

Initial Public offer



ISIN:MWICON001146

Subscription Offer of **1,680,000,000** ordinary shares at **MWK8.75** per Share

Copies of the Prospectus can be obtained from the registered offices of ICON, the Authorised Brokers and the Receiving Banks whose addresses are set out in the Corporate Information and Advisors' section and Annexure 2 of this Prospectus as well as in electronic form from the Company's website (www.iconproperties.mw) from 7 December 2018 up to and including 28 December 2018.

Date of issue: 7 December 2018

A copy of this Prospectus has been delivered to and has been registered with the Registrar of Companies and the Registrar of Financial Institutions. The Registrar of Companies and the Registrar of Financial Institutions have not checked and will not check the accuracy of any statements made and they accept no responsibility for the accuracy of any statements made therefore or for the financial soundness of ICON Properties Plc ("ICON") or the value of the securities offered. The Registrar of Financial Institutions and the Registrar of Companies registered this Prospectus on 6 December 2018 and 28 November 2018

Lead Transaction Advisor	Transaction Manager	Legal Advisor	Reporting Accountant	Sponsoring Broker
 Standard Bank	 NICO Asset Managers	SAVJANI & CO.	Deloitte.	 CEDAR CAPITAL

PROSPECTUS



CHICHIRI MALL - BLANTYRE



CHIBISA HOUSE - BLANTYRE



KANGOMBE HOUSE - LILONGWE

IMPORTANT INFORMATION

This Prospectus is issued under the provisions of the Companies Act No.15 of 2013 and the Securities Act 2010 and is in compliance with the MSE Listing Requirements.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents available for inspection"). This Prospectus shall be read and construed on the basis that such documents are incorporated into and form part of this Prospectus. No ICON Shares can be issued based on this Prospectus more than six months after the stated date of the publication of the Prospectus. Information in the prospectus only speaks as to the date of the prospectus regardless if investors continue to invest six months after its publication date.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Company and, if given or made, such information or representation must not be relied upon as having been authorised by the Board, the Directors, the Issuer, the Lead Transaction Advisor, or any Sponsoring Broker.

Each prospective investor contemplating the purchase of any shares should make its own independent investigation into the financial condition and affairs, and its own appraisal of the condition (financial or otherwise), of the Company. If in any doubt about the contents of this document or the nature of the transaction or investment or the risks attached to the investment then consult a person licensed under the Securities Act 2010 who specialises in advising on investments in or acquisitions of securities, including ICON Shares.

Where any term is defined within the context of any particular clause or section in this Prospectus, the term so defined, unless it is clear from the clause or section in question that the term so defined has limited application to the relevant clause or section, shall bear the meaning ascribed to it for all purposes in this Prospectus, unless the context otherwise requires. Expressions defined in this Prospectus shall bear the same meanings in supplements to this Prospectus, which do not themselves contain their own definitions.

Supplementary Prospectus

If, prior to the listing, a significant new development occurs in relation to the information contained in this Prospectus or a material mistake or inaccuracy is found in the Prospectus that may affect the assessment of the Company, a supplement to this Prospectus will be published. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document that is incorporated by reference in this Prospectus. Any statements so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Forward Looking Statements

This Prospectus contains forward-looking statements relating to the Company. These forward looking statements can be identified by the use of forward-looking terminology such as believes, expects, may, is expected to, will, will continue, should, would be, seeks or anticipates or similar expressions or the negative

thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions.

These statements reflect the current views of the Issuer with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of these factors are discussed in more detail under Risk Factors in Section 5.2. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated or expected. The Issuer undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the future events described in this Prospectus may not occur.

Industry, Economic and Other Information

The Issuer obtained the industry and economic data, including industry forecasts, used throughout this Prospectus from internal surveys, market research, publicly available information and industry publications. The Issuer has also made statements on the basis of information from third-party sources that we believe are reliable, such as the BMI, EIU, IMF, RBM and Knight Frank among others. Industry and government publications, including those referenced here, generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Although the Issuer has no reason to believe that any of this information or these reports is inaccurate in any material respect, industry or other data provided by third parties or by industry or other publications has not been independently verified. The Issuer does not make any representation as to the accuracy of such information.

As the Lead Transaction Advisor, Standard Bank Plc is acting for ICON and no one else in relation to the preparation of this Prospectus and will not be responsible to anyone other than ICON in relation to the preparation of this Prospectus.

The Directors of ICON whose names appear below, collectively and individually accept full responsibility and liability for the accuracy of the information given in this Prospectus and confirm, having made all reasonable inquiries, that, to the best of their knowledge and belief, there are no other facts and omissions of which would make any statement in this Prospectus misleading and have duly authorized the undersigned to sign this declaration on their behalf.

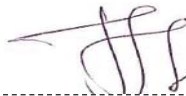
Mr. Robert Scharar, Chairman



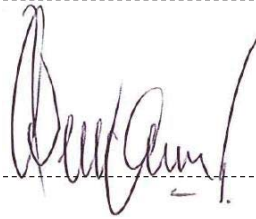
Mr. Vizenge Kumwenda



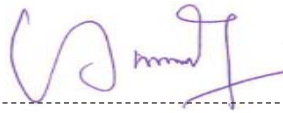
Mr. Louis Sibande



Mr. Dasford Kamkwamba



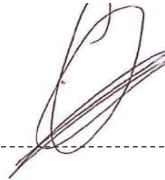
Mr. Simeon Banda



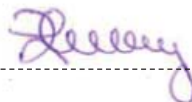
Mr. Joseph Malingamoyo



Mr. Graham Chipande



Mrs. Zunzo Mitole



CORPORATE INFORMATION AND ADVISORS

Registered office of the Company

ICON Properties Plc
Chibisa House
19 Glyn Jones Road
P.O. Box 3117
Blantyre, Malawi
Tel +265 (0) 1 832 085



Lead Transaction Advisor



Standard Bank Plc
Standard Bank Centre
African Unity Avenue
P.O. Box 30380
Lilongwe, Malawi
Tel +265 (0) 1 774 688
sbm@standardbank.co.mw

Transaction Manager



NICO Asset Managers Limited
Chibisa House
19 Glyn Jones Road
P.O. Box 3173
Blantyre, Malawi
Tel +265 (0) 1 832 085
invest@nicoassetmanagers.com

Legal Advisor

SAVJANI & CO.

Savjani & Co.
Hannover House
Independence Drive
P.O. Box 2790
Blantyre, Malawi
Tel +265 (0) 1 824 555
savjaniandco@africa-online.net

Reporting Accountant

Deloitte.

Deloitte
PCL House
Kaohsiung Road
P.O. Box 187
Blantyre, Malawi
Tel + +265 (0) 1 822 277
bt@deloitte.co.mw

Sponsoring Broker



Cedar Capital Limited
Livingstone Towers
Glyn Jones Road
P.O. Box 3340
Blantyre, Malawi
Tel + +265 1 832 327
kamphonia@cedarcapital.mw

Transfer Secretaries



NICO Asset Managers Limited
Chibisa House
19 Glyn Jones Road
P.O. Box 3173
Blantyre, Malawi
Tel +265 (0) 1 832 085
transfersec@nicoassetmanagers.com

Receiving Bank



NBS Bank Plc
NBS House
Corner Chipembere Highway &
Johnstone Roads
P.O. Box 32251
Blantyre, Malawi
Tel +265 (0) 1 876 222

Receiving Bank



Standard Bank Plc
Standard Bank Centre
African Unity Avenue
P.O. Box 30380
Lilongwe, Malawi
Tel +265 (0) 1 774 688
sbm@standardbank.co.mw

Underwriter



Old Mutual Investment Group Limited
Old Mutual Building
30 Glyn Jones Road
P.O. Box 393
Blantyre, Malawi
Tel +265 (0) 1 820 677

Underwriter



Press Trust
Floor 9, Kang'ombe House
Private Bag 359
Lilongwe, Malawi
+265 (0) 1 772 844
info@presstrust.mw

Auditors



Deloitte
PCL House
Kaohsiung Road
P.O. Box 187
Blantyre, Malawi
Tel +265 (0) 1 822 277
bt@deloitte.co.mw

Fund Manager



NICO Asset Managers Limited
Chibisa House
19 Glyn Jones Road
P.O. Box 3173
Blantyre, Malawi
Tel +265 (0) 1 832 085
invest@nicoassetmanagers.com

Property Valuer



Knight Frank (Malawi) Limited
Plantation House
Victoria Avenue
P.O. Box 1556
Blantyre, Malawi
Tel + 265 (0) 1 823 577

Property Manager



Eris Properties Mw Limited
Chibisa House
19 Glyn Jones Road
P.O. Box 3173
Blantyre, Malawi
Tel +265 (0) 1 832 085

SALIENT FEATURES

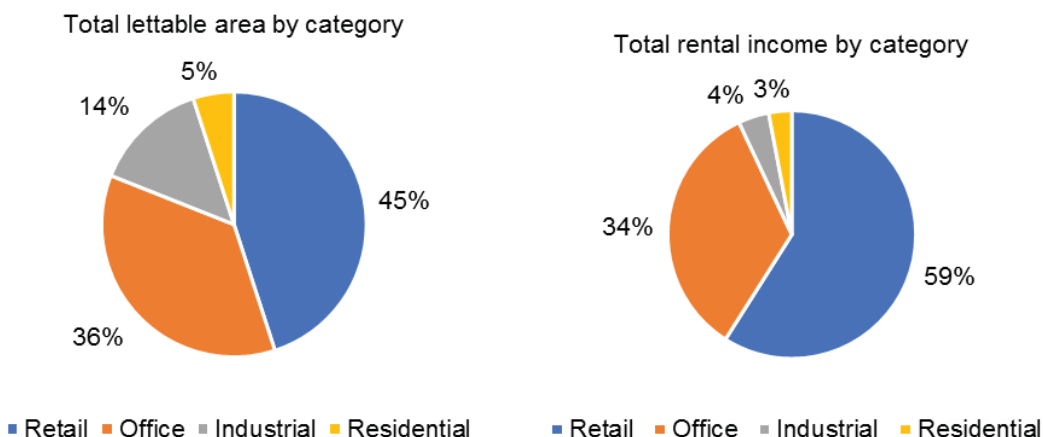
The information set out in this salient features section of the Prospectus is not intended to be comprehensive. To gain a comprehensive understanding of the subject matter and information of the IPO, this Prospectus should be read in its entirety.

1. NATURE OF THE BUSINESS

ICON was incorporated in Malawi as a private limited company on 4 June 2018 and converted to a public limited company on 8 November 2018. ICON is a property holding company formed with the objective of owning, leasing, managing and developing of commercial, industrial and retail property.

Number of properties in the portfolio	35
Total lettable area	72,630m ²
- Area let	71,438m ²
- % of total lettable area	98%
Value of property portfolio	MWK 50.04bn

ICON's properties are located in major economic centers in Malawi and include landmark shopping malls, prime office buildings and key industrial sites. These properties have sought after tenants comprising market leaders in banking and finance, international development institutions, United Nations organisations, local blue-chip companies and high-end food and fashion retailers. ICON's property portfolio has a total gross lettable area of 72,630m² valued at MWK50.04bn making it one of the largest property companies in Malawi by both lettable area and value.



Source: Management

ICON has properties in all of Malawi's cities and is well positioned to capture middle and upper class retail spend. The portfolio is well diversified with exposure to retail, office and industrial categories.

2. HISTORY AND PROPERTY PORTFOLIO RESTRUCTURING

ICON was formed through the restructuring of a diverse real estate portfolio which included the following property holding companies:

- NICO Properties Limited (NPL);
- Chichiri Shopping Centre Limited (CSC);
- Kang'ombe Investment Limited (KIL);
- Lilongwe City Mall Limited (LCM); and
- Plantation House Limited (PHL)

Shareholders in these holding companies including NICO Life Insurance Company Limited (NLIC) were invited into ICON which involved transferring of shareholding into ICON. Direct properties owned by NLIC, Standard Bank Pension Fund and Toyota Pension Fund were also transferred into ICON. The restructure resulted in the formation of ICON, a single property holding company with holdings in various properties.

3. SUMMARY OF FINANCIAL INFORMATION

The table below outlines extracts from the proforma financial statements and forecasts set out in Annexure 3. The proforma financial statements have been prepared to illustrate the financial position and results assuming that ICON had been in existence and had consolidated the separate real estate portfolios for the last three years and six months.

Pro forma consolidated Statement of Financial Position as at 30 June 2018

In MWK millions	June 2018
Investment property	50 035
Office equipment	6
Investment in shares	39
Deferred taxation	8
Total non-current assets	50 089
Taxation recoverable	844
Trade and other receivables	1 328
Cash and cash equivalents	1 815
Total current assets	3 987
TOTAL ASSETS	54 075
Shareholder's equity	-
Share capital	44 322
Restructuring reserve	5 898
Equity	50 220
Non-controlling interests	1 201
Total shareholders' equity	51 421
Deferred income	1
Deferred taxation	1 893
Total non-current liabilities	1 895
Overdraft	8
Trade and other payables	518
Accrued interest on income notes	199
Taxation payable	35
Total current liabilities	760
TOTAL EQUITY AND LIABILITIES	54 075

The pro forma financial information has been presented in Annexure 3 of this Prospectus.

Audited proforma financial information as at 30 June 2018 and forecast to 2020

In MWK millions	2015	2016	2017	June 2018	2019f	2020f
Rental income	2,652	3,848	4,318	2,384	5,521	6,305
Fair value adjustment	2,122	2,416	10,586	3,539	5,022	5,852
Other income	189	201	248	166	350	397
Total income	4,963	6,465	15,152	6,089	10,893	12,554
Total operating expenses	(906)	(1,045)	(1,237)	(828)	(2,305)	(2,533)
Investment Income	144	209	185	94	1,839	770
Net finance costs	(1,310)	(543)	(135)	-	-	-
Profit before tax	2,891	5,086	13,965	5,355	10,427	10,791
Income tax (charge)/credit	251	1,548	(2,152)	(1,313)	(2,527)	(2,651)
Profit for the year	3,142	6,634	11,813	4,042	7,900	8,140

Forecasts assumed that ICON's restructure is concluded in December 2018 and 2019 is the first full year of operation

4. PURPOSE OF THE OFFER AND LISTING

The Directors believe the Listing is a strategic step towards the advancement of ICON's real estate business.

The objectives of the Offer and Listing are to:

- raise capital to fund expansion of the portfolio through acquiring and developing yield accretive real estate opportunities;
- facilitate the allocation of funds for refurbishment and redevelopment of properties to modern standards;
- unlock shareholder value through economies of scale;
- invite prospective Malawian and international investors to share in the ICON success story;
- enhance ability to raise future capital from the secondary market; and
- introduce liquidity for the existing and new shareholders through the listing on the MSE.

5. ALLOCATIONS AND PAYMENTS

ICON shares available in respect of the Initial Public Offer shares to raise MWK14.70bn will be allocated on an equitable basis. In addition to the subscription amount sought of MWK14.70bn the Company will have a Green Shoe Option in place which will give the Company the right but not the obligation to purchase oversubscribed shares to raise an additional MWK3.68bn. Directors retain the discretion to amend the allocation formula for the IPO as deemed fit having regard to the strategic benefits derived from a diverse shareholder base, after consultation with the advisors listed in the Corporate Information section of this Prospectus.

The subscription price is payable in full, in Malawi Kwacha and as per the terms and conditions indicated on the Application Form.

The Public Offer shares will, upon allotment and issue, rank *pari passu* with all other existing ordinary shares in terms of both voting rights and dividends.

Notice of the results of the Public Offer will be published no more than 13 days after the close of the offer, and notices of the results of the applications and allocation of shares will be completed within 14 days of the close of the offer. Where applicable, refunds will be sent within 14 days of the close of the Offer.

6. **THE OFFER**

The Offer comprises the Initial Public Offer for Shares. ICON hereby offers a total of 1,680,000,000 Public Offer Shares for subscription with an additional 420,000,000 shares for subscription through a Green Shoe Option which will allow for a higher capital raise if the IPO is oversubscribed upon the terms and conditions set out in this Prospectus, as set out in the Application Form.

All the Offer Shares will rank pari passu in all respects with the Shares in issue as at date hereof.

7. **OFFER PRICE**

Total number of authorised ICON shares	10,000,000,000
Shares in issue and fully paid by existing shareholders	5,000,000,000
Ordinary shares issued and offered to the public	1,680,000,000
Total number of issued ICON shares to be listed	6,680,000,000
Offer Price per share	MWK8.75
% of the total share capital of the Company offered to public	25%
Gross value of the Offer	MWK14,700,000,000
Market capitalisation at the Offer Price	MWK58,450,000,000
<i>With a Green Shoe Option</i>	
Additional shares allotted through if IPO is oversubscribed	420,000,000
Total number of issued ICON shares to be listed	7,100,000,000
Potential raised from an oversubscribed IPO from additional shares allotted	MWK3,675,000,000
Gross value of the Offer	MWK18,375,000,000
Market capitalisation at the Offer Price	MWK62,125,000,000

8. **USE OF PROCEEDS**

The issue of 1,680,000,000 ordinary shares at MWK8.75 each will raise MWK14.70bn before expenses. Assuming the Green Shoe Option is not exercised, the Issuer is planning to apply the proceeds to capital expenditure on new real estate projects amounting to MWK13.76bn and MWK941.9m for the IPO expenses.

9. **CONDITIONS PRECEDENT**

The Offer is conditional on the Listing of all the Shares on the MSE, failing which, the Offer and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against ICON or any other person as a result of the failure to List the IPO shares save for claims for refund of the Offer price collected by the Receiving Bank in connection with the proposed offer by any applicant.

The Offer and Listing is subject to achieving a free float and spread of Shareholders acceptable to the MSE.

10. **MINIMUM SUBSCRIPTION**

In the opinion of the Directors, the minimum capital to be raised for the Company through the IPO is MWK14.70bn. The minimum subscription required to satisfy the minimum listing criteria as prescribed by the MSE is 30 million shares bearing, an offer value of not less than MWK500m and a minimum of 300 Shareholders. Each Applicant shall be eligible to subscribe for a minimum of 5,000 shares and in multiples of 1,000 shares thereafter.

11. ADDITIONAL SUBSCRIPTION AND THE GREEN SHOE OPTION

In addition to the subscription amount sought of MWK14.70bn, the Company will have a Green Shoe Option in place which will give the Company the right but not the obligation to sell shares when the issue is oversubscribed to raise up to an additional MWK3.68bn as outlined in Section 7.2.10 of this Prospectus.

Funds from the Green Shoe Option will be used for new property development projects in line with ICON's plans outlined in the Growth Strategy in Section 5.1.

12. APPLICATION FOR SHARES

Applications for the Initial Public Offer may be made on the Application Forms enclosed in this Prospectus. Soft copies of the Application Forms which are made available by the Transfer Secretary, will also be accepted for submission. Applications must be made in accordance with the terms and instructions set out in the Application Forms.

Notwithstanding that the terminology used in this Prospectus is that of an offer to contract, the applications completed by the applicants shall constitute an offer to ICON for the IPO Shares, and shall not constitute an acceptance of the Offer contained in this Prospectus by ICON.

13. PUBLIC OFFER

For the purpose of the Initial Public Offer, copies of this Prospectus may be collected from selected Standard Bank Plc and NBS Bank Plc branches in Malawi as indicated in Annexure 2 to this Prospectus or from the offices of the Transfer Secretary or the Sponsoring Broker as indicated in the Corporate Information on page 4 of this Prospectus.

14. UNDERWRITING

The IPO will be fully underwritten as detailed in Section 7.2.5 of this Prospectus.

15. IMPORTANT DATES AND TIMES

The Public Offer opens at 08:00 on 7 December 2018 and is expected to close at 17:00 on 28 December 2018. Applications will be received up to 17.00 on 28 December 2018. Any material changes will be released on MSE's publications and published in one of the daily newspapers in Malawi.

Offer opens – Publication of Prospectus	7 December 2018
Last day for application; Offer closes	28 December 2018
Results of the offer submitted to the MSE Committee	7 January 2019
Results announcement	10 January 2019
Refunds sent to applicants	11 January 2019
Securities listed (if listing granted). The listing day shall fall on a Monday	21 January 2019

All references to time are GMT+2 (Malawi Time)

TABLE OF CONTENTS

	PAGE
IMPORTANT INFORMATION	1
CORPORATE INFORMATION	4
SALIENT FEATURES OF THE OFFER	6
TABLE OF CONTENTS	11
DEFINITIONS AND INTERPRETATIONS	12
SECTION 1: BUSINESS AND INDUSTRY OVERVIEW	15
1.1 OVERVIEW OF THE BUSINESS	15
1.2 COMPETITIVE ADVANTAGES	16
1.3 ICON PROPERTIES BACKGROUND	17
1.4 ICON SUBSIDIARIES AND UNDERLYING INVESTMENTS	19
SECTION 2: PROPERTY ANALYSIS AND VALUATION	24
2.1 VALUATIONS OF ICON'S PROPERTY PORTFOLIO	24
2.2 ANALYSIS OF ICON'S PROPERTY BUSINESS	25
SECTION 3: DIRECTORS AND MANAGEMENT	28
3.1 DIRECTORS	28
3.2 MANAGEMENT	32
SECTION 4: OPERATING ENVIRONMENT – ECONOMIC AND SECTOR OVERVIEW	37
4.1 MALAWI OVERVIEW	37
4.2 SECTOR OVERVIEW	43
SECTION 5: GROWTH STRATEGY	46
5.1 CORPORATE GROWTH STRATEGY	46
5.2 RISK FACTORS	47
SECTION 6: FINANCIAL INFORMATION	49
6.1 PROFIT FORECASTS FOR THE YEARS ENDING 31 DECEMBER 2019 AND 2020	49
6.2 EXTRACTS FROM THE REPORTING ACCOUNTANT'S REPORT	50
SECTION 7: STATUTORY DISCLOSURES	55
7.1 DISCLOSURES RELATING TO THE COMPANY	55
7.2 DISCLOSURES RELATING TO THE PUBLIC OFFER	57
7.3 PROPERTY VALUATION REPORT	62
ANNEXURE 1 – TERMS AND CONDITIONS OF THE OFFER	66
ANNEXURE 2 – RECEIVING BANKS BRANCHES	69
ANNEXURE 3 – REPORTING ACCOUNTANT'S REPORT	72
ANNEXURE 4 – EXTRACTS FROM MEMORANDUM AND ARTICLES OF ASSOCIATION	100
ANNEXURE 5 – PROPERTY VALUATION REPORT SUMMARY	106

DEFINITIONS AND INTERPRETATIONS

Throughout this Prospectus and the annexures hereto, unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words, and expressions denoting natural persons include juristic persons and associations of persons:

Term or abbreviation	Meaning
“Act”	the Companies Act No.15 of 2013 of the Laws of Malawi;
“Application Form”	the form presented at the back of this Prospectus outlining the instructions and terms for subscription to the Initial Public Offer;
“Articles”	the Articles of Association of the Company;
“Authorised Brokers”	means the authorised brokers to this Offer, as appointed by the Issuer. The names of the members of the Authorised Brokers are set out in Annexure 2 of this Prospectus;
“Automated Trading System” or “ATS”	the software, hardware, communications and network systems, which are used to carry out transactions or other operations related to transactions on MSE;
“Bankers’ Cheque/Draft”	a cheque/draft issued by a licensed commercial bank;
“BMI”	means Business Monitor International, now part of Fitch Solutions;
“Board” or “Directors”	the board of directors of ICON;
“business day”	any day of the week, excluding Saturdays, Sundays and any official Malawi public holidays;
“CSD”	means Central Securities Depository;
“dematerialise” or “dematerialisation”	the process by which physical certificated shares are converted and held in electronic form in the Central Securities Depository;
“dematerialised shares”	shares that are held in electronic form;
“documents of title”	share certificates, certified transfer documents, land certificates, certificates of lease or any other documents of title as the case may be;
“EIU”	means Economist Intelligence Unit;
“Financial Crimes Act No. 14 of 2017”	Act that repealed and replaced the Anti-Money Laundering and Serious Crimes Act concerning;

“Green Shoe Option”	an option that gives the Issuer the right but not the obligation to allot more shares to subscribers in case of an oversubscription up to an amount of MWK3,675,000,000;
“GDP”	means Gross Domestic Product;
“ICON” or the “Company” or the “Issuer”	ICON Properties Plc, registration number TMBRS1010880, a company incorporated in Malawi under the Act;
“ICON shares”	ordinary shares in the issued share capital of the Company;
“IFRS”	International Financial Reporting Standards;
“IMF”	the International Monetary Fund;
“Initial Public Offer” or “IPO” or “Offer”	the offer to the public of the IPO Shares at the Offer price in terms of this Prospectus;
“IPO Shares”	the 1,680,000,000 ICON Shares offered to the public, at the Offer Price in accordance with the terms of this Prospectus;
“Kwacha” or “MWK”	Kwacha, the legal tender of Malawi;
the “Listing”	listing of ICON Shares on the MSE;
“Listing Requirements”	the Listing Requirements of the MSE, as amended from time to time by the MSE;
the “MSE”	the Malawi Stock Exchange, a company limited by guarantee operating under the Securities Act 2010 and licensed under the Financial Services Act 2010;
“NICO Group”	NICO Holdings Plc and its subsidiaries;
this or the “Prospectus”	this document, dated 7 December 2018 and incorporating an Application Form in respect of an Offer, where applicable;
“Shareholders” or “ICON Shareholders”	the duly registered holders of ICON shares;
“Malawi”	the Republic of Malawi;
“Receiving Bank”	any branch and or agency as detailed in Annexure 2;
“RBM”	the Reserve Bank of Malawi;
“Reporting Accountants”	Deloitte, Chartered Accountants (Malawi), registered chartered accountants and business advisers;

“Sponsoring Broker”	Cedar Capital Limited, member of MSE;
“Standard Bank”	Standard Bank Plc (Registration number 1246), a public company duly incorporated in Malawi and listed on the MSE;
“Transfer Secretaries”	NICO Asset Managers Limited, a financial services company incorporated in Malawi, registration number 8851;
“Underwriters”	Old Mutual Investment Group Limited, Press Trust; and
“Underwriting Agreement”	the agreements entered into between ICON and the underwriters, dated 23 November 2018, in terms of which the underwriters agree, subject to certain limitations, to subscribe for the IPO Shares that are not taken up in terms of the proposed Initial Public Offer, in their designated proportions which are set out in Section 7.2.5 of this Prospectus.

SECTION 1. THE BUSINESS AND INDUSTRY

1.1 Overview of the Business

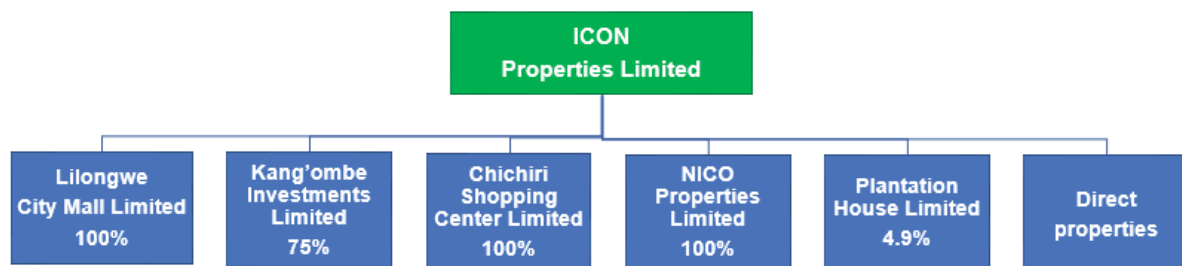
1.1.1 The Company

ICON was incorporated in Malawi on 4 June 2018 under the Act, with registration number TMRBS1010880 as a private company limited by shares with a stated capital of MWK1mn. The Company was converted to a public limited company on 8 November 2018. ICON is a property investment company incorporated as part of a restructuring exercise by shareholders in the following property holding companies:-

- a. NICO Properties Limited (NPL);
- b. Chichiri Shopping Centre (CSC);
- c. Lilongwe City Mall (LCM);
- d. Kang'ombe Investment Limited (KIL); and
- e. Plantation House Limited (PHL).

