

Audited Abridged Financial Results

For the year ended 31 December 2022

With you, for you

Unlock premium value

With the right partner, you can build a strong foundation by creating value through property.

Property Management, Investment and Development designed **With You and For You**



Chairman's Statement

Overview of Operating Environment

The global macroeconomic conditions remained largely uncertain due to multiple shocks. Inflationary pressures and supply chain disruptions had a spill-over effect on the local economy. As a result, the local US dollar inflation increased. Despite the forgoing, Zimbabwe's economic situation was relatively stable on the back of tight monetary measures adopted by the authorities. Sustaining macroeconomic stability will go a long way in stimulating the demand for supporting infrastructure including properties among others.

The Zimbabwe dollar depreciated by 516% against the US dollar to ZWL671 in December 2022 from ZWL109 last year. Annual inflation rose to 244% at year-end from 61% in December 2021. However, inflationary pressures started to recede during the last quarter of the year due to monetary policy interventions by the authorities to limit money supply growth and "speculative" foreign currency activities.

Management continued to closely monitor the business environment and adapted its strategies to protect the business from the exogenous shocks as demonstrated by the performance achieved during the year.

Property Market long-term impacts

The property market fundamentals were mixed during the year. The leasing market for commercial space was the most active segment, with buoyant activity in the retail and industrial sectors. However, the office segment was subdued because of the need by people to re-adjust their newly-formed working habits of "working from home" to "back to the office". The CBD office experienced the highest vacancy rates forcing most owners to re-model their properties to cater for the Small and Medium Enterprises (SMEs) sector. Further, the retail, industrial and residential sectors enjoyed relatively huge activity during the year. In contrast, commercial property transactions were low due to huge investment requirements. Limited commercial property developments seen during the period under review have largely been self-funded, and are being used as a hedge against currency and inflation risks as well as possible future rental increases.

The industry grappled with "twin evils" of rising defaults on lease obligations and construction cost inflation. Management continues to closely manage these risks given their potentially huge impact on the company's strategy.

Business performance overview

The Group's inflation adjusted Net Property Income after administration expenses was ZWL140.5 million (FY 2021: ZWL589.4 million) despite a 42% growth in inflation adjusted revenue to ZWL2.9 billion (FY 2021: ZWL2.0 billion). In historical terms, revenue grew by 342% from ZWL475.4 million in December 2021 to ZWL2.1 billion largely due to the repricing of rentals and relatively good occupancy that stood at 85.5%. Foreign and local currency rental mix was 70% to 30% at the end of the year. This has enabled the Company to preserve value from foreign currency and inflation risks while creating capacity to finance its on-going capital and growth expenditure programs from internal resources.

Collections decreased to 72% from 82% in the prior year particularly on the back of the country's contractionary policies.

The business strives to maintain buildings in lettable and safe conditions. Against this strategic imperative, a total of ZWL528 million was deployed towards maintenance of buildings. The Company will continue to commit resources towards enhancing the quality of its product offering.

Property valuations

An independent property valuation conducted by Knight Frank Zimbabwe as at 31 December 2022 valued the property portfolio at ZWL 109.3 billion (FY 2021: ZWL 22 billion), representing a growth of 397%.

Developments

The Group is at early construction stages of a new office block in Arundel Office Park. The contractor is already on site, and was working on pile foundations in the basement at the end of the year. The project is expected to be completed by December 2023.

Following the successful completion of the construction of Mbare retail warehouse, the premises were handed over to the tenant (Gain Cash and Carry) during the year. The tenant started operations in July 2022.

Various projects to provide university students accommodation are being pursued. At this stage, the most advanced one involves constructing a 430-bed facility in Chinhoi, which started in October 2022. First Mutual Properties is a co-investor and project manager in the project with other pension funds. The project is expected to be completed in November 2023.

Sustainability

The year 2022 saw First Mutual Properties making significant progress on the sustainability journey through harnessing renewable energy and improving energy efficiency of its properties. Some of the notable green projects implemented during the year include the solar system installation at the head office, replacement of all traditional light bulbs with low energy consumption LED lights and erection of waste management centres. FMP will pursue more of such initiatives going forward as we strive to manage our business sustainably.

