



CHAIRMAN’S STATEMENT

Overview of Operating Environment

The business environment remained uncertain due to global geopolitics, trade tensions and slow economic recovery. Global inflationary and supply chain pressures continued to have a negative knock-on effect on the domestic market. US dollar inflation on the domestic market and currency pressures remained high during the period under review. Average local inflation fell to 29.4% in 2023 from 41.9% in the prior year. The local unit depreciated by 89% against the US dollar, while the parallel market premium averaged 40% during the year. Despite these challenges, management continued to adapt its response plans to protect shareholder value. On a positive note, the country registered a good economic growth performance of about 3.5%. Notably, the demand for infrastructure and other supporting assets largely reflects market confidence in the country’s economic prospects. We, therefore, look forward to continued implementation of measures to enhance macroeconomic stability and confidence.

Property Market Overview

The supply of space in the Central Business District Offices and suburban retail sectors remained high, driven by increased vacations/migration to office parks and suburban office sectors.

Most Tenants shifted to paying rentals in USD currency, however in line with the country’s laws where the multicurrency system subsists, most tenants paid operating costs using local currency especially for utilities which were billed in the ZWL currency. Property transactions have also remained low as some economic agents use property as a hedge against currency volatility.

The market has seen an increase in the development of residential stands, cluster houses and high-rise flats. Further, investors are focusing on owner-occupied office park-style buildings and the conversion of residential properties into offices in the suburbs surrounding the CBD and on major arterial routes. There has been a significant increase in the development of industrial and warehousing properties in the country. There is a need for supporting infrastructure, including water, power and roads to support the densification-oriented type of development.

Business Performance Overview

The Group’s inflation-adjusted Net Property Income rose by 295% to ZWL 17.714 billion (FY2022: ZWL 4.484 billion) while inflation-adjusted revenue was up 193% to ZWL 40.932 billion (FY2022: ZWL13.952 billion). Rental income remains the main source of revenue. In historical terms, revenue grew by 1,115% from ZWL 2.102 billion in December 2022 to ZWL 25.539 billion mainly due to timeous rental reviews and stable occupancy level that averaged 88.07% for the year under review compared with 85.52% last year.

Management continued to engage the tenants for timeous rental payments. For 2023, the collection rate achieved was 85% (FY 2022: 86%). The Company is committed to providing its tenants with a quality and safe product (property). To this end, ZWL 4.827 billion and ZWL 187.87 million were spent on maintenance and improvements, respectively during the year.

Property Valuations

An independent property valuation conducted by Knight Frank Zimbabwe as at 31 December 2023 valued the property portfolio at ZWL 1.067 trillion (FY 2022: ZWL 109.372 billion). The growth in rentals was in line with the inflationary environment which has been responsible for the growth in property values of 876%.

Developments

The Group has strategically positioned itself to generate shareholder value by pursuing various projects at varying execution stages.

The Group’s flagship project is the Arundel Office Park extension, whose scope involves building a double-storey office block with a basement, providing a lettable area of 2,616.5 square metres, which is underway. Significant progress has been made on the project and it is nearing completion with glazing, wall and floor tiling, solar installation, lift installation and internal finishes now remaining.

The Group is a co-investor and Project Manager in constructing a 388 bed student accommodation building near the Chinhoyi University of Technology. The project is progressing well, with completion expected in H1 2024.

In Zvishavane, the Group is also a co-investor and Project Manager in the development of mixed-use duplex clusters, three to four-storey apartments, and student hostels, with the proposed designs having been approved by Zvishavane Town Council.

The project is in three phases. Phase A, comprising 6 duplex flats and 20 blocks of double and triple-storey flats, is already underway and completion is targeted for the 30th of September 2024.

Sustainability

The Group will continue to conduct its operations in a sustainable manner, aligning with the principles of environmental, social, and governance (ESG) requirements. Sustainability principles are embodied in the Group’s strategy wherein “green” operations are a top priority. Therefore, solar power will be prioritised for all new developments and upgrades. The new office block development at Arundel Office Park will incorporate a solar plant so to reduce carbon footprint of the property portfolio. Further, management is promoting energy efficiency, and implementing waste management initiatives. The Governance structures around ESGs are also being enhanced.

Dividend

At a meeting held on 23 February 2024, the Board of Directors recommended that no dividend should be paid for the last quarter of the year 2023, and the available cash be channeled towards the expansion programme. This brings the cumulative dividend for the year ended 31 December 2023 to ZWL 395.7 million being 31.9588 ZWL cents per share and USD 142,746 being 0.01153 United States Cents per share.

Business Outlook

The environment remains uncertain due to the potential knock-on effects of global shocks, likely drought and currency instability. Management remains alive to these exogenous factors and will, therefore, continue to adapt its response plans to enhance shareholder value. The Group will continue to invest in profitable properties to hedge against inflation and exchange rate risks. Further, management will prioritise the maintenance of high occupancy levels by effectively managing client relationships and providing quality and secure products. This will be achieved through ongoing property refurbishment, maintenance, and upgrades.

Acknowledgements

On behalf of the board, I would like to thank my fellow board members, management and staff for their significant contributions to the Company’s performance under difficult conditions. I thank our key stakeholders, including strategic investment partners, tenants and service providers, for their invaluable support.

