

Reviewed Abridged Consolidated Group Financials Results for the Six Months Ended 30 June 2023

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Short-form Financial Announcement

This short form financial announcement is the responsibility of the Directors which has been issued in terms of the Zimbabwe Stock Exchange (ZSE) Practice note 13.

This announcement is only a summary of the information contained in the full preliminary report of the abridged consolidated financial statements for the six months ended 30 June 2023. Any investment decision by investors and/or shareholders should be based on consideration of the preliminary report of the abridged consolidated financial results for the six months ended 30 June 2023. The abridged consolidated financial statements have been released on the ZSE Data Portal: www.zse.co.zw and the Company's website: <https://firstmutualpropertiesinvestor.com/>. The full preliminary report is available for inspection, at no charge, at the registered offices of First Mutual Properties Limited at the office of the Company Secretary on working days between 8:00am and 4:30pm.

Financial performance

The summarised financial statement

	Inflation adjusted			Historical cost		
	30-Jun-23 ZWL000	30-Jun-22 ZWL000	Change %	30-Jun-23 ZWL000	30-Jun-22 ZWL000	Change %
Revenue	8,025,873	3,660,571	119%	3,675,797	485,763	657%
Net property income (NPI)	1,332,522	1,212,529	10%	(415,148)	122,984	(438%)
Fair value movements- Investment properties	512,076,067	145,895,994	251%	744,433,093	55,970,982	1230%
Profit/(loss) before income tax	519,754,454	146,711,140	254%	752,477,334	56,478,288	1232%
Profit/(loss) for the period	504,882,039	122,945,867	311%	713,288,992	48,547,060	1369%

	Inflation adjusted			Historical cost		
	30-Jun-23 ZWL000	31-Dec-22 ZWL000	Change %	30-Jun-23 ZWL000	31-Dec-22 ZWL000	Change %
Investment Properties	853,569,641	341,531,373	150%	853,569,641	109,333,840	680%
Total assets	872,032,619	350,421,776	149%	868,494,804	111,918,346	676%

	30-Jun-23	30-Jun-22	Change %	30-Jun-23	30-Jun-22	Change %
Cash generated from operations	(1,807,482)	1,160,421	(256%)	(2,062,224)	198,777	(1137%)

	Inflation adjusted			Historical cost		
	30-Jun-23	30-Jun-22	Change %	30-Jun-23	30-Jun-22	Change %
Headline earnings per share (ZWL cents)	40,834	9,941	311%	57,690	3,925	1370%
Basic earnings per share (ZWL cents)	40,834	9,941	311%	57,690	3,925	1370%

Dividend

At a meeting held on 29 August 2023, your Board resolved that a second interim dividend of ZWL 375,1 million being ZWL 30,34 cents per share and USD 130,250 being USD 0.011 cents per share be declared from the profits for the second quarter ended 30 June 2023. The dividend will be payable on or about 27 October 2023 to all shareholders of the Group registered at close of business on 6 October 2023. The shares of the Group will be traded cum-dividend on the Zimbabwe Stock Exchange up to 3 October 2023 and ex-dividend as from 4 October 2023.

Review opinion

The Group's interim condensed inflation adjusted consolidated financial information from which these abridged results have been extracted, have been reviewed by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe). An unmodified review conclusion has been issued. The auditor's review conclusion on the Group's interim condensed inflation adjusted consolidated financial information is available for inspection at the Group's registered office. The Engagement Partner for this review is Mr Fungai Kuipa (PAAB Practising Certificate Number 335).

Elisha K. Moyo
Chairman

29 August 2023

SUPPLEMENTARY INFORMATION - UNITED STATES DOLLARS

Comprehensive Income Highlights

	30-Jun-23 USD000	30-Jun-22 USD000	Growth %
Rental Income	2,880	2,137	35%
Net operating income	2,837	1,956	45%

Financial Position Highlights

	30-Jun-23 USD000	31-Dec-22 USD000	Growth %
Total assets	124,760	118,260	5%
Total equity	111,846	106,350	5%
Total liabilities	12,914	11,910	8%

DIRECTORS: E K Moyo (Chairman), C K Manyowa*, D Hoto, S Jogi, A Mazarire, A M Chidakwa; S Wekwete, T Ruvingo (*Executive Director)

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Interim Condensed Consolidated Financial Statements

For the period ended 30 June 2023

CHAIRMAN'S STATEMENT

Overview of Operating Environment

The economy continues to be on a growth trajectory due to increased economic activity and monetary control measures to manage the inflationary pressures. The currency as at 30 June had stabilized following volatile periods experienced from May onwards, which evened out towards the end of June. The conflict between Russia and Ukraine has persisted, causing disruptions to supply chains. Consequently, imported products may face extended delivery times and increased costs, contingent upon the chosen supply routes.

During the period, the Zimbabwean Dollar experienced fluctuations against other currencies during the quarter leading to the half year with the exchange rate declining to US\$1: ZWL5,739.7961 as at 30 June 2023 from US\$1: ZWL2,577.0564 as at the end of May 2023. Efforts to halt the decline of the ZWL against major currencies have included the increased use of the ZWL for payment of taxes to Zimra and other state institutions, the introduction of virtual gold tokens and the introduction of the willing buyer and willing seller auction system to financial institutions for onward selling to companies and individuals.

The Reserve Bank of Zimbabwe's continued tight monetary supply control has resulted in increased use of the multi currencies. This has also resulted in most tenants opting to pay for rentals in the United States Dollar currency whilst operating costs are mainly paid in the ZWL currency. Transactions in the local currency continue to be affected by the tight monetary control.

The blended year on year inflation rate for the month of June 2023 was at 175.75% up from the May 2023 rate of 86.54%. The month-on-month inflation rate was at 74.46% up from a figure of 15.74% as at May 2023. Main drivers have been the fluctuating exchange rate which has been driving the prices of goods and services.

Property Market Overview

The business continues to adapt to the dynamic changes in the demand for space in the right form, location and quality. CBD office space demand continued on a decline, largely driven by town planning schemes that are permitting retail and office space use and establishment along major arterial routes providing an alternative to tenants.

The property market continued to see rental payments in multi currencies with the majority of payments being done in the United States Dollar currency whilst operating costs are mainly in the ZWL currency. This is driven by the dual currency operating environment where continued reviews of rentals are key to drive the business growth strategic thrust.

The volatility in the local currency continues to negatively affect the number of developments on the market. There has been increased expenditure on public infrastructure and the expansion of this is expected to have an impact on increasing developmental activity on the market. Access to long term liquidity is key to increased property development through allowing cost effective development funding. Residential, retail, Industrial and space repurposing developments continue to lead the development space.

Business performance overview

The Group's inflation adjusted Net Property Income increased by 10% to ZWL1.333 billion (HY 2022: ZWL1.213 billion) together with growth in inflation adjusted revenue of 119% to ZWL8,026 billion (HY 2022: ZWL3.661 billion). Rental income remains the main source of revenue. In historical terms, revenue grew by 657% from ZWL486 million in June 2022 to ZWL3.676 billion mainly due to timeous rental reviews and stable occupancy level averaged 88.10% for the 6 months ending 30 June 2023 (FY 2022: 85.52%).

