company with effect from 1 September 2020. Prior to this, Peter served as the Company's Chief Finance Officer and was part of the team that successfully oversaw the restructuring of the Group.

He possesses strong financial management skills having been the Finance Director of Dawn Properties Limited, a formerly ZSE listed subsidiary of the Company, Financial Controller of Ecobank Zimbabwe Limited and Chief Finance Officer of Cell Holdings (Private) Limited, a holding company with subsidiaries and associates with interests in short term and medical insurance.

Peter has significant audit background in the banking, insurance, tourism and power generation sectors having worked as an Auditor Manager for both KPMG Zimbabwe and KPMG Namibia Inc. for a combined period of 5 years. Peter sits on the boards of Arden Capital Limited, African Sun Limited, Dawn Properties Limited, Dawn Property Consultancy (Private) Limited, and FML Logistics (Private) Limited.

Corporate governance statement (continued)

Board of Directors' Profiles

Chipo Mtasa
Citizenship: Zimbabwe
Position: Lead independent non-executive director and Deputy Chairperson
Appointed on: 19 November 2018

Chipo Mtasa is the current Managing Director of TelOne (Private) Limited. She took over the parastatal when it was ailing, and through cost-cutting and revenue-increasing strategies, she turned the company around. Today TelOne is a key player in the national Information Communication Technology (ICT) industry.

A Chartered Accountant by profession, Chipo graduated with an Honours Degree in Accounting from the University of Zimbabwe. She holds an Executive Management Development Certificate with Wharton Business School, United States of America. In recognition of her work, in contributing to the empowering of women and girls in the country as well as consistent business leadership, she was awarded an Honorary Doctorate of Philosophy Degree in Business Management by the Women's University in Africa

A seasoned executive by repeated appointments and achievements, Chipo has leveraged intense product and technical expertise to build competitive advantage for the companies she has led, which include the Rainbow Tourism Group, the second largest hospitality player in Zimbabwe also listed on the Zimbabwe Stock Exchange. She currently sits on various boards of listed and international entities which include FBC Holdings Limited Group, Zimplats Holdings Limited and West Indian Ocean Cable Company.

Richard Godfrey Muirimi
Citizenship: Zimbabwe
Position: Non-executive director
Appointed on: 9 July 2015

Richard Muirimi has significant experience in pension and employee benefits services. In 1995 he founded, and is currently the Managing Director of Comarton Consultants (Private) Limited ("Comarton"). Comarton is a leading pension fund administrator in Zimbabwe, administering at least 40 pension funds.

Richard was the non-executive chairman of Kingdom Financial Holdings Limited ("KFHL") on its formation in 1995 until he resigned from the board in 2005. During that period as Chairman of KFHL, he guided KFHL through the initial capitalisation through private placement, the IPO of KFHL on the Zimbabwe Stock Exchange, the establishment of subsidiaries in asset management, merchant banking, commercial banking and stock broking and regional expansion.

Richard was previously the Chairman of the Zimbabwe Association of Pension Funds from April 2002 to February 2004. He was the Deputy Chairman of the Insurance and Pensions Commission from November 2005 to December 2012. He has also previously held senior positions in Zimnat Life Assurance Company (Private) Limited (1995 – 1998) and AON/Minet Insurance Brokers (Private) Limited (1982 – 1995). He is also member of a number of Boards across the country including Zimbabwe Asset Management Corporation (Private) Limited ("ZAMCO"), a subsidiary of the Reserve Bank of Zimbabwe. In 1987, Richard graduated as a fellow of the Executive Development Programme from the University of Zimbabwe.

Corporate governance statement (continued)

Board of Directors' Profiles

Audrey Mamoshoeshoe Mothupi

Citizenship: South Africa

Position: Independent non-executive director

Appointed on: 6 September 2016

Audrey Mothupi is a businesswoman, entrepreneur and the Chief Executive Officer of SystemicLogic Group, a global financial innovation and technology disruptor.

She currently serves on the following boards: Pick 'n Pay and Life HealthCare. She serves as Chairperson of the following non-profit boards: Orange Babies of South Africa (HIV/Aids), Numeric Board of South Africa (Maths) and Roedean School (SA). Prior to SystemicLogic Group, Audrey served as the head of inclusive banking at the Standard Bank Group and Chief Executive of group strategic services at Liberty Group. As a result, her experience spans across various business domains including group strategy, talent design, marketing and communications strategy, integrated with strong corporate relationship management.

George Sidney John Bennett

Citizenship: South Africa

Position: Independent non-executive director

Appointed on: 8 July 2016

George Bennett has over 30 years experience in finance and management, and has been a partner and director with a number of leading financial institutions including Fergusson Bros, Simpson Mckie, and HSBC Securities (Proprietary) Limited.

In 2003, George became CEO of Shanta Gold Limited ("Shanta"), an exploration company based in Tanzania which he successfully listed on the London Stock Exchange in 2005. In 2006, George acquired and restructured MdM Engineering, an engineering company building mineral process plants and mining infrastructure all over Africa. In 2008, George listed MdM on the London Stock Exchange, which over the next 8 years generated over US$57 million of pre-tax profits for its shareholders. In March 2014 George successfully negotiated and managed the sale of MdM Engineering to Amec Foster Wheeler and has now teamed up with Simon Village at Argentum Energy where he has taken the role of Managing Director.

Corporate governance statement (continued)

Board of Directors' Profiles

Manisha Ramphul
Citizenship: Mauritius
Position: Independent non-executive director
Resigned on: 30 November 2020

Manisha Ramphul has over 10 years experience in the global business sector in Mauritius. She started her career with International Financial Services Limited in 2009 and thereafter joined CIM Global Business as Senior Administrator in 2010, where she performed the global business companies' administration prior to moving to Adansonia Management Services Limited in 2018. She currently serves as Team Leader of Adansonia Management Services Limited. In addition to her current role, she also serves as a director on other boards and fulfils the compliance function for a number of entities.

Zain Mehtab Madarun
Citizenship: Mauritius
Position: Independent non-executive director
Appointed on: 28 June 2019

Zaïn Mehtab Madarun has over 10 years experience in the global business sector in Mauritius. As a Fellow Member of the Association of Chartered Certified Accountants, she started her career with CIM Global Business where she performed a Team Leader role in fund administration and managed a team of 10 staff members prior to moving to Inter-Ocean Management Limited (now Maitland (Mauritius) Limited) in 2011 as Senior Client Services Manager. In 2015, Mrs Madarun, along with two other partners, founded the Adansonia Group and became a shareholder in Adansonia Holdings Limited. She currently serves as the Managing Director of Adansonia Management Services Limited. In addition to her current role in the Adansonia Group, she also serves as a director on other boards and fulfils the compliance function for several entities and acts as Company Secretary to TSX and JSE listed entities.

Corporate governance statement (continued)

Board of Directors' Profiles

Simon Nyarota

Citizenship:	Zimbabwe
Position:	Independent director
Appointed on:	19 November 2018

Simon Nyarota obtained a Bachelor of Arts Economics and Statistics degree (National University of Lesotho), M. Math (Statistics) and M. Math (Actuarial Science) (both from the University of Waterloo, Ontario, Canada). He has over 35 years of extensive work experience in the Zimbabwean financial, banking, insurance and investment sectors with additional experience in macroeconomic and financial research and analysis. He was with the Reserve Bank of Zimbabwe for a total of 20 years, 14 of which he was Director-Economic Research and Policy. He was also employed by Trade and Investment Bank as a senior official in Project Finance as an Executive Director at Barbican Holdings Limited, and as an actuarial assistant at Southern Life Association, Southampton Assurance and Old Mutual. Simon is heavily involved in macroeconomic research within the Southern Africa Development Community ("SADC"). He is a past Chairman of the Macroeconomic Sub-Committee and the Research Review Panel of the SADC Committee of Central Bank Governors ("CCBG"). He has also worked with other regional and international institutions which include the Common Market for Eastern and Southern Africa ("COMESA"), the Macroeconomic and Financial Management Institute of Eastern and Southern Africa ("MEFMI"), the World Bank, the International Monetary Fund ("IMF"), and the African Development Bank ("AfDB"). He is currently the Managing Consultant of Tsoka Capital (Private) Limited.

Mohammad Naeem Sadagur

Citizenship:	Mauritius
Position:	Independet non-executive director
Appointed on:	30 November 2020

Mr Mohammad Naeem Sadagur holds a Bachelor of Accounting and finance degree from the University of Mauritius. He has over six years of experience in the global business sector in Mauritius and is currently working as Client Service Manager at Adansonia Management Services Limited. He is also the Money Laundering Reporting Officer of the Adansonia group of companies. In addition to his current role, he also serves as director on other boards and fulfils the compliance function for a number of entities.

In 2014, he started his career at Maitland (Mauritius) Limited, where he performed the role of Client Accountant. After spending around one and a half year with Maitland (Mauritius) Limited, he joined Adansonia Management Services Limited in 2016, as a Senior Client Accountant and has since continued developing his career with Adansonia.

Corporate governance statement (continued)

ROLES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer are independent of each other and they function under separate mandates issued by the Board. This differentiates the division of responsibility within the Company and ensures a balance of authority. The Board is chaired by Simon Village, a non - executive director of the Company. The Chairman is responsible for providing leadership to the Board, overseeing its efficient operation and ensuring good corporate governance practices. The Chairman is not considered to be independent due to his relationship with a material shareholder of the Company. The role of lead independent non - executive director, is held by Mrs Chipo Mtasa.

Peter Saungweme is the Chief Executive Officer of the Company and is responsible for the management of the day-to-day operations and affairs in line with the policies and strategic objectives set out and agreed to by the Board. The Chief Executive Officer is supported by the Group's Executive Committee of which he chairs a monthly meeting where the Group's results, performance and prospects are reviewed. The Chief Executive Officer reports at each Board meeting the strategy, updates performance and prospects of the Group and any other material matters arising.

INDEPENDENCE OF THE BOARD

The Board maintains its independence through:

- keeping the roles of Chairman and Chief Executive Officer separate;
- having a lead independent non-executive director;
- the non-executive directors not holding fixed term service contracts and their remuneration not being tied to the financial performance of the Group;
- all directors having access to the advice and services of the Company Secretary;
- all directors, with prior permission from the Board, being entitled to seek independent professional advice on the affairs of the Group at the Group's expense;
- functioning Board Committees comprising mainly non-executive directors; and
- the appointment or dismissal of the Company Secretary being decided by the Board as a whole and not by one individual director.

INDEPENDENT NON EXECUTIVE DIRECTORS

The criteria used to determine whether a director is an independent non-executive director is an assessment of independence in fact and in the perception of a reasonably informed outsider.

The independence of an independent non-executive director is assessed annually by the Board on the following criteria:

- is not a representative of a shareholder who has the ability to control or significantly influence management;
- does not have a direct or indirect interest in the Company (including any parent or subsidiary in a consolidated Group with the Company) which is either material to the Director or to the Company. (A shareholding of 5% or more is considered material);
- has not been employed in any executive capacity for the preceding three financial years by the Company or the Group;
- is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the Company or the Group in an executive capacity;
- is not a professional adviser to the Company or the Group;
- is free from any business or other relationship which could be seen to interfere materially with the individual's capacity to act in an independent manner; and
- does not receive remuneration contingent upon the performance of the Company.

The Board is satisfied with the status of the independent non-executive directors.

Corporate governance statement (continued)

DIRECTORS' INTERESTS IN CONTRACTS AND CONFLICT OF INTERESTS

A full register of Director's interests is maintained and each Director certifies that the list is correct at each board meeting. Directors are required to inform the Board of conflicts or potential conflicts of interest that they may have in relation to particular items of business and are obliged to recuse themselves from discussions or decisions in relation to such matters. Directors are also required to disclose their other directorships at least annually and to inform the Board when any changes occur.

INSURANCE

A suitable directors' liability insurance policy has been taken out by the Group. No claims have been lodged under this policy up to the date of this report.

BOARD MEETING ATTENDANCE

The record of each director's attendance to the Board and its Committee meetings held during the year ended 31 December 2020 is as follows:

	Main Board	Audit and Risk Committee	Investments Committee	Remuneration and Nominations Committee	CSR* and Ethics Committee
Number of meetings held	4	4	2	3	2
Directors' attendance					
Mr. Simon F.W Village	4	**	**	3	**
Mrs. Chipo Mtasa	4	4	**	3	**
Mr. Simon Nyarota	4	**	**	**	2
Mr. George S.J Bennett	4	4	2	3	**
Ms. Audrey M. Mothupi	4	**	2	**	2
Mr. Naeem Sadagur ©	1©	**	**	**	**
Mr. Richard G. Muirimi	3	**	2	3	2
Mrs. Seetul Manisha Ramphul ®	3 ®	**	**	**	**
Mr. Peter Saungweme	4	4^	2^	3^	2^
Mrs. Zain Madarun ©	2	3	1^	1^	1^
Mr. Muzammil Rengony (A)	1	**	**	**	**

CSR* - Denotes Corporate Social Responsibility
** - Not a member of the Committee
^ - Not a member, attended the meetings by invitation
® - Resigned during the year
(A) - alternate director to Mrs. Zain MADARUN
© - Appointed to the Board in 2020

PERFORMANCE ASSESSMENT AND DEVELOPMENT

An evaluation of the Board and the individual directors is performed annually by the Chairman. The Board has determined its own rules, functions, duties and performance criteria to serve as the basis for the performance appraisal. Although no formal director development process has been adopted, performance evaluations have been structured in such a way as to identify the training needs of directors. The Company Secretary and Group Legal Counsel assist the Board with director induction and training requirements.

Corporate governance statement (continued)

EVALUATION OF COMPANY SECRETARY

Adansonia Management Services Limited ("Adansonia") are the appointed Company Secretary, in terms of the Mauritius Companies Act. Adansonia is licenced and regulated by the Financial Services Commission of Mauritius since 2008. All directors have access to information and to the advice and services of the Company Secretary.

After assessing the Company Secretary as required by the JSE Listings Requirements, the Board concluded that Adansonia is suitably qualified, competent and meets the appropriate experience requirements to carry out the functions of Company Secretary of a public listed company. Furthermore, the Board is satisfied that Adansonia maintains an arm's length relationship with the Board of directors and does not enjoy any related or inter-related relationship with any of the directors or executives of the Company that could give rise to a conflict of interests.

BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee has satisfied itself that the Company and its subsidiaries have established appropriate financial reporting procedures and that these are operating.

The Board has ensured that the Group has an effective and independent Audit and Risk Committee ("the Committee") which comprises suitably skilled and experienced independent non-executive directors. The following members serve on the Audit and Risk Committee:

- Chipo Mtasa (Chairperson);
- Zain Madarun; and
- George Bennett.

The Committee has formal terms of reference that have been approved by the Board. To effectively comply with its terms of reference, the independent auditor, the Chief Executive Officer, the Chief Financial Officer, and the Group Head of Legal and Compliance attend the Audit and Risk Committee meetings as standing invitees.

When appropriate the Executive directors and Officers attend the meetings by invitation. The Committee is responsible for assisting the Board in fulfilling its responsibility in respect of financial reporting and risk management. It also has a responsibility to ensure that management has implemented and maintained an effective control environment.

The Audit and Risk Committee's terms of reference include the following:

- to review the effectiveness of the Group's systems of internal control, including internal financial control and to ensure that effective internal control and risk management systems are maintained;
- to oversee the Group's risk management processes with specific oversight of financial reporting risks, internal financial controls, fraud risks and Information Technology ("IT") risks;
- to assist the Board in fulfilling its responsibilities in respect of financial reporting issues and compliance with laws and regulations;
- to monitor and supervise the effective functioning and performance of the internal auditors;
- to ensure that the scope of the internal audit function has no limitations imposed by management and that there is no impairment of its independence;
- to evaluate the independence, effectiveness and performance of the independent auditors;
- to ensure that the respective roles and functions of the independent auditor and internal auditor are sufficiently clarified and coordinated;
- to review financial statements for proper and complete disclosure of timely, reliable and consistent information and to confirm that the accounting policies used are appropriate; and
- to oversee integrated reporting and ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

Corporate governance statement (continued)

AUDIT AND RISK COMMITTEE (CONTINUED)

The Committee also sets the principles for recommending the use of the independent auditor for non-audit purposes that include tax services, corporate restructuring, merger and acquisition advice and training.

The Board determines the levels of risk tolerance and has delegated to management the responsibility to implement and monitor the risk management plan and quarterly risk assessments. The Board is satisfied with the effectiveness of the system and process of risk management.

The internal control environment

The Group's internal control environment is evaluated on an ongoing basis by the internal audit department. Notably, the CEO, who also concurrently holds the role of CFO, and the internal auditor, reviewed the controls over financial reporting, and presented their findings to the Audit Committee. The Audit Committee observed that the Group's internal control system is generally sound and can be relied upon in compiling the annual financial statements.

In relation to the financial reporting controls, the Audit Committee noted that during the current financial year, management with the assistance of the internal audit department evaluated key controls over financial reporting and a formal report was received by the Audit Committee in that regard.

The CEO's evaluation of controls included:

- The identification and classification of risks of potential misstatement, as low, moderate or high based on qualitative and quantitative materiality considerations;
- Identification of key financial reporting controls which the Group has implemented to address the risks identified;
- Testing the design, implementation and operating effectiveness of key financial reporting controls which address moderate and high risks areas;
- Utilising internal audit to test the operating effectiveness of key financial reporting controls addressing moderate high risk areas; and
- Obtaining control declarations from divisional managers on the operating effectiveness of the key financial reporting controls.

Management identified one significant control deficiency out of 130 key financial reporting controls evaluated during the year of which 70 addressed significant risk areas and 40 addressed high risk areas.

The significant control deficiency relates to the valuation of the hotel properties (which are reported as part of the property and equipment in the consolidated financial statements). The valuation of these properties was performed by one of the subsidiaries. To mitigate potential misstatement in the financial statements, management contracted an independent valuer to perform a secondary valuation of the properties in question. Based on the results of the independent valuer, management concluded that the valuation results as determined by the subsidiary were acceptable.

A formal remediation plan has been developed to address the control deficiency.

Given the fact the identified significant control deficiency which was confined to a single element of the financial statements, the Audit Committee concluded that Arden Capital Limited's internal controls can be relied upon as a reasonable basis for the preparation of the financial statements.

The Committee has discussed and documented the basis for its conclusion, which includes discussions with external auditors as well as management.

Compliance with laws and regulations

The Audit and Risk Committee executed its responsibility to assist the Board in fulfilling its responsibilities in respect of compliance with laws and regulations. The Committee oversees the effectiveness of the systems that monitors the Group's compliance with laws and regulations, as well as considering any findings of any investigations that specifically focus on compliance matters. Furthermore, the Committee obtains regular updates from management regarding compliance matters.

The Committee is satisfied that the Company and its subsidiaries are in compliance with the provisions of the Mauritius Companies Act 2001, the Zimbabwe Companies and Other Business Entities Act and the relevant Memorandum and Articles of Association.

Corporate governance statement (continued)

AUDIT AND RISK COMMITTEE (CONTINUED)

Annual financial statements

The Committee has executed its responsibilities to oversee the financial reporting process and assess the Group's accounting policies for the year ended 31 December 2020.

The following were the significant financial reporting matters which were considered during the review of the preparation of the Group's financial statements:

1. Valuation of property and equipment and investment property

Property, equipment, and investment property constitute 75% of the Group's total assets and are revalued bi-annually. The valuation process involves the use of a professional valuer (Dawn Property Consultancy (Private) Limited ("DPC")). DPC is an entity which is part of the Group, hence cannot be considered to be an independent professional valuer, as recommended although not mandatory in terms of the accounting standards. This, together with the valuation challenges arising from currency changes in Zimbabwe, has resulted in valuation of properties and equipment being key to achieving fair presentation.

To assess the reasonability of the valuation results submitted by DPC, the Group subjected all the hotels properties, amounting to US$59.6 million, to an independent valuation. The findings of the independent valuer confirmed that the values determined by DPC were reasonable.

Further disclosures on the valuation methodology and disclosures for property and equipment, and investment property are on note 6 and note 8, respectively ,of the consolidated financial statements.

2. Determination of expected credit losses

The allowance for expected credit losses ("ECL") is considered to be a significant matter as it requires significant judgment, and the trade and other receivables balance is material. The risk of an increase in credit losses has also increased in light of financial challenges the Group's debtors have been experiencing as a result of the adverse impact of Covid-19.

In light of these realities, the Committee considered the reasonability of the assumptions underlying the computation of ECL provided for by management and concluded the assumptions were reasonable and the ECL estimate consistent with the assumptions.

The methodology underlying the determination of the Group's expected credit losses is disclosed in note 3.1 (ii) of the consolidated financial statements.

3. Going concern assumption

Uncertainties exist regarding the Group's ability to continue as a going concern, mostly as a result of the adverse impact Covid-19 has on tourism and hospitality, globally.

In considering the appropriateness of the going concern assumption, the Committee considered the financial condition of each of the Group entities and in particular, business recovery assumptions, the cashflow projections, significant financial commitments, and liquidity support plans. In particular, the Committee also considered whether the underlying businesses would be able to withstand liquidity stress under very strenuous business conditions.

Based on consideration of the variables above, the Committee concluded that the use of the going concern assumption in the preparation of the consolidated financial statements remains appropriate.

Refer to note 2.1.1 of the consolidated financial statements for further details relating to the going concern assessment.

Corporate governance statement (continued)

AUDIT AND RISK COMMITTEE (CONTINUED)

Annual financial statements (continued)

4. Financial reporting in hyperinflationary economies

The Company's subsidiaries adopted IAS 29 for the first time since the Company's listing in the 2019, as conclusions were drawn that the Zimbabwe economy was experiencing hyperinflationary economic conditions. The complexities and judgements associated with the application of IAS 29 pose a risk that the results of the Group operations are not accurately accounted for.

In order to ensure accuracy of hyperinflation workings, the Committee assesses the principles applied by management in the hyperinflation workings against the requirements of IAS 29. Apart from the restatement disclosed in note 30 arising from incorrect application of IAS 29 principles to the results of a branch in South Africa, the Committee has not identified any other circumstances which may be indicative of incorrect application of IAS 29 principles.

Assessment of the expertise and experience of the Chief Finance Officer

The Committee considered the competence and experience of the Company's Chief Finance Officer, Mr Peter Saungweme as required by the JSE Listing Requirements and satisfied itself that his expertise and experience meet the appropriate requirements. Peter is a Chartered Accountant (Zimbabwe) registered with the Institute of Chartered Accountants of Zimbabwe ("ICAZ") and has served in a similar role over a period of eleven years before assuming the current role with the Company. The Committee also considered the competence, quality and expertise of the finance functions across the Group and concluded that they meet the appropriate requirements.

Performance of the independent auditors

The Group's audit services are provided by Deloitte and Touche (Zimbabwe) in collaboration with Deloitte and Touche (South Africa) and Deloitte and Touche (Mauritius) (collectively "Deloitte"). The JSE independent auditors' services are provided by Deloitte and Touche (South Africa) and statutory audit services are provided by Deloitte and Touche (Mauritius). The Committee satisfied itself with the performance of the JSE accredited auditor and statutory auditor, and that the JSE independent auditors' services are being performed by an appropriately JSE accredited auditor. Deloitte were appointed as the auditors to the Company with effect from 24 July 2020.

In compliance with paragraph 3.84(g)(iii) of the JSE Listings Requirements, the Audit and Risk Committee has considered, inter alia, in their assessment of the suitability of the appointment of the company's auditors and the designated individual audit partner, the information detailed in paragraph 22.15(h) of the JSE Listings Requirements.

Risk management

The Audit and Risk Committee exercises oversight on the identification, management and mitigation of risks the Group faces. The Group considers the following as the most significant risks it currently faces:

Risk	Impact	Mitigatory measures
Liquidity The on-going Covid-19 pandemic resulted in the closure of the Group's hotels for a substantial part of the 2020 financial year.	Failure to finance operations which may lead to inability to continue as a going concern.	• The Group implemented measures to preserve liquidity, which among others included the suspension of all non-critical capital expenditure programs, and rationalization of staff to align the same with business performance. • Working capital funding support facilities amounting to US$3.8 million have been put in place. • An international finance institution has expressed willingness to extend up to US$15 million in working capital support, and discussions are ongoing.

Corporate governance statement (continued)

AUDIT AND RISK COMMITTEE (CONTINUED)

Risk management (continued)

Risk	Impact	Mitigatory measures
Tax		
The Group is currently undergoing court processes defending tax claims, with the Zimbabwe Revenue Authority, amounting to US$0.24 million.	Significant negative impact on both earnings and liquidity should the Group fail to succeed.	A team of highly experienced external legal counsel has been assembled to argue the Group's case in the courts.
Legal and compliance		
The Group currently has two listed entities, namely African Sun Limited, which is listed on the Zimbabwe Stock Exchange ("ZSE") and Arden Capital Limited, which is listed on the Johannesburg Stock Exchange ("JSE"). In addition, the Group comprises entities that are incorporated in Zimbabwe, whilst the parent company is incorporated in Mauritius. As a result, complexities arise from managing compliance in various jurisdictions.	Suspension and/or delisting from the stock exchanges which might result in financial harm to the shareholders.	The team of suitably qualified legal professionals have been put in place at the two listed companies. In addition, the parent Company has retained the services of a Mauritius management administrator to assist with Mauritius compliance matters.
Business concentration		
Although the Group operates through three segments namely hospitality, real estate and logistics, the Group predominantly derives its revenue and ultimately profitability from the hospitality segment, which consistently accounts for over 90% of the Group's revenue.	Adverse impact on the hospitality segment's performance directly impacts the Group's performance.	As part of diversification, the Group entered into the housing development market in 2016 and since then, has successfully undertaken two projects. On the strength of the sizeable land bank the Group has in Harare, the Group would be rolling further property development projects in the future to diversify revenue.
Going concern		
The Group, being predominantly tourism and hospitality focused, was at the forefront of being impacted by the adverse impact of the global outbreak of the Covid-19 pandemic.	Adverse impact to short and long shareholder returns.	The Group would: • continue to focus on implementing survival strategies based on cost containment and liquidity preservation; • focus on driving recovery based on the domestic market, whilst the international market recovers; and • ensure that liquidity support facilities are put in place.

INVESTMENTS COMMITTEE

The Investments Committee ("the Committee") has formal terms of reference that have been approved by the Board. The following members serve on the Committee:

- Richard Muirimi (Chairman);
- Audrey Mothupi; and
- George Bennett.

The responsibilities and duties of the Investments Committee are to ensure that investment acquisitions or disposals are in line with the Group's overall strategy and ensure that appropriate due diligence procedures are followed. The Committee manages the process of capital allocation within the Group, and specifically ensures that investments increase shareholder value and meet the Group's financial criteria. The Committee assesses the viability of capital projects and/or acquisition and/or disposals of assets and the effect they may have on the Group's cash flow, as well as whether they comply with the Group's overall strategy.

Corporate governance statement (continued)

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nomination Committee (“the Committee or (“REMCO”) has formal terms of reference that have been approved by the Board. The Committee consists of the following non-executive directors:

- George Bennett (Chairman);
- Chipo Mtasa; and
- Richard Muirimi.

The Committee has adopted formal terms of reference that have been approved by the Board and includes the key responsibility of assisting the Board in:

- determining the remuneration, incentive arrangements and benefits of the executive directors of the Company, including pension rights and any compensation payments;
- determining the fees payable to the Chairman of the Board;
- determining the fees payable to the non-executive directors of the Board;
- determining the remuneration of the Executive Committee members;
- recommending and monitoring the level and structure of remuneration of senior executive employees;
- considering and deciding upon such other matters as the Board may refer to it;
- reviewing, at least annually, the committee’s performance and terms of reference; and
- assisting the Board in the appointment of new directors to the Board.

