



INTEGRATED ANNUAL REPORT 2022

**A PROPERTY PORTFOLIO
WITH VALUE, DIVERSITY,
RESILIENCE AND
GROWTH.**



ABOUT THIS REPORT

The FaR Property Company Limited (“FPC”) is a property investment company with an internally managed, diversified portfolio of retail, commercial, industrial and residential properties in Botswana, South Africa and Zambia.

Listed on the Botswana Stock Exchange (“BSE”), FPC offers investors capital and income growth from a large, stable portfolio of investment properties, well positioned for future growth, and expansion across Africa.

Scope and boundary

This integrated annual report presents the performance and activities of FPC for the financial year 1 July 2021 to 30 June 2022, from a financial, economic and governance perspective. It aims to demonstrate how FPC will create and sustain value for stakeholders over the short, medium and long term. The report is primarily aimed at linked unitholders and providers of capital. The scope and boundary of the information contained in this integrated annual report encompass the Group’s business activities and property portfolios in Botswana, South Africa and Zambia.

Reporting frameworks

This integrated annual report is prepared in accordance with IFRS, the BSE Listings Requirements, the Botswana Companies Act, and the International Integrated Reporting Framework. FPC complies in all material respects with the principles contained in the BSE Code of Best Practice on Corporate Governance as well as King IV™*, as encapsulated in the applicable regulations.

Assurance

The company’s external auditor, Grant Thornton, has independently audited the annual financial statements for the year ended 30 June 2022. They have provided assurance on the financial statements and expressed an unqualified audit opinion. The integrated annual report of the Group has been prepared under the supervision of Shinu Joy ACA, ACMA-(US), the acting chief

executive officer of FPC. The remaining content of the integrated annual report has been reviewed by the Board but has not been externally assured.

Business process	Nature of assurance	Assurance provider
Consolidated annual financial statements	External audit	Grant Thornton
Health, safety, environmental and community audits	Compliance reviews	Board of Directors
BSE requirements	Compliance reviews	Management
Lender due diligence	Legal and compliance reviews	Board of Directors and management
Insurance due diligence	Independent risk reviews	Board of Directors

Forward-looking statements

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the Group’s expectations as at year-end. Actual results may differ materially from the Group’s expectations. The Group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these. The Group disclaims any intention and assumes no obligation to revise any forward-looking statement even if new information becomes available, other than as required by the BSE Listings Requirements or any other applicable regulations.

Six capitals and materiality

Through the effective and balanced use of essential resources and stakeholder relationships, or “capitals,” as described by the International Integrated Reporting Council’s International <IR> Framework, we produce long-term sustainable value

for stakeholders. We increase, decrease, or transform the six capitals through the execution of our business activities, as outlined in our business model on pages 14 to 15.

While this report is primarily aimed at our present and potential shareholders, it also takes into account the information demands of our vast and diverse range of stakeholders who are critical to the Group's long-term value development.

Our stakeholders

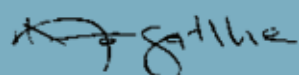
-  Investors and funders
-  Regulators, government and authorities
-  Employees
-  Media
-  Tenants
-  Suppliers
-  Communities

For further information, please see pages 24 to 25.

Board responsibility statement

The Board acknowledges its responsibility to ensure the integrity of this integrated annual report. The Directors can be contacted at the registered office of the company. Details of the Directors are contained on pages 34 and 35.

The Board believes that the integrated annual report was prepared in accordance with the <IR> framework. The report, which remains the ultimate responsibility of the Board, is prepared under the supervision of senior management and subject to external assurance. The report is submitted to the Audit, Risk and Compliance Committee, which reviews and recommends it to the Board for approval having reviewed the contents, as well as the collation process, and with reliance on the assurance provided on the various reporting elements. The committee has applied its mind to the report and believes that it appropriately and sufficiently addresses FPC's performance for the year within the scope and boundary outlined above. The Audit, Risk and Compliance Committee recommended this integrated annual report to the Board for approval which then approved it.



Reetsang Mokgatlhe
Chairman

9 September 2022

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FY22 HIGHLIGHTS

Revenue

↑2%

Profit before income tax

↑16%

Rental yields at a stable rate

10%

Low vacancies

10%

Loan-to-asset ratio

21%



About this report
IFC

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chairman
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FPC AT A GLANCE

We aim to create long-term value for our stakeholders and are committed to providing our tenants with first-rate services, which foster customer loyalty and open up opportunities for business growth.

Our diverse portfolio spans industrial and retail properties with a small non-core residential portfolio. Valued at over BWP 1.42 billion our portfolio is located in Botswana, Zambia and South Africa. We own a significant landbank which we seek to develop and which will considerably boost our portfolio size. All property and asset management is managed by our highly skilled internal team.

Investment case

Consistent dividend payment	Low vacancy rates
Low debt levels	Skilled internal asset management team
Focused industrial warehousing portfolio	Significant landbank for development
Enhanced returns through value-add asset management initiatives	Rigorous focus on balance sheet management
Resilient business model	

MISSION

- To develop and maintain a balanced and sustainable portfolio for the future.

VISION

- To develop a property portfolio fund with sustainable growth
- To create favourable environments for tenants
- To strategically develop properties to meet current and future market demand
- To accelerate local economic growth by developing properties that enhance economic activity
- To provide good standard properties and nurture strong relationships with tenants to maintain high-occupancy levels

VALUES

We aim to be the infrastructure property company of choice for industrial and infrastructure companies across Southern Africa.

- **Knowledge** – We strive to understand our markets and our clients' needs
- **Connections** – Relationships are everything to us; we connect people to their communities and livelihoods
- **Passion** – We believe that working with “all heart” can change the world
- **Fun** – We love what we do and it shows
- **Integrity** – Our clients' needs and best interests are at the heart of everything we do
- **Effectiveness** – We set a high bar and move mountains to exceed expectations

Our values translate into

- Professionalism above all
- Making our tenants happy
- Strong stakeholder engagement
- A positive approach
- Unwavering focus on growth and sustainability
- Adding value for the benefit of all our stakeholders
- Giving back to communities



REFLECTIONS FROM OUR CHAIRMAN

Introduction

It has been a tough year across the board with Covid-19 taking its toll on operations. Despite these challenges, our strategy continued to deliver very good results for shareholders and FPC. Our solid strategy ensured we survived the past two years.

Creating a brighter future

Despite the negative effects of Covid-19 and high fuel costs on our business, FPC has excelled in the commercial sector with low vacancy levels across the portfolio. The residential sector has not fared as well and is no longer a core focus for the company. When the right opportunities arise we will look to dispose of these properties. We also expanded our diversity in the commercial sector with the construction of a clinic.

Our five-year strategy is coming to an end and the new one has already been approved. In light of Covid-19 and fuel price rises, the strategy we have implemented incorporates some prudence. We wish to ensure that our growth is organic and that any identified properties are being used for growth rather than aggressive expansion and failing to meet stockholders' expectations. This new strategy aims to ensure future growth and FPC's sustainability (see page 16 for further detail).

The government-mandated sustainability requirements in real estate developments will bridge gaps in terms of sustainability and green construction. A prototype solar project was built, and now it is time to consider a larger plan and how we can solve environmental issues holistically. We will be formalising our approach to sustainability going forward.



Reetsang Willie Mokgatlhe
Independent non-executive chairman

Although the current and previous years' trading conditions were tough, we continued to distribute dividends throughout the period as promised to our shareholders.

We are committed to being a good corporate citizen and we strive to implement the best practice governance policies and processes.

Rising fuel costs mean fewer people have spare income. However, this has not yet put pressure on rental rates. Our leasing periods are generally three to five years and our anchor tenant is committed for the entire period. During the year FPC achieved the anticipated escalations. While we have had successful renewals this year, we are also working on new leases.

Retail brands make up 50% of the portfolio and their timely payment ensured consistent cash flow keeping collections strong even during Covid-19 and a period of very high fuel prices.

In terms of growth, the majority of properties are in Botswana. We are considering expanding our portfolio in Zambia when opportunities arise. In all expansions, we are focused on managed growth. We will keep the same model of positioning developments around strong retailers as anchor tenants while making the remaining space available to other industries.

Governance

We are committed to being a good corporate citizen and we strive to implement the best practice governance policies and processes. There are seven Board members, the majority of whom are independent Directors. There were no changes to the composition of Directors during the year and as per the charter, a minimum of four Board meetings were held.

We continuously take the Board members through governance training to foster the interests of shareholders and to ensure that our corporate governance is in line with best practices.

The company has two committees: the Audit, Risk and Compliance Committee (ARCC) and the Nomination and Governance Committee. ARCC is responsible for the in-depth review of finances, investments, risk, economic growth rates, and the work of internal and external auditors.

