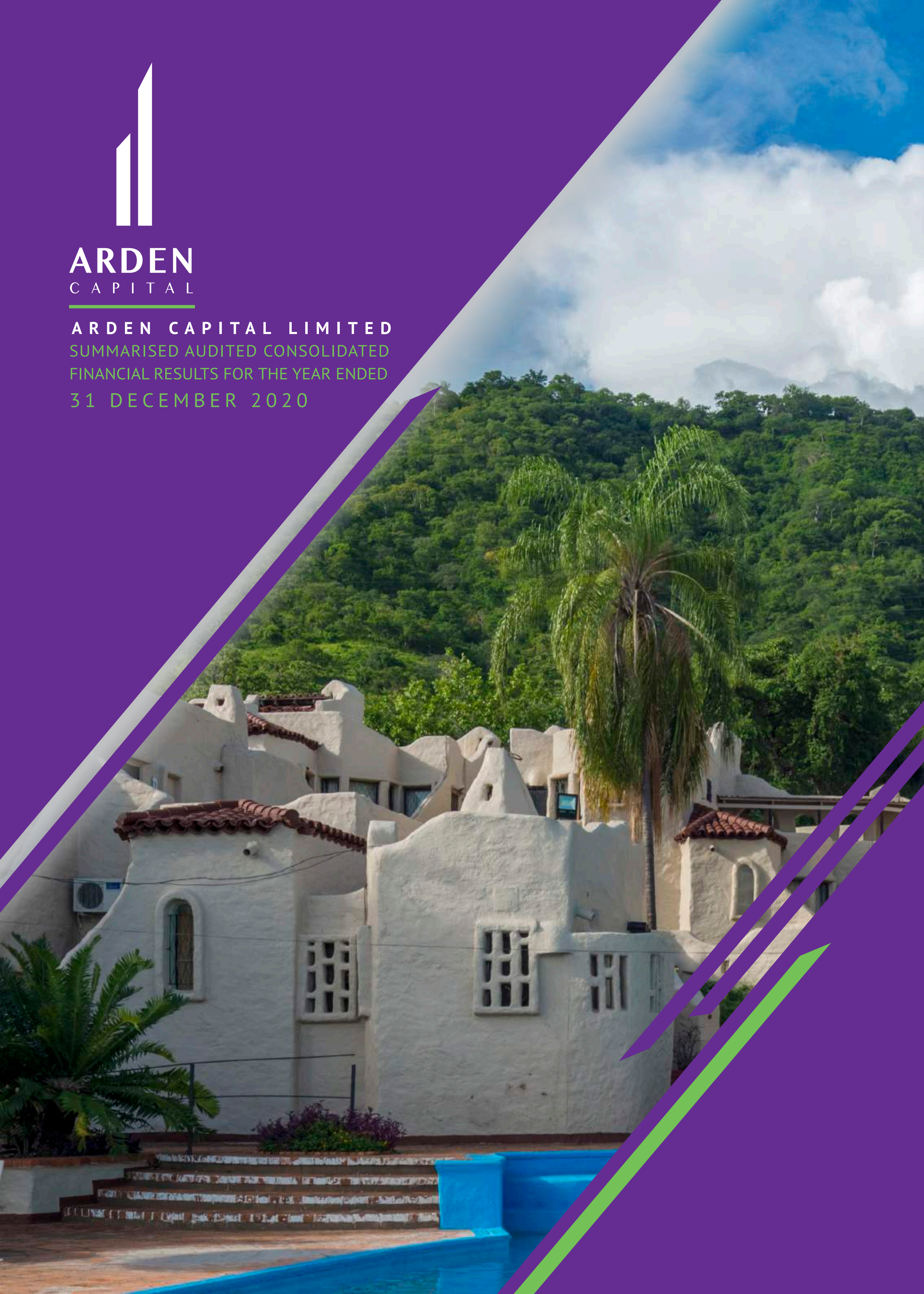
ARDEN CAPITAL LIMITED

SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020



ARDEN
CAPITAL

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CORPORATE INFORMATION

ARDEN CAPITAL LIMITED

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

DIRECTORS

Non-executive directors
Simon F.W. VILLAGE (Chairman)
Chipo MTASA (Lead independent non-executive)
Richard G. MUIRIMI
George S.J. BENNETT
Mohammad N. SADAGUR (appointed: 30 November 2020)
Manisha RAMPUL (resigned: 30 November 2020)
Zain MADARUN
Audrey M. MOTHUPI
Simon NYAROTA

