FIRST MUTUAL

PROPERTIES

Go Beyond

2020
ANNUAL REPORT

Vision, Mission and Values

Our Vision

To be the dominant and best performing real estate company in Sub Saharan Africa excluding South Africa in terms of income return. The vision remains appropriate for the ambition that the business has going forward . The Group believes that in the next ten years it will extend its reach into the African continent as a growth and risk management strategy. This would enable the Group to enhance the geographical spread and diversification of its property portfolio income streams and manage the country risk.

Our Mission

To preserve and maximise stakeholder value through innovative real estate solutions.

Values

Integrity	–	we are true to self and true to others
Accountability	–	we take responsibility for our actions
Professionalism	–	we display expert competence in the way we do business
Sustainability	–	we believe in continuance and preservation for future generations
Care	–	we show concern and seek the well-being of all our stakeholders
Innovation	–	we strive for creativity and relevance to our market

About this Report

This report is the First Mutual Properties Limited Annual Report for the year ended 31 December 2020. First Mutual Properties Limited is a Zimbabwean company listed on the Zimbabwe Stock Exchange ("ZSE") whose primary activities are Property Investment, Management and Development. This report details the financial and operations review for the year in line with International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and integrating social and environmental information in line with the Global Reporting Initiative ("GRI") Standards. This outlines how sustainability is embedded in our strategy, and activities to guide how we operate and create value..

Reporting Frameworks

In developing this report we were guided by the following reporting requirements:

- The Companies and other Business Entities Act [Chapter 24:31];
- Statutory Instrument (SI) 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange ("ZSE") Listing Requirements) Rules 2019;
- International Financial Reporting Standards ("IFRS") and the
- Global Reporting Initiative ("GRI") Standards- Core Option.

Reporting Scope

This report contains information for First Mutual Properties Limited and its subsidiaries. First Mutual Properties Limited formerly known as Pearl Properties (2006) Limited is incorporated and domiciled in Zimbabwe, and its principal activities are property investment, development, and management. In this document, unless otherwise referred or referenced to ''our'', ''we'', ''us'', ''the Group'', '' First Mutual'' refers to First Mutual Properties Limited and its subsidiaries.

Data and Assurance

Our financial statements were audited by Ernst and Young Chartered Accountants (Zimbabwe) ("EY"), in accordance with the International Standards of Auditing ("ISAs"). The independent auditors' report is on page 44 to 47. Non-financial information and data provided in this report were reviewed by internal subject matter experts and management but not externally assured. Our Board of Directors approves our reports before being published.

Reinstatements

First Mutual Properties Limited did not make any reinstatement of data previously published except for the translation of financial statements as required by the International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies as pronounced by the Public Accountants and Auditors Board (PAAB).

Forward looking Statements

This report may contain forward looking statements. These statements are based on current estimates and projections by First Mutual Properties Limited and currently available information. Forward-looking statements are not statements of historical fact and may contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates", or words of similar meaning. Future statements are not guarantees of future developments and results outlined therein. These are dependent on many factors; they involve various risks and uncertainties, and they may be based on assumptions that are beyond our control. Readers are cautioned not to put undue reliance on forward looking statements.

Feedback on the Report

We value opinions from all our valued stakeholders which assist us in building a sustainable Group and improving our reporting. We welcome your feedback on this report and any suggestions you may have. For any feedback, please contact Sheila Lorimer, Company Secretary, email: SLorimer@firstmutual.co.zw, telephone: +263 (242) 886047.

E K Moyo
(Chairman)

C K Manyowa
(Managing Director)

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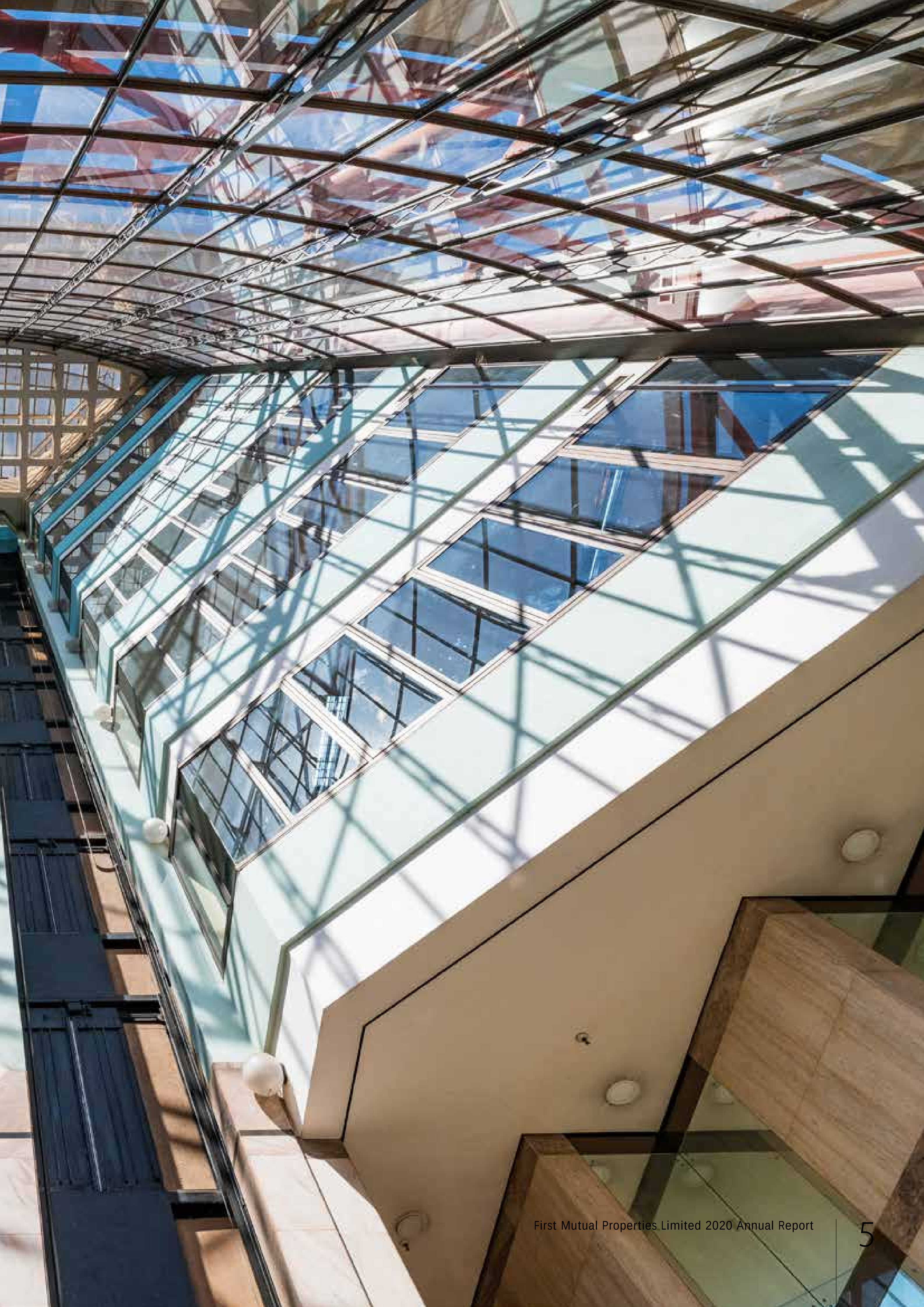


OVERVIEW


L PARK

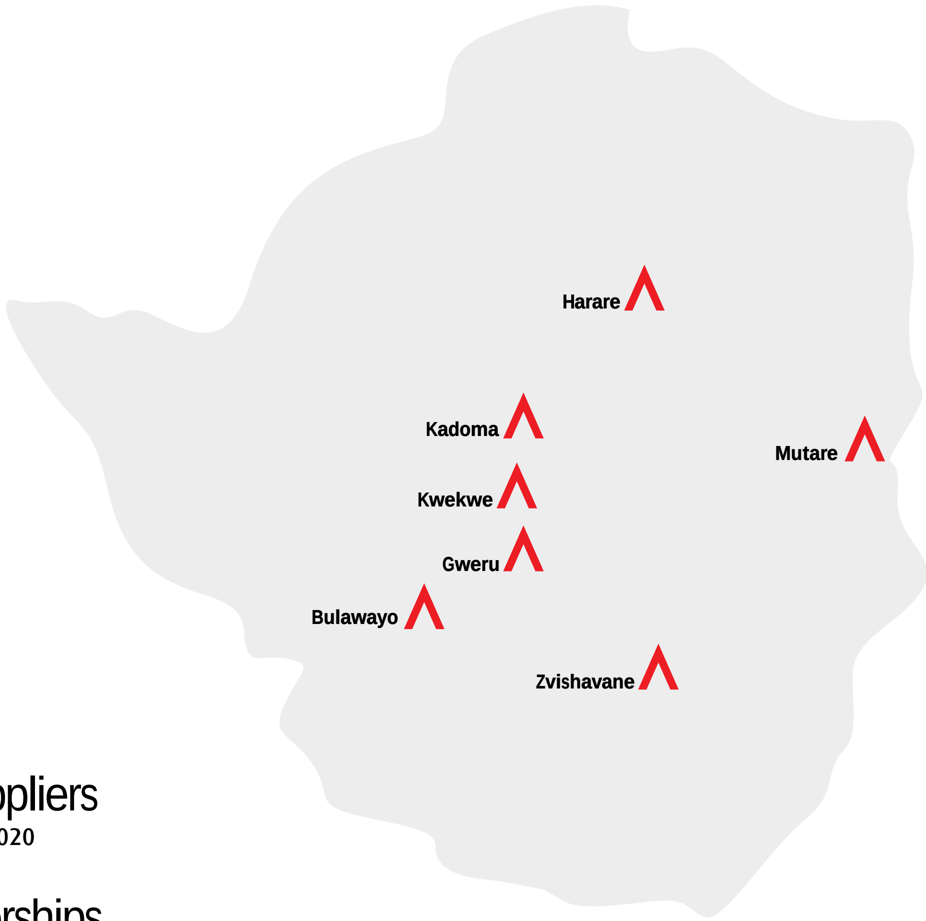
Business Profile

First Mutual Properties Limited is a listed property company incorporated in Zimbabwe and its principal activities are property investment, development and management. First Mutual Properties Limited actively manages a diverse property portfolio that includes Office Parks, Central Business District ("CBD") CBD offices, Suburban Retail properties and Industrial. The growth of the Group is premised around property acquisitions and developments.

Product and Service Offerings
First Mutual Properties Limited also trades as Oyster Real Estate. Oyster Real Estate is a fully licensed unit that provides professional property services that include:
- Property management,
- Facilities management,
- Property development,
- Property investment, and
- Property valuations.

A detailed description of our products and services can be accessed on http: / / www.firstmutual.co.zw

Property Locations



117 Suppliers
Engaged in 2020

Memberships

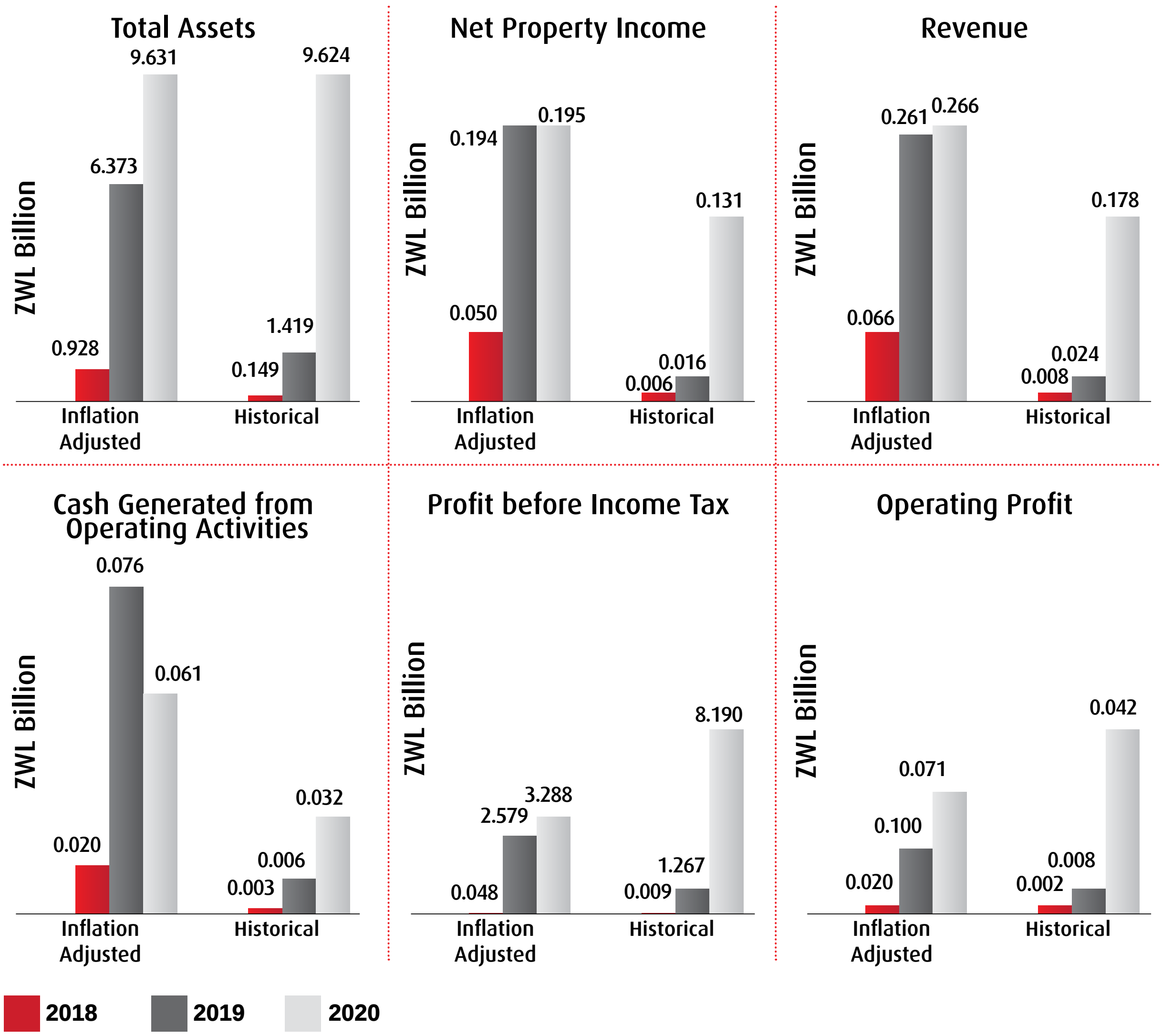
First Mutual Properties is a member of the following:
- Estate Agents Council of Zimbabwe;
- Real Estate Institute of Zimbabwe;
- Valuers Council of Zimbabwe; and
- Zimbabwe Institute of Regional & Urban Planners

Performance **Highlights**

	Inflation adjusted			Historical		
ZWL	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
Basic earnings per share	2.91	1.23	0.02	6.12	0.83	0.0033
Equity	8 733 473 142	5 163 680 987	813 782 805	8 725 157 325	1 160 772 582	130 980 250

Sustainability Performance

	2020	2019	2018	2017
Electricity Usage (MwH)	4 710	4 479	2,876	2,707
Municipal Water Consumption (ML)	649.2	686.1	13.7	14.5
New Employees (Count)	3	1	3	4
Hours of Training for employees (Count)	20	78	108	64
Occupancy rate %	89%	86%	76%	71%



LEADERSHIP

E K Moyo
CHAIRMAN

Profit before tax grew by **50%** to

ZWL 3.288 billion

Chairman's Statement

Overall occupancy level averaged **88.64%** in FY2020 compared to **85.70%** last year

Economic overview

The economic and operating environment continued to evolve during the period under review, with various policy pronouncements designed to stabilise the economy. The introduction of the foreign currency auction system on 23 June 2020 led to relative currency stability. This has had a significant pass-through effect on annual inflation which declined from 838% in June 2020 to 348% in December 2020. The slowdown in inflation was also driven by restricted money supply growth, limited government spending and wage compression. In addition, the introduction of Statutory Instrument 185 of 2020, allowing businesses to price goods and services in hard currency also provided short term stability and improved business confidence. However, rising inflationary and exchange rate pressures negatively affected real rental yields, cost of doing business, property development and maintenance costs, and overall macroeconomic stability, particularly in the first half of the year.

The outbreak of the COVID-19 pandemic disrupted the level of economic activity across the globe and global supply chains led to the imposition of national lockdowns, travel restrictions and temporary company closures. In response, this accelerated the use of digital platforms for people to work, communicate and collaborate during the lockdown period. It is also noteworthy that the COVID-19 pandemic negatively affected tourism and downstream industries, the informal as well as the SME economy.

The above developments had important implications for overall economic activity and the property market. At the macroeconomic level, real Gross Domestic Product ("GDP") is estimated to have contracted by between 4.1% and 10.4%.

The Group continued to adapt its strategies to the evolving external business environment to deliver sustainable performance for the benefit of all its stakeholders.

Property market overview

The property market remained largely depressed with limited sales transactional activity, developments and demand for space. Opportunities to develop new products and lease existing products, especially the CBD office sector, remained constrained. Nevertheless, the retail and industrial segments remained resilient. The Office Park sector was stable with steady demand for space driven by product quality, location and supporting infrastructure.

The market experienced episodes of price discovery given the changes in the macroeconomic environment as well as demand and supply imbalances. Consequently, the search for a sustainable and economic rental pricing framework remained a key activity during the year.

Developments and property sales were strong in the residential sector. However, commercial transaction activity and leasing opportunities were low due to the decline in the service industry, particularly the corporates. The market has responded to the rising demand for space from the informal and SME sector by repurposing, adapting and developing spaces to cater for the special needs of this market segment.

The construction sector was also affected by the pandemic due to the need to comply with non-pharmaceutical health and safety protocols as guided by the World Health Organisation and national lockdown conditions to remain operational, while supply chain disturbances affected project timelines. The industry, nevertheless, remains wary of the high property development risk due to the oversupply of commercial real estate, limited project financing options and supply chain uncertainties. The few commercial developments on the market during the year have largely been equity-financed. Despite the shift towards remote working by corporates, experience to date has shown that this may not be sustained given power outages in residential areas and data connectivity challenges facing Zimbabwe. The preference for physical offices remains high, although the existing product needs to be adapted to become relevant to the emerging occupier needs.

Business performance overview

The Group's inflation adjusted profit before tax grew by 50% to ZWL 3,288 billion (FY 2019: ZWL 2,189 billion) driven by growth in inflation adjusted revenue of 2% to ZWL 265.74 million (FY 2019: ZWL 260.67 million) and fair value adjustments on investment properties. The growth in revenue was driven by rental income generated from foreign currency denominated leases, increase in turnover rentals and rise in occupancy levels during the year. The overall occupancy level averaged 88.67% in FY2020 compared to 85.70% in the previous year, mainly due to new lettings in the CBD office sector.

COVID-19 response

The welfare of our employees, their families, and our community remains a top priority for the Group. The Group has introduced various measures to protect its employees from the negative effects of high cost of living, anxiety and stress caused by the

Chairman's Statement (continued)

COVID-19 pandemic. The Group undertook continuous review of the conditions of service for our staff, provision of protective personal equipment (PPE), psychological support and accelerated the use of digital platforms to enhance remote working and collaboration to sustain productivity.

In addition, the Group prioritised the safety of the tenants, with ZWL32.99 million spent, targeting the maintenance and upgrading of space for new and existing tenants. This investment ensured that our properties remain safe for occupation.

The Group remains alive to the economic conditions facing its business partners including tenants. Against this, the Group suspended rental reviews in the second quarter of the year to allow its partners to absorb and manage the pressures caused by economic volatility and COVID-19 induced shocks in the first half of the year. Rentals were, however, reviewed in the second half of the year to protect the business and enable the Group to continue offering a quality product to its tenants.

Property valuations

An independent property valuation conducted by Knight Frank Zimbabwe as at 31 December 2020 valued the property portfolio at ZWL 9.40 billion, being a 50% gain on the prior year on inflation adjusted terms and 575% in historical terms on a market value basis. The gain was driven by fair value gains realised across the sectors with the highest gains realised in the land bank, retail sector and industrial sectors. The gains realised on the land bank are driven by re-zoning of a land bank from residential to commercial, while value appreciation in the industrial and retail sectors are due to improved rental potential and demand.

Developments

The Group is at pre-construction stage of the Arundel Office Park extension. The design development of the architectural plans has since been completed. The tender will be floated in the first half of 2021.

Sustainability

The effects of the COVID-19 pandemic created an extremely challenging environment for businesses and communities around the world. In such trying times, the Group has been able to rely on its long-term oriented approaches which we have nurtured through adopting sustainability. This year saw health and safety become a significant priority for the business as we sought to eliminate exposure to the COVID-19 virus and preserve life, paying attention to both physical and mental health. The business remains determined to generate positive impacts on the issues that matter most for our business and stakeholders. We have an unwavering commitment to managing the property portfolio with minimal negative social, environmental and economic impacts.

The Group remains dedicated to operating in a sustainable manner by adopting eco-friendly practices and managing the property portfolio with minimal negative social, environmental and economic impacts. During the year, we introduced waste separation infrastructure at selected buildings. This measure will be rolled out to all buildings in the short to medium term. Furthermore, efforts to reduce carbon emissions using renewable energy solutions are currently underway, starting with a 150KwH renewable energy system at First Mutual Park. Going forward, renewable energy solutions will be initiated across the property portfolio.

Dividend

At a Meeting held on 5 May 2021, the Board resolved that a final dividend of ZWL 14,229,408 being 1.1505 ZWL cents per share be declared from the profits for the quarter ended 31 December 2020. The dividend will be payable on or about 18 June 2021 to all shareholders of the Group registered at close of business on 11 June 2021. The shares of the Group will be traded cum-dividend on the Zimbabwe Stock Exchange up to 8 June 2021 and ex-dividend as from 9 June 2021.

This final dividend represents a dividend per share of ZWL 2.0332 cents per share bringing the total dividend for the year ended 31 December 2020 to ZWL 25,146,742.

Outlook

The Group maintains a positive view of the economic, sectoral and business outlook.

Positive Real GDP growth is expected in 2021 due to the anticipated good agricultural production, firming commodity prices as well as inflation and currency stability. Curtailing the further spread of the COVID-19 pandemic and re-opening of the global and national economies is vital to stimulating economic recovery in the short term. This is particularly so, given the strategic importance of natural resources and the SME sector to the economy.

The commercial real estate segment is expected to remain an occupier's market due to excess supply of space. Rental yields are expected to remain weak due to the slow nature of rental price discovery, coupled with limited upside on rentals due to excess supply of space. The recent revaluations of properties will further apply pressure to any growth in yields and rentals should grow gradually. However, rental yields for prime assets are expected to remain competitive due to limited supply of quality prime commercial real estate.

Capital preservation with growth into selected sectors will remain top priority to ensure long term sustainable earnings and distribution to shareholders. The introduction of Real Estate Investment Trust ("REITs") legislation presents an opportunity to access wider funding options to undertake new developments and enhancing transparency in the property market, while also creating further diversification opportunities. These are emerging opportunities that the Group seeks to explore.

The Group remains focused on further strengthening its competitive advantage by differentiating its existing products and enhancing tenant experience. The Group will continue to place emphasis on repositioning its property assets through planned maintenance and refurbishments, while the addition of new product through developments remains the key driver to optimising the property portfolio mix and ensuring regular and predictable distribution of earnings.

E K Moyo
Chairman
5 May 2021

Net property income after administrative expenses and before tax stood at

ZWL56.75 million

Managing Director's Review of Operations

The diversified nature of the property portfolio proved to be resilient especially in times of weak economic performance...

Economic Overview

The year started with a volatile macroeconomic environment filled with uncertainties due to limited supply of foreign currency on the market. In addition, the COVID-19 Pandemic induced further distress on businesses and cash flows as various levels of a national lockdown were implemented to curb the spread of the virus. The lockdowns mainly affected the informal sector, whose contribution of the local economy and GDP is gaining significant relevance. As a result of the various COVID-19 induced lockdowns during the year, the Government of Zimbabwe is expecting the economy to contract by 4.1%, with a steeper contraction expected by the IMF at 10.4% due to weak performance of the manufacturing and tourism sectors.

Despite the macro economic difficulties and COVID-19 induced contraction of GDP, the second half of the year saw relative stability on the foreign currency market with the introduction of the auction system. The relative stability on the foreign currency market resulted in inflation slowing down from a peak of 838% in June 2020 to 348% at the end of the year, with month on month inflation trending below 10% in second half of 2020. The slowdown in inflation was also driven by restricted money supply growth, limited government spending and wage compression. In addition, the introduction of Statutory Instrument 185 of 2020, allowing businesses to sell goods and services in hard currency also provided pricing stability and improved business confidence.

Adequate bulk infrastructure, such as roads, water, sewer and power remains critical to attracting investment and driving real estate development, since without adequate infrastructure, the real estate sector will continue to experience weak performance. The introduction of Real Estate Investment Trust (REITs) as an investment option was welcomed by the property investment community.

Property Market Overview

The property market remained subdued with limited sales transactional activity, developments, new projects and demand for space due to the difficult macro-economic environment. The market was characterised by low demand for space weakening opportunities to develop new product and lease existing product, especially the CBD office sector. The retail and industrial segments of the market remained resilient with steady demand, while the office park sector was also buoyant. The shift in demand from the CBD of major urban hubs towards office park sector was due to infrastructural deficiencies in the former. Developments and property sales were strong in the residential sector, while commercial transaction activity and leasing opportunities remained weak due to the decline in the service industry over the last decade reducing demand from corporate occupiers. The market has responded to the rising demand for space by the informal sector by adapting and developing spaces to cater for Small to Medium Enterprises (SMEs).

The COVID-19 pandemic affected the construction sector with delivery of projects slowing down due to the need to adhere to World Health Organisation (WHO) protocols on health and safety, which include social distancing and the need to have limited number of employees on construction sites. As various levels of the lockdown were implemented, and in some instances the closing of borders, the supply chain for materials was severely disrupted.

Property development risk remained high during the period driven by the oversupply of commercial real estate, limited debt capital and supply chain uncertainties. The few commercial developments have been funded predominantly through equity finance as a value preservation strategy by investors with excess liquidity.

COVID-19 has seen a significant shift to remote working by corporate entities, however, the inadequate power and data connectivity infrastructure has impacted negatively on some remote working initiatives, with most corporates still seeking office presence to house critical staff in order to remain productive. The market has not experienced significant changes in occupier requirements, but property investors will need to adapt existing product to be relevant in the new normal.

Well diversified property portfolios have been less affected by the pandemic, however the general macroeconomic environment, and general shifts in policy to trading of foreign currency resulted in recalibration of rentals and property values in real terms.

Managing Director's Review of Operations (continued)

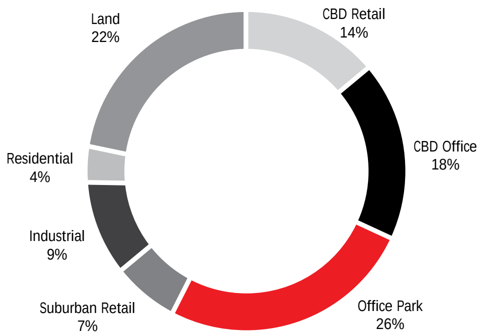
Overview of Business Performance

The Group registered positive earnings, with pre and post-tax profitability. Net property income after administrative expenses and before tax stood at ZWL 70.75 million, down 30% from prior year. This was driven by employee related costs increasing during the year in line with inflationary trends and the need to retain key talent despite depressed business activity during a financial year, which was negatively affected by the COVID-19 pandemic. Rental growth was restricted to 2% during the year, as the ability to review rentals aggressively was subdued due to the pandemic, as the business endeavoured to maintain occupancy levels at sustainable rentals for tenants during this period. The occupancy level during the year strengthened to 88.67% in FY2020 compared to 85.70% driven by improved lettings in the CBD Office sector.

Property Portfolio Structure and Performance Overview

The diversified nature of the property portfolio proved to be resilient especially in times of weak economic performance during the COVID-19 pandemic, balancing risk and return for a stable investment proposition for our shareholders.

Below is the property portfolio spread by value:



An independent property valuation conducted by Knight Frank Zimbabwe as at 31 December 2020 valued the property portfolio at ZWL 9.40 billion. This represents a 50% gain on the prior year on inflation adjusted terms and 575% in historical terms on a market value basis. This was driven by fair value gains realised across the sectors with the highest gains realised in the land bank, retail and industrial sectors.

Set out below are the valuation movements by sector for 2019:

All figure in ZWL 000's	2020 Valuation	2019 Valuation	Movement %
CBD Retail	1,300,740	607,560	114%
CBD Office	1,695,440	881,524	92%
Office Park	2,430,690	1,915,870	27%
Suburban Retail	650,200	301,449	116%
Industrial	862,030	383,541	125%
Residential	341,050	308,044	11%
Land	2,115,742	1,846,916	15%
Total	**9,395,892**	**6,245,903**	**50%**

The gains realised on the land bank are driven by re-zoning of a land bank from residential to commercial, while value appreciation in the industrial sector was due to improved rental potential and demand, while the retail sector displayed its inflation hedging characteristics. Top tier retail supermarkets, whereby turnover remained buoyant despite the pandemic, increasing rental potential and demand for such spaces, dominate the Group's retail portfolio.

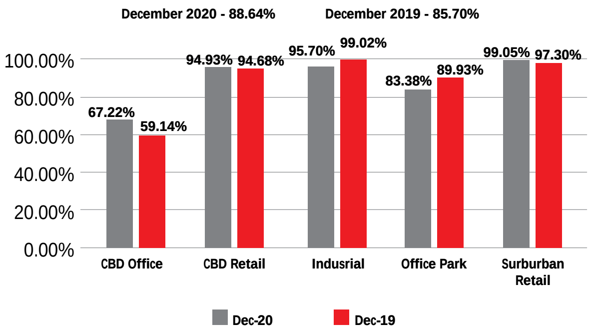
Below is an overview of the property portfolio performance:

	CBD Retail	CBD Office	Office Park	Suburban Retail	Ind.	Resi.	Land	Total
Value (ZWL millions)	1,300.74	1,695.44	2,430.69	650.2	862.03	341.05	2,115.742	**9,395.89**
% Portfolio weight by value	14%	18%	26%	7%	9%	4%	23%	**100%**
Number of properties	15	10	8	3	7	35		**78**
Gross lettable area ("GLA") m2	21,267	31,694	25,769	7,723	36,997	0		**123,450**
Land bank area (m2)							643,005	**643,005**
Effective ZWL Rental per sqm at period end	252.73	139.86	501.37	333.70	35.99	-	28.63	**262.43**
Occupancy level at period end	95%	67%	83%	99%	96%	96%	-	**88.64%**
Forward Rental yield	2%	1%	3%	3%	2%	1.42%	0.01%	**2.37%**

Occupancy levels

The portfolio occupancy level improved during the year closing at 88.64% up from 85.60%. This was driven mainly by net lettings in the CBD Office space, as the business restructured its space offering to cater for SMEs, providing space adequate for the rising informal sector. In addition, space was also leased to some Government related entities within the CBD.