The Nomination and Governance Committee ensures the alignment of investments and governance and is also responsible for the appointment of Directors and remuneration paid to Directors. Due to the size of the Board, with only four independent Directors, we are limited in

the number of committees we can establish. We seek to ensure that the two existing committees, supported by the Board strive to address King IV requirements.

This year's Board evaluations were more thorough than in prior years and action points were outlined which will be monitored to address any training and organisational gaps.

We are committed to ensuring compliance with all regulations and as Botswana Accountancy Oversight Authority requirements have become more stringent we ensure that we comply accordingly. We seek to ensure that FPC addresses all regulatory requirements, audits, and findings and that any identified gaps are addressed immediately.

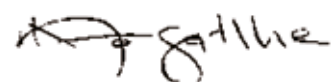
Outlook

Although the current and previous year's trading conditions were tough, we continued to distribute dividends throughout the period as promised to our shareholders. A commitment we intend to carry forward. Looking at our outcomes in comparison to those of our peers demonstrates that we are moving in the right direction, and we are actively lowering and eliminating our debt. We will remain prudent and avoid being highly geared. We managed the cash in hand well, and our balance sheet remains solid.

We will continue to execute the strategy and grow the portfolio in a managed and prudent manner.

Appreciation

I want to thank the Board for their outstanding dedication throughout the year. I sincerely appreciate your expertise and understanding. My appreciation also to management and employees for their hard work and dedication and thanks to our tenants, suppliers and shareholders for their support.



Reetsang Willie Mokgathe

Independent non-executive chairman

9 September 2022

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OVERVIEW OF OUR BUSINESS

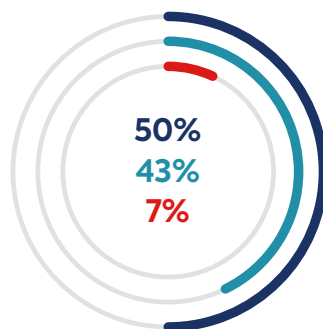
Our BWP1.42 billion diverse portfolio of 206 properties is well-balanced and risk defensive with a focus on different property segments, namely retail/commercial, industrial and a small non-core residential portfolio.

Our properties are supported by long-term leases with a majority of Grade A tenants and strong ongoing demand that results in

consistently low vacancies. We further own a considerable land bank for future development.

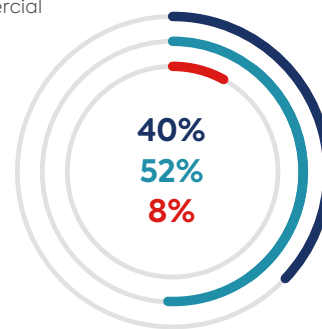
Portfolio segment by GLA

■ Industrial
■ Commercial
■ Residential



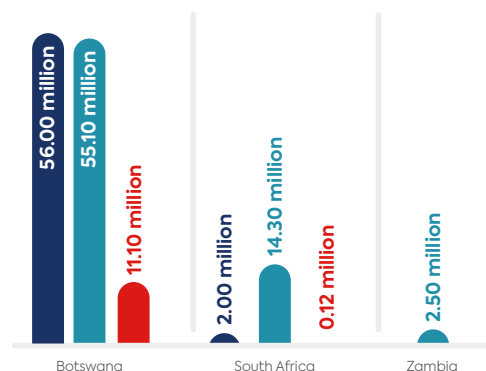
Segment by portfolio value

■ Industrial
■ Retail/commercial
■ Residential



Revenue by geography and segment (BWP)

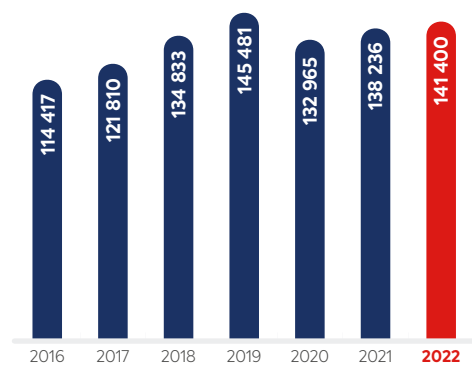
■ Industrial
■ Commercial
■ Residential



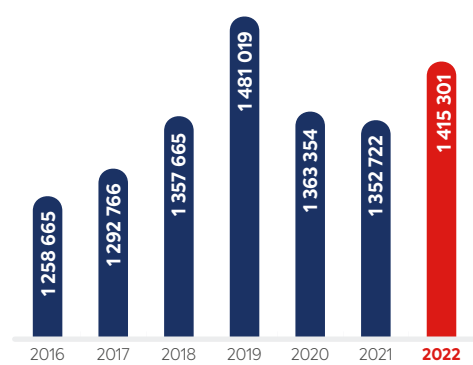
Our portfolio differentiators

- Diversified spread of investment properties
- 'Fit for purpose' properties to service diverse tenant needs, ranging from studio shops to large-scale warehousing and distribution centres
- Stable and complementary tenant mixes
- Proactive lease management systems that reduce vacancies and realise escalations
- Net income yields resilient to inflationary pressures
- Proven capital growth per annum
 - Inherent future earnings and capital growth potential
 - Value enhancement and ROI

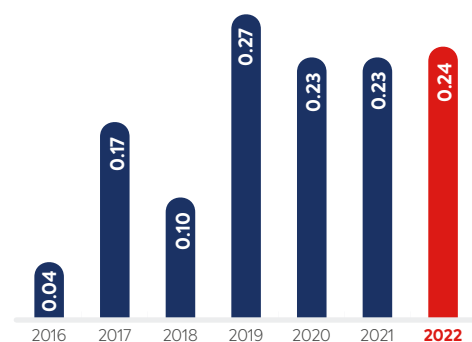
Revenue growth
BWP ('000)



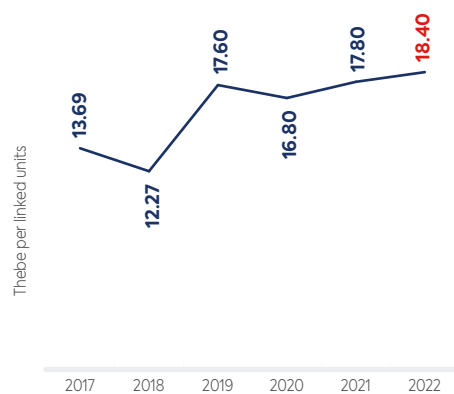
Value of the portfolio
BWP ('000)



Basic earnings per linked unit (Thebe)



Distribution per linked unit



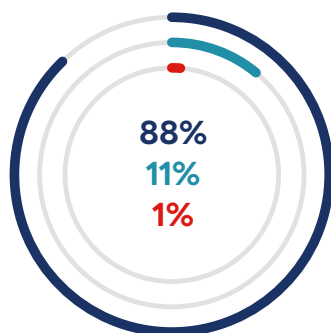
OUR BUSINESS

Overview of our business continued

Our portfolio footprint

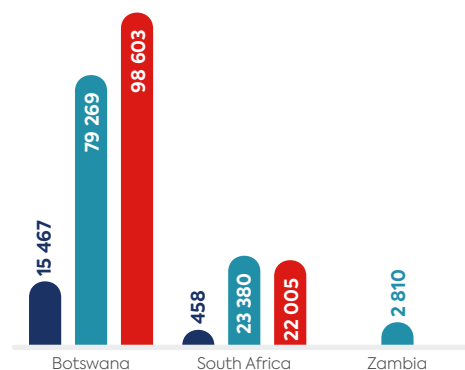
Geographical split by GLA (%)

- Botswana
- South Africa
- Zambia



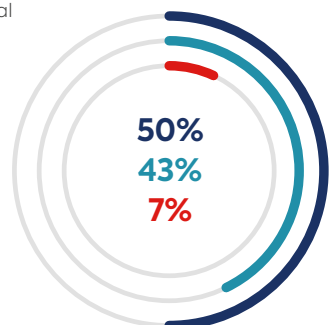
Sectoral split by GLA m²

- Residential
- Commercial
- Industrial



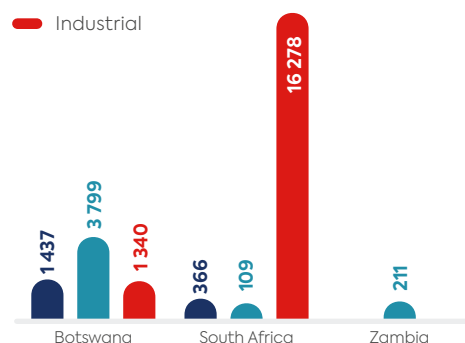
Portfolio by segment

- Residential
- Commercial
- Industrial



Vacancy profile by m²

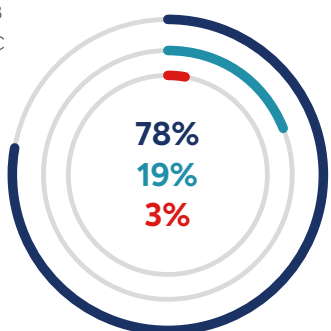
- Residential
- Commercial
- Industrial



Renewal clauses in our lease agreements mitigate the risk of vacancies, and this is negotiated well in advance of lease expiry.