Elisha K. Moyo  
Chairman of the board  
23 February 2024

Consolidated Abridged Statement of Financial Position  
As at 31 December 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited	Audited	Unaudited	Unaudited
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<strong>ASSETS</strong>				
<strong>Non-current Assets</strong>				
Investment properties	1 067 032 003	525 895 770	1 067 032 003	109 333 840
Investment property under development	18 584 402	-	9 689 506	-
Investment in associate	2 652 080	1 461 455	2 007 403	245 383
Vehicles and equipment	736 189	589 046	146 294	95 999
Financial assets at fair value thorough profit or loss - Unquoted shares	2 810 675	298 908	2 810 675	62 143
Financial assets at fair value thorough profit or loss - Quoted shares	27 665	14 684	27 665	3 053
Financial assets at amortised cost	645 942	381 414	645 942	79 296
	<strong>1 092 488 956</strong>	<strong>528 641 277</strong>	<strong>1 082 359 488</strong>	<strong>109 819 714</strong>
<strong>Current Assets</strong>				
Inventory	200 654	45 727	125 271	8 672
Trade and other receivables	8 593 984	7 462 236	8 141 138	1 375 590
Cash and cash equivalents	2 235 680	3 251 417	2 235 680	675 970
	<strong>11 030 318</strong>	<strong>10 759 380</strong>	<strong>10 502 089</strong>	<strong>2 060 232</strong>
Investment property held for sale	-	184 704	-	38 400
	<strong>1 103 519 274</strong>	<strong>539 585 361</strong>	<strong>1 092 861 577</strong>	<strong>111 918 346</strong>
<strong>EQUITY AND LIABILITIES</strong>				
Equity attributable to equity holders of the parent				
Ordinary share capital	1 248 016	1 248 017	1 197	1 197
Retained earnings	1 025 641 276	476 233 035	1 016 557 123	99 151 532
<strong>Total Shareholders’ Equity</strong>	<strong>1 026 889 292</strong>	<strong>477 481 052</strong>	<strong>1 016 558 320</strong>	<strong>99 152 729</strong>
<strong>Non-current Liabilities</strong>				
Deferred tax liabilities	60 533 226	57 309 814	60 246 851	11 845 551
	<strong>60 533 226</strong>	<strong>57 309 814</strong>	<strong>60 246 851</strong>	<strong>11 845 551</strong>
<strong>Current Liabilities</strong>				
Loans and other payables	4 132 434	-	4 132 434	-
Current income tax liability	749 715	72 080	749 715	14 985
Trade and other payables	11 214 607	4 722 415	11 174 257	905 081
	<strong>16 096 756</strong>	<strong>4 794 495</strong>	<strong>16 056 406</strong>	<strong>920 066</strong>
	<strong>76 629 982</strong>	<strong>62 104 309</strong>	<strong>76 303 257</strong>	<strong>12 765 617</strong>
<strong>Total Liabilities</strong>	<strong>1 103 519 274</strong>	<strong>539 585 361</strong>	<strong>1 092 861 577</strong>	<strong>111 918 346</strong>
<strong>Total Equity and Liabilities</strong>				

Consolidated Statement of Comprehensive Income  
For the year ended 31 December 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited	Audited	Unaudited	Unaudited
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Revenue	40 932 339	13 951 557	25 538 808	2 101 573
Property expenses	(20 932 422)	(8 862 050)	(12 544 790)	(1 366 076)
Provision for credit losses	(2 285 635)	(605 651)	(2 285 635)	(125 915)
<strong>Net property income (NPI)</strong>	<strong>17 714 282</strong>	<strong>4 483 856</strong>	<strong>10 708 383</strong>	<strong>609 582</strong>
Employee related expenses	(6 511 098)	(1 566 864)	(5 555 062)	(286 238)
Other expenses	(5 782 767)	(2 241 186)	(3 441 557)	(346 002)
<strong>NPI after admin expenses</strong>	<strong>5 420 417</strong>	<strong>675 806</strong>	<strong>1 711 764</strong>	<strong>(22 658)</strong>
Fair value adjustment - investment properties	542 905 238	161 491 778	959 120 810	87 405 250
Net monetary gain/(loss)	458 338	(5 640 261)	-	-
Finance income	5 247 795	1 780 498	2 886 172	310 442
Other income	5 552 867	8 713 187	5 598 275	1 296 118
Share of profit of associate	1 081 829	338 171	1 655 586	114 622
<strong>Profit before income tax</strong>	<strong>560 666 484</strong>	<strong>167 359 179</strong>	<strong>970 972 607</strong>	<strong>89 103 774</strong>
Income tax expense	(6 733 830)	(15 458 191)	(51 911 719)	(9 501 073)
<strong>Profit for the year</strong>	<strong>553 932 654</strong>	<strong>151 900 988</strong>	<strong>919 060 888</strong>	<strong>79 602 701</strong>
Other comprehensive income for the year	-	-	-	-
<strong>Total comprehensive profit for the year</strong>	<strong>553 932 654</strong>	<strong>151 900 988</strong>	<strong>919 060 888</strong>	<strong>79 602 701</strong>
<strong>Attributable to:</strong>				
-Owners of the parent	553 932 654	151 900 988	919 060 888	79 602 701
-Non controlling interest	-	-	-	-
<strong>Total profit for the year</strong>	<strong>553 932 654</strong>	<strong>151 900 988</strong>	<strong>919 060 888</strong>	<strong>79 602 701</strong>
Basic earnings per share (ZWL cents)	44 801	12 284	74 332	6 437
Diluted earnings per share (ZWL cents)	44 738	12 268	74 228	6 429
Headline earnings per share (ZWL cents)	44 801	12 284	74 332	6 437
Weighted average number of shares in issue	1 236 418 913	1 236 557 948	1 236 418 913	1 236 557 948



Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

AUDITED INFLATION ADJUSTED Attributable to owners of the parent				Total
Ordinary Share		Retained		Shareholders
Capital	Treasury shares	Earnings		Equity
ZWL 000	ZWL 000	ZWL 000		ZWL 000
At 01 January 2022	1 271 144	(23 122)	325 857 142	327 105 164
Acquisition of treasury shares	-	(5)	(45 006)	(45 011)
Profit of the year	-	-	151 900 988	151 900 988
Dividend paid	-	-	(1 480 089)	(1 480 089)
At 31 December 2022	1 271 144	(23 127)	476 233 035	477 481 052
Acquisition of treasury shares	-	(1)	(44 423)	(44 424)
Profit of the year	-	-	553 932 654	553 932 654
Dividend paid	-	-	(4 479 990)	(4 479 990)
At 31 December 2023	1 271 144	(23 128)	1 025 641 276	1 026 889 292

