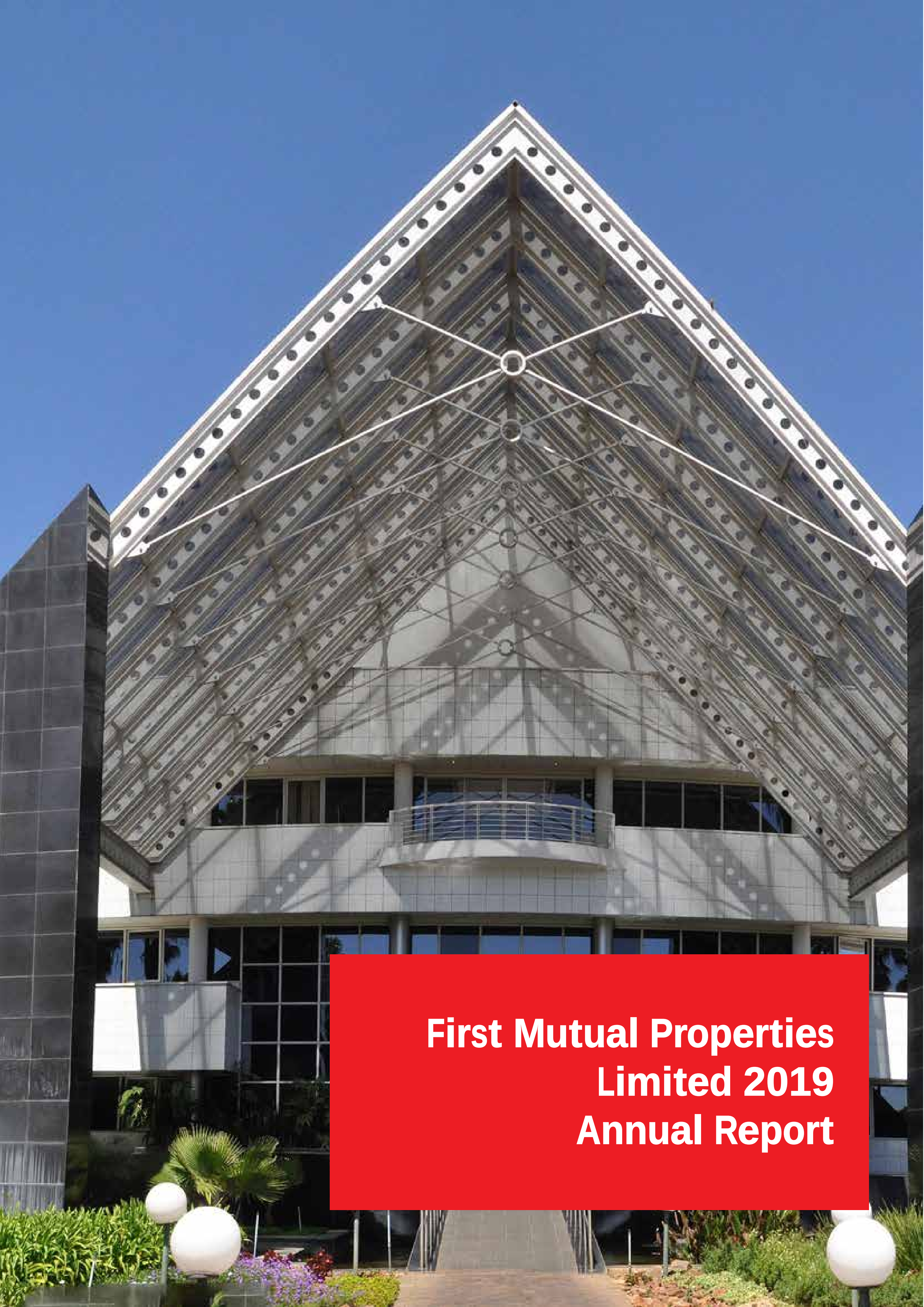
FIRST MUTUAL
PROPERTIES

Go Beyond



First Mutual Properties Limited 2019 Annual Report

Vision, Mission and Values

Our Vision

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

Our Mission

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

Values

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

About this Report

About this Report

First Mutual Properties Limited (the "Company") a Zimbabwean company listed on the Zimbabwe Stock Exchange ("ZSE") since 2007 is pleased to present the annual report for the 12 months ended 31 December 2019. We integrated social and environmental information through-out this report in line with the Global Reporting Initiative Standards. This outlines how sustainability is embedded in our strategy activities and main resources utilised to generate lasting value for our stakeholders. This report has been prepared in accordance with Global Reporting Initiatives ("GRI") Standards – 'Core' option.

Reporting Frameworks

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

- The Companies Act [Chapter 24:03];
- Listing requirements of the Zimbabwe Stock Exchange ("ZSE")
- International Financial Reporting Standards ("IFRS") and the
- Global Reporting Initiative ("GRI") Standards – Core

Reporting Scope

This report contains information of First Mutual Properties Limited and its subsidiaries. First Mutual Properties Limited is incorporated and domiciled in Zimbabwe and its principal activities are property investment, development and management. In this document,unless otherwise noted references to ''our'', ''we'', ''us'', ''the Group'', '' First Mutual Properties'', refers to First Mutual Properties Limited and its subsidiaries.

Data and Assurance

Our financial statements were audited by PricewaterhouseCoopers Chartered Accountants (Zimbabwe) ("PwC") in accordance with the International Standards of Auditing ("ISAs"). The independent auditors' report is on page 46 to 51. Non-financial information and data provided in this report were reviewed by internal subject matter experts and management but not externally assured. Our Board of Directors approves our reports before being published.

Forward looking Statements

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

Feedback on the Report

We value opinions from all our valued stakeholders which assist us in building a sustainable Group and improving our reporting. We welcome your feedback on this report and any suggestions you may have. Please feel free to provide feedback to Sheila Lorimer (Mrs) Company Secretary email: SLorimer@firstmutual.co.zw .Direct line +263 (242) 886 047.

E K Moyo
(Chairman)

C K Manyowa
(Managing Director)

CONTENTS

OUR HISTORY

2007	Listed on the Zimbabwe Stock Exchange through an Initial Public Offering ("IPO") and raised the equivalent of US$3.9 million.	• Acquired 5 Acres of land along Kingsmead Borrowdale Road and • Acquired land in Mabvuku
2008	Commenced commercial construction of TM Northend, Bulawayo.	
2009	Completed construction of TM Northend, Bulawayo.	• Acquired 3 residential garden flats in Avondale West for US$140 000
2010	Completed construction of Mabvuku Supermarket, Harare.	• Bought 10% minority interest in Prisma Investment Company (Private) Limited • Dividend declaration of US$0.06 million
2011	Commenced refurbishment of George Square Shopping centre, Kamfinsa, Harare.	• Acquired 13 acres in Borrowdale Domboshava Road • Acquired a stand in Good Hope • Declared a dividend of US$0.0688 million
2012	Completed refurbishment of George Square Kamfinsa Harare at a cost of US$2.200 million.	• Incorporated Oyster Real Estate and started operations
2013	Acquired holiday cottages in Nyanga for US$0.220 million.	• Commenced Kamfinsa Cluster Housing Development • Dividend pay-out USD$0.681 million
2014	Acquired 59.47 acres of land in Mount Pleasant, Harare for US$9.600 million.	• Dividend pay-out of US$0.729 million
2015	Acquired the remainder of Stands 22 and 23 Shabanie Township, Zvishavane for US$0.300 million.	• Dividend pay-out of US$0.729 million
2017	Acquistion of 1 Deary Road, Belgravia, Harare for US$1.025 million.	• Rebranded company to First Mutual Properties from Pearl Properties (2006) Limited effective 13 September 2017 and, • Acquired a stake in Property fund 1 that was purchased for US$0.825 million. • Dividend pay-out of US$0.730 million
2018	Acquisition of TM Pick 'n' Pay Chivhu for US$1 million.	• Dividend pay-out of US$0.730 million; and • Refurbished property leased to OK Marondera
2019	Initiated Arundel Office Park extension plan.	• Dividend pay-out of ZWL4.200 million

Business Profile

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

Supply chain

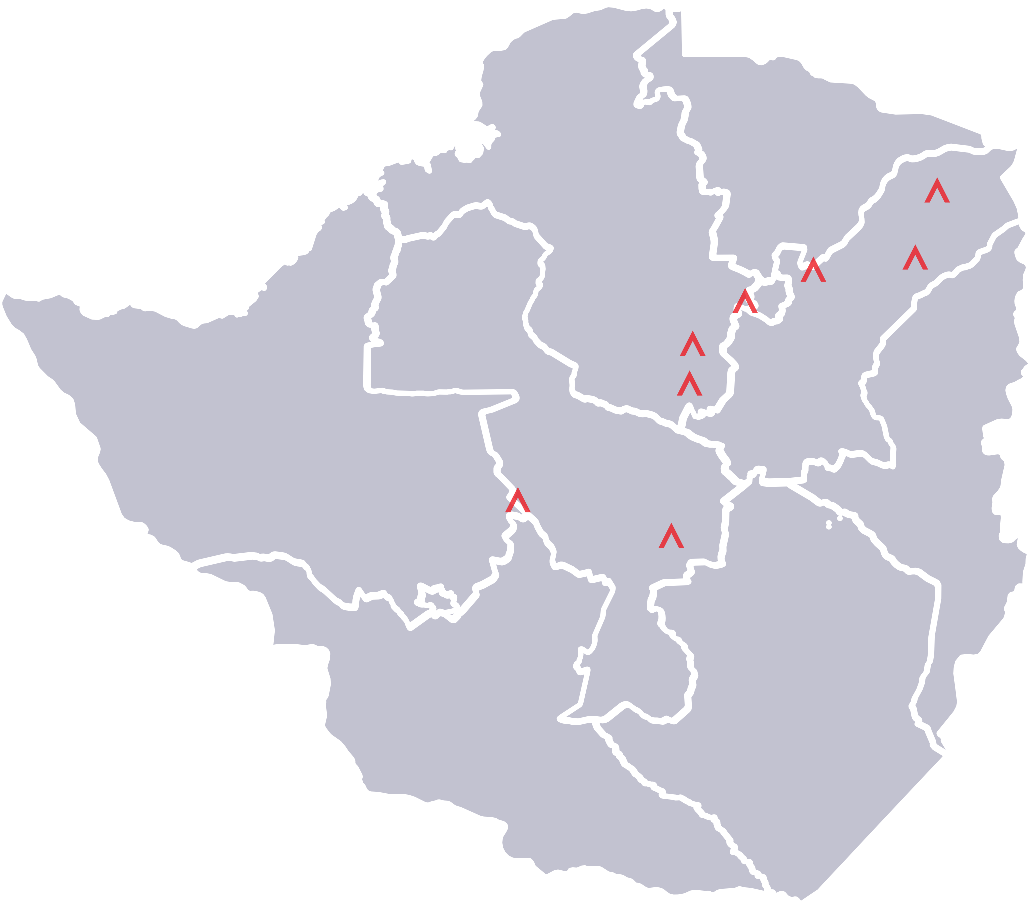
We are dependant on a number of accredited suppliers maintenance and services providers. These are often located within areas surrounding our operations. During the year over 300 suppliers provided us with services for an estimated ZWL14 073 385.

Product and Service Offerings

First Mutual Properties Limited also trades as Oyster Real Estate. Oyster Real Estate is a fully licensed unit which provides professional property services that include:

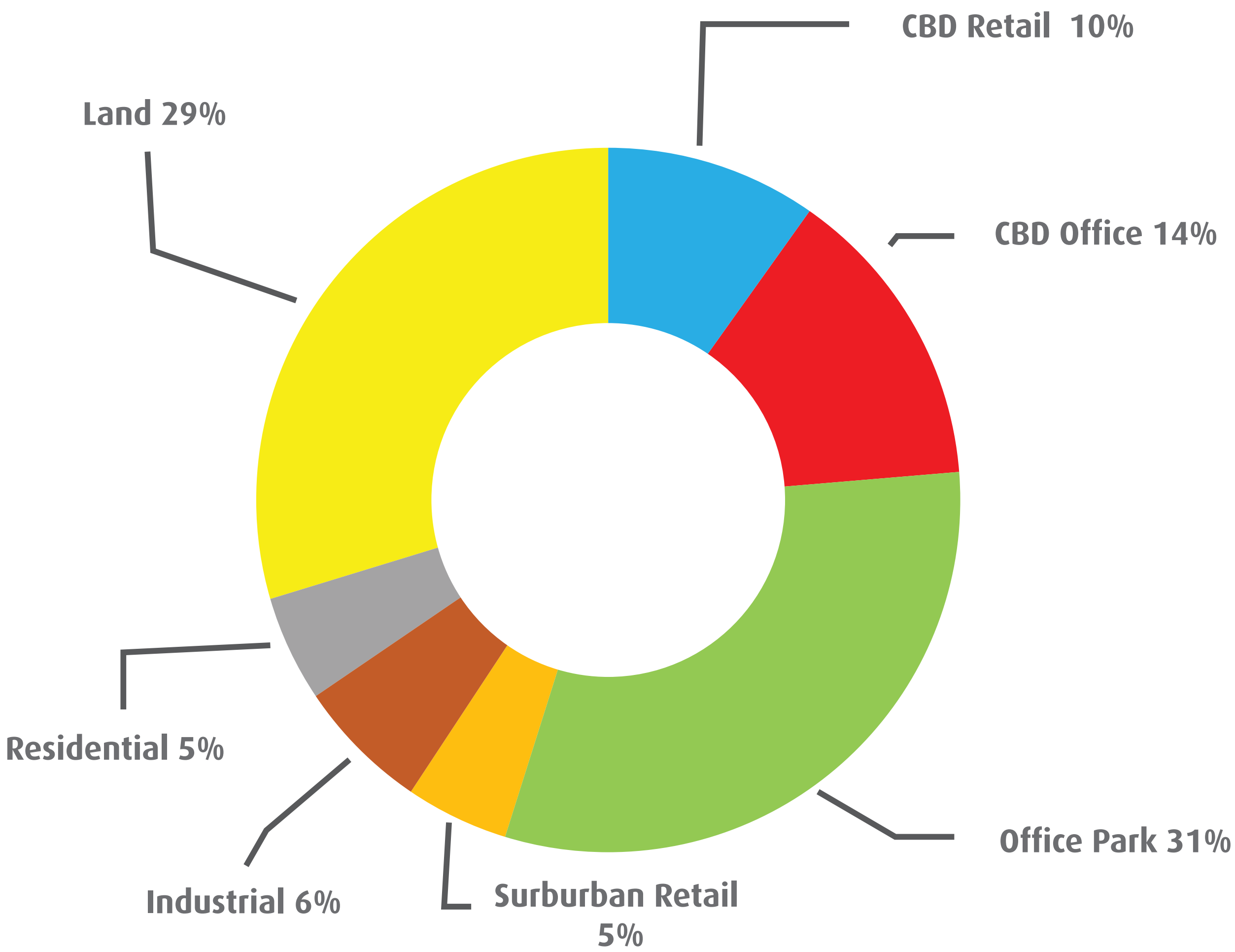
- Property management
- Facilities management
- Property development
- Property investment and
- Property valuations

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



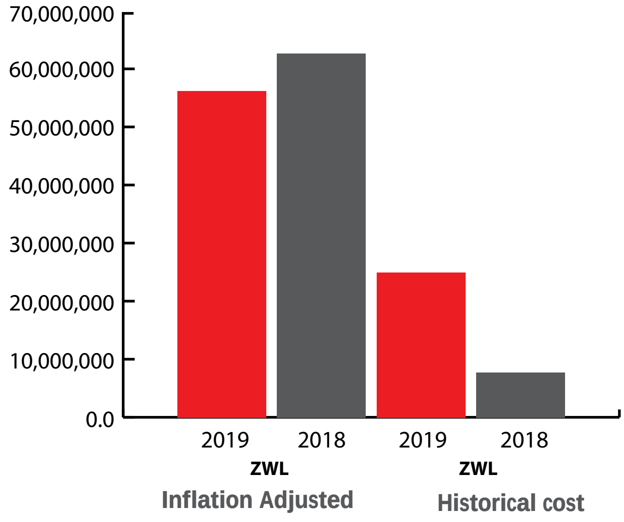
Portfolio Distribution

Segment	Asset Value (ZWL)
Office Parks	427 091 443
CBD Retail	135 439 020
CBD Offices	196 511 873
Suburban Retail	67 200 000
Industrial	85 500 000
Residential	68 670 000
Land	411 720 000
Total	**1 392 132 336**

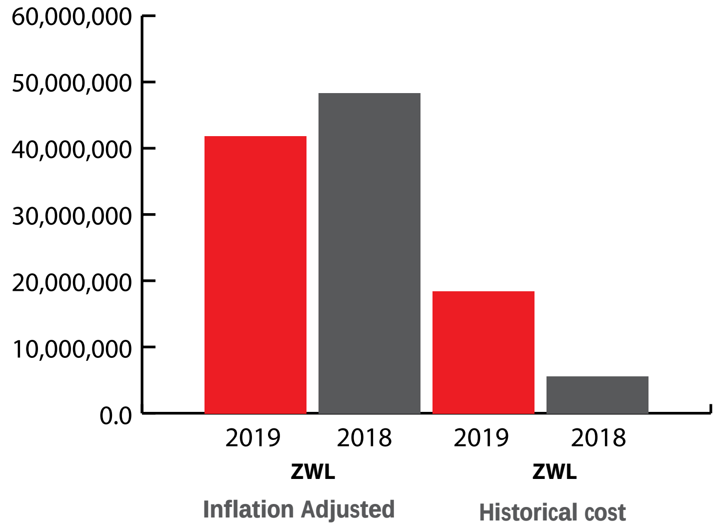


Performance Highlights

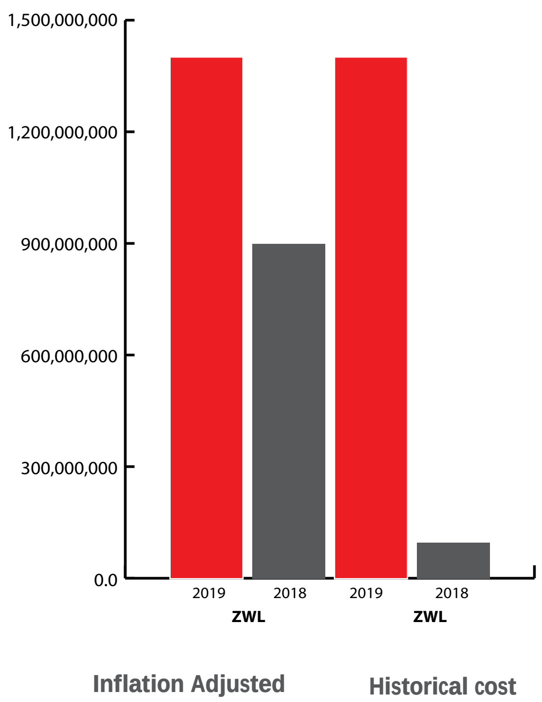
Revenue



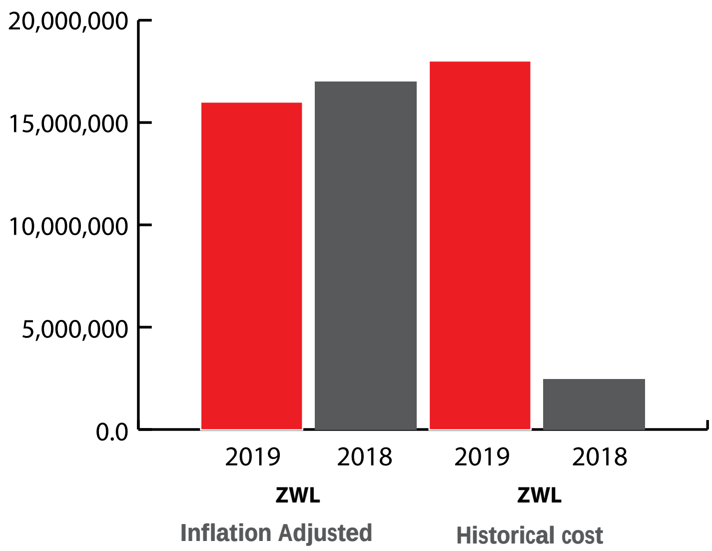
Net Property Income



Total Assets



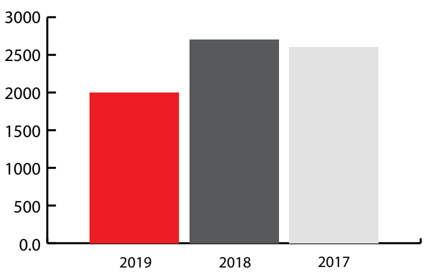
Cash generated from operating activities



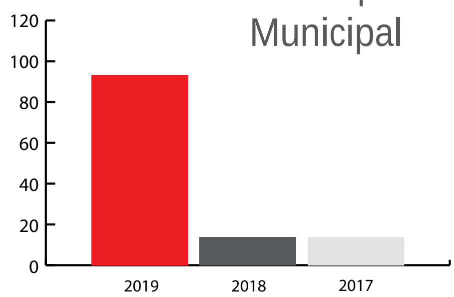
Sustainability Performance

	Inflation Adjusted (ZWL)		Historical cost (ZWL)	
	2019	**2018**	**2019**	**2018**
Profit before income tax	500 670 590	47 634 151	1 267 094 467	9 143 043
Profit for the year	351 031 333	23 169 856	1 030 542 314	4 059 711
Share Performance Highlights				
Basic earnings per share	0.28	0.02	0.83	0.0033
Equity	1 161 136 368	813 782 805	1 160 772 582	130 980 250

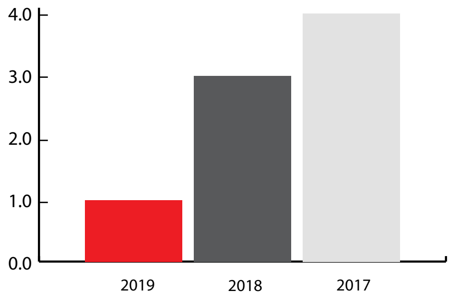
Electricity usage (Mwh)



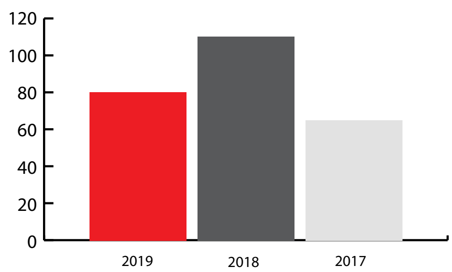
Water consumption (ML) Municipal



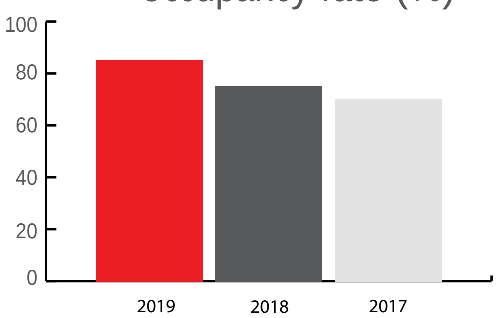
New employees



Average hours of training per employee



Occupancy rate (%)



CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

THE ECONOMY

The environment was characterised by low economic activity, inflationary pressures, power challenges and foreign currency constraints that had a huge bearing on business. The Government adopted major policy reforms including the adoption of the mono currency regime. Fiscal and monetary policy reforms were intended to stimulate economic activity. Exogenous factors particularly the climate change – drought and Cyclone Idai have had negative effects on the economy. Management continued to adapt its strategies in order to minimise the potential adverse effects of the external conditions on business sustainability.

THE PROPERTY MARKET

In 2019, the Zimbabwean property market remained subdued, characterised by high levels of voids. The Central Business District was less affected by power outages. Growth in the SME activities also stimulated the demand for working space. The Retail and Office Park sectors remained relatively stable during the year due to limited availability of quality space.

Rentals improved during the year as landlords frequently repriced space in line with currency changes and inflationary trends. The range of increases was influenced by the size, quality and location of the properties. The introduction of Statutory Instrument 133 of 2019 resulted in ZWL rental charges.
Development activity remains dominant in the residential and industrial sectors, with the latter focusing on warehousing and light industrial structures. The majority of industrial units are however earmarked for owner occupation. Office space development is also relatively active and mostly earmarked for owner occupation, with limited speculative activity. Development risk remains high due to inflationary pressures affecting development costs. However, in order to protect the value, property investors are entering into new developments taking a long term view, assuming the development risks and utilising available excess liquidity to hedge value and inflation risk in real assets.