Tenant profile by grade (%)

- Grade A
- Grade B
- Grade C



Grade A

Premium tenants including retail tenant with national and international brands

Grade B

Local tenants and mid-sized business with well-established network

Grade C

New start-up companies and small business operations

TOTAL NUMBER OF TENANTS: 761



BOTSWANA

NUMBER OF PROPERTIES

182

TOTAL VALUE OF PROPERTIES

BWP 1.19 BILLION

GLA

193 339 M²

SECTORAL SPLIT BY GLA

RETAIL/COMMERCIAL

79 269 M²

41%

INDUSTRIAL

98 603 M²

51%

RESIDENTIAL

15 467 M²

8%



SOUTH AFRICA

NUMBER OF PROPERTIES

23

TOTAL VALUE OF PROPERTIES

BWP 0.19 BILLION

GLA

45 843 M²

SECTORAL SPLIT BY GLA

RETAIL/COMMERCIAL

23 380 M²

51%

INDUSTRIAL

22 005 M²

48%

RESIDENTIAL

458 M²

1%

ZAMBIA

NUMBER OF PROPERTIES

1

TOTAL VALUE OF PROPERTIES

BWP 0.03 BILLION

GLA

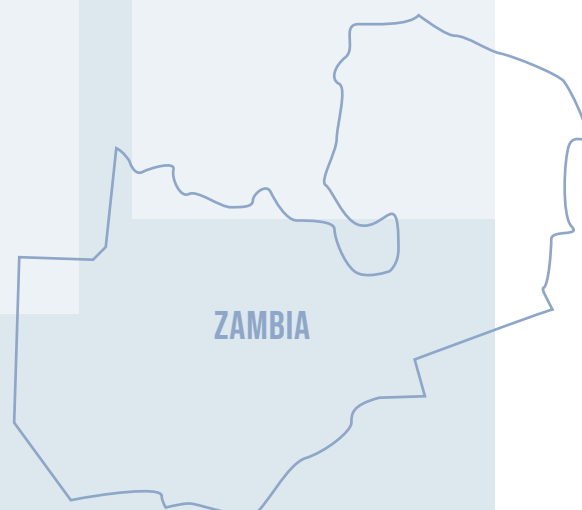
2 810 M²

SECTORAL SPLIT BY GLA

RETAIL/COMMERCIAL

2 810 M²

100%



OUR BUSINESS MODEL

We actively manage our company operations and evaluate their impact to ensure we maximise the beneficial effects of our business activities while minimising any unfavourable effects and maintaining value for all of our stakeholders.

Capital inputs

Financial capital

Debt and equity funding



Social and relationship capital

Communication with different stakeholders, community engagement and CSI programme



Natural capital

Use of resources (electricity and water)



Human capital

14 employees (2021: 12 employees)



Manufactured capital

- 206 properties (2021: 204)
- 90% occupancy rate (2021: >96%)
- BWP 1.42 billion portfolio value (2021: BWP 1.35 billion)
- 241 992m² GLA (2021: 238 014m²)
- IT systems



Intellectual capital

- Skills knowledge and experience in our quality teams
- Ability to think creatively and adapt to change



Business activities



Retail



Industrial



Invest in property



Develop property



Lease property



Maintain property

HOW WE MANAGE OUR CAPITAL

Our strategy for managing capital is flexible. We assess the potential returns of each capital deployment opportunity in a situation where capital is expensive and scarce before allocating cash. The decisions we make regarding the procurement, deployment, management, and occasionally recycling of our manufactured capital is in accordance with our investment strategy to provide consistent cash flow support our company activities.

Our business model outlines how we create, preserve and erode value.

Outcomes – value creation

- Delivering sustainable earnings and distribution growth
- 18.40 thebe per linked unit in distributions to linked unitholders

- Properties that provide access to retail for communities
- Support local businesses with high-quality commercial and industrial space

- Adherence to environmental regulations

- Skills development
- Ensure the health and safety of our employees

- Increase in portfolio assets and value
- Accessible, well-maintained properties

- Well-managed properties

Outputs

Financial accounting team

- Implementing acceptable accounting practices and standards
- Reporting in accordance with IFRS
- Preparing annual budgets in respect of the portfolio for presentation to the Board
- Considering the investment strategies and appraisals for future investments
- Reviewing and approving the annual budget



Property management

- Letting
- Rental collection
- Administration of leases and other contracts
- Day-to-day management of property assets



Asset management

- Analysing, considering and predicting future industry trends
- Determining and recommending acquisition and disposal strategy based on income and cost
- Determining and recommending strategy for development, refurbishment and/or maintenance of properties
- Ensuring minimum disruption and losses during maintenance, repair and refurbishment



Information systems

- Using the MDA Property System for managing the portfolio. MDA is a recognised global information technology ("IT") system for real-time property management and is interactive and adaptive
- Accurately managing and accessing instant data on tenancies, leases, occupancies, rental income and expenses



STRATEGIC OVERVIEW

As the prior five-year strategy came to an end, the Board has approved the new five-year strategy for 2022–2027.

Our strategic objectives

- Develop the existing land bank in the medium term with mainly small and medium-scale properties
- Reduce debt further to one and a half years of rental income level
- Strategic movement with exit using available resources when South African markets turn around
- Develop Zambian land using funds available from existing property
- Consistent management

Our approach to real estate management

We focus on providing a comprehensive strategic plan for real estate and facilities. Involving senior management and those directly responsible for real estate and facilities is fundamental. Our internal and marketplace insight is critical to this planning stage.

We assemble a small analysis and planning team from within the company together with outside professionals and ensure the team reports to the appropriate level in the company, obtaining senior management input at several points.

Strategic real estate and facilities planning should be a part of and integrated into an organisation's business planning. It should be based on an up-to-date and thorough understanding of the organisation's mission and should support the plans for the core business while contributing to sustained profitability and boosting the balance sheet.

This type of planning is not architectural planning, master planning, space planning or the programming of facility requirements. While these aspects play a part in our strategic real estate and facilities, our planning is economics-driven business planning.

A 10-year horizon

Considering the time required for planning, design and occupancy of new constructions as well as the length of leases or probable periods of ownership, we look at a 10-year horizon for our strategic planning. Although predictions for this long period can be inaccurate the lengthy nature of real estate acquisition dictates a distant horizon.

Most business plans comprise a detailed plan for the coming year and a "rolling" three-to-five-year strategic plan that is pushed out another year at the annual planning time. In real estate planning, senior general managers, business unit managers, and the CRE work together to establish a detailed 12-month plan and a three-to-five-year rolling plan aligned with the core business plans.

Internal asset management

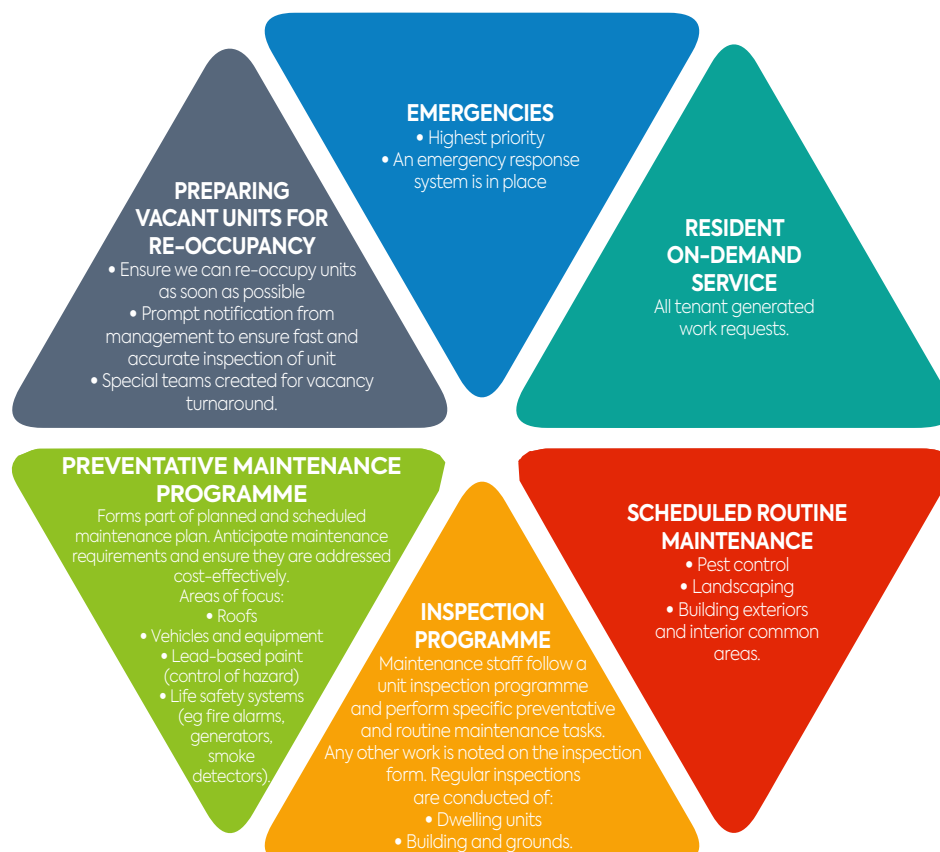
Our internal asset and property management team ensures efficient service and better returns. Our tenants are responsible for all maintenance work ensuring FPC can focus on longer-term maintenance and new tenant maintenance.