Below is an analysis of the occupancy levels by sector:



The office park sector experienced a decline driven by space rationalisation by some tenants in light of the COVID-19 pandemic, while the industrial sector also experienced some net vacations as businesses adjusted operating models.

Arrears Management

Tenant receivables worsened to ZWL 44.97 million (FY2019: ZWL 29.29 million) as tenants struggled to meet lease obligations in light of constrained business operating environment due to the COVID-19

Managing Director's Review of Operations (continued)

induced lockdown and also currency changes resulting in repricing of rentals. In addition, the general illiquidity across the economy is affecting the settlement of obligations across various sectors.

The business will continue to monitor and evaluate collection plans through regular internal and tenant engagement with an objective to reduce the arrears position.

SECTOR REVIEW

Suburban Retail

The suburban portfolio comprise free-standing supermarkets in medium and high density areas and community shopping centre in a low density residential areas. Despite the pandemic, the sector has experienced sustained demand as supermarkets and ancillary services were deemed as essential services, operating under restricted timeframes during the pandemic, while depressed economic activity also reduced disposable incomes. Regardless of these factors, performance remained strong within our suburban retail cluster driven by the location of the assets and the tenant mix.

Set out below is the summary of key performance areas of the suburban retail sector:

Suburban Retail	2020	2019	Movement.
Value (ZWL millions)	650.2	67.21	867%
% Portfolio weight by value	7%	5%	40%
GLA m2	7,723	7,723	0%
Average rental (ZLW) per m2 @31 December	333.70	27.95	1094%
Occupancy level at period end	98%	97%	1%
Rental yield	24%	22%	10%

CBD Retail

The CBD retail sector sustained occupiers during the year driven by deferred rent reviews in the second quarter of year as the initial lockdown affected the CBD sector the worst. Despite the lockdowns, occupancy levels were sustained during the period, as demand for CBD retail space remains strong. The sector remains dominated by SMEs and informal businesses. Formal retail outlets maintained leases during the year, despite being harder hit by the COVID-19 pandemic.

Set out below is the summary of key performance areas of the CBD retail sector:

CBD Retail	2020	2019	Movement
Value (ZWL millions)	1,300.74	135.43	860%
% Portfolio weight by value	14%	10%	40%
GLA m2	20,334	20,334	0%
Average rental (ZWL) per m2 @ 31 December	252.73	15.84	1496%
Occupancy level at period end	95%	95%	0%
Rental yield	24%	18%	32%

CBD Offices

Despite the overall economic fundamentals remaining weak for the CBD Office sector at large, the Group's CBD Office sector experienced relatively positive performance during year. The occupancy level improved to 67% for the period ended 31 December 2020 compared to 59% as at 31 December 2019. The improved occupancy level was driven by active leasing efforts and restructuring of space to suit SMEs.

The demand supply imbalance continued during the year as the required macroeconomic activity in the productive and service sectors remains weak, coupled by inadequate infrastructure and enforcement of city bylaws in CBD locations making these precincts a less attractive value proposition for corporate occupiers.

Set out below is the summary of key performance areas of the CBD office sector:

CBD Office	2020	2019	Movement
Value (ZWL millions)	1,695.44	196.41	763%
% Portfolio weight by value	18%	14%	29%
GLA m2	31,694	31,694	0%
Average rental (ZWL) per m2 @31 December	139.86	13.63	926%
Occupancy level at period end	67.22%	59.14%	14%
Rental yield	12.44%	12.24%	2%

Office Parks

The Office Park sector remained resilient with stable performance. The occupancy level declined by 7% to 83.38% as some tenants downsized due to the COVID-19 pandemic. Despite the decline in occupancy level, the space had positive enquiries from blue chip corporates and international organisations. The office park properties remain prime spaces for tenants due to the location and quality of the assets and limited supply of similarly located prime assets in the market.

Set out below is the summary of key performance areas of the office park sector:

Office Park	2020	2019	Movement.
Value (ZWL millions)	2,430.69	427.09	469%
% Portfolio weight by value	26%	31%	-16%
GLA m2	25,769	25,769	0%
Average rental (ZWL) per m2 @31 December	501.37	35.99	1293%
Occupancy level at period end	83.38%	89.93%	-7%
Rental yield	18.86%	21.31%	-11%

The office park sector remains the key focus for expansion due to its location and ability of the asset to remain resilient even in periods of high uncertainty and market volatility, due to its nature of attracting tenants on a pure USD lease basis.

Managing Director's Review of Operations (continued)

Industrial

The COVID-19 pandemic affected the industrial portfolio, with the lockdowns affecting light industrial companies and reduced capacity utilisation across the productive sectors also affecting business activity. Despite these challenges, the sector showed resilience as it is weighted more towards retail warehousing and light industrial. The ability to increase rentals aggressively was limited resulting in a lower than average increase in the rental per square metre, while the rental yield declined. The occupancy level declined marginally by 3% to 95.70% as some smaller warehousing units became available due to the effects of the pandemic.

Below is the summary of key performance areas of the industrial sector:

Industrial	2020	2019	Movement.
Value (ZWL millions)	862.03	85.5	908%
% Portfolio weight by value	9%	6%	50%
GLA m2	37,931	37,931	0%
Average rental (ZWL) per m2 @31 December	35.99	7.93	354%
Occupancy level at period end	95.70%	99.02%	(3%)
Rental yield	16.35%	30.74%	(47%)

Property Developments

The expansion of Arundel Office Park remained a key project for the Group with focus on planning and pre-construction activities though progression during the year slowed down due to the COVID-19 pandemic disruption.

To this end, the sketch plan review was completed with cost plan and budget based on the preliminary design also completed and the detailed designs now ready for submission to the local authority ahead of floating the tender for the project.

The funding mechanics remain predominantly capital recycling as debt options in the local market remain limited. In addition, equity financing options anchored around the recent REIT legislation issued in Zimbabwe also provide another fundraising mechanism.

Despite the effects of the COVID-19 pandemic, the expansion of Arundel Office Park remains a key route to reposition the property portfolio, as corporates continue to explore office re-entry with suitable COVID- 19 compliant space in mind.

Sustainability

First Mutual Properties remains dedicated to providing sustainable real estate services that create long term value for our stakeholders. As such, operating sustainably becomes paramount in all our practices and values. This year was unlike any other due to the unforeseen challenges posed by the COVID-19 pandemic. The pandemic tested the resilience of many companies including us. The global response through national lockdowns had significant impacts on business operations. The group instituted mitigation measures prioritising employees and clients' protection from the risk of contracting the virus while on our premises. However, our sustainability strategy proved the agility in responding to unexpected events. First Mutual Properties believes that despite the effects of the pandemic, our sustainability strategy will continue to guide and deliver our future business successes.

Outlook

Improved economic activity is expected in 2021 with forecasted GDP growth of 7.4%, driven by an improved agricultural season, firming commodity prices, a stable local currency. Agriculture remains the key driver for economic growth, with the 2021 harvest season expected to yield volume uplift due to above normal rainfall driving volumes of core crops and increased hectares of cash crops. This will resultantly benefit the manufacturing sector, being the primary consumer of agricultural output. GDP growth is also expected from increased mining capacity utilisation driven by foreign currency stability and stable power supply, while the restructuring of payment system for the small-scale mining sector is expected to increase delivery volumes and efficiency within the sector. Anchoring inflation and maintaining price and financial ecosystem stability remains critical to improving business confidence. The continuation of a more liberal foreign currency auction system is expected to achieve those results.

The commercial real estate segment is expected to remain an occupiers market due to excessive supply of space. Despite expected growth in economic activity, the property sector is traditionally the slowest to react due to the nature of the asset. The positive outcomes to the property sector linked to GDP growth will be felt post 2021, as demand for space will be driven by any positive effects on the productive sectors of the economy. Rental yields are expected to remain weak due to the slow nature of price discovery of rentals, coupled by limited upside on rentals due to excess supply of space, while recent revaluations of properties will apply pressure to any growth in yields. Yield compression is expected where there is subdued economic fundamentals, with slow recovery as fundamentals improve. Rental yields for prime assets are expected to remain competitive due to limited supply of quality prime commercial real estate.

The primary focus for property investors will be capital preservation with growth into selected sectors and locations, with the likely participation model being syndicated equity financing. The introduction of REIT legislation, although currently limiting to private property investors with existing property portfolios, presents an opportunity for development projects, as the benefits for private investors are skewed towards new developments, increasing the potential for new developments as equity financing and crowd funding options would have been broadened.

The low yields are reflective of the low rental levels due to income compression in the country as the economy is currently recovering. When assessing yields in real terms, yield compression is normal in an economy where fundaments are weak and the focus is on capital preservation.

The Group will remain focused on further strengthening the competitive differentiation of existing products to enhance tenant

Managing Director's Review of Operations (continued)

experience, all to manage occupancy levels and ensure long-term sustainable earnings. Further repositioning core assets through planned maintenance and refurbishments will drive this, while the addition of new product through developments remains the key driver to repositioning the entire property portfolio to achieve better yields in alternative and non - traditional property investment assets such as infrastructure and green energy. The Group will also pursue opportunities created by the devolution agenda, which has seen Government making significant budgetary allocation to push local economic development.

C K Manyowa
Managing Director
Harare
5 May 2021

Board of Directors

Elisha K Moyo
Chairman
Independent
Non-Executive Director

LLM Tax Law Candidate (UNISA), MBA (UZ), LLB. Hons (UZ).

Chairman at NicozDiamond Insurance Limited.
Non-Executive Director of First Mutual Holdings Limited Group.
Vice Chairman, National Biotechnology Authority.
Councillor on the University of Zimbabwe Council.

Dr. Shasekant Jogi
Independent
Non-Executive Director

Development Planning, Regional & Urban Planning.

Former Director at Arup Zimbabwe (Private) Limited
Former President of the Zimbabwe Institute of Regional and Urban Planners.

Temba Ruvingo
Independent
Non-Executive Director

MBL (UNISA), B. Acc (UZ), CA (Z).

Acting Finance Director Agribank

Non-Executive Director of the National Biotechnology Authority of Zimbabwe.

Sharon Wekwete
Independent
Non-Executive Director

LLB, MSc Developmental Studies, LLM Candidate (UNISA).

Evlyn Mkondo
Independent
Non-Executive Director

B. Acc (UZ), CA (Z).

Non-Executive Director at
Schweppes Zimbabwe Limited,
First Mutual Holdings Limited,
Standard Chartered Bank of Zimbabwe Limited.

Board of Directors (continued)

Christopher K Manyowa
Executive Director

BSc Rural & Urban Planning (UZ), MBA (UZ).

Trustee - Dialogue on Shelter for the Homeless Trust

William M Marere
Non-Independent
Non-Executive Director

B Com (UNISA), CA (Z).

Group Finance Director of First Mutual Holdings Limited.

Douglas Hoto
Non-Independent
Non-Executive Director

Fellow of the Faculty of Actuaries (UK & SA), BSc Hons Mathematics (UZ).

Group Chief Executive Officer of First Mutual Holdings Limited.
Trustee of the S V Muzenda Foundation.

Dr. Arnold Chidakwa
Independent
Non-Executive Director

PhD, MSc (Econs) (Hons), ACMA, CGMA,Dip. Banking (IOBZ).

Quality Insurance (Pvt) Limited and Zimbabwe Revenue Authority.
Director of First Mutual Wealth Management (Pvt) Limited.

With effect from 29 July 2020, Ms Ruth B Ncube, a non-independent member of the Board, tendered her resignation as a director of First Mutual Properties, having been a member of the Board since September 2010. The Board conveys its sincere thanks and appreciation to Ms Ncube for her dedication, hard work and invaluable contribution to the company.

Senior Management

Tafadzwa Andrew Muzorewa
Head of Finance

MSc Real Estate Finance & Investment (UWE), (UK), BSc Accounting & Finance (UK).

John Ndere
Property Services Manager

MRICS, MSc.FM (UK), MBA (UZ), BSc. HRUP (UZ), AREIZ.

Esward Munyangadzi
Property Valuer

MSc Property Investment (UCEM) (UK), AREIZ, NDREE (UNISA).

Shingai Munemero
Financial Accountant

BBA Business Management (Solusi University), Association of Chartered Certified Accountants in progress.

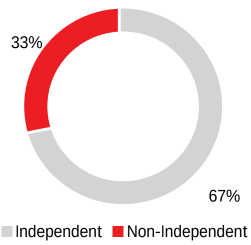
Corporate Governance

The Directors recognise the need to conduct the business of First Mutual Properties Limited with integrity and following generally accepted corporate practices to safeguard stakeholder interests. The Group is committed to the principles of good corporate governance based on best global practice. In line with the recent legislative developments in Zimbabwe, the Group continues to review and align its practices with the Companies and Other Business Entities Act (24:31), SI 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules and the National Code on Corporate Governance (ZIMCODE). The Group Human Resources and Governance Committee takes a leadership role in shaping the corporate governance practices across the Group.

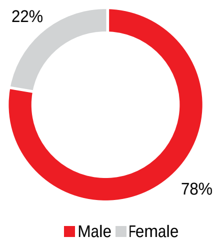
Board Structure

The Board of Directors is chaired by an independent non-executive director and comprises five other independent non-executive directors, two non-independent non-executive directors and one executive director who is the Managing Director. The Board enjoys a strong mix of skills and experience. The Board is the primary policy governance organ. The role of the Board is to determine overall policies, plans, strategies of the Group, and to ensure that these are implemented ethically and professionally.

Board Composition



Board Gender Composition



The Board meets regularly and guides corporate strategy, risk management practices, annual budgets, and business plans. Special Board meetings may be convened on an ad-hoc basis when necessary to consider issues requiring urgent attention or decision. The Company Secretary maintains an attendance register of Directors for all scheduled meetings during the year through which Directors can assess their devotion of sufficient time to the Group.
The Board has overall responsibility for ensuring the integrity of the Group's accounting and financial reporting systems including an independent audit, and that appropriate systems of control, risk management and compliance with laws and regulations. To ensure effectiveness, Board members have unfettered access to information regarding the Group's operations which is available through Board meetings, Board and Management Committees as well as Strategic Planning workshops organised by the Group. Directors may, at the Group's expense, seek independent professional advice concerning the Group's affairs. A third of the directors are required to retire on a rotational basis each year along with any director(s) appointed to the Board during the year. Executive directors are employed under performance-driven service contracts setting out responsibilities of their particular office, which are only renewed upon meeting the set performance targets.

The Board of directors and committees of the Board meet at least once every quarter or more often as the circumstances may require. The meetings of committees precede each quarterly board meeting. The company's shareholders meet at least once every year at the Annual General Meeting. The independent auditors deliver their report at each Annual General Meeting.

Stakeholder Communication systems with the Board

The company communicates with its stakeholders in a variety of ways. At Annual General Meetings, shareholders are given the opportunity to ask questions and interact with the board and management, as well as to exercise their vote on matters which are on the agenda. Also, information is conveyed through notices to shareholders, press announcements of interim and year-end results, analysts' briefings, annual reports to shareholders and material posted on the company website. Communication between the Group and its clients is conducted in person, by telephone, mail and a variety of digital platforms such as WhatsApp, Facebook, mobile apps and email. A dedicated call centre was established for client queries.

Business ethics

The company is committed to promoting the highest standards of ethical behaviour amongst all its employees. All employees are required to ensure that the Group's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Furthermore, all employees are required to observe the Group's Code of Ethics. The Group is a subscriber to an independently managed fraud hotline system.

Director's declaration

As provided by the Companies and other Business Entities Act [Chapter 24:31] and the Company's Articles of Association, the Directors are required to declare at any time during the year, in writing, whether they have any material interest in any contract of significance with the Group which could give rise to a conflict of interest.

Share dealing

In line with the Zimbabwe Stock Exchange Listing Requirements, the Group operates a "closed period" before the publication of its interim and year-end financial results during which period directors and staff of the Group may not deal directly or indirectly in the shares of First Mutual Properties Limited.

Directors' remuneration

Directors' fees for non-executive directors and remuneration packages for the Executive director are determined by the Group Human Resources and Governance Committee. The committee seeks to ensure that the Group is geared to compete at the highest levels by attracting and retaining high calibre individuals who contribute fully to the success of the business. Accordingly,

Corporate Governance (continued)

a performance related profit share is offered to employees of the Group including executive directors in addition to a basic salary package. The committee draws on external market survey data from independent advisors to ensure that the remuneration policy is appropriate. Non-executive directors' fees are reviewed periodically in line with market practice.

As of 31 December 2020 there were no loans from the Group to any Director.

Board Committees

The Board is supported by various committees in executing its responsibilities. The committees meet at least quarterly to assess and review the Group's performance and to provide guidance to management on both operational and policy issues. The Group from time to time reviews the number of committees as necessitated by the prevailing environment. Each committee acts within certain written terms of reference under which certain functions of the Board are delegated with clearly defined objectives. The terms of reference and composition of the committees are determined and approved for adoption by the Board on an annual basis. The Board monitors the effectiveness of controls through reviews by the Audit Committee and an independent assessment by independent external auditors.

The structure and composition of the committees are subject to continuous review and the position as of 31 December 2020 is outlined below.

Audit Committee

As of 31 December 2020, the Audit Committee comprised of three members, one of whom was the Chairperson. The Chairperson and one other were non-executive directors of the company, while one was a non-executive director of another company in the First Mutual Holdings Limited Group. The audit partner and audit manager are invited to attend all meetings. Both the internal and independent auditors have unrestricted access to the Audit Committee to ensure their independence and objectivity.

The First Mutual Properties Audit Committee has written terms of reference and is tasked with ensuring financial discipline within the Group, sound corporate values, and financial procedures. This Committee is further tasked with reviewing and approving the interim and annual consolidated financial statements of the Group and considering any accounting practice changes. The Committee deliberates on the reports and findings of the internal and independent auditors and also recommends the appointment of the independent external auditors and approves their fees.

Meeting attendance

Name	Position	Meetings attended	Number of meetings
E Mkondo	Chair	4	4
S Jogi (Dr)	Member	4	4
R Kupara (Mrs)	Member	4	4

Group Human Resources and Governance Committee

This Committee comprises three (3) non-executive directors of companies from the First Mutual Holdings Limited Group, one of whom is the Chairperson. This committee is mandated to deal with staff development and formulate remuneration policies for the entire First Mutual Holdings Limited Group, as well as to approve remuneration packages for executive directors and senior executives. The Committee is responsible for reviewing the supporting organisational structure in line with the Strategy and makes recommendations to the Board. The Committee reviews recruitment procedures and strives to ensure that staff remuneration packages remain competitive. As well as recommending the remuneration of non-executive directors to the Board, the committee acts as a Nominations Committee for Directors to Boards of companies in the First Mutual Holdings Limited Group. Also, the committee considers wider corporate governance issues and related party transactions.

Name	Position	Meetings attended	Number of meetings
S V Rushwaya	Chair	9	9
O Mtasa	Member	9	9
E K Moyo	Member	9	9

Group Investments Committee

As of 31 December 2020, this committee comprised four (4) non-executive directors of First Mutual Holdings Limited Group, one of whom is the chairperson. The committee formulates investment strategy and policy as well as reviewing the performance of money market, equity and property investments within the First Mutual Holdings Limited Group (Including First Mutual Properties). The committee assists the Board in the implementation of its investment policies and ensures that portfolio management is conducted in accordance with the Group's policies.

Name	Position	Meetings attended	Number of meetings
A R T Manzai	Chair	4	4
O Mtasa	Member	3	3
A Chidakwa (Dr)	Member	3	4
D Tomana (Mrs)	Member	3	3

Group Board Risk Committee

This committee comprises three (3) non-executive directors of First Mutual Holdings Limited Group, one of whom is the chairperson. The committee advises on the Group's overall risk strategy, current risk exposures, and risk governance. The committee considers and approves the remit of the risk management function and reviews reports on material breaches of risk limits, as well as the adequacy of remedial action. The committee also advises the Board on the risks aspects of proposed strategic transactions. The committee liaises with other Board committees as necessary.

Name	Position	Meetings attended	Number of meetings
G Baines	Chair	4	4
E K Moyo	Member	4	4

Corporate Governance (continued)

Board Meetings
First Mutual Properties Board meetings are reserved throughout the year and the Directors ensure that they give adequate time to discharge their duties effectively. Occasionally, Board meetings may be held at short notice when Board-level decisions of a time critical nature need to be made.
The table below sets out details of each Director's attendance at Board meetings during the year ended 31 December 2020.

Name	Position	Board	No of Meetings
E K Moyo	Chair	6	6
D Hoto	Member	6	6
S Jogi (Dr)	Member	5	6
W M Marere	Member	6	6
E Mkondo	Member	6	6
C K Manyowa	Executive	6	6
A Chidakwa	Member	5	6
S Wekwete	Member	4	4
T Ruvingo	Member	4	4

Works Council
The Group holds Works Council meetings every quarter. The Council provides a forum for employees to participate in the decision making process and discuss employees' concerns with management.

Internal Control
Management constantly checks and reviews the systems which are designed to provide maximum accountability at all levels. This includes measures to detect any irregularities or fraudulent activities, monitoring loss prevention and the systems of internal controls. The internal audit function plays an independent appraisal role in examining and evaluating the Group's activities. Its objective is to assist the Board and executive management in the effective discharge of their responsibilities. The scope of the internal audit function is to review the reliability and integrity of financial and operations information, the systems of internal control, the means of safeguarding assets, the efficient management of the Group's resources and the effective conduct of operations. The review mechanism is supported by IT generated data, procedural, operational and policy manuals which are periodically updated in line with changes to operational as well as commercial risks within the Group's principal activities. The head of the Internal Audit has unrestricted access to the Chairperson of the First Mutual Properties Audit Committee. A report is furnished to directors every quarter, but any items considered to be serious are communicated immediately.

The Group's internal controls are set out in the relevant procedures manuals which also set the required standards and key control activities. Adequate segregation of duties is in place to enhance the effectiveness -of these controls. The accounting policies are reviewed periodically by the First Mutual Properties Limited Audit Committee as well as the independent auditor.

Risk Management
The emphasis of the Group's Risk Management policies is the identification, measurement, and monitoring of all the risks associated with the Group's operations. The key objective is to curtail the risks within the Group to protect assets and earnings against financial losses and legal liabilities. Operational risks are managed through formalised procedures and controls, well trained personnel and, where appropriate, back-up facilities.

The Group manages risks of all forms especially operational market liquidity, credit risks, and project risks. These risks are identified and monitored through various channels and mechanisms. Emphasis is placed on continuous improvement of systems and ways of working through business process re-engineering as well as internal and external audits.

First Mutual Properties Limited has its own internal Risk Management Committee. Furthermore, a Group Risk Committee has been established at the Board level. The new Board Risk Committee works closely with the other Board Committees, particularly the Audit Committees, to ensure that risk is minimised and to assess the adequacy of the internal controls, making the necessary recommendations to the Board.

Social Responsibility
The Group recognises its responsibility to the society in which it operates. Pursuant to this, the Group is involved in various charitable endeavours including educational assistance to underprivileged children.

E.K Moyo
Chairman
Harare
5 May 2021

E Mkondo
Audit Committee
Harare
5 May 2021

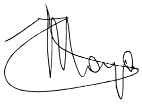
Statement of the Directors' Responsibilities

31 December 2020

Directors' Responsibilities

The Directors of the Company are responsible for maintaining adequate accounting records and for the preparation of financial statements that present fair and accurate information. The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and in a manner required by the Companies and other Business Entities Act [Chapter 24:31]. In discharging this responsibility, the Group maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that transactions are executed and recorded in accordance with International Financial Reporting Standards and in the manner required by the Companies and other Business Entities Act [Chapter 24:31]

The Directors have satisfied themselves that the Group and Company have sound financial positions and adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.



E K Moyo
Chairman
Harare
5 May 2021

C K Manyowa
Managing Director
Harare
5 May 2021

Compliance Matters and Declarations

The Group is committed to complying with applicable legal, regulatory and industry standards and will always seek to do what is lawful and right. Whenever the Group joins membership or adopts best practices that bring mandatory or voluntary obligations, constructive effort is made to ensure the business complies with such commitments. During the year, great effort was made to comply with the following instruments:

- The Companies and other Business Entities Act (Chapter 24:31);
- Real Estate Institute of Zimbabwe ("REIZ") Pronouncements;
- Regional, Town and Country Planning Act Chapter (29:12).
- Environmental Management Act Chapter (20:27);
- Public Accountants and Auditors Board Zimbabwe ("PAABZ") Pronouncements;
- Securities and Exchange Commission of Zimbabwe ("SECZIM");
- Zimbabwe Stock Exchange Listing Requirements; and
- Estate Agents Council Act(Chapter 27:17).

The following reports are presented for compliance with legal, regulatory provision, and industry standards.

Certification of Compliance by the Company Secretary

In my capacity as Company Secretary of First Mutual Properties Limited and it's subsidiary companies, I confirm that, in terms of the Companies and other Business Entities Act (Chapter 24:31), the Company lodged with the Registrar of Companies all such returns as are required of a public quoted company and private limited liability companies in terms of this Act, and that all such returns are true, correct and up to date.

S Lorimer

Sheila Frances Lorimer
Company secretary
Harare
5 May 2021

Sustainability Report

Our sustainability strategy proved the agility in responding to unexpected events

First Mutual Properties remains dedicated to providing sustainable real estate services that create long term value for our stakeholders. As such, operating sustainably becomes paramount in all our practices and values. This year was unlike any other due to the unforeseen challenges posed by the COVID-19 pandemic. The pandemic tested the resilience of many companies including us. The global response through national lockdowns had significant impacts on business operations. The group instituted mitigation measures prioritising employees and clients' protection from the risk of contracting the virus while on our premises. However, our sustainability strategy proved the agility in responding to unexpected events. First Mutual Properties believes that despite the effects of the pandemic, our sustainability strategy will continue to guide and deliver our future business successes.

SUSTAINABILITY

Sustainability Report

For the year ended 31 December 2020

First Mutual Properties took a strategic position on sustainable property development and management in a way that creates long term value for society and the business. This approach helps ensure an equilibrium of social, economic and environmental values that defines the properties and services we offer to our clients.

Our strategy of developing and managing sustainable properties requires us to maximise social benefits while minimising negative impacts on the natural environment and eco-system from emissions, waste and pollutants which may come out of our properties and tenants. As such, we try by all means to manage and develop buildings that are eco-friendly and sustainable. We also encourage our tenants to take responsibility for ensuring they manage their operational impacts.

Sustainable Property Management		
Highly Social Properties	Efficient natural resources usage Properties	Low waste/ Emission producing Properties

To achieve this, the Group adopted sustainability reporting using the Global Reporting Initiative ("GRI") Standards to strengthen sustainability management across the Group, operations and building sustainable relations with stakeholders. These standards enable the business to measure, manage and be accountable for the sustainability impacts and opportunities of our operations and properties.
Our sustainability strategy will enhance the evaluation of properties, sustainable construction and management of environmental impacts, resource efficiency and sustainable procurement processes while we work towards the International Green Certification Standards of our properties.

Sustainability management in our business
Management perceives sustainability reporting using GRI Standards as a strategy for risk management and business development. Therefore, management ensures the business identifies and manages all significant risks and opportunities relating to economic, environmental and social aspects that drive performance across our business and stakeholders. Management has rolled out full implementation of sustainability practices and values across the company ensuring each entity takes due care of aligning business practices with sustainability values in their operations.

Stakeholder Engagement
Stakeholder engagement is strategic in managing and improving our sustainability performance. By continuously seeking to understand the needs of our stakeholders, we get insights into their thoughts about how we impact them. The engagement process helps us understand our sustainability context and the business operating environment. This allows us to identify material issues. Stakeholder engagement is a strategic pillar whose responsibility is shared across all employees.

First Mutual Properties Limited categorise stakeholders into:
- External stakeholders- tenants, government, regulators, communities, suppliers and investors etc.
- Internal stakeholders – employees and management etc.

Our business philosophy is to treat all our stakeholders as business partners who provide strategic insights on business risks, opportunities and future business developments.