Management continued to engage the tenants for timeous rental reviews and payments. This initiative resulted in the marginal drop on the number of defaulting tenants who in the past deliberately delayed to meet their lease obligations leading to improved collection rate at 87% (FY 2022: 86%). Demonstrating the Company's commitment to providing a quality and safe product (property) to its tenants, ZWL 404.2 million and ZWL 44.3 million were committed towards maintenance and improvements respectively during the period under review.

Property valuations

An independent property valuation conducted by Knight Frank Zimbabwe as at 30 June 2023 valued the property portfolio at ZWL 853.85 billion (FY 2022: ZWL 109.37 billion). The growth in property values of 679% was driven by the growth in rentals consistent with the inflationary environment.

Developments

The Group has strategically positioned itself to generate shareholder value through the pursuit of a range of projects which are currently at varying stages of execution.

The Arundel Office Park extension, which entails the construction of a double storey office building with a basement and a lettable area of 2,616.50 square metres is progressing well. To date, the roof slab concreting are complete. Overall total project progress stands at 60% at reporting date.

In Chinhoyi, construction of a four-storey student accommodation building is also advancing well with most of the structures now at second floor level. This project, which has a prescribed asset status is being implemented in partnership with institutional investors.

The business is a co-investor in the development of mixed-use duplex clusters, three to four storey flats and student hostels in Zvishavane with the proposed designs having been approved by Zvishavane Town Council. The contractor commenced work on site with Phase A comprising the Six Duplex Flats while other 20 blocks of Double and Triple Storey Flats are at trenching and brick footing levels.

Sustainability

The Group will continue to run its operations sustainably in line with the environmental, social and governance (ESG) requirements. The adoption of "green" operations including investing in a solar power plant, energy efficient operations and waste management initiatives remain key to the Group's strategy. We will continue to enhance the Group's ESG framework in line with the global trends.

Dividend

At a meeting held on 29 August 2023, your Board resolved that a second interim dividend of ZWL 375,1 million being ZWL 30,34 cents per share and USD 130,250 being USD 0.011 cents per share be declared from the profits for the second quarter ended 30 June 2023. The dividend will be payable on or about 27 October 2023 to all shareholders of the Group registered at close of business on 6 October 2023. The shares of the Group will be traded cum-dividend on the Zimbabwe Stock Exchange up to 3 October 2023 and ex-dividend as from 4 October 2023.

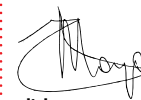
Business Outlook

Despite the ongoing uncertainty, the business will not deviate from its growth strategies that are aimed at increasing shareholder value. This includes investing in lucrative properties that can serve as a safeguard against inflation and exchange rate risks. Additionally, the business will prioritise maintaining high occupancy levels by effectively managing client relationships and offering quality and secure products through continuous property refurbishment, maintenance, and upgrades.

Acknowledgements

The staff and management team of First Mutual Properties continue to furnish a favorable outturn despite an uncertain operating environment. I commend them for their continued efforts.

On behalf of the board, I would also like to convey gratitude to all the key stakeholders and my fellow board members for all their support.



Elisha K. Moyo
Chairman of the board
29 August 2023

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

Note	Inflation adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL 000	Audited 31 Dec 2022 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 31 Dec 2022 ZWL 000
ASSETS				
Non-current Assets				
6.1	853 569 641	341 531 373	853 569 641	109 333 840
7	3 244 628	949 110	2 730 356	245 383
8	510 721	382 543	146 032	95 999
Financial assets at fair value through profit or loss - Unquoted shares				
9	347 344	194 119	347 344	62 143
Financial assets at fair value through profit or loss - Quoted shares				
9.1	24 194	9 536	24 194	3 053
10	80 672	247 701	80 672	79 296
	857 777 200	343 314 382	856 898 239	109 819 714
Current Assets				
	22 425	29 697	2 782	8 672
11	9 541 657	4 846 184	6 902 446	1 375 590
12	4 411 337	2 111 561	4 411 337	675 970
	13 975 419	6 987 442	11 316 565	2 060 232
6.2	280 000	119 952	280 000	38 400
	872 032 619	350 421 776	868 494 804	111 918 346
Total Assets				
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
	810 497	810 497	1 197	1 197
	812 247 648	309 279 008	811 829 048	99 151 532
	813 058 145	310 089 505	811 830 245	99 152 729
Total Shareholders' Equity				
Non-current liabilities				
13	51 651 372	37 218 591	50 594 259	11 845 551
	51 651 372	37 218 591	50 594 259	11 845 551
Current liabilities				
	188 249	46 811	188 249	14 985
14	7 134 853	3 066 869	5 882 051	905 081
	7 323 102	3 113 680	6 070 300	920 066
	58 974 474	40 332 271	56 664 559	12 765 617
	872 032 619	350 421 776	868 494 804	111 918 346

Interim Condensed Consolidated Statement of Comprehensive Income

for the period ended 30 June 2023

Note	Inflation adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL 000	Reviewed 30-Jun-2022 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 30-Jun-2022 ZWL 000
Revenue				
15	8 025 873	3 660 571	3 675 797	485 763
16	(5 371 523)	(2 317 921)	(2 769 117)	(336 251)
	(1 321 828)	(130 121)	(1 321 828)	(26 528)
	1 332 522	1 212 529	(415 148)	122 984
Net property income (NPI)				
	(855 697)	(269 790)	(612 023)	(38 593)
	(1 430 657)	(612 211)	(747 983)	(84 653)
	(953 832)	330 528	(1 775 154)	(262)
18	512 076 067	145 895 994	744 433 093	55 970 982
	(1 840 085)	(2 621 526)	-	-
19	1 659 185	248 767	735 228	32 328
20	6 804 171	2 857 377	6 722 278	475 240
7	2 008 948	-	2 361 889	-
	519 754 454	146 711 140	752 477 334	56 478 288
21	(14 872 415)	(23 765 273)	(39 188 342)	(7 931 228)
	504 882 039	122 945 867	713 288 992	48 547 060
Profit for the period				
Other comprehensive income for the period				
	-	-	-	-
	504 882 039	122 945 867	713 288 992	48 547 060
Total comprehensive profit for the period				
Attributable to:				
-Owners of the parent				
	504 882 039	122 945 867	713 288 992	48 547 060
	504 882 039	122 945 867	713 288 992	48 547 060
Total profit for the period				
	40 834	9 941	57 690	3 925
	40 777	9 930	57 609	3 921
	40 834	9 941	57 690	3 925
	1 236 423	1 236 730	1 236 423	1 236 730
	1 238 157	1 238 157	1 238 157	1 238 157

Interim Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2023

	Reviewed Inflation adjusted Attributable to owners of the parent			Total
	Ordinary Share Capital ZWL 000	Treasury shares ZWL 000	Retained Earnings ZWL 000	Shareholders Equity ZWL 000
At 1 January 2022	825 516	(15 016)	211 620 711	212 431 211
Profit for the period	-	-	122 945 867	122 945 867
Total comprehensive income for the period	-	-	122 945 867	122 945 867
Acquisition of treasury shares	-	-	(2 540)	(2 540)
Dividend paid	-	-	(456 427)	(456 427)
At 30 June 2022	825 516	(15 016)	334 107 612	334 918 112
At 1 January 2023	825 516	(15 019)	309 279 008	310 089 505
Profit for the period	-	-	504 882 039	504 882 039
Total comprehensive income for the period	-	-	504 882 039	504 882 039
Acquisition of treasury shares	-	-	(10 024)	(10 024)
Dividend paid	-	-	(1 903 375)	(1 903 375)
At 30 June 2023	825 516	(15 019)	812 247 648	813 058 145