Directors are appointed through a formal process. To appoint a new director, the Committee will source candidates and make proposals regarding candidates, which proposals will be followed up with curricula vitae and interviews. Candidates will then be recommended to the Board, who may conduct interviews and will then make an appointment, subject to shareholders’ approval at the next AGM.

Remuneration policy

The remuneration policy, which was approved by the shareholders, addresses remuneration on an organisation wide basis and is one of the components of the Company’s corporate governance policy.

Arden Capital Limited’s approach to remuneration is to employ, reward, incentivise and retain employees who believe in our fundamental culture and values. The Company endeavours to encourage entrepreneurship by creating a working environment that motivates its employees to positively contribute to the Company’s principles, strategy, goals and vision.

Our remuneration policy is based on the need to ensure that:

- Our business strategy aligns with our values and objectives whilst upholding the interests of our stakeholders;
- We have rules that make sure that executive remuneration is fair and responsible in the context of overall company remuneration;
- Our procedures and practices are consistent with effective risk management;
- Salaried employees are rewarded on a total rewards basis which includes fixed, variable, short-and long-term rewards;
- The fixed component of the reward includes a base salary, pension and benefits that are normally set at market median level;
- Incentives aimed at encouraging and retaining employees are clearly distinguished from those relating to rewarding performance;
- Employees are empowered to become part of an entrepreneurial culture;
- Adherence to principles of good corporate governance regulatory frameworks like the King IV Report on Corporate Governance;
- Distinctions are drawn between employees who operate in a risk-taking capacity and those who fulfil fiduciary roles. This is to ensure that the independence of employees who act in a fiduciary capacity is not compromised thereby minimizing conflicts of interests;
- Metrics used to assess performance consider the level of achievement and the risks taken in achieving that level of performance, i.e. performance measures are risk-adjusted where appropriate; and
- Incentives are based on targets that are verifiable and multiple performance measures are used to avoid manipulation of results; and
- Offer flexibility for the customisation of remuneration and benefits, i.e. work/life balance and specific business needs.

Corporate governance statement (continued)

REMUNERATION AND NOMINATIONS COMMITTEE (CONTINUED)

Remuneration structure

The Company's remuneration structure for salaried employees, which includes executive directors, consists of the following elements: fixed guaranteed remuneration package and variable remuneration (short-term and long-term incentives) and recognition. Fixed remuneration is guaranteed, and it is normally paid irrespective of the Company's performance. Variable remuneration is not guarantee and it is directly linked to, and dependent on the Company and the individual concerned achieving a certain level of performance.

Remuneration element	Purpose	Other salient features
Guaranteed package	The key objective of the guaranteed package is to provide the base element of remuneration that reflects the person's role or position in the Company. Guaranteed remuneration is payable for doing the expected job. Pays for overall job requirements, accountability and complexity of tasks. The guaranteed package ensures that the Company attracts and retains high performing individuals by paying market related guaranteed remuneration package.	Guaranteed remuneration is paid monthly on a total cost to company, is generally targeted at the median or 50th percentile level and benchmarked against the financial services sector. All employees, includinge xecutive directors are eligible for guaranteed remuneration.
Short term incentives	The key objective of short term incentives is to create a performance culture. This will be achieved by rewarding individuals and or teams for achieving strong annual financial and non-financial results. Performance will be measured in terms of pre-determined targets. Short term incentives focus on the attainment of both short term and medium term results, whilst at the same time ensuring the successful execution of the strategic plan. Short term incentives offers opportunity for pay-for-performance to incentivise employees.	The short-term incentive remuneration, which is usually in the form of a performance bonus is payable annually in April. Performance bonuses above a certain threshold are paid out in 2 - 4 tranches within a 1-year period. The performance bonus is based on a performance balanced scorecard where the Company performance targets are set in terms of threshold, target and performance levels. The measurement period for assessing performance against the scorecard is normally a period of 12 months coinciding with the Group's financial year. In general, the short-term incentive applies to all employees.
Long term incentives	The broad purpose of the Long-Term Incentives Plan ("LTIP") is to attract, motivate, retain and reward key employees who can influence the Company's performance and strategic direction. Long-term incentives are aligned to multi-year targets of growth and long-term value creation. These are crucial in retaining critical employees. Long term incentives focus on longer term strategic imperatives and aligns performance with shareholder thinking and expectations. Long term incentives reward employees based on sustainable company performance.	The Company's Executive Committee ("Exco"), members and key management whose deliverables are essential and who are critical from a retention perspective, are eligible for participation in the LTIP. Eligible individuals are selected by the Company's Exco, and or by the Chief Executive Officer under the oversight of the Remuneration and Nominations Committee ("REMCO").

Corporate governance statement (continued)

REMUNERATION AND NOMINATIONS COMMITTEE (CONTINUED)

Fair and responsible remuneration

The Company is committed to fair and responsible remuneration. Any possible remuneration disparities related to race, gender, and any other form of discrimination shall not be accepted. Any suspected remuneration disparities are investigated and addressed as soon as is possible.

Any unjustifiable differences in the terms and conditions of employment, including remuneration will be identified. Unjustifiable differences in pay and conditions of employment between employees at the same level will be addressed in accordance with the "Equal Pay for Work of Equal Value" philosophy. The Company believes its employee development approach is critical in addressing remuneration disparities. This approach includes career mapping for employees, development of employees, various training courses and an extensive employee value proposition which amongst other things provides for an empowering work environment and a culture conducive to personal growth.

Remuneration of non-executive directors

The fees for non-executive directors serving on the Company and major subsidiaries' board and board committees are reviewed annually and submitted for consideration to the REMCO. The fees, which require shareholder approval in terms of the law are further submitted for approval at the Company's annual general meeting. In considering adjustments to the non-executive directors' fees, various factors are considered, including a review of market analysis on the subject matter. Market benchmarking consider the size of the organisation as well as the complexity of the work performed. The Company, upon recommendation of the REMCO, will work towards benchmarking the non-executive director's fees within the range of the upper quartile (75th percentile).

Non-executive directors fees comprise a base fee (retention) and an attendance fee component. Non-executive directors and the Chairman do not receive performance incentive payments (short-term or long-term), share appreciation rights or options, pension fund benefits, loans on preferential terms or any other form of financial assistance.

Non-executive directors are entitled to receive allowances for attending meetings. They are also entitled to allowances where this is necessary to enable them to discharge their duties and obligations. Where non-executive directors incur expenses attending meetings and discharging their duties and obligations, they are entitled to be fully reimbursed for said expenses by the Company.

Non-executive director fees are approved by shareholders in advance by way of special resolution at each annual general meeting. The Chairperson of the Board and other committees are paid at higher levels than the other members and different remuneration is also paid for the different Board Committees to reflect the complexity and amount of preparation required.

Adoption of race and gender diversity policy

The Board has adopted a policy on gender and race diversity policy. However, the Board is still in the process of establishing the voluntary targets.

Corporate governance statement (continued)

CORPORATE SOCIAL RESPONSIBILITY AND ETHICS COMMITTEE

In line with best practice requirements, the Group has an established Corporate Social Responsibility and Ethics Committee ("the CSRE Committee"). The following members serve on the CSRE Committee of the Group:

- Audrey Mamoshoeshoe Mothupi (Chairperson);
- Richard Muirimi; and
- Simon Nyarota.

The CSRE Committee:

- Oversees the development and annual review of a policy and plan for corporate social responsibility to recommend for approval to the board;
- Monitors implementation of the policy and plan for corporate social responsibility taking place, by means of social responsibility management systems and processes;
- Ensures that the corporate social responsibility plan is widely disseminated throughout the Group and integrated in the day to day activities of the Group;
- Ensures that corporate social responsibility assessments are performed on a continuous basis, and that management considers and implements appropriate corporate social responsibility responses;
- Ensures that continuous corporate social responsibility monitoring by management takes place;
- Reviews reporting concerning corporate social responsibility that is to be included in the integrated report for it being timely, comprehensive and relevant;
- Monitors the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practise, with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and public safety, including the impact of the Group's activities and of its products or services; and
- Report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate to the best of their knowledge.

EXECUTIVE COMMITTEE

The Executive Committee ("EXCO") supports the Chief Executive Officer in carrying out his responsibilities for the day to day management of the Group's operations and consists of two members. The following members serve on the EXCO of the Company:

- the Chief Executive Officer and Chief Finance Officer; and
- the Group Head of Legal Counsel.

The EXCO is chaired by the Chief Executive Officer and Chief Finance Officer and has regular input from executives from the operating subsidiaries. Meetings are convened monthly.

The EXCO operates within the confines of the power delegated to it by the Board. The EXCO is responsible for the following from a Company and Group perspective:

- the implementation of strategies and policies;
- managing the day to day business affairs;
- prioritizing the allocation of capital and technical and human resources;
- establishing the best management practices and functional standards;
- enterprise wide risk management; and
- ensuring that regular detailed reports are submitted to the Board on each of the businesses in which the Company is invested; and
- performing such other duties and responsibilities as the Board of directors may direct from time to time.

Corporate governance statement (continued)

SHARE DEALINGS

The Group has imposed closed periods in line with a "closed period" as defined in the Johannesburg Stock Exchange ("JSE") Listings Requirements. During these periods directors, officers and defined employees may not deal in any securities issued by the Company or any of its listed subsidiaries. Notwithstanding the closed periods directors and officers may not trade in the Group's securities during any period where they have access to unpublished price-sensitive information. To ensure effective compliance, it is a requirement that no trade in the Company's securities may take place outside of the closed periods without:

- the prior written approval from the Chairman for the Chief Executive Officer, Chief Finance Officer and non-executive directors;
- the prior written approval from the Lead Independent non-executive director for the Chairman; and
- the prior written approval from the Chief Executive Officer for EXCO members.

DIRECTORS' INTERESTS IN THE COMPANY'S SHARES

The direct and indirect interests of the directors and their associates in the Company's shares as at the reporting date are set out below. Those directors who have not been included do not hold shares in the Company.

	Direct beneficial interest	Indirect beneficial interest	Total	Percentage held (%)
As at 31 December 2020				
Simon F. Village	-	989 926	989 926	0.84%
Richard G. Muirimi	1 000 000	-	1 000 000	0.85%
George S.J Bennet	-	200 000	200 000	0.17%
Audrey M. Mothupi	25 000	-	25 000	0.02%
Total held by current di rectors	**1 025 000**	**1 189 926**	**2 214 926**	**1.88%**
Total held by immediate past directors	-	-	-	-
Total number of shares held by the directors	**1 025 000**	**1 189 926**	**2 214 926**	**1.88%**
Total number of shares in issue (including treasury shares)			**117 266 523**	
As at 31 December 2019				
Simon F. Village	-	989 926	989 926	0.84%
Richard G. Muirimi	1 000 000	-	1 000 000	0.85%
George S.J Bennet	-	200 000	200 000	0.17%
Audrey M. Mothupi	25 000	-	25 000	0.02%
Total held by current directors	**1 025 000**	**1 189 926**	**2 214 926**	**1.88%**
Total held by immediate past directors				
Brett I. Childs	542 433	-	542 433	0.46%
Richard N. Charrington	-	200 000	200 000	0.17%
	542 433	**200 000**	**742 433**	**0.63%**
Total number of shares held by the directors	**1 567 433**	**1 389 926**	**2 957 359**	**2.52%**
Total number of shares in issue (including treasury shares)			**117 266 523**	

There were no other changes in the disclosed directors' interest between the reporting date and the date on which the financial statements were approved.

Corporate governance statement (continued)

INTERNAL AUDIT

The Board ensures that there is an effective risk-based internal audit function that subscribes to the Institute of Internal Auditors of Zimbabwe's standards. Internal audit is an independent function and provides the Board with assurance that an effective governance, risk management and internal control environment is maintained. The internal audit function is informed by the strategy and risks of the Group and its reports and recommendations, which provide a written assessment of the effectiveness of the Group's internal controls, are tabled at quarterly Audit and Risk Committee meetings for review. The Audit and Risk Committee is responsible for overseeing the internal audit function and ensures that it has the appropriate skills and resources.

The Internal Audit function is currently outsourced to Grant thornton (Zimbabwe), an independent audit firm.

STAKEHOLDER COMMUNICATIONS AND RELATIONS

The Board appreciates that stakeholders' perceptions affect the Group's reputation and strives to achieve the appropriate balance between its various stakeholder groupings in the best interest of the Group. The Board has delegated the stakeholder communication and relations role to the EXCO, who in turn have been authorised to enlist the services of suitably qualified consulting firms for assistance in fulfilling that role. Structures have been introduced to manage the interface with the various stakeholder groups.

There are responsive systems of governance and practice, which the Board and Management regard as appropriate. The communication with stakeholders is considered to be transparent and effective and the Group has retained the services of public relations professionals to assist with stakeholder communication issues and investor relations.

Deloitte.

Private Bag X6
Gallo Manor 2052
South Africa

Deloitte & Touche
Registered Auditors
Audit & Assurance
Deloitte
5 Magwa Crescent
Waterfall City
Waterfall
Docex 10 Johannesburg

Tel: +27 (0)11 806 5000
www.deloitte.com

Independent Auditor's Report
To the Shareholders of Arden Capital Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Arden Capital Limited and its subsidiaries ("the Group"), set out on pages 38 to 116, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

Impact of incorrect application of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" on comparative financial information and retained earnings

The Group did not comply with IAS 21 in the prior financial period, as it elected to comply with the requirements of Statutory Instrument 33 of 2019 ("SI 33/19") as was pronounced by the Government of Zimbabwe, from 1 October 2018 to 22 February 2019. Had the assessment required by IAS 21 occurred in the correct period from 1 October 2018, the adjustments that were recognised in the comparative 2019 period would have been materially different. Therefore, the departure from the requirements of IAS 21 were pervasive in the prior period. The misstatements in the historical comparative information impacted the determination of the inflation adjusted amounts as is required in the application of IAS 29 in prior years. The financial effects on the inflation adjusted consolidated financial statements of this departure were not determined. Furthermore, our opinion on the current period's financial results is modified because of the possible effects of the matter on the retained earnings and the comparability of the current period's financial results with that of the prior year.

Impact of exchange rates on valuation of Property and Equipment on comparative financial information and current year statement of comprehensive income

The Groups' Zimbabwe-based subsidiaries performed a fair valuation of Property and equipment as at 31 December 2019. In order to determine the ZWL values of the Property and equipment as at that date, United States of America dollars ("US$") inputs were used and then translated into ZWL using the closing interbank exchange rate. The prior year audit opinion was modified because the translation of the US$ property values to ZWL values using the interbank exchange rate was not an accurate reflection of the market dynamics, since the risks associated with currency trading did not reflect the risks associated with property trading as required by IFRS 13 "Fair Value Measurements". Furthermore, properties could not legally be traded in US$, in the Group's primary economic environment.

Deloitte.

Independent Auditor's Report (continued)

Basis for Qualified Opinion (continued)

Impact of exchange rates on valuation of Property and Equipment on comparative financial information and current year statement of comprehensive income (continued)

It was not practicable to quantify the financial effects on the prior year consolidated financial statements. The financial effects of any prior year misstatement insofar as they affect depreciation, deferred tax and revaluation gain or loss in the consolidated statement of comprehensive income in the current year, though unquantified, were effectively adjusted for in the current period, when the Property and equipment were revalued at 31 December 2020.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* section of our report, we have determined the matters described below to be the key audit matters.

Key audit matter	How the matter was addressed in the audit
1. Valuation of Investment Property	
The Group's investment property relates to hotel and residential properties located in Zimbabwe. Investment property was valued at US$ 14 956 550 (2019: US$ 22 705 710) as outlined in note 8. The fair value gain recorded for the current financial period amounts to US$ 460 958 (2019: US$ 13 256 442). We have identified investment property valuation as a key audit matter due to: • Under the direction of the directors' significant judgement is applied by the valuers (management specialist) in determining unit costs, remaining useful lives and market values for the properties. This exposes the balance to a high level of estimation uncertainty and contributes to the complexity of the valuation process. • The valuation is carried out by a related party Dawn Properties Consultancy (DPC) valuers. Consequently, special attention was given to the investment property valuation process and results, due to the inherent risk of a lack of objectivity and independence in the valuation process; and • IAS 40 "Investment Property" and IFRS 13 "Fair value measurements" are standards with specific disclosure requirements that enable the user of the financial statements to understand the method and assumptions applied the in the valuations. Based on the above, the valuation of investment property is considered to be a key audit matter due to the judgement arising from the considerations applied.	We obtained an understanding of the Group's business process in order to evaluate areas of judgement and more specifically the valuation of investment property. We performed the following audit procedures to address this key audit matter: 1. Testing the design and implementation of controls with respect to the process of determining fair values for the investment property; 2. Assessing the competence, objectivity and qualifications of management's specialist, and held meetings with the specialist to discuss the valuation methodologies; 3. Engaging an auditor's specialist to evaluate the reasonability of the valuations carried out by management's specialist; 4. Inspecting the valuation reports as at 31 December 2020 and alongside the auditor's specialist challenged the key inputs and assumptions and critically evaluated the reasonability of the assumptions taken into account in determining the fair values of the investment property as at 31 December 2020; 5. Recalculating the fair value of the investment property based on supporting schedules to evaluate the accuracy of the fair value computations; and 6. Evaluated whether the disclosures in the consolidated financial statements relating to the valuation of investment property were in accordance with International Financial Reporting Standards. Based on the audit procedures performed the investment property values were determined to be within reasonable ranges. The disclosures were found to be appropriate in terms of the relevant accounting standards.

Independent Auditor's Report (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in the audit
2. Provision for expected credit losses	
At 31 December 2020, the Group recognised net trade receivables of US$ 1 507 349 (2019: US$ 2 880 716), which included an expected credit loss of US$ 517 282 (2019: US$ 1 011 145) as outlined in note 16.2. The Group, which uses a lifetime Expected Credit Loss (ECL) for trade receivables, applied the Simplified approach in determining the ECL in trade receivables. The provision for ECL is considered to be a key audit matter as it requires significant judgement, and the trade receivables balance is material. In the determination of the ECL in the current year the directors applied the following assumptions and judgement; • Grouping of trade receivables with shared credit characteristics; • Adjustment of historical loss rates to reflect current and forward-looking information; and • Additional adjustments to reflect the impact of COVID-19. Based on the above, the provision for ECL is considered to be a key audit area.	We have performed the following audit procedures to address the key audit matter: 1. Tested the design and implementation of controls with respect to the determination of the provision for ECL; 2. Tested the completeness of trade and other receivables included in the ECL calculation; 3. Tested the appropriateness of the methodologies of the ECL in terms of IFRS 9 "Financial Instruments"; 4. Evaluated and challenged the relevant inputs, assumptions and judgements used in each stage of the expected credit loss calculation; 5. Assessed the reasonability of forward- looking information used by management taking into account the economic impact of Covid on the Group's customers; 6. Challenged the judgements and decisions made by the directors in estimating the ECL to identify whether indicators of possible management bias exist; 7. Evaluated whether management's current modelling approach is appropriate in terms of grouping, historical loss rates and forward-looking information; 8. Tested the ageing of trade receivables, through review of payment trends on a sample basis, to ensure their appropriate ageing; 9. For identified long outstanding trade receivables, inspected documentation to ascertain the recovery of amounts from the customers; and 10. Evaluated whether the disclosures in the consolidated financial statements relating to the provision for ECL were in accordance with International Financial Reporting Standards. Based on the audit procedures performed the allowance for credit losses was determined to be appropriate and disclosed adequately.

Deloitte.

Independent Auditor's Report (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in the audit
3. Appropriateness of the Going Concern Assumption	
There is an unprecedented level of economic uncertainty arising from the impact of the COVID-19 pandemic. Assessing the impact of the outbreak of the pandemic on the appropriateness of the going concern assumption, under which the consolidated financial statements have been prepared, resulted in considerable focus and time being spent by both the directors and us as auditors. The Group, which is predominantly a tourism based business, has been adversely affected by the COVID-19 pandemic, which impacted the operations significantly during the year. The Group made a net loss of US$ 14 044 717 for the ended 31 December 2020 (2019: net profit US$ 26 152 378) and as of that date, the Group's current assets exceeded its current liabilities by US$ 9 160 913 (2019: US$ 9 589 304). Given the inherent uncertainty associated with the COVID-19 pandemic, it is difficult to determine a reasonable worst-case scenario. Accordingly, management and the directors modelled a range of scenarios. The directors concluded that there are no material uncertainties that give rise to significant doubt over the Group's ability to continue as a going concern for at least twelve months from the date of the approval of the financial statements. The judgements applied with respect to reaching the director's going concern conclusion are disclosed in Accounting Policy Note 2.1.1 to the consolidated financial statements. As a result of the judgement required to conclude on the going concern, we identified this as a key audit matter.	We reassessed our risk assessment on going concern and took into account the additional considerations of the impact of the COVID-19 pandemic on the Group when assessing the going concern conclusion. In evaluating the directors' judgements in determining the Group's ability to continue as a going concern, the following procedures were performed: 1. Tested the design and implementation of controls around the going concern assessment and judgements applied; 2. Reviewed Board minutes for meetings held during the year to identify any significant matters that may affect the going concern of the Group; 3. Performed a ratio analysis to evaluate the entity's liquidity and solvency positions as at 31 December 2020; 4. Inquired of the director's and management's plans for future actions in respect of going concern, including, for example, enquiries about their plans to liquidate assets, access new debt facilities or restructure debts, reduce or defer expenditures, or increase capital, in order to establish whether they are feasible and likely to improve the situation; 5. We performed procedures to test the accuracy and completeness of the cashflow projections; 6. Inspected the cash flow forecasts and challenged the reasonableness of the scenarios identified by management and the directors including the key assumptions underlying the cash flow forecasts as well as the stress tests prepared by management and approved by the directors; 7. Inspected the signed undrawn capital facility amounting to US$2 million, which would be strengthened by a further government supported tourism sector relief facility of US$1.8million and ensured that the forecasted cash outflows were modelled in line with legal obligations and repayment of loan facilities; 8. Obtained written representation from management regarding their future action plans and the feasibility of the plans; 9. Inquired with the Group's legal advisers regarding the existence of litigation and claims and the reasonableness of management's assessments of their outcome and estimate of their financial implications; 10. We recomputed the accuracy of liquidity assessments and interrogated the working capital assumptions embedded in the cashflow forecasts; 11. Performed a review of subsequent events to identify factors that otherwise mitigate or affect the Group's ability to continue as a going concern; and 12. We examined the disclosures in the consolidated financial statements with respect to going concern to ensure that reasonable information is disclosed concerning the director's and management's judgements and assumptions. Notwithstanding the existing uncertainties emanating from the COVID-19 pandemic, the going concern assumption was deemed to be appropriately applied, and adequately disclosed in the preparation of the consolidated financial statements.

Deloitte.

Independent Auditor's Report (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in the audit
4. Hyper inflationary Accounting (IAS 29)	
As detailed in note 2.25, Zimbabwe was deemed hyperinflationary effective 31 July 2019 in terms of the requirements of IAS 29 Financial Reporting in Hyperinflationary Economies as a hyperinflationary economy ("IAS 29"). During the current year a monetary adjustment loss of US$ 11 802 982 (2019: monetary gain of US$ 11 656 355) was recognised in operating loss for the year. The directors performed the hyperinflation calculations which included utilising the consumer price indices used as a basis for hyperinflation. There are a number of complexities and judgements associated with the application of IAS 29. Therefore, there is a risk that the results of the Group operations are not accurately accounted for in accordance with the requirements of IAS 29. Based on the above, the application of IAS 29 and the restatement is determined to be a key audit matter in the current year.	We have performed the following audit procedures to address the key audit matter: 1. Evaluated the relevant controls designed and implemented by the directors to determine the impact of hyperinflation on the consolidated financial statements. These include controls designed and implemented by the directors to ensure the robustness of key assumptions used in the calculations; 2. Assessed the principles applied by the directors in the hyperinflation workings against the requirements of IAS 29; 3. Utilised our internal accounting specialists to determine the accounting treatment of the foreign branch consolidated into a Group residing in a hyperinflationary economy; and 4. Assessed the accuracy and completeness of the hyperinflation calculations with specific focus on the inflation rates, cumulative inflation rate and consumer price indices applied; and 5. Evaluated whether the disclosures in the consolidated financial statements relating to the hyperinflation and the restatement were in accordance with International Financial Reporting Standards. Based on the procedures performed, IAS 29 was implemented appropriately, and the disclosure requirements of IAS 29 were complied with. Furthermore, as explained in note 30 of the consolidated financial statements, the Group corrected a prior period error due to the incorrect application of IAS 29 with respect to the financial results of the Group's South African branch. The prior period error disclosure in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is appropriate.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an adverse opinion on those statements on 29 May 2020.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Arden Capital Limited Annual Report 2020 which includes the Directors' report, Directors' declaration, Chief Executive Officer and Chief Finance Officer declaration, Corporate Governance Statements, notice to the annual general meeting, form of proxy and Certificate from Secretary under Section 166(d) of the Mauritius Companies Act 2001, which we obtained prior to the date of the audit report, and the Arden Capital Limited separate financial statements, which are expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

Deloitte.

Independent Auditor's Report (continued)

Other Information (continued)

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have concluded that the other information is misstated insofar the matters described in the Basis for qualified opinion affects the account balances and disclosures included in the other information.