Our Approach
Stakeholder engagement is a shared responsibility across the Group that helps us to identify risk and opportunities derived from stakeholder concerns and needs. Our approach is to continuously profile and understand the legitimate interests of our stakeholders in our business, products and services. Stakeholder profiling provides us with critical information to help us formulate engagement strategies for each stakeholder group. Management continually seeks to understand any issues or concerns raised by our stakeholders, both internal and external and devise the best approaches to respond. Our approach is to regard stakeholder issues as a source of risk or business opportunity. During the year, our stakeholder engagement was as follows:

Sustainability Report (continued)
For the year ended 31 December 2020

Stakeholder	Key issues raised	FMP response to issues	Engagement Method
Employees/ Staff	Talent optimisation through aligning employees with business strategy. Talent management (recruitment, reward and retention)	• Integrated talent management. • Employee Engagement • Assessment of COVID-19 impact on employees and resultant support.	• Electronic communication • Employee updates • Wellness days • Training and development
Tenants	Maintaining and attracting a new client base. Provision of high quality infrastructure services.	Tenant engagements to understand their needs. Rental deferment and discounts.	• Personal interactions and meetings • First Mutual Golf Classic • Onsite Property teams.
Suppliers	Provision of quality services and products which enhance our properties. Providing sustainable business and growth opportunities that are mutually beneficial transparently and equitably.	• Engagement and support to suppliers to ensure compliance with supplier guidelines and COVID-19 regulations.	• Supplier meetings • Contract meetings
Government and regulators	Regulatory certainty	• Ongoing engagement with tax authorities. • Establishment of a dedicated group compliance department to ensure compliance.	• Tax legislation • Formal responses on policy and regulation • Workplace skills development plan
Shareholders and Potential Investors	Sustainable returns on investments Effective business growth	• Continuous strengthening and evaluation of governance structures. • Dividend payout • Engagement with Analysts and investors.	• Annual reports • Analyst briefings • Annual general meetings
Communities	Understanding the key social, economic and environmental concerns of stakeholders. Creating a positive impact on stakeholders	• COVID-19 Donations	• Social media pages and direct engagements

Materiality

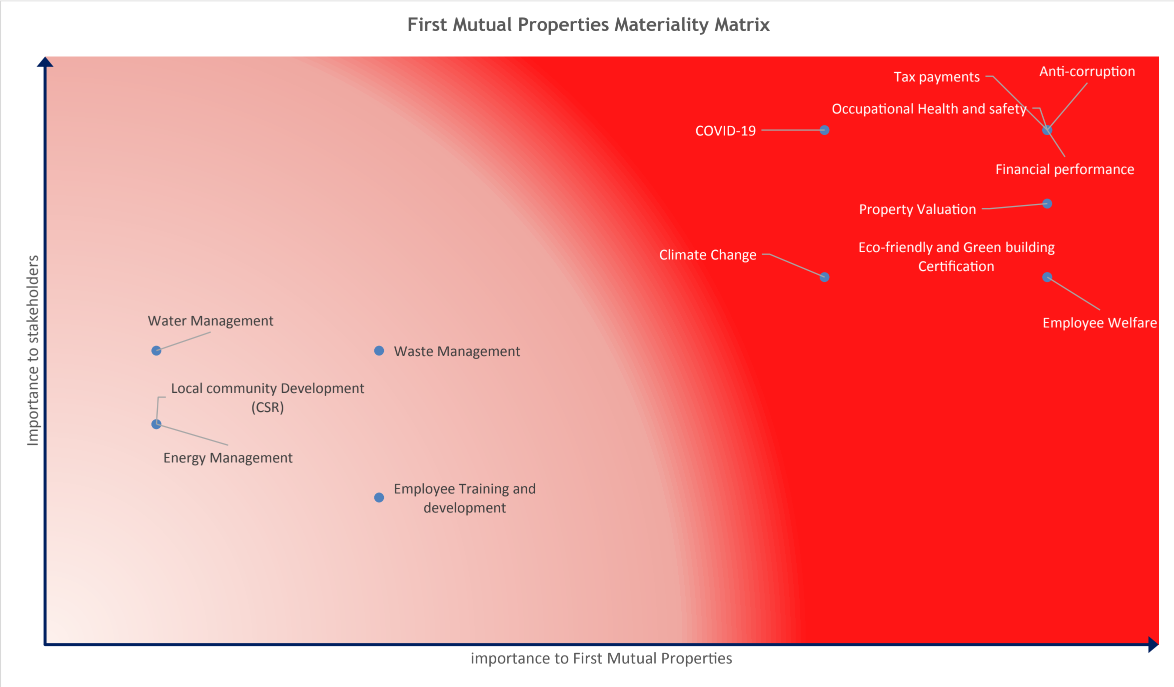
Material topics were derived from critical issues raised by internal and external stakeholders. A survey was conducted to identify issues deemed significant to stakeholders and the business. These issues were further evaluated and used to identify material topics related to performance indicators contained in the GRI Standards for reporting. The Group assessed topics identified by evaluating their relevance and significance to the real estate sector, the nature of our business and the business operating environment.

The sustainability team leaders identified a list of relevant sustainability topics for the Group and categorised them into economic, environmental and social themes as presented below:

Environmental	Social	Economic
Energy Water Climate Change Eco-friendly and Green building certification	Employee Welfare Staff Training and Development Local Community Development Occupational Health and Safety COVID-19 Pandemic	Financial Performance Property valuation Anti-corruption Tax payments

Sustainability Report (continued)
For the year ended 31 December 2020

Materiality Matrix



REPORTING PRACTICE
First Mutual Properties Limited reports on an annual basis for public disclosure by integrating financial and non-financial information. The report covers Key Performance Indicators (KPIs) deemed material to the Group and stakeholders.

Reporting Boundaries
In defining the reporting boundaries for this report, First Mutual Properties Limited focused on material impacts on our significant operations in Zimbabwe.

Report Data
The Group used quantitative, qualitative data and information to explain performance on material topics in this report. This information was extracted from company records, policies and employees responsible for the subject matter areas.

Report Period
The reporting period for the Group spans over 12 months from 1 January to 31 December each year.

Report Declaration
Management declares that this report was prepared in accordance with applicable GRI Standards – 'Core' option.

Environmental Impacts

First Mutual Properties Limited is committed to minimising negative impacts on the natural environment and eco-system hosting our properties. We achieve this by monitoring our operations to ensure efficient use of environmental resources such as energy and water which contributes to operational efficiency and long term sustainability of the company. The company always emphasises environmental impact consideration to any contractors during the construction of properties.

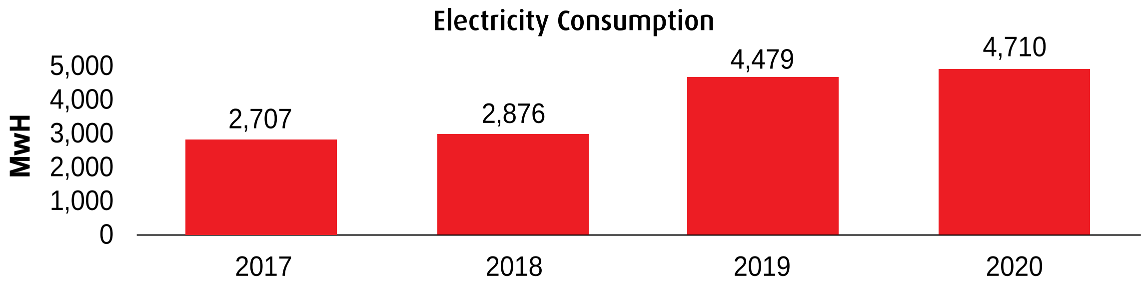
Energy Consumption

Energy is a significant element in our operations used for water heating, lighting, equipment appliance use and space heating among other uses. Realising that our business operates in an environment of energy constraint, management prioritises energy efficiency within our operations. Generally, our properties depend on grid electricity as the predominant form of consumed energy, though onsite fuel combustion serves is recognised. This makes energy consumption a significant cost for the business.

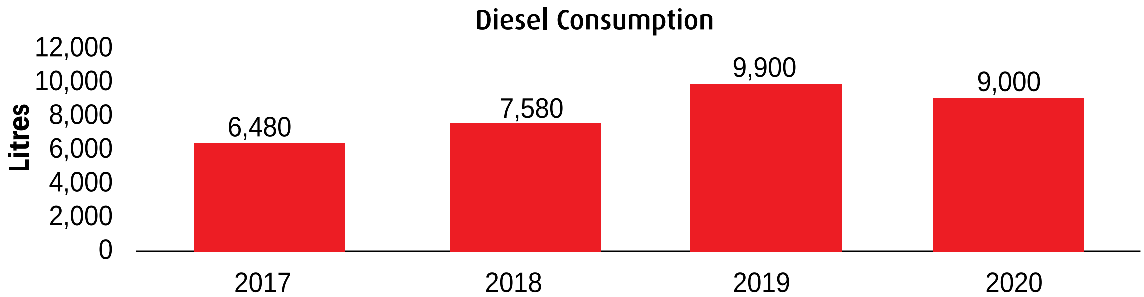
The Group continues to develop energy efficiency practices to reduce dependence on non-renewable energy. We believe building energy efficiency is a notable driver for tenant demand as it allows them to control operating costs, reduce contribution to climate change and maintain a reputation for resource conservation. In our offices, management encourages all staff members to ensure electricity is switched off in non-core areas and use carpooling to save fuel. During the year the business negotiated an Engineering Procurement and Construction (EPC) agreement for the installation of solar at First Mutual Park.

Energy Consumption	Unit	2020	2019	2018	2017
Electricity	Mwh	4 710	4 479	2 876	2 707

Our energy consumption



Fuel Consumption	Unit	2020	2019	2018	2017
Diesel	Litres	9 000	9 900	7 580	6 480
Petrol	Litres	6 000	2 310	1 465	1 900



Water Management

Water is a valuable resource and basic requirement for human life, clients wellbeing and the upkeep of our properties. As such, we value this resource and appreciate the need to sustainably use and manage it at all times. We are taking an active role to assess the cost implications of water use, expectations of overconsumption and constraints on supply triggered by population growth and shifts, pollution, and climate change. These elements have significant implications for our clients and our operations, as such the company takes high interest and responsibility in water management. We continue to assess water efficiency in our properties considering water availability and usage practices among other factors.

Sustainability Report (continued)
For the year ended 31 December 2020

Water withdrawal by Source
Our main sources of water in our premises and facilities are borehole and municipal supplies. We knowledge that these sources and withdrawal trends have to be managed sustainably to conserve these precious resources. Our properties draw the bulk of their water from municipal supplies and vendors. During the year, water supplies were as follows:

Water Consumption	Unit	2020	2019	2018	2017
Municipal	ML	649.2	686.1	13.66	14.52
Borehole	ML	40.23	37.24	41.20	38.20

Our business is located in areas with constrained water supply. As such, we manage this through scheduled water supplies and conserving the available water in our reservoirs. The business had plans for sinking more boreholes to address the perennial municipal water challenges. In 2020, no boreholes were drilled as the business relied on portable water supplies for various buildings.

Waste Management
Our operations generate significant amounts of waste from tenants and business activities. The majority of waste generated is often organic although there are considerable paper and plastic waste generated. Intermittent collection of waste lessens the aesthetic value of our properties thereby threatening our relations with tenants and other stakeholders. The business has little control over the amount of waste generated but has a greater responsibility of ensuring the management of collection and legal disposal of waste.

To manage challenges brought by waste generation, the business has put in place the following controls:
- Scheduled waste collection.
- Assessment of building dumping areas for cleanliness.
- Contracted a truck to collect garbage at Arundel office park.
- Introduced waste segregation at Arundel Office Park.

During the year, wastes generated was as follows:

Waste Generated	Unit	2020	2019
Solid waste	Tons	1 416	1 434

Eco-friendly and Green Building Certification
The business subscribes to the principles of eco-friendly and green building certification. We appreciate that buildings have extensive direct and indirect impacts on the environment. There are already prescribed standards and certifications aimed at mitigating the impact of buildings on the natural environment. First Mutual Properties has noted increased attention by international tenants to green building and eco-friendly properties. We also recognise that sustainable design that is promoted by Green certification reduces tenant costs which in turn improve occupancy. The business has committed to incorporate eco-friendly concepts in all new buildings in the future. First Mutual Properties ensure the environmental around buildings in office parks is kept green with lawn and natural plants.

Sustainability Report (continued)
For the year ended 31 December 2020

Property Valuation
First Mutual is committed to embedding the principles of green buildings and sustainability in all our properties. We recognise how it influences the value of properties in the market. Currently, in our local market, we have observed limited market related properties that meet the Green Building Standards –which potentially can limit comparable property valuations. However, given the futurist necessity for green buildings, we continue to embed property strategies, maintenance and refurbishment practices that are aligned towards sustainability.

As part of enhancing the value of our properties we undertook the following initiatives:
- Disabled car parking and toilets plus access ramps.
- Commenced process for solar power on rooftops starting with First Mutual Park and then to roll out to other properties.
- Commenced planning for Arundel Office Park extension with a green building proposal with solar energy, roof mounted, water recycling for use in the toilets, touchless toilets and urinals, sensor connected lights for the offices and natural lighting and ventilation.

We evaluate our green buildings goals through internal audits, the Green Building Council of Zimbabwe, and tenant satisfaction. However, we have received satisfactory feedback on all audits and tenants' feedback.

SOCIAL IMPACTS
The Group's social impacts strategy provides opportunities for engaging with our employees, communities, and customers to build shared values. The Group's strategy for social impacts is focused on human capital management, community investments, and employee corporate social responsibility. This allows the Group to build a strong social capital that sustains our performance underpinned by a strong human capital base and good community relations. The Group continues to work towards upholding inclusivity, gender, equality, diversity and social development among our stakeholders.

Human Capital Management
Our employees are central to how we deliver value to our stakeholders and sustaining our corporate brands. In light of the radical economy and technological advancement, our employees remain a significant core element of our business. First Mutual Properties recognises that its competitive advantage hinges largely on its human capital and the talent that resides within each and every one of its employee thus ensuring the holistic wellbeing and development of our employees is catered for. Group management provides an exciting working environment supported by prospects for professional development. We continue to provide employment opportunities and equal opportunities across Group.

87% of our employees are covered by Collective Bargaining Agreements.

During the year, our employees' base was as follows:

Total Employees	Unit	2020	2019	2018	2017
Male	Count	27	29	30	30
Female	Count	11	8	10	10
Total	Count	38	37	40	40

Employees Hire					
New Employees	Unit	2020	2019	2018	2017
Male	Count	-	1	2	4
Female	Count	3	-	2	1
		3	1	4	5

Sustainability Report (continued)
For the year ended 31 December 2020

New Employees by Age	Unit	2020
Under 30 years old	Count	2
30- 50 years old	Count	1
		3

Turnover by Age	Unit	2020
Under 30 years old	Count	-
30- 50 years old	Count	2
		2

The changes in the numbers of employees were due to contract expiry and resignations. Staff turnover was well within the international benchmark of 7%, with only one employee resigning at the end of the reporting period.

Employees by Contract type	Unit	2020
Permanent	Count	36
Contract	Count	2
Total		38

Occupational Health and Safety
First Mutual Properties Limited attaches great value to staff health and safety in the workplace. Employee wellbeing in the workplace is not only a foundation for the smooth operation of First Mutual Properties Limited but also an indicator of how we protect the rights and interests of our employees. Management ensures that there is great awareness of workplace safety, work life balance, and protection of the physical and mental health of our employees at all times.

The business is committed to the provision of adequate control of health and safety risks arising from our work activities and to provide systems for a prompt and effective response to and control of emergencies to reduce losses and consequences of fire, robbery, and other emergencies. During the year, they were no safety incidences.

COVID-19
The COVID-19 pandemic created a challenging atmosphere for businesses and society at large. The business is keen to help limit the rate at which the virus spread while supporting employees and customers to the new way of working. The safety and wellbeing of our people remain a priority. The challenges stimulated by the pandemic required a coordinated response to ensure all exposure points are eliminated.

COVID-19 Taskforce
The Group Human Resources Executive has the overall responsibility for the management of COVID-19 within the First Mutual Holdings Limited Group. The executive delegated responsibilities to the COVID-19 Taskforce set up to ensure that there are awareness and adequate resources to mitigate against the spread of the COVID-19 virus across the Group.

Managing COVID-19 Risks
The business put in place several systems to prevent and manage COVID-19 risks in line with the Government requirements and recommendations from the World Health Organisation (WHO).

- Checks for employees and customers.
- Provisions of personal protective equipment such as face masks.

- Disinfection of surfaces at our workplace premises.
- Transportation of employees to their place of residence to minimise exposure from the general public.
- Remote working implementation for selected employees.

During the year, three (3) employees tested positive for COVID-19 and recovered.

Training and Education

The Group fosters a continuous learning culture to keep our employees up to date with global trends and best practices. Training and education help ensure that our employees are capacitated and skilled for efficiency and effectiveness in the execution of their duties as well as meeting the overall business strategy. Training at First Mutual Properties also develops a sustainable talent pool for both current and future business needs.

The business has in place, budgets and policies to support staff training managed under the Human Resources. The Department provides employees with information on accessing appropriate developmental programmes to increase their skills, broaden their experience and enhance their knowledge.

The business offers:

- Management Development Programmes – supervisory employees onwards are provided with training to address core competency gaps required by the company.
- Business operations training - these address specific competencies which vary between different jobs.
- Study loans – provision of financial assistance to undertake professional studies.
- Study leave –availed for writing exams
- Refund upon Successful completion of studies - the company may, at the discretion of management, and subject to the staff member's good performance and good disciplinary record, refund 75% of the tuition and examination fees paid by the staff member who has completed examinations.
- Subscriptions to professional bodies - Provision of the professional subscription is based on the higher the number of professional associations or the monetary limit.
- Conferences and seminars.
- Developmental Programmes.
- Graduate Trainee Development.
- Coaching and Mentorship.

Training hours

Below are the average training hours per employee:

Gender	Unit	2020	2019	2018	2017
Male	Hours	6	39	59	17
Female	Hours	14	39	49	47

Training by Employee Category	Unit	2020
Executives	Hours	2
Senior Management	Hours	2
Rank and File	Hours	16

Community Investment

First Mutual Properties Limited is committed to sustainable development and empowerment within communities. The business seeks to make decisions not only related to maximising profit and shareholder value but also to serve and protect the interests of customers, employees and communities as a whole.

The key pillars of managing our corporate responsibility are corporate philanthropy and good corporate ethical conduct. We believe that business and society are correlated with each other, as business fulfils the needs of society, we build a shared vision. As part of the First Mutual Holdings Limited Corporate Social Responsibility Programme initiative through the First Mutual Foundation, First Mutual Properties Limited contributes a portion towards educational assistance to children from economically challenged backgrounds. The foundation assists selected children ranging from primary school through to university level although we sometimes deliberately emphasis students studying towards insurance and actuarial degrees at the university level. As part of the First Mutual Holdings Limited Group, we also take part in

Sustainability Report (continued)
For the year ended 31 December 2020

supporting other community development related needs that uplift the standards of life and societal well-being across the country. During the year under review, we contributed ZWL187,918.00 towards community investments conducted under First Mutual Holdings Limited.

Activities

Category	Purpose of Investing in the segment	Beneficiaries	Materials Donated	Value ZWL
Disasters/ Pandemic Relief	COVD-19 relief	Communities	Groceries and Foods stuff	150,000
Education	Supporting talent but disadvantaged students with scholarships	Students	Funding/ Fees	37,918
Total				187,918

SUSTAINABLE DEVELOPMENT
At First Mutual Properties Limited, we value the contribution of our buildings to the wellbeing and comfort of our tenants. We strive to ensure that our buildings offer fulfilment and focus on managing any elements which threaten our tenants' safety and health. We understand that we live during times where expectations have changed, and tenants want properties that present a safe environment where hospitality and peace of mind take centre stage. We must take note of these changes to drive tenant satisfaction. We continue to foster stakeholder engagement to ensure we align our spaces to our client's needs.

We seek to ensure our buildings are attractive by ensuring they co-exist with green spaces, these can be in the form of green gardens, and aquariums run as part of our properties. First Mutual Properties believes these efforts will contribute to the wellbeing of our tenants attracting more business to the company and improving our brand image. We also seek to ensure our building meets local and international building standards so that the atmosphere in our properties does not threaten tenant's safety and health.

We contribute to goal number eleven (11) of the Sustainable Development Goals of making cities and human settlements inclusive, safe, resilient and sustainable. We ensure our property development and project respond to human settlement needs and business office space. As such, careful planning and designing is made to ensure our properties respond to sustainable cities goals.

The business aims to promote quality education (SDG 4) through the First Mutual Foundation scholarships and educational support. Each we provide funding to schools and students. We support talented but disadvantaged children with tuition so they can achieve their educational goals. We also provide an environment for learning to the institution through the provision of Industrial placement position and graduate traineeship.

First Mutual Properties directly supports decent work and economic growth, our business directly creates employment opportunities within the company and the supply chain. Our local support for entrepreneurs has add an effect on creating jobs and boosting the economy.

RESPONSIBLE MARKETING
As we engage with our clients, we try by all means to ensure we communicate the true state of our properties and services in a manner that is not offensive or misleading. This can be in the form of adverts which misrepresents our properties as green buildings when they are not or marketing which lacks respects or promotes bad behaviour.

ECONOMIC PERFORMANCE
Our ability to continue operating depends on our capacity to create value for our stakeholders. It is this recognition that inspires First Mutual Properties Limited to generate value and distribute it sustainably. As a real estate company, we have a social and economic role to play as our operations impact the development of cities.

Management Approach
Management strategy is to optimise value creation that advances operational efficiency and benefits for stakeholders sustainably. Our performance actively and promptly responds to government fiscal and monetary policies. Management ensures that value is distributed in a manner that considers the long-term perspective of the business. To strengthen our economic impacts, we continue to improve portfolio diversification, managing maintenance, and operating expenses, and improving occupancy levels to generate economic value. Our strategy is to ensure economic value generated is distributed according to priorities in our strategic plan.

Sustainability Report (continued)

For the year ended 31 December 2020

During the year, Economic Value Generated and Distribution was as follows:

Indicator	Unit	2020	2019	2018
Value Generated	ZWL	177,823,207	23,565,453	8,076,571
Other Income and Interest	ZWL	95,494,532	13,130,744	486,030
Total Value Generated		**273,317,739**	**36,696,197**	**8,562,601**
Economic Value Distribution				
Other operating Costs	ZWL	(75 945 188)	(11 078 936)	(4 063 234)
Staff costs and benefits	ZWL	(53 817 180)	(4 476 165)	(1 541 059)
Fair Value and related charges	ZWL	8 052 577 664	1 246 756 000	6 265 127
Depreciation and amortisation	ZWL	(67 750)	(47 428)	(27 575)
Allowance for credit losses	ZWL	(6 427 373)	(755 201)	(49 919)
Taxes	ZWL	(614 335 834)	(236 552 153)	(5 086 230)
Total Economic Value Distributed	ZWL	7 301 984 340	993 846 117	(4 502 890)
Economic Value Retained		7,575,302,078	1,030,542,314	4,059,711

Defined Contribution Plan Obligations and Other Retirement Plans

Preparing for life after work is often a daunting task for many employees. To ensure our employees have a dignified send-off and not to worry about financial demands, we have invested in retirement plans. We want our employees and their families to know that we care for them even after they are no longer working for us. We ensure that employees have access to voluntary and statutory pension schemes. By 31 December 2020, 95% of our employees were covered by a pension fund. In addition, the Group contributes to a statutory national social security fund.

During the year, our contributions towards pension were as follows:

	2020	2019	2018	2017
Pension Contribution ZWL	965,018	128,179	81,000	79,000

Tax Payments and Strategy

The Group makes payments to the government through taxes. These payments help the government address important developmental issues, maintain infrastructure and develop national policies for our business operating environment. We believe that being transparent on our tax affairs is a fundamental ethical and good business culture. At First Mutual Properties Limited, our tax strategy is to prioritise paying taxes and ensure we are up to date with tax developments. As such, we have systems in place that helps the Group to monitor all tax obligations and ensure compliance with all applicable tax laws and regulations as they develop. Regularly, we engage with the Zimbabwe Revenue Authority (ZIMRA) and tax experts on developments that help inform our tax planning and compliance.

During the year, our payment to the government was as follows:

	2020	2019	2018	2017
Total Tax Payments (ZWL)	37,875,770	4,386,597	2,194,896	2,349,000

Sustainability Report (continued)
For the year ended 31 December 2020

RISK MANAGEMENT

Our Strategy
First Mutual Properties Limited is exposed to a wide range of risks from our customers and the business operating environment. To manage the risk we face in our business we take a proactive approach to assess the threats we face. The Board is committed to increasing stakeholder value through the management of enterprise risks. We believe sustainability leadership at Board and Executive level play a significant role in integrating non-financial risk management in the business. As such, consideration of both financial and non-financial risk is critical to our business activities and enables us to make informed decisions. Our risk management process is aligned with First Mutual Holdings Limited Group risk management processes.

The function of our Group Risk Management includes:
- Assisting the Board and Management to develop and maintain our risk management system, and inform the board of any material risks that may have a material effect on First Mutual Properties Limited.
- Identification, monitoring and mitigation of material risks and promoting a robust risk culture in the organisation.
- Ensuring that there is sufficient capital in place to operate sustainably within the risk appetite and the trending risk profile.

The board is ultimately responsible for risk management in the organisation ensuring that our risk taking endeavours are well informed. As an organisation, we have set parameters to assess the effectiveness of risk management to continuously monitor and improve ourselves. Our risk management model is structured to focus on strategy and business, enterprise wide, financial, credit, foreign currency, investment, interest, liquidity, and insurance risk. These are managed through committees with the board being overall responsible for Group risk management.

Management Approach
The Group Risk Management Department is headed by the Chief Risk Officer. Its main activities are to address the following issues at each of the business units of the Group:
- Appraising of systems, procedures and management controls and providing recommendations for improvements;
- Evaluating the integrity of management and financial information;
- Assessing controls over the Group assets; and
- Reviewing compliance with applicable legislation, regulations, Group policies, and procedures.

The Group Risk Management Department reports to the subsidiary company audit committees, the Group Combined Audit and Actuarial Committee and the Board Risk Committee has unrestricted access to these Committees. Each company within the Group is audited regularly by the internal auditors based on the annual work plan and close communication is maintained between internal and independent auditors.

Financial Risk Management
The Group's internal financial controls are set out in the relevant procedures manuals which also set the required standards and key control activities. Adequate segregation of duties is in place to enhance the effectiveness of these controls. The accounting policies are reviewed periodically by the Group Combined Audit and Actuarial Committee, internal auditors and independent auditors. The Group Investment Committee set limits on investment risk that individual and managers can trade on.

Operational and Business Related Risk Management
The Group manages operational risks through formalised procedures and controls, well trained personnel and where necessary back-up facilities. The Group manages the risk of all forms including operational, market, reputational, liquidity and credit risks. These risks are identified and monitored through various channels and mechanisms. The Group Risk Management Department is responsible for the assessment of the overall risk profile which is managed by Managing Directors and General Managers on an on-going basis. Emphasis is placed on continuous improvement of systems and ways of working through business process re-engineering as well as internal and external audits. First Mutual Properties has its Internal Risk Management Committee. The Board Risk Committee works closely with the other Board Committees, particularly the Audit Committee, to ensure that risk is minimised and to assess the adequacy of the internal controls, making the necessary recommendations to the Board.

Declaration by Head of Finance

31 December 2020

The financial statements on pages 48 to 110 have been prepared under the supervision of the Head of Finance Tafadzwa Muzorewa.

Head of Finance: Tafadzwa Muzorewa MSc Real Estate Finance & Investments (UWE) (UK), BSc Accounting & Finance (UK).

Building a better working world

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Independent Auditor's Report

To the Shareholders of First Mutual Properties Limited

Report on the Audit of the Inflation Adjusted Consolidated and Separate Financial Statements

Adverse Opinion

We have audited the accompanying inflation adjusted consolidated and separate financial statements of First Mutual Properties Limited and its subsidiaries ("the Group"), as set out on pages 48 to 110, which comprise the inflation adjusted consolidated and separate statement of financial position as at 31 December 2020, the inflation adjusted consolidated and separate statement of profit or loss and other comprehensive income, the inflation adjusted consolidated and separate statement of changes in equity and the inflation adjusted consolidated and separate statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated and separate financial statements do not present fairly the financial position of the Group and Company as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of Companies and Other Business Entities Act (Chapter 24:31).

Basis for adverse opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates and IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors.

Historical functional currency date of application

As explained in note 2.2 to the inflation adjusted consolidated and separate financial statements, the Group and Company changed its functional and reporting currency from United States Dollar (US$) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

The predecessor auditor issued an adverse opinion for the year ended 31 December 2019 as they believed that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019. Management prospectively applied the change in functional currency from USD to ZWL from 23 February 2019. The correct approach would have been a retrospective restatement as a prior period error in terms of International Financial Reporting Standards – IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors. Further contributing to the adverse opinion in prior year was the translation of foreign currency denominated transactions and balances of the Group and Company to ZWL using the interbank exchange rate which was not considered an appropriate spot rate for translation as required by IAS 21. We are in agreement with the conclusions reached in the previous years by the predecessor auditor.

Management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period in accordance with IAS 8 as it was not practicable to do so. As a result, elements of the closing balances for the following accounts as stated on the Consolidated and separate Statement of Financial Position remain misstated:

Consolidated Statement of Financial Position

- Retained Earnings of ZWL 8 686 515 571, and
- Deferred Tax Liability of ZWL 840 624 110

Independent Auditor's Report (Continued)

Company Statement of Financial Position

- Retained Earnings of ZWL 7 017 739 650, and
- Deferred Tax Liability of ZWL 588 046 006

Valuation of investment properties,

The Group and Company's investment properties are carried at ZWL 9 395 892 350 and ZWL 5 805 469 829 (2019: ZWL 1 392 132 336; 2019: ZWL 3 168 396 612) respectively as at 31 December 2020 as described on Note 6 and Note 1 to the consolidated and company inflation adjusted financial statements, respectively. The investment properties were valued using USD denominated inputs and converted to ZWL at the closing auction rate. We believe that applying a conversion rate to a USD valuation to calculate ZWL property values may not be an accurate reflection of market dynamics, as risks associated with currency trading do not always reflect the risks associated with property trading.

Consequently, property values may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts. The predecessor auditor's report was also modified due to this matter.

Application of IAS29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was misstated due to non- compliance with IAS 21 / IAS 8 and inappropriate valuation of investment properties as described above. Had the correct base numbers and start date been used for IAS 29 purposes, the following balances on the Statement of Financial Position of the inflation adjusted financial statements would have been materially different:

Group Statement of Financial Position
- Retained Earnings of ZWL8 686 515 571,
- Current tax payable of ZWL4 060 840 and
- Deferred Tax Liability of ZWL840 624 110

Group statement of profit or loss;
- Income Tax Credit of ZWL306 037 300
- Fair Value Adjustment-Investment Properties of ZWL3 199 806 850

Company Statement of Financial Position
- Retained Earnings of ZWL7 017 739 650,
- Current tax payable of ZWL1 681 967 and
- Deferred Tax Liability of ZWL588 046 006

Company Statement of Profit or Loss;
- Income Tax Credit of ZWL1 725 548
- Fair Value Adjustment-Investment Properties of ZWL2 685 890 867

The predecessor auditor's report was also modified due to this matter with respect to the prior year inflation adjusted consolidated and separate financial statements.

Overall Consequential Impacts

As no restatements have been recorded in current year per IAS 8 to correct the above matters, our audit report on the consolidated and separate inflation adjusted financial statements for the year ended 31 December 2020 is further modified for the following reasons;
- All corresponding numbers remain misstated on the consolidated and separate inflation adjusted Statement of Financial Position, Cash Flows, Profit or Loss and Changes in Equity, this also impacts comparability of the current period's figures,
- As opening balances enter into the determination of cash flows and performance, our audit report is modified in respect of the impact of these matters on the consolidated and separate inflation adjusted Statement of Cash Flows, consolidated and separate inflation adjusted Statement of Profit or Loss and consolidated and separate inflation adjusted Statement of Changes in Equity.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated and separate financial information.