FMP was conferred the prestigious Overall Best Corporate Governance award at the Chartered Governance and Accountancy Institute in Zimbabwe Awards 2022. The Company also received the third overall prize on Best Board Practices and Best Shareholder Treatment. These accolades reaffirm the Company's efforts to improve corporate governance and sustainability practices.

Dividend

At a meeting held on 24 February 2023, your Board resolved that a final dividend of ZWL 175.4 million being 14.1821 ZWL cents per share and an additional USD150,000 (being 0.011818 United States cents per share) be declared from the profits of the Company for the fourth quarter ended 31 December 2022. This brings the cumulative dividend for the year ended 31 December 2022 to ZWL 477.8 million being 38.5786 ZWL cents per share and USD 400,000 being 0.03229 United States Cents per share.

The dividend will be payable on or about 26 April 2023 to all shareholders of the Company registered at close of business on 14 April 2023. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to 11 April 2023 and ex-dividend as from 12 April 2023.

Business Outlook

The Company remains focused on delivering on its strategy despite the environmental uncertainty caused by the global geopolitical tensions as well as a volatile and complex economic environment. This involves developing a sustainable and well-diversified business portfolio, delivering on new projects within budget, schedule and acceptable quality as well as creating value for all our stakeholders.

Acknowledgements

The FMP management and staff have continued to deliver favourable results in the face of a challenging business environment. I would like to thank them all for their invaluable commitment.

On behalf of the board, I would also want to thank our key stakeholders and my fellow board members for their immense contribution.

Elisha K. Moyo

Chairman of the board

24 February 2023

Consolidated Abridged Statement of Financial Position

At 31 December 2022

Note	INFLATION ADJUSTED		HISTORICAL COST		
	Audited 31 Dec 2022 ZWL 000	Audited 31 Dec 2021 ZWL 000	Unaudited 31 Dec 2022 ZWL 000	Unaudited 31 Dec 2021 ZWL 000	
ASSETS					
Non-current Assets					
Investment properties	6.1	109 333 840	75 760 451	109 333 840	22 039 000
Investment in associate	7	303 837	43 112	245 383	8 702
Vehicles and equipment	8	122 463	28 078	95 999	2 833
Financial assets at fair value thorough profit or loss - Unquoted shares	9	62 143	29 007	62 143	8 438
Financial assets at fair value thorough profit or loss - Quoted shares	9.1	3 053	4 807	3 053	1 398
Financial assets at amortised cost	10	79 296	1 342	79 296	390
		109 904 632	75 866 797	109 819 714	22 060 761
Current Assets					
Inventory		9 507	1 653	8 672	121
Trade and other receivables	11	1 551 400	729 402	1 375 590	192 677
Cash and cash equivalents	12	675 970	793 380	675 970	230 797
		2 236 877	1 524 435	2 060 232	423 595
Investment property held for sale	6.2	38 400	-	38 400	-
		112 179 909	77 391 232	111 918 346	22 484 356
Total Assets					
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Ordinary share capital		259 463	259 464	1 197	1 198
Retained earnings		99 008 948	67 745 768	99 151 532	19 760 449
		99 268 411	68 005 232	99 152 729	19 761 647
Non-current liabilities					
Deferred tax liabilities	13	11 914 722	8 954 492	11 845 551	2 598 083
		11 914 722	8 954 492	11 845 551	2 598 083
Current liabilities					
Current income tax liability		14 985	22 766	14 985	6 623
Trade and other payables	14	981 791	408 742	905 081	118 003
		996 776	431 508	920 066	124 626
		12 911 498	9 386 000	12 765 617	2 722 709
		112 179 909	77 391 232	111 918 346	22 484 356