The restructure involved an offer to shareholders of KIL, CSC, LCM and NPL to transfer their shareholding and income notes in the respective companies in exchange for shares in ICON. The shareholders of NPL, CSC, LCM, KIL and PHL voted to exchange shares in their respective companies with ICON Shares. In addition, direct properties held by NICO Life Insurance Company, Standard Bank Pension Fund and Toyota Pension Fund were also transferred into ICON. As at 1 November 2018, NPL, CSC, LCM and KIL became subsidiaries of ICON and the Company directly holds 22 properties in its portfolio.

The diagram below shows the structure and the shareholding of the Company



1.1.2 Business model

ICON's business operations consist of three principal business segments:

- a. Property letting services for retail, office, residential and industrial clients within the cities of Lilongwe, Blantyre, Mzuzu and Zomba;
- b. Property management to ensure a high level of customer satisfaction; and
- c. Property development.

ICON derives its revenue from rental income from its commercial property investment and operations and interest income from investing rental income on the money market. The Company's properties

are valued at MWK50.04bn as at 30 June 2018 according to the valuation by Knight Frank with a total lettable area of 72,630m², making ICON one of the largest real estate holding company in Malawi.

1.1.3 ICON's mission

The Company's mission is to be at the forefront of successful, quality property investments and developments in Malawi and to provide maximum returns for all stakeholders.

1.1.4 Integrated service

The Company's success is underpinned by a skilled team with diverse expertise across financial management, investing and property management. NICO Asset Managers Limited (NAML), a leading fund management and advisory firm in Malawi looks after the financial management, investment management and company secretarial services of ICON. For the property management and development services, ICON has a management agreement with Eris Properties Mw Limited, a company formed as a joint venture between Eris Property Group (South Africa) and NICO Holdings Plc. Through the joint venture, ICON is able to leverage off Eris Property Group's property services experience in sub-Saharan Africa and NICO Holding Plc's experience in fund management, financial management and property investment in Malawi and the region.

Through its management agreements, ICON brings together a breadth of property, investment and financial management skills encompassing investment management, property due diligence, property development feasibility analysis, planning, design management, development and construction management, asset management and sales and marketing. Each discipline is managed by experienced professionals.

1.1.5 Investment and development philosophy

ICON through NAML and ERIS is focused on acquiring high rental yield assets. Specific strategies will be developed for each investment opportunity by putting in place the most appropriate capital structures and management teams to meet strict criteria in terms of underlying quality of the assets, project returns, stability of cash flows and capital growth.

ICON's business model is to partner with suitable investors to develop opportunities that meet prescribed investment criteria. ICON focuses primarily on investments and development opportunities in prime central business district areas that have the greatest opportunity for growth.

1.2 COMPETITIVE ADVANTAGES

ICON competes with other real estate companies on a broad range of factors including quality of the properties, professional property management, competitive rental prices and prime location. ICON's market position is principally attributable to the following competitive strengths: -

1.2.1 Quality assets in major economic centers

- Strong retail portfolio with favourably positioned assets in central business districts of Lilongwe and Blantyre are able to capture upper and middle-class retail consumers;
- High end property portfolio located in major economic growth centres. Some of the landmark properties comprise:
 - Chichiri Shopping Mall - largest shopping mall in central Blantyre city located near a major junction on key roads connecting the various parts of the city;
 - Lilongwe City Mall - located in the busiest commercial district in Lilongwe Old Town; and

- Kang'ombe House - tallest commercial office building in Malawi located in the high street of City Centre, Lilongwe.
Source: Management
- Sought after tenants comprising high end food and fashion retailers (including multinationals) banking and insurance companies, international development institutions, United Nations organisations, local blue-chip companies with strong demand for prime retail and office space.

1.2.2 Identified growth opportunities and a proven track record of investing in real estate projects

- Demonstrable management experience of developing attractive high quality retail assets in Malawi from NAML, a leading Fund Manager in Malawi, who is responsible for the investment and financial management as well as providing company secretarial services of the subsidiary companies;
- Further appetite to continue to exploit the opportunities in real estate with high quality yield enhancing acquisitions; and
- Yield accretive asset management opportunities in the Malawi portfolio, such as refurbishment and / or expansion of existing assets together with potential to reduce vacancies and capture positive rental return.

1.2.3 Experienced management team with a proven track record

- Managed by Eris Properties Mw Limited (ERIS), a leading property development and management company formed through a joint venture of Eris Property Group (South Africa) and NICO Holdings Plc. ERIS is managed and operated by specialised industry-leading professionals with extensive property experience;
- An intimate knowledge of the existing portfolio assets by both ERIS and NAML;
- Proven success identifying and conducting accretive asset management initiatives run by NAML;
- Corporate governance bred from within the NICO Holdings culture with seasoned Directors experienced in fund management, finance and real estate development.

1.2.4 Transparent corporate structure

Property firm with governance structure providing a transparent management structure that is accountable to the board and shareholders

1.3 ICON PROPERTIES BACKGROUND

NICO Life Insurance Company (NLIC), was the majority shareholder in the property companies indicated below save for KIL. NPL was the core property investment vehicle for the NICO Group of Companies.

NLIC holding in the property portfolios

	NLIC	Others**	Total
NPL	70.31%	19.69%	100.00%
CSC	54.27%	45.73%	100.00%
LCM	55.95%	44.05%	100.00%
KIL *	28%	72%	100.00%
Direct properties	100.00%	0.00%	100.00%

*40.00% owned by NPL

**Detailed shareholding found in Section 1.3.2.

Prior to the formation of ICON, the property holding companies were each operating as standalone companies. ICON was formed to:

- Improve the growth prospects of the above-mentioned property portfolio by pooling their respective assets under one company;
- Unlock capital raising capabilities;
- Provide investors a larger and more diversified portfolio;
- Broaden the investor base particularly local participants;
- Enhance ICON's governance practices through increased transparency and accountability to shareholders; and
- Enable investors to access liquidity that will help them realise a return on their investment once listed on the MSE.

1.3.1 The formation of ICON

The Company was structured by transferring

- properties belonging to NICO Life, Standard Bank Pension Fund and Toyota Pension Fund into ICON; and
- equity investments owned by various shareholders in CSC, NPL, LCM, KIL and PHL into ICON.

1.3.2 ICON's shareholding

The Shareholding of ICON post the portfolio restructuring exercise as at 1 November 2018 is as follows:

Shareholder	Net investment transferred	Shareholding
NICO Life Insurance Company Limited	27,989,357,968	63.15%
Standard Bank Plc Pension Fund	4,578,750,294	10.33%
National Bank of Malawi Pension Fund	3,456,648,484	7.80%
Magetsi Pension Fund	1,958,374,521	4.42%
Limbe Leaf Tobacco Pension Fund	1,170,870,038	2.64%
National Investment Trust Plc	976,499,356	2.20%
Associated Pension Trust	963,828,178	2.17%
Illovo Sugar Pension Fund	866,264,752	1.95%
SUCOMA	602,581,550	1.36%
Puma Energy Pension Fund	453,391,947	1.02%
Toyota Malawi Limited Pension Fund	383,412,842	0.87%
Press Corporation Limited Group Pension Fund	375,701,165	0.85%
Investment Alliance Limited	209,930,368	0.47%
NBS Bank Plc	138,167,126	0.31%
M.E. Kondowe	103,142,177	0.23%
Limodzi Investments Limited	95,291,339	0.21%
Total	44,322,212,105	100.00%

1.4 ICON SUBSIDIARIES AND UNDERLYING INVESTMENTS

ICON consists of 4 subsidiaries which own properties in their own right. The cost of investment in these subsidiaries and ICON's level of ownership therein is as follows.

	LCM	CSC	KIL	NPL
Incorporated in Malawi	19 August 2008	8 June 2000	3 October 1991	10 August 2006
Company No.	9198	5605	3092	7206
Directors	Chifundo Chiundira Graham Chipande Ulemu Katunga Delano Ulanje Emillius Kandapo Louis Sibande Paul Kulemeka George Chitera	Chifundo Chiundira Chimwemwe Luhanga Victoria Zigowa Louis Sibande Zunzo Mitole Dave Lipemba Maureen Mbeye	Chifundo Chiundira Maliyam Mdoko Ester Gondwe Joseph Malingamoyo Louis Sibande	Robert Scharar Dasford Kamkwamba Louis Sibande Graham Chipande Simon Banda
Directors' fees	2018* MWK7.30m 2017 MWK8.0m *6 months to 30 June	2018* MWK6.35m 2017 MWK12.80m *6 months to 30 June	2018* MWK5.31m 2017 MWK8.70m *6 months to 30 June	2018* MWK4.83m 2017 MWK11.28m *6 months to 30 June
Properties	Lilongwe City Mall	Chichiri Shopping Mall	Kang'ombe House	See section 1.4.5
Authorised share capital	700,000,000 ordinary shares of MK0.01 each	26,000,000 Ordinary shares of MWK10 each	2,000,000,000 ordinary shares of MK0.10 each	500,000,000 ordinary shares of MWK0.10 each
Issued share capital	540,557,218 ordinary shares and 1,081,114,436 income notes	2,709,183 Ordinary shares and 56,908,285 income notes	2,000,000,000 ordinary shares	191,836,665 ordinary shares and 191,836,665 income notes
Ordinary shares and income notes owned by ICON	540,557,218 ordinary shares and 1,081,114,436 income notes 100%	2,709,183 Ordinary shares and 56,908,285 income notes 100%	1,500,000,000 ordinary shares 75%	191,836,665 ordinary shares and 191,836,665 income notes 100%
Cost of investment by ICON	MWK12,284,215,654 for shares and MWK1,941,109,287 for income notes Total: MWK14.22bn	MWK10,521,464,434 for shares and MWK569,082,850 for income notes Total: MWK11.09bn	MWK3,060,554,986 Total: MWK3.06bn	MWK5,418,233,816 for shares and MWK1,899,182,972 for income notes Total: MWK7.32bn

Total value of Plantation House Limited is MWK40.8mn and direct properties is MWK8.75bn. This brings the total value transferred to ICON to K44.32bn.

Each subsidiary and their underlying investment as well as the direct property investments in ICON's portfolio are discussed in the sub-sections below.

1.4.1 Lilongwe City Mall (LCM) Limited

Lilongwe City Mall (LCM) Limited is a company that is engaged in renting out premises located in Malawi. The company owns one investment property, Lilongwe City Mall, a retail shopping centre in the capital city of Malawi. The mall occupies 14,427 square metres of lettable space.

The mall is in the central business district of Lilongwe's Old Town along Murray and Kenyatta Road catering for the city's middle and upper class. Business activities include



fast food joints, retail outlets, supermarkets, banks, mobile network companies and food courts. It has a total of 44 tenants, with Game Stores and Chipiku Plus being the main anchor tenants. The property was valued at MWK14.70bn with a rental income of MWK826m and a gross rental yield of 11.2% as at 30 June 2018.

1.4.2 Chichiri Shopping Centre (CSC) Limited

Chichiri Shopping Centre Limited is a property holding company with a single retail property under its property portfolio. The principal activity of the company is the provision of rental units in the Chichiri Shopping Mall to regionally based and local retailers. This was the first shopping mall in Malawi.



This property comprises a single-storey shopping mall, located in a commercial area along Masauko Chipembere highway in Blantyre. It is centrally positioned between Blantyre and Limbe business districts to the west and east respectively with Chichiri industrial park to the north and low and medium density residential areas to the south. It has a total lettable space of 14,129 square meters and offers renting space for various types of businesses ranging from retail shops, mobile phone companies, restaurants and banks, occupied by a total of 50 tenants as at 30 June 2018. Anchor tenants comprise of Shoprite and Game Stores. The property was valued at MWK13.4bn with gross rental income of MWK621m and a gross rental yield of 9.3% as at 30 June 2018.

1.4.3 Kang'ombe Investment Limited (KIL)

Kang'ombe Investment Limited, which owns Kang'ombe House, is engaged in the business of developing and letting out property. Situated in the high street of Lilongwe's City Centre, the property is the tallest commercial building in the country with a total lettable space of 7,204 square metres the property was valued at MWK4.9bn with a rental income of MWK306m as at 30 June 2018. The property has one of the highest gross rental yields in the ICON portfolio at 12.5%. Key tenants include the International Monetary Fund, African Development Bank, COMESA, African Union and National Oil Company of Malawi.



1.4.4 Direct properties

The key direct properties include NICO House Lilongwe and Chibisa House in Blantyre. All of direct properties are outlined below.

NICO House Lilongwe

NICO House situated in Lilongwe is located on plot number 19/24. The property is used for office space and has total lettable space of 2,495 square meters occupied by one tenant, the U.S. Agency for International Development (USAID). The market value of the property was MWK2.75bn with a rental income of MWK127.81m and a gross rental yield was recorded at 9.3% as at 30 June 2018.



Chibisa House

Chibisa House is in the financial capital of Blantyre on 30 Glyn Jones road. The property is used for both office and retail space and has total lettable space of 2,244 square meters occupied by five tenants, including NICO Holdings Plc, NICO Asset Managers Limited, Eris Properties Mw Limited, Malawian Airlines, PEP Stores and K99 Shop.



The market value of the property as at 30 June 2018 was MWK1.27bn, and the rental income was MWK54.33m. Gross rental yield was recorded at 8.6%.

ICON's direct properties as at 30 June 2018 include the following: -

MWK' million Property	Valuation	Gross Rental Income	Annualised Gross Rental Yield	ICON Shareholding
NICO House Lilongwe	2,753	127.81	9.3%	100%
Chibisa House	1,268	54.33	8.6%	100%
Ex Lonrho	961	26.93	5.6%	100%
Kapeni House	665	25.40	7.6%	100%
Dr Kidys Clinic	495	7.32	3.0%	100%
Kabula House	474	16.93	7.1%	100%
Michiru House & Car Park	468	15.87	6.8%	100%
Dwelling House	273	12.50	9.2%	100%
Vacant land	271	-	0.0%	100%
NBS Mzuzu	178	4.71	5.3%	100%
Blantyre, Likabula	192	5.40	5.6%	100%
Alimaunde 43/147	188	7.94	8.5%	100%
Alimaunde 43/143	177	8.95	10.1%	100%
Alimaunde 43/141	169	7.57	9.0%	100%
Alimaunde 43/145	168	9.47	11.3%	100%
Blantyre, Likabula	168	11.40	13.6%	100%
Blantyre, Likabula	160	7.51	9.4%	100%
Blantyre, Likabula	155	2.75	3.5%	100%
Blantyre Central 272	149	2.28	3.1%	100%
Blantyre West 817	121	3.96	6.5%	100%
Blantyre, Nyambadwe	101	2.52	5.0%	100%
LK 143, Dwelling House	93	1.35	2.9%	100%
Total	9 647	362.90	7.5%	100%

1.4.5 NICO Properties Limited (NPL)

NPL is a property holding company established to develop and hold various investment properties. The company aims to manage its property portfolio effectively to ensure a high level of customer satisfaction, an appropriate and tax compliant capital structure and to generate a positive return to shareholders.

The following is the portfolio of the properties under NPL's management and the percentage of its holding as at 30 June 2018:

MWK' million Property	Valuation	Gross Rental Income	Annualised Rental Yield	ICON ownership
NBS Blantyre branch*	1,330	60.06	9.0%	100%
Stansfield Motors*	1,190	59.51	10.0%	100%
NBS Lilongwe branch	1,048	29.28	5.6%	100%
Stansfield Motors*	1,040	44.68	8.6%	100%
NBS Head office	929	43.26	9.3%	100%

MWK' million		Gross Rental	Annualised	ICON
Property	Valuation	Income	Rental Yield	ownership
New NBS Limbe Branch	772	10.14	2.6%	100%
NBS Zomba branch*	445	24.51	11.0%	100%
Nedbank Limbe branch	423	45.12	21.3%	100%
NBS Bank, Mzuzu	231	8.36	7.2%	100%
Total	7,408	324.92	8.8%	100%

*Properties under a sale and leaseback arrangement

Properties under NPL are:

NBS Bank Head Office, Ginnery Corner, Blantyre

The property is let to NBS Bank Plc and is used as its Head Office. It consists of a double storey banking hall and offices, single storey office block, carports and refuse house. The property covers a total lettable space of 2,502 m².

The location is a commercial and light industrial development area and is found on Plot No. BE 243 - 244, at the corner of Masauko Chipembere Highway and Johnstone Road.



NBS Bank, Lilongwe

The location is primarily zoned for commercial development. The property is let to NBS Bank Limited and used as its Lilongwe NBS branch. It comprises three stories and includes a banking hall, offices, generator house, shed, carports, refuse house and guard house. The property has a total lettable space of 1 823 m² and is found in the central business district of Lilongwe Old Town on Plot No. 4/339, along Mandala Road, Area 4.



Nedbank Building Limbe

Let to Nedbank and Matindi Television, this property consists of a three storey commercial building with a basement. It's total lettable space is 1,231 m².

The building is in Limbe's central business district and located at Plot No. LE235, corner Churchill Road and St James Street.



NBS Bank, Limbe

The property is let to NBS Bank Plc and used as its Limbe NBS branch. It consists of a three storey banking hall and offices, shed, carports, generator house and guard house covering a total lettable space of 1,294 m².

The NBS Limbe branch sits along Churchill Road on Plot No. LE213 & LE404 in Limbe's central business district.



NBS Bank, Mzuzu

The property covers a total lettable space of 480 m² and is let to NBS Bank Plc and used as its Mzuzu branch. The building comprises a double storey banking hall and offices and generator house.

It is situated in Mzuzu's central business district zoned for commercial development on Plot No. MZ1679, along Orton Chirwa Highway.

**Stansfield, Blantyre**

Leased to Stansfield Motors, the property comprises a two storey administration block with a showroom and offices on the ground and first floors. There is a total lettable space of 6,487 m².

Found in the industrial site on the North side of Ali Hassan Mwinyi Road opposite Kamuzu Stadium at Plot BE 292-Blantyre.

**Stansfield, Lilongwe**

The property has a total lettable space of 3,649 m² and is leased to Stansfield Motors. It comprises a two storey administration block with a showroom and offices on the ground and first floors.

It is situated off Murry road in area 4 Lilongwe on Plot Bwaila 268-269, in an industrial area near Lilongwe Old Town.

Source of property information: Management



SECTION 2. PROPERTY ANALYSIS AND VALUATIONS

2.1 VALUATIONS OF ICON'S PROPERTY PORTFOLIO

ICON has the following property portfolio located across the three regions in the country. The values of the properties listed below are the most recent valuation of all ICON properties as at 30 June 2018.

Building	Location	Gross lettable area	Value MWK'
Lilongwe City Mall	Lilongwe, Old Town	14,427	14,700,000,000
Kang'ombe House	Lilongwe, City Centre	7,204	4,902,000,000
NICO House Lilongwe	Lilongwe, City Centre	2,495	2,753,000,000
NBS Lilongwe branch	Lilongwe, Old Town	1,823	1,048,000,000
Stansfield Motors	Lilongwe	3,649	1,040,000,000
Dwelling house	Lilongwe	390	273,000,000
European Union	Alimaunde 43/147	265	188,000,000
Dwelling House	Alimaunde 43/143	261	177,000,000
Dwelling House	Alimaunde 43/141	261	169,000,000
US Embassy	Alimaunde 43/145	266	168,000,000
Vacant land	Lilongwe, City Centre	-	271,000,000
Total Central Region		31,041	25,689,000,000
Chichiri Shopping Centre	Blantyre Chichiri	14,129	12,066,000,000
Chichiri Shopping Centre	Blantyre Chichiri	-	1,311,000,000
NBS Blantyre branch	Blantyre	3,118	1,330,000,000
Chibisa House	Blantyre CBD	2,244	1,268,000,000
New NBS Limbe Branch	Blantyre, Limbe	2,524	1,195,000,000
Stansfield Motors	Blantyre	6,487	1,190,000,000
Ex Lonrho	Blantyre CBD	2,667	961,000,000
NBS Head office	Blantyre, Ginnery corner	2,502	929,000,000
Kapeni House	Blantyre CBD	1,377	665,000,000
Dr Kidys Clinic	Blantyre CBD	555	495,000,000
Kabula House	Blantyre CBD	868	474,000,000
Michiru House & Car Park	Blantyre CBD	864	468,000,000
NBS Zomba branch	Zomba	906	445,000,000
Dwelling House	Blantyre, Likabula	465	192,000,000
Dwelling House	Blantyre, Likabula	363	168,000,000
Dwelling House	Blantyre, Likabula	363	160,000,000
Dwelling House	Blantyre, Likabula	363	155,000,000
Dwelling House	Blantyre Central 272	273	149,000,000
Dwelling House	Blantyre West 817	352	121,000,000
Dwelling House	Blantyre, Nyambadwe	265	101,000,000
Dwelling house	Blantyre, Kabula	300	94,000,000
Total Southern Region		40,985	23,937,000,000
NBS Bank, Mzuzu	Mzuzu	124	231,000,000
NBS Bank	Mzuzu	480	178,000,000
Total Northern Region		604	409,000,000
Total ICON Portfolio		72,630	50,035,000,000

Source: Management

2.2 ANALYSIS OF ICON'S PROPERTY BUSINESS

2.2.1 Property title

By freehold/leasehold

53% of ICON property portfolio's title to land is freehold with the remainder comprising leasehold land with unexpired lease terms ranging from 50 to 97 years. The following table analyses the tenure of land area upon which ICON's property portfolio is situated:

m ²	Central Region	Southern Region	Northern Region	Total	%
Freehold	14,571	30,776	-	45,347	53%
Leasehold	18,467	20,182	1,162	39,811	47%
Total area	33,038	50,958	1,162	85,158	100%

2.2.2 Property to let

By freehold/leasehold

The following table analyses ICON's let property area by location and tenure

Lettable area – m ²	Central Region	Southern Region	Northern Region	Total	%
Freehold	7,967	26,211	604	34,782	49%
Leasehold	22,527	14,129	-	36,656	51%
Total area	30,494	40,340	604	71,438	100%
Area available to let	547	645	-	1,192	
Total lettable area	31,041	40,985	604	72,630	

By property category

ICON's property portfolio is currently 98% let. Of the 72 630m² currently lettable, 81% is located in prime central business districts.

Lettable area – m ²	Central Region	Southern Region	Northern Region	Total	%
Retail	14,016	17,921	-	31,937	45%
Office	11,386	13,489	604	25,479	36%
Industrial	3,649	6,487	-	10,136	14%
Residential	1443	2,443	-	3,886	5%
Total area	30,494	40,340	604	71,438	100%
Area available to let	547	645	-	1,192	
Total lettable area	31,041	40,985	604	72,630	

2.2.3 Main tenants

ICON has a well-diversified tenant spread of food and fashion retailers, international organisations, NGOs, financial institutions, healthcare and hospitality providers and professional services.

Lettable area – m ²					
Nature of tenant	Central Region	Southern Region	Northern Region	Total	%
Financial	4,285	13,788	604	18,677	26%
Retail	9,695	13,027	-	22,722	31%
Services and Hospitality	1,832	2,844	-	4,677	6%
Healthcare	450	1,022	-	1,472	2%
Government	2,344	423	-	2,767	4%
NGO & International	7,725	645	-	8,370	12%
Telecoms, Technology and Media	1,061	1,790	-	2,851	4%
Industrials	3,649	7,446	-	11,095	15%
Total area	31,041	40,985	604	72,630	100%

The table below shows the tenants with more than 5% lettable area or 5% contribution to rental income. These tenants make up 46% of the total lettable area and contribute 31% of total rental income.

% of total lettable area					
Tenant	Central Region	Southern Region	Total	Rental income Jun-18 MWK' m	% of total rental income
NBS Bank Plc*	3%	11%	14%	421	9%
Stansfield Motors Limited*	5%	9%	14%	208	4%
Game Store**	7%	6%	13%	495	10%
Shoprite**	-	5%	5%	378	8%
Total	15%	31%	46%	1,502	31%

*Under a sale and lease back arrangement – 2 properties of NBS Bank and all SML's properties

**Anchor tenant

2.2.4 Lease escalation

All rentals are reviewed annually on the anniversary of the lease start date with the exception of two anchor tenants that have rentals pre-agreed for their entire lease term. Other than these two tenants, the leases generally provide for negotiated increases 1 month prior to the anniversary of the agreement date

2.2.5 Occupancy term

The table below summarises ICON's tenant profile showing period of occupancy from the date that an original contract was signed with the tenant to date:

Period	Total area – m ²	%
0 – 2 years	18,593	26%
3 – 4 years	19,840	27%
5 – 6 years	22,712	31%
7 – 8 years	-	-
9 – 10 years	7,461	10%
>10 years	4,024	6%
Total	72,630	100%

2.2.6 Payment term

Most of ICON's tenants are required to pay rentals monthly or quarterly, with a few paying bi-annually and annually. All rentals are paid in advance. The table below shows area let according to each payment terms: -

Payment term	Total area – m ²	%
Monthly	29,444	40%
Quarterly	41,293	57%
Bi-annually	1,317	2%
Annually	340	0.5%
Other	1,296	2%
Total	72,630	100%

2.2.7 Notice period

The standard notice period for termination of leases is 3 months. This can be served by either party.

Contracted notice period	Total area – m ²	%
1 months	16,214	22%
3 months	38,511	53%
4 months	2,495	3%
6 months	264	0.4%
Annual	75	0.1%
Fixed term	14,426	20%
Vacant	645	1%
Total	72,630	100%

Fixed term provisions contracts refer to the sale and lease back arrangements with Stansfield Motors Limited (SML) and NBS Bank Zomba and Blantyre Branches. There is no notice period as the lease cannot be terminated during its tenure and has to run for the full term which run from 2016 to 2026 and 2017 to 2027 for the SML and NBS Bank properties respectively, before either party can terminate.

2.2.8 Acquisitions and disposals during past three years

Asset	Type of transaction	Year	Buyer / Seller	Purchase Amount MK'm	Outstanding Amount MK'm
NBS Blantyre Branch	Sale & leaseback	2017	NPL / NBS Plc	1,105	Nil
NBS Zomba Branch	Sale & leaseback	2017	NPL / NBS Plc	416	Nil
SML Blantyre	Sale & leaseback	2016	NPL / SML	900	Nil
SML Lilongwe	Sale & leaseback	2016	NPL / SML	740	Nil

Acquisitions completed over the past three years involving ICON properties are all sale and leaseback arrangements with SML and NBS Bank Plc. NPL purchased properties from the two entities, thus unlocking equity from the companies whilst allowing them to gradually reacquire the property through a fixed 7 year lease. There were no disposals in the last three years in ICON and its subsidiaries.