Executive director
Peter SAUNGWEME (Chief Executive Officer and Chief Finance Officer)

LEGAL ADVISORS

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

Dube, Manikai and Hwacha
7th Floor, Mercury House,
Corner Sam Nujoma Street and Robert Mugabe Road,
24 George Silundika Avenue,
Harare,
Zimbabwe

Evershed Sutherlands
Suite 310, 3rd Floor, Barkly Wharf,
Le Caudan Waterfront,
Port Louis,
Mauritius

BANKERS:

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

COMPANY SECRETARY

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
JSE Share code: ACZ
ISIN: MU0548S00026

INDEPENDENT STATUTORY AUDITOR:

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

SPONSOR:

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

COMMENTARY

INTRODUCTION

The directors hereby present the summarised 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.

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.

FINANCIAL RESULTS (CONTINUED)

Revenues (continued)

- 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 STANDARDS

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.

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.

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 4.

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.

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

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 US$	Restated* 2019 US$
ASSETS			
Property and equipment	8	85 508 297	94 803 254
Right of use assets	14	4 383 428	12 978 504
Investment property	9	14 956 550	22 705 710
Goodwill		3 901 773	4 241 093
Deferred tax assets		1 984 669	790 255
Trade and other non-current assets		1 519 384	1 503 317
		112 254 101	**137 022 133**
Current assets			
Inventory		8 146 769	4 157 860
Trade and other receivables		2 947 294	6 997 023
Cash and cash equivalents		10 331 877	12 481 738
		21 425 940	**23 636 621**
Assets classified as held for sale	10	845 004	-
Total current assets		**22 270 944**	**23 636 621**
TOTAL ASSETS		**134 525 045**	**160 658 754**
EQUITY AND LIABILITIES			
Equity			
Stated capital		73 163 254	73 163 254
Revaluation reserve		27 005 673	28 783 794
Other reserves		(48 566 339)	(47 897 583)
Retained earnings		7 513 046	16 882 019
		59 115 634	**70 931 484**
Non-controlling interests		39 849 012	46 237 637
Total equity		**98 964 646**	**117 169 121**
Non-current liabilities			
Borrowings		30 696	139 603
Deferred tax liabilities		19 290 093	27 174 350
Lease liabilities	14	3 124 721	2 112 203
Deferred lease income		4 858	16 160
		22 450 368	**29 442 316**
Current liabilities			
Borrowings		98 319	316 081
Lease liabilities	14	72 340	43 954
Deferred lease income		2 943	1 949
Trade and other payables		11 259 204	11 664 482
Provisions		1 343 847	1 216 919
Current income tax payable		333 378	803 932
		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 17 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

ARDEN CAPITAL

	Notes	2020 US$	Restated* 2019 US$
Revenue	11	25 358 009	58 060 134
Cost of sales	11	(7 275 081)	(12 340 069)
Gross profit		**18 082 928**	**45 720 065**
Operating expenses	11	(24 071 151)	(31 240 405)
Net impairment (losses)/gains of financial assets		(618 284)	145 968
Net monetary (loss)/ gain		(11 802 982)	11 656 355
Other gains	15	460 958	13 256 442
Sundry expenses		(1 907 608)	(339 069)
		(37 939 067)	**(6 520 709)**
Operating (loss)/ profit before finance cost		**(19 856 139)**	**39 199 356**
Finance income	11	30 931	84 129
Finance costs	11	(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)		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 (cents)			
Basic	12.1	(8.56)	15.66
Diluted	12.2	(8.56)	15.66

