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First Mutual Properties Limited

Unaudited Financial Results Presentation for the year ended
31 December 2019

Agenda

1. Property Market Overview
2. Property Portfolio Overview
3. Financial Performance Highlights
4. Review of Operations
5. Review of Financial Performance
6. Our Strategic Focus
7. Outlook
8. Discussions

Property Market Overview

The property market is characterized by:

- ❑ Subdued space absorption across all sectors
- ❑ CBD office and specialized industrial sectors remain worst affected, retail and office parks demand remains strong;
- ❑ Periodic repricing of rentals in line with currency changes and inflation
- ❑ High demand for properties
- ❑ Increased partially speculative developments

Broad Property Portfolio Overview

93

- Properties in Zimbabwe,
- Diversified by location - in Harare, Bulawayo, Gweru, Mutare, Kwekwe, Kadoma, Zvishavane, Chivhu and Nyanga

ZWL\$1.392
billion

- Property portfolio value at 31 December 2019
- Invested in industrial, office, retail and residential sectors

ZWL\$1.161
billion

- Shareholders Equity

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Financial Performance Highlights



Investment properties **+853%** YoY



Shareholder's equity **+786%** YoY



Operating profit **+213%** YoY

Financial Performance Highlights



Rental Income **+194%** YoY



Net Property Income **+173%** YoY



Admin. expenses **+147%** YoY

Financial Performance Highlights



Rental yield **+13%** YoY



Occupancy level **+10%** YoY



Average rental per sqm **+134%** YoY

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REVIEW OF OPERATIONS

Sector Performance Overview

	CBD Retail	CBD Office	Office Park	Suburban Retail	Industrial	Total	Resi.	Land	Total
Value (ZWL\$ millions)	135.43	196.41	427.09	67.21	85.50	911.64	68.67	411.72	1,392.03
Portfolio weight by value	10%	14%	31%	5%	6%	65%	5%	30%	100%
GLA m ²	20,334	31,694	25,769	7,723	37,931	123,451	-	-	123,451
Land bank area (m ²)	-	-	-	-	-	-	-	643,100	643,100
Average rental (US\$) per m ² / Unit @31/12/19	15.84	13.63	35.99	27.95	7.93	18.07	5,088	-	-
Occupancy level at period end	94.68%	59.14%	89.93%	97.30%	99.02%	85.70%	100%	-	85.70%
Rental yield	17.77%	12.24%	21.31%	21.80%	30.74%	19.71%	13.03%	-	19.42%

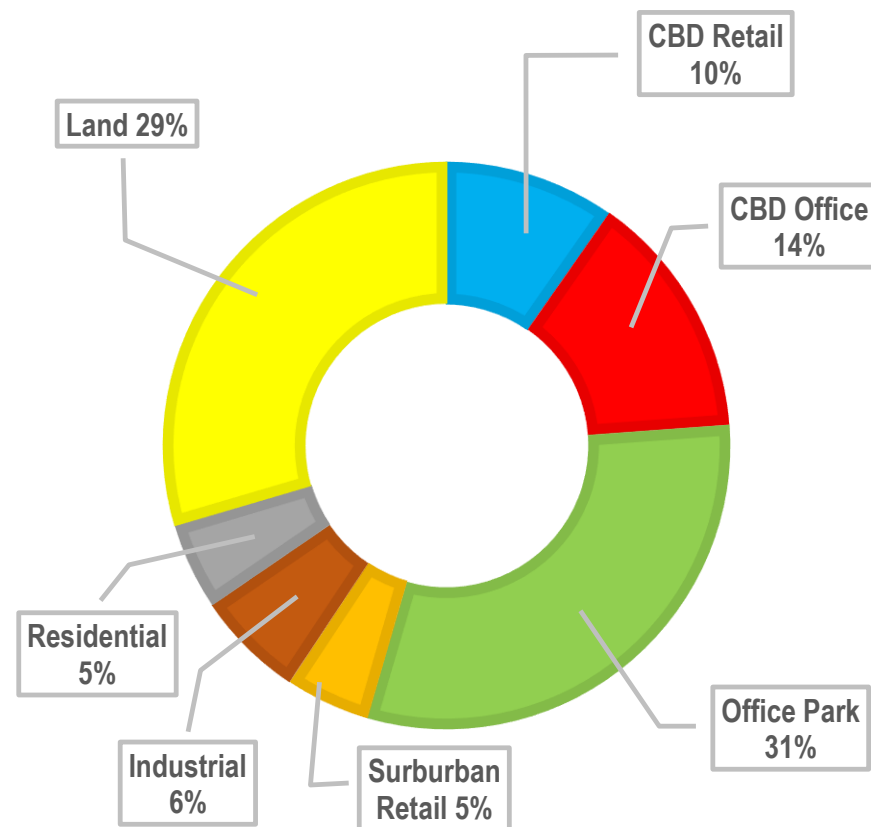
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Property Values