Third-party contractors are engaged if it is deemed to be more cost-effective or specialist skills are required. If more cost-effective, staff are trained in the required specialist skills.

Our maintenance system



How we maintain the properties



OUR BUSINESS IN CONTEXT

FPC is a property investment company with an internally managed, diversified portfolio of retail, commercial, industrial and residential properties in Botswana, South Africa and Zambia.

Botswana

Despite having a positive outlook, Botswana faces difficult challenges ahead. Unemployment has increased close to historic highs, and poverty and inequality have worsened following the Covid-19 pandemic. With inflation above the central bank's objective range, providing support to the most vulnerable through the government social programmes remains a priority in the near term.

GDP growth in 2022 for Botswana is forecast at 4.7% as economic headwinds have risen following Russia's invasion of Ukraine. However, growth in the country is still expected to come in above the pre-pandemic average of 2.8%, supported by further easing of lockdown measures and continued growth in the country's diamond sector.

Household consumption is projected to be the largest contributor to headline growth in 2022, adding 2.9% points to real GDP growth. Botswana, behind only Rwanda, has the second highest vaccination rate in sub-Saharan Africa with 60.7% of the country's population being fully vaccinated against Covid-19 as of 21 March 2022.

Inflationary pressure is expected to remain elevated in the near term reflecting higher administered prices, energy, and food costs. However, in 2023 economic growth is expected to decelerate to 4.0% as the economy returns to its pre-pandemic growth trajectory.

South Africa

The economic recovery from a deep contraction has been fairly rapid, but its durability remains uncertain. South Africa's annual inflation rate accelerated to a 13-year high of 7.8% in July 2022, above market expectations of 7.7%, which is above the upper limit of the South African Reserve Bank's target range of 3% to 6%.

South Africa's GDP increased by 1.9% during Q1 2022, following an upwardly revised 1.4% rise in the previous period and well above market estimates of a 1.2% rise assisted by the easing of all remaining Covid-19 restrictions.

According to Trading Economics' global macro models and analysts' expectations, South Africa's GDP growth rate is expected to be 0.70% by the end of this quarter. In the long term, South Africa's GDP growth rate is anticipated to trend around 0.60% in 2023 and 0.70% in 2024.

Zambia

Real GDP growth for Zambia is forecast to slow from a projected 3.6% in 2021 to 3.4% in 2022. Real GDP returned to its 2019 level in 2021, after contracting by 2.8% in 2020 due to the Covid-19 pandemic. Real GDP growth in Zambia is expected to strengthen gradually over the next 10 years, averaging 3.9% annually. The recovery for 2021 was driven by an uptick in domestic demand as the government eased Covid-19 restrictions, outweighing the negative impact of a decline in mining exports. This trend is expected to reverse in 2022 as headwinds to consumption will affect any gains achieved from rebounding exports.

Real GDP growth is forecast to accelerate to 3.9% in 2023 as domestic demand dissipates. With an expectancy that global food and energy prices will begin to ease, Zambia's inflation will slow further to an average of 8.7% in 2023, easing pressure on disposable incomes and causing private consumption growth to accelerate to 4.1%.

Source: FitchSolutions, IMF, Trading Economics

GDP GROWTH

Real GDP growth in Botswana
3.4%

Household consumption in Botswana projected to be the largest contributor to headline growth in 2022



OUR PERFORMANCE

OUR PERFORMANCE





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MANAGEMENT REPORT

During the year, FPC continued to show a solid performance despite the continued impact of Covid-19. FPC demonstrated an agility in swiftly adapting to changes in consumer behaviour and new ways of thinking and working.

Financial performance

Revenue increased by 2% to BWP 141 million from BWP 138 million in 2021, while profit before tax increased 16% to BWP 112 million (2021: BWP 96 million). Net income from operations increased 5% to BWP 102 million (2021: BWP 97 million).

Vacancies across the portfolio remain below 10%, which is encouraging given the tough trading environment. The rent yield remained stable at 10% while the loan-to-asset ratio is at a healthy 21%.

The Board declared and approved a distribution to unitholders of 18.40 thebe per unit (2021: 17.80), comprising 18.23 thebe interest and 0.17 thebe dividend. This equates to a 3% increase on the prior year.

Operations

As the sale of residential properties is yielding modest profits, FPC has demonstrated interest in developments rather than acquisitions throughout the year. We now have four developments under construction.

The occupancy rate in Botswana is sitting at approximately 98% and rates in South Africa dropped due to Choppies' market exit. However, we are in advanced negotiations to re-let the space.

We are seeking to diversify and are focused on smaller commercial centres where there is no single tenant risk. Our intention is to exit out of residential when we can obtain good prices as this is a non-core sector.

FPC has kept a healthy balance sheet and ensured consistent dividend declarations.

All our leases are triple net leases, meaning we as landlords are only responsible for structural upkeep. Lease renewals are mostly five years with an option to renew for five years, ensuring long-term stability.

We have a solid NAV and are looking to develop our entire landbank over the next two years. It is currently between 5-10% and by continuing to develop the landbank we will move FPC into the next level. Our internal asset management as well as low debt levels already position us strongly compared to our peers.

Developments

Zambia

WAREHOUSE NEW DEVELOPMENT

10 000m²

Botswana

WAREHOUSE AND
FILLING STATION
PROJECT IN SEROWE

MINI MALL AND FILLING
STATION PROJECT IN
TLOKWENG

WAREHOUSE PROJECT
IN MOGODITSHANE

SUPERMARKET
PROJECT IN KOPONG



Looking ahead

Our five-year strategic plan is complete, and we have implemented our new strategy which we are optimistic will benefit the business moving forward. As we focus on our existing landbank and expanding it, we want to avoid incurring any further debt. In the medium term, FPC will maintain the South African portfolio as is and look to enter into discussions to devise a plan for debt repayment. In terms of environmental factors, the solar pilot project and greywater trial project will be key in reducing our consumption of energy and water. We seek to replicate our current Botswana model in Namibia, followed by Zambia in the medium term.

We aim to be the commercial infrastructure property company of choice in Southern Africa. Our plan going forward is not one that is speculative but rather one that focuses on addressing our clients' needs.

Appreciation

I want to express my gratitude to our team for their perseverance and commitment throughout these trying times. I want to thank the Board as well for their insightful advice. I also want to express my gratitude to our tenants and service providers for their continuous support.

Vidya Sanooj
Executive Director

9 September 2022

STAKEHOLDER ENGAGEMENT

Our relationship and interactions with our stakeholders enable us to further clarify and evaluate issues that affect our business and industry and enable us to maintain an active and continuous engagement designed specifically to keep stakeholders informed about significant decisions made by the Board.

We engage with numerous stakeholder groups on a regular basis. The Board receives feedback from these engagements, which affects our important strategic decisions and the identification of our material concerns. These engagements are critical to our long-term sustainability and business plan.

We have focused on stronger involvement and collaboration to ensure mutual sustainability and value protection in a year marked by uncertainty owing to Covid-19 and geopolitical tensions.