2.2.9 Material contracts

Other than management agreements between NAML and ICON and the property management agreement between ERIS and ICON described in Section 3.2, there are no material contracts outside the ordinary course of business currently in force or which have existed since ICON's formation nor with any of its subsidiaries.

SECTION 3. DIRECTORS AND MANAGEMENT

3.1 DIRECTORS

ICON has a Board structure comprising 8 non-executive Directors whose responsibilities are set out in the Articles. Mr. Robert Scharar is ICON's non-executive Chairman.

The Directors are committed to ensuring that the Company conforms with the major principles of modern corporate governance namely, accountability, integrity and transparency as contained in the Code of Best Practice for Corporate Governance in Malawi.

The Board holds regular formal meetings and periodic strategic sessions at least four times a year.

3.1.1 List of Directors and Company Secretary

The full names, qualifications, nationalities, address and occupations of the Directors and the company secretary of ICON are set out below:

Name	Citizen	Business address	Residential address
Robert Scharar	American	FCA Corp, 791 Town & Country Boulevard number 250, Houston, Texas 77024	1202, Briarbrook Houston, Texas, TX, 77042, USA
Vizenge Kumwenda	Malawian	NICO Holding Plc, Chibisa House, 19 Glyn Jones Road, P.O. Box 501, Blantyre	Plot LE 53, Newlands, Limbe, PO Box 501, Blantyre
Louis Sibande	Malawian	NICO Holding Plc, Chibisa House, 19 Glyn Jones Road, P.O. Box 501, Blantyre	NY 202, Nyambadwe, Blantyre
Dasford Kamkwamba	Malawian	C/o Mr Kamkwamba, P.O. Box 2513 Blantyre	LK 54, Corner Michiru Road, Namiwawa
Zunzo Mitole	Malawian	National Bank of Malawi Plc, NBM Towers, 9 Henderson Street, P.O. Box 945, Blantyre	Plot Number NY, 461, Blantyre
Simeon Banda	Malawian	SFS Property Consultants, 12 Kwacha Road, P.O. Box 447, Blantyre	Plot Number LE 562, BCA Hill, Blantyre
Graham Chipande	Malawian	Standard Bank Plc, African Unity Avenue, P.O. Box 30380, Lilongwe.	House number 44/96, Area 44, Lilongwe
Joseph Malingamoyo	Malawian	Quant Consult Associates, Dossani House, 1st Floor Room 8, P.O. Box 31208, Blantyre	NE/70 Jackson Road, Nyambadwe, Blantyre
NICO Asset Managers Limited (Company Secretary)	Resident	NICO Asset Managers Limited, Chibisa House, 19 Glyn Jones Road, P.O. Box 3173, Blantyre	n/a

Mr. Robert Scharar, 70, Chairperson and non-executive Director

Mr. Scharar is the President of FCA Corp and provides financial planning and investment advisory services to individuals from various professions and to closely held businesses at FCA Corp.

Mr. Scharar graduated from Polk Junior College with an Associate of Arts degree in Accounting followed by a Bachelor of Science degree in Accounting from the University of Florida. He also received a Master's in Business Administration from Northeastern University. Mr. Scharar graduated from the Northeastern University Law School with a Juris Doctorate degree and further went on to receive a Master's Degree of Law in Taxation from Boston University School of Law.

Since 1977, Mr. Scharar has been a Director of the American Academy of Attorneys-Certified Public Accountants, Inc. and served as President for two years, from December 1986 to November 1988. In 2009, he was appointed to serve as a Trustee of Florida Southern College. Mr. Scharar serves on numerous corporate boards throughout the United States and abroad.

Vizenge Kumwenda, 57, non-executive Director

Mr Vizenge Kumwenda is the Group Managing Director of NICO Holdings Plc, a position he has held since January 2016. He has worked for the NICO Group in various senior management positions for over twenty-four years. He serves as the Chairman of the Boards of directors of NICO Holdings Plc's Subsidiary companies. Mr. Kumwenda is a Fellow of the Association of Chartered Certified Accountants and an Associate member of the Chartered Insurance Institute (UK). He holds a Master of Science Degree (Finance) from the University of Strathclyde (Scotland), a Bachelor of Commerce Degree (Accountancy) and Diploma in Business Studies from the University of Malawi. He brings to the Board a breadth of experience and expertise in finance and investment management.

Mr. Louis Sibande, 46, non-executive Director

Mr. Sibande is a Chartered Management Accountant (ACMA, UK), Chartered Global Management Accountant (CGMA), CA (Mw) and an Associate Member of The Association of Corporate Treasurers in UK (AMCT). He holds a Bachelor of Accountancy degree from University of Malawi and has local and international working experience spanning over 20 years having worked at various levels in the NICO Group.

Mr. Sibande is currently Group Head of Risk and Investments Monitoring for the NICO Group, and was previously Chief Finance Officer for NICO General Insurance Company Limited. Mr. Sibande was part of the pioneer management team that set up NIKO Insurance Uganda (now Sanlam Uganda) and NIKO Insurance Tanzania (now Sanlam General Insurance Tanzania). He sits on the boards of Mwaiwathu Private Hospital, Chichiri Shopping Centre Limited, Kang'ombe Investment Limited, Lilongwe City Mall Limited, Eris Properties Mw Limited and NICO Properties Limited.

Mr. Dasford Kamkwamba, 65, non-executive Director

Mr. Kamkwamba is an accountant by profession. He holds an MBA from Stellenbosch University Business School and is an Associate Member of the Chartered Institute of Secretaries. He is a qualified Chartered Certified Accountant and was awarded a Fellowship (FCCA). Mr. Kamkwamba holds a Bachelor's degree in Commerce and has over 35 years' work experience in financial management; strategic management and corporate secretarial matters.

Mrs. Zunzo Mitole, 45, non-executive Director

Mrs. Zunzo Mitole is a lawyer by profession with an LLB (Honours) degree from the University of Malawi. She holds an MBA from Eastern and Southern African Management Institute and is currently the Company Secretary/Legal Counsel of National Bank Plc with 23 years' experience in litigation; contract management; compliance and corporate governance.

Mr. Simeon Banda, 54, non-executive Director

Mr. Simeon Banda is a Chartered Quantity Surveyor and holds a Bachelor of Science (Honours) in Quantity Surveying. He is a Professional Associate of the Royal Institute of Chartered Surveyors (MRICS); a member of the Surveyors Institute of Malawi (MSIM) and Architects and Quantity Surveyors Board of Malawi. Mr. Banda has 26 years Quantity Surveying, Project Management and Valuation Experience in public infrastructural and institutional buildings.

Mr. Joseph Malingamoyo, 55, non-executive Director

Mr. Malingamoyo is a Chartered Quantity Surveyor and holds a Bachelor's Degree (Honours) in Quantity Surveying and Construction Economics and an LLM in Construction Law and Practice. Mr. Malingamoyo has over 35 years' work experience as a Quantity Surveyor. Mr. Malingamoyo is a Professional Associate of the Royal Institute of Chartered Surveyors (MRICS); a full member of the Surveyors Institute of Malawi (MSIM) and Architects and Quantity Surveyors Board of Malawi and an Associate Member of the Chartered Institute of Arbitrators (UK).

Mr. Graham Chipande, 32, non-executive Director

Mr. Chipande holds an MBA in Finance from Webster University and a Bachelor of Science in Business Management (Honors) from the University of Surrey. He is the Head of Business Banking at Standard Bank Plc and currently sits on the Stanbic Pension Fund Board. Mr. Chipande has over 12 years' experience in banking and finance and has held various positions at Standard Bank Plc and previously worked as a market analyst at Standard Chartered Bank.

3.1.2 Principal Board Committees

The Board has constituted a finance and audit committee, an investment committee and an appointments and remuneration committee. These committees assist the Board under written terms of reference. The Board and its committees are required to meet at least four (4) times during the year.

Finance and Audit Committee

ICON's audit committee was established to discuss business risk and control issues and develop relevant recommendations for consideration by the Board. The committee's mandate is to assist the Board in duties relating to the safeguarding of assets, the operation of adequate systems and control processes and the preparation of financial statements in compliance with all legal requirements and accounting standards. The Board's chairperson is not a member of the audit committee but is invited to attend meetings as necessary. The committee's composition is shown below:-

- Mr. Dasford Kamkwamba – non-executive director
- Mr. Joseph Malingamoyo – non-executive director
- Mr. Graham Chipande – non-executive director

Appointments and Remuneration Committee

The appointments and remuneration committee was established to regularly review the Board's mix of skills, experience and diversity to ensure an effective Board. The committee's mandate is to determine, agree and develop ICON's general policy on management remuneration. The appointments and remuneration committee is chaired by a non-executive director and meets quarterly. The committee's composition is shown below:-

- Mr. Louis Sibande – non-executive director
- Mrs. Zunzo Mitole – non-executive director
- Mr. Joseph Malingamoyo – non-executive director

Investment Committee

The investment committee's mandate was established to regularly review the Board's decisions on capital deployment. The committee's mandate is to determine, agree and develop ICON's strategic growth plans. The investment committee is chaired by a non-executive director and meets quarterly. The committee's composition is shown below:-

- Mr. Louis Sibande – non-executive director
- Mr. Dasford Kamkwamba – non-executive director
- Mr. Simeon Banda – non-executive director

3.1.3 Qualifications, borrowing powers, appointment and remuneration of Directors

The relevant provisions of the articles of association of ICON concerning the qualification, remuneration, power of Directors to vote, borrowing powers, appointment and remuneration of the Directors are set out in Annexure 4 of this Prospectus.

As the Board of Directors of ICON is newly constituted no remuneration has been paid to Directors as at the date of this Prospectus. The remuneration payable to Directors each financial year is expected to be as shown below.

MWK'000	Executive Directors*	Non-Executive Directors	Total
Sitting Allowances (per session)	n/a	60	60
Directors' fees (paid quarterly in arrears)	n/a	1,000	1,000
Total	n/a	1,060	1,060

**ICON currently has no Executive Directors*

There will be no variations in the remuneration receivable by any of the Directors of ICON as a consequence of the IPO.

3.1.4 Interests of Directors

As at the date of the prospectus, none of the Directors of ICON had a financial or commercial interest in the Company.

- None of the ICON Directors held share options or income notes as at the date of this Prospectus in any of the subsidiary companies.
- No Director of ICON has or has had direct or indirect material beneficial interest in any transactions effected by ICON since its formation which remains in any respect outstanding

or unperformed other than Mr. Simeon Banda who is a partner at SFS Property Consultants and is indirectly subcontracted to NPL and LCM through MOD Architects. MOD Architects subcontracted quantity surveying services from SFS Property Consultants.

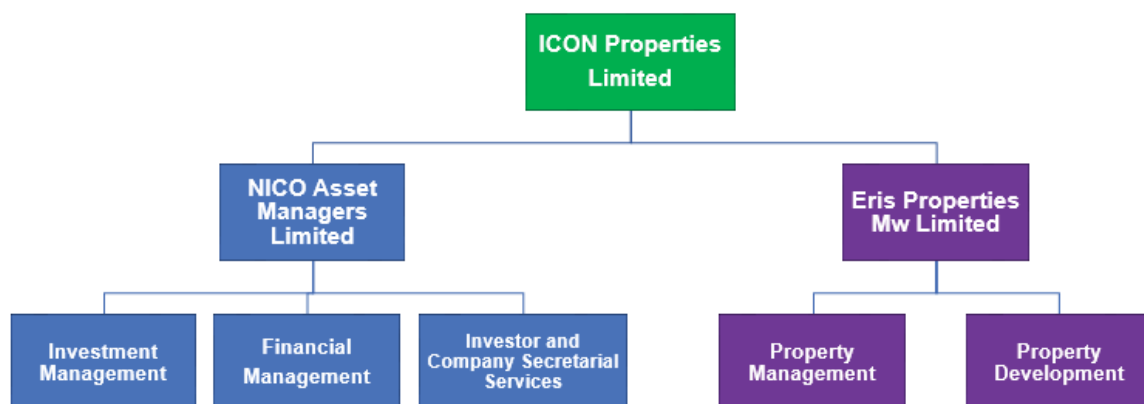
- None of the Directors knows of any other person known to them other than those with interest outlined in Section 1.3.2.
- None of the Directors are employed on a fixed term contract basis
- There is no existing or proposed contract between any of the Directors and ICON. No director currently has entered into or has had any direct or indirect beneficial interest in material contracts entered for the last two preceding years.
- There have been no interests in transactions by Directors with ICON, which are unusual in their nature or conditions within the preceding two financial years and the current period.
- No payment has been made to any director since ICON's formation preceding the date of issue of this Prospectus as an inducement to become a director.

3.2 MANAGEMENT

As a property holding company, ICON investment management, financial management and transfer secretarial services are subcontracted to NICO Asset Managers Limited (NAML) and the property management services is subcontracted to Eris Properties Mw Limited (ERIS). ERIS provides the day to day property management services to the Company.

These two entities have highly skilled and capable staff members, and their senior management hold degree level qualifications and are members of professional institutions.

The Management structure is as follows:



3.2.1 Profile of Fund Managers: Nico Asset Managers Limited

NAML, the fund manager for ICON and its subsidiaries, is registered with the RBM as a Portfolio Manager, Investment Advisor and Transfer Secretary, licensed under the Securities Act 2010. NAML has a management agreement with ICON effective 1 September 2018 to 31 August 2021.

NAML is a specialist in investment management, corporate finance, and investor services to institutional and individual investors. Overall, NAML offers investment management services, financial management services, company secretarial services and administrative services to ICON.

NAML is divided into three divisions, investments and projects, finance and administration; and investor services

a. Investments and projects division

The Investment management team is responsible for management of all investment assets and is responsible for development of new equity and/debt opportunities and real estate development. It comprises of three sub-divisions: Investment management which is responsible for managing investment assets; corporate finance, responsible for origination of debt and equity instruments; and research which is responsible for economic research.

b. Finance and administration division

The Finance team is responsible for all financial management. The team is experienced in maintaining accounting and similar records in a manner consistent with all applicable regulations including the Malawi Stock Exchange listing regulations and the International Financial Reporting Standards.

c. Investor and company secretarial services

The Investor services team is responsible for transfer secretarial and company secretarial services to companies listed on the Malawi Stock Exchange and unlisted companies under NAML's management.

Board of directors of NAML

The following constitute the company's Board of Directors:

Name	Position
Mr. Vizenge Kumwenda	Chairman
Mr. Chifundo Chiundira	Director
Mr. Wilson Manjano Chirwa	Director
Mr. John Suzi Banda	Director
Mr. Ryan Scharar	Director

3.2.2 Profile of NAML management

NAML has a staff compliment of 35. The full names, positions and qualifications of the company's senior management team are set out below:

Emmanuel Chokani, CFA – Chief Executive Officer

Mr. Chokani is a CFA Charter holder (USA) and a fellow of the Association of Chartered Certified Accountants (ACCA). He also holds a Bachelor of Accountancy with Distinction. He has been CEO for NAML for 10 years and led the setup of NAML, building the company to become a reputable and reliable portfolio management firm in Malawi. Emmanuel also held the positions of Head of Risk Management and Compliance services at NICO Holdings Plc and Audit Manager at Deloitte prior to setting up NAML.

Daniel Dunga – Chief Investment Officer

Mr. Dunga is a fellow of the Association of Chartered and Certified Accountants (ACCA). He holds an MBA from the University of Derby (UK) and a Bachelor of Accountancy degree from the University of Malawi. He was previously Managing Director for Continental Asset Management Limited. He is the former Chief Executive Officer of the Society of Accountants in Malawi (SOCAM) -now ICAM. Daniel

has also served on a number of national economic development policy taskforces in Malawi. He is the board chairman of the Competition and Fair Trading Commission.

James Tsonga – Finance Manager

Mr. Tsonga is a member of the Association of Chartered Certified Accountants (ACCA). He holds a Bachelor of Accountancy degree from the University of Malawi with distinction. He worked at Deloitte as an audit senior prior to joining NAML as the accounting manager before being appointed as finance manager, a role he has held for over 2 years. Mr. Tsonga is also the company secretary of National Investment Trust Plc, KIL, LCM and NPL.

Memory Chipembere – Legal Executive

Mrs. Chipembere holds a Bachelor of Laws (Honours) from the University of Malawi, a certificate in insurance from the Chartered Institute of Insurers (UK) and is an ICSA student with the Institute of Chartered Secretaries and Administrators (ICSA). Mrs. Chipembere has been the legal executive for NAML for the past 9 months. Prior to her current role, she spent 5 years at National Bank of Malawi Plc as a legal manager and 5 years as a legal officer at Real Insurance Company Limited now Britam Insurance Limited.

3.2.3 Profile of Property Managers: ERIS Properties Mw Limited

Eris Property Group (South Africa) (“EPG”) and NICO Holdings Plc under a fifty-fifty joint venture formed a property services company called Eris Property Mw Limited (“ERIS”) with registration number 10103229 on 1 August 2017. The Objective of ERIS was to offer leading and effective property services solutions for property investors and expand the then NICO property portfolio (now part of ICON’s portfolio) through bespoke property developments.

ERIS entered into a 3 years property management agreement with ICON on 1 November 2018 and charges a 5% property management and administrative fee of the total gross monthly rental collections in respect of each property in ICON’s portfolio. ERIS is also entitled to a letting commission for premises let by it to new tenants for a period of two years or more with a commission of one month of the gross rental income of the lease agreement and when the lease is renewed a 50% of the one month’s gross rental income applies as the commission.

ERIS looks after the property development and management of ICON through a range of commercial property services. Through ERIS, ICON will benefit from a new benchmark in property service as it draws on EPG’s decades of experience and takes on growth opportunities in the sector. With a footprint across 7 offices including Ghana, Lesotho, Namibia, Botswana, Mauritius and South Africa, EPG provides a range of commercial property skills and employs over 400 people. EPG, formerly called Rand Merchant Bank (RMB) Properties has been operating since 1985 before it changed its name to Eris Property Group in 2000.

ERIS leverages off EPG’s philosophy of a long term view and attention to detail to property management and investment, ensuring optimal and efficient solutions through a spectrum of property services. EPG has US\$2.25bn properties under management, completed over 100 property developments in Africa worth US\$2.5bn in market value and holds US\$120m in proprietary investments.

Source: ERIS Management

Services

ERIS offers expertise in the following property business lines;

- Property management

- Property development
- Facilities management
- Leasing and investment broking
- Property advisory
- Retail services

Board of directors of ERIS

The following constitute the company's Board of Directors:

Name	Position
Mr. Vizenge Kumwenda	Chairman (NICO Holdings Plc)
Mr. Louis Sibande	Director (NICO Holdings Plc)
Mr. Warren Schultze	Director (EPG)
Mr. Vuyani Bekwa	Director (EPG)

3.2.4 Profile of ERIS management

ERIS has multi-disciplinary team of professionals working in Blantyre and Lilongwe with experience in property management and investment, facilities management, land economy, corporate real estate and development, quantity surveying, architecture, accounting and financial analysis. ERIS further taps knowledge from EPG whose senior members of staff collaborate with the local team. ERIS has a staff compliment of 7.

Brief profiles of the senior management of the company are set out below:

Ms. Tawene Lungu, Senior Property Manager

Ms Lungu holds a Master's of Science in Corporate Real Estate and Facilities Management, a Bachelor of Science (Honours) in Property Management and Investment from the University of Salford. She is a candidate of Royal Institute of Chartered Surveyors and a Graduate Member of Surveyors Institute of Malawi. Prior to her role as senior property manager which she has held for over a year, she was a property manager at Knight Frank Malawi for 2 years after completing the Knight Frank's graduate management trainee program for 3 years.

Mr. Yankho Somanje, Property Manager

Mr. Somanje holds a Master's of Science in Strategic Management from University of Derby (UK) and a Bachelor of Science in Quantity Surveying from the University of Malawi. He has over 8 years' experience in property management and quantity surveying. Mr. Somanje has worked at Malawi Housing Corporation Henan Guoji Development Company Limited and Mkaka Construction prior to joining Eris as a Property Manager.

Mr. Petros Mkandawire, Operations Officer

Mr Mkandawire holds a Bachelor of Science in Land Economy from the University of Malawi and has a Certificate in Real Estate and Facilities Management accredited by the Royal Institute of Chartered Surveyors and an Advanced Certificate in Information Technology from Mzuzu University. He is a Graduate Member of Surveyors Institute of Malawi and prior to his role as Operations Officer, he worked at NICO Asset Managers as an Infrastructure Management Associate among other roles for over 4 years.

Mr. Charles Dzombe, Property Services Officer

Mr. Dzombe holds a Bachelor of Science in Quantity Surveying from the University of Malawi. He has a combined 7 years of experience in the built environment spanning across both the private and public sectors. He is skilled in quantity surveying and valuation of public infrastructure and public

institutional buildings skills acquired through his work at SFS Property Consultants. He further underwent property management and development training for 6 months at NICO Asset Managers whilst he was pursuing his degree.

SECTION 4. OPERATING ENVIRONMENT – ECONOMIC AND SECTOR OVERVIEW

4.1 MALAWI OVERVIEW

Key country facts

Total area	118,484 km ²
Lake Malawi area	24,404 km ²
Land area	94,080 km ²
Official languages	English, Chichewa
Population	19.0 million
Major cities	Lilongwe: ~1.3 million Blantyre: ~1.1 million Mzuzu: ~0.4 million
Urbanisation	16.6%
Nominal GDP (USD)	6.845 billion
Real GDP growth (%)	4.5%
Key industries (contribution to GDP)	Agriculture – 48.3% Wholesale and Retail – 16% Manufacturing – 9% Real Estate – 8%
Currency	Malawi Kwacha (MWK)
Exchange rate MWK/USD	737



Sources: The Economist, *Economic Intelligence Unit, Malawi Country Report September 2018*;
Ministry of Finance, *Annual Economic Report 2018*)

4.1.1 Key sectors

Malawi is an agricultural based economy with the sector accounting for 28% of its GDP and contributing to 76% of the employment. The agricultural sector is also the major foreign exchange contributor at 81% of export revenues of US\$1.48bn. Tobacco is the country's main export earner and contributed US\$645m representing 44% of foreign exchange earnings in 2017. Other key export crops are sugar (12%), tea (4.5%), cotton (0.3%) and coffee (0.2%). There has been a drive to diversify the economy from tobacco through the National Export Strategy which has seen growing contribution since 2015 from pulses (7%) and edible oils (5%), surpassing traditional exports such as tea, cotton and coffee.

The wholesale and retail sectors continue to play a significant role in the economy contributing 16% to GDP. Power outages continue to affect the manufacturing sector resulting in an overreliance on imported goods fuelling the wholesale and retail businesses. The real estate sector has remained a steady contributor to the economy comprising an average of 8.5% of the country's GDP after manufacturing at 9%.

Ministry of Finance, *Annual Economic Report 2018*

4.1.2 Policy trends

The recent signing of a new three (3)-year US\$112m extended credit facility (ECF) agreement with the IMF will help to boost donor and investor confidence in the government's economic management. This follows the widespread aid freezes that occurred in the period from 2013-2016, prompted by donor concerns over corruption and fiscal laxity.

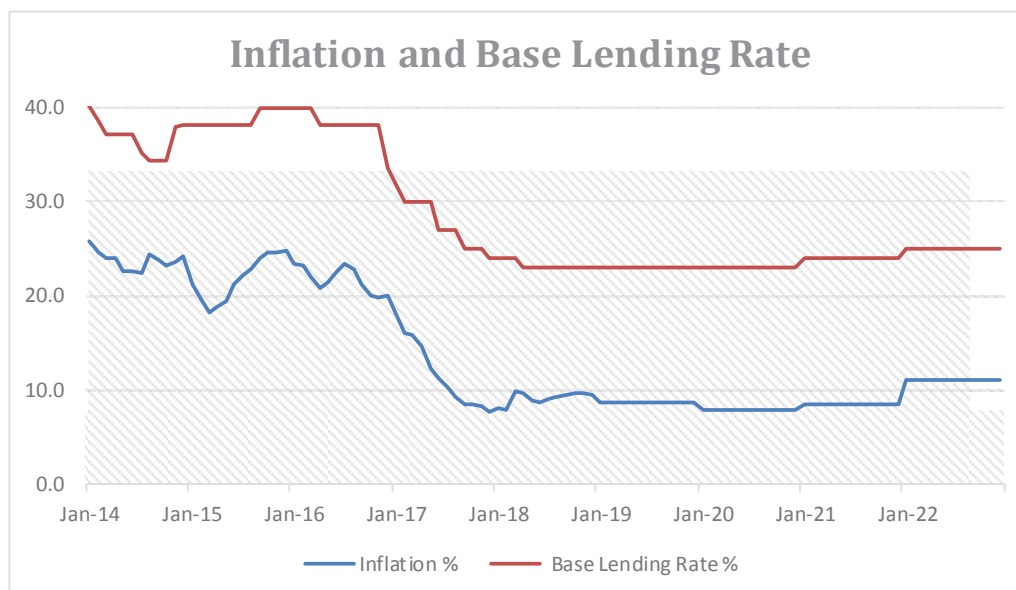
The government will focus on nurturing a fragile economic recovery after a prolonged absence of foreign aid in the period from 2013-2016 took a hefty toll on the economy. Given the country's dependence on external financing, maintaining the confidence of the IMF under the new ECF arrangement will be crucial.

The third Malawi Growth and Development Strategy (MGDS III), is the country's latest five-year development plan, covering the period 2017-2022. The plan focuses heavily on ways of boosting agricultural production, citing the need for a strengthening of water management and irrigation methods, given climate change and recurring drought. It also seeks to promote a more systematic approach to agro-processing, value addition and manufacturing initiatives.

Attention has also been paid to other development areas that are essential complements such as financial services, youth development, human settlement and physical planning, environmental sustainability, social welfare. Good governance is, therefore, the backbone for an efficient and effective public sector and is the anchor for this strategy.

4.1.3 Inflation and interest rates

Malawi's Consumer Price Index (CPI) was rebased in January 2018 reducing the weighting the index has to the food basket from 55% to 45%. Despite the rebasing, the CPI is still heavily weighted to the food basket with maize, the country's staple food as the main driver. Depressed food prices caused by bumper harvests and a ban on maize exports in 2017 led to a drop in the average inflation from 11.5% in 2017 to a nine months average of 9.0% as at 30 September 2018. The RBM is targeting a single digit average inflation rate for 2018 at 9.5%. Overall, inflation is expected to average 9.8% in 2018 to 2022 providing higher real returns on rental yields. However, adverse weather, pest-related disruptions to crop production and a sharper than expected depreciation of the kwacha pose major upside risks to this forecast.