Independent Auditor's Report (Continued)

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Inflation adjusted annual financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Other Matter

The Consolidated inflation adjusted financial statements of the prior period ended 31 December 2019 were audited by PricewaterhouseCoopers Chartered Accountants Zimbabwe and an adverse opinion was expressed on the 6th of July 2020. The basis of the adverse opinion was that financial statements had not been prepared in conformity with IFRS, in that the requirements of IAS 21 had not been complied with, consequently impacting the base and start date used for IAS 29 adjustments. Furthermore, the audit report was modified due to the limitations arising in the valuation of investment property due to the application of significant unobservable inputs.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement and the Directors' Report and the Statement of Corporate Governance and Responsibility but does not include the inflation adjusted consolidated and company financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group and Company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and applied a conversion rate to a USD valuation for investment properties to calculate ZWL property values which may not be an accurate reflection of market dynamics. Consequently, inflation adjustments per IAS 29 – Financial Reporting in Hyperinflationary economies were applied to an incorrect base using an incorrect start date. We have concluded that the other information is misstated for the same reasons.

Responsibilities of the Directors for the Inflation adjusted Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Inflation adjusted Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud

Independent Auditor's Report (Continued)

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these inflation adjusted consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Constance Chakona (PAAB Practicing Certificate Number 0431).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

Date: 13 May 2021

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

	Note	Inflation adjusted 2020 ZWL	Inflation adjusted 2019 ZWL	Unaudited Historical 2020 ZWL	Unaudited Historical 2019 ZWL
ASSETS					
Non-current assets					
Investment property	6	9 395 892 350	6 244 903 150	9 395 892 350	1 392 132 336
Vehicles and equipment	7	4 527 396	5 888 674	176 279	197 409
Financial assets at fair value through profit or loss	9	4 736 556	2 118 355	4 736 556	472 230
Financial assets at amortised cost	8	390 498	1 751 719	390 498	390 498
		9 405 546 800	**6 254 661 898**	**9 401 195 683**	**1 393 192 473**
Current assets					
Inventories		632 266	880,111	181 592	99 755
Tax receivable	25.2	-	892 358	-	198 927
Trade and other receivables	10	52 112 160	35 203 024	49 772 684	7 847 563
Investment property held for sale	5.2	48 817 650	-	48 817 650	-
Cash and cash equivalents	11	124 031 592	81 378 524	124 031 592	18 141 142
		225 593 668	**118 354 017**	**222 803 518**	**26 287 387**
Total assets		**9 631 140 468**	**6 373 015 915**	**9 623 999 201**	**1 419 479 860**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Ordinary share capital	12	46 957 571	46 957 571	1 198 166	1 198 166
Retained earnings		8 686 515 571	5 116 723 416	8 723 959 159	1 159 574 416
Total shareholders' equity		**8 733 473 142**	**5 163 680 987**	**8 725 157 325**	**1 160 772 582**
Non-current liabilities					
Deferred tax liabilities	13	840 624 110	1 169 398 020	841 969 685	250 378 797
Current liabilities					
Trade and other payables	15	52 982 376	39 198 482	52 811 351	8 163 870
Current income tax liability	25.2	4 060 840	738 426	4 060 840	164 611
		57 043 216	**39 936 908**	**56 872 191**	**8 328 481**
Total liabilities		**897 667 326**	**1 209 334 928**	**898 841 876**	**258 707 278**
Total equity and liabilities		**9 631 140 468**	**6373 015 915**	**9 623 999 201**	**1419 479 860**

The notes on pages 52 to 95 are an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 May 2021 and signed on its behalf by:

CHAIRMAN
E. K. MOYO
5 May 2021

MANAGING DIRECTOR
C. K. MANYOWA
5 May 2021

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Inflation adjusted 2020 ZWL	Inflation adjusted 2019 ZWL	Unaudited Historical 2020 ZWL	Unaudited Historical 2019 ZWL
Revenue	16	265 739 756	260 666 379	177 823 207	23 995 974
Allowance for credit losses	17	(6 427 373)	(3 387 722)	(6 427 373)	(755 201)
Specific write-offs	17	(163 053)	-	(163 053)	-
Property expenses	18	(64 278 874)	(62 822 167)	(40 564 654)	(6 746 842)
Net property income		**194 870 456**	**194 456 490**	**130 668 127**	**16 493 931**
Employee related expenses	19	(71 874 129)	(45 677 087)	(53 817 180)	(4 476 165)
Other expenses	20	(52 241 877)	(48 301 934)	(35 285 230)	(4 378 316)
Net property income after administration expenses		**70 754 450**	**100 477 469**	**41 565 717**	**7 639 450**
Fair value adjustments	21	3 199 806 850	2 174 408 925	8 052 577 664	1 246 756 000
Other income	22	156 245 676	92 297 913	94 208 079	12 446 207
Finance income	23	1 992 951	3 525 021	1 286 452	254 016
Finance costs	24	-	(18 756)	-	(1 206)
Net monetary (loss) / gain		(141 272 680)	181 863 353	-	-
Profit before income tax		**3 287 527 247**	**2 188 827 219**	**8 189 637 912**	**1 267 094 467**
Income tax	25	306 037 300	(671 259 949)	(614 335 834)	(236 552 153)
Profit for the year		**3 593 564 547**	**1 517 567 270**	**7 575 302 078**	**1 030 542 314**
Other comprehensive income for the period		-	-	-	-
Total comprehensive profit for the year		**3 593 564 547**	**1 517 567 270**	**7 575 302 078**	**1 030 542 314**
Attributable to:					
Owners of the parent		3 593 564 547	1 517 567 270	7 575 302 078	1 030 542 314
Profit for the year		**3 593 564 547**	**1 517 567 270**	**7 575 302 078**	**1 030 542 314**
Basic and diluted earnings per share (ZWL cents)	26.1	2.91	1.23	6.12	0.83

The notes on pages 52 to 95 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

		Inflation Adjusted			
		Attributable to owners of the parent			
	Note	Ordinary Shares ZWL	Treasury Shares ZWL	Retained earnings ZWL	Shareholders' equity ZWL
Balance as at 1 January 2019		**47,827,535**	**(772,908)**	**3,615,557,021**	**3,662,611,648**
Profit for the year		-	-	1,517,567,270	1,517,567,270
Total comprehensive income for the year		-	-	**1 517 567 270**	**1 517 567 270**
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares		-	(97,056)	-	(97,056)
Dividend declared and paid		-	-	(16 400 875)	(16 400 875)
Balance as at 31 December 2019		**47 827 535**	**(869 964)**	**5 116 723 416**	**5 163 680 987**
Balance as at 1 January 2020		**47 827 535**	**(869 964)**	**5 116 723 416**	**5 163 680 987**
Profit for the year		-	-	3 593 564 547	3 593 564 547
Transactions with owners in their capacity as owners:					
Dividend declared and paid		-	-	(23 772 392)	(23 772 392)
Balance as at 31 December 2020		**47 827 535**	**(869 964)**	**8 686 515 571**	**8 733 473 142**

		Unaudited Historical			
		Attributable to owners of the parent			
	Note	Ordinary Shares ZWL	Treasury Shares ZWL	Retained earnings ZWL	Shareholders' equity ZWL
Balance as at 1 January 2019		**1 238 157**	**(20 009)**	**129 762 102**	**130 980 250**
Profit for the year		-	-	1 030 542 314	1 030 542 314
Total comprehensive income for the year		-	-	**1 030 542 314**	**1 030 542 314**
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares		-	(19 982)	-	(19 982)
Dividend declared and paid		-	-	(730 000)	(730 000)
Balance as at 31 December 2019		**1 238 157**	**(39 991)**	**1 159 574 416**	**1 160 772 582**
Total equity at the beginning of the financial year		1 238 157	(39 991)	1 159 574 416	1 160 772 582
Profit for the year		-	-	7 575 302 078	7 575 302 078
Total comprehensive income for the year		-	-	**7 575 302 078**	**7 575 302 078**
Transactions with owners in their capacity as owners:					
Dividend declared and paid		-	-	(10 917 335)	(10 917 335)
Balance as at 31 December 2020		**1 238 157**	**(39 991)**	**8 723 959 159**	**8 725 157 325**

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Inflation Adjusted 2020 ZWL	Inflation Adjusted 2,019 ZWL	Unaudited Historical 2020 ZWL	Unaudited Historical 2019 ZWL
Cash flows from operating activities					
Profit before income tax		3 287 527 247	2 188 827 219	8 189 637 912	1 267 094 467
Adjustment for non-cash items:					
Depreciation	7	1 537 670	1 693 313	67 750	47 428
Finance costs	24	-	18 756	-	1 206
Allowance for credit losses	17	6 427 373	3 387 722	6 427 373	755 201
Fair value adjustment on investment property	21	(3 199 806 850)	(2 174 408 925)	(8 052 577 664)	(1 246 756 000)
Fair value movement on unquoted shares	9	(2 618 201)	2 477 545	(4 264 326)	(307 283)
Finance income	23.2	(1 992 951)	(3 525 021)	(1 286 452)	(254 016)
Exchange (gain)		(139 400 473)	(82 506 724)	(83 897 974)	(11 159 733)
Net monetary loss / (gain)		141 272 680	(181 863 353)	-	-
Profit from disposal of investment property		-	(9 115 454)	-	(129 795)
Profit from disposal of vehicles and equipment		-	(5 392)	-	(270)
Other non cash items		561 663		274 685	
Cash flows generated from operating activities before working capital adjustments		**93 508 158**	**108 706 392**	**54 381 304**	**9 291 204**
Working capital adjustments					
(Increase) in trade and other receivables		(23 336 508)	(6 749 569)	(48 352 494)	(7 434 488)
Decrease / (increase) in inventory		247 848	(812)	(81 837)	(77 566)
Increase / (Decrease) in trade and other payables		13 783 892	(6 491 215)	44 647 482	6 524 070
Cash flow from operating activities after working capital adjustments		**84 203 390**	**95 464 796**	**50 594 455**	**8 303 220**
Interest paid	24	-	(18 756)	-	(1 206)
Income tax paid	25.2	(23 223 179)	(19 518 977)	(18 641 455)	(2 081 534)
Net cash generated from operating activities		**60 980 211**	**75 927 063**	**31 953 000**	**6 220 480**
Cash flows from investing activities					
Improvements to investment property	5	-	(3 799 954)	-	(312 336)
Purchase of vehicles and equipment	7	(176 392)	(1 200 915)	(46 620)	(66 558)
Proceed on disposal of property, plant and equipment		-	16 607	-	1 656
Proceed on disposal of investment property		-	5 284 781	-	1 215 795
Maturity of long term investments		-	2 402 364	-	202 829
Finance income received	23.2	1 267 667		1 003 431	-
Net cash generated from investing activities		**1 091 275**	**2 702 883**	**956 811**	**1 041 386**
Cash flows from financing activities					
Repayment of borrowing	14	-	(2 306 326)	-	(91 665)
Repurchase of treasury shares		-	(97 056)	-	(19 982)
Dividends paid to Company's shareholders		(12 307 128)	(14 573 556)	(10 917 335)	(730 000)
Net cash used in financing activities		**(12 307 128)**	**(16 976 938)**	**(10 917 335)**	**(841 647)**
Inflation effect on cashflows		(146 511 763)	(78 417 590)	-	-
Net (decrease)/increase in cash and cash equivalents		**(96 747 405)**	**(16 764 582)**	**21 992 476**	**6 420 219**
Cash and cash equivalents at the beginning of the year		81 378 524	15 636 382	18 141 142	561 190
Effects of changes in foreign currency		139 400 473	82 506 724	83 897 974	11 159 733
Cash and cash equivalents at end of the year	11	**124 031 592**	**81 378 524**	**124 031 592**	**18 141 142**

The notes on pages 52 to 95 are an integral part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

First Mutual Properties Limited ("the Company") and its subsidiaries, (together "the Group"), principal activities are property investment, development and management. The Company and its subsidiaries are incorporated and domiciled in Zimbabwe. The Group is a public limited company, which is listed on the Zimbabwe Stock Exchange and its parent company is First Mutual Holdings Limited, which is also listed on the Zimbabwe Stock Exchange.

The registered office of the Group is First Floor, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare, Zimbabwe.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Statement of Compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("the IASB"), International Financial Reporting Interpretations Committee ("IFRIC") as issued by the IFRS Interpretations Committee ("IFRS IC") and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) except for non compliance with IAS 21, Effects of changes in foreign exchange rates and IAS 8, Accounting policies, changes in accounting estimates and errors ,valuation of investment properties in USD and converting to ZWL at the year-end auction rate and the consequential impact of applying International Accounting standard 29 "Financial Reporting in Hyperinflationary Economies" on incorrect base numbers. The financial statements are based on statutory records that are maintained under the historical cost convention except for investment properties and equity securities at fair value through profit or loss that have been measured on a fair value basis.

(a) Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("the IASB"), International Financial Reporting Interpretations Committee ("IFRIC") as issued by the IFRS Interpretations Committee ("IFRS IC") and in a manner required by the Zimbabwe Companies and Other Business Act (Chapter 24:31) of 2019 except for non compliance with IAS 21, Effects of changes in foreign exchange rates and IAS 8, Accounting policies, changes in accounting estimates and errors ,valuation of investment properties in USD and converting to ZWL at the year-end auction rate and the consequential impact of applying International Accounting standard 29 "Financial Reporting in Hyperinflationary Economies" on incorrect base numbers. The financial statements are based on statutory records that are maintained under the historical cost convention except for investment properties and equity securities at fair value through profit or loss that have been measured on a fair value basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement of areas that are complex or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Inflation adjustment

International Accounting Standard ("IAS") 29 "Financial Reporting in Hyperinflationary Economies" requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date. On 11 October 2019, the PAAB issued pronouncement 01/2019 which advised that there was a broad market consensus within the accounting and auditing professions that the factors and characteristics to apply the Financial Reporting in Hyperinflationary Economies Standard (IAS 29), in Zimbabwe have been met. First Mutual Properties Limited has therefore complied with this consensus and has applied IAS 29 accordingly. The restatement has been calculated by means of conversion factors derived from the consumer price index (cpi) prepared by the Zimbabwe Central Statistical Office. The conversion factors used to restate the financial statements at 31 December 2020, using December 2018 base year, are as follows:

Unaudited Historical cost accounting

The financial statements of First Mutual Properties Limited are based on a Unaudited Historical cost except for investment properties which are measured at fair value.

Restatement of non-monetary items

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Statement of Compliance (continued)

Items in the statement of comprehensive income

The Group uses the month on month method were items in the profit and loss account are restated from the month they were incurred hence the relevant monthly conversion factors were applied.

Items in the statement of financial position

Investment properties

Investment property was revalued as at 31 December 2020 and therefore was not restated as they are already expressed at the measuring unit current at the reporting date.

Deferred tax liabilities

Deferred tax liabilities relating to investment properties have not been restated since there has been no restatement of investment property which is carried at fair value.
Deferred tax liabilities relating to Property plant and equipment have been recalculated based on the restated carrying amounts as per the provisions of the standard.

Property, plant and equipment

Vehicles and equipment purchased in September 2018 and earlier carried a USD value cost hence it was first been translated to a ZWL value as at 30 September 2018 using a rate of 1:1.
Additions during the year ended 31 December 2020 were restated using the conversion factors prevailing in the month of purchase.

Share capital and retained earnings

Share capital carried a USD value hence it was first translated to a ZWL value as at 30 September 2018 using a rate of 1:1. A relevant conversion factor was then applied.
Treasury shares bought back during the year 2019 were restated using the relevant monthly conversion factor.
Restated retained earnings are derived from all the other amounts in the restated statement of financial position.

2.2 Foreign currency translation

(a) Functional and presentation currency

The Group changed its functional currency from United States of America Dollar ("USD") to Zimbabwe Dollar ("ZWL") on 22 February 2019 following promulgation of Statutory Instrument 33 of 2019 ("SI33"). However for the purposes of financial reporting, transactions that happened between 1 January 2019 and 22 February 2019 were converted to ZWL using the rate of USD1:ZWL2.5 in the statement of comprehensive Income. Statement of Financial Position items in US$ were converted to ZWL applying IAS21. The Group has consistently used its functional currency as the presentation currency and has therefore also changed its presentation from USD to ZWL.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction or valuation where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equity securities at fair value through profit or loss are recognised in statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through profit or loss are included in other comprehensive income. Transactions in currencies other than ZWL are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in currencies other than ZWL are re-translated at the functional currency spot rate of exchange ruling at the reporting date. All differences arising from settlement or translation of monetary items are taken to statement of comprehensive income. Non-monetary items that are measured in terms of Unaudited Historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New standards, interpretations and amendments

2.3.1 New standards, interpretations and amendments, effective for the first time for 31 December 2020 year ends that are relevant to the Group and Company.

Standard/ interpretation	Effective date	Executive summary
Amendments to IFRS 3: Definition of a Business	1 January 2020	The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.
Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform	1 January 2020	The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.
Amendments to IAS 1 and IAS 8 Definition of Material	1 January 2020	The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.
Conceptual Framework for Financial Reporting issued on 29 March 2018	1 January 2020	The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New standards, interpretations and amendments

2.3.2 New standards interpretations and amendments issued but not effective for 31 December 2020 year end that are not relevant to the Group and have not been early adopted.

Standard/ interpretation	Effective date	Executive summary
Amendments to IFRS 16 Covid-19 Related Rent Concessions	1 June 2020	On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022	In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022	In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary "as a first-time adopter"	1 January 2022	As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New standards, interpretations and amendments

2.3.2 New standards interpretations and amendments issued but not effective for 31 December 2020 year end that are not relevant to the Group and have not been early adopted.

Standard/ interpretation	Effective date	Executive summary
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022	As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

2.4 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The consolidated financial statements comprise the financial statements of First Mutual Properties Limited and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with other equity holders of the investee;
- rights arising from other contractual arrangements and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Group's financial results from the date the Group gains control until the date the Group ceases to control the subsidiary.

(b) Loss of control

If the Group loses control of the subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received or receivable;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

(c) Separate financial statements of the Company

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost. These are then eliminated at consolidation.

(d) Common control transactions

"A combination involving entities or businesses under common control is a business combination in which all the combining entities or" businesses are ultimately controlled by the same party or parties both before and after the business combination, and the control is not transitory. Common control transactions are excluded from the scope of IFRS 3, "Business combinations". The Board of Directors made a policy choice to use predecessor accounting for common control transactions.

No assets or liabilities are restated to their fair values. Instead, the acquirer incorporates predecessor carrying values. These are the carrying values of the acquired entity. They are generally the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. These amounts include any goodwill recorded at the consolidated level in respect of the acquired entity. If no consolidated financial statements are produced, the values used are those from the financial statements of the acquired entity. Gain or losses on acquisition are accounted directly in the statement of changes in equity utilising available reserves.

The acquired entity's results and statement of financial position are incorporated prospectively from the date on which the business combination between entities under the same carrying occurred. Consequently, the financial statements do reflect the results of the acquired entity for the period after the transaction occurred.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the international reporting that is done to the chief operating decision maker ("CODM"). Where appropriate two or more segments are aggregated into a single operating segment. The CODM who is responsible for allocating resources and assessing performance has been identified as the management committee, which is made up of the managing director, head of finance, property investments manager and property services manager.

2.6 Investment property

Investment property comprises completed property and property under construction or development and undeveloped land that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property is included in the profit or loss in the period in which they arise. Fair values are determined annually by an accredited external independent valuer, applying valuation models recommended by the International Valuation Standards Committee.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the year of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under vehicles and equipment up to the date of change in use. The difference between the cost-based measurement and fair value is treated as a revaluation adjustment.

A full valuation of investment property that incorporates physical inspection of the property being valued is conducted by the Group after every three years, in the quarterly desktop valuations are conducted.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Vehicles and equipment
Vehicles and equipment are stated at inflation adjusted cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the vehicles and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of vehicles and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the vehicles and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

Motor vehicles	5 years
Computers	5 years
Equipment and machinery	5 years
Office equipment	5 years
Office furniture	10 years

The depreciable amount of an asset is determined after deducting its residual value. If the assets' residual values and useful lives differ from the previous estimates, the Group account prospectively for the change in estimate.

An item of vehicles and equipment and any significant part initially recognized is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

2.8 Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available.

The Group bases its impairment calculation on detailed budgets and forecast financial information, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast financial information generally cover a period of five years.

For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment allowances may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment allowance is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment allowance was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment allowance been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

2.9 Financial instruments - initial recognition and subsequent measurement

2.9.1 Investments and other financial assets

(i) Classification of financial assets at amortised cost
The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial instruments - initial recognition and subsequent measurement (continued)

2.9.1 Financial assets (continued)

(ii) Initial recognition and measurement of financial assets

Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss ("FVPL"):

- debt investments that do not qualify for measurement at amortised cost; and
- equity investments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income ("OCI").

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, 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.

(iii) Subsequent measurement of financial assets

Financial assets at fair value through profit and loss

These assets are subsequently measured at fair value. Net gains and losses including any interest on dividend income are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gain and losses and impairment are recognised in profit or loss.

(iv) Impairment of financial assets

Simplified approach

The Group applies the simplified approach forward looking to measure expected credit losses. The simplified approach uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, rental receivables and operating cost receivables have been grouped based on shared credit characteristics and the days past due. The Group has therefore concluded that the expected credit loss rates for tenant receivables are a reasonable approximation of the loss rates for the receivables. The Group has adjusted the backward-looking incurred credit loss based credit provision into a forward-looking expected credit loss. The expected credit loss rates are based on the following:

(a) Occupancy status of the tenant

Where a tenant who remains in occupancy of the premises and continues to default on the payment of rent and operating costs, the past due account remains covered under general allowance for credit losses. The tenant who relinquishes occupancy of premises and honours agreed payment plans will not be considered for specific write-off.

(b) Length of time of non-payment

The length of time a tenant stays without making payment towards past due balances is used as a measure of the extent of delinquency of outstanding amounts. All past due amounts over three months are referred to collection agencies and lawyers for collection while amounts that are over six months past due may qualify for specific write-off subject to the fulfilment of additional qualification criteria. All tenant account balances that are over three months are profiled with relevant percentages of general allowance applied to arrive at a general allowance for credit losses amount.

(c) Analysis of results of collection efforts undertaken so far in order to recover amounts that are past due

When the efforts of lawyers, collection agencies or direct approaches by the Group to tenants does not yield significant recovery of past due amounts and the prospects of significant recoveries consider remote, the outstanding balance is considered for specific write off. All material write offs are approved by the Audit Committee. Significant managerial judgment is exercised in analysing the likelihood of success of current collection efforts with assessment of prospects of recovery rated from more highly probable to remote.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial instruments - initial recognition and subsequent measurement (continued)

2.9.1 Financial assets (continued)

The Unaudited Historical credit loss rates are adjusted to reflect current and forward looking information on macroeconomic factors (such as market interest rates or growth rates) affecting the ability of the cedants to settle the receivables.

(i) Initial recognition and measurement: recognition and measurement

These amounts represents liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after reporting period. They are recognised initially at their fair value.

(iii) Borrowings

After initial recognition, borrowings, loans and other payables and trade and other payable balances are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortization process.

(iv) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such a modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

2.9.3 Off-setting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.10 Trade and other receivables

These are amounts due from tenants and other customers for services offered in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's allowance for impairment policies and the calculations are provided in note 10.

2.11 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk changes in value. For the purposes of the statement of cash flows, cash and cash equivalents comprise of bank and cash balances and short term deposits as defined above.

2.12 Fair value measurement

The Group measures financial instruments, such as equity investments and non-financial assets such as investment property, at fair value at reporting date.

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.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.13 Leases
The Group has numerous leasing contracts as the lessor of investment property. The leases are operating leases, which are those leases where the Group retains a significant portion of risks and rewards of ownership. Contractual rental income is recognised on a straight-line basis over a period of lease term.

2.14 Borrowing costs
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

2.15 Inventories

Consumables
Consumables are valued at cost (based on invoice value).

Property classified as inventory
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value ("NRV") based on the specific identification of the property.

Cost includes, amount paid to acquire the land, amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

The cost of inventory recognised in profit or loss from disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.16 Share capital

(a) Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Share capital (continued)

(b) Treasury shares (repurchase and reissue of ordinary shares)

When share capital recognised as equity is bought back the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as an equity deduction. The Company's own shares reacquired in a share buyback scheme are deducted from equity and are classified as treasury shares and are presented in a separate reserve for owned shares. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within the share premium.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

2.18 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as trade and other payables in the balance sheet.

2.19 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.20 Current versus non-current classification

Asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading; and
- expected to be realized within twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purposes of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

2.21 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

(i) Rental income

The Group is the lessor on operating lease transactions. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the profit or loss due to its operating nature.

Services and management charges are recognised in the accounting period in which they are incurred.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when the right to receive them arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Revenue recognition (continued)

(ii) Property services income

Property services income comprises income due from property-related services to other parties. The income is recognised at a point in time when the related services have been provided. Property services income will be generated from the following services:

- property purchases;
- property sales; and
- property valuations.

(v) Finance income/expenses

For all financial instruments measured at amortised cost , interest income or expense is recorded using the effective interest method ("EIM"), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period.

2.23 Current income and deferred tax

(i) Income tax

The income tax expense for the year is the tax payable on the current years taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unusual tax losses. Income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in Zimbabwe where the Group and Company operate and generate taxable income.

Income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes liabilities where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in relation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Value added tax
Revenues, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of value added tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

2.25 Employment benefits

(i) Post-employment benefits
The Group operates one defined contribution pension plan, which requires contributions to be made to the fund. The pension plan is funded by payments from employees and the Group. The Group's contribution to the defined contribution pension plan is charged to the profit or loss in the period to which the contributions relate.

Retirement benefits are also provided for the Group's employees through the National Social Security Authority ("NSSA") Scheme. The cost of retirement benefits applicable to the NSSA Scheme is determined by the systematic recognition of legislated contributions.

(ii) Termination benefits
The Group recognises termination benefits as a liability and / or expense when there is a demonstrable commitment to either terminate the employment of an employee or a group of employees before normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

2.26 Selection of a general price index
IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the month-on-month consumer price index ("CPI") prepared by the Zimbabwe National Statistics Agency. The conversion factors used to restate the financial statements as at 31 December 2020 are as follows:

Date	CPI	Conversion factor
31 December 2020	2,474.51	1.00
30 November 2020	2,374.24	1.04
31 October 2020	2,301.67	1.08
30 September 2020	2,205.24	1.12
31 August 2020	2,123.97	1.17
31 July 2020	1,958.72	1.26
30 June 2020	1,445.21	1.71
31 May 2020	1,097.65	2.25
30 April 2020	953.36	2.60
31 March 2020	810.40	3.05
28 February 2020	640.20	3.87
31 January 2020	563.90	4.39
31 December 2019	551.63	4.49

All other items on the statement of comprehensive income are restated by applying the relevant monthly conversion factors.

The application of the IAS 29 restatement procedures has the effect of amending some of the accounting policies for non-monetary assets and liabilities used when preparing financial statements under the historical cost convention.

The main considerations and procedures applied for the above-mentioned restatement are as follows:
- financial statements are stated in terms of a measuring unit current at the balance sheet date;
- the corresponding figures for the previous period are restated to the measuring unit current at the balance sheet date;
- monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed, in the monetary unit current at the balance sheet date;
- the non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and component of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction to the balance sheet date;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Selection of a general price index (continued)

- additions to property and equipment acquired are restated using the relevant conversion factors from the date of the transaction to the balance sheet date;
- comparative financial statements are restated using general inflation indices in terms of the measuring unit current at the balance sheet date;
- all items in the statement of comprehensive income are restated by applying the relevant monthly conversion factors;
- the effect of inflation on the net monetary position of the Group is included in the Group's statement of comprehensive income as a gain or loss on net monetary position; and
- items in the cashflow statement are expressed in terms of the measuring unit current at the balance sheet date.

2.27 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.3 Non-current assets held for sale

First Mutual Properties Limited classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The Group classifies assets as held for sale when the following criteria are met;

- the assets must be available for immediate sale in their present condition
- sale must be highly probable
- the asset must be currently marketed actively at a price that is reasonable in relation to its current fair value
- the sale should be completed, or expected to be so, within a year from the date of the classification, and
- the actions required to complete the planned sale will have been made, and it is unlikely that the plan will be significantly changed or withdrawn.

Assets classified as held for sale cease to be depreciated at the date at which they qualify to be reclassified. Assets and liabilities classified as
held for sale are presented separately as current items in the statement of financial position.

Additional disclosures are provided in Note 6.2

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group and Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

3.1 Significant estimates and assumptions

The Group and Company based their estimates and assumptions on parameters available when the financial statements were prepared, existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and Company. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1.1 Valuation of investment property

The Group and Company carry investment property at fair value, with changes in fair value being recognised in of profit or loss which is inline with guidance given under IAS 40- Investment property.

Valuation approach

Until the economy improves, government's fiscal and monetary policies are consistent, inflation controlled and local currency stability is achieved, it appears prudent to measure property's worth in a stable currency such as the United States dollar.

The valuations have been undertaken using the appropriate valuation methodologies and professional judgement.

Valuations of commercial and industrial properties are based on the comparative and investment methods. The investment method involves the capitalisation of expected rental income by an appropriate yield. The comparative approach seeks to ascribe to the subject property a value similar to that achieved for comparable properties. Through the comparative method, rental value rates and capitalisation rates for similar properties sold are assessed. After appropriate adjustments to the comparables to reflect the type of the property, quality, location and risk, the rental value and capitalisation rates of the subject property are determined.

With regards to the residential properties and pieces of undeveloped stands, we took into consideration sales evidence either achieved or on the market, of similar properties situated in comparable suburbs as that of the subject properties.

The market / fair value reflects the price that would be paid for a property on the open market and therefore is more accurately representative of the property's worth in terms of achievable value.

Refer note 6 for the carrying amount of investment property and the estimates and assumptions used to value investment property.

3.1.2 Allowance for credit losses

The Group assesses its allowance for credit losses at each reporting date. Key assumptions applied in this calculation are the estimated trade receivables recovery rates within the Group's debtors' book, as well as an estimation or view on current and future market conditions that could affect the trade receivables recovery rates.