** Refer to note 17 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	ATTRIBUTABLE TO OWNERS OF ARDEN CAPITAL LIMITED						
		Stated capital US$	Revaluation reserves US$	Other reserves US$	Retained earnings US$	Total US$	Non-controlling interests US$	Total US$
YEAR ENDED 31 DECEMBER 2019 (Restated*)								
Balance as at 1 January 2019		**63 088 923**	**-**	**(965 730)**	**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**
Exchange differences on translation of foreign operations (restated)		-	-	(46 931 853)	-	**(46 931 853)**	(17 174 904)	**(64 106 757)**
Revaluation gain from property and equipment, net of tax		-	28 783 794	-	-	**28 783 794**	15 315 411	**44 099 205**
Total comprehensive income/ (loss) for the year		**-**	**28 783 794**	**(46 931 853)**	**15 937 557**	**(2 210 502)**	**8 355 328**	**6 144 826**
Transactions with owners in their capacity as owners:								
Dividends declared and paid to non-controlling interests		-	-	-	-	**-**	(794 719)	**(794 719)**
Issue of shares		10 074 331	-	-	-	**10 074 331**	-	**10 074 331**
		10 074 331		**-**	**-**	**10 074 331**	**(794 719)**	**9 279 612**
Balance as at 31 December 2019		**73 163 254**	**28 783 794**	**(47 897 583)**	**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**	**(47 897 583)**	**16 882 019**	**70 931 484**	**46 237 637**	**117 169 121**
Total comprehensive income:								
Loss for the year		-	-	-	(9 368 973)	**(9 368 973)**	(4 675 744)	**(14 044 717)**
Exchange differences on translation of foreign operations		-	(2 302 922)	(794 536)	-	**(3 097 458)**	(1 958 555)	**(5 056 013)**
Revaluation of property and equipment, net of tax		-	524 801	-	-	**524 801**	346 206	**871 007**
Total comprehensive loss for the year		**-**	**(1 778 121)**	**(794 536)**	**(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	13.1	-	-	125 780	-	**125 780**	-	**125 780**
Dividends 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**	**(48 566 339)**	**7 513 046**	**59 115 634**	**39 849 012**	**98 964 646**

** Refer to note 17 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

SUMMARISED CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

ARDEN CAPITAL

	Notes	2020 US$	Restated * 2019 US$
Operating cashflows before working capital changes		**25 913**	**22 710 315**
Working capital changes			
Change in inventory		(3 988 909)	3 492 890
Changes in trade and other payables		(415 585)	(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**
Interest received		33 634	29 220
Interest paid- borrowings		(20 284)	(683 654)
Interest paid- lease liabilities	14	(239 532)	(514 442)
Dividends declared and paid to non-controlling interests		(100 532)	(794 719)
Income tax paid		(543 207)	(3 050 317)
Net cash (used in)/ generated from operating activities		**(1 817 058)**	**8 089 317**
Cash flows from investing activities			
Purchase of equipment	8	(2 402 860)	(5 497 309)
Acquisition of investment property		-	(153 882)
Proceeds from disposal of property and equipment		103 988	174 908
Proceeds from disposal of investment property		52 338	-
Net used in from investing activities		**(2 246 534)**	**(5 476 283)**
Cash flows from financing activities			
Proceeds from borrowings		-	1 789 879
Repayment of borrowings		(57 725)	(6 231 057)
Repayment of lease liabilities		(58 411)	(445 255)
Proceeds from issue of ordinary shares	12.6.1	-	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 the year		12 481 738	16 362 679
Cash and cash equivalents at end of the year		**10 331 877**	**12 481 738**

** Refer to note 17 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

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 BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 31 December 2020 ("Summarised Consolidated Financial Statements") have been prepared in accordance with the requirements of the JSE Listings Requirements for abridged reports. The JSE Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as a minimum the preparation and disclosure requirements of International Accounting Standard ("IAS") 34 - *Interim Financial Reporting*, the South Africa Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council.

The Chief Finance Officer, Peter Saungweme CA(Z), supervised the preparation of the Summarised Financial Statements. The accounting policies applied in the preparation of the Summarised Financial Statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements as at 31 December 2019 other than as described in note 5 and note 17. The Summarised Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS, except for non-compliance with IAS 21- *The Effects of Changes in Foreign Exchange Rates* and IFRS 13 - *Fair Value Measurement*.

The Summarised Financial Statements have been extracted from audited information, but are not themselves audited. The directors take full responsibility for the preparation of the Summarised Financial Statements and confirm that the financial information has been correctly extracted from the underlying audited financial statements.

The Summarised Financial Statements are expressed in the United States of America dollar ("US$") and are prepared under the historical cost convention as modified by revaluation of property and equipment, and the fair valuation of investment property and assets held for sale.

3 AUDIT OPINION

The Summarised Financial Statements should be read in conjuction with the complete set of the audited financial statements for the year ended 31 December 2020, which have been audited by Deloitte (South Africa). A qualified audit opinion was issued as a result of non-compliance with IAS 21 and IFRS 13. The qualifications were as follows:

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.