Consolidated Abridged Statement of Comprehensive Income

for the year ended 31 December 2022

Note	INFLATION ADJUSTED		HISTORICAL COST		
	Audited 31 Dec 2022 ZWL 000	Audited *Restated 31 Dec 2021 ZWL 000	Unaudited 31 Dec 2022 ZWL 000	Unaudited *Restated 31 Dec 2021 ZWL 000	
Revenue					
Property expenses	15	2 900 532	2 044 479	2 101 573	475 465
Provision for credit losses	16	(1 842 422)	(997 662)	(1 366 076)	(213 772)
		(125 915)	(83 869)	(125 915)	(24 398)
		932 195	962 948	609 582	237 295
Net property income (NPI)					
Employee related expenses		(325 751)	(180 544)	(286 238)	(46 078)
Other expenses		(465 943)	(193 047)	(346 002)	(54 250)
		140 501	589 357	(22 658)	136 967
NPI after admin expenses					
Fair value adjustment - investment properties	18	33 574 174	23 782 301	87 405 250	12 629 754
Net monetary loss		(1 172 611)	(330 165)	-	-
Finance income	19	370 166	73 835	310 442	18 514
Share of profit of associate	7	70 306	-	114 622	-
Other income	20	1 811 473	305 161	1 296 118	96 776
		34 794 009	24 420 489	89 103 774	12 882 011
Income tax expense	21	(3 213 761)	(4 444 630)	(9 501 073)	(1 798 912)
		31 580 248	19 975 859	79 602 701	11 083 099
Profit for the year					
Other comprehensive income for the year		-	-	-	-
		31 580 248	19 975 859	79 602 701	11 083 099
Attributable to:					
-Owners of the parent		31 580 248	19 975 859	79 602 701	11 083 099
-Non controlling interest		-	-	-	-
		31 580 248	19 975 859	79 602 701	11 083 099
Basic earnings per share (ZWL cents)		2 554	1 615	6 437	896
Diluted earnings per share (ZWL cents)		2 551	1 613	6 429	895
Headline earnings per share (ZWL cents)		2 554	1 615	6 437	896
Weighted average number of shares in issue		1 236 557 948	1 236 791 272	1 236 557 948	1 236 791 272

* Reclassification of employee related expenses and other expenses to property expenses was done and disclosed in note 16.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	AUDITED INFLATION ADJUSTED			Total Shareholders Equity
	Ordinary Share Capital	Treasury shares	Retained Earnings	
	ZWL000	ZWL000	ZWL000	ZWL000
At 01 January 2021	264 271	(4 807)	47 983 651	48 243 115
Profit of the year	-	-	19 975 859	19 975 859
Dividend paid	-	-	(213 742)	(213 742)
At 31 December 2021	264 271	(4 807)	67 745 768	68 005 232
Acquisition of treasury shares	-	(1)	(9 357)	(9 358)
Profit of the year	-	-	31 580 248	31 580 248
Dividend paid	-	-	(307 711)	(307 711)
At 31 December 2022	264 271	(4 808)	99 008 948	99 268 411

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	UNAUDITED HISTORICAL COST			Total Shareholders Equity
	Ordinary Share Capital	Treasury shares	Retained Earnings	
	ZWL000	ZWL000	ZWL000	ZWL000
At 1 January 2021	1 238	(40)	8 723 959	8 725 157
Profit of the year	-	-	11 083 099	11 083 099
Dividend paid	-	-	(46 609)	(46 609)
At 31 December 2021	1 238	(40)	19 760 449	19 761 647
Profit of the year	-	-	79 602 701	79 602 701
Acquisition of treasury shares	-	(1)	(5 152)	(5 153)
Dividend paid	-	-	(206 466)	(206 466)
At 31 December 2022	1 238	(41)	99 151 532	99 152 729

Consolidated Abridged Statement of Cash Flows

for the year ended 31 December 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited	Audited	Unaudited	Unaudited
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	ZWL000	ZWL000	ZWL000	ZWL000
Profit before tax	34 794 009	24 420 489	89 103 774	12 882 011
Adjustment for non-cash items	(34 742 828)	(23 707 575)	(88 913 981)	(12 700 956)
Cash flows from operating activities before working capital adjustments	51 181	712 914	189 793	181 055
Working capital adjustments	(382 720)	(406 357)	(530 545)	(102 048)
Cash generated from operations	(331 539)	306 557	(340 752)	79 007
Tax paid	(272 746)	(163 353)	(233 139)	(54 573)
Net cash flow from operating activities	(604 285)	143 204	(573 891)	24 434
Net cash flows used in investing activities	(176 633)	174 500	(44 392)	41 048
Net cash flows from financing activities*	(264 131)	(193 731)	(211 619)	(46 609)
Net increase/(decrease) in cash and cash equivalents	(1 045 049)	123 973	(829 902)	18 873
Inflation effect on overall cashflows	(1 388 018)	(406 948)	-	-
Opening cash and cash equivalents	793 380	685 337	230 797	124 032
Effects of changes in foreign currency	2 315 657	391 018	1 275 075	87 892
Cash and cash equivalents at 31 December	675 970	793 380	675 970	230 797

*Net cash flow from financing activities is comprised of dividends paid out and repurchase of treasury shares.