Interim Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2023

	Unaudited Historical Cost Attributable to owners of the parent			Total
	Ordinary Share Capital ZWL 000	Treasury shares ZWL 000	Retained Earnings ZWL 000	Shareholders Equity ZWL 000
At 1 January 2022	1 238	(40)	19 760 450	19 761 648
Profit of the period	-	-	48 547 060	48 547 060
Total comprehensive income for the period	-	-	48 547 060	48 547 060
Acquisition of treasury shares	-	-	(518)	(518)
Dividend paid	-	-	(61 258)	(61 258)
At 30 June 2022	1 238	(40)	68 245 734	68 246 932
At 1 January 2023	1 238	(41)	99 151 531	99 152 728
Profit of the period	-	-	713 288 992	713 288 992
Total comprehensive income for the period	-	-	713 288 992	713 288 992
Acquisition of treasury shares	-	-	(5 348)	(5 348)
Dividend paid	-	-	(606 127)	(606 127)
At 30 June 2023	1 238	(41)	811 829 048	811 830 245

Interim Condensed Consolidated Statement of Cash Flows for the period ended 30 June 2023

	Reviewed Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Reviewed 30-Jun-2022 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 30-Jun-2022 ZWL 000
Profit before tax	519 754 454	146 711 140	752 477 334	56 478 288
Adjustment for non-cash items**:	(519 619 891)	(146 818 857)	(752 673 732)	(56 425 044)
Cash flows from operating activities before working capital adjustments	134 563	(107 717)	(196 398)	53 244
Working capital adjustments	(1 942 045)	1 268 138	(1 865 826)	145 533
Cash generated from operations	(1 807 482)	1 160 421	(2 062 224)	198 777
Tax paid	(240 201)	(252 941)	(263 517)	(37 758)
Net cash flow (used in)/ from operating activities	(2 047 683)	907 480	(2 325 741)	161 019
Net cash flows used in investing activities	(210 478)	(169 533)	(79 629)	(4 205)
Net cash flows used in financing activities*	(1 632 375)	(333 806)	(611 475)	(61 777)
Inflation effect on overall cash flows	(561 899)	(2 668 122)	-	-
Net increase/(decrease) in cash and cash equivalents	(4 452 435)	(2 263 981)	(3 016 845)	95 037
Opening cash and cash equivalents	2 111 561	2 478 320	675 970	230 797
Effects of changes in foreign currency	6 752 211	3 606 827	6 752 212	453 180
Cash and cash equivalents at 30 June	12 4 411 337	3 821 166	4 411 337	779 014

*Net cash flow from financing activities is entirely comprised of dividends paid out
**Adjustment for non cash items take into account the following

	Inflation adjusted		Historical	
	30 June 2023 ZWL 000	30-Jun-2022 ZWL 000	30 June 2023 ZWL 000	30-Jun-2022 ZWL 000
Profit before tax	519 754 454	146 711 140	752 477 334	56 478 288
Fair value adjustments	(512 076 067)	(145 895 994)	(744 433 093)	(55 970 982)
Impairment of trade receivables	1 321 828	130 121	1 321 828	26 528
Net monetary loss	1 094 632	2 621 526	-	-
Exchange gain	(6 173 889)	(3 463 566)	(6 166 740)	(435 179)
Other non cash items	(3 786 395)	(210 944)	(3 395 727)	(45 411)
Cash flows from operating activities before working capital adjustments	134 563	(107 717)	(196 398)	53 244

Notes to the Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023

1 Corporate information

First Mutual Properties Limited ("the company") and its subsidiary, (together "the Group") 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 interim condensed consolidated financial statements of the Group for the half year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors at a meeting held on 29 August 2023.

2 Statement of compliance

The Group's interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial reporting. 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.

Notes to the Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023

Auditor's statement

The Group's interim condensed inflation adjusted consolidated financial information from which these abridged results have been extracted, have been reviewed by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe). An unmodified review conclusion has been issued. The auditor's review conclusion on the Group's interim condensed inflation adjusted consolidated financial information is available for inspection at the Group's registered office. The Engagement Partner for this review is Mr Fungai Kuipa (PAAB Practising Certificate Number 335).

Inflation Adjustments

For the purpose of fair presentation in accordance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary 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) for January 2023 and estimated CPIs from February 2023 to June 2023 derived from movement of the Total Consumption Poverty Line (TCPL) published 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	Estimated CPI	Conversion factor
30 June 2023		42 710,72	1,00
31 December 2022	13 672,91		3,12
30 June 2022	8 707,35		4,91
31 December 2021	3 977,50		10,74

CPI Estimation

Total Consumption Poverty Line (TCPL) data from ZIMSTAT has been used to estimate inflation for the period from February 2023 to June 2023 due to the following reasons:

- The Institute of Chartered Accountants of Zimbabwe (ICAZ) conducted research that determined that there is a 99% correlation between TCPL and the Consumer Price Index (CPI).
- Use of the TCPL inflation data allows for comparability of the group's financial results with other players in the market who have adopted the same inflation benchmark as which is available to all companies in Zimbabwe that apply the IAS 29.

The Group has concluded that indices used for hyperinflationary accounting are reasonable. The determination of the indices is a significant area of judgement. The timing of the resolution of the uncertainty regarding the CPI is unknown.

CPI Sensitivity

The analysis below seeks to demonstrate the sensitivity of the TCPL used in estimating CPIs to some key financial statement line items.

	TCPL Estimated CPI	Effect of 10% increase in TCPL Reviewed inflation adjusted 2023	Effect of 10% decrease in TCPL Reviewed inflation adjusted 2023
Estimated CPI June 2023	42 710,72		
Average CPI June 2023	19 752,40		
Effect on key financial statement line items			
All figures are in ZWL			
Profit for the period		50 487 502	(50 487 502)
Total equity		81 305 815	(81 305 815)

Management has determined that the change in the inflation measurement technique, that is, use of estimated CPIs in February to June 2023 constitutes a change in accounting estimate, rather than a prior period error. The effect of the change in estimate on future periods is not disclosed because it is impractical to determine an estimate for future inflation under volatile and hyperinflationary conditions. This increases the estimation uncertainty in objectively evaluating information about those misstatements. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year will be materially different from the current forecasts and current assumptions could require a material adjustment to the carrying amount of the assets or liabilities affected.

3 Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The amendments are not expected to have a significant impact to the Group.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023

4 Reporting period and currency

The reporting period is 1 January 2023 to 30 June 2023. 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 to continue operating as going concerns and believe that the preparation of these interim condensed financial statements on a going concern basis is appropriate based in the Unaudited Historical financial performance for the half year of 2023. 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 interim condensed consolidated 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 30 June 2023 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	
	Reviewed 30 June 2023 ZWL 000	Audited 31 Dec 2022 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 31 Dec 2022 ZWL 000
At 1 January	341 531 373	236 656 565	109 333 840	22 039 000
Additions	-	456 613	-	44 794
Disposals	-	(680 071)	-	(160 028)
Transfer to held for sale	-	(119 952)	-	(38 400)
Improvements to existing properties	122 249	340 955	44 308	43 224
Fair value adjustments	511 916 019	104 877 263	744 191 493	87 405 250
Closing Balance	853 569 641	341 531 373	853 569 641	109 333 840

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 six months from the current reporting date.