Responsibilities of the directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated 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 consolidated 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 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 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 consolidated and separate 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Deloitte.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that this is the first year that Deloitte & Touche has been the auditor of Arden Capital Limited.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Patrick Kleb
Partner

27 April 2021

Deloitte & Touche
5 Magwa Crescent,
Waterfall City,
2090,
Johannesburg,
Gauteng
South Africa

Consolidated statement of financial position

As at 31 December 2020

	Notes	2020 US$	Restated * 2019 US$
ASSETS			
Non-current assets			
Property and equipment	6	85 508 297	94 803 254
Right-of-use assets	7	4 383 428	12 978 504
Investment property	8	14 956 550	22 705 710
Goodwill	9	3 901 773	4 241 093
Deferred tax assets	13.4	1 984 669	790 255
Other non-current assets	16.1	1 519 384	1 503 317
Total non current assets		**112 254 101**	**137 022 133**
Current assets			
Inventories	15	8 146 769	4 157 860
Trade and other receivables	16.1	2 947 294	6 997 023
Cash and cash equivalents	17	10 331 877	12 481 738
		21 425 940	**23 636 621**
Assets classified as held for sale	14	845 004	-
Total current assets		**22 270 944**	**23 636 621**
Total assets		**134 525 045**	**160 658 754**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Stated capital	21	73 163 254	73 163 254
Revaluation reserve		27 005 673	28 783 794
Equity settled share based payments reserve	23	125 780	-
Non-distributable reserve		(765 173)	(755 697)
Foreign currency translation reserve		(47 926 946)	(47 141 886)
Retained earnings		7 513 046	16 882 019
Equity attributable to shareholders of parent		**59 115 634**	**70 931 484**
Non-controlling interests	24	39 849 012	46 237 637
Total equity		**98 964 646**	**117 169 121**
LIABILITIES			
Non current liabilities			
Borrowings	18	30 696	139 603
Deferred tax liabilities	13.4	19 290 093	27 174 350
Deferred lease income		4 858	16 160
Lease liabilities	7	3 124 721	2 112 203
Total non current liabilities		**22 450 368**	**29 442 316**
Current liabilities			
Borrowings	18	98 319	316 081
Trade and other payables	19	11 259 204	11 664 482
Provisions	20	1 343 847	1 216 919
Deferred lease income		2 943	1 949
Lease liabilities	7	72 340	43 954
Current income tax payable	29.2	333 378	803 932
Total current liabilities		**13 110 031**	**14 047 317**
Total liabilities		**35 560 399**	**43 489 633**
Total equity and liabilities		**134 525 045**	**160 658 754**

** Refer to note 30 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

For the year ended 31 December 2020

	Notes	2020 US$	Restated * 2019 US$
Revenue	5	25 358 009	58 060 134
Cost of sales	5	(7 275 081)	(12 340 069)
Gross profit		**18 082 928**	**45 720 065**
Operating expenses	25	(24 071 151)	(31 240 405)
Net impairment (losses)/ gains on financial assets	16.2	(618 284)	145 968
Net monetary (loss)/ gain		(11 802 982)	11 656 355
Other gains	26	460 958	13 256 442
Sundry expenses	27	(1 907 608)	(339 069)
Operating (loss)/profit before finance cost		**(19 856 139)**	**39 199 356**
Finance income	28.1	30 931	84 129
Finance costs	28.2	(857 962)	(2 855 789)
Net finance costs		**(827 031)**	**(2 771 660)**
(Loss)/profit before income tax		**(20 683 170)**	**36 427 696**
Income tax credit/(expense)	29	6 638 453	(10 275 318)
Loss/(profit) for the year		**(14 044 717)**	**26 152 378**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange losses on translation of foreign operations		(5 056 013)	(64 106 757)
Items that may not be reclassified subsequently to profit or loss:			
Revaluation of property and equipment (net of tax)		871 007	44 099 205
Total other comprehensive loss for the year		**(4 185 006)**	**(20 007 552)**
Total comprehensive (loss)/income for the year		**(18 229 723)**	**6 144 826**
(Loss)/profit attributable to:			
Owners of the parent		(9 368 973)	15 937 557
Non-controlling interests		(4 675 744)	10 214 821
		(14 044 717)	**26 152 378**
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(11 941 630)	(2 210 502)
Non-controlling interests		(6 288 093)	8 355 328
		(18 229 723)	**6 144 826**
(Loss)/earnings per share attributable to:			
Owners of the parent for the year: cents			
Basic	22.1	(8.56)	15.66
Diluted	22.2	(8.56)	15.66

** Refer to note 30 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 31 December 2020

		ATTRIBUTABLE TO OWNERS OF ARDEN CAPITAL LIMITED								
	Notes	Stated capital US$	Revaluation reserve US$	Equity settled share based payments reserve US$	Non-distributable reserve US$	Foreign currency translation reserve US$	Retained earnings US$	Total US$	Non-controlling interests US$	Total equity US$
YEAR ENDED 31 DECEMBER 2019 (Restated*)										
Balance as at 1 January 2019		**63 088 923**	**-**	**-**	**(643 428)**	**(322 302)**	**944 462**	**63 067 655**	**38 677 028**	**101 744 683**
Total comprehensive income:										
Profit for the year (restated)		-	-	-	-	-	15 937 557	**15 937 557**	10 214 821	**26 152 378**
Other comprehensive income for the year										**-**
Revaluation gain from property and equipment (net of tax)		-	28 783 794	-	-	-	-	**28 783 794**	15 315 411	**44 099 205**
Foreign exchange differences on translation of foreign operations (restated)		-	-	-	(112 269)	(46 819 584)	-	**(46 931 853)**	(17 174 904)	**(64 106 757)**
Total comprehensive income/(loss) for the year		**-**	**28 783 794**	**-**	**(112 269)**	**(46 819 584)**	**15 937 557**	**(2 210 502)**	**8 355 328**	**6 144 826**
Transactions with owners in their capacity as owners:										
Issue of shares	21.1	10 074 331	-	-	-	-	-	**10 074 331**	-	**10 074 331**
Dividends declared and paid to non-controlling interests		-	-	-	-	-	-	**-**	(794 719)	**(794 719)**
		10 074 331	**-**	**-**	**-**	**-**	**-**	**10 074 331**	**(794 719)**	**9 279 612**
Balance as at 31 December 2019		**73 163 254**	**28 783 794**	**-**	**(755 697)**	**(47 141 886)**	**16 882 019**	**70 931 484**	**46 237 637**	**117 169 121**
YEAR ENDED 31 DECEMBER 2020										
Balance as at 1 January 2020		**73 163 254**	**28 783 794**	**-**	**(755 697)**	**(47 141 886)**	**16 882 019**	**70 931 484**	**46 237 637**	**117 169 121**
Total comprehensive income:										
(Loss)/ profit for the year		-	-	-	-	-	(9 368 973)	**(9 368 973)**	(4 675 744)	**(14 044 717)**
Other comprehensive income for the year										**-**
Revaluation gain from property and equipment		-	524 801	-	-	-	-	**524 801**	346 206	**871 007**
Foreign exchange differences on translation of foreign operations		-	(2 302 922)	-	(9 476)	(785 060)	-	**(3 097 458)**	(1 958 555)	**(5 056 013)**
Total comprehensive (loss)/income for the year		**-**	**(1 778 121)**	**-**	**(9 476)**	**(785 060)**	**(9 368 973)**	**(11 941 630)**	**(6 288 093)**	**(18 229 723)**
Transactions with owners in their capacity as owners:										
Equity settled share based payments costs	23	-	-	125 780	-	-	-	**125 780**	-	**125 780**
Dividends declared and paid to non-controlling interests		-	-	-	-	-	-	**-**	(100 532)	**(100 532)**
		-	**-**	**125 780**	**-**	**-**	**-**	**125 780**	**(100 532)**	**25 248**
Balance as at 31 December 2020		**73 163 254**	**27 005 673**	**125 780**	**(765 173)**	**(47 926 946)**	**7 513 046**	**59 115 634**	**39 849 012**	**98 964 646**

** Refer to note 30 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 31 December 2020

	Notes	2020 US$	Restated * 2019 US$
(Loss)/profit before income tax		**(20 683 170)**	**36 427 696**
Adjustments for non-cash items:			
Depreciation - property and equipment	6	4 833 013	4 719 658
Depreciation - right of use assets	25	115 196	231 909
Equipment written off	6	-	567 833
Net increase in provisions	20	126 928	995 662
Allowance for expected credit losses	16.2	618 284	(145 968)
Fair value gains on investment property	26	(460 958)	(13 256 442)
Net non-monetary loss/ (gain)		11 802 982	(11 656 355)
Foreign exchange losses	27	2 783 976	2 033 543
Loss on disposal of property and equipment	27	62 631	21 119
Loss arising from settlement of a financial liability through equity instruments	28.2	-	1 132 523
Interest income	28.1	(30 931)	(84 129)
Interest expense on borrowings	28.2	24 127	1 208 824
Interest expense on lease liabilities	28.2	239 532	514 442
Other interest charges	28.2	594 303	-
		25 913	**22 710 315**
Working capital changes			
Changes in inventory		(3 988 909)	3 492 890
Changes in trade and other payables		(415 586)	(14 265 986)
Changes in trade and other receivables		3 431 445	1 166 010
Cash (utilised in)/generated from operations		**(947 137)**	**13 103 229**
Income tax paid	29.2	(543 207)	(3 050 317)
Interest received		33 634	29 220
Interest paid on borrowings	18	(20 284)	(683 654)
Interest paid on lease liabilities		(239 532)	(514 442)
Dividends declared and paid to non-controlling interests		(100 532)	(794 719)
Cash (utilised in)/generated from operating activities		**(1 817 058)**	**8 089 317**
Cash flows from investing activities			
Proceeds from disposal of property and equipment		103 988	174 908
Purchase of equipment	6	(2 402 860)	(5 497 309)
Acquisition of investment property	8	-	(153 882)
Proceeds from disposal of investment property		52 338	-
Net cash (used in)/generated from investing activities		**(2 246 534)**	**(5 476 283)**
Cash flows from financing activities			
Proceeds from borrowings	18	-	1 789 879
Repayment of borrowings	18	(57 725)	(6 231 057)
Repayment of lease liabilities		(58 411)	(445 255)
Proceeds from issue of ordinary shares	21.1	-	4 017 959
Net cash used in financing activities		**(116 136)**	**(868 474)**
Net (decrease)/increase in cash and cash equivalents		**(4 179 728)**	**1 744 560**
Exchange gains/ (losses) on cash and cash equivalents		2 029 867	(5 625 501)
Cash and cash equivalents at beginning of year		12 481 738	16 362 679
Cash and cash equivalents at end of year	**17**	**10 331 877**	**12 481 738**

** Refer to note 30 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

1 GENERAL INFORMATION

Arden Capital Limited, ("the Company") and its subsidiaries (together "the Group") has a diversified portfolio of business interests in Hospitality, Real Estate and Energy Logistics sectors in Zimbabwe.

Arden Capital Limited is a public company which is incorporated and domiciled in the Republic of Mauritius.

The Company is the holder of a Category 1 Global Licence under the Mauritius Companies Act 2001 and the Financial Services Act 2007 and is listed on the Johannesburg Stock Exchange ("JSE").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") except for the non-compliance with International Accounting Standard ("IAS") 21 *the Effects of Changes in Foreign Exchanges Rates,* and IFRS 13 *Fair Value Measurement* on comparative financial information, and interpretations issued by the IFRS Interpretations Committee (the "IFRS IC") as issued by the International Accounting Standards Board (the "IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Standards Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council (the "FRSC"), and in the manner required by the Mauritius Companies Act 2001.

The financial statements have been prepared under historical cost convention as modified by the revaluation of property and equipment,investment property and assets classified as held for sale. The 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 whose assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.1 Going concern

IAS 1 - *Presentation of Financial Statements,* requires management to assess the Group's ability to continue as a going concern in line with the IFRS Conceptual Framework's underlying assumption. The standard prescribes that should management have significant concerns over the Group's ability to continue as a going concern, the uncertainties need to be disclosed.

On the 11th of March 2020, the World Health Organisation ("WHO") declared Covid-19 as a global pandemic due to the rising rate and scale of infections and deaths observed, triggering an instantaneous massive fall of demand for travel and tourism services. According to the latest issue of the United Nations World Travel and Tourism Organisation ("UNTWO"), international tourist arrivals (overnight visitors) fell by 74% in 2020 over the same period last year, driven by slow virus containment, low traveller confidence and important restrictions on travel still in place, due to the Covid-19 pandemic. UNTWO observed that the decline in 2020 represented 1 billion fewer international tourist arrivals compared to the same period in 2019 and translated into a loss of US$1.3 trillion in export revenues from international tourism, more than 11 times the loss in 2009 under the impact of the global economic crisis. This plunge in international tourism resulted in an estimated economic loss of over US$2 trillion in global Gross Domestic Product ("GDP"), more than 2% of the world's GDP in 2019. The International Monetary Fund ("IMF"), projects that receipts worldwide are not expected to recover to 2019 levels before 2023.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Going concern (continued)

Given the Group's predominantly tourism-based business focus, the Covid-19 pandemic had a significant adverse operational and financial impact on the Group throughout 2020. In response to Government directives, 2020 was characterised by significantly curtailed operations as a result of closed hotels, which started on the 30th of March 2020, and persisted throughout 2020. It was only towards the end of the year, following a relaxation of the local Covid-19 containment measures, that the Group managed to open the bulk of the hotels.

The Group recorded a historic low occupancy of 23% for 2020, an unprecedented decline of 25 percentage points from 48% recorded in 2019. Inevitably, the Group recorded notable decline in revenues from US$58 million recorded in 2019 to US$25.4million. In particular, the Hospitality segment revenues declined by 59% to US$22.5million relative to US$54.5 million recorded during the comparative period. Resultantly, the Group posted loss before tax of US$20.7 million, in sharp contrast to profit before tax of US$36.4 million recorded over the same period in the prior year. The deterioration in the exchange rate between the ZWL and the US$ from US$1:ZWL16.7734 as at 31 December 2019, to US$1:ZWL81.7866 as at 31 December 2020 further compounded what was already a challenging year on the Group's performance.

While encouraging progress has been made in the development and roll-out of Covid-19 vaccines globally, the Group is aware that the crisis is far from over. International travel remains curtailed in the Group's major American and European markets, while Zimbabwe and other regional countries have begun witnessing easing of some of the lockdown measures. The rollout of Covid-19 vaccines across the globe is expected to help restore consumer confidence, contribute to the easing travel restrictions and slowly normalise Group's operations.

Coming from what has been the most challenging year in the history of travel and tourism, the 2021 budget process required Group to plan for a wide range of financial performance and cash flow scenarios to try and address the Covid-19 related uncertainties. The Group considered what the best and worse case scenarious could reasonably be and concluded that, even under the worst case scenario, the Group will continue to operate for the foreseeable future.

Under the base case scenario, the Group forecasted a healthy occupancy and a generally positive business outlook.

Under the worst case scenario, the Group forecasts to close 2021 with an occupancy that approximate but is slightly better than the 2020 actual outurn. Despite the anticipated second wave, the Group does not expect 2021 to be worse that 2020 as the Group has built on the experience gained in navigating the effects of Covid-19 first wave in 2020. Due to the evolving nature of the pandemic, the worst case scenario assumed a Covid-19 second wave to sustain for a better part of first quarter ("Q1") throughout into the second quarter ("Q2") of 2021. The worst-case scenario further assumed reintroduction of stricter travel restrictions which would result in some cases a complete closure of borders, all weighing down on the resumption of international travel. Although nations around the world have now embarked on Covid-19 vaccination programs which could only bring a positive outlook to global travel outlook, the worst-case scenario assumed no vaccines during the first half 2021.

The worst case scenario further forecasted notable international tourism business to gradually resume during the third quarter of 2021, with domestic business largely driven by government and non-governmental organisations programs anchoring performance during the first quarter of 2021. Covid-19 induced economic slowdown anticipated to adversely impact business during the first half of 2021, pilling pressure on the average daily rate ("ADR") which is forecasted to ease by 19% relative to what is anticipated under the base case scenario.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Going concern (continued)

Notwithstanding the anticipated prolonged recovery of our international tourism market, the Group has particularly been encouraged by the immediate recovery of the domestic market, which resulted in the Group's hotels recording an average occupancy of 39% during the 2020 festive season. The relatively stable economic environment in Zimbabwe has given the Group hope that as the Covid-19 measures are progressively being relaxed, the positive business momentum recorded towards the end of 2020 by the Group's hotels sustains into 2021.

As at the reporting date, the Group had cash resources amounting to US$10.3million. In addition to its own cash resources, the Group has successfully established yet-to-be drawn working capital facilities amounting to US$3.8million. Furthermore, on the strength of its unleveraged balance sheet and strong cash generating capacity, the Group is also considering funding support opportunities availed by multilateral financing institutions such as the Afreximbank. Consequently, the Group's going concern models, based on worse case stress tests, reflect that the Group has cash resources sufficient to cover the Group's financial commitments for at least the next 12 months from date of approval of the annual financial statements.

Until the business substantially recovers, the Group would continue to implement measures that preserves liquidity, which among others include:

- Deferring some of the major capital expenditure programs;
- Right sizing the work force, to align to current and projected business volumes, as well as negotiating a sustainable salaries and wages structure with employees. Based on assessment of subdued business outlook over the short to medium term, the Group's Hospitality segment retrenched 288 employees during the year; and
- Identifying Group wide operations integration opportunities to cut operating costs. This strategic focus resulted, subsequent to year end, in the successful conclusion of a transaction which essentially resulted in the merger of the Hospitality and Real Estate segments. In addition to optimizing operating costs, this restructuring initiative would present opportunities for the establishment of a strong unleveraged balance sheet at the African Sun Limited level, which is key to securing working capital funding with potential financiers.

Based on the above, the directors hold a considered view that the Group would have sufficient liquidity to meet its obligations and to counter-balance any further adverse impact of Covid-19 on the Group's operations at least over the next 12 months. The directors are therefore of the opinion that the preparation and presentation of the consolidated financial statements for the year ended 31 December 2020 on the basis of a positive outlook on going concern is appropriate.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations, effective 1 January 2020 and are relevant to the Group

The following new standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2020 and are relevant to the Group:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 16 (amendment)	Leases - Covid-19 related rent concessions	1 January 2020
IFRS 2, IFRS 3, IFRS 6, IFRS 14,IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC19, IFRIC 20, IFRIC 22, and SIC-32 (amendments)	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
IFRS 3 (amendment)	Business combinations	1 January 2020
IAS 1 and IAS 8 (amendments)	Presentation of financial statements and accounting policies, changes in accounting estimates and errors	1 January 2020

IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a Covid-19 related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

(c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption

The Group applied the IFRS 16 amendment to rent concessions that arose as a result of the Covid-19 pandemic. The Group, through African Sun Limited holds a lease agreement on whom the Lessor granted 100% rental and operational cost payment deferment for the months of April and May 2020. The deferred amounts were paid over a period of 6 months starting from June 2020 with no interest charged. The waiver of lease payments was US$715 per month. The Group made an election and accounted for the change in lease payments resulting from the Covid-19 related rent concessions as if it were not a lease modification. The benefit of the rent concessions were recognized as variable lease payments in the month of June 2020 in profit or loss. All other leases were assessed and there were no rent concessions granted in terms of the IFRS16 amendment.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(a) New standards, amendments and interpretations, effective 1 January 2020 and are relevant to the Group (continued)

Amendments to references to the conceptual framework in IFRS standards

The amendments include consequential amendments to affected standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

IFRS 3

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

IAS 1 and IAS 8

The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(b) New standards, amendments and interpretations, effective 1 January 2020 and are not relevant to the Group

The following new standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2020 and are not relevant to the Group:

IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning on 1 January 2020 relevant to the Group but have not been early adopted

IFRS 17 – Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning on 1 January 2020 relevant to the Group but have not been early adopted (continued)

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment-Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning on 1 January 2020 relevant to the Group but have not been early adopted (continued)

Amendments to IAS 16 – Property, Plant and Equipment-Proceeds before Intended Use (continued)

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts-Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

(d) Annual Improvements to IFRS Standards 2018–2020

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability,an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(d) Annual Improvements to IFRS Standards 2018–2020 (continued)

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

2.2 Foreign currency translation

(a) Functional and presentation currency

All the Company's subsidiaries operate in Zimbabwe, as a result, they have the Zimbabwe dollar ("ZWL") as their functional and presentation currency. Financial statements for the period ended 31 December 2020 and the comparative for these subsidiaries have been prepared and presented in ZWL. The Group, through African Sun Limited domiciled in Zimbabwe, has a foreign subsidiary, African Sun Limited SA Branch domiciled in South Africa and the foreign subsidiary's functional and reporting currency is the South African Rand ("ZAR").

The directors assessed the functional currency of Arden Capital Limited and considered the primary and secondary indicators of the Company. They concluded that Arden Capital Limited's functional currency, determined by the currency of its own revenues, its own expenses and its own financing is still the US$.

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 financial statements are presented in the US$, which is the Company'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 or valuation where items are re-measured. 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.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(c) Translation of subsidiaries' financial statements to the US$

The ZWL was a currency of a hyper-inflationary economy as at the reporting date, in accordance with IAS 29. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of measuring unit current at the end of reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Foreign currency translation (continued)

(c) Translation of subsidiaries' financial statements to the US$ (continued)

The results and financial position of all the subsidiaries with a currency of a hyper-inflationary economic are translated into the functional and presentation currency as follows:

(i) The financial statements are firstly stated in terms of a measuring unit current at the reporting date, and the corresponding figures for prior periods are stated in terms of measuring unit current at the end of reporting date, on the basis of indices derived from the general consumer price index ("CPI") prepared by the Zimbabwe National Statistics Agency ("ZIMSTAT").

Refer to note 2.25 for the adjustment factors adopted for the purposes of preparing the financial statements and further detail on application of IAS 29 principles in the preparation of subsidiaries' financial statements.

(ii) The ZWL based financial statements prepared in accordance with the principles outlined above are subsequently translated at the spot rate between the ZWL and the US$ as at the reporting date for the purposes of deriving the US$ equivalent of each of the components of those financial statements.

The financial statements of the subsidiaries which have been prepared in conformity with IAS 29 were translated to US$ in the basis of a spot rate of US$1 to ZWL81.7866 (2019: US$1 to ZWL$16.7734). The adopted spot rate was established on the basis of the US$ to ZWL foreign currency auction rate as at 31 December 2020 in Zimbabwe.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised through other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing foreign exchange rate. Foreign exchange differences arising are recognised in other comprehensive income.

2.3 Principles of consolidation and equity accounting

(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.

Acquisition-related costs are expensed as incurred.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Principles of consolidation and equity accounting (continued)

(a) Subsidiaries (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in 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 IFRS 9, either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, 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.

When necessary, amounts reported by subsidiaries have been adjusted to confirm with the Group's accounting policies.

The Group comprises the holding company, Arden Capital Limited incorporated and domiciled in Mauritius, one wholly owned subsidiary, Arden Capital (Private) Limited ("ACPL"). ACPL is an investment holding company with the following investments:

- African Sun Limited, 57.67% shareholding (31 December 2019: 57.67%) and is listed on the Zimbabwe Stock Exchange ("ZSE");
- Dawn Properties Limited, 66.81% shareholding (31 December 2019: 66.81%);
- Brainworks Petroleum (Private) Limited ("Brainworks Petroleum"),100% shareholding (31 December 2019: 100%). Brainworks Petroleum in turn holds 100% of the shareholding in FML Logistics (Private) Limited ("FML Logistics") (31 December 2019: 100%);
- Lengrah Investments (Private) Limited, 100% shareholding (31 December 2019: 100%); and
- Brainworks Hotels and Real Estate (Private) Limited, 100% shareholding (31 December 2019: 100%).

All subsidiaries have 31 December year ends and are consolidated in the presented consolidated financial statements.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting .

As at 31 December 2020, the Group held an associate investment, this being 49% shareholding in Coporeti Support Services (Private) Limited t/a GetCash, 49% shareholding (31 December 2019: 49%). The total cost of the investment, which was fully impaired in 2017, was US$2 534 952.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Principles of consolidation and equity accounting (continued)

(b) Associates (continued)

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) 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.

(d) 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 profit or loss. 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.

(e) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting standards applicable to the particular assets, liabilities, revenues and expenses. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's financial statements only to the extent of other parties' interests in the joint arrangement. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

The investment in Victoria Falls Hotel Partnership, is categorised as a joint operation. The Group recognises its direct right to the assets, liabilities, revenues and expenses of the joint operation and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Accounting policies of the joint arrangements have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 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" which is made up of the Chief Executive Officer and Chief Finance Officer, and the Head of Legal.

2.5 Property and equipment

All property and equipment is initially stated at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Historical costs includes expenditure that is directly attributable to the acquisition of the item.

Subsequently, all property and equipment (except capital work in progress) is stated at revalued amount less subsequent accumulated depreciation and accumulated impairment losses, excluding capital work in progress. The revalued amount is based on valuations which are performed by Dawn Property Consultancy (Private) Limited; which is a subsidiary of the Company. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Increases in the carrying amount arising on the revaluation of property and equipment is credited to a revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same asset are charged against its revaluation reserve directly in equity; all other decreases are charged to the other comprehensive income. Increase in revaluation shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

The accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the assets so that the carrying amount of the assets after revaluation equals the revaluation amount.

The revaluation surplus included in equity in respect of an item of property and equipment is transferred directly to retained earnings when the asset is derecognised. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Subsequent costs are 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated.

Depreciation is recognised so as to write off the cost of assets (other than land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives are as below:

Leasehold improvements	5 to 25 years
Motor vehicles	5 years
Computer equipment	5 years
Office equipment	5 years
Furniture and fittings	5 years
Hotel equipment	7 years
Heavy motor vehicles	10 years
Farm equipment and implements	10 years
Building	50 years
Freehold properties	50 years
Hotel properties	60 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property and equipment (continued)

Capital work in progress comprises items of equipment not yet commissioned and is not depreciated. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The useful lives and residual values of assets are reviewed and adjusted if appropriate at each reporting date. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, depreciation will cease to be charged on the asset until its residual value subsequently decreases to an amount below its carrying amount.

Profit or losses arising from the disposal of property, equipment and motor vehicles are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income within other income or other expenses.

The Group capitalises borrowing costs directly attributable to the construction of new projects or re-development of existing projects as part of the cost of that asset, where construction of new projects or re-development (refurbishment) of existing hotels takes a substantial period of between 6 and 12 months to complete.

2.6 Goodwill

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 recognised as goodwill. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses from the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to the cash generating units or groups of cash generating units that are expected to benefit from the business combination in which goodwill arose. The cash generating units or groups are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

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 includes hotel properties, residential properties, time shares and office properties. Investment property is measured initially at 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 impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

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 they 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 lives).

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment property (continued)

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 to 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 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 revaluation surplus, with any remaining decrease charged to the statement of comprehensive income.

2.8 Classification of property

Owner occupied property comprise property which is owned by the Group but is significantly occupied by any of the group companies, regardless of the leasing of the property being at market related rentals and terms. Significant occupation by the Company and group companies is considered as 10% (2019: 10%) of the total lettable space or above. Such owner occupied properties are classified under property, plant and equipment and depreciated in line with the Group accounting policies.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Assets classified as held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

2.10 Impairment of assets

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount my not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The Group considered Covid-19 as a trigger of impairment and has assessed the impact of the pandemic on the recoverable amounts of the assets. For assets that fall under the scope of IAS 36, *Impairment of assets* namely property and equipment, the carrying amounts thereof as at the reporting date are based on revalued amounts, as these assets are accounted for under the revaluation model. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Property and equipment were revalued on 31 December 2020, refer to note 6.

2.11 Trade receivables

Trade receivables are amounts due from customers for goods sold or services rendered 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 method, less allowance for expected credit losses. The effective interest method is the method of calculating the amortised cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

The Group recognises allowance for expected credit losses on trade receivables. Refer to note 2.12.5 for further detail on how the allowance for expected credit losses is determined and measured.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets at amortised cost

2.12.1 Classification

Financial assets at amortised cost include staff loans, receivables from related parties and other receivables.

The Group classifies its financial assets in the following measurement categories, based on the Group's business model for managing the financial assets and the contractual terms of the cash flows:

a) those to be measured subsequently at fair value (either through other comprehensive income("FVOCI") or through profit or loss ("FVPL")), and
b) those to be measured at amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cashflows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI").

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss ("FVPL").

All financial assets that were held by the Group as at the reporting date were classified as those to be measured at amortised cost as they were held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

2.12.2 Measurement

At initial recognition, the Group and Company measure a financial asset classified at amortised cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest method.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gainsl(losses) together with foreign exchange gains and losses. Allowance for expected credit losses are presented as separate line item in the statement of profit and loss.

If the transaction price differs from fair value at initial recognition the difference is accounted for as follows:

a) if fair value is evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
b) in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that will market participants would consider when pricing the asset or liability.

2.12.3 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets at amortised cost (continued)

2.12.4 Off-setting 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. There were no financial instruments that were offset during the year (2019:US$nil).

2.12.5 Impairment of financial assets

The Group recognises an allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Group measures the allowance for expected credit losses for the financial asset at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of financial asset has not increased significantly since initial recognition, Group measures the allowance for expected credit losses at an amount equal to twelve month expected credit losses.

The Group assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. A default on a financial asset is when the counterparty fails to make contractual payments within 120 days of when they fall due.

The Group applies the simplified approach on financial assets that do not contain a significant financing component, where as the general approach is applied on financial assets that contain a significant financing component.

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the debtor or borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. Write offs are effected after a period of 1 year after the debtor falls into default.

2.13 Inventories

Inventories consist of the following:

- foodstuffs, beverages, shop merchandise, maintenance and consumables stocks are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale;
- construction inventories, stationery and other office consumables are stated at cost, using the first-in, first out ("FIFO") method, and property under development is stated at actual cost; and
- residential property units that are developed with a view to sell as inventory. Residential properties are stated at lower of cost and net realisable value.

2.14 Cash and cash equivalents

For purposes of presentation in the 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings on the statement of financial position.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of income tax from the proceeds.

Where any group company purchases the Company's 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 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.

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

2.17 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 interest method. Fees paid on the 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. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable over the period of the facility to which it relates.

