



**FaR PROPERTY**

Integrated  
annual report  
2016



**A BALANCED AFRICAN PROPERTY PORTFOLIO**



# ABOUT THIS REPORT

FPC is a variable rate loan stock company which listed on the Botswana Stock Exchange (BSE) on 4 May 2016, with a property portfolio comprising 179 properties across Botswana and South Africa. The South African properties are held in a wholly owned subsidiary, Q Tique 79 Proprietary Limited.

FPC is pleased to present our maiden integrated annual report to stakeholders for the year 1 July 2015 to 30 June 2016. This integrated annual report is primarily aimed at linked unitholders and providers of capital. We aim to present a balanced, understandable review of the business and provide an integrated assessment of the company's ability to create value over time.

The report is prepared in accordance with IFRS, the BSE Listings Requirements, the Botswana Companies Act, the BSE Code of Corporate Governance and the King III Report on Corporate Governance. In line with the recommendations of King III this report was prepared with consideration of the International Integrated Reporting Council's <IR> Framework.

## Directors

At the time of listing in May 2016, the company's board comprised of three non-executive directors, being the founders, Ramachandran Ottapathu and Farouk Ismail, and Vidya Sanooj. Farouk Ismail, has since stepped down on 20 June 2016 and Faizel Ismail was appointed in his place.

A further three independent non-executive directors have been appointed to the board, being His Excellency Festus G Mogae, former President of the Republic of Botswana, Reetsang Willie Mokgatlhe and Robert Matthews. According to the constitution of the company the board may, from time to time, appoint one of the directors to be the managing director and elect one of their number as chairperson of the board.

The directors can be contacted at the registered office of the company. Details of the directors are contained on pages 14 to 15.

The company's external auditor, PricewaterhouseCoopers, has provided assurance on the annual financial statements and expressed an unqualified audit opinion. The annual financial statements have been prepared under the supervision of Deepak K Haridas, the Financial Manager of FPC. The remaining content of the integrated annual report has been reviewed by the board but has not been externally assured.

## Statement of responsibility

The board acknowledges its responsibility to ensure the integrity of this integrated annual report.



**Ramachandran Ottapathu**

Founder

12 October 2016



*FPC shaping the landscape with world-class warehouses and shopping centres*

[www.farproperties.co.bw](http://www.farproperties.co.bw)



# FPC IN SNAPSHOT

## Corporate data

The FaR Property Company Limited  
Company No: Co 2010/6009  
Incorporated in the Republic of Botswana on 29 June 2010  
Listed on BSE: 4 May 2016  
Share code: FPC  
ISIN: BW0000001551  
Linked units (at 2016): 380 000 000

*FPC delivers income and capital growth from a retail-based but diversified portfolio across Botswana and South Africa.*

*The portfolio is anchored by Africa's fastest growing FMCG retailer – Choppies – which drives demand for adjacent retail space from aspirant associated retailers.*

*With Choppies' promising growth prospects, underpinned by a proven track record and strong competitive advantages, FPC is well positioned for growth into the future and across Africa.*

## At a glance

- BWP984 million market cap
- Total portfolio BWP1,26 billion
- Diversified portfolio with retail base
- Anchored by largest Botswana retailer, Choppies
- 178 564m<sup>2</sup> GLA

### Our portfolio

#### Botswana

156 properties  
BWP1,06 billion

#### South Africa

23 properties  
ZAR259 million

### Highlights FY16

- Listed on BSE 4 May 2016
- Over BWP200 million raised on listing

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## WELCOME LETTER FROM THE CHAIRMAN

I am proud to present my maiden linked unitholders' report for the newly listed FPC and welcome all new linked unitholders on board. I believe we have an exciting journey ahead.

The successful listing of FPC on the BSE on 4 May 2016 was the realisation of the strategic objective of the group's founders, Ramachandran Ottapathu and Farouk Ismail, at the group's inception in 2010.

Prior to listing, FPC and its founders successfully raised over BWP200 million through a private placement and public offering of 80 million linked units at BWP2,57 per linked unit. 40 million existing linked units were sold by the founders and 40 million newly issued linked units were sold by the company thus raising over BWP100 million for FPC.

For our new linked unitholders and future investors, FPC provides a tax efficient investment in a large, stable portfolio of fixed property underpinned by a high growth anchor tenant. Profits from a variable rate loan stock company such as FPC are distributed by means of a dividend and a tax allowable debenture interest payment, which is higher than the dividend.

The company was originally established to unlock the value inherent in the collection of properties housing Choppies' FMCG operations. From 2011 to 2015 properties serving Choppies were acquired and amalgamated under the FPC banner. Combining these properties into a single cohesive portfolio achieved critical mass that allowed FPC to take advantage of synergies, cost savings and tax efficiencies. The subsequent listing has multiple benefits – it will enhance liquidity and enable FPC to raise finance for further expansion as well as providing a platform to attract potential strategic partners and diversify our tenant base. This will ensure that we build a sustainable portfolio that can realise enhanced yields.

A key consideration in the listing strategy from the outset was to contribute to the development of the Botswana capital markets. FPC's listing achieved this by boosting the BSE's total market capitalisation and bringing to the bourse a level of diversification that now has six listed property companies. We offer a transparent investment vehicle where linked unitholders are entitled to vote on key issues as set out in the BSE Listings Requirements.

Going forward FPC remains committed to managing our business sustainably, considering not only the group's financial performance and risk profile to deliver meaningful returns to investors but also to impact on the Botswana and African social fabric, landscape and economy. A sound governance structure has been implemented in line with the BSE Code of Corporate Governance and King III Report.

I take this opportunity to extend my appreciation to my fellow directors for their commitment and guidance during this landmark year in the company's history.

**His Excellency FG Mogae**

*Independent chairman*

12 October 2016



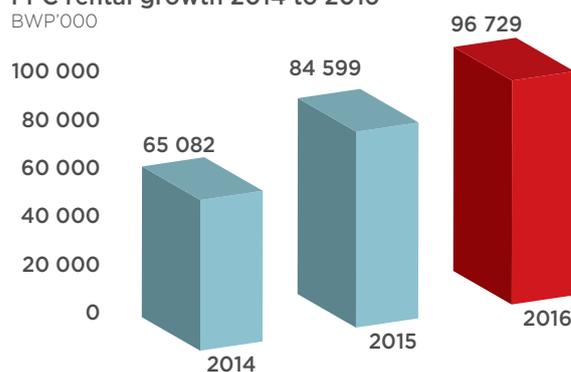
FPC is a property investment company providing investor returns from the income and capital growth of a BWP1,26 billion portfolio of properties across Botswana and South Africa. The diversified portfolio has a strong retail base as initially the properties in the portfolio were acquired to serve the needs of Choppies, a dual-listed leading FMCG retailer. The current portfolio further spans commercial and industrial property and includes some residential property investments.

The rapid growth in Choppies' market outreach and position as a leading supermarket brand in Botswana and other African countries is a key driver of growth in the FPC portfolio. It has spurred strong demand for space in Choppies-occupied premises from other retailers.

Choppies is a Botswana-based FMCG retailer operating in Botswana, where it occupies pole position as the leading supermarket chain and largest employer in the private sector. Choppies also has a growing footprint in South Africa, Zimbabwe, Zambia, Kenya and Tanzania and has plans to open elsewhere in sub-Saharan Africa. The company is the fastest growing retailer on the African continent, targeting urban, semi-urban and rural areas with a focus on small-town shopping centres close to residential locations and transport nodes. The proven business model and track record, combined with sound financial fundamentals, and strong competitive advantages from vertical integration, position Choppies for continued growth. Choppies is dual-listed on the BSE and JSE.



**FPC rental growth 2014 to 2016**



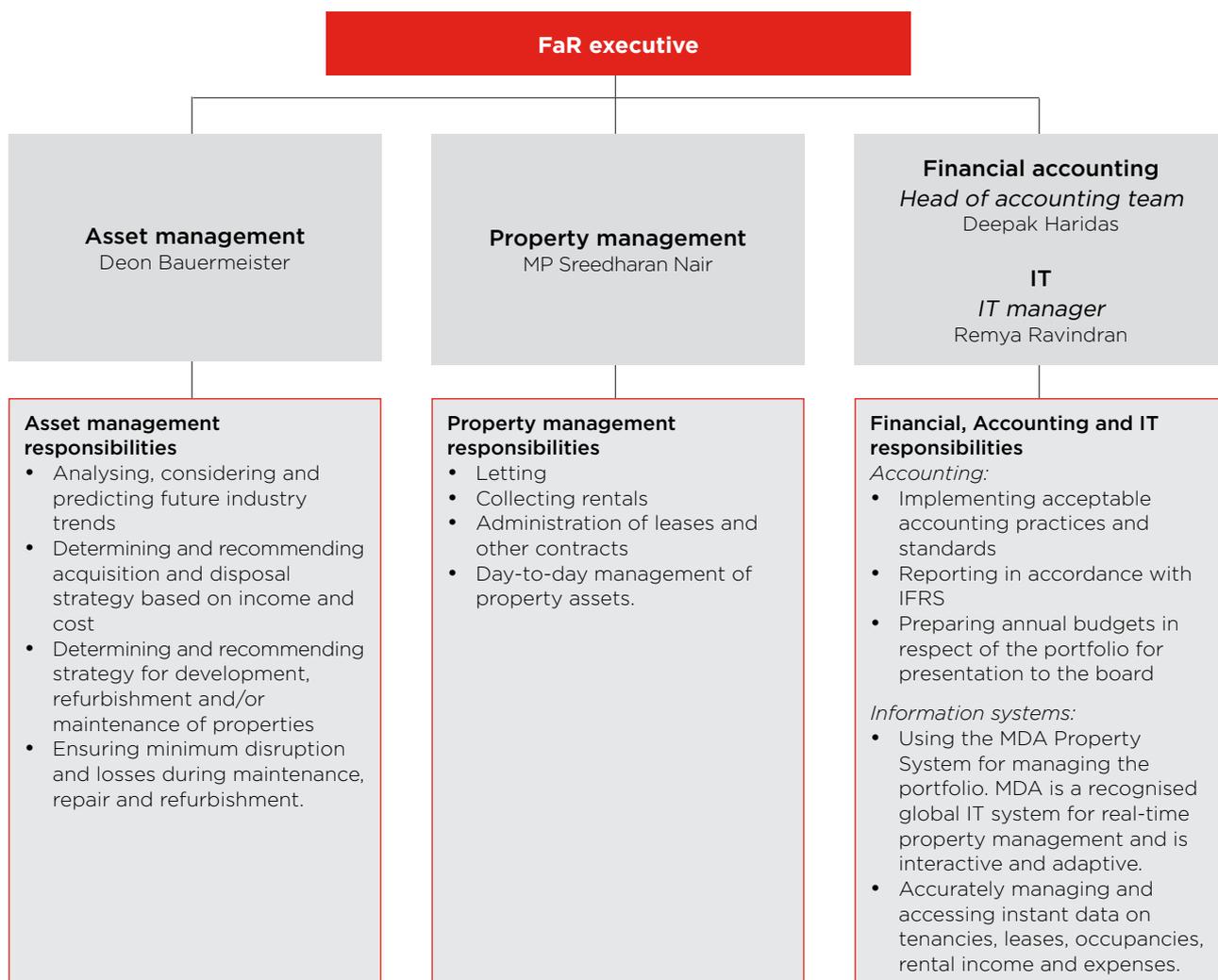
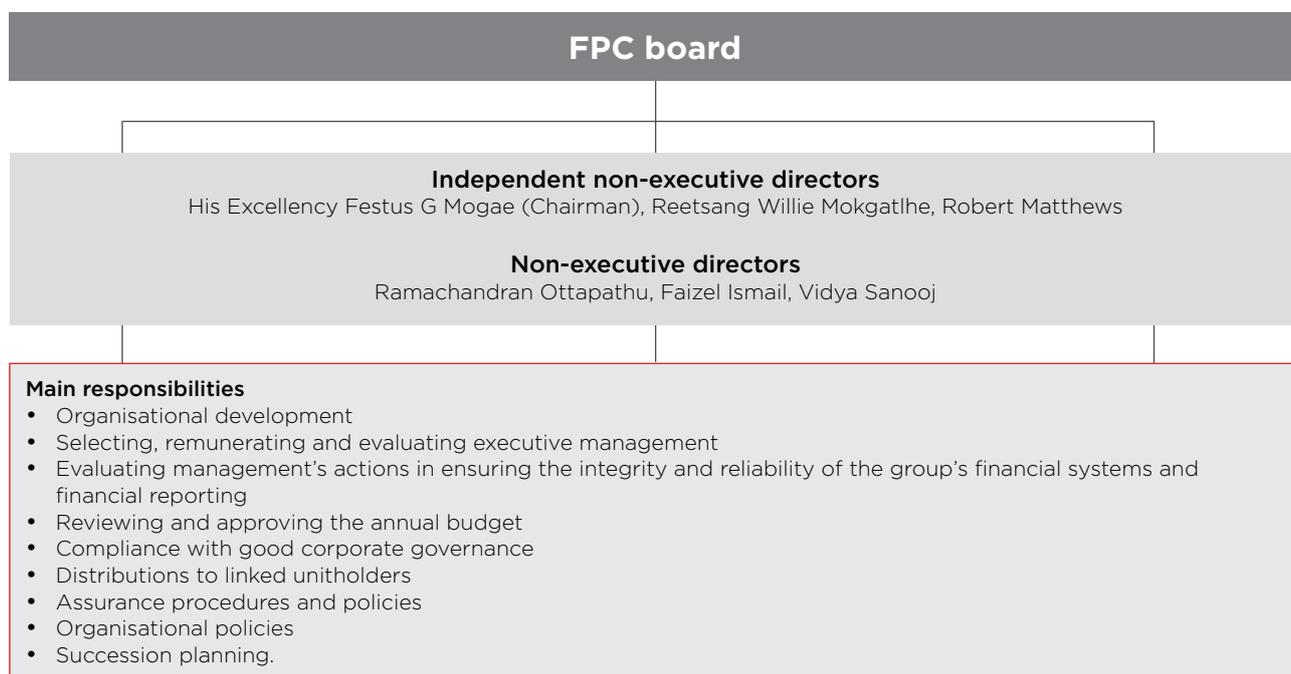
### Portfolio highlights

- Fit for purpose in size, quality of construction, visibility and accessibility for Choppies and other tenants
- Stable and complementary tenant mixes
- Strategic lease management for reduced vacancies and renewal escalations
- Net income yields resilient to inflationary pressures
- Good rental escalations
- Diversified spread of investment properties
- Inherent future earnings and capital growth potential

# WHO WE ARE

## OPERATIONAL STRUCTURE

as at 30 June 2016



## OUR KEY STAKEHOLDERS

Key stakeholders are entities which have an impact on FPC's business and are in turn materially impacted by our business activities. We are committed to ensuring timeous, effective and transparent communication with our investors and other stakeholders. We communicate through diverse means which include our website, annual and semi-annual results presentations, annual integrated report, one-on-one meetings and ongoing informal discussions.

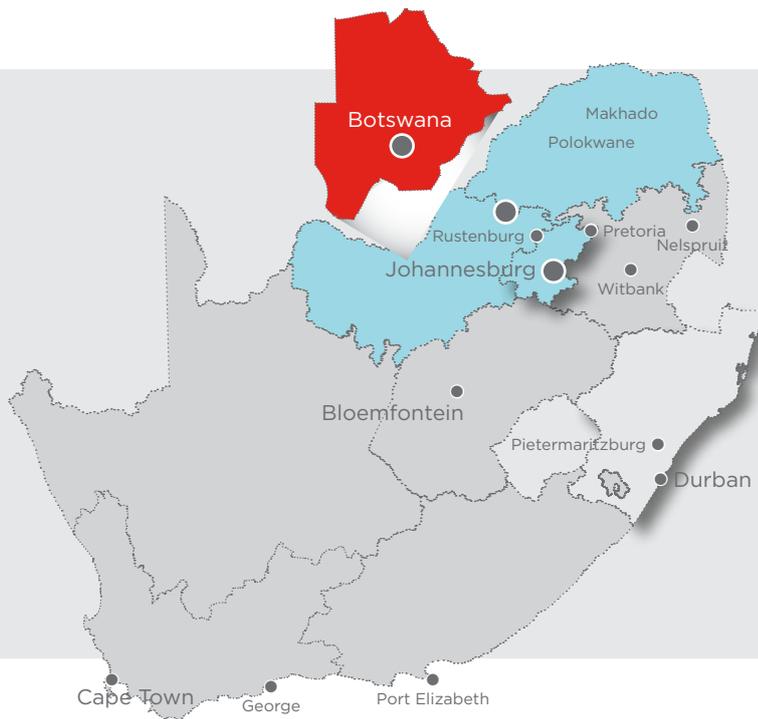
Stakeholder	What matters to them
<b>Linked unitholders</b>	<ul style="list-style-type: none"> <li>• Sustainable growth</li> <li>• Linked unit price performance</li> <li>• Risk and mitigation strategies</li> <li>• Management stability and competence</li> <li>• Distributable profit</li> </ul>
<b>Financiers</b>	<ul style="list-style-type: none"> <li>• Loan covenant compliance</li> <li>• Solvency</li> <li>• Quality of assets</li> <li>• Adequate security</li> <li>• Tenant quality</li> </ul>
<b>Tenants</b>	<ul style="list-style-type: none"> <li>• Anchor tenant stability, sustainability and quality</li> <li>• Rental and occupancy costs</li> <li>• Safety</li> <li>• Quality property management</li> </ul>
<b>Industry associations</b>	<ul style="list-style-type: none"> <li>• Market trends</li> <li>• Industry developments</li> </ul>
<b>Independent valuers</b>	<ul style="list-style-type: none"> <li>• Property management</li> <li>• Risk and mitigation strategies</li> <li>• Quality of assets</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>• Tax payments</li> <li>• Compliance with legislation</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Good corporate citizen</li> </ul>

# OUR PORTFOLIO

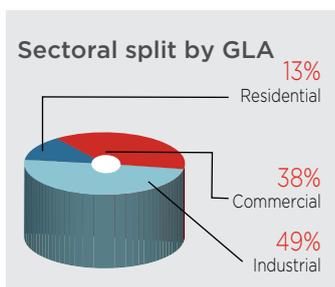
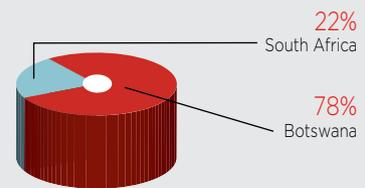
## Footprint

The development and acquisition of the full portfolio was driven, in addition to Choppies' growing footprint, by the demand for commercial and industrial properties in Botswana. The majority of shopping malls in the portfolio are anchored by Choppies supermarkets, as are some of the industrial units that are used for distribution and office purposes. In a similar way, as the Choppies footprint has grown in South Africa, as has the demand for commercial and industrial property in smaller towns across the country.

Our properties are located throughout Botswana with the majority in urban and semi-urban areas, and in small towns in the North West province of South Africa.



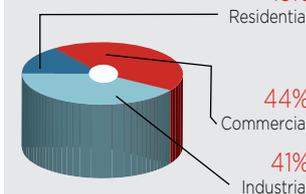
Geographic split by GLA



Sectoral split by GLA

	m <sup>2</sup>
Commercial	67 088
Industrial	88 008
Residential	23 468
<b>Total</b>	<b>178 564</b>

Sectoral split by gross rental

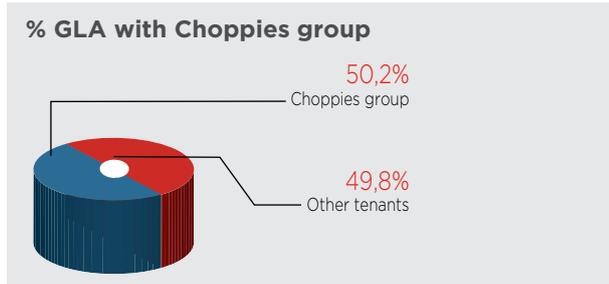


Sectoral split by gross rental

	BWP
Commercial	43 130 863
Industrial	39 373 315
Residential	14 224 578
<b>Total</b>	<b>96 728 756</b>

## Vacancies

Occupancy rates are currently relatively high as a result of direct lease negotiations and strong relationships with tenants. While FPC strives to maintain these levels of occupancy, market conditions and external factors could result in the occupancy levels aligning with industry averages.