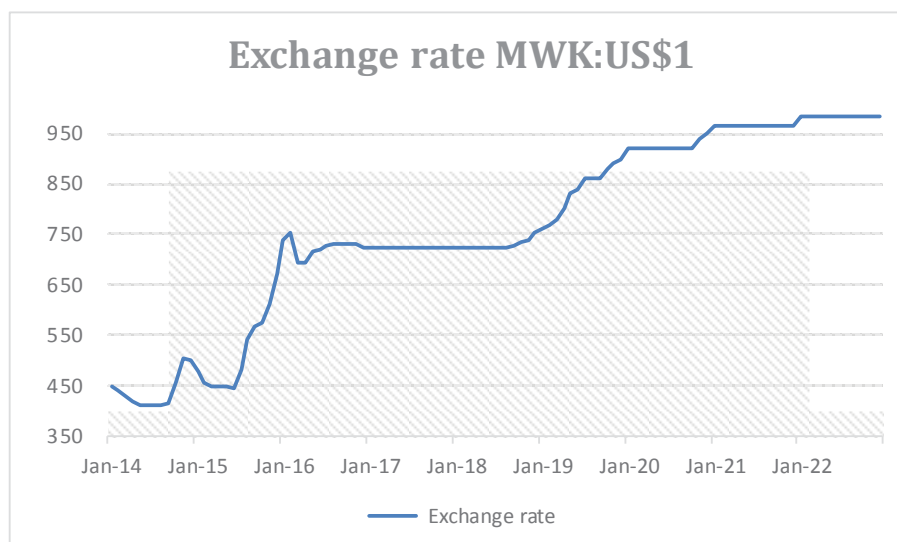


Interest rates have gradually gone down as the RBM revised the policy rate downwards three times from 24% to 22% in March 2017, followed by another reduction to 18% in July 2017 and to 16% in December 2017 due to declining inflation rates. As a result, commercial bank lending rates have also dropped to a market average of 23% in September 2018 from 32% in January 2017. Low inflation and fiscal prudence should support lower interest rates heading into 2022.

Source: RBM, June 2018 Monthly Report

4.1.4 Exchange rate

Malawi has a free-floating exchange rate mechanism with the RBM intervening from time to time to ensure stability. The Malawi Kwacha has been relatively stable against the US\$ since 2016, defying the seasonal trends that the local currency has experienced over the years. It depreciated by a marginal 0.47% in 2017 to MWK724 and by 0.37% to MWK727 as at 30 September in the three quarters of 2018. With the close of the tobacco marketing season, the kwacha is expected to depreciate more gradually to an average of MWK758:US\$1 by the end of 2018.



After a period of relative stability, the rate of currency depreciation is forecast to increase from 2019, with a wide current account deficit exerting downward pressure on the currency. Nevertheless, modest support to the Kwacha is expected following the increase in donor aid and foreign investment that is likely to come in the wake of the new IMF programme. A projected weaker US dollar from 2021 and higher exports helped by a strengthening in the prices of some of Malawi's agricultural exports should provide further support. Overall, the kwacha is expected to weaken from an average of MK730:US\$1 in 2017 to MK986:US\$1 in 2022.

Source: RBM June 2018 Report,

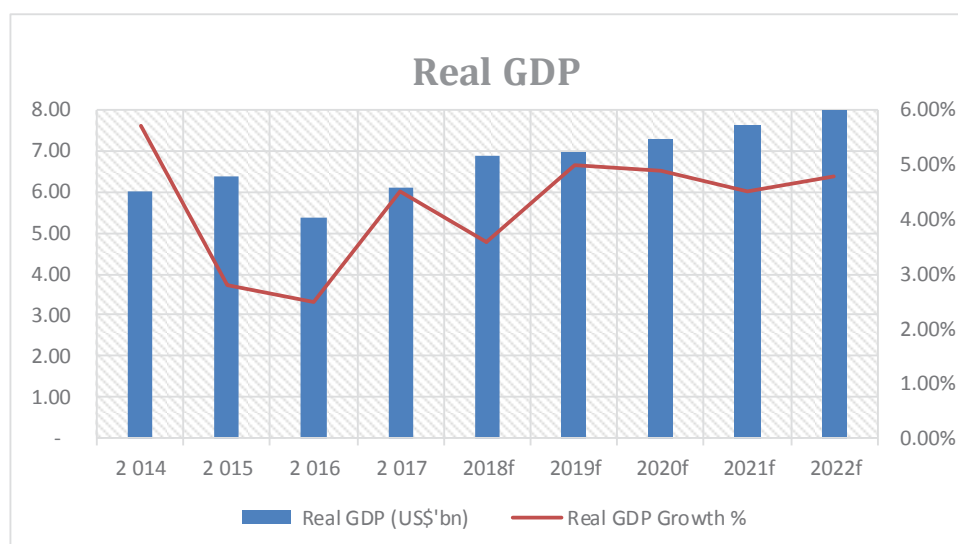
Economic Intelligence Unit, Malawi Country Report September 2018

4.1.5 Economic growth and outlook

After picking up to an estimated 4.5% in 2017, on the back of a bumper harvest, economic growth is projected to slip to 3.3% in 2018 due to pest outbreaks and dry spells that affected agriculture produce according to the IMF. Malawi's agricultural sector is predominantly subsistence based and rain-fed and is vulnerable to periodic drought, experienced most recently in 2015 and 2016, as well as crop infestations. Plans to expand other cash crops, such as soybeans, tea and sugar, are expected to achieve some success, supported by firmer global prices and the eventual introduction of some

pro-market reforms in the agricultural sector, which accounts for just under 30% of GDP. This will be an important force behind an annual average real growth rate of 4.8% over 2019-2022.

Source: Economic Intelligence Unit, *Malawi Country Report September 2018*



According to the EIU, the economic outlook for Malawi is as follows: -

- Government policy will focus on promoting private-sector activity via market liberalisation and productive public capital investment while preserving debt sustainability.
- Efforts to contain public spending and introduce revenue-enhancing measures will strengthen after the 2019 elections, leading to a gradual reduction in the fiscal deficit from an estimated 5.8% of GDP in fiscal year 2017-2018 (July-June) to 2.6% of GDP in 2021-2022.
- As a share of GDP, the current-account deficit will widen to 14.1% in 2018 as food imports spike, before narrowing to an average of 12.8% in 2019-2022 as export diversification boosts earnings and local maize production rises.
- Expected growth in spending in 2018-2019 budget driven by elections in May 2019
- Improved power supply as four independent power producers expected to add capacity to Malawi's 251 megawatts installed capacity against a demand of 361 megawatts between 2019 and 2021
- Improved consumer spending following better production capacity in agro-processing, manufacturing, wholesale and retailing services arising from higher agricultural production and reliable power supply to support growth in the real estate sector.

Projected expenditure growth rates

Growth rate %	2017	2018	2019	2020	2021	2022
Private consumption	7.8	5.3	4.4	5.2	5.3	5
Government consumption	3.8	3.3	3.8	2.1	1.9	1
Gross fixed investment	3.3	6.7	5.7	4	3.9	3.7
Exports of goods and services	3	4.1	4.5	4.8	4.5	5
Imports of goods and services	6.4	5.5	4.1	4.6	4.7	4.7
Domestic demand	7.8	5.2	4.4	4.6	4.7	4.5
Agriculture	6.8	-0.8	5.9	5.7	5.1	5.1
Industry	1.2	7.2	4.9	3.3	4	4.6
Services	4.2	4.8	4.6	4.9	4.4	4.7

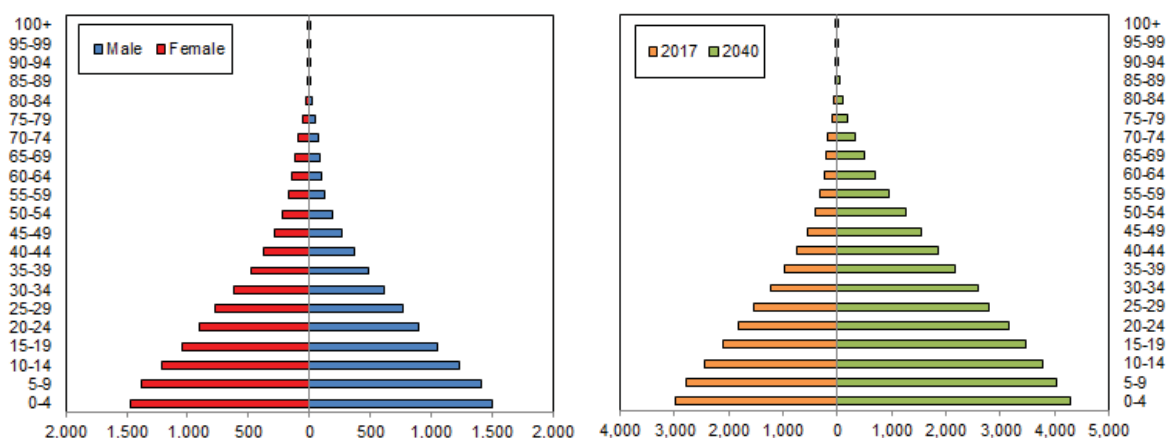
Source: BMI, *Malawi County Risk Report 2018*; National Statistical Office – 30 September 2018

4.1.6 Population

Malawi's population is estimated at 19 million as at 30 September 2018. Malawi ranks as one of the fastest growing populations at 3.2% and is the 7th most densely populated country in Sub-Saharan Africa with 195 persons per km². Demographic analysis of the Malawian population has attracted concerted efforts from government entities and the private sector to ensure the economy is positively impacted from a growing population through a more productive and active workforce, job creation and increased per capita income.

Malawi is experiencing demographic changes which influence the growing need for land and housing. Estimates from the National Statistical Office put the rate of urbanisation at approximately 16.65%. The country has a young population with 48% of the population aged 15 years and below and 73% of the population aged 30 years and below. The young population, a growing middle class supported by relative economic stability, entrepreneurship initiatives and a rapid urbanization rate is expected to drive future demand for residential, retail, office and retail space.

Malawi Populations Pyramid – 2017 and 2017 versus 2040



Source: BMI, *Malawi County Risk Report 2018*; National Statistical Office – 30 September 2018

4.1.7 Political environment

Malawi is a presidential representative democratic republic with a multi-party system since 1995. The constitution of the Republic of Malawi guarantees protection of life and property of investors. The three branches of government – executive, legislature and judiciary – operate independently. Head of state and head of government is the President, he appoints the cabinet, and oversees executive tasks. Malawi's parliament is elected by plurality vote every 5 years. The Supreme Court of Appeal is the highest court in the country.

Malawi is a stable democracy and a peaceful country and has not been through any civil wars. Malawi has experienced peaceful transition of power in all the past elections including the last 2014 General Tripartite Elections when the then ruling party the People's Party failed to obtain the electorate majority. The next General Tripartite Elections will be held in May 2019.

4.1.8 Malawi Stock Exchange

The MSE was formed in 1994, operates in Blantyre and has four licensed brokers. The MSE introduced an Automated Trading System (ATS) in June 2018, which replaced the manual trading system. The ATS has seen the introduction of electronically held shares at RBM's CSD department. ATS allows only securities that have been transferred and registered in the CSD to be traded in the ATS. This IPO will utilise the systems in the CSD and subsequent trading will be through the ATS. The investing public will have to open securities accounts through a stock broker in line with the instructions outlined in the Application Form enclosed in the back of this Prospectus. Those that want to trade those shares should ensure that they have a CSD account.

The MSE operates under RBM regulation and supervision. The MSE Board consists of independent directors.

The following table represents a summary of the companies listed on the MSE:-

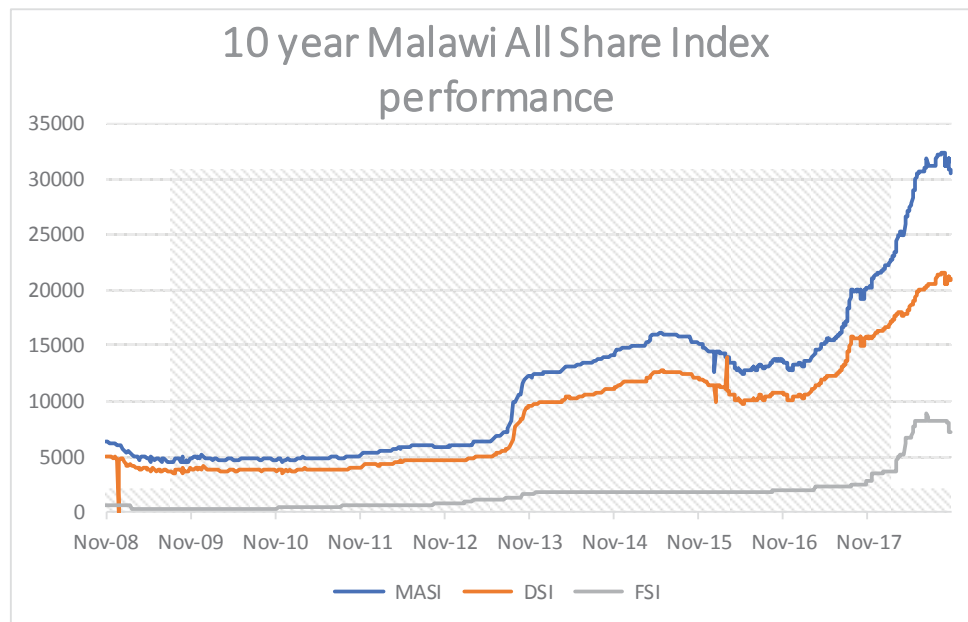
Company	Sector	Market capitalisation MWK' million	Price to Earnings Ratio
Telekom Networks Mw Plc	Telecoms	291,173.05	22.21
Illovo Sugar Plc	Agriculture	171,226.65	24.18
Standard Bank Plc	Banking	157,227.67	12.93
National Bank of Malawi Plc	Banking	145,220.44	7.58
Press Corporation Plc	Industrial conglomerate	102,217.45	2.58
NICO Holdings Plc	Insurance	54,238.14	4.88
MPICO Plc	Real Estate	44,811.93	8.80
Sunbird Plc	Hospitality	37,929.47	15.58
NBS Bank Plc	Banking	26,049.63	(23.85)
Old Mutual*	Insurance	14,647.23	10.36
National investment Trust Plc	Collective investment	11,610.00	5.23
Blantyre Hotels	Hospitality	9,497.58	18.75
FMBCH Plc*	Banking	369,104.14	14.65
Total		1,434,953.38	

MSE Quarterly Report, 30 September 2018

*listed on the Foreign Share Index

In 2017 MSE recorded 118% increase in value of shares traded and 119% increase in volume with 6,998,894,283 shares transacted for MWK13.5bn in 1,189 transactions compared to 410mn shares traded for MWK6.2bn in 913 transactions in 2016. The Malawi All Share Index (MASI) closed at 13,320, 62% above 2016, the Domestic Share Index (DSI) at 10,456, 56% above 2016 and the Foreign Share Index (FSI) rose by 74%

The MSE has continued to perform well with the MASI, DSI and FSI increasing by 50%, 33% and 131% respectively between 1 January 2018 and 30 September 2018. Value of shares traded increase by 272% to MWK32bn and the volume of shares increased by 51% compared to the same period in 2017.



Source: Malawi Stock Exchange – DSI: Domestic Share Index; FSI: Foreign Share Index

Aside from the standard approved MSE broker commission and handling fees, there are currently no transaction costs payable on trading of shares on the MSE. Transfer of shares are exempt from stamp duty. The MSE is currently excluded from major world-wide investable indices.

Dividends are subject to a 10% withholding tax. Gains from sale of shares listed on the MSE are exempt from tax if shares have been held for more than a year.

Source: Malawi Stock Exchange, *Annual Market Performance Review 2017*

4.2 SECTOR OVERVIEW

High interest rates, volatile exchange rates and weak regulatory framework have inhibited investment in the real estate sector over the past 10 years. Since early 2017 Malawi's economy has witnessed stability with inflation and interest rates declining and the exchange rate remaining relatively stable against the US Dollar. The improving economy is projected to benefit the sector as the growing middle-class fuels economic activity and property demand. Recent macroeconomic gains are expected to support growth in the sector in addition to aspirations from government to improve access to infrastructure and housing.

Source: Eris Properties Mw Limited, *Malawi Property Report, September 2018*

Malawi's business environment has improved according to the latest World Bank Ease of Doing Business index which ranked Malawi at a record low of 110 among 190 economies in 2017 from 133 in 2016. Ease of Doing Business in Malawi averaged 140.90 from 2008 until 2017, reaching an all-time high of 171 in 2013. From the assessment the best scores came from registering property, improving access to credit and protecting investors.

The government has implemented the following initiatives to improve the real estate sector:

- Enactment of the Personal Property Security Act in 2013 which established a collateral registry. This enabled the use of movable property as collateral to improve access to credit
- Enactment of the National Registration Act, to facilitate the provision of national identities to ease tracking of property ownership
- Reduction of time taken to transfer property from 60 days to 30 days

- Reduction of property registration costs by reducing stamp duty from 3% to 1.5% of the sale value of property

4.2.1 Industry segmentation

The real estate sector in Malawi can generally be segmented into five major categories:

- Retail
- Office
- Industrial
- Residential and
- Hospitality

Ownership of retail, office and industrial space is dominated by a few institutional investors and high net worth individuals while the residential category is mostly dominated by individual investors.

Category	Overview
Office	<ul style="list-style-type: none"> ▪ This category has seen rent escalations of 20% or more to keep up with high inflation ▪ Lilongwe city centre has a shortage of high quality office space and no new buildings have been completed in recent years. However, five new office buildings are under construction around new city centre and old town. The offices are expected to be ready for occupation within two years, in parts of the city where infrastructure is in place. ICON's growth plan for an office complex is also set to improve supply. ▪ Office development and sales in Blantyre are at a standstill due to the high cost of finance ▪ Blantyre will see four upcoming mixed-use projects which are due to be completed within the next three years. These projects will be owner occupied and are not expected to significantly impact rental activity in the market. There is substantial development potential for parking facilities in both Blantyre and Lilongwe CBDs as demand overwhelmingly exceeds supply.
Retail	<ul style="list-style-type: none"> ▪ Demand for high quality retail space is growing as the expanding middle class's appetite for retail therapy grows. ▪ Blantyre has one new shopping centre completed in 2017 and another one under construction and Lilongwe has three shopping complexes being constructed. ▪ The growth opportunity lies in medium sized shopping malls located near prime residential area. These malls provide convenience as consumers can avoid traffic congestion whilst fulfilling their culture of consumer spending. ▪ Lilongwe now has two large shopping malls after Gateway Mall opened in 2015 ▪ Traditional high street fashion and food retailers continue to thrive as purchasing power improves with the declining inflation rates and a stable currency
Industrial	<ul style="list-style-type: none"> ▪ Despite power outages and reduced production capacity by industry, demand for warehouses continues to be relatively strong as users continue to require logistics and storage space

Category	Overview
	<ul style="list-style-type: none"> Warehousing rents have remained at relatively high levels
Residential	<ul style="list-style-type: none"> Lilongwe traditionally has higher rental and market values of property than Blantyre due to higher quality properties targeting expatriates. Although there is still a disparity between the two cities in terms of both rental and market values, the gap is steadily being reduced Lilongwe has a surplus of high end residential properties. Tenants are moving into smaller and less expensive accommodation in medium density areas where rents are quoted in the local currency
Hospitality	<ul style="list-style-type: none"> Though not traditionally covered by property analysts in Malawi, the hospitality sector continues to grow with the one new hotel completed in 2018 in Blantyre and another one under construction. Lilongwe also demonstrates a reliable client base with the donor community presence. This category is of key focus for ICON in line with its diversification plan outlined in Section 5

Source: Knight Frank 2017/18 Africa Report

4.2.2 Industry profile

The tables below show the current state of property categories, the prime rents in Lilongwe and Blantyre and the prime yields these categories offer.

Lilongwe	Prime rents	Prime net rental yields
Offices	US\$11/m ² /month	12%
Retail	US\$18/ m ² /month	10%
Industrial	US\$5/ m ² /month	12.5%
Residential	US\$2,500/month*	8%
Blantyre	Prime rents	Prime net rental yields
Offices	US\$5.50/ m ² /month	9.75%
Retail	US\$9/ m ² /month	8.5%
Industrial	US\$4/m ² /month	10%
Residential	US\$2,500/month*	8%

Source: Knight Frank 2017/18 Africa Report

*4 bedroom executive house – prime location

4.2.3 Industry outlook

The outlook for real estate activity is upbeat under the current stable exchange rate environment and low inflation rates which should see positive yield returns on most property portfolios. With lending rates declining from 35% in 2017 to 23% in 2018 more capital will likely be deployed into the real estate sector. Despite the lower cost to finance expansion plans, healthy and tight balance sheet management by most property portfolios is expected in order to hedge against future volatility in interest rates. As a result, gearing levels should be sustained within healthy loan to value ratios ensuring the sector is largely immunised against any shocks in rising interest rates. Most portfolios have hedged against foreign exchange movements by pegging rentals to US\$.

Source: Eris Properties Mw Limited, *Malawi Property Report, September 2018*

SECTION 5. ICON'S GROWTH STRATEGY

5.1 CORPORATE GROWTH STRATEGY

ICON's growth plans require a focused and targeted strategy in an increasingly competitive environment. ICON's growth strategy is centred around three core pillars: -

- Diversification of the property portfolio
- Continued service improvement to ensure higher rental yields on assets
- Developing attractive high-end properties

5.1.1 Diversification of the property portfolio

ICON has commenced an elaborate strategy to diversify its property portfolio through the acquisition and development of properties in different property categories and geographical location and by implementing innovative investment financing solutions such as sale and leaseback arrangements. Key strategic action plans for 2019 and 2020 with regards to this pillar include: -

- An investment policy to drive the growth strategy of the Company. ICON intends to capitalise on the growth opportunities in the real estate market which will maximize returns to its shareholders given the existing level of risk
- Exploring sale and lease-back options for various properties
- Exploring direct acquisition of properties or development of properties for leading financial and other types of corporate institutions with long term leases
- Engaging with professional architectural firms on retainer basis to develop project concepts that can be sold to investors
- Entering joint venture partnerships with leading public and private property investors and/or partners to develop new properties
- Acquiring significant investment shareholding in property related companies in various real estate sectors

5.1.2 Continued service improvement to ensure higher rental yields on assets

ICON will manage its existing property portfolio effectively to ensure a high level of customer satisfaction and optimize tax and capital efficiencies thereby enhancing returns to Shareholders. This will be achieved through reviewing its existing property portfolio (building survey findings) and implementing recommendations on improving service delivery. Key plans to be implemented include:-

- Adhering to a robust maintenance plan for all properties as developed by ERIS
- Annual lease renewals to be at a proposed minimum of inflation plus 2%
- Refurbishing and redeveloping its ageing properties to improve building quality, contain high maintenance costs and to meet current tenant requirements

5.1.3 Developing attractive high-quality properties

- Developing high quality properties in major cities of Malawi
- Investing in and developing hotel projects in major cities in Malawi
- Constructing an office complex in line with demand from prime tenants

5.2 RISK FACTORS

Prior to investing in ICON, prospective investors should carefully consider the risk factors relating to ICON's business and the real estate sector together with all other information contained in this Prospectus.

5.2.1 Concentration risk

Two of ICON's tenants NBS and Stansfield, each let 14% of the total gross lettable area of ICON's properties and contribute 9% and 4% respectively by revenues. Both customers lease purpose made, single tenant buildings across the country which poses a concentration risk to ICON. If either client struggles financially the buildings can only be let out to other clients after costly, time consuming modifications which will adversely impact ICON's revenues.

Mitigation

ICON strategy is to invest in various categories of property including hospitality and multi-tenant commercial developments thereby increasing the diversity of the tenant mix and reducing the concentration risk posed by single tenant properties.

5.2.2 Market risk

Prevailing market forces of demand and supply may negatively impact the underlying asset values and its ability to attain projected performance. The market values of the properties will be impacted by fluctuations in supply and demand for rental properties in Malawi. ICON's reported financial results may be affected by losses recognised on the revaluation of investment properties being charged to the profit and loss statement. ICON intends to prepare its financial statements in accordance with International Financial Reporting Standards ("IFRS"). As currently permitted by IFRS investment properties held to earn rentals and for capital appreciation are stated at annual valuation performed by independent professional valuers on an open market value for existing use basis. Any revaluation surpluses or deficits arising from the revaluation of investment properties will be reflected in the profit and loss statement.

Mitigation

ICON intends to mitigate the above risks by applying a careful evaluation process for new projects to ensure that it meets the Company's investment returns criteria. In addition, ICON will deploy a marketing strategy to attract and retain premier tenants for its existing properties in particular those located in prime locations

5.2.3 Foreign exchange risk

Some of ICON's current and proposed pipeline investments include properties for which rents are denominated in foreign currencies. Consequently, fluctuations in foreign currency exchange rates could impact the Company's reported earnings.

Mitigation

The Company would mitigate such foreign exchange risks, if they become significant in the future, by structuring part or all of its borrowings in the same foreign currencies such that foreign currency cash inflows are broadly matched by cash outflows in the same currency thus reducing the net impact of foreign currency fluctuations on the income statement.

5.2.4 Investment risk

As new and modern properties are constructed, existing property requires maintenance at a cost and at times the requirement to refurbish an aging portfolio requires financing costs which could further lower returns.

Mitigation

ICON together with its fund manager NAML will evaluate any new capital injection against the set investment criteria as set out in its investment policy to ensure the return meets the requirement of the Company and its Shareholders.

5.2.5 Liquidity risk

Whilst ICON has received regulatory and MSE approvals to list its Shares on MSE, listing and quotation does not guarantee that a highly-liquid trading market for the Shares will develop and remain strong.

Mitigation

ICON intends to mitigate this risk by marketing the Shares to a broad range of investors –including retail investors and institutional investors to achieve a diverse investor base. In this way, the Issuer hopes to increase the potential liquidity of the listed Shares.

5.2.6 Conflict of interest risk

NICO Life Insurance Company Limited is the single largest Shareholder in ICON and is 51% owned by NICO Holdings Plc which also owns all the shares in NAML and 50% of the shares in ERIS, which may give rise to situations where a conflict of interest will arise between the interests of the NICO Group and the other Shareholders.

Mitigation

ICON has put in place governance structures that meet the minimum governance guidelines of the MSE and that ensure the management will be accountable to the Board and all the Shareholders. NAML and ERIS are run by separate management and overseen by separate boards and the contract terms will be benchmarked to market terms to ensure the terms are entered into on an arm's length basis. The Director(s) will also follow the declaration and/or recusal process provided in the governance guidelines as need be to further mitigate any potential conflict of interest may arise.

SECTION 6. FINANCIAL INFORMATION

6.1 PROFIT FORECASTS FOR THE YEARS ENDING 31 DECEMBER 2019 AND 2020

6.1.1 Letter from the Reporting Accountant



The Directors
ICON Properties plc
Chibisa House
19 Glyn Jones Road
P. O Box 3117
BLANTYRE

Members of the Board

REPORTING ACCOUNTANT'S REPORT ON THE PROFIT FORECAST OF ICON PROPERTIES PLC

We have examined the profit forecast of ICON Properties plc for the years ending 31 December 2019 and 2020 in accordance with the International Standard on Assurance Engagements (ISAE) 3400, *the examination of prospective financial information*. The directors are solely responsible for the forecast including the assumptions on which it is based.

Our responsibility is to express an opinion on the reasonableness of the forecast. Since the forecast relates to the future, actual results are likely to be different from the forecast results because events and circumstances frequently do not occur as expected, and the differences may be material.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that the underlying assumptions do not provide a reasonable basis for the forecast. Further, in our opinion, the forecast is properly prepared on the basis of the assumptions and is presented on a basis consistent with the accounting policies normally adopted by ICON Properties plc.

A handwritten signature in black ink, appearing to read "Nkondola Uka".

Chartered Accountants

Nkondola Uka
Partner
26 November 2018

6.1.2 Profit forecast

The profit forecast of ICON for the years ending 31 December 2019 to 2020 is set out below based on management's best estimates of performance. The forecast should be read in conjunction with the reporting accountants' report contained in Annexure 3 to this Prospectus.