Borrowings are removed 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 a financial liability are renegotiated and the Group issues equity instruments to a creditor to extinguish all or part of the liability (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 financial liability 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.

2.18 Income tax

The income tax expense for the year 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 also recognised in other comprehensive income or directly in equity, respectively. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Income tax (continued)

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also 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 nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period 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 only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that is probable, the temporary difference will reverse in the future and there is sufficient taxable profit available against the temporary difference can be utilised.

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 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 or to realise the asset and settle the liability simultaneously.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Where there is 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

2.20 Employee benefits

(a) Pension obligations

The Group has a defined contribution pension 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 employees the benefits relating to employee service in the current year and prior years.

The Group pays contributions to a publicly administered pension plan on a mandatory basis. The publicly administered pension benefits scheme is administered by the National Social Security Authority ("NSSA") which is a national scheme that was introduced through the NSSA Act (Chapter 17:04). The Group has no further payment obligations once the contributions have been paid.

All pension contributions are recognised as an employee benefit expense when they are due. Pre-paid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee benefits (continued)

(b) 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 either of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that are 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.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration key performance indicators measured on a quarterly basis. The Group recognises a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Equity settled share based payment transactions

The Group, through African Sun Limited, issued share options to some of its employees. The options are valued at fair value at the date of grant. The fair value determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, and the liability is disclosed in a share options reserve which forms part of equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. The fair value at the grant date was calculated using the Volume Weighted Average Price ("VWAP") for the African Sun Limited share based on the prices quoted on the Zimbabwe Stock Exchange ("ZSE") over a period of 30 days.

2.21 Revenue recognition

Revenue is derived from sale of room nights, food, beverages, gaming, conferencing, logistics services, sale of timeshare contracts, and other sundry revenues. Revenue is recognised when or as the Group satisfies performance obligations by transferring a good or service to a customer. The Group has determined that it generates some of its revenues at a point in time, whilst timeshare revenues are recognised over time. Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax, rebates and discounts.

2.21.1 Revenue recognised in accordance with IFRS 15, *Revenue from contracts with customers*

(a) Revenue from sale of room nights

This revenue is recognised every night when the Group has satisfied the performance obligations. This entails provision of the specified room to the customers at which point we would have satisfied the obligation to the customers. The transaction price is specified to the customer when a reservation is made. Customers generally pay upfront for the room with the exception of customers on approved credit terms.

(b) Revenue from sale of food and beverages

The Group recognizes revenue from sale of food and beverages when the customer takes possession of the food or beverage ordered. The performance obligation would have been satisfied at that point. The transaction price is specified on the price list provided at the various points of sale or menus. The contract with the customer is in line with customary business practice for the sale of food and beverages.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (continued)

2.21.1 Revenue recognised in accordance with IFRS 15, *Revenue from contracts with customers* (continued)

(c) Revenue from conferencing

Revenue from provision of conferencing facilities is recognised when the Group provides the conferencing rooms and related conferencing facilities in accordance with the customers' booking. The conference package may contain food and beverage sales; revenues arising there from would be allocated to revenue from sale of food and beverages.

(d) Revenue from valuation and consultancy services

Property advisory services revenue mainly derives from the provision of property management services and property valuations services. Revenue from provision of property management services contract is recognized when the Group has actually collected lease payment on behalf of the landlords as this revenue is directly linked to lease payments collections. Revenue from the provision of property valuation services is recognized when the Group has actually offered the valuation services and the valuation report has been delivered and accepted by the customer.

(e) Revenue from property sales

Revenue from the property sales is recognised when the construction of property is completed and delivered to the customer for full occupation which is approved by the local authority by the issuance of the Certificate of occupation.

(f) Revenue from distribution and logistics

Revenue from fuel transportation services is recognised when the fuel has been delivered to the destination specified by the customer.

(g) Revenue from the sale of timeshares

Although the consideration is received upfront, revenue from the sale of timeshare contracts is recognised over the contract period on a straight line basis. The contracts period vary between 10 to 25 years.

(h) Other income

This comprises of a number of ancillary services and activities that are perform at the various hotels. The nature of the income is such that the performance obligations, though different, are satisfied at a point in time. The activities comprise inter alia, guest laundry services, horse riding and game drives. The transaction price in each of the legs is specified on the price list accessible to the customer before they utilize the given service. Revenue if provided when the service has been offered to the customer.

2.21.2 Revenue recognised in accordance with IFRS 16, *Leases*

(a) Revenue from rentals

Rental income from operating leases is recognised as income in the accounting period in which the property is occupied by the tenant on a straight-line basis over the lease term.

2.21.3 Revenue recognised in accordance with IFRS 9, *Financial Instruments*

(a) Revenue from gaming

Gaming income comprises the net table and slot machine win derived by casino operations from gambling patrons. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from casino operations. Due to the short-term nature of the Group's casino operations, all income is recognised in profit or loss immediately, at fair value.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Cost of sales

Cost of sales includes purchase price of goods and other costs incurred in bringing the inventories to the location and condition ready for use or sale. The costs include costs of purchasing, storing, transport and all other direct costs to the extent it relates to bringing the inventories to the location and condition ready for use or sale.

Salaries and wages of employees directly related with the sale of room nights, food, beverages and other items of merchandise are included in cost of sales.

2.23 Leases

(a) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease payments included in the measurement of the lease liability comprise :

a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
b) variable lease payment that are based on an index or a rate;
c) amounts expected to be payable by the lessee under residual value guarantees;
d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is presented as a separate line in the consolidated statement of financial position. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group's incremental borrowing rate is used to discount the lease payments, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

a) the amount of the initial measurement of lease liability;
b) any lease payments made at or before the commencement date less any lease incentives received;
c) any initial direct costs; and
d) restoration costs.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (continued)

(a) The Group as lessee (continued)

Leases of hotels properties whose payments are associated with variable lease payments that are not based on an index or rate, short-term leases and leases of low - value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

All hotels property leases on which right of use assets have been recognised contain variable payment terms that are linked to revenues generated from the hotels. For individual hotels, variable lease payment are due when the amount calculated based percentages ranging from 7.5% to 15% of revenue, depending on the nature of the revenue is higher than the fixed rental for the hotel. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(b) The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying recognised as expense over the lease term on the same basis as lease income. The respective leased assets, amount of the underlying asset, are included on the statement of financial position based on their nature.

2.24 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.

2.25 IAS 29 - Inflation adjustment indices

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of measuring unit current at the end of reporting date. Professional judgement was used and appropriate adjustments were made to historical financial information in preparing financial information which is IAS 29 compliant. The restatement has been calculated by means of adjusting factors derived from the general consumer price index ("CPI") published by Zimbabwe National Statistics Agency ("ZimStat"), which is a regulatory body with the official mandate to do so.

The adjustment factors used to restate the financial statements of Zimbabwe based subsidiaries as 31 December 2020, using 2018 base year are as follows:

Date	Indices	Adjusting factor
31 December 2020	2474.51	1.0000
31 December 2019	551.63	4.4859

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 IAS 29 - Inflation adjustment indices (continued)

The indices and adjusting factors have been applied to the historical cost of transactions and balances. All items in the statement of comprehensive income are restated by applying relevant monthly adjusting factors and the net effect of the inflation adjustments on the net monetary position is included in the statement of comprehensive income as a monetary loss or gain. Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date.

Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date. Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of shareholders equity are restated by applying the relevant monthly adjusting factor.

Property and equipment were restated by applying the relevant monthly adjusting factor and then compared against the revalued amounts. A revaluation gain or impairment loss was recognised as appropriate. Capital work in progress was not revalued, but was restated by applying the relevant monthly adjusting factor. Property and equipment additions were restated from the later of date of purchase and 1 October 2018, using the relevant monthly adjusting factor. Disposals were restated from dates of sale using relevant monthly adjusting factor. Prepayments were restated by applying the relevant monthly adjusting factor.

Investment property is carried at fair value as at the reporting date, based on valuations performed thereon.

Inventories are carried at the lower of restated cost and net realisable value. Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities. All items of statement of cashflows are expressed in terms of measuring unit current at the reporting date.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks; market risk (including foreign exchange risk and cash flow interest rate 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.

Risk management is carried out by the Group Finance Department ("Group Finance") under policies approved by the Board of Directors. Group Finance identifies and evaluates financial risks in close co-operation with the Group's operating subsidiaries. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(i) 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. Market risk comprises three types of risk; foreign exchange risk, interest rate risk and other price risk.

(a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the South African Rand as certain hotel bookings are made and settled in these two currencies. The Company's functional currency is the US$.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

	2020 US$	2019 US$
Assets		
South African rand		
Australian dollar	235 756	476 052
Euro	60	55
	206 010	189 060
	441 826	**665 167**
Liabilities		
South African rand	(9 899)	(122 971)
Net currency position	**431 927**	**542 196**

As at 31 December 2020, if the United States of America dollar (weakened)/strengthened by 10% against all the other currencies with all other variables held constant, post tax profit for the year and total equity would have been US$43 193 lower or higher (2019: US$54 220 higher or lower) for the Group.

There were no hedges in place as at 31 December 2020 (2019: US$nil).

(b) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The Group manages cashflow interest rate risk by entering into borrowings based on fixed interest rate arrangements.

(c) Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

As at the reporting date, the Group did not have financial assets exposed to price risk.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk

Credit risk is the risk that one party to the financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk is managed primarily at operating subsidiary level. Credit risk arises from cash at banks, and deposits with banks and financial institutions, and trade and other receivables. For banks and financial institutions, only those with credit rating of B or better are used.

For corporate customers, the Group assesses the credit quality of the customers taking into account their financial position, past experience and other factors in the market. Customer limits are set based on internal and external information. The utilisation of credit limits is regularly monitored. As at 31 December 2020, customers with balances of US$92 906 exceeded their credit limits (2019: US$19 164). Only a few debtors with a good track record are allowed to exceed their credit limit under the supervision of the hotel general manager and hotel financial controller. The Group believes that these amounts are collectable based on the historical record of the clients in question and the controls management has in place regarding such excess amounts.

Counterparty risk is further managed by constant engagement of credit customers to determine the current position and recoverability. All credit granted is subject to terms and conditions, where upon breach by the customers, the Group takes legal action where amounts are material and recovery is possible. As at 31 December 2020, as was the case in the prior year, the Group had very insignificant debtors that had been handed over to debt collectors for collection. Receivables handed over for legal action are generally provided for in full, and written off after 12 months when there are no realistic prospects for recovery.

	2020 US$	2019 US$
Trade receivables	2 024 631	3 891 861
Other receivables at amortised cost (excluding prepayments)	1 609 377	2 141 540
Cash at bank	10 085 978	12 383 969
	13 719 986	**18 417 370**

The fair value of cash at bank as at 31 December 2020 and 31 December 2019 approximate carrying amounts. Trade and other receivables excluding pre-payments are shown before allowance for expected credit losses.

The Group holds accounts with high quality financial institutions with sound financial base and capital cover. The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings:

	2020 US$	2019 US$
AA	-	5 865 565
AA-	372 531	336 859
A+	6 124 833	438 170
A	712 732	1 827 300
A-	94 358	424 554
BBB+	2 577 433	3 030 199
BBB	102 867	448 940
BB+	2 033	5 925
BB	99 191	6 457
	10 085 978	**12 383 969**

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

(a) Impairment of trade and other receivables

The Group has financial assets that are subject to IFRS 9's expected credit loss model. These comprises trade and other receivables, as well as cash and cash equivalents.

The Group has six types of financial assets that are subject to IFRS 9's expected credit loss model as listed below:

i) trade receivables from sale of rooms, food, beverages, conferencing, gaming and other related activities ("hospitality");
ii) trade receivables from provision of property advisory services ("real estate");
iii) trade receivables from provision of logistics services;
iv) staff receivables;
v) other receivables at armotised cost; and
vi) cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, identified allowance for credit losses were immaterial.

The Group applies the IFRS 9 simplified approach to measure allowances for expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit losses, the various categories of trade receivables are grouped based on shared credit risk characteristics and days past due. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The historical expected credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the current liquidity challenges, inflation and foreign currency shortages to be the most relevant factors, and accordingly adjusted the historical credit loss rates based on expected changes in these factors.

On that basis, the allowance for expected credit losses as at the reporting date was determined as follows for the trade receivables.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

(a) Impairment of trade and other receivables (continued)

	Current US$	More than 30 days past due US$	More than 60 days past due US$	More than 90 days past due US$	More than 120 days past due US$	Total US$
31 December 2020						
Trade receivables - hospitality						
Expected credit loss rate	11%	6%	6%	50%	50%	**29%**
Gross carrying amount	649 188	119 158	71 039	7 796	750 798	**1 597 979**
Allowance for expected credit losses	74 510	6 866	4 210	3 898	375 792	**465 276**
Carrying amount	**574 678**	**112 292**	**66 829**	**3 898**	**375 006**	**1 132 703**
Trade receivables - real estate						
Expected credit loss rate	3%	2%	4%	62%	62%	**14%**
Gross carrying amount	86 125	53 223	23 604	10 930	27 224	**201 106**
Allowance for expected credit losses	2 334	845	984	6 792	16 830	**27 785**
Carrying amount	**83 791**	**52 378**	**22 620**	**4 138**	**10 394**	**173 321**
Trade receivables - Logistics						
Expected credit loss rate	8%	18%	26%	-	-	**11%**
Gross carrying amount	169 396	52 115	4 035	-	-	**225 546**
Allowance for expected credit losses	14 014	9 145	1 062	-	-	**24 221**
Carrying amount	**155 382**	**42 970**	**2 973**	**-**	**-**	**201 325**
GROUP						
Expected credit loss rate	10%	8%	6%	57%	50%	**26%**
Gross carrying amount	904 709	224 496	98 678	18 726	778 022	**2 024 631**
Allowance for expected credit losses	90 858	16 856	6 256	10 690	392 622	**517 282**
Carrying amount	**813 851**	**207 640**	**92 422**	**8 036**	**385 400**	**1 507 349**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

(a) Impairment of trade and other receivables (continued)

	Current US$	More than 30 days past due US$	More than 60 days past due US$	More than 90 days past due US$	More than 120 days past due US$	Total US$
31 December 2019						
Trade receivables - hospitality						
Expected credit loss rate	6%	4%	4%	50%	100%	**27%**
Gross carrying amount	1 618 290	661 061	325 491	121 981	750 643	**3 477 466**
Allowance for expected credit losses	104 272	26 582	12 369	60 991	750 643	**954 857**
Carrying amount	**1 514 018**	**634 479**	**313 122**	**60 990**	**-**	**2 522 609**
Trade receivables - real estate						
Expected credit loss rate	5%	4%	17%	17%	100%	**41%**
Gross carrying amount	34 428	35 424	4 817	1 777	46 196	**122 642**
Allowance for expected credit losses	1 582	1 573	795	307	46 196	**50 453**
Carrying amount	**32 846**	**33 851**	**4 022**	**1 470**	**-**	**72 189**
Trade receivables - Logistics						
Expected credit loss rate	2%	-	-	-	-	**2%**
Gross carrying amount	291 753	-	-	-	-	**291 753**
Allowance for expected credit losses	5 835	-	-	-	-	**5 835**
Carrying amount	**285 918**	**-**	**-**	**-**	**-**	**285 918**
GROUP						
Expected credit loss rate	6%	4%	4%	50%	100%	**26%**
Gross carrying amount	1 944 471	696 485	330 308	123 758	796 839	**3 891 861**
Allowance for expected credit losses	111 689	28 155	13 164	61 298	796 839	**1 011 145**
Carrying amount	**1 832 782**	**668 330**	**317 144**	**62 460**	**-**	**2 880 716**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

(a) Impairment of trade and other receivables (continued)

The Group uses three categories for trade receivables which reflect their credit risk and how the allowance for expected credit loss is determined for each of these categories.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows;

Category	Group's definition	Basis for recognition of expected credit losses allowance
Performing	Trade receivables whose credit risk is in line with original expectations. These covers current to receivables within 30 days.	12 months expected credit losses
Underperforming	Trade receivables for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are more 30 days up to 90 days past due.	Lifetime expected credit losses
Non-performing	Interest and/or principal repayments are more than 90 days past due or it becomes probable a debtor will enter bankruptcy.	Lifetime expected credit losses

The gross carrying amounts of trade receivables in each of the categories above as at the reporting date were as follows;

	2020 US$	2019 US$
Performing	1 129 205	2 640 956
Under performing	98 678	330 308
Non-performing	796 748	920 597
	2 024 631	**3 891 861**

(b) Impairment of financial assets at amortised cost

Other financial assets at amortised cost include staff loans, receivables from related parties and other receivables. Applying the general approach for the expected credit risk model resulted in recognition of US$62 911 (2019: US$74 636) expected credit loss allowance on financial assets at armotised cost.

	Related parties US$	Staff loans US$	Other receivables US$	Total US$
As at December 2020				
Gross carrying amount	89 755	144 147	207 325	**441 227**
Credit loss allowance	(14 102)	(250)	(48 559)	**(62 911)**
Carrying amount	**75 653**	**143 897**	**158 766**	**378 316**
As at December 2019				
Gross carrying amount	34 114	111 310	492 799	**638 223**
Credit loss allowance	(34 114)	(6 425)	(34 097)	**(74 636)**
Carrying amount	**-**	**104 885**	**458 702**	**563 587**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

(b) Impairment of financial assets at amortised cost (continued)

The gross carrying amounts of trade receivables in each of the categories above as at the reporting date were as follows;

	2020 US$	2019 US$
Performing	351 472	604 109
Under performing	75 653	-
Non-performing	14 102	34 114
	441 227	**638 223**

(c) Reconciliation of opening to closing expected credit loss allowance

The allowance for expected credit losses for trade receivables other financial assets at armotised cost as at 31 December reconciles to the opening allowance for expected credit losses as follows:

	2020			2019		
	Trade receivable US$	Financial assets at amortised cost US$	Total US$	Trade receivable US$	Financial assets at amortised cost US$	Total US$
Balance as at 1 January	**1 011 145**	**74 636**	**1 085 781**	**1 637 750**	**1 139 712**	**2 777 462**
Net allowance for expected credit losses recognised in profit or loss during the year (note 16.2)	540 999	77 285	**618 284**	290 620	(436 588)	**(145 968)**
Impact of translation of foreign operations on opening balances	(1 034 862)	(89 010)	**(1 123 872)**	(901 912)	(628 488)	**(1 530 400)**
Trade receivables written off as uncollectible	-	-	**-**	(15 313)	-	**(15 313)**
Balance as at 31 December	**517 282**	**62 911**	**580 193**	**1 011 145**	**74 636**	**1 085 781**

No significant changes to estimation techniques or assumptions were made during the reporting period. The Group does not hold any security in relation to trade and other receivables.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Cash flow forecasting is performed at the operating subsidiary level of the Group and aggregated by the Group Finance department. Group Finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

Surplus cash held by the operating subsidiaries in excess working capital requirements are invested with financial institutions with solid financial standing, mainly in the form of fixed term deposits. The subsidiaries choose instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

Delays in the settlement of foreign obligations that is generally experienced in Zimbabwe is mitigated by the Group's ability to generate foreign currency from its hospitality and logistics businesses.

The table below analyses the Group's liquidity gap in to relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year US$	1 to 5 years US$	More than 5 years US$	Total contractual cashflows US$	Total carrying amount US$
As at 31 December 2020					
Liabilities					
Borrowings	117 983	36 835	-	154 818	**129 015**
Lease liabilities	79 574	397 870	3 039 323	3 516 767	**3 197 061**
Trade and other payables (excluding statutory liabilities)	10 665 764	-	-	10 665 764	**10 665 764**
Total liabilities	**10 863 321**	**434 705**	**3 039 323**	**14 337 349**	**13 991 840**
Assets held for managing liquidity risk					
Trade and other receivables (excluding prepayments)	2 465 858	-	-	2 465 858	**2 465 858**
Cash and cash equivalents	10 331 877	-	-	10 331 877	**10 331 877**
	12 797 735	**-**	**-**	**12 797 735**	**12 797 735**
Liquidity gap	**1 934 414**	**(434 705)**	**(3 039 323)**	**(1 539 614)**	
Cumulative liquidity gap	**1 934 414**	**1 499 709**	**(1 539 614)**	**-**	
As at 31 December 2019					
Liabilities					
Borrowings	195 950	368 029	-	563 979	**455 684**
Lease liabilities	48 569	139 672	2 194 312	2 382 553	**2 156 157**
Trade and other payables (excluding statutory liabilities)	10 809 727	-	-	10 809 727	**11 664 482**
Total liabilities	**11 054 246**	**507 701**	**2 194 312**	**13 756 259**	**14 276 323**
Assets held for managing liquidity risk					
Trade and other receivables (excluding prepayments)	4 530 084	97 093	-	4 627 177	**4 947 620**
Cash and cash equivalents	12 481 738	-	-	12 481 738	**12 481 738**
	17 011 822	**97 093**	**-**	**17 108 915**	**17 429 358**
Liquidity gap	**5 957 576**	**(410 608)**	**(2 194 312)**	**3 352 656**	
Cumulative liquidity gap	**5 957 576**	**5 546 968**	**3 352 656**	**-**	

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The capital of the Group consists of debt (as detailed in note 7 and 18) and equity which comprises stated capital, accumulated losses and other reserves. There were no changes in the components of debt and equity in the prior year.

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 for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

None of the subsidiaries within the Group has externally imposed regulatory capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends 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 ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt. During the financial year ended 31 December 2020, the Group's strategy was to maintain gearing ratio below 45% (2019: 45%).

The gearing ratios at 31 December were as follows:

	2020 US$	2019 US$
Borrowings (note 18)	(129 015)	(455 684)
Lease liabilities (note 7)	(3 197 061)	(2 156 157)
	(3 326 076)	**(2 611 841)**
Less cash and cash equivalents (note 17)	10 331 877	12 481 738
Net debt	**7 005 801**	**9 869 897**
Total equity	98 964 646	117 169 121
Total capital	**98 964 646**	**117 169 121**
Gearing ratio	-	-
Net debt reconciliation		
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.		
Cash and cash equivalents	10 331 877	12 481 738
Total borrowings (fixed interest rates)	(129 015)	(455 684)
Lease liabilities	(3 197 061)	(2 156 157)
	(3 326 076)	**(2 611 841)**
	7 005 801	**9 869 897**

Notes to the financial statements
For the year ended 31 December 2020 (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (continued)

Net debt reconciliation

	Other assets	Liabilities from financing activities		
	Cash at bank US$	Borrowings US$	Lease liabilities US$	Total US$
Net debt as at 1 January 2019	**16 362 679**	**(17 066 606)**	**-**	**(703 927)**
Recognition of lease liabilities	-	-	(6 795 461)	**(6 795 461)**
Cashflows (based on total of amounts on the statement of cashflows)	1 070 984	3 916 008	445 255	**5 432 247**
Non-cash movements	(4 951 925)	12 694 914	4 194 049	**11 937 038**
Debt settled through delivery of equity instruments (21.3)	-	5 007 757	-	**5 007 757**
Foreign exchange losses	(4 951 925)	72 504	-	**(4 879 421)**
Exchange differences on translation of foreign operations	-	7 614 653	4 194 049	**11 808 702**
Net debt as at 31 December 2019	**12 481 738**	**(455 684)**	**(2 156 157)**	**9 869 897**
Recognition of lease liabilities	-	-	(3 450 163)	**(3 450 163)**
Cashflows (based on total of amounts on the statement of cashflows)	(4 179 728)	53 882	58 411	**(4 067 435)**
Non-cash movements	2 029 867	272 787	2 350 848	**4 653 502**
Foreign exchange gains/ (losses)	2 029 867	62 523	(28 356)	**2 064 034**
Exchange differences on translation of foreign operations	-	210 264	2 379 204	**2 589 468**
Net debt as at 31 December 2020	**10 331 877**	**(129 015)**	**(3 197 061)**	**7 005 801**

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 would 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 leasing transactions, 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'.

3.3.1 Fair value hierarchy

Fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Group has the ability to access;

Level 2 - inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value measurements (continued)

3.3.1 Fair value hierarchy (continued)

Level 3 - inputs to the valuation methodology for the asset or liability are unobservable inputs and significant to the fair value measurement.

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices for the listed equities; and
- discounted cashflows at discount rates adjusted for counterparty or own credit risk.

As at 31 December 2020, the Group did not have financial assets carried at fair value (2019: nil).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

4.1 Key estimates

The key estimates that were made during the preparation of the financial statements were as follows:

(a) Income taxes

Significant judgement is required in determining the liability for 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 income tax and deferred tax assets and liabilities in the period in which such determination is made.

(b) Valuation of investment property

Refer to note 8 for further disclosure.

(c) Impairment of trade receivables

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying expected credit losses model of impairing trade receivables.

i) Significant increase of credit risk - in assessing whether the credit risk of an asset has significantly increased the directors considers qualitative and quantitative reasonable and supportable forward-looking information.

ii) Model and assumptions used - the Group uses models and assumptions in estimating expected credit losses ("ECL"). Directors have applied judgement in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Key judgements

The key judgement that were made during the preparation of the financial statements were as follows:

(a) Functional and presentation currency

The financial statements for the subsidiaries are presented in ZWL. The Company's functional currency is still the US$. As a result, the Group's financial statements have been prepared and presented in US$.

The financial statements of the subsidiaries, which have been prepared in conformity with IAS 29, were translated to US$ on the basis of a spot rate of US$1 to ZWL81.7866 (31 December 2019: US$1 to ZWL16.7734). The adopted spot rate was established on the basis of the US$ to ZWL foreign currency auction rate in the current year, whilst the prior year spot rate was based on the quoted interbank exchange rate as at the respective reporting dates in Zimbabwe.

(b) Tax liabilities

As disclosed in note 20, the Group is defending various tax claims from the Zimbabwe Revenue Authority. Given the initial judgement passed by the High court, the Group has considered it prudent to recognise a provision for all the tax cases thereof in its financial statements for the year ended 31 December 2020.

(c) Determination of lease terms

The Group leases various office buildings, hotel buildings, golf course, car parks and staff housing. Rental contracts are typically made for fixed periods of two years to fifteen years. Leases for hotel buildings have extension options for renewal at the end of the lease up to five renewals at the option of the Group.

The Group determined that the non-cancellable period of the leases are the original lease terms, together with the periods covered by options to extend the leases that the Group is reasonably certain to extend because of both significant leasehold improvements undertaken, and the importance of the underlying leases assets to the Group's operations.

(d) Going concern

'The directors assessed the ability of the Group to continue as a going concern as at 31 December 2020 and believe that the preparation of these financial statements on a going concern basis is still appropriate. In making that assessment, the directors applied certain judgements and assumptions in determining cashflow and profit forecasts supporting the going concern assumption as detailed in note 2.1.1. Although the directors prudently applied judgements and assumptions on the forecasts, it is difficult to predict the future events with substantial certainty.

(e) Impairment testing

Following the assessment of the recoverable amount of goodwill allocated to African Sun of US$3 901 773, the directors consider the recoverable amount of goodwill allocated to African Sun to be most sensitive to the achievement of the 2021 budget, profit growth projections and the pre-tax discount rate. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. Whilst the Group is able to manage most of African Sun's costs, the profit projections are inherently uncertain due to the impact of Covid-19 on the hospitality sector as detailed in the going concern assumptions in note 2.1.1.

The sensitivity analysis in respect of the recoverable amount of African Sun's goodwill is presented in note 9.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

5 SEGMENT INFORMATION

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 Group Executive Committee ("Group Exco"). The Group Exco, which consists of the Chief Executive Officer and Chief Financial Officer and the Group Head of Legal and Compliance, examines the Group's performance both from a service offering perspective and has identified the following four reportable segments:

a) **Hospitality -** this part of the business operates within the tourism and hospitality of the business, operating 11 hotels all in Zimbabwe.

b) **Real estate -** this part of the Group's business:
- holds 7 hotels that are all leased to the hospitality segment of the Group's business.
- develops residential properties which are either sold or held for capital appreciation, informed by the prevailing economic environment;
- Offer property management, valuation, agency and other and ancillary services; and
- Owns resorts properties which are sold under timeshare arrangements.

c) **Logistics -** the logistics business is involved in road transportation of bulk petroleum products, mainly to Zambia and the Democratic Republic of Congo.

d) **Other -** this includes head office and group services.