Notes to the Consolidated Abridged Financial Statements

for the year ended 31 December 2022

1 Corporate information

First Mutual Properties Limited is a public company incorporated and domiciled in Zimbabwe and its shares are publicly traded on the Zimbabwe Stock Exchange. The principal activities of the Group are property investment, development and management. The consolidated financial statements of the Group for the twelve months ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors at a meeting held on 24 February 2023.

2 Statement for 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). 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.

Auditor's statement

The consolidated inflation adjusted financial statements from which this abridged version has been extracted, have been audited by Ernst & Young Chartered Accountants (Zimbabwe). A qualified opinion has been issued as a result of the impact of the prior period non-compliance with the requirements of International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors", and the consequential impact of applying International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" on incorrect base numbers. The audit report also includes a key audit matter with regards to the valuation of investment properties in the current year. The auditor's report is available for inspection at the Group's registered office.

The Audit Partner for this engagement was Fungai Kuipa (PAAB Practising certificate number 335).

Notes to the Consolidated Abridged Financial Statements

for the year ended 31 December 2022

Inflation Adjustments

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

Date	CPI	Conversion factor
31-Dec-22	13 672,91	1,00
31-Dec-21	3 977,50	3,44
31-Dec-20	2 474,51	5,53

3 Accounting policies

The principal accounting policies adopted in the presentation of these financial statements are consistent with those of the previous financial year. However the Group changed the classification of staff related expenses and other offices expenses which are directly associated with the management of properties from administration expenses to property expenses in line with regional listed property companies. The reclassification resulted in increase in property expenses and decrease in administration expenses with no effect on profit for the period.

4 Reporting period and currency ("ZWL")

The reporting period is 1 January 2022 to 31 December 2022. The financial statements are presented in Zimbabwean dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Group operates. There was no change in the functional currency and reporting currency of the Group from the previous financial period. The Group used the RBZ auction rate to translate all transactions done in foreign currency to Zimbabwean dollars (ZWL).

5 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 abridged financial statements on a going concern basis is appropriate. Based on the Unaudited Historical financial performance for the year of 2022. The business also continues to implement futuristic plans in response to the market trends to ensure sustainable earnings, with investments planned for Arundel Office Park expansion and participation in FMHL Group projects, retail land acquisitions and tenant driven expansion initiatives. In addition, borrowing capabilities continue to be pursued due to the positive cash flow generation. 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.

6 Fair value measurement

The Group's fair values of its investment properties are based on valuations performed by Knight Frank Zimbabwe an accredited independent valuer. Knight Frank is a specialist in valuing these types of investment properties and has recent experience in the location and category of the investment properties being valued. The valuations are based upon assumptions on future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Where the market information is available, the valuers make use of market information from transactions of similar properties. Significant judgements were applied as at 31 December 2022 as a result of the uncertainties resulting from the hyperinflationary economic environment, currency shifts, excessive market volatility and lack of recent transactions conducted in ZWL.

6.1 Investment Properties

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited	Audited	Unaudited	Unaudited
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	ZWL000	ZWL000	ZWL000	ZWL000
At 1 January	75 760 451	51 917 010	22 039 000	9 395 892
Disposals	(217 709)	-	(160 028)	-
Additions	146 175	-	44 794	-
Reclassification to held for sale	(38 400)	-	(38 400)	-
Improvements to existing properties	109 149	72 139	43 224	15 756
Fair value adjustments	33 574 174	23 771 302	87 405 250	12 627 352
Closing Balance	109 333 840	75 760 451	109 333 840	22 039 000

6.2 Investment Property held for sale

During the year ended 31 December 2022, the directors of First Mutual Properties Limited decided to dispose of a residential parcel of land, known as 472 Goodhope Township of Lot 4 of Goodhope, Harare as part of the Group's ongoing capital recycling strategy. Conditions for the classification as held for sale (as stipulated in IFRS 5- Non-current assets held for sale and discontinued operations) were met as at 31 December 2022. The asset was reclassified to current assets from investment property as disclosed below. The sale of the residential parcel of land is expected to be completed within a year from the reporting date.