FINANCIAL PERFORMANCE

The Group had a positive performance for the year in spite of the tough operating environment. An increase in operating profit of 88% was realised on the back of improved occupancy levels and turnover rentals. The value of the investment property portfolio grew by 53% driven by fair value gains. Rental income decreased by 12% to ZWL57.42 million (FY2018: ZWL65.25 million) underpinned by foreign currency translations effect. In the period under review there were new lettings which improved occupancy levels to 85.70% (FY2018: 76.10%). Property expenses, at ZWL 14.04 million, were down by 11% in line with drop in revenue. However, the business maintained its strategic focus of investing in maintenance programmes to improve the quality of space aimed at attracting new tenants and retaining existing ones. Net property income marginally decreased by 13% to ZWL43.31 million (FY 2018: ZWL49.65 million) due to decrease in rentals. Administration expenses declined by 29% to ZWL20.72 million in 2019 from ZWL29.40 million in prior year largely due to cost containment measures implemented by the business.

An independent property valuation conducted by Knight Frank Zimbabwe as at 31 December 2019 valued the property portfolio at ZWL 1.392 billion, being an 53% gain on the prior year, on a market value basis. The gain was driven by fair value gains of ZWL485 million which were realised across the sectors. The Group's strategic land bank contributed significantly to the appreciation in value of property portfolio.

The Group is at pre – construction stage of the Arundel Office Park extension with formal appointments of the design team having been concluded. In preparation of the project, some pre purchases of bulk materials have commenced. The construction work is set to commence in H2, 2020.

DIVIDEND

At a meeting held on 27 February 2020, your Board resolved that a final dividend of ZWL4.2 million being ZWL0.34 cents per share be declared from the profits for the year ended 31 December 2019. The dividend will be payable on or about 3 July 2020 to all shareholders of the Group registered at close of business on 3 June 2020. The shares of the company will be traded cum-dividend on the Zimbabwe Stock Exchange up to 29 May 2020 and ex-dividend as from 1 June 2020.

TAX RESTRUCTURING

The Group embarked on a tax restructuring exercise to consolidate the property holdings to create operational efficiencies. The restructuring exercise was completed in the period under review.

SUSTAINABILITY

The Group continues to build a shared vision for long term value creation through sustainability in our operations. In line with global trends in green properties, the Group will be implementing energy saving strategies across our properties towards our ambition of green buildings .The Group will embark on a solar project in 2020 to demonstrate our commitment to climate change and sustainable development in our real estate business.

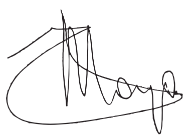
OUTLOOK

The economic outlook remains uncertain due to climate change, erratic power supply, foreign currency challenges, low productive sector capacity utilisation and the potential adverse effects of COVID-19. These factors have ramifications for the country's recovery prospects and will affect demand for various real estate products. The Group will however continue to pursue and implement various strategies to preserve shareholder value and position the Group for growth.
In the short term the focus is on driving rental growth, managing operating and maintenance costs, all to ensure the going concern and sustainability of the Group. With changing local and global real estate trends, the Group will target investment opportunities in non- traditional real estate asset classes and provide property services to third parties to further diversify income streams. In addition, in light of the changing socio-economic environment, the Group will also focus on developing new products and tailoring existing stock to the changing requirements.

The depth and breadth of the economic impact of COVID-19 on the real estate sector remains uncertain. Long term behavioural changes will define market direction, as immediate reactions and changes may not be long term. The ability to ensure that real estate products are agile and adaptable is critical. The focus for property investors will be on determining the right balance between capital preservation and further strengthening the competitive differentiation of existing products. COVID-19 has accelerated the need to diversify revenue streams, pursuing digital strategies, and focusing on enhancing tenant experience with owners and operators collaborating to protect their ecosystem to remain a going concern.

APPRECIATION

On behalf of the Board, I wish to thank all our stakeholders for their continued invaluable support.



E K Moyo
Chairman

Economic Overview

Economic fundamentals remained weak during the year driven by low business confidence, due to fiscal and monetary policy uncertainty which created market distortions in terms of pricing and arbitrage opportunities. These fundamentals are core to the worsening currency volatility and inflationary pressures the country experienced during the year, and was worsened by subdued performance of the productive sectors of the economy.

The austerity policy measures implemented in the country as part of the Transitional Stabilisation Programme, by implication, result in demand shrinkage as income is foregone either through tax or higher prices. As a result, low disposable incomes have caused weak aggregate in the face of rising costs, lack of raw materials, foreign currency scarcity and power availability, all required to improve production in the economy.

The introduction of the mono-currency during the year, increased currency risk in the view of international investors, restricting meaningful foreign direct investment to stimulate growth within the productive sectors of the economy. Consequently, demand for real estate, especially commercial real estate has been restricted, with low absorption of space and limited development and commercial transaction activity.

Property Market Overview

The year was characterised by continual demand supply imbalance, with insignificant space absorption across all sectors due to weak demand. Despite significant changes in year-on-year and month-on-month inflation during the year, the demand supply imbalance affected the repricing of space in line with inflation trends, with commercial property landlords struggling to maintain inflation or achieve currency depreciation linked rentals. Following the monetary policy changes announced in February 2019, rental rates across the sectors have increased but lag behind inflation and currency depreciation. During the year, rental review periods shortened from the traditional annual reviews to bi-annual then shortened further towards the end of year to quarterly and in some cases monthly reviews. This was an effort to preserve value by reducing the review cycle in order to mitigate inflationary pressures on rentals and cash flows.

The residential sector continues to drive transactions within the property market, with limited commercial transactions prevailing due to a mismatch in selling price and market value using traditional valuation methodology, while general liquidity for commercial transactions remains limited with typical debt finance from financial institutions increasingly becoming scarce.

In the volatile environment, investors are selectively entering into transactions to protect value and ensure the return profiles remain competitive taking a long term view. As a result, investment activity was low during the year, with any traction reliant upon improved confidence in key macroeconomic and monetary policy statements and the general operating environment.

Commercial property development activity remained low during the year, with most of the activity in the residential segment of the market. Despite the general low activity, the industrial / retail warehousing sectors remained attractive investments, with relatively strong demand in those sectors.

Owner occupied office park style buildings are also on the rise as investors seek to hedge value in real assets and improve balance sheet positioning. In order to protect value of whatever liquidity is available, some investors are entering into new developments with a long term view, premised on property characteristics as a hedge of value against inflation.

Overall, the local real estate market remained passive due to the low economic activity experienced during the year, with limited liquidity and debt finance coupled with low demand limiting space absorption and new developments.

Business Performance

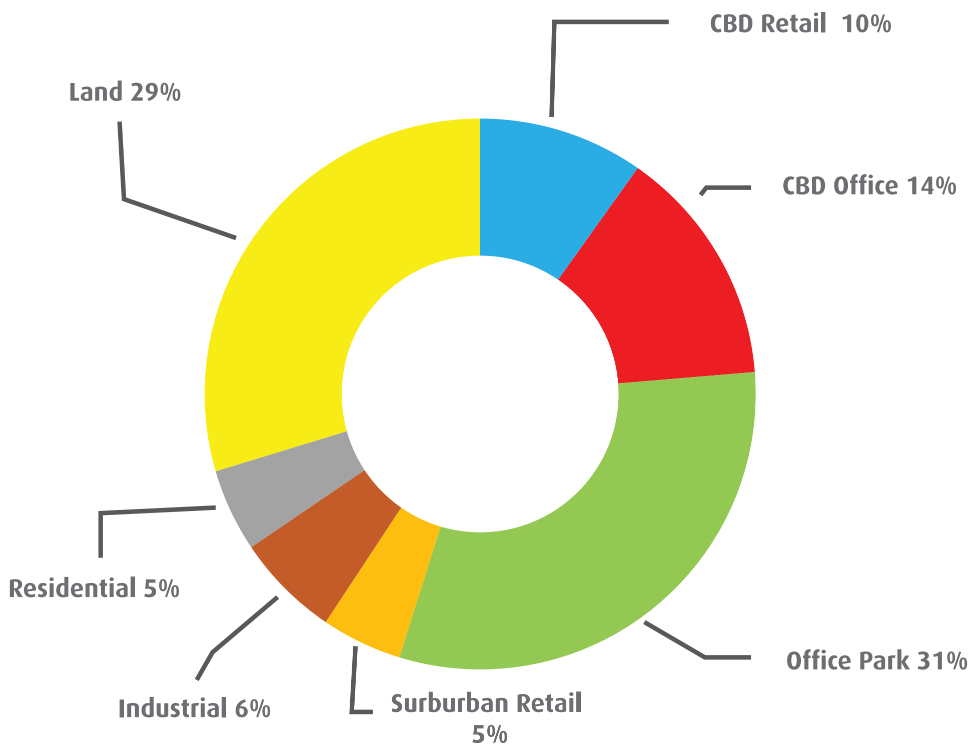
Despite the uncertain and volatile operating environment, the Group registered positive earnings, with pre and post-tax profitability. On a historical cost basis, operating profit before tax stood at ZWL7.64 million,a 212% increase from prior year. This was driven by rental growth of 197%, with administration expenses growing by 147% and property expenses growing by 240%. In relation to year on year inflation at 480% for FY2019, the results shows management effort to ensure operational expenditure is curbed below inflation and in line with revenue growth.

The Group's business model revolves on growing the portfolio through leveraged balance sheet financing or other fundraising initiatives. To this end, the Group continues to commit to distribution of earnings to shareholders in line with its dividend distribution policy of 4 times cover out of the profits for the year ended 31 December 2019, the Group made a final dividend pay-out of ZWL4.20 million, representing dividend per share of ZWL0.34 cents per share.

Property Portfolio Structure and Performance Overview

The property portfolio remained diversified, balancing risk and return for a defensive and stable investment proposition. In light of the volatile operating environment, the structure of the property portfolio is expected to mitigate risk associated with economic shocks and deliver a lower risk profile to investors.

Set out below is the property portfolio spread by value:



Knight Frank Zimbabwe conducted an independent desktop valuation for the Groups' property portfolio as at 31 December 2019. The independent valuation report highlights a fair value of ZWL1.392 billion with a fair value gain of 852.47% during the year under review.

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

All figure in ZWL 000's	2019 Valuation	2018 Valuation	Movement %
CBD Retail	135 439	20 800	557.43%
CBD Office	196 512	25 850	684.08%
Office Park	427 091	46 160	809.48%
Surburban Retail	67 200	11 560	481.39%
Industrial	85 500	11 630	635.17%
Residential	68 670	5 630	1135.07%
Land	411 720	24 520	1560.83%
Total	**1 392 132**	**146 150**	**852.47%**

Significant gains were experienced in the residential sector and our land banks, as the market prices these type of properties in United States Dollars("USD") and converts the prices to local currency at the prevailing interbank exchange rate. To this end, the movement reflects the changes in the exchange rate during the period, which was ahead of the official inflation rate. The Office Park portfolio registered strong gains due to the international tenants with USD leases, while suburban retail sector growth was the lowest, as retail volumes declined during the year affecting turnover rentals, whilst the growth still matched official inflation.

Set out below is an overview of the property portfolio performance:

	CBD Retail	CBD Office	Office Park	Suburban Retail	Industrial	Total	Residential	Land	Total
Value (ZWL 000)	135 439	196 512	427 091	67 200	85 500	911 742	68 670	411 720	**1 392 132**
% Portfolio weight by value	10%	14%	31%	5%	6%	65%	5%	30%	**100%**
Gross lettable area ("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 (ZWL) per m^2	15.84	13.63	35.99	27.95	7.93	18.07	-	-	**-**
Occupancy level at year end	94%	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%	20.77%	13.03%	-	**19.37%**

Net Property Income

Revenue for the Group at ZWL58.1 million (FY2018: ZWL65.8 million) declined by 12% underpinned by foreign currency translations. In historical terms revenue grew by 194% behind inflation at 540% for the year, as ZWL rental reviews lagged inflation. Despite the subdued rental income performance during the year occupancy levels increased to 85.7% driven by lettings in the industrial and office portfolios. The office sector occupancy levels were driven by increased demand for small office space by Small Medium Enterprises (SME's) and entrepreneurs while industrial space demand was driven by agribusiness bases occupiers.

The level of defaults rose significantly during the year as tenants struggled in the adverse operating environment as a result the allowance for credit losses increased by 122% to ZWL0.76 million. As a result, the Group applied its aggressive provisioning policy due to the Group's initiative of actively pursuing evictions and collections from tenants with past due amounts to reduce exposure to further default in amounts due. Property expenses declined by 11% as the business prioritised cash flows for essential property maintenance as the pressure on cash flow intensified during the year. Overall net property income declined by 11% underpinned by declining revenue.

Arrears Management

Tenant receivables worsened to ZWL4.56 million (FY2018: ZWL1.14 million) as tenants struggles to meet lease obligations in light of the currency changes resulting in repricing of rentals. In addition, the general illiquidity in the economy is affecting the settlement of obligations across various sectors. The business will continue to monitor and evaluate collection plans through regular internal and tenant engagement with an objective to reduce the arrears position.

Sector Review

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

SECTOR REVIEW

Suburban Retail

The suburban retail centres, comprise free-standing supermarkets in medium and high density areas and community shopping centre in a low density residential area. The harsh economic environment has seen volumes in sales at these centres falling as disposable income diminish due to the mismatch between growth in income compared to hyperinflation. This has forced households to scale back in some instances, with others deeming imports through informal routes more economical. Despite these factors, performance remained strong within our suburban retail cluster driven by the location of the assets and the tenant mix.

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

Suburban Retail	2019	2018	Movement
Value (ZWL millions)	67.20	11.56	481%
% Portfolio weight by value	5%	7.91%	-2.91%
Gross lettable area ("GLA") m^2	7 723	7 723	0%
Average rental (ZWL) per m^2	27.95	9.61	191%
Occupancy level at year end	97.30%	99.88%	-2.58%
Rental yield	21.80%	7.71%	14.09 %

CBD Retail

The CBD retail sector has been resilient attracting occupiers during the year driven by significant leasing efforts coupled by refurbishing space to attract occupiers. The sector is dominated by Small to Medium Enterprises ("SMEs") and informal businesses, while established and more formal retail outlets still command a presence within the asset class.

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

	2019	2018	Movement
Value (ZWL millions)	135.44	20.8	557%
% Portfolio weight by value	10%	14%	-4%
Gross lettable area ("GLA") m^2	20 334	21 240	-4%
Average rental (ZWL) per m^2	15.84	6.23	154%
Occupancy level at year end	94.68%	79.25%	15.43%
Rental yield	17.77%	7.71%	10.06%

CBD Offices

Subdued economic performance and limited capacity utilisation in the productive sectors has resulted in weak performance of the CBD office sector, a traditional sector that houses support services to the productive sectors of the economy. This has created a supply demand imbalance over decades as the sector has been severely affected by the changes and shrinkage of the economy. In addition, inadequate infrastructure and lack of enforcement of city by laws has made CBD locations less attractive for established medium to large corporate occupiers.

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

	2019	2018	Movement
Value (ZWL millions)	196.51	25.85	684%
% Portfolio weight by value	14%	17%	-3%
Gross lettable area ("GLA") m^2	31 694	31 603	0%
Average rental (ZWL) per m^2	13.63	4.43	208%
Occupancy level at year end	59.14%	51.63%	7.51%
Rental yield	12.24%	6.71%	5.53%

During the year, the sector saw increased activity driven by SME's, start-ups and entrepreneurs as low demand for formal employment has driven the society to these activities. The business responded to this growing need by adapting typical office floor plates to smaller areas to fit the size of space on demand As a result, occupancy levels improved during year.

Office Parks

The Office Park sector has remained stable with strong performance and limited tenant turnover during the year. Despite new product coming onto the market, the sector maintained prime tenants primarily due to the location and quality of the assets. Arundel Office Park continues to receive enquiries for space from prime corporate and international occupiers, with limited supply of space being available. Some vacancies created during the year are of a strategic nature to accommodate some of these tenants.

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

	2019	2018	Movement
Value (ZWL millions)	427.09	46.16	809%
% Portfolio weight by value	31%	32%	-1%
Gross lettable area ("GLA") m^2	25 769	25 769	0%
Average rental (ZWL) per m^2	35.99	8.11	344%
Occupancy level at year end	89.93%	95.45%	-5.52%
Rental yield	21.31%	5.43%	15.88%

Industrial

Repositioning the industrial portfolio with greater weight towards light industrial and retail warehousing as compared to specialised industrial space has benefited the performance of the segment. Despite low capacity utilisation in the productive sectors, the shift in use of space to retail warehousing and light niche industrial occupiers has resulted in positive movement in occupancy levels and rental performance. With the economy anchored around agriculture, the focus was also to target agro based businesses for larger industrial space to use as storage warehousing space, as traditional manufacturing suffers from competitive pricing of imports. This was the major driver for occupancy levels ending the year at 99%.

Set out below is the summary of key performance indicators of the industrial sector:

	2019	2018	Movement
Value (ZWL millions)	85.5	11.63	635%
% Portfolio weight by value	6%	8%	-2%
Gross lettable area ("GLA") m^2	37 931	38 069	0%
Average rental (ZWL) per m^2	7.93	2.30	245%
Occupancy level at year end	99.02%	77.40%	21.62%
Rental yield	30.74%	9.03%	21.71%

Property Developments

The expansion of Arundel Office Park remained a key project for the Group with pre-construction activities and planning being the main focus. During the year, exchange control approval for engaging the professional team was granted. Subsequently sketch plans and an urban design for the expansion of the 24 hectares of land at Arundel Office Park has been concluded and are currently under review. In addition, the pre-purchase of construction materials commenced, with the procurement of all bricks for the initial office block completed and bricks delivered to site. Technical surveys including the geotechnical and topographical surveys were completed to aid and guide the design work of the office block.

The fundraising for the project is ongoing with a mixture of debt, equity and capital recycling being pursued. The primary source of funding will be capital recycling as the debt and equity markets remain illiquid. The Group will focus on the disposal of non-core assets and redeploy capital to this project. This initiative commenced during the year, with a disposal of a residential property in Vainona, Harare, for ZWL1.20 million in April 2019, with the sale proceeds being used to prepurchase bricks for the project.

The expansion of Arundel Office Park seeks to reposition the property portfolio weighting, focusing on an upmarket location with potential to generate long term sustainable income. The level of enquiries for space at Arundel Office Park makes the location a prime target for expansion and increasing capital allocation and sector exposure in a prime location.

The short term effects of Covid-19 are not expected to be severe in the office park segment. The office sector will be affected by the impact of long-term term behavioural changes to the perception around office space, defining market direction. Immediate reactions and changes may not be long term for corporate occupiers. In the short term, demand is likely to be affected, however, office space will remain relevant, with product design tailored to changing occupier requirements. In addition, space will need to be technology driven to reduce the extent to which users touch physical aspects of the buildings. To this end, the increasing role of technology and sensor driven office space will emerge.

The design brief for Arundel Office Park had already taken into account the need for the building to be modern and technologically driven to ensure competitive differentiation to existing product on the market. This is premised on providing a sustainable product targeting international and multilateral organisations. As the Group seeks to improve its green energy footprint, the new product will encompass technology driven amenities that consume less energy affecting carbon emissions and adding value to the overall sustainability of the environment.

Performance Outlook

In the short term, the focus is on driving rental growth in line with inflation trends and managing high operating and maintenance costs to ensure the going concern and sustainability of the Group. With changing local and global trends, the Group will target opportunities in alternative real estate assets classes to further diversify income streams for the property portfolio, and ensuring investment in existing prime product to ensure it remains relevant to changing requirements of occupiers.

In the leasing market, excessive supply of space to remain in the specialised industrial sectors, with limited new quality property assets to absorb either expanding or new entrants. Increased activity in the CBD Office market is expected due to a growing number of SME's requiring small office / operating space in visible and central locations.

Rental rates are expected to rise but lag behind inflation, with pure US$ rentals expected to maintain value. Using the local currency, the current rental levels are sub-economic resulting in abnormal yield compression and increased stress on cash flows. The focus in the immediate term will be to reprioritise cash flows for essential expenditure while still focusing on value preservation of property assets.

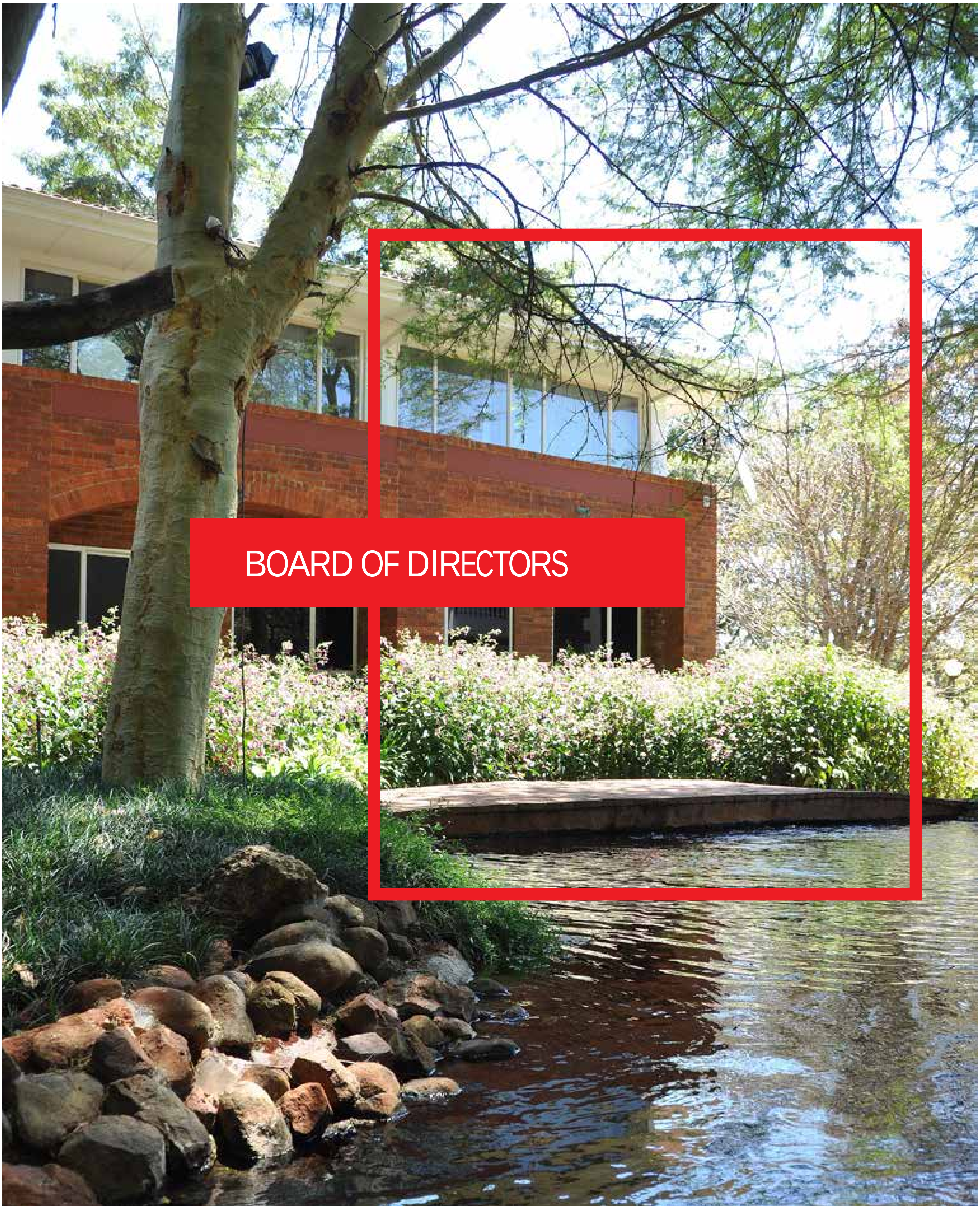
Residential developments are expected to remain strong in the property market as value preservation initiatives for most citizens and also an easy outlet for free cash flows. In the commercial space, good quality product is expected to attract occupiers due to the shortage of quality stock and the changing occupier requirements. The Group targets to pursue commercial development with a long term horizon and position the portfolio for future growth and sustainable diverse income streams.

Despite the current market volatility and policy uncertainty in the prevailing environment, the general outlook over the long term remains positive. In a Covid-19 and post Covid-19 World, product differentiation with robust health and sanitation facilities will be critical to sustain occupancy levels into the future. New product will need to be technology, hygiene, employee health and safety driven to retain and attract occupiers. To this end, the Group will be pursuing digital strategies to enhance spaces and tenant experience to reduce the physical touch and feel of properties to occupiers, focusing on prime locations in the first instance and existing product that is adaptable to these initiatives.

Looking at the nature of the Groups property portfolio, the buildings are agile to adapt in a post Covid-19 operating environment. The real extent of space change requirements will become increasingly visible in the second half of the year once occupier and peoples behavioural changes to the new normal are more certain Despite this, the focus will be on capital and value preservation while ensuring occupancies are sustained with active tenant engagement.