The Group Exco primarily uses a measure of operating profit to assess the performance of the operating segments, on the basis of amounts as they would appear in the financial statements. However, the Group Exco also receives information about the segments' revenue, operating expenses, assets and liabilities on a monthly basis.

Revenue, assets and liabilities

The revenue from external parties reported to the Executive Committee is measured in a manner consistent with how revenue is measured in the statement of comprehensive income. The Group does not rely on any one specific customer as none of its customers contribute a minimum of 10% of its revenue. Inter-segment transactions are charged at prevailing market prices.

The amounts provided to the Executive Committee with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. Assets are allocated based on the operations of the segment and the physical location of the asset.

All interest bearing liabilities are allocated to segments as they relate to specific bank loans obtained by the segments.

Allocation of Group companies to reportable segments

Entity	Segment	2020	2019	Principal activities
African Sun Limited	Hospitality	√	√	Hotel and hospitality operations
Dawn Properties Limited	Real estate	√	√	Property holding, development and consulting
FML Logistics (Private) Limited	Logistics	√	√	Fuel transportation services
Arden Capital (Private) Limited	Other	√	√	Investment holding company in Zimbabwe
Arden Capital Limited	Other	√	√	Ultimate holding company

√ - denotes that the respective entity was part of the Group during the relevant year.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

5 SEGMENT INFORMATION (CONTINUED)

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

	Hospitality US$	Real estate US$	Logistics US$	Other US$	Consolidation adjustments US$	Continuing operations US$
Year ended 31 December 2020						
Revenue:						
External customers						
- Sale of room nights, food and beverages	21 495 306	-	-	-	-	21 495 306
- Conferencing and other income	39 693	-	-	-	-	39 693
- Casino and gaming revenue	961 989	-	-	-	-	961 989
- Fuel transportation logistics	-	-	2 028 809	-	-	2 028 809
- Timeshare sales	-	101 581	-	-	-	101 581
- Property development sales	-	64 385	-	-	-	64 385
- Valuation and consultation services	-	666 246	-	-	-	666 246
	22 496 988	**832 212**	**2 028 809**	**-**	**-**	**25 358 009**
Internal customers						
- Rental income	-	1 403 728	-	-	(1 403 728)	-
- Valuation and consultation services	-	29 094		-	(29 094)	-
Total revenue	**22 496 988**	**2 265 034**	**2 028 809**	**-**	**(1 432 822)**	**25 358 009**
Timing of recognition of revenue						
- at a point in time	22 496 988	759 725	2 028 809	-	(1 432 822)	23 852 700
- over time	-	1 505 309	-	-	-	1 505 309
	22 496 988	**2 265 034**	**2 028 809**	**-**	**(1 432 822)**	**25 358 009**
Cost of sales	(6 287 114)	-	(987 967)	-	-	(7 275 081
	(6 287 114)	**-**	**(987 967)**	**-**	**-**	**(7 275 081)**
Gross profit	**16 209 874**	**2 265 034**	**1 040 842**	**-**	**(1 432 822)**	**18 082 928**
Operating expenses						
Employee benefit expenses	(4 396 548)	(526 761)	(369 835)	(514 360)	-	(5 807 504)
Operating lease expenses	(2 151 145)	-	-	(21 240)	1 379 008	(793 377)
Other operating expenses	(10 675 476)	(985 473)	(372 368)	(519 529)	30 785	(12 522 061)
Depreciation and amortisation	(3 630 566)	(215 419)	(447 995)	(23 148)	(631 081)	(4 948 209)
	(20 853 735)	**(1 727 653)**	**(1 190 198)**	**(1 078 277)**	**778 712**	**(24 071 151)**
Other key information						
Net impairment on financial assets	(711 257)	(29 972)	38 428	(7 106)	91 623	(618 284)
Other income (net)	(14 149 734)	81 168	281 623	(400 637)	937 948	(13 249 632)
Operating profit/(loss)	**(19 504 852)**	**588 577**	**170 695**	**(1 486 020)**	**375 461**	**(19 856 139)**
Finance income	30 918	13	-	1 016 665	(1 016 665)	30 931
Finance costs	(828 218)	(20 343)	(5 617)	(945 736)	941 952	(857 962)
	(797 300)	**(20 330)**	**(5 617)**	**70 929**	**(74 713)**	**(827 031)**
(Loss)/ profit before income tax	**(20 302 152)**	**568 247**	**165 078**	**(1 415 091)**	**300 748**	**(20 683 170)**
Total assets as at 31 December 2020	**44 968 358**	**84 211 752**	**1 715 734**	**13 770 386**	**(10 141 185)**	**134 525 045**
Total assets include:						
Non-current assets (other than financial instruments and deferred tax assets):						
- Property and equipment	24 026 709	60 160 511	1 226 091	94 986	-	85 508 297
- Investment property	-	14 956 550	-	-	-	14 956 550
- Goodwill	3 901 773	-	-	-	-	3 901 773
	27 928 482	**75 117 061**	**1 226 091**	**94 986**	**-**	**104 366 620**
Additions to non-current assets**	**2 197 701**	**197 608**	**7 010**	**541**	**-**	**2 402 860**
Total liabilities as at 31 December 2020	**19 766 799**	**3 553 598**	**513 996**	**15 375 651**	**(3 649 645)**	**35 560 399**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

5 SEGMENT INFORMATION (CONTINUED)

	Hospitality US$	Real estate US$	Logistics US$	Other US$	Consolidation adjustments US$	Continuing operations US$
Year ended 31 December 2019 (restated*)						
Revenue:						
External customers						
- Sale of room nights, food and beverages	52 185 131	-	-	-	-	52 185 131
- Conferencing and other income	199 030	-	-	-	-	199 030
- Casino and gaming revenue	2 115 113	-	-	-	-	2 115 113
- Fuel transportation logistics	-	-	2 636 141	-	-	2 636 141
- Rental income	-	86 174	-	-	-	86 174
- Timeshare sales	-	6 062	-	-	-	6 062
- Valuation and consultation services	-	355 776	-	-	-	355 776
- Fee and commission income	-	476 707	-	-	-	476 707
	54 499 274	**924 719**	**2 636 141**	**-**	**-**	**58 060 134**
Internal customers						
- Rental income	-	2 965 314	-	-	(2 965 314)	-
Total revenue	**54 499 274**	**3 890 033**	**2 636 141**	**-**	**(2 965 314)**	**58 060 134**
Timing of recognition of revenue						
- at a point in time	54 499 274	832 483	2 636 141	-	(2 965 314)	55 002 584
- over time	-	3 057 550	-	-	-	3 057 550
	54 499 274	**3 890 033**	**2 636 141**	**-**	**(2 965 314)**	**58 060 134**
Cost of sales	(11 317 232)	-	(1 022 837)	-	-	(12 340 069)
Gross profit	**(11 317 232)**	**-**	**(1 022 837)**	**-**	**-**	**(12 340 069)**
	43 182 042	**3 890 033**	**1 613 304**	**-**	**(2 965 314)**	**45 720 065**
Operating expenses						
Employee benefit expenses	(6 957 460)	(827 027)	(402 785)	(1 096 342)	-	(9 283 614)
Operating lease expenses	(5 346 100)	(19 744)	(17 928)	(27 820)	2 920 244	(2 491 348)
Other operating expenses	(12 116 023)	(1 034 216)	(441 449)	(1 846 145)	1 491 789	(13 946 044)
Depreciation & amortisation	(4 237 715)	(100 638)	(198 999)	(29 179)	(385 035)	(4 951 566)
Impairment charge	-	(172 569)	(395 264)	-	-	(567 833)
	(28 657 298)	**(2 154 194)**	**(1 456 425)**	**(2 999 486)**	**4 026 998**	**(31 240 405)**
Other key information						
Other income (net)	12 816 433	52 782 677	750 779	1 264 924	(43 041 085)	24 573 728
Operating profit/(loss)	**27 341 177**	**54 485 005**	**1 019 435**	**(1 754 420)**	**(40 171 728)**	**39 199 356**
Finance income	48 454	6 432	-	1 043 130	(1 013 887)	84 129
Finance costs	(577 836)	(79 751)	(54 688)	(3 202 562)	1 059 048	(2 855 789)
Net finance (costs)/income	**(529 382)**	**(73 319)**	**(54 688)**	**(2 159 432)**	**45 161**	**(2 771 660)**
Profit/(loss) before income tax	**25 091 682**	**54 411 686**	**964 747**	**(3 913 853)**	**(40 126 566)**	**36 427 696**
Total assets as at 31 December 2019	**62 869 164**	**90 814 731**	**2 443 013**	**96 855 480**	**(92 323 634)**	**160 658 754**
Total assets include:						
Non-current assets (other than financial instruments and deferred tax assets						
- Property and equipment	26 949 043	65 887 218	1 782 444	184 549	-	94 803 254
- Investment property	-	22 705 710	-	-	-	22 705 710
- Goodwill	4 241 093	-	-	-	-	4 241 093
	31 190 136	**88 592 928**	**1 782 444**	**184 549**	**-**	**121 750 057**
Additions to non-current assets**	**5 308 559**	**235 048**	**102 494**	**5 090**	**-**	**5 651 191**
Total liabilities as at 31 December 2019	**23 481 114**	**5 718 279**	**802 690**	**14 585 037**	**(1 097 487)**	**43 489 633**

** Refer to note 30 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

*** The amounts exclude additions to financial instruments and deferred tax assets.*

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

5 SEGMENT INFORMATION (CONTINUED)

Geographical distribution of revenue, assets and liabilities

	2020 US$	2019 US$
Assets - attributable to:		
- Mauritius incorporated and domiciled company	94 358	421 070
- Zimbabwe incorporated and domiciled companies	134 430 687	160 237 684
	134 525 045	**160 658 754**
Liabilities - attributable to:		
- Mauritius incorporated and domiciled company	1 159 211	843 308
- Zimbabwe incorporated and domiciled companies	34 401 188	42 646 325
	35 560 399	**43 489 633**

6 PROPERTY AND EQUIPMENT

	Land and buildings US$	Leasehold improve-ments US$	Motor vehicles US$	Computer equipment US$	Office equip-ment US$	Furniture and fittings US$	Hotel equipment US$	Capital work in progress US$	Farming equipment US$	Total US$
31 December 2020										
Valuation										
As at 1 January	**74 409 052**	**5 176 848**	**4 654 447**	**194 602**	**286 924**	**44 409**	**32 575 101**	**2 266 663**	**109 667**	**119 717 713**
Additions	241 748	63 962	656 153	11 443	522	1 879	709 750	717 403	-	**2 402 860**
Exchange differences	-	-	-	-	-	-	(15 609)	-	-	**(15 609)**
Net revaluation (**)	(5 121 381)	(1 489 603)	(315 228)	18 678	1 227	(13 638)	(5 716 465)	(400 266)	(8 772)	**(13 045 448)**
Revaluation - cost	585 689	(1 072 032)	85 240	41 106	23 145	(12 801)	(3 118 928)	-		**(3 468 581)**
Exchange differences on translation of foreign operations	(5 707 070)	(417 571)	(400 468)	(22 428)	(21 918)	(837)	(2 597 537)	(400 266)	(8 772)	**(9 576 867)**
Disposals	-	-	(163 013)	(1 938)	(3 069)	-	(232 712)	-	-	**(400 732)**
Transfers in/(out)	-	944 290	-	-	-	-	511 481	(1 455 771)	(64 761)	**(64 761)**
As at 31 December 2020	**69 529 419**	**4 695 497**	**4 832 359**	**222 785**	**285 604**	**32 650**	**27 831 546**	**1 128 029**	**36 134**	**108 594 023**
Accumulated depreciation and impairment										
As at 1 January	**(5 287 173)**	**(1 780 238)**	**(1 045 138)**	**(71 242)**	**(100 007)**	**(40 725)**	**(16 503 488)**	**(47 172)**	**(39 276)**	**(24 914 459)**
Depreciation charge	(691 432)	(852 295)	(855 751)	(57 349)	(59 552)	(3 338)	(2 313 296)	-	-	**(4 833 013)**
Net revaluation (**)	471 096	1 645 533	345 520	7 019	20 269	17 715	3 973 683	3 774	3 142	**6 487 751**
Revaluation - accumulated depreciation	48 082	1 503 100	261 901	1 319	12 268	14 457	2 653 279	-	-	**4 494 406**
Exchange differences on translation of foreign operations	423 014	142 433	83 619	5 700	8 001	3 258	1 320 404	3 774	3 142	**1 993 345**
Accumulated depreciation on disposals	-	-	35 671	178	422	-	137 724	-	-	**173 995**
As at 31 December 2020	**(5 507 509)**	**(987 000)**	**(1 519 698)**	**(121 394)**	**(138 868)**	**(26 348)**	**(14 705 377)**	**(43 398)**	**(36 134)**	**(23 085 726)**
Net carrying amount as at 31 December 2020	**64 021 910**	**3 708 497**	**3 312 661**	**101 391**	**146 736**	**6 302**	**13 126 169**	**1 084 631**	**-**	**85 508 297**

Capital work in progress

Capital work in progress relates to refurbishment, hotel furniture, fittings and equipment that was undertaken or acquired during the financial year, but had not yet been brought into use as at the reporting date. As a result, these are not depreciated.

Capital commitments

There were no contractual commitments for the acquisitions of property and equipment as at 31 December 2020 (2019: US$ nil).

**Net revaluation

The subsidiaries in Zimbabwe changed their functional currency in the prior year. Hitherto, the US$ and the ZWL had in terms of the regulations been held at par, and financial statements had been prepared and presented on that basis. However, following the official promulgation of an exchange rate between the ZWL and the US$ in February 2019, property and equipment balances were for accounting purposes initially translated to ZWL on the basis of an exchange rate of ZWL1 to US$1. The deterioration of the exchange rate following this promulgation necessitated a change from cost to revaluation model with respect to subsequent measurement of property and equipment, with effect from the 2019 financial reporting period. From an exchange rate of US$1 to ZWL16.7734 as at the beginning of 2020, the exchange rate had deteriorated to US$1 to ZWL81.7866 as at 31 December 2020.

The revaluation of property and equipment which was carried out by the Group at the end of the current period should therefore be viewed in the context of mitigating the net foreign currency translation losses of US$7.6 million on property and equipment that arose following the currency changes in Zimbabwe. In the absence of this revaluation, this would have resulted in the value of property and equipment being materially understated.

On the basis of the above, in order to better reflect the impact, the revaluation adjustments have been presented together with the translation losses to reflect the net impact, being net decrease of US$6.6 million.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

6 PROPERTY AND EQUIPMENT (CONTINUED)

	Land and buildings US$	Leasehold improvements US$	Motor vehicles US$	Computer equipment US$	Office equipment US$	Furniture and fittings US$	Hotel equipment US$	Capital work in progress US$	Farming equipment US$	Total US$
31 December 2019										
Valuation										
As at 1 January	**68 297 693**	**4 510 252**	**5 156 239**	**169 503**	**256 711**	**57 143**	**27 488 792**	**1 458 422**	**562 070**	**107 956 825**
Additions	-	370 521	278 654	32 342	20 871	485	3 530 206	1 264 230	-	**5 497 309**
Exchange differences	-	-	-	-	-	-	22 875	-	-	**22 875**
Net revaluation (**)	6 111 359	296 075	205 254	(4 593)	9 342	(13 219)	1 768 203	(455 989)	(279 834)	**7 636 598**
Revaluation - cost	48 250 895	2 533 934	2 745 190	78 033	134 256	15 971	15 327 568	-	-	**69 085 847**
Exchange differences on translation of foreign operations	(42 139 536)	(2 237 859)	(2 539 936)	(82 626)	(124 914)	(29 190)	(13 559 365)	(455 989)	(279 834)	**(61 449 249)**
Disposals	-	-	(230 641)	(2 650)	-	-	(234 975)	-	-	**(468 266)**
Impairment #	-	-	(755 059)	-	-	-	-	-	(172 569)	**(927 628)**
As at 31 December 2019	**74 409 052**	**5 176 848**	**4 654 447**	**194 602**	**286 924**	**44 409**	**32 575 101**	**2 266 663**	**109 667**	**119 717 713**
Accumulated depreciation and impairment										
As at 1 January	**(3 539 982)**	**(1 878 914)**	**(1 567 948)**	**(87 813)**	**(112 644)**	**(57 143)**	**(11 597 404)**	**(91 884)**	**(68 928)**	**(19 002 660)**
Depreciation charge	(449 387)	(458 763)	(435 636)	(28 008)	(32 165)	(1 113)	(3 310 697)	-	(3 889)	**(4 719 658)**
Net revaluation (**)	(1 297 804)	557 439	464 010	42 174	44 802	17 531	(1 743 852)	44 712	33 541	**(1 837 447)**
Revaluation - accumulated depreciation	(3 020 415)	(356 870)	(298 978)	(557)	(10 012)	(10 276)	(7 387 330)	-	-	**(11 084 438)**
Exchange differences on translation of foreign operations	1 722 611	914 309	762 988	42 731	54 814	27 807	5 643 478	44 712	33 541	**9 246 991**
Impairment #	-	-	359 795	-	-	-	-	-	-	**359 795**
Accumulated depreciation on disposals	-	-	134 641	2 405	-	-	148 465	-	-	**285 511**
As at 31 December 2019	**(5 287 173)**	**(1 780 238)**	**(1 045 138)**	**(71 242)**	**(100 007)**	**(40 725)**	**(16 503 488)**	**(47 172)**	**(39 276)**	**(24 914 459)**
Net carrying amount as at 31 December 2019	**69 121 879**	**3 396 610**	**3 609 309**	**123 360**	**186 917**	**3 684**	**16 071 613**	**2 219 491**	**70 391**	**94 803 254**

#Impairment

The impairment relates to trucks and farm equipment that were owned by the Logistics segment and Real estate segment, respectively which were written off. The whole amount was recognined under operating expenses in the statement of comprehensive income, and there was no amount included in the asset revaluation surplus relating to the relevent assets. Net value of equipment written off was US$567 833.

**Net revaluation

The subsidiaries in Zimbabwe changed their functional currency in 2019. Hitherto, the US$ and the ZWL had in terms of the regulations been held at par, and financial statements had been prepared and presented on that basis. However, following the official promulgation of an exchange rate between the ZWL and the US$ in February 2019, property and equipment balances were for accounting purposes initially translated to ZWL on the basis of an exchange rate of ZWL1 to US$1. The deterioration of the exchange rate following this promulgation necessitated the change from the cost to the revaluation model with respect to subsequent measurement of property and equipment.

The revaluation of property and equipment which was carried out by the Group at the end of 2019 should therefore be viewed in the context of mitigating the foreign currency translation losses of US$52.2 million on property and equipment that arose following the currency changes in Zimbabwe. In the absence of this revaluation, this would have resulted in the value of property and equipment being materially understated.

On the basis of the above, in order to better reflect the impact, the revaluation adjustments have been presented together with the translation losses to reflect the net impact, being net increase of US$5.8million.

6 PROPERTY AND EQUIPMENT (CONTINUED)

Land and buildings

Land and buildings includes the following seven hotels leased by Dawn Properties Limited, a subsidiary of the Group, to African Sun Limited, a fellow subsidiary of the Group, under variable rental arrangements and are accounted as investment property in the financial statements of Dawn Properties and are reclassified to property and equipment (under "Land and buildings") in the consolidated financial statements of the Group:

- Elephant Hills Resort and Conference Centre;
- Monomotapa Hotel;
- Caribea Bay Resort;
- Hwange Safari Lodge;
- Troutbeck Resort;
- Great Zimbabwe Hotel; and
- Holiday Inn Mutare.

Valuation processes

As was the case in the prior year, the Group engaged Dawn Property Consultancy (Private) Limited to value its property and equipment excluding capital work in progress as at 31 December 2020. The valuation was done 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. For the current year, the valuation of the hotel properties was benchmarked against an independent valuation. The findings of the independent valuer reflect that the carrying amounts are reasonable. The different levels of determining the fair values have been defined as follows:

Level 1 - Quoted prices(unadjusted) in active markets for identical assets or liabilities;

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); and

Level 3 - Inputs used to value property and equipment are based on unobservable market data (that is, they are classified as unobservable inputs).

There were no transfers between the different levels of determining fair values during 2020 (2019 : US$ nil)

Freehold properties (which comprise land and buildings) were valued using the market comparable approach for land and the depreciated replacement cost ("DRC") for hotel buildings. Both valuation basis conform to international valuation standards. The market comparable method compares like with like, extracts data from properties recently sold or on offer similar to those to be valued with the same planning controls. The data is then adjusted for size, quality and location specific to the subject property being valued. The market comparative approach was adopted for the valuation of residential houses that are held by the Group through African Sun Limited.

According to Royal Institute for Chartered Surveyors ("RICS"), the depreciated replacement cost ("DRC") "is the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation". The DRC method was used to value the hotel properties, which the Group holds through Dawn Properties Limited as it is impractical to adopt the market approach given that there is limited active market for such properties in Zimbabwe.

All the other categories of equipment, excluding capital work in progress (which is carried at cost), were also valued based on the depreciated replacement cost basis as there was no active market for such assets in Zimbabwe during the year. The depreciated replacement cost is derived from current prices drawn from the most recent transactions in an active market of a different nature or similar less active markets, adjusted for contractual, location and inherent differences.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

6 PROPERTY AND EQUIPMENT (CONTINUED)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value as at 31 December 2020 US$	Valuation technique	Unobservable inputs	Range of Unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Freehold properties (hotel properties included in land and buildings)	59 613 467	Cost approach	Estimated cost to completion and to furnish the similar property	**Commercial Offices** US$1 050 - US$1 400 per square meter **Shops** US$950 - US$1 150 per square meter **Flats** US$950 - US$1 150 per square meter **Industrial** US$700 - US$1 000 per square meter	The higher the cost of the inputs the higher the fair value
Freehold properties (residential properties included in land and buildings)	4 408 443	Market approach	US$ rate per square meter price	**Low density houses** US$416- US$636 per square meter **High density houses** US$307- US$452 per square meter **Boundary walls** US$17- US$32 per square meter **Gates** US$209- US$831 per square meter	The higher the size and price per square meter the higher the fair value.
Leasehold properties	3 708 497	Cost approach	Estimated cost to complete and furnish the similar property	Inputs include labour, paint, carpets, designs, and construction materials.	The higher the cost of the inputs the higher the fair value.
Motor vehicles	3 312 661	Cost approach	Estimated cost of similar vehicle.	US$8 945 - US$119 000	The type and engine capacity of the motor vehicle
Computer equipment	101 391	Cost approach	Estimated cost of similar computer equipment.	Wide price range as the category comprises various items of equipment	The higher the cost of the inputs the higher the fair value
Office equipment	146 736	Cost approach	Estimated cost of similar office equipment.	Wide price range as the category comprises various items of office equipment	The higher the cost of the inputs the higher the fair value
Furniture and fittings	6 302	Cost approach	Estimated cost of similar furniture and fittings.	Wide price range as the category comprises various items of furniture and fittings	The higher the cost of the inputs the higher the fair value
Hotel equipment	13 126 169	Cost approach	Estimated cost of similar hotel equipment.	Wide price range as the category comprises various items of hotel equipment	The higher the cost of the inputs the higher the fair value

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

6 PROPERTY AND EQUIPMENT (CONTINUED)

All the depreciation is charged in operating expenses in profit or loss.

There were no borrowing costs capitalised during the year (2019: US$nil).

Properties held as security against borrowings have been disclosed on note 18.

The Group changed its accounting policy relating to subsequent measurement of property and equipment from the cost model to the revaluation model effective 30 June 2019. The change in accounting policy was applied prospectively from 30 June 2019. The historical cost, depreciation and carrying amount of the property and equipment as at 31 December had the Group not changed to the revaluation model would have been as follows:

	SEGMENT				
	Hospitality US$	Real estate US$	Logistics US$	Other US$	Total US$
31 December 2019					
Historical cost	26 084 582	719 361	2 049 962	175 384	**29 029 289**
Historical accumulated depreciation	(4 081 850)	(522 216)	(931 551)	(96 390)	**(5 632 007)**
Net carrying amount	**22 002 732**	**197 145**	**1 118 411**	**78 994**	**23 397 282**
31 December 2020					
Historical cost	25 874 575	713 758	2 865 220	139 970	**29 593 523**
Historical accumulated depreciation	(3 251 219)	(457 365)	(1 658 232)	(63 423)	**(5 430 239)**
Net carrying amount	**22 623 356**	**256 393**	**1 206 988**	**76 547**	**24 163 284**

7 LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	31 December 2020 US$	31 December 2019 US$
Right-of-use assets		
Hotel buildings	3 784 634	9 703 234
Office buildings	51 442	527 640
Staff houses	521 260	2 673 445
Land	26 092	74 185
	4 383 428	**12 978 504**
Lease liabilities		
Current	72 340	43 954
Non- current	3 124 721	2 112 203
	3 197 061	**2 156 157**
Amounts recognised in the statement of comprehensive income		
Depreciation charge of right-of-use assets		
Hotel buildings	75 254	156 450
Office buildings	33 842	45 245
Staff houses	6 100	30 214
	115 196	**231 909**
Interest expenses (included in finance costs)	239 532	514 442
Short term, low value and variable lease expense	793 377	2 491 348

The total cash outflow arising from the Group's lease liabilities in 2020 was US$297 943 (2019 US$959 697).

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

8 INVESTMENT PROPERTY

	2020 US$	2019 US$
At beginning of the year	**22 705 710**	**23 551 754**
Acquisitions	-	153 882
Transfer to assets classified as held for sale (note 14)	(845 004)	-
Disposals	(118 572)	-
Transfer (to)/from inventory (notes 15.1 and 15.2)	(5 429 913)	1 248 114
Net fair value losses	(1 355 671)	(2 248 040)
Fair value gains	460 958	13 256 442
Impact of translation of opening balances from foreign operations and IAS 29	(1 816 629)	(15 504 482)
At end of year	**14 956 550**	**22 705 710**

Investment property worth US$7 million was pledged as security for the Group's borrowings as at the reporting date (31 December 2019: US$7.6 million). Refer to note 18 to these financial statements for further detail of the securitisation arrangements.

8.1 Valuation processes

As was the case in the prior year, the investment property was valued as at 31 December 2020 by Dawn Property Consultancy (Private) Limited ("DPC") 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 was based on market comparison method for land and cost approach for freehold property. Both valuation approaches conform to international valuation standards.

DPC - a subsidiary of the Company, is a related party and therefore is not an independent valuer as encouraged but not required by IAS 40 - Investment property. DPC holds recognised and relevant professional qualifications and has experience in valuing similar assets in Zimbabwe.

8.2 Valuation techniques underlying management's estimation of fair value

Hotel buildings, residential properties and timeshare properties with fair values of US$5.1 million, US$2.3 million and US$1.2 million, respectively as at 31 December 2020 were valued based on the depreciated replacement cost basis as there was no active market for such assets in Zimbabwe during the year and in the previous year. These properties are included in investment property valued at US$15 million as at 31 December 2020 (31 December 2019: US$22.7 million).