The following are our important stakeholders and the topics that affect them:

Stakeholder

Investors and funders



Methods of engagement

- One-on-one discussions
- Stakeholder sessions
- Press releases
- Property tours
- Annual and interim presentations
- Integrated annual report
- Annual general meeting (AGM)
- Website
- Brochures, leaflets, advertisements

Regulators, Government and authorities



- Knowledge-sharing sessions/seminars
- Site visits
- Website
- Newsletter
- Media and market reports
- Brochures and leaflets
- Integrated annual report
- Presentations

Employees



- Emails
- Debriefings and information sessions
- Staff meetings
- Website
- Letters

Media



- Press releases
- Interviews and speeches
- Workshops and seminars
- Website

Tenants



- One-on-one discussions
- Stakeholder sessions
- Website

Suppliers



- Potential/new supplier introduction
- Tenants feedback
- Service level agreement management and service delivery feedback meetings

Communities



- Direct engagement about community concerns
- Encourage SMME suppliers
- Contributions made to disadvantaged communities
- Website

Financial capital	Social and relationship capital	Natural capital	Human capital	Manufactured capital	Intellectual capital
					

Impact on capitals



Expectations and needs

- Distributions
- Liquidity issues due to geopolitical tensions
- Capital appreciation
- Market confidence and share price
- Governance and sustainability
- Compliance with debt
- Accessibility to management

Our strategic response

- We remain committed to ensuring transparent communication and engagement with investors
- The geopolitical tensions have made the global market unpredictable, therefore we have remained committed to maximising the value of our investment
- Improvement in vacancy levels



- Compliance
- Tax revenue
- Meeting public disclosure obligations through the company secretary
- Monitoring and responding to developments in the BSE Listings Requirements and the Botswana Companies Act

- Active participation and engagement on various industry bodies to ensure key issues are being addressed



- Job security
- Remote working
- Health and wellness
- Remuneration
- Career development

- We support and encourage our employees to improve their skills and capabilities
- Wellbeing discussions are conducted with all staff mainly to address raised concerns



- Communications
- Accessibility of the management team

- Ensuring information is readily available
- Open and transparent engagements with management when requested



- Rental concerns due to lease expiry
- Communication
- Increased cost of occupations
- Security maintenance

- Improved level of service delivery
- Client-centric focus and consistency in service delivery



- Ongoing interaction
- Alignment with agreed-upon payment terms
- Contract management

- Enhanced efficiencies
- Procurement opportunities on a regular basis to ensure competitive pricing and improved service delivery
- Use of analytics to identify areas in need of improvement
- Quick decision-making and simple deal structuring



- Job creation
- Business opportunities
- Corporate social investment
- A responsible corporate citizen

- Assisted local SMME suppliers with business opportunities
- Provided relief to vulnerable communities

SUSTAINABILITY REVIEW

OPERATIONS IN
3 COUNTRIES

EMPLOYEES
14

MEN
5

2 under the age of
30 years
3 over the age of
30 years

WOMEN
9

2 under the age of
30 years
7 over the age of
30 years



Skills development

FPC is committed to ensuring employees are suitably skilled and provided with the opportunity to grow. There is no formal training programme in place, however, managerial employees are required to update their skills through continuous professional development (CPDs) provided by professional institutes such as BICA.

Safety, health and environment

The Group is in the process of establishing roof-top solar systems as a pilot project at FPC's main industrial site and Commerce Park.

FPC has established a water treatment plant pilot project at one of the projects in Thamaga. The project is for the treatment of waste water and converts it into grey water for further use as prescribed.

TOP PROPERTIES

TATI RIVER MALL PORTION OF A LOT 903 FRANCISTOWN

The property comprises a modern retail complex which opened for Christmas trading in 2016. Choppies Hyper is a food anchor and there are 17 line shops from Block A to Block B that total 10 shops. The two-storey portion overlooking the Tati River is sold and excluded from FPC ownership.

GLA (m²)
6 797

Value at 30 June 2022
BWP 64 900 000

Anchor tenants

Choppies Distribution Centre (Pty) Ltd
OK Furniture Botswana (Pty) Ltd

Other key tenants

ZCX Investments (Pty) Ltd
JB Sports (Pty) Ltd
Multichoice Botswana (Pty) Ltd
Letshego Financial Services (Pty) Ltd
IT-IQ Botswana (Pty) Ltd
Timeless Moments (Pty) Ltd

Type of property

Retail

Location

Francistown, Botswana



BOROGO MALL PORTION OF A LOT 1301 KAZUNGULA

The property is located on the prominent A33 main road close to the Kazungula ferry crossing. The new road bridge opened in 2020 which opened up ferry traffic into Kasane at the border post from Zambia and central Africa further north. The present ferry replaces the Kazungula Bridge that is less than 2km in distance.

GLA (m²)
7 374

Value at 30 June 2022
BWP 77 600 000

Anchor tenants

Choppies Distribution Centre (Pty) Ltd
Motovac Serowe (Pty) Ltd
Bahumi Trading-Kasane (Pty) Ltd

Other key tenants

Diagnofirm (Pty) Ltd
Botswana Postal Service
JB Sports (Pty) Ltd
Carnival Furnishers (Pty) Ltd
Chobe Cell World (Pty) Ltd
Auto World (Pty) Ltd
ZCX Investments (Pty) Ltd

Type of property

Retail

Location

Kazungula, Botswana



OUR PERFORMANCE

Top properties continued

PLOT 43517 PORTION OF LOT 43544 FRANCISTOWN

The property is located south of the city in a new industrial area, north of the BMC circle. It is less than 1km away from west of the Tonota to Francistown dual carriage.

GLA (m²)
4 928

Value at 30 June 2022
BWP 20 700 000

Anchor tenants
Choppies Distribution Centre (Pty) Ltd
Feasible Investments (Pty) Ltd
RBV Consultants (Pty) Ltd

Type of property
Industrial

Location
Francistown, Botswana



PORTION 880 A PORTION OF 9-KO GICP

The property is located in Gaborone's newest industrial estate that was established 10 years ago. The property is in the south of the city close to the by-pass and Gaborone west industrial areas which is less than 500m from the A1 highway.

GLA (m²)
17 595

Value at 30 June 2022
BWP 113 300 000

Anchor tenants
Choppies Distribution Centre (Pty) Ltd
Metrofile Records & Information Management
Botswana (Pty) Ltd
DCS Tropicana (Pty) Ltd
Tiger Square (Pty) Ltd
Vet Agric Suppliers (Pty) Ltd

Type of property
Industrial

Location
Gaborone, Botswana



PORTION 888 A PORTION OF 9-KO GICP

The property is located in Gaborone's newest industrial estate that was established 10 years ago, south of the city which is close to the by-pass and the Gaborone west industrial areas. It is less than 750m from the A1 highway.

GLA (m²)

11 949

Value at 30 June 2022

BWP 67 900 000

Anchor tenants

Choppies Distribution Centre (Pty) Ltd

NBL Botswana (Pty) Ltd

Senn Foods (Pty) Ltd

Type of property

Industrial

Location

Gaborone, Botswana



PLOT 212 A PORTION OF 9-KO GICP (75)

The property is located in Gaborone's newest industrial estate that was established 10 years ago, south of the city which is close to the by-pass and the Gaborone west industrial areas. It is less than 750m from the A1 highway.

GLA (m²)

11 706

Value at 30 June 2022

BWP 66 300 000

Anchor tenant

Choppies Distribution Centre (Pty) Ltd

Type of property

Industrial

Location

Gaborone, Botswana



OUR PERFORMANCE

Top properties continued

PORTION 196 9-KO GICP GABORONE

The property is located in Gaborone's newest industrial estate established some 10 years ago. The property is south of the city, close to the by-pass and Gaborone west industrial areas and is less than 750m from the A1 highway.

GLA (m²)
4 992

Value at 30 June 2022
BWP 32 900 000

Anchor tenant
Clover Botswana (Pty) Ltd

Type of property
Commercial

Location
Gaborone, Botswana



ERF 6162 MAHIKENG

The property comprises two single-storey retail buildings with customer parking, providing an average quality retail accommodation within a level commercial plot of approximately 1.285 hectares.

GLA (m²)
5 176

Value at 30 June 2022
R49 900 000

Anchor tenants
Choppies Supermarkets South Africa (Pty) Ltd
Azbo Trading (Pty) Ltd
Clicks Retailers (Pty) Ltd
First Rand Bank Ltd
Shahzaib Gondal Trading (Pty) Ltd
Choppies Supermarkets South Africa (Pty) Ltd
Skywalker Trading (Pty) Ltd

Type of property
Retail

Location
Mahikeng, North West Province, South Africa



ERF 7185 RUSTENBURG EXTENSION 9

ERF 7185 Rustenburg Extension 9 is a consolidation of ERF 2288 and the remaining extent and portion 6 of ERF 2289 Rustenburg Extension 9. The consolidated ERF measures approximately 29 949m². The property includes two warehouses, one constructed in 2017/2018 and an older one. There is also a truck wash bay which was constructed in 2018. The old warehouse comprises a large warehouse with a double-storey office block at the front and visitor parking providing good quality warehouse accommodation. The newer warehouse comprises two sections, one of which is temperature controlled.

