



## We can STOP the Corona Virus

Together We Will Go Beyond Covid-19 #ItsPossible

### COMMENTARY ON INFLATION ADJUSTED FINANCIAL INFORMATION

Comprehensive Income Highlights	Inflation Adjusted		Historical	
	UNAUDITED 31 Mar 2020 ZWL 000	UNAUDITED 31 Mar 2019 ZWL 000	UNAUDITED 31 Mar 2020 ZWL 000	UNAUDITED 31 Mar 2019 ZWL 000
Revenue	21 041	21 162	17 239	2 726
Rent income	20 822	21 050	17 052	2 711
Net Property income	16 951	15 780	14 079	2 033
Profit for the period before tax	19 953	9 692	563 506	1 248
	31 Mar 2020 ZWL 000	31 Dec 2019 ZWL 000	31 Mar 2020 ZWL 000	31 Dec 2019 ZWL 000
Total Assets	1 982 044	2 083 546	1 980 241	1 417 013
Cash generated from operations	11 869	5 050	11 870	650

### STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020 All figures in ZWL 000	Inflation Adjusted		Historical	
	UNAUDITED 31 Mar 2020	RESTATED 31 Dec 2019	UNAUDITED 31 Mar 2020	AUDITED 31 Dec 2019
<b>ASSETS</b>				
Investment properties	1 934 413	2 045 206	1 934 413	1 392 132
Vehicles and equipment	1 964	1 932	217	197
Deferred tax asset	612	900	612	612
Financial assets at fair value thorough profit or loss	472	694	472	472
Financial assets at amortised cost	391	574	391	390
<b>Total Non Current Assets</b>	<b>1 937 852</b>	<b>2 049 306</b>	<b>1 936 105</b>	<b>1 393 803</b>
<b>CURRENT ASSETS</b>				
Inventory	205	289	149	100
Tax receivable	-	292	-	199
Trade and other receivables	14 627	7 008	14 627	4 770
Cash and cash equivalents	29 360	26 651	29 360	18 141
<b>Total Current Assets</b>	<b>44 192</b>	<b>34 240</b>	<b>44 136</b>	<b>23 210</b>
<b>Total Assets</b>	<b>1 982 044</b>	<b>2 083 546</b>	<b>1 980 241</b>	<b>1 417 013</b>
<b>EQUITY AND LIABILITIES</b>				
Ordinary share capital	15 379	15 379	1 198	1 198
Retained earnings	1 610 749	1 690 467	1 623 540	1 159 574
<b>Total Shareholders' Equity</b>	<b>1 626 128</b>	<b>1 705 846</b>	<b>1 624 738</b>	<b>1 160 772</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	348 587	369 141	348 174	250 991
<b>Total Non Current Liabilities</b>	<b>348 587</b>	<b>369 141</b>	<b>348 174</b>	<b>250 991</b>
<b>CURRENT LIABILITIES</b>				
Current income tax liability	1 833	242	1 833	165
Trade and other payables	5 496	8 317	5 496	5 085
<b>Total Current Liabilities</b>	<b>7 329</b>	<b>8 559</b>	<b>7 329</b>	<b>5 250</b>
<b>Total Liabilities</b>	<b>355 916</b>	<b>377 700</b>	<b>355 503</b>	<b>256 241</b>
<b>Total Equity and Liabilities</b>	<b>1 982 044</b>	<b>2 083 546</b>	<b>1 980 241</b>	<b>1 417 013</b>

### FINANCIAL PERFORMANCE

During the period under review, rental income marginally declined by 1.1% to \$ 20.822 million (Q1, 2019: \$ 21.050 million) on an inflation adjustment basis. Occupancy levels improved by 11% to 86.9% (Q1, 2019: 75.4%). Property expenses were up 19% for the period, on the back of high maintenance and operating costs. Net property income rose by 7% to \$16.950 million (Q1 2019: \$15.780 million) due to the decline in allowances for credit losses in the period under review. Administration expenses declined by 18% to \$6.135 million from \$7.438 million in March 2019.