### GLA with Choppies group

	m <sup>2</sup>
Choppies group	89 639
Other tenants	88 925
<b>Total</b>	<b>178 564</b>

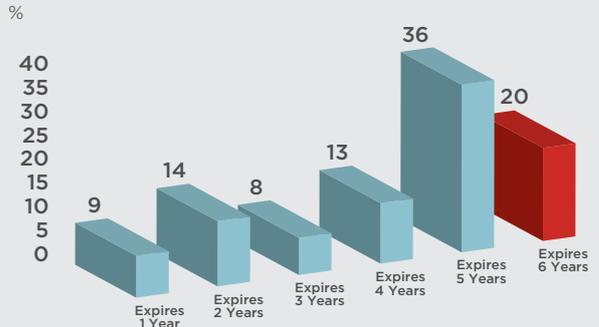


## Lease expiries

The properties are wholly owned or held on long-term lease agreements. FPC's properties boast a track record of high occupancy leases and this trend is expected to continue.

The graph below sets out the expiry profile of the long-term leases:

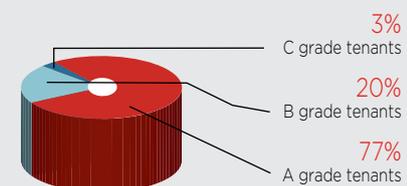
### Lease expiry profile – by rental income



### Lease expiry profile - by rental income

	Rental income BWP	%	Area (m <sup>2</sup> )
Expires - one year	9 143 972	9	16 880
Expires - two years	13 235 538	14	24 433
Expires - three years	7 638 400	8	14 101
Expires - four years	12 615 518	13	23 289
Expires - five years	35 151 833	36	64 891
Expires - six years+	18 943 495	20	34 970
<b>Total</b>	<b>96 728 756</b>	<b>100</b>	<b>178 564</b>

### Tenant profile by GLA



### Tenant profile by GLA

	m <sup>2</sup>
A grade tenants	137 494
B grade tenants	35 713
C grade tenants	5 357
<b>Total</b>	<b>178 564</b>

A grade tenants include: international and regional companies, banks and related parties

B grade tenants include: local (South African and Botswana) small and medium enterprises

C grade tenants include: tenants other than A or B grade tenants

TOP 10 PROPERTIES



**Plot 196 - GICP**

<b>TYPE OF PROPERTY</b>	Light industrial
<b>GLA M<sup>2</sup></b>	5 455
<b>LOCATION</b>	Gaborone
<b>TENANT</b>	<ul style="list-style-type: none"> <li>• Clover Botswana Proprietary Limited</li> </ul>



**Plot 212 - GICP**

<b>TYPE OF PROPERTY</b>	Light industrial
<b>GLA M<sup>2</sup></b>	11 360
<b>LOCATION</b>	Gaborone
<b>TENANT</b>	<ul style="list-style-type: none"> <li>• Choppies Distribution Centre Proprietary Limited</li> </ul>



**Erf 2282 Rustenburg**

<b>TYPE OF PROPERTY</b>	Industrial
<b>GLA M<sup>2</sup></b>	10 304
<b>LOCATION</b>	Rustenburg, South Africa
<b>TENANT</b>	<ul style="list-style-type: none"> <li>• Choppies Warehousing Services Proprietary Limited</li> </ul>



**Plot 888 - GICP**

<b>TYPE OF PROPERTY</b>	Light industrial
<b>GLA M<sup>2</sup></b>	10 000
<b>LOCATION</b>	Gaborone
<b>TENANTS</b>	<ul style="list-style-type: none"> <li>• PST Sales and Distribution Proprietary Limited</li> <li>• NBL Botswana Proprietary Limited</li> </ul>



### Tribal lot 1301 Kazungula

<b>TYPE OF PROPERTY</b>	Commercial
<b>GLA M<sup>2</sup></b>	7 377
<b>LOCATION</b>	Kazungula

#### TENANTS

• Barclays Bank of Botswana Limited • First National Bank of Botswana Limited • Tshilong Bureau De Change • Wolflake Proprietary Limited • Presprime Investments Proprietary Limited/JB Sports • Oclin Proprietary Limited (Beaver Canoe) • Oclin Proprietary Limited (Style Oclin) • Wanlicome Proprietary Limited • Best Deal Investments • Rosbos Investment Proprietary Limited • Amo-Black Stores Proprietary Limited • Nevlyn Investments Proprietary Limited • All Correct Proprietary Limited • Puku Safaris Proprietary Limited • Diagnofirm Proprietary Limited • MRI Botswana Proprietary Limited • LeadMasters Holdings Proprietary Limited • Trans Region Proprietary Limited • Cape Vultures Expeditions Proprietary Limited • KBC Enterprises Proprietary Limited • Atlantis Holdings Proprietary Limited • Alliance Consultants Proprietary Limited • Coo-Fire Fighters Proprietary Limited • Arrow Root Investments Proprietary Limited • Convan Proprietary Limited (Bimbos) • ZCX Investments Proprietary Limited • Hot Bread Shop Proprietary Limited • Carnival Furnishers Botswana Proprietary Limited • Bateleur Construction Proprietary Limited • Levis Architecture Proprietary Limited • Gayatri Hardware Proprietary Limited • Auto Logic Proprietary Limited



### Tribal lots 30, 31 and 38

<b>TYPE OF PROPERTY</b>	Commercial
<b>GLA M<sup>2</sup></b>	5 583
<b>LOCATION</b>	Ghanzi

#### TENANTS

• First National Bank of Botswana Limited • Air Holding Proprietary Limited • Ditholwana Business Proprietary Limited • Pep Botswana Holdings Limited • Xing Xing Proprietary Limited • Purple Roof Proprietary Limited • Bank Gaborone Limited • Bower Bird Proprietary Limited • Ovais Proprietary Limited • Age Ago Investment Proprietary Limited • Brain Works Architects • Capevail Investments Proprietary Limited • Carnival Furnishers Botswana Proprietary Limited • Cicoldo Engineers Proprietary Limited • Kali Enterprises Proprietary Limited • Leitshamo Attorneys • Letshego Financial Services Proprietary Limited • Security Systems Proprietary Limited • Sunela Proprietary Limited • Thabo Malambane



### Erf 2288 Rustenburg Extension 9 - Old

<b>TYPE OF PROPERTY</b>	Industrial
<b>GLA M<sup>2</sup></b>	5 974
<b>LOCATION</b>	Rustenburg, South Africa

#### TENANT

• Choppies Warehousing Services Proprietary Limited

OUR TOP 10 PROPERTIES continued



**Erf 6162 Mahikeng**

<b>TYPE OF PROPERTY</b>	Commercial
<b>GLA M<sup>2</sup></b>	5 190
<b>LOCATION</b>	Mahikeng, South Africa
<b>TENANTS</b>	
<ul style="list-style-type: none"> <li>• Choppies Supermarkets South Africa Proprietary Limited</li> <li>• Tohamey Elegant Homes • ANA Teles De Abreu • Vodacom Properties 2 Proprietary Limited • S Naraghi Construction CC • Guilder Investments 7 Proprietary Limited • Burger Palace • The Medical Suites • Clicks • First Rand Bank Limited</li> <li>• Swansilo Sibumbene Investments Proprietary Limited</li> <li>• Rhino Liquors Early Moon trd 575 CC</li> </ul>	



**5481/2/3/4/5 and 8044 Mogoditshane**

<b>TYPE OF PROPERTY</b>	Commercial
<b>GLA M<sup>2</sup></b>	3 101
<b>LOCATION</b>	Mogoditshane
<b>TENANTS</b>	
<ul style="list-style-type: none"> <li>• PLY Proprietary Limited • Amber Enterprises Proprietary Limited • Juba Investments Proprietary Limited • Jam Works Proprietary Limited • Guo Wei Investments Proprietary Limited • Shiling Ping Trading Proprietary Limited • Smoothsail Holdings Proprietary Limited • Jian Li Company Proprietary Limited • Tian Run Import &amp; Export Proprietary Limited • Nan Zhu Proprietary Limited • Dummasyl Enterprises Proprietary Limited</li> </ul>	



**Plot 42796 Phakalane**

<b>TYPE OF PROPERTY</b>	Commercial
<b>GLA M<sup>2</sup></b>	2 150
<b>LOCATION</b>	Phakalane
<b>TENANTS</b>	
<ul style="list-style-type: none"> <li>• First National Bank of Botswana Limited • Botiyal Enterprises Proprietary Limited • Oxbow Investments Proprietary Limited • Stonehouse Investments Proprietary Limited • Peak Venture Proprietary Limited • Wei Tei Proprietary Limited • Bridge Trading Proprietary Limited • L.M.B Enterprises Proprietary Limited • SNR Packers Proprietary Limited • The Nature Company Proprietary Limited</li> </ul>	

# OUR PERFORMANCE

## KEY FINANCIAL INFORMATION

<i>Figures in BWP</i>	2016	2015
Revenue	<b>114 417 104</b>	92 322 273
Rental income	<b>96 728 756</b>	84 599 082
Deferred lease adjustment	<b>17 688 348</b>	7 723 191
Other income	<b>11 380 132</b>	1 063 555
Operating expenses	<b>(14 513 260)</b>	(5 926 341)
<b>Operating profit</b>	<b>111 283 976</b>	87 459 487
<b>Net finance cost</b>	<b>(42 852 477)</b>	(41 279 094)
Finance income	<b>606 143</b>	207 568
Finance costs	<b>(43 458 620)</b>	(41 486 662)
<b>Profit after net finance cost</b>	<b>68 431 499</b>	46 180 393
Investment property fair value adjustment	<b>(17 135 611)</b>	55 007 453
Loss on sale on investment property	<b>(33 818 000)</b>	—
Loss on disposal of subsidiary	<b>(8 892 450)</b>	—
<b>Profit before income tax</b>	<b>8 585 438</b>	101 187 846
Income tax credit/(expense)	<b>1 110 403</b>	(15 452 641)
<b>Profit for the year attributable to linked unitholders</b>	<b>9 695 841</b>	85 735 205
Other comprehensive income		
Exchange differences on translating foreign operations	<b>(5 592 899)</b>	(7 075 537)
<b>Comprehensive income for the year attributable to linked unitholders</b>	<b>4 102 942</b>	78 659 668
Linked units in issue at end of year	<b>380 000 000</b>	165 151 804
<b>Basic earnings per linked unit (average weighted linked units)</b>	<b>3,77</b>	51,91
<b>Distribution per linked unit - thebe</b>		
Interest	<b>3,38</b>	12,59
Dividend	<b>0,04</b>	0,13
<b>Total</b>	<b>3,42</b>	12,72
<b>Rent yield ratio</b>	<b>9,03%</b>	7,64%
<b>Rent yield on developed properties</b>	<b>10,19%</b>	8,49%
<b>Loan to asset ratio</b>	<b>35,24%</b>	41,97%
<b>Interest coverage ratio (times)</b>	<b>3</b>	2

### Results

- Operating profit improved by 27%
- Rental yield improved by 19%
- Maintained a strong assets growth and reduced the loan assets ratio
- Fair value deficit for the year BWP17 million (2015 surplus BWP55 million) reflects current valuation conditions prevailing in the Botswana market. Deficit does not affect the profit available for distribution.

### Performance trends

Rental income increased from BWP84 599 in FY15 to BWP96 729 for the FY16 (amounts are in BWP000).

### Property portfolio

- Well balanced portfolio by GLA
- Industrial – 49%
- Commercial – 38%
- Residential – 13%
- Vacancy rate negligible
- Value of portfolio is BWP1,25 billion
- Land Bank available to sustain strong growth.

### Prospects

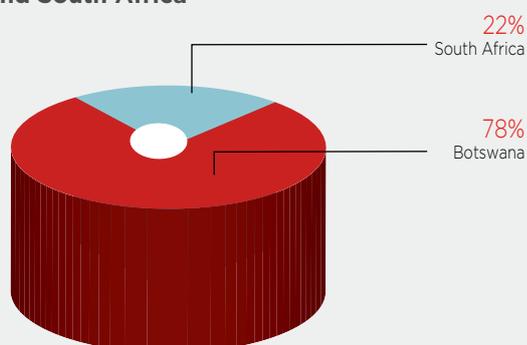
Property developments to be completed in the next 18 months will enable the overall portfolio to be more balanced and developed. It is forecast that the low vacancy rate will be sustained.

## OPERATIONAL REVIEW

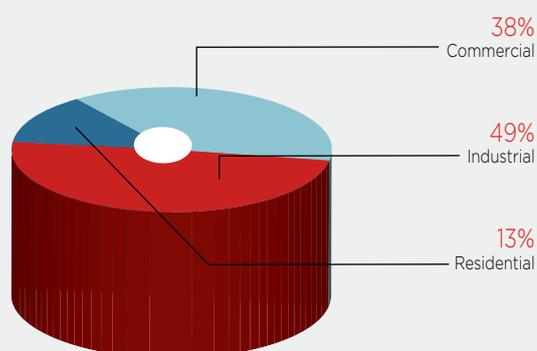
We started FaR initially as individual companies owning small properties, mainly to support Choppies operations including providing infrastructure, especially in locations where we were required to own the site in order to operate a Choppies store. This structure prevailed from 2002 to 2012, when we consolidated the companies under one banner, FaR Properties Proprietary Limited, with the intention of further expanding the portfolio. We have since not only added further properties in Botswana but also added properties in South Africa.

The current portfolio has a strong retail base and is well balanced with commercial, industrial and residential properties. We have a number of properties and developments in the pipeline and plan to add sites in Lusaka, Maputo and in additional South African cities.

**Spread by GLA of properties in Botswana\* and South Africa**



**Property zoning by GLA**



\* Sites nearing completion include projects in Francistown, Mogoditshane, and Pitsane.

### New projects since 30 June 2016 – shopping mall, filling station and warehouses

Property	Business type	Completion date
Lot 903, Francistown	Shopping mall	Expected completion by October 2016
Plot 43517, Francistown	Warehouse	Expected completion by October 2016
Plot 2447, Mogoditshane	Warehouse	Expected completion by October 2016
Plots 26 and 27, Pitsane	Industrial warehouse	Complete
Plots 4120, 4121 and 4124, Mogoditshane	Filling station	Expected completion by October 2016

FPC's listing on the BSE marks a milestone in the property portfolio's continuing growth trajectory and provides a platform to access capital to pursue new future growth and investment opportunities.

## Operating context

### Botswana

The most important feature of the property portfolio is the balance we could achieve over a period of time. Currently, the portfolio is well balanced with revenue and type of property and has proven recession resilient. The Botswana property market, in general, is under pressure from the current economic conditions.

### Prospects in Botswana

The Land Bank at the disposal of our company will provide huge opportunity for growth in Botswana in addition to the current ongoing projects.

### South Africa

The principle of a well-balanced portfolio in South Africa also helped us to withstand the challenging trends.

We will be following a more conservative approach to future developments in South Africa.

## Financial performance

Rental income increased from BWP84 599 000 in FY2015 to BWP96 729 000 in FY2016. Operating profit improved by 26% and the rental yield increased by 19%. The fair value deficit for the year was BWP17 million which reflects the current valuation conditions prevailing in the Botswana market. This fair value adjustment does not affect the profit available for distribution.

## Looking ahead

In the year ahead FPC plans to complete acquisitions and developments in Botswana and South Africa with a cumulative value of BWP255 million and ZAR22 million, respectively.



*Ramachandran Ottapathu, Founder*

The newly developed and acquired properties are expected to introduce high quality income streams and provide further diversification. FPC will continue to identify and evaluate opportunities for acquisitions and development that will enhance distributions on a sustainable basis.

A handwritten signature in black ink, appearing to read 'R. Ottapathu'. The signature is stylized and cursive.

**Ramachandran Ottapathu**

*Director*

12 October 2016

# GOVERNANCE, RISK AND COMPLIANCE

## DIRECTORATE

### Independent non-executive directors

#### **His Excellency Festus Gontebanye Mogae (77) (Motswana)**

*MA (Development Economics), BA (Hons) (Econ)*

*Chairman*

Appointed to the board: December 2015

His Excellency FG Mogae was elected as the President of the Republic of Botswana in 1998, in which office he served until his tenure ended in 2008. Rising through the ranks, His Excellency previously held several portfolios including Minister in Ministry of Finance and Development Planning, alternate Governor for Botswana at the International Monetary Fund, African Development Bank and International Bank for Reconstruction and Development. He has also been the Governor of the Bank of Botswana, Permanent Secretary to the President, Secretary to the Cabinet and Supervisor of Elections and the Vice President of the Republic of Botswana. Further, he has served on various parastatal boards as a director and as chairman. His Excellency is currently the special envoy to the United Nations for HIV/Aids and Good Governance in Africa. He was awarded the 2008 Mo Ibrahim prize for his achievement in African leadership for ensuring stability and prosperity.



#### **Reetsang Willie Mokgatlhe (53) (Motswana)**

*MSc, BCom*

Appointed to the board: December 2015

Willie has held senior positions in large private and parastatal organisations in Botswana, Namibia, South Africa and the Netherlands. He has held a number of positions including chairman of the National Development Bank and director of Botswana Postal Services. He is a director of Botswana Development Corporation and Botswana Oil Limited. His career commenced at Air Botswana Corporation in 1987 where he worked until 2005, holding several posts ultimately including that of CEO. He is the founding CEO of Botswana Oil Limited, having been with the organisation since July 2013. Willie has a wealth of experience in strategy development and business planning, finance, marketing and stakeholder management.



#### **Robert Neil Matthews (73) (British)**

*FICAEW, FBICA*

Appointed to the board: December 2015

Robert is a fellow of the Institute of Chartered Accountants in England & Wales and of the Botswana Institute of Chartered Accountants. He serves as chairman on several audit committees of private and public companies, and acts as an independent non-executive board member. A retired partner of PricewaterhouseCoopers Gaborone in charge of audit and business advisory services, he has gained extensive professional and commercial experience in audit, taxation, and business services. He currently offers consulting and advisory services to various organisations.



### Non-executive directors

#### **Ramachandran (Ram) Ottapathu (52) (Motswana)**

*BCom, CA*

Appointed to the board: July 2010

Ram joined Choppies in 1992 and has been heading operations since 2000. He has been instrumental in the significant growth of Choppies in Botswana and its expansion into South Africa. Ram has 25 years' experience in the retail industry both in finance and operations, and further experience in other industries such as manufacturing, packaging, milling and medical distribution. He combines entrepreneurial and commercial acumen with excellent management skills. Ram is a fellow of the Institute of Chartered Accountants of India and associate member of the Botswana Institute of Chartered Accountants.



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**Faizel Ismail (34) (Motswana)**

*IMM diploma*

Appointed to the board: June 2016

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Faizel previously worked in the Choppies group for a period of eight years as a Purchasing Manager, which saw him oversee a variety of key functions. He is the Managing Director of Chicken Licken Botswana. He became a board member of FPC in June 2016. Faizel brings a wealth of business and marketing experience to the group.

**Vidya Sanoj (33) (Indian)**

*BCom, CA*

Appointed to the board: June 2015

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Vidya has 10 years' experience in accounting, finance, corporate restructuring and mergers and acquisitions. She was involved in the primary and secondary listings of Choppies on the BSE and JSE, respectively. Her experience has involved working with the CEO of Choppies and its related entities in all aspects of its operations. She is a fellow of the Institute of Chartered Accountants of India, and of the Botswana Institute of Chartered Accountants.

**Executive management****Deon Bauermeister**

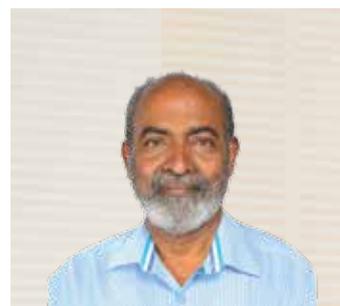
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Deon was Managing Director of the Choppies supermarkets in South Africa for the past six years. He was involved in the day-to-day running of the business, ensuring various departments functioned as a unit. He was also integrally involved in the growth and expansion of the group.