3 AUDIT OPINION (CONTINUED)

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 (continued)

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. Furthermore, properties could not legally be traded in US$, in the Group's primary economic environment.

The independent auditor's report includes a section of key audit matters which were identified as being valuation of investment property, allowance for expected credit losses, appropriateness of the going concern assumption and hyperinflationary reporting.

The extract of the auditor's report above does not necessarily report on all the information contained in these financial results. Shareholders are therefore advised that in order to obtain full understanding of the nature of the auditor's engagement they should obtain and read a copy of the auditor's report and obtain the accompanying financial information from Arden Capital Limited's registered office.

Any reference of future performance included in this announcement has not been reviewed or reported on by the Company's auditors.

A copy of the independent auditor's opinion and the Audited Annual Financial Statements may be requested from the Company by contacting investorrelationos@arden-capital.com or download from the Company's website at http://www.arden-capital.com/investor-relations/financial-results-reports and may also be viewed, at no cost, at the registered office of the Company and the Johannesburg office of its Sponsor, during ordinary business hours, for a period of 30 calendar days following the date of this announcement.

4 ACCOUNTING POLICIES

The accounting policies adopted are prepared in accordance with IFRS and are consistent with those adopted in the preparation of the financial statements in the prior year, except as disclosed in notes 5 and note 17.

There were no new IFRSs or International Financial Reporting Interpretations ("IFRICs") that were effective for the first time in the current year that had a material effect on the Group's financial statements.

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.

4 ACCOUNTING POLICIES (CONTINUED)

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 a notable decline in revenues from US$58 million recorded in 2019 to US$25.4 million. In particular, the Hospitality segment revenues declined by 59% to US$22.5 million 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 base 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 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.

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.

4 ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

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 opportunitities 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.

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 IFRS 16, Leases (amendments) - Covid-19 Related Rent Concessions

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.

Impact on accounting for changes in lease payments applying the exemption

The Group applied the IFRS 16 ammendment 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.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.2 Impairment of assets

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 8.

5.3 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.

5.4 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.

5.5 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 branch, 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.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.5 Foreign currency translation (continued)

b. Transaction 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.

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 5.6 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 subsdiaries 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.

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.6 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 CPI published by 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 at 31 December 2020, using 2018 base year are as follows:

Date	Adjusting Factor
31 December 2020	1.0000
31 December 2019	4.4859

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.

6 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 judgments 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:

6.1 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.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.1 Key estimates (continued)

b. Valuation of investment property, property and equipment

As was the case in the prior year, the investment property, and property and equipment 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. For the current year, the valuation of hotel properties was benchmarked against an independent valuation. The findings of the independent valuer reflect that the carrying amounts are reasonable.

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

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.

c. Impairment of the 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 in credit risk - in assessing whether the credit risk of an asset has significantly increased, the directors consider qualitative and quantitative reasonable and supportable forward- looking information.

(ii) Models and assumptions used - the Group used models and assumptions in estimating 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.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.2 Key judgements

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

a. 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 lease assets to the Group's operations.

b. Tax liabilities

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.

c. Functional and presentation currency

The financial statements for the subsidiaries are presented in ZWL. As detailed in note 5.5(a), 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.

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 4. 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 4.

7 KEY CREDIT AND LIQUIDITY RISK DSCLOSURES (CONTINUED)

7.1 IMPAIRMENT OF FINANCIAL ASSETS

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 6 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 eastate");
iii) trade receivables from provision of logistics services ("logistics");
iv) staff receivables;
v) other receivables at amortised cost; and
iv) cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss was identified.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected 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.

7 KEY CREDIT AND LIQUIDITY RISK DSCLOSURES (CONTINUED)

7.1 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

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

	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**

7 KEY CREDIT AND LIQUIDITY RISK DSCLOSURES (CONTINUED)

7.1 IMPAIRMENT OF FINANCIAL ASSETS (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**

7 KEY CREDIT AND LIQUIDITY RISK DSCLOSURES (CONTINUED)

7.1 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Reconciliation of the allowance for expected credit losses

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

The closing allowance for expected credit losses for trade receivables and other financial assets as at 31 December 2020 reconciles to the opening allowance for expected credit losses as follows:

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

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.

Classification

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.

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

Measurement

At initial recognition, the Group 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.