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

	31 December 2020 US$ rate/sqm	31 December 2019 US$ rate/sqm
Construction cost figures:		
Grade "A" offices	1 200 - 1 400	1 200 - 1 400
Grade "B" offices	1 050 - 1 150	1 050 - 1 150
Industrial offices	850 - 1 000	700 - 800
Industrial factory	700 - 750	700 - 750
	-	-
Land comparable:		
Industrial areas	25 - 30	25 - 30
High density areas	30 - 75	30 - 75
Medium density areas	30 - 60	30 - 60
Low density areas	25 - 45	25 - 45
Commercials - avenues	250 - 400	250 - 400
Central business district	600 - 750	600 - 750

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

8 INVESTMENT PROPERTY (CONTINUED)

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

The valuers considered the gross replacement cost and the depreciated replacement cost in estimating the fair value of the hotel properties, in addition to taking into account recent market transactions where available.

The summary of the results are as follows:

	31 December 2020 US$	31 December 2019 US$
Hotel properties value indicators:		
Gross replacement cost (buildings)	7 700 000	13 298 019
Depreciated replacement cost (buildings)	3 393 000	3 804 559
Land value	1 500 000	2 099 992
Land value plus depreciated replacement cost of buildings	4 893 000	5 904 551
Market value	5 090 000	5 722 494

The cost approach was used to determine the fair value of the hotels and other investment 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 due 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 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 of the depreciated replacement cost would be accepted. The most significant unobservable input into this valuation is replacement cost per square meter for buildings and improvements, and selling price per square meter of land.

The comparison method was used for the valuation of land banks and residential property. The method entailed comparing like with 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.

8.3 Valuation techniques underlying management's estimation of fair value

(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 property and the current state of structures and utilities specific to its use as investment property, and 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.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

8 INVESTMENT PROPERTY (CONTINUED)

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

The Group's investment property is measured at fair value. The Group holds four classes of investment property being hotel properties, land, office and timeshares properties, all being situated in Zimbabwe.

	Hotel properties US$	Residential properties US$	Land US$	Timeshares US$	Total US$
Fair value hierarchy	3	3	3	3	
Year ended 31 December 2019					
As at 1 January 2019	**9 020 790**	**-**	**13 331 964**	**1 199 000**	**23 551 754**
Acquisitions	-	-	153 882	-	**153 882**
Improvements capitalised	-	-	-	-	**-**
Transfer from investment property (note 15.2)	-	1 248 114	-	-	**1 248 114**
Net fair value (losses)/gains	(3 298 296)	1 356 676	(266 218)	(40 202)	**(2 248 040)**
Fair value gains	3 019 645	1 356 676	8 128 673	751 448	**13 256 442**
Impact of translation of opening balances from foreign operations and IAS 29	(6 317 941)	-	(8 394 891)	(791 650)	**(15 504 482)**
As at 31 December 2019	**5 722 494**	**2 604 790**	**13 219 628**	**1 158 798**	**22 705 710**
Year ended 31 December 2020					
As at 1 January 2020	**5 722 494**	**2 604 790**	**13 219 628**	**1 158 798**	**22 705 710**
Disposals	-	(118 572)	-	-	**(118 572)**
Transfer to assets classified as held for sale (note 14)	(9 953)	-	(835 051)	-	**(845 004)**
Transfer to inventory (note 15.1)	-	-	(5 429 913)	-	**(5 429 913)**
Net fair value (losses)	(622 539)	(231 264)	(429 571)	(72 297)	**(1 355 671)**
Fair value (losses)/gains	(164 696)	(22 861)	628 099	20 416	**460 958**
Impact of translation of opening balances from foreign operations and IAS 29	(457 843)	(208 403)	(1 057 670)	(92 713)	**(1 816 629)**
As at 31 December 2020	**5 090 002**	**2 254 954**	**6 525 093**	**1 086 501**	**14 956 550**

** The Company's subsidiaries in Zimbabwe changed their functional currency in 2019. Hitherto, the US$ and the Zimbabwe dollar ("ZWL") had in terms of the regulations been held at par, and financial statements had been prepared and presented on that basis. However, following the official promulgation of an exchange rate between the ZWL and the US$ in February 2019, investment properties were for accounting purposes initially translated to ZWL on the basis of an exchange rate of ZWL1 to US$1. This exchange rate had adjusted to the following levels:

a. 31 December 2019 - US$1: ZWL16.7734; and

b. 31 December 2020- US$1: ZWL81.7866.

The deterioration in the exchange rate between the US$ and the ZWL accounts for the signficant exchange losses from translation of foreign operations at the reporting intervals above.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

8 INVESTMENT PROPERTY (CONTINUED)

8.4 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.

8.5 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.

	Cost approach US$	Sales comparison US$
Sensitivity on managements estimates:		
Change in depreciated replacement cost/square metre (cost/sqm):		
Year ended 31 December 2020		
5% decrease in the replacement cost/sqm	169 650	-
5% decrease in the replacement cost/sqm	(169 650)	-
5% increase in the selling price/sqm	-	75 000
5% decrease in the selling price/sqm	-	(75 000)
Year ended 31 December 2019		
5% decrease in the replacement cost/sqm	190 228	-
5% decrease in the replacement cost/sqm	(190 228)	-
5% increase in the selling price/sqm	-	105 000
5% decrease in the selling price/sqm	-	(105 000)

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

9 GOODWILL

	2020 US$	2 019 US$
YEAR ENDED 31 DECEMBER		
Cost		
Balance at beginning of the year	**8 261 050**	**8 261 050**
Additions	-	-
Balance at the end of year	**8 261 050**	**8 261 050**
Amortisation and impairment		
Balance at beginning of year	**(4 019 957)**	-
Impact of translation of foreign operations	(339 320)	(4 019 957)
Balance at end of year	**(4 359 277)**	**(4 019 957)**
Carrying amount at the end of the year	**3 901 773**	**4 241 093**

Goodwill is monitored by management at the level of the operating segment identified in note 5.

The segment summary of the goodwill allocation is presented below:

	HOSPITALITY	
	2020 US$	2 019 US$
31 December		
African Sun Limited	3 901 773	4 241 093

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit ("CGU") is determined based on value in use calculations which require the use of assumptions as detailed in note 4.2 (e) . The calculations use cashflow projections based on financial budgets approved by the board of directors of the relevant subsidiary covering a five year period.

Cashflows beyond the five year period are extrapolated using estimated growth rates which management considers reasonable and achievable.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	HOSPITALITY	
	2020	2019
Sale volume (% annual growth rate)	10%	10.0%
Budgeted gross margin (%)	76%	77.0%
Average hotel occupancy (%)	45%	52.4%
Average daily hotel rate (US$)	119	105
Other operating costs (US$)	19 293 652	30 766 387
Annual capital expenditure	2 189 633	10 039 549
Long term growth rate	5%	5.8%
Pre-tax discount rate	40%	39.5%

In line the currency changes in Zimbabwe, the value in use calculation was carried out in ZWL, the functional currency of the subsidiary in the hospitality segment, and of Arden Capital (Private) Limited, the immediate holding company.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

9 GOODWILL (CONTINUED)

Assumption	Approach used to determining values
Sale volume	Average annual growth rate over the five year forecast period, based on historical performance and management's expectations of future market developments.
Budgeted gross margin	Average annual growth rate over the five year forecast period, based on current industry trends and management's expectations of future market developments.
Average hotel occupancy	Average annual growth rate over the five year forecast period, based on historical performance. Historical performance is adjusted to exclude non-recurring events that could have had an impact on the occupancy rates. Projected occupancy rates also incorporate management's expectations of future industry developments.
Average daily hotel rate	Average actual hotel daily rate for all the hotels over the five year forecast period, based on actual historical performance. Projected average daily hotel rates also incorporate management's expectations of future industry developments.
Other operating costs	Other operating costs relate to fixed costs of each CGU, which do not vary significantly with sales volumes or prices. Management forecasts these expenses based on the current structure of the business, adjusting for inflationary increases but not reflecting any future cost savings or cost saving measures. The amounts disclosed above are the average annual operating costs for the five year forecast period.
Annual capital expenditure	This is the expected capital expenditure in the CGUs. This is based on planned refurbishment expenditure. No incremental revenues or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long term growth rate	This is the rate used to extrapolate cash flows beyond the forecast period. The rate is based on management's conservative view regarding future industry growth.
Pre-tax discount rate	This is expected weighted average cost of capital based on historical borrowing interest rates and how the business has been financed between debt and equity.

Impact of possible changes in key assumptions

The recoverable amount of the hospitality CGU is estimated to exceed the carrying amount of the CGU at 31 December 2020 by US$15 560 000 (2019: US$13 674 500).

If the budgeted sales volume used in the value-in-use calculation for the hospitality CGU had been 5% lower than management's estimates at 31 December 2020 (9.5% instead of 10%), the recoverable amount would have exceeded the carrying amount of the CGU at 31 December 2020 by US$15 339 000 (2019: US$13 625 000).

If the long-term growth rate applied to the cash flow projections of this CGU had been 0% (instead of 5%), the recoverable amount would have exceed the carrying amount of the CGU at 31 December 2020 by US$14 588 000 (2019: US$12 040 000).

If the pre-tax discount rate applied to the cash flow projections of this CGU had been 5% higher than management's estimates (42% instead of 40%), the recoverable amount would have exceed the carrying amount of the CGU at 31 December 2020 by US$14 451 000 (2019: US$13 021 000).

10 INVESTMENT IN SUBSIDIARIES

	2020 US$	2 019 US$
Direct shareholding in:		
Arden Capital (Private) Limited	55 540 986	55 540 986

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the Company's direct subsidiary investment for the year ended 31 December 2020, are as follows:

Name of entity	Country of incorporation	% shareholding	No. of equity shares
Arden Capital (Private) Limited	Zimbabwe	100%	86 306 195

There were no changes in Arden Capital Limited's shareholding in Arden Capital (Private) Limited as at 31 December 2020 when compared to the prior year.

Subsidiaries of Arden Capital (Private) Limited

Arden Capital Limited indirectly holds the following subsidiaries through Arden Capital (Private) Limited:

- African Sun Limited, 57.67% shareholding (31 December 2019: 57.67%) and is listed on the Zimbabwe Stock Exchange ("ZSE");
- Dawn Properties Limited, 66.81% shareholding (31 December 2019: 66.81%);
- Brainworks Petroleum (Private) Limited, 100% shareholding. Brainworks Petroleum owns FML Logistics (Private) Limited ("FML Logistics"). The shareholding in FML Logistics is 100% (31 December 2019: 100%);
- Brainworks Hotels and Real Estate (Private) Limited; 100% shareholding (31 December 2019: 100%); and
- Lengrah Investments (Private) Limited; 100% shareholding (31 December 2019: 100%).

The Group's material operating subsidiaries are African Sun Limited and Dawn Properties Limited. Both subsidiaries also have significant non-controlling interests ("NCI"). Refer to note 24 for information relating to each of the Group's subsidiaries that have material NCI before any inter-company eliminations.

10.1 Summarised financial information for African Sun Limited and Dawn Properties Limited

	31 December 2020		31 December 2019	
	African Sun Limited US$	Dawn Properties Limited US$	African Sun Limited US$	Dawn Properties Limited US$
ASSETS				
Non current net assets				
Property and equipment	24 026 709	528 692	26 949 043	556 724
Right -of-use assets	4 376 172	-	12 961 772	-
Investment property	-	74 570 015	-	88 036 203
Other non current assets	4 825 795	1 100 980	7 203 297	1 193 046
	33 228 676	**76 199 687**	**47 114 112**	**89 785 973**
Current assets				
Assets classified as held for sale	-	845 004	-	-
Inventories	1 890 070	6 228 104	3 923 649	103 413
Trade and other receivables	75 708	550 704	-	873 228
Cash and cash equivalents	9 773 904	388 253	11 831 403	52 117
	11 739 682	8 012 065	15 755 052	1 028 758
Total assets	**44 968 358**	**84 211 752**	**62 869 164**	**90 814 731**
EQUITY AND LIABILITIES				
Equity				
Share capital and share premium	15 936 392	9 208 420	17 322 308	10 009 235
Other reserves	21 174 760	3 800 501	17 593 682	3 916 115
(Accumulated losses)/retained earnings	(12 035 373)	67 649 233	4 472 060	71 171 102
	25 075 779	**80 658 154**	**39 388 050**	**85 096 452**
Non-current liabilities				
Borrowings	-	30 696	-	139 603
Lease liabilities	3 124 721	-	2 092 001	-
Deferred tax	5 784 952	2 664 617	9 622 150	5 091 660
Trade and other payables	-	-	-	-
	8 909 673	**2 695 313**	**11 714 151**	**5 231 263**
Current liabilities				
Borrowings	-	17 798	-	222 944
Trade and other payables	10 982 906	840 487	11 766 963	264 072
	10 982 906	858 285	11 766 963	487 016
Total equity and liabilities	**44 968 358**	**84 211 752**	**62 869 164**	**90 814 731**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

10.1 Summarised financial information for African Sun Limited and Dawn Properties Limited (continued)

	31 December 2020		31 December 2019	
	African Sun Limited US$	Dawn Properties Limited US$	African Sun Limited US$	Dawn Properties Limited US$
Revenue	22 496 988	2 265 034	54 499 274	3 890 033
Cost of sales	(6 287 114)	-	(11 317 232)	-
Gross profit	16 209 874	2 265 034	43 182 042	3 890 033
Fair value gains on investment property	-	(37 200)	-	52 979 418
Other income	(14 149 734)	118 368	7 876 467	(196 741)
Operating expenses	(21 564 992)	(1 757 625)	(30 377 411)	(2 187 705)
Net finance charges	(797 300)	(20 330)	(587 655)	(257 678)
(Loss)/ profit before income tax	**(20 302 152)**	**568 247**	**20 093 443**	**54 227 327**
Income tax credit/ (expense)	4 339 122	1 337 388	(9 000 815)	(3 519 843)
(Loss)/profit for the year	**(15 963 030)**	**1 905 635**	**11 092 628**	**50 707 484**
Other comprehensive income	4 988 706	78 189	19 415 640	270 691
Total comprehensive (loss)/ income	**(10 974 324)**	**1 983 824**	**30 508 268**	**50 978 175**
Summarised statement of cashflows				
Cash generated from/ (used in) operating activities	1 970 812	(4 522 513)	17 746 333	1 334 442
Cash used in investing activities	(2 000 237)	(148 663)	(5 228 029)	(169 529)
Cash used in financing activities	(231 791)	(108 998)	(4 031 667)	(663 773)
Net increase/(decrease) in cash and cash equivalents for the year	**(261 216)**	**(4 780 174)**	**8 486 637**	**501 140**
Cash and cash equivalents at the beginning of the year	11 831 403	206 504	13 877 327	1 682 035
Impact of translation of foreign operations and IAS 29	(1 796 283)	4 962 307	(10 532 561)	(1 976 671)
Cash and cash equivalents at the end of the year	**9 773 904**	**388 637**	**11 831 403**	**206 504**

11 INVESTMENTS IN ASSOCIATES

As at 31 December 2019, the Group only held a 49% equity investment in Coporeti Support Services t/a “GetCash” whose carrying amount was fully impaired in 2017.

On 11 July 2016, the Group through Arden Capital (Private) Limited (formerly Brainworks Capital Management (Private) Limited), agreed to act as a guarantor in respect of GetCash’s US$1 100 000 loan facility with a Zimbabwean based financial institution, through pledge of:

a. 98 781 853 shares held in Dawn Properties Limited; and
b. 6 395 474 shares held in African Sun Limited.

As at 31 December 2020, the Group had fully settled the outstanding amount due by GetCash to the financial institution (31 December 2019: US$29 237). During the year ended 31 December 2020, the Group paid US$7 106 (2019: US$17 238) to the financial institution on the basis of the guarantee as GetCash had defaulted due to significant financial difficulties. The amounts paid were fully impaired both in the current and prior year.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

11 INVESTMENTS IN ASSOCIATES (CONTINUED)

The total amounts expensed in the statement of comprehensive income in relation to the guarantee above and receivables from GetCash during the year were as follows:

	2020 US$	2019 US$
Monthly loan instalment obligations paid	7 106	17 238
Outstanding loan principal amounts recognised as a Group loan obligations	-	29 337

12 INTEREST IN A JOINT OPERATION

The Group has a 50% interest in The Victoria Falls Hotel, through African Sun Limited. The Victoria Falls Hotel is a leased hotel in the Victoria Falls area. The following amounts represent the Group's 50% share of the assets and liabilities, and sales and results of the joint operation. They are included in the statement of financial position and statement of comprehensive income.

	2020 US$	2019 US$
Summarised statement of comprehensive income		
Revenue	1 102 947	7 947 779
Cost of sales	(317 765)	(1 234 126)
Gross profit	**785 182**	**6 713 653**
Operating expenses	(1 523 870)	(3 127 897)
Other income	466 591	5 012 230
(Loss)/profit before income tax	**(272 097)**	**8 597 986**
ASSETS		
Non-current assets		
Property and equipment	1 870 501	2 503 997
Right of use assets	71 865	132 233
	1 942 366	**2 636 230**
Current assets		
Inventories	75 160	225 614
Trade and other receivables	32 501	2 214 800
Amounts due from related parties	21 249	589 956
Cash at banks and on hand	338 722	1 272 770
	467 632	**4 303 140**
Total assets	**2 409 998**	**6 939 370**
LIABILITIES		
Non-current liabilities		
Lease liabilities	(12 267)	(21 929)
Current liabilities		
Borrowings	-	(331 171)
Provision for other liabilities	(53 680)	(100 875)
Trade and other payables	(361 849)	(590 597)
	(415 529)	(1 022 643)
Total liabilities	**(427 796)**	**(1 044 572)**
Net assets	**1 982 202**	**5 894 798**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

13 DEFERRED TAX

		2020 US$	2019 US$
13.1	**The net movement on the deferred tax account is as follows:**		
	Net deferred tax liability as at 1 January	**(26 384 095)**	**(7 936 175)**
	Credited /(charged) to profit or loss (note 29.1)	9 233 489	(4 545 716)
	Charged to other comprehensive income	(154 818)	(13 902 204)
	Net deferred tax liability as at 31 December	**(17 305 424)**	**(26 384 095)**
13.2	**Net deferred tax liability is derived as follows**		
	Deferred tax assets (note 13.5)	1 984 669	790 255
	Deferred tax liabilities (note 13.6)	(19 290 093)	(27 174 350)
		(17 305 424)	**(26 384 095)**
13.3	**Net deferred tax by jurisdiction**		
	Zimbabwean tax jurisdiction		
	- Deferred tax assets	1 982 985	790 255
	- Deferred tax liabilities	(19 288 575)	(27 172 832)
		(17 305 590)	**(26 382 577)**
	South African tax jurisdiction		
	- Deferred tax assets	1 684	-
	- Deferred tax liabilities	(1 518)	(1 518)
	Deferred tax	**166**	**(1 518)**
	Net deferred tax liabilities	**(17 305 424)**	**(26 384 095)**
13.4	**Recovery of deferred tax assets and liabilities**		
	Deferred tax assets		
	-Deferred tax assets to be recovered within 12 months	175 902	269 124
	-Deferred tax assets to be recovered after more than 12 months	1 808 767	521 131
		1 984 669	**790 255**
	Deferred tax liabilities		
	-Deferred tax liabilities to be recovered within 12 months	(309 514)	(8 849 683)
	-Deferred tax liabilities to be recovered after more than 12 months	(18 980 579)	(18 324 667)
		(19 290 093)	**(27 174 350)**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

13 DEFERRED TAX (CONTINUED)

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

13.5 Deferred tax assets

	Property and equipment US$	Lease liabilities US$	Provisions US$	Allowance for expected credit losses US$	Other US$	Total US$
Year ended 31 December 2019						
As at 1 January 2019	**923 954**	**-**	**859 192**	**17 953**	**-**	**1 801 099**
Charged /(credited) to statement of comprehensive income	(923 954)	521 131	(831 708)	223 687	-	**(1 010 844)**
As at 31 December 2019	**-**	**521 131**	**27 484**	**241 640**	**-**	**790 255**
Year ended 31 December 2020						
As at 1 January 2020	**-**	**521 131**	**27 484**	**241 640**	**-**	**790 255**
(Credited)/charged to statement of comprehensive income	-	262 851	(10 931)	(102 565)	1 045 059	**1 194 414**
As at 31 December 2020	**-**	**783 982**	**16 553**	**139 075**	**1 045 059**	**1 984 669**

13.6 Deferred tax liabilities

	Property and equipment US$	Right of use assets US$	Fair value gains US$	Assessable tax losses US$	Other US$	Total US$
Year ended 31 December 2019						
As at 1 January 2019	**(4 513 626)**	**-**	**(4 565 216)**	**1 750**	**(660 182)**	**(9 737 274)**
Charged to statement of comprehensive income	(1 659 420)	(3 204 706)	(411 647)	(1 091)	1 741 992	**(3 534 872)**
Charged to other comprehensive income	(13 902 204)	-	-	-	-	**(13 902 204)**
As at 31 December 2019	**(20 075 250)**	**(3 204 706)**	**(4 976 863)**	**659**	**1 081 810**	**(27 174 350)**
Year ended 31 December 2020						
As at 1 January 2020	**(20 075 250)**	**(3 204 706)**	**(4 976 863)**	**659**	**1 081 810**	**(27 174 350)**
Charged/(credited) to statement of comprehensive income	3 838 657	2 619 841	2 972 560	(659)	(1 391 324)	**8 039 075**
Charged to other comprehensive income	(154 818)	-	-	-	-	**(154 818)**
As at 31 December 2020	**(16 391 411)**	**(584 865)**	**(2 004 303)**	**-**	**(309 514)**	**(19 290 093)**

14 ASSETS CLASSIFIED AS HELD FOR SALE

In November 2020, the Group's real estate segment decided to sell two properties, namely the former Brondesbury Park Hotel and a 1.7 hectares piece of land in Harare. The assets are being disposed off as they are considered non-core assets to the property development business focus of the real estate segment. Consequently, these assets which are expected to be sold within 12 months subsequent to year end, have been classified as non-current assets held for sale and presented separately on the statement of financial position. Hitherto, the two properties were classified as investment property and are presented within total assets of the real estate segment in note 5.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

14 ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

The two properties were measured at fair value in line with IAS 40 *Investment Property* as permitted by IFRS 5 *Non-current assets held for sale and discontinued operations.* As described in note 8 above, the fair values of the hotel property and piece of land were determined using the depreciated replacement cost approach and the market comparison method, respectively.

The carrying amounts of the assets held for sale as at 31 December 2020 are summarised as follows:

	2020 US$	2019 US$
Balance at the beginning of the year	**-**	**-**
Transfer from investment property (note 8)	845 004	-
Land in Nyanga (formerly Brondesbury Park Hotel)	589 950	-
Land in Harare	255 054	-
Balance at the end of the year	**845 004**	**-**

15 INVENTORIES

	2020 US$	2019 US$
Food and beverage	749 017	2 304 290
Shop merchandise	18 679	19 956
Consumable stocks	848 357	1 206 813
Maintenance stocks	302 613	523 389
Residential stands for sale (note 15.1)	6 142 017	-
Construction inventories	-	2 613
Stationery and other office consumables	86 086	100 799
	8 146 769	**4 157 860**

The cost of inventories recognised as expenses and included in cost of sales amounted to US$2 621 136 (2019: US$3 989 215). There were no items of inventory impaired during the year (2019: US$nil).

15.1 Residential stands for sale

	2020 US$	2019 US$
Balance at the beginning of the year	**-**	**-**
Transfer from investment property (note 8) *	5 429 913	-
Transfer from property and equipment (note 6)	64 761	-
Construction expenses incurred	1 180 404	-
Costs in respect of properties sold (cost of sales)	(533 061)	-
Balance at the end of the year	**6 142 017**	**-**

*This relates to land that was initially classified as investment property but was later reclassified to inventory when a decision was taken to develop the same as residential stands for resale under the Phase 1A of the Malborough Sunset Views residential development project.

15.2 Property inventory

	2020 US$	2019 US$
Balance at the beginning of the year	**-**	**2 269 438**
Additional costs incurred	-	18 847
Effect of translation of foreign operations and IAS 29 on opening balances	-	(1 040 171)
Reclassification to investment property #	-	(1 248 114)
Balance at the end of the year	**-**	**-**

- The transfer from inventory in prior year relates to the remaining 21 residential units under Elizabeth Windsor Gardens residential development project that Dawn Properties Limited developed. Due to the depressed economic enviroment in 2019, the Group decided to terminate active marketing of these units and hold the remaining units for capital appreciation, and only sell in the future when the economic conditions in Zimbabwe improve.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

16 TRADE AND OTHER NON CURRENT ASSETS

	2020 US$	2019 US$
Trade receivables	2 024 631	3 891 861
Allowance for expected credit losses (note 16.2)	(517 282)	(1 011 145)
	1 507 349	**2 880 716**
Other receivables at amortised cost		
Other receivables	207 325	492 799
Prepayments	1 061 629	3 552 720
Staff receivables	144 147	111 310
Receivables from related parties	89 755	34 114
Other non-current assets	1 519 384	1 503 317
	3 022 240	**5 694 260**
Allowance for expected credit losses (note 16.2)	(62 911)	(74 636)
	2 959 329	**5 619 624**
	4 466 678	**8 500 340**

16.1 Analysis of trade and other non current assets

	2020 US$	2019 US$
Current trade and other receivables	2 947 294	6 997 023
Other non-current assets	1 519 384	1 503 317
	4 466 678	**8 500 340**

Included in the non-current assets of US$1.5million (2019: US$1.5million) is a prepayment of US$1.1 million (2019: US$1.2 million) made with respect to the acquisition of two pieces of land from City of Harare, measuring approximately 2.2 hectares. After having experienced regulatory delays in securing permission to transfer one of the two pieces of land, the Group, out of prudence decided to reclassify this prepayment to non-current assets.

In 2018, the Group initiated legal proceedings against the City of Harare, at the High Court, to compel the City of Harare to perform. The High Court ruled in favour of the Group and gave the Group right to legal title to the two pieces of land. The process to transfer legal title to the Group, although initiated, had not yet been completed as at the reporting date and as at the same date, the Group concluded that it did not yet have control over the two pieces of land notwithstanding the presence of the High Court Order. The Group thus continues to classify this prepayment as non-current.

The decrease in the value of the prepayment from US$1.2 million in the prior year to US$1.1 million was due to the impact of IAS 29 and translation of the initial prepayment amount based on an exchange rate of US$1:ZWL$81.7866.

Included in non-current receivables are staff receivables in the form of car and housing loans which are all due within five years from the end of the reporting period. These loans, disclosed in note 32.1, which are ZWL denominated, bear interest at an average interest rate of 35% per annum (2019: 35%) and are secured by the houses and the vehicles that would have been financed. These loans are advanced to staff in terms of the Group's staff incentive and retention schemes.

The fair value of the staff receivables (both current and non-current) is based on cashflows discounted using a market related interest rate of 35% (2019: 20%).

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2020 US$	2019 US$
United States of America dollar	886 190	634 652
Zimbabwe dollar	3 580 488	7 713 734
South African rand	-	151 954
	4 466 678	**8 500 340**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

16 TRADE AND OTHER NON CURRENT ASSETS (CONTINUED)

16.2 Movements on the Group's allowance for expected credit losses of trade receivables and other financial assets at armotised cost is as follows:

	2020 US$	2019 US$
As at 1 January	**1 085 781**	**2 777 462**
Charge to the statement of comprehensive income	618 284	(145 968)
Impact of translation of foreign operations on opening balances	(1 123 872)	(1 530 400)
Receivables written off during the period as uncollectible	-	(15 313)
As at 31 December	**580 193**	**1 085 781**
Total allowances for expected credit losses are attributable to the following:		
Trade receivables	517 282	1 011 145
Other financial assets at amortised cost	62 911	74 636
	580 193	**1 085 781**

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.

As at the reporting date, no debtors had been pledged in respect of the Group's liabilities (2019: US$ nil).