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited	Audited	Unaudited	Unaudited
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	ZWL000	ZWL000	ZWL000	ZWL000
At 1 January	-	269 742	-	48 818
Reclassification to held for sale	38 400	-	38 400	-
Fair value adjustment	-	10 999	-	2 402
Disposal	-	(280 741)	-	(51 220)
Closing Balance	38 400	-	38 400	-

6.3 Fair value hierarchy

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.

Notes to the Consolidated Abridged Financial Statements

for the year ended 31 December 2022

All amount in ZWL

Class of property	Fair value 31 December, 2022	Valuation technique	Key unobservable inputs	Range	weighted average	
CBD offices	19 330 000 000	Income capitalisation	Income	Optimal Rental per square metre	ZWL2,000- ZWL3,500	
			Income	Capital rate/ prime yield	5.50%-8.5%	23%
			Income	Vacancy rate		
Office parks	29 010 000 000	Income capitalisation	Income	Optimal Rental per square metre	ZWL4,000- ZWL5,000	
			Income	Capital rate/ prime yield	5.00%-6.00%	6%
			Income	Vacancy rate		
CBD retail*	15 378 440 000	Income capitalisation	Income	Optimal Rental per square metre	ZWL10,000	
			Income	Capital rate/ prime yield	4.50%-6.00%	0%
			Income	Vacancy rate		
Suburban retail*	6 870 000 000	Income capitalisation	Income	Optimal Rental per square metre	ZWL900- ZWL20,000	
			Income	Capital rate/ prime yield	4.00%-5.50%	4%
			Income	Vacancy rate		
Industrial	10 315 000 000	Income capitalisation	Income	Optimal Rental per square metre	ZWL1,000- ZWL3,500	
			Income	Capital rate/ prime yield	7.00%-10.00%	10%
			Income	Vacancy rate		
Residential	3 672 000 000	Market comparable Market	Market	Rate per square metre	ZWL1,500.00- ZWL20,000.00	
			Market	Rate per square metre		
			Market	Rate per square metre	ZWL20,000.00- ZWL86,000.00	
Land - residential	9 600 000 000	comparable Market				
Land - commercial	15 158 400 000	comparable				
Total	109 333 840 000					

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 31 Dec 2022 ZWL000	Audited 31 Dec 2021 ZWL000	Unaudited 31 Dec 2022 ZWL000	Unaudited 31 Dec 2021 ZWL000
7 Investment in associate				
As at 1 January	43 112	43 112	8 702	8 702
Additions	190 419	-	122 059	-
Dividend received	-	-	-	-
Share of profits	70 306	-	114 622	-
Closing Balance	303 837	43 112	245 383	8 702
8 Vehicles & Equipment				
At 1 January	28 078	23 450	2 833	176
Additions	109 802	15 311	97 854	3 291
Disposals	(277)	(592)	(255)	(138)
Depreciation	(15 140)	(10 091)	(4 433)	(496)
Closing Balance	122 463	28 078	95 999	2 833
9 Financial Assets at fair value through profit or loss - Unquoted shares				
As at January	29 007	26 172	8 438	4 737
Fair value adjustment	33 136	2 835	53 705	3 701
	62 143	29 007	62 143	8 438
9.1 Financial Assets at fair value through profit or loss - Quoted shares				
As at January	4 807	-	1 398	-
Additions	(183)	3 670	(170)	897
Fair value adjustment	(1 571)	1 137	1 825	501
	3 053	4 807	3 053	1 398
10 Financial Assets at Amortised Cost				
Held to maturity investments	200	688	200	200
Housing bonds	-	654	-	190
Held to maturity investments	79 096	-	79 096	-
Amortised interest	23 168	761	12 757	501
Repayments received	(23 168)	(761)	(12 757)	(501)
	79 296	1 342	79 296	390
11 Trade and Other Receivables				
Tenant receivables	451 033	248 283	451 033	72 226
Tenant operating cost recoveries	216 666	109 615	216 666	31 888
Trade receivables	667 699	357 898	667 699	104 114
Less: Allowance for Credit Losses	(159 094)	(114 053)	(159 094)	(33 179)
Net Trade Receivables	508 605	243 845	508 605	70 935
Prepayments	964 370	404 553	788 560	98 177
Other receivables	62 145	43 243	62 145	12 580
Related party receivables	16 280	37 761	16 280	10 985
	1 551 400	729 402	1 375 590	192 677
11.1 Reconciliation of allowance for credit losses				
As at 1 January	114 053	48 519	33 179	8 781
Add: charge for the year	246 427	144 238	192 272	41 960
Recovery due to payments	(120 511)	(60 370)	(66 357)	(17 562)
Inflation effect	(80 875)	(18 334)	-	-
	159 094	114 053	159 094	33 179