**MP Sreedharan Nair**

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Sreedharan joined FPC in 2010 and is responsible for property management, including preparing annual budgets for each property.

**Deepak K Haridas**

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*BCom, CMA*

Deepak is a qualified cost accountant and has three years' experience with an accounting firm in India. He joined FPC in November 2014 as the Finance Manager. Deepak is an associate member of the Institute of Cost Accountants of India.



# CORPORATE GOVERNANCE

FPC is committed to upholding the highest standards of ethics, transparency and good governance while pursuing wealth and value creation. The company is currently in the process of assessing and implementing compliance with the governance principles and practices in accordance with the BSE Corporate Code and the King III Report.

The board comprises three non-executive directors: Ramachandran Ottapathu, Vidya Sanooj and Faizel Ismail; and three independent non-executive directors: His Excellency Festus G Mogae, Reetsang Willie Mokgatlhe and Robert Matthews. Faizel Ismail replaced Farouk Ismail, effective from June 2016.

The board has established an audit, risk and compliance committee comprising two independent non-executive directors, Robert

Matthews and Reetsang Willie Mokgatlhe, and a non-executive director, Vidya Sanooj.

The board established a remuneration committee comprising two independent non-executive directors and two non-executive directors. Reetsang Willie Mokgatlhe is the chairman of this committee. The committee is governed by its own charter, approved by the board.

The board has taken on direct responsibilities that would normally be assigned to a separate sub-committee for investment matters for a property owning and development company. Investments into property projects of material amounts, as set by the board, will be referred to the board for approval. Information provided to the board will consist of the project appraisal with its motivation and details of the return on investment.

## Attendance registers

### Board meetings

Name of member		21 June 2016
HE Festus G Mogae	Independent non-executive Chairman	Apologies
Robert Matthews	Independent non-executive	✓
Reetsang Willie Mokgatlhe	Independent non-executive	✓
Faizel Ismail	Non-executive	✓
Ramachandran Ottapathu	Non-executive	✓
Vidya Sanooj	Non-executive	✓

### Audit, risk and compliance committee meetings

Name of member		21 June 2016
Robert Matthews	Independent non-executive committee Chairman	✓
Reetsang Willie Mokgatlhe	Independent non-executive	✓
Vidya Sanooj	Non-executive	✓

Note: The company was listed on the BSE Main Board on 4 May 2016. Only one board and audit committee meeting each was held subsequent to listing before year-end. No remuneration committee meetings were held before year-end.

## Directors' remuneration

Independent non-executive directors are paid BWP25 000 sitting fees for each meeting attended (including board, audit, risk and compliance committee, remuneration committee and linked unitholders' meetings). Any increase in directors' remuneration must be submitted to linked unitholders at an annual general meeting for consideration and approval or ratification.

## Company secretary

The company secretary is Grant Thornton Business Services Proprietary Limited, a suitably qualified, competent and experienced professional firm. The company secretary representative is not a director of the company. The board has considered the individuals at Grant Thornton Business Services who perform the company secretarial functions, as well as the directors and shareholders of

Grant Thornton Business Services, and is satisfied that there is an arm's length relationship between the company secretary and the board (which can remove the company secretary from office).

The board annually reviews the competence, qualifications and experience of the company secretary and reports on its satisfaction therewith. The board has determined that it is satisfied with Grant Thornton Business Services' current competence, qualifications and experience as company secretary.

The company secretary provides the directors, collectively and individually, with guidance as to their duties, responsibilities and powers and ensures that the directors are aware of all laws and legislation relevant to, or affecting the group.

## Directors' remuneration FY16

In BWP	Salary (BWP)	Sitting fees (BWP)
HE Festus G Mogae	—	—
Ramachandran Ottapathu	—	—
Farouk Ismail (resigned 20 June 2016)	—	—
Faizel Ismail (appointed 20 June 2016)	—	—
Vidya Sanooj	200 000	—
Robert Neil Matthews	-	125 000
Reetsang Willie Mokgatlhe	-	125 000
<b>Total</b>	<b>200 000</b>	<b>250 000</b>



# ANNUAL FINANCIAL STATEMENTS

## STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

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The directors of The FaR Property Company Limited are responsible for the consolidated annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board and in the manner required by the Botswana Companies Act 2003.

The company maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of company assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going-concern basis has been adopted in preparing the consolidated annual financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Our external auditor conducts an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditor to review matters relating to internal controls and financial reporting. The external auditor has unrestricted access to the board of directors.

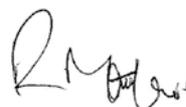
The financial statements, set out on pages 22 to 75 and the supplementary information in Annexure I, were authorised for issue by the board of directors and are signed on its behalf by:



**Ramachandran Ottapathu**

*Director*

12 October 2016



**Robert Matthews**

*Director*

12 October 2016

## DECLARATION BY THE COMPANY SECRETARY

for the year ended 30 June 2016

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We declare that, to the best of our knowledge, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.



**Anjana Suresh**

*Grant Thornton Business Services Proprietary Limited*

12 October 2016

# DIRECTORS' REPORT

for the year ended 30 June 2016

The directors have pleasure in presenting their report and the annual group and company financial statements of The FaR Property Company Limited for the year ended 30 June 2016.

## General information

The company was incorporated and is domiciled in the Republic of Botswana on 29 June 2010 under registration number Co 2010/6009. It was listed on the Botswana Stock Exchange ("BSE") on 4 May 2016 as a variable rate loan stock company with 380 million issued linked units.

## Nature of business

The primary business of the group is property owning and development currently active in Botswana and South Africa. It has investments in commercial, retail and residential properties.

## Financial position and results

The financial position and results for the year are reflected in these financial statements set out on pages 22 to 75.

## Stated capital

380 million linked units, comprising of ordinary shares that are indivisibly linked to variable rate debentures.

## Distribution

Distribution number 1, amounting to 3,42 thebe (gross) per linked unit, comprising 3.38 thebe interest and 0,04 dividend, has been declared and is payable to linked unitholders registered on 14 October 2016. Withholding tax will be deducted at relevant rates where applicable.

## Events after reporting date

The directors are not aware of any matters or circumstances arising since the close of the financial year to the date of this report, not dealt with in the annual financial statements, which would have a material effect on the financial results, position or operations of the group.

## Directors

The directors at 30 June 2016 are His Excellency Festus Gontebanye Mogae (Chairman); Ramachandran Ottapathu; Reetsang Willie Mokgatlhe; Robert Neil Matthews; Faizel Ismael, and Vidya Sanooj. Farouk Essop Ismail, who was a director from 1 July 2015, resigned in June 2016. Details of directors are shown on pages 14 and 15.

## Secretary

Grant Thornton Business Services Proprietary Limited  
Plot 50370  
Acumen Park  
Fairgrounds, Gaborone

## Registered address

Plot 50370  
Acumen Park  
Fairgrounds, Gaborone

## Independent auditor

PricewaterhouseCoopers  
Plot 50371  
Fairgrounds, Gaborone

## Bankers

Bank of Baroda (Botswana) Limited  
Barclays Bank of Botswana Limited  
Capital Bank Botswana Limited  
First National Bank Botswana Limited  
Standard Chartered Bank Botswana Limited  
BIFM Capital Investment Fund One Proprietary Limited  
Investec Bank Limited  
Standard Bank South Africa Limited

# AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

The audit, risk and compliance committee is a committee appointed by the board of directors. The committee has its own charter, which is approved by the board. The committee consists of two independent non-executive directors, one of whom acts as chairman and a non-executive director. The chief executive officer, finance manager and the external auditor attend by invitation. Other executives may be requested to attend sections of meetings as required. Other directors may attend meetings by invitation. The make-up of the committee complies with advised corporate governance credentials and members have the expected levels of experience.

## Meetings and activities of the committee

Two meetings of the committee were held during the period to date. The major topics dealt with by the committee were:

- Consideration of the audit, risk and compliance charter for recommendation to the board for approval.
- Planning for the external audit process, including discussions on key issues related to the external audit, the proposed fee for the audit and other related matters.
- Year-end planning for clearance of the audited annual financial statements and receipt of the external audit reports on issues raised in the external audit process relating to the group.
- Consideration of the distribution to linked unitholders, including the solvency test in relation thereto, for recommendation to the board.
- Review of the integrity of the integrated annual report.
- Review of press releases, specifically related to the annual financial statements reporting.
- Review of management accounts and related activity reports.
- Consideration of key risks related to the group's strategic and operational risks.
- Oversight over the governance of information technology.
- Consideration of the internal financial controls.
- Compliance with the BSE Code of Best Practice on Corporate Governance, specifically with regard to adoption of King III requirements.
- Compliance with regulatory issues relating particularly to the Botswana Securities Exchange, the Companies Act, EIA regulations and the Income Tax Act.

## Reporting to the board

The committee reports on issues raised at its meetings at the next board meeting following the committee meeting.

Reporting to the board is on all relevant key issues, making recommendations on topics that require board approval. Such topics include external audit recommendations, clearance of non-audit work and the approval of fees paid to the external auditor; internal controls; progress of the corporate governance model; information technology governance issues; key risks related to strategic and operational risks; recommendation for adoption of the integrated annual report; press releases related to the annual financial information; application of the solvency test and the declaration of the distributions payable to linked unitholders; and other matters considered to be of relevance to the deliberations of the board.

## Committee membership and attendance

Name	Status	June 2016	Sept 2016
Robert N Matthews	Chairman of committee Independent non-executive director	Y	Y
Reetsang Willie Mokgatlhe	Independent non-executive director	Y	Y
Vidya Sanooj	Non-executive director	Y	Y



**Robert Matthews**

Chairman - Audit, Risk and Compliance Committee

12 October 2016

# INDEPENDENT AUDITOR'S REPORT



## Report on the financial statements

We have audited the accompanying consolidated annual financial statements and separate annual financial statements of The FaR Property Company Limited, which comprise the consolidated and separate statement of financial position as at 30 June 2016 and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 22 to 75.

## Directors' responsibility for the financial statements

The company's directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements give a true and fair view of, the consolidated and separate financial position of The FaR Property Company Limited as at 30 June 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'Rudi Binedell', is written over a faint, stylized PwC logo.

### PricewaterhouseCoopers

Individual practising member: Rudi Binedell

Membership number 20040097

Gaborone

12 October 2016

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, PO Box 294, Gaborone, Botswana  
T: (267) 395 2011, F: (267) 397 3901, [www.pwc.com/bw](http://www.pwc.com/bw)

Country Senior Partner: B D Phirie  
Partners: R Binedell, A S Edirisinghe, L Mahesan, R van Schalkwyk, S K K Wijesena

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2016

Figures in Pula	Notes	Group		Company	
		2016	2015	2016	2015
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment property	3	1 258 665 781	1 201 299 407	1 065 617 280	993 611 593
Property, plant and equipment	4	445 606	315 206	445 606	315 206
Investments in subsidiaries	5	-	-	2 400 093	11 292 543
Operating lease asset	3	2 670 230	3 158 668	2 549 261	2 556 974
Deferred income tax assets	8	4 985 871	2 846 576	449 453	110 766
		<b>1 266 767 488</b>	<b>1 207 619 857</b>	<b>1 071 461 693</b>	<b>1 007 887 082</b>
<b>Current assets</b>					
Related party receivables	6	34 592 278	75 640 486	107 562 235	149 514 827
Current tax receivable		19 269	-	19 269	-
Operating lease asset	3	34 671 269	16 751 977	33 164 759	14 203 278
Trade and other receivables	9	11 769 694	11 003 314	6 483 254	5 817 337
Cash and cash equivalents	10	81 254 417	10 845 259	75 064 030	5 796 530
		<b>162 306 927</b>	<b>114 241 036</b>	<b>222 293 547</b>	<b>175 331 972</b>
<b>Total assets</b>		<b>1 429 074 415</b>	<b>1 321 860 893</b>	<b>1 293 755 240</b>	<b>1 183 219 054</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of parent</b>					
Stated capital	11	341 018 021	165 151 804	341 018 021	165 151 804
Foreign currency translation reserve		(12 627 363)	(7 032 847)	-	-
Retained income		416 471 870	419 772 029	343 713 357	348 443 905
		<b>744 862 528</b>	<b>577 890 986</b>	<b>684 731 378</b>	<b>513 595 709</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Loans from shareholders		-	10 392 869	-	10 841 059
Borrowings	12	403 398 745	465 344 460	361 344 906	423 649 858
Deferred income tax liabilities	8	99 266 793	102 194 264	76 012 957	77 117 240
		<b>502 665 538</b>	<b>577 931 593</b>	<b>437 357 863</b>	<b>511 608 157</b>
<b>Current liabilities</b>					
Related party payables	6	-	484 216	208 165	695 424
Borrowings	12	100 224 344	89 398 478	95 142 524	84 098 272
Trade and other payables	13	20 936 194	16 502 948	18 862 774	14 352 447
Distribution payable	29	12 996 000	24 000 000	12 996 000	24 000 000
Current tax payable		2 933 275	1 373 332	-	589 705
Bank overdraft	10	44 456 536	34 279 340	44 456 536	34 279 340
		<b>181 546 349</b>	<b>166 038 314</b>	<b>171 665 999</b>	<b>158 015 188</b>
<b>Total liabilities</b>		<b>684 211 887</b>	<b>743 969 907</b>	<b>609 023 862</b>	<b>669 623 345</b>
<b>Total equity and liabilities</b>		<b>1 429 074 415</b>	<b>1 321 860 893</b>	<b>1 293 755 240</b>	<b>1 183 219 054</b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

<i>Figures in Pula</i>	Notes	Group		Company	
		2016	2015	2016	2015
<b>Revenue</b>	15	<b>114 417 104</b>	92 322 273	<b>96 205 417</b>	60 370 434
Other income	21	<b>11 380 132</b>	6 829 417	<b>5 346 603</b>	2 472 812
Operating expenses		<b>(14 513 260)</b>	(10 842 203)	<b>(8 795 434)</b>	(6 287 838)
<b>Operating profit</b>	16	<b>111 283 976</b>	88 309 487	<b>92 756 586</b>	56 555 408
Finance income	17	<b>606 143</b>	207 568	<b>13 696 892</b>	8 015 498
Finance costs	18	<b>(43 458 620)</b>	(41 486 662)	<b>(38 742 867)</b>	(36 663 929)
<b>Net income from operations</b>		<b>68 431 499</b>	47 030 393	<b>67 710 611</b>	27 906 977
Investment property fair value adjustment	19	<b>(17 135 611)</b>	55 007 453	<b>(18 405 936)</b>	40 995 953
Loss on sale of investment property	32	<b>(33 818 000)</b>	(850 000)	<b>(33 818 000)</b>	(850 000)
Loss on disposal of subsidiary	32	<b>(8 892 450)</b>	-	<b>(8 892 450)</b>	-
<b>Profit before income tax</b>		<b>8 585 438</b>	101 187 846	<b>6 594 225</b>	68 052 930
Income tax credit/(expense)	20	<b>1 110 403</b>	(15 452 641)	<b>1 671 227</b>	(10 334 595)
<b>Profit for the year attributable to linked unitholders</b>		<b>9 695 841</b>	85 735 205	<b>8 265 452</b>	57 718 335
Other comprehensive income					
Exchange differences on translating foreign operations		<b>(5 594 516)</b>	(7 075 537)	-	-
<b>Comprehensive income for the year attributable to linked unitholders</b>		<b>4 101 325</b>	78 659 668	<b>8 265 452</b>	57 718 335
Linked units in issue at end of year	11	<b>380 000 000</b>	165 151 804	<b>380 000 000</b>	165 151 804
Basic earnings per linked unit attributable to linked unitholders	31	<b>0,04</b>	0,52	<b>0,03</b>	0,35

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

<i>Figures in Pula</i>	Notes	Stated capital	Foreign currency translation reserve	Retained income	Total equity
<b>Group</b>					
<b>Balance at 1 July 2014</b>		165 151 804	42 690	355 036 824	520 231 318
Profit for the year		-	-	85 735 205	85 735 205
Other comprehensive income		-	(7 075 537)	-	(7 075 537)
Total comprehensive income for the year		-	(7 075 537)	85 735 205	78 659 668
Distribution declared	29	-	-	(21 000 000)	(21 000 000)
<b>Balance at 30 June 2015</b>		165 151 804	(7 032 847)	419 772 029	577 890 986
<b>Balance at 1 July 2015</b>		165 151 804	(7 032 847)	419 772 029	577 890 986
Issue of linked units	11	175 866 217	-	-	175 866 217
		341 018 021	(7 032 847)	419 772 029	753 757 203
Profit for the year		-	-	9 695 841	9 695 841
Other comprehensive income		-	(5 594 516)	-	(5 594 516)
Total comprehensive income for the year		-	(5 594 516)	9 695 841	4 101 325
Distribution declared	29	-	-	(12 996 000)	(12 996 000)
<b>Balance at 30 June 2016</b>		341 018 021	(12 627 363)	416 471 870	744 862 528
<b>Company</b>					
<b>Balance at 1 July 2014</b>		165 151 804	-	268 389 557	433 541 361
Amalgamation effect	30	-	-	43 336 013	43 336 013
Total after amalgamation effect		165 151 804	-	311 725 570	476 877 374
Profit for the year		-	-	57 718 335	57 718 335
Total comprehensive income for the year		-	-	57 718 335	57 718 335
Distribution declared	29	-	-	(21 000 000)	(21 000 000)
<b>Balance at 30 June 2015</b>		165 151 804	-	348 443 905	513 595 709
<b>Balance at 1 July 2015</b>		165 151 804	-	348 443 905	513 595 709
Issue of linked units	11	175 866 217	-	-	175 866 217
		341 018 021	-	348 443 905	689 461 926
Profit for the year		-	-	8 265 452	8 265 452
Total comprehensive income for the year		-	-	8 265 452	8 265 452
Distribution declared	29	-	-	(12 996 000)	(12 996 000)
<b>Balance at 30 June 2016</b>		<b>341 018 021</b>	<b>-</b>	<b>343 713 357</b>	<b>684 731 378</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

Figures in Pula	Notes	Group		Company	
		2016	2015	2016	2015
<b>Cash flows from operating activities</b>					
Cash generated from operations	22	<b>143 660 224</b>	37 593 639	<b>118 360 715</b>	68 952 646
Finance income	17	<b>606 143</b>	207 568	<b>13 696 892</b>	8 015 498
Finance costs	18	<b>(43 458 620)</b>	(41 486 662)	<b>(38 742 867)</b>	(36 663 929)
Tax paid	23	<b>(380 717)</b>	(789 128)	<b>(380 717)</b>	(826 154)
<b>Net cash generated from/(used in) operating activities</b>		<b>100 427 030</b>	(4 474 583)	<b>92 934 023</b>	39 478 061
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	<b>(281 996)</b>	(210 231)	<b>(281 996)</b>	(210 231)
Purchase of investment properties	3	<b>(134 661 848)</b>	(114 431 964)	<b>(124 229 623)</b>	(61 744 855)
Proceeds from disposal of investment properties		-	1 100 000	-	1 100 000
Net movements in loans with related companies	6	-	-	<b>903 442</b>	(48 773 576)
Cash inflow from business combination	30	-	-	-	1 041 450
<b>Net cash used in investing activities</b>		<b>(134 943 844)</b>	(113 542 195)	<b>(123 608 177)</b>	(108 587 212)
<b>Cash flows from financing activities</b>					
Proceeds from issue of linked units	11	<b>165 025 158</b>	-	<b>165 025 158</b>	-
Proceeds from borrowings		<b>27 261 819</b>	175 616 385	<b>18 400 000</b>	125 687 353
Repayment of borrowings		<b>(74 289 452)</b>	(65 919 657)	<b>(69 660 700)</b>	(62 985 433)
Proceeds from shareholders' loan		-	8 858 813	-	9 307 103
Distribution paid		<b>(24 000 000)</b>	-	<b>(24 000 000)</b>	-
<b>Net cash generated from financing activities</b>		<b>93 997 525</b>	118 555 541	<b>89 764 458</b>	72 009 023
<b>Net change in cash and cash equivalents</b>					
		<b>59 480 711</b>	538 764	<b>59 090 304</b>	2 899 872
Cash and cash equivalents at beginning of year		<b>(23 434 081)</b>	(24 295 831)	<b>(28 482 810)</b>	(31 382 682)
Effects of exchange rate changes on cash and cash equivalents		<b>751 251</b>	322 986	-	-
<b>Cash and cash equivalents at end of year</b>	10	<b>36 797 881</b>	(23 434 081)	<b>30 607 494</b>	(28 482 810)

# NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

## General information

The FaR Property Company Limited (the company) engages in the business of property rental and asset management. The company is a limited liability company incorporated and domiciled in Botswana. The physical address of the company's registered office is Plot 50370, Acumen Park, Fairgrounds, Gaborone.