Impairment

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognised from initial recognition of receivables.

7 KEY CREDIT AND LIQUIDITY RISK DSCLOSURES (CONTINUED)

7.1 IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Impairment (continued)

The Group recognises an allowance for expected credit losses on financial assets that are measured at amortised 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 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 information. 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.

7.2 KEY LIQUIDITY RISK DISCLOSURES

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.

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 into 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.

7 KEY CREDIT AND LIQUIDITY RISK DSCLOSURES (CONTINUED)

7.2 KEY LIQUIDITY RISK DISCLOSURES (CONTINUED)

	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**	**-**	

ARDEN CAPITAL

8 PROPERTY AND EQUIPMENT

	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 2020										
Cost										
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)**
Transfer 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)7**	**(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**
Transfer out	-	-	-	-	-	-	-	-	-	**-**
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**

****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 the change from the cost to the 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.

8 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										
Cost										
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	32 324	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	**(3539 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**

****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.

9 INVESTMENT PROPERTY

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

*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.

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.

** 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 to 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.

10 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 as 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 11.

The two properties were measured at fair value in line with IAS 40 - *Investment properties* as permitted by IFRS 5- *Non-current assets held for sale and discontinued operations*. As described in note 6.1 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 9)	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**	**-**

11 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;
- offers 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.

11 SEGMENT INFORMATION (CONTINUED)

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 Group Exco 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 have been allocated to segments as they relate to specific bank loans obtained by the segments.

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 parent company in Mauritius

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

11 SEGMENT INFORMATION (CONTINUED)

	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)	**-**
	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)**
Gross profit	**16 209 874**	**2 265 034**	**1 040 842**	**-**	**(1 432 822)**	**18 082 928**
Operating expenses	(20 853 735)	(1 727 653)	(1 190 198)	(1 078 277)	778 712	**(24 071 151)**
Operating (loss)/ profit before finance costs	(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)**
- Borrowings	-	(20 343)	-	(945 736)	941 952	**(24 127)**
- Lease liabilities	(233 915)	-	(5 617)	-	-	**(239 532)**
- Other interest charges	(594 303)	-	-	-	-	**(594 303)**
Net finance costs	**(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:						
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**	**542**	**-**	**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**

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

11 SEGMENT INFORMATION (CONTINUED)

	Hospitality US$	Real estate US$	Logistics US$	Other US$	Consolidation adjustments US$	Group 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**
- Gross premiums	-	-	-	-	-	**-**
- Fuel transportation logistics	-	-	2 636 141	-	-	**2 636 141**
- Rental income	-	86 174	-	-	-	**86 174**
- Timeshare sales	-	6 062	-	-	-	**6 062**
- Property development sales	-	-	-	-	-	**-**
- 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)	**-**
	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	838 545	2 636 141	-	(2 965 314)	**55 008 646**
- over time	-	3 051 488	-	-	-	**3 051 488**
	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	**43 182 042**	**3 890 033**	**1 613 304**	**-**	**(2 965 314)**	**45 720 065**
Operating expenses	(28 657 298)	(2 154 194)	(1 456 425)	(2 999 486)	4 026 998	**(31 240 405)**
Operating profit/(loss) before finance costs	25 621 064	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)**
- Borrowings	(68 689)	(79 751)	(49 393)	(2 070 039)	1 059 048	**(1 208 824)**
- Lease liabilities	(509 147)	-	(5 295)	-	-	**(514 442)**
- Loss arising from settlement of liability through equity instruments (note 11.6.2)	-	-	-	(1 132 523)	-	**(1 132 523)**
Net finance costs	**(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**	**(3 913 852)**	**(40 126 567)**	**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:						
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 17 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.*

12 EARNINGS PER SHARE

		2020 US cents	Restated* 2019 US cents
12.1	Basic (loss)/earnings per share	(8.56)	15.66
12.2	Diluted (loss)/earnings per share	(8.56)	15.66
12.3	Headline (loss)/earnings per share	(8.83)	6.97
12.4	Diluted headline (loss)/earnings per share	(8.83)	6.97

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

* *Refer to note 17 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

12.6 Restatement of basic and headline earnings:

The headline earnings and consequently headline 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 the 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.

12 EARNINGS PER SHARE (CONTINUED)

12.6 Restatement of headline earnings: (continued)

(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.