C K Manyowa
Managing Director

BOARD OF DIRECTORS



Board of Directors

Elisha K Moyo
(Chairman)
Non-executive Director
LLM Tax Law Candidate (UNISA), MBA (UZ), LLB. Hons (UZ)

Career: Elisha K Moyo (Chairman) is a lawyer by profession and currently practices law in the Law firm Moyo and Jera Legal Practitioners, which he founded in October 2011. His specialty is corporate law. Mr Moyo chairs First Mutual Properties Limited ,and is a Non-Executive Director of First Mutual Holdings Limited. Additionally he sits on several other boards including Afrosoft Holdings Limited. He is a commissioner of the National Manpower Advisory Council ("NAMACO") and a Councillor of the University of Zimbabwe. He served as the General Counsel for TA Holdings and as Managing Director of Zimnat Lion Insurance Company Limited for a period of 5 years. Mr Moyo is a member of the Group Human Resources and Governance Committee and the Group Risk Committee. He is a past President of the Insurance Institute of Zimbabwe and a past Chairman of the Insurance Council of Zimbabwe.

Professional membership: Law Society of Zimbabwe, Institute of Directors.

Dr Shasekant Jogi
(Non -Executive Director)
Development Planning, Regional & Urban Planning

Career: Dr Shasekant Jogi is a director at Arup Zimbabwe (Private) Limited. He is well qualified and has extensive experience in Development Planning with particular reference to Environmental Regional and Urban Planning in both the public and private sectors in Zimbabwe. In the public sector as Provincial Planning Officer Mashonaland (East,West and Central), he was involved in the conceptualisation, preparation and implementation of Government Policy as it related to development with special reference to the National Urban Settlement Hierarchy Provincial and District Planning and the design of Growth Points, Rural Service and Business Centres. In the private sector he spearheaded the preparation of the National Housing Policy as well as prepared and approved Master and Local Plans in both the rural and urban areas. He has also been involved in Strategic Planning both at a company and institutional level e.g Marondera Municipality, Zimbabwe Agricultural Society. As President of the Zimbabwe Institute of Regional and Urban Planners he has initiated the involvement of Professional Development Institutions (architects, engineers, realtors etc) in the preparation of a National Planning and Development Agenda as well as direct involvement in the delivery of housing in Harare. He is a member of the First Mutual Properties Limited Audit Committee.

Professional membership: Zimbabwe Institute of Regional and Urban Planners.

Board of Directors

Evelyn Mkondo
(Non -Executive Director)
B. Acc (UZ), CA (Z)

Career: Evelyn Mkondo became a member of the Institute of Chartered Accountants of Zimbabwe in 1989 after serving articles with Coopers & Lybrand (now Ernst & Young) in Harare. On leaving the profession she took up senior finance positions in organisations spanning power, retail, mobile communications and financial services. She later joined listed conglomerate Star Africa Corporation Limited (formerly ZSR Limited) as Group Finance Director and later as its Group Commercial Director. Ms Mkondo gained invaluable experience as an Executive Director of the Board, a director at divisional boards and also at subsidiaries Sugar Industries Botswana Limited, Star Africa International Limited (Mauritius) and ZSR Transport Limited (South Africa). She also sat on the Zimbabwe Sugar Association Board. She spent a year as Chief Finance Officer of AIM listed African Consolidated Resources Limited before retiring in 2013. Currently Ms Mkondo is serving as non-executive director at Schweppes Zimbabwe Limited, Allied Timbers Limited and Standard Chartered Bank of Zimbabwe Limited. Ms Mkondo Chairs the Audit Committee for First Mutual Properties Limited and also the Combined Audit and Actuarial Committee for the First Mutual Holdings Limited Group.

Professional membership: Institute of Chartered Accountants of Zimbabwe.

Dr Arnold Chidakwa
(Non -Executive Director)
PhD, MSc (Econs) (Hons), ACMA, CGMA, Dip. Banking (IOBZ)

Career: Dr Arnold Chidakwa is a highly experienced professional with a broad understanding of business issues ranging from business development, economics, strategy design, corporate finance, financial management, business valuations, financial and econometric modelling. He has experience in both public and private sectors, having worked in key economic ministry in Zimbabwe, Advisory and Research services, Finance, Investment Management, Telecommunications, Export Credit Insurance, Hospitality, Tertiary Education and Mining Sectors.

Professional membership: Institute of Chartered Management Accountants ("ACMA") a Chartered Global Management Accountant ("CGMA").

Board of Directors

Christopher K Manyowa
(Managing Director)
BSc Rural & Urban Planning Honours (UZ), MBA (UZ), AREIZ

Career: Christopher K Manyowa is the Managing Director of First Mutual Properties Limited. He joined First Mutual Properties Limited in June 2012 as General Manager - Developments. He later assumed the position of General Manager - Property Services. Mr Manyowa is a seasoned professional with more than 25 years' experience in property management formulation and management of projects, valuations property, investment analysis, including acquisition and disposal of properties. Mr Manyowa started his working career in the public service as a town planner where he gained valuable experience in initiating development plans for commercial, residential and industrial uses. He later worked for the Kadoma City Council and Ruwa Local Board before joining National Real Estate where he further expanded his skills and knowledge in real estate. Prior to joining First Mutual Properties Limited Mr Manyowa was Head of Property Development with Old Mutual Property Zimbabwe (Private) Limited.

Professional membership: Real Estate Institute of Zimbabwe ("REIZ"), Estate Agency Council of Zimbabwe, Zimbabwe Institute of Regional and Urban Planners ("ZIRUP") and Valuers Council of Zimbabwe.

William M Marere
(Non-Executive Director)
B Com (UNISA), CA (Z)

Career: William M Marere is the Group Finance Director of First Mutual Holdings Limited. Prior to this appointment, William M Marere was Chief Financial Officer - Corporate Finance at Econet Wireless Zimbabwe Limited where he was responsible for corporate and project finance and investor relations. He has more than 20 years' working experience in the field of finance. William served his articles of clerkship with Ernst & Young and upon completion he worked for the companies in the financial services, mining and furniture including Stanbic Bank Zimbabwe Limited TN Financial Services (Private) Limited and Zimbabwe Alloys Limited, where he gained proficiency and expertise in finance and administration, corporate and project finance, advisory services and treasury related products. He has also participated in major corporate finance mandates for leading listed entities.

Professional membership: Institute of Chartered Accountants of Zimbabwe.

Board of Directors

Douglas Hoto
(Non -Executive Director)
Fellow of the Institute of Actuaries (UK & SA),
BSc Hons Mathematics (UZ)

Career: Douglas Hoto is the Group Chief Executive Officer of First Mutual Holdings Limited. He has previously worked as Chief Executive Officer for Altfin Holdings Limited. Mr Hoto has over 22 years' experience as an actuary and has worked in various roles in the insurance industry in Zimbabwe and the SADC region. He is a director of the Zimbabwe National Statistics Agency ("ZIMSTAT") a former board member of the Insurance Pension Commission ("IPEC") past Chairman of the Actuarial Society of Zimbabwe and a Trustee of the S V Muzenda Foundation.

Professional membership: Actuarial Society of Zimbabwe.

Ruth B Ncube
(Non-Executive Director)
IMM (RSA), CIMA (UK), Dip. Sales and Marketing (UK), MBA (Nottingham Trent University, UK)

Career: Ruth B Ncube is the Managing Director of First Mutual Life Assurance Company (Private) Limited. She joined First Mutual Limited (now First Mutual Holdings Limited) as the Group Corporate Affairs Executive in 2002 responsible for the marketing & communication strategy for the group companies. Prior to her appointment as Managing Director, she was seconded to First Mutual Life Assurance Company (Private) Limited responsible for Marketing and Client Relationship Management in 2009. A member of the Chartered Institute of Marketing (UK) and holds several diplomas in sales and marketing United Kingdom. She is the past President of the Marketers Association of Zimbabwe. She has 15 years' leadership experience having worked at various managerial capacities in retail hospitality banking and insurance industries.

Professional membership: Chartered Institute of Marketing (UK).

Senior Management

Tendai Mutizwa
CA (SA), Bachelor of Business Science Finance (UCT), Advance Risk Management Candidate
Head of Finance

Tafadzwa A Muzorewa
MSc Real Estate Finance & Investments (UWE) (UK), BSc Acc & Finance (UK)
Property Investments Manager

John Ndere
MRICS, MSc FM (UK), MBA (UZ), BSc. HRUP (UZ), AREIZ
Property Services Manager

Esward Munyangadzi
MSc Property Investment (UCEM) (UK), AREIZ, NDREE (UNISA)
Property Valuer

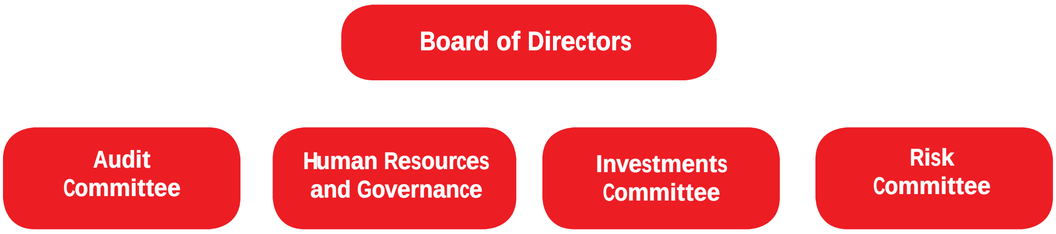
Shingai Munemero
BBA Business Management (Solusi University), Association of Chartered Certified Accountants in progress
Financial Accountant

Michael Ruwende
MBA Construction and Real Estate (UoR) (UK), Bachelor of Quantity Surveying (NUST), PG Dip Project Management (CEM) UK
Projects and Maintenance Manager

Corporate Governance

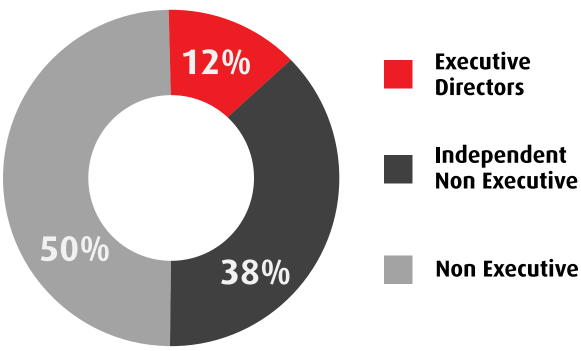
The Directors recognise the need to conduct the business of First Mutual Properties Limited with integrity and in accordance with generally accepted corporate practices in order to safeguard stakeholders' interests. The Group is committed to the principles of good corporate governance based on global best practice. The Board has adopted the National Code on Corporate Governance (the "Zimcode"). The Board and Management believe that the Group's governance systems and practices are appropriate and are essentially in line with the Zimcode. The Group continuously strives to achieve alignment with Zimcode and other corporate governance codes to the extent applicable Group Human Resources and Governance Committee takes a leadership role in shaping the corporate governance of the Group.

Board Structure

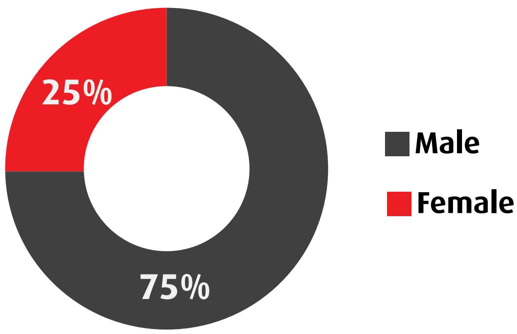


The Board of Directors is chaired by a non-executive director and comprises three other independent non-Executive Directors, three non-independent non-executive directors and one Executive Director who is the Managing Director. The Board enjoys a strong mix of skills and experience. The Board is the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

BOARD COMPOSITION



BOARD GENDER COMPOSITION



The Board meets regularly and guides corporate strategy, risk management practices, annual budgets, and business plans. Special Board meetings may be convened on an ad-hoc basis when necessary to consider issues requiring urgent attention or decision. The Company Secretary maintains an attendance register of Directors for all scheduled meetings during the year through which Directors can assess their devotion of sufficient time to the Group.

The Board has overall responsibility for ensuring the integrity of the Group's accounting and financial reporting systems including an independent audit and that appropriate systems of control, risk management and compliance with laws are in place. To ensure effectiveness, Board members have unfettered access to information regarding the Group's operations which is available through Board meetings. Board and Management Committees as well as Strategic Planning workshop organised by the Group, Directors may, at the Group's expense seek independent professional advice concerning the Group's affairs. A third of the directors are required to retire on a rotational basis each year along with any director(s) appointed to the Board during the year. The Executive director is employed under performance driven service contracts setting out responsibilities of their particular office which are only renewed upon meeting the set performance targets.

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

Communication systems

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

Business ethics

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

Directors' declaration

As provided by the Zimbabwe Companies Act (Chapter 24:03) and the Company's Articles of Association, the Directors are required to declare at any time during the year in writing whether they have any material interest in any contract of significance with the Group which could give rise to conflict of interest.

Share dealing

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

Directors' remuneration

Directors' fees for non-executive directors and remuneration packages for the Executive director are determined by the Group Human Resources and Governance Committee. The committee seeks to ensure that the Group is geared to compete at the highest levels by attracting and retaining high calibre individuals who contribute fully to the success of the business. Accordingly a performance related profit share is offered to employees of the Group including the Executive director in addition to a basic salary package. The committee draws on external market survey data from independent advisors to ensure that the remuneration policy is appropriate. Non-executive directors' fees are reviewed periodically in line with market practice. As at 31 December 2019 there was a loan disbursement of ZWL978 030 to the Managing Director.

Committees

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

The structure and composition of the committees is subject to continuous review and the position as at 31 December 2019 is outlined below:

i. First Mutual Properties Limited Audit Committee

Ms E Mkondo (Chairperson), Dr S Jogi and Mrs R Kupara

As at 31 December 2019 the Audit Committee comprised three members, one of whom was the Chairperson. The Chairperson and one other were non-executive directors of the Company, while one was a non-executive director of another company in the First Mutual Holdings Limited Group. The First Mutual Properties Limited Audit Committee has written terms of reference and is tasked with ensuring financial discipline within the Group sound corporate values and financial procedures. This committee is further tasked with reviewing and approving the quarterly and annual consolidated financial statements of the Group and considering any accounting practice changes. The committee deliberates on the reports and findings of the internal and independent auditors and also recommends the appointment of the independent auditor and approves their fees. The audit partner and audit manager are invited to attend all meetings. Both the internal and independent auditor have unrestricted access to the Audit Committee to ensure their independence and objectivity.

The Combined Audit and Actuarial Committee, comprising four (4) Non-Executive Directors of companies from the First Mutual Holdings Limited Group plays a similar role for the First Mutual Holdings Limited Group as a whole in terms of providing oversight.

ii. Group Human Resources and Governance Committee

Mr S V Rushwaya (Chairman), Mr O Mtasa and Mr E K Moyo

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

iii. Group Investments Committee

A R T Manzai (Chairperson), D Tomana, O Mtasa and A Chidakwa

As at 31 December 2019 this committee comprised four (4) Non-Executive Directors of First Mutual Holdings Limited Group, one of whom is the chairperson. This Committee formulates investments strategy and policy as well as reviewing the performance of money market, equity and property investments within the First Mutual Holdings Limited Group. The committee assists the Board in implementation of its investment policies and ensures that portfolio management is conducted in accordance with the Group's policies.

iv. Group Board Risk Committee

G Baines (Chairperson) and E K Moyo

This committee comprises two (2)Non-Executive Directors of First Mutual Holdings Limited Group, one of whom is the chairperson, although there is currently a vacancy. The committee advises on the Group's overall risk strategy current risk exposures and risk governance. The committee considers and approves the remit of the risk management function and reviews reports on material breaches of risk limits as well as the adequacy of remedial action. The committee also advises the Board on the risks aspects of proposed strategic transactions. The committee liaises with other Board committees as necessary.

Meeting attendance
Details of attendance by the Directors at Board and Committee meetings during the year are set out below:

First Mutual Properties Board

Director's Name	Meeting attended	No of meetings
E K Moyo	6	6
D Hoto	4	6
S Jogi (Dr)	5	6
W M Marere	6	6
E Mkondo	5	6
R B Ncube (Ms)	3	6
C K Manyowa	6	6
A Chidakwa (Dr)	3	6

First Mutual Properties Audit Committee

	Meetings attended	No of meetings
E Mkondo	4	4
S Jogi	3	4
R Kupara (Mrs)	4	4

Group Human Resources and Governance Committee	Meetings attended	No of meetings
S V Rushwaya	9	9
O Mtasa	9	9
E K Moyo	9	9

Group Investments Committee	Meetings attended	No of meetings
A R T Manzai	4	4
O Mtasa	3	4
A Chidakwa (Dr)	3	4
D Tomana (Mrs)	3	4

Group Board Risk Committee	Meetings attended	No of meetings
G Baines	4	4
E K Moyo	4	4

Works Council

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

Internal Control

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

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

Risk Management

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

The Group manages risks of all forms especially operational, market, liquidity, credit risks and project risks. These risks are identified and monitored through various channels and mechanisms. Emphasis is placed on continuous improvement of systems and ways of working through business process re-engineering as well as internal and external audits.
The internal audit and risk management functions have recently been separated and a new Risk Management Policy has been adopted First Mutual Properties Limited has its own internal Risk Management Committee. Furthermore a Group Risk Committee has been established at Board level. The new Board Risk Committee works closely with the other Board Committees particularly the Audit Committees to ensure that risk is minimised and to assess the adequacy of the internal controls making the necessary recommendations to the Board.

Social Responsibility

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

E K Moyo
Chairman

E Mkondo
Audit Committee Chairperson

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2019

GENERAL INFORMATION

Compliance Matters and Declarations

First Mutual Properties Limited (“the Company” and its subsidiary together, “the Group”) is committed to complying with applicable legal, regulatory and industry standards and will always seek to do what is lawful and right. Whenever the Group joins membership or adopts best practices that bring mandatory or voluntary obligations, constructive effort is made to ensure the business complies with such commitments. During the year, great effort was made to comply with the following laws and regulations:

- Companies Act (Chapter 24:03);
- Zimbabwe Stock Exchange Listing Requirements;
- Real Estate Institute of Zimbabwe (“REIZ”) Regulations;
- Estate Agency Council Regulations
- Valuers Council of Zimbabwe Regulations
- Public Accountants and Auditors Board Zimbabwe (“PAABZ”) Pronouncements;
- Securities and Exchange Commission of Zimbabwe (“SECZIM”);
- Income Tax Act;
- Exchange Control Act ;
- Environmental Management Act Chapter (20:27); and
- Regional, Town and Country Planning Act Chapter(29:12).

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

1 SHARE CAPITAL

The authorised and issued share capital of First Mutual Properties Limited is as follows:
Authorised 2 000 000 000 ordinary shares with a nominal value of ZWL0.001 each (2019: 2 000 000 000 Ordinary Shares). Issued and fully paid 1 238 157 310.
Ordinary share of ZWL0.001 each 1 238 157 310 ordinary share with a nominal value of ZWL0.001 each (2019: 1 238 157 310 ordinaryshares).
The share capital at the reporting date is ZWL1 238 157 (2018: ZWL1 238 157) and share premium ZWL nil (2018: ZWL nil).

2 GROUP RESULTS

First Mutual Properties Limited (the “Company”) and its subsidiary (together, the “Group”) financial results for the year are shown as part of the consolidated financial statements on pages 52 to 102. All figures are stated in Zimbabwe dollars.

3 DIVIDEND

At a meeting held on 27 February 2020, the Board resolved that a final dividend of ZWL4 200 000 being 0.34 ZWL cents per share be declared from the profits for the year ended 31 December 2019. The dividend will be payable on or about 3 July 2020 to all shareholders of the Group registered at close of business on 3 June 2020. The shares of the company will be traded cum-dividend on the Zimbabwe Stock Exchange up to 29 May 2020 and ex-dividend as from 1 June 2020.

4 DIRECTORATE

4.1 As at 31 December 2019, the following were the Directors and Secretary of the Group:

Elisha K Moyo	Chairman	Non executive
Douglas Hoto	Director	Non executive
Shasekant Jogi (Dr)	Director	Non executive
William M Marere	Director	Non executive
Arnold Chidakwa (Dr)	Director	Non executive
Evlyn Mkondo	Director	Non executive
Ruth B Ncube	Director	Non executive
Christopher K Manyowa	Director	Managing Director
Sheila F Lorimer	Company Secretary	

5 DIRECTORS' INTEREST IN SHARES

As at 31 December 2019, the Directors held the following direct and indirect beneficial interests in the ordinary shares of First Mutual Properties Limited.

Directors	Direct Interest Number of shares	Indirect Interest Number of shares
Elisha K Moyo	Nil	Nil
Douglas Hoto	Nil	Nil
Shasekant Jogi (Dr)	Nil	Nil
William M Marere	Nil	Nil
Evlyn Mkondo (Ms)	Nil	Nil
Arnold Chidakwa (Dr)	Nil	Nil
Christopher K Manyowa	Nil	Nil
Ruth B. Ncube (Ms)	500	Nil

6 INDEPENDENT AUDITOR

The independent auditor of the Company, Messrs PricewaterhouseCoopers Chartered Accountants (Zimbabwe), hold office until the conclusion of the Annual General Meeting at which shareholders will be requested to approve their remuneration for the year ended 31December 2019 and to approve the appointment of the independent auditor for the ensuing year.

7 ANNUAL GENERAL MEETING

The twelfth Annual General Meeting of members will be held on 29 July 2020 in the atrium, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare.

By Order of the Board

E K Moyo
Chairman
Harare

S F Lorimer
Company Secretary
Harare

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES 31 DECEMBER 2019

Directors' Responsibilities

The Directors of the Company are responsible for maintaining adequate accounting records and for the preparation of financial statements that present fair and accurate information. The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and in a manner required by the Zimbabwe Companies Act (Chapter 24:03). In discharging this responsibility, the Group maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that transactions are executed and recorded in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

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

E K Moyo	C K Manyowa
Chairman	**Managing Director**

Compliance Matters and Declarations

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

- Companies Act Chapter (24:03);
- Zimbabwe Stock Exchange Listing Requirements;
- Real Estate Institute of Zimbabwe (“REIZ”) Regulations;
- Public Accountants and Auditors Board Zimbabwe (“PAABZ”) Pronouncements;
- Securities and Exchange Commission of Zimbabwe (“SECZIM”);
- Environmental Management Act Chapter (20:27); and
- Regional Town and Country Planning Act Chapter (29:12)

The reports contained herein are presented for compliance with legal regulatory provision and industry standards.

CERTIFICATION OF COMPLIANCE BY THE COMPANY SECRETARY

In my capacity as Company Secretary of First Mutual Properties Limited and it’s subsidiary companies, I confirm that in terms of the Zimbabwe Companies Act (Chapter 24:03) the Company lodged with the Registrar of Companies all such returns as are required of a public quoted company and private limited liability companies in terms of this Act and that all such returns are true correct and up to date.

S. Lorimer

Sheila F Lorimer
Company secretary

Sustainability Report
FOR THE YEAR ENDED 31 DECEMBER 2019

First Mutual Properties has taken a strategic position on sustainable property development and management in a way that creates long term value for society and the business. This approach helps us create an equilibrium of social, economic and environmental conditions that address our stakeholder needs and challenges.

Our key area of focus is to ensure we develop and manage eco-friendly properties. We intend to achieve this by maximising our operation's social benefits while minimising impacts on natural environment and the emission of pollutants. We want to manage and develop buildings that are eco-friendly while creating tenable value for the business.

To achieve this the Group adopted sustainability reporting using the Global Reporting Initiative ("GRI") Standards to strengthen sustainability management across the Group operations and building sustainable relations with stakeholders. These standards enable the business to measure, manage and be accountable for the sustainability impact of our operations and properties.

Our sustainability strategy will enhance the evaluation of properties, sustainable construction and management of environmental impacts, resource efficiency and sustainable procurement processes while we work towards the International Green Certification of our properties.

Sustainability management in our business

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

Stakeholder Engagement

Stakeholder engagement is a key in managing and improving our sustainability performance by continuously seeking to understand the needs of our stakeholders. We get insights into their thoughts about how we impact them. The engagement process provides us with a broad appreciation of the sustainability context in our business operating environment. This allows us to identify material risks and business opportunities. Stakeholder Engagement is a strategic pillar whose responsibility is shared by all employees of the Group.

First Mutual Properties Limited frequently engages its stakeholders who include external stakeholders such as customers, government, regulators, suppliers, investors, communities and internal stakeholders such as employees. The philosophy of the Group is to treat stakeholders as business partners who have a strategic role in risk management and providing insights into potential business opportunities.