The financial statements set out on pages 22 to 75 have been approved by the board of directors on 12 September 2016.

## 1. Presentation of consolidated annual financial statements

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value and incorporate the principal accounting policies set out below. They are presented in the group's functional currency, Botswana Pula. These accounting policies are consistent with the previous period.

### 1.1 Consolidation

#### *Basis of consolidation*

The consolidated annual financial statements incorporate the consolidated annual financial statements of the company and all entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

#### *Business combinations*

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

## 1. Presentation of consolidated annual financial statements continued

### 1.1 Consolidation continued

#### *Business combinations continued*

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

#### *Common control transactions*

Business combinations which result from transactions between the holding company and its subsidiaries or between subsidiaries of the company are defined as common control transactions and are accounted for using the predecessor method of accounting.

Under the predecessor method of accounting, the results of the entities or business under common control are presented as if the business combination had been effected from the effective date. The assets and liabilities combined are accounted for prospectively, based on the carrying amounts applying the company's accounting policies at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the net assets received. Any resulting differences are classified as equity.

### 1.2 Significant judgements and sources of estimation uncertainty

In preparing consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

#### *Impairment testing*

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption by management may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

**1. Presentation of consolidated annual financial statements** continued

**1.2 Significant judgements and sources of estimation uncertainty** continued

*Impairment testing* continued

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including demand estimates of commercial and residential accommodation, supply demand, together with economic factors such as exchange rates, inflation and interest.

*Investment property*

In calculating the fair value, the valuer has adopted various valuation techniques generally used by independent valuers. The key assumptions underlying the valuation techniques are based on unobservable inputs and accordingly result in the valuations being classed as level 3 in terms of the fair value hierarchy.

**1.3 Investment property**

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is a property held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Any gain or loss resulting from either a change in the fair value or the sale of investment property is immediately recognised in profit or loss within change in the fair value of the investment property.

Rental income and operating expenses from investment property are reported within revenue and other expenses respectively, and are recognised in the statement of comprehensive income.

*Fair value*

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

**1.4 Property, plant and equipment**

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.
- Property, plant and equipment are initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

## 1. Presentation of consolidated annual financial statements continued

### 1.4 Property, plant and equipment continued

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

<i>Item</i>	<i>Average useful life</i>
Plant and machinery	6 – 7 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	10 years
IT equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.5 Investments in subsidiaries

#### *Company consolidated annual financial statements*

In the company's separate consolidated annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

### 1.6 Financial instruments

#### *Classification*

The group classifies financial assets and financial liabilities into the following categories:

- loans and receivables; and
- financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is reassessed on an annual basis.

#### *Initial recognition and measurement*

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

**1. Presentation of consolidated annual financial statements** continued

**1.6 Financial instruments** continued

**Initial recognition and measurement** continued

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Regular way purchases of financial assets are accounted for at trade date.

**Subsequent measurement**

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

**Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

**1.7 Impairment of financial assets**

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

**1.8 Related party receivable/payable**

These include loans to and from subsidiaries and related companies and are recognised initially at fair value plus direct transaction costs.

Loans to related companies are classified as loans and receivables. Loans from related companies are classified as financial liabilities measured at amortised cost.

## 1. Presentation of consolidated annual financial statements continued

### 1.9 Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

### 1.10 Trade and other receivables

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

### 1.11 Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### 1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### 1.13 Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

### 1.14 Tax

#### *Current tax assets and liabilities*

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates that have been enacted by the end of the reporting period.

#### *Deferred tax assets and liabilities*

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

## 1. Presentation of consolidated annual financial statements continued

### 1.14 Tax

#### *Deferred tax assets and liabilities*

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

#### *Deferred tax assets and liabilities*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted at the end of the reporting period.

#### *Tax expenses*

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income. Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

### 1.15 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### *Operating leases/lessor*

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed as rental income under revenue in profit or loss.

### 1.16 Impairment of assets

The group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

## 1. Presentation of consolidated annual financial statements continued

### 1.16 Impairment of assets continued

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.17 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### 1.18 Employee benefits

#### *Short-term employee benefits*

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

### 1.19 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable or letting out property in the normal course of business, net of value added tax. Revenue is rental income from the investment properties and recoveries as per the terms of contract. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest is recognised, in profit or loss, using the effective interest rate method. Services and recoveries are recognised in the accounting period in which services are rendered.

## 1. Presentation of consolidated annual financial statements continued

### 1.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.21 Translation of foreign currencies

#### *Foreign currency transactions*

A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

#### *Foreign currency transactions*

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

## 1. Presentation of consolidated annual financial statements continued

### 1.21 Translation of foreign currencies

#### *Investments in subsidiaries*

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- Income and expenses for each item of profit or loss are translated, at exchange rates at the dates of the transactions,
- All resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

#### *Investments in subsidiaries*

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

### 1.22 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The group has determined that its chief operating decision maker is the board of directors of the company.

## 2. New standards and interpretations

Adoption of new and revised standards

### (a) Standards and amendments to existing standards and interpretations effective on or after 1 July 2015 and adopted by the group:

No new standards and amendments to existing standards and interpretations effective on or after 1 July 2015 and adopted by the group.

## 2. New standards and interpretations continued

### (b) New standards, amendments and interpretations issued, but not yet effective

The following new and amended standards and interpretations have been issued and are mandatory for the group's accounting periods beginning on or after 1 July 2016 or later periods and are expected to be relevant to the group:

Standard/interpretation	Applicable for financial years beginning on/after
IFRS 10 <i>Consolidated Financial Statements</i>	Postponed (initially 1 January 2016)
IAS 28 <i>Investments in Associates and Joint Ventures</i>	Postponed (initially 1 January 2016)
IAS 1 <i>Presentation of Financial Statements</i>	1 January 2016
IAS 12 <i>Income Taxes</i>	1 January 2017
IAS 7 <i>Cash Flow Statements</i>	1 January 2017
IAS 27 <i>Separate Financial Statements</i>	1 January 2016
IFRS 9 <i>Financial Instruments</i>	1 January 2018
IFRS 16 <i>Leases</i>	1 January 2019

#### **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures**

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*. Those 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.

#### **IAS 1 Presentation of Financial Statements**

In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

#### **IAS 12 Income Taxes**

The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets.

#### **IAS 7 Cash Flow Statements**

The International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

#### **IAS 27 Separate Financial Statements on equity accounting**

In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

#### **IFRS 9 Financial Instruments**

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The IASB has updated IFRS 9 *Financial Instruments* to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 *Financial Instruments: Recognition and Measurement*, without change, except for financial liabilities that are designated at fair value through profit or loss.

## 2. New standards and interpretations continued

### (b) New standards, amendments and interpretations issued, but not yet effective

#### IFRS 16 Leases

Lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

The following new and amended standards and interpretations have been issued and are mandatory for the group's accounting periods beginning on or after 1 July 2016 or later periods but are not expected to be relevant to the group:

Standard/interpretation	Applicable for financial years beginning on/after
IFRS 11 – Amendment to IFRS 11 <i>Joint Arrangements</i> on acquisition of an interest in a joint operation	1 January 2016
IFRS 14 – The IASB has issued IFRS 14 <i>Regulatory Deferral Accounts</i> specific to first-time adopters (IFRS 14), an interim standard on the accounting for certain balances that arise from rate-regulated activities (regulatory deferral accounts)	1 January 2016
IAS 16 and IAS 38 – Amendment to IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible Assets</i> , on depreciation and amortisation	1 January 2016
IAS 16 and IAS 41 – Amendments to IAS 16 <i>Property, Plant and Equipment</i> and IAS 41, <i>Agriculture</i> on bearer plants	1 January 2016
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IFRS 9 – Amendment to IFRS 9 <i>Financial Instruments</i> , on general hedge accounting	1 January 2018
IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
IFRS 7 <i>Financial Instruments: Disclosures</i> – offsetting disclosures to condensed interim financial statements	1 January 2016
IFRS 7 <i>Financial Instruments: Disclosures</i> – Servicing contracts	1 January 2016
IAS 19 <i>Employee Benefits</i> – Discount rate	1 January 2016
IAS 34 <i>Interim Financial Reporting</i>	1 January 2016

### (c) Early adoption of standards

The group did not early adopt any new or amended standards in the current year.

Figures in Pula

Opening carrying value Additions through amalgamation/business combination

### 3. Investment property

#### Group

#### Reconciliation of investment property - group 2016

Investment property

1 201 299 407 -

#### Reconciliation of investment property - group 2015

Investment property

1 040 761 334 -

The addition to the investment property includes direct acquisitions amounting to BWP59 213 792 (2015: BWP54 539 502) and subsequent expenditure amounting to BWP75 448 056 (2015: BWP59 892 462)

#### Reconciliation of investment property - company 2016

Investment property

993 611 593 -

#### Reconciliation of investment property - company 2015

Investment property

696 548 697 205 164 538

The addition to the investment property includes direct acquisitions amounting to BWP48 828 250 (2015: BWP50 135 300) and subsequent expenditure amounting to BWP75 401 373 (2015: BWP11 609 555).

#### Pledged as security

The investment property of the group has been pledged as security, towards various facilities availed by the group as disclosed under note 12.

#### Borrowing costs capitalised

No interest was capitalised to investment property during the year (2015: nil).

Additions	Foreign exchange movements	Transfers	Disposal	Fair value adjustments	Carrying value
<b>134 661 848</b>	<b>(17 449 413)</b>	<b>-</b>	<b>(42 710 450)</b>	<b>(17 135 611)</b>	<b>1 258 665 781</b>
114 431 964	(6 951 343)	-	(1 950 000)	55 007 453	1 201 299 407
<b>124 229 623</b>	<b>-</b>	<b>-</b>	<b>(33 818 000)</b>	<b>(18 405 936)</b>	<b>1 065 617 280</b>
61 744 855	-	(8 892 450)	(1 950 000)	40 995 953	993 611 593

### 3. Investment property continued

#### Details of valuation

The group's investment property was valued at BWP1 296 007 280 in June 2016 by management using inputs from independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The properties were valued in accordance with the generally accepted valuation guidelines on an open market basis using sales comparable, depreciable replacement cost, discounted cash flow and income capitalisation approach.

Management has considered that the properties have been maintained at a reasonable state of repair and condition as noted on the date of valuation.

In view of the fact that the fair value of the asset was arrived at taking into account the present value of future revenue, the fair value gain was reduced by the operating lease asset amount in order to avoid over valuation.

<i>Figures in Pula</i>	Group		Company	
	2016	2015	2016	2015
<b>Amounts recognised in profit and loss for the year</b>				
Rental income from investment property	<b>114 417 104</b>	92 322 273	<b>96 205 417</b>	60 370 434
Recoveries	<b>9 350 229</b>	5 765 862	<b>3 331 656</b>	1 649 097
Cleaning	<b>(492 709)</b>	(613 651)	<b>(305 243)</b>	(226 102)
Insurance	<b>(1 058 623)</b>	(645 338)	<b>(840 236)</b>	(436 709)
Repairs and maintenance	<b>(306 310)</b>	(1 352 903)	<b>(240 279)</b>	(1 171 786)
Security	<b>(886 539)</b>	(417 865)	<b>(729 361)</b>	(294 208)
Utilities	<b>(7 010 654)</b>	(3 549 204)	<b>(2 731 389)</b>	(1 134 191)
<b>Adjusted valuations</b>				
The following valuations were adjusted for consolidated annual financial statements purposes to avoid double counting:				
<b>Valuation as per financial statements</b>				
Investment property as per valuation	<b>1 296 007 280</b>	1 221 210 052	<b>1 101 331 300</b>	1 019 264 295
Recognised lease smoothing adjustment	<b>(37 341 499)</b>	(19 910 645)	<b>(35 714 020)</b>	(16 760 252)
Transfers	-	-	-	(8 892 450)
	<b>1 258 665 781</b>	1 201 299 407	<b>1 065 617 280</b>	993 611 593
<b>Operating lease asset</b>				
Non-current asset	<b>2 670 230</b>	3 158 668	<b>2 549 261</b>	2 556 974
Current asset	<b>34 671 269</b>	16 751 977	<b>33 164 759</b>	14 203 278
	<b>37 341 499</b>	19 910 645	<b>35 714 020</b>	16 760 252

The total operating expenses incurred for the unoccupied properties amounting to P351 251 (2015: P11 000.)

### 3. Investment property *continued*

#### Information about fair value measurements using significant unobservable inputs (level 3) for 2016

Valuation technique	Valuation	Input	Sensitivity on management's estimates		
			Estimate	Impact lower    Impact higher	
<b>Group</b>					
Sales comparison	<b>229 336 906</b>	Sales price per sqm of the property	Market value per sqm +/- 10%	<b>(22 933 691)</b>	<b>22 933 691</b>
Depreciated replacement cost	<b>93 361 360</b>	Construction cost per sqm	Build rate per sqm +/- 10%	<b>(9 336 136)</b>	<b>9 336 136</b>
Income capitalisation	<b>717 823 720</b>	Capitalisation rate	Capitalisation rate +/- 1%	<b>(68 805 617)</b>	<b>85 676 759</b>
Discounted cash flow	<b>255 485 294</b>	Discount rate	Discount +/- 1%	<b>(12 196 279)</b>	<b>13 112 691</b>
		Rent escalation rate	Rent escalation rate +/- 1%	<b>(12 409 028)</b>	<b>13 106 497</b>
<b>Total</b>	<b>1 296 007 280</b>				
<b>Company</b>					
Sales comparison	<b>222 113 867</b>	Sales price per sqm of the property	Market value per sqm +/- 10%	<b>(22 211 387)</b>	<b>22 211 387</b>
Depreciated replacement cost	<b>90 761 360</b>	Construction cost per sqm	Build rate per sqm +/- 10%	<b>(9 076 136)</b>	<b>9 076 136</b>
Income capitalisation	<b>567 456 073</b>	Capitalisation rate	Capitalisation rate +/- 1%	<b>(54 983 357)</b>	<b>68 717 439</b>
Discounted cash flow	<b>221 000 000</b>	Discount rate	Discount +/- 1%	<b>(10 836 628)</b>	<b>11 666 420</b>
		Rent escalation rate	Rent escalation rate +/- 1%	<b>(10 895 551)</b>	<b>11 513 673</b>
<b>Total</b>	<b>1 101 331 300</b>				

**3. Investment property** continued

**Information about fair value measurements using significant unobservable inputs (level 3) for 2015**

Valuation technique	Valuation	Input	Sensitivity on management's estimates		
			Estimate	Impact lower	Impact higher
<b>Group</b>					
Sales comparison	31 042 381	Sales price per sqm of the property	Market value per sqm +/- 10%	(3 104 238)	3 104 238
Depreciated replacement cost	18 500 000	Construction cost per sqm	Build rate per sqm +/- 10%	(1 718 970)	1 718 970
Income capitalisation	217 672 671	Capitalisation rate	Capitalisation rate +/- 1%	(20 314 090)	25 011 753
Desktop review	953 995 000	Rent escalation rate	Market rent escalation rate +/- 1%	(9 007 480)	9 007 480
<b>Total</b>	<b>1 221 210 052</b>				
<b>Company</b>					
Sales comparison	24 073 833	Sales price per sqm of the property	Market value per sqm +/- 10%	(2 407 383)	2 407 383
Depreciated replacement cost	18 500 000	Construction cost per sqm	Build rate per sqm +/- 10%	(1 718 970)	1 718 970
Income capitalisation	26 000 000	Capitalisation rate	Capitalisation rate +/- 1%	(2 888 889)	3 714 286
Desktop review	950 690 462	Rent escalation rate	Market rent escalation rate +/- 1%	(8 977 439)	8 977 439
<b>Total</b>	<b>1 019 264 295</b>				

### 3. Investment property *continued*

#### Valuation techniques underlying management's estimation of fair value

For all properties in Botswana and South Africa with a total carrying amount of BWP1 296 007 280 (2015: BWP1 221 210 052), the valuation was determined using discounted cash flow (DCF), depreciated replacement cost (DRC), sales comparison and income capitalisation based on significant unobservable inputs.

#### Unobservable inputs

Future rental cash inflows	based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Discount rates	reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Capitalisation rates	based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Direct comparable sales	based on the data on recently transacted properties duly adjusted to reflect the subject asset's uniqueness;
Build rate	the current market cost of reproduction or replacement of an asset specific to the nature of the property, components and structure of the property;
Rent escalation rates	based on the actual rent escalations as to the location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rent escalation for similar properties.

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NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS continued  
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<i>Figures in Pula</i>	Furniture and fixtures	IT equipment	Motor vehicles	Office equipment	Plant and machinery	Total
<b>4. Property, plant and equipment Group</b>						
<b>At 30 June 2014</b>						
Cost	354 698	330 764	95 056	322 899	32 150	1 135 567
Accumulated depreciation	(231 193)	(323 124)	(29 207)	(308 547)	(22 350)	(914 421)
<b>Net book amount</b>	<b>123 505</b>	<b>7 640</b>	<b>65 849</b>	<b>14 352</b>	<b>9 800</b>	<b>221 146</b>
<b>Year ended 30 June 2015</b>						
Opening net book amount	123 505	7 640	65 849	14 352	9 800	221 146
Additions	-	80 312	-	6 919	123 000	210 231
Depreciation	(35 470)	(25 487)	(13 393)	(21 271)	(20 550)	(116 171)
<b>Closing net book amount</b>	<b>88 035</b>	<b>62 465</b>	<b>52 456</b>	<b>-</b>	<b>112 250</b>	<b>315 206</b>
<b>At 30 June 2015</b>						
Cost	354 698	411 076	95 056	329 818	155 150	1 345 798
Accumulated depreciation	(266 663)	(348 611)	(42 600)	(329 818)	(42 900)	(1 030 592)
<b>Net book amount</b>	<b>88 035</b>	<b>62 465</b>	<b>52 456</b>	<b>-</b>	<b>112 250</b>	<b>315 206</b>
<b>Year ended 30 June 2016</b>						
Opening net book amount	<b>88 035</b>	<b>62 465</b>	<b>52 456</b>	<b>-</b>	<b>112 250</b>	<b>315 206</b>
Additions	-	-	<b>75 073</b>	-	<b>206 923</b>	<b>281 996</b>
Depreciation	<b>(35 470)</b>	<b>(62 465)</b>	<b>(22 765)</b>	-	<b>(30 896)</b>	<b>(151 596)</b>
<b>Closing net book amount</b>	<b>52 565</b>	<b>-</b>	<b>104 764</b>	<b>-</b>	<b>288 277</b>	<b>445 606</b>
<b>At 30 June 2016</b>						
Cost	<b>354 698</b>	<b>411 076</b>	<b>170 129</b>	<b>329 818</b>	<b>362 073</b>	<b>1 627 794</b>
Accumulated depreciation	<b>(302 133)</b>	<b>(411 076)</b>	<b>(65 365)</b>	<b>(329 818)</b>	<b>(73 796)</b>	<b>(1 182 188)</b>
<b>Net book amount</b>	<b>52 565</b>	<b>-</b>	<b>104 764</b>	<b>-</b>	<b>288 277</b>	<b>445 606</b>
<b>Company</b>						
<b>At 30 June 2014</b>						
Cost	354 698	330 764	95 056	322 899	32 150	1 135 567
Accumulated depreciation	(231 193)	(323 124)	(29 207)	(308 547)	(22 350)	(914 421)
<b>Net book amount</b>	<b>123 505</b>	<b>7 640</b>	<b>65 849</b>	<b>14 352</b>	<b>9 800</b>	<b>221 146</b>
<b>Year ended 30 June 2015</b>						
Opening net book amount	123 505	7 640	65 849	14 352	9 800	221 146
Additions	-	80 312	-	6 919	123 000	210 231
Depreciation	(35 470)	(25 487)	(13 393)	(21 271)	(20 550)	(116 171)
<b>Closing net book amount</b>	<b>88 035</b>	<b>62 465</b>	<b>52 456</b>	<b>-</b>	<b>112 250</b>	<b>315 206</b>
<b>At 30 June 2015</b>						
Cost	354 698	411 076	95 056	329 818	155 150	1 345 798
Accumulated depreciation	(266 663)	(348 611)	(42 600)	(329 818)	(42 900)	(1 030 592)
<b>Net book amount</b>	<b>88 035</b>	<b>62 465</b>	<b>52 456</b>	<b>-</b>	<b>112 250</b>	<b>315 206</b>
<b>Year ended 30 June 2016</b>						
Opening net book amount	<b>88 035</b>	<b>62 465</b>	<b>52 456</b>	<b>-</b>	<b>112 250</b>	<b>315 206</b>
Additions	-	-	<b>75 073</b>	-	<b>206 923</b>	<b>281 996</b>
Depreciation	<b>(35 470)</b>	<b>(62 465)</b>	<b>(22 765)</b>	-	<b>(30 896)</b>	<b>(151 596)</b>
<b>Closing net book amount</b>	<b>52 565</b>	<b>-</b>	<b>104 764</b>	<b>-</b>	<b>288 277</b>	<b>445 606</b>
<b>At 30 June 2016</b>						
Cost	<b>354 698</b>	<b>411 076</b>	<b>170 129</b>	<b>329 818</b>	<b>362 073</b>	<b>1 627 794</b>
Accumulated depreciation	<b>(302 133)</b>	<b>(411 076)</b>	<b>(65 365)</b>	<b>(329 818)</b>	<b>(73 796)</b>	<b>(1 182 188)</b>
<b>Net book amount</b>	<b>52 565</b>	<b>-</b>	<b>104 764</b>	<b>-</b>	<b>288 277</b>	<b>445 606</b>

<i>Figures in Pula</i>	Group % holding		Company Carrying amount	
	2016	2015	2016	2015
<b>5. Investments in subsidiaries</b>				
Q Tique 79 Proprietary Limited	100	100	93	93
Eminent Proprietary Limited	100	100	2 400 000	2 400 000
Time Star Investments Proprietary Limited	-	100	-	8 892 450
			<b>2 400 093</b>	11 292 543

The carrying amounts of subsidiaries are shown net of impairment losses, if any.