Investment Property held for sale

	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Audited 31 Dec 2022 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 31 Dec 2022 ZWL 000
At 1 January	119 952	-	38 400	-
Reclassification to held for sale	-	119 952	-	38 400
Fair value adjustment	160 048	-	241 600	-
Closing Balance	280 000	119 952	280 000	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 categorized 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.

Audited Inflation adjusted

All amount in ZWL	Fair value	Fair value	Valuation Technique	Key Unobservable Inputs	2023		2022	
					30-Jun 2023	31-Dec 2022	30-Jun 2023	31-Dec 2022
CBD Offices	157 390 000	60 382 050	Income Capitalisation	Optimal Rental Per Square Metre Return on Optimal Rental	ZWL22 000- ZWL35 000 Range	ZWL2,000- ZWL3,500 Range	5.50%-8.5% Range weighted average	5.50%-8.5% Range weighted average
					Vacancy Rate	23% average	23% average	
Office Parks	239 100 000	90 619 932	Income Capitalisation	Optimal Rental Per Square Metre Return on Optimal Rental	ZWL30 000- ZWL45 000 Range	ZWL4,000- ZWL5,000 Range	5.00%-6.00% Range weighted average	5.00%-6.00% Range weighted average
					Vacancy rate	6% average	6% average	
CBD Retail	119 862 900	48 038 372	Income Capitalisation	Optimal Rental Per Square Metre Return on Optimal Rental	ZWL60 000- ZWL120 000 Range	ZWL4,000- ZWL10,000 Range	4.5%-6.00% Range weighted average	4.50%-6.00% Range weighted average
					Vacancy rate	0% average	0% average	
Suburban Retail	49 400 000	21 460 149	Income Capitalisation	Optimal Rental Per Square Metre Return on Optimal Rental	ZWL30 000- ZWL80 000 Range	ZWL900- ZWL20,000 Range	4.00%-5.50% Range weighted average	4.00%-5.50% Range weighted average
					Vacancy rate	0% average	4% average	
Land - Residential	2 096 741	9 600 000	Market Comparable	Rate per square metre Comparable Transacted land Prices	ZWL105 000.00- ZWL140 000.00 Range	ZWL1500.00- ZWL20000.00 Range		
Land - Commercial	178 410 000	15 158 400	Market Comparable	Rate per square metre Comparable Transacted land Prices	ZWL140 000.00- ZWL630 000.00 Range	ZWL20000.00- ZWL86000.00 Range		
Total	853 569 641	109 333 840						

Notes to the Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023

Audited Inflation adjusted

All amount in ZWL	Fair value	Fair value	Valuation Technique	Key Unobservable Inputs	2023		2022	
					30-Jun 2023	31-Dec 2022	30-Jun 2023	31-Dec 2022
Industrial	78 960 000	32 221 461	Income Capitalisation	Return on Optimal Rental	7.00%-10.00% Range weighted average	7.00%-10.00% Range weighted average	10%	10%
					Vacancy rate	10%	10%	
Residential	28 350 000	11 470 403	Market Comparable	Property Prices	ZWL105 000.00- ZWL140 000.00 Range	ZWL1500.00- ZWL20000.00 Range		
Land - Residential	2 096 741	29 987 982	Market Comparable	Rate per square metre Comparable Transacted land Prices	ZWL105 000.00- ZWL140 000.00 Range	ZWL1500.00- ZWL20000.00 Range		
Land - Commercial	178 410 000	47 351 024	Market Comparable	Rate per square metre Comparable Transacted land Prices	ZWL140 000.00- ZWL630 000.00 Range	ZWL20000.00- ZWL86000.00 Range		
Total	853 569 641	341 531 373						

Unaudited historical cost

All amount in ZWL	Fair value	Fair value	Valuation Technique	Key Unobservable Inputs	2023		2022	
					30-Jun 2023	31-Dec 2022	30-Jun 2023	31-Dec 2022
CBD Offices	157 390 000	19 330 000	Income Capitalisation	Optimal Rental Per Square Metre Return on Optimal Rental	ZWL22 000- ZWL35 000 Range	ZWL2,000- ZWL3,500 Range	5.50%-8.5% Range weighted average	5.50%-8.5% Range weighted average
					Vacancy Rate	23% average	23% average	
Office Parks	239 100 000	29 010 000	Income Capitalisation	Optimal Rental Per Square Metre Return on Optimal Rental	ZWL30 000- ZWL45 000 Range	ZWL4,000- ZWL5,000 Range	5.00%-6.00% Range weighted average	5.00%-6.00% Range weighted average
					Vacancy rate	6% average	6% average	
CBD Retail	119 862 900	15 378 440	Income Capitalisation	Optimal Rental Per Square Metre Return on Optimal Rental	ZWL60 000- ZWL120 000 Range	ZWL4,000- ZWL10,000 Range	4.5%-6.00% Range weighted average	4.50%-6.00% Range weighted average
					Vacancy rate	0% average	0% average	
Suburban Retail	49 400 000	6 870 000	Income Capitalisation	Optimal Rental Per Square Metre Return on Optimal Rental	ZWL30 000- ZWL80 000 Range	ZWL900- ZWL20,000 Range	4.00%-5.50% Range weighted average	4.00%-5.50% Range weighted average
					Vacancy rate	0% average	4% average	
Industrial	78 960 000	10 315 000	Income Capitalisation	Optimal Rental Per Square Metre Return on Optimal Rental	ZWL11 000- ZWL28 000 Range	ZWL1,000- ZWL3,500 Range	7.00%-10.00% Range weighted average	7.00%-10.00% Range weighted average
					Vacancy rate	10% average	10% average	
Residential	28 350 000	3 672 000	Market Comparable	Property Prices	ZWL105 000.00- ZWL140 000.00 Range	ZWL1500.00- ZWL20000.00 Range		
Land - Residential	2 096 741	9 600 000	Market Comparable	Rate per square metre Comparable Transacted land Prices	ZWL105 000.00- ZWL140 000.00 Range	ZWL1500.00- ZWL20000.00 Range		
Land - Commercial	178 410 000	15 158 400	Market Comparable	Rate per square metre Comparable Transacted land Prices	ZWL140 000.00- ZWL630 000.00 Range	ZWL20000.00- ZWL86000.00 Range		
Total	853 569 641	109 333 840						

7 Investment in associate

	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Audited 31 Dec 2022 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 31 Dec 2022 ZWL 000
As at 1 January	949 110	134 673	245 383	8 702
Additions	313 675	594 820	134 955	122 059
Dividend received	(27 105)	-	(11 871)	-
Share of profits	2 008 948	219 617	2 361 889	114 622
Closing Balance	3 244 628	949 110	2 730 356	245 383



Notes to the Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023

8 Vehicles and equipment	Inflation adjusted		Historical	
	Reviewed 30 June 2023	Audited 31 Dec 2022	Unaudited 30 June 2023	Unaudited 31 Dec 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
At 1 January	382 543	87 709	95 999	2 833
Additions	190 021	342 992	63 522	97 854
Disposals	-	(865)	-	(255)
Depreciation	(61 843)	(47 293)	(13 489)	(4 433)
Closing Balance	510 721	382 543	146 032	95 999