Our Approach

Management is tasked with the responsibility of ensuring they pay attention to all matters of risk and opportunities which may be derived from stakeholders. This is informed by detailed profiling and understanding of our stakeholders' legitimate interests in our business products and services. The stakeholder profiling provides critical information on engagement, the frequency of engagement and response mechanism to each stakeholder group. Management continually seeks to understand the issues and concerns of stakeholders to inform how to best respond to any material concerns and improve the way the business operates.

Stakeholder	Key issues raised	FMP response to issues	Engagement Method
Employees / Staff	Employees form the foundation that ensures the business meets its strategic objectives and delivers shareholder value. **Issue Raised** • Salary Increments • Medical Insurance short falls • Personal growth of employees • Work life balance	Using and growing the skills of employees and retaining the best talent through reward and remuneration. **Initiatives** • Salary adjustments • Cost of living adjustments effected • Effective performance management implemented • Promotion of self-driven professional development • Staff wellness activities introduced	Electronic communication Employee updates Wellness days Training and development
Tenants	Maintaining client base and attracting new clients to sustain First Mutual Business. **Issues Raised** • Businesses encouraged to have a tenant portal system that can be used by tenants to view their accounts and raise queries • High electricity charges • Waste collection not done in time resulting in pollution	Providing tenants with space to thrive with high quality and prominently located physical infrastructure and associated property management services. **Initiatives** • Customer Relations Management System Implemented • Replacement of ordinary incandescent and mercury fluorescent lights with LED Lights which are energy savers • Secured board approval to install solar system in 2020 • Waste management centre was put up at Arundel Office Park	Personal interactions and meetings First Mutual Golf Classic Onsite Property teams
Suppliers	Provision of service which will preserve and enhance our properties. Late payments resulting in price variations.	Providing sustainable business and growth opportunities that are mutually beneficial Initiatives • Working with suppliers to ensure compliance • Robust supply chains that ensure suppliers are paid on time • Supporting indigenous business in Zimbabwe • Giving equal opportunities to all suppliers on the approve supplier list	Supplier meetings Contract meetings
Government and regulators	Provision of the regulatory framework which enables First Mutual Properties Limited to operate in an environment that provides reasonable certainty and is fair and transparent. Quarterly reporting expectation by ZSE. Declaration of value added tax (“VAT”) and income tax in the currency in which it has been earned at ZIMRA.	First Mutual Properties acts in a responsible ethical transparent and equitable manner. We released inflation adjusted results quarterly. Dedicated Group Compliance department that ensures compliance with laws and regulations. Ongoing engagements with tax consultants on tax related matters.	Tax legislation Formal responses on policy and regulation Workplace skills development plan
Shareholders and Potential Investors	Shareholders and investors expect sustainable returns on their invest-ments.	Management presents an effective growth strategy.	Annual reports Analyst briefings Annual general meetings
Communities	Enhance understanding of social economic and environment in which we operate.	Impacting the communities in which First Mutual Properties Limited operates in a positive manner.	CSR initiatives

SUSTAINABILITY REPORT(CONTINUED)
Materiality

The material topics presented in this report are informed by an assessment conducted last year. This involved an assessment of topics deemed significant to both internal and external stakeholders. The Group took a sectoral approach in evaluating material issues by looking at issues in the real estate sector in which our business activities are concentrated.

The sustainability team leaders identified a list of relevant sustainability topics for First Mutual Properties Limited and its subsidiaries. Material issues identified were categorised into economic, environmental and social themes. The following were identified as material topics to the Company and Stakeholders:

Economic	Environmental	Social
Economic value generated and distributed	Energy	Occupational Health and Safety
Payments to governments	Water	Employment Training
Defined benefits contributions	Emissions	Community Investment

REPORTING PRACTICE

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

Reporting Boundaries

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

Report Data

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

Report Period

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

Report Declaration

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

ECONOMIC PERFORMANCE

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

Management Approach

Management aims to optimise value creation for distribution to operations and various stakeholders in a sustainable manner. Our performance actively and promptly responds to government fiscal and monetary policies. Management ensures that value is distributed in a manner that considers the long term perspective of the business. To strengthen our economic impact we continue to improve portfolio diversification, managing maintenance and operating expenses and improving occupancy levels. The operating environment remains tough however we remain resilient.

Indicator	Unit	2019	2018
Value Generated	ZWL	23 565 453	8 076 571
Other income and interest	ZWL	13 130 744	486 030
Total Value Generated	**ZWL**	**36 696 197**	**8 562 601**

Economic Value Distribution			
Other operating costs	ZWL	(11 078 936)	(4 063 234)
Staff costs and benefits	ZWL	(4 476 165)	(1 541 059)
Fair value and related charges	ZWL	1 246 756 000	6 265 127
Depreciation and amortisation	ZWL	(47 428)	(27 575)
Allowance for credit losses	ZWL	(755 201)	(49 919)
Taxes	ZWL	(236 552 153)	(5 086 230)
Total Economic Value Distribution	**ZWL**	**993 846 117**	**4 502 890**
Value Added	**ZWL**	**1 030 542 314**	**4 059 711**

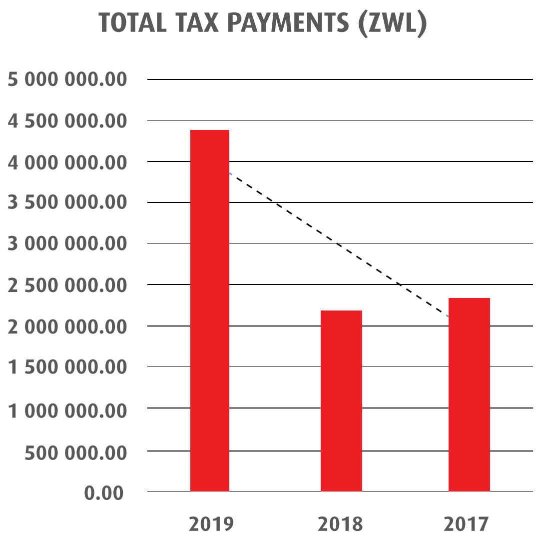
Defined Contribution Plan Obligations and Other Retirement Plans

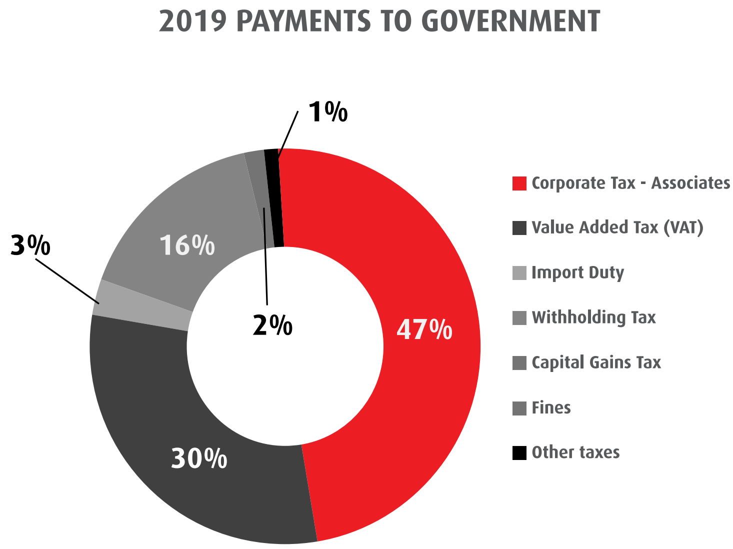
Preparing for life after work is often a daunting task for many employees. To ensure our employees have a dignified send-off and not to worry about financial demands we have invested in retirement plans. We want our employees and their families to know that we care for them even after they are no longer working for us. We ensure that employees have access to voluntary and statutory pension schemes. As 31 December 2019 95% of our employees are on the pension fund. The Group operates an employee pension scheme and contributes to a mandatory national social security fund During the year our pension contribution was as follows:

	2019 (ZWL)	2018 (ZWL)
Pension Contribution	128 179	81 000

Tax Payments and Strategy

The Group makes payments to the government through taxes. These payments help the government address important development issues and support sustaining the infrastructure in our business operating environment. We believe that transparency in payments we make to government is a fundamental ethical and good business practice. At First Mutual Properties Limited, our tax strategy is to regard paying taxes as business culture. As such, we have systems in place that help the Group to monitor all tax obligations and ensure compliance with all applicable tax laws and regulations. Regularly, we engage tax authorities in Zimbabwe on tax developments to ensure we are well informed. During the year our payment to the government was as follows:





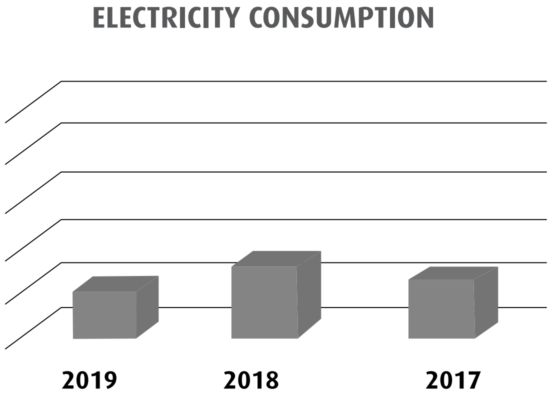
	2019	2018	2017
Total tax payments (ZWL)	4 386 597	2 194 896	2 349 000

Environmental Impact

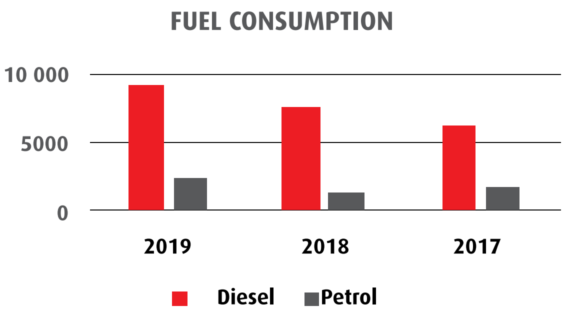
First Mutual Properties Limited as property developers and managers are committed to minimisng environmental impacts. We place a high value on lowering the environmental impacts of our buildings as this creates value for our stakeholders. We will achieve this by monitoring our operations to ensure efficient use of environmental resources such as energy and water which contributes to operational efficiency and long term sustainability of the Group. The Group always emphasises on environmental impact consideration to any contractors during the construction of properties. Also taking a futuristic look at the life cycle of our buildings and the reuse of materials and furniture from our buildings we believe this will stimulate innovation and help us achieve our sustainability goals.

Energy Consumption

Energy is a significant element of our operations. Primary use relates to water, heating, lighting, equipment/appliance use and space heating among other uses. Realising that our business operates in an environment in which energy is a constraint management prioritises energy efficiency within our operations. Generally, our properties depend on grid electricity as the predominant form of consumed energy though onsite fuel combustion serves an important role. This makes energy consumption a significant cost for us. The Group continues to develop energy efficiency practices and reduces dependence on non-renewable energy. We believe building energy efficiency is a notable driver for tenant demand as it allows them to control operating costs reduce contribution to climate change and maintain a reputation for resource conservation. In our offices management encourages all staff members to ensure power is switched off in non-core areas to save energy and ensure they embark on initiatives like carpooling which can help us to save fuel. Our energy consumption.



Energy Consumption	Unit	2019	2018	2017
Electricity	Mwh	2 041	2 876	2 707



Fuel Consumption	Unit	2019	2018	2017
Diesel	Litres	9 300	7 580	6 480
Petrol	Litres	2 310	1 465	1 900

Energy saving through bulb replacement

In light of the rising cost of electricity and stakeholder's concerns we, replaced ordinary incandescent and mercury fluorescent with LED lights which are energy savers. This was done for all First Mutual properties in Bulawayo, office park and First Mutual properties in Mutare.

Vision towards Solar

The Group during the year engaged with the First Mutual Board to decide on the issue of solar installation across our buildings this comes at a time the Group is seeking to manage its operational costs, and the carbon footprint of its buildings. The board has approved the solar project which has been earmarked for 2020.

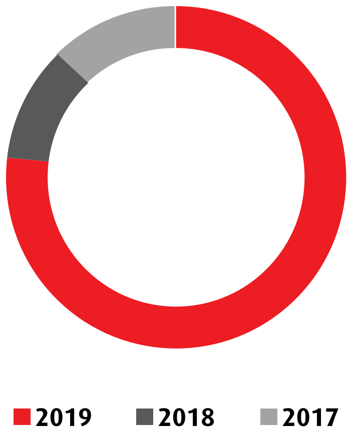
Water management

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

Water withdrawal by Source

Our main sources of water withdrawal are borehole and municipal water which cater to our water requirements in maintaining our premises and facilities. We appreciate that we cannot run our facilities without water and we ensure that the resource is efficiently managed.

MUNICIPAL WATER CONSUMPTION



2019 Property Services Initiatives

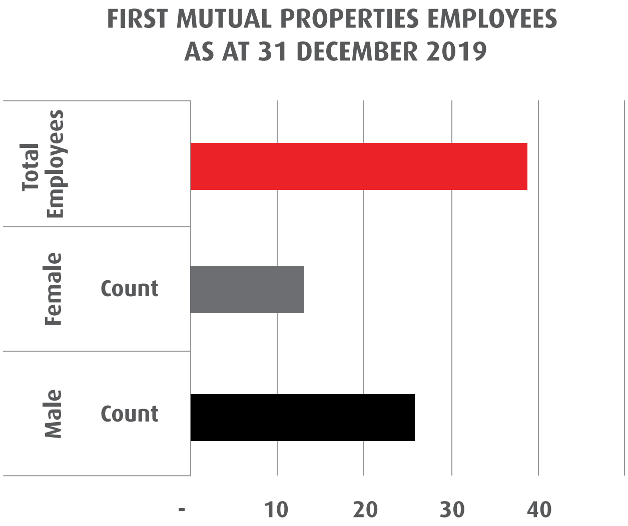
Initiatives	Purpose of the initiative	Target beneficiaries
Customer Relationship Management	Improving tenant satisfaction	All tenants
Energy Saver Bulb Replacement	Replace all bulbs with LED lights as recommended by Government through Statutory Instrument 21 of 2017.	All tenants
2020 Solar Installation Project	Group's strategic thrust to pursue sustainable energy on our building providing clean and reliable energy in our properties and participating in the global initiative to reduce carbon emission through sustainable and renewable energy.	Tenants at First Mutual Park and Arundel Office Park
Waste Management	Cage processing to collect recyclable cans, bottles, plastic bottles, paper etc.	All tenants and the environment pollution management

Social Impact

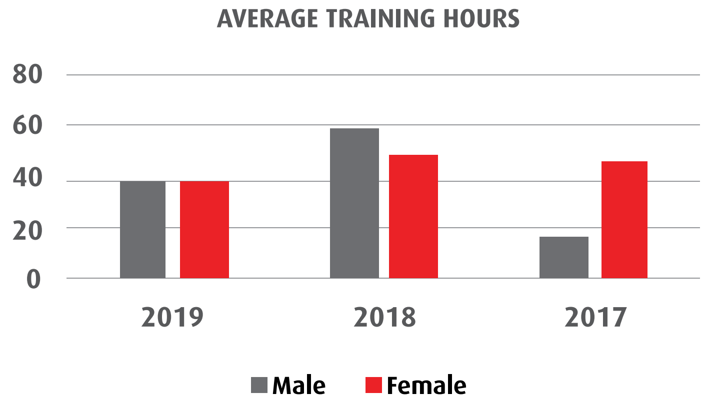
The Group's social impacts strategy provides opportunities for engaging with our employees, communities and customers to build shared values. The Group's strategy for social impacts is focused on human capital management, community investments, and employee corporate social responsibility. This allows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

Human Capital Management

Our employees are central to how we deliver value to our stakeholders and sustaining our corporate brands. In light of the radical economy and technological advancement our employees remain a significant core element of our business. As such we seek to be an attractive employer where everyone aspires to work. Group management provides an exciting working environment supported by prospects for professional development. We continue to provide employment opportunities and equal opportunities across society. During the year our employees base was as follows:



New Employees	Unit	2019	2018	2017
Male	Count	1	2	4
Female	Count	-	2	1
Total		1	4	5



Gender	Unit	2019	2018
Male	Hours	39	59
Female	Hours	39	49

Community Investments

First Mutual Properties Limited is committed to sustainable development and empowerment within communities. As part of the First Mutual Holdings Limited Corporate Social Responsibility Programme initiative through the First Mutual Foundation, First Mutual Properties Limited contributes a portion towards educational assistance to children from economically challenged backgrounds. The foundation assists selected children ranging from primary school through to university level although there will be a deliberate emphasis at university level on students studying towards insurance and actuarial degrees. As part of the First Mutual Holdings Limited Group, we also take part in supporting other community development related needs that uplift the standards of life and societal well-being across the country During the year under review we contributed ZWL14 182 towards community investments conducted under First Mutual Holdings Limited.

Activities

- Raised ZWL10 000 towards cyclone IDAI
- Participated in Cyclone IDAI fundraising Golf day
- Paid school fees for orphans through the First Mutual Foundation and Bantwana Trust
- Participated in various national clean up campaigns

SUSTAINABLE DEVELOPMENT

At First Mutual Properties Limited, we value the contribution of our buildings to the wellbeing and comfort of our tenants. We strive to ensure that our buildings offer fulfilment and focus on managing any elements which threaten our tenants' safety and health. We understand that we live during times where expectations have changed and tenants want properties that present a safe environment where hospitality and peace of mind take centre stage. We must take note of these changes to drive tenant satisfaction. We continue to foster stakeholder engagement to ensure we align our spaces to our client's needs. We seek to ensure our buildings are attractive by ensuring they coexist with green spaces these can be in the form of green gardens and aquariums run as part of our properties. First Mutual Properties believes these efforts will contribute to the wellbeing of our tenants attracting more business to the Group and improving our brand im age. We also seek to ensure our building meets local and international building standards so that the atmosphere in our properties does not threaten tenant's safety and health. These efforts will also illustrate how we contribute to the goal number eleven (11) of the Sustainable Development Goals of making cities and human settlements inclusive, safe, resilient and sustainable. This is an area where we can make a significant impact on addressing a global problem of human settlement. As such sustainability wil be a huge pillar in strengthening this goal.

RESPONSIBLE MARKETING

As we engage with our clients we try by all mean to ensure we communicate the true state of our properties and services in manner that is not offensive or misleading. This can be in the form of adverts which misrepresents our properties, as green buildings, when they are nor or marketing which lacks respects or promotes bad behaviour such as child labour.

MEMBERSHIPS AND BUSINESS ASSOCIATION

Senior management staff for First Mutual Properties are members of the following:

- Estate Agents Council of Zimbabwe;
- Real Estate Institute of Zimbabwe;
- Valuers Council of Zimbabwe; and
- Zimbabwe Institute of Regional & Urban Planners

RISK MANAGEMENT

Our Strategy

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

The function of our Group Risk Management includes:

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

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

Management Approach

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

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

Financial Risk Management

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

Operational and Business Related Risk Management

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

DECLARATION BY HEAD OF FINANCE 31 DECEMBER 2019

The financial statements on pages 52 to 102 have been prepared under the supervision of the Head of Finance Tendai Mutizwa CA (SA) a member of the Institute of Chartered Accountant of South Africa registered with the Public Accountants and Auditors Board

Head of Finance : Tendai Mutizwa Chartered Accountant (South Africa) Public Accountants and Auditors Board Registration Number 20017952

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of First Mutual Properties Limited

Our adverse opinion

In our opinion, because of the significance of the matter discussed in the Basis for adverse opinion section of our report, the financial statements do not present fairly the financial position of First Mutual Properties Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2019, and the financial performance and cash flows of the Group for the year ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

First Mutual Properties Limited's consolidated financial statements, set out on pages 52 to 102, comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies; and
- the accompanying statement of financial position of the Company standing alone as at 31 December 2019.

Basis for adverse opinion

On 1 October 2018, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement ("MPS") that directed a separation of Foreign Currency Bank Accounts ("FCAs") into two categories, Nostro FCAs and the Real Time Gross Settlement ("RTGS FCA"). The Nostro FCAs were to hold individual foreign currencies permissible in Zimbabwe's multi-currency economy at the time. The RTGS FCA, mobile money, bond notes and coins would be held at the same value as the US$. As described in note 2.2 of the consolidated financial statements, during the prior financial year, and for the period 1 January 2019 to 22 February 2019, the Group and Company transacted using a combination of the Nostro FCAs and RTGS FCA, mobile money, bond notes and coins. In terms of International Accounting Standard 21 - The Effects of changes in foreign exchange rates ("IAS 21"), these payment methods would have been considered as separate currencies to be translated for financial reporting purposes to the functional and presentation currency of the Group and Company at appropriate exchange rates. However, in order to comply with the legislation as described in note 2.2 to the financial statements, the RTGS transactions and balances in the financial statements for the prior financial year, are reflected at parity with the US$. The Group and Company, as described in note 2.2, changed its functional currency on 22 February 2019 to comply with legislation, which is not in compliance with IAS 21, which would have required a functional currency change on 1 October 2018.

In addition, foreign currency denominated transactions and balances of the Group were translated into ZWL using the interbank rate which is not considered an appropriate spot rate for translation as required by IAS 21.

Had the consolidated financial statements been prepared in accordance with the requirements of IAS 21, many elements in the accompanying consolidated financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated financial statements.

As described in note 2.1 to the consolidated financial statements, the Public Accountants and Auditors Board issued a pronouncement that required companies to apply the requirements of IAS 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29") in the preparation and presentation of its financial statements for financial periods ending on or after 1 July 2019. The misstatements described in the paragraph above affect the historical cost amounts which enter into the calculation of the inflation adjusted amounts. Had the underlying historical consolidated financial statements been prepared in accordance with the requirements of IAS 21, and then inflation adjusted in accordance with IAS 29, many elements in the accompanying consolidated financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated financial statements.

Furthermore, as disclosed in note 2.5, note 3.1.1 and note 6, the Group and Company performed valuation of investment property as at 31 December 2019. Valuations rely on observable and sufficiently frequent historical transactional market evidence. Monetary policy changes, specifically Statutory Instrument 142 of 2019, which introduced the Zimbabwe dollar ("ZWL") as the sole legal tender effective 24 June 2019, resulted in a limited period for observable transactional evidence. Unobservable inputs include capitalisation rates and vacancy rates. In addition, the valuation was undertaken in an unstable economic environment which is characterised by rising inflation, liquidity problems, hard currency shortages and frequent monetary policy changes, and presented the limitations explained below.

Market evidence for capitalisation rates in ZWL did not exist at 31 December 2019 for purposes of the valuation of commercial and industrial properties using the income capitalisation method. For residential properties and land, in order to determine the ZWL values of the investment property at 31 December 2019, US$ inputs were used and then translated into ZWL using the closing interbank exchange rate. The application of a conversion rate to US$ valuation inputs to calculate ZWL property values is not an accurate reflection of market dynamics, as the risks associated with currency trading do not reflect the risks associated with property trading.

There were no further audit procedures that we could have performed to obtain sufficient and appropriate audit evidence regarding the valuation of the investment property. As a result, we were unable to determine whether any adjustments would be required in respect of the recorded fair value of investment properties.

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 financial statements section of our report.