<i>Figures in Pula</i>	Group		Company	
	2016	2015	2016	2015
<b>6. Related party receivables/ (payables)</b>				
<b>6.1 Loans to related companies</b>				
Q Tique 79 Proprietary Limited	-	-	72 970 899	73 874 341

The loans to group companies do not carry any specific terms. These balances are repayable on demand, not secured and loans carry market interest rate of 8,25% (2015: 8%).

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS continued  
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Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>6. Related party receivables/ (payables) continued</b>				
<b>6.2 Advances to/(from) related companies</b>				
Keriotic Investments Proprietary Limited	-	4 032 311	-	4 032 311
Bagpiper Proprietary Limited	<b>468 182</b>	2 718 182	<b>468 182</b>	2 718 182
Honeyguide Proprietary Limited	-	3 447 768	-	3 447 768
Fountain Valley Proprietary Limited	-	90 000	-	90 000
Solace Proprietary Limited	<b>1 591 001</b>	-	<b>1 591 001</b>	-
Feasible Investments Proprietary Limited	<b>4 435 484</b>	-	<b>4 435 484</b>	-
Eminent Proprietary Limited	-	-	<b>(208 165)</b>	(211 208)
Strides of Success Proprietary Limited	<b>11 340 689</b>	4 878 883	<b>11 340 689</b>	4 878 883
Prime and Prestige Proprietary Limited	<b>843 000</b>	843 000	<b>843 000</b>	843 000
Shaysons Investments Proprietary Limited	-	1 601 002	-	1 601 002
Holario Investments Proprietary Limited	-	4 037 195	-	4 037 195
Jaymos Investments Proprietary Limited	-	4 480 342	-	4 480 342
Reddy Filling Station Proprietary Limited	-	35 114 221	-	35 114 221
Reddy Group of Companies RBV Consultants Proprietary Limited	<b>12 517 537</b>	-	<b>12 517 537</b>	-
Specciss Learning and Training Resources Proprietary Limited	-	7 550 000	-	7 550 000
Tow Bar Manufacturers Proprietary Limited	-	88 489	-	88 489
Adam's Apple Proprietary Limited	<b>450 864</b>	450 864	<b>450 864</b>	450 864
Peardale Proprietary Limited	<b>365 050</b>	365 050	<b>365 050</b>	365 050
Peardale Proprietary Limited	<b>149 517</b>	249 925	<b>149 517</b>	249 925
Real Plastic Moulds Proprietary Limited	-	1 000 000	-	1 000 000
ZCX Investments Proprietary Limited	-	3 000 000	-	3 000 000
ILO Industries Proprietary Limited	-	156 003	-	156 003
Choppies Distribution Centre Proprietary Limited	-	1 050 033	-	1 050 033
Choppies Supermarkets SA Proprietary Limited	<b>942</b>	-	-	-
Pucko Investments Proprietary Limited	-	3 002	-	3 002
Time Star Proprietary Limited	<b>2 430 012</b>	-	<b>2 430 012</b>	-
	<b>34 592 278</b>	75 156 270	<b>107 354 070</b>	148 819 403

Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>6. Related party receivables/ (payables) continued</b>				
Advances from related companies	-	(484 216)	<b>(208 165)</b>	(695 424)
Advances to related companies	<b>34 592 278</b>	75 640 486	<b>107 562 235</b>	149 514 827
	<b>34 592 278</b>	75 156 270	<b>107 354 070</b>	148 819 403
The short-term advances to and from related parties do not carry any specific terms. These balances are repayable on demand, not secured and do not carry any interest.				
<b>7. Financial assets by category</b>				
The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial assets in each category are as follows:				
<b>Loans and receivables</b>				
Related party receivables (note 6)	<b>34 592 278</b>	75 640 486	<b>107 562 235</b>	149 514 827
Trade and other receivables (note 9)	<b>11 147 043</b>	9 098 418	<b>6 006 432</b>	3 935 568
Cash and cash equivalents (note 10)	<b>81 254 417</b>	10 845 259	<b>75 064 030</b>	5 796 530
	<b>126 993 738</b>	95 584 163	<b>188 632 697</b>	158 705 446
<b>8. Deferred tax</b>				
<b>Deferred tax liability</b>				
Accelerated capital allowances for tax purposes	<b>(32 780 759)</b>	(29 559 122)	<b>(10 023 449)</b>	(5 526 712)
Operating lease adjustment	<b>(8 312 778)</b>	(4 568 977)	<b>(7 857 084)</b>	(3 687 256)
Fair value adjustments	<b>(56 371 174)</b>	(68 059 689)	<b>(56 371 174)</b>	(67 903 272)
Prepaid expenses	<b>(40 832)</b>	(6 476)	-	-
Unrealised foreign exchange gains	<b>(1 761 250)</b>	-	<b>(1 761 250)</b>	-
	<b>(99 266 793)</b>	(102 194 264)	<b>(76 012 957)</b>	(77 117 240)
<b>Deferred tax asset</b>				
Unrealised foreign exchange losses	<b>4 536 418</b>	2 735 810	-	-
Tax losses available for set off against future capital gains	-	110 766	-	110 766
Tax losses available for set off against future tax liabilities	<b>449 453</b>	-	<b>449 453</b>	-
	<b>4 985 871</b>	2 846 576	<b>449 453</b>	110 766
<b>Deferred tax liability (net)</b>	<b>(94 280 922)</b>	(99 347 688)	<b>(75 563 504)</b>	(77 006 474)

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS continued  
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Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>8. Deferred tax continued</b>				
<b>Reconciliation of deferred tax asset/(liability)</b>				
At beginning of the year	<b>(99 347 688)</b>	(87 121 731)	<b>(77 006 474)</b>	(60 629 588)
Additions through amalgamation	-	-	-	(7 678 801)
Originating temporary difference on carried forward losses	<b>338 688</b>	(1 438 235)	<b>338 688</b>	110 765
Origination of deferred tax on foreign exchange differences	<b>314 174</b>	951 590	<b>(1 761 250)</b>	-
Originating temporary difference on operating lease adjustment	<b>(3 815 898)</b>	(1 727 673)	<b>(4 169 828)</b>	(1 067 370)
Originating temporary difference on capital allowances	<b>(4 496 736)</b>	(2 292 425)	<b>(4 496 736)</b>	(1 872 072)
Originating temporary difference on fair value adjustments	<b>10 829 069</b>	(8 386 822)	<b>11 532 096</b>	(5 869 409)
Originating temporary difference on prepaid expenses	<b>(35 500)</b>	(6 476)	-	-
Effect of translation of foreign subsidiary deferred tax balances	<b>1 932 970</b>	674 084	-	-
	<b>(94 280 922)</b>	(99 347 688)	<b>(75 563 504)</b>	(77 006 474)
<b>9. Trade and other receivables</b>				
Trade receivables	<b>3 070 078</b>	3 454 024	<b>2 374 236</b>	2 391 549
Other receivable	<b>1 228 779</b>	1 015 415	<b>786 205</b>	1 002 540
Deposits	<b>1 250 264</b>	596 721	<b>924 090</b>	541 479
Short-term advances	<b>1 520 051</b>	-	<b>1 520 051</b>	-
Advance towards asset purchase	<b>4 077 871</b>	4 032 258	<b>401 850</b>	-
Prepayments	<b>485 933</b>	219 207	<b>340 104</b>	196 080
Value added tax	<b>136 718</b>	1 685 689	<b>136 718</b>	1 685 689
	<b>11 769 694</b>	11 003 314	<b>6 483 254</b>	5 817 337
<b>Trade and other receivables pledged as security</b>				
Trade and other receivables were pledged as security for loan facilities of the group as disclosed under note 12.				
<b>Fair value of trade and other receivables</b>				
Trade and other receivables	<b>11 769 694</b>	11 003 314	<b>6 483 254</b>	5 817 337

At 30 June 2016, trade receivables of BWP2 121 415 (2015: nil) were past due but not impaired. There are no trade and other receivables impaired.

Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>9. Trade and other receivables</b>				
<i>continued</i>				
The ageing of amounts past due but not impaired is as follows:				
Less than 60 days	<b>287 209</b>	-	<b>287 209</b>	-
Between 61 and 90 days	<b>184 966</b>	-	<b>184 966</b>	-
Between 91 and 120 days	<b>169 414</b>	-	<b>169 414</b>	-
More than 120 days	<b>1 479 826</b>	-	<b>1 479 826</b>	-
	<b>2 121 415</b>	-	<b>2 121 415</b>	-
<b>Credit quality of financial assets</b>				
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:				
<b>Trade receivables</b>				
Counterparties without external credit rating				
Group 2	<b>948 663</b>	3 454 024	<b>252 821</b>	2 391 549

Group 1 - new customers (less six months) with no defaults.

Group 2 - existing customers (more than six months) with no defaults in the past.

None of the financial assets that are fully performing have been renegotiated in the last year.

Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>10. Cash and cash equivalents</b>				
Cash and cash equivalents consist of:				
Bank balances	<b>76 030 108</b>	5 651 808	<b>69 839 721</b>	603 079
Short-term deposits	<b>5 224 309</b>	5 193 451	<b>5 224 309</b>	5 193 451
	<b>81 254 417</b>	10 845 259	<b>75 064 030</b>	5 796 530
Bank overdraft	<b>(44 456 536)</b>	(34 279 340)	<b>(44 456 536)</b>	(34 279 340)
For the purpose of the statement of cash flows, cash, cash equivalents and bank overdrafts include total cash assets less bank overdrafts.				
Cash and bank balances	<b>81 254 417</b>	10 845 259	<b>75 064 030</b>	5 796 530
Bank overdraft	<b>(44 456 536)</b>	(34 279 340)	<b>(44 456 536)</b>	(34 279 340)
	<b>36 797 881</b>	(23 434 081)	<b>30 607 494</b>	(28 482 810)
Security information of bank overdraft facility from Standard Chartered Bank is disclosed in note 12.				
<b>Credit quality of cash at bank and short-term deposits, excluding cash on hand</b>				
The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. Credit risk attached to the group's cash and cash equivalents is minimised by only investing cash resources with reputable financial institutions.				
<b>Cash at bank</b>				
Standard Bank South Africa Limited	<b>6 190 387</b>	5 048 729	-	-
Standard Chartered Bank Botswana Limited	<b>5 182 759</b>	-	<b>5 182 759</b>	-
Stanbic Bank Botswana Limited	-	47 911	-	47 911
Bank of Baroda (Botswana) Limited	<b>302 761</b>	94 948	<b>302 761</b>	94 948
Barclays Bank Botswana Limited	<b>10 771</b>	10 771	<b>10 771</b>	10 771
First National Bank of Botswana Limited	<b>68 628 523</b>	966 216	<b>68 628 523</b>	966 216
Capital Bank Botswana Limited	<b>939 216</b>	4 676 684	<b>939 216</b>	4 676 684
	<b>81 254 417</b>	10 845 259	<b>75 064 030</b>	5 796 530

There are no credit ratings available in Botswana for financial institutions. The above banks are reputed banks and have reported sound financial results and continued compliance with minimum capital adequacy requirements.

Standard Bank South Africa Limited is listed on the Johannesburg Stock Exchange and has a credit rating of BBB+ (Fitch rating).

<i>Figures in Pula</i>	Group		Company	
	2016	2015	2016	2015
<b>11. Stated capital</b>				
<b>Linked units</b>	<b>380 000 000</b>	165 151 804	<b>380 000 000</b>	165 151 804
<b>Reconciliation of number of linked units issued:</b>				
Balance at beginning of year	<b>165 151 804</b>	82 000 000	<b>165 151 804</b>	82 000 000
Effect of share split	<b>92 775 540</b>	-	<b>92 775 540</b>	-
Issued during the year	<b>122 072 656</b>	83 151 804	<b>122 072 656</b>	83 151 804
Balance at end of year	<b>380 000 000</b>	165 151 804	<b>380 000 000</b>	165 151 804
<b>Movement in stated capital</b>				
Balance at beginning of year	<b>165 151 804</b>	165 151 804	<b>165 151 804</b>	165 151 804
Issued during the year	<b>175 866 217</b>	-	<b>175 866 217</b>	-
Balance at end of year	<b>341 018 021</b>	165 151 804	<b>341 018 021</b>	165 151 804

The company increased the number of issued linked units from 165 151 804 to 247 224 460 by issuing 82 072 656 linked units to the existing linked unitholders. Subsequent to this issue, the company has split the existing linked units by issuing of new linked units proportionate to existing linked units (37 526 840 linked units) thereby creating 340 000 000 linked units. Subsequent to the split, the company issued 40 000 000 linked units to the general public and corporate investors through an initial public offering to increase the number of issued linked units to 380 000 000. Each ordinary share is indivisibly linked with one debenture to form a linked unit. Accordingly, the company has 380 000 000 linked units as at 30 June 2016 (2015: 165 151 804). No ordinary shares may be sold or purchased without the debenture to which it is linked, being sold or purchased in one indivisible transaction.

<i>Figures in Pula</i>	Group		Company	
	2016	2015	2016	2015
<b>12. Borrowings</b>				
<b>Held at amortised cost</b>				
Standard Chartered Bank Botswana Limited	<b>311 116 250</b>	366 269 581	<b>311 116 250</b>	366 269 581

The company has acquired a loan facility from Standard Chartered Bank Botswana Limited to the value of BWP400 million as per the indicative term sheet. The total loan is repayable in 15 quarterly instalments with a P80 million repayment due at the final maturity date. The interest rates are equal to the 90-day Bank of Botswana C rate plus an applicable margin, and shall accrue on the basis of a 360-day year. As at 30 June 2016, the applicable margin is 4,15% per annum.

The company has acquired a loan facility from Standard Chartered Bank Limited to the value of ZAR160 million. The total loan is repayable in 23 quarterly instalments commencing from 30 September 2015 with equal capital instalments of ZAR6 956 521 and accrued interest. The interest rate is equal to the three months Johannesburg Interbank Agreed Rate (JIBAR). As at 30 June 2016, the applicable margin is 6% per annum.

Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>12. Borrowings continued</b>				
<b>Held at amortised cost</b> continued				
<b>First National Bank Botswana Limited</b>	<b>45 371 180</b>	41 478 549	<b>45 371 180</b>	41 478 549
The company has acquired a loan facility to the value of BWP50 million. This loan is repayable on demand. The interest rates are equal to the bank's prime lending rate less 1,5%.				
<b>BIFM Capital Investment Fund One Proprietary Limited</b>	<b>100 000 000</b>	100 000 000	<b>100 000 000</b>	100 000 000
The group has acquired a loan facility to the value of BWP100 million. The principal amount shall be paid in full together with interest at an interest rate of 9,10% per annum. Interest is payable every six months starting 31 December 2013 until 31 December 2022. The principle amount shall be repaid in stages with the first principal amount of BWP30 million being repaid on 31 December 2020, BWP30 million being repaid on 31 December 2021, and the final principal amount of BWP40 million being repaid on 31 December 2022.				
<b>Investec Bank Limited</b>	<b>47 135 659</b>	46 994 808	-	-
The group has acquired a loan facility to the value of ZAR61,9 million. This loan is repayable in 36 monthly instalments. Instalments representing interest and capital to be paid monthly in arrears, amortising to a 75% residual amount, payable on expiry of the facility. The interest rates are equal to 0,75% below Investec's prime rate.				
	<b>503 623 089</b>	554 742 938	<b>456 487 430</b>	507 748 130

## 12. Borrowings continued

The loan from Standard Chartered Bank Botswana Limited is secured as follows:

- i. Joint and several personal guarantees from Mr Ramachandran Ottapathu and Mr Farouk Ismail.
- ii. An assignment over the lease receivables.
- iii. A cession over the current and future fixed assets of the borrower and the subsidiaries with an asset cover of 1,6 times.
- iv. Charge over the Pula collection account into which the above receivables are paid.
- v. Negative pledge.
- vi. Covering mortgage bond over the properties Lot 35493 Gaborone, Lot 185 Jwaneng, Lot 3618 Mochudi, Lot 1801 Molepolele, Lot 2690 Mogoditshane, Lot 8372 Serowe, Lot 8757 Palapye, Lot 6094 Mahalapye, Lot 212 Jwaneng, Lot 4674 Gaborone, Lot 146 Molepolele, Tribal Grant 2763-KO Otse, Tribal Lot 12043 Mogoditshane, Lots 349/350 Selebi Phikwe, Lot 903 Francistown, Lot 212 Gaborone GICP, lease area 1779-KO Gaborone, Plot 322 Gaborone, Lot 46 GICP, Lot 292 Lobatse, lease area 1932-KO Gaborone, Plot 880 GICP, Portion 74 Crocodile Pools, Lot 7587 Lobatse, Lot 16437 Gaborone, Lot 547 Lobatse, Lot 7603 Lobatse, Lot 13225 Gaborone, Lots 5481, 5482, 5483, 5484, 5485 and 8044 Mogoditshane, Lot 1275 Gaborone, Lot 39269 Gaborone, Lot 689 Tlokweng, Lot 7780 Tlokweng, Lot 30, 31 and 38 Ghanzi, Lot 36800 Gaborone, Lot 1301 Kazungula, Lot 309/310 Lobatse, Tribal Lot 176 Kumukwane, Tribal Grant 162-KP Bokka, Lot 18390 Francistown, Lot 20602 Gaborone, Lot 1760 Pitsane, Lot 888 GICP, Lot 70661 Gaborone and Lot 12028 Mogoditshane.
- vii. Assignment of marketable securities relating to FPC shares in the various asset companies.
- viii. Security over shares that company owns in Q Tique 79 Proprietary Limited in South Africa.
- ix. Lease receivable guarantee from Choppies Enterprises Limited BWP160 million.