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 gain on investment property (note 15)	(13 256 442)	-	(13 256 442)
Loss from disposal of property and equipment (note 15)	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

	2020 Number	2019 Number
Weighted average number of shares in issue		
Shares at the beginning of the year	**109 491 523**	**88 531 195**
Issue of shares for cash (note 12.6.1)	-	5 218 401
Issue of shares - loan settlement (note 12.6.2)	-	8 008 334
Shares at the end of the year	**109 491 523**	**101 757 930**
Weighted average number of shares for basic earnings per share	109 491 523	101 757 930
Weighted average number of shares for diluted earnings per share	109 491 523	101 757 930
Number of shares in issue	109 491 523	109 491 523

There were no potential dilutive instruments at at 31 December 2020 (2019:US$ nil).

** Refer to note 17 for details regarding the restatement as a result of application of IAS 29 on foreign branch.*

12 EARNINGS PER SHARE (CONTINUED)

12.6 Restatement of headline earnings: (continued)

12.6.1 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.

12.6.2 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.

12.6.3 Treasury shares

The Company holds 7 775 000 shares as treasury shares by virtue of the fact that these are held by its subsidiary - Arden Capital (Private) Limited.

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.

12 EARNINGS PER SHARE (CONTINUED)

	2020 US$	2019 US$
12.7 Net asset value per share		
Net assets (excluding non-controlling interests ("NCI"))	59 115 634	70 931 484
Number of ordinary shares in issue	109 491 523	109 491 523
Net asset value per share (cents)	**53.99**	**64.78**
12.8 Net tangible asset value per share		
Net tangible assets	48 845 764	52 921 632
Number of ordinary shares	109 491 523	109 491 523
Net asset value per share (cents)	**44.61**	**48.33**
Reconciliation of net asset to net tangible assets		
Net assets (excluding NCI)	**59 115 634**	**70 931 484**
Non-tangible assets	(10 269 870)	(18 009 852)
Goodwill	(3 901 773)	(4 241 093)
Deferred tax assets	(1 984 669)	(790 255)
Right of use asset	(4 383 428)	(12 978 504)
Net tangible assets	**48 845 764**	**52 921 632**

13 OTHER RESERVES

13.1 Equity settled share based payments reserve

Included in other reserves of US$48.6 million is an amount of US$0.13million (2019:US$nil) which relates to an equity settled share based payment reserve ("ESSBPR"). The ESSBPR is limited to African Sun. The Group's accounting policy on share based payment transactions is detailed in note 5.3.

In terms of the share option scheme summarised under note 5.3 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.

	Number of share options	2020 US$	2019 US$
Movements in share option reserve during the year			
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**	**-**

14 LEASES

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

	Note	2020 US$	2019 US$
(i) Amounts recognised in the statement of financial position			
The statement of financial position shows the following amounts relating to leases:			
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**
(ii) Amounts recognised in the statement of comprehensive income			
Depreciation charge of right-of-use assets (included in depreciation expense)			
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)	11	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).

15 OTHER GAINS

	2020 US$	Restated* 2019 US$
Fair value gain from investment property	460 958	13 256 442

16 FAIR VALUE MEASUREMENTS

16.1 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 share-based payment transactions, 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".

16 FAIR VALUE MEASUREMENTS (CONTINUED)

16.2 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 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

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.

The Group did not have any financial assets at fair value through profit or loss as at 31 December 2020 (2019: nil).

17 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 the foreign branch's functional currency 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 profit and loss and 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 hyperinflationay economies are dealt with in accordanance with IAS21". Subjecting the results of the foreign branch was therefore inconsistent with requirements of this paragraph.

17 PRIOR PERIOD RESTATEMENTS (CONTINUED)

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

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	**-**

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 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.

18 COMMITMENTS

18.1 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 commitments relate to acquisition of hotel equipment, as well as property development. These expenditures are expected to be financed through combination of debt and internally generated cashflows.

19 MATERIAL RELATED PARTY TRANSACTIONS

There were no material related party transactions that were entered into during the year ended 31 December 2020.

20 CONTINGENT LIABILITIES

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

21 DIVIDEND

No dividend was declared by the Company during the year (2019: US$ nil).

22 EVENTS AFTER THE REPORTING DATE

22.1 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 African Sun on 20 January 2021. In terms of IFRS 3 - *Business combinations* on this date Afican 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.

22.2 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.

ARDEN
CAPITAL

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