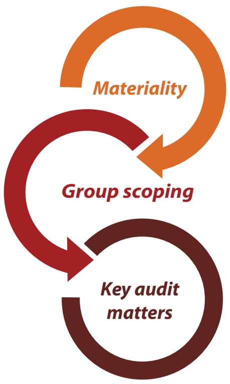
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Our audit approach

Overview



Overall group materiality
ZWL 797 245 which represents 5% of inflation adjusted consolidated profit before income tax, adjusted for fair value adjustments on investment properties.
Group audit scope
We conducted full scope audits for the Company and its operating subsidiaries based on their full financial significance to the Group. The Group audit team was involved in the audit of all components.
Key audit matters
• Allowance for expected credit losses.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	ZWL 797 245
How we determined it	5% of inflation adjusted consolidated profit before income tax, adjusted for fair value adjustments on investment properties.
Rationale for the materiality benchmark applied	We chose inflation adjusted consolidated profit before income tax as the benchmark. Profit before income tax is the most commonly used benchmark against which the performance of profit-oriented entities in the industry are measured by users and is a generally accepted benchmark. However, in the current period fair value adjustments were not representative of the normal gains / losses and fluctuated due to the change in currency, hence these were considered unusual and adjusted for. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements are a consolidation of the Company and its two subsidiaries, Arundel Office Park (Private) Limited and Sticklip Enterprises (Private) Limited. The Company and its subsidiaries all of which are incorporated in Zimbabwe, were subjected to full scope audits based on their financial significance to the Group. The group audit team performed the audit of all the components of the Group

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses on trade receivables	
The allowance for expected credit losses on trade receivables was considered to be a matter of most significance to our current year audit due to the magnitude of the trade and other receivables balance and the judgement applied in the determination of the allowance for credit losses. Trade receivables comprise tenant receivable balances, tenant operating cost recoveries and property sales receivables. As at 31 December 2019, the Group recognised net trade receivables of ZWL 4,176,976 (Company : ZWL 4,181,533), which included an allowance for expected credit losses of ZWL 2,353,486 (of which ZWL 1,577,359 relates to the Company). The Group applies the simplified approach under IFRS 9 - Financial Instruments ("IFRS 9") to measure expected credit losses ('ECLs') on trade receivables. Under this approach, a credit loss allowance equal to the lifetime ECL is recognised at reporting date. To measure the ECL, trade receivables have been grouped based on shared credit characteristics and days past due. The expected credit loss rates assigned to each group of trade receivables are based on historical credit loss rates adjusted to reflect current and forward-looking information on macroeconomic factors which could affect the ability of the customer to settle the outstanding amount. Factors such as the occupancy status of the tenant, length of time of non-payment and efforts undertaken to recover amounts that are past due are taken into account in determining the historical loss rates. Refer to the following sections in the consolidated financial statements that relate to this key audit matter: • Note 2.8.1 (iv) relating to impairment of financial assets, • Note 3.1.2 relating to the significant estimates and assumptions applied in determining the allowance for credit losses, • Note 4.1 relating to credit risk, • Note 11 relating to trade and other receivables.	Through inquiry of management and inspection of the Group's policies, we obtained an understanding of the Group's processes relating to the estimation of the allowance for credit losses on trade receivables. We inspected management's policy for calculating the allowance for ECLs on trade receivables and assessed it for appropriateness in line with the requirements of IFRS 9. We tested the application of management's methodology by obtaining management's allowance for expected credit losses computations for trade receivables and assessed the reasonableness of management's estimation process used with regards to the assessment of the credit quality of trade receivables, using the following broad criteria: • occupancy status of the tenant; • length of period of non-payment or adherence to agreed payment plans; • analysis of results of collection efforts undertaken so far in order to recover the amounts that are past due through inspection of subsequent receipts from tenants, consideration of adherence to payment plans that were in place, and through inspection of lawyer's confirmations in instances where customers have been handed over; • liquidity, solvency and past payment status of the tenant; and • security arrangements in place. On a sample basis we tested the ageing of the trade receivables. We verified the mathematical accuracy of the computation and considered its accuracy against the provisioning criteria set out in the methodology.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "First Mutual Properties Limited 2019 Annual Report". The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for adverse opinion section above, the financial statements contain material misstatements with respect to the application of IAS 21 and its consequent effects on the hyperinflationary adjustments made in terms of IAS 29, as well as the valuation of investment property. We have concluded that the other information is materially misstated for the same reasons, with respect to the amounts or other items in the other information affected by these matters.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required the Zimbabwe Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and the 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 / or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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 If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for adverse opinion section above, the financial statements contain material misstatements with respect to the application of IAS 21 and its consequent effects on the hyperinflationary adjustments made in terms of IAS 29, as well as the valuation of investment property. We have concluded that the other information is materially misstated for the same reasons, with respect to the amounts or other items in the other information affected by these matters 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 the 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 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 / or Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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.

Clive K Mukondiwa
Registered Public Auditor
Public Accountants and Auditors Board Public Auditor Registration Number 0439
Institute of Chartered Accountants of Zimbabwe Public Practice Certificate Number 253168 Partner for and on behalf of PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

6 July 2020

Harare, Zimbabwe

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Inflation adjusted		Historical cost	
All figures in ZWL	**Notes**	**2019**	**2018**	**2019**	**2018**
ASSETS					
Non-current assets					
Investment property	6	1 392 132 336	907 737 650	1 392 132 336	146 150 000
Vehicles and equipment	8	1 315 371	1 425 577	197 409	178 618
Financial assets at fair value through profit or loss	10	472 230	1 024 532	472 230	164 947
Financial assets at amortised cost	9	390 498	3 685 329	390 498	593 327
		1 394 310 435	**913 873 088**	**1 393 192 473**	**147 086 892**
Current assets					
Inventories		196 197	196 016	99 755	22 189
Tax receivables		198 927	3 784 228	198 927	609 249
Trade and other receivables	11	7 847 563	7 098 129	7 847 563	1 142 778
Cash and cash equivalents	12	18 141 142	3 485 709	18 141 142	561 190
		26 383 829	**14 564 082**	**26 287 387**	**2 335 406**
Total assets		**1 420 694 264**	**928 437 170**	**1 419 479 860**	**149 422 298**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Ordinary share capital	13	10 467 921	10 489 558	1 198 166	1 218 148
Retained earnings		1 150 668 448	803 293 247	1 159 574 416	129 762 102
Total shareholders' equity		**1 161 136 369**	**813 782 805**	**1 160 772 582**	**130 980 250**
Non-current liabilities					
Deferred tax liabilities	14	**250 655 041**	**103 899 720**	**250 378 797**	**16 710 582**
		250 655 041	**103 899 720**	**250 378 797**	**16 710 582**
Current liabilities					
Borrowings	15	-	569 361	-	91 665
Trade and other payables	16	8 738 242	10 185 284	8 163 870	1 639 801
Current income tax liability		164 612	-	164 611	-
		8 902 854	**10 754 645**	**8 328 481**	**1 731 466**
Total liabilities		**259 557 895**	**114 654 365**	**258 707 278**	**18 442 048**
Total equity and liabilities		**1 420 694 264**	**928 437 170**	**1 419 479 860**	**149 422 298**

The notes on pages 58 to 102 are an integral part of the financial statements

The financial statements were authorised for issue by the Board of Directors on 27 February 2020 and signed on its behalf by:

CHAIRMAN
E K MOYO

MANAGING DIRECTOR
C K MANYOWA

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Inflation adjusted		Historical cost	
All figures in ZWL	**Notes**	**2019**	**2018**	**2019**	**2018**
ASSETS					
Non-current assets					
Investment property	6	706 308 372	559 932 585	706 308 372	90 147 479
Investments in subsidiaries	7	291 051 522	291 051 522	46 858 428	46 858 428
Vehicles and equipments	8	1 315 371	1 425 577	197 409	178 618
Financial assets at amortised cost	9	390 498	3 685 329	390 498	593 327
Financial assets at fair value through profit or loss	10	472 230	1 024 532	472 230	164 947
Total non-current assets		**999 537 993**	**857 119 545**	**754 226 937**	**137 942 799**
Current assets					
Inventories		196 197	196 016	99 755	22 189
Current income tax receivable		-	3 784 228	-	550 238
Trade and other receivables	11	6 714 561	10 404 631	6 714 561	1 675 115
Cash and cash equivalents	12	5 185 468	3 171 072	5 185 468	510 533
Total current assets		**12 096 226**	**17 555 947**	**11 999 784**	**2 758 075**
Total assets		**1 011 634 219**	**874 675 492**	**766 226 721**	**140 700 874**
EQUITY AND LIABILITIES					
Ordinary share capital	13	10 467 921	10 489 558	1 198 166	1 218 148
Retained earnings		827 253 529	786 214 826	591 401 047	126 946 573
Total shareholders' equity		**837 721 450**	**796 704 384**	**592 599 213**	**128 164 721**
Non-current liabilities					
Deferred tax liabilities	14	166 238 813	68 701 619	165 962 569	11 043 793
		166 238 813	**68 701 619**	**165 962 569**	**11 043 793**
Current liabilities					
Borrowings	15	-	569 361	-	91 665
Trade and other payables	16	7 673 956	8 700 128	7 664 939	1 400 695
		7 673 956	**9 269 489**	**7 664 939**	**1 492 360**
Total liabilities		**173 912 769**	**77 971 108**	**173 627 508**	**12 536 153**
Total equity and liabilities		**1 011 634 219**	**874 675 492**	**766 226 721**	**140 700 874**

The notes on pages 58 to 102 are an integral part of the financial statements

The financial statements were authorised for issue by the Board of Directors on 27 February 2020 and signed on its behalf by:

CHAIRMAN
E K MOYO

MANAGING DIRECTOR
C K MANYOWA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		Inflation adjusted		Historical cost	
All figures in ZWL	**Notes**	**2019**	**2018**	**2019**	**2018**
ASSETS					
Revenue	17	58 108 522	65 760 899	23 995 974	8 076 571
Allowance for credit losses	18	(755 201)	(339 958)	(755 201)	(54 732)
Property expenses	19	(14 043 704)	(15 775 912)	(6 746 842)	(1 987 615)
Net property income		**43 309 617**	**49 645 029**	**16 493 931**	**6 034 224**
Employee related expenses	20	(10 252 379)	(12 154 583)	(4 476 165)	(1 541 059)
Other expenses	21	(10 474 983)	(17 242 512)	(4 378 316)	(2 048 644)
Net property income after administration expenses		**22 582 255**	**20 247 934**	**7 639 450**	**2 444 521**
Fair value adjustments	22	484 725 688	(296 820 709)	1 246 756 000	6 265 127
Other income	23	20 575 324	2 438 390	12 446 207	296 946
Finance income	24	785 808	1 552 989	254 016	189 084
Finance costs	25	(4 181)	(444 338)	(1 206)	(52 635)
Net monetary gain / (loss)		(27 994 304)	320 659 885	-	-
Profit before income tax		**500 670 590**	**47 634 151**	**1 267 094 467**	**9 143 043**
Income tax expense	26	(149 639 257)	(24 464 295)	(236 552 153)	(5 083 332)
Profit for the year		**351 031 333**	**23 169 856**	**1 030 542 314**	**4 059 711**
Other comprehensive income for the year		**-**	**-**	**-**	**-**
Total comprehensive profit for the year		**351 031 333**	**23 169 856**	**1 030 542 314**	**4 059 711**
Attributable to:					
-Owners of the parent		351 031 333	23 169 856	1 030 542 314	4 059 711
Profit for the year		**351 031 333**	**23 169 856**	**1 030 542 314**	**4 059 711**
Basic and diluted earnings per share	27	0.28	0.02	0.83	0.0033

The notes on pages 58 to 102 are an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

		Inflation Adjusted Attributable to owners of the parent		
All figures in ZWL	**Notes**	**Ordinary Shares**	**Retained earnings**	**Shareholders' equity**
Balance as at 01 January 2018		10 661 856	786 409 472	797 071 323
Profit for the year		-	23 169 856	23 169 856
Total comprehensive income for the year		**-**	**23 169 856**	**23 169 856**
Transactions with owners in their capacity as owners:				
Acquisition of treasury shares		(172 298)	-	(172 298)
Dividend declared and paid		-	(6 286 081)	(6 286 081)
Balance as at 31 December 2018		**10 489 558**	**803 293 247**	**813 782 805**
Balance as at 01 January 2019		10 489 558	803 293 247	813 782 805
Profit for the year		-	351 031 333	351 031 333
Transactions with owners in their capacity as owners:				
Acquisition of treasury shares		(21 637)	-	(21 637)
Dividend declared and paid		-	(3 656 132)	(3 656 132)
Balance as at 31 December 2019		**10 467 921**	**1 150 668 448**	**1 161 136 369**

The notes on pages 58 to 102 are an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

		Historical cost		
		Attributable to owners of the parent		
	Notes	**Ordinary Shares**	**Retained earnings**	**Shareholders' equity**
All figures in ZWL				
Balance as at 1 January 2018		1 238 157	126 432 391	127 670 548
Profit for the year		-	4 059 711	4 059 711
Total comprehensive income for the year		**-**	**4 059 711**	**4 059 711**
Transactions with owners in their capacity as owners:				
Acquisition of treasury shares		(20 009)	-	(20 009)
Dividend declared and paid		-	(730 000)	(730 000)
Balance as at 31 December 2018		**1 218 148**	**129 762 102**	**130 980 250**
Balance as at 01 January 2019		1 218 148	129 762 102	130 980 250
Profit for the year		-	1 030 542 314	1 030 542 314
Total comprehensive income for the year		-	1 030 542 314	1 030 542 314
Transactions with owners in their capacity as owners:				
Acquisition of treasury shares		(19 982)	-	(19 982)
Dividend declared and paid		-	(730 000)	(730 000)
Balance as at 31 December 2019		**1 198 166**	**1 159 574 416**	**1 160 772 582**

The notes on pages 58 to 102 are an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Inflation adjusted 2019	Inflation adjusted 2018	Historical cost 2019	Historical cost 2018
All figures in ZWL					
Cash flows from operating activities					
Profit before income tax		500 670 590	47 634 151	1 267 094 467	9 143 043
Adjustment for non-cash items:					
Depreciation	8	374 993	285 342	47 428	27 703
Finance costs	25	4 181	444 338	1 206	52 635
Allowance for credit losses	18	755 201	339 958	755 201	54 732
Fair value adjustments	22	(484 725 688)	296 820 709	(1 246 756 000)	(6 265 127)
Net investment income realised		552 302	-	(307 283)	-
Finance income	24.1	(785 808)	(1 552 989)	(254 016)	(189 084)
Exchange (gain)		(17 237 746)	-	(11 159 733)	-
Provision for non deductible expenses		-	2 313 900	-	372 531
Net monetary effect on non-operating activities and income tax		27 994 304	(320 659 885)	-	-
Profit from disposal of investment property	23	(2 032 044)	-	(129 795)	-
Profit from disposal of vehicles and equipment		(1 202)	-	(270)	-
Cash flows generated from operating activities before working capital adjustments		**25 569 083**	**25 625 524**	**9 291 204**	**3 196 433**
Working capital adjustments					
(Increase)/decrease in trade and other receivables		(1 504 634)	13 962 591	(7 434 488)	857 139
(Increase)/decrease in inventory		(181)	66 320	(77 566)	1 517
Increase/(decrease) in trade and other payables		(1 447 041)	(9 849 866)	6 524 070	(163 281)
Cash flow from operating activities after working capital adjustments		**22 617 227**	**29 804 569**	**8 303 220**	**3 891 808**
Finance cost paid	25	(4 181)	(444 338)	(1 206)	(52 635)
Income tax paid	26.2	(3 350 816)	(9 241 446)	(2 081 534)	(1 178 886)
Net cash generated from operating activities		**19 262 230**	**20 118 785**	**6 220 480**	**2 660 287**
Cash flows from investing activities					
Additions to investment property	6	-	(18 584 647)	-	(2 158 228)
Improvements to investment property	6	(847 097)	(2 321 937)	(312 336)	(269 646)
Purchase of vehicles and equipment	8	(267 712)	(821 762)	(66 558)	(102 394)
Proceed on disposal of property plant and equipment		3 702	-	1 656	-
Proceed on disposal of investment property		3 210 143	-	1 215 795	-
Maturity/(Issuance) of long term investments		535 542	-	202 829	-
Interest on investments		-	1 552 989	-	189 084
Net cash generated from / (used in) investing activities		**2 634 578**	**(20 175 357)**	**1 041 386**	**(2 341 184)**
Cash flows from financing activities					
Repayment of borrowing	15	(514 140)	(8 972 234)	(91 665)	(1 100 000)
Repurchase of treasury shares		(21 637)	-	(19 982)	-
Dividends paid to Company's shareholders		(3 248 779)	(6 286 081)	(730 000)	(730 000)
Net cash used in financing activities		**(3 784 556)**	**(15 258 315)**	**(841 647)**	**(1 830 000)**
Inflation effect on cashflows		(20 694 565)	957 707	-	-
Net (decrease) / increase in cash and cash equivalents		**(2 582 313)**	**(14 357 180)**	**6 420 219**	**(1 510 898)**
Cash and cash equivalents at the beginning of the year		3 485 709	17 842 889	561 190	2 072 088
Effects of changes in foreign currency		17 237 746	-	11 159 733	-
Cash and cash equivalents at end of the year		**18 141 142**	**3 485 709**	**18 141 142**	**561 190**

The notes on pages 58 to 102 are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 GENERAL INFORMATION

First Mutual Properties Limited (“the Company”) and its subsidiary (together “the Group”) principal activities are property investment development and management. The Company and its subsidiary are incorporated and domiciled in Zimbabwe. The Company is a public limited company which is listed on the Zimbabwe Stock Exchange and its parent company is First Mutual Holdings Limited which is also listed on the Zimbabwe Stock Exchange. The registered office of the Company is First Floor First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare, Zimbabwe.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) in the manner required by Zimbabwe Companies Act (Chapter 24:03).

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”)and IFRS interpretations Committee (“IFRS IC”) interpretations applicable under IFRS and in a manner required by the Zimbabwe Companies Act (Chapter 24:03) except for the non-compliance with International Accounting Standards (“IAS”) 21, The effects of changes in foreign exchange rates and IAS 29 Financial reporting in hyper inflationary economies. The financial statements are based on statutory records that are maintained under historical cost convention except for investment property and financial assets at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement of areas that are complex or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Inflation adjustment

IAS 29 Financial Reporting in Hyperinflationary Economies” requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date. On 11 October 2019, the Public Accountants and Auditors Board (the “PAAB”) issued pronouncement 01/2019 which advised that there was a broad market consensus within the accounting and auditing professions that the factors and characteristics to apply the IAS 29 Financial Reporting in Hyper inflationary Economies Standard in Zimbabwe have been met First Mutual Properties Limited has therefore complied with this consensus and has applied IAS 29 accordingly. The restatement has been calculated by means of conversion factors derived from the consumer price index (“CPI”) prepared by the Zimbabwe Central Statistical Office.

Historical cost accounting

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

Restatement of non-monetary items.

Items in the statement of comprehensive income

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

Items in the statement of financial position

Investment property

Investment property was revalued as at 31 December 2019. For the comparative year the carrying amount was inflation adjusted and this was compared to the valuation carried out at year end.

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

Property and equipment
Vehicles and equipment purchased in September 2018 and earlier carried a USD value cost hence it was first been translated to a ZWL value as at 30 September 2018 using a rate of 1:1. Additions during the year ended 31 December 2019 were restated using the conversion factors prevailing in the month of purchase.

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

2.2 Foreign currency translation

(a) Functional and presentation currency

The Company changed its functional currency from United States of America Dollar (”USD”) to Zimbabwe Dollar (”ZWL”) on 22 February 2019 following promulgation of Statutory Instrument 33 of 2019 (”SI33”). However for the purposes of financial reporting transactions that happened between 1 January 2019 and 22 February 2019 were converted to ZWL using the rate of USD1:ZWL2.5 in the statement of comprehensive income, Statement of financial position items in USD were converted to ZWL applying IAS21. The Group has consistently used its functional currency as the presentation currency and has therefore also changed its presentation from USD to ZWL. The change in functional and presentation currency has been applied prospectively in line with IAS 21. In the prior period, from 1 January 2018 to 30 September 2018 transactions with bond notes and coins and Real Time Gross Settlement (“RTGS”) balances were officially pegged to the USD at an official rate of 1:1. On 1 October 2018 the official seperation of RTGS balances and USD was effected.

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

2.3 New standards interpretations and amendments

2.3.1 New standards interpretations and amendments effective for the first time for 31 December 2019 year ends that are relevant to the Group and Company

IFRS 16 ‘Leases’
This standard replaced the guidance previously given under IAS 17 Lease and is a far reaching change in accounting by lessees in particular Under IAS 17 lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet), IFRS 16 now requires lessees to recognise lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts) lessors will also be affected by the new standard.

At the very least the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16 a contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 supersedes IAS 17 'Leases' IFRIC 4 'Determining whether an arrangement contains a lease' SIC 15 'Operating leases – incentives' and SIC 27 'Evaluating the substance of transactions involving the legal form of a lease'.

The Group did not make any adjustments to the accounting of assets held as lessor under operating leases as a result of the adoption of IFRS 16 Management concluded that the adoption of IFRS 16 did not have any significant impact on the Group's accounting policies of assets since there were no arrangements in which the Group had been using assets leased from other parties. The adoption of IFRS 16 did not require any adjustments to the amounts recognised in relation to assets held by First Mutual Properties Limited as lessor under operating leases.

IFRIC 23 'Uncertainty over income tax treatments'

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group has applied IFRIC 23 requirements as from 1 January 2019, however, the amendements did not have any impact on the amount recognised in the prior periods and are not expected to significantly affect the current or future period.

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies changes in accounting estimates and errors' on the definition of material.

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:
a) use a consistent definition of materiality through IFRS and the Conceptual Framework for Financial Reporting;
b) clarify the explanation of the definition of material; and
c) incorporate some of the guidance in IAS 1 about immaterial information

The amended definition is:

"Information is material if omitting misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendment is effective annual periods beginning on or after 1 January 2020.

Amendment to IFRS 3, 'Business combinations' - definition of a business.

This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisition are likely to be accounted for as asset acquisitions.

To be considered a business, an acquisition would have to include an input and substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and substantive process are present are present (including for early stage companies that have not generated outputs). To be in business without outputs,there will now need to be an organised workforce.

The amendment is effective annual periods on or after 1 January 2020.

2.3.2 New standards interpretations and amendments issued but not effective for 31 December 2019 year ends that are not rele vant to the Group and have not been early adopted.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets.

The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures'. The changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The amendment effective date was postponed from an effective date of 1 January 2016.

2.3.3 Annual improvements arising from the 2015 - 2017 reporting cycle.

These amendments include minor changes to:

a) IFRS 3, 'Business combination' - a company remeasures its previously held interest in a joint operation when it obtains control of the business.

b) IFRS 11 Joint arrangements, ' - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

c) IAS 12, 'Income taxes' - The amendment clarified that the income tax consequences of dividend on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

d) IAS 23 Borrowing costs', - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The amendments are effective on annual period beginning on or after 1 January 2019

2.3.3 (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The consolidated financial statements comprise the financial statements of First Mutual Properties Limited and its subsidiary as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

(b) Loss of control

If the Group loses control of the subsidiary, it:

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

(c) Separate financial statements of the Company

In the Company's separate financial statements, investments in subsidiaries are accounted for using the equity method of accounting. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and movements in other comprehensive income of the investee in other comprehensive income.

(d) Common control transactions

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

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

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

2.4 Segment reporting

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

2.5 Investment property

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

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property is included in the profit or loss in the period in which they arise. Fair values are determined annually by an accredited external independent valuer, applying valuation models recommended by the International Valuation Standards Committee. Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the year of derecognition.

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

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

2.6 Vehicles and equipment

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

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

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

The depreciable amount of an asset is determined after deducting its residual value. If the assets' residual values and useful lives differ from the previous estimates, the Group accounts prospectively for the change in estimate.
An item of vehicles and equipment and any significant part initially recognized is derecognised upon disposal or when no future economic benefits are expected from its use Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

2.7 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset In determining fair value less costs of disposal, recent market transactions are taken into account, if available.

The Group bases its impairment calculation on detailed budgets and forecast financial information, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast financial information generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment allowances may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment allowance is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment allowance was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been deter mined, net of depreciation, had no impairment allowance been recognised for the asset in prior years. Such reversal is recognised in the profit or loss .

2.8 Financial instruments - initial recognition and subsequent measurement

2.8.1 Investments and other financial assets

(i) Classification of financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

• the asset is held within a business model whose objective is to collect the contractual cash flows; and

• the contractual terms give rise to cash flows that are solely payments of principal and interest.

(ii) Initial recognition and measurement of financial assets

Classification of financial assets at fair value through profit or loss

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

• debt investments that do not qualify for measurement at amortised cost; and

• equity investments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income ("OCI").

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial as sets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely pay ment of principal and interest.

(iii) Subsequent measurement of financial assets

Financial assets at fair value through profit and loss

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

Financial asset at amortised cost

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

(iv) Impairment of financial assets

Simplified approach

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

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

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

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

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

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

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

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

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

2.9 Trade and other receivables
These are amounts due from tenants and other customers for services offered in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consid eration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's allowance for impairment policies and the calculations are provided in note 11.

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

2.11 Fair value measurement

The Group measures financial instruments such as equity investments and non-financial assets such as investment property at fair value at reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability; or
- in the absence of a principal market in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

2.12 Borrowing costs

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

2.13 Inventories

Consumables

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

Property classified as inventory

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

Cost includes, amount paid to acquire the land, amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs. Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid. The cost of inventory recognised in profit or loss from disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.14 Share capital

(a) Ordinary shares

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

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

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

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

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

2.18 Current versus non-current classification
Asset is current when it is:
• expected to be realized or intended to be sold or consumed in the normal operating cycle;
• held primarily for the purpose of trading; and
• expected to be realized within twelve months after the reporting period.

All other assets are classified as non-current.

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

2.19 Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The specific recognition criteria described below must also be met before revenue is recognised:

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

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

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

(ii) Property services income
Property services income comprises income due from property-related services to other parties. The income is recognised at a point in

time when the related services have been provided. Property services income will be generated from the following services:

- project management;
- property management;
- property purchases;
- property sales; and
- property valuations

(iii) Sale of completed property

Revenue form the sale of a property is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the buyer, which is normally on transfer of property, For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

(iv) Sale of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:

- a contract to construct a property or
- a contract for the sale of a completed property.