9 Financial Assets at fair value through profit or loss - Unquoted shares	Inflation adjusted		Historical	
	Reviewed 30 June 2023	Audited 31 Dec 2022	Unaudited 30 June 2023	Unaudited 31 Dec 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
At 1 January	194 119	90 611	62 143	8 438
Fair value adjustment	153 225	103 508	285 201	53 705
Closing Balance	347 344	194 119	347 344	62 143

The Group has an investment of 8.91% of the ordinary shares of First Mutual Property Fund One (Private) Limited ("FMPFO") which is incorporated and domiciled in Zimbabwe and is unquoted. The fair value of the Group's investment in FMPFO is based on the net asset value of FMPFO. FMPFO is a property holding company which owns one building that is leased out to one tenant. The building constitutes 98% of the total assets of FMPFO. The fair value of the building was therefore a significant element in determining the net asset value of FMPFO. The building was valued by an independent valuer using the income approach. The investment in FMPFO is categorised as level 3 in the IFRS 13 'fair value measurement' hierarchy. This implies that the fair value is determined with reference to unobservable inputs. Key unobservable inputs used in the valuation included rental per square metre and the capital rate/prime yield. The total lettable space is 2 508 square metres (2022: 2 508 square metres).

Description of significant unobservable inputs to valuation*:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 30 June 2023 and December 2022 are shown below:

Audited inflation adjusted

Valuation technique	Significant unobservable inputs	Range of inputs		Sensitivity of the input to fair value
		30-Jun-23	31-Dec-22	
Non-listed equity investments - FMPFO	Income Capitalisation	Rental per square metre	ZWL30 000- ZWL180 000	10% (2022: 10%) increase (decrease) in the rentals would result in an increase (decrease) in fair value by ZWL 470,000,000(2022: ZWL 15,307,927)
		Capital rate/ yield	4.00%- 5.00%	5% (2022: 5%) increase (decrease) in the capital rate would result in an increase (decrease) in fair value by ZWL 235,000,000(2022: ZWL 7,653,964)

Unaudited Historical

Valuation technique	Significant unobservable inputs	Range of inputs		Sensitivity of the input to fair value
		30-Jun-23	31-Dec-22	
Non-listed equity investments - FMPFO	Income Capitalisation	Rental per square metre	ZWL30 000- ZWL180 000	10% (2022: 10%) increase (decrease) in the rentals would result in an increase (decrease) in fair value by ZWL 470,000,000(2022: ZWL 4,900,500)
		Capital rate/ yield	4.00%- 5.50%	5% (2022: 5%) increase (decrease) in the capital rate would result in an increase (decrease) in fair value by ZWL 235,000,000(2022: ZWL 2,450,250)

The fair value adjustments are recognised in statement of profit or loss under other income.

9.1 Financial Assets at fair value through profit or loss - Quoted shares	Inflation adjusted		Historical	
	Reviewed 30 June 2023	Audited 31 Dec 2022	Unaudited 30 June 2023	Unaudited 31 Dec 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
As at January	9 536	15 015	3 053	1 398
Disposals	-	(572)	-	(170)
Fair value adjustment	14 658	(4 907)	21 141	1 825
	24 194	9 536	24 194	3 053

These are quoted equity investments in Delta (Pvt)Ltd. The fair value of the shares is determined by the value of the share price and are categorised under level 1 in the IFRS 13.

10 Financial Assets at Amortised Cost	Inflation adjusted		Historical	
	Reviewed 30 June 2023	Audited 31 Dec 2022	Unaudited 30 June 2023	Unaudited 31 Dec 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
As at 1 January	247 701	3 981	79 296	390
Additions	1 376	247 076	1 376	79 096
Loss due to inflation effect	(168 405)	(2 422)	-	-
Amortised interest	87 567	72 371	34 388	12 757
Repayments of interest	(87 567)	(72 371)	(34 388)	(12 757)
Repayments of principal	-	(934)	-	(190)
	80 672	247 701	80 672	79 296

Notes to the Interim Condensed Consolidated Financial Statements for the period ended 30 June 2023

11 Trade and Other Receivables	Inflation adjusted		Historical	
	Reviewed 30 June 2023	Audited 31 Dec 2022	Unaudited 30 June 2023	Unaudited 31 Dec 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Tenant receivables	3 235 546	1 408 913	3 235 546	451 033
Tenant operating cost recoveries	1 088 055	676 809	1 088 055	216 666
Trade receivables	4 323 601	2 085 722	4 323 601	667 699
Less: Allowance for Credit Losses	(1 480 921)	(496 968)	(1 480 921)	(159 094)
Net Trade Receivables	2 842 680	1 588 754	2 842 680	508 605
Prepayments	5 788 345	3 012 451	3 149 134	788 560
Other receivables	509 956	194 125	509 956	62 145
Related party receivables	400 676	50 854	400 676	16 280
	9 541 657	4 846 184	6 902 446	1 375 590

11.1 Reconciliation of allowance for credit losses	Inflation adjusted		Historical	
	Reviewed 30 June 2023	Audited 31 Dec 2022	Unaudited 30 June 2023	Unaudited 31 Dec 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
At 1 January	496 968	356 274	159 094	33 179
Add: Charge for the year	2 132 077	769 773	1 640 014	192 272
Recovery due to payments	(810 250)	(376 446)	(318 187)	(66 357)
Effect of inflation	(337 874)	(252 633)	-	-
	1 480 921	496 968	1 480 921	159 094

11.2 Analysis of Allowance for Expected Credit Losses (Inflation adjusted)

June 2023

	Current	30 days +	60 days +	90 days +	120 days +	Total
Expected loss rate	6.19%	12.32%	19.94%	36.16%	100.00%	
Gross carrying amount of trade receivables provided for	1 214 607	691 352	524 874	444 039	1 044 332	3 919 204
Credit loss allowance*	75 244	85 220	104 663	160 567	1 044 332	1 470 026
Expected loss rate	3.43%	3.43%	3.43%	3.43%	3.43%	
Gross carrying amount-trade receivables provided for	194 648	76 948	9 469	7 368	115 965	404 398
Credit loss allowance**	5 244	2 073	255	199	3 124	10 895
Total credit loss allowance	80 488	87 293	104 918	160 766	1 047 456	1 480 921

December 2022

	Current	30 days +	60 days +	90 days +	120 days +	Total
Expected loss rate	7.42%	15.01%	23.84%	44.75%	100.00%	
Gross carrying amount of trade receivables provided for	673 728	379 031	300 979	185 030	220 651	1 759 419
Expected Credit loss allowance*	50 272	57 514	72 730	84 624	220 651	485 791
Expected loss rate	3.43%	3.43%	3.43%	3.43%	3.43%	
Gross carrying amount of trade receivables provided for	246 910	35 015	4 322	2 269	37 787	326 303
Expected Credit loss allowance**	8 458	1 199	148	78	1 294	11 177
Total credit loss allowance	58 730	58 713	72 878	84 702	221 945	496 968

*Credit loss allowance at different loss rates

**Credit loss allowance at 3.34%

Analysis of Allowance for Expected Credit Losses (Historical data)

June 2023

	Current	30 days +	60 days +	90 days +	120 days +	Total
Expected loss rate	6.19%	12.32%	19.94%	36.16%	100.00%	
Gross carrying amount-trade receivables provided for	1 214 607	691 352	524 874	444 039	1 044 332	3 919 204
Credit loss allowance*	75 244	85 220	104 663	160 567	1 044 332	1 470 026
Expected loss rate	3.43%	3.43%	3.43%	3.43%	3.43%	
Gross carrying amount-trade receivables provided for	194 648	76 948	9 469	7 368	115 965	404 398
Credit loss allowance**	5 244	2 073	255	199	3 124	10 895
Total credit loss allowance	80 488	87 293	104 918	160 766	1 047 456	1 480 921

December 2022

	Current	30 days +	60 days +	90 days +	120 days +	Total
Expected loss rate	7.42%	15.01%	23.84%	44.75%	100.00%	
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

*Credit loss allowance at different loss rates

**Credit loss allowance at 3.34%

Change of provisioning matrix

As at 30 June 2023, 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 took into account historical data for the past five years. Forward looking information was incorporated by adjusting historical loss rates using estimated GDP movements in the Zimbabwean economy.