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

UNAUDITED HISTORICAL COST Attributable to owners of the parent				Total
Ordinary Share		Retained		Shareholders
Capital	Treasury shares	Earnings		Equity
ZWL 000	ZWL 000	ZWL 000		ZWL 000
At 1 January 2022	1 238	(40)	19 760 449	19 761 647
Profit for 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
Profit of the year	-	-	919 060 888	919 060 888
Acquisition of treasury shares	-	-	(28 174)	(28 174)
Dividend paid	-	-	(1 627 123)	(1 627 123)
At 31 December 2023	1 238	(41)	1 016 557 123	1 016 558 320

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 31 Dec 2023 ZWL000	Audited 31 Dec 2022 ZWL000	Unaudited 31 Dec 2023 ZWL000	Unaudited 31 Dec 2022 ZWL000
Profit before tax	560 666 484	167 359 179	970 972 607	89 103 774
Adjustment for non-cash items	(549 760 411)	(167 113 004)	(965 916 519)	(88 913 981)
Cash flows from operating activities	10 906 073	246 175	5 056 088	189 793
before working capital adjustments	2 915 338	(1 840 882)	1 166 595	(530 545)
Working capital adjustments	13 821 411	(1 594 707)	6 222 683	(340 752)
Cash generated from operations	(4 862 220)	(1 311 910)	(3 561 591)	(233 139)
Tax paid	8 959 191	(2 906 617)	2 661 092	(573 891)
Net cash flow from operating activities	(11 375 388)	(849 606)	(6 180 054)	(44 392)
Net cash flows used in investing activities	(2 082 896)	(1 270 470)	(571 142)	(211 619)
Net cash flows from financing activities	(4 499 093)	(5 026 693)	(4 090 104)	(829 902)
Net increase/(decrease) in cash and cash equivalents	(8 929 287)	(6 676 364)	-	-
Inflation effect on overall cashflows	3 251 417	3 816 159	675 970	230 797
Opening cash and cash equivalents	12 412 643	11 138 315	5 649 814	1 275 075
Effects of changes in foreign currency	2 235 680	3 251 417	2 235 680	675 970
Cash and cash equivalents at 31 December				

\*Net cash flow from financing activities is entirely comprised of dividends paid out, the purchase of treasury shares and proceeds from borrowings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

- 1Corporate 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 2023 were authorised for issue in accordance with a resolution of the directors at a meeting held on 23 February 2024.
- 2Statement 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 Group and Company's inflation adjusted financial statements as at 31 December 2023 from which these abridged results have been extracted have been audited by Ernst & Young Chartered Accountants (Zimbabwe), who have issued an unmodified audit opinion.

The auditor's report included a Key Audit Matter on the valuation of investment properties. The auditor's opinion on the Group and Company's inflation adjusted financial statements is available for inspection at the Company's registered office.

The engagement partner responsible for this audit is Mr Fungai Kuipa. (PAAB Practicing Certificate Number 0335)

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 December 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:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023 (continued)

Date	CPI	Conversion factor
31-Dec-23	65 703,44	1.00
31-Dec-22	13 672,91	4.81
31-Dec-21	3 977,50	16.52

CPI Estimation

Management held engagements with different experts on the appropriate benchmark for use in estimating inflation which has seen the Group adopt the Total Consumption Poverty Line (TCPL) data from ZIMSTATS to estimate inflation for the period from February 2023 to December 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 Group considered two methodologies in determining the ZWL inflation indices to use for the purposes of preparation of Hyperinflation accounts. The methodologies applied were consistent with those required by International Accounting Standard (IAS 29) – Financial Reporting in Hyperinflationary Economies. In determining the indices, the Group considered the movement in the exchange rates and movement in TCPL in determining the basket of goods in line with the methodologies previously used by the regulatory statistics body. 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		
Estimated CPI December 2023	65 703,44	
Average CPI December 2023	37 050,09	
Effect on key financial statement line items	Effect of 10% increase in TCPL	Effect of 10% decrease in TCPL
All figures are in ZWL	Audited inflation adjusted	Audited inflation adjusted
	2 023	2 023
Profit for the period	55 393 265	(55 393 265)
Total equity	102 688 929	(102 688 929)

Management has determined that the change in the inflation measurement technique, that is, use of estimated CPIs in February to December 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.

3Accounting policies

The accounting policies adopted in the preparation of the full year results are consistent with those followed in the preparation of the Group's annual report for the year ended 31 December 2023.

4Reporting period and currency ("ZWL")

The reporting period is 1 January 2023 to 31 December 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 interbank rate to translate all transactions done in foreign currency to Zimbabwean dollars (ZWL).

5Going 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 consolidated financial statements on a going concern basis is appropriate based in the Unaudited Historical financial performance for the year 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 consolidated financial statements will continue to be prepared under the going concern basis.

6Fair 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 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.

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 31 Dec 2023 ZWL000	Audited 31 Dec 2022 ZWL000	Unaudited 31 Dec 2023 ZWL000	Unaudited 31 Dec 2022 ZWL000
At 1 January	525 895 770	364 407 771	109 333 840	22 039 000
Disposals	(2 141 576)	(1 047 185)	(1 505 355)	(160 028)
Additions	-	703 101	-	44 794
Reclassification to held for sale	404 985	(184 704)	275 500	(38 400)
Improvements to existing properties	187 867	525 009	44 308	43 224
Fair value adjustments	542 684 957	161 491 778	958 883 710	87 405 250
Closing Balance	1 067 032 003	525 895 770	1 067 032 003	109 333 840





Notes to the Consolidated Financial Statements

For the year ended 31 December 2023 (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 31 Dec 2023 ZWL000	Audited 31 Dec 2022 ZWL000	Unaudited 31 Dec 2023 ZWL000	Unaudited 31 Dec 2022 ZWL000
6.2 Investment property under development				
Arundel Office Park - block 13 (under development)				
Development costs reclassified from prepaid expenditure	3 710 895	-	553 840	-
Non-cash development costs incurred during the year	3 027 837	-	2 194 977	-
Cash development costs incurred during the year	11 646 523	-	6 775 941	-
Interest capitalised (Note 15)	199 147	-	164 748	-
	18 584 402	-	9 689 506	-

The fair value of Block 13 at Arundel Office Park under development could not be reliably measured but management expects the fair value of the property to be reliably measurable when development is complete, and therefore measured at cost until either its fair value becomes reliably measurable or development is completed (whichever is earlier).