Refer to note 2.9.1 and note 4.1 for further details on the allowance for credit losses and the carrying amount of trade and other accounts receivables.

3.2 Going concern assumption

The Directors have assessed the ability of the Group and Company to continue operating as going concerns and believe that the preparation of these financial statements on a going concern basis is appropriate. Based in the Unaudited Historical financial performance throughout 2020, and despite the COVID-19 pandemic and induced lockdowns prescribed by government, the business continues to experience sound financial performance, continues to implement futuristic plans in response to the market trends to ensure sustainable earnings and continues to purse borrowing capabilities due to the positive cash flow position. These all provide evidence of business continuity and the thrust to implement strategic plans and targets. It is to this effect that First Mutual Properties Limited financial statements will continue to be prepared under the going concern basis.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and Company's principal financial liabilities comprise borrowings and trade payables which arise directly from the Group's operations. The Group has various financial assets such as trade and other receivables, and cash and cash equivalents which arise directly from its operations. The main risks arising from the Group's financial instruments are credit risk, liquidity and risk market risk .

The Group's senior management oversees the management of these risks within the Board approved framework of the risk management matrix. As such, the Group's senior management is supported by Group Internal Audit Management Department that advise on financial risks and the appropriate financial risk governance framework for the Group. The Group Audit Department provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies on risk management.

These risks are managed as follows:

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

4.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its investing and operating activities, including deposits with banks and other financial institutions and financial assets measured at amortised cost.

The credit rating of tenants is assessed according to the Group's criteria prior to entering into lease arrangements.

(i) Risk management

Credit risk is managed on a Group basis. If tenants are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors on a case by case basis, to assess the recoverability of the receivable. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors.

Analysis by credit quality of trade receivables is as follows:

Tenants are assessed according to the Group and Company's criteria prior to entering into lease arrangements. Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating criteria at the time of entering into a lease agreement. At inception of the lease tenants are classified into good, acceptable and watch list categories. Outstanding tenants' receivables are regularly monitored and all tenants that accrue arrears are classified in watch list category as rental obligations are payable in advance. An impairment analysis is performed at each reporting date on an individual basis for major tenants paying in USD. The remainder of the tenants who pay in ZWL currency are assesed collectively.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

4.1 Credit risk (continued)

For trade receivables, the Group and Company apply the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The analysis of impairment and risk exposure of trade receivables is as follows:

Group

31 December 2020	Current	More than 30 days past due	More than 60 day past due	More than 90 days past due *	More than 120 days past due *	Total
Expected loss rate	4.92%	7.92%	30.57%	62.21%	100%	
Gross carrying amount-trade receivables provided for	(14 848 456)	(7 021 282)	(3 159 751)	(2 611 822)	(4 902 967)	(32 544 278)
Credit loss allowance	**(731 111)**	**(555 999)**	**(966 020)**	**(1 624 762)**	**(4 902 967)**	**(8 780 859)**

31 December 2019	Current	More than 30 days past due	More than 60 day past due	More than 90 days past due *	More than 120 days past due *	Total
Expected loss rate (Normal allowances)	5%	10%	20%	50%	60%	
Gross carrying amount-trade receivables	1 418 059	862 426	228 035	140 267	205 480	2 854 267
Credit loss allowance (Normal allowances)	**(70 903)**	**(86 243)**	**(45 607)**	**(70 134)**	**(123 288)**	**(396 174)**
Expected credit loss rate (100% allowance)	100%	100%	100%	100%	100%	
Gross carrying amount-trade receivables	193,153	308 316	50 104	78 170	1 327 570	1 957 314
Credit loss allowance (100% provision)	(193 153)	(308 316)	(50 104)	(78 170)	(1 327 570)	(1 957 314)
Total allowance for credit losses	**(264 056)**	**(394 559)**	**(95 711)**	**(148 303)**	**(1 450 857)**	**(2 353 486)**

Company

31 December 2020	Current	More than 30 days past due	More than 60 day past due	More than 90 days past due *	More than 120 days past due *	Total
Expected loss rate	4.92%	7.92%	30.57%	62.21%	100%	
Gross carrying amount-trade receivables provided for	493 356	452 707	837 091	1 192 640	3 480 394	6 456 188
Credit loss allowance	**10 019 797**	**5 716 885**	**2 738 037**	**1 917 182**	**3 480 394**	**23 872 294**

31 December 2019	Current	More than 30 days past due	More than 60 day past due	More than 90 days past due *	More than 120 days past due *	Total
Expected loss rate (Normal allowances)	5%	10%	20%	50%	60%	
Gross carrying amount-trade receivables	1 095 784	618 057	149 917	106 810	132 954	2 103 522
Credit loss allowance (Normal allowances)	**54 789**	**61 806**	**29 983**	**53 405**	**79 772**	**279 755**
Expected credit loss rate (100% allowance)	100%	100%	100%	100%	100%	
Gross carrying amount-trade receivables	189,555	304 618	12 310	5 579	785 542	1 297 604
Credit loss allowance (100% provision)	189 555	304 618	12 310	5 579	785 542	1 297 604
Total allowance for credit losses	**244 344**	**366 424**	**42 293**	**58 984**	**865 315**	**1 577 359**

Change of provisioning matrix

At 31 December 2020, the Group revised its Expected Credit Loss (ECL) provisioning matrix in line with changes in market and economic conditions affecting the tenants ability to settle their arrears. The revision resulted in higher ECL rates being applied in the year ended 2020 as compared to the prior year. The revision took into account historical data for the past two years. Forward looking information was incorporated by adjusting historical loss rates using estimated GDP movements in the Zimbabwean economy.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

4.1 Credit risk (continued)

The closing credit loss allowances for trade receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

	Unaudited Historical Amounts			
	Group		Company	
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
Credit loss allowances as at 31 December 2019	2 353 486	1 599 859	1 577 359	1 306 918
Increase in credit loss allowance recognised in profit or loss during the year	6 427 373	753 627	4 878 829	270 441
Expected credit losses allowances as at 31 December 2020	**8 780 858**	**2 353 486**	**6 456 188**	**1 577 359**

	Inflation Adjusted			
	Group		Group	
	2020	2019	2020	2 019
The Group's maximum exposure to credit risk by class of financial asset is as follows:	ZWL	ZWL	ZWL	ZWL
Financial assets at fair value through profit or loss	4 736 556	2 118 355	4 736 556	2 118 355
Financial assets at amortised cost (note 8)	390 498	1 751 719	390 498	1 751 719
Trade other receivables (excluding prepayments) (note 10)	47,089,565	35 934 304	38,766,131	32 473 155
Cash and cash equivalents (note 11)	124,031,592	81 378 524	(12 262 894)	23 261 255
	176 248 211	**121 182 902**	**31 630 291**	**59 604 484**

Liquidity and solvency status of the tenant

As may be revealed by a review of the tenant's financial records and through other means such as reading press reports, it may be determined that a deteriorating liquidity and solvency status of a defaulting tenant renders the past due amount uncollectable and therefore such balances are written off after Audit Committee approval has been granted.

Security arrangements

The Group considers directors guarantees as vital security in the event that all other means of recovery of past due amounts does not yield meaningful results. Unsecured past due amounts that have gone through all reasonable recovery effort and remain uncollectable are specific write-off subject to fulfilment of additional such balances are written off after Audit Committee approval has been granted.

The Group holds no collateral in respect of these trade receivables. Trade receivables that are past due, without payment plans and whose chances of recovery are rated remote are considered for specific write-off. An assessment of amounts that are neither past due nor impaired has been done based on the history of the tenant account and management is satisfied with the chances of recovery. Estimation process used with regards to the assessment of the credit quality of trade receivables, using the following broad criteria:

- occupancy status of the tenant;
- length of period of non-payment or adherence to agreed payment plans;
- analysis of results of collection efforts undertaken so far in order to recover the amounts that are past due through inspection of subsequent receipts from tenants, consideration of adherence to payment plans that were in place, and through inspection;
- liquidity, solvency and past payment status of the tenant; and
- security arrangements in place.

Related party expected credit losses

Related party receivables are short term receivables arising from leases entered into with related parties, mainly fellow subsidiaries of First Mutual Holdings Limited and the Company. The Group has assessed that the related parties have sufficient liquid at the reporting date to be able to repay the receivable on demand. No interest is charged on balances due as they are short term. The effect of discounting was assessed to be immaterial therefore no impairment was recognised.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

4.2 Liquidity risk
The Group monitors its risk to shortage of funds using a recurring liquidity planning tool. This tool involves daily, weekly and monthly cash flow forecasts and considers the maturity of both its financial investments and financial assets (tenant debtors, other financial assets). The Group and Company objective is to maintain a balance between continuity of funding and flexibility through use of bank loans or borrowings from related parties within the Group.

As at 31 December 2020, the table below analyses the maturity profile of the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

Maturity profile	On demand ZWL	Less than 3 months ZWL	3 - 12 months ZWL	1 to 5 years ZWL	Total ZWL
Year ended 31 December 2020					
Trade and other payables	49 585 770	-	-	-	49 585 770
Amounts owing to Group companies (Note 27.1.2)	3 225 581	-	-	-	3 225 581
	52 811 351	-	-	-	**52 811 351**
Year ended 31 December 2019					
Trade and other payables	4 669 204	-	-	-	4 669 204
Amounts owing to Group companies (Note 27.1.2)	3 494 666	-	-	-	3 494 666
	8 163 870	-	-	-	**8 163 870**

Company

Maturity profile	On demand ZWL	Less than 3 months ZWL	3 - 12 months ZWL	1 to 5 years ZWL	Total ZWL
Year ended 31 December 2020					
Trade and other payables	59 907 614	-	-	-	59 907 614
Amounts owing to Group companies (Note 27.1.2)	3 225 581	-	-	-	3 225 581
	63 133 195	-	-	-	**63 133 195**
Year ended 31 December 2019					
Trade and other payables	4 170 273	-	-	-	4 170 273
Amounts owing to Group companies (Note 27.1.2)	3 494 666	-	-	-	3 494 666
	7 664 939	-	-	-	**7 664 939**

(i) Equity price risk
The Group and Company's listed and unlisted securities are susceptible to market price risk arising from uncertainties about the future values of the investments. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

(ii) Currency risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange risk relates mainly to operating activities i.e rental income denominated in USD currency

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

4.3 Market risk (continued)

(ii) Currency risk (continued)

The Group and Company manages its foreign currency risk by tracking lease rentals to movements in foreign currency exchange rates. Rentals are pegged at USD rates and payable at the equivalent ZWL rate each month. Risk is also managed by holding some of the rental receipts in foreign currency i.e. USD which is more stable than the local ZWL currency.

Foreign currency sensitivity
The table below demonstrates the sensitivity of pre tax profits and equity to a 5% change in USD and ZWL exchange rates. The effects are assumed to have arisen from movements in foreign denominated rental income and cash and cash equivalents.

Group	Change in USD rate	Effect on profit before income tax ZWL	Effect on equity ZWL
2020	+5%	2,830,120	7,825,481
	-5%	(2 830 120)	(7 825 481)
2019	+5%	384 528	1 180 640
	-5%	(384 528)	(1 180 640)

Company	Change in USD rate	Effect on profit before income tax ZWL	Effect on equity ZWL
2020	+5%	344,761	(353 609)
	-5%	(344 761)	353 609
2019	+5%	13 586	21 890
	-5%	(13 586)	(21 890)

4.4 Capital management

Capital of the Group comprises equity and retained earnings. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group adjusts the dividend payments to shareholders or issue new shares.

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Maximum borrowing limit (50% of shareholders 'equity)	4,362,578,663	296,184,453	2,640,779,860	296,184,453
Borrowings	-	-	-	-
Borrowing headroom	**4 362 578 663**	**296 184 453**	**2 640 779 860**	**296 184 453**

The directors shall borrow an aggregate principal amount at any one time not exceeding 50% of the total shareholders equity as set out in the latest consolidated audited statement of financial position of the Group. As at 31 December 2020, the Group was not exposed to any external capital restrictions (2019: no exposure)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group includes within net debt interest bearing loans and borrowings less cash and cash equivalents. No changes were made in the objective or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

4.4 Capital management

	Inflation Adjusted		Unaudited Historical	
The table below sets out the Group's capital position;	2020	2019	2020	2019
Net debt	ZWL	ZWL	ZWL	ZWL
Borrowings	-	-	-	-
Loans and other payables	-	-	-	-
Less: cash and cash equivalents	(124 031 592)	(81 378 524)	(124 031 592)	(18 141 142)
	(124 031 592)	**(81 378 524)**	**(124 031 592)**	**(18 141 142)**
Capital				
Ordinary share capital	47 827 535	47 827 535	1 238 157	1 238 157
Treasury shares	(869 964)	(869 964)	(39 991)	(39 991)
Retained earnings	8 686 515 571	5 116 723 416	8 723 959 159	1 159 574 416
Total capital	**8 733 473 142**	**5 163 680 987**	**8 725 157 325**	**1 160 772 582**
Capital and net debt	**8 609 441 550**	**5 082 302 463**	**8 601 125 733**	**1 142 631 440**

	Inflation Adjusted		Unaudited Historical	
The table below sets out the Company's capital position;	2020	2019	2020	2019
Net debt	ZWL	ZWL	ZWL	ZWL
Borrowings / overdraft	33,891,916	-	33,891,916	-
Loans and other payables	-	-	-	-
Less: cash and cash equivalents	(21 629 022)	(23 261 255)	(21 629 022)	(5 185 468)
	12 262 894	**(23 261 255)**	**12 262 894**	**(5 185 468)**
Capital				
Ordinary share capital	47 827 535	47 827 535	1 238 157	1 238 157
Treasury shares	(869 964)	(869 964)	(39 991)	(39 991)
Retained earnings	7 017 739 650	4 362 208 306	5 293 768 002	591 401 047
Total capital	**7 064 697 221**	**4 409 165 877**	**5 294 966 168**	**592 599 213**
Capital and net debt	**7 076 960 115**	**4 385 904 622**	**5 307 229 062**	**587 413 745**

5 SEGMENTAL REPORTING

For investment property that include offices, retail and industrial properties, financial information is provided to the management committee, for each of the segments in the property portfolio. The information provided includes gross rentals net rentals, property expenses and valuation gains or losses. The individual properties are aggregated into segments with similar economic characteristics. The directors consider that this is best achieved by aggregating into retail, office and industrial segments. The Group's segments are all domiciled in Zimbabwe.

5 SEGMENTAL REPORTING (continued)

Aggregated segments

The Office and Retail segments have two segments each that have been aggregated into a single operating segment because the aggregated segments have similar economic characteristics and the nature of the products and type of customers are similar: The segments that have been aggregated are;
- CBD offices and Office Parks for the office segment and
- CBD retail and Suburban retail for the retail segment.

Consequently the Group is considered to have three reportable operating segments: office, retail and industrial properties.

Office segment

The office segment acquires, develops and leases offices in the central business district and office parks. Office comprise the high rise central business district buildings and office parks in Zimbabwe.

Retail segment

The retail segment acquires, develops and leases shops in the central business district and selected suburban locations throughout Zimbabwe

Industrial segment

The industrial segment comprises properties situated in designated industrial areas of Zimbabwe.

Other segment

Other comprises residential properties, undeveloped land and income generated from other property services, and Group administration costs, profit or loss from disposals of investment property, finance income and income taxes are not reported to the board on a segment basis.

Other assets (both current and non-current) are not allocated to segments and have been provided in the reconciliation of segment assets to assets disclosed in the statement of financial position.

Adjustment segment

The adjustment column relates to rental income for space occupied by First Mutual Properties Limited and management fees charged. The Company occupies an insignificant portion of the property and management has classified this property as investment properties as opposed to owner occupied. Management fees relates to asset management fees charged by First Mutual Properties Limited to its subsidiaries for properties managed on behalf of the subsidiaries.

Major customer

First Mutual Holdings Limited, the parent of the Company and its other subsidiaries contributed 12.28% (FY2019: 12.86%) of total revenue. The operating leases are for lettable space within the office segment.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 SEGMENTAL REPORTING (continued)

INFLATION ADJUSTED

Segment reporting FOR THE YEAR ENDED 31 DECEMBER 2020

All figures in ZWL	Office	Retail	Industrial	Other	Consolidation adjustment	Total
Revenue	156 910 399	77 108 226	20 885 065	11 964 077	(1 128 011)	265 739 756
Allowance for credit losses	(2 808 557)	(2 759 305)	(154 878)	(704 633)	-	(6 427 373)
Specific write offs	(111 591)	(44 991)	(6 471)	-	-	(163 053)
Property expenses	(31 139 039)	(9 407 288)	(3 421 678)	(20 310 869)	-	(64 278 874)
Segment results	**122 851 212**	**64 896 642**	**17 302 038**	**(9 051 425)**	**(1 128 011)**	**194 870 456**
Net gain from fair value adjustment on investment property	1 391 779 048	694 712 387	308 565 296	804 750 119	-	3 199 806 850
Segment profit	**1 514 630 260**	**759 609 029**	**325 867 334**	**795 698 694**	**(1 128 011)**	**3 394 677 306**
Employee related expenses	-	-	-	(71 874 129)	-	(71 874 129)
Other expenses	(7 052 712)	(7 169 808)	(2 515 463)	(51 953 199)	16 449 305	(52 241 877)
Finance costs	-	-	-	-	-	-
Other income	137 857 780	-	-	18 387 896	-	156 245 676
Finance income	767 540	631 535	120 230	473 646	-	1 992 951
Net monetary (loss)	-	-	-	-	(141 272 680)	(141 272 680)
Profit before income tax	**1 646 202 868**	**753 070 756**	**323 472 101**	**690 732 908**	**(125 951 386)**	**3 287 527 247**

Reconciliation of segment assets for 2020

All figures in ZWL	Office	Retail	Industrial	Other	Consolidation adjustment	Total
Assets						
Investment property	4 126 130 000	1 950 940 000	862 030 000	2 456 792 350	-	9 395 892 350
Trade receivables (note 10)	22 043 424	7 580 303	1 487 715	5 468 161	(392 088)	36 187 515
Segment assets	**4 148 173 424 -**	**1 958 520 303 -**	**863 517 715 -**	**2 462 260 511**	**(392 088)**	**9 432 079 865**
Other non-current assets	-	-	-	9 654 450	-	9 654 450
Other current assets	-	-	-	189 406 153	-	189 406 153
Total assets	**4 148 173 424**	**1 958 520 303**	**863 517 715**	**2 661 321 114**	**(392 088)**	**9 631 140 468**
Current liabilities	**16 391 620**	**2 321 194**	**756 133**	**36 727 493**	**846 776**	**57 043 216**
Capital expenditure	-	-	-	-	-	-

5 SEGMENTAL REPORTING (continued)

				Unaudited Historical		
All figures in ZWL	**Office**	**Retail**	**Industrial**	**Other**	**Consolidation adjustment**	**Total**
Revenue	104 998 630	51 597 971	13 975 513	8 005 916	(754 823)	177 823 207
Allowance for credit losses	(2 808 557)	(2 759 305)	(154 878)	(704 633)	-	(6 427 373)
Specific write offs	(111 591)	(44 991)	(6 471)	-	-	(163 053)
Property expenses	(19 651 003)	(5 936 684)	(2 159 328)	(12 817 639)	-	(40 564 654)
Segment results	**82 427 479**	**42 856 991**	**11 654 836**	**(5 516 356)**	**(754 823)**	**130 668 127**
Net gain from fair value adjustment on investment property	3 502 526 684	1 748 300 980	776 530 000	2 025 220 000	-	8 052 577 664
Segment profit	**3 584 954 163**	**1 791 157 971**	**788 184 836**	**2 019 703 644**	**(754 823)**	**8 183 245 791**
Employee related expenses	-	-	-	(53 817 180)	-	(53 817 180)
Other expenses	(4 763 546)	(4 842 634)	(1 698 995)	(35 090 251)	11 110 196	(35 285 230)
Finance costs	-	-	-	-	-	-
Other income	83 121 127	-	-	11 086 952	-	94 208 079
Finance income	495 448	407 657	77 608	305 739	-	1 286 452
Profit before income tax	**3 663 807 192**	**1 786 722 994**	**786 563 449**	**1 942 188 904**	**10 355 373**	**8 189 637 912**

Reconciliation of segment assets for 2020

All figures in ZWL	**Office**	**Retail**	**Industrial**	**Other**	**Consolidation adjustment**	**Total**
Assets						
Investment property	4 126 130 000	1 950 940 000	862 030 000	2 456 792 350	-	9 395 892 350
Trade receivables (note 10)	22 043 424	7 580 303	1 487 715	5 468 161	(392 088)	36 187 515
Segment assets	**4 148 173 424**	**1 958 520 303**	**863 517 715**	**2 462 260 511**	**(392 088)**	**9 432 079 864**
Other non-current assets	-	-	-	5 303 333	-	5 303 333
Other current assets	-	-	-	186 616 003	-	186 616 003
Total assets	**4 148 173 424**	**1 958 520 303**	**863 517 715**	**2 654 179 847**	**(392 088)**	**9 623 999 201**
Current liabilities	**16 342 475**	**2 314 235**	**753 866**	**36 617 380**	**844,236**	**56 872 192**
Capital expenditure	-	-	-	-	-	-

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

5 SEGMENTAL REPORTING (continued)

INFLATION ADJUSTED

Segment reporting for the year ended 31 December 2019

All figures in ZWL	Office	Retail	Industrial	Other	Consolidation adjustment	Total
Revenue	143 849 346	70 670 891	38 810 220	7 967 724	(631 802)	260 666 379
Allowance for credit losses	(1 592 281)	746 815	(2 303 714)	(238 542)	-	(3 387 722)
Property expenses	(38 158 923)	(10 919 361)	(6 606 723)	(7 137 160)	-	(62 822 167)
Segment results	**104 098 142**	**60 498 345**	**29 899 783**	**592 022**	**(631 802)**	**194 456 490**
Net loss from fair value adjustment on investment property	859 085 778	238 558 588	103 823 493	972 941 066	-	2 174 408 925
Segment profit / (loss)	**963 183 920**	**299 056 933**	**133 723 276**	**973 533 088**	**(631 802)**	**2 368 865 415**
Employee related expenses	-	-	-	(45 677 087)	-	(45 677 087)
Other expenses	(21 022 382)	(6 786 269)	(3 865 464)	(34 597 712)	17 969 893	(48 301 934)
Finance costs	-	-	-	(18 756)	-	(18 756)
Other income	85 723 301	264 795	-	6 309 817	-	92 297 913
Finance income	950 011	1 303 827	369 706	901 477	-	3 525 021
Net monetary gain	-	-	-	-	(181 863 353)	(181 863 353)
Profit before income tax	**1 028 834 850**	**293 839 286**	**130 227 518**	**900 450 827**	**164 525 262**	**2 188 827 219**

Reconciliation of segment assets for 2019

All figures in ZWL	Office	Retail	Industrial	Other	Total
Assets					
Investment property	2 852 435 868	939 795 592	383 073 973	2 069 597 717	6 244 903 150
Trade receivables	10 506 743	(3 499 339)	1 075 335	10 654 567	18 737 306
Segment assets	**2 862 942 611**	**936 296 253**	**384 149 308**	**2 080 252 284**	**6 263 640 456**
Other non-current assets	-	-	-	9 758 753	9 758 753
Other current assets	-	-	-	99 616 706	99 616 706
Total assets	**2 862 942 611**	**936 296 253**	**384 149 308**	**2 189 627 743**	**6 373 015 915**
Current liabilities	**32 974 245**	**1 173 754**	**260 552**	**5 528 357**	**39 936 908**
Capital expenditure	**3 690 212**	**109 742**	**-**	**-**	**3 799 954**

*Capital expenditure is for both investment property, vehicles and equipment.

5 SEGMENTAL REPORTING (continued)

Segment reporting FOR THE YEAR ENDED 31 DECEMBER 2019

	Unaudited Historical					
All figures in ZWL	**Office**	**Retail**	**Industrial**	**Other**	**Consolidation adjustment**	**Total**
Rental income	13 242 234	6 505 698	3 572 724	302 958	(58 161)	23 995 974
Property services income		430 521		430 521		
Allowance for credit losses	(354 956)	166 483	(513 551)	(53 177)	-	(755 201)
Property expenses	(4 098 111)	(1 172 694)	(709 535)	(766 502)	-	(6 746 842)
Segment results	**8 789 167**	**5 499 487**	**2 349 638**	**(86 200)**	**(58 161)**	**16 493 931**
Net loss from fair value adjustment on investment property	492 580 000	136 784 000	59 530 000	557 862 000	-	1 246 756 000
Segment profit / (loss)	**501 369 167**	**142 283 487**	**61 879 638**	**557 775 800**	**(58 161)**	**1 263 249 931**
Employee related expenses	-	-	-	(4 476 165)	-	(4 476 165)
Other expenses	(1 905 568)	(615 139)	(350 385)	(3 136 100)	1 628 876	(4 378 316)
Finance costs	-	-	-	(1 206)	-	(1 206)
Other income	11 559 632	35 708	-	850 867	-	12 446 207
Finance income	68 459	93 955	26 641	64 961	-	254 016
Profit before income tax	**511 091 690**	**141 798 011**	**61 555 894**	**551 078 157**	**1 570 715**	**1 267 094 467**

Reconciliation of segment assets for 2019

All figures in ZWL	**Office**	**Retail**	**Industrial**	**Other**	**Total**
Assets					
Investment property	635 873 466	209 502 021	85 395 986	461 360 863	1 392 132 336
Trade receivables	2 342 195	(780 084)	239 717	2 375 148	4 176 976
Segment assets	**638 215 661**	**208 721 937**	**85 635 703**	**463 736 011**	**1 396 309 312**
Other non-current assets	-	-	-	1 060 138	1 060 138
Other current assets	-	-	-	22 110 410	22 110 410
Total assets	**638 215 661**	**208 721 937**	**85 635 703**	**486 906 559**	**1 419 479 860**
Current liabilities	**6 876 481**	**244 775**	**54 336**	**1 152 889**	**8 328 481**
Capital expenditure	**303 316**	**9 020**	**-**	**-**	**312 336**

*Capital expenditure is for both investment property, vehicles and equipment.

6 INVESTMENT PROPERTY

	Inflation adjusted		Unaudited Historical	
	2020	**2019**	**2020**	**2019**
All figures in ZWL				
As at 1 January	1 392 132 336	4 071 979 052	6 244 903 150	146 150 000
Improvements to existing property	-	3 799 954	-	312 336
Reclassification to held for sale	(48 817 650)	-	(48 817 650)	-
Disposals*	-	(5 284 781)	-	(1 086 000)
Fair value adjustments	8 052 577 664	2 174 408 925	3 199 806 850	1 246 756 000
As at 31 December	**9 395 892 350**	**6 244 903 150**	**9 395 892 350**	**1 392 132 336**

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 INVESTMENT PROPERTY (continued)

6.1 Fair value hierarchy

The following table shows an analysis of the fair values of investment property recognised in the statement of financial position by level of the fair value hierarchy;

		INFLATION ADJUSTED Group			
All figures in ZWL					
31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total gain/ (loss) in the period in the statement of profit or loss**
CBD offices	-	-	1 695 440 000	1 695 440 000	571 886 458
Office parks	-	-	2 430 690 000	2 430 690 000	819 892 591
CBD retail	-	-	1 300 740 000	1 300 740 000	463 181 949
Suburban retail	-	-	650 200 000	650 200 000	231 530 439
Industrial	-	-	862 030 000	862 030 000	308 565 296
Residential	-	-	341 050 000	341 050 000	111 714 785
Land*	-	-	2 115 742 350	2 115 742 350	693 035 332
Total	**-**	**-**	**9 395 892 350**	**9 395 892 350**	**3 199 806 850**
31 December 2019					
CBD offices	-	-	881 523 674	881 523 674	270 717 860
Office parks	-	-	1 915 870 087	1 915 870 087	588 367 918
CBD retail	-	-	607 559 742	607 559 742	159 446 790
Suburban retail	-	-	301 449 425	301 449 425	79 111 797
Industrial	-	-	383 540 563	383 540 563	103 823 493
Residential	-	-	308 043 631	308 043 631	139 078 380
Land*	-	-	1 846 916 028	1 846 916 028	833 862 687
Total	**-**	**-**	**6 244 903 150**	**- 6 244 903 150**	**2 174 408 925**

		Unaudited Historical Group			
All figures in ZWL					
31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total gain/ (loss) in the period in the statement of profit or loss**
CBD offices	-	-	1 695 440 000	1 695 440 000	1 498 928 127
Office parks	-	-	2 430 690 000	2 430 690 000	2 003 598 557
CBD retail	-	-	1 300 740 000	1 300 740 000	1 165 300 980
Suburban retail	-	-	650 200 000	650 200 000	583 000 000
Industrial	-	-	862 030 000	862 030 000	776 530 000
Residential	-	-	341 050 000	341 050 000	272 380 000
Land*	-	-	2 115 742 350	2 115 742 350	1 752 840 000
Total	**-**	**-**	**9 395 892 350**	**9 395 892 350**	**8 052 577 664**
31 December 2019					
CBD offices	-	-	196 511 873	196 511 873	170 550 000
Office parks	-	-	427 091 443	427 091 443	380 740 000
CBD retail	-	-	135 439 020	135 439 020	114 630 000
Suburban retail	-	-	67 200 000	67 200 000	55 640 000
Industrial	-	-	85 500 000	85 500 000	73 870 000
Residential	-	-	68 670 000	68 670 000	63 040 000
Land*	-	-	411 720 000	411 720 000	388 286 000
Total	**-**	**-**	**1 392 132 336**	**- 1 392 132 336**	**1 246 756 000**

6 INVESTMENT PROPERTY (continued)

6.1 Fair value hierarchy

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to ZWL8.052 billion (2019: ZWL1.246 billion) and are presented in the consolidated statement of profit or loss in line item 'fair value adjustments'

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

Valuation techniques used to derive level 3 fair values
The table below presents the following for each class of the investment property:
- the fair value measurements at the end of the reporting period;
- the level of the fair value hierarchy (in this case level 3) within which the fair value measurements are categorised in their entirety;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- level 3 fair value measurements, quantitative information about the significant observable inputs used in the fair value measurement.