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage-of-completion method as construction progresses. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:

- the buyer controls the work in progress, typically when the land on which the development takes place is owned by the final customer; and
- all significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when a buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the cost incurred to date.

(v) Finance income

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

2.20 Current income and deferred tax

(i) Income tax

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

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

(ii) Deferred tax

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

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

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

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

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

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

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

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

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

2.21 Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. The net amount of value added tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

2.22 Employment benefits

(i) Post-employment benefits

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

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

(ii) Termination benefits

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

2.23 Selection of a general price index

The restatement has been calculated by means of conversion factors derived from the Consumer Price Index ("CPI") prepared by the Zimbabwe Central Statistical Office. The conversion factors used to restate the financial statements at 31 December 2019 using December 2018 base year are as follows:

Date	CPI	Conversion factor
31-Dec-19	551.63	1
31-Dec-18	88.81	6.21
30-Nov-18	81.45	6.77
31-Oct-18	74.59	7.4
30-Sep-18	64.06	8.61

2.24 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

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

3.1 Significant estimates and assumptions

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

3.1.1 Valuation of investment property

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

Valuation approach

The valuations have been undertaken in a very unstable economic environment which is characterised by rising inflation, illiquidity, hard currency shortages and frequent monetary policy changes. By way of a statutory instrument, the Zimbabwe dollar became the sole legal tender in the country with effect from the 24th of June 2019. Rents and all other charges are by law now only chargeable in the local currency. Officially rental income streams are now in local currency. Our valuers therefore applied local currency rentals to arrive at the capital values for the properties.

In undertaking the valuations for commercial, industrial and retail properties, reliance has been placed on market rental evidence, vacancy rates and arrears currently applying to the individual properties in the portfolio. The achieved rental for the property portfolio are generally in line, and in some instances, higher than the rental rates being achieved in the market.

The yield method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and the application of investor yield or return requirements. One approach to value properties on this basis is to capitalise net rental income on the basis of an initial yield, generally referred to as the "all risks yield" approach or "net initial yield" approach.

The determined fair value of the investment property is most sensitive to the estimated yield as well as the long - term vacancy rate.

With regards to the residential properties, various properties were identified that were sold or which are on sale and situated in comparable residential suburbs. In analysing the comparable properties, the Main Space Equivalent ("MSE") principle was applied. The total MSE of the comparable was then used to determine the value per square meter of MSE of the property being valued. The objective is to arrive at a common basis of comparison. After adjustments for quality, location and size, the rates per MSE reflected by the comparable were then applied to the subject residential properties

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

3.1.2 Allowance for expected credit losses

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

Refer to note 4.1 and note 11 for further details on the allowance for credit losses and the carrying amount of trade and other accounts receivables.

3.2 Going concern assumption

The Directors have assessed the ability of the Group and Company to continue operating as going concerns and believe that the preparation of these financial statements on a going concern basis is appropriate.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

These risks are managed as follows:

4.1 Credit risk

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

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

(i) Risk management

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

Analysis by credit quality of trade receivables is as follows:

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

Credit risk

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

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

			Historical cost			
31 December 2019	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**More than 120 days past due**	**Total**
Expected loss rate (Normal allowances)	**5%**	**10%**	**20%**	**50%**	**60%**	
Gross carrying amount-trade receivables	1 418 059	862 426	228 035	140 267	766 846	3 415 633
Credit loss allowance (normal allowances)	(70 903)	(86 243)	(45 607)	(70 134)	(460 106)	(732 993)
Expected credit loss rate (100% allowance)	**100%**	**100%**	**100%**	**100%**	**100%**	
Gross carrying amount-trade receivables	193 153	308 316	50 104	78 170	990 750	1 620 493
Credit loss allowance (100% allowance)	(193 153)	(308 316)	(50 104)	(78 170)	(990 750)	(1 620 493)
Trade receivables not provided for	857 391	504 134	132 811	-	-	1 494 336
Total gross trade receivables	**2 468 603**	**1 674 876**	**410 950**	**218 437**	**1 757 596**	**6 530 462**
Total allowance for credit losses	**(264 056)**	**(394 559)**	**(95 711)**	**(148 303)**	**(1 450 856)**	**(2 353 486)**

31 December 2018	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
Expected loss rate (Normal allowances)	**1%**	**5%**	**10%**	**60%-100%**	
Gross carrying amount-trade receivables	448 136	188 075	128 380	1 473 772	2 238 363
Credit loss allowance	(4 481)	(9 404)	(12 838)	(1 573 136)	(1 599 859)

*Debtors that are more than 90 days past due are provided for at 60% and 100% based on two different criteria:
(i) 60% is for tenants that adhere to payment plans put in place to recover the debt; and
(ii) 100% for tenants that are under litigations and have not adhered to payment plans.

The closing credit loss allowances for trade receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
All figures in ZWL				
Allowances for credit losses as at 31 December as previous stated	1 599 859	1 776 737	1 292 986	14 021
Impact of adopting IFRS 9	-	126 053	-	13 932
Opening allowance for credit losses as at 1 January 2018 as restated				
under IFRS 9	1 599 859	1 902 790	1 292 986	27 953
Increase in allowance for credit losses recognised in profit or loss				
during the year	753 627	54 733	284 373	(244 277)
Restructuring effect**	-	-	-	1 880 906
Receivables written off during the year as uncollectable	-	(357 664)	-	(357 664)
Allowances for expected credit losses as at 31 December 2019	**2 353 486**	**1 599 859**	**1 577 359**	**1 306 918**

** The Group conducted a restructuring exercise with net assets from 8 First Mutual Properties Group subsidiaries transferred into the holding company with effect from 1 August 2018.

Credit risk related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy as stipulated by the Group Investment Committee. The financial institutions are classified into tier 1 and tier 2 categories using an internal rating criteria. The Group considers factors such as the strength of the statement of financial position, ownership structure and compliance with the Reserve Bank of Zimbabwe requirements. Investment of surplus funds are made only with approved counterparties and within a credit limit assigned to each counterparty Counterparty credit limits are reviewed by the First Mutual Holdings Limited Group Investment Committee on an annual basis, and may be updated throughout the year subject to the approval of the board. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

The analysis of the credit quality for cash at bank short term bank deposits is as follows:

The Group holds cash accounts with financial institutions with sound financial and capital cover. The financial institutions holding the cash and cash equivalents of the company have the following internal credit ratings.

	Group		Company	
	2019	**2018**	**2019**	**2018**
All figures in ZWL				
Rating				
Tier 1	18 141 142	561 190	5 185 468	510 533
	18 141 142	**561 190**	**5 185 468**	**510 533**

Credit risk

The Group's maximum exposure to credit risk by class of financial asset is as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
All figures in ZWL				
Financial assets at amortised cost (note 9)	390 498	593 327	390 498	593 327
Financial assets at fair value through profit or loss (note 10)	472 230	164 947	472 230	164 947
Trade other receivables (excluding prepayments) (note 11)	5 657 095	1 112 074	5 661 652	1 209 490
Cash and cash equivalents (note 12)	18 141 142	561 190	5 185 468	510 533
	24 660 965	**2 431 538**	**11 709 848**	**2 478 297**

Liquidity and solvency status of the tenant

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

Security arrangements

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

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

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

4.2 Liquidity risk

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

As at 31 December 2019, the table below analyses the maturity profile of the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Maturity profile	On demand	Less than 3 months	3 - 12 months	1 to 5 years	Total
All figures in ZWL					
Year ended 31 December 2019					
Trade and other payables	8 163 871	-	-	-	**8 163 871**
	8 163 871	**-**	**-**	**-**	**8 163 871**
Year ended 31 December 2018					
Trade and other payables	1 639 801	-	-	-	**1 639 801**
Borrowings	92 163	-	-	-	**92 163**
	1 731 964				**1 731 964**

4.3 Market risk

(i) Equity price risk

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

4.4 Capital management

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

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
All figures in ZWL				
Maximum borrowing limit (50% of shareholders 'equity)	580 386 291	65 490 125	296 184 453	64 557 105
Borrowings	-	(91 665)	-	-
Borrowing headroom	**580 386 291**	**65 398 460**	**296 184 453**	**64 557 105**

The directors shall borrow an aggregate principal amount at any one time not exceeding 50% of the total shareholders equity as set out in the latest consolidated audited statement of financial position of the Group. As at 31 December 2019, the Group was not exposed to any external capital restrictions (2018: no exposure).

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group includes within net debt interest bearing loans and borrowings less cash and cash equivalents. No changes were made in the objective or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

The table below sets out the Group's capital position;

	Inflation Adjusted		Historical cost	
All figures in ZWL	**2019**	**2018**	**2019**	**2018**
Net debt				
Borrowings	-	569 358	-	91 665
Less: cash and cash equivalents	(18 141 142)	(3 485 709)	(18 141 142)	(561 190)
	(18 141 142)	**(2 916 351)**	**(18 141 142)**	**(469 525)**
Capital				
Ordinary share capital	10 661 856	10 661 856	1 238 157	1 238 157
Treasury shares	(193 935)	(172 298)	(39 991)	(20 009)
Retained earnings	1 150 668 448	803 293 247	1 159 574 416	129 762 102
Total capital	**1 161 136 369**	**813 782 805**	**1 160 772 582**	**130 980 250**
Capital and net debt	**1 142 995 227**	**810 866 454**	**1 142 631 440**	**130 510 725**

5 SEGMENTAL REPORTING

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

Aggregated segments

The Office and Retail segments have two segments each that have been aggregated into a single operating segment because the aggregated segments have similar economic characteristics and the nature of the products and type of customers are similar:

The segments that have been aggregated are:

- CBD offices and Office Parks for the office segment and;
- CBD retail and Suburban retail for the retail segment;

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

Office segment

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

Retail segment

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

Industrial segment

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

Other segment

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

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

Adjustment segment

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

Major customer

First Mutual Holdings Limited the parent of the Company, and its other subsidiaries contribute 12.28% (FY2018: 12.86%) of total revenue.
The operating leases are for lettable space within the office segment.

Segment reporting for the year ended 31 December 2019

INFLATION ADJUSTED

All figures in ZWL	Office	Retail	Industrial	Other	Consolidation adjustment	Total
Rental income	32 067 323	15 754 165	8 651 689	1 091 298	(140 843)	57 423 632
Revenue from contracts with customers	-	-	-	684 890	-	684 890
Allowance for expected credit losses	(354 956)	166 483	(513 551)	(53 177)	-	(755 201)
Property expenses	(8 530 310)	(2 440 990)	(1 476 913)	(1 595 491)	-	(14 043 704)
Segment results	23 182 057	13 479 658	6 661 225	127 520	(140 843)	43 309 617
Net gain from fair value adjustment on investment property	191 509 950	53 180 188	23 144 641	216 890 909	-	484 725 688
Segment profit	214 692 007	66 659 846	29 805 866	217 018 429	(140 843)	528 035 305
Employee related expenses	-	-	-	(10 252 379)	-	(10 252 379)
Other expenses	(4 559 011)	(1 471 702)	(838 284)	(7 503 020)	3 897 034	(10 474 983)
Finance costs	-	-	-	(4 181)	-	(4 181)
Other income	19 622 652	60 613	-	892 059	-	20 575 324
Finance income	211 779	290 653	82 416	200 960	-	785 808
Net monetary / (loss)	-	-	-	-	(27 994 304)	(27 994 304)
Profit before income tax	**229 967 427**	**65 539 410**	**29 049 998**	**200 351 868**	**(24 238 113)**	**500 670 590**

Reconciliation of segment assets for 2019

All figures in ZWL	Office	Retail	Industrial	Other	Total
Assets					
Investment property	635 873 466	209 502 021	85 395 986	461 360 863	1 392 132 336
Trade receivables (note 13)	2 342 195	(780 084)	239 717	2 375 148	4 176 976
Segment assets	638 215 661	208 721 937	85 635 703	463 736 011	1 396 309 312
Other non-current assets	-	-	-	2 178 099	2 178 099
Other current assets	-	-	-	22 206 853	22 206 853
Total assets	638 215 661	208 721 937	85 635 703	488 120 963	1 420 694 264
Current liabilities	7 350 716	261 657	58 083	1 232 398	8 902 854
Capital expenditure	1 095 029	20 171	-	-	1 115 200

Segment reporting for the year ended 31 December 2019 (Continued)

			HISTORICAL COST			
All figures in ZWL	**Office**	**Retail**	**Industrial**	**Other**	**Consolidation adjustment**	**Total**
Rental income	13 242 234	6 505 698	3 572 724	302 958	(58 161)	23 565 453
Revenue from contracts with customers	-	-	-	430 521	-	430 521
Allowance for expected credit losses	(354 956)	166 483	(513 551)	(53 177)	-	(755 201)
Property expenses	(4 098 111)	(1 172 694)	(709 535)	(766 502)	-	(6 746 842)
Segment results	**8 789 167**	**5 499 487**	**2 349 638**	**(86 200)**	**(58 161)**	**16 493 931**
Net gain / (loss) from fair value adjustment on investment property	492 580 000	136 784 000	59 530 000	557 862 000	-	1 246 756 000
Segment profit / (loss)	**501 369 167**	**142 283 487**	**61 879 638**	**557 775 800**	**(58 161)**	**1 263 249 931**
Employee related expenses	-	-	-	(4 476 165)	-	(4 476 165)
Other expenses	(1 905 568)	(615 139)	(350 385)	(3 136 100)	1 628 876	(4 378 316)
Finance costs	-	-	-	(1 206)	-	(1 206)
Other income	11 559 632	35 708	-	850 867	-	12 446 207
Finance income	68 459	93 955	26 641	64 961	-	254 016
Profit / (loss) before income tax	**511 091 690**	**141 798 011**	**61 555 894**	**551 078 157**	**1 570 715**	**1 267 094 467**

Reconciliation of segment assets for 2019

All figures in ZWL	**Office**	**Retail**	**Industrial**	**Other**	**Total**
Assets					
Investment property	635 873 466	209 502 021	85 395 986	461 360 863	1 392 132 336
Trade receivables	2 342 195	(780 084)	239 717	2 375 148	4 176 976
Segment assets	**638 215 661**	**208 721 937**	**85 635 703**	**463 736 011**	**1 396 309 312**
Other non-current assets	-	-	-	1 060 138	1 060 138
Other current assets	-	-	-	22 110 410	22 110 410
Total assets	**638 215 661**	**208 721 937**	**85 635 703**	**486 906 558**	**1 419 479 860**
Current liabilities	6 876 481	244 775	54 336	1 152 889	8 328 481
Capital expenditure*	303 316	9 021	-	-	312 337

*Capital expenditure is for both investment property vehicles and equipment

Segment reporting for the year ended 31 December 2018

INFLATION ADJUSTED

All figures in ZWL	Office	Retail	Industrial	Other	Consolidation adjustment	Total
Rental income	34 095 762	20 181 491	8 550 391	2 741 998	(314 132)	65 255 510
Revenue from contracts with customers	-	-	-	505 389	-	505 389
Allowance for expected credit losses	456 339	(722 150)	(174)	(73 973)	-	(339 958)
Property expenses	(9 582 474)	(2 742 071)	(1 659 082)	(1 792 285)	-	(15 775 912)
Segment results	**24 969 627**	**16 717 270**	**6 891 135**	**1 381 129**	**(314 132)**	**49 645 029**
Net gain from fair value adjustment on investment property	(30 816 850)	(38 535 405)	(6 158 964)	(221 309 490)	-	(296 820 709)
Segment profit	**(5 847 223)**	**(21 818 135)**	**732 171**	**(219 928 361)**	**(314 132)**	**(247 175 680)**
Employee related expenses	-	-	-	(12 154 583)	-	(12 154 583)
Other expenses	(11 050 684)	(3 155 456)	(1 435 402)	(17 574 553)	15 973 583	(17 242 512)
Finance costs	-	-	-	(444 338)	-	(444 338)
Other income	429 776	(3 219)	-	2 011 834	-	2 438 390
Finance income	371 407	622 846	160 430	398 306	-	1 552 989
Net monetary gain / (loss)	-	-	-	-	320 659 885	320 659 885
(Loss) / profit before income tax	**(16 096 724)**	**(24 353 964)**	**(542 801)**	**(247 691 695)**	**336 319 336**	**47 634 151**

Reconciliation of segment assets for 2018

All figures in ZWL	Office	Retail	Industrial	Other	Total
Assets					
Investment property	447 254 111	200 987 960	72 233 930	187 261 649	907 737 650
Trade receivables	1 305 892	634 579	364 320	1 661 147	3 965 938
Segment assets	**448 560 003**	**201 622 539**	**72 598 250**	**188 922 796**	**911 703 588**
Other non-current assets	-	-	-	6 135 443	6 135 443
Other current assets	-	-	-	10 598 140	10 598 140
Total assets	**448 560 003**	**201 622 539**	**72 598 250**	**205 656 379**	**928 437 171**
Current liabilities	5 476 882	255 759	229 844	4 792 160	10 754 645
Capital expenditure*	7 554 485	6 887 373	-	1 274 384	15 716 242

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

Segment reporting for the year ended 31 December 2018

			HISTORICAL COST			
All figures in ZWL	**Office**	**Retail**	**Industrial**	**Other**	**Consolidation adjustment**	**Total**
Rental income	4 187 547	2 478 635	1 050 135	336 639	(38 581)	8 014 375
Revenue from contracts with customers	-	-	-	62 196	-	62 196
Allowance for expected credit losses	73 469	(116 264)	(28)	(11 909)	-	(54 732)
Property expenses	(1 447 476)	(218 006)	(158 793)	(163 339)	-	(1 987 615)
Segment results	**2 813 540**	**2 144 364**	**891 314**	**223 586**	**(38 581)**	**6 034 224**
Net gain from fair value adjustment on investment property	650 465	813 384	130 000	4 671 278	-	6 265 127
Segment profit	**3 464 005**	**2 957 748**	**1 021 314**	**4 894 864**	**(38 581)**	**12 299 351**
Employee related expenses	-	-	-	(1 541 059)	-	(1 541 059)
Other expenses	(1 312 971)	(374 911)	(170 545)	(2 088 095)	1 897 878	(2 048 644)
Finance costs	-	-	-	(52 635)	-	(52 635)
Other income	52 338	(392)	-	245 001	-	296 946
Finance income	45 221	75 834	19 533	48 496	-	189 084
Profit before income tax	**2 248 593**	**2 658 279**	**870 302**	**1 506 572**	**1 859 297**	**9 143 043**

Reconciliation of segment assets for 2018

All figures in ZWL	**Office**	**Retail**	**Industrial**	**Other**	**Total**
Assets					
Investment property	72 010 000	32 360 000	11 630 000	30 150 000	146 150 000
Trade receivables	210 245	102 165	58 655	267 440	638 504
Segment assets	**72 220 245**	**32 462 165**	**11 688 655**	**30 417 440**	**146 788 504**
Other non-current assets	-	-	-	936 891	936 891
Other current assets	-	-	-	1 696 901	1 696 901
Total assets	**72 220 245**	**32 462 165**	**11 688 655**	**33 051 232**	**149 422 296**
Current liabilities	834 098	38 951	35 004	729 819	1 637 871
Capital expenditure*	1 216 250	1 108 847	-	205 172	2 530 269

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

		Inflation Adjusted			
		Group		Company	
6	INVESTMENT PROPERTY	2019	2018	2019	2018
	All figures in ZWL				
	At 1 January	907 737 650	1 183 651 775	559 932 585	12 950 550
	Improvements to existing properties	847 097	2 321 937	120 893	-
	Restructuring effect**	-	-	-	515 846 423
	Disposals	(1 178 099)	-	(1 178 099)	-
	Additions to investment properties	-	18 584 647	-	13 405 384
	Fair value adjustments	484 725 688	(296 820 709)	147 432 993	17 730 228
	At 31 December	**1 392 132 336**	**907 737 650**	**706 308 372**	**559 932 585**

	Historical cost			
	Group		Company	
INVESTMENT PROPERTY	2019	2018	2019	2018
All figures in ZWL				
At 1 January	146 150 000	137 457 000	90 147 479	2 085 000
Improvements to existing properties	312 336	269 646	120 893	-
Restructuring effect**	-	-	-	83 049 738
Disposals	(1 086 000)	-	(1 086 000)	-
Additions to investment properties	-	2 158 227	-	2 158 228
Fair value adjustments	1 246 756 000	6 265 127	617 126 000	2 854 513
At 31 December	**1 392 132 336**	**146 150 000**	**706 308 372**	**90 147 479**

6.1 Fair value hierarchy

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

	Group			
	Inflation Adjusted		Historical Cost	
All figures in ZWL	Fair value	Total gain / (loss) of profit or loss	Total	Total gain / (loss) of profit or loss
31 December 2019				
CBD offices	196 511 873	35 949 896	196 511 873	170 550 000
Office parks	427 091 443	140 795 297	427 091 443	380 740 000
CBD retail	135 439 020	6 200 970	135 439 020	114 630 000
Suburban retail	67 200 000	(4 602 570)	67 200 000	55 640 000
Industrial	85 500 000	13 262 638	85 500 000	73 870 000
Residential	68 670 000	33 700 411	68 670 000	63 040 000
Land*	411 720 000	259 419 046	411 720 000	388 286 000
Total	**1 392 132 336**	**484 725 688**	**1 392 132 336**	**1 246 756 000**
31 December 2018				
CBD offices	160 561 976	(71 143 588)	25 850 000	942 127
Office parks	286 670 264	(107 372 275)	46 160 000	400 000
CBD retail	129 194 936	(40 443 132)	20 800 000	1 100 000
Suburban retail	71 802 570	(22 316 419)	11 560 000	680 000
Industrial	72 237 361	(27 909 377)	11 630 000	-
Residential	34 969 589	(2 488 563)	5 630 000	1 280 000
Land*	152 300 954	(25 147 355)	24 520 000	1 913 000
Total	**907 737 650**	**(296 820 709)**	**146 150 000**	**6 265 127**

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to ZWL1.246 billion (2018: ZWL6.265 million) and are presented in the consolidated statement of profit or loss in line item 'fair value adjustments'.

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

	Company			
	Inflation Adjusted		Historical Cost	
	Fair value	Total gain / (loss) of profit or loss	Total	Total gain / (loss) of profit or loss
All figures in ZWL				
31 December 2019				
CBD offices	196 511 873	35 949 896	196 511 873	170 550 000
Office parks	119 500 000	40 616 554	119 500 000	107 780 000
CBD retail	135 439 020	6 244 084	135 439 020	114 630 000
Suburban retail	67 200 000	(4 602 570)	67 200 000	55 640 000
Industrial	85 500 000	14 319 845	85 500 000	73 870 000
Residential	68 677 479	33 661 435	68 677 479	63 040 000
Land*	33 480 000	21 243 749	33 480 000	31 616 000
Total	**706 308 372**	**147 432 993**	**706 308 372**	**617 126 000**
31 December 2018				
CBD offices	160 561 976	6 210 000	25 850 000	1 000 000
Office parks	78 883 447	-	12 700 000	-
CBD retail	129 194 936	7 138 478	20 800 000	1 149 513
Suburban retail	71 802 570	190 000	11 560 000	30 000
Industrial	72 237 361	-	11 630 000	-
Residential	35 016 044	1 366 200	5 637 479	220 000
Land*	12 236 251	2 825 550	1 970 000	455 000
Total	**559 932 585**	**17 730 228**	**90 147 479**	**2 854 513**

*This consists of land earmarked for future developments.

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 rentals 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.