Notes to the Consolidated Abridged Financial Statements

for the year ended 31 December 2022

11.2 Analysis of allowance for credit losses

Unaudited Historical

	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
31 December 2022						
Expected loss rate	7,42%	15,01%	23,84%	44,75%	100%	
Gross carrying amount-trade receivables provided for	215 679	121 339	96 352	59 233	70 637	563 240
Credit loss allowance**	16 094	18 412	23 283	27 090	70 637	155 516
Expected loss rate	3,43%	3,43%	3,43%	3,43%	3,43%	
Gross carrying amount-trade receivables provided for	79 043	11 209	1 383	727	12 097	104 459
Credit loss allowance**	2 708	384	47	25	414	3 578
Total credit loss allowance	18 802	18 796	23 330	27 115	71 051	159 094
31 December 2021						
Expected loss rate	6,65%	13,37%	32,56%	41,56%	100%	
Gross carrying amount-trade receivables provided for	35 724	15 260	12 470	5 756	21 665	90 875
Credit loss allowance*	2 381	2 047	4 076	2 412	21 665	32 581
Expected loss rate	4,52%	4,52%	4,52%	4,52%	4,52%	
Gross carrying amount-trade receivables provided for	2 555	459	972	3 129	6 124	13 239
Credit loss allowance**	115	21	44	141	277	598
Total credit loss allowance	2 496	2 068	4 120	2 553	21 942	33 179

*Credit loss allowance at different loss rates

**Credit loss allowance at (2022: 3.43%) (2021: 4.52%)

Change of provisioning matrix

At 31 December 2022, 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 a slight change of ECL rates being applied in the year ended 2022 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.

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 31 Dec 2022 ZWL000	Audited 31 Dec 2021 ZWL000	Unaudited 31 Dec 2022 ZWL000	Unaudited 31 Dec 2021 ZWL000
12 Cash and Cash Equivalents				
Short-term Investments	224 594	40 042	224 594	11 648
Cash and cash equivalents: USD	383 094	714 315	383 094	207 797
ZWL	68 282	39 023	68 282	11 352
	675 970	793 380	675 970	230 797
13 Deferred Tax Liability				
At 1 January	8 954 492	4 656 985	2 598 083	841 971
Recognised in the statement of profit or loss	-	-	-	-
-Arising on inventory	(99)	(404)	-	-
-Arising from prepayments	44 816	6 218	-	-
-Arising on vehicles and equipment	14 428	(273)	13 591	61
-Arising on investment properties	2 911 507	4 288 711	9 267 269	1 761 443
-Arising on financial assets held through profit or loss	2 129	142	3 169	(2 231)
-Arising on provisions for credit losses	(11 134)	(16 200)	(31 126)	(6 031)
-Arising on leave pay provisions	(1 417)	19 313	(5 435)	2 870
	11 914 722	8 954 492	11 845 551	2 598 083
14 Trade and Other Payables				
Tenant payables	183 613	28 636	106 903	7 100
Related party payables	198 179	22 541	198 179	6 558
Sundry creditors	173 038	170 303	173 038	49 707
Suppliers creditors	370 107	135 155	370 107	39 480
Provision for leave days	28 652	22 920	28 652	6 667
Group company payables	28 202	29 187	28 202	8 491
	981 791	408 742	905 081	118 003
15 Revenue				
Rental income	2 820 408	2 001 579	2 041 383	465 721
Property Services income	80 124	42 900	60 190	9 744
	2 900 532	2 044 479	2 101 573	475 465
16 Property Expenses				
Maintenance costs	528 124	113 893	418 987	25 845
Property security and utilities	40 409	18 688	33 175	4 272
Valuation fees	7 128	5 835	5 060	2 113
Property cost of sales	-	7 346	-	1 796
Operating costs under recoveries	415 228	272 523	333 606	61 872
Staff costs*	606 996	359 300	406 872	77 544
Other costs*	244 537	220 077	168 376	40 330
	1 842 422	997 662	1 366 076	213 772

We are right partner to help you gain and retain property value.