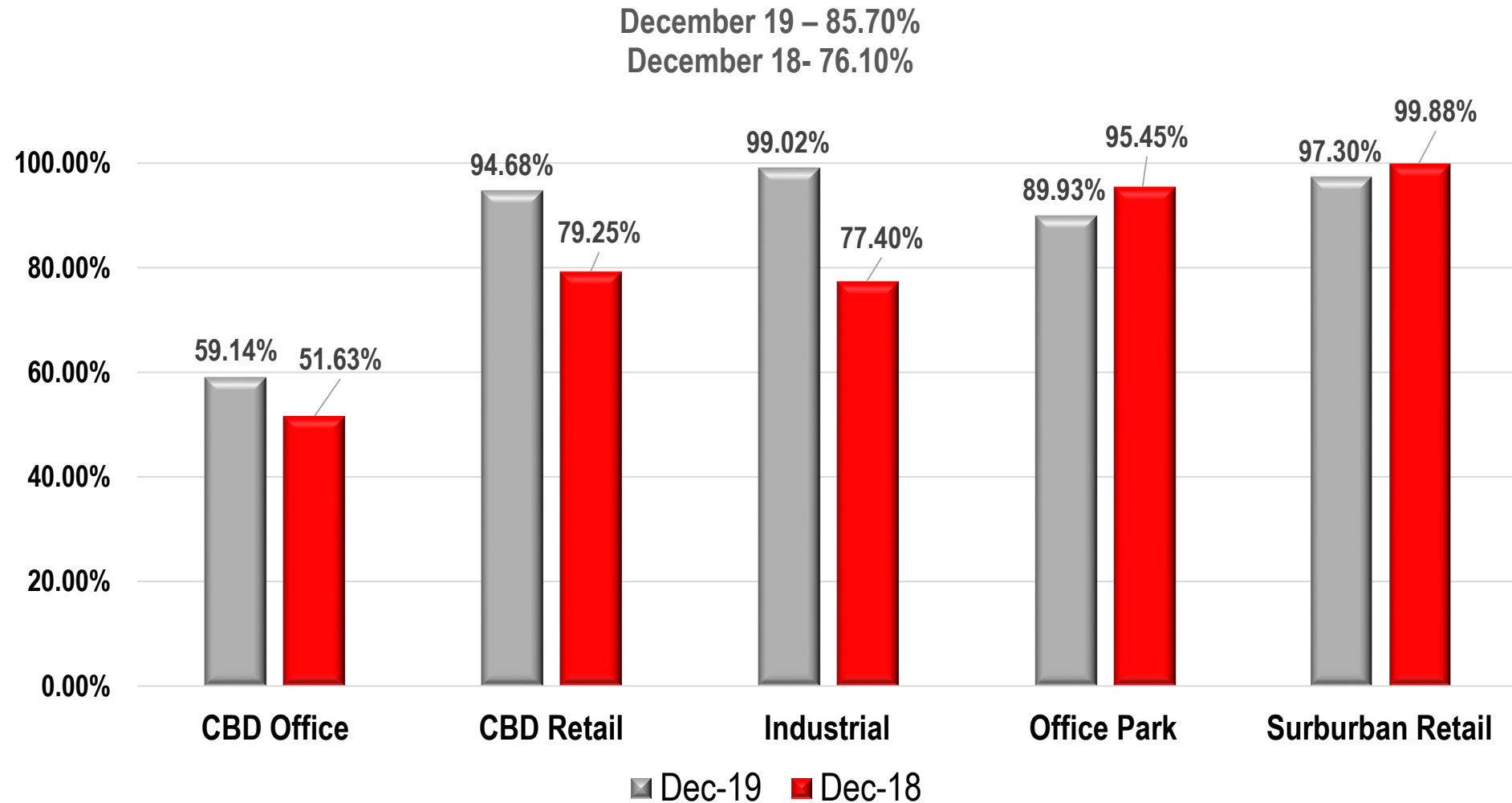
Sector	Dec 2019 Valuation ZWL\$000's	Dec 2018 Valuation ZWL\$000's	Change %
CBD Retail	135,430	20,600	557%
CBD Office	196,412	25,050	684%
Office Park	427,091	46,960	810%
Suburban Retail	67,209	11,560	481%
Industrial	85,500	11,630	635%
Residential	68,670	5,560	1135%
Land	411,720	24,790	1561%
Total	1,392,032	146,150	853%