GLA (m²)
5 974

Value at 30 June 2022
R52 200 000

Anchor tenants
Fair Discounters (Pty) Ltd

Type of property
Commercial

Location
Rustenburg, North West Province, South Africa



ERF 2282 RUSTENBURG EXTENSION 9

The property comprises a large modern warehouse, with a double-storey office block and visitors parking at the front. It provides a good quality warehouse accommodation on a commercial plot measuring approximately 22 138m². The improvements were constructed in 2011/2012.

GLA (m²)
10 304

Value at 30 June 2022
R43 100 000

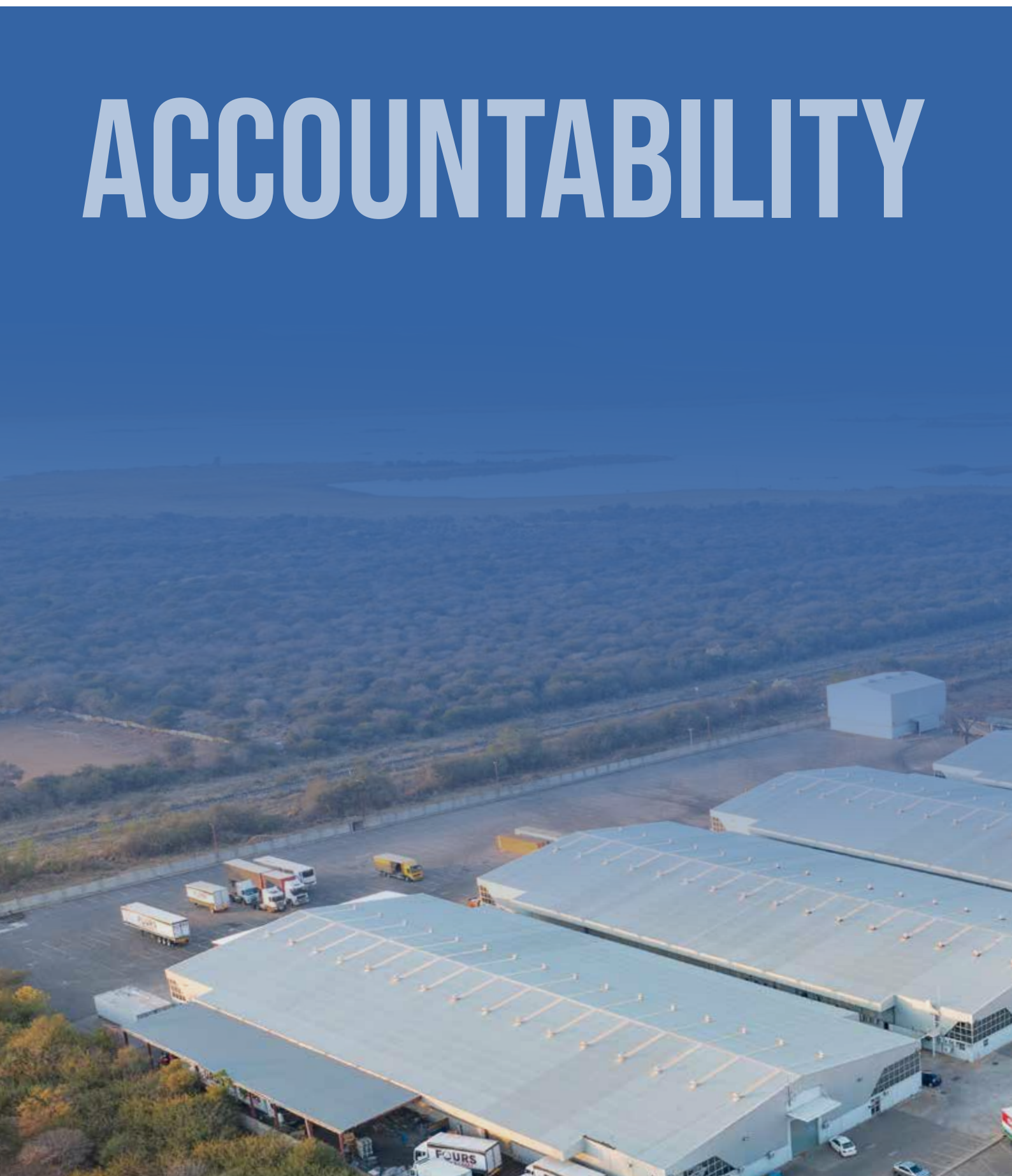
Vacant

Type of property
Commercial

Location
Rustenburg, North West Province, South Africa



ACCOUNTABILITY





Directorate

34

Ethical leadership

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Risks and opportunities

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King IV compliance checklist

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DIRECTORATE



**REETSANG WILLIE
MOKGATLHE 60**

**Botswana
Independent
non-executive chairman**

Appointed: December 2015

MSc, BCom

Willie has served as director in Shell Namibia Limited, Shell Botswana, National Development Bank, Botswana Postal Services and Air Botswana. He has over 17 years' experience working in the private and public sector. His tenure at the National Development Bank included serving as chairman.

Willie has vast experience in strategy development and business planning, finance, marketing and stakeholder management across a number of countries such as Botswana, Namibia, South Africa and the Netherlands.

Skills brought to FPC:

Leadership, management, finance, board and committee experience, strategy development, marketing, stakeholder management.



**RANJITH PRIYALAL DE SILVA
67**

**Sri Lanka
Independent
non-executive Director**

Appointed: June 2019

*FCA (Bots), FCA (Sri Lanka),
ACMA (UK)*

Prior to retirement, Priyalal had over 37 years' experience in the professional accounting field. He is a Chartered Accountant who was with PricewaterhouseCoopers (PwC) Botswana as an Audit Partner for 19 years and held the position of Chief Operating Officer from 1 July 2007 until his retirement on 30 June 2016.

Skills brought to FPC:

Leadership, accounting, auditing, taxation, financial management and corporate governance.



**BAFANA KGOTLA
MOLOMO 40**

**Botswana
Independent
non-executive Director**

Appointed: November 2019

*MBA, BCom, Post-graduate
Diploma in Business*

As Co-founder and Managing Partner of Aleyo Capital, Bafana has held numerous positions within the finance and investment industry. Prior to his appointment, he was the Lead Transaction Adviser at Botswana Development Corporation Limited and served as the Chief Investment Officer within the organisation. Bafana has an array of experience in countries such as Botswana, Namibia, Mozambique and South Africa.

Skills brought to FPC:

Investment management, corporate advisory, leadership, real estate and finance.

KEY

GN

Governance and Nomination Committee

ARC

Audit, Risk and Compliance Committee



ARC

RAJESHKUMAR JAYRAJH 51

**South Africa
Independent
non-executive Director**

Appointed: October 2020
LLB (UNISA) Bachelor of Law (UNISA) Certified Risk Specialist (INTERFIRMA)

As an experienced Chief Risk Officer Rajesh has a tremendous track record in the banking and financial services sector. His career in business and risk spans more than 21 years with senior executive experience in retail, SME, commercial and corporate banking across Africa, Asia, Eastern Europe, South America and the United Kingdom.

Skills brought to FPC:

Accounting, compliance, risk management, mergers and acquisitions and real estate.



RAMACHANDRAN "RAM" OTTAPATHU 58

**Botswana
Non-executive Director**

Appointed: July 2010
BCom, CA (ICAI), FBICA

With more than 30 years' experience in the retail industry in both finance and operations, Ram's experience extends further into other industries such as manufacturing, packaging, milling and medical distribution. He combines entrepreneurial and commercial acumen with excellent management skills.

Ram is a Fellow Member of the Institute of Chartered Accountants of India and Associate Member of the Botswana Institute of Chartered Accountants.

Skills brought to FPC:

Retail, finance, operations management, entrepreneurial, accounting, management, leadership.



FAIZEL ISMAIL 40

**Botswana
Non-executive Director**

Appointed: June 2016
IMM diploma

Faizel is the Managing Director of Chicken Licken Botswana. His years working as a purchasing manager have equipped him with a wealth of business and marketing experience all of which has been beneficial to the group.

Skills brought to FPC:

Management, entrepreneurship, marketing and leadership.



GN

ARC

VIDYA SANOOJ 39

**Botswana
Executive Director**

Appointed: June 2015
BCom, CA (ICAI), FBICA

Vidya's experience has involved working with the CEO of a multinational merchandise retailer and its related entities. She has over 16 years of experience in accounting, finance, corporate restructuring and mergers and acquisitions.

She is a Fellow of the Institute of Chartered Accountants of India and of the Botswana Institute of Chartered Accountants.

Skills brought to FPC:

Accounting, finance, corporate restructuring, retail.

ETHICAL LEADERSHIP

In the interest of all its stakeholders, FPC remains dedicated to maintaining the highest standards of ethics, transparency and good governance and adopts stringent compliance measures.