17 CASH AND CASH EQUIVALENTS

	2020 US$	2019 US$
Current assets		
Cash on hand	245 899	97 769
Bank balances	10 085 978	12 383 969
	10 331 877	**12 481 738**
Cash and bank balances were held in the following primary currencies:		
United States of America dollar	8 433 029	8 650 852
Zimbabwe dollars	1 457 022	1 616 700
South African rand	235 756	2 023 904
Euro	206 010	190 227
Australian dollars	60	55
	10 331 877	**12 481 738**

18 BORROWINGS

	2020 US$	2019 US$
Reconciliation of opening to closing balance		
Balance at the beginning of the year	**455 684**	**17 066 606**
Additional borrowings accessed	-	1 789 879
Interest expense for the year (note 28.2)	24 127	1 208 824
Interest paid	(20 284)	(1 379 623)
In cash	(20 284)	(683 654)
Through delivery of equity instruments (note 21.3)	-	(695 969)
Principal repaid	(57 725)	(10 542 845)
In cash	(57 725)	(6 231 057)
Through delivery of equity instruments (note 21.3)	-	(4 311 788)
Foreign exchange losses	(62 523)	(72 504)
Exchange differences on translation of foreign operations	(210 264)	(7 614 653)
Balance at the end of the year	**129 015**	**455 684**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

18 BORROWINGS (CONTINUED)

Reconciliation of opening to closing balance (continued)

	Notes	2020 US$	2019 US$
Facilities			
Bank loans		48 494	378 897
Amounts due to related parties		80 521	76 787
Total		**129 015**	**455 684**
Current		98 319	316 081
Non-current		30 696	139 603
		129 015	**455 684**
18.1 Analysis of facilities by funder			
Bank loans			
CBZ Bank Limited	18.1.1	-	5 531
Ecobank Zimbabwe Limited	18.1.2	-	16 350
NMB Bank Limited	18.1.3	48 494	357 016
		48 494	**378 897**
Related parties			
Other related parties	18.1.4	80 521	76 787
		129 015	**455 684**

The fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature

18.1.1 CBZ Bank Limited

Dawn Properties Limited had loan with CBZ Bank Limited which arose from a five year mortgage loan. The loan accrued interest at 25% (2019: 25%) per annum, was secured by a first mortgage bond over a certain piece of land located in Harare. The mortgage loan, which had a contractual maturity date of 31 August 2021, was repaid in October 2020 as part of the Group's liquidity management measures.

18.1.2 Ecobank Zimbabwe Limited

The Ecobank Zimbabwe Limited loan which was held by Arden Capital (Private) Limited, attracted interest at 8% (2019: 8%) per annum and was secured by 360 900 000 Dawn Property Limited shares and 146 299 461 African Sun Limited shares. The loan matured and was fully repaid on 31 August 2020.

18.1.3 NMB Bank Limited

The NMB Bank Limited loan, held by Dawn Properties Limited arose from a five year US$5 million facility with NMB Bank Limited. The loan attracts interest at 55% (2019: 25%) per annum and was secured by first mortgage bonds over the Beitbridge Hotel and the Great Zimbabwe Hotel whose aggerate value was US$7 million as at 31 December 2020. The loan has a maturity date of 31 December 2022.

18.1.4 Related parties

Due to Red Rock Limited and Blue Air Limited

The amounts outstanding are due to Red Rock Capital Limited and Blue Air Capital Limited ("the Lenders"). The loans are unsecured, bear interest rate based on the 12 months US LIBOR+ 5%.

The Lenders are shareholders in the Company.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

19 TRADE AND OTHER PAYABLES

	2020 US$	2019 US$
Trade payables	6 074 423	5 562 904
Payroll accruals	1 581 966	941 564
Other payables	1 347 698	3 064 191
Liabilities related to contracts with customers (note 19.1)	1 661 677	1 241 068
Statutory liabilities	593 440	854 755
	11 259 204	**11 664 482**
Category		
Current	11 259 204	11 664 482
Non-current	-	-
	11 259 204	**11 664 482**

Statutory liabilities relate to pay as you earn ("PAYE"), pension obligations, value added tax ("VAT") and tourism levy.

Included in other payables are sundry creditors who provide other goods and services which do not form part of the direct costs and services of the business.

19.1 Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	2020 US$	2019 US$
Balance at 1 January	**1 241 068**	**3 654 173**
Revenue recognised in the current year that was included in the contract liability at the beginning of the year	(1 141 773)	(1 219 893)
Contract liability recognised during the year	1 661 677	1 190 896
Impact of translation and IAS 29 on opening balances	(99 295)	(2 384 108)
Contract liability recognised from costs incurred to fulfill a contract at 31 December	**1 661 677**	**1 241 068**

20 PROVISIONS

	2020 US$	2019 US$
Provisions	**1 343 847**	**1 216 919**

The provisions balance is made up of the following:

	Balance as at 1 January US$	Additional provisions US$	Impact of translation of foreign operations US$	Utilised/ reversed provisions US$	Balance as at 31 December US$
Year ended 31 December 2020					
Contractual claims	**365 759**	53 464	(29 263)	-	**389 960**
Claims from former employees	**49 828**	(17 655)	(3 986)	-	**28 187**
Audit of foreign operations	**100 355**	7 674	(8 029)	-	**100 000**
Associate company loan guarantee provision (note 11)	**29 337**	-	(23 320)	(6 017)	**-**
Provision for tax liabilities	**103 078**	218 314	(81 939)	-	**239 453**
Other	**28 562**	619 662	(22 704)	(9 273)	**616 247**
	676 919	881 459	(169 241)	(15 290)	**1 373 847**
Staff incentive bonus provision (part of staff incentive scheme expense on note 25)	**540 000**	10 647	(174 881)	(375 766)	**-**
	1 216 919	**892 106**	**(344 122)**	**(391 056)**	**1 373 847**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

20 PROVISIONS (CONTINUED)

	Balance as at 1 January US$	Additional provisions US$	Impact of translation of foreign operations US$	Utilised/ reversed provisions US$	Balance as at 31 December US$
Year ended 31 December 2019					
Contractual claims	**364 467**	344 031	(342 739)	-	**365 759**
Claims from former employees	**835 787**	-	(785 959)	-	**49 828**
Audit of foreign operations	**100 000**	94 393	(94 038)	-	**100 355**
Associate company loan guarantee provision (note 11)	**671 063**	17 238	(658 964)	-	**29 337**
Provision for tax liabilities	**1 728 962**	-	(1 625 884)	-	**103 078**
Other	**65 606**	-	-	(37 044)	**28 562**
	3 765 885	**455 662**	**(3 507 584)**	**(37 044)**	**676 919**
Staff incentive bonus provision (part of staff incentive scheme expense on note 25)	**1 752 746**	540 000	-	(1 752 746)	**540 000**
	5 518 631	**995 662**	**(3 507 584)**	**(1 789 790)**	**1 216 919**

(a) Contractual claims

The amount represents a provision payable to a counterparty arising from a service contract. The counterparty has made an additional claim against the Group. After obtaining legal advice, the outcome of the legal claim will not give rise to any loss beyond the provision provided for.

(b) Claims from former employees

The Victoria Falls Hotel Partnership, in which the African Sun Limited has 50% joint control, is a defendant in a legal case involving 69 dismissed employees. The employees were dismissed following their involvement in an illegal industrial action. They have since challenged the dismissal through the courts.

(c) Audit of foreign operations

This provision relates to audit costs of dormant companies in South Africa and the exit of Ghana operations. This provision is related to African Sun Limited operations.

(d) Staff incentive bonus provision

This represents the estimated amounts payable in terms of the Group's staff incentive schemes.

(e) Provision for tax liabilities

This arises from tax claims against Arden Capital (Private) Limited. The Group is defending tax claims from the Zimbabwe Revenue Authority ("ZIMRA") arising from assessments issued by ZIMRA to Arden Capital (Private) Limited in relation to Value Added Tax, Pay As You Earn, Income Tax and Withholding Tax. The total claim of US$0.24 million comprises aggregate principal amounts and penalties and interest of US$0.13 million and US$0.11 million, respectively.

The Income Tax matter was heard in the High Court of Zimbabwe in February 2020 and judgement was handed down. The Value Added Tax ("VAT") matter was heard in November 2020 and the Group awaits judgement. With regards to the Income Tax case, the court dismissed Arden Capital (Private) Limited's case in its entirety. The Group is of the considered view that there is merit in pursuing the case at the Supreme Court. As result, a notice of appeal was filed with the Supreme Court.

Given the initial judgement passed by the High court, the Group has considered it prudent to recognise a provision for all the tax cases thereof in its financial statements for the year ended 31 December 2020.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

21 STATED CAPITAL

21.1 Issued and paid up share capital (excluding treasury shares)

	Number of shares	Stated capital US$
Year ended 31 December 2019		
At the beginning of the year	**88 531 195**	**63 088 923**
Issue of shares	20 960 328	10 074 331
Issue of shares for cash (note 21.2)	9 427 476	4 017 959
Issue of shares as consideration for loan settlement (note 21.3)	11 532 852	6 056 372
Balance as at 31 December 2019	**109 491 523**	**73 163 254**
Year ended 31 December 2020	**109 491 523**	**73 163 254**

21.2 Issue of shares for cash

This arose from a rights issue that was carried out by the Company in 2019, as a consequence of which US$4 056 573 was raised and shares amounting to 9 427 476 issued on 20 September 2019. Directly attributable transaction costs amounted to US$38 614 were deducted against the gross proceeds, resulting in US$4 017 959 recognised in equity.

21.3 Issue of shares as consideration for loan settlement

At an extraordinary general meeting of the shareholders of the Company held on 4 of November 2019, the shareholders approved the issue of 11 532 852 ordinary shares of the Company as consideration for the full and final settlement of loans amounting to US$5 007 757 comprising capital of US$4 311 798 and accrual interest of US$695 959 which were due to certain related parties. The shares were subsequently issued between the 7 and 11 November 2019.

The fair value of the shares issued based on the listed price thereof on the relevant dates amounted to US$6 140 280. However, based on the agreement between the related parties and the Company, the shares were issued at a discounted price of ZAR6.50 per share. This resulted in the recognition of a loss of US$1 132 523 which has been accounted for as part of the finance costs for the year.

Directly attributable costs of US$83 908 were deducted against the US$6 140 280 resulting in a net credit to equity of US$6 056 372.

21.4 Treasury shares

The treasury shares arose from a 2015 Group re-organisation exercise which culminated in Arden Capital Limited being the ultimate holding company, owning all the shares in Arden Capital (Private) Limited. Arden Capital (Private) Limited had hitherto been the holding company, holding all the issued shares of the Company. To achieve the Group re-organisation, the shareholders of Arden Capital (Private) Limited gave up their shares in Arden Capital (Private) Limited to the Company as consideration, for which in return they received an equivalent number of shares with the same rights in the Company.

At the time of the Group re-organisation, Arden Capital (Private) Limited had 7 775 000 of its own ordinary shares held as treasury shares, which shares were given up to the Company. As consideration, Arden Capital (Private) Limited was issued with 7 775 000 ordinary shares of Arden Capital Limited, which shares Arden Capital (Private) Limited holds through a nominee.

21.5 Rights attaching to the issued shares

All issued shares are fully paid with no par value.

All shares rank equally with regard to the Company's residual assets and dividends. The holders of ordinary shares are entitled to one vote per share at meetings of the Company. In terms of the shareholders' resolution which is renewable annually, the directors are authorised to issue for cash new shares not more than 15% of the issued shares of the Company.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

22 EARNINGS PER SHARE

		2020 US cents	Restated* 2019 US cents
22.1	**Basic (loss)/earnings per share**	(8.56)	15.66
22.2	**Diluted (loss)/earnings per share**	(8.56)	15.66
22.3	**Headline (loss)/earnings per share**	(8.83)	6.97
22.4	**Diluted headline (loss)/earnings per share**	(8.83)	6.97

		2020 US$	Restated* 2019 US$
22.5	**Reconciliation of earnings used in calculating earnings per share**		
	Basic earnings attributable to owners of parent (for both basic and diluted earnings per share) (restated*)	**(9 368 973)**	**15 937 557**
	Fair value gain on investment property (note 26)	(460 958)	(13 256 442)
	Loss from disposal of property and equipment (note 27)	62 631	21 119
	Total non-controlling effect of adjustments	99 374	4 386 631
	Headline (loss)/earnings attributable to owners of the parent	**(9 667 926)**	**7 088 865**

** Refer to note 30 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

22.5.1 Restatement of basic and headline earnings:

The headline earnings and consequently headline earnings per share amounts for the year ended 31 December 2019 were restated as a result of correction of the following errors:

(i) Exclusion of gain on the net monetary position from IAS 29 from headline earnings

In the previously disclosed headline earnings for the year ended 31 December 2019 ("the prior year"), the Group erroneously excluded net monetary gains amounting to US$7 389 965. This treatment was inconsistent with requirements of the SAICA circular 1/2019 ("the Circular") which provides that this amount be included in headline earnings. This error has been corrected, resulting in the hitherto disclosed headline earnings and consequently the headline per share amounts being restated.

(ii) Exclusion of foreign exchange losses arising from intragroup balances from headline earnings

The previously disclosed headline earnings for the prior year erroneously excluded foreign exchange losses amounting to US$8 433 340, which arose from a loan between the parent company and its subsidiary. The tax effect of this adjustment was US$1 192 246. The initial treatment was inconsistent with the relevant guidance in the Circular which directs that translation gains or losses on monetary assets/ liabilities (whether current or non- current) other than those treated as part of the net investment in a foreign operation arising from IAS 21, should be included in headline earnings.

(iii) Exclusion of loss arising from settlement of a financial liability through equity instruments from headline earnings

As part of prior year finance costs, the Group recognised US$1 132 523 which arose from settlement of a financial liability through issue of equity instruments in line with IFRIC 19 - *Extinguishing Financial Liabilities with Equity Instruments,* and excluded this amount from headline earnings. According to SAICA guidelines, this amount was in substance a remeasurement that is within the scope of IFRS 9 - *Financial Instruments.* Accordingly, this should have been included in headline earnings. The Circular defines re-measurements as amounts recognised in profit or loss relating to any change (whether realised or unrealised) in the carrying amount of an asset or liability that arose after the initial recognition of such asset , and that these should be included in headline earnings.

(iv) Non-adjustment for non-controlling effects associated with fair value adjustments

The Group correctly excluded US$13 088 679 of re-measurements relating to investment property from headline earnings. However, the non-controlling effect of this adjustment, being US$4 443 887 was incorrectly included in the headline earnings.

22 EARNINGS PER SHARE (CONTINUED)

22.5.1 Restatement of headline earnings (continued):

The impact of these restatements on the prior year basic and headline earnings is as follows:

	31 DECEMBER 2019		
	As reported US$	Restatement US$	Restated US$
Basic earnings attributable to owners of parent (for both basic and diluted earnings per share) (restated as disclosed in note 30)	13 088 679	2 848 878	15 937 557
Earnings per share			
Basic (cents)	12.86	2.80	15.66
Diluted (cents)	12.86	2.80	15.66
Basic earnings attributable to owners of parent (for both basic and diluted earnings per share) (restated as disclosed in note 30)	13 088 679	2 848 878	15 937 557
Adjusted to headline earnings as follows:			
Fair value gains on investment property	(13 256 442)	-	(13 256 442)
Loss from disposal of property and equipment	21 119	-	21 119
Net monetary gain	(7 389 965)	7 389 965	-
Loss arising from settlement of financial liabilities through equity instruments	1 132 523	(1 132 523)	-
Exchange loss on foreign currency denominated intra-group balances	8 433 440	(8 433 440)	-
Tax effect of headline earnings adjustments	1 192 246	(1 192 246)	-
Total non-controlling effect of adjustments	(57 276)	4 443 907	4 386 631
Headline earnings attributable to owners of parent	**3 164 324**	**3 924 541**	**7 088 865**
Headline earnings per share			
Basic (cents)	3.11	3.86	6.97
Diluted (cents)	3.11	3.86	6.97

22.6 Weighted average number of shares used as the denominator

	2020 Number	2019 Number
Shares in issue at the beginning of the year	109 491 523	88 531 195
Issue of shares for cash (note 21.2)	-	5 218 401
Issue of shares as consideration for loan settlement (note 21.3)	-	8 008 334
	109 491 523	**101 757 930**
Weighted average number of shares in issue for basic earnings per share	109 491 523	101 757 930
Weighted average number of shares in issue for diluted earnings per share	109 491 523	101 757 930
Number of shares in issue	109 491 523	109 491 523

For the purpose of basic earnings per share, the weighted average number of ordinary shares outstanding during the period 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 weighting 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 2020 and 31 December 2019, there were no potentially dilutive share options or other potentially dilutive financial instruments.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

22 EARNINGS PER SHARE (CONTINUED)

22.7 Net asset value per share (cents)

	2020 US$	2019 US$
Net assets excluding non-controlling interests	59 115 634	70 931 484
Number of ordinary shares	109 491 523	109 491 523
Net asset value per share	**53.99**	**64.78**

22.8 Net tangible asset value per share (cents)

	2020 US$	2019 US$
Net tangible assets	48 845 764	52 921 632
Number of ordinary shares	109 491 523	109 491 523
Net tangible asset value per share	**44.61**	**48.33**
Reconciliation of net asset to net tangible asset value		
Net assets excluding non-controlling interests	59 115 634	70 931 484
Non-tangible assets	(10 269 870)	(18 009 852)
Goodwill	(3 901 773)	(4 241 093)
Deferred tax asset	(1 984 669)	(790 255)
Right of use assets	(4 383 428)	(12 978 504)
Net tangible assets value	**48 845 764**	**52 921 632**

Net asset value per share

Net asset value is the value of the total assets (non-current assets plus current assets) minus total liabilities (non-current liabilities plus current liabilities). Assets include financial assets and liabilities include financial liabilities. The net asset value per share is derived by diving the net asset value by the number of shares in issue, excluding treasury shares.

Net tangible asset value per share

Net tangible asset value is the net asset value less the value of goodwill and other intangible assets. The net tangible asset value per share is derived by diving the net asset value by the number of shares in issue, excluding treasury shares.

23 EQUITY SETTLED SHARE BASED PAYMENTS RESERVE

In terms of the share option scheme summarised under note 2.20, options were granted on 19 March 2020. The estimated fair value of each the option granted was US$0.0034. The Group recognised total expenses of US$125 780 in respect of share options granted. The options granted vest over a period of 3 years and, accordingly, the fair value will be amortised over those periods. The fair value at the grant date was determined by Murray Lynton Edwards based on the Volume Weighted Average Price ("VWAP") for the African Sun share on the ZSE. The share options exercise price is US$0.03 per share.

Movements in Share Options during the year

	Number of share options	2020 US$	2019 US$
Outstanding at the beginning of the year	**-**	**-**	**-**
Granted during the year	7 540 503	125 780	-
Outstanding at the end of the year	**7 540 503**	**125 780**	**-**

All options expire, if not exercised, four years after the date of grant.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

24 NON-CONTROLLING INTEREST

The following table summarises the information relating to each of the Group's subsidiaries that have material non-controlling interests ("NCI") before any inter-company eliminations:

	31 December 2020			31 December 2019		
	African Sun US$	Dawn Properties US$	Total US$	African Sun US$	Dawn Properties US$	Total US$
Summarised statement of financial position						
Current assets	11 739 682	8 012 065	**19 751 747**	15 755 052	1 028 758	**16 783 810**
Current liabilities	(10 982 906)	(858 285)	**(11 841 191)**	(11 766 963)	(487 016)	**(12 253 979)**
Current net assets	**756 776**	**7 153 780**	**7 910 556**	**3 988 089**	**541 742**	**4 529 831**
Non-current assets	33 228 676	76 199 687	**109 428 363**	47 114 112	89 785 973	**136 900 085**
Non-current liabilities	(8 909 673)	(2 695 313)	**(11 604 986)**	(11 714 151)	(5 231 263)	**(16 945 414)**
Non current net assets	**24 319 003**	**73 504 374**	**97 823 377**	**35 399 961**	**84 554 710**	**119 954 671**
Net assets	**25 075 779**	**80 658 154**	**105 733 933**	**39 388 050**	**85 096 452**	**124 484 502**
Accumulated NCI	**12 642 531**	**27 206 481**	**39 849 012**	**17 988 325**	**28 249 312**	**46 237 637**

Refer to note 10.1 for additional key financial information relating to Dawn Properties Limited and African Sun Limited.

25 OPERATING EXPENSES

	2020 US$	2019 US$
Staff costs	5 730 516	7 763 567
Staff incentive scheme costs	10 647	1 352 327
Pension and social security costs (note 25.1)	66 341	167 720
Retrenchment and separation costs	-	97 989
Staff training	72 417	305 794
Equity settled share based payment	125 780	-
Short term, low value and variable lease expenses	21 240	2 491 348
Directors fees	428 480	509 215
Audit fees	474 478	527 714
Legal fees	7 739	217 514
Depreciation on property and equipment	4 833 013	4 719 658
Depreciation on right of use assets	115 196	231 909
Repairs and maintenance costs	1 102 064	1 673 479
Vehicle running and maintenance costs	170 182	401 499
Insurance costs	651 592	601 665
Electricity, rates and water	1 380 107	1 901 850
Other hotel running costs	772 136	1 778 886
Sales and marketing costs	529 638	1 943 392
Listing expenses	164 165	142 490
Consulting costs	312 518	244 233
Travel	163 748	566 683
Impairment of equipment	-	567 833
Increase in other provisions charged to statement of comprehensive income (note 20)	836 169	455 662
Security costs	445 095	350 991
Management fees	15 229	351 297
Royalties	699 949	967 046
Transaction tax	327 058	597 515
Other costs	4 615 654	311 130
	24 071 151	**31 240 405**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

25 OPERATING EXPENSES (CONTINUED)

25.1 Pension and social security costs

Pension and social security costs of US$66 341 (2019: US$167 720) relate to the total expense recognised in the statement of comprehensive income for the contributions to the Group's defined contribution pension plan detailed in note 2.20 (a).

25.2 Distribution of operating expenses across the Group companies

Administration costs are distributed as follows amongst all companies in the Group: African Sun Limited 85% (2019: 74%), Arden Capital (Private) Limited 1% (2019: 2%), Dawn Properties Limited 6% (2019: 6%), FML Logistics (Private) Limited 5% (2019: 4%), and Arden Capital Limited 3% (2019 :3%).

		2020 US$	2019 US$
26	**OTHER GAINS**		
	Fair value adjustment on investment property (note 8)	**460 958**	**13 256 442**
27	**SUNDRY EXPENSES**		
	Net foreign exchange losses	(2 783 976)	(2,033,543)
	Loss from disposal of property and equipment	(62 631)	(21,119)
	RBZ export incentive	-	345 672
	Other income (restated*)	938 999	1 369 921
		(1 907 608)	**(339 069)**
	* Refer to note 30 for details regarding the restatement as a result of application of IAS 29 on foreign branch.		
28	**FINANCE COSTS AND INCOME**		
28.1	**Finance income**		
	Interest on short term investments	30 931	84 129
28.2	**Finance costs**		
	Interest costs on borrowings	(24 127)	(1 208 824)
	Interest cost on lease liabilities	(239 532)	(514 442)
	Other interest charges#	(594 303)	-
	Loss arising from settlement of a financial liability through equity instruments (note 21.3)	-	(1 132 523)
		(857 962)	**(2 855 789)**
	Net finance costs for the year	**(827 031)**	**(2 771 660)**

#This represents the Group's estimate of interest charges that could arise and become payable on an existing liability. The existing liability, which amounts to US$4.4 million arose from a terminated contractual relationship with a third party.

29 INCOME TAX

The Company is subject to income tax in Mauritius under the Income Tax Act 1995 at the rate of 15% (2019: 15%). However, it is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritian tax on its foreign source income. The maximum effective tax rate is thus reduced to 3%. Unused tax losses carried forward are available to set-off against future income derived in the following 5 income years. The time limit of 5 years shall not apply for the carry forward of any amount of loss that is attributable to annual allowance claimed in respect of capital expenditure.

The applicable tax rates in the different countries for the year were; South Africa 28% (2019: 28%), Zimbabwe 24.72% (2019: 25.75%) and Mauritius 15% (2019: 15%).

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

29 INCOME TAX (CONTINUED)

29.1 Income tax (credit)/ expense

	2020 US$	Restated * 2019 US$
Current year charge	2 595 036	5 729 602
Deferred tax	(9 233 489)	4 545 716
	(6 638 453)	**10 275 318**
A reconciliation of the income tax (credit)/ expense based on accounting profit and the actual income tax expense is as follows:		
(Loss)/ profit before income tax	**(20 683 170)**	**36 427 696**
Tax at applicable rates	(5 877 587)	19 605 143
Non-taxable income - RBZ export incentive income	-	(89 011)
Impairment allowances and losses	174 001	(127 356)
Fair value gains from investment property	(2 238 265)	(7 895 436)
Equity settled share based payments costs	24 312	-
Other non-taxable income	(134 487)	(52 835)
Movements in provisions	(70 776)	456 459
Unrealised exchange losses	922 381	1 705 430
Finance costs on lease liabilities	59 212	131 105
Loss from disposal of property and equipment	8 279	17 391
Fines and penalties	869	-
Tax losses on whom no deferred tax asset was recognised	-	35 249
Intermediary transaction tax	51 970	146 340
Net non-monetary losses/ (gains)	3 416 125	(1 910 581)
Impact of translation of foreign operations on opening deferred tax balances	(998 646)	(3 928 642)
Other non (taxable)/deductible items	(1 975 841)	2 182 062
	(6 638 453)	**10 275 318**

** Refer to note 30 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

29.2 Income tax liabilities

	2020 US$	2019 US$
Reconciliation of opening to closing income tax liability for the year		
Balance as at the beginning of the year	**803 932**	**570 703**
Current year income tax expense (note 29.1)	2 595 036	5 729 602
Income tax paid	(543 207)	(3 050 317)
Adjustments to previously recognised amounts	(9 111)	-
Tax losses utilised	-	(55 305)
Exchange differences on translation of foreign operations	(2 513 272)	(2 390 751)
Balance as at the end of the year	**333 378**	**803 932**
Current income tax liabilities are further analysed by jurisdiction as follows:		
Payable to Zimbabwe Revenue Authority ("ZIMRA")	333 378	711 758
Payable to South African Revenue Services ("SARS")	-	73 320
Payable to Mauritius Revenue Authority ("MRA")	-	18 854
	333 378	**803 932**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

30 PRIOR PERIOD RESTATEMENTS

Restatement arising from application of IAS 29 on foreign branch

The Group, through African Sun Limited domiciled in Zimbabwe, has a foreign branch, African Sun Limited SA Branch domiciled in South Africa. The functional and reporting currency of African Sun Limited is the Zimbabwe Dollar ("ZWL"), while its foreign branch's functional and reporting currency is the South African Rand ("ZAR"). The ZWL is a currency of a hyperinflationary economy, whilst ZAR is not.

On consolidation in 2019, the Group applied IAS 21 to translate the foreign branch into the reporting currency of African Sun Limited and subsequently restated the statement of comprehensive income in accordance with IAS 29 from the date of the transaction. IAS 29 paragraph 26 and 30 requires the restatement of all statement of comprehensive income numbers in a hyperinflationary currency (ZWL) to current measuring unit at reporting date.

IAS 29 paragraph 35 provides that "the financial statements of subsidiaries that do not report in currencies of a hyperinflationary economies are dealt with in accordanance with IAS 21". Subjecting the results of the foreign branch was therefore inconsistent with requirements of this paragraph.