Consolidated forecast income statement for the year ending 31 December

In MK'000	2019	2020
Rental income	5,520,808	6,304,929
Dividend income	1,500	1,650
Fair value gain on investment properties	5,022,494	5,851,763
Service charge recoveries	334,558	378,880
Other income	13,922	16,472
Total income	10,893,282	12,553,694
Administrative expenses	(873,146)	(1,001,379)
Operating expenses	(1,431,856)	(1,531,482)
Total expenses	(2,305,002)	(2,532,861)
Profit from operations	8,588,280	10,020,833
Investment income	1,839,227	770,411
Profit before tax	10,427,507	10,791,244
Income tax (expense)	(2,526,631)	(2,650,872)
Profit for the year	7,900,876	8,140,372

6.1.3 Assumptions underlying the profit forecasts

ICON has prepared the above profit forecasts for 2019 and 2020 based on the following assumptions:

- The restructuring will have been completed by 31 December 2018;
- Rental income is projected to grow annually by an average of 14%, largely driven by the headline inflation which is projected at 10.43% in 2019 and 9.08% in 2020;
- The average tenancy occupancy rate is expected to remain at the current average of 98% during the forecast period;
- Fair values of properties are projected to increase by 17% in 2020 following major refurbishment work planned for 2019. The Group plans to undertake major refurbishment of Lilongwe City Mall which is estimated to cost MWK1.2 billion.
- The growth in administrative and operating expenses is expected to stabilise in 2020 in line with the inflation following the first full year of ICON's operation in 2019;
- The Group will place significant investments in the money market as it repositions itself for its major projects from the second half of 2019. Yields on the money market are expected to remain fairly stable during the forecast period.

6.2 EXTRACTS FROM THE REPORTING ACCOUNTANT'S REPORT

The listing rules require that a company should have a history before it can list on the Malawi Stock Exchange. ICON has obtained a waiver from the MSE to use the historic performance of the entities whose operations it is taking over to support the listing. In this case Proforma Financial information has been prepared as if ICON had been in existence over the past three years.

The pro forma consolidated statements of comprehensive income and statement of financial position have been prepared by aggregating the historical financial information of entities that comprise the ICON Group after the restructuring. The entities are NPL, CSC, LCM and KIL. The pro forma financial information also includes the historical financial information related to investment properties that were transferred to ICON from NLIC, Standard Bank Plc Pension Fund and Toyota Malawi Limited Pension Fund.

6.2.1 Pro Forma Financial Information of ICON

The pro forma financial information has been prepared to illustrate the financial performance of ICON Group for the three years and six months ended 30 June 2018, had the restructuring occurred on 1 January 2015 for purposes of the Statement of Comprehensive Income and on 30 June 2018, being the date to which the latest audited financial statements of the subsidiary companies have been drawn up, for purposes of the Statement of Financial Position.

6.2.2 Pro Forma Consolidated Income Statement of ICON as at 30 June 2018

The following extracts of information are shown for general illustrative purposes only and should be read in conjunction with the Reporting Accountant's Report in Annexure 3

Group financial review

	Half Year 30 June 2018	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
In MK'000	2018	2017	2016	2015
Rental income	2,383,883	4,318,438	3,848,446	2,652,311
Dividend income	1,102	1,373	907	448
Fair value adjustment on Investment property	3,539,190	10,586,354	2,415,738	2,121,598
Fair value adjustment on shares	-	7,962	(1,841)	2,984
Service charge recoveries	133,431	223,104	176,807	181,994
Sundry income	32,326	15,646	25,277	3,988
Total income	6,089,932	15,152,877	6,465,334	4,963,323
Administrative expenses	(422,071)	(558,150)	(442,735)	(332,718)
Operating expenses	(406,353)	(678,945)	(601,864)	(573,756)
Total operating expenses	(828,424)	(1,237,095)	(1,044,599)	(906,474)
Profit from operations	5,261,508	13,915,782	5,420,735	4,056,849
Investment income	94,061	184,885	208,714	144,093
Finance cost	-	(135,093)	(543,359)	(1,309,714)
Net finance income/(costs)	94,061	49,792	(334,645)	(1,165,621)
Profit before taxation	5,355,569	13,965,574	5,086,090	2,891,228
Taxation (charge)/credit	(1,313,370)	(2,151,632)	1,547,946	251,294
Profit for the year	4,042,199	11,813,942	6,634,036	3,142,522
Attributable to:				
Owners of the parent	3,952,579	11,575,429	6,472,543	3,004,160
Non-controlling interests	89,620	238,513	161,493	138,362
	Tambala	Tambala	Tambala	Tambala
Earnings per share (tambala)	81	236	133	63

Refer to Annexure 3 for income statements for ICON's subsidiary companies

6.2.3 Consolidated Statement of Financial Position of ICON as at 30 June 2018

In MK'000	Notes	30 June 2018
Non-current assets		
Investment property	4	50,035,000
Office equipment		6,378
Investment in shares	5	39,306
Deferred taxation	6	7,995
Total non-current assets		50,088,679
CURRENT ASSETS		
Taxation recoverable		843,980
Trade and other receivables	7	1,328,114
Cash and cash equivalents	8	1,814,605
Total current assets		3,986,699
TOTAL ASSETS		54,075,378
SHAREHOLDER'S EQUITY		
Share capital	9	44,322,212
Restructuring reserve	10	5,898,207
Non-controlling interests	11	1,200,829
Total shareholders' equity		51,421,248
NON-CURRENT LIABILITIES		
Deferred income		1,263
Deferred taxation	6	1,893,257
Total non-current liabilities		1,894,520
CURRENT LIABILITIES		
Overdraft		7,909
Trade and other payables	12	517,972
Accrued interest on income notes		198,593
Taxation payable		35,136
Total current liabilities		759,610
TOTAL EQUITY AND LIABILITIES		54,075,378

6.2.4 Dividends

ICON has not paid any dividend since its formation. The Company's dividend policy is outlined in Section 7.1.5.

In line with the provisions of the Articles after listing, all dividends unclaimed for twelve years from the due date of payment of when such monies are payable if not claimed shall become the property of the Company.

6.2.5 Adequacy of capital and cash flow

The Directors of ICON are of the opinion that:

- ICON's issued share capital will be adequate for the purposes of the Company's business for the foreseeable future;
- ICON's working capital resources will be adequate for its current and foreseeable requirements; and
- ICON's cash flow will be adequate for its current and foreseeable requirements.

6.2.6 Borrowings and loans

ICON and its subsidiaries do not have any outstanding debt obligation as at the date of this Prospectus.

Borrowing powers of Directors

- The Company's Directors confirm that over the preceding three years there have been no circumstances where the borrowing powers have been exceeded. The Directors further confirm that monies borrowed by the Company and its subsidiaries (exclusive of inter-company borrowing and apart from temporary loans obtained from the Company's bankers) have not exceeded paid up share capital of the Company and reserves.
- The Directors confirm that other than as disclosed in the extracts of the Reporting Accountant's Report in Annexure 3 for both the Company and its subsidiaries there are no outstanding capital loans which may have a material effect on the Company's financial position. The Directors also confirm that other than as disclosed in the extracts of the Reporting Accountant's Report Annexure 3 Note 12 there are no material loans including debentures overdraft and creditors to the Company.

6.2.7 Material changes

There have been no material changes in the financial or trading position of ICON since its formation on 4 June 2018 and its subsidiaries in the last three financial years.

SECTION 7. STATUTORY DISCLOSURES

7.1 DISCLOSURES RELATING TO THE COMPANY

7.1.1 Alterations to share capital

There have been no consolidations or subdivisions of shares during the preceding three years.

7.1.2 Issued share capital

The authorised and issued share capital of ICON before and after the Initial Public Offer will be:

Before the Initial Public Offer	
Authorised shares at no par value	10,000,000,000
Ordinary share issued and allotted to existing shareholders	5,000,000,000
Stated Capital	MWK44,322,212,105
After the Initial Public Offer	
Total number of authorised ICON shares at no par value	10,000,000,000
Shares in issue and allotted to existing shareholders	5,000,000,000
Ordinary shares issued and allotted to the public	1,680,000,000
Total number of issued ICON shares to be listed	6,680,000,000
Additional shares issued and allotted from an oversubscribed IPO	420,000,000
Maximum issued ICON shares to be listed	7,100,000,000

- The issued and allotted shares will be under the control of the Shareholders subject to the provisions of the Companies Act and the requirements of the MSE.
- All of the issued and allotted shares rank *pari passu* in every respect.
- Any variation of rights attaching to shares will require the consent of Shareholders in general meeting in accordance with the Articles of ICON.
- The shares of the Company will be listed on the MSE.

Expenses of ICON's formation and Promoter

Total expenses incurred for ICON's formation is a total of MWK153.5m. The sum of MWK35m is to be paid to the Offer's promoter, NAML, in cash, for the services rendered in consideration with the promotion of the Company.

7.1.3 Voting rights

In accordance with the articles of association of ICON at any general meeting every member present in person or by authorised representative shall have one vote on a show of hands and on a poll every member present in person by authorised representative or by proxy shall have that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by that member bears to the aggregate of the nominal value of all the shares issued by the Company.

7.1.4 Major Shareholders

As at the date of this Prospectus Shareholders with an interest of more than 5% are as shown in the table below:

Shareholder	Interest
NICO Life Insurance Company	63.15%
Standard Bank Pension Fund	10.33%
National Bank Pension Fund	7.80%
Others	18.72%

After the offer and listing the Shareholders set out below will have the indicative shareholding post IPO:

Shareholder	Before IPO Interest	*After IPO Interest	**After IPO Interest
NICO Life Insurance Company	63.15%	47.36%	44.21%
Standard Bank Pension Fund	10.33%	7.75%	7.23%
National Bank Pension Fund	7.80%	5.85%	5.46%
Others	18.72%	14.04%	13.10%
Public	0.00%	25.00%	30.00%

**Assumes the minimum amount is raised and existing shareholders do not subscribe. Retail and institutional investors are expected to take up the 25% shareholding*

***Assumes an oversubscription and the Issuer exercises the full amount of the Green Shoe Option*

Existing shareholders will be allowed to participate in the IPO.

7.1.5 Dividend policy

The Directors have adopted a future dividend policy to distribute, subject to cash flow considerations, 50% of profits after tax (but before Net Fair Valuation Adjustment) in equal interim and final dividends. The approximate dates of declarations, dates of closing of transfer and dates of payments are as follows:

Interim dividend	Declaration	Mid-August
	Closing transfer register	End-August
	Payment	Early September
Final dividend	Declaration	End April
	Closing transfer register	Mid May
	Payment	End May

The next dividend payable after the IPO will be the final dividend for the year ending 31 December 2018 payable towards the end of May 2019.

7.1.6 Material loans

As at 1st November 2018, ICON had no debt obligations with any financier.

7.1.7 Offers to the public

No offer has been made to the public for the subscription or the sale of shares during the three-year period preceding the date of issue of this Prospectus.

During the restructure when setting up ICON, NICO Life Insurance Company Limited (NLIC), Press Corporation Group Pension Scheme (PCL) and Associated Pensions Trust Limited (APT) jointly held

the following properties with the shareholding and values as at 30 June 2018 and were invited to transfer these properties to ICON:

Shareholding				
Property	NLIC	APT	PCL	Location
Nico Centre	67.17%	22.83%	10.00%	Lilongwe
PTC Head Office	60.00%	30.00%	10.00%	Blantyre
SPAR Hyperstore	60.00%	30.00%	10.00%	Lilongwe

Value (K'mn)				
	NLIC	APT	PCL	Total
Nico Centre	1,332	453	198	1,983
PTC Head Office	548	274	91	914
SPAR Hyperstore	658	329	110	1,096
Total	2,538	1,056	399	3,993

NLIC confirmed its intention to transfer its interest in the properties to ICON while PCL and APT did not accept to transfer their interest in the properties to ICON. These properties, or beneficial interest thereof, were not transferred to ICON. In order to meet the listing deadline outlined in this Prospectus, the intended transfer of the beneficial interest of NLIC in the properties will be completed after the listing. This will involve an offer of shares to NLIC in exchange for the beneficial interest in the properties and will require approval of the other beneficiaries (APT and PCL) and any other relevant approvals.

7.1.8 Litigation statement

ICON and its subsidiaries is not engaged in any substantial or material litigation and the Directors of the Company and its subsidiaries have no knowledge of any facts likely to give rise to such lawsuits or arbitration proceedings in relation to its properties and tenants since its formation.

7.2 DISCLOSURES RELATING TO THE PUBLIC OFFER

7.2.1 Authority for the IPO

The Offer was approved by resolutions of Shareholders of the Company passed at an extraordinary general meeting on 11 October 2018 and of the Board of Directors passed on 11 October 2018. ICON's provisional listing on the MSE was approved in principle by the MSE in a letter dated 30 November 2018. Final approval by the MSE is expected pending the submission of a formal application by the Company after the receipt and processing of subscriptions.

7.2.2 Terms of the Initial Public Offer

ICON hereby offers a total of 1,680,000,000 ICON shares for subscription upon the terms and conditions set out in this Prospectus and the Application Form at a subscription price of MWK8.75 per ICON share. The Public Offer will raise a minimum of MWK14.70bn. A Green Shoe Option will allow the Issuer to offer an additional 420,000,000 shares if the IPO is oversubscribed at the same subscription price of MWK8.75 per share to raise an additional MWK3.68bn.

The enclosed form of application contains details of the IPO and the procedure for acceptance.

The subscription price is payable in full in Malawi Kwacha.

The Initial Public Offer shares will upon allotment and issue rank *pari passu* with all other existing ordinary shares in terms of both voting rights and dividends.

7.2.3 Jurisdiction

The Initial Public Offer does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy securities in any jurisdiction in which such an offer or solicitation would be unlawful.

7.2.4 Opening and closing dates of the Initial Public Offer

The Initial Public Offer will open at 8:00 am on 7 December 2018 and will close at 5.00 pm on 28 December 2018.

7.2.5 Underwriting

Details of the individual underwriting commitments of the Underwriters are disclosed below.

Underwriter	Amount underwritten (MK)	Number of shares	% of IPO shares
Old Mutual Investment Group	10,000,000,000	1,142,857,143	68.0%
Press Trust	4,700,000,000	537,142,857	32.0%
Total	14,700,000,000	1,680,000,000	100.0%

An underwriting fee being MWK94m is payable by the Company to the Underwriters. The underwriting commission is only payable upon fulfilment of the underwriting commitments by the Underwriters.

The proposed Initial Public Offer has been fully underwritten by Old Mutual Investment Group Limited and Press Trust, Details pertaining to the Underwriters as required by the Listings Requirements are set out below:

Old Mutual Investment Group Limited	Press Trust
Old Mutual Building 30 Glyn Jones Road P.O. Box 393 Blantyre, Malawi	Floor 9, Kang'ombe House Private Bag 359 City Centre Lilongwe 3 Malawi.
Date of incorporation	
30th June 1998 Blantyre, Malawi	5 th March 1982 Reg no. 43418/4M/11.73
Directors	
Mrs. Edith Jiya (Chairperson) Mr. Alfred Majamanda Mr. Chancellor Kaferapanjira	Mr. Mayor G. Chisanga – Chairperson Eng. Wilson T.M Chirwa Mrs. Audrey Mwala Mrs. Linda M. Phiri

Old Mutual Investment Group Limited	Press Trust
Mr. Mark Mikwamba	Mr. Symon Msefula Mr. Randson P. Mwadiwa
Auditors	
Deloitte	Deloitte
Bankers	
National Bank of Malawi	National Bank of Malawi
Issued share capital	
2 shares of MK1 million nominal value each all fully paid up	MWK44,616,884,000 equity position
Value underwritten	
MWK10,000,000,000	MWK4,700,000,000

7.2.6 Minimum subscription

The minimum subscription required to satisfy the listing criteria as prescribed by the MSE is 30 million shares, an offer value of MWK500m and a minimum of 300 Shareholders.

7.2.7 Multiple applications

Multiple applications are strongly discouraged. Directors, at their sole discretion may reject multiple applications.

7.2.8 Procedures for acceptance

If you wish to subscribe for shares you must complete the enclosed Application Form in accordance with the instructions contained therein and lodge it with:

- the Authorised Broker of your choice at the addresses outlined in Annexure 2 of this Prospectus
or
- any of the Standard Bank Plc or NBS Bank Plc receiving bank branches or agencies outlined in Annexure 2

so as to be received by no later than 5.00 pm on 28 December 2018. Once received, the Sponsoring Broker and Receiving Banks will submit applications to the Transfer Secretaries for allocation.

7.2.9 Payment

The amount due on acceptance of the Initial Public Offer is payable in Malawi Kwacha. The amount due together with a properly completed Application Form should be transferred to the account outlined in the Application Form or in the case of a cheque delivered to any of the NBS Bank Plc or Standard Bank Plc receiving bank branches indicated in Annexure 2. If paying with a cheque, the words "or bearer" in favour of "ICON IPO" should be written on the cheque.

All cheques or bankers' drafts received by the Receiving Banks will be deposited immediately for payment. The payment will constitute an irrevocable acceptance of the Initial Public Offer upon the terms and conditions set out in this Prospectus and in the enclosed Application Form. In the event that any cheque or banker's draft is dishonoured ICON in its sole discretion may treat the relevant

acceptance as void or may tender delivery of the relevant Initial Public Offer shares to which it relates against payment in cash of the issue price for such shares.

If payment is not received on or before 5.00 pm on 28 December 2018 the day of the closing of the Initial Public Offer subscribers will be deemed to have declined the offer to acquire Public Offer shares pursuant to the IPO.

7.2.10 Allocations

ICON shares available in respect of the Initial Public Offer shares to raise MWK14.70bn will be allocated on an equitable basis. In addition to the subscription amount sought of MWK14.70bn the Company will have a Green Shoe Option in place which will give the Company the right but not the obligation to purchase oversubscribed shares to raise an additional MWK3.68bn. Directors retain the discretion to amend the allocation formula for the IPO as deemed fit having regard to the strategic benefits derived from a diverse shareholder base, after consultation with the advisors listed in the Corporate Information section of this Prospectus.

An announcement will be published in the press on 10 January 2019 stating the results of the Initial Public Offer and the basis of allocation of any additional Initial Public Offer shares for which application is made.

Monies refunded in respect of unsuccessful applications for additional Initial Public Offer shares will be transferred to the bank account indicated in the Application Form. No interest will be paid on monies received in respect of unsuccessful applications.

7.2.11 Documents of title

A statement of shares held in the CSD or new share certificates where required will be issued to Shareholders in respect of those Initial Public Offer shares for which they have subscribed will be emailed to persons entitled or posted thereto on or about 11 January 2019.

7.2.12 Taxation

ICON Shareholders are advised to consult their brokers or tax and financial advisors regarding any taxation implications pertaining to them regarding the acceptance of their subscription in terms of the Initial Public Offer.

7.2.13 Preliminary expenses

The expenses related to the offer of ICON shares will be borne out of the proceeds of the offer. Such expenses are estimated at approximately MWK941.9m and comprise payments relating to the services as set out in the table below.

Nature of Expense	Paid/Payable to	MWK'mn
MSE Listing Expenses	MSE	21.9
Public Relations and printing	Notion Communications	49.5
Legal Advisor	Savjani & Co	40.0
Lead Transaction Advisor	Standard Bank Plc	514.5
Transaction Manager	NICO Asset Managers	100.0
Sponsoring Broker and Authorised Brokers	Cedar Capital Limited	35.0
Reporting Accountants	Deloitte	44.5
Underwriting commission	Names under Section 7.2.5	94.0
Transfer Secretary	NICO Asset Managers	15.0
Receiving Bank Commission	Standard Bank, NBS Bank	27.5
Total		941.9

7.2.14 Registration of Prospectus

A copy of this Prospectus has been delivered to the Registrar of Companies and the Registrar of Financial Institutions for registration together with:

- the written consents of the Reporting Accountant, Legal Advisor and Lead Transaction Advisor to the offer and the listing Sponsoring Broker and Transfer Secretary to act in the capacities stated and to their names being stated in this Prospectus none of which consents having been withdrawn prior to registration; and
- the written consents of the Reporting Accountants to the issue of this Prospectus with their statements included in the form and context in which they are in fact included have not been withdrawn prior to registration.

The Reporting Accountant, Legal Advisor, Lead Transaction Advisor and Sponsoring Broker do not hold any shareholding in the applicant or any group to which the applicant belongs to.

The reporting accountants have not withdrawn such consent. The reporting accountants' statements were made on 26 November 2018 and were made for incorporation in this Prospectus.

The Registrar of Companies and the Registrar of Financial Institutions accepts no responsibility for the accuracy of any statements made or for the financial soundness of the Company or the value of the securities concerned.

7.2.15 Documents available for inspection

The following documents or copies thereof will be available for inspection from the date of posting of this Prospectus to the closing date of the Initial Public Offer during normal business hours on business days at the registered office of ICON and the office of the sponsor:

- The Company's Constitution;
- All material contracts;
- Property valuation report
- Reporting Accountant's report
- Forecast for the years ending 31 December 2019 and 2020 and the Auditor's report thereon
- Copies of special resolutions
- Underwriting Agreements with Old Mutual Investment Group Limited and Press trust
- Written consents of advisors
- Letter of legal compliance

7.3 PROPERTY VALUATION REPORT



October 10, 2018

The Directors
ICON Properties Plc
P.O. Box 3173
Blantyre 3

Dear Sirs

INDEPENDENT VALUER'S REPORT OF THE VARIOUS PROPERTY PORTFOLIOS VALUED FOR ICON PROPERTIES PLC (ICON)

Instructions

In accordance with instructions from ICON Properties Plc, I, Nickson Mwanyali, duly authorised and registered Chartered Valuation Surveyor, confirm that I have visited and inspected all the properties under various property portfolios held under ICON Properties Plc detailed in Annexure 5 and do hereby certify that to the best of my knowledge, I received all necessary details required to perform a valuation in order to provide you with my opinion of the properties' market values as at 8th October 2018.

Basis of valuation

The Valuation is based on the Market Value. Market Value is defined within **RICS Valuation – Professional Standards / International Valuation Standards** as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Value calculation

Valuation of developed land has relied principally on the net income flow derived from the property. The income has been capitalised at market related rates after consideration of the rental profiles and all relevant factors affecting the property market.

In undertaking our valuation of vacant land, we have made our assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, aspect and other material factors.

Brief description

Each property is described in the individual property section of the individual property portfolio report. The properties are diverse in size but in general comprise office buildings, retail space, industrial and some residential buildings. Photographs of each property were taken and these appear within relevant sections of the individual property portfolio report where general descriptions of the properties are provided.

Sketch plans of the subject properties and Deed Plans where possible are provided in relevant sections of each property portfolio report.

The monitor of the properties was seen generally to be in good condition with adequate maintenance attention being given to the properties as an on-going process. This was evidenced by the fact that no significant defects were noted during inspections.

The property portfolio comprises both freehold and leasehold properties. The aggregate of their market values are provided in the Summary of Valuations section below.

In respect of each property, the current monthly rental is included in each individual property's valuation report.

Lease comments

The leases are generally on a yearly basis with provision for renewal and service charge recovery. Our valuation has been based upon the details in respect of the proposed and existing lease and option terms and rentals supplied to us by ICON.

Inspection

I have carried out inspections of all the properties detailed herein and noted their attributes, tenancies and current condition. The inspections were carried out during the months of June 2018 and were for valuation purposes only.

Assumptions

General assumptions

It is assumed that the properties and their values are unaffected by any matters which would be revealed by a local search and relied on the used enquiries, or by any statutory notice and that neither the properties, nor their condition, nor their use, nor their intended use is or will be unlawful and that the properties are free from undisclosed encumbrances, restrictions and charges and that the title details as recorded at the respective land and deeds registries correctly reflect legal position in respect of each property. I have not undertaken a structural survey of the buildings and the properties have been valued in their existing state. The valuations have been made on the assumption that both visible and latent defects will be remedied in the course of routine maintenance. It is assumed that the current property managers competently manage the buildings, as well as the tenancy and expenditure and such aspects as to comply with legislation and local bylaws.

It should be understood that variations or removal of the assumptions made may have a significant effect upon the valuation provided.

Related party leases

I confirm that I am not aware, nor has any information been offered following my enquiring that there are intra-group leases on the properties whereby parties related to ICON occupy any part of the properties

Information provided

The valuation of the properties has been based on information provided to myself by ICON who have had due diligence investigation performed into the tenancies and expenditure profile of the properties and on

whose information I have largely relied. All relevant data received from ICON has been analysed and checked.

Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to ourselves and we cannot accept any liability or responsibility whatsoever for the valuation where such full disclosure has not been made. I have to the best of my ability researched the market as well as taken all reasonable steps to check income against contractual lease agreements and rent rolls. These were compared to the market to accurately represent the property's income capability.

Lessee's credibility

In formulating the opinion of value contained in the valuation report, cognisance has been taken of the lessees' security and rating.

Encumbrances

The properties have been valued as if wholly owned with no account being of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition. This valuation is provided in a completed state and no deductions have been made for retention or any other deduction for any purposes, which may be made at the discretion of the purchaser when purchasing the property.

Current state of development

The properties are all constructed and tenanted and there are no buildings under construction or partly constructed that require finishing.

Town planning

Full town planning approvals have been achieved on all the properties and all the properties have been checked to ensure that they comply with Town Planning regulations. There do not appear to be any infringements of local authority regulations by any of the properties. The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning regulations. On inspection, it would appear that the improvements are in accordance with the relevant Town Planning regulations for these properties.

Options

To the best of my knowledge, there are no options to purchase any property held by any party. I confirm that I will not receive any financial or other benefits in connection with the listing of ICON, other than normal professional fees for the valuation of this portfolio and that I am not aware of any conflict of interest whether direct or indirect in any of the properties being valued. I have no associations with ICON or any of the previous property owners.

Other comments

To my knowledge there are no contractual arrangements on any of the properties other than the leases as detailed in the individual property portfolio reports that have a major benefit or are detrimental to the

fundamental value base of the properties. My opinions of value exclude any amounts of Value-added Tax, transfer duty or duty on share in the event of a company transaction.

Summary of market value

I am of the opinion that the total value of the properties under ICON Property portfolio as at 8th October, 2018 is in the sum of **MK50,035,000,000.00 (Fifty billion and thirty – five million Malawi Kwacha)** and there has been no material change from the valuations of the properties from the last valuation as at 30th June 2018.

A list of the properties under each portfolio is provided as Annexure 5, as well as relevant information of individual properties.

Competence provision

It is hereby certified and confirmed that this valuation has been carried out by a person professionally qualified and with over 10 years' experience in valuation of various types of property.

Validity

The opinion of value expressed in this report is based on the facts and circumstances prevailing at the time of valuation as stated in this report which have been assumed to be relevant and correct to be the best of the Valuation Surveyor's knowledge and belief. Should any of such facts and/or circumstances change then the relevance of this valuations would have to be reviewed.

Source of information

We confirm that in order to prepare the valuations and compile this the information has been collected from various source which are listed below:-

1. ICON Properties Plc
2. Department of Surveys, Lilongwe
3. Knight Frank, Lilongwe
4. TG Nsonda and Associates, Lilongwe
5. ERIS Properties Limited

Much of the valuation data used in the valuation related to arm's length sale transactions which have taken place in the major cities of Blantyre, Lilongwe and Mzuzu.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

For and on behalf of Knight Frank



Nickson S. C. Mwanyali, BSc (Est. Man), Dip (Bus Mngt), MSIM.