Class of property	Fair value 31 December 2019 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD offices	196 511 873	Income capitalisation	Rental rates per square metre Capitalisation rates / prime yield Vacancy rate	15 00%-60 00% ZWL50 00-ZWL60 00 8 00%-10 00%
Office parks	427 091 443	Income capitalisation	Rental rates per square metre Capitalisation rates / prime yield Vacancy rate	5 00%-10 00% ZWL80 00-ZWL120 00 7 00%-8 00%
CBD retail*	135 439 020	Income capitalisation	Rental rates per square metre Capitalisation rates / prime yield Vacancy rate	10% ZWL80 00-ZWL250 00 7 00%-8 00%
Suburban retail*	67 200 000	Income capitalisation	Rental rates per square metre Capitalisation rates / prime yield Vacancy rate	0% ZWL30 00-ZWL50 00 8 00%-10 00%
Industrial	85 500 000	Income capitalisation	Rental rates per square metre Capitalisation rates / prime yield Vacancy rate	10% ZWL15 00-ZWL35 00 11 00%-13 00%
Residential	68 670 000	Market comparable	Comparable transacted property prices	
Land - residential	670 000	Market comparable	Rates per square metre	ZWL250 00 ZWL600 00
Land - commercial	411 050 000	Market comparable	Rates per square metre	ZWL600 00-ZWL1 200 00
Total	**1 392 132 336**			

Class of property	Fair value 31 December 2018 ZWL	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD offices	25 850 000	Income capitalisation	Rental rates per square metre Capitalisation rates / prime yield Vacancy rate	ZWL7 00-ZWL12 00 8 00%-10 00% 10 00%-65 00%
Office parks	46 160 000	Income capitalisation	Rental rates per square metre Capitalisation rates / prime yield Vacancy rate	ZWL7 00-ZWL12 00 7 00%-8 00% 10 00%-15 00%
CBD retail*	20 800 000	Income capitalisation	Rental rates per square metre Capitalisation rates / prime yield Vacancy rate	ZWL10 00-ZWL25 00 7 00%-8 00% 10 00%
Suburban retail*	11 560 000	Income capitalisation	Rental rates per square metre Capitalisation rates / prime yield Vacancy rate	ZWL3 00-ZWL15 00 7 00%-8 00% 0 00%
Industrial	11 630 000	Income capitalisation	Rental rates per square metre Capitalisation rates / prime yield Vacancy rate	ZWL1 50-ZWL4 00 11 00%-13 00% 10 00%-100 00%
Residential	5 630 000	Market comparable	Comparable transacted property prices	
Land - residential	60 000	Market comparable	Rates per square metre	US$110 000 00 US$220 000 00
Land - commercial	24 460 000	Market comparable	Rates per square metre	ZWL15 00-ZWL35 00
Total	**146 150 000**			

*Rent is also charged based on a percentage of turnover revenue;

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

	Lettable space m²		% of portfolio	
	December 2019	December 2018	December 2019	December 2018
Sector				
CBD offices	32 518	32 518	26.34%	26.14%
Office park	25 770	25 770	20.87%	20.71%
CBD retail	20 327	20 327	16.47%	16.34%
Suburban retail	7 723	7 723	6.26%	6.21%
Industrial	37 113	38 069	30.06%	30.60%
Total	**123 451**	**124 407**	**100.00%**	**100.00%**

Descriptions and definitions

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

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

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

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

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

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

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

	INFLATION ADJUSTED		HISTORICAL COST	
All figures in ZWL	**2019**	**2018**	**2019**	**2018**
Within 1 year	48 615 864	49 463 195	48 615 864	7 963 095
Later than one year but not later than 5 years	111 769 658	167 329 460	111 769 658	26 938 422
Later than 5 years	4 333 352	28 190 500	4 333 352	4 538 397
Total	**164 718 874**	**244 983 155**	**164 718 874**	**39 439 914**

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

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

Sensitivity analysis

	2019		2018	
All figures in ZWL	**Increase in yield 10%**	**Decrease in yield 10%**	**Increase in yield 10%**	**Decrease in yield 10%**
Investment property	(516 990 964)	2 009 546 326	(22 541 267)	32 596 110
Deferred tax effect	133 125 173	(517 458 179)	5 804 376	(8 393 498)
Profit for the year	(383 865 791)	1 492 088 147	(16 736 891)	24 202 612
Equity	(383 865 791)	1 492 088 147	(16 736 891)	24 202 612

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

Investment property is stated at fair value which was determined based on valuations performed by Knight Frank Zimbabwe, an independent property valuer, as at 31 December 2019 and December 2018. Investment property valuation is stated based on a desktop valuation. Knight Frank Zimbabwe is a specialist in valuing the types of properties owned by the Group and Company. The fair values of the property portfolio have been determined using income capitalisation method except for land and residential properties whose fair values are determined using comparable transactions method. Valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

Valuation process

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

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

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

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

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

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

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

			Inflation Adjusted		Historical cost	
7	**INVESTMENTS IN SUBSIDIARIES**	**% Holding**	**2019**	**2018**	**2019**	**2018**
	All figures in ZWL					
	Arundel Office Park (Private) Limited	100%	290 678 844	290 678 844	46 798 428	46 798 428
	Sticklip Enterprises (Private) Limited	100%	372 678	372 678	60 000	60 000
			291 051 522	**291 051 522**	**46 858 428**	**46 858 428**

The Group conducted a restructuring exercise with net assets from 8 First Mutual Properties Limited subsidiaries transferred into the holding company with effect from 1 August 2018.

8 VEHICLES AND EQUIPMENT

All figures in ZWL

	INFLATION ADJUSTED					
	Group					
	Motor vehicles	Computers	Office equipment	Equipment and machinery	Office furniture	Total
Year ended 31 December 2018						
Opening net book amount	-	223 598	230 202	14 939	420 418	889 157
Additions	-	178 332	559 884	-	83 546	821 762
Depreciation charge	-	(66 330)	(136 908)	(3 565)	(78 539)	(285 342)
Closing net book amount	**-**	**335 600**	**653 178**	**11 374**	**425 425**	**1 425 577**
At 31 December 2018						
Cost	1 604 733	969 739	1 770 097	1 420 595	892 814	6 657 978
Accumulated depreciation	(1 604 733)	(634 139)	(1 116 919)	(1 409 221)	(467 389)	(5 232 401)
Net book amount	**-**	**335 600**	**653 178**	**11 374**	**425 425**	**1 425 577**
Year ended 31 December 2019						
Opening net book amount	-	335 600	653 178	11 374	425 425	1 425 577
Additions	-	212 802	12 880	42 030	-	267 712
Disposals	-	(11 928)	-	-	-	(11 928)
Depreciation disposal	-	9 003	-	-	-	9 003
Depreciation charge	-	(115 070)	(174 421)	(6 719)	(78 783)	(374 993)
Closing net book amount	**-**	**430 407**	**491 637**	**46 685**	**346 642**	**1 315 371**
At 31 December 2019						
Cost	1 604 733	1 170 612	1 782 977	1 462 625	892 814	6 913 761
depreciation	(1 604 733)	(740 205)	(1 291 340)	(1 415 940)	(546 172)	(5 598 390)
Net book amount	**-**	**430 407**	**491 637**	**46 685**	**346 642**	**1 315 371**

8 VEHICLES AND EQUIPMENT

All figures in ZWL

	HISTORICAL COST					
	Group					
	Motor vehicles	**Computers**	**Office equipment**	**Equipment and machinery**	**Office furniture**	**Total**
Year ended 31 December 2018						
Opening net book amount						
Amount	-	25 965	36 247	1 736	39 979	103 927
Additions	-	23 671	68 501	-	10 222	102 394
Depreciation charge	-	(7 411)	(10 986)	(380)	(8 927)	(27 703)
Closing net book amount	**-**	**42 225**	**93 762**	**1 356**	**41 274**	**178 618**
At 31 December 2018						
Cost	186 358	119 216	214 518	164 973	98 726	783 791
Accumulated depreciation	(186 358)	(76 991)	(120 756)	(163 617)	(57 452)	(605 173)
Net book amount	**-**	**42 225**	**93 762**	**1 356**	**41 274**	**178 618**
Year ended 31 December 2019						
Opening net book amount						
Amount	-	42 225	93 762	1 356	41 274	178 618
Additions	-	55 272	2 894	8 392	-	66 558
Disposals	-	(1 385)	-	-	-	(1 385)
Depreciation disposal	-	1 046	-	-	-	1 046
Depreciation charge	-	(17 757)	(18 988)	(1 556)	(9 127)	(47 428)
Closing net book amount	**-**	**79 401**	**77 668**	**8 192**	**32 147**	**197 409**
At 31 December 2019						
Cost	186 357	169 463	212 458	173 365	103 682	845 325
Accumulated Depreciation	(186 357)	(90 062)	(134 790)	(165 173)	(71 535)	(647 916)
Net book amount	**-**	**79 401**	**77 668**	**8 192**	**32 147**	**197 409**

8 VEHICLES AND EQUIPMENT

All figures in ZWL

	INFLATION ADJUSTED					
	Company					
	Motor vehicles	**Computers**	**Office equipment**	**Equipment and machinery**	**Office furniture**	**Total**
Year ended 31 December 2018						
Opening net book amount	-	223 598	230 202	14 939	420 418	889 157
Additions	-	178 332	559 884	-	83 546	821 762
Depreciation charge	-	(66 330)	(136 908)	(3 565)	(78 539)	(285 342)
Closing net book amount	**-**	**335 600**	**653 178**	**11 374**	**425 425**	**1 425 577**
At 31 December 2018						
Cost	1 604 733	969 739	1 770 097	1 420 595	892 814	6 657 978
Accumulated depreciation	(1 604 733)	(634 139)	(1 116 919)	(1 409 221)	(467 389)	(5 232 401)
Net book amount	**-**	**335 600**	**653 178**	**11 374**	**425 425**	**1 425 577**
Year ended 31 December 2019						
Opening net book amount	-	335 600	653 178	11 374	425 425	1 425 577
Additions	-	212 802	12 880	42 030	-	267 712
Disposals	-	(11 928)	-	-	-	(11 928)
Depreciation disposal	-	9 003	-	-	-	9 003
Depreciation charge	-	(115 070)	(174 421)	(6 719)	(78 783)	(374 993)
Closing net book amount	**-**	**430 407**	**491 637**	**46 685**	**346 642**	**1 315 371**
At 31 December 2019						
Cost	1 604 733	1 170 612	1 782 977	1 462 625	892 814	6 913 761
depreciation	(1 604 733)	(740 205)	(1 291 340)	(1 415 940)	(546 172)	(5 598 390)
Net book amount	**-**	**430 407**	**491 637**	**46 685**	**346 642**	**1 315 371**

8 VEHICLES AND EQUIPMENT

All figures in ZWL

HISTORICAL COST

Company

	Motor vehicles	Computers	Office equipment	Equipment and machinery	Office furniture	Total
Year ended 31 December 2018						
Opening net book amount						
Amount	-	25 965	36 247	1 736	39 979	103 927
Additions	-	23 671	68 501	-	10 222	102 394
Depreciation charge	-	(7 411)	(10 986)	(380)	(8 927)	(27 703)
Closing net book amount	**-**	**42 225**	**93 762**	**1 356**	**41 274**	**178 618**
At 31 December 2018						
Cost	186 358	119 216	214 518	164 973	98 726	783 791
Accumulated depreciation	(186 358)	(76 991)	(120 756)	(163 617)	(57 452)	(605 173)
Net book amount	**-**	**42 225**	**93 762**	**1 356**	**41 274**	**178 618**
Year ended 31 December 2019						
Opening net book amount						
Amount	-	42 225	93 762	1 356	41 274	178 618
Additions	-	55 272	2 894	8 392	-	66 558
Disposals	-	(1 385)	-	-	-	(1 385)
Depreciation disposal	-	1 046	-	-	-	1 046
Depreciation charge	-	(17 757)	(18 988)	(1 556)	(9 127)	(47 428)
Closing net book amount	**-**	**79 401**	**77 668**	**8 192**	**32 147**	**197 409**
At 31 December 2019						
Cost	186 357	169 463	212 458	173 365	103 682	845 325
Accumulated Depreciation	(186 357)	(90 062)	(134 790)	(165 173)	(71 535)	(647 916)
Net book amount	**-**	**79 401**	**77 668**	**8 192**	**32 147**	**197 409**

9 FINANCIAL ASSETS AT AMORTISED COST

All figures in ZWL

	Inflation adjusted			
	Group		Company	
	2019	**2018**	**2019**	**2018**
At 1 January	3 685 329	-	3 685 329	-
Reclassification of loans and other receivables	-	2 503 249	-	2 503 249
Reclassification from held to maturity	-	1 182 080	-	1 182 080
Disposals	(1 259 823)	-	(1 259 823)	-
Loss due to inflation	(2 035 008)	-	(2 035 008)	-
Amortised interest	133 482	212 228	133 482	212 228
Repayments of interest	(133 482)	(212 228)	(133 482)	(212 228)
Repayments of principal	-	-	-	-
At 31 December	**390 498**	**3 685 329**	**390 498**	**3 685 329**
Short-term portion	-	-	-	-
Long-term portion	**390 498**	**3 685 329**	**390 498**	**3 685 329**
Total	**390 498**	**3 685 329**	**390 498**	**3 685 329**

9 FINANCIAL ASSETS AT AMORTISED COST

All figures in ZWL

	Group		Company	
	2019	**2018**	**2019**	**2018**
At 1 January	593 326	-	593 326	-
Reclassification of loans and other receivables	-	403 016	-	403 016
Reclassification from held to maturity	-	190 311	-	190 311
Disposals	(202 828)	-	(202 828)	-
Amortised interest	40 680	34 168	40 680	34 168
Repayments of interest	(40 680)	(34 168)	(40 680)	(34 168)
At 31 December	**390 498**	**593 327**	**390 498**	**593 327**
Short-term portion				
Long-term portion	**390 498**	**593 327**	**390 498**	**593 327**
Total	**390 498**	**593 327**	**390 498**	**593 327**

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

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Inflation adjusted

All figures in ZWL	Group		Company	
	2019	**2018**	**2019**	**2018**
At 1 January	1 024 532	-	1 024 532	-
Additions	-	1 024 532	-	1 024 532
Fair value adjustment	(552 302)	-	(552 302)	-
At 31 December	**472 230**	**1 024 532**	**472 230**	**1 024 532**

Historical cost

All figures in ZWL	Group		Company	
	2019	**2018**	**2019**	**2018**
At 1 January	164 947	-	164 947	-
Additions	-	164 947	-	164 947
Fair value adjustment	307 283	-	307 283	-
At 31 December	**472 230**	**164 947**	**472 230**	**164 947**

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

		Inflation Adjusted			
		Group		Company	
11	**TRADE AND OTHER RECEIVABLES**	**2019**	**2018**	**2019**	**2018**
	All figures in ZWL				
	Tenant receivables	4 717 699	10 841 112	4 429 014	8 193 655
	Tenant operating cost recoveries	1 812 763	2 974 219	1 329 878	2 044 746
	Property sales receivables	-	87 804	-	87 803
	Trade receivables	**6 530 462**	**13 903 135**	**5 758 892**	**10 326 204**
	Less: allowance for credit losses	(2 353 486)	(9 937 197)	(1 577 359)	(8 117 653)
	Net trade debtors	**4 176 976**	**3 965 938**	**4 181 533**	**2 208 551**
	Prepayments - other	2 190 468	190 711	1 052 909	2 892 131
	Other receivables	1 480 119	2 739 787	1 480 119	768 182
	Related party receivables	-	201 693	-	4 535 767
	Total trade and other receivables	**7 847 563**	**7 098 129**	**6 714 561**	**10 404 631**

	Historical cost			
	Group		Company	
TRADE AND OTHER RECEIVABLES	**2019**	**2018**	**2019**	**2018**
All figures in ZWL				
Tenant receivables	4 717 699	1 745 387	4 429 014	1 319 154
Tenant operating cost recoveries	1 812 763	478 840	1 329 878	329 198
Property sales receivables	-	14 136	-	14 136
Trade receivables	**6 530 462**	**2 238 363**	**5 758 892**	**1 662 488**
Less: allowance for credit losses	(2 353 486)	(1 599 859)	(1 577 359)	(1 306 918)
Net trade debtors	**4 176 976**	**638 504**	**4 181 533**	**355 570**
Prepayments - other	2 190 468	30 704	1 052 909	465 625
Other receivables	1 480 119	441 098	1 480 119	123 675
Related party receivables	-	32 472	-	730 245
Total trade and other receivables	**7 847 563**	**1 142 778**	**6 714 561**	**1 675 115**
Reconciliation of gross trade receivables				
As at 1 January	2 238 363	3 431 044	1 662 488	25 770
Restructuring Effect	-	-	-	2 045 944
Add: charge for the year	25 477 835	9 640 640	12 929 725	7 423 223
Recovery due to payments	(21 185 736)	(10 833 321)	(8 833 321)	(7 832 449)
Less: utilised through write-offs of trade receivables	-	-	-	-
As at 31 December	**6 530 462**	**2 238 363**	**5 758 892**	**1 662 488**
Reconciliation of allowance for credit losses				
As at 1 January	1 599 859	1 776 737	1 306 918	14 021
Impact on adoption of IFRS 9	-	126 054	-	13 932
Restructuring Effect	-	-	-	1 866 974
Add: charge for the year	1 243 378	659 283	270 441	(230 345)
Recovery due to payments	(489 751)	(604 551)	-	-
Less: utilised through write-offs of trade receivables	-	(357 664)	-	(357 664)
As at 31 December	**2 353 486**	**1 599 859**	**1 577 359**	**1 306 918**

(i) Classification of trade receivables

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

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

Year ended 31 December 2019	Individually	Collectively	
All figures in ZWL	**impaired**	**impaired**	**Total**
As at 1 January	1 054 775	595 908	1 650 683
Charge for the year	306 839	-	306 839
Utilised through write-offs of trade receivables	(357 664)	-	(357 664)
As at 31 December 2018	**1 003 950**	**595 908**	**1 599 858**
Year ended 31 December 2019			
As at 1 January	1 003 950	595 908	1 599 858
Charge for the year	753 628	-	753 628
Utilised through write-offs of trade receivables	-	-	-
As at 31 December 2018	**1 757 578**	**595 908**	**2 353 486**

All figures in ZWL	2019	2018
Allowance for credit losses		
Allowance relating to existing tenants	1 684 348	593 909
Allowance relating to previous tenants	669 138	1 005 950
	2 353 486	**1 599 859**

Trade receivables are normally on 30 day terms Tenants are charged interest at 10% (2018: 10%) per annum on overdue amounts that remain outstanding after 30 days.

Inflation Adjusted

12 CASH AND CASH EQUIVALENTS

		Group		Company	
All figures in ZWL		**2019**	**2018**	**2019**	**2018**
Short-term investments		-	-	-	-
Cash at bank and in hand :	USD	17 823 343	36 181	233 252	-
	ZWL	317 799	3 449 528	4 952 216	3 171 072
As at 31 December		**18 141 142**	**3 485 709**	**5 185 468**	**3 171 072**

Historical Cost

12 CASH AND CASH EQUIVALENTS

		Group		Company	
All figures in ZWL		**2019**	**2018**	**2019**	**2018**
Short-term investments		-	-	-	-
Cash at bank and in hand :	USD	17 823 343	5 825	233 252	-
	ZWL	317 799	555 365	4 952 216	510 533
As at 31 December		**18 141 142**	**561 190**	**5 185 468**	**510 533**

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

Reconciliation of cash flow statement

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

	2019	2018	2019	2018
Bank balances:	18 141 142	3 485 709	18 141 142	561 190
Balances as per cash flow statement	**18 141 142**	**3 485 709**	**18 141 142**	**561 190**

13 ORDINARY SHARE CAPITAL

	Group		Company	
Authorised	**Shares**	**ZWL**	**Shares**	**ZWL**
2 000 000 000 ordinary shares with a nominal value of ZWL0 001 per share	2 000 000 000	2 000 000	2 000 000 000	2 000 000
Issued and paid				
1 238 157 310 ordinary shares with a nominal value of ZWL0 001 per share	1 238 157 310	1 238 157	1 238 157 310	1 238 157
Less: treasury shares				
Repurchased in 2016 at a price of 0 0163 cents per share	(1 229 638)	(20 009)	(1 229 638)	(20 009)
Repurchased in 2019 at a price of 0 0163 cents per share	(136 400)	(19 982)	(136 400)	(19 982)
As at 31 December	**1 236 791 272**	**1 198 166**	**1 236 791 272**	**1 198 166**

The share capital at the reporting date is ZWL1 238 157(2018: ZWL1 238 157) and the share premium ZWL nil(2018:ZWL nil).The redenomination of share capital is still in progress. The shareholders at an annual general meeting held on 27 June 2019 passed an ordinary resolution for the Company to purchase its shares in terms of section 79 of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements. Purchased shares will be used for treasury purposes. Acquisitions shall be of ordinary shares which, in aggregate in any one financial year shall not exceed 10% (2018: 10%) of the Company's issued ordinary share capital.

14 DEFFERED TAX LIABILITIES

Inflation adjusted

	Group		Company	
	2019	**2018**	**2019**	**2018**
All figures in ZWL				
At 1 January	103 899 720	81 959 329	68 701 619	-
Impact on adoption of IFRS 9	-	-	-	-
Recognised in the statement of profit or loss				
-Arising on vehicles and equipment	83 810	40 368	83 810	-
-Arising on investment properties	147 260 198	22 346 532	97 850 212	-
-Arising on assessable tax losses	-	(446 509)	-	-
-Arising on unquoted shares	23 612	-	23 612	-
-Restructuring effect	-	-	-	68 701 619
-Arisisng on leave pay provision	(30 517)	-	(30 517)	-
-Arisisng on provision for credit losses	(581 782)	-	(389 923)	-
As at 31 December	**250 655 041**	**103 899 720**	**166 238 813**	**68 701 619**
Deferred tax liability				
-Arising on vehicles and equipment	302 886	219 076	302 886	219 076
-Arising on investment properties	250 940 842	104 127 153	166 332 755	68 482 543
-Arising on unquoted shares	23 612	-	23 612	-
-Arising on assessable tax losses	-	(446 509)	-	-
-Arisisng on leave pay provision	(30 517)	-	(30 517)	-
-Arisisng on provision for credit losses	(581 782)	-	(389 923)	-
As at 31 December	**250 655 041**	**103 899 720**	**166 238 813**	**68 701 619**

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

DEFFERED TAX LIABILITIES — **Historical cost**

	Group		Company	
	2019	**2018**	**2019**	**2018**
All figures in ZWL				
At 1 January	16 710 582	13 176 741	11 043 793	-
Impact on adoption of IFRS 9	-	(32 458)	-	-
Recognised in the statement of profit or loss				
-Arising on vehicles and equipment	8 335	28 948	-	-
-Arising on investment properties	234 248 567	3 599 137	155 288 962	-
-Arising on assessable tax losses	-	(71 786)	26 642	-
-Arising on unquoted shares	23 612	-	23 612	-
-Restructuring effect	-	-	-	11 043 793
-Arisisng on leave pay provision	(30 517)	-	(30 517)	-
-Arisisng on provision for credit losses	(581 782)	-	(389 923)	-
As at 31 December	**250 378 797**	**16 710 582**	**165 962 569**	**11 043 793**
Deferred tax liability				
-Arising on vehicles and equipment	26 642	18 307	26 642	18 307
-Arising on investment properties	250 940 842	16 692 275	166 332 755	11 025 486
-Arising on unquoted shares	23 612	-	23 612	-
-Arising on assessable tax losses	-	-	-	-
-Arisisng on leave pay provision	(30 517)	-	(30 517)	-
-Arisisng on provision for credit losses	(581 782)	-	(389 923)	-
As at 31 December	**250 378 797**	**16 710 582**	**165 962 569**	**11 043 793**

15 BORROWINGS

Inflation Adjusted

	Group		Company	
	2019	**2018**	**2019**	**2018**
All figures in ZWL				
At 1 January	569 361	9 541 595	569 361	9 541 595
Amortised interest	1 529	420 915	1 529	420 915
Repayment of interest	(1 529)	(420 915)	(1 529)	(420 915)
Repayment of capital	(569 361)	(8 972 234)	(569 361)	(8 972 234)
As at 31 December	**-**	**569 361**	**-**	**569 361**
Short-term portion	-	569 361	-	569 361
Long-term portion	-	-	-	-
	-	**569 361**	**-**	**569 361**

BORROWINGS — **Historical cost**

	Group		Company	
	2019	**2018**	**2019**	**2018**
All figures in ZWL				
At 1 January	91 666	1 191 665	91 666	1 191 665
Amortised interest	441	49 919	441	49 919
Repayment of interest	(441)	(49 919)	(441)	(49 919)
Repayment of capital	(91 666)	(1 100 000)	(91 666)	(1 100 000)
As at 31 December	**-**	**91 665**	**-**	**91 665**
Short-term portion	-	91 665	-	91 665
Long-term portion	-	-	-	-
	-	**91 665**	**-**	**91 665**

16 TRADE AND OTHER PAYABLES	Inflation Adjusted			
	Group		Company	
All figures in ZWL	2019	2018	2019	2018
Rentals received in advance	1 289 607	1 870 390	661 473	1 313 602
Sundry payables	868 601	3 301 398	886 764	2 153 835
Trade payables	2 493 159	4 174 611	1 866 057	4 134 250
Related party payables	4 086 875	838 885	4 259 662	1 098 441
As at 31 December	**8 738 242**	**10 185 284**	**7 673 956**	**8 700 128**

TRADE AND OTHER PAYABLES	Historical cost			
	Group		Company	
All figures in ZWL	2019	2018	2019	2018
Rentals received in advance	715 234	301 126	652 456	211 486
Sundry payables	868 601	531 516	886 764	346 761
Trade payables	2 493 160	672 100	1 866 057	665 602
Related party payables	4 086 875	135 059	4 259 662	176 846
As at 31 December	**8 163 870**	**1 639 801**	**7 664 939**	**1 400 695**

Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

All figures in ZWL	Inflation Adjusted		Historical cost	
	2019	2018	2019	2018
At 1 January	1 870 385	1 472 748	301 126	237 108
Revenue recognised in 2019 that was included in the contract liability balance in 2018	(1 870 385)	(1 472 748)	(301 126)	(237 108)
2018 Contract liability recognised during the year	1 289 607	1 870 385	715 234	301 126
Contract liability recognised from costs incurred to fulfil a contract at 31 December	**1 289 607**	**1 870 385**	**715 234**	**301 126**

Trade and other payables are non-interest bearing and are normally on 30 day terms The fair value of trade and other payables other receivables as at 31 December approximates the carrying amount due to their short tenor

17 REVENUE	Inflation Adjusted		Historical cost	
All figures in ZWL	2019	2018	2019	2018
Rental income	57 423 632	65 255 510	23 565 453	8 014 375
Property services income	684 890	505 389	430 521	62 196
	58 108 522	**65 760 899**	**23 995 974**	**8 076 571**
18 ALLOWANCE FOR CREDIT LOSSES				
Allowance for credit losses	755 201	(1 881 779)	755 201	(302 931)
Specific write-offs	-	2 221 737	-	357 663
	755 201	**339 958**	**755 201**	**54 732**

		Inflation Adjusted		Historical cost	
19	**PROPERTY EXPENSES**				
	All figures in ZWL				
	Operating costs under recoveries	2 958 755	5 384 693	2 595 955	674 715
	Maintenance costs	10 857 816	9 935 129	4 074 125	1 256 950
	Valuation fees	112 535	140 841	38 600	17 680
	Property security and utilities	114 598	315 249	38 162	38 270
	As at 31 December	**14 043 704**	**15 775 912**	**6 746 842**	**1 987 615**
	Property expenses arising from investment properties that generated rental income	13 963 766	15 472 151	6 708 680	1 949 345
	Property expenses arising from investment properties that did not generate rental income	79 938	303 761	38 162	38 270
		14 043 704	**15 775 912**	**6 746 842**	**1 987 615**

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

		2019	**2018**	**2019**	**2018**
20	**EMPLOYEE COSTS**				
	All figures in ZWL				
	Salaries	3 279 619	6 283 797	1 184 460	782 292
	Staff training	542 955	596 318	262 533	72 797
	NSSA and levies	198 326	329 504	75 676	40 790
	Pension contributions	356 803	660 796	128 179	81 069
	General allowances	1 522 850	1 615 797	522 040	198 478
	Motor vehicle allowance	1 885 381	824 105	1 077 371	140 070
	Performance bonus	540 882	727 848	540 883	117 181
	Other staff costs	1 925 563	1 116 418	685 023	108 382
		10 252 379	**12 154 583**	**4 476 165**	**1 541 059**

21	**OTHER EXPENSES**	**2019**	**2018**	**2019**	**2018**
	All figures in ZWL				
	Directors' fees				
	-For services as directors	492 108	433 537	283 709	55 972
	Auditors' fees:				
	-current year	242 297	284 288	112 435	35 434
	-prior year	132 078	253 385	61 289	31 752
	Information and communication technology expenses	1 566 874	941 398	602 283	116 124
	Depreciation	374 993	285 342	47 428	27 757
	Communication expenses	105 093	17 868	43 644	17 868
	Fees and other charges*	451 418	7 271 071	443 907	849 984
	Investment fees	24 416	84 098	9 492	13 539
	Office costs	2 469 540	1 943 346	876 114	197 903
	Travel and entertainment expenses	213 684	142 586	104 880	18 079
	Group shared services	3 853 682	4 981 366	1 579 484	610 693
	Advertising	548 800	604 227	213 651	73 539
		10 474 983	**17 242 512**	**4 378 316**	**2 048 644**

*Fees and other charges includes conveyancing charges incurred on the transfer of properties under the restructuring scheme.

22 FAIR VALUE ADJUSTMENTS

All figures in ZWL	Inflation Adjusted		Historical cost	
Fair value adjustment - investment property (note 6)	484 725 688	(296 820 709)	1 246 756 000	6 265 127

23 OTHER INCOME

Bad debts recovered	51 447	30 900	11 149	3 763
Export incentive	-	363 920	-	44 318
Exchange Gains / (Losses)	17 237 747	-	11 159 733	-
Shared services	1 527 485	1 395 308	657 685	169 920
Insurance claim	-	8 129	-	990
Fair value gain on financial asserts at fair value through profit or loss	(552 302)	-	307 283	-
Profit on disposal of investment property	2 032 044	-	129 795	-
Sundry income	278 903	640 133	180 562	77 955
	20 575 324	**2 438 390**	**12 446 207**	**296 946**

There are no unfulfilled obligations and other contingencies attached to these export incentives. The Group did not benefit directly from any other forms of government assistance.

24 FINANCE INCOME

All figures in ZWL	Inflation Adjusted 2019	Inflation Adjusted 2018	Historical cost 2019	Historical cost 2018
24.1 Finance income for statement of profit or loss				
Interest on overdue tenant accounts	627 651	1 221 014	202 891	148 958
Interest on investments	158 157	331 975	51 125	40 126
	785 808	**1 552 989**	**254 016**	**189 084**
25 FINANCE COST				
Borrowings	1 529	420 915	441	49 919
Related party loan	2 652	23 423	765	2 716
	4 181	**444 338**	**1 206**	**52 635**
26 INCOME TAX EXPENSE				
Current income tax	2 883 938	7 284 554	2 883 938	1 122 478
Deferred tax	146 755 319	17 179 741	233 668 215	3 960 854
	149 639 257	**24 464 295**	**236 552 153**	**5 083 332**

	Inflation Adjusted 2019	Inflation Adjusted 2018	Historical cost 2019	Historical cost 2018
26.1 Reconciliation of income tax charge				
Accounting profit	500 670 590	47 634 151	1 267 094 467	9 143 043
Tax at standard rate	25.75%	25.75%	25.75%	25.75%
Notional accounting tax at standard rate	128 922 678	12 265 794	326 276 825	2 354 334
Expenses not deductible for tax purposes	974 722	6 816 921	297 057	940 265
Capital Gains - investment property	(48 466 984)	(9 425 102)	(77 973 786)	(1 300 014)
Impact of future tax rate change	(9 587 682)	-	(9 577 382)	-
Income not subject to tax	(4 447 732)	28 783	(2 875 514)	(3 970)
Other	1 299 902	22 422 191	404 953	3 092 717
Effect of inflation on translation	80 944 353	(7 586 726)	-	-
Effective tax for the year	**149 639 257**	**24 464 295**	**236 552 153**	**5 083 332**

		Inflation Adjusted		Historical cost	
		2019	2018	2019	2018
26.2	**Reconciliation of income tax paid**				
	Tax assets at the beginning of the year	(3 784 228)	(4 740 213)	(609 249)	(550 479)
	Tax liability at the beginning of the year	-	1 102 656	-	128 051
	Current income tax expense	2 883 938	7 284 554	2 883 938	1 122 478
	Provision / (reversal) of intrest and penalties	(746 390)	(810 040)	(227 470)	(130 414)
	Tax assets at end of the year	198 927	3 784 228	198 927	609 249
	Tax liabilty at end of the year	(164 612)	-	(164 612)	-
	Effects of inflation after adoption of IAS29	4 963 181	2 620 261	-	-
	Income tax paid	**3 350 816**	**9 241 446**	**2 081 534**	**1 178 885**

27 **EARNINGS PER SHARE**

27 1 **Basic earnings per share**

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

	Inflation Adjusted		Historical cost	
	2019	2018	2019	2018
All figures in ZWL				
Earnings attributable to ordinary equity holders of the parent for basic earnings per share	351 031 331	23 169 856	1 030 542 314	4 059 711
Issued ordinary shares at 1 January	1 238 157 310	1 238 157 310	1 238 157 310	1 238 157 310
Effect of treasury shares held	(1 366 038)	(1 229 638)	(1 366 038)	(1 229 638)
Weighted average number of ordinary shares at 30 December	1 236 791 272	1 236 927 672	1 236 791 272	1 236 927 672
Basic and diluted earnings per share	0.28	0.02	0.83	0.0033

27.2 **Diluted earnings per share**

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

28 **RELATED PARTY DISCLOSURES**

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

28.1 **Transactions and balances with related companies**

28.2 **Parent company's effective shareholding**

First Mutual Holdings Limited directly owns 3.09% (2018: 3.09%) and controls 71.82% (2018: 70.66%) of the ordinary shares of First Mutual Properties Limited through a shareholding in the companies / funds listed below:

	2019	2018
First Mutual Life Assurance Company (Private) Limited policyholders	42.01%	40.85%
First Mutual Life Assurance Company (Private) Limited shareholders	17.67%	17.67%
FMRE Company (Private) Limited Shareholders	2.21%	2.21%
First Mutual Insurance Company Limited	0.35%	0.35%
First Mutual Life Medical Savings fund	5.35%	5.35%
First Mutual Life Managed Fund	0.63%	0.63%
FML - Econet Pension Fund	0.26%	0.26%
First Mutual Holdings Limited	3.09%	3.09%
First Mutual Wealth Management (Private) Limited	0.15%	0.15%
First Mutual Properties Limited	0.10%	0.10%
	71.82%	**70.66%**

28.3 Summary of related party transactions

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

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

**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.

The following table provide the total amount of transactions that have been entered into with related parties during the year ended 31 December 2018:

	Relationship to First Mutual Properties Limited	Rentals charged to related parties	Purchases from related parties	Amount owed to related parties	Amount owed by related parties	Group shared services
All figures in ZWL						
First Mutual Holdings Limited	Parent	179 216	-	-	19 267	342 702
First Mutual Life Assurance Company (Private) Limited	Intermediate Parent	543 899	119 830	119 830	-	246 189
First Mutual Wealth Management (Private) Limited	Fellow subsidiary	20 784	13 970	-	5 253	4 827
First Mutual Reinsurance Company Limited	Fellow subsidiary	48 486	-	-	2 539	5 609
First Mutual Health Company (Private) Limited	Fellow subsidiary	118 193	66 084	789	-	7 865
First Mutual Insurance Company (Private) Limited t/a TristarInsurance	Fellow subsidiary	52 010	251 808	-	4 803	3 499
First Mutual Funeral (Private) Limited	Fellow subsidiary	21 772	-	-	610	-
Key management personnel of the Group						
Other directors interests**		140 220	-	16 738	-	-
Totals		**1 124 580**	**451 692**	**137 357**	**32 472**	**610 691**

**During 2019 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.

28.3.1 Terms and conditions of transactions with related parties

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

The sale and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Expenses relating for bad or doubtful debts in respect of amounts owed by related parties have been accounted for in accordance with IFRS 9 and are included in note 11.

28.3.2 Remuneration of key management

Details of transactions with directors are set out in the directors' report

	2019	2018
All figures in ZWL		
The following remuneration was paid to key management during the year:		
Short term employee benefits	907 101	284 229
Post-employment benefits	49 394	32 496
	956 496	316 725

Key management team includes executive directors and members of the management committee
Directors fees are disclosed on note 21.

29 FIRST MUTUAL HOLDINGS LIMITED GROUP PENSION FUNDS

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

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

	2019	2018
All employees contribute to the pension fund at the same prescribed rate		
All figures in ZWL		
Total employer contributions amounted to:	522 040	81 069

National Social Security Authority Scheme

The Group and its employees also contribute to the National Social Security Authority Scheme. This is a social security scheme which was set up under the National Social Security Act (Chapter 17.04). The Group's obligations under the scheme are limited to specific contributions as legislated from time to time.

	2019	2018
Total employer contributions amounted to:	204 059	40 790

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

The Group and the Company do not have significant contingent liabilities that require disclosure as at 31 December 2019

30.2 Commitments

30.2.1 Capital commitments

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

All figures in ZWL	2019	2018
Investment property	520 680	168 028

31 Events after the balance sheet date

The onset of the global pandemic, Covid-19, occurred early 2020. The pandemic has affected most nations globally and has seen most nations implementing lockdowns. The depth and breadth of the economic impact on the real estate sector remains uncertain. Long term behavioural changes will define market direction, as immediate reactions and changes may not be long term. The ability to ensure real estate products are agile and adaptable is critical. The focus for property investors will be on determining the right balance between capital preservation and further strengthening the competitive differentiation of existing product. Covid-19 has accelerated the need to diversify revenue streams, pursuing digital strategies, and focus on enhancing tenant experience, with owners and operators collaborating to protect their ecosystem to remain a going concern. This has affected productive sectors of the economy and has led to uncertainty across the world . This event is a non adjusting event and directors will continue to assess the impact of Covid-19 going forward.

32 Dividend declaration

At a meeting held on 27 February 2020, your Board resolved that a final dividend of ZWL4.2 million being ZWL0.34 cents per share be declared from the profits for the year ended 31 December 2019. The dividend will be payable on or about 3 July 2020 to all shareholders of the Group registered at close of business on 3 June 2020. The shares of the Group will be traded cum-dividend on the Zimbabwe Stock Exchange up to 29 May 2020 and ex-dividend as from 1 June 2020.

TOP 20 SHAREHOLDERS
for the year ended 31 December 2019

Rank	Names	Tax	Industry	Shares	Percentage %
1	STANBIC NOMINEES (PVT) LTD	LN	LN	889 289 116	71.82%
2	ECONET GROUP PENSION FUND	PF	PF	110 914 758	8.96%
3	FIRST MUTUAL LIFE SHAREHOLDERS	INS	INS	96 403 627	7.79%
4	SCB NOMINEES 033667800003	LN	LN	89 513 334	7.23%
5	ZB LIFE ASSURANCE LIMITED	INS	INS	6 212 607	0.50%
6	CBZ GROUP PENSION FUND-DATVEST	PF	PF	4 202 837	0.34%
7	WORLDOVER EQUITY LTD	FN	FN	3 511 554	0.28%
8	ECONET LFE PVT LTD-INVESCI	PF	PF	3 405 613	0.28%
9	ANGLO AMERICAN ASS PF-DATVEST	PF	PF	2 429 261	0.20%
10	RHYS DRENNAN SUMMERTON	LR	LR	1 950 741	0.16%
11	MIMOSA MINING COMP PF-INVESCI	PF	PF	1 892 374	0.15%
12	ZIMPLOW PENSION FUND - INVESCI	PF	PF	1 309 293	0.11%
13	MEGA MARKET (PVT) LTD	LC	LC	1 083 250	0.09%
14	MULTIMANAGER POOL-DATVEST	PF	PF	1 003 079	0.08%
15	ZB FINANCIAL HOLDINGS PF - OLDM	PF	PF	988 706	0.08%
16	TRIANGLE SENIOR SPF-DATVEST	PF	PF	950 000	0.08%
17	Marsh Ret Enhanc Fund-Datvest	FM	FM	924 335	0.07%
18	J SOFT P/L	LC	LC	909 713	0.07%
19	OAK TRUST	TR	TR	900 000	0.07%
20	MINING INDUSTRY PF - DATVEST	PF	PF	842 073	0.07%

Selected shares	1 218 636 271	**98.42%**
Non - selected shares	19 521 039	**1.58%**
Issued shares	1 238 157 310	**100.00%**

Notice to shareholders

NOTICE IS HEREBY GIVEN that the seventeenth Annual General Meeting of First Mutual Properties Limited is to be held at Ground Floor, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare on Tuesday 29 July 2020 at 09.30 for the purpose of transacting the business set out in this AGM Notice.

In light of the COVID-19 outbreak in Zimbabwe and the public health measures adopted by Government to combat the spread of the virus, all requisite steps will be taken to protect the health and safety of shareholders and attendees, including the following:

1. To ensure the required social distancing, the meeting will be held in the spacious and airy atrium at Ground Floor, First Mutual Park, 100 Borrowdale Road, Harare.
2. Entry to the venue will be restricted to the number permissible by law, and seating will be arranged appropriately.
3. Registration will commence 30 minutes before the meeting starts, and shareholders are encouraged to register early to avoid congestion at the registration desk.
4. As a means of limiting the number of non-shareholder attendees, on the day of the AGM access to the proceedings will be available via Facebook livestream and may be accessed on the First Mutual Properties Facebook page, under the name First Mutual Properties.
5. Temperature checks will be conducted at points of entry.
6. No-one will be permitted entry without a mask.
7. Alcohol based hand sanitisers will be placed in strategic locations to ensure attendees properly sanitise their hands as they arrive and leave the venue.
8. Attendees are encouraged to ask questions formally during the meeting and ensure minimal interactions before and after the formal proceedings.
9. Contact details of attendees will be collected to assist in contact tracing in the unlikely event of infections.
10. The company will ensure that the meeting venue is cleaned and sprayed with the recommended disinfectants before and after the meeting.
11. To reduce social contact, we regret that no refreshments will be provided after the meeting.

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2019.

2 To re - elect the following Director, Dr Arnold Chidakwa, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election:-

Dr Chidakwa is a highly experienced professional with a broad understanding of business issues ranging from business development, economics, strategy design, corporate finance, financial management, business valuations, financial and econometric modelling. He has experience in both public and private sectors, having worked in key economic ministry in Zimbabwe, advisory and research services, finance, investments management, telecommunications, export credit insurance, hospitality, tertiary education and mining sectors.

3 To re - elect the following Director, Mr Douglas Hoto who, being eligible, offers himself for re-election:-

Mr Hoto is an accomplished business leader and currently is the Group Chief Executive Officer. He holds a Bachelor of Science Honours Degree in Mathematics (UZ), is a qualified Actuary with more than 22 years' experience. He is a Fellow of the Institute and Faculty of Actuaries of the United Kingdom 1999 (FIFA), and is also a Fellow of the Actuarial Society of South Africa (FASSA). Having started his actuarial career with Old Mutual, Mr Hoto joined First Mutual Life in 1999. His career has seen him at the helm of Altfin Holdings and First Mutual Limited.

4 To re - elect the following Director, Mr William Marere, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election:-

Mr Marere was appointed to his current position as Group Finance Director in September 2012. Prior to this appointment, he was Chief Financial Officer – Corporate Finance at Econet Wireless Zimbabwe where he was responsible for corporate and project finance and investor relations. Mr Marere served his Articles of Clerkship with Ernst & Young. Upon completion he worked for the companies in the financial services, mining and property development industries including Stanbic Bank, TN Financial Services and Zimbabwe Alloys Limited where he gained proficiency and expertise in finance and administration, corporate and project finance. He holds an Honours Bachelor of Accounting Science Degree from the University of South Africa (UNISA) and is a Chartered Accountant (Zimbabwe).

5 To approve the Directors' remuneration for the financial year ended 31 December 2019.
(*NOTE: In terms of Section 3 of Practice Note 4 issued by the ZSE on 17th January 2020, the First Mutual Holdings Limited Directors' Remuneration Report shall be available for inspection by shareholders at the registered office of the Company.)*

6 To confirm the remuneration of the outgoing Auditors, PricewaterhouseCoopers Chartered Accountants (PwC), for the past audit.

7 To appoint Ernst & Young Chartered Accountants (EY) as Auditors of the Company until the conclusion of the next Annual General Meeting.
(NOTE: As PwC have served as auditors of the Company since 2015, they are being replaced by EY in terms of Section 191(11) of the Companies and Other Business Entities Act.)

8 To confirm the final dividend of RTGS$0.34 cents per share declared on 27 February 2020

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

9 Loans to Executive Directors

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

10 General Authority to Buy Back Shares

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

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

Notes:
i. The Directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally.
ii. All shares purchased pursuant to this resolution shall be utilised for treasury purposes or cancelled at the discretion of the Board of Directors from time to time.

iii. If the maximum number of shares that can be purchased pursuant to the authority is purchased, the Directors believe that the Company will be able, in the ordinary course of business, to pay its debts for a period of twelve months after the date of this notice; the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group; there will be adequate ordinary capital and reserves in the Company for a period of 12 months after the date of this notice; and there will be adequate working capital in the Company and the Group for a period of 12 months after the date of this notice.

iv. a press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between annual general meetings, 3% (three per centum) of the number of ordinary shares in issue prior to the acquisition.)

11 Adoption and Substitution of a New Memorandum and Articles of Association of the Company

AS A SPECIAL RESOLUTION

THAT the Company adopts a new Memorandum and Articles of Association compliant with the requirements of the new Companies and Other Business Entities Act [Chapter 24:31] and the new ZSE Listing Requirements [Statutory Instrument 134/2019].

12. Any Other Business

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

NOTES:

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

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

BY ORDER OF THE BOARD

S. Lorimer

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

Registered Office
First Mutual Park
100 Borrowdale Road
Borrowdale
HARARE

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Corporate Information

REGISTERED OFFICE AND HEAD OFFICE
First Floor, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare.
Tel: +263 (4) 886 121 - 4

Email:
info@firstmutualproperties.co.zw

Website:
www.firstmutalproperties.co.zw

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

COMPANY SECRETARY
Sheila Frances Lorimer

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

BUSINESS
First Mutual Properties Limited formerly known as Pearl Properties (2006) Limited is incorporated and domiciled in Zimbabwe, and its principal activities are property investment development and management.

First Mutual Properties Limited listed on the Zimbabwe Stock Exchange in August 2007.

REPORTING PERIOD
The current reporting period is from 1 January 2019 to 31 December 2019. The comparative reporting period is 1 January 2018 to 31 December 2018. The reporting and functional currency is the Zimbabwe dollar.

INDEPENDENT AUDITOR
PricewaterhouseCoopers Chartered Accountants (Zimbabwe), Building No 4 Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe.

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

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

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

Danziger and Partners Legal Practitioners, 12th Floor, ZB Life Towers, Jason Moyo Avenue, Harare.

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

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

PROXY FORM

I / We --
(full names)

of--
(full address)

being the registered holder / s of-- ordinary shares in

FIRST MUTUAL PROPERTIES LIMITED, do hereby appoint:

(full names) --

of--
(full address)

as my / our proxy to vote for me / us on my / our behalf at the **ANNUAL GENERAL MEETING** of the Company to be held on **29 July 2020** and at any adjournment thereof.

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

	ORDINARY BUSINESS	**For**	**Against**	**Abstain**
1	THAT the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2019 be adopted..			
2	THAT Dr A Chidakwa be re-elected as a director of the Company in terms of Article 106 of the Articles of Association.			
3	THAT Mr D Hoto be re-elected as a director of the Company in terms of Article 106 of the Articles of Association.			
4	THAT Mr W Marere be re-elected as a director of the Company in terms of Article 106 of the Articles of Association.			
5	THAT the remuneration of the Directors be confirmed.			
6	THAT the remuneration of the outgoing Auditors, PricewaterhouseCoopers, for the past audit be confirmed.			
7	THAT Ernst & Young Chartered Accountants Zimbabwe be appointed as Auditors of the Company until the conclusion of the next Annual General Meeting.			
8	THAT the final dividend of RTGS$0.34 cents per share declared on 27 February 2020 be confirmed.			
9	**SPECIAL BUSINESS**			
10	THAT the Company be authorised to make loans to Executive Directors in terms of Section 208 of the Companies and Other Business Entities Act [Chapter 24:31], subject to certain conditions.			
11	As a Special Resolution THAT the Company be authorised in terms of section 129 of the Companies Act [Chapter 24:31] to purchase its own shares, subject to certain conditions.			
12	As a Special Resolution THAT the Company adopts a new Memorandum and Articles of Association compliant with the requirements of the new Companies and Other Business Entities Act [Chapter 24:31] and the new ZSE Listing Requirements [Statutory Instrument 134 / 2019].			

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

Signed this--------day of--------------------- 2020

SIGNATURE OF SHAREHOLDER

NOTES:

1. Shareholders are encouraged to participate in the AGM electronically and to make use of proxy voting, as outlined in the AGM Notice.
2. In terms of section 171 of the Companies and Other Business Entities Act (Chapter 24:31), a member of the Company is entitled to appoint one or more persons to act in the alternative as his proxy, to attend and vote and speak in his stead. A proxy need not be a shareholder of the Company.
3. Unless otherwise instructed, the proxy will vote as he / she thinks fit.
4. This proxy form must be deposited at the Registered Office of the Company which is situated at First Floor, First Mutual Park, Borrowdale Road, Harare so as to be received by the Secretary not less than 48 hours before the meeting.
5. The proxy form must be signed and dated for it to be valid. Any alterations or corrections to this form must be initialled.
6. Anyone signing this proxy form in a representative capacity must be authorised to do so. Please stamp this form with your company or organisation's stamp and enclose proof of authorisation.
7. The return of this proxy form will not prevent you from attending the meeting and voting in person. However, should this happen, the proxy will be revoked.

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