The loan from First National Bank Botswana Limited is secured as follows:

- i. First covering mortgage bond by the borrower in the sum of BWP75,7 million over the properties Plot 2610 Lobatse, Plot 79, 80, 2162 Thamaga, Plot 649 Gumare, Plot 29 Shashe, Lot 2086 Moshupa and Lot 7722 Tlokweng in favour of First National Bank Botswana Limited.
- ii. Cession of all current and future rental streams and insurance claims arising under the insurance cover over all bonded properties in favour of First National Bank Botswana Limited.
- iii. Cession and pledge of credit balances on all collection accounts held with First National Bank Botswana Limited.
- iv. Letter of unlimited suretyship by Ottapathu Ramachandran and Farouk Ismail.

The loan from BIFM Capital Investment Fund One Proprietary Limited is secured as follows:

- i. Cession of 33 333 333 Choppies Enterprises Limited shares held by Ottapathu Ramachandran.
- ii. First mortgage bond over Lots 5461, 5462, 5463, 53836, 39374, 39375, 37882, 43103, 42796 and 37883 Gaborone, Lot 2676 Selebi-Phikwe, Lots 7588, 7589 and 350 Lobatse, Tribal Lot 2177 Thamaga, Lot 1366 Mogoditshane and Tribal Lot 284 Gabane.
- iii. Cession of both comprehensive insurance and lease rentals over the mortgaged properties.

The loan from Investec Bank Limited is secured as follows:

- i. A first covering mortgage bond over Erf 934 Koster, Erf 676 Rodeon, Erf 2282 Rustenburg Extension 9, Erf 2288 Rustenburg Extension 9, Erf 16914 Boitekong, Erf 2973 Nylstroom and Portion 12 of Farm Leeuwkopje 415, for an amount of ZAR119 million.
- ii. A first covering mortgage bond over Erven 2858 and 1341 Odendaalsrus Extension 2, for an amount of ZAR10 million.
- iii. A first covering mortgage bond by Finder Properties Proprietary Limited over notarial deed of lease over Erf 6162 Mafikeng, for an amount of ZAR38 million.
- iv. Execution of a joint and several continuing guarantee by Farouk Ismail and Ramachandran Ottapathu and The FaR Property Company Limited for ZAR50 million plus interest and costs.
- v. Execution of a joint and several continuing suretyship by Finder Properties Proprietary Limited to ZAR38 million plus interest and costs.
- vi. Cession in security of proceeds of building insurance policy and Sasria extension for the full asset value of the properties mortgaged.
- vii. Execution of a cession of all present and future title, benefit and interest in, to and under the agreements in respect of the mortgaged properties.

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Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>12. Borrowings continued</b>				
<b>Non-current liabilities</b>				
At amortised cost	<b>403 398 745</b>	465 344 460	<b>361 344 906</b>	423 649 858
<b>Current liabilities</b>				
At amortised cost	<b>100 224 344</b>	89 398 478	<b>95 142 524</b>	84 098 272
	<b>503 623 089</b>	554 742 938	<b>456 487 430</b>	507 748 130
<b>13. Trade and other payables</b>				
Trade payables	<b>6 182 119</b>	7 269 062	<b>5 342 883</b>	6 168 036
Value added tax	<b>610 831</b>	471 488	<b>12 255</b>	37 050
Deposits received	<b>2 153 721</b>	1 662 013	<b>1 896 989</b>	1 377 331
Retention payable	<b>5 240 480</b>	4 071 246	<b>5 240 480</b>	4 071 246
Payable for property purchases	<b>5 500 000</b>	1 700 000	<b>5 500 000</b>	1 700 000
Other payables	<b>1 249 043</b>	1 329 139	<b>870 167</b>	998 784
	<b>20 936 194</b>	16 502 948	<b>18 862 774</b>	14 352 447
The fair value of trade and other payables closely approximates the carrying value.				
<b>14. Financial liabilities by category</b>				
The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial liabilities in each category are as follows:				
<b>Financial liabilities at amortised cost</b>				
Borrowings	<b>503 623 089</b>	554 742 938	<b>456 487 430</b>	507 748 130
Related party payables	-	484 216	<b>208 165</b>	695 424
Trade and other payables	<b>20 325 363</b>	16 031 460	<b>18 850 519</b>	14 315 397
Loans from shareholders	-	10 392 869	-	10 841 059
Bank overdraft	<b>44 456 536</b>	34 279 340	<b>44 456 536</b>	34 279 340
	<b>568 404 988</b>	616 402 311	<b>520 002 650</b>	567 916 400
<b>15. Revenue</b>				
Rental income	<b>96 728 756</b>	84 599 082	<b>77 251 649</b>	55 518 751
Deferred lease adjustment	<b>17 688 348</b>	7 723 191	<b>18 953 768</b>	4 851 683
	<b>114 417 104</b>	92 322 273	<b>96 205 417</b>	60 370 434
<b>16. Operating profit</b>				
Operating profit for the year is stated after accounting for the following:				
Legal expenses	<b>23 070</b>	587 869	<b>11 860</b>	328 935
Utilities	<b>7 010 654</b>	3 549 204	<b>2 731 389</b>	1 134 191
Depreciation on property, plant and equipment	<b>151 596</b>	116 171	<b>151 596</b>	116 171
Auditor's remuneration	<b>562 953</b>	386 121	<b>562 953</b>	386 121
Directors' remuneration	<b>450 000</b>	-	<b>450 000</b>	-

Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>17. Finance income</b>				
<b>Interest revenue</b>				
Interest income - banks	12 686	207 568	-	-
Interest income - subsidiaries	-	-	5 691 210	5 702 851
Foreign exchange gains	593 457	-	8 005 682	2 312 647
	<b>606 143</b>	207 568	<b>13 696 892</b>	8 015 498
<b>18. Finance costs</b>				
Bank borrowings	43 458 620	40 257 975	38 742 867	36 663 929
Foreign exchange losses	-	1 228 687	-	-
	<b>43 458 620</b>	41 486 662		
<b>19. Fair value adjustments</b>				
Investment property	(17 135 611)	55 007 453	(18 405 936)	40 995 953
<b>20. Taxation</b>				
<b>Income tax</b>				
Income tax expense for the year	2 298 418	1 338 654	-	546 822
Prior year (over)/underprovision	(275 024)	1 089 688	(228 257)	1 089 688
	<b>2 023 394</b>	2 428 342	<b>(228 257)</b>	1 636 510
<b>Deferred income tax</b>				
Deferred income tax	(2 079 921)	13 024 299	(388 793)	8 698 085
Prior year overprovision	(1 053 876)	-	(1 054 177)	-
	<b>(3 133 797)</b>	13 024 299	<b>(1 442 970)</b>	8 698 085
	<b>(1 110 403)</b>	15 452 641	<b>(1 671 227)</b>	10 334 595
Reconciliation of accounting profit and tax expense:				
Accounting profit	8 585 438	101 187 846	6 594 225	68 052 930
Tax at the applicable tax rate of 22%	1 888 796	22 261 326	1 450 730	14 971 645
<b>Tax effect of adjustments on taxable income</b>				
Income not subject to tax	(12 944)	-	(21 804)	-
Change in tax base of investment property	(4 062 793)	(4 247 131)	(4 047 803)	(2 963 179)
Effect of difference in country tax rates	(163 448)	824 886	-	-
Deferred tax not provided for capital losses	7 031 988	(110 288)	7 031 988	(110 288)
Expenses allowed for tax purposes	(4 922 191)	(4 573 800)	(4 922 191)	(2 653 271)
Effect of carried forward tax losses fallen away due to amalgamation	110 765	207 960	110 765	-
Expenses not allowed for tax purposes	21 427	-	9 522	-
Prior year (over)/underprovision of income tax liability	(275 024)	1 089 688	(228 257)	1 089 688
Prior year overprovision of deferred tax liability	(1 053 876)	-	(1 054 177)	-
	<b>(1 110 403)</b>	15 452 642	<b>(1 671 227)</b>	10 334 595

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Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>21. Other income</b>				
Recoveries from tenants	9 350 229	5 765 862	3 331 656	1 649 097
Fuel rebates	1 903 542	863 884	1 903 542	-
Miscellaneous income	126 361	199 671	111 405	823 715
	<b>11 380 132</b>	6 829 417	<b>5 346 603</b>	2 472 812
<b>22. Cash generated from operations</b>				
Profit before taxation	8 585 438	101 187 846	6 594 225	68 052 930
<b>Adjustments for:</b>				
Depreciation	151 596	116 171	151 596	116 171
Loss on disposal of subsidiary	8 892 450	-	8 892 450	-
Finance income	(606 143)	(207 568)	(13 696 892)	(8 015 498)
Finance costs	43 458 620	41 486 662	38 742 867	36 663 929
Fair value adjustments	17 135 611	(55 007 453)	18 405 936	(40 995 953)
Movements in operating lease assets	(17 688 348)	(7 723 191)	(18 953 768)	(4 851 683)
Foreign exchange movement	5 233 952	(1 131 125)	-	-
Loss on disposal of investment property	33 818 000	850 000	33 818 000	850 000
<b>Changes in working capital</b>				
Related party receivable	41 048 208	(65 847 923)	41 049 150	(230 204)
Related party payable	(484 216)	-	(487 259)	(2 207 182)
Trade and other receivables	(318 190)	26 043 504	(665 917)	22 863 917
Trade and other payables	4 433 246	(2 173 284)	4 510 327	(3 293 781)
	<b>143 660 224</b>	37 593 639	<b>118 360 715</b>	68 952 646
<b>23. Tax paid</b>				
Balance at beginning of year	(1 373 332)	265 882	(589 705)	1 164 109
Current tax for the year recognised in profit or loss	(2 023 394)	(2 428 342)	228 257	(1 636 510)
Amalgamation effect	-	-	-	(943 458)
Effect of foreign currency translation	102 003	-	-	-
Balance at end of the year	2 914 006	1 373 332	(19 269)	589 705
	<b>(380 717)</b>	(789 128)	<b>(380 717)</b>	(826 154)
<b>24. Commitments</b>				
<b>Authorised capital expenditure</b>				
Investment property - contracted and not provided for	24 266 938	11 169 355	24 266 938	-
This committed expenditure relates to investment property and will be financed by available bank facilities.				
<b>Operating leases - as lessor (income)</b>				
<b>Minimum lease payments due</b>				
- within one year	101 017 025	98 130 755	80 687 714	77 636 365
- more than one year	474 171 046	314 814 909	388 394 429	284 320 127
	<b>575 188 071</b>	412 945 664	<b>469 082 143</b>	361 956 492

The group's investment property is held to generate rental income. Lease agreements are non-cancellable and have terms from two to 20 years. There are no contingent rents receivable.

## 25. Related parties

Mr Ottapathu Ramachandran and Mr Farouk Ismail were directors and shareholders of the companies in the group during the year. Mr Farouk Ismail resigned as a director on 20 June 2016.

Related parties comprise entities sharing common shareholders and directors with the company. Mr Ottapathu Ramachandran and Mr Farouk Ismail are directors and shareholders of the following companies. The following transactions were carried out with the related parties:

<i>Figures in Pula</i>	Group		Company	
	2016	2015	2016	2015
<b>Related party balances</b>				
Investment in subsidiaries (note 5)				
Related party receivable/payable (note 6)				
<b>Related party transactions</b>				
<b>Interest received from related parties</b>				
Q Tique 79 Proprietary Limited	-	-	<b>5 691 210</b>	5 702 851
	-	-	<b>5 691 210</b>	5 702 851
<b>Advances given to related parties</b>				
Feasible Investments Proprietary Limited	<b>7 000 000</b>	-	<b>7 000 000</b>	-
Solace Proprietary Limited	<b>2 800 000</b>	-	<b>2 800 000</b>	-
Strides of Success Proprietary Limited	<b>6 461 806</b>	2 707 364	<b>6 461 806</b>	2 707 364
Bagpiper Proprietary Limited	<b>250 000</b>	-	<b>250 000</b>	-
Adam's Apple Proprietary Limited	<b>100 000</b>	-	<b>100 000</b>	-
Keriotic Investments Proprietary Limited	-	4 032 311	-	4 032 311
Holario Investments Proprietary Limited	-	4 037 195	-	4 037 195
Jaymos Investments Proprietary Limited	-	4 480 342	-	4 480 342
RBV Consultants Proprietary Limited	-	7 550 000	-	7 550 000
Specciss Learning and Training Resources Proprietary Limited	-	88 489	-	88 489
Tow Bar Manufacturers Proprietary Limited	-	450 864	-	450 864
Adam's Apple Proprietary Limited	-	365 050	-	365 050
Peardale Proprietary Limited	-	249 925	-	249 925
Real Plastic Moulds Proprietary Limited	-	1 000 000	-	1 000 000
ZCX Investments Proprietary Limited	-	3 000 000	-	3 000 000
ILO Industries Proprietary Limited	-	156 003	-	156 003
Choppies Distribution Centre Proprietary Limited	-	1 050 033	-	1 050 033
Pucko Investments Proprietary Limited	-	3 002	-	3 002
	<b>16 611 806</b>	29 170 578	<b>16 611 806</b>	29 170 578

Group

Company

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Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>25. Related parties continued</b>				
<b>Rental income received from related parties</b>				
Accrete Investments Proprietary Limited	<b>700 326</b>	-	<b>700 326</b>	-
Amphora Proprietary Limited	<b>1 504 478</b>	215 112	<b>1 504 478</b>	215 112
Askrite Proprietary Limited	<b>161 784</b>	77 040	<b>161 784</b>	77 040
Atladis Proprietary Limited	<b>222 974</b>	202 704	<b>222 974</b>	202 704
Beavers Investments Proprietary Limited	<b>101 032</b>	133 080	<b>101 032</b>	133 080
Bell Garden Proprietary Limited	<b>92 374</b>	-	<b>92 374</b>	-
Bestlite Proprietary Limited	<b>325 668</b>	84 060	<b>325 668</b>	84 060
Bowerbird Proprietary Limited	<b>1 306 800</b>	-	<b>1 306 800</b>	-
Brass Lock Proprietary Limited	-	77 040	-	77 040
Callao Proprietary Limited	-	146 172	-	146 172
Catbird Proprietary Limited	-	78 020	-	78 020
Chatley Enterprises Proprietary Limited	<b>1 105 207</b>	141 000	<b>1 105 207</b>	141 000
Choppies Distribution Centre Proprietary Limited	<b>12 941 837</b>	502 476	<b>12 941 837</b>	502 476
Choppies Supermarkets SA Proprietary Limited	<b>11 679 809</b>	6 991 671	-	-
Choppies Warehousing Services Proprietary Limited	<b>8 266 676</b>	5 052 246	-	-
Delux Proprietary Limited	<b>101 640</b>	39 600	-	39 600
Todomore Holdings Proprietary Limited	<b>6 413</b>	109 080	<b>6 413</b>	109 080
Dostana Proprietary Limited	<b>52 800</b>	48 000	<b>52 800</b>	48 000
Enchanted Oaks Proprietary Limited	<b>26 400</b>	48 000	<b>26 400</b>	48 000
F & A Enterprises Proprietary Limited	<b>87 120</b>	48 960	<b>87 120</b>	48 960
Feasible Investments Proprietary Limited	<b>499 252</b>	514 704	<b>499 252</b>	514 704
Floating Idea Proprietary Limited	<b>52 800</b>	48 000	<b>52 800</b>	48 000
Fresh Take Proprietary Limited	<b>225 562</b>	26 600	<b>225 562</b>	26 600
Genuine Passions Proprietary Limited	<b>828 000</b>	85 536	<b>828 000</b>	85 536
Glifwood Proprietary Limited	<b>421 768</b>	-	<b>421 768</b>	-
Gobrand Proprietary Limited	<b>103 950</b>	126 000	<b>103 950</b>	126 000
Gironde Proprietary Limited	-	194 400	-	194 400
Gritnit Proprietary Limited	<b>66 000</b>	39 600	<b>66 000</b>	39 600
Heaven Hill Proprietary Limited	<b>66 000</b>	34 256	<b>66 000</b>	34 256
Highland Proprietary Limited	<b>26 400</b>	-	<b>26 400</b>	-
High Land Haven Proprietary Limited	<b>183 832</b>	239 686	<b>183 832</b>	239 686
Honey Guide Proprietary Limited	-	69 960	-	69 960
Hoovernit Proprietary Limited	<b>76 200</b>	141 204	<b>76 200</b>	141 204
Jarapino Proprietary Limited	<b>117 150</b>	4 488	<b>117 150</b>	4 488
Jobfine Proprietary Limited	<b>69 300</b>	63 000	<b>69 300</b>	63 000

Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>25. Related parties continued</b>				
<b>Rental income received from related parties</b> continued				
ILO Industries Proprietary Limited	-	79 200	-	79 200
Leaf Motis Proprietary Limited	<b>87 120</b>	66 000	<b>87 120</b>	66 000
Lisboa Trading Proprietary Limited	<b>235 272</b>	322 472	<b>235 272</b>	322 472
Keriotic Investments Proprietary Limited	-	252 080	-	252 080
Kaar Distributors Proprietary Limited	<b>225 720</b>	63 400	<b>225 720</b>	63 400
Macha Investments Proprietary Limited	<b>118 800</b>	102 000	<b>118 800</b>	102 000
Mediland Proprietary Limited	-	35 727	-	35 727
Mont Catering Proprietary Limited	-	59 400	-	59 400
Montrose Proprietary Limited	-	59 400	-	59 400
Million Touch Proprietary Limited	<b>86 922</b>	-	<b>86 922</b>	-
Motopi Proprietary Limited	<b>2 171 580</b>	63 600	<b>2 171 580</b>	63 600
Naivasha Proprietary Limited	<b>26 400</b>	48 000	<b>26 400</b>	48 000
New Page Proprietary Limited	<b>39 930</b>	59 400	<b>39 930</b>	59 400
Ollur Investments Proprietary Limited	-	971 076	-	971 076
Our Luck Investments Proprietary Limited	-	44 880	-	44 880
Ovais Investments Proprietary Limited	<b>310 720</b>	39 010	<b>310 720</b>	39 010
Puko Proprietary Limited	<b>83 478</b>	129 460	<b>83 478</b>	129 460
Pearl Land Proprietary Limited	<b>19 800</b>	36 480	<b>19 800</b>	36 480
Payless Proprietary Limited	<b>185 935</b>	-	<b>185 935</b>	-
Princieton Proprietary Limited	<b>149 573</b>	89 520	<b>149 573</b>	89 520
Print Right Proprietary Limited	-	89 520	-	89 520
Real Plastic Mould Proprietary Limited	-	77 040	-	77 040
Right Time Proprietary Limited	<b>247 500</b>	162 000	<b>247 500</b>	162 000
Rigil Proprietary Limited	<b>15 000</b>	-	<b>15 000</b>	-
Sarfrosh Holdings Proprietary Limited	<b>29 040</b>	55 920	<b>29 040</b>	55 920
Shaysons Investment Proprietary Limited	-	172 824	-	172 824
Shoppers Paradise Proprietary Limited	<b>38 082</b>	24 000	<b>38 082</b>	24 000
Smart Buy Proprietary Limited	<b>66 660</b>	-	<b>66 660</b>	-
Smoothsail Holding Proprietary Limited	<b>1 478 584</b>	212 764	<b>1 478 584</b>	212 764
Spin & Shine Proprietary Limited	<b>30 039</b>	-	<b>30 039</b>	-
Summer Queen Proprietary Limited	<b>198 264</b>	103 200	<b>198 264</b>	103 200
Sunrise Proprietary Limited	<b>347 799</b>	48 960	<b>347 799</b>	48 960
S & F Proprietary Limited	<b>21 780</b>	39 600	<b>21 780</b>	39 600
Supasave Proprietary Limited	<b>228 256</b>	-	<b>228 256</b>	-
Taj Supermarket Proprietary Limited	<b>916 764</b>	69 960	<b>916 764</b>	69 960
Tanglewood Proprietary Limited	<b>49 995</b>	-	<b>49 995</b>	-

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS continued  
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Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>25. Related parties continued</b>				
<b>Rental income received from related parties</b> continued				
Top Shape Proprietary Limited	110 070	62 000	110 070	62 000
Torinby Proprietary Limited	185 086	253 400	185 086	253 400
RBV Consultants Proprietary Limited	-	404 056	-	404 056
Velocity Proprietary Limited	280 394	56 040	280 394	56 040
Walrus Proprietary Limited	1 682 165	99 413	1 682 165	99 413
Weal Proprietary Limited	294 777	77 040	294 777	77 040
Welldone Proprietary Limited	2 535 500	184 486	2 535 500	184 486
Whitebaite Proprietary Limited	66 000	60 000	66 000	60 000
Wolflakde Proprietary Limited	1 723 257	960 414	1 723 257	960 414
ZCX Investments Proprietary Limited	359 042	-	359 042	-
	<b>56 064 856</b>	21 668 678	<b>36 016 731</b>	9 624 760
<b>Investment property purchased from related parties</b>				
Honey Guide Proprietary Limited	-	-	-	895 500
Solace Proprietary Limited	-	-	-	7 300 000
Vet Agric Supplies Proprietary Limited	-	-	-	3 700 000
	-	-	-	11 895 500
<b>Investment property disposed by the company and acquired by related parties</b>				
Mr Ottapathu Ramachandran and Mr Farouk Ismail	33 818 000	-	33 818 000	-
<b>Investment property transferred to related parties</b>				
Time Star Investments Proprietary Limited	-	-	-	8 892 450
<b>Investment in subsidiary disposed by the company and acquired by related parties</b>				
Mr Ottapathu Ramachandran and Mr Farouk Ismail	8 892 450	-	8 892 450	-
<b>Key management compensation</b>				
Key management includes directors (executive and non-executive) and members of the executive committee. The compensation paid or payable to key management for employee services is shown below:				
Directors' fees	250 000	-	250 000	-
Salaries and other short-term employment benefits	200 000	-	200 000	-
	<b>450 000</b>	-	<b>450 000</b>	-

**Property mortgaged by the company owned by related parties**

Company has mortgaged Lot 12028 owned by Stride of Success Limited Proprietary Limited for the loan facility obtained from Standard Chartered Bank Botswana Limited.