6.3 Investment Property held for sale

During the year ended 31 December 2023, a residential parcel of land, known as 472 Goodhope, Harare was reclassified from investment property held for sale to investment property as a result of a change in intention. The directors of First Mutual Properties decided not to dispose the parcel of land for development since the area in which the land is located had seen an increase in developments and some plans for a shift of the CBD which makes the area prime. Conditions for reclassification from held for sale (as stipulated in IFRS 5 - Non-current assets held for sale and discontinued operations) were met as at 30 September 2023. The asset was reclassified to Investment property from current assets as disclosed below. This is a parcel of land falling under the other segment.

Investment Property held for sale	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 31 Dec 2023 ZWL000	Audited 31 Dec 2022 ZWL000	Unaudited 31 Dec 2023 ZWL000	Unaudited 31 Dec 2022 ZWL000
At 1 January	184 704	-	38 400	-
Reclassification to held for sale	(404 985)	184 704	(275 500)	38 400
Fair value adjustment	220 281	-	237 100	-
Closing Balance	-	184 704	-	38 400

6.4 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.

All amount in ZWL					
Class of property	Fair value 31 December 2023	Valuation technique	Key unobservable inputs	Range	weighted average
CBD offices	194 906 000 000	capitalisation	Optimal Rental per square metre	ZWL22 000-ZWL36 000	23%
			Income		
			Capital rate/ prime yield	5.5.00%-8.5%	
Office parks	309 100 000 000	capitalisation	Optimal Rental per square metre	ZWL48 000-ZWL60 000	6%
			Income		
			Capital rate/ prime yield	5.00%-6.00%	
CBD retail*	148 407 460 000	capitalisation	Optimal Rental per square metre	ZWL48 000-ZWL90 000	0%
			Income		
			Capital rate/ prime yield	4.50%-6.00%	
Suburban retail*	61 740 000 000	capitalisation	Optimal Rental per square metre	ZWL60 000-ZWL180 000	4%
			Income		
			Capital rate/ prime yield	4.00%-5.50%	
Industrial	94 780 000 000	capitalisation	Optimal Rental per square metre	ZWL9 000-ZWL28 000	10%
			Income		
			Capital rate/ prime yield	7.00%-10.00%	
Residential	32 470 000 000	comparable	Comparable transacted properties prices		
			Market		
			Rate per square metre	ZWL13 000-ZWL170 000	
Land - residential	32 933 543 000	comparable	Market		
			Rate per square metre	ZWL170 000-ZWL765 000	
			Market		
Land - commercial	192 695 000 000	comparable	Market		
			Rate per square metre		
			Market		
Total	1 067 032 003 000				

7 Investment in associate	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 31 Dec 2023 ZWL000	Audited 31 Dec 2022 ZWL000	Unaudited 31 Dec 2023 ZWL000	Unaudited 31 Dec 2022 ZWL000
As at 1 January	1 461 455	207 370	245 383	8 702
Additions	423 509	915 914	251 105	122 059
Reclassification to unquoted shares	(273 047)	-	(132 800)	-
Dividend received	(41 666)	-	(11 871)	-
Share of profits	1 081 829	338 171	1 655 586	114 622
Closing Balance	2 652 080	1 461 455	2 007 403	245 383

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023 (continued)

8 Vehicles and Equipment	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 31 Dec 2023 ZWL000	Audited 31 Dec 2022 ZWL000	Unaudited 31 Dec 2023 ZWL000	Unaudited 31 Dec 2022 ZWL000
At 1 January	589 046	135 055	95 999	2 833
Additions	321 305	528 146	82 640	97 854
Disposals	-	(1 333)	-	(255)
Depreciation	(174 162)	(72 822)	(32 345)	(4 433)
Closing Balance	736 189	589 046	146 294	95 999

9 Financial Assets at fair value through profit or loss - Unquoted shares

As at January	298 908	139 525	62 143	8 438
Additions	392 447	-	111 808	-
Reclassification from prepaid expenditure	171 489	-	34 855	-
Reclassification from investment in associate	1 351 033	-	1 351 033	-
Fair value adjustment	596 798	159 383	1 250 836	53 705
	2 810 675	298 908	2 810 675	62 143

9.1 Financial Assets at fair value through profit or loss - Quoted shares

As at January	14 684	23 120	3 053	1 398
Additions	857	-	645	-
Disposals	(2 390)	(880)	(1 552)	(170)
Fair value adjustment	14 514	(7 556)	25 519	1 825
	27 665	14 684	27 665	3 053

10 Financial Assets at Amortised Cost

As at 1 January	381 414	6 457	79 296	390
Additions	1 601 213	380 451	636 389	79 096
Loss due to inflation adjustment	(1 266 942)	(4 056)	-	-
Amortised interest	336 968	111 439	128 532	12 757
Repayments of interest	(336 968)	(111 439)	(128 532)	(12 757)
Repayments of principal	-	(1 438)	-	(190)
Allowance for credit losses	(69 743)	-	(69 743)	-
	645 942	381 414	645 942	79 296

11 Trade and Other Receivables

Tenant receivables	5 491 180	2 169 468	5 491 180	451 033
Tenant operating cost recoveries	2 917 065	1 042 162	2 917 065	216 666
Trade receivables	8 408 245	3 211 630	8 408 245	667 699
Less: Allowance for Credit Losses	(2 374 985)	(765 240)	(2 374 985)	(159 094)
Net Trade Receivables	6 033 260	2 446 390	6 033 260	508 605
Prepayments	1 621 626	4 638 623	1 168 780	788 560
Other receivables	756 965	298 917	756 965	62 145
Related party receivables	182 133	78 306	182 133	16 280
	8 593 984	7 462 236	8 141 138	1 375 590