All amount in ZWL				
Class of property	**Fair value 31 December 2020**	**Valuation technique**	**Key unobservable inputs**	**Range (weighted average)**
		Income	Optimal Rental per square metre	ZWL500-ZWL700
		Income	Capital rate / prime yield	12.00%-18.00%
CBD offices	1 695 440 000	capitalisation	Vacancy rate	15.00%-47.00%
			Optimal Rental per square metre	ZWL700-ZWL850
		Income	Capital rate / prime yield	10.00%-11.00%
Office parks	2 430 690 000	capitalisation	Vacancy rate	12.00%-57.00%
			Optimal Rental per square metre	ZWL750-ZWL2000
		Income	Capital rate / prime yield	6.00%-13.00%
CBD retail*	1 300 740 000	capitalisation	Vacancy rate	0%
			Optimal Rental per square metre	ZWL165-ZWL1300
		Income	Capital rate / prime yield	9.00%-11.00%
Suburban retail*	650 200 000	capitalisation	Vacancy rate	0%
			Optimal Rental per square metre	ZWL75-ZWL400
		Income	Capital rate / prime yield	14.00%-18.00%
Industrial	862 030 000	capitalisation	Vacancy rate	0%
			Comparable transacted	
			properties prices	
		Market		
Residential	341 050 000	comparable		
		Market	Rate per square metre	ZWL1300.00-ZWL2500.00
Land - residential	3 270 000	comparable		
		Market	Rate per square metre	ZWL425.00-ZWL7400.00
Land - commercial	2 112 472 350	comparable		
Total	**9 395 892 350**			

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

6 INVESTMENT PROPERTY (continued)

6.1 Fair value hierarchy

Class of property	Fair value 31 December 2019 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
		Income	Rental per square metre	ZWL50.00-ZWL60.00
		Income	Capital rate / prime yield	15.00%-60.00%
CBD offices	196 511 873	capitalisation	Vacancy rate	8.00%-10.00%
			Rental per square metre	ZWL80.00-ZWL120.00
		Income	Capital rate / prime yield	5.00%-10.00%
Office parks	427 091 443	capitalisation	Vacancy rate	7.00%-8.00%
			Rental per square metre	ZWL80.00-ZWL250.00
		Income	Capital rate / prime yield	7.00%-8.00%
CBD retail*	135 439 020	capitalisation	Vacancy rate	0.00%
			Rental per square metre	ZWL30.00-ZWL50.00
		Income	Capital rate / prime yield	8.00%-10.00%
Suburban retail*	67 200 000	capitalisation	Vacancy rate	0.00%
			Rental per square metre	ZWL15.00-ZWL35.00
		Income	Capital rate / prime yield	11.00%-13.00%
Industrial	85 500 000	capitalisation	Vacancy rate	0.00%
			Comparable transacted	
			properties prices	
		Market		
Residential	68 670 000	comparable		
		Market	Rate per square metre	ZWL250.00-ZWL600.00
Land - residential	670 000	comparable		
		Market	Rate per square metre	ZWL600.00-ZWL1 200.00
Land - commercial	411 050 000	comparable		
Total	1 392 132 336			

The table below shows an analysis of the lettable space of the portfolio, split per sector and its respective contribution to the total portfolio.

	Lettable space m2		% of portfolio	
	December 2020	December 2019	December 2020	December 2019
Sector				
CBD offices	32 518	32 518	26.34%	26.35%
Office park	25 770	25 770	20.87%	20.87%
CBD retail	20 327	20 327	16.47%	16.47%
Suburban retail	7 723	7 723	6.26%	6.26%
Industrial	37 113	37 113	30.06%	30.06%
Total	**123 451**	**123 451**	**100.00%**	**100.00%**

6 INVESTMENT PROPERTY (continued)

6.1 Fair value hierarchy (continued)

Descriptions and definitions

The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

i. Income approach / Income capitalisation method

Under the income capitalisation method, a property's fair value is estimated based on the annualised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return). Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised (discounted).

ii. Market approach / Market comparable method

Under the market comparable method, a property's fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square metre ("sqm").

iii. Rent per square metre

The rent at which space could be let in the market conditions prevailing at the date of valuation. The unit of comparison is the rental rate per square metre.

iv. Vacancy rate

The Group determines the vacancy rate which can be based on the percentage of estimated vacant space divided by the total lettable area.

v. Prime yield

The prime yield is defined as the internal rate of return of the cash flows from the property, assuming a rise to Estimated Rental Value ("ERV") at the next review, but with no further rental growth.

Leasing arrangements

Some of the investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	INFLATION ADJUSTED		Unaudited Historical COST	
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
Within 1 year	225 721 994	218 083 695	110 390 739	48 615 864
Later than one year but not later than 5 years	292 484 728	501 382 425	143 041 467	111 769 658
Later than 5 years	10 601 799	19 438 784	5 184 876	4 333 352
Total	**528 808 521**	**738 904 904**	**258 617 082**	**164 718 874**

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy.

Yield rate risk and sensitivity

The rental rate represents the net income expected in year zero divided by the current property values (Unaudited Historical and/or trailing income yield). The risk arises when vacancy levels in the portfolio increase. This increase will consequently result in a reduction in net incomes. Where net incomes remain constant, a reduction in the yield rates will result in the increased property values. The table below highlights the sensitivity to a reasonable possible change in the yield rate applied to values of the investment properties. With all other variables held constant, the Group's profit before income tax, investment properties, and deferred tax are affected through the impact on the fluctuating yield rate as follows:

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 INVESTMENT PROPERTY (continued)

6.1 Fair value hierarchy (continued)

Sensitivity analysis.

All figures in ZWL	2020 Increase in yield 10%	2020 Decrease in yield 10%	2019 Increase in yield 10%	2019 Decrease in yield 10%
Investment property	(3 274 771 488)	10 810 127 755	(22 541 267)	32 596 110
Deferred tax effect	809 523 512	(2 672 263 581)	5 572 201	(8 393 498)
Profit for the year	(2 465 247 976)	8 137 864 174	(16 969 066)	24 202 612
Equity	(2 465 247 976)	8 137 864 174	(16 969 066)	24 202 612

Significant increases / (decreases) in the comparable transacted properties and rental per square metre in isolation would result in a significant higher / (lower) fair value measurement. Significant increases / (decreases) in the long-term vacancy rate and prime yield in isolation would result in a significant lower / (higher) fair value measurement.

Investment property is stated at fair value, which was determined based on valuations performed by Knight Frank Zimbabwe, an independent property valuer, as at 31 December 2020 and December 2019. Investment property is stated based on a full valuation. Knight Frank Zimbabwe is an industry specialist in valuing the types of properties owned by the Group and Company. The fair values of the property portfolio have been determined using income capitalisation method except for land and residential properties whose fair values are determined using comparable transactions. Valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

Valuation process

Management Committee that determines the Group's policies and procedures for property valuations comprises the Managing Director, Head of Finance, Property Investment Manager and Property Services Manager. Each year, the Management Committee decides and recommends to the Audit Committee, which external valuer to appoint to be responsible for the external valuations of the Group's property portfolio. The selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Consideration is normally given to rotate external valuers every five years. In addition, the Managing Director is responsible for recruiting personnel in the Group's internal Valuation Department. The Group's internal Valuation Department comprises two employees, both of whom hold relevant internationally recognised professional qualifications and are experienced in valuing the types of properties in the applicable locations.

The Management Committee decides, after discussions with the Group's external valuers and the Group's internal Valuation Department;

- whether a property's fair value can be reliably determined;
- which valuation method should be applied for each property (the methods that are applied for fair value measurements categorized within level 3 of the fair value hierarchy are market comparables and the income capitalization method) and;
- the assumptions made for the unobservable inputs that are used in the valuation methods (the major observable inputs are rental per square metre, rate per square metre, vacancy rate and prime yield).

As at each year-end, all properties are valued by external valuers. At each reporting date, the internal Valuation Department analyses the movements in each property's value. For this analysis, the internal Valuation Department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts (for example rent amounts in lease agreements), market reports (for example market rent, capitalisation rates in property market reports) and other relevant documents. In addition, the accuracy of the computation is tested on a sample basis. For each property, the latest valuation is compared with the valuations of the preceding annual period. If fair value changes (positive or negative) are abnormal, the changes are further analysed for example by having discussions with external valuers.

The internal Valuation Department also compares each property's change in fair value with relevant external sources (e.g. the investment property database or other relevant benchmark) to determine whether the change is reasonable.

On an annual basis, after the Management Committee has discussed the valuations with the internal Valuation Department, they present the valuation results to the Audit Committee and the Group's independent auditor. This includes a discussion of the major assumptions used in the valuations, with an emphasis on:

- properties with fair value changes that are abnormal; and
- investment properties under construction.

6 INVESTMENT PROPERTY (continued)

6.2 Investment property held for sale

During the year, the directors of First Mutual Properties Limited decided to dispose a residential parcel of land, known as 103 Kingsmead Road, Borrowdale, Harare as part of the Group's ongoing capital recycling strategy. There is an Interested party whose offer has been accepted and the sale is expected to be completed before the end of 30 June 2021. Conditions for the classification as held for sale (as stipulated in IFRS 5- Noncurrent assets held for sale and discontinued operations) were met as at 31 December 2020. The asset was reclassified to current assets from investment property as disclosed below. The reclassification has no effect on prior year figures.

	Inflation adjusted		Unaudited Historical	
	2020	2019	2020	2019
All figures in ZWL				
Investment property held for sale	48 817 650	-	48 817 650	-

7 VEHICLES AND EQUIPMENT

INFLATION ADJUSTED Group						
All figures in ZWL	**Motor vehicles**	**Computers**	**Office equipment**	**Equipment and machinery**	**Office furniture**	**Total**
Year ended 31 December 2019						
Opening net book amount	-	1 528 853	3 043 046	52 333	1 766 351	6 390 583
Additions	-	954 598	57 776	188 541	-	1 200 915
Disposal	-	(53 508)	-	-	-	(53 508)
Depreciation on disposal	-	43 997	-	-	-	43 997
Depreciation charge	-	(522 734)	(775 299)	(41 131)	(354 149)	(1 693 313)
Closing net book amount	**-**	**1 951 206**	**2 325 523**	**199 743**	**1 412 202**	**5 888 674**
As at 31 December 2019						
Cost	7 198 619	5 251 193	7 976 837	6 561 126	4 005 047	30 992 822
Accumulated depreciation	(7 198 619)	(3 299 987)	(5 651 314)	(6 361 383)	(2 592 845)	(25 104 148)
Net book amount	**-**	**1 951 206**	**2 325 523**	**199 743**	**1 412 202**	**5 888 674**
Year ended 31 December 2020						
Opening net book amount	-	1 951 206	2 325 523	199 743	1 412 202	5 888 674
Additions	-	162 045	14 347	-	-	176 392
Disposals	-	-	-	-	-	-
Depreciation on disposal	-	-	-	-	-	-
Depreciation charge	-	(592 171)	(750 539)	(40 275)	(154 685)	(1 537 670)
Closing net book amount	**-**	**1 521 080**	**1 589 331**	**159 468**	**1 257 517**	**4 527 396**
As at 31 December 2020						
Cost	7 198 619	5 413 238	7 991 184	6 561 126	4 005 047	31 169 214
Accumulated depreciation	(7 198 619)	(3 892 158)	(6 401 853)	(6 401 658)	(2 747 530)	(26 641 818)
Net book amount	**-**	**1 521 080**	**1 589 331**	**159 468**	**1 257 517**	**4 527 396**

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

7 VEHICLES AND EQUIPMENT (continued)

All figures in ZWL

Historic
Group

Year ended 31 December 2019	Motor vehicles	Computers	Office equipment	Equipment and machinery	Office furniture	Total
Opening net book amount	-	42 225	93 762	1 356	41 275	178 618
Additions	-	55 272	2 894	8 392	-	66 558
Disposal	-	(1 385)	-	-	-	(1 385)
Depreciation on disposal	-	1 046	-	-	-	1 046
Depreciation charge	-	(17 757)	(18 988)	(1 556)	(9 127)	(47 428)
Closing net book amount	-	**79 401**	**77 668**	**8 192**	**32 148**	**197 409**
As at 31 December 2019						
Cost	186 357	169 463	212 458	173 365	103 683	845 325
Accumulated depreciation	(186 357)	(90 062)	(134 790)	(165 173)	(71 535)	(647 917)
Net book amount	-	**79 401**	**77 668**	**8 192**	**32 148**	**197 409**
Year ended 31 December 2020						
Opening net book amount	-	79 401	77 668	8 192	32 148	197 409
Additions	-	41 921	4 699	-	-	46 620
Disposals	-	-	-	-	-	-
Depriciation disposal	-	-	-	-	-	-
Depreciation charge	-	(26 242)	(32 676)	(6 914)	(1 918)	(67 750)
Closing net book amount	-	**95 080**	**49 691**	**1 278**	**30 230**	**176 279**
As at 31 December 2020						
Cost	186 357	211 384	217 157	173 365	103 684	891 947
Accumulated depreciation	(186 357)	(116 304)	(167 466)	(172 087)	(73 454)	(715 668)
Net book amount	-	**95 080**	**49 691**	**1 278**	**30 230**	**176 279**

8 FINANCIAL ASSETS AT AMORTISED COST

All figures in ZWL	Inflation adjusted		Unaudited Historical	
	2020	**2019**	**2020**	**2019**
As at 1 January	1 751 719	6 854 911	390 498	593 326
Disposals	-	(5 103 192)	-	(202 828)
Loss due to inflation adjustment	(1 361 221)	-	-	-
Amortised interest	137 716	340 980	67 350	40 680
Repayments of interest	(137 716)	(340 980)	(67 350)	(40 680)
As at 31 December	**390 498**	**1 751 719**	**390 498**	**390 498**
Short-term portion	-	-	-	-
Long-term portion	390 498	1 751 719	390 498	390 498
Total	**390 498**	**1 751 719**	**390 498**	**390 498**

The carrying amounts closely approximate the fair values of the financial assets at amortised cost.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All figures in ZWL	Inflation adjusted		Unaudited Historical	
As at 1 January	2 118 355	4 595 900	472 230	164 947
Additions	-	-	-	-
Disposals	-	-	-	-
Fair value adjustment	2 618 201	(2 477 545)	4 264 326	307 283
As at 31 December	**4 736 556**	**2 118 355**	**4 736 556**	**472 230**

These are unquoted equity investments in a property fund. The fair value of the shares is determined by the underlying net asset value of the property and valuation was done by an independent valuer. The Group holds 8.91% of a property fund that constitute one property.

10 TRADE AND OTHER RECEIVABLES

	Inflation adjusted		Unaudited Historical	
All figures in ZWL	**2020**	**2019**	**2020**	**2019**
Tenant receivables	30 963 233	21 162 912	30 963 233	4 717 699
Tenant operating cost recoveries	14 005 141	8 131 790	14 005 141	1 812 763
Trade receivables	**44 968 374**	**29 294 702**	**44 968 374**	**6 530 462**
Less: allowance for credit losses	(8 780 859)	(10 557 396)	(8 780 859)	(2 353 486)
Net trade debtors	**36 187 515**	**18 737 306**	**36 187 515**	**4 176 976**
Prepayments - other	13 803 454	9 826 118	11 463 978	2 190 468
Other receivables*	2 121 191	6 639 600	2 121 191	1 480 119
Total trade and other receivables	**52 112 160**	**35 203 024**	**49 772 684**	**7 847 563**

Reconciliation of gross trade receivables

As at 1 January	6 530 462	2 238 363
Add: charge for the year	175 625 667	25 477 835
Recovery due to payments	(137 187 755)	(21 185 736)
As at 31 December	**44 968 374**	**6 530 462**

Reconciliation of allowance for credit losses

As at 1 January	2 353 486	1 599 859
Add: charge for the year	38 437 912	1 243 378
Recovery due to payments	(32 010 539)	(489 751)
As at 31 December	**8 780 859**	**2 353 486**

(i) Classification of trade receivables

Trade receivables are amounts due from tenants for space leased in the ordinary course of business They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group and Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 TRADE AND OTHER RECEIVABLES (continued)

Refer below for the movements in the allowance for credit losses:

Year ended 31 December 2020 All figures in ZWL	Individually impaired	Collectively impaired	Total
As at 1 January	1 003 950	595 908	1 599 858
Charge for the year	753 628	-	753 628
As at 31 December 2019	**1 757 578**	**595 908**	**2 353 486**
Year ended 31 December 2020			
As at 1 January	1 757 578	595 908	2 353 486
Charge for the year	5 914 844	512 529	6 427 373
As at 31 December 2020	**7 672 422**	**1 108 437**	**8 780 859**

Trade receivables are normally on 30 day terms. Tenants are charged interest at 10% (2019: 10%) per annum on overdue amounts that remain outstanding after 30 days.

11 CASH AND CASH EQUIVALENTS

All figures in ZWL		Inflation adjusted 2020	Inflation adjusted 2019	Unaudited Historical 2020	Unaudited Historical 2019
Cash at bank and in hand :					
	USD	113 899 327	79 952 926	113 899 327	17 823 343
	ZWL	10 132 265	1 425 598	10 132 265	317 799
At 31 December		**124 031 592**	**81 378 524**	**124 031 592**	**18 141 142**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and Company and earn the immediate cash requirements of the Group and Company and earn interest at the short-term deposit rates.

Reconciliation of cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Inflation adjusted 2020	Inflation adjusted 2019	Unaudited Historical 2020	Unaudited Historical 2019
Bank balances:	124 031 592	81 378 524	124 031 592	18 141 142
Bank overdraft	-	-	-	-
Balances as per cash flow statements	**124 031 592**	**81 378 524**	**124 031 592**	**18 141 142**

12 ORDINARY SHARE CAPITAL

	2020			
	Inflation adjusted		Unaudited Historical	
Authorised	Shares	ZWL	Shares	ZWL
2 000 000 000 ordinary shares with a nominal value of ZWL0.001 per share	2 000 000 000	2 000 000	2 000 000 000	2 000 000
Issued and paid				
1 238 157 310 ordinary shares with a nominal value of ZWL0.001 per share	1 238 157 310	47 827 535	1 238 157 310	1 238 157
Less: treasury shares				
Repurchased in 2016 at a price of 0.0163 cents per share.	(1 229 638)	(772 908)	(1 229 638)	(20 009)
Repurchased in 2019 at a price of 0.0163 and cents per share.	(136 400)	(97 056)	(136 400)	(19 982)
As at 31 December	**1 236 791 272**	**46 957 571**	**1 236 791 272**	**1 198 166**

The shareholders at an annual general meeting held on 28 May 2019 passed an ordinary resolution for the Company to purchase its shares in terms of section 129 of the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements. Purchased shares will be used for treasury purposes. Acquisitions shall be of ordinary share which, in aggregate in any one financial year shall not exceed 10% (2019: 10%)of the Company's issued ordinary share capital.

13 DEFFERED TAX LIABILITIES

	Inflation adjusted		Unaudited Historical	
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
As at 1 January	1 169 398 020	511 074 998	250 378 797	16 710 582
Recognised in the statement of profit or loss				
-Arising on vehicles and equipment	(336 652)	375 959	(6 085)	8 335
-Arising on investment properties	(322 541 672)	660 587 827	595 041 547	234 248 567
-Arising on unquoted shares	130 910	105 920	2 634 389	23 612
-Arising on leave pay provision	(4 383 738)	(136 895)	(4 490 117)	(30 517)
-Arising on provision for credit losses	(1 642 758)	(2 609 789)	(1 588 846)	(581 782)
As at 31 December	**840 624 110**	**1 169 398 020**	**841 969 685**	**250 378 797**
Deferred tax liability				
-Arising on vehicles and equipment	1 096 152	1 432 804	20 555	26 642
-Arising on investment properties	845 982 392	1 168 524 064	845 982 392	250 940 842
-Arising on unquoted shares	236 828	105 918	2 658 000	23 612
-Arising on leave pay provision	(4 520 634)	(136 896)	(4 520 634)	(30 517)
-Arising on provision for credit losses	(2 170 628)	(527 870)	(2 170 628)	(581 782)
As at 31 December	**840 624 110**	**1 169 398 020**	**841 969 685**	**250 378 797**

Deferred tax liabilities arose as a result of temporary differences arising from investment properties with carrying amounts higher than income tax values.

	Inflation adjusted		Unaudited Historical	
	2020	2019	2020	2019
14 BORROWINGS	ZWL	ZWL	ZWL	ZWL
As at 1 January	-	2 306 326	-	91 665
Amortised interest	-	6 860	-	441
Repayment of interest	-	(6 860)	-	(441)
Repayment of capital	-	(2 306 326)	-	(91 665)
As at 31 December	-	-	-	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 TRADE AND OTHER PAYABLES	Inflation adjusted		Unaudited Historical	
All figures in ZWL	**2020**	**2019**	**2020**	**2019**
Rentals received in advance	5 505 403	5 784 989	5 334 378	715 234
Sundry payables*	13 666 612	3 342 629	13 666 612	745 149
Trade payables	15 188 746	11 183 949	15 188 746	2 493 160
Leave pay provision* *	1 440 457	553 788	1 440 457	123 452
Related party payables	17 181 158	18 333 127	17 181 158	4 086 875
As at 31 December	**52 982 376**	**39 198 482**	**52 811 351**	**8 163 870**

* Sundry payables include accrued expenses, good tenant deposits, VAT and dividend liabilities.

* * Leave pay provision has been disaggregated as from the current reporting period. In prior periods, the provision was being consolidated within sundry payables.

Terms and conditions of the above financial liabilities:

- Rentals received in advance are non-interest bearing and are transferred to revenue upon use of space by a tenant
- Sundry payables are non-interest bearing and have an average term of three months
- Trade payables are non-interest bearing and are normally settled on 30-day terms
- For terms and conditions with related parties refer to Note 27.2.

15.1 *Leave pay provision reconciliation	2020	2019
At 1 January	123 452	46 092
Additional provision	1 317 005	77 360
At 31 December	**1 440 457**	**123 452**

	Inflation Adjusted		Unaudited Historical	
16 REVENUE	**2020**	**2019**	**2020**	**2019**
All amount in ZWL				
Rental income	262 567 420	257 594 061	175 625 667	23 565 453
Property services income	3 172 336	3 072 318	2 197 540	430 521
	265 739 756	**260 666 379**	**177 823 207**	**23 995 974**
17 ALLOWANCE FOR CREDIT LOSSES				
Allowance for credit losses	6 427 373	(3 387 722)	6 427 373	755 201
Specific write-offs	163 053	-	163 053	-
	6 590 426	**(3 387 722)**	**6 590 426**	**755 201**
18 PROPERTY EXPENSES				
Operating costs under recoveries	28 492 737	23 152 627	19 335 384	2 595 955
Maintenance costs	32 986 230	38 650 655	19 339 413	4 074 125
Valuation fees	1 590 681	504 816	1 035 064	38 600
Property security and utilities	1 209 226	514 069	854 793	38 162
As at 31 December	**64 278 874**	**62 822 167**	**40 564 654**	**6 746 842**
Property expenses arising from investment properties that generated rental income	63 069 648	62 308 099	39 709 861	6 708 680
Property expenses arising from investment properties that did not generate rental income	1 209 226	514 068	854 793	38 162
	64 278 874	**62 822 167**	**40 564 654**	**6 746 842**

Operating costs under recoveries relate to the operating costs attributable to the vacant spaces on buildings within the portfolio.

19 EMPLOYEE COSTS				
Salaries	16 211 956	14 711 894	9 983 676	1 184 460
Staff training	59 645	2 461 032	45 655	262 533
NSSA and levies	747 978	900 800	523 631	75 676
Pension contributions	531 975	1 600 568	965 018	128 179
General allowances	15 033 989	8 676 404	11 604 754	522 040
Motor vehicle allowance	10 164 253	4 832 930	7 207 605	1 077 371
Performance bonus	22 537 005	2 426 316	18 317 014	540 883
Other staff costs	6 587 328	10 067 143	5 169 827	685 023
	71 874 129	**45 677 087**	**53 817 180**	**4 476 165**

* Other staff costs include staff transport, staff meals, housing allowances and long service awards

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

		Inflation Adjusted		Unaudited Historical	
		2020	2019	2020	2019
20	**OTHER EXPENSES**				
	All figures in ZWL				
	Directors' fees				
	-For services as directors	5 828 197	2 207 527	4 672 218	283 709
	Auditors' fees:				
	-current year	1 911 194	1 086 910	1 624 998	112 435
	-prior year	3 154 199	592 481	2 681 866	61 289
	Information and communication technology expenses	4 943 848	7 050 430	3 244 562	602 283
	Depreciation	1 537 670	1 693 313	67 750	47 428
	Communication expenses	618 751	472 255	450 189	43 644
	Fees and other charges*	5 919 758	4 710 292	4 268 354	443 907
	Investment fees	72 691	109 527	45 129	9 492
	Office costs	7 626 233	9 547 785	5 612 709	876 114
	Travel and entertainment expenses	996 846	1 045 184	671 695	104 880
	Group shared services	18 167 220	17 289 241	11 257 130	1 579 484
	Advertising	1 465 270	2 496 989	688 630	213 651
		52 241 877	**48 301 934**	**35 285 230**	**4 378 316**

*Fees and other charges include bank charges, registration fees and listing fees

		2020	2019	2020	2019
21	**FAIR VALUE ADJUSTMENTS**				
	Fair value adjustment - investment property	3 197 958 350	2 174 408 925	8 050 729 164	1,246,756,000
	Fair value adjustments- Investment property held for sale	1 848 500	-	1 848 500	-
		3 199 806 850	**2 174 408 925**	**8 052 577 664**	**1 246 756 000**
22	**OTHER INCOME**				
	Bad debts recovered	1 353	105 197	600	11 149
	Exchange Gain	139 400 473	82 506 724	83 930 017	11 159 733
	Shared services	7 531 397	2 477 795	3 683 276	657 685
	Insurance claim	3 089 867	-	1 370 614	-
	Fair value gain on financial assets at fair value through profit and loss	2 618 201	(2 477 545)	4 264 326	307 283
	Profit on disposal of investment property	-	9 115 454	-	129 795
	Sundry income*	3 604 385	570 288	959 246	180 562
		156 245 676	**92 297 913**	**94 208 079**	**12 446 207**

* Sundry income comprises lease fees, profit on disposal of investment property and other income.

		Inflation adjusted		Unaudited Historical	
23	**FINANCE INCOME**	2020	2019	2020	2019
	All figures in ZWL				
23.1	**Finance income for statement of profit or loss**				
	Interest on overdue tenant accounts	1 888 612	2 864 944	1 219 101	202 891
	Interest on investments	104 339	660 077	67 351	51 125
		1 992 951	**3 525 021**	**1 286 452**	**254 016**

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

		Inflation adjusted		Historic	
23	**FINANCE INCOME (continued)**	**2020**	**2019**	**2020**	**2019**
	All figures in ZWL				
23.2	**Finance income for statement of cash flows**				
	Finance income received	1,267,667	-	1 003 431	-
	Finance income accrued	725 284	-	283 021	-
		1 992 951	-	**1 286 452**	-
24	**FINANCE COST**				
	All figures in ZWL				
	Borrowings	-	6 860	-	441
	Related party loan	-	11 896	-	765
		-	**18 756**	-	**1 206**
25	**INCOME TAX CREDIT/ (EXPENSE)**				
	Current income tax	22 736 610	12 936 927	22 736 610	2 883 938
	Deferred tax	(328 773 910)	658 323 022	591 599 224	233 668 215
		(306 037 300)	**671 259 949**	**614 335 834**	**236 552 153**
25.1	**Reconciliation of income tax charge**	**2020**	**2019**	**2020**	**2019**
	Accounting Profit	**3,287,527,247**	**2,188,827,219**	**8,189,637,912**	**1 267 094 467**
	Tax at Standard rate	24.72%	25.75%	24.72%	25.75%
	Notional accounting tax at standard rate	812,676,735	563,623,009	2,024,478,492	326,276,825
	Expenses not deductible for tax purposes*	10,289,980	4,372,461	5,032,378	297,057
	Effect of different tax rates- Investment property	(332,376,734)	93,016,947	595,033,214	(77,973,786)
	Impact of future tax rate change	-	(43,008,947)	-	(9,577,382)
	Income not subject to tax	(826,982,300)	(19,951,879)	(2,012,960,070)	(2,875,514)
	Other	12,064,453	5,831,171	2,751,820	404,953
	Inflation effect on adoption of IAS 29	18,290,566	67,377,187	-	-
	Effective tax for the period	**(306 037 300)**	**671 259 949**	**614 335 834**	**236 552 153**

*Expenses not deductible for tax purposes relate to disallowable deductions which are added back in the tax reconciliation, e.g staff meals, entertainment expenses, donations and excess management fees.

		INFLATION ADJUSTED		Unaudited Historical	
25.2	**Reconciliation of income tax paid**	**2020**	**2019**	**2020**	**2019**
	Tax assets at beginning of the year	(892 358)	(7 737 818)	(198 927)	(609 249)
	Tax liability at beginning of the year	738 426	-	164 612	-
	Current income tax expense (note 26)	22 736 610	12 936 927	22 736 610	2 883 938
	Provision/(reversal) of interest and penalties	-	(1 020 399)	-	(227 470)
	Set-off with assets from other tax heads	-	-	-	-
	Tax asset at end of the year*	-	892 358	-	198 927
	Tax liability at end of the year	(4 060 840)	(738 426)	(4 060 840)	(164 612)
	Effects of inflation after adoption of IAS 29	4,701,341	15,186,335	-	-
	Income tax paid	**23 223 179**	**19 518 977**	**18 641 455**	**2 081 534**

*Tax assets relates to receivables from Zimra for income tax paid for First Mutual Properties Limited and its subsidiaries.

26 EARNINGS PER SHARE

26.1 Basic earnings per share

Basic earnings / (loss) per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. As there are no dilutive equity instruments outstanding, basic and diluted earnings / (loss) per share are the same. The following reflects the income and ordinary share data used in the computations of basic and diluted earnings / (loss) per share:

	INFLATION ADJUSTED		Unaudited Historical	
	2020	2019	2020	2019
All figures in ZWL				
Earnings attributable to ordinary equity holders of the parent for basic earnings per share	3 583 163 779	1 517 567 269	7 564 901 311	1 030 542 313
Issued ordinary shares at 1 January	1 238 157 310	1 238 157 310	1 238 157 310	1 238 157 310
Effect of treasury shares held	(1 366 038)	(1 366 038)	(1 366 038)	(1 366 038)
Weighted average number of ordinary shares at 31 December	1 236 791 272	1 236 791 272	1 236 791 272	1 236 791 272
Basic and diluted earnings per share	**2.90**	**1.23**	**6.12**	**0.83**

26.2 Diluted earnings per share

The Company has no arrangements or contracts that could result in dilution therefore, the diluted earnings per share are the same as the basic earnings per share.