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	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Audited 31 Dec 2022 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 31 Dec 2022 ZWL 000
12 Cash and cash equivalents				
Short-term Investments	1 498 887	701 576	1 498 887	224 594
Cash at Bank: USD	2 758 055	1 196 690	2 758 055	383 094
ZWL	154 395	213 295	154 395	68 282
	4 411 337	2 111 561	4 411 337	675 970

	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Audited 31 Dec 2022 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 31 Dec 2022 ZWL 000
13 Deferred Tax Liability				
At 1 January	37 218 591	27 971 577	11 845 551	2 598 083
Recognised in the statement of profit or loss				
-Arising on inventory	4 211	(309)	-	-
-Arising from prepayments	767 112	139 994	-	-
-Arising on vehicles and equipment	44 700	45 073	4 018	13 591
-Arising on investment properties	13 886 702	9 094 814	39 105 561	9 267 269
-Arising on financial assets at fair value through profit or loss	8 040	6 649	15 678	3 169
-Arising on provisions for credit losses	(243 233)	(34 780)	(326 756)	(31 126)
-Arising on leave pay provisions	(34 751)	(4 427)	(49 793)	(5 435)
	51 651 372	37 218 591	50 594 259	11 845 551

	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Audited 31 Dec 2022 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 31 Dec 2022 ZWL 000
14 Trade and Other Payables				
Tenant payables	2 847 278	573 559	1 594 476	106 903
Related party payables	327 573	619 062	327 573	198 179
Sundry payables	1 715 096	540 527	1 715 096	173 038
Trade payables	1 461 246	1 156 122	1 461 246	370 107
Leave pay provision	230 080	89 502	230 080	28 652
Group company payables	553 580	88 097	553 580	28 202
	7 134 853	3 066 869	5 882 051	905 081

	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Reviewed 30-Jun-22 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 30-Jun-22 ZWL 000
15 Revenue				
Rental income	7 874 869	3 556 822	3 597 860	468 332
Property Services income	151 004	103 749	77 937	17 431
	8 025 873	3 660 571	3 675 797	485 763

	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Reviewed 30-Jun-22 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 30-Jun-22 ZWL 000
16 Property Expenses				
Maintenance costs	703 802	544 386	404 231	85 444
Property security and utilities	104 912	34 756	54 100	5 567
Valuation fees	31 787	7 754	13 921	761
Property sales cost	6 598	-	5 838	-
Operating cost under recoveries	1 179 488	367 171	677 170	55 930
Staff Costs	2 474 090	983 984	1 185 451	134 926
Other costs	870 846	379 870	428 406	53 623
	5 371 523	2 317 921	2 769 117	336 251

	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Reviewed 30-Jun-22 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 30-Jun-22 ZWL 000
17 Profit/(Loss) before income tax takes into account the following				
Directors fees -for services as directors	175 954	37 414	140 127	4 853
Audit fees	52 388	38 129	17 054	4 547
Information communication and technology expenses	36 056	16 088	16 900	2 404
Fees and other charges	208 405	131 521	85 910	18 278
Depreciation	12 369	24 920	2 698	106
Office costs	187 597	64 709	61 633	12 272
Group shared services	677 505	282 023	377 513	39 317

	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Reviewed 30-Jun-22 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 30-Jun-22 ZWL 000
18 Fair value adjustments				
Fair value adjustment on investment properties	511 916 019	145 895 994	744 191 493	55 970 982
Fair value adjustment on investment property held for sale	160 048	-	241 600	-
	512 076 067	145 895 994	744 433 093	55 970 982

	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Reviewed 30-Jun-22 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 30-Jun-22 ZWL 000
19 Finance Income				
Interest on overdue tenants accounts	1 595 413	237 368	700 840	30 451
Interest on money market investments	63 772	11 399	34 388	1 877
	1 659 185	248 767	735 228	32 328

	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Reviewed 30-Jun-22 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 30-Jun-22 ZWL 000
20 Other Income				
Exchange (loss)/ gains	6 173 889	2 664 559	6 166 740	435 179
Shared service recoveries	450 193	142 918	243 412	18 510
Sundry income*	167 911	45 003	307 921	20 877
Profit on disposal	8 645	582	2 800	87
Other income**	3 533	4 315	1 405	587
	6 804 171	2 857 377	6 722 278	475 240

*Sundry income consists of lease fees and investment income from financial assets at fair value through profit or loss

**Other income consists of dividend received (2023) and proceeds from insurance claim (2022)

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	Inflation adjusted		Historical	
	Reviewed 30 June 2023 ZWL 000	Reviewed 30-Jun-22 ZWL 000	Unaudited 30 June 2023 ZWL 000	Unaudited 30-Jun-22 ZWL 000
21 Income Tax Expense				
Current income tax	439 634	221 982	439 634	45 255
Deferred tax	14 432 781	23 543 291	38 748 708	7 885 973
	14 872 415	23 765 273	39 188 342	7 931 228

	INFLATION ADJUSTED				Consolidation Journals ZWL 000	Total ZWL 000
	Office ZWL 000	Retail ZWL 000	Industrial ZWL 000	Other ZWL 000		
22 Segment Reporting for the half year ended 30 June 2023						
Revenue	4 512 847	2 127 468	1 074 461	2 829 810	(2 518 713)	8 025 873
Property expenses and allowance for credit losses	(3 895 894)	(1 628 776)	(562 377)	(606 303)	-	(6 693 350)
Segment results	616 953	498 692	512 084	2 223 507	(2 518 713)	1 332 523
Fair value adjustment - Investment properties	239 481 526	101 098 685	47 219 101	124 276 754	-	512 076 066
Segment profit	240 098 479	101 597 377	47 731 185	126 500 261	(2 518 713)	513 408 589
Employee related expenses	-	-	-	(855 697)	-	(855 697)
Other Expenses	(11 116)	(259)	-	(3 937 995)	2 518 713	(1 430 657)
Finance income	1 092 435	400 144	121 847	44 759	-	1 659 185
Other income	3 419 682	-	2 467	3 382 022	-	6 804 171
Share of profit of associate	-	-	-	2 008 948	-	2 008 948
Net monetary loss	-	-	-	-	(1 840 085)	(1 840 085)
Profit before income tax expense	244 599 480	101 997 262	47 855 499	127 142 298	(1 840 085)	519 754 454
Profit before income tax expense	244 599 480	101 997 262	47 855 499	127 142 298	(1 840 085)	519 754 454