11.1 Reconciliation of allowance for credit losses

As at 1 January	765 240	548 597	159 094	33 179
Add: charge for the year	3 050 072	1 185 308	2 534 078	192 272
Recovery due to payments	(834 181)	(579 657)	(318 187)	(66 357)
Inflation effect	(606 146)	(389 008)	-	-
	2 374 985	765 240	2 374 985	159 094

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 2023						
Expected loss rate	8.26%	15.74%	24.64%	46.00%	100%	
Gross carrying amount-trade receivables provided for Credit loss allowance*	2 967 920	816 030	480 839	541 624	1 539 593	6 346 006
	245 150	128 443	118 479	247 539	1 539 593	2 279 204
Expected loss rate	4.64%	4.64%	4.64%	4.64%	4.64%	
Gross carrying amount-trade receivables relating to related party tenants provided for Credit loss allowance**	735 155	550 797	222 325	167 411	386 551	2 062 239
	34 145	25 582	10 326	7 775	17 953	95 781
Total credit loss allowance	279 295	154 025	128 805	255 314	1 557 546	2 374 985
31 December 2022						
Expected loss rate	7.42%	15.01%	23.84%	44.75%	100%	
Gross carrying amount-trade receivables provided for Credit loss allowance*	215 679	121 339	96 352	59 233	70 637	563 240
	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 relating to related party tenants provided for Credit loss allowance**	79 043	11 209	1 383	727	12 097	104 459
	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 for 2023 is 4.64% (2022: 3.43%). Related party balances are provided for at a same rate over different bands as they have low default probability.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2023 (continued)

11.2 Analysis of allowance for credit losses (continued)

Change of provisioning matrix

At 31 December 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 resulted in higher ECL rates being applied in the year ended 2023 as compared to the prior year. The revision took into account historical data for the past three years. Forward looking information was incorporated by adjusting historical loss rates using estimated GDP movements in the Zimbabwean economy.

12	Cash and Cash Equivalents All figures in ZWL	INFLATION ADJUSTED		HISTORICAL COST	
		Audited	Audited	Unaudited	Unaudited
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		ZWL000	ZWL000	ZWL000	ZWL000
	Short-term Investments	1 217 153	1 080 298	1 217 153	224 594
	Cash and cash equivalents: USD	89 897	1 842 683	89 897	383 094
	ZWL	928 630	328 436	928 630	68 282
		2 235 680	3 251 417	2 235 680	675 970
13	Deferred Tax Liability	INFLATION ADJUSTED		HISTORICAL COST	
		Audited	Audited	Unaudited	Unaudited
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		ZWL000	ZWL000	ZWL000	ZWL000
	At 1 January	57 309 814	43 071 107	11 845 551	2 598 083
	Recognised in the statement of profit or loss				
	-Arising on inventory	17 642	(476)	-	-
	-Arising from prepayments	(178 337)	215 565	-	-
	-Arising on vehicles and equipment	66 351	69 402	4 083	13 591
	-Arising on investment properties	3 599 907	14 004 347	48 842 492	9 267 269
	-Arising on financial assets held through profit or loss	125 168	10 239	138 870	3 169
	-Arising on provisions for credit losses	(415 169)	(53 554)	(565 009)	(31 126)
	-Arising on leave pay provisions	7 850	(6 816)	(19 136)	(5 435)
		60 533 226	57 309 814	60 246 851	11 845 551
14	Related Party Loan	INFLATION ADJUSTED		HISTORICAL COST	
		Audited	Audited	Unaudited	Unaudited
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		ZWL000	ZWL000	ZWL000	ZWL000
	At 1 January	-	-	-	-
	Loans advanced*	4 733 793	-	3 355 056	-
	Interest charged	199 147	-	164 748	-
	Exchange loss	612 630	-	612 630	-
	Inflation effect	(1 413 136)	-	-	-
	Loan repayments made	-	-	-	-
		4 132 434	-	4 132 434	-

\*Part of the loan was an amount which FMH paid the suppliers directly for FMP so the liability increased but no cash flow.

The loan facilities were sourced as bridging finance from a fellow subsidiary of the parent to partially fund the development of Block 13 at Arundel Office Park and is administered under the following terms:  
Significant terms and conditions  
All the loans were utilised in the development of investment property under development  
The deal status are all bridging finance  
There is no security on the loans advanced  
The loans are going to mature within 12 months  
Coupon rate is 15% per annum

15	Trade and Other Payables	INFLATION ADJUSTED		HISTORICAL COST	
		Audited	Audited	Unaudited	Unaudited
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		ZWL000	ZWL000	ZWL000	ZWL000
	Tenant payables	1 071 267	883 174	1 030 917	106 903
	Related party payables	2 688 164	953 242	2 688 164	198 179
	Sundry creditors	2 843 380	832 313	2 843 380	173 038
	Suppliers creditors	2 749 575	1 780 216	2 749 575	370 107
	Provision for leave days	106 062	137 817	106 062	28 652
	Group company payables	1 756 159	135 653	1 756 159	28 202
		11 214 607	4 722 415	11 174 257	905 081
16	Revenue	INFLATION ADJUSTED		HISTORICAL COST	
		Audited	Audited	Unaudited	Unaudited
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		ZWL000	ZWL000	ZWL000	ZWL000
	Rental income	39 673 427	13 566 160	24 500 120	2 041 383
	Property Services income	1 258 912	385 397	1 038 688	60 190
		40 932 339	13 951 557	25 538 808	2 101 573
17	Property Expenses	INFLATION ADJUSTED		HISTORICAL COST	
		Audited	Audited	Unaudited	Unaudited
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		ZWL000	ZWL000	ZWL000	ZWL000
	Maintenance costs	4 826 946	2 540 273	3 374 139	418 987
	Property security and utilities	481 348	194 369	295 450	33 175
	Valuation fees	96 968	34 286	46 646	5 060
	Property cost of sales	10 157	-	5 838	-
	Operating costs under recoveries	3 541 100	1 997 248	2 019 673	333 606
	Staff costs	8 697 576	2 919 649	4 887 885	406 872
	Other costs	3 278 327	1 176 225	1 915 159	168 376
		20 932 422	8 862 050	12 544 790	1 366 076
18	Profit before income tax takes into account the following	INFLATION ADJUSTED		HISTORICAL COST	
		Audited	Audited	Unaudited	Unaudited
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		ZWL000	ZWL000	ZWL000	ZWL000
	Directors fees -for services as directors	1 049 340	144 230	748 461	21 532
	Audit fees	269 521	96 561	159 656	12 095
	Information communication and technology expenses	203 662	48 497	94 368	7 159
	Fees and other charges	798 540	577 004	340 493	82 688
	Depreciation	34 833	14 564	6 469	887
	Office costs	486 736	366 788	170 775	65 736
	Group shared services	2 808 174	973 002	1 734 670	144 344
19	Fair Value Adjustments	INFLATION ADJUSTED		HISTORICAL COST	
		Audited	Audited	Unaudited	Unaudited
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		ZWL000	ZWL000	ZWL000	ZWL000
	Fair value adjustment on investment properties	542 684 957	161 491 778	958 883 710	87 405 250
	Fair value adjustment on investment property held for sale	220 281	-	237 100	-
		542 905 238	161 491 778	959 120 810	87 405 250