Senior Valuation Surveyor

For and on behalf of Knight Frank

TERMS AND CONDITIONS OF THE OFFER

Important

Applicants are required to read the information below carefully.

The MSE introduced an Automated Trading System (ATS) in June 2018, which replaced the manual trading system. The ATS has seen the introduction of electronically held shares at RBM's CSD department. ATS allows only securities that have been transferred and registered in the CSD to be traded in the ATS. This IPO will utilise the systems in the CSD and subsequent trading will be through the ATS. The investing public will have to open securities accounts through a stock broker in line with the instructions outlined in this Application Form.

1. **CSD accounts** – Applicants are encouraged to have a CSD account. **Those that do not have a CSD account will not be able to trade ICON shares after the listing of ICON.**
2. **Application forms** – Persons wishing to apply for Shares in ICON must complete the appropriate Application Form and, where the Applicant does not have a CSD account, they are requested to complete the CSD Securities Account Opening Form (CSD 1 Form). The Application Form must be completed in accordance with the provisions contained in this Prospectus and the instructions set out in the Application Form and physically returned to one of the Receiving Bank Branches or registered broker listed in Annexure 2 of this Prospectus
3. **Copies of this Prospectus** with the accompanying Application Form, may be obtained from the registered Brokers and Receiving Banks referred in Annexure 2 of this Prospectus;
4. **Save in the case of negligence or wilful default** on the part of ICON, its Advisors or any of the Sponsoring Brokers, neither ICON, nor any of the Advisors nor any of the Authorised Brokers shall be under any liability whatsoever should an Application Form not be received by the Closing Date;
5. **An Applicant** shall qualify to apply for Shares in one category only;
6. **Minimum amount of shares** each Applicant shall be eligible to subscribe for shall be 5,000 shares and in multiples of 1,000 shares thereafter.
7. **Acceptance or rejection-** ICON reserves the right to accept or reject any application form that has not been completed in compliance with the conditions and instructions contained herein. Nonetheless, presentation of cheques for payment or receipt of funds transferred shall not amount to the acceptance of any Application
8. **Any material alteration** on the application form, other than the deletion of alternatives, must be authenticated by the full signature of the Applicant
9. **Copied or faxed application** forms will be rejected. Only original forms will be considered
10. **The Receiving Banks** through the branches, a list of which is set out in Annexure 2 will be receiving Applications and payments
11. **Deceased or insolvent estates** may not apply for shares. Executors, trustees and individual partners may apply for shares in their own name.
12. **Discrepancies** between the number of shares applied for and the value thereof, will be adjusted to the value received for the application at the sole discretion of the company
13. **If no bank details or invalid bank details** are provided on the application form, refund cheques will be posted to the applicant's address which the application submitted on the application form.
14. **Irrevocability.** After the closure of the offer period applications are irrevocable

- 15. Late applications** will not be considered
- 16. Applications on behalf of Minors** and people under legal incapacity should be done by their legal representatives
- 17. Multiple applications are discouraged.** All applications received from a single application will be aggregated and treated as a single application or rejected at the sole discretion of the Directors
- 18. No documentary evidence of capacity** to apply need accompany the application. ICON reserves the right to call upon any applicant to submit any evidence in support of an applicant's authority to sign the application in a representative capacity
- 19. Shareholders will be able to obtain a statement from their appointed broker.**
- 20. Nominee organisations** may apply on behalf of their clients on one application form but must attach in a separate schedule, the name, address, country of residence and number of shares applied for by each beneficial owner. The schedule must be accompanied by a declaration of the nominee organisations that Know Your Customer (KYC) procedures have been completed satisfactorily in line with Financial Crimes Act No. 14 of 2017.
- 21. Payee:** Payments must be made in MWK in favour of "ICON IPO" and submitted to any of one of the receiving bank branches or agencies set out in Annexure 2 no later than 5:00 pm on Friday, 28 December 2018
 - a. The completed application form must be submitted with the requisite cash bank transfers, bankers draft or bankers cheque payments drawn on an operating licensed Malawian bank
 - b. Where an application is for an amount of less than MWK100m (MWK 100,000,000), payment may be made by way of a bankers' cheque. All bankers' cheques should be drawn on a commercial bank which is a member of the RBM Clearing House
 - c. For an application above MWK 100m (MWK100,000,000), payments must be remitted to the Receiving Bank through Electronic Funds Transfer (EFT) or Real Time Gross Settlement (RTGS) and should be made payable to the Issuer's account number as specified in the Application Form
 - d. Applicants must ensure that payments through a bankers' cheque/draft are cleared before the close of the Offer on 28 December 2018
- 22. Confirmation slips** at the base of the application form will be given to Applicants following submission of a completed Application Form and the required application money. The receipt and appropriate identification will be required in order for the Transfer Sectary to authorise the CSD to transfer the duly allotted ICON Shares to applicants or where applicable to refund cheques, if any, from the bank branch through which the application was submitted
- 23. Refunds** In the event of rejection of an application, in whole or acceptance for a lesser number of shares than that applied for, refund payments will, subject to 13 above, be made by ICON to the bank account details as provided on the application form within 14 days of the close of the Offer.
- 24. Waiver of conditions.** ICON reserves the right to alter, relax or waive any of the terms and conditions with respect to share applications as it in its sole discretion, may deem fit.
- 25. Residency** Every Applicant is required to tick the appropriate box on the Application Form as regards his/her residency and or citizenship status, where applicable;
- 26. CSD Account**
 - a. Applicants are encouraged to open a CSD Account. To open a CSD Account, individual Applicants will be required to complete a CSD Securities Account Opening Form (CSD 1 Form) available from any Sponsoring Broker under Annexure 2 of this Prospectus
 - b. Applicants with CSD accounts will only receive issued Shares in electronic or book entry form by way of a credit to their CSD Accounts with the allocated number of Shares.
 - c. In the case of Joint Applications, the Joint Applicants should have a CSD account in the name of the Joint Applicants;

- d. The Sponsoring Broker on behalf of the Issuer will authorise the CSD to credit the respective CSD accounts with the number of Shares allocated to each Applicant within the dates set out in the Offer Timetable;
 - e. Upon the Applicants CSD Accounts being credited with the issued Shares, each Shareholder in the Issuer shall be capable of dealing with their issued Shares through the CDS; and
 - f. On acceptance of any Application, the Directors will, as soon as possible after the fulfilment of the conditions relating to Applications and completion of the Application Form, register the allocated Shares in the name of the Applicant concerned;
- 27. Notification of allocation** - All Applicants will be notified by letter through the details provided on the Application Form, of the results of the Offer and the allocation of Shares on the results announcement date in the Offer Timetable.
- 28. Foreign jurisdiction.** This Prospectus does not constitute an offer in any jurisdiction in which it is illegal to make such an offer. In such circumstances, this Prospectus and attached application form are for information purposes only.
- 29. Foreign investors** should attach a copy of the swift confirmation of their funds transfer supporting their application together with their original application form and ensure funds are credited to the appropriate account prior to the closing of the Offer through close liaison with: -

<p>For NBS Bank Plc CITIBANK NY SWIFT Code: CITIUS33</p> <p>For further credit to: NBS Bank Plc Ginnery Corner Branch Blantyre Malawi Account number: 36246192 Swift code: NBSTMWMW Reference: ICON IPO NBS</p> <p>Queries may be addressed to: Mr. Mapopa Chibambo NBS Bank Plc Ginnery Corner Phone: + 265 1 876 222 Mobile: + 265 999 916 172 Email: Mapopa.chibambo@nbs.mw</p>	<p>For Standard Bank Plc Deutsche Bank Trust Company Americas, NY Account number: 04429218 SWIFT Code: BKTRUS33</p> <p>For further credit to: Standard Bank Plc Blantyre Branch Blantyre Malawi Account number: 9100001673847 Swift code: SBICMWMX Reference: ICON PROPERTIES IPO</p> <p>Queries may be addressed to: Mr Wilson Kuyokwa Standard Bank Plc Corner Glyn Jones Road and Victoria Avenue Phone: + 265 1 820 144 Mobile: + 265 888 301 903 Email: Wilson.kuyokwa@standardbank.co.mw</p>
---	--

- 30. Foreign application funds** will be held in trust in a US\$ denominated account pending announcement of the results of the Offer.
- 31. Interest** will not be paid on any monies held in the trust, whether refunded or utilized for the purchase of Shares.
- 32. The number of shares** being applied for by foreign investors shall be determined on the basis of the ruling RBM mid-rate on the closing Date of the Offer rounded down to the nearest 10 000 shares.
- 33. Refunds to foreign investors**, if applicable will be determined on the basis of the ruling RBM mid-rate for US\$ on the Closing Date of the Offer.
- 34. WARNING:** Direct transfers to bank accounts of refund amounts due or subsequent dividends are only possible if name of applicant and name of bank account are identical.

RECEIVING BANK BRANCHES AND AGENCIES AND AUTHORISED BROKERS

Standard Bank Plc**Balaka Service Centre**

P.O. Box 306, Balaka
 Tel: +265 (1) 552 422
 Fax: +265 (1) 552 593
 sbmw.balaka@standardbank.co.mw

Blantyre branch

P.O. Box 1297, Blantyre
 Tel: +265 (1) 820222
 Fax: +265 (1) 824107
 sbmw.blantyre@standardbank.co.mw

Bwaila Service Centre

P.O. Box 26, Lilongwe
 Tel: 265 (1) 724616
 Fax: 265 (1) 724614
 sbmw.bwaila@standardbank.co.mw

Capital City branch

P.O. Box 30386, Lilongwe 3
 Tel: +265 (1) 770988
 Fax: +265 (1) 773497
 sbmw.capital@standardbank.co.mw

Chichiri Service Centre

P.O. Box 32070, Blantyre 3
 Tel: +265 (1) 878170
 Fax: +265(1)873462
 sbmw.chichiri@standardbank.co.mw

City Mall Service Centre

P.O. Box 32070, Lilongwe
 Tel: +265 (1) 754605
 Fax: +265 (1) 754606
 sbmw.citymall@standardbank.co.mw

Corporate Banking Centre

P.O. Box 1353, Blantyre 3
 Tel: +265 (1) 870802
 Fax: +265 (1) 876591
 sbmw-cbc@standardbank.co.mw

Gateway Mall Service Centre

P.O. Box 522, Lilongwe
 Tel: +265 (1) 762002
 Fax: +265(1) 755738

Ginnery Corner branch

P.O. Box 30050, Blantyre 3
 Tel: +265 (1) 871255
 Fax: +265(1) 786497
 sbmw.ginnerycorner@standardbank.co.mw

Kanengo Service Centre

P.O. Box 40137, Kanengo
 Tel: +265(1) 711770
 Fax: +265 (1) 711740

Karonga Service Centre

P.O. Box 44, Karonga
 Tel: +265(1) 362455
 Fax: +265 (!)362 433
 sbmw.karonga@standardbank.co.mw

Kasungu Service Centre

P.O. Box 100, Kasungu
 Tel: +265(1) 253225
 Fax: +265(1)253570
 sbmw.kasungu@standardbank.co.mw

Lilongwe branch

P.O. Box 522, Lilongwe
 Tel: +265 (1) 755277
 Fax: +265(1) 755738
 sbmw.lilongwe@standardbank.co.mw

Limbe branch

P.O. Box 5091, Limbe
 Tel: +265(1) 01 840166
 Fax: +265(1) 844406
 sbmw.limbe@standardbank.co.mw

Mponela Service Centre

P.O. Box 109, Mponela
 Tel: +265(1) 286422
 Fax: +265(1) 286381
 sbmw.mponela@standardbank.co.mw

Mwanza Service Centre

P.O. Box 158, Mwanza
 Tel: +265(1) 432341
 Fax: +265(1)432351
 sbmw.mwanza@standardbank.co.mw

Mzimba Service Centre

P.O. Box 138, Mzimba
 Tel: +265(1) 342400
 Fax: +265(1)342466
 sbmw.mzimba@standardbank.co.mw

Mzuzu branch

P.O. Box 104, Mzuzu
 Tel: +265(1) 312366
 Fax: +265(1)312574
 sbmw.mzuzu@standardbank.co.mw

Mzuzu Digital

P.O. Box 104, Mzuzu
 Tel: +265(1) 312375
 Fax: +265(1)312574

Nchalo Service Centre

P.O. Box 30050, Blantyre 3
 Tel: +265(1) 424417
 Fax: +265(1)424333
 sbmw.nchalo@standardbank.co.mw

Ntcheu Service Centre

P.O. Box 312, Ntcheu
 Tel: +265(1) 235455
 Fax: +265(1)235332
 sbmw.ntcheu@standardbank.co.mw

Dedza Service Centre

P.O. Box 5, Dedza
 Tel: +265 (1) 223346
 Fax: +265 (1) 223634
 sbmw.dedza@standardbank.co.mw

Dwangwa Service Centre

P.O. Box 62, Dwangwa
 Tel: +265 (1) 295255
 Fax: +265 (1) 295525
 sbmw.dwangwa@standardbank.co.mw

Luchenza Service Centre

P.O. Box 154, Limbe
 Tel: +265(1) 476448
 Fax: +265(1)476078
 sbmw.luchenza@standardbank.co.mw

Mangochi Service Centre

P.O. Box 106, Mangochi
 Tel: +265(1) 594377
 Fax: +265(1) 594764
 sbmw.mangochi@standardbank.co.mw

Salima branch

P.O. Box 26 Salima
 Tel: +265(1) 262544
 Fax: +265(1)262024
 sbmw.salima@standardbank.co.mw

Zomba branch

P.O. Box 302, Zomba
 Tel: +265(1) 524144
 Fax: +265(1)524088
 sbmw.zomba@standardbank.co.mw

NBS Bank Plc**Mzuzu Service Centre**

P.O. Box 315, Mzuzu
 Tel: + 265 (0) 1 312 171
 Fax: + 265 (0) 1 312 036
 mzuzu.servicecentre@nbs.mw

Mzimba Service Centre

P.O. Box 46, Mzimba
 Tel: + 265 (0) 1 342 335
 Fax: + 265 (0) 1 342 500
 mzimba.servicecentre@nbs.mw

Nkhotakota Service Centre

P.O. Box 46, Nkhotakota
 Tel: + 265 (0) 1 292 677
 Fax: + 265 (0) 1 292 687
 nkhotakota.servicecentre@nbs.mw

Dedza Service Centre

P.O. Box 160, Dedza
 Tel: + 265 (0)1 223 036
 Fax: + 265 (0)1 223 199
 dedza.servicecentre@nbs.mw

Nkhata Bay Service Centre

P.O. Box 29, Nkhata Bay
 Tel: + 265 (0) 1 352 455/448
 Fax: + 265 (0) 1 352 429
 nkhatabay.servicecentre@nbs.mw

Chitipa Service Centre

P.O.Box 33, Chitipa
 Tel: + 265 (0) 382 425
 Fax: + 265 (0) 382 425
 chitipa.servicecentre@nbs.mw

Rumphi Service Centre

P.O. Box, 137, Rumphi
 Tel: + 265 (0) 1 372 481
 rumphi.servicecentre@nbs.mw

Karonga Service Centre

P.O Box 399, Karonga
 Tel: +265 (0)1 362 549
 Fax: +265 (0)1 362 521
 karonga.servicecentre@nbs.mw

Mchinji Service Centre

P.O.Box 227, Mchinji
 Tel: + 265 (0) 1 242 464
 Fax: + 265 (0) 1 242 464
 mchinji.servicecentre@nbs.mw

Ntchisi Service Centre

P.O Box 28, Ntchisi
 Tel: + 265 (0) 1 285 418
 Fax: + 265 (0) 1 285 211
 ntchisi.servicecentre@nbs.mw

Kasungu Service Centre

Private Bag 70, Kasungu
 Tel: +265 (0)1 253 797
 Fax: +265 (0)1 253 230
 kasungu.servicecentre@nbs.mw

Lilongwe Service Centre

P.O. Box 829, Lilongwe
 Tel: +265 (0)1 750 175
 Fax: +265 (0)1 750 335
 lilongwe.servicecentre@nbs.mw

Kanengo Service Centre

P.O.Box 30350, Lilongwe 3
Tel: + 265 (0) 1 710 560
 kanengo.servicecentre@nbs.mw

Kamuzu International Airport Service Centre

P.O. Box 30350, Lilongwe 3
 Tel: +265 (0) 1 700 411
 Fax: +265 (0) 1 700 481
 kia.servicecentre@nbs.mw

Riverside Service Centre

P.O. Box 829, Lilongwe
 Tel: + 265 (0) 1 750 175
 Fax: + 265 (0) 1 750 175
 riverside.servicecentre@nbs.mw

Salima Service Centre

P.O Box 350, Salima
 Tel: + 265 (0) 1 262325
 Fax: + 265 (0) 1 262633
 salima.servicecentre@nbs.mw

Liwonde Service Centre

P.O. Box 137, Liwonde
 Tel: + 265 (0) 1 542 145
 Fax: + 265 (0) 1 542 164
 liwonde.servicecentre@nbs.mw

Blantyre Service Centre

P.O. Box 466, Blantyre
 Tel: +265 (0)1 824 266
 Fax: +265 (0)1 822 716
 blantyre.servicecentre@nbs.mw

Dwangwa Service Centre

P.O. Box 98, Nkhotakota
 Tel: + 265 (0)1 295 101
 Fax: + 265 (0)1 295 277
 chitipa.servicecentre@nbs.mw

Zomba Service Centre

P.O. Box 401, Zomba
 Tel: +265 (0)1 525 641
 Fax: +265 (0)1 525 073
 zomba.servicecentre@nbs.mw

Mulanje Service Centre

P.O. Box 325, Mulanje
 Tel: +265 (0)1 466 367
 Fax: + 265 (0)1 466 286
 mulanje.servicecentre@nbs.mw

Ntcheu Service Centre

P.O. Box 164, Ntcheu
 Tel: + 265 (0) 1 235 777
 Fax: + 265 (0) 1 235 777
 ntcheu.servicecentre@nbs.mw

Mponela Service Centre

P.O. Box 90, Mponela
 Tel: + 265 (0)1 286 104
 mponela.servicecentre@nbs.mw

Authorised Brokers**Cedar Capital**

P.O Box 3340
 Blantyre
 Malawi
 +265(0)1 831 995
 kamphonia@cedarcapital.mw

Alliance Stockbrokers Limited

Old Air Malawi Building, Robins Road
 P.O Box 510
 Blantyre
 +265(0)1 830 704
 tsaulosi@aclmw.com

Capital City Service Centre

P.O. Box 30350, Lilongwe 3
 Tel: +265 (0)1 774 400
 Fax: +265 (0)1 773 963
 capitalcity.servicecentre@nbs.mw

Mangochi Service Centre

P.O. Box 298, Mangochi
 Tel: +265 (0)1 594 608
 Fax: +265 (0)1 594 284
 mangochi.servicecentre@nbs.mw

Chichiri Mall Service Centre

P.O. BOX 32251, Chichiri Blantyre
 Tel: + 265 (0) 1 877 799
 Fax: + 265 (0) 1 877 955
 chichiri.servicecentre@nbs.mw

Neno Service Centre

P.O Box 466
 Tel: + 265 (0) 1 824 266
 Fax: + 265 (0) 1 822 716
 neno.servicecentre@nbs.mw

Ginnery Corner Service

Centre, P.O. Box 30645, Chichiri
 Blantyre 3
 Tel: +265 (0)1 871 554
 Fax: +265 (0)1 875 485
 ginco.servicecentre@nbs.mw

Limbe Service Centre

P.O. Box 51277 Limbe
 Tel: + 265 (0) 1 840 999
 Fax: + 265 (0) 1 842 383
 limbe.servicecentre@nbs.mw

Nchalo Service Centre

P.O. Box 466, Blantyre
 Tel: + 265 (0) 1 424 261
 Fax: + 265 (0) 1 424 261
 Email:
 nchalo.servicecentre@nbs.mw

Balaka Service Centre

P.O Box 531
 Tel: +265 (0) 1 552 117/118
 Fax: +265 (0) 1 552 212
 balaka.servicecentre@nbs.mw

Continental Capital Limited

P.O Box 1444
 Blantyre
 Malawi
 +265(0)1 830 638
 capital@continental.mw



P O Box 187
Blantyre
Malawi

Public Chartered Accountants
Registered Auditors
1st Floor
NBM Top Mandala House
Blantyre
Malawi

The Directors
ICON Properties plc
Chibisa House
19 Glyn Jones Road
P. O Box 3117
BLANTYRE

Tel: +265(0) 822 277
: +265(0) 820 506
Fax: +265(0) 821 229
Email: btdeoitte@deloitte.co.mw
www.deloitte.com

Members of the Board

INDEPENDENT REPORTING ACCOUNTANT'S COMPILATION REPORT

We have compiled the accompanying pro forma financial information of ICON Properties plc (ICON) based on information you have provided. The pro forma financial information comprises the pro forma consolidated statement of financial position as at 30 June 2018, and the pro forma consolidated statements of comprehensive income for each of the years ended 31 December 2015, 31 December 2016 and 31 December 2017, and for the six months ended 30 June 2018, and a summary of significant accounting policies and related explanatory information.

Group restructuring

ICON's shareholders had investments in property and property owning companies. The shareholders restructured the property portfolio to hold the various property interests in one company, ICON, which will eventually be listed on the Malawi Stock Exchange to increase its options for raising capital to fund its future investment plans. The restructuring, therefore, involved an offer to shareholders of Kang'ombe Investment Limited (KIL), Chichiri Shopping Centre Limited (CSC), Lilongwe City Mall Limited (LCM) and NICO Properties Limited (NPL) to transfer their shareholding in the respective companies in exchange for shares in ICON. In addition, Nico Life Insurance Company Limited (NLIC), Standard Bank plc Pension Fund and Toyota Malawi Limited Pension Fund transferred their interest in properties to ICON.

ICON was incorporated on 4 June 2018 and became a public limited liability company on 8th November 2018. The various interests in property owning companies and in properties were transferred to ICON effective 1 November 2018.

Pro forma financial information

The pro forma financial information has been prepared to illustrate the financial performance of ICON for the three years ended 31 December 2015, 31 December 2016, 31 December 2017 and the six months ended 30 June 2018, had the restructuring occurred on 1 January 2015 for purposes of the Statement of Comprehensive Income and on 30 June 2018, being the date to which the latest audited financial statements of the subsidiary companies have been drawn up, for purposes of the Statement of Financial Position.

Basis of preparation

The pro forma financial information has been prepared with reference to the audited financial statements of the following companies that are now subsidiaries of ICON; NICO Properties Limited, Lilongwe City Mall Limited, Chichiri Shopping Centre Limited, Kang'ombe Investment Limited and the following companies that transferred their interest in properties to ICON; NICO Life Insurance Company Limited, Standard Bank plc Pension Fund and Toyota Malawi Limited Pension Fund. The values of properties transferred from NICO Life Insurance Company Limited, Standard Bank plc Pension Fund and Toyota Malawi Limited Pension Fund reported in the pro forma statement of financial position as at 30 June 2018 have been extracted from the valuation report that was prepared by Knight Frank (Malawi) Limited.

The full financial statements from which the financial information was derived are available for inspection at the registered office of the Transfer Secretary during the period of the Offer.

Deloitte were the external auditors of Nico Properties Limited, Chichiri Shopping Centre Limited and Kang'ombe Investment Limited for the years ended 31 December 2015, 31 December 2016, 31 December 2017 and the six months period ended 30 June 2018 and reported on the financial statements without qualification.

AMG Global Chartered Accountants of P.O Box 2051, Blantyre, Malawi were external auditors of Lilongwe City Mall Limited for the same periods and reported on the financial statements without qualification. AMG Global also reported on the financial statements of Standard Bank plc Pension Fund for each of the years ended 31 December 2015, 31 December 2016 and 31 December 2017, without qualification.

KPMG, Chartered Accountants (Malawi) of P.O Box 508, Blantyre, Malawi, were external auditors of NICO Life Insurance Company Limited until 2016, and reported on the annual financial statements for the year ended 31 December 2015 and 31 December 2016 without qualification. KPMG also reported on the financial statements of Toyota Malawi Limited Pension Fund for each of the years ended 31 December 2015, 31 December 2016 and 31 December 2017, without qualification.

Deloitte were the external auditors of NICO Life Insurance Company Limited for the year ended 31 December 2017 and reported on the financial statements without qualification.

No audited accounts have been made up since the end of the last financial period reported on.

Adjustments to the Financial Statements

On 1 January 2018, IFRS 9 Financial Instruments became effective incorporating a new expected loss impairment model and introducing limited amendments to the classification and measurement requirements for financial assets. Accordingly, the audited financial statements for the six months ended 31 June 2018 have been prepared to comply with this new requirement and the financial statements for 2017, 2016 and 2015 have also been restated. The impact of this restatement is disclosed in note 14 to the pro forma financial information.

As disclosed in note 16, CSC, LCM and NPL issued loan notes which attract interest. These loan notes have now been taken over by ICON following the group restructuring. Therefore, any related interest that was recognised in the subsidiaries' financial statements has been reversed in accordance with the requirements of IFRS 10, Consolidated financial statements as this would be payable to ICON.

Responsibilities of the Reporting Accountant

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of this pro forma financial information in compliance with the Malawi Stock Exchange Listing requirements. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile this pro forma financial information. Accordingly, we do not express an audit opinion or a review conclusion on this pro forma financial information.

Responsibilities of those charged with Governance

The ICON Board is responsible for the preparation of the Prospectus to which this report relates and the information contained therein.