Property Management, Investment and Development designed **With You and For You**

Audited Abridged Financial Results
For the year ended 31 December 2022

With you, for you



Notes to the Consolidated Abridged Financial Statements
for the year ended 31 December 2022

23 Related Party disclosures

The financial statements include transactions between First Mutual Properties Limited and other subsidiaries of First Mutual Holdings Limited. The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year.

Transactions and balances with related Companies

The following table provide the total amount of transactions that have been entered into with related parties during the year ended 31 December 2022:

Company	Inflation adjusted			Historical		
	Group Company Payables ZWL000	Group Company receivables ZWL000	Rentals charged to Group Companies ZWL000	Group Company Payables ZWL000	Group Company receivables ZWL000	Rentals charged to Group Companies ZWL000
- First Mutual Holdings Limited	-	748	85 758	-	748	47 221
- First Mutual Life Assurance Company (Private) Limited	-	7 503	199 267	-	7 503	109 723
- First Mutual Reinsurance Company Limited	-	6 244	18 944	-	6 244	10 431
- First Mutual Health Company (Private) Limited	28 018	-	87 420	28 018	-	48 136
- First Mutual Microfinance (Private) Limited	-	-	1 141	-	-	628
- First Mutual Funeral Services (Private) Limited	184	-	4 055	184	-	2 233
- First Mutual Wealth Management (Private) Limited	-	1 784	9 192	-	1 784	5 062
- NicozDiamond Insurance Limited	-	43	5 723	-	43	3 151
	28 202	16 322	411 500	28 202	16 322	226 585
Other directors interests*		5 156			5 156	

*During the 2022 year 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.

Notes to the Consolidated Abridged Financial Statements
for the year ended 31 December 2022

Transactions and balances with related Companies

The following table provide the total amount of transactions that have been entered into with related parties during the year ended 31 Dec 2021:

Company	Inflation adjusted			Historical		
	Group Company Payables ZWL000	Group Company receivables ZWL000	Rentals charged to Group Companies ZWL000	Group Company Payables ZWL000	Group Company receivables ZWL000	Rentals charged to Group Companies ZWL000
- First Mutual Holdings Limited	-	28 406	28 384	-	8 263	8 257
- First Mutual Life Assurance Company (Private) Limited	13 156	-	64 454	3 827	-	18 750
- First Mutual Reinsurance Company Limited	-	9 172	6 413	-	2 668	1 866
- First Mutual Health Company (Private) Limited	4 334	-	35 315	1 261	-	10 273
- First Mutual Microfinance (Private) Limited	-	-	1 734	-	-	504
- First Mutual Funeral Services (Private) Limited	549	-	2 969	160	-	864
- First Mutual Wealth Management (Private) Limited	-	184	3 113	-	54	905
- NicozDiamond Insurance Limited	11 148	-	1 911	3 243	-	556
	29 187	37 762	144 293	8 491	10 985	41 975
Other directors interests*		18 956			5 514	

*During the 2021 year 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.





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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 Company Financial Statements

Qualified Opinion

We have audited the inflation adjusted consolidated and company financial statements of First Mutual Properties Limited ("the Consolidated and Company"), as set out on pages 9 to 72 which comprise the inflation adjusted consolidated and company statements of financial position as at 31 December 2022 and the inflation adjusted consolidated and company statements of profit or loss, inflation adjusted consolidated and company statements of other comprehensive income, inflation adjusted consolidated and company statements of changes in equity and inflation adjusted consolidated and company statements of cash flows for the year then ended, and notes to the inflation adjusted consolidated and company financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the inflation adjusted consolidated and company financial statements present fairly, in all material respects, the financial position of the Consolidated and Company as at 31 December 2022 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

Valuation of Investment Properties in prior year and consequential impact on application of IAS 29 - Financial Reporting in Hyperinflationary Economies

Our audit opinion for the year ended 31 December 2020 was modified due to the incorrect valuation of investment properties. The concern was inappropriate application of a conversion rate to a USD valuation to calculate ZWL property values which was not an accurate reflection of market dynamics. These misstatements have not been corrected in terms of *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*. As opening balances enter into the determination of financial performance, the following elements on the 2021 inflation adjusted Consolidated and Company Financial Statements were impacted.