FPC's governance, ethics and values is the sole responsibility of the Board, which is supported by management in ensuring these are maintained throughout the Company. The Board is obligated to lead ethically and instil leadership within a framework of prudent and effective control, thereby ensuring that ethics are managed and that the Group is a responsible corporate citizen.

The Board supports the principles of King IV as a BSE listed company and derives its rights and duties from the Board charter. FPC revised the Board charter in March 2021. FPC complies with the principles of King IV as set out in our application on pages 54 to 61.

Ethics, bribery and anti-corruption policies are in place to which all employees are required to adhere. FPC's employees are expected to disclose any conflicts of interest and vetting is undertaken at the point of appointment.

No other contraventions of the codes and policies were reported during the year.



RISKS AND OPPORTUNITIES

FPC regards risk management as an integral part of the company's growth strategy and sustainability. Risk management further ensures our strategic objectives are met by balancing the risks and value creation.

The risk management policy is in accordance with industry practice and specifically prohibits FPC from entering into any derivative transactions that are not in the normal course of the company's business.

The internal risk management and control systems were evaluated by the Board, and the results of this evaluation were discussed with the Audit, Risk and Compliance Committee.

Risk appetite

The Board is responsible for setting risk appetite and tolerance. FPC's growth strategy within a well-defined asset class as well as the acquisition criteria and geographic targets are clearly defined and outlined. Within this defined strategy FPC is prepared to take risks in a responsible and sustainable way that is in line with the interests of all stakeholders.

In assessing risk appetite FPC considers its key values, which include performance excellence. Embedding this into our culture on a day-to-day basis ensures that we are able to deliver expected returns and meet the expectations of our stakeholders. Any risk deemed medium to low is considered within tolerance levels.

Underpinned by its key value of transparency FPC strives to comply with laws and regulations in all the jurisdictions in which it is active. This further sets the parameters of the Group's risk appetite. FPC considers it crucial that it correctly applies the relevant

tax laws and industry-specific standards while also fully complying with these laws as to their object and purpose and involves specialist teams (both internal and external) for complex topics and advice to minimise the risk of non-compliance.

FPC adopts a conservative financial policy ensuring proper equity and debt management and maintenance of a strong financial profile. The company's appetite for any finance-related risk is low and actively mitigates the risk factors involved.

The Group's policy is to hedge the interest rate risk to the extent where the hedging costs do not exceed the forecasted risk exposure for each particular borrowing. The Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

FPC is exposed to foreign currency risk on receivables and payables denominated in a currency other than Pula, being the functional and the presentation currency. The Group's policy is to hedge expected significant transactions in currencies other than Pula, such as dividend payments, in order to minimise the impact of exchange rate fluctuations to the extent where the hedging cost does not exceed the forecasted risk exposure for each particular transaction.



Risks and opportunities continued

Key risks

	Risk description	Level of risk	Effect on FPC group	Mitigation
1	General market risk The real estate market has been growing quite well in the past few years; however, there is no guarantee that this positive trend will continue especially during the current outbreak of Covid-19. The real estate market is known for its ups and downs with the ever-changing economic conditions. In real estate investing, the economy plays a major role in the value of an investment property. Therefore, there is no guarantee of a profit when selling an investment property.	High The possibility of losing money on disposal of investment property in a volatile market.	High	The Group is considering a strategic investment movement in South Africa by monitoring the current economic situation of the country. FPC is focused on seeking a more reliable and diversified revenue generating investment for future consideration.
2	Bad locations In real estate investing, location is everything. Expert real estate investors agree that when buying any type of investment property, the location should always be the top factor to take into consideration. However, the wrong location can be a risk factor. Location determines supply and demand and if there are too many investment properties with no growing population or a good job market, investing in these locations could result in great risks. While high crime rates can lead to an area having lower prices and high occupancy rate as people tend to rent instead of buy homes, the risks of vandalism and burglary could lead to unexpected expenses and high repairs costs and legal matters. Location also determines appreciation and low appreciation means negative returns on investment.	High The possibility of losing money on the disposal of an investment property, high repair costs, high level of vacancy, high possibility of frequent break-ins, increased insurance premium, etc.	Medium	The majority of the Group's properties are in prime locations with only a few with tenancy risk and high level of vacancy.

	Risk description	Level of risk	Effect on FPC group	Mitigation
3	Negative cash flow The risk of negative cash flow when expenses, taxes, and mortgage payments are all higher than the rental income. The risk of negative cash flow occurs when the company buys investment properties without conducting a real estate market analysis first.	High A negative cash flow will result in failure to meet day-to-day expenses and property maintenance costs, failed mortgage payments etc lead to insolvency.	Low	The Group has a considerable positive cash flow to meet its day-to-day obligations and mortgage payments.
4	Vacancy risks In real estate investing, there is the possibility of high vacancy, which is a major risk to real estate investors' rental income as it can yield negative cash flow. To avoid the risk of high vacancy, real estate investors should purchase investment properties in a good location with high demand. These locations are typically safe neighbourhoods with nearby amenities.	High A high vacancy rate results in loss of income and a low return on investment that leads to negative cash flow.	Low	The vacancy level of the Group is at an acceptable level of below 10% over the entire portfolio.
5	Bad tenants The risk of having a bad tenant and being stuck can be worse than no tenant as bad tenants might refuse to pay the rent for several months in a row, or even damage the property. Evictions are also costly and time consuming. The focus should be on selecting good quality tenants by conducting a thorough tenant screening process, checking credit scores and references and introducing KYC for the tenant.	Medium	Medium	Like any other property business, the Group has a few bad tenants who fail to pay continuously. Management took timely action for eviction and recovery with legal experts and debt collectors.

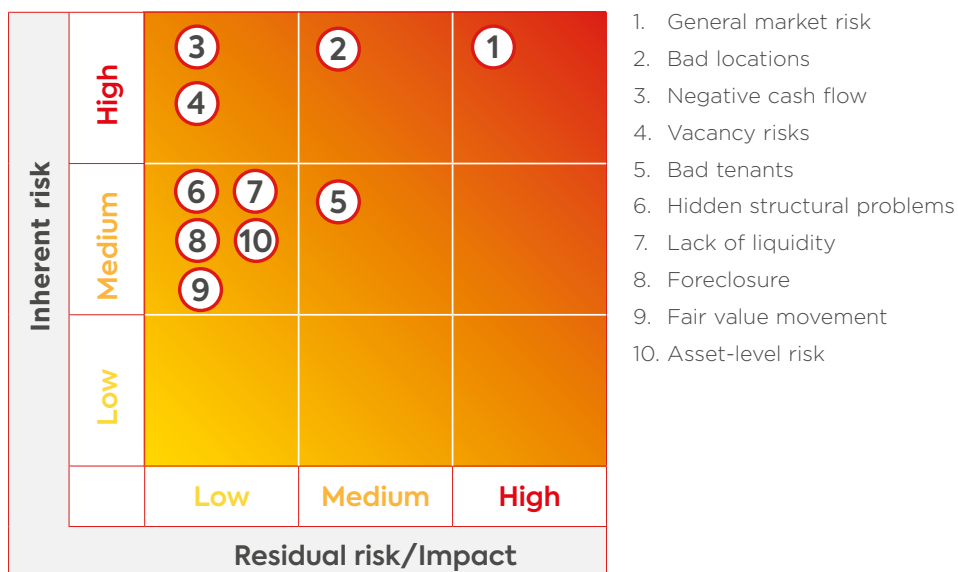
ACCOUNTABILITY

Risks and opportunities continued

	Risk description	Level of risk	Effect on FPC group	Mitigation
6	Hidden structural problems The property may have a serious structural problem or a structural problem emerges after development, which increases the chances of facing unexpected repairs and maintenance costs. Obtaining a good evaluation of the property can ameliorate this.	Medium	Low	The Group develops most of its properties with value addition as per the pre-requirements of the anchor tenants or other group of tenants. FPC uses a high level of professional expertise for property development.
7	Lack of liquidity Investment properties can be illiquid and not easy to convert into cash. Selling a property is neither a quick nor a simple process. The property owner can risk holding an investment for a lengthy period.	Medium	Low	The Group is acquiring or developing properties for a long-term purpose and most of the rental units are supported by long-term leases.
8	Foreclosure Foreclosure resulting from inability to commit to mortgage payments on time. This can be avoided by conducting a real estate market analysis and investment property analysis prior to purchase.	Medium	Low	The Group is meeting all its mortgage obligations on a timely basis with no current risk of foreclosure.
9	Fair value movement In general, real estate properties are expected to increase in value over the years (appreciation). However, not all properties are guaranteed to grow in value. Therefore, a major risk of real estate investing is investing in a rental property whose value drops in the future. Research and real estate market analysis can help identify a location with strong positive real estate appreciation.	Medium	Low	The Group has a location advantage with more than 95% of the properties providing fair value gains every year.