Chartered Accountants

Nkondola Uka
Partner

26 November 2018

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	<u>Notes</u>	<u>30 June 2018</u> <u>K'000</u>
ASSETS		
Non-current assets		
Investment property	4	50 035 000
Office equipment		6 378
Investment in shares	5	39 306
Deferred taxation	6	<u>7 995</u>
Total non-current assets		<u>50 088 679</u>
CURRENT ASSETS		
Taxation recoverable		843 980
Trade and other receivables	7	1 328 114
Cash and cash equivalents	8	<u>1 814 605</u>
Total current assets		<u>3 986 699</u>
TOTAL ASSETS		<u>54 075 378</u>
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	9	44 322 212
Restructuring reserve	10	<u>5 898 207</u>
		50 220 419
Non-controlling interests	11	<u>1 200 829</u>
Total shareholders' equity		<u>51 421 248</u>
Non-current liabilities		
Deferred income		1 263
Deferred taxation	6	<u>1 893 257</u>
Total non-current liabilities		<u>1 894 520</u>
Current liabilities		
Bank overdraft	12	7 909
Trade and other payables	13	517 972
Accrued interest on income notes		198 593
Taxation payable		<u>35 136</u>
Total current liabilities		<u>759 610</u>
TOTAL EQUITY AND LIABILITIES		<u>54 075 378</u>

PRO FORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	6 months to June 2018 K'000	12 months to December 2017 K'000	12 months to December 2016 K'000	12 months to December 2015 K'000
INCOME					
Rental income		2 383 883	4 318 438	3 848 446	2 652 311
Dividend income		1 102	1 373	907	448
Fair value adjustment on investment property	4	3 539 190	10 586 354	2 415 738	2 121 598
Fair value adjustment on shares		-	7 962	(1 841)	2 984
Service charge recoveries		133 431	223 104	176 807	181 994
Sundry income		<u>32 326</u>	<u>15 646</u>	<u>25 277</u>	<u>3 988</u>
Total income		<u>6 089 932</u>	<u>15 152 877</u>	<u>6 465 334</u>	<u>4 963 323</u>
EXPENSES					
Administrative expenses	14	(422 071)	(558 150)	(442 735)	(332 718)
Operating expenses	15	<u>(406 353)</u>	<u>(678 945)</u>	<u>(601 864)</u>	<u>(573 756)</u>
Total expenses		<u>(828 424)</u>	<u>(1 237 095)</u>	<u>(1 044 599)</u>	<u>(906 474)</u>
Investment income		94 061	184 885	208 714	144 093
Finance cost	16	<u>-</u>	<u>(135 093)</u>	<u>(543 359)</u>	<u>(1 309 714)</u>
Profit before taxation		5 355 569	13 965 574	5 086 090	2 891 228
Taxation (charge)/credit	17	<u>(1 313 370)</u>	<u>(2 151 632)</u>	<u>1 547 946</u>	<u>251 294</u>
Profit for the year		<u>4 042 199</u>	<u>11 813 942</u>	<u>6 634 036</u>	<u>3 142 522</u>
Attributable to:					
Owners of the parent		3 952 579	11 575 429	6 472 543	3 004 160
Non-controlling interests		<u>89 620</u>	<u>238 513</u>	<u>161 493</u>	<u>138 362</u>
Profit for the period/ year		<u>4 042 199</u>	<u>11 813 942</u>	<u>6 634 036</u>	<u>3 142 522</u>
Earnings per share	18	Tambala 81	Tambala 236	Tambala 133	Tambala 63

NOTES TO THE PRO FORMA FINANCIAL INFORMATION

1. Introduction

1.1 General information

ICON Properties plc (ICON or the Company) whose registration number is TMBRS1010880, was incorporated in Malawi as a private limited company on 4 June 2018 and converted to a public limited company on 8th November 2018. ICON is a property holding company formed with the objective of owning, leasing, managing and developing commercial, industrial and retail property.

1.2 Group restructuring

ICON's shareholders had investments in property and property owning companies. The shareholders restructured the property portfolio to hold the various property interests in one company, ICON, which will eventually be listed on the Malawi Stock Exchange to increase its options for raising capital to fund its future investment plans. The restructuring, therefore, involved an offer to shareholders of Kang'ombe Investment Limited, Chichiri Shopping Centre Limited, Lilongwe City Mall Limited and NICO Properties Limited to transfer their shareholding in the respective companies in exchange for shares in ICON. In addition, Nico Life Insurance Company Limited, Standard Bank plc Pension Fund and Toyota Malawi Limited Pension Fund transferred their interest in properties to ICON.

Under the Taxation Act, the transfer of the assets to ICON is a deemed disposal and subject to capital gains tax.

The restructuring was carried out using Section 70E of the Taxation Act, whereby the related capital gains tax on the deemed disposals of these investments was deferred and transferred to ICON and can only crystallise in the event that these assets are disposed by ICON. The quantum of the deferred capital gains tax as at 31 December 2017 was agreed with the Malawi Revenue Authority and is included as part of the deferred tax in Note 6.

The shares were allocated to investors on the basis of the value of their gross investment as adjusted for the related deferred capital gains tax, i.e. the net investment after tax.

1.3 List of subsidiaries and investments

Following the restructuring, ICON has equity interests in the following companies, in addition to owning property in its own name:

- NICO Properties Limited (100%);
- Chichiri Shopping Centre Limited (100%);
- Lilongwe City Mall Limited (100%);
- Kang'ombe Investment Limited (75%); and
- Plantation House Investments Limited (4.98%).

1.4 Preparation of pro forma financial information

In order to satisfy the requirements of paragraphs 8.1.1 and 8.1.2 of the Malawi Stock Exchange Listing Requirements ("MSE Listings Requirements" or "MSELR"), Section 260 of the Companies Act, 2013 and the Third Schedule to the Securities (Registration Requirements for Securities) Directive, 2015, for purposes of the listing of ICON's shares on the Malawi Stock Exchange, a waiver was granted by the Malawi Stock Exchange to prepare pro forma financial information for the three and half years ended 30 June 2018 instead of the five years as prescribed in the Listing Rules, considering that ICON was only incorporated on 4 June 2018.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION

2. Adoption of new and revised International Financial Reporting Standards

2.1 Standards and Interpretations in issue, not yet effective (Continued)

The Group has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for reporting periods covered by this report. With the exception of IFRS 9, financial instruments, the adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the Group. The impact of the adoption of IFRS 9 is shown in note 14.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2018, and have not been applied in preparing these financial statements. Those which may be relevant to Group are set out below. The Group does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but not yet effective:

Effective Date	Standard, Amendment or Interpretation
Annual periods beginning on or after 1 January 2019	<p>IFRS 16 Leases</p> <p>IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guide including IAS 17 Leases and the related interpretations when it becomes effective.</p> <p>IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.</p> <p>The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at present value of the lease payments. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion that will be presented as financing and operating cash flows respectively.</p> <p>In contracts to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.</p> <p>Furthermore, extensive disclosures are required by IFRS 16.</p>
Annual reporting periods beginning on or after 1 January 2019	<p>IFRIC 23 Uncertainty over Income Tax Treatments</p> <p>The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:</p> <ul style="list-style-type: none"> • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.1 Standards and Interpretations in issue, not yet effective (Continued)

Effective Date	Standard, Amendment or Interpretation
Annual periods beginning on or after 1 January 2019	<p>Prepayment Features with Negative Compensation (Amendments to IFRS 9)</p> <p>Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.</p>
Annual periods beginning on or after 1 January 2019	<p>Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)</p> <p>Clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.</p>
Annual periods beginning on or after 1 January 2019	<p>Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)</p> <p>The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:</p> <ul style="list-style-type: none"> • If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. • In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.
Annual periods beginning on or after 1 January 2020	<p>Amendments to References to the Conceptual Framework in IFRS Standards</p> <p>The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.</p>
Annual reporting periods beginning on or after 1 January 2021	<p>IFRS 17 <i>Insurance Contracts</i></p> <p>IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.</p>

The directors anticipate that the adoption of these standards and interpretations in future periods will have no significant impact on the financial statements of the Group.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in this financial information, and have been applied consistently by all group entities.

3.1 Statement of compliance

The financial statements of NPL, CSC, LCM and KIL were prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in a manner as required by the Malawi Companies Act.

3.2 Basis of Consolidation

The pro forma consolidated statements of comprehensive income and statement of financial position have been prepared by aggregating the historical financial information of entities that comprise the ICON Group after the restructuring. The entities are NPL, CSC, LCM and KIL. The pro forma financial information also includes the historical financial information related to investment properties that were transferred to ICON from NLIC, Standard Bank plc Pension Fund and Toyota Malawi Limited Pension Fund.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date control is transferred to the Group.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with the business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee if it is exposed to, or, has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Uniform accounting policies have been applied throughout the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Basis of measurement

The financial information is prepared on the historical cost basis except for investment property and investment in shares which are measured at fair value.

3.4 Use of estimates and judgements

The preparation of financial information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have most significant effect on the amounts recognized in the financial statements can be found in the following notes:

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

3. Significant accounting policies (Continued)

3.4 Use of estimates and judgements (Continued)

Note 4-Valuation of investment property;
Note 5-Valuation of investment in shares; and
Note 7-Impairment of rental receivables.

3.5 Going concern basis of accounting

The financial information has been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayments terms of the any of its liabilities.

3.6 Foreign currency translation

3.6.1 Functional and presentation currency

The financial information is presented in Malawi Kwacha, which is the Group's functional and presentation currency.

Except as indicated, financial information presented in Malawi Kwacha has been rounded to the nearest thousand.

3.6.2 Transactions and balances

Transactions in currencies other than the Group's functional currency (foreign currencies) are translated at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rates prevailing at that date.

Foreign currency gains or losses arising on the settlement of monetary items, and on the translation of monetary items, are included in the profit or loss. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.7 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction cost and borrowing costs where applicable.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations are performed as of the end of the reporting period by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised when they have been disposed.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

3. Significant accounting policies (Continued)

3.7 Investment property (Continued)

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Fair value gains and losses, net of tax are transferred to non-distributable reserves in the statement of changes in equity each year.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

3.8 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the units on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss is recognised in profit or loss unless it concerns property carried at revalued amount in which case it is treated as a revaluation decrease. If the impairment loss exceeds the revaluation reserve in respect of the impaired asset, the excess is recognised in profit or loss. A reversal of an impairment loss is recognised in profit or loss, unless it relates to property carried at revalued amounts, in which case the excess of the reversal over the amount recognised in profit or loss is treated as a revaluation increase.

3.9 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, either through Other Comprehensive Income (OCI) or through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

3. Significant accounting policies (Continued)

3.9 Financial assets (Continued)

Recognition and derecognition

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

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is recognised using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the entity's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

3. Significant accounting policies (Continued)

3.9 Financial assets (Continued)

Trade receivables

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

The Group classifies its trade receivables into categories that reflect similar credit risk characteristics. Default on a financial asset is defined as the point when the counterparty fails to make contractual payments within 90 days of the origination of the financial asset.

For corporate tenants, different default rates applicable to each age bracket of trade receivables are determined based on review of historical payment trend of tenants as well as consideration of forward looking information.

For Government, the Group calculates impairment by using sovereign credit risk ratings and default rates reported by external parties.

Accounting policies applied until 31 December 2017

IFRS 9 became effective on 1 January 2018. However, In accordance with the Third Schedule to the Securities (Registration Requirements for Securities) Directive, 2015, the Group has applied IFRS 9 retrospectively. The summary of the impact of applying the requirements of IFRS9 on the group's performance for each of the years before the effective date has disclosed in note 14.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost in the statement of financial position.

3.11 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

3. Significant accounting policies (Continued)

3.11 Leasing (Continued)

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability.

3.12 Income from investments

Income from investments includes dividend income and increase in fair value of investments in unlisted companies.

Dividend income is recognised when the right to receive income is established.

Increase in fair value of investments designated at fair value through profit or loss includes all realised and unrealised fair value changes.

3.13 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

3. Significant accounting policies (Continued)

3.14 Provision

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

3.15 Revenue recognition

Revenue comprises rental income from property. Rental income from operating leases is recognised on a straight line basis over the lease term.

3.16 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective rate method.

3.17 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared by the Group's directors. Dividends declared after the reporting date are disclosed in the notes to the financial statements.

3.18 Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

4. Investment property

	6 months to June 2018 K'000	12 months to December 2017 K'000	12 months to December 2016 K'000	12 months to December 2015 K'000
At beginning of period	46 439 902	34 082 112	29 695 316	-
Capital injection*	-	-	-	27 085 638
Additions	55 908	1 771 436	1 967 515	401 596
Transfers	-	-	3 543	86 484
Fair value adjustment	<u>3 539 190</u>	<u>10 586 354</u>	<u>2 415 738</u>	<u>2 121 598</u>
At end of period	<u>50 035 000</u>	<u>46 439 902</u>	<u>34 082 112</u>	<u>29 695 316</u>

*For purposes of the statement of comprehensive income, the assumed date of incorporation of ICON and group restructuring is 1 January 2015.

The fair value of the Group's investment property as at 30 June 2018 has been arrived at on the basis of a valuation carried out by Nickson S.C. Mwanyali, Bsc (Est. Man), Dip (Bus Mngt), MSIM of Knight Frank, an independent, professionally qualified valuer not related to the Group. The valuer holds a recognised relevant professional qualification and has recent experience in valuation of properties in the locations and segments of the investment property valued.

The fair value of developed land was determined based on the capitalisation of net income derived from the property. The income has been capitalised at market related rates after consideration of the rental profiles and all relevant factors affecting the property market. Whereas, the fair value of vacant land has been determined on the basis of a collation and analysis of appropriate comparable transactions, together with the evidence of demand within the vicinity of the subject property.

In estimating the fair value of the property, the highest and best use of the property is their current use.

Details of the Group's investment property and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
Vacant land	-	271 000	-	271 000
Developed land	<u>-</u>	<u>-</u>	<u>49 764 000</u>	<u>49 764 000</u>
Total	<u>-</u>	<u>271 000</u>	<u>49 764 000</u>	<u>50 035 000</u>

For property categorised into level 3 of the fair value hierarchy, the following information is relevant:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalisation approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property and prevailing market conditions.	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.

5. Investment in shares**At 30 June 2018**
K'000Investment in Plantation House Investment Limited 39 306

The Group has a 4.98% shareholding in Plantation House Investment Limited, which is a company that was registered in Malawi and owns property for lease to third parties. The investment is measured at fair value with fair value changes recognised in profit or loss.

6. Deferred taxation**At 30 June 2018**
K'000

The deferred tax balance arises from:

Revaluation of investment property	2 451 243
Foreign exchange differences	(543 220)
Other temporary differences	(10 504)
Impairment allowance on trade receivables	<u>(12 257)</u>

Net deferred tax liability 1 885 262

The following is the analysis of the deferred tax (assets)/liabilities presented in the pro forma consolidated statement of financial position.

Deferred tax assets	(7 995)
Deferred tax liabilities	<u>1 893 257</u>

Net deferred tax liability **1 885 262****7. Trade and other receivables****At 30 June 2018**
K'000

Rental receivables	1 046 712
Impairment	<u>(164 958)</u>

Net trade receivables 881 754

Input VAT claimable	407 742
Prepayments	30 412
Recoverable insurance	955
Accrued interest	3 823
Other receivables	<u>3 428</u>

Total **1 328 114**

The average credit period on rental receivables is 30 days. No interest is charged on overdue rental receivables. The Group has recognised an impairment on rental receivables using the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. Below is the aged analysis of the Group's rental receivables as at 30 June 2018:

	K'000
1-30 days	232 448
31-60 days	183 483
61-90 days	193 431
Above 90 days	<u>437 350</u>

Total 1 046 712**8. Cash and cash equivalents****At 30 June 2018**
K'000

Fixed deposits	1 684 120
Bank balances and cash	<u>130 485</u>

Total **1 814 605**

The Group earned interest at interest rates ranging from 10.50% to 14%.

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

9. Share capital

The share capital reported in the pro forma consolidated statement of financial position represents the tax adjusted values of investments contributed by the respective shareholders of NPL, CSC, KIL, and LCM as well as investment property contributed by NLIC, Standard Bank plc Pension Fund and Toyota Malawi Limited Pension Fund.

10. Restructuring reserve

The restructuring of the ICON Group is a business combination of entities under common control. Consequently, the difference between the fair value of the shares issued by ICON in return for the acquisition of the various investments has been recorded in a restructuring reserve.

The reserve was determined as follows:

	K'000
Consolidated net assets acquired by ICON	51 421 248
Tax adjusted values of investments contributed by shareholders	(44 322 212)
Non-controlling interests	<u>(1 200 829)</u>
Restructuring reserve	<u>5 898 207</u>

11. Non-controlling interests

Net assets of Kang'ombe Investment Limited (K'000)	4 803 315
Shareholding attributable to NCI	25%
Carrying amount of NCI	1 200 829

12. Banking facilities

	K'000
Bank overdraft	7 909

The Group did not have any overdraft facility as at 30 June 2018. The balance reported in the pro forma consolidated statement of financial position represents an overdrawn cash book position.

13. Trade and other payables

	<u>At 30 June 2018</u>
	K'000
Accrued expenses	204 602
Interest payable on debenture	75 968
Audit fees	9 130
Rent received in advance	102 143
Value Added Tax	29 137
Rental deposits	20 078
Marketing fund	64 399
Accrued NCIC levy	288
Withholding tax payable	<u>12 227</u>
Total	<u>517 972</u>

The directors consider that the carrying amounts of these amounts approximate to their fair value. These amounts do not attract any interest.

14. Administrative expenses

	6 months to June 2018 K'000	12 months to December 2017 K'000	12 months to December 2016 K'000	12 months to December 2015 K'000
Professional fees	170 605	301 919	264 582	173 161
Property revaluation fees	3 352	9 665	7 490	5 602
Audit fees	12 048	24 446	21 712	17 359
Directors' fees, expenses and allowances	23 793	40 781	28 377	22 819
Bank charges	1 945	3 001	2 750	3 185
Sundry expenses	909	703	10	644
Advertising and marketing expenses	1 071	420	1 103	3 355
Accounting and secretarial fees	79 938	124 314	88 594	69 641
Impairment on trade receivables	61 483	33 564	18 837	25 639
Depreciation	1 234	2 467	2 293	2 050
Legal costs	11 694	12 753	4 599	6 666
Printing and stationery costs	33	65	111	326
Travelling expenses	719	1 633	2 277	2 271
Letting fees	4 374	2 419	-	-
ICON prelisting expenses	48 873	-	-	-
Total administrative expenses	422 071	558 150	442 735	332 718

IFRS 9 became effective on 1 January 2018. However, In accordance with the Third Schedule to the Securities (Registration Requirements for Securities) Directive, 2015, the Group has applied IFRS 9 retrospectively. Below is a summary of the impact of applying the requirements of IFRS 9 on the group's performance for each of the years before the effective date of the standard.

	2017 K'000	2016 K'000	2015 K'000
Increase/(decrease) in impairment charge	6 650	11 090	(1 598)
Related deferred tax impact	(4 429)	(149)	(4 565)
Net impact charge/(credit) to profit for the year	2 221	10 941	(6 163)

15. Operating expenses

	6 months to June 2018 K'000	12 months to December 2017 K'000	12 months to December 2016 K'000	12 months to December 2015 K'000
Repairs and maintenance expenses	166 535	229 578	219 321	252 665
Insurance cost	35 311	70 156	59 065	47 124
Cleaning expenses	17 872	41 111	36 285	28 695
City rates	22 890	30 500	28 514	27 931
Landscaping expenses	5 497	8 733	9 939	10 063
Land rental	1 390	3 329	1 067	1 067
Pest control costs	3 380	2 100	45	497
Electricity and water expenses	95 422	174 563	155 426	145 657
Refuse removal costs	4 420	6 732	2 295	3 060
Security charges	39 411	74 411	58 445	51 695
Gardening costs	1 074	2 299	2 091	968
Genset hire costs	-	12 100	9 160	-
Fire equipment maintenance costs	12 453	13 580	15 922	939
Consultancy costs	140	4 641	1 071	3 255
Letting commission	558	666	2 930	140
Post office fees	-	280	288	-
Rebates	-	4 166	-	-
Total operating expenses	406 353	678 945	601 864	573 756

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

16. Finance cost

	<u>6 months to June 2018</u> K'000	<u>12 months to December 2017</u> K'000	<u>12 months to December 2016</u> K'000	<u>12 months to December 2015</u> K'000
Foreign exchange loss	-	1 565	294 301	1 088 310
Interest on long term loans	-	133 528	249 058	221 404
Total finance cost	-	135 093	543 359	1 309 714

The Group had long term loan facilities with NORSAD and PTA bank which were fully settled in 2016 and 2017, respectively. The finance costs disclosed above relate to these facilities.

CSC, LCM and NPL issued loan notes which attract interest. These loan notes have now been taken over by ICON following the group restructuring. Therefore, any related interest that was recognised in the subsidiaries' financial statements has been reversed in accordance with the requirements of IFRS 10, Consolidated financial statements as this would be payable to ICON. Below are the details of the interest that has been reversed in each of the periods:

	<u>6 months to June 2018</u> K'000	<u>12 months to December 2017</u> K'000	<u>12 months to December 2016</u> K'000	<u>12 months to December 2015</u> K'000
Finance cost reversed	198 593	238 598	281 536	-

	<u>6 months to June 2018</u> K'000	<u>12 months to December 2017</u> K'000	<u>12 months to December 2016</u> K'000	<u>12 months to December 2015</u> K'000
17. Taxation				
Dividend tax	(2 016)	(8 534)	(11 640)	(8 320)
Current tax	(159 894)	(486 219)	(644 742)	(513 873)
Deferred tax	(1 151 460)	(1 656 879)	2 204 328	773 487
Total taxation (charge)/credit	(1 313 370)	(2 151 632)	1 547 946	251 294
Reconciliation of the tax rate				
Effective tax rate	25%	15%	30%	9%
Permanent differences	5%	15%	-	21%
Statutory tax rate	30%	30%	30%	30%

18. Earnings per share

Weighted average number of shares ('000)	5 000 000	5 000 000	5 000 000	5 000 000
Profit attributable to ordinary Shareholders K'000	4 042 199	11 813 942	6 634 036	3 142 522
Earnings per share (tambala)	81	236	133	63

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

19. Segmental information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance, focuses on the following reportable segments: Individual legal entities, directly held properties and investment in shares . These segments comprise the ICON Group.

	6 months to June 2018	12 months to December 2017	12 months to December 2016	12 months to December 2015
	K'000	K'000	K'000	K'000
INCOME				
NPL	1 118 580	1 883 465	808 717	627 810
LCM	1 801 111	5 275 897	2 677 480	1 814 867
CSC	1 534 679	4 083 655	1 316 618	1 348 727
KIL	625 530	1 471 887	886 337	646 196
Directly held properties	1 246 384	2 994 139	1 248 192	884 082
Investment in shares	<u>1 102</u>	<u>9 335</u>	<u>(934)</u>	<u>3 432</u>
	6 327 386	15 718 378	6 936 410	5 325 114
Consolidation adjustment	(143 393)	(380 616)	(262 362)	(217 698)
Total Group income (including investment income)	6 183 993	15 337 762	6 674 048	5 107 416
EXPENSES				
NPL	143 754	104 429	63 744	66 660
LCM	221 940	512 547	822 794	1 531 054
CSC	459 850	666 546	644 596	324 697
KIL	119 931	194 153	164 716	112 780
Directly held properties	<u>81 542</u>	<u>133 111</u>	<u>173 644</u>	<u>180 997</u>
	1 027 017	1 610 786	1 869 494	2 216 188
Consolidation adjustment	(198 593)	(238 598)	(281 536)	-
Total Group expenses (including finance cost)	828 424	1 372 188	1 587 958	2 216 188

	At 30 June 2018
	K'000
ASSETS	
NPL	10 711 668
LCM	16 241 429
CSC	14 052 439
KIL	5 281 758
Directly held properties	9 651 901
Investment in shares	<u>43 400</u>
	55 982 595
Consolidation adjustment	(1 907 217)
Group assets	54 075 378
LIABILITIES	
NPL	344 957
LCM	426 951
CSC	1 502 970
KIL	478 443
Directly held properties	<u>50 036</u>
	2 803 357
Consolidation adjustment	(149 227)
Group liabilities	2 654 130

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

20. Overview of the Group's financial risk management framework

Financial instrument and associated risk

The Group has exposure to the following risks from its use of financial instruments:

- (i) Market risk;
- (ii) Interest rate risk;
- (iii) Liquidity risk; and
- (iv) Credit risk.

Categories of financial instruments

	<u>At amortised cost</u> K'000	<u>At FVPL</u> K'000	<u>Total</u>
Financial assets			
Investment in shares	-	39 306	39 306
Trade & other receivables	889 005	-	889 005
Cash & cash equivalents	<u>1 814 605</u>	<u>-</u>	<u>1 814 605</u>
Total financial assets	<u>2 703 610</u>	<u>39 306</u>	<u>2 742 916</u>
Financial liabilities			
Bank overdraft	7 909	-	7 909
Provision on loan notes	198 593	-	198 593
Trade and other payables	<u>309 778</u>	<u>-</u>	<u>309 778</u>
Total financial liabilities	<u>516 280</u>	<u>-</u>	<u>516 280</u>

Risk Management Approach

It is the Board of Directors' ultimate responsibility for the establishment and monitoring of risk management framework.

The risk management framework is established to identify and analyse the risks faced by the Group, to set appropriate risk management limits and controls, and to monitor risks and adherence to limits. Review of the policies and systems are done regularly to reflect changes in market conditions and activities.

The Group's approach to risk management is based on the Group's investment objectives. The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management. The Board delegates risk related responsibilities to the Group's management, who manages the distribution of the financial instruments to achieve the Group's investment objectives. The Group's overall financial instruments position is monitored on a quarterly basis by the Board of Directors.

i) Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads will affect the Group's income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Overall authority for market risk management is vested in management. The Group monitors this risk on a continuing basis. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

ii) Interest rate risk

Interest rate risk is generally referred to as the exposure of the net interest income to adverse movements in interest rates as a result of assets and liabilities re-pricing at different times which has therefore a direct impact on the interest margins. The Group adopts a policy of ensuring that its exposure to changes in interest rates is on a fixed rate basis. The Board monitors the movement of interest rates and takes necessary precautions to hedge. Interest rate sensitivity analysis as on the reporting date is set out below: -

20. Overview of the Group's financial risk management framework (Continued)

ii) Interest rate risk (Continued)

The following table details the Group's exposure to interest rate risk:

	<u>Interest bearing</u> K'000	<u>Non-interest bearing</u> K'000
Financial assets		
Investment in shares		39 306
Trade & other receivables	-	889 005
Cash and cash equivalents	<u>1 814 605</u>	<u>-</u>
Total financial assets	<u>1 814 605</u>	<u>928 311</u>
Financial liabilities		
Bank overdraft	7 909	-
Provision on loan notes	198 593	-
Trade and other payables	<u>-</u>	<u>309 778</u>
Total financial liabilities	<u>206 502</u>	<u>309 778</u>

Interest rate sensitivity

A change in interest rates by $\pm 5\%$ at the reporting date would increase/decrease profit by K80 million.

iii) Liquidity risk

This is the risk that the Group will encounter difficulties in meeting obligations associated with its financial liabilities. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate assets at reasonable prices and in a timely manner.

Management of Liquidity risk

The Board is responsible for managing overall liquidity by setting guidelines and limits for anticipated liquidity gaps. Liquidity position is monitored on a regular basis to ensure sufficient liquidity. The Board continually assesses liquidity risk by identifying and monitoring changes in funding requirements for business operations.

An analysis of the Group's assets and liabilities based on the contractual period to maturity as at 30 June 2018 is shown below:

	<u>Up to 1 month</u> K'000	<u>1 to 3 months</u> K'000	<u>Over 1 year</u> K'000	<u>Total</u> K'000
Financial assets				
Investment in shares	-	-	39 306	39 306
Trade and other receivables	889 005	-	-	889 005
Bank balances and cash	130 485	-	-	130 485
Fixed deposits	<u>559 784</u>	<u>1 124 336</u>	<u>-</u>	<u>1 684 120</u>
Total financial assets	<u>1 579 274</u>	<u>1 124 336</u>	<u>39 306</u>	<u>2 742 916</u>
Financial liabilities				
Bank overdraft	7 909	-	-	7 909
Accrued interest on loan notes	198 593	-	-	198 593
Trade and other payables	<u>309 778</u>	<u>-</u>	<u>-</u>	<u>309 778</u>
Total financial liabilities	<u>516 280</u>	<u>-</u>	<u>-</u>	<u>516 280</u>
Liquidity gap	1 062 994	1 124 336	39 306	2 226 636
Cumulative liquidity gap	1 062 994	2 187 330	2 226 636	2 226 636

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (Continued)

20. Overview of the Group's financial risk management framework (Continued)

Financial instrument and associated risk (Continued)

iv) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Board of Directors has a policy put in place to monitor on an ongoing basis, the management of Credit risk. The Board has delegated responsibility for the management of credit risk to the Investment and Audit committees which have oversight of the credit risk.