The Company recorded positive results for the period underpinned by a diversified property portfolio.

### DIVIDEND

At a meeting held on 11 November 2019, the Board resolved that no interim dividend will be declared from the profits for the third quarter ended 30 September 2019. This is to allow the business to reinvest into the portfolio to maximise shareholder value in the future.

### IMPACT OF COVID-19

Following the declaration of Covid-19 as a pandemic by the World Health Organisation (WHO) on 11 March 2020 and subsequent declaration of the pandemic and lockdown by the Government on 17th March, 2020 and 27th March, 2020 respectively, the company initiated a business continuity plan. The announcement by Government was in line with most countries around the world where the pandemic has caused disruption to livelihoods and business operations resulting in full or partial lockdowns to mitigate the spread and transmission of the virus. To this end, the business continuity plan is premised on prioritising the health and safety of staff, while ensuring business operations continued. As part of the business continuity plans, the company identified critical areas of the business and prioritized staff welfare and safety by improving workplace health and safety measures. In addition, all critical employees for the business operations were set-up to work remotely, with only physical presence of essential staff required at the office on a need basis.

The extent of the economic impact on real estate remains uncertain as longterm behavioural changes to how people live work and play will define market direction. The immediate focus will be on determining the right balance between capital preservation and sustained operational expenditure, with cash flow reprioritisation required to sustain operations. The diversified nature of the property portfolio will be of benefit during this time, as the severity of Covid-19 is impacting various businesses differently.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AT 31 MARCH 2020 All figures in ZWL 000	Inflation Adjusted		Historical	
	UNAUDITED 31 Mar 2020	RESTATED 31 Mar 2019	UNAUDITED 31 Mar 2020	UNAUDITED 31 Mar 2019
<b>Revenue</b>	<b>21 041</b>	<b>21 162</b>	<b>17 239</b>	<b>2 726</b>
Property expenses	(4 375)	(3 682)	(3 445)	(474)
Provision for credit losses	284	(1 700)	284	(219)
<b>Net property income (NPI)</b>	<b>16 951</b>	<b>15 780</b>	<b>14 078</b>	<b>2 033</b>
Employee related expenses	(2 822)	(3 835)	(2 310)	(494)
Other expenses	(3 313)	(3 603)	(2 711)	(464)
<b>NPI after admin expenses</b>	<b>10 815</b>	<b>8 342</b>	<b>9 057</b>	<b>1 075</b>
Fair value adjustment - investment properties	(110 793)	-	542 280	-
Net monetary gain/(loss)	107 151	-	-	-
Finance income	148	485	120	62
Other income	12 632	868	12 049	112
Finance costs	-	(3)	-	(1)
<b>Profit before income tax</b>	<b>19 953</b>	<b>9 692</b>	<b>563 506</b>	<b>1 248</b>
Income tax expense	(99 671)	(3 037)	(99 540)	(391)
<b>Profit for the period</b>	<b>(79 718)</b>	<b>6 655</b>	<b>463 966</b>	<b>857</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive profit for the period</b>	<b>(79 718)</b>	<b>6 655</b>	<b>463 966</b>	<b>857</b>
<b>Attributable to:</b>				
-Owners of the parent	(79 718)	6 655	463 966	857
-Non controlling interest	-	-	-	-
<b>Total (loss)/profit for the year</b>	<b>(79 718)</b>	<b>6 655</b>	<b>463 966</b>	<b>857</b>

Basic and diluted earnings per share (ZWL cents)	(0.06)	0.01	83.31	0.33
Weighted average number of shares in issue	1 236 928	1 236 928	1 236 928	1 236 928

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - FOR THE THREE MONTHS ENDED 31 MARCH 2020