27 RELATED PARTY DISCLOSURES

The financial statements include transactions between First Mutual Properties Limited Group and First Mutual Holdings Limited and its other subsidiaries.

27.1 Transactions and balances with related companies

27.1.1 Parent company's effective shareholding

First Mutual Holdings Limited directly owns 3.09% (2019: 1.46%) and controls 70.66% (2018: 64.16%) of the ordinary shares of First Mutual Properties Limited through a shareholding in the companies / funds listed below:

	2020	2019
First Mutual Life Assurance Company (Private) Limited, policyholders	40.85%	40.85%
First Mutual Life Assurance Company (Private) Limited, shareholders	17.67%	17.67%
FMRE Company (Private) Limited Shareholders	2.21%	2.21%
First Mutual Insurance Company Limited	0.35%	0.35%
First Mutual Life Medical Savings fund	5.35%	5.35%
First Mutual Life Managed Fund	0.65%	0.65%
FML - Econet Pension Fund	0.26%	0.26%
First Mutual Holdings Limited	3.09%	3.09%
First Mutual Wealth Management (Private) Limited	0.15%	0.15%
First Mutual Properties Limited	0.10%	0.10%
	70.66%	70.68%

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

27 RELATED PARTY DISCLOSURES

27.1.2 Summary of related party transactions
The following table provide the total amount of transactions that have been entered into with related parties during the year ended 31 December 2020:

All figures in ZWL	Relationship to First Mutual Properties Limited	Rentals charged to related parties	Purchases from related parties	Amount owed to related parties	Amount owed by related parties	Group shared services
First Mutual Holdings Limited	Parent	4 710 812	-	-	2 565 214	5 958 792
First Mutual Life Assurance Company (Private) Limited	Intermediate Parent	7 236 861	1 403 533	990 752	-	2 503 385
First Mutual Wealth Management (Private) Limited	Fellow subsidiary	543 024	43 781		43 265	157 155
First Mutual Reinsurance Company Limited	Fellow subsidiary	1 114 932	-	-	521 734	191 184
First Mutual Health Company (Private) Limited	Fellow subsidiary	3 195 611	1 713 473	511 290	-	550 372
NicozDiamond Insurance Limited	Fellow subsidiary	321 091	10 444 455	1 659 428	-	1 669 950
First Mutual Funeral Services (Private) Limited	Fellow subsidiary	863 834	-	64 111	-	-
Totals		**17 986 164**	**13 605 242**	**3 225 581**	**3 130 213**	**11 030 838**
Key management personnel of the Group						
Amounts owing to Key management				17 087 527		
Other directors interests**		3 622 553	-		-	-

**During 2020 the Group rented out premises to Eazstar Investments (Private) Limited, of which the spouse of one of the directors of the Company, is director and controlling shareholder. The Group also rented out premises to Arup Zimbabwe (Private) Limited of which one of the directors of the Company has 25.5% shareholding. The rentals were at market rates.

27 RELATED PARTY DISCLOSURES (CONTINUED)

27.1.2 Summary of related party transactions (continued)

The following table provide the total amount of transactions that have been entered into with related parties during the year ended 31 December 2019:

All figures in ZWL	Relationship to First Mutual Properties Limited	Rentals charged to related parties	Purchases from related parties	Amount owed to related parties	Amount owed by related parties	Group shared services
First Mutual Holdings Limited	Parent	372 385	900 600	328 193	19 267	354 873
First Mutual Life Assurance Company (Private) Limited	Intermediate Parent	1 210 470	128 179	412 039	-	1 032 332
First Mutual Wealth Management (Private) Limited	Fellow subsidiary	41 550	9 492	-	23 092	58 803
First Mutual Reinsurance Company Limited	Fellow subsidiary	65 925	-	-	60 392	130 396
First Mutual Health Company (Private) Limited	Fellow subsidiary	255 513	178 290	86 724	-	161 299
NicozDiamond Insurance Limited	Fellow subsidiary	62 530	627 578	2 529 141		161 826
First Mutual Funeral Services (Private) Limited	Fellow subsidiary	-	-	-	319	-
Key management personnel of the Group						
Other directors interests**		407 850	-	138 569	-	-
Totals		**2 416 223**	**1 844 139**	**3 494 666**	**103 070**	**1 899 529**

**During the period under review, the Group rented out premises to Eazstar Investments (Private) Limited, of which the spouse of one of the directors of the Company, is director and controlling shareholder. The Group also rented out premises to Arup Zimbabwe (Private) Limited of which one of the directors of the Company has 25.5% shareholding. The rentals were at market rates.

27.2 Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables.

The sale and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Expenses relating to bad or doubtful debts in respect of amounts owed by related parties have been accounted for in accordance with IFRS 9 and are included in note 10.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

27 RELATED PARTY DISCLOSURES (CONTINUED)

27.3 Remuneration of key management

All figures in ZWL	2020	2019
Details of transactions with directors are set out in the directors' report.		
The following remuneration was paid to key management during the year:		
Short term employee benefits	-	907 101
Post-employment benefits	-	49 394
	-	**956 496**

Key management team includes executive directors and members of the management committee. Directors fees are disclosed on note 20.

27.4 BOND SECURITY AGREEMENT WITH FIRST MUTUAL MICROFINANCE LIMITED

First Mutual Microfinance Limited, a fellow subsidiary of First Mutual Holdings Limited, intended to raise ZWL 200,000,000.00 (Two hundred million Zimbabwe Dollars) by way of a bond issue to the market for the purposes of on-lending to customers in the key sectors of the economy. First Mutual Properties Limited agreed to provide a guarantee to cover amounts claimed by bondholders in the event First Mutual Microfinance fails to service their bond obligations.

28 FIRST MUTUAL HOLDINGS LIMITED GROUP PENSION FUNDS

First Mutual Properties Limited contributes to the First Mutual Holdings Limited Group Staff Pension and Life Assurance Scheme which is defined contribution scheme managed by First Mutual Life Assurance Company (Private) Limited.

All employees are members of the First Mutual Holdings Limited Group Staff Pension and Life Assurance Scheme. The Group's contributions to the defined contribution pension plan are charged to the statement of profit or loss in the period to which they relate.

	2020	2019
All employees contribute to the pension fund at the same prescribed rate.		
Total employer contributions amounted to:	**2 376 769**	**522 040**
National Social Security Authority Scheme The Group and its employees also contribute to the National Social Security Authority Scheme. This is a social security scheme which was set up under the National Social Security Act (Chapter 17.04). The Group's obligations under the scheme are limited to specific contributions as legislated from time to time.		
Total employer contributions amounted to:	**7 271 122**	**40 790**

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

The Group and the Company do not have significant contingent liabilities that require disclosure as at 31 December 2020.

29.2 Commitments

29.2.1 Capital commitments

The Group has capital expenditures contracted for at the end of the year but not yet incurred is as follows:

All figures in ZWL	2020	2019
Investment property	-	6 603 370

30 COVID-19 and its impact on the Group.

The COVID-19 pandemic impacted the business during the year, with increased risk to occupancy levels, revenue generation and collections. The focus during the pandemic shifted to ensuring long term occupancy of performing tenants. During the year, as the lockdowns enforced by Government restricted business operations, the Group suspended rent reviews in the second quarter of the year and partially into the third quarter, all to ensure the Group maintains occupancy levels and securing long term sustainable income by cushioning tenants during uncertain times. As tenants struggled to remain operational during the lockdowns, collections were affected in the middle of the year averaging 75%, and gradually improved by year end to 85%.

The COVID-19 pandemic affected the construction sector with delivery of projects being slowed down due to need to adhere WHO protocols on health and safety, which include social distancing and the need to have limited number of employees on construction sites. As various levels of the lockdown were implemented, the supply chain for materials was affected by the pandemic, slowing down new development initiative and refurbishments.

31 Events after the balance sheet date

There were no events after the reporting date which need to be disclosed in the financial statements.

32 Dividend declaration

At a Meeting held on 5 May 2021, the Board resolved that a final dividend of ZWL 14,229,408 being ZWL 1.1505 cents per share be declared from the profits for the quarter ended 31 December 2020. The dividend will be payable on or about 18 June 2021 to all shareholders of the Group registered at close of business on 11 June 2021. The shares of the Group will be traded cum-dividend on the Zimbabwe Stock Exchange up to 8 June 2021 and ex-dividend as from 9 June 2021.

Company Statement of Financial Position

AS AT 31 DECEMBER 2020

		Inflation adjusted		Unaudited Historical	
		2020	2019	2020	2019
ASSETS	**Notes**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Non-current assets					
Investment property	1	5 805 469 829	3 168 396 612	5 805 469 829	706 308 372
Investments in subsidiaries	2	1 810 047 602	1 810 047 602	46 858 428	46 858 428
Vehicles and equipment	3	4 527 396	5 888 674	176 279	197 409
Financial assets at amortised cost	4	390 498	1 751 719	390 498	390 498
Financial assets at fair value through profit or loss	5	4 736 556	2 118 355	4 736 556	472 230
Total non-current assets		**7 625 171 881**	**4 988 202 962**	**5 857 631 590**	**754 226 937**
Current assets					
Inventories		632 266	880 111	181 592	99 755
Trade and other receivables	6	41 235 353	30 120 544	40 803 121	6 714 561
Investment property held for sale		48 817 650	-	48 817 650	-
Cash and cash equivalents	7	21 629 022	23 261 255	21 629 022	5 185 468
Total current assets		**112 314 291**	**54 261 910**	**111 431 385**	**11 999 784**
Total assets		**7 737 486 172**	**5 042 464 872**	**5 969 062 975**	**766 226 721**
EQUITY AND LIABILITIES					
Ordinary share capital	8	46 957 571	46 957 571	1 198 166	1 198 166
Retained earnings		7 017 739 650	4 362 208 306	5 293 768 002	591 401 047
Total shareholders' equity		**7 064 697 221**	**4 409 165 877**	**5 294 966 168**	**592 599 213**
Non-current liabilities					
Deferred tax liabilities	9	588 046 006	598 874 745	589 391 582	165 962 569
		588 046 006	**598 874 745**	**589 391 582**	**165 962 569**
Current liabilities					
Bank overdraft	7	33 891 916	-	33 891 916	-
Current tax payable		1 681 967	-	1 681 967	-
Trade and other payables	11	49 169 062	34 424 250	49 131 342	7 664 939
		84 742 945	**34 424 250**	**84 705 225**	**7 664 939**
Total liabilities		**672 788 951**	**633 298 995**	**674 096 807**	**173 627 508**
Total equity and liabilities		**7 737 486 172**	**5 042 464 872**	**5 969 062 975**	**766 226 721**

The notes on pages 101 to 110 are an integral part of the financial statements.

The financial statements were authorised for issue by the Board of directors on 5 May 2021 and signed on its behalf by:

CHAIRMAN
E. K. MOYO
5 May 2021

MANAGING DIRECTOR
C. K. MANYOWA
5 May 2021

Company Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Inflation adjusted 2020 ZWL	Inflation adjusted 2019 ZWL	Unaudited Historical 2020 ZWL	Unaudited Historical 2019 ZWL
Revenue	12	185 612 573	175 200 446	121 562 522	16 742 771
Allowance for credit losses	13	(4 878 829)	(1 220 221)	(4 878 829)	(272 015)
Specific write offs	13	(161 843)		(161 843)	
Property expenses	14	(51 427 144)	(50 504 903)	(31 393 217)	(5 408 879)
Net property income		**129 144 757**	**123 475 322**	**85 128 633**	**11 061 877**
Employee related expenses	15	(71 875 867)	(45 677 087)	(53 817 180)	(4 476 165)
Other expenses	16	(63 411 198)	(63 505 846)	(42 399 779)	(5 785 008)
Net property income after administration expenses		**(6 142 308)**	**14 292 389**	**(11 088 326)**	**800 704**
Fair value adjustments	17	2 685 890 867	661 362 960	5 147 979 107	617 126 000
Other income	18	17 971 235	9 947 356	11 086 955	1 187 245
Finance income	19	1 675 639	3 296 777	1 048 980	237 569
Finance costs	20	-	(11 895)	-	(765)
Net monetary (loss)/gain		(21 817 245)	548 021 355		
Profit before income tax		**2 677 578 188**	**1 236 908 942**	**5 149 026 716**	**619 350 753**
Income tax	21	1 725 548	(442 624 459)	(435 742 426)	(155 860 882)
Profit for the year		**2 679 303 736**	**794 284 483**	**4 713 284 290**	**463 489 871**
Total comprehensive profit for the year		**2 679 303 736**	**794 284 483**	**4 713 284 290**	**463 489 871**
Attributable to:					
-Owners of the parent		2 679 303 736	794 284 483	4 713 284 290	463 489 871
Profit for the year		**2 679 303 736**	**794 284 483**	**4 713 284 290**	**463 489 871**
Basic and diluted earnings per share (ZWL)		2.17	0.64	3.81	0.37

The notes on pages 101 to 110 are an integral part of these financial statements.

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

		Inflation Adjusted			
		Attributable to owners of the parent			
	Note	Ordinary Shares ZWL	Treasury Shares ZWL	Retained earnings ZWL	Shareholders' equity ZWL
Balance as at 1 January 2019		**47 827 535**	**(772 908)**	**3 584 324 698**	**3 631 379 325**
Profit for the year		-	-	794 284 483	794 284 483
Total comprehensive income for the year		-	-	**794 284 483**	**794 284 483**
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares		-	(97,056)	-	(97,056)
Dividend declared and paid		-	-	(16 400 875)	(16 400 875)
Balance as at 31 December 2019		**47 827 535**	**(869 964)**	**4 362 208 306**	**4 409 165 877**
Balance as at 1 January 2020		**47 827 535**	**(869 964)**	**4 362 208 306**	**4 409 165 877**
Profit for the year		-	-	2 679 303 736	2 679 303 736
Transactions with owners in their capacity as owners:					
Dividend declared and paid		-	-	(23 772 392)	(23 772 392)
Balance as at 31 December 2020		**47 827 535**	**(869 964)**	**7 017 739 650**	**7 064 697 221**

Company Statement of Changes in Equity (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unaudited Historical Attributable to owners of the parent Ordinary Shares ZWL	Treasury Shares ZWL	Retained earnings ZWL	Shareholders' equity ZWL
Balance as at 1 January 2019		**1 238 157**	**(20 009)**	**128 641 176**	**129 859 324**
Profit for the year		-	-	463 489 871	463 489 871
Total comprehensive income for the year		**-**	**-**	**463 489 871**	**463 489 871**
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares		-	(19 982)	-	(19 982)
Dividend declared and paid		-	-	(730 000)	(730 000)
Balance as at 31 December 2019		**1 238 157**	**(39 991)**	**591 401 047**	**592 599 213**
Total equity at the beginning of the financial year		**1 238 157**	**(39 991)**	**591 401 047**	**592 599 213**
Profit for the year		-	-	4 713 284 290	4 713 284 290
Total comprehensive income for the year		**-**	**-**	**4 713 284 290**	**4 713 284 290**
Transactions with owners in their capacity as owners:					
Dividend declared and paid		-	-	(10 917 335)	(10 917 335)
Balance as at 31 December 2020		**1 238 157**	**(39 991)**	**5 293 768 002**	**5 294 966 168**

Company Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020		Inflation Adjusted		Unaudited Historical	
	Note	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Cash flows from operating activities					
Profit before income tax		2 677 578 188	1 236 908 942	5 149 026 716	619 350 753
Adjustment for non-cash items:					
Depreciation	3	1 537 670	1 693 313	67 750	47 428
Finance costs	20	-	11 895	-	765
Allowance for credit losses	3	4 878 829	1 220 221	4 878 829	272 015
Fair value adjustment on investment property	17	(2 685 890 867)	(661 362 960)	(5 147 979 107)	(617 126 000)
Fair value movement on unquoted shares	5	(2 618 201)	2 477 545	(4 264 326)	(307 283)
Finance income	19.2	(1 675 639)	(3 296 777)	(1 048 980)	(237 569)
Exchange (gain)		(1 126 032)	(608 281)	(808 893)	(90 396)
Net monetary loss / (gain)		21 817 245	(548 021 355)		
Profit from disposal of investment property	18	-	(9 115 454)	-	(129 795)
Profit from disposal of vehicles and equipment		-	(5 392)	-	(270)
Other non cash items		(6 537 902)	4 495 891	(3 197 401)	1 732 150
Cash flows generated from operating activities before working capital adjustments		**7 963 291**	**24 397 588**	**(3 325 412)**	**3 511 798**
Working capital adjustments					
(Increase) in trade and other receivables		(15 993 637)	(10 857 417)	(38 967 389)	(5 309 887)
Decrease / (increase) in inventory		247 848	(812)	(81 837)	(77 566)
Increase in trade and other payables		14 744 812	12 808 843	41 466 404	6 264 243
Cash flow from operating activities after working capital adjustments		**6 962 314**	**26 348 202**	**(908 237)**	**4 388 588**
Interest paid		-	(11 895)	-	(1 205)
Income tax paid		(8 995 011)	(2 629 209)	(7 203 267)	(194 025)
Net cash generated from operating activities		**(2 032 697)**	**23 707 098**	**(8 111 504)**	**4 193 358**
Cash flows from investing activities					
Improvements to investment property	1	-	(542 308)	-	(120 893)
Purchase of vehicles and equipment	3	(176 393)	(1 200 915)	(46 620)	(66 558)
Proceed on disposal of property, plant and equipment		-	16 607	-	1 656
Proceed on disposal of investment property		-	5 284 781	-	1 215 795
Maturity / (Issuance) of long term investments	4	-	2 402 364	-	202 829
Finance income received	19.2	1 033 662	-	818 204	-
Net cash generated from investing activities		**857 269**	**5 960 529**	**771 584**	**1 232 829**
Cash flows from financing activities					
Repayment of borrowing	10	-	(2 306 326)	-	(91 665)
Repurchase of treasury shares		-	(97 056)	-	(19 982)
Dividends paid to Company's shareholders		(12 307 128)	(14 573 556)	(10 917 335)	(730 000)
Net cash used in financing activities		**(12 307 128)**	**(16 976 938)**	**(10 917 335)**	**(841 647)**
Inflation effect on cashflows		(23 167 625)	(4 262 679)	-	-
Net (decrease)/increase in cash and cash equivalents		**(36 650 181)**	**8 428 010**	**(18 257 255)**	**4 584 540**
Cash and cash equivalents at the beginning of the year		23 261 255	14 224 964	5 185 468	510 532
Effects of changes in foreign currency		1 126 032	608 281	808 893	90 396
Cash and cash equivalents at end of the year		**(12 262 894)**	**23 261 255**	**(12 262 894)**	**5 185 468**

The notes on pages 101 to 110 are an integral part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

1 INVESTMENT PROPERTY	Inflation adjusted		Unaudited historical	
	2020	2019	2020	2019
All figures in ZWL				
As at 1 January	3 168 396 612	2 511 776 125	706 308 372	90 147 479
Improvements to existing property	-	542 308	-	120 893
Reclassification to held for sale	(48 817 650)	-	(48 817 650)	-
Disposals*	-	(5 284 781)	-	(1 086 000)
Additions to investment property	-	-	-	-
Fair value adjustments	2 685 890 867	661 362 960	5 147 979 107	617 126 000
As at 31 December	**5 805 469 829**	**3 168 396 612**	**5 805 469 829**	**706 308 372**

1.1 Fair value hierarchy

The following table shows an analysis of the fair values of investment property recognised in the statement of financial position by level of the fair value hierarchy;

INFLATION ADJUSTED

All amount in ZWL	Level 1	Company Level 2	Level 3	Total	Total gain/(loss) in the period the statement of profit or loss
31 December 2020					
CBD offices	-	-	1 695 440 000	1 695 440 000	696 906 071
Office parks	-	-	684 550 000	684 550 000	330 690 333
CBD retail	-	-	1 300 740 000	1 300 740 000	497 277 496
Suburban retail	-	-	650 200 000	650 200 000	328 104 114
Industrial	-	-	862 030 000	862 030 000	476 206 816
Residential	-	-	341 050 000	341 050 000	183 973 122
Land*	-	-	271 459 829	271 459 829	172 732 915
Total	-	-	**5 805 469 829**	**5 805 469 829**	**2 685 890 867**

All amount in ZWL	Company Level 1	Level 2	Level 3	Total	Total gain/(loss) in the period the statement of profit or loss
31 December 2019					
CBD offices	-	-	881 523 676	881 523 676	184 006 985
Office parks	-	-	536 059 617	536 059 617	111 895 706
CBD retail	-	-	607 559 742	607 559 742	126 820 458
Suburban retail	-	-	301 449 425	301 449 425	62 923 778
Industrial	-	-	383 540 562	383 540 562	80 059 271
Residential	-	-	308 077 180	308 077 180	64 307 238
Land*	-	-	150 186 410	150 186 410	31 349 524
Total	-	-	**3 168 396 612**	**3 168 396 612**	**661 362 960**

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

1 INVESTMENT PROPERTY

1.1 Fair value hierarchy (continued)

All amount in ZWL	Level 1	Unaudited Historical Company Level 2	Level 3	Total	Total gain/(loss) in the period the statement of profit or loss
31 December 2020					
CBD offices	-	-	1 695 440 000	1 695 440 000	1 498 928 127
Office parks	-	-	684 550 000	684 550 000	565 050 000
CBD retail	-	-	1 300 740 000	1 300 740 000	1 165 300 980
Suburban retail	-	-	650 200 000	650 200 000	583 000 000
Industrial	-	-	862 030 000	862 030 000	776 530 000
Residential	-	-	341 050 000	341 050 000	272 380 000
Land*	-	-	271 459 829	271 459 829	286 790 000
Total	-	-	**5 805 469 829**	**5 805 469 829**	**5 147 979 107**

All amount in ZWL	Company Level 1	Level 2	Level 3	Total	Total gain/(loss) in the period the statement of profit or loss
31 December 2019					
CBD offices	-	-	196 511 873	196 511 873	170 550 000
Office parks	-	-	119 500 000	119 500 000	107 780 000
CBD retail	-	-	135 439 020	135 439 020	114 630 000
Suburban retail	-	-	67 200 000	67 200 000	55 640 000
Industrial	-	-	85 500 000	85 500 000	73 870 000
Residential	-	-	68 677 479	68 677 479	63 040 000
Land*	-	-	33 480 000	33 480 000	31 616 000
Total	-	-	**706 308 372**	**706 308 372**	**617 126 000**

* This consists of land earmarked for future developments.

1.2 Investment property held for sale
During the year, the directors of First Mutual Properties Limited decided to dispose a residential parcel of land, known as 103 Kingsmead Road, Borrowdale, Harare as part of the Groups ongoing capital recycling strategy. There is an Interested party whose offer has been accepted and the sale is expected to be completed before the end of 30 June 2021. Conditions for the classification as held for sale (as stipulated in IFRS 5- Noncurrent assets held for sale and discontinued operations) were met as at 31 December 2020. The asset was reclassified to current assets from investment property as disclosed below. The reclassification has no effect on prior year figures.

	Inflation adjusted 2020	2019	Unaudited Historical 2020	2019
All figures in ZWL				
Investment property held for sale	48 817 650	-	48 817 650	-

2 INVESTMENTS IN SUBSIDIARIES

All figures in ZWL	% Holding	Inflation adjusted 2020	2019	Unaudited Historical 2020	2019
Arundel Office Park (Private) Limited	100%	1 807 729 922	1 807 729 922	46 798 428	46 798 428
Sticklip Enterprises (Private) Limited	100%	2 317 680	2 317 680	60 000	60 000
		1 810 047 602	**1 810 047 602**	**46 858 428**	**46 858 428**

3 VEHICLES AND EQUIPMENT INFLATION ADJUSTED

All figures in ZWL

	INFLATION ADJUSTED					
Year ended	**Motor vehicles**	**Computers**	**Office equipment**	**Company Equipment and machinery**	**Office furniture**	**Total**
31 December 2019						
Opening net book amount	-	1 528 853	3 043 046	52 333	1 766 351	6 390 583
Additions	-	954 598	57 776	188 541	-	1 200 915
Disposal	-	(53 508)	-	-	-	(53 508)
Depriciation on disposal	-	43 997	-	-	-	43 997
Depreciation charge	-	(522 734)	(775 299)	(41 131)	(354 149)	(1 693 313)
Closing net book amount	-	**1 951 206**	**2 325 523**	**199 743**	**1 412 202**	**5 888 674**
As at 31 December 2019						
Cost	7 198 619	5 251 193	7 976 837	6 561 126	4 005 047	30 992 822
Accumulated depreciation	(7 198 619)	(3 299 987)	(5 651 314)	(6 361 383)	(2 592 845)	(25 104 148)
Net book amount	-	**1 951 206**	**2 325 523**	**199 743**	**1 412 202**	**5 888 674**
Year ended 31 December 2020						
Opening net book amount	-	1 951 206	2 325 523	199 743	1 412 202	5 888 674
Additions	-	162 045	14 347	-	-	176 392
Disposals	-	-	-	-	-	-
Depriciation disposal	-	-	-	-	-	-
Depreciation charge	-	(592 171)	(750 539)	(40 275)	(154 685)	(1 537 670)
Closing net book amount	-	**1 521 080**	**1 589 331**	**159 468**	**1 257 517**	**4 527 396**
As at 31 December 2020						
Cost	7 198 619	5 413 238	7 991 184	6 561 126	4 005 047	31 169 214
Accumulated depreciation	(7 198 619)	(3 892 158)	(6 401 853)	(6 401 658)	(2 747 530)	(26 641 818)
Net book amount	-	**1 521 080**	**1 589 331**	**159 468**	**1 257 517**	**4 527 396**

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 VEHICLES AND EQUIPMENT

All figures in ZWL

	Motor vehicles	Computers	Office equipment	Historic Company Equipment and machinery	Office furniture	Total
Year ended 31 December 2019						
Opening net book amount	-	42 225	93 762	1 356	41 275	178 618
Additions	-	55 272	2 894	8 392	-	66 558
Disposal	-	(1 385)	-	-	-	(1 385)
Depreciation on disposal	-	1 046	-	-	-	1 046
Depreciation charge	-	(17 757)	(18 988)	(1 556)	(9 127)	(47 428)
Closing net book amount	**-**	**79 401**	**77 668**	**8 192**	**32 148**	**197 409**
As at 31 December 2019						
Cost	186 357	169 463	212 458	173 365	103 683	845 325
Accumulated depreciation	(186 357)	(90 062)	(134 790)	(165 173)	(71 535)	(647 917)
Net book amount	**-**	**79 401**	**77 668**	**8 192**	**32 148**	**197 409**
Year ended 31 December 2020						
Opening net book amount	-	79 401	77 668	8 192	32 148	197 409
Additions	-	41 921	4 699	-	-	46 620
Disposals	-	-	-	-	-	-
Depriciation disposal	-	-	-	-	-	-
Depreciation charge	-	(26 242)	(32 676)	(6 914)	(1 918)	(67 750)
Closing net book amount	**-**	**95 080**	**49 691**	**1 278**	**30 230**	**176 279**
As at 31 December 2020						
Cost	186 357	211 384	217 157	173 365	103 684	891 947
Accumulated depreciation	(186 357)	(116 304)	(167 466)	(172 087)	(73 454)	(715 668)
Net book amount	**-**	**95 080**	**49 691**	**1 278**	**30 230**	**176 279**

4 FINANCIAL ASSETS AT AMORTISED COST

	Inflation adjusted		Unaudited Historical	
	2020	2019	2020	2019
As at 1 January	1 751 719	6 854 911	390 498	593 326
Disposals		(5 103 192)		(202 828)
Loss due to inflation adjustment	(1 361 221)			
Amortised interest	137,716	340 980	67 350	40 680
Repayments of interest	(137 716)	(340 980)	(67 350)	(40 680)
Repayments of principal	-	-	-	-
As at 31 December	**390 498**	**1 751 719**	**390 498**	**390 498**
Short-term portion	-	-	-	-
Long-term portion	390 498	1 751 719	390 498	390 498
Total	**390 498**	**1 751 719**	**390 498**	**390 498**

The carrying amounts closely approximate the fair values of the financial assets at amortised cost.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All figures in ZWL	Inflation adjusted		Unaudited Historical	
As at 1 January	2 118 355	4 595 900	472 230	164 947
Additions	-	-	-	-
Disposals	-	-	-	-
Fair value adjustment	2 618 201	(2 477 545)	4 264 326	307 283
As at 31 December	**4 736 556**	**2 118 355**	**4 736 556**	**472 230**

These are unquoted equity investments in a property fund. The fair value of the shares is determined by the underlying net asset value of the property and valuation was done by an independent valuer. The Group holds 8.91% of a property fund that constitute one property.

6 TRADE AND OTHER RECEIVABLES

	Inflation adjusted		Unaudited Historical	
All figures in ZWL	2020	2019	2020	2019
Tenant receivables	27 843 294	25 833 553	27 843 294	5 758 892
Tenant operating cost recoveries	8 801 646	-	8 801 646	-
Trade receivables	**36 644 940**	**25 833 553**	**36 644 940**	**5 758 892**
Less: allowance for credit losses	(6 456 188)	(7 075 805)	(6 456 188)	(1 577 359)
Net trade debtors	**30 188 752**	**18 757 748**	**30 188 752**	**4 181 533**
Prepayments - other	8 925 410	4 723 192	8 493 178	1 052 909
Other receivables*	2 121 191	6 639 604	2 121 191	1 480 119
Total trade and other receivables	**41 235 353**	**30 120 544**	**40 803 121**	**6 714 561**

* Other receivables include staff debtors and accrued investment interest

Reconciliation of gross trade receivables				
As at 1 January	25 833 553	7 457 679	5 758 892	1 662 488
Add: charge for the year	166,812,999	160,504,023	108 254 786	14 683 374
Recovery due to payments	(156 001 612)	(142 128 149)	(77 368 738)	(10 586 970)
As at 31 December	**36 644 940**	**25 833 553**	**36 644 940**	**5 758 892**

Reconciliation of allowance for credit losses				
As at 1 January	7 075 805	5 862 644	1 577 359	1 306 918
Add: charge for the year	30 886 048	18 375 874	30 886 048	4 096 404
Recovery due to payments	(26 007 219)	(17 162 713)	(26 007 219)	(3 825 963)
Effect of IAS 29	(5 498 446)	-	-	-
As at 31 December	**6 456 188**	**7 075 805**	**6 456 188**	**1 577 359**

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

7	**CASH AND CASH EQUIVALENTS**		**Inflation adjusted**		**Unaudited Historical**	
	All figures in ZWL		**2020**	**2019**	**2020**	**2019**
	Cash at bank and in hand :					
		USD	(27 452 604)	1 046 333	(27 452 604)	233 252
		ZWL	15 189 710	22 214 922	15 189 710	4 952 216
	At 31 December		**(12 262 894)**	**23 261 255**	**(12 262 894)**	**5 185 468**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and Company and earn the immediate cash requirements of the Group and Company and earn interest at the short-term deposit rates.