Exposure to credit risk

As at 30 June 2018, there were no significant concentrations of credit risk. The maximum exposure to credit risk is presented by the carrying amount of each financial asset in the statement of financial position.

	K'000
Financial assets	
Trade and other receivables	889 005
Cash and cash equivalents	<u>1 814 605</u>
Total financial assets	<u>2 703 610</u>

Trade and other receivables largely consist of rental receivables from a large number of customers, spread across diverse industries. Other than an amount of K140 million which is due from Game stores Limited and represents 13% of the Group's total rental receivables as at 30 June 2018, the Group does not have any other exposures to any single counterparty that are in excess of 5% of total rental receivables.

The Group's cash and cash equivalents comprises cash held with various local financial institutions that are duly licensed by the Reserve Bank of Malawi.

21. Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Valuation techniques and assumptions applied for the purposes of measuring fair value

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required).

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

With the exception of the Group's investment in the shares of Plantations House Investment Limited, the Group did not have any financial assets and financial liabilities that are measured at fair value at the end of the reporting period. The Group's investment in Plantations House Investments Limited is measured at fair value with related value changes recognised in profit or loss. The fair value measurement is classified as level three on the fair value hierarchy.

22. Contingent liabilities

K'000

Legal claims	<u>35 000</u>
--------------	---------------

The legal claims relate to a in which a party is claiming damages for land trespassing. The amount disclosed represents an estimate of the cost to the Group in the event that legal proceedings find the Group to be in the wrong. In the opinion of the directors, the legal claims are a possible obligation that arise from past events and whose existence will be confirmed only by the outcome of one or more uncertain future events not wholly within the control of the Group.

23. Capital commitments

There were no capital commitments which were authorised but not contracted for as at 30 June 2018. Capital commitment are financed from internal resources.

24. Events after the reporting period

Subsequent to the date of this pro forma financial information, no events have occurred necessitating adjustments to or disclosures in the pro forma financial information.

25. Exchange rates and inflation

The average of the period-end buying and selling rates of the foreign currencies most affecting the performance of the Group are stated below, together with the increase in the National Consumer Price Index, which represents an official measure of inflation.

30/06/2018

Kwacha/Rand	47.47
Kwacha/US Dollar	727.27
Inflation rate (%)	<u>8.6</u>



P O Box 187
Blantyre
Malawi

Public Chartered Accountants
Registered Auditors
1st Floor
NBM Top Mandala House
Blantyre
Malawi

The Directors
ICON Properties plc
Chibisa House
19 Glyn Jones Road
P. O Box 3117
BLANTYRE

Tel: +265(0) 822 277
: +265(0) 820 506
Fax: +265(0) 821 229
Email: btdeloitte@deloitte.co.mw
www.deloitte.com

Members of the Board

REPORTING ACCOUNTANT'S REPORT ON THE PROFIT FORECAST OF ICON PROPERTIES PLC

We have examined the profit forecast of ICON Properties plc for the years ending 31 December 2019 and 2020 in accordance with the International Standard on Assurance Engagements (ISAE) 3400, *the examination of prospective financial information*. The directors are solely responsible for the forecast including the assumptions on which it is based.

Our responsibility is to express an opinion on the reasonableness of the forecast. Since the forecast relates to the future, actual results are likely to be different from the forecast results because events and circumstances frequently do not occur as expected, and the differences may be material.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that the underlying assumptions do not provide a reasonable basis for the forecast. Further, in our opinion, the forecast is properly prepared on the basis of the assumptions and is presented on a basis consistent with the accounting policies normally adopted by ICON Properties plc.

Chartered Accountants

Nkondola Uka
Partner

26 November 2018

Partners: NT Uka VW Beza CA Kapenda MC Mwenelupembe (Mrs)
Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

CONSOLIDATED PROFIT FORECASTS FOR THE YEARS ENDING 31 DECEMBER

	<u>2019</u> K'000	<u>2020</u> K'000
INCOME		
Rental income	5 520 808	6 304 929
Dividend income	1 500	1 650
Fair value adjustments	5 022 494	5 851 763
Service charge recoveries	334 558	378 880
Sundry income	<u>13 922</u>	<u>16 472</u>
Total income	<u>10 893 282</u>	<u>12 553 694</u>
EXPENSES		
Administrative expenses	(873 146)	(1 001 379)
Operating expenses	<u>(1 431 856)</u>	<u>(1 531 482)</u>
Total expenses	<u>(2 305 002)</u>	<u>(2 532 861)</u>
Investment income	1 839 227	770 411
Profit before taxation	10 427 507	10 791 244
Taxation charge	<u>(2 526 631)</u>	<u>(2 650 872)</u>
Profit for the year	<u><u>7 900 876</u></u>	<u><u>8 140 372</u></u>

These projections have been generated based on certain assumptions. Actual results achieved may differ from those projected.

Assumptions

ICON has prepared the above profit forecasts for 2019 and 2020 based on the following assumptions:

1. The restructuring will have been completed by 31 December 2018;
2. Rental income is projected to grow annually by an average of 14%, largely driven by the headline inflation which is projected at 10.43% in 2019 and 9.08% in 2020;
3. The average tenancy occupancy rate is expected to remain at the current average of 98% during the forecast period;
4. Fair values of properties are projected to increase by 17% in 2020 following major refurbishment work planned for 2019. The Group plans to undertake major refurbishment of Lilongwe City Mall which is estimated to cost K1.2 billion.
5. The growth in administrative and operating expenses is expected to stabilise in 2020 in line with the inflation following the first full year of ICON's operation in 2019;
6. The Group will place significant investments in the money market as it repositions itself for its major projects from the second half of 2019. Yields on the money market are expected to remain fairly stable during the forecast period.

FINANCIAL STATEMENTS FOR ICON SUBSIDIARIES

Income statement

	Lilongwe City Mall			Chichiri Shopping centre			Kang'ombe Limited			NICO Properties Limited		
MWK Millions	Dec-16	Dec-17	Jun-18	Dec-16	Dec-17	Jun-18	Dec-16	Dec-17	Jun-18	Dec-16	Dec-17	Jun-18
Revenue	1 683	1 818	9 910	968	1 132	661	600	577	362	619	874	509
Expenditure	279	375	222	362	421	261	155	197	122	64	104	144
Profit before tax	2 506	930	- 118	383	521	201	445	380	240	221	509	137
Tax (charge)/credit	1 351	- 380	- 806	227	826	235	75	323	147	- 130	246	196
Property revaluation surplus	995	3 458	892	290	2 903	874	286	895	264	190	1 010	610
Net profit for the period	1 647	4 386	773	900	2 598	656	655	952	357	541	1 272	551

Statement of financial position

	Lilongwe City Mall			Chichiri Shopping centre			Kang'ombe Limited			NICO Properties Limited		
MWK Millions	Dec-16	Dec-17	Jun-18	Dec-16	Dec-17	Jun-18	Dec-16	Dec-17	Jun-18	Dec-16	Dec-17	Jun-18
Investment property	10 300	13 773	2 843	9 448	1 274	13 377	3 703	4 620	4 902	4 238	6 798	7 408
Total Non Current Assets	11 296	14 398	14 706	18 896	2 548	26 754	3 703	4 620	4 902	5 947	8 582	9 315
Current Assets	162		1 535	442	513	675	235	265	380	731	1 388	1 396
TOTAL ASSETS	11 458	15 175	16 241	9 890	12 988	14 052	3 938	4 885	5 282	6 678	9 970	10 712
Share premium	992	2 789	2 789	663	663	663	85	85	85	1 768	3 464	3 464
Income Notes	1 522	1 914	1 914	569	569	569				1 546	1 899	1 899
Revaluation reserves	4 918	8 192	8 484	6 982	9 216	9 855	2 888	3 566	3 760	3 060	4 231	4 791
Retained earnings	1 067	2 145	2 622	1 107	1 453	1 453	578	637	758	90	190	181
Total equity	8 502	15 046	15 814	9 349	11 930	12 550	3 750	4 489	4 803	6 388	9 816	10 367
Non current liabilities	1 652	-	214	286	955	1 184	129	338	404	-	-	192
Current liabilities	1 254	129	213	256	103	319	58	58	74	290	154	153
TOTAL LIABILITIES	2 906	129	427	541	1 058	1 502	188	396	479	290	154	345
TOTAL EQUITY AND LIABILITIES	11 408	15 175	16 241	9 890	12 988	14 052	3 938	4 885	5 282	6 678	9 970	10 712

Cashflow statement

	Lilongwe City Mall			Chichiri Shopping centre			Kang'ombe Limited			NICO Properties Limited		
MWK Millions	Dec-16	Dec-17	Jun-18	Dec-16	Dec-17	Jun-18	Dec-16	Dec-17	Jun-18	Dec-16	Dec-17	Jun-18
Net Cash Generated by Operating Activities	1 203	978	467	577	515	266	277	211	117	91	- 92	180
Net cash used In Investing Activities	- 10	2 148	8	- 290	- 123	- 29	29	- 0	- 10	- 1 553	- 1 464	19
Net Cash Used In Financing Activities	- 1 402	- 2 929	-	301	372	213	- 291	- 213	- 47	1 580	1 820	- 169
Net Increase/(Decrease) in Cash and Cash Equivalents	- 210	197	459	- 14	- 20	- 17	15	- 3	59	118	264	30
Opening Cash and cash equivalents	274	65	262	317	303	324	86	101	98	206	325	589
Closing cash and cash equivalents	65	262	721	303	324	307	101	98	158	325	589	619

EXTRACTS FROM MEMORANDUM AND ARTICLES OF ASSOCIATION

Article number and content	Article extract
29. Right to vote	A person is able to exercise the right to vote at a general meeting when that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
55. Joint holders	Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.
70. Calls on arrears	If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
34. Voting	34. Subject to any rights or restrictions for as to voting attached to any special class of shares, on a show of hands every individual present and entitled to vote shall have one vote and on a poll every member present or represented by proxy shall have one vote for each share of which he is the holder.
6 Modification of rights	<p>If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourths ($\frac{3}{4}$) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these articles relating to general meetings shall mutatis mutandis apply, but subject to the following provisions-</p> <p>6.1 where a class has only one member, that member shall constitute a meeting;</p> <p>6.2 at any meeting of a class of members, one (1) member of the class present in person or by proxy may demand a poll;</p> <p>6.3 at any meeting of a class of members other than an adjourned meeting, the necessary quorum shall be one (1) member present in person or by proxy, if there are not more than two (2) members of that class, and in any other case shall be two (2) members, present in person or by proxy, holding not less than one-third ($\frac{1}{3}$) of the total voting rights of that class; and</p> <p>6.4 at any adjourned meeting of a class of members, the necessary quorum shall be one (1) member of that class.</p>
70/43 Rights of shares	If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

	A Where any shares are issued with voting rights less favourable than other issued shares, then the designation of those shares shall include the words 'restricted voting' or 'limited voting'; where any preference shares are issued which do not carry voting rights the words 'non-voting' will appear in the designation of such shares; all equity shares shall have unrestricted right to vote.
43. Power to issue shares of different classes	43.(1) Subject to these Articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as classes of may be determined by ordinary resolution.
43. Power to issue redeemable preference shares	The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.
46 Power to increase	Subject to these Articles, but without prejudice to the rights attached to any issues different existing share, the company may issue shares with such rights or restrictions as classes of may be determined by ordinary resolution
69. Consolidation and subdivision	where there has been a consolidation or division of shares; and) as a result, members are entitled to fractions of shares the directors may:- (a) sell the shares representing the fractions to any person including the company for the best price reasonably obtainable; (b) in the case of a certificated share, authorize any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and (c) distribute the net proceeds of sale in due proportion among the holders of the shares.
43B. Increase to be offered to Existing Members	All new shares created shall be offered to the existing shareholders pro rata to their shareholding. The offer shall be made by notice specifying the number of shares offered, and limiting the time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time or on receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of these shares in such manner as they think most beneficial to the company.
63. Transfer of shares	Certificated shares may be transferred by means of an instrument of transfer certificated in any usual form or any other form approved by the directors, which is executed shares by or on behalf of: (a) the transferor; and (b) if any of the shares is partly paid, the transferee.
63. Directors may decline to register of transfer	The directors may refuse to register the transfer of a certificated share if: (a) the share is not fully paid; (b) the transfer is not lodged at the company's registered office or such other place as the directors have appointed; (c) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer,

	<p>or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;</p> <p>(d) the transfer is in respect of more than one class of share; or</p> <p>(e) the transfer is in favour of more than four transferees.</p>
63. Notice of Refusal	Where the directors refuse to register the transfer of a share, the instrument of transfer shall be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.
162. Winding up	162. If the Company is wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required in terms of the Act , divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purposes set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall think fit.
70. Declaration of dividends	<p>The company may by ordinary resolution declare dividends, and the directors declaring may decide to pay interim dividends.</p> <p>A dividend shall not be declared unless the directors have made a recommendation as to its amount. Such a dividend shall not exceed the amount recommended by the directors.</p> <p>(No dividend may be declared or paid unless it is in accordance with members' respective rights.</p>
70. Directors power to declare interim dividends	<p>The directors may from time to time pay the members such interim dividends as appear to the directors to be justified by the profits of the company.</p> <p>If an interim dividend is paid prior to the publication of annual financial statements, the dividend notice given to members shall contain a statement of the ascertained or estimated combined net trading profits of the company or group for the year, and any abnormal receipts or payments, detail appropriation of those profits, and also particulars of any amounts appropriated from reserves, capital profits, accumulated profits of the past years or other special source, to provide wholly or partly for the dividend</p> <p>If the directors do not recommend payment of a dividend in any year, the Secretary of the Malawi Stock Exchange shall be notified.</p> <p>.</p>
3A. Borrowing powers	<p>3A. Notwithstanding Article 3 above, the directors may exercise all the powers of the company to borrow money and to mortgage or charge its undertaking and property or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the company or any third party:</p> <p>Provided that the aggregate amount for the time being remaining undischarged of moneys borrowed by the company and its subsidiaries (exclusive of inter-company borrowing) shall not, without the sanction of the company in general meeting by ordinary resolution, exceed the reasonable fixed amount or</p>

	percentage of paid up share capital of the company for the time being issued and reserves, and the directors will procure that the aggregate amount at any time owing in respect of monies borrowed by the company (including overdue creditors) will not without such sanction exceed the said limit.
21B. Executive Directors appointment	21B. The directors may from time to time appoint one or more of their number to any executive office including that of managing director, joint or assistant managing director, finance director or operations director, for such period (but not exceeding five years) and on such terms (subject to hereafter provided) as they think fit and, subject to terms of any agreement made between the managing director and the company, revoke such appointment. An executive director so appointed shall not, while holding office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors; but (subject to any right to treat such determination as a breach of contract) his appointment shall be subject to determination if he ceases for any cause to be director of the company.
21. Retiring director eligible	A retiring director shall be eligible for re-election.
21A. Persons eligible for re-election	21A. No person other than a director retiring at the meeting shall unless recommended by the directors be eligible for election to the office of director at any general meeting unless not less than seven nor more than twenty-one days before the date appointed for the meeting there shall have been left at the registered office of the company notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected. Nominations received by fax shall also be acceptable.
20A. Minimum Numbers of directors	20A. The minimum number of directors shall be three. If the number of directors falls below the said minimum, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.
20. Appointment of directors by ordinary resolution	<p>20. Any person who is willing to act as a director, and is permitted by law to do so, may</p> <p style="padding-left: 40px;">be appointed to be a director__</p> <p>directors (a) by ordinary resolution; or</p> <p style="padding-left: 40px;">(b) by a decision of the directors.</p> <p>20A. The minimum number of directors shall be three. If the number of directors falls below the said minimum, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.</p>
21/22. Termination of Directors appointment/ Directors Retirement	<p>21. Any directors who have been appointed by the directors since the last annual general meeting; or who were not appointed or reappointed at one of the preceding two annual general meetings, shall retire from office and may offer themselves for reappointment by the members.</p> <p>22. A person ceases to be a director as soon as a) that person ceases to be a director by virtue of any provision of the Act or is prohibited from being a director by law; b) bankruptcy order is made against that person; c) composition is made</p>

	<p>with that person's creditors generally in satisfaction of that person's debts; d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or f) notification is received by the company from the director that the director is resigning from office as director, and such resignation has taken effect in accordance with its terms.</p>
20/20A Company may appoint additional directors	<p>20. Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director (a) by ordinary resolution; or (b) by a decision of the directors.</p> <p>20A. The minimum number of directors shall be three. If the number of directors falls below the said minimum, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.</p>
87. Qualification	The shareholding qualification of a director may be fixed by the Company in general meeting and unless and until so fixed, no qualification shall be required.
22. Termination of directors appointment	A person ceases to be a director as soon as (a) that person ceases to be a director by virtue of any provision of the Act or is prohibited from being a director by law; (b) a bankruptcy order is made against that person; (c) a composition is made with that person's creditors generally in satisfaction of that person's debts; (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or (f) notification is received by the company from the director that the director is resigning from office as director, and such resignation has taken effect in accordance with its terms.
21A&21B. Appointment and remuneration of executive directors	<p>21B. The directors may from time to time appoint one or more of their number to any executive office including that of managing director, joint or assistant managing director, finance director or operations director, for such period (but not exceeding five years) and on such terms (subject to hereafter provided) as they think fit and, subject to terms of any agreement made between the managing director and the company, revoke such appointment. An executive director so appointed shall not, while holding office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors; but (subject to any right to treat such determination as a breach of contract) his appointment shall be subject to determination if he ceases for any cause to be director of the company.</p> <p>21C. An executive director shall have such remuneration (including pension contributions) as the directors may determine subject to confirmation by the company in general meeting.</p>
70. Declaration of dividends	The company may by ordinary resolution declare dividends, and the directors declaring may decide to pay interim dividends. A dividend shall not be

	<p>declared unless the directors have made a recommendation as to its amount. Such a dividend shall not exceed the amount recommended by the directors. No dividend may be declared or paid unless it is in accordance with members' respective rights. Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it shall be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.</p>
72. Payment of dividends	<p>Where a dividend or other sum which is a distribution is payable in respect of a share, it shall be paid by transfer to a bank account specified by the distribution recipient, sending a cheque made payable to the distribution recipient by post or (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.</p>
75. Unclaimed dividends	<p>.Unclaimed dividends or other sums in respect of share that if unclaimed after having been declared or become payable, may be invested or otherwise made use of by the directors for the benefit of the company until claimed. If twelve years have passed from the date on which a dividend or other sum became due for payment; and the distribution recipient has not claimed it, the distribution recipient shall no longer be entitled to that dividend or other sum and it shall cease to remain owing by the company.</p>

ANNEXURE 5

PROPERTY VALUATION REPORT SCHEDULE

	Property Name	Plot Number	Title Number	Property Title	Ground Rent MWK	Monthly Rent MWK	Approx. GLA (SQM)	Approx. Age (Years)	Market Value MWK	Existing Use	Rental Review	Occupancy Term (Years)	Payment Term	Notice Period
NICO LIFE INSURANCE PROPERTY PORTFOLIO														
1	Kapeni House	BC 16	Blantyre Central 10	Freehold	N/A	4 234 106.00	1377.0	>40 years	665 000 000.00	Office and retail	Annual			3 months
2	Chibisa House	BC 74-76	Blantyre Central 5	Freehold	N/A	8 421 102.85	2244.0	>40 years	1 268 000 000.00	Office and retail	Annual	3	Quarterly	One month
3	St David's Street Property (Medical Clinic)	BC 1122	Blantyre Central 798	Freehold	N/A	1 854 425.00	555.0	>30 years	495 000 000.00	Medical Clinic and car park	Annual	1	Bi-annually	One month
4	Hannover Avenue Property	BW 189 - 191	Blantyre West 134, 135 & 136	Freehold	N/A	4 583 398.00	2667.0	>40 years	961 000 000.00	Retail	Annual	2	Quarterly	Quarterly
5	Vacant Plot	19/37	Bwaila 19/37	Leasehold	521 025.00	0.00	N/A		271 000 000.00	Vacant Plot	Annual			
6	Area 43/14	43/14	Alimaunde 43/14	Leashold		2 086 051.20	391.0	<30 years	273 000 000.00	Residential Office and archives	Annual	N/A	N/A	N/A
7	Kabula House	BW 192	Blantyre West 150	Freehold	N/A	2 985 179.28	867.9	30 years	474 000 000.00		Annual	2	Quarterly	months 120
8	NICO House Lilongwe	19/24	Bwaila 19/24	Leasehold	1 655 640.00	21 301 147.50	2495.0	>30 years	2 753 000 000.00	Office	Annual	10	Quarterly	Days 3
9	NBS Bank	73/3	Viphya 1/6	Freehold	N/A	785 000.00	124.0	>20 years	178 000 000.00	Office	Annual	2	Quarterly	months 3
10	Michiru House and Car Park	BW 217-219	Blantyre West 143	Freehold	N/A	2 644 463.00	864.0	>50 years	468 000 000.00	Office and retail	Annual	2	Quarterly	Quarterly
						48 894 872.83	11584.9		7 806 000 000.00					
NICO PROPERTIES LIMITED														
11	Nico Properties Limited	BE 292	Blantyre East 268	Freehold	N/A	9 918 750.00	6487.0	30 years	1 190 000 000.00	Industrial	Annual	6	Quarterly	Fixed Term
12	Nico Properties Limited	4/268 & 269	Bwaila 4/268 & 269	Leasehold		7 446 250.00	3649.0	>30 years	1 040 000 000.00	Industrial	Annual	6	Quarterly	Fixed Term
13	Nico Properties Limited	BW 214-215	Blantyre West 141	Freehold	N/A	10 009 422.50	3118.0	20 years	1 330 000 000.00	Office	Annual	11	Quarterly	Fixed Term
14	Nico Properties Limited	BE 243-244	Blantyre East 227	Leasehold		7 209 168.28	2502.0	>30 years	929 000 000.00	Office	Annual	3	Quarterly	One month
15	Nico Properties Limited	4/339	Bwaila 4/339	Leasehold		4 880 149.95	1823.0	20 years	1 048 000 000.00	Office	Annual	3	Quarterly	One month
16	Nico Properties Limited	LC 235	Limbe Central 163	Leasehold		1 880 859.24	1231.0	>30 years	423 000 000.00	Office	Annual	3	Quarterly	months 3
17	Nico Properties Limited	443	Masongola 31	Leasehold		4 085 235.00	906.0	20 years	445 000 000.00	Office	Annual	11	Quarterly	Fixed Term
18	Nico Properties Limited	LE 213	Limbe East 31	Freehold	N/A	7 519 291.23	1294.1	20 years	772 000 000.00	Office	Annual	2	Quarterly	months 3
19	Nico Properties Limited	MZ 1679	Jombo 8/12	Leasehold	N/A	1 393 148.16	480.0	<20 years	231 000 000.00	Office	Annual	3	Quarterly	months 3
						54 342 274.36	21490.1		7 408 000 000.00					

Property Name				Plot Number	Title Number	Property Title	Ground Rent	MWK	Monthly Rent MWK	Approx. GLA (SQM)	Approx. Age (Years)	Market Value MWK	Existing Use	Rental Review	Occupacy Term (Years)	Payment Term	Notice Period	
TOYOTA PENSION FUND																		
20	Toyota Fund	Malawi Pension		LK143`	Likabula 1108	Freehold		N/A	450 000.00	300.0	20 years	94 000 000.00	Residential	Annual	N/A	Quarterly	N/A	
									450 000.00	300.0		94 000 000.00						
STANDARD BANK PENSION FUND																		
21	Standard Fund	Bank Pension		LK 1196	Likabula 3246	Freehold		N/A	900 000.00	465.3	<20 years	192 000 000.00	Residential	Annual	1	Quarterly	months 3	
22	Standard Fund	Bank Pension		LK 1197	Likabula 3247	Freehold		N/A	457 500.00	362.7	<20 years	155 000 000.00	Residential	Annual	3	Quarterly	months 3	
23	Standard Fund	Bank Pension		LK 1198	Likabula 3248	Freehold		N/A	1 579 105.97	362.5	<20 years	168 000 000.00	Residential	Annual	3	Quarterly	months 3	
24	Standard Fund	Bank Pension		LK 1199	Likabula 3249	Freehold		N/A	1 252 334.05	363.0	<20 years	160 000 000.00	Residential	Annual	3	Quarterly	months 3	
25	Standard Fund	Bank Pension		BC 642	Blantyre Central 272	Freehold		N/A	420 000.00	272.7	<20 years	149 000 000.00	Residential	Annual	3	Quarterly	months 3	
26	Standard Fund	Bank Pension		BW 688	Blantyre West 817	Freehold		N/A	660 000.00	351.9	<20 years	121 000 000.00	Residential	Annual	3	Quarterly	months 3	
27	Standard Fund	Bank Pension		NY 644	Nyambadwe 201	Freehold		N/A	400 000.00	264.6	<30 years	101 000 000.00	Residential	Annual	3	Quarterly	months 3	
28	Standard Fund	Bank Pension		43/147	Alimaunde 43/141	Leasehold	21 075.00		1 530 100.00	261.0	<30 years	169 000 000.00	Residential	Annual	3	Quarterly	months 3	
29	Standard Fund	Bank Pension		43/149	Alimaunde 43/143	Leasehold	21 075.00		1 563 720.85	261.0	<30 years	177 000 000.00	Residential	Annual	2	Quarterly	months 3	
30	Standard Fund	Bank Pension		43/151	Alimaunde 43/145	Leasehold	21 075.00		1 900 600.00	265.5	<30 years	168 000 000.00	Residential	Annual	9	Quarterly	Fixed Term 6	
31	Standard Fund	Bank Pension		43/153	Alimaunde 43/147	Leasehold	21 075.00		1 323 888.58	264.6	<30 years	188 000 000.00	Residential	Annual	2	Annually	months 6	
									11 987 249.45	3494.8		1 748 000 000.00						
CHICHIRI SHOPPING CENTRE LIMITED																		
32	Chichiri Shopping Centre			BE 505-506	Blantyre East 276/3	Leasehold			106 994 892.41	14129.0	18 years	12 066 000 000.00	Retail		Annual	Varied	Monthly	months 3
33	Chichiri Shopping Centre			BE 497	Blantyre East 278	Freehold		N/A			>30 years	1 311 000 000.00	Mixed use: retail, car park, office		Annual	Varied	Monthly	months 3
									106 994 892.41	14129.0		13 377 000 000.00						
LILONGWE CITY MALL LIMITED																		
34	Lilongwe City Mall			4/055-057, 4/281-282	Bwaila 4/282 (L) and Bwaila 4.057 (F)	Leasehold and Freehold		1 066 500.00	142 425 516.43	14427.0	8 years	14 700 000 000.00	Retail		Annual	Varied	Monthly	Monthly
									142 425 516.43	14427.0		14 700 000 000.00						
KANG'OMBE INVESTMENTS LIMITED																		
35	Kango'mbe House			19/32	Alimaunde 19/32	Leasehold		360 900.00	50 930 403.94	7204.0	18 years	4 902 000 000.00	Office and retail		Annual	1	Annual	months 3
									50 930 403.94	7204.0		4 902 000 000.00						





Chibisa House,
19 Glyn Jones Road, Blantyre
PO Box 3117, Blantyre, Malawi.
Tel +265 (0) 1 832 085
info@iconproperties.mw
iconproperties.mw