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023 (continued)

20	Finance Income	INFLATION ADJUSTED		HISTORICAL COST	
		Audited	Audited	Unaudited	Unaudited
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		ZWL000	ZWL000	ZWL000	ZWL000
	Interest on overdue tenants accounts	5 014 091	1 705 632	2 757 640	297 685
	Interest on money market investments	233 704	74 866	128 532	12 757
		5 247 795	1 780 498	2 886 172	310 442
21	Other Income	INFLATION ADJUSTED		HISTORICAL COST	
		Audited	Audited	Unaudited	Unaudited
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		ZWL000	ZWL000	ZWL000	ZWL000
	Exchange gains	2 103 606	8 026 423	2 072 331	1 160 595
	Other income	3 449 261	686 764	3 525 944	135 523
		5 552 867	8 713 187	5 598 275	1 296 118
22	Income Tax Expense	INFLATION ADJUSTED		HISTORICAL COST	
		Audited	Audited	Unaudited	Unaudited
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		ZWL000	ZWL000	ZWL000	ZWL000
	Current income tax	3 510 418	1 219 484	3 510 418	253 531
	Deferred tax	2 849 159	14 238 707	48 258 547	9 247 542
	Impact of tax rate changes	374 253	-	142 754	-
		6 733 830	15 458 191	51 911 719	9 501 073

23 Segment Reporting for the year ended 31 December 2023

	AUDITED INFLATION ADJUSTED				Consolidation	Total
	Office	Retail	Industrial	Other		
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Revenue	21 668 140	10 054 689	6 582 305	2 774 189	(146 984)	40 932 339
Property expenses and allowance for credit losses	(13 469 369)	(5 222 970)	(2 125 607)	(2 400 111)	-	(23 218 057)
Segment Results	8 198 771	4 831 719	4 456 698	374 078	(146 984)	17 714 282
Fair value adjustment - Investment properties	257 927 318	106 359 242	47 810 964	130 807 714	-	542 905 238
Segment Profit	266 126 089	111 190 961	52 267 662	131 181 792	(146 984)	560 619 520
Employee related expenses	-	-	-	(6 511 098)	-	(6 511 098)
Other Expenses	(3 054 404)	(806 342)	(389 032)	(6 661 563)	5 128 574	(5 782 767)
Finance income	3 531 756	1 029 463	372 422	314 154	-	5 247 795
Other income	23 318	-	-	5 529 549	-	5 552 867
Share of profit of associate	-	-	-	1 081 829	-	1 081 829
Net monetary gain	-	-	-	-	458 338	458 338
Profit before income tax expense	266 626 759	111 414 082	52 251 052	124 934 663	5 439 928	560 666 484

Reconciliation of Segment Results for 31 December 2023

	AUDITED INFLATION ADJUSTED				Consolidation	Total
	Office	Retail	Industrial	Other		
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Assets						
Investment Properties	504 006 000	210 147 460	94 780 000	258 098 543	-	1 067 032 003
Trade receivables	3 767 906	1 627 516	504 247	134 435	(844)	6 033 260
Segment Assets	507 773 906	211 774 976	95 284 247	258 232 978	(844)	1 073 065 263
Other non-current assets	-	-	-	25 456 952	-	25 456 952
Other current assets	-	-	-	4 997 059	-	4 997 059
Total Assets	507 773 906	211 774 976	95 284 247	288 686 989	(844)	1 103 519 274
Current Liabilities	5 945 336	964 875	1 774 199	7 411 501	844	16 096 755
Capital expenditure	18 851 563	81 230	-	160 782	-	19 093 575

Segment reporting for the period ended 31 December 2022

	AUDITED INFLATION ADJUSTED				Consolidation	Total
	Office	Retail	Industrial	Other		
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Revenue	6 850 974	4 726 650	1 455 124	969 721	(50 912)	13 951 557
Property expenses and allowance for credit losses	(5 827 328)	(2 453 090)	(559 185)	(628 098)	-	(9 467 701)
Segment Results	1 023 646	2 273 560	895 939	341 623	(50 912)	4 483 856
Fair value adjustment - Investment properties	71 826 268	32 805 694	15 226 245	41 633 571	-	161 491 778
Segment Profit	72 849 914	35 079 254	16 122 184	41 975 194	(50 912)	165 975 634
Employee related expenses	-	-	-	(1 566 864)	-	(1 566 864)
Other Expenses	(861 517)	(425 459)	(286 538)	(2 243 456)	1 575 784	(2 241 186)
Finance income	1 027 276	327 797	228 081	197 344	-	1 780 498
Other income	5 755 350	-	-	2 957 837	-	8 713 187
Share of profit of associate	-	-	-	338 171	-	338 171
Net monetary loss	-	-	-	-	(5 640 261)	(5 640 261)
Profit before income tax expense	78 771 023	34 981 592	16 063 727	41 658 226	(4 115 389)	167 359 179