## 26. Risk management

### Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 12 and 10, cash and cash equivalents disclosed in note 10 and equity as disclosed in the consolidated statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to unitholders, return capital to unitholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings") as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

Figures in Pula	Note	Group		Company	
		2016	2015	2016	2015
The gearing ratio at 2016 and 2015 respectively were as follows:					
<b>Total borrowings</b>					
Related party payable	6	-	484 216	<b>208 165</b>	695 424
Loans from shareholders		-	10 392 869	-	10 841 059
Borrowings	12	<b>503 623 089</b>	554 742 938	<b>456 487 430</b>	507 748 130
Bank overdraft	10	<b>44 456 536</b>	34 279 340	<b>44 456 536</b>	34 279 340
Total debt		<b>548 079 625</b>	599 899 363	<b>501 152 131</b>	553 563 953
Less: Cash and cash equivalents	10	<b>(81 254 417)</b>	(10 845 259)	<b>(75 064 030)</b>	(5 796 530)
Net debt		<b>466 825 208</b>	589 054 104	<b>426 088 101</b>	547 767 423
Total equity		<b>744 862 528</b>	577 890 986	<b>684 731 378</b>	513 595 709
Total capital		<b>1 211 687 736</b>	1 166 945 090	<b>1 110 819 479</b>	1 061 363 132
Gearing ratio (%)		<b>39</b>	50	<b>38</b>	52

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk, cash flow interest rate risk), credit risk and liquidity risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by a group finance department under policies approved by the board. Group finance department identifies and evaluates financial risks in close co-operation with the group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

## 26. Risk management continued

### Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group held cash and cash equivalents of BWP81 254 417 (2015: BWP75 064 030) that are expected to readily generate cash inflows for managing liquidity risk. The group maintains flexibility in funding by maintaining availability under committed credit lines. As at 30 June 2016, the group's current liabilities exceeds its current assets by BWP19 million. The liquidity gap is managed through BWP25 million undrawn facilities available to the group and the additional income to be generated from the completion of investment property under construction.

Management monitors rolling forecasts of the group's liquidity reserve comprising the undrawn borrowing facilities and cash and cash equivalents (note 10) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the group's liquidity management policy involves projecting cash flows, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<i>Figures in Pula</i>	Less than one year	Between one to two years	Between two to five years	Over five years
<b>Group - at 30 June 2016</b>				
Borrowings	<b>122 951 189</b>	<b>214 291 885</b>	<b>140 591 593</b>	<b>98 289 721</b>
Trade and other payables	<b>20 936 194</b>	-	-	-
Bank overdraft	<b>44 456 536</b>	-	-	-
<b>Group - at 30 June 2015</b>				
Borrowings	133 342 195	173 905 943	257 225 717	155 429 523
Related party payables	484 216	-	-	-
Loans from shareholders	-	-	10 392 869	-
Trade and other payables	16 502 948	-	-	-
Bank overdraft	34 279 340	-	-	-
<b>Company - at 30 June 2016</b>				
Borrowings	<b>113 404 471</b>	<b>171 948 117</b>	<b>140 591 593</b>	<b>98 289 721</b>
Related party payables	<b>208 165</b>	-	-	-
Loans from shareholders	-	-	-	-
Trade and other payables	<b>18 862 774</b>	-	-	-
Bank overdraft	<b>44 456 536</b>	-	-	-
<b>Company - at 30 June 2015</b>				
Borrowings	123 231 577	116 993 798	257 225 717	155 429 523
Related party payables	695 424	-	-	-
Loans from shareholders	-	-	10 841 059	-
Trade and other payables	14 352 447	-	-	-
Bank overdraft	34 279 340	-	-	-

## 26. Risk management continued

### Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. During 2016 and 2015, the group's borrowings at variable rate were denominated in the Pula and rand. The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the group calculates the impact on profit or loss of a defined interest rate shift.

The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulations done do not have an impact on the current periods reported figures due to the relatively short duration. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management. If interest rates on Pula denominated and Rand denominated borrowings had been 1% higher/lower with all other variables held constant, impact on profit for the year was as follows:

	Impact lower		Impact higher	
	2016	2015	2016	2015
<b>Company</b>				
Pula-denominated borrowings	3 660 797	3 221 181	(3 660 797)	(3 221 181)
South African rand-denominated borrowings	1 116 158	-	(1 116 158)	-
<b>Group</b>				
Pula-denominated borrowings	3 660 797	3 221 181	(3 660 797)	(3 221 181)
South African rand-denominated borrowings	3 221 181	346 194	(3 221 181)	(346 194)

## 26. Risk management continued

### Credit risk

Credit risk is the risk that a counterparty may cause financial loss to the group by failing to discharge an obligation.

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Management evaluated credit risk relating to customers on an ongoing basis. If customers 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Financial assets exposed to credit risk at year end were as follows:

<i>Figures in Pula</i>	Group		Company	
	2016	2015	2016	2015
<b>Financial instrument</b>				
Related party receivables	<b>34 592 278</b>	75 640 486	<b>107 562 235</b>	149 514 827
Trade and other receivables	<b>11 147 043</b>	9 098 418	<b>6 006 432</b>	3 935 568
Cash and cash equivalents	<b>81 254 417</b>	10 845 259	<b>75 064 030</b>	5 796 530

Credit risk with respect to trade receivables is minimised by the diverse tenant base. Credit checks are performed prior to concluding leases and arrears rentals are actively managed.

Credit risk attached to the group's cash and cash equivalents is minimised by only investing cash resources with reputable financial institutions.

Credit quality of financial assets are disclosed in notes 9 and 10.

### Foreign exchange risk

The group owns a South African subsidiary company which holds investment property in South Africa and is accordingly exposed to foreign exchange risk in respect of financial assets and liabilities that are not in the group's functional currency which is the Botswana Pula. The relevant exchange rate is the South African rand and Botswana Pula. In view of the size of these assets relative to the overall portfolio the board does not consider it necessary to enter into foreign currency hedges.

The group does not hedge foreign exchange fluctuations.

Figures in Pula	Group		Company	
	2016	2015	2016	2015
<b>26. Risk management continued</b>				
<b>Foreign exchange risk</b> continued				
The net assets subject to foreign exchange risk converted at the rate of 1,36 (2015: 1,24) rand to the Pula at the reporting date comprise:				
<b>Non-current assets</b>				
Investment property ZAR259 009 961 (2015: ZAR242 416 038)	<b>190 448 501</b>	195 496 805	-	-
<b>Current assets</b>				
Operating lease asset ZAR2 213 371 (2015: ZAR3 904 701)	<b>1 627 479</b>	3 148 952	-	-
Trade and other receivables ZAR6 633 803 (2015: ZAR6 986 367)	<b>4 877 796</b>	5 185 977	-	-
Cash and cash equivalents ZAR8 418 926 (2015: ZAR6 260 424)	<b>6 190 387</b>	5 048 729	-	-
<b>Liabilities</b>				
Borrowings ZAR64 104 497 (2015: ZAR58 273 563)	<b>47 135 659</b>	46 994 809	-	-
Deferred income tax liabilities ZAR25 472 356 (2015: ZAR27 509 128)	<b>18 729 674</b>	22 184 781	-	-
Income tax payable ZAR3 987 055 (2015: ZAR913 705)	<b>2 931 658</b>	736 859	-	-
Trade and other payables ZAR2 819 853 (2015: ZAR2 666 621)	<b>2 073 420</b>	2 150 501	-	-

## 27. Financial instruments – fair value hierarchy

This analysis categorises the financial instruments carried at fair value into different levels based on the level of subjectivity applied in determining the inputs used in the determination of fair value. This assessment is determined based on the lowest level of input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input into the fair value measurement in its entirety requires judgement, considering the factors specific to the asset or liability. If a fair value uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a level 3 measurement.

The fair value hierarchy is measured as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data, that is unobservable inputs.

**27. Financial instruments – fair value hierarchy** continued

The group's financial assets and liabilities carried at fair value as at the year end were classified as follows:

<i>Figures in Pula</i>	Group			Company		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>2016</b>						
Cash and cash equivalents	<b>81 254 417</b>	-	-	<b>75 064 030</b>	-	-
<b>2015</b>						
Cash and cash equivalents	10 845 259	-	-	5 796 530	-	-

There have been no transfers between any of the hierarchy levels during the year (2015: nil)

Level 1 financial assets include only cash and cash equivalents that are based on actual values invested at the relevant financial institutions.

While not carried at fair value, the fair value of the following financial instruments were disclosed, and the analysis below reflects the fair value hierarchy relative to these instruments:

<i>Figures in Pula</i>	Group			Company		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>2016</b>						
<b>Assets</b>						
Related party receivable	-	-	<b>34 592 278</b>	-	-	<b>107 562 235</b>
Trade and other receivables	-	-	<b>11 147 043</b>	-	-	<b>6 006 432</b>
<b>Liabilities</b>						
Borrowings	-	<b>503 623 089</b>	-	-	-	<b>456 487 430</b>
Related party payable	-	-	-	-	-	<b>208 165</b>
Trade and other payables	-	-	<b>20 325 363</b>	-	-	<b>18 850 519</b>
<b>2015</b>						
<b>Assets</b>						
Related party receivables	-	-	75 640 486	-	-	149 514 827
Trade and other receivables	-	-	9 098 418	-	-	3 935 568
<b>Liabilities</b>						
Borrowings	-	-	554 742 938	-	-	507 748 130
Related party payables	-	-	484 216	-	-	695 424
Trade and other payables	-	-	16 031 460	-	-	14 315 397
Shareholders' loan	-	-	10 392 869	-	-	10 841 059

## 28. Non-financial instruments – fair value hierarchy

This analysis categorises the non-financial instruments carried at fair value into different levels based on the level of subjectivity applied in determining the inputs used in the determination of fair value. This assessment is determined based on the lowest level of input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input into the fair value measurement in its entirety requires judgement, considering the factors specific to the asset or liability. If a fair value uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a level 3 measurement.

The fair value hierarchy is measure as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data, that is unobservable inputs.

The group's non-financial assets and liabilities carried at fair value as at the year end were classified as follows:

Figures in Pula	Group			Company		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>2016</b>						
Investment property	-	-	1 258 665 781	-	-	1 065 617 280
<b>2015</b>						
Investment property	-	-	1 201 299 407	-	-	993 611 593

There have been no transfers between any of the hierarchy levels during the year (2015: nil).

No non-financial assets carried at fair value are classified as level 1 or 2.

Level 3 financial assets comprise the investment property portfolio more fully described in note 3. The significant inputs used in determining this value are set out in note 3 and note 1.2.

The fair value for the company's investment in its subsidiary companies are similarly disclosed and are classified as a level 3 hierarchy in view that, it is being based on the net underlying asset values which include level 3 inputs for the investment property as set out above.

Figures in Pula	Group		Company	
<b>29. Linked units distribution payable</b>				
Balance at beginning of year	24 000 000	3 000 000	24 000 000	3 000 000
Amount declared during year	12 996 000	21 000 000	12 996 000	21 000 000
Amount paid during year	(24 000 000)	-	(24 000 000)	-
Balance at end of year	12 996 000	24 000 000	12 996 000	24 000 000
Linked unit distribution per linked unit – declared during the year	0,03	0,13	0,03	0,13

### 30. Amalgamation of subsidiaries

#### 2016

No amalgamation has taken place during the financial year ended 30 June 2016.

#### 2015

On 30 June 2015, the following companies were amalgamated with The FaR Property Company Proprietary Limited in accordance with section 225 of the Companies Act of Botswana, 2003. The board envisaged that the amalgamation was necessary as there were no economic benefits derived by having 10 companies existing separately.

- 1 Backwater Holdings Proprietary Limited
- 2 Plot 20602 Proprietary Limited
- 3 Somerset East Housing Estate Proprietary Limited
- 4 Canon Investments Proprietary Limited
- 5 E Dot Com Proprietary Limited
- 6 Well Off Holdings Proprietary Limited
- 7 Stargazers Proprietary Limited
- 8 High Care Investments Proprietary Limited
- 9 Mike Junior Express Proprietary Limited
- 10 Reddy's Properties Proprietary Limited

The company has used the predecessor value method in accounting for this common control transaction, and has prospectively combined the results and cash flows of the amalgamated entities.

Assets and liabilities adopted upon amalgamation comprise:

<i>Figures in Pula</i>	Group		Company	
	2016	2015	2016	2015
Investment property	-	-	-	205 164 538
Operating lease asset	-	-	-	2 724 266
Trade and other receivables	-	-	-	2 161 227
Loans to related parties	-	-	-	(105 306 095)
Cash and cash equivalents	-	-	-	1 041 450
Deferred income tax liability	-	-	-	(7 678 801)
Income tax liabilities	-	-	-	(943 458)
Trade and other payables	-	-	-	(1 682 415)
Investment in subsidiary	-	-	-	(52 144 699)
Net credit to equity upon amalgamation	-	-	-	43 336 013

### 30. Amalgamation of subsidiaries continued

#### 2015

The effect of the amalgamation is recognised in the company on the effective date of the amalgamation certificate on 30 June 2015. The value of the investment property of the company has been increase by BWP205 164 538 due to the amalgamation on 30 June 2015, whereas the operating result from the amalgamated assets are not recognised in the statement of comprehensive income of the company for the year ended 30 June 2015. The operating results from the amalgamated assets are recognised in the consolidated statement of comprehensive income for the year ended 30 June 2015. Therefore, the asset base of the company in the statement of financial position as at 30 June 2015 does not represents the respective operating result in the company's statement of comprehensive income for the year ended 30 June 2015.

A comparison of investment properties and the operating profit before amalgamation and after amalgamation is shown below:

<i>Figures in Pula</i>	Before amalgamation	After amalgamation
<b>Company</b>		
Investment property	788 447 055	993 611 593
Operating profit	92 756 586	92 756 586
Effect of income tax charge due to amalgamation on 30 June 2015.		
Due to amalgamation on 30 June 2015, company is liable for income tax as one entity including amalgamated entities. Interest declared for linked units were claimed as tax deductible expenses from combined operating profits of the company including amalgamated entities. Therefore, tax benefit from interest on linked units is absorbed by the profits earned by amalgamated companies up to the taxable profits generated from operating results of the amalgamated companies.		
Taxable profit of amalgamated companies before amalgamation		8 729 674
Taxable profits transferred to company due to amalgamation		(8 729 674)
Taxable profit of amalgamated companies after amalgamation		-

### 31. Earnings per linked units

Basic earnings per linked units is calculated by dividing the net profit attributable to linked unitholders by the weighted average number of linked units outstanding during the year.

<i>Figures in Pula</i>	Group		Company	
	2016	2015	2016	2015
Net profit for the year attributable to linked unitholders	<b>9 695 841</b>	85 735 205	<b>8 265 452</b>	57 718 335
Weighted average number of linked units in issue	<b>257 458 755</b>	165 151 804	<b>257 458 755</b>	165 151 804
Basic earnings per linked unit	<b>0,04</b>	0,52	<b>0,03</b>	0,35

The company has no dilutive potential linked units, the diluted earnings per linked unit are the same as the basic earnings per linked unit.

### 32. Disposal of investment properties and investment in a subsidiary

A property portfolio restructuring was carried out in 2016 focusing the initial public offering of the company. The company disposed of a group of farm properties and an investment in a subsidiary for a consideration of BWP1 to existing linked unitholders. The carrying value of the disposed farm properties and investment in subsidiary were BWP3 818 000 and BWP8 892 450, respectively.

### 33. Events after the reporting period

There were no material events that occurred after the reporting date that required disclosure in or adjustment to the financial statements.

### 34. Operating segments

The company and the group adopted IFRS 8 *Operating Segments*. This has resulted in a number of reportable segments presented. In addition, segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The company has determined that its chief decision maker is the board of directors of the company.

Management has determined the operating segments based on the reports reviewed by the board in making strategic decisions and the board considers the business on the following operating decisions.