The following table summarises the impact of correction of the error on the 2019 financial statements:

	31 DECEMBER 2019		
	As reported US$	**Restatement US$**	**Restated US$**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)			
Equity and liabilities			
Equity attributable to owners of the parent			
Foreign currency translation reserve	(44 293 008)	(2 848 878)	(47 141 886)
Retained profits	14 033 141	2 848 878	16 882 019
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EXTRACT)			
Net monetary gain	7 389 965	4 266 390	11 656 355
Sundry expenses	(1 012 645)	673 576	(339 069)
Other comprehensive income net of tax:			
Exchange differences on translation of foreign operations	(59 166 791)	(4 939 966)	(64 106 757)
Profit attributed to:			
Owners of the parent	13 088 679	2 848 878	15 937 557
Non-controlling interests	8 123 733	2 091 088	10 214 821
	21 212 412	**4 939 966**	**26 152 378**

The summarised net effects of the above restatements is as detailed below:

Increase in current year profit	4 939 966
Decrease in other comprehensive income	(4 939 966)
Net impact on total comprehensive income	-
Decrease in foreign currency translation reserve	(2 848 878)
Increase in retained profits	2 848 878
Net impact on total equity	-

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

30 PRIOR PERIOD RESTATEMENTS (CONTINUED)

Restatement arising from application of IAS 29 on foreign branch (continued)

Basic, diluted and headline earnings per share for the prior year have also been restated. The impact of the correction on the basic, diluted and headline earnings per share was an increase of 2.80 US cents. The correction further affected sundry expenses amounts disclosed in note 27, which decreased by US$673 576, whilst monetary gain for the prior year increased by US$4 266 390.

IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" requires that if an error occurred before the earliest prior period presented, the Group should restate the opening statement of financial position for the earliest prior period presented. A third statement of financial position has not been presented for the Group as none of the prior period restatements affect the Group's statement of financial position as at 31 December 2018.

31 CAPITAL COMMITMENTS

	2020 US$	2019 US$
Authorised and contracted for	127 235	2 750 431
Authorised and not contracted for	18 407 089	25 000 000
	18 534 324	**27 750 431**

Capital expenditure relates to acquisition of property and equipment, as well as property development. The greater part of capital expenditure will be financed from cash generated from operations.

32 RELATED PARTY TRANSACTIONS

32.1 Directors and key management remuneration

Key management includes both executive and non-executive directors of the Company and all the subsidiaries as well as members of the Executive Committee ("EXCO"). The EXCO at the subsidiary level includes all the executive directors and other senior executives who in the opinion of the executive directors at that level are considered as being key management. At the holding company level, the EXCO comprises the Chief Executive Officer ("CEO") and Chief Finance Officer ("CFO") and the Group Head of Legal and Compliance.

The compensation paid or payable to key management for employee and director services by the Group is as shown below:

	2020 US$	2019 US$
Short term employee benefits	788 583	850 185
Total Group non-executive directors' fees	428 480	509 215
	1 217 063	**1 359 400**

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

32 RELATED PARTY TRANSACTIONS (CONTINUED)

32.2 Executive directors' remuneration (included in note 32.1 disclosures)

The remuneration paid by the Group to Arden Capital Limited's executive directors which is included in the disclosures above, was as follows:

Executive directors	2020 Basic salary US$	Acting allowance US$	Pension US$	Medical aid US$	Total US$
P Saungweme	249 600	26 000	17 043	7 832	**300 475**
B Childs	-	-	-	-	**-**
Total	**249 600**	**26 000**	**17 043**	**7 832**	**300 475**

	2019 Basic salary US$	Acting allowance US$	Pension US$	Medical aid US$	Total US$
P Saungweme	250 000	14 000	25 080	1 781	**290 861**
B Childs	100 112	-	-	-	**100 112**
Total	**350 112**	**14 000**	**25 080**	**1 781**	**390 973**

The disclosures above are gross, that is before deduction of any applicable income taxes.

Mr. Brett Childs resigned from both the Board and from the CEO role on 5 June 2019. Mr. Peter Saungweme, then the CFO of the Company, was appointed as the Interim CEO with effect from 5 June 2019 and subsequently appointed to the dual role of both CEO and CFO with effect from 1 September 2020.

32.3 Non-Executive directors' remuneration for the Company (included in note 32.1 disclosures)

Non executive directors	2020 Retainer Fees US$	2020 Sitting Fees US$	2020 Total US$	2019 Retainer Fees US$	2019 Sitting Fees US$	2019 Total US$
S Village	42 308	15 385	**57 693**	42 308	16 346	**58 654**
R Muirimi	25 000	10 096	**35 096**	24 039	10 577	**34 616**
G Bennett	25 000	13 461	**38 461**	25 481	15 864	**41 345**
R Charrington*	-	-	**-**	4 327	-	**4 327**
A Mothupi	23 077	10 577	**33 654**	23 077	12 500	**35 577**
C Mutasa	23 077	12 980	**36 057**	23 077	12 019	**35 096**
S Nyarota	19 231	8 654	**27 885**	20 192	10 096	**30 288**
	157 693	**71 153**	**228 846**	**162 501**	**77 402**	**239 903**

* - Resigned on 26 March 2019.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

32 RELATED PARTY TRANSACTIONS (CONTINUED)

32.4 Other related party transactions and balances

The details of other related party transactions were as follows:

Related party	Nature of transaction	2020 US$	2019 US$
Transactions with related parties			
Mr Simon F. Village	Finance cost	-	33 154
Mr Brett I. Childs	Finance cost	-	15 846
Red Rock and Blue Air Capital Limited	Finance cost	3 734	351 607
Amounts (due to)/from related parties			
GetCash#	Receivable	14 102	17 238
Staff loans	Receivables	144 147	111 310
Red Rock and Blue Air Capital Limited	Finance cost	(80 521)	(76 787)

GetCash refers to Coporeti Support Services (Private) Limited

The loans previously due from Mr Village, Mr Childs were all repaid in prior year as part of the transaction disclosed in note 21.3.

In addition, the Company settled loans from RedRock Capital Limited and Blue Air Capital Limited ("the Lenders") that had been granted in 2017 and 2019. The loans and interest thereon amounting to US$3.6million, were all settled through issue of shares by the Company as part of the transaction disclosed in note 21.3.

The Lenders in aggregate held 56.38% of the Company's issued shares as at 31 December 2020 and have a common ultimate beneficial owner.

The staff loan terms are disclosed in note 16.1.

Amounts due from GetCash

Refer to note 11 for further disclosures relating to amounts due from GetCash.

33 CONTINGENCIES

There were no contingent liabilities at the end of the reporting period.

Notes to the financial statements

For the year ended 31 December 2020 (Continued)

34 EVENTS AFTER THE REPORTING DATE

34.1 African Sun and Dawn corporate transaction

On 22 September 2020, African Sun made an offer to the shareholders of Dawn to acquire all the issued ordinary shares in Dawn, based on 1 issued African Sun ordinary share for every 3,988075946 Dawn issued ordinary shares ("the Original Offer"). Pursuant to the Original Offer, Dawn Shareholders holding 2 237 443 354 ordinary shares in Dawn, representing 91.17% of the Dawn issued ordinary shares accepted the Original Offer and surrendered their shares to the African Sun on 20 January 2021. In terms of IFRS 3 Business combinations on this date African Sun acquired control. Dawn was subsequently delisted from the ZSE on 16 February 2021.

Dawn shareholders holding 219 728 754 ordinary shares in Dawn, representing 8.83% of the Dawn issued ordinary shares ("Remaining Shares") did not accept the Original Offer. In terms of section 238 (1) of the Companies and Other Business Entities Act [Chapter 24:31] ("the COBE"), African Sun notified the holders of the Remaining Shares of its intention to acquire the Remaining Shares within a period of 120 days from the date of the squeeze out notice published on 25 January 2021, on the same terms that applied to the shares whose holders accepted the Original Offer.

34.2 Covid-19 induced lockdowns

The Group's steady recovery in the last quarter of 2020 took a dip at the beginning of 2021 as, globally, countries tightened travel restrictions in response to a different strain of the Covid-19 virus and surging new cases (second wave). The Government responded by implementing a lockdown at the beginning of the year. The lockdown was lifted at the end of February 2021. Unlike in the first lockdown of 2020, the Group's hotels continued to operate albeit at depressed occupancies. Since the easing of the lockdown, the Group achieved 24% occupancy in March 2021, an improved performance relative to other months since June 2020. The Group remains cautiously optimistic for the rest of the year on the back of local and international vaccine rollout programmes.

There were no additional subsequent events after the reporting date except as described above.

Certificate from the secretary

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of Arden Capital Limited (the "Company") under Section 166 (d) of the Mauritius Companies Act 2001, for the year ended 31st December 2020.

for Adansonia Management Services Limited
Corporate Secretary

Registered office:
Suite 1, Perrieri Office Suites
C2-302, Level 3, Office Block C
La Croisette
Grand Baie, 30517
Republic of Mauritius

27 April 2021

Notice of annual general meeting

Arden Capital Limited

(Incorporated in the Republic of Mauritius, registration number 115883 C1/GBL)
Share code: ACZ
ISIN MU0548S00026
("the Company" or "Arden Capital")

Notice is hereby given to the shareholders of the Company that the Annual General Meeting of the Company ("AGM") will be held at the Company's head office, main boardroom, Suite 1, Perrieri Office Suites C2-302, Level 3 Office Block C, La Croisette, Grand Baie, 30517 Republic of Mauritius, on Friday the 11th of June 2021 at 15:00 (GMT +4), to consider the following business to be transacted and, if deemed fit, passing with or without amendment, the ordinary and special resolutions and the non-binding advisory endorsements set out hereunder, and considering any other matters raised by shareholders, at the AGM.

Explanatory note:

As the Company is registered in Mauritius, it is required to comply with the requirements of the Mauritian Companies Act, No. 15 of 2001, as amended ("Companies Act 2001"). However, as the Company's ordinary shares are listed on the Main Board of the JSE Limited ("JSE"), the Company is also required, where applicable, to comply with the Listings Requirements of the JSE ("the JSE Listings Requirements").

Identification

In terms of Section 6 (1) (d) (i) of the Fifth Schedule of the Companies Act 2001, before any person may attend or participate in a shareholders' meeting, that person must present reasonable satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder or as a proxy of a shareholder, has been reasonably verified.

Voting thresholds:

For the purpose of approving the ordinary resolutions, other than ordinary resolution number 5, 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. In terms of the JSE Listings Requirements, for ordinary resolution number 5 to be adopted, the support of at least 75% of the voting rights exercised thereon by shareholders present in person or represented by proxy at the AGM is required.

To approve the special resolutions, the support of at least 75% of the total number of votes, which the shareholders present or represented by proxy are entitled to cast, is required.

In the event of 25% or more of shareholders voting against either the non-binding advisory endorsements number 1 or 2 or both, the Board of directors of the Company ("Board") is committed to engaging actively with dissenting shareholders in this regard, in order to address all legitimate and reasonable objections and concerns.

Record dates

The Board has determined that the date on which a shareholder must be recorded as a shareholder in the Company's register of shareholders in order to:

- receive notice of the AGM is Friday, 23 April 2021 ("Notice Record Date"); and
- participate in and vote at the AGM is Friday, 4 June 2021 ("AGM Record Date").

The last day to trade in order to be registered in the Company's register of shareholders to be able to participate in and vote at the AGM will therefore be Tuesday, 1 June 2021.

Notice of annual general meeting (continued)

Remuneration policy and implementation report

Shareholders are advised that the Remuneration policy and Implementation report are available on the Company's website **(http://arden-capital.com/investor-relations/corporate-governance).** The Remuneration Policy and Implementation report will be tabled at the AGM for the purpose of enabling shareholders to vote thereon in terms of non-binding advisory endorsements number 1 and 2 contained in this Notice of AGM ("Notice").

Presentation of financial statements and reports

Shareholders are directed to the annual financial statements and directors' report in the Company's 2020 annual report.

1. Annual financial statements

The consolidated audited financial statements for Arden Capital Limited and its subsidiaries ("the Group") for the year ended 31 December 2020 ("the Audited Financial Statements"), as approved by the Board, which contain the reports of the independent auditors and the Board ("the Reports"), have been distributed to shareholders and will be presented to the shareholders at the AGM for consideration. The Audited Financial Statements are included in the Company's 2020 annual report for the year ended 31 December 2020 ("Annual Report") and are also published on the Company's website **(http://arden-capital.com/investor-relations/financial-results-reports).**

Ordinary resolution number 1 - Adoption of the audited annual financial statements and the Reports

"RESOLVED THAT the Audited Financial Statements for the year ended 31 December 2020 including the report of the directors and independent auditors thereon be and are hereby adopted."

2. Independent auditors

Ordinary resolution number 2 - Re-appointment of independent auditors

"RESOLVED THAT Deloitte & Touche Mauritius and Deloitte & Touche Zimbabwe be and are hereby reappointed as independent auditors of the Company for the year ending 31 December 2021 and further resolved that Mr Patrick Kleb, be and is hereby reappointed as the designated auditor of the Company for the year ending 31 December 2021 and that the Board be and is hereby authorised to settle the terms of engagement of the independent auditors."

3. Ratification of the appointment of directors and re-election of directors

In terms of the Constitution of the Company:

- Clause 12.3.1 requires that any directors appointed by the Board during the financial year be ratified at the next AGM; and
- at each AGM, at least one-third of the directors shall retire from office and, if eligible, may make themselves available for re-election.

Accordingly, shareholders are required to consider and, if deemed fit, approve the separate ordinary resolutions set out below:

Ordinary resolution number 3.1

"RESOLVED THAT the appointment of Mr Naeem Sadagur as an independent non-executive director on 30 November 2020 be and is hereby ratified".

Notice of annual general meeting (continued)

Ordinary resolution number 3.2

"RESOLVED THAT subject to the approval of ordinary resolution number 3.1, Mr Naeem Sadagur, being eligible, be and is hereby re-elected as an independent non-executive director."

Ordinary resolution number 3.3

"RESOLVED THAT Mr Simon Nyarota, being eligible, be and is hereby re-elected as an independent non-executive director."

Ordinary resolution number 3.4

"RESOLVED THAT Ms Zain Mehtab Madarun, being eligible, be and is hereby re-elected as an independent non-executive director."

Brief curricula vitae in respect of all the directors set out above are set out above in the Company's 2020 annual report.

4. Election and appointment of the Members of the Audit and Risk Committee

Ordinary resolution number 4 – Election and appointment of members of the Audit and Risk Committee for the year ending 31 December 2021.

Ordinary resolution Number 4.1
"RESOLVED THAT Mrs Chipo Mtasa be appointed as a member and Chairperson of the Audit and Risk Committee until the conclusion of the next AGM of the Company."

Ordinary resolution number 4.2
"RESOLVED THAT Mr George Sidney John Bennett be appointed as a member of the Audit and Risk Committee until the conclusion of the next AGM of the Company."

Ordinary resolution number 4.3
"RESOLVED THAT Mrs Zain Mehtab Madarun be appointed as a member of the Audit and Risk Committee until the conclusion of the next AGM of the Company."

Brief curricula vitae in respect of the Audit and Risk Committee members are set out in the Company's 2020 annual report.

Notice of annual general meeting (continued)

5. General authority to issue shares for cash

Ordinary resolution number 5

"RESOLVED THAT pursuant to section 52 of the Companies Act 2001, the Board be generally and unconditionally authorised to issue ordinary shares and/or grant options to subscribe for unissued ordinary shares in the Company and/or options or securities that are convertible into ordinary shares, subject to the Companies Act 2001, the Constitution of the Company and the JSE Listings Requirements, specifically that:

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already in issue;
- the shares are to be issued to public shareholders (as defined by the JSE Listings Requirements) and not to related parties;
- the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 10,949,152 shares, being 10% of the aggregate number of shares in issue as at the date of this Notice (excluding 7,775,000 treasury shares);
- any ordinary shares issued under this authority during the period of its validity must be deducted from the above number of ordinary shares;
- in the event of a subdivision or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- the maximum discount at which the shares may be issued is 10% (ten per cent) of the weighted average trade price of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed upon by the Company and the party/ies subscribing for the shares. The JSE should be consulted for a ruling if the Company's securities have not traded in such 30 (thirty) business day period;
- this authority shall not endure beyond the earlier of the next AGM of the Company or beyond 15 (fifteen) months from the date of this resolution whichever is shorter; and
- upon the issue of shares in terms of a general authority to issue shares for cash representing, on a cumulative basis within the period that this authority is valid, constituting 5% (five per cent) or more of the number of shares in issue prior to that issue, the Company shall publish an announcement in terms of the JSE Listings Requirements, giving full details of such issue."

6. Directors' authority

Ordinary resolution number 6

"RESOLVED THAT each and every Director and/or Company Secretary of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to, the implementation of the resolutions passed at this meeting."

7. Advisory endorsement number 1 – Endorsement of the Company's Remuneration policy

"RESOLVED THAT the Company's Remuneration policy tabled at this AGM, be and is hereby endorsed by way of a non-binding advisory vote."

8. Advisory endorsement number 2 – Endorsement of the Company's Remuneration implementation report

"RESOLVED THAT the Company's Remuneration implementation report tabled at this AGM, be and is hereby endorsed by way of a non-binding advisory vote."

Notice of annual general meeting (continued)

9. Non-executive directors' fees

Details of the non—executive director's fees are set out in the Remuneration implementation report.

Special resolution number 1

"RESOLVED THAT the proposed fees payable to the non-executive directors of the Company for their services as Directors of the Company and/or as members of the board sub-committees for the year ended 31 December 2020, as reflected in the Company's 2020 annual report, be and are hereby approved until the conclusion of the next AGM of the Company."

Impact of COVID-19 on the Group's operations

Shareholders are advised that the COVID-19 pandemic continues to impact the business operations of the Group. The Group's business being predominantly tourism and hospitality-focused, COVID-19 represents the most significant challenge our industry has faced. The pandemic has resulted in a suspension of international travel activities and lockdowns, which has impacted the Group's revenues.

Shareholders are directed to the directors' report and note 2.1.1 on pages 42-44 in the annual report in which directors have documented in detail their assessment of the impact of COVID-19 on the Group's business and the various initiatives pursued to mitigate the adverse impact thereof.

Voting

In terms of section 73 of the Companies Act 2001, subsidiaries of the Company that hold shares in the Company shall not be entitled to exercise voting rights on any resolutions proposed by the Company regarding such shares.

Voting on the resolutions to be considered at the AGM will be conducted by way of a poll. In this regard, every shareholder present in person or represented by proxy shall have one vote for every share held by such shareholder.

Shareholders who hold dematerialised shares, other than holders of dematerialised shares registered in their own name, must inform their Central Securities Depository Participant ('CSDP') or broker of their intention to attend the AGM and must request their CSDP or broker to issue them with the necessary letter of representation to attend the AGM if they wish to attend the AGM in person or provide their CSDP or broker with their voting instructions should they not wish to attend the AGM in person, failing which the CSDP or broker will be obliged to act in terms of the mandate between such shareholder and their CSDP or broker.

Proxies

Shareholders holding certificated shares and shareholders holding dematerialised shares registered in such shareholders' own name and who are registered as such on the AGM Record Date are entitled to attend, participate in and vote at the AGM and, if unable to do so in person, may appoint a proxy or proxies (acting in the alternative) to attend, participate in, speak and vote at the AGM in such shareholders' stead. A proxy need not be a shareholder of the Company. The completion and lodging of a proxy form will not preclude a shareholder from attending, participating in, speaking and voting at the AGM to the exclusion of the proxy/ies so appointed.

It is recommended that the attached form of proxy, duly completed, should be returned to the Transfer Secretaries of the Company, Computershare Investor Services Proprietary Limited, at its address below, in accordance with the instructions contained therein so as to be received by the transfer secretaries (for administrative purposes only) by 15:00 (GMT + 4) on Wednesday, 9th of June 2021 or to be handed to the Chairman of the AGM on commencement of the AGM, but in any event, prior to the proxy exercising such shareholder's rights as a shareholder at the AGM or at any adjourned or postponed annual general meeting which date, if necessary, will be notified on the Stock Exchange News Service of the JSE and in the press.

Notice of annual general meeting (continued)

Electronic communication

Should any shareholder (or a representative or proxy for a shareholder) wish to participate in the AGM by way of electronic participation, that shareholder should make an application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate, to the Transfer Secretaries, at their address below, to be received by the Transfer Secretaries at least seven business days prior to the date of the AGM (i.e. by Wednesday, 2nd June 2021) in order for the Transfer Secretaries to arrange for the shareholder (or its representative or proxy) to provide satisfactory identification to the Transfer Secretaries for the Transfer Secretaries to provide the shareholder (or its representative or proxy) with details as to how to access the AGM by means of electronic participation. Shareholders participating electronically will not be able to vote electronically and must follow the standard voting arrangements indicated above. The Company reserves the right not to provide for electronic participation at the AGM in the event that it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to so participate.

Enquiries
Any shareholder having difficulties or queries in regard to the AGM is invited to contact the Company, on **investorrelations@arden- capital.com** or at **proxy@computershare.co.za.**

By order of the Board

ADANSONIA MANAGEMENT SERVICES LIMITED
Represented by Mrs. Zain Mehtab Madarun and Mr. Naeem Sadagur
Company Secretary

30 April 2021

Registered office	**Transfer Secretaries**
c/o Adansonia Management Services Limited	**Computershare Investor Services Proprietary Limited**
Suite 1, Perrieri Office Suites	Rosebank Tower
C2-302, Level 3, Office Block C	15 Biermann Avenue
La Croisette	Rosebank, 2196
Grand Baie, 30517	Johannesburg, South Africa
Republic of Mauritius	(Private Bag X9000, Saxonwold, 2132)

ARDEN CAPITAL LIMITED
(Incorporated in the Republic of Mauritius, registration number 115883 C1/GBL)
Share code: ACZ
ISIN MU0548S00026
("the Company" or "Arden Capital")

ARDEN
CAPITAL

FORM OF PROXY

To be completed by registered certified shareholders and dematerialised shareholders with own-name registration only

This form of proxy relates to the Annual General Meeting of the Company to be held at Suite 1, Perrieri Office Suites C2-302, Level 3 Office Block C, La Croisette, Grand Baie, 3051, Republic of Mauritius, on Friday the 11th of June 2021 at 15:00 (GMT +4) and is for use by registered shareholders whose shares are registered in their own names by the record date for determining which shareholders of the Company are entitled to participate in and vote at the AGM, being Friday, 4th June 2021.

Terms used in this form of proxy have the meanings given to them in the notice of the AGM to which this form of proxy is attached.

Please print clearly when completing this form of proxy and see the instructions and notes at the end of this form of proxy for an explanation of the use of this form of proxy and the rights of the shareholders and the proxy.

I/We (full name in block letters)

Of (address)

Telephone (home) (work)

Mobile Email address:

being a shareholder(s) of the Company and being the registered owner/s of

ordinary shares in the Company herby appoint

or failing him/ her

or failing him/her the Chairperson of the AGM, to attend and participate in the AGM and to speak and to vote or abstain from voting for me/us and on my/our behalf in respect of all matters arising (including any poll and all resolutions put to the AGM) at the AGM, even if the AGM s postponed, and at any resumption thereof after any adjournment

My/our proxy shall vote as follows:

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If you do not do so, the proxy may vote or abstain at his discretion.

	ABSTAIN	FOR	AGAINST
AUTHORITY TO IMPLEMENT ORDINARY RESOLUTIONS			
Annual Financial Statement			
Ordinary resolution number 1: Receipt and adoption of the annual financial statements for the year ended 31 December 2020 and directors and independent auditors' reports thereon.			
Independent Auditors			
Ordinary resolution number 2: Re-appointment of independent auditors.			
Ratification of appointment and re-election of directors			
Ratification of Directors' appointments:			
Ordinary resolution number 3.1: Appointment of Mr. Naeem Sadagur as an independent non-executive director on 30 November 2020.			
Ordinary resolution number 3.2: Re-election of Mr. Naeem Sadagur as an independent non-executive director.			
Ordinary resolution number 3.3: Re-election of Mr. Simon Nyarota as an independent non-executive director.			
Ordinary resolution number 3.4: Re-election of Mrs. Zain Madarun as an independent non-executive director.			
Election and appointment of members of the Audit and Risk Committee			
Ordinary resolution number 4.1: Appointment of Mrs Chipo Mtasa (and as Chairperson)			
Ordinary resolution number 4.2: Appointment of Mr. George S.J. Bennett			
Ordinary resolution number 4.3: Appointment of Mrs. Zain Madarun			
General authority to Issue Shares for Cash			
Ordinary resolution number 5: General authority to issue shares for cash			
Director's authority			
Ordinary resolution number 6: Director's authority			
Advisory endorsement number 1 - Remuneration policy			
Non-binding advisory endorsement of the Company's Remuneration policy			
Advisory endorsement number 2 - Implementation report			
Non-binding advisory endorsement of the Company's Remuneration implementation report			
SPECIAL RESOLUTIONS			
Special resolution number 1: Non-executive directors fees			

Note
(Indicate instruction to proxy by way of a cross in the relevant space provided above)
Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.
Please read the notes on the revere side hereof.

Signed this	day of	2021
Signature	Capacity	

Instructions to the Form of Proxy

1. This form of proxy should be received at the Company's transfer office, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, by no later than 15:00 (GMT + 4) on Wednesday, 9 June 2021 for administration purposes or thereafter it may be handed to the Chairman at the commencement of the AGM, but in any event, prior to the proxy exercising such shareholder's rights as a shareholder at the AGM.

2. This form of proxy is for use by registered shareholders who wish to appoint another person (a proxy) to represent them at the AGM. If duly authorised, companies and other corporate bodies who are registered shareholders may appoint a proxy using this form of proxy, or may appoint a representative in accordance with paragraph 11 below. Other shareholders should not use this form of proxy. All beneficial shareholders who have dematerialised their shares through a CSDP or broker must provide the CSDP or broker with their voting instruction. Alternatively, if they wish to attend the AGM in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial shareholder and the CSDP or broker.

3. This proxy shall apply to all ordinary shares registered in the name of the shareholder who signs this form of proxy at the record date unless a lesser number of shares is inserted.

4. A shareholder may appoint one person of his own choice as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the Chairman of the AGM will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this form of proxy may not delegate the authority given to him in this form of proxy.

5. Unless revoked, the appointment of a proxy in terms of this form of proxy remains valid until the end of the AGM, even if the AGM or part thereof is postponed or adjourned.

6. If:
   6.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
   6.2 the shareholder gives contradictory instructions in relation to any matter; or
   6.3 any additional resolution/s which are properly put before the AGM; or
   6.4 any resolution listed in the form of proxy is modified or amended, then the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter.

   If, however, the shareholder has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in paragraphs 6.1 to 6.4, then the proxy shall comply with those instructions.

7. If this form of proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this form of proxy will not be effective unless:
   7.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
   7.2 the Company has already received a certified copy of that authority.

8. The Chairman of the AGM may, in his discretion, accept or reject any form of proxy or other written appointment of a proxy which is received by the Chairman prior to the time when the AGM deals with a resolution or matter to which the appointment of the proxy relates. However, the Chairman shall not accept any such appointment of a proxy unless the Chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.

9. Any alterations made in this form of proxy must be initialled by the authorised signatory/ies.

10. This form of proxy is revoked if the shareholder who granted the proxy:

    10.1 gives written notice of such revocation to the Company, so that it is received by the Company before 15:00 (GMT + 4) on Wednesday, 9 June 2021, or:
    10.1.1 subsequently appoints another proxy for the AGM; or
    10.1.2 attends the AGM himself in person.

11. If duly authorised, companies and other corporate bodies that are shareholders of the Company having shares registered in their own names may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the AGM by giving written notice of the appointment of that representative. That notice will not be effective at the AGM unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the Company's transfer office, Computershare Investor Services (Pty) Ltd, by no later than 15:00 (GMT + 4) on Wednesday, 9 June 2021 for administrative purposes.

12. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the AGM and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.

ARDEN
CAPITAL

REGISTERED OFFICE:

C/o Adansonia Management Services Limited
Suite 1, Perrieri Office Suites C2-302
Level 3, Office Block C
La Croisette, Grand Baie 3051
Mauritius