Reconciliation of Segment Results for 30 June 2023

	INFLATION ADJUSTED				Consolidation Journals ZWL 000	Total ZWL 000
	Office ZWL 000	Retail ZWL 000	Industrial ZWL 000	Other ZWL 000		
Assets						
Investment Properties	396 490 000	169 262 900	78 960 000	208 856 741	-	853 569 641
Trade receivables	2 050 991	433 169	30 731	327 788	-	2 842 679
Segment Assets	398 540 991	169 696 069	78 990 731	209 184 529	-	856 412 320
Other non-current assets	-	-	-	4 207 560	-	4 207 560
Other current assets	-	-	-	11 413 583	(844)	11 412 739
Total Assets	398 540 991	169 696 069	78 990 731	224 805 672	(844)	872 032 619
Current Liabilities	3 311 486	191 481	63 314	3 755 977	844	7 323 102
Capital expenditure	30 714	115 194	-	-	-	145 908

Reviewed 2022

Segment Reporting for the full year ended 30 June 2022

	INFLATION ADJUSTED				Consolidation Journals ZWL 000	Total ZWL 000
	Office ZWL 000	Retail ZWL 000	Industrial ZWL 000	Other ZWL 000		
Revenue	1 824 223	1 118 694	438 264	887 547	(608 157)	3 660 571
Property expenses and allowance for credit losses	(640 027)	(200 670)	(51 105)	(1 556 240)	-	(2 448 042)
Segment results	1 184 196	918 024	387 159	(668 693)	(608 157)	1 212 529
Fair value adjustment - Investment properties	68 532 432	24 469 031	13 218 253	39 676 278	-	145 895 994
Segment profit	69 716 628	25 387 055	13 605 412	39 007 585	(608 157)	147 108 523
Employee related expenses	-	-	-	(269 789)	-	(269 789)
Other Expenses	(1 222)	(189)	(7)	(1 218 951)	608 157	(612 212)
Finance income	130 406	42 478	29 042	46 841	-	248 767
Other income	1 937 463	-	-	919 914	-	2 857 377
Net monetary gain	-	-	-	-	(2 621 526)	(2 621 526)
Profit before income tax expense	71 783 275	25 429 344	13 634 447	38 485 600	(2 621 526)	146 711 140

Audited Reconciliation of Segment Results for 31 December 2022

	INFLATION ADJUSTED				Consolidation Journals ZWL 000	Total ZWL 000
	Office ZWL 000	Retail ZWL 000	Industrial ZWL 000	Other ZWL 000		
Assets						
Investment Properties	151 001 982	69 498 522	32 221 461	88 809 408	-	341 531 373
Trade receivables	1 179 676	159 004	121 044	131 667	(2 637)	1 588 754
Segment Assets	152 181 658	69 657 526	32 342 505	88 941 075	(2 637)	343 120 127
Other non-current assets	-	-	-	1 783 009	-	1 783 009
Other current assets	-	-	-	5 518 640	-	5 518 640
Total Assets	152 181 658	69 657 526	32 342 505	96 242 724	(2 637)	350 421 776
Current Liabilities	986 843	300 299	188 982	1 634 919	2 637	3 113 680
Capital expenditure	252 471	545 097	-	342 993	-	1 140 561

Notes to the Interim Condensed Consolidated Financial Statements

for the period ended 30 June 2023

	HISTORICAL Unaudited				Consolidation Journals	Total
	Office ZWL 000	Retail ZWL 000	Industrial ZWL 000	Other ZWL 000	ZWL 000	ZWL 000
22 Segment Reporting for the half year ended 30 June 2023						
Revenue	2 066 854	974 366	492 096	1 296 034	(1 153 554)	3 675 796
Property expenses and allowance for credit losses	(2 332 585)	(1 006 942)	(378 359)	(373 060)	-	(4 090 946)
Segment results	(265 731)	(32 576)	113 737	922 974	(1 153 554)	(415 150)
Fair value adjustment - Investment properties	348 147 443	146 972 709	68 645 000	180 667 941	-	744 433 093
Segment profit	347 881 712	146 940 133	68 758 737	181 590 915	(1 153 554)	744 017 943
Employee related expenses	-	-	-	(612 021)	-	(612 021)
Other Expenses	(5 812)	(135)	-	(1 895 590)	1 153 554	(747 983)
Finance income	484 087	177 314	53 994	19 834	-	735 229
Other income	3 378 523	-	2 437	3 341 317	-	6 722 277
Share of profit of associate	-	-	-	2 361 889	-	2 361 889
Profit before income tax expense	351 738 510	147 117 312	68 815 168	184 806 344	-	752 477 334

Reconciliation of Segment Results for 30 June 2023

	Office ZWL 000	Retail ZWL 000	Industrial ZWL 000	Other ZWL 000	Consolidation Journals ZWL 000	Total ZWL 000
Assets						
Investment Properties	396 490 000	169 262 900	78 960 000	208 856 741	-	853 569 641
Trade receivables	2 050 991	433 169	30 731	327 788	-	2 842 679
Segment Assets	398 540 991	169 696 069	78 990 731	209 184 529	-	856 412 320
Other non-current assets	-	-	-	3 328 598	-	3 328 598
Current assets	-	-	-	8 754 730	(844)	8 753 886
Total Assets	398 540 991	169 696 069	78 990 731	221 267 857	(844)	868 494 804
Current Liabilities	2 744 972	158 723	52 483	3 113 277	844	6 070 299
Capital expenditure	2 557	41 751	-	-	-	44 308

Unaudited 2022

Segment Reporting for the half year ended 30 June 2022

	Office ZWL 000	Retail ZWL 000	Industrial ZWL 000	Other ZWL 000	Consolidation Journals ZWL 000	Total ZWL 000
Revenue	242 077	148 452	58 158	117 779	(80 703)	485 763
Property expenses and allowance for credit losses	(94 379)	(32 114)	(9 242)	(227 045)	-	(362 780)
Segment results	147 698	116 338	48 916	(109 266)	(80 703)	122 983
Fair value adjustment - Investment properties	26 291 520	9 387 206	5 071 000	15 221 258	-	55 970 984
Segment profit	26 439 218	9 503 544	5 119 916	15 111 992	(80 703)	56 093 967
Employee related expenses	-	-	-	(38 593)	-	(38 593)
Other Expenses	(169)	(26)	(1)	(165 160)	80 703	(84 653)
Finance income	16 946	5 520	3 774	6 087	-	32 327
Other income	322 240	-	-	153 000	-	475 240
Profit before income tax expense	26 778 235	9 509 038	5 123 689	15 067 326	-	56 478 288
Profit before income tax expense	26 778 235	9 509 038	5 123 689	15 067 326	-	56 478 288

Reconciliation of Segment Results for 31 December 2022

	Office ZWL 000	Retail ZWL 000	Industrial ZWL 000	Other ZWL 000	Consolidation Journals ZWL 000	Total ZWL 000
Assets						
Investment Properties	48 340 000	22 248 440	10 315 000	28 430 400	-	109 333 840
Trade receivables	377 648	50 902	38 749	42 150	(844)	508 605
Segment Assets	48 717 648	22 299 342	10 353 749	28 472 550	(844)	109 842 445
Other non-current assets	-	-	-	485 874	-	485 874
Current assets	-	-	-	1 590 027	-	1 590 027
Total Assets	48 717 648	22 299 342	10 353 749	30 548 451	(844)	111 918 346
Current Liabilities	291 604	88 736	55 843	483 039	844	920 066
Capital expenditure	27 862	60 155	-	97 853	-	185 870