Inflation Adjusted (Consolidated and Company) Statement of Profit or Loss (Comparatives only)

- Fair Value adjustments
- Income tax expense
- Monetary (loss)/gain

Independent Auditor's Report (Continued)

First Mutual Properties Limited

Inflation Adjusted (Consolidated and Company) Statement of Financial Position and Inflation Adjusted (Consolidated and Company) Statement of Changes in Equity (Comparatives only)

- Retained earnings

Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied correctly, it is noted that its application on prior year corresponding numbers was based on financial information which was not in compliance with IAS 8 as described above, therefore the inflation adjusted corresponding numbers for line items above also remain misstated.

Our opinion on the current period's Inflation Adjusted Consolidated and Company Financial Statements is therefore modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

The effects of the above departures from IFRS are material but not pervasive to the Inflation Adjusted Consolidated and Company Financial Statements.

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 and Company 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 qualified opinion.

Key Audit Matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the inflation adjusted financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the inflation adjusted financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report (Continued)

First Mutual Properties Limited

Key Audit Matter	How our audit addressed the matter
Issue: Current Year Valuation of Investment Properties (Consolidated and Company)	
<p>Consolidated</p> <ul style="list-style-type: none"> ▶ Note 6 - Investment Property ▶ Note 6.1 - Fair Value Hierarchy ▶ Note 6.2 - Investment property held for sale <p>Company</p> <ul style="list-style-type: none"> ▶ Note 1 - Investment Property ▶ Note 1.1 - Fair Value Hierarchy ▶ Note 1.2 - Investment property held for sale <p>As included in the above notes to the inflation adjusted consolidated and company financial statements the below accounts have been considered to be an area where significant judgements were applied:</p> <ul style="list-style-type: none"> - Investment property amounting to ZWL\$109 333 840 000 for the Group and ZWL\$66 495 847 479 for the Company - Investment property held for sale amounting to ZWL\$ 38 400 000 for the Group and ZWL\$ 38 400 000 for the Company <p>In determining the fair values of investment property, the directors make use of independent external valuers. The determination of the fair value of investment property was considered to be a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none"> ▶ Uncertainties resulting from the hyperinflationary environment ▶ Excessive market volatility ▶ Lack of transactions conducted in ZWL <p>Due to the high level of estimation, significant judgement and complexity involved in determining the fair values of the investment properties the valuation of the investment properties was considered to be a Key Audit Matter.</p>	<p>We performed audit procedures to assess the adequacy of the valuation which included the following:</p> <ul style="list-style-type: none"> ▶ Assessed the competence, capabilities and objectivity of management's valuation expert and obtained an understanding of their work. ▶ Inspected profiles of the individuals performing the valuation, in order to assess their experience and competence. ▶ We involved the EY valuation experts to review the work done by management's expert. ▶ Assessed the appropriateness of the valuation methodologies adopted by management's specialist based on our knowledge of the industry. ▶ Compared the inputs used in the valuation by management's valuation expert with available market data. ▶ Identified, evaluated, and tested significant assumptions used by management's valuation expert by comparing them to those used by other valuers in the industry. ▶ Assessed completeness and appropriateness of the investment properties disclosures in accordance with the relevant financial reporting standards.

Independent Auditor's Report (Continued)

First Mutual Properties Limited

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 financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated and company 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 company 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 company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, the Group and Company did not comply with the requirements of *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors* because of the prior years' matters that were not resolved. We have concluded that the other information is materially misstated for the same reasons.

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

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and company 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 company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and company 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 Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these inflation adjusted consolidated and company 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 company 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.

Independent Auditor's Report (Continued)

First Mutual Properties Limited

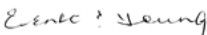
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting 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 company 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 company 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 company 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 company 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 Mr Fungai Kuipa (PAAB Practising Certificate Number 335).


Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

30 March 2023