- "Residential properties" - Properties occupied for the residential purposes
- "Commercial properties" - Properties occupied for the commercial purposes
- "Industrial properties" - Properties occupied for the industrial purposes
- "Other" - Includes other activities not included in other segments

The segment information provided to the board for the reportable segments for the year ended 30 June 2016 is as follows:

<i>Figures in Pula</i>	Residential	Commercial	Industrial	Other	Total
<b>Company</b>					
Revenue	13 862 253	30 194 002	33 195 394	-	77 251 649
Tenant recoveries	487 502	2 449 018	395 136	-	3 331 656
Operating expenses	(927 601)	(3 831 750)	(561 695)	(3 474 388)	(8 795 434)
Finance income	-	-	-	13 696 892	13 696 892
Finance costs	-	-	-	(38 742 867)	(38 742 867)
Investment property fair value adjustment	(20 257 718)	12 418 859	(10 567 077)	-	(18 405 936)
Loss on sale of investment property	-	(33 818 000)	-	-	(33 818 000)
Loss on disposal of subsidiary	-	-	-	(8 892 450)	(8 892 450)
Income tax credit	-	-	-	1 671 227	1 671 227
<b>Segment assets</b>	<b>129 324 211</b>	<b>518 366 073</b>	<b>453 641 016</b>	<b>192 423 940</b>	<b>1 293 755 240</b>
<b>Reconciliation to total assets as reported in the statement of financial position</b>					
Property, plant and equipment	-	-	-	445 606	445 606
Investment property	120 012 865	507 302 779	438 301 636	-	1 065 617 280
Investments in subsidiaries	-	-	-	2 400 093	2 400 093
Related party receivables	-	-	-	107 562 235	107 562 235
Operating lease asset	9 311 346	11 063 294	15 339 380	-	35 714 020
Trade and other receivables	-	-	-	6 483 254	6 483 254
Cash and cash equivalents	-	-	-	75 064 030	75 064 030
Deferred income tax assets	-	-	-	449 453	449 453
Current tax receivable	-	-	-	19 269	19 269
<b>Total assets as reported in the statement of financial position</b>	<b>129 324 211</b>	<b>518 366 073</b>	<b>453 641 016</b>	<b>192 423 940</b>	<b>1 293 755 240</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>609 023 862</b>	<b>609 023 862</b>

### 34. Operating segments continued

The segment information provided to the board for the reportable segments for the year ended 30 June 2015 is as follows:

<i>Figures in Pula</i>	Residential	Commercial	Industrial	Other	Total
<b>Company</b>					
Revenue	9 078 047	20 915 287	25 525 417	-	55 518 751
Tenant recoveries	445 055	1 204 042	-	-	1 649 097
Operating expenses	(779 755)	(3 270 055)	(561 695)	(1 676 333)	(6 287 838)
Finance income	-	-	-	8 015 498	8 015 498
Finance costs	-	-	-	(36 663 929)	(36 663 929)
Investment property fair value adjustment	9 836 758	16 264 115	14 895 080	-	40 995 953
Income tax expense	-	-	-	(10 334 595)	(10 334 595)
<b>Segment assets</b>	185 379 283	404 687 673	420 304 889	172 847 209	1 183 219 054
<b>Reconciliation to total assets as reported in the statement of financial position</b>					
Property, plant and equipment	-	-	-	315 206	315 206
Investment property	184 610 111	397 971 420	411 030 062	-	993 611 593
Investments in subsidiaries	-	-	-	11 292 543	11 292 543
Loans and advances to related companies	-	-	-	149 514 827	149 514 827
Operating lease asset	769 172	6 716 253	9 274 827	-	16 760 252
Trade and other receivables	-	-	-	5 817 337	5 817 337
Cash and cash equivalents	-	-	-	5 796 530	5 796 530
Deferred income tax assets	-	-	-	110 766	110 766
<b>Total assets as reported in the statement of financial position</b>	185 379 283	404 687 673	420 304 889	172 847 209	1 183 219 054
<b>Total liabilities</b>	-	-	-	669 623 345	669 623 345

### 34. Operating segments continued

The segment information provided to the board for the reportable segments for the year ended 30 June 2016 is as follows:

<i>Figures in Pula</i>	Botswana			
	Residential	Commercial	Industrial	Other
<b>Group</b>				
Revenue	13 872 648	30 194 002	33 195 394	-
Tenant recoveries	487 502	2 449 018	395 136	-
Operating expenses	(930 644)	(3 831 750)	(561 695)	(3 474 388)
Finance income	-	-	-	13 696 892
Finance costs	-	-	-	(38 742 867)
Investment property fair value adjustment	(20 956 277)	12 418 859	(10 567 077)	-
Loss on sale of investment property	-	(33 818 000)	-	-
Loss on disposal of subsidiary	-	-	-	(8 892 450)
Income tax	-	-	-	1 885 067
<b>Segment assets</b>	<b>131 924 211</b>	<b>518 366 073</b>	<b>453 641 016</b>	<b>117 053 890</b>
<b>Reconciliation to total assets as reported in the statement of financial position</b>				
Property, plant and equipment	-	-	-	445 606
Investment property	122 612 865	507 302 779	438 301 636	-
Related party receivables	-	-	-	34 592 278
Operating lease asset	9 311 346	11 063 294	15 339 380	-
Trade and other receivables	-	-	-	6 483 254
Cash and cash equivalents	-	-	-	75 064 030
Deferred income tax assets	-	-	-	449 453
Current tax receivable	-	-	-	19 269
<b>Total assets as reported in the statement of financial position</b>	<b>131 924 211</b>	<b>518 366 073</b>	<b>453 641 016</b>	<b>117 053 890</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>609 025 479</b>

South Africa

Residential	Commercial	Industrial	Other	Total
351 930	12 936 861	6 177 921	-	96 728 756
31 382	4 912 491	1 074 699	-	9 350 229
(117 397)	(3 860 463)	(1 387 741)	(349 182)	(14 513 260)
-	-	-	(13 090 749)	606 143
-	-	-	(4 715 753)	(43 458 620)
(359 407)	(11 882 912)	14 211 201	-	(17 135 613)
-	-	-	-	(33 818 000)
-	-	-	-	(8 892 450)
-	-	-	(774 664)	1 110 403
<b>3 080 882</b>	<b>111 274 510</b>	<b>77 720 588</b>	<b>16 013 245</b>	<b>1 429 074 415</b>
-	-	-	-	445 606
3 074 119	110 140 278	77 234 105	-	1 258 665 781
-	-	-	-	34 592 278
6 764	1 134 231	486 484	-	37 341 499
-	-	-	5 286 440	11 769 694
-	-	-	6 190 387	81 254 417
-	-	-	4 536 418	4 985 871
-	-	-	-	19 269
<b>3 080 882</b>	<b>111 274 510</b>	<b>77 720 588</b>	<b>16 013 245</b>	<b>1 429 074 415</b>
-	-	-	75 186 408	684 211 887

NOTES TO THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS continued  
for the year ended 30 June 2016

**34. Operating segments continued**

The segment information provided to the board for the reportable segments for the year ended 30 June 2015 is as follows:

<i>Figures in Pula</i>	Botswana			
	Residential	Commercial	Industrial	Other
<b>Group</b>				
Revenue	12 666 536	25 348 421	28 043 475	-
Tenant recoveries	445 055	1 204 042	-	-
Operating expenses	(779 755)	(3 270 055)	(561 695)	(1 701 233)
Finance income	-	-	-	207 439
Finance costs	-	-	-	(34 351 790)
Investment property fair value adjustment	14 563 966	17 257 265	15 539 462	-
Income tax	-	-	-	(11 603 178)
<b>Segment assets</b>	<b>188 679 283</b>	<b>404 687 673</b>	<b>420 304 887</b>	<b>96 572 775</b>
<b>Reconciliation to total assets as reported in the statement of financial position</b>				
Property, plant and equipment	-	-	-	315 206
Investments properties	187 908 670	397 971 420	411 030 062	8 892 450
Related party receivable	-	-	-	75 640 486
Operating lease asset	770 613	6 716 253	9 274 825	-
Trade and other receivables	-	-	-	5 817 337
Cash and cash equivalents	-	-	-	5 796 530
Deferred income tax assets	-	-	-	110 766
<b>Total assets as reported in the statement of financial position</b>	<b>188 679 283</b>	<b>404 687 673</b>	<b>420 304 887</b>	<b>96 572 775</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>669 826 546</b>

South Africa

Residential	Commercial	Industrial	Other	Total
332 991	11 792 246	6 415 413	-	84 599 082
10 838	2 294 871	1 811 056	-	5 765 862
(19 701)	(3 135 080)	(306 404)	(1 068 280)	(10 842 203)
-	-	-	129	207 568
-	-	-	(7 134 872)	(41 486 662)
280 897	5 504 402	1 861 461	-	55 007 453
-	-	-	(3 849 463)	(15 452 641)
3 760 530	124 253 148	70 632 082	12 970 516	1 321 860 893

-	-	-	-	315 206
3 759 455	122 368 744	69 368 606	-	1 201 299 407
-	-	-	-	75 640 486
1 075	1 884 403	1 263 476	-	19 910 645
-	-	-	5 185 977	11 003 314
-	-	-	5 048 729	10 845 259
-	-	-	2 735 810	2 846 576
3 760 530	124 253 148	70 632 082	12 970 516	1 321 860 893
-	-	-	74 143 361	743 969 907



# 2016





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## LINKED UNITHOLDER INFORMATION

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79 Linked unitholders' diary

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80 Notice of annual general meeting

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# ANALYSIS OF LINKED UNITHOLDERS

as at 30 June 2016

<i>Sl No</i>		Number of linked unitholders	Number of linked units held	Percentage of linked units held
1	1 - 1 000	402	138 300	0,04
2	1 001 - 10 000	150	670 291	0,18
3	10 001 - 100 000	75	2 810 976	0,74
4	100 001 - 1 000 000	18	5 317 520	1,40
5	1 000 001 and above	7	371 062 913	97,64
	<b>Total</b>	<b>652</b>	<b>380 000 000</b>	<b>100</b>

## Top 10 linked unitholders

<i>Sl No</i>	Names of top 10 shareholders	Number of linked units held	Percentage of holding
1	Mr Farouk Ismail	150 000 000	39,47
2	Mr Ramachandran Ottapathu	149 995 000	39,47
3	<b>FNB Nominees Proprietary Limited</b> Re: AGRAY BPOPF 10 001 010	30 174 129	7,95
4	ACB BPOPF Equity	22 012 557	5,79
5	<b>FNB Botswana Nominees Proprietary Limited</b> Re: ACB BPOPF WPPP	12 669 246	3,33
6	Allan Gray Re: Debswana Pension Fund	4 561 627	1,20
7	Stanbic Nominees Re: ACB NPF	1 650 354	0,43
8	SCBN Proprietary Limited Re: SIMS 207/002	646 514	0,17
9	SCBN Proprietary Limited Re: AG 216/001	638 297	0,17
10	Stanbic Nominees Botswana Re: BURSEPF	581 538	0,15
	<b>Total</b>	<b>372 929 262</b>	<b>98,13</b>

## List of linked unitholders holding above 5%

<i>Sl No</i>	Name of shareholders	Number of linked units held	Percentage of holding
1	Mr Farouk Ismail	150 000 000	39,47
2	Mr Ramachandran Ottapathu	149 995 000	39,47
3	<b>FNB Nominees Proprietary Limited</b> Re: AGRAY BPOPF 10001010	30 174 129	7,95
4	ACB BPOPF Equity	22 012 557	5,79
	<b>Total</b>	<b>352 181 686</b>	<b>92,68</b>

## Linked unitholders' analysis

S/ No	Details	Number of linked unitholders	Number of linked units held	Percentage of holding
1	Directors	5	300 188 500	79,00
2	Public	645	27 624 814	7,27
3	Linked unitholders holding above 5% except directors	2	52 186 686	13,73
	<b>Total</b>	<b>652</b>	<b>380 000 000</b>	<b>100</b>

## Linked unitholders' classifications

S/ No	Details	Number of linked unitholders	Number of linked units held	Percentage of holding
1	Companies	11	538 679	0,14
2	Institutional investors	31	53 951 743	14,20
3	Directors	5	300 188 500	79,00
4	Individuals	605	25 321 078	6,68
	<b>Total</b>	<b>652</b>	<b>380 000 000</b>	<b>100</b>

## Directors' holdings

S/ No	Name of directors	Number of linked units held	Percentage of holding
1	Mr Faisal Ismail (through his family)	150 000 000	39,47
2	Mr Ramachandran Ottapathu	149 995 000	39,47
3	Mr Robert Neil Matthews	43 500	0,01
4	Ms Vidya Sanooj	100 000	0,03
5	FGM Holdings Proprietary Limited (HE Festus G Mogae)	50 000	0,02
	<b>Total</b>	<b>300 188 500</b>	<b>79,00</b>

## LINKED UNITHOLDERS' DIARY

Financial year-end	30 June
Annual general meeting	1 December 2016
Press announcement of annual results	September
Integrated annual report posted	November 2016

# NOTICE OF ANNUAL GENERAL MEETING

## **The FaR Property Company Limited**

Notice is hereby given that the 2016 annual general meeting of linked unitholders of The FaR Property Company Limited will be held at Choppies Conference Centre located at Plot 880, Gaborone International Commerce Park, Gaborone, Botswana at 15:00 on Thursday 1 December 2016 for the purpose of transacting the following business:

### **Agenda**

#### **Ordinary business**

1. To read the notice convening the meeting.
2. To receive, consider and adopt the audited annual financial statements for the year ended 30 June 2016 together with the directors' and auditor's reports thereon.
3. To consider and ratify the distribution of dividend and payment of interest for the year ended 30 June 2016 as recommended by the board of directors.
4. To ratify the appointment of Mr Faizel Ismail who was co-opted by the board on 20 June 2016.
5. To confirm continuation of other directors of the company in terms of clause 20.2 of the constitution of the company. (Motion for confirmation will be moved individually)
  - 5.1 His Excellency Festus G Mogae
  - 5.2 Mr Robert Neil Matthews
  - 5.3 Mr Reetsang Willie Mokgatlhe
  - 5.4 Mr Ramachandran Ottapathu
  - 5.5 Ms Vidya Sanooj
6. To consider and ratify remuneration paid to directors for the year ended 30 June 2016 as set out in page 61 (note 25) of the integrated annual report.
7. To approve the remuneration paid of the auditor, PricewaterhouseCoopers, for the year ended 30 June 2016 and to reappoint PricewaterhouseCoopers as the auditor for the ensuing financial year. (These motions will be moved individually).
8. To place linked units equal to an aggregate of 15% of the number of linked units in issue at any time under the control of the directors for allotment and issue for cash or for the acquisition of immovable property until the next annual general meeting, subject to limitations in terms of the BSE Listings Requirements.
9. Responses by the directors and management to questions put by unitholders in respect of the affairs and the business of the company.
10. To close the meeting.

### **Proxies**

A member entitled to attend and vote may appoint a proxy to attend and vote for him/her on his/her behalf and such a proxy need not also be a member of the company. The instrument appointing such a proxy must be deposited at the registered office of the company c/o Grant Thornton Business Services Proprietary Limited, Plot 50370, Fairgrounds, Gaborone, Botswana not less than 48 hours before the meeting.

By order of the board

Grant Thornton Business Services Proprietary Limited  
Company Secretaries  
Plot 50370, Fairgrounds  
Gaborone, Botswana

12 October 2016

# FORM OF PROXY



## The FaR Property Company Limited

Plot 169, Gaborone International Commerce Park  
East Gate Kgale View  
Gaborone  
Botswana  
Private Bag 00278  
Gaborone  
Botswana

For completion by the holders of Linked Units

For use at the annual general meeting of unitholders of the company to be held at Gaborone on Thursday, 1 December 2016 at 15.00 at Choppies Conference Centre located at Plot 880, Gaborone International Commerce Park, Gaborone, Botswana.

Please read the notes overleaf before completing this form.

I/We  
(Name/s in block letters)

of (address)

1. hereby appoint \_\_\_\_\_ or failing him/her, appoint \_\_\_\_\_
2. \_\_\_\_\_ or failing him/her appoint \_\_\_\_\_
3. the chairman of the meeting as my /our proxy to act for me/us at the 2016 annual general meeting, to vote for or against the resolutions and/or abstain from voting in respect of the linked units registered in my/our name in accordance with the following instructions:

Number of linked units		For	Against	Abstain
Ordinary resolution 1	Agenda No 2			
Ordinary resolution 2	Agenda No 3			
Ordinary resolution 3	Agenda No 4			
Ordinary resolution 4	Agenda No 5.1			
Ordinary resolution 5	Agenda No 5.2			
Ordinary resolution 6	Agenda No 5.3			
Ordinary resolution 7	Agenda No 5.4			
Ordinary resolution 8	Agenda No 5.5			
Ordinary resolution 9	Agenda No 6			
Ordinary resolution 10	Agenda No 7			
Ordinary resolution 11	Agenda No 8			

Signed at \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

Each linked unitholder who is entitled to attend and vote at a general meeting is entitled to appoint one or more persons as proxy to attend, speak and vote in place of the linked unitholder at the annual general meeting and the proxy so appointed need not be a member of the company.

**Please read notes 1 to 8 on the reverse side hereof**

## NOTES TO THE FORM OF PROXY

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1. A linked unitholder must insert the names of two alternative proxies of the linked unitholders' choice in the space provided with or without deleting "chairman of the annual general meeting". The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.
2. A linked unitholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the linked unitholder in the appropriate space provided. Failure to comply herewith will be deemed to authorise the proxy to vote at the general meeting as he/she deems fit in respect of the linked unitholders votes exercisable thereat, but where the proxy is the chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution. A linked unitholder or his/her proxy is obliged to use all the votes exercisable by the linked unitholder or by his/her proxy.
3. The completion and lodging of this form will not preclude the relevant linked unitholder from attending the general meeting.
4. The chairman of the annual general meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he/she is satisfied as to the manner in which the linked unitholder concerned wishes to vote.
5. An instrument of proxy shall be valid for the annual general meeting as well as for any adjournment thereof, unless the contrary is stated thereon.
6. The authority of a person signing the form of proxy under power of attorney or on behalf of a company must be attached to the form of proxy.
7. Where linked units are held jointly, all linked unitholders must sign.
8. A minor must be assisted by his/her guardian, unless relevant documents establishing his/her legal capacity are produced or have been registered by the company.

# DEFINITIONS

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“Act” or “Companies Act”	Companies Act 2003 (No 32 of 2004) of Botswana, as amended or replaced from time to time
“the board”	Board of directors of FPC
“BSE”	Botswana Stock Exchange
“BWP”	Botswana Pula, the legal tender in Botswana
“Choppies”	Choppies Enterprises Limited, listed on the BSE and JSE
“the Choppies Group”	Choppies Enterprises Limited and its subsidiaries
“Constitution”	Constitution of FPC as registered by CIPA on 17 December 2015
“FCMG”	Fast moving consumer goods
“FPC”	The FaR Property Company Limited, listed on the BSE
“GLA”	Gross lettable area, measured in square metres
“IFRS”	International Financial Reporting Standards
“independent property valuer”	In respect of FPC’s Botswana properties – Cribs Proprietary Limited t/a Apex Properties, a firm of registered estate agents, sworn valuers and appraisers of immovable property practising in Gaborone. In respect of FPC’s South African properties – Appraisal Corporation, a company incorporated in the Republic of South Africa which provides property valuations by professional valuers registered in South Africa with the Council for the Property Valuers Profession
“King III Report”	King Report on Corporate Governance for South Africa 2009
“Linked unit”	One ordinary share indivisibly linked to one debenture of the company
“Linked unitholders”	Holders of linked units in FPC
“Listing date”	4 May 2016
“Listing”	The listing of FPC’s linked units on the BSE
“Listings Requirements”	The BSE Listings Requirements
“Q Tique”	Q Tique 79 Proprietary Limited, a company incorporated with limited liability according to the laws of South Africa under Company no 2006/012884/07, a wholly owned subsidiary of FPC
“Variable rate loan stock company”	A company where the share capital of a company is divided into “linked units” (which are listed on the BSE) each comprising an ordinary share that is indivisibly linked to a variable rate debenture
“ZAR”	South African rand, the legal tender in South Africa

# CORPORATE INFORMATION

## Country of incorporation and domicile

Botswana

## Nature of business and principal activities

Property and asset management

## Directors in year

Ramachandran (Ram) Ottapathu (Motswana)

Farouk Ismail (Motswana) (resigned on 20 June 2016)

Vidya Sanooj (Indian)

His Excellency Festus Gontebanye Mogae (Motswana) (appointed on 7 December 2015)

Reetsang Willie Mokgatlhe (Motswana) (appointed on 7 December 2015)

Robert Neil Matthews (British) (appointed on 8 December 2015)

Faizel Ismail (Motswana) (appointed on 20 June 2016)

## Registered office

Plot 50370  
Acumen Park  
Fairgrounds  
Gaborone  
Botswana

## Business address

Plot 880  
Gaborone International Commerce Park  
East Gate Kgale View  
Gaborone  
Botswana

## Postal address

Private Bag 00278  
Gaborone  
Botswana

## Transfer secretaries and transfer office

**Grant Thornton Business Services  
Proprietary Limited**

Acumen Park, Plot 50370  
Fairgrounds  
(PO Box 1157 Gaborone)

## Trustee

**JY Stevens**

Deloitte House,  
Plot 50664 Fairgrounds  
(PO Box 211008 Bontleng)  
Gaborone

## Legal advisers

**Collins Newman & Co**

Plot 4863, Dinatla Court  
(PO Box 882 Gaborone)

## Auditor

**PricewaterhouseCoopers**

Plot 50371, Fairgrounds  
(PO Box 294, Gaborone)

## Independent valuer in respect of the Botswana properties

**Cribs Proprietary Ltd t/a Apex Properties**

Plots 1440/1441  
New Lobatse Road  
(PO Box 1751, Gaborone)

## Independent valuer in respect of the South African properties

**Appraisal Corporation**

35 Kloof Street, Cape Town  
South Africa

## Company secretary

**Grant Thornton Business Services Proprietary Limited**

Acumen Park, Plot 50370  
Fairgrounds  
(PO Box 1157, Gaborone)

## Sponsoring broker

**African Alliance Botswana Securities  
Proprietary Limited**

Exchange House, Plot 64511  
Fairgrounds  
(PO Box 2770, Gaborone)

## Bankers

Bank of Baroda (Botswana) Limited  
Barclays Bank of Botswana Limited  
Capital Bank Botswana Limited  
First National Bank Botswana Limited  
Standard Chartered Bank Botswana Limited  
BIFM Capital Investment Fund One Proprietary Limited  
Investec Bank Limited  
Standard Bank South Africa Limited



BASTION GRAPHICS



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