Reconciliation of cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Inflation adjusted		**Unaudited Historical**	
	2020	**2019**	**2020**	**2019**
Bank balances:	21 629 022	23 261 255	21 629 022	5 185 468
Bank overdraft	(33 891 916)	-	(33 891 916)	-
Balances as per cash flow statements	**(12 262 894)**	**23 261 255**	**(12 262 894)**	**5 185 468**

8	**ORDINARY SHARE CAPITAL**		**2020**		
		Inflation adjusted		**Unaudited Historical**	
	Authorised	**Shares**	**ZWL**	**Shares**	**ZWL**
	2 000 000 000 ordinary shares with a nominal value of ZWL0.001 per share	2 000 000 000	2 000 000	2 000 000 000	2 000 000
	Issued and paid				
	1 238 157 310 ordinary shares with a nominal value of ZWL0.001 per share	1 238 157 310	47 827 535	1 238 157 310	1 238 157
	Less: treasury shares				
	Repurchased in 2016 at a price of 0.0163 cents per share.	(1 229 638)	(772 908)	(1 229 638)	(20 009)
	Repurchased in 2019 at a price of 0.0163 and cents per share.	(136 400)	(97 056)	(136 400)	(19 982)
	As at 31 December	**1 236 791 272**	**46 957 571**	**1 236 791 272**	**1 198 166**

The shareholders at an annual general meeting held on 28 May 2019 passed an ordinary resolution for the Company to purchase its shares in terms of section 79 of the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements. Purchased shares will be used for treasury purposes. Acquisitions shall be of ordinary share which, in aggregate in any one financial year shall not exceed 10% (2019: 10%)of the Company's issued ordinary share capital.

9 DEFFERED TAX LIABILITIES

	Inflation adjusted		Unaudited Historical	
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
As at 1 January	598 874 745	161 337 081	165 962 569	11 043 793
Recognised in the statement of profit or loss				
-Arising on vehicles and equipment	(336 652)	375 959	(6 085)	8 335
-Arising on investment properties	(4 596 501)	438 941 818	426 879 672	155 307 269
-Arising on unquted shares	130,910	105 920	2 634 389	23 612
-Arising on leave pay and profit share provision	(4 383 738)	(136 895)	(4 490 117)	(30 517)
-Arising on provision for credit losses	(1 642 758)	(1 749 138)	(1 588 846)	(389 923)
As at 31 December	**588 046 006**	**598 874 745**	**589 391 582**	**165 962 569**
Deferred tax liability				
-Arising on vehicles and equipment	1,096,153	1 432 804	20 555	26 642
-Arising on investment properties	593 404 287	598 000 790	593 404 289	166 332 755
-Arising on unquoted shares	236 828	105 918	2 658 000	23 612
-Arising on leave pay provision	(4 520 634)	(136 896)	(4 520 634)	(30 517)
-Arising on provision for credit losses	(2 170 628)	(527 870)	(2 170 628)	(389 923)
As at 31 December	**588 046 006**	**598 874 745**	**589 391 582**	**165 962 569**

Deferred tax liabilities arose as a result of temporary differences arising from investment properties with carrying amounts higher than income tax values.

10 BORROWINGS

	Inflation adjusted		Unaudited Historical	
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
As at 1 January	-	2 306 326		91 665
Amortised interest	-	6 860	-	441
Repayment of interest	-	(6 860)	-	(441)
Repayment of capital	-	(2 306 326)	-	(91 665)
As at 31 December	-	-	-	-

11 TRADE AND OTHER PAYABLES

All figures in ZWL	Inflation adjusted 2020	2019	Unaudited Historical 2020	2019
Rentals received in advance	4 168 816	2 967 272	4 131 096	652 456
Sundry payables*	14 340 365	3 977 894	14 340 365	763 312
Trade payables	12 743 410	8 370 860	12 743 410	1 866 057
Leave pay provision*	1 440 457	553 788	1 440 457	123 452
Related party payables	16 476 014	18 554 436	16 476 014	4 259 662
As at 31 December	**49 169 062**	**34 424 250**	**49 131 342**	**7 664 939**

* Sundry payables include accrued expenses, good tenant deposits, VAT and dividend liabilities.

** Leave pay provision has been disaggregated as from the current reporting period. In prior periods, the provision was being consolidated within sundry payables.

11.1 *Leave pay provision reconciliation	Inflation adjusted 2020	2019	Unaudited Historical 2020	2019
At 1 January	553 788	206 760	123 452	46 092
Additional provision	886 669	347 028	1 317 005	77 360
At 31 December	**1 440 457**	**553 788**	**1 440 457**	**123 452**

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

		Inflation Adjusted		Unaudited Historical	
12	**REVENUE**	**2020**	**2019**	**2020**	**2019**
	All amount in ZWL				
	Rental income	166 812 999	160 504 024	108 254 786	14 683 374
	Property services income	18 799 574	14 696 422	13 307 736	2 059 397
		185 612 573	**175 200 446**	**121 562 522**	**16 742 771**
13	**ALLOWANCE FOR CREDIT LOSSES**				
	Allowance for credit losses	4 878 829	1 220 221	4 878 829	272 015
	Specific write-offs	161 843	-	161 843	-
		5 040 671	**1 220 221**	**5 040 671**	**272 015**
14	**PROPERTY EXPENSES**				
	Operating costs under recoveries	22 326 288	19 513 023	14 877 020	2 171 547
	Maintenance costs	27 186 574	30 392 678	15 297 759	3 191 725
	Valuation fees	1 590 681	504 816	1 035 064	38 600
	Property security and utilities	323 601	94 386	183 374	7 007
	As at 31 December	**51 427 144**	**50 504 903**	**31 393 217**	**5 408 879**
	Property expenses arising from investment properties that generated rental income	51 103 543	50 410 517	31 209 843	5 401 872
	Property expenses arising from investment properties that did notgenerate rental income	323 601	94 386	183 374	7 007
		51 427 144	**50 504 903**	**31 393 217**	**5 408 879**

Operating costs under recoveries relate to the operating costs attributable to the vacant spaces on buildings within the portfolio.

15	**EMPLOYEE COSTS**				
	Salaries	16 211 956	14 711 894	9 983 676	1 184 460
	Staff training	59 645	2 461 032	45 656	262 533
	NSSA and levies	747 978	900 800	523 631	75 676
	Pension contributions	531 975	1 600 568	965 018	128 179
	General allowances	15 033 989	8 676 404	11 604 754	522 040
	Motor vehicle allowance	10 164 253	4 832 930	7 207 605	1 077 371
	Performance bonus	22 537 006	2 426 316	18 317 014	540 883
	Other staff costs*	6 589 065	10 067 143	5 169 827	685 023
		71 875 867	**45 677 087**	**53 817 180**	**4 476 165**

* Other staff costs include staff transport, staff meals, housing allowances and long service awards

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

		Inflation Adjusted		Unaudited Historical	
		2020	2019	2020	2019
16	**OTHER EXPENSES**				
	All figures in ZWL				
	Directors' fees				
	-For services as directors	5 828 197	2 207 527	4 672 218	283 709
	Auditors' fees:				
	-current year	1 911 194	1 086 910	1 624 998	112 435
	-prior year	3 154 199	592 481	2 681 866	61 289
	Information and communication technology expenses	4 943 848	7 050 430	3 632 401	602 283
	Depreciation	1 537 670	1 693 313	67 750	47 428
	Communication expenses	618 751	472 255	450 189	43 644
	Fees and other charges*	3 199 549	3 341 521	1 821 364	453 399
	Investment fees	72 691	109 527	45 129	9 492
	Office costs	18 114 668	21 669 870	14 884 730	2 273 314
	Travel and entertainment expenses	996 846	1 045 184	573 373	104 880
	Group shared services	21 568 314	21 739 839	11 257 130	1 579 484
	Advertising	1 465 271	2 496 989	688 631	213 651
		63 411 198	**63 505 846**	**42 399 779**	**5 785 008**

*Fees and other charges include bank charges, registration fees and listing fees

		2020	2019	2020	2019
17	**FAIR VALUE ADJUSTMENTS**				
	Fair value adjustment - investment property	2 684 042 367	661 362 960	5 146 130 607	617,126,000
	Fair value adjustments- Investment property held for sale	1 848 500		1 848 500	
		2 685 890 867	**661 362 960**	**5 147 979 107**	**617 126 000**
18	**OTHER INCOME**				
	Bad debts recovered	1 353	105 197	600	11 149
	Exchange Gains / (Losses)	1 126 032	608 281	808 893	90 396
	Shared services	7 531 397	2 025 681	3 683 276	468 060
	Insurance claim	3 089 867	-	1 370 614	-
	Fair value gain on financial assets at fair value through profit and loss	2 618 201	(2 477 545)	4 264 326	307 283
	Profit on disposal of investment property		9 115 454		129 795
	Sundry income*	3 604 385	570 288	959 246	180 562
		17 971 235	**9 947 356**	**11 086 955**	**1 187 245**

*Sundry income comprises lease fees, profit on disposal of vehicles and equipment and other income.

		Inflation adjusted		Historic	
19	**FINANCE INCOME**	2020	2019	2020	2019
	All figures in ZWL				
19.1	**Finance income for statement of profit or loss**				
	Interest on overdue tenant accounts	1 599 386	2 636 699	981 629	186 444
	Interest on investments	76 253	660 078	67 351	51 125
		1 675 639	**3 296 777**	**1 048 980**	**237 569**
19.2	**Finance income for statement of cash flows**				
	Finance income received	1,033,662	-	818 204	-
	Finance income accrued	641 977	-	230 776	-
		1 675 639	-	**1 048 980**	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

		Inflation adjusted		Historic	
		2020	2019	2020	2019
20	**FINANCE COST**				
	All figures in ZWL				
	Borrowings		6 865	-	441
	Related party loan		5 030	-	324
		-	**11 895**	-	**765**
21	**INCOME TAX (CREDIT)/ EXPENSE**				
	Current income tax	9 103 193	5 086 795	9 103 193	1 133 963
	Deferred tax	(10 828 741)	437 537 664	426 639 233	154 726 917
		(1 725 548)	**442 624 459**	**435 742 426**	**155 860 882**
21.1	**Reconciliation of income tax charge**	**2020**	**2019**	**2020**	**2019**
	Accounting Profit	**2,677,578,188**	**1,236,908,942**	**5,149,026,716**	**619 350 753**
	Tax at Standard rate	24.72%	25.75%	24.72%	25.75%
	Notional accounting tax at standard rate	661,897,328	318,504,053	1,272,839,404	159,482,819
	Expenses not deductible for tax purposes*	9,665,891	1,251,735	4,727,164	279,040
	Effect of different tax rates- Investment property	(14,431,563)	1,106,439,136	423,036,411	154,726,917
	Impact of future tax rate change	-	(22,301,587)	-	(4,971,536)
	Income not subject to tax	(658,870,631)	(690,460,837)	(1,266,395,764)	(153,919,578)
	Other	2,991,227	1,180,764	1,535,211	263,219
	Inflation effect on adoption of IAS 29	(2 977 804)	(271 988 805)	-	-
	Effective tax for the period	**(1 725 548)**	**442 624 459**	**435 742 426**	**155 860 882**

*Expenses not deductible for tax purposes relate to disallowable deductions which are added back in the tax reconciliation, e.g staff meals, entertainment expenses, donations and excess management fees.

		Inflation Adjusted		Unaudited Historical	
21.2	**Reconciliation of income tax paid**	**2020**	**2019**	**2020**	**2019**
	Tax assets at beginning of the year	-	(1 125 102)	-	(550 238)
	Tax liability at beginning of the year	-	-	-	-
	Current income tax expense (note 21)	9,103,193	5 086 795	9 103 193	1 133 963
	Provision/(reversal) of interest and penalties	(445 672)	(1 748 142)	(217 959)	(389 701)
	Set-off with assets from other tax heads	-	-	-	-
	Tax asset at end of the year*	-	-	-	-
	Tax liability at end of the year	(1 681 967)	-	(1 681 967)	-
		2 019 457	415,657	-	-
	Income tax paid	**8 995 011**	**2 629 209**	**7 203 267**	**194 025**

* Tax assets relates to receivables from Zimra for income tax paid for First Mutual Properties Limited and its subsidiaries.

22 Risk Disclosures

The Company has the same risk profile as the Group as a whole. The disclosures are shown on the notes to the Group financial statements under note 4.

Top 20 Shareholders

FOR THE YEAR ENDED 31 DECEMBER 2020					
Rank	**Names**	**Tax**	**Industry**	**Shares**	**Percentage %**
1	STANBIC NOMINEES (PVT) LTD.	LN	LN	831 454 261	67.15
2	PIM NOMINEES (PVT) LTD	LN	LN	168 613 113	13.62
3	FIRST MUTUAL LIFE SHAREHOLDERS	INS	INS	96 403 627	7.79
4	SCB NOMINEES 033667800003	LN	LN	89 513 334	7.23
5	HIPPO VALLEY ESTATE PF-DATVEST	PF	PF	4 202 837	0.34
6	MEGA MARKET (PVT) LTD	LC	LC	3 524 754	0.28
7	WORLDOVER CAPITAL LTD	LC	LC	3 405 613	0.28
8	CIMAS MEDICAL AID SOCIETY	PF	PF	3 289 000	0.27
9	ZB LIFE ASSURANCE LIMITED	INS	INS	2 888 861	0.23
10	ZIMBABWE ELECTRICITY IND. PF	PF	PF	2 429 261	0.20
11	RHYS DRENNAN SUMMERTON	LR	LR	1 892 374	0.15
12	ZB FINANCIAL HOLDINGS PF - OLDM	PF	PF	1 634 539	0.13
13	Marsh Ret. Enhanc Fund-Datvest	FM	FM	1 003 079	0.08
14	MULTIMANAGER POOL-DATVEST	PF	PF	988 706	0.08
15	DATVEST NOMINEES (PVT) LTD	LN	LN	977 535	0.08
16	J SOFT P/L	LC	LC	950 000	0.08
17	TRIANGLE SENIOR SPF-DATVEST	PF	PF	909 713	0.07
18	OAK TRUST	TR	TR	900 000	0.07
19	MINING INDUSTRY PF - DATVEST	PF	PF	842 073	0.07
20	INNSCOR AFRICA PF - DATVEST	PF	PF	827 844	0.07
		Selected shares		1 216 650 524	98.26%
		Non - selected shares		21 506 786	1.74
		Issued shares		1 238 157 310	100.00

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the eighteenth Annual General Meeting of First Mutual Properties Limited is to be held by virtual means on Wednesday, 30 June 2021 at 09.30 for the purpose of transacting the following business: The link is https://escrowagm.com/eagmZim/Login.aspx

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2020.

2. To re - elect as an independent non-executive director Dr Sasha Jogi, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.

Dr Sasha Jogi has recently retired as a director of Arup Zimbabwe (Private) Limited. He is well qualified and has extensive experience in Development Planning with particular reference to Environmental, Regional and Urban Planning in both the public and private sectors in Zimbabwe. He has also been involved in Strategic Planning both at a company and institutional level. As past President of the Zimbabwe Institute of Regional and Urban Planners he initiated the involvement of Professional Development Institutions in the preparation of a National Planning and Development Agenda as well as direct involvement in the delivery of housing in Harare. Dr Sasha Jogi is a member of several professional associations and also sits in committees.

3. To re - elect as an independent non-executive director Ms Evlyn Mkondo, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers herself for re-election.

Ms Mkondo graduated from the University of Zimbabwe with a Bachelor of Accountancy (Honours) degree and became a member of the Institute of Chartered Accountants of Zimbabwe in 1989 after serving articles with Coopers & Lybrand (now Ernst Young) in Harare. On leaving the profession she took up senior finance positions in organisations spanning power, retail, mobile communications and financial services. She later joined listed conglomerate Star Africa Corporation Limited (formerly ZSR Limited) as Group Finance Director and later as its Group Commercial Director. She also sat on the Zimbabwe Sugar Association board. She spent a year as Chief Finance Officer of AIM listed African Consolidated Resources Limited before retiring in 2013.

She is currently holds several non-executive directorships.

4. To re - elect as an independent non-executive director Mr Elisha Moyo, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.

Mr Moyo is a lawyer by profession and currently practices law in the Law firm Moyo and Partners Legal Practitioners which he founded in October 2011. His specialty is corporate law. He sits on the First Mutual Holdings board and chairs the board of NicozDiamond Insurance Limited, and is a non-executive director of First Mutual Holdings Limited. Additionally, he sits on several other boards. He is a past Commissioner on the National Manpower Advisory Council (NAMACO) and a Councillor on the University of Zimbabwe Council. Mr Moyo is a past President of the Insurance Institute of Zimbabwe and a past Chairman of the Insurance Council of Zimbabwe. He holds a Master's in Business Administration from the University of Zimbabwe, as well as a Bachelor of Laws degree and a Bachelor of Law Honours Degree.

5. To re - elect as an independent non-executive director, Mr Temba Ruvingo, who was appointed during the year and retires in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.

Mr Ruvingo is a Chartered Accountant with a decade of post qualification experience. He is currently the Acting Finance Director at Agribank, having joined the bank on 1 August 2017 as Head of Finance. Prior to that, he was the Finance Manager at NMB Bank from 1 July 2012 to 31 July 2017. Mr Ruvingo is a senior level Finance Executive with extensive experience in management, leadership and working with various stakeholders. He has an in-depth knowledge of International Financial Reporting Standards (IFRS), financial management and the local taxation framework acquired over my working experience in both private and public accounting. He is also currently a non-executive director of the National Biotechnology Authority of Zimbabwe.

6. To re - elect as an independent non-executive director, Ms Sharon Wekwete, who was appointed during the year and retires in terms of the Articles of Association of the Company, and being eligible, offers herself for re-election.

Ms Wekwete is a highly versatile legal and international development professional, with experience in policy and advocacy, strategy, institutional reform, data protection and programme management. She steered investments and grants in Zimbabwe and the region in civic technology, entrepreneurial incubation, strategic litigation and data governance from 2017 to 2019. She also served in the office of the Prime Minister between 2011 and 2013 as Director, Governance and Legal Affairs, where she provided strategic policy and legal advisory support to the Prime Minister of Zimbabwe.

Notice to shareholders (continued)

7. To approve the Directors' remuneration for the financial year ended 31 December 2020.
(NOTE: The Directors' Remuneration Report shall be available for inspection by shareholders at the registered office of the Company.)

8. To confirm the remuneration of the Auditors, Ernst & Young Chartered Accountants (EY), for the past audit.
(NOTE: EY have served one year as external auditors of the Company.)

9. To re-appoint Ernst & Young Chartered Accountants (EY) as Auditors of the Company until the conclusion of the next Annual General Meeting.

10. To confirm the final dividend of ZWL 1.1505 cents per share declared on 5 May 2021 and the interim dividends declared during the year, being ZWL 6,717,335.53 declared on 23 September 2020 and ZWL 7,398,431.00 declared on 17 November 2020.

SPECIAL BUSINESS

To consider and, if deemed fit, pass with or without modification, the following additional resolutions:

11. Loans to Executive Directors

AS AN ORDINARY RESOLUTION

THAT the Company be and is hereby authorised to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company as may be determined by the Group Human Resources and Governance Committee, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director. Any such loans, securities or guarantees made or provided during the six months preceding this Annual General Meeting are hereby ratified.

12. General Authority to Buy Back Shares

AS A SPECIAL RESOLUTION

THAT the Company authorises in advance, in terms of section 129 of the Companies and other Business Entities Act [Chapter 24:31] and the Zimbabwe Stock Exchange Listing Requirements the purchase by the Company of its own shares subject to the following terms and conditions:

a. The authority in terms of this resolution shall expire on the date of the Company's next Annual General Meeting; and
b. Acquisitions shall be of ordinary shares which, in the aggregate in any one financial year shall not exceed 10% of the Company's issued ordinary share capital; and
c. The maximum and minimum prices, respectively, at which such ordinary shares may be acquired will not be more than 5% (five per centum) above and 5% (five per centum) below the weighted average of the market price at which such ordinary shares are traded on the ZSE, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company.

(NOTES:
i. The Directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally.
ii. All shares purchased pursuant to this resolution shall be utilised for treasury purposes or cancelled at the discretion of the Board of Directors from time to time.
iii. If the maximum number of shares that can be purchased pursuant to the authority is purchased, the Directors believe that the Company will be able, in the ordinary course of business, to pay its debts for a period of twelve months after the date of this notice; the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group; there will be adequate ordinary capital and reserves in the Company for a period of 12 months after the date of this notice; and there will be adequate working capital in the Company and the Group for a period of 12 months after the date of this notice.
iv. a press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between annual general meetings, 3% (three per centum) of the number of ordinary shares in issue prior to the acquisition.)

13. Any Other Business

To transact any other business competent to be dealt with at a general meeting.

Notice to shareholders (continued)

NOTES:

i) Details of the Virtual AGM will be sent by our transfer secretaries, Corpserve Registrars (Private) Limited through email to shareholders.

ii) Shareholders are advised to update their contact details with the transfer secretaries on the following contacts: Corpserve Registrars (Private) Limited, Second Floor, ZB Centre, Corner First Street and Kwame Nkrumah Avenue, Harare Telephone: +263 242 751 559 – 61, Email: corpserve@escrowgroup.org

iii) In terms of the Companies and Other Business Entities Act (Chapter 24:31) a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company.

iv) Proxy forms must be lodged at the registered office of the Company or the transfer secretaries not less than forty-eight hours before the time for holding the meeting.

v) Members may request a copy of the 2020 Annual Report from the registered office of the Company or from the office of the transfer secretaries. The 2020 Annual Report is also available for download from the Company's website https://firstmutualpropertiesinvestor.com

BY ORDER OF THE BOARD

S. F. Lorimer (Mrs.)
Group Company Secretary
HARARE

8 June 2021

Registered Office
First Mutual Park
100 Borrowdale Road
Borrowdale
HARARE

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	**Organisational profile**				
	102-1 Name of the organisation	Cover page			
	102-2 Activities, brands, products, and services	8			
	102-3 Location of headquarters	8, 118, 121			
	102-4 Location of operations	8			
	102-5 Ownership and legal form	2, 92, 111			
	102-6 Markets served	8			
	102-7 Scale of the organisation	10			
	102-8 Information on employees and other workers	37-38			
	102-9 Supply chain	8, 13, 40			
	102-10 Significant changes to the organisation and its supply chain	13	There were no significant changes on the supply chain		
	102-11 Precautionary Principle or approach	42			
	102-12 External initiatives	8, 40			
	102-13 Membership of associations	8			
	Strategy				
	102-14 Statement from senior decision-maker	14, 19			
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behaviour	1			
	Governance				
	102-18 Governance structure	21-22, 24			
	Stakeholder engagement				
	102-40 List of stakeholder Groups	32			
	102-41 Collective bargaining agreements	37			
	102-42 Identifying and selecting stakeholders	32			
	102-43 Approach to stakeholder engagement	32			
	102-44 Key topics and concerns raised	33			
	Reporting practice				
	102-45 Entities included in the consolidated financial statements	2			
	102-46 Defining report content and topic Boundaries	2, 34			
	102-47 List of material topics	33-34			
	102-48 Restatements of information	2			
	102-49 Changes in reporting	33-34	There is a change in the material topics coverage this year		
	102-50 Reporting period	2, 34			
	102-51 Date of the most recent report	2, 34	The most recent report is for the year ending 31 December 2019		
	102-52 Reporting cycle	2, 34	We report on an annual basis		
	102-53 Contact point for questions regarding the report	2			
	102-54 Claims of reporting in accordance with the GRI Standards	2, 34			
	102-55 GRI content index	115			
	102-56 External assurance	2			

GRI Content Index (continued)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
200 series (Economic topics)					
Economic Performance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 40			
	103-2 The management approach and its components	40-41			
	103-3 Evaluation of the management approach	41			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	41			
	201-3 Defined benefit plan obligations and other retirement plans	41			
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 39- 40			
	103-2 The management approach and its components	39-40			
	103-3 Evaluation of the management approach	40			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	40			
Tax					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 41			
	103-2 The management approach and its components	41			
	103-3 Evaluation of the management approach	41			
300 series (Environmental topics)					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 35			
	103-2 The management approach and its components	35			
	103-3 Evaluation of the management approach	35			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	35			
	302-2 Energy consumption outside of the organisation	35			
Water					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 35			
	103-2 The management approach and its components	35-36			
	103-3 Evaluation of the management approach	36			
GRI 303: Water and Effluents	303-3 Water withdrawal	36			
400 series (Social topics)					
Employment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 37			
	103-2 The management approach and its components	37-38			
	103-3 Evaluation of the management approach	38			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	37-38			

GRI Content Index (continued)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 38			
	103-2 The management approach and its components	38			
	103-3 Evaluation of the management approach	38			
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	38			
Training and Education					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34, 39			
	103-2 The management approach and its components	39			
	103-3 Evaluation of the management approach	39			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	39			

Corporate Information

REGISTERED OFFICE AND HEAD OFFICE
First Floor, First Mutual Park,
100 Borrowdale Road,
Borrowdale,
Harare,
Zimbabwe.

Tel: +263 (242) 886 121 - 4

Email: info@firstmutualproperties.co.zw

Website: www.firstmutal.co.zw

Postal Address:
P O Box MP373,
Mount Pleasant,
Harare,
Zimbabwe.

COMPANY SECRETARY
Sheila Frances Lorimer

PRINCIPAL BANKERS
First Capital Bank Limited,
FCDA Branch,
Barclays House,
Corner 1st Street and Jason Moyo Avenue,
P O Box 1279,
Harare,
Zimbabwe.

INDEPENDENT AUDITOR
Ernst & Young Chartered Accountants (Zimbabwe)
Angwa City,
Cnr Julius Nyerere Way / Kwame Nkrumah Avenue
P O Box 62 or 702,
Harare,
Zimbabwe.

SUSTAINABILITY ADVISORS
Institute for Sustainability Africa (INSAF)
22 Walter Hill Ave,
Eastlea,
Harare,
Zimbabwe.

LEGAL ADVISORS
Atherstone and Cook Legal Practitioners,
Praetor House,
119 Josiah Chinamano Avenue,
Harare,
Zimbabwe.

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

TRANSFER SECRETARIES
Corpserve Secretaries (Private) Limited
2nd Floor, ZB Centre,
1st Street and Kwame Nkrumah Avenue,
Harare,
Zimbabwe.

PRINCIPAL PROPERTY VALUERS
Knight Frank Zimbabwe,
P O Box 3526,
1st Floor Finsure House,
Harare,
Zimbabwe.

Proxy Form

I /We, ____
(full names)

of ____
(full address)

being the registered holder/s of ____ ordinary shares in
FIRST MUTUAL PROPERTIES LIMITED, do hereby appoint:

____
(full names)

of ____
(full address)
as my/our proxy to vote for me/us on my/our behalf at the **ANNUAL GENERAL MEETING** of the Company to be held on 30 June 2021 and at any adjournment thereof.

I/We instruct my/our proxy or proxies to vote in the following way:
(Please mark the appropriate box with an "X" next to each resolution)

	ORDINARY BUSINESS	For	Against	Abstain
1	Adoption of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2020			
2	Re-election of Dr S Jogi as a director of the Company			
3	Re-election of Ms E Mkondo as a director of the Company			
4	Re-election of Mr E K Moyo as a director of the Company			
5	Re-election of M T Ruvingo as a director of the Company			
6	Re-election of Ms S Wekwete as a director of the Company			
7	Confirmation of the remuneration of the Directors			
8	Confirmation of the remuneration of the Auditors, Ernst & Young Chartered Accountants Zimbabwe, for the past audit			
9	Re-appointment of Ernst & Young Chartered Accountants Zimbabwe as Auditors of the Company until the conclusion of the next A.G.M.			
10	Confirmation of the dividend			
	SPECIAL BUSINESS			
11	THAT the Company be authorised to make loans to Executive Directors in terms of Section 208 of the Companies and Other Business Entities Act [Chapter 24:31], subject to certain conditions.			
12	As a Special Resolution THAT the Company be authorised in terms of section 129 of the Companies & Other business Entities Act to purchase its own shares, subject to certain conditions.			

Details of the above resolutions are set out in the Notice of the Annual General Meeting.

Signed this ______________________________ day of ______________________________ 2021

____
SIGNATURE OF SHAREHOLDER

Proxy Form

NOTES:

1. Shareholders are encouraged to participate in the AGM electronically and to make use of proxy voting, as outlined in the AGM Notice.

2. In terms of section 171 of the Companies and Other Business Entities Act (Chapter 24:31), a member of the Company is entitled to appoint one or more persons to act in the alternative as his proxy, to attend and vote and speak in his stead. A proxy need not be a shareholder of the Company.

3. Unless otherwise instructed, the proxy will vote as he / she thinks fit.

4. This proxy form must be deposited at the Registered Office of the Company which is situated at First Floor, First Mutual Park, Borrowdale Road, Harare so as to be received by the Secretary not less than 48 hours before the meeting.

5. The proxy form must be signed and dated for it to be valid. Any alterations or corrections to this form must be initialled.

6. Anyone signing this proxy form in a representative capacity must be authorised to do so. Please stamp this form with your company or organisation's stamp and enclose proof of authorisation.

7. The return of this proxy form will not prevent you from attending the meeting and voting in person. However, should this happen, the proxy will be revoked.

FIRST MUTUAL

PROPERTIES

Go Beyond

First Mutual Properties, First Mutual Park,

First Floor, 100 Borrowdale Road, Borrowdale, Harare, Zimbabwe

P O Box MP 373, Mt Pleasant, Harare

Tel: +263 (242) 886 121 - 4

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