Portfolio weights by value



Key Property Performance Indicators			
KPI	FY2019	FY2018	YoY % Mvt
Rental yield	20.77%	6.86%	+13%
Rental /m ²	18.07	7.72	+134%
Occupancy	85.70%	76.10%	+10%

Occupancy Level Movements by Sector



ARUNDEL OFFICE PARK EXPANSION: Pre-construction Stage

- ☐ Professional team appointments concluded
- ☐ Geotechnical and topographical surveys completed
- ☐ Sketch plans provisional budget completed
- ☐ Urban design for the remaining 24 hectares completed
- ☐ Fundraising ongoing



Property Developments: Arundel Office Park Expansion



ARUNDEL OFFICE PARK PHASE 2 : HARARE

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M-ARCHITECTS

20.02.2020

Property Developments: Arundel Office Park Expansion



ARUNDEL OFFICE PARK PHASE 2 : HARARE

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20.02.2020



FINANCIAL PERFORMANCE REVIEW

Consolidated Income Statement

All figures in ZWL	31-Dec-19	31-Dec-18	Change
	Historical	Historical	%
Revenue	23,995,974	8,076,571	197%
Property expenses	(6,746,842)	(1,987,615)	239%
Allowance for credit losses	(755,201)	(54,732)	1280%
Net Property Income (NPI)	16,493,931	6,034,224	173%
Administration expenses	(8,854,481)	(3,589,704)	147%
NPI after Admin expenses	7,639,450	2,444,521	213%
Finance costs	(1,206)	(52,634)	-98%
Finance income	254,016	189,084	34%
Other income	12,446,207	296,946	4091%
Fair value adjustment	1,246,756,000	6,265,127	19800%
Profit before income tax	1,267,094,467	9,143,043	13759%
Income Tax	(236,552,153)	(5,083,332)	4553%
Profit for the year	1,030,542,314	4,059,711	25285%

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Analysis Of Property Expenses

All figures in ZWL	31-Dec-19	31-Dec-18	Y-o-Y Mvt
Maintenance costs	4,074,125	1,256,950	224%
Property utilities and valuation fees	76,762	55,950	37%
Operating cost under recoveries	2,595,955	674,714	285%
Total	6,746,842	1,987,615	239%