Notes to the Interim Condensed Consolidated Financial Statements

for the period ended 30 June 2023

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 30 June 2023:

Company	Reviewed Inflation adjusted			Unaudited Historical		
	Group Company Payables 30 June 2023 ZWL 000	Group Company receivables 30 June 2023 ZWL 000	Rentals charged to Group Companies 30 June 2023 ZWL 000	Group Company Payables 30 June 2023 ZWL 000	Group Company receivables 30 June 2023 ZWL 000	Rentals charged to Group Companies 30 June 2023 ZWL 000
First Mutual Holdings Limited	-	352 702	198 839	-	352 702	78 085
First Mutual Life Assurance Company (Private) Limited	-	24 439	458 256	-	24 439	179 958
First Mutual Reinsurance Company Limited	-	6 676	43 719	-	6 676	17 169
First Mutual Health Company (Private) Limited	439 615	-	209 719	439 615	-	82 357
First Mutual Micro Finance (Private) Limited	-	344	3 048	-	344	1 197
First Mutual Funeral Services (Private) Limited	-	446	9 235	-	446	3 627
First Mutual Wealth Management (Private) Limited	-	4 291	21 318	-	4 291	8 372
Nicoz Diamond Insurance Limited	39 221	-	8 897	39 221	-	3 494
First Mutual Health Services	-	9 061	-	-	9 061	-
	478 836	397 959	953 031	478 836	397 959	374 259

The following table provide the total amount of transactions that have been entered into with related parties during the year ended 31 Dec 2022 and half year ended 30 June 2022:

Company	Audited Inflation adjusted		Reviewed Inflation adjusted		Unaudited Historical	
	Group Company Payables 31 Dec 2022 ZWL 000	Group Company receivables 30-Jun-2022 ZWL 000	Rentals charged to Group Companies 30-Jun-2022 ZWL 000	Group Company Payables 31 Dec 2022 ZWL 000	Group Company receivables 30-Jun-2022 ZWL 000	Rentals charged to Group Companies 30-Jun-2022 ZWL 000
First Mutual Holdings Limited	-	2 337	77 908	-	748	47 221
First Mutual Life Assurance Company (Private) Limited	-	23 438	179 823	-	7 503	109 723
First Mutual Reinsurance Company Limited	-	19 505	17 366	-	6 244	10 431
First Mutual Health Company (Private) Limited	87 523	-	88 712	28 018	-	48 136
First Mutual Microfinance (Private) Limited	-	-	2 501	-	-	628
First Mutual Funeral Services (Private) Limited	574	-	4 080	184	-	2 233
First Mutual Wealth Management (Private) Limited	-	5 574	8 479	-	1 784	5 062
NicozDiamond Insurance Limited	-	133	5 213	-	43	3 151
	88 097	50 987	384 082	28 202	16 322	226 585

24 Contingencies

The Group and the Company do not have significant contingent liabilities that require disclosure as at 30 June 2023 and this was the same as at 31 December 2022.

25 Events after the balance sheet date

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



Unreviewed Supplementary Information – United States Dollars Financial Statements

The following information is unreviewed and has been disclosed for the users of the financial statements.

1. Background

Since 2018, Zimbabwe has undergone several changes in the economic and monetary policy framework including the re-introduction of the Zimbabwe dollar in a multi-currency environment. During the first half of the year, macroeconomic developments continued to be negatively impacted by price and exchange rate volatility, particularly in Q2 2023. Another trend was increasing dollarisation of economy. Significant policy interventions were implemented towards the end of the period aimed at slowing down the rate of local currency depreciation and resultant inflationary pressures. To curb against the risk of currency volatility and to maintain product relevance, most of our clients either migrated to USD leases or maintained ZWL leases that adjusted in line with inflation trends. The above developments resulted in First Mutual Properties Limited earning approximately, 71% of its rental income in foreign currency.

Over time, the ZWL inflation adjusted financial information has become less useful to users due to distortions arising from multiple exchange rates in the environment and the moderate correlation between inflation and exchange rate trends. Supplementary information has been added to provide a more complete picture of the performance of the Group to our stakeholders. To enhance usefulness of the supplementary information presented below, several assumptions which consider the various economic and policy developments that the country is currently experiencing, including but not limited to inflation and exchange rate movements.

2. Methodology

The following methodology was undertaken in preparing the financial information presented below:

- Segregate the pure USD transactions and balances (including all transactions denominated in other foreign currencies) from the pure ZWL transactions and balances.
- For the Statement of profit or loss the historical ZWL transactions were translated using an average estimated economic rate and then combined with the pure USD transactions to determine at the USD equivalent amounts.
- For the Statement of Financial Position, non-monetary items are converted at the estimated economic rate on the date of acquisition or disposal and for monetary items the estimated closing economic rate is used with resultant foreign exchange gain or losses arising from non-USD currencies.

Unreviewed Supplementary Information – United States Dollars Financial Statements

Shown below is summarised information:

Consolidated Statement of Profit or Loss for the period ended 30 June 2023

	30-Jun-23 USD000	30-Jun-22 USD000	Growth %
Rental Income	2,880	2,137	35%
Net foreign exchange movements	(43)	(81)	47%
Net operating income	2,837	1,956	45%
Profit before taxation	7,058	527	(1239%)
Profit for the period	5,223	397	(1216%)

Consolidated Statement Financial Position as at 30 June 2023

	30-Jun-23 USD000	31-Dec-22 USD000	Growth %
ASSETS			
Other assets	4,046	3,054	32%
Investment property	120,079	114,239	5%
Cash and cash equivalents	635	967	(34%)
Total assets	124,760	118,260	5%
EQUITY AND LIABILITIES			
Shareholder equity	111,846	106,350	5%
Total equity	111,846	106,350	5%
Total liabilities	12,914	11,910	8%
Total equity and liabilities	124,760	118,260	5%





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To the Shareholders of First Mutual Properties Limited

Report on the Review of the Interim Condensed Inflation Adjusted Consolidated Financial Information

Introductions

We have reviewed the accompanying interim condensed inflation adjusted consolidated financial information of First Mutual Properties Limited and its subsidiaries (“the Group”), as set out on pages 5 to 29, which comprise the interim condensed inflation adjusted consolidated statement of financial position as at 30 June 2023 and the related interim condensed inflation adjusted consolidated statement of profit or loss and other comprehensive income, the interim condensed inflation adjusted consolidated statement of changes in equity and the interim condensed inflation adjusted consolidated statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed inflation adjusted consolidated financial information in accordance with the International Financial Reporting Standards. Our responsibility is to express a review conclusion on this interim condensed inflation adjusted consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed inflation adjusted consolidated financial information, do not present fairly, in all material respects, the financial position of the group as at 30 June 2023, and its financial performance and its cash flows for the six-month period then ended in accordance with the International Financial Reporting Standards (IFRS).

The engagement partner on the review audit resulting in this review conclusion report on the interim condensed inflation adjusted consolidated financial information is Mr Fungai Kuipa (PAAB Practicing Certificate Number 335).

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

14 September 2023