Reconciliation of Segment Results for 31 December 2022

	AUDITED INFLATION ADJUSTED					
	Office	Retail	Industrial	Other	Consolidation	Total
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Assets						
Investment Properties	232 515 400	107 014 996	49 615 150	136 750 224	-	525 895 770
Trade receivables	1 816 485	244 837	186 385	202 745	(4 062)	2 446 390
Segment Assets	234 331 885	107 259 833	49 801 535	136 952 969	(4 062)	528 342 160
Other non-current assets	-	-	-	2 745 507	-	2 745 507
Other current assets	-	-	-	8 497 694	-	8 497 694
Total Assets	234 331 885	107 259 833	49 801 535	148 196 170	(4 062)	539 585 361
Current Liabilities	1 519 558	462 406	290 997	2 517 134	4 400	4 794 495
Capital expenditure	388 760	839 350	-	528 145	-	1 756 255





Notes to the Consolidated Financial Statements

For the year ended 31 December 2023 (continued)

23

Segment Reporting for the year ended 31 December 2023

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL			
	Office ZWL000	Retail ZWL000	Industrial ZWL000	Other ZWL000	Consolidation ZWL000	Total ZWL000
Revenue	13 519 347	6 273 396	4 106 880	1 730 893	(91 708)	25 538 808
Property expenses and allowance for credit losses	(8 564 578)	(3 429 213)	(1 349 992)	(1 486 642)	-	(14 830 425)
Segment Results	4 954 769	2 844 183	2 756 888	244 251	(91 708)	10 708 383
Fair value adjustment - Investment properties	455 666 000	187 899 020	84 465 000	231 090 790	-	959 120 810
Segment Profit	460 620 769	190 743 203	87 221 888	231 335 041	(91 708)	969 829 193
Employee related expenses	-	-	-	(5 555 062)	-	(5 555 062)
Other Expenses	(1 817 799)	(479 887)	(231 529)	(3 964 564)	3 052 222	(3 441 557)
Finance income	1 942 388	566 182	204 824	172 778	-	2 886 172
Share of profit of associate	-	-	-	1 655 586	-	1 655 586
Other income	23 509	-	-	5 574 766	-	5 598 275
Profit before income tax expense	460 768 867	190 829 498	87 195 183	229 218 545	2 960 514	970 972 607

Reconciliation of Segment Results for 31 December 2023

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL			
	Office ZWL000	Retail ZWL000	Industrial ZWL000	Other ZWL000	Consolidation ZWL000	Total ZWL000
Assets						
Investment Properties	504 006 000	210 147 460	94 780 000	258 098 543	-	1 067 032 003
Trade receivables	3 767 906	1 627 516	504 247	134 435	(844)	6 033 260
Segment Assets	507 773 906	211 774 976	95 284 247	258 232 978	(844)	1 073 065 263
Other non-current assets	-	-	-	15 327 485	-	15 327 485
Current assets	-	-	-	4 468 829	-	4 468 829
Total Assets	507 773 906	211 774 976	95 284 247	278 029 292	(844)	1 092 861 577
Current Liabilities	5 930 433	962 456	1 769 752	7 392 921	844	16 056 406
Capital expenditure	9 689 506	41 751	-	82 640	-	9 813 898

Segment reporting for the period ended 31 December 2022

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL			
	Office ZWL000	Retail ZWL000	Industrial ZWL000	Other ZWL000	Consolidation ZWL000	Total ZWL000
Revenue	1 031 987	711 992	219 191	146 072	(7 669)	2 101 573
Property expenses and allowance for credit losses	(920 708)	(384 437)	(88 472)	(98 374)	-	(1 491 991)
Segment Results	111 279	327 555	130 719	47 698	(7 669)	609 582
Fair value adjustment - Investment properties	38 875 000	17 755 640	8 241 000	22 533 610	-	87 405 250
Segment Profit	38 986 279	18 083 195	8 371 719	22 581 308	(7 669)	88 014 832
Employee related expenses	-	-	-	(286 238)	-	(286 238)
Other Expenses	(133 004)	(65 684)	(44 237)	(346 353)	243 275	(346 002)
Finance income	856 129	-	-	439 989	-	1 296 118
Share of profit of associate	-	-	-	114 622	-	114 622
Other income	179 113	57 154	39 767	34 408	-	310 442
Profit before income tax expense	39 888 517	18 074 665	8 367 249	22 537 737	235 606	89 103 774

Reconciliation of Segment Results for 31 December 2022

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL			
	Office ZWL000	Retail ZWL000	Industrial ZWL000	Other ZWL000	Consolidation ZWL000	Total ZWL000
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

24

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 2023:

Company	AUDITED INFLATION ADJUSTED			UNAUDITED 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	-	27 363	1 486 786	-	27 363	567 115
- First Mutual Life Assurance Company (Private) Limited	42 015	-	3 495 155	42 015	-	1 333 181
- First Mutual Reinsurance Company Limited	-	31 279	327 585	-	31 279	124 953
- First Mutual Health Company (Private) Limited	1 360 413	-	1 624 828	1 360 413	-	619 769
- First Mutual Microfinance (Private) Limited	-	163	37 474	-	163	14 294
- First Mutual Funeral Services (Private) Limited	-	6 769	68 877	-	6 769	26 272
- First Mutual Wealth Management (Private) Limited	-	41 552	158 995	-	41 552	60 646
- NicosDiamond Insurance Limited	353 731	-	66 355	353 731	-	25 310
- First Mutual Health Services (Private) Limited	-	75 007	-	-	75 007	-
	1 756 159	182 133	7 266 055	1 756 159	182 133	2 771 540

Other directors interests\*

\*During the 2023 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 Financial Statements

For the year ended 31 December 2023 (continued)