#### RESTATED

	ATTRIBUTE TO OWNERS OF THE PARENT		
	Ordinary share capital	Retained earnings	Total equity
	ZWL 000	ZWL 000	ZWL 000
<b>At 01 January 2019</b>	15 410	1 182 248	1 197 658
Acquisition of treasury shares	(31)	-	(31)
Profit of the period	-	512 992	512 992
Dividend paid	-	(4 773)	(4 773)
<b>At 31 December 2019</b>	15 379	1 690 467	1 705 846
Acquisition of treasury shares	-	-	-
Profit of the period	-	(79 718)	(79 718)
Dividend paid	-	-	-
<b>At 31 March 2020</b>	15 379	1 610 749	1 626 128

#### HISTORICAL

	ATTRIBUTE TO OWNERS OF THE PARENT		
	Ordinary share capital	Retained earnings	Total equity
	ZWL 000	ZWL 000	ZWL 000
<b>At 1 January 2019</b>	1 218	129 762	130 980
Profit for the year	-	1 030 542	1 030 542
Acquisition of treasury shares	(20)	-	(20)
Dividend paid	-	(730)	(730)
<b>At 31 December 2019</b>	1 198	1 159 574	1 160 772
Profit of the period	-	463 966	463 966
Acquisition of treasury shares	-	-	-
Dividend paid	-	-	-
<b>At 31 March 2020</b>	1 198	1 623 540	1 624 738

#### Corporate information

First Mutual Properties Limited is a public listed company incorporated and domiciled in Zimbabwe and its shares are publicly traded on the Zimbabwe Stock Exchange. The principal activities of the Group are property investment, development and management. The consolidated financial statements of the Group for the three months ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors at a meeting held 11 May 2020.

#### Statement of Compliance

The Company's interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"), International Financial Reporting Committee Interpretations ("IFRIC"), as issued by the International Financial Reporting Committee Interpretations ("IFRS IC") and in a manner required by the Zimbabwe Companies Act (Chapter 24:03). The financial statements are based on statutory records that are maintained under the historical cost convention except for investment properties which are measured at fair value through profit and loss.

#### Inflation adjustment (IAS 29)

For the purpose of fair presentation in accordance with International Accounting Standard 29 "Financial Reporting in Hyper Inflationary Economies", the financial statements have been restated for changes in the general purchasing power of the ZWL and appropriate adjustments have been made. The restatement has been calculated by means of conversion factors derived from the month on month Consumer Price Index (CPI) prepared by the Zimbabwe Statistical Agency. All items in the income statement are restated by applying the relevant monthly conversion factors. The conversion factors used are as follows:

Date	CPI	Conversion factor
31 March 2020	810.64	1.00
31 December 2019	551.63	1.47
31 March 2019	104.38	7.76

#### Reporting period and currency (ZWL)

The reporting period is 1 January 2020 to 31 March 2020. The financial statements are presented in Zimbabwean dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Group operates.

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Inflation Adjusted		Historical	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
<b>AT 31 MAR 2020</b>				
<b>All figures in ZWL 000</b>				
<b>Profit before tax</b>	19 953	9 692	563 506	1 248
Adjustment for non-cash items	2 557	1 296	(542 672)	167
<b>Cash flows from operating activities before working capital adjustments</b>	22 510	10 988	20 834	1 415
Working capital adjustments	(10 641)	(5 938)	(8 964)	(765)
<b>Cash generated from operations</b>	11 869	5 050	11 870	650
Tax paid	(673)	(460)	(673)	(59)
Interest paid	-	(3)	-	(1)
<b>Net cash flow from operating activities</b>	11 196	4 587	11 197	590
<b>Net cash flows used in investing activities</b>	23	370	22	48
<b>Net cash flows from financing activities</b>	-	(712)	-	(91)
<b>Net increase/(decrease) in cash and cash equivalents</b>	11 219	4 245	11 219	547
Opening cash and cash equivalents	18 141	4 357	18 141	561
<b>Cash and cash equivalents at 31 March 2020</b>	29 360	8 602	29 360	1 108