Administration Expenses Highlights

All figures in ZWL	31-Dec-19	31-Dec-18	Y-o-Y Mvt
Directors fees -for services as directors	283,709	55,972	407%
Audit fees	173,724	67,186	159%
ICT expenses	602,283	116,124	419%
Fees and other charges	443,907	76,536	480%
Depreciation	47,428	27,757	71%
Office costs	876,115	197,903	343%
Group shared services	1,579,484	610,693	159%
Employee related costs	4,476,165	1,541,059	190%

Financial Performance Ratios			
All figures in ZWL	31-Dec-19	31-Dec-18	Change
	Actual	Actual	Y-o-Y
Provisions/Rental income	2.37%	2.26%	-4.63%
Admin costs /total income	29.34%	33.25%	3.91%
Staff costs/total income	14.13%	17.57%	3.44%
Total cost/total income	57.18%	69.73%	12.55%

Abridged Financial Position Review			
All figures in ZWL	31-Dec-19	31-Dec-18	Y-o-Y Mvt
Investment properties	1,392,132,336	146,150,000	853%
Other non-current assets	1,060,137	936,892	13%
Current assets	26,287,387	2,335,405	1026%
Total Assets	1,419,479,860	149,422,296	850%
Shareholders' equity	1,160,772,582	130,980,251	786%
Non-current liabilities	250,378,797	16,710,582	1398%
Current liabilities	8,328,481	1,731,466	381%
Equity and Liabilities	1,419,479,860	149,422,299	850%

Investment Property Reconciliation		
All figures in ZWL	31-Dec-19	31-Dec-18
At 1 January	146,150,000	137,457,000
Additions	-	2,158,228
Disposals	(1,086,000)	-
Improvements to existing properties	312,336	269,646
Fair value adjustments	1,246,756,000	6,265,127
Closing Balance	1,392,132,336	146,150,000

Abridged Statement Of Cash Flows

All figures in ZWL	31-Dec-19	31-Dec-18	Y-o-Y Growth
Profit/(loss) before tax	1,267,094,467	9,143,043	13759%
Adjustment for non-cash items	(1,246,619,603)	(5,946,610)	20864%
Cash flows before working capital changes	20,474,864	3,196,433	541%
Working capital adjustments	(1,011,908)	695,375	-246%
Cash generated from operations	19,462,956	3,891,808	400%
Interest paid	(1,205)	(52,634)	-98%
Tax paid	(2,081,534)	(1,178,886)	77%
Net cash generated from operations	17,380,217	2,660,288	553%
Net cash flows used (generated) in investing activities	1,041,384	(2,341,183)	-144%
Net cash outflows from financing activities	(841,649)	(1,830,000)	-54%
Net (decrease)/increase in cash and cash equivalents	17,579,952	(1,510,895)	-1264%
Opening cash and cash equivalents	561,189	2,072,087	-73%
Cash and cash equivalents	18,141,141	561,192	3133%

Your Board resolved to declare a dividend of ZWL\$ 4.2 million from the profits for the year ended 31 December 2019.



Strategic Focus & Outlook

Business and Property Sector Outlook

❑ Property Sector Outlook

- ✓ The property market is expected to remain an occupier's market due to the excessive supply
- ✓ Long term effects of Covid-19 will be visible in the 3 to 6 months as occupiers reaction to the pandemic becomes clearer.
- ✓ Repricing of rentals in line with inflation.
- ✓ Non-traditional real estate asset classes to gain relevance (healthcare, logistics, data centres)
- ✓ Property owners to focus on product differentiation and relevance to sustain occupancy levels in a post Covid-19 environment
- ✓ Residential development and occupier activity is expected to remain strong.

❑ Business Priorities

- ✓ Capital recycling to reallocate capital to more efficient property investment opportunities
- ✓ Sustainable solutions – waste management, renewable energy, hygiene driven spaces
- ✓ Adapt existing product offering to remain relevant
- ✓ New product offering to reposition and diversify the property portfolio
- ✓ Cash flow and cost management, and customer centric approach to ensure sustainable earnings

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