24

Related Party disclosures (continued)

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

Company	AUDITED INFLATION ADJUSTED			UNAUDITED 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	-	3 599	412 494	-	748	47 221
- First Mutual Life Assurance Company (Private) Limited	-	36 090	958 475	-	7 503	109 723
- First Mutual Reinsurance Company Limited	-	30 034	91 120	-	6 244	10 431
- First Mutual Health Company (Private) Limited	134 769	-	420 489	28 018	-	48 136
- First Mutual Microfinance (Private) Limited	-	-	5 490	-	-	628
- First Mutual Funeral Services (Private) Limited	884	-	19 504	184	-	2 233
- First Mutual Wealth Management (Private) Limited	-	8 583	44 215	-	1 784	5 062
- NicosDiamond Insurance Limited	-	204	27 527	-	43	3 151
	135 653	78 510	1 979 314	28 202	16 322	226 585

Other directors interests\*

\*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.

Unaudited Notes to the Consolidated Financial Statements

For the year ended 31 December 2023 (EXTRACT)

Unaudited Supplementary information – United States Dollars Financial Statements

1.

Background

Since 2018, Zimbabwe has undergone gone several changes in the economic and monetary policy framework including the re-introduction of the Zimbabwe dollar in a multi-currency environment. During the year, macroeconomic developments continued to be negatively impacted by price and exchange rate volatility. 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 policies or maintained ZWL policies that adjusted in line with inflation trends. The above developments resulted in First Mutual Properties Limited earning approximately, 70% 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.

Shown below is summarised information:

Unaudited Consolidated Statement of Profit or Loss for the period ended 31 December 2023

	Unaudited 31-Dec-23 USD000	Unaudited 31-Dec-22 USD000	Growth %
Rental Income	6 427	4 701	37%
Net foreign exchange movements	(145)	(287)	50%
Net Operating Income	6 282	4 414	42%
Net gains from fair value adjustments to investment properties	7 581	-	-
Profit Before Taxation	9 560	964	892%
Profit For The Period	6 832	791	763%

Unaudited Consolidated Statement Financial Position as at 31 December 2023

	Unaudited 31-Dec-23 USD0000	Unaudited 31-Dec-22 USD000	Growth %
ASSETS			
Other assets	2 598	3 054	(15%)
Investment property	124 761	114 239	9%
Cash and cash equivalents	262	967	(73%)
Total assets	127 621	118 260	8%
EQUITY AND LIABILITIES			
Shareholder equity	113 124	106 350	6%
Total equity	113 124	106 350	6%
Total liabilities	14 497	11 910	22%
Total equity and liabilities	127 621	118 260	8%

## **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**

##### **Opinion**

We have audited the inflation adjusted consolidated and company financial statements of First Mutual Properties Limited ("the Group and Company"), as set out on pages 9 to 90 which comprise the inflation adjusted consolidated and company statements of financial position as at 31 December 2023 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 accounting policy information.

In our opinion, the inflation adjusted consolidated and company financial statements present fairly, in all material respects, the inflation adjusted consolidated and company financial position of the Group and Company as at 31 December 2023 and its inflation adjusted consolidated and company 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 Opinion**

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 Inflation Adjusted Consolidated and Company Financial Statements* section of our report. We are independent of the group and company 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 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 consolidated and company financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated and company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 consolidated and company 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 consolidated and company financial statements.

## Independent Auditor's Report (Continued)

### First Mutual Microfinance (Private) Limited

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 inflation adjusted consolidated and company financial statements.

Key Audit Matter	How our audit addressed the matter
<b>Issue: Valuation of Investment Properties (Consolidated and Company)</b>	
<p><b>Consolidated</b></p> <ul style="list-style-type: none"> <li>▶ Note 6 - Investment Property</li> <li>▶ Note 6.1 - Fair Value Hierarchy</li> </ul> <p><b>Company</b></p> <ul style="list-style-type: none"> <li>▶ Note 1 - Investment Property</li> <li>▶ Note 1.1 - Fair Value Hierarchy</li> </ul> <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"> <li>▶ Investment property amounting to ZWL\$1 067 032 003 000 for the Group and ZWL\$643 837 010 479 for the Company.</li> </ul> <p>In determining the fair values of investment property, the directors make use of independent external valuers, and the valuers apply judgements in coming up with the inputs that are used in the valuation process.</p> <p>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"> <li>▶ Uncertainties resulting from the hyperinflationary environment.</li> <li>▶ Excessive market volatility.</li> <li>▶ Limited current observable inputs.</li> <li>▶ Few transactions in the property market conducted in ZWL.</li> <li>▶ Determination of capitalisation rates.</li> </ul> <p>The investment properties have the most significant balance on the inflation adjusted Consolidated and Company Statements of Financial Position as they make up more than 90% of the total assets.</p> <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"> <li>▶ Assessed the competence, capabilities and objectivity of management's valuation expert and obtained an understanding of their work.</li> <li>▶ Inspected profiles of the individuals performing the valuation, in order to assess their experience and competence.</li> <li>▶ We involved the EY valuation experts to review the work done by management's expert.</li> <li>▶ Assessed the appropriateness of the valuation methodologies adopted by management's specialist based on our knowledge of the industry.</li> <li>▶ Compared the inputs used in the valuation by management's valuation expert with available market data.</li> <li>▶ Where possible we reperformed the adjustments done by management's valuation expert so as to compare if we would come to the same conclusion.</li> <li>▶ Identified, evaluated, and tested significant assumptions used by management's valuation expert by comparing them to those used by other valuers in the industry.</li> <li>▶ Assessed completeness and appropriateness of the investment properties disclosures in accordance with the relevant financial reporting standards.</li> </ul>



## **Independent Auditor's Report (Continued)**

*First Mutual Microfinance (Private) 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 and company 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***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 Microfinance (Private) 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 Practicing Certificate Number 335).



Ernst & Young  
Chartered Accountants (Zimbabwe)  
Registered Public Auditors

Harare

28 March 2024