	Risk description	Level of risk	Effect on FPC group	Mitigation
10	Asset-level risk In real estate investing, there is always demand for industrial warehouse and commercial property. Currently in Botswana, residential property is very volatile and return on investment is very low compared to industrial and commercial property. In addition the property maintenance cost for residential property in Botswana is very high compared to industrial and commercial properties, so industrial warehouse and commercial shopping outlets real estate is considered low-risk and therefore often yields higher returns. Office buildings are less sensitive to consumer demand than shopping malls while location advantage is a major factor driving this demand.	Medium	Low	- The Group has a stable portfolio with tenant mix of: – 50% Industrial – 42% Commercial – 8% Residential - Documentary evidence for targeting industrial and commercial properties in the portfolio - An analysis of property maintenance cost and revenue from different grades of properties

Risk heat map



CORPORATE GOVERNANCE REPORT

Governance structure

The Board	
Reetsang Willie Mokgatlhe ⁺ (Chairman of the Board)	Ranjith Priyalal De Silva ⁺
Bafana Kgotla Molomo ⁺	Rajeshkumar Jayrajh ⁺
Faizel Ismail [*]	Ramachandran Ottapathu [*]
Vidya Sanooj [#]	

⁺ Independent non-executive
^{*} Non-executive
[#] Executive

Audit, Risk and Compliance Committee	Governance and Nomination Committee
- Ranjith Priyalal De Silva (Chairman) - Bafana Kgotla Molomo - Rajeshkumar Jayrajh - Vidya Sanooj	- Reetsang Willie Mokgatlhe (Chairman) - Vidya Sanooj - Ranjith Priyalal De Silva
Responsibilities - Compliance with good corporate governance - Determining distributions to linked unitholders - Assurance procedures and policies - Evaluating management's actions in ensuring the integrity and reliability of the Group's financial systems - Reviewing financial reporting - Reviewing and approving the annual budget - Considering the investment strategies and appraisals for future investments For more information see page 51	Responsibilities - Organisational policies - Organisational development - Succession planning - Selecting, remunerating and evaluating executive management For more information see page 48

The Board is the main custodian of good corporate governance and plays a prominent role in the strategic development, risk management and sustainability processes of the Group.

The Board understands that adhering to the highest standards of corporate governance is fundamental to sustaining the FPC business and all business practices are conducted in good faith and in the best interests of the company and all its stakeholders.

We are committed to maintaining the highest standards of governance and adopt stringent compliance practices. Our disclosure standards are regulated by the Botswana Companies Act, BSE Listings Requirements, BSE Code of Best Practice on Corporate Governance and King IV. Although BSE regulations require compliance with King III we strive to adhere to King IV requirements.

The Board appreciates that effective governance is a key driver of sustainability and acknowledges its responsibility in this regard. This includes reporting on its operations and results to stakeholders in a timely manner.

The Group's application of King IV can be found on pages 54 to 61.

The Board has established standing committees, as set out in the governance framework to promote independent judgement, assist with the balance of powers and assist the Board with effectively fulfilling its responsibilities in accordance with the provisions of its Board charter.

Attendance register	Board	Audit, Risk and Compliance Committee	Governance and Nomination Committee
Reetsang Willie Mokgatlhe (Chairman)	4	–	1
Ranjith Priyalal De Silva	4	4	1
Faizel Ismail	4	–	–
Rajeshkumar Jayrajh	4	3	–
Bafana Kgotla Molomo	4	4	–
Ramachandran Ottapathu	4	–	–
Vidya Sanooj	4	4	1

Board composition

The Board consists of seven Directors, six of whom are non-executive Directors, with four of these being independent, and one executive Director.

The Board values independent judgement and requires that each Board member prepare, participate and contribute at each meeting. Board members are provided with relevant information, including information on the Group's strategies, plans, and performance and are required to devote sufficient time and effort in preparation for meetings. Agendas of meetings are prepared by the company secretary in accordance with approved annual work plans and in consultation with the respective chairman.

The Board is cognisant that there is currently no CEO position in place nor is the head of finance a Director on the Board. One Board member is an Executive Director and in 2019 the BSE approved that the chief operating officer ("COO") serves as acting CEO.

The Board is ultimately responsible and accountable for the performance of the Group. The chairman and acting CEO's responsibilities are explicitly segregated from those of other Non-executive Directors and Executive Directors in order to maintain a balance of power and prevent any one person from exerting unrestricted decision-making authority.

The independent Non-executive Directors are highly qualified professionals who bring to the Board's decision-making process a diverse set of industry skills, knowledge and experience from different sectors of business, including law, real estate, investment management and human resources management. These Directors are not involved in the company's day-to-day activities. To examine any changes, an informal examination of these Directors' independence is conducted on a regular basis based on a formal annual statement of interests. For the year under review assessments were carried out and all independent Non-executive Directors were verified to be independent.

The Board charter was also reviewed at a Board meeting held on 23 June 2021. The Board will continue to review its charter every two years.

Executive management

The role and responsibilities of both the Board and executive management have been clearly defined and are distinct. The independent chairman is responsible for ensuring proper governance of the Board and its committees, ensuring that the interests of all stakeholders are protected and facilitating constructive relations between the executive and the Board.

Shinu Joy, Acting CEO, is responsible for the overall finance management and operations of the Group and implementation of the strategy and objectives as adopted by the Board. He has over 15 years' experience in finance and operations in India, the Middle East and Africa within various industries and groups. He holds a BCom, ACA, and ACMA (US). He is well versed in the property market and joined FPC in December 2017.

Afifa Patel (Finance Manager) is responsible for management of accounts and finance and has experience in various service industries in Botswana. She is an ACCA and joined FPC in August 2018.

Vinodkumar Karuthedath (Property Manager) is responsible for the general property management. He has an MBA and joined FPC in July 2021.

Board evaluation

The Board has adopted the principles of King IV and agreed to conduct its assessment biannually to allow sufficient time to implement remedial action.

The self-evaluation covers the size and composition of the Board, the Directors' induction and development effectiveness, Board meetings, the relationship between the Board and management, the flow of information, skills needed by the Board and its committees, as well as stakeholder relations.

During the year a Board evaluation was done internally. Board members did a self evaluation of their performances, evaluation of performance of the Board chairman and evaluation of performance of the Board. The Board Chairman did an evaluation of all Board members and the acting CEO. The Group has registered with the Institute of Directors South Africa (IoSDA) and has conducted a formal induction programme for all Board members and executive management. The Group has established a formal ongoing induction programme with IoSDA on an ongoing basis.

Succession planning

The Board is responsible for ensuring that there is a proper succession plan for Directors and management and that all committees are appropriately constituted and chaired. The Board is satisfied that the depth of skills of current Directors meets succession requirements, which include reviewing skills development, career path and succession planning, policies and procedures and recommendations regarding the essential and desired criteria, experiences and skills for potential new Directors, taking into consideration the Board's short-term needs and long-term succession plans.

Appointment and rotation of Directors

Directors are appointed in accordance with a formal and transparent appointment policy that involves all Board members. Board members are formally appointed for a period of three years and retire on a rotation basis. Retiring Directors may make themselves available for re-election provided they remain eligible. At the upcoming annual general meeting, Bafana Kgotla Molomo will be retiring by rotation and will not be offering himself for re-election. Rajeshkumar Jayraj will be retiring by rotation and will stand for re-election.

Based on the recommendations of the Nomination and Governance Committee, the Board considered and recommended Gobusamang Dempsey Keebine to be appointed as a Director of the company at its annual general meeting scheduled to be held on 12 December 2022.

Gobusamang Dempsey Keebine

Botswana

Non-executive Director

BA (University of Botswana), MSc (Boston University)

Gobusamang is entrepreneurial and driven with a proven track record of driving growth in competitive sectors through fundraising campaigns, negotiations and implementations of bilateral as well as multilateral agreements. He has over 10 years' leadership experience at Business Botswana providing national representation as head of the private sector and has over 30 years' experience in the aviation industry, having been country manager of South African Airways/Express Airways, a position he took up after having worked as national sales manager of South African Express Airways and as a leasing and sales manager of Safair (Pty) Ltd.

Gobusamang is an experienced Managing Director with a demonstrated history of working in the international trade and development industry and brings a wealth of experience to the Board. He has also attended several executive leadership programmes and held various board directorships.

An informal induction programme for new Directors is in place whereby all new Directors are welcomed by management and provided with copies of company statutory documents, including Board charters, the Companies' Act, King reports and Corporate Governance principles. The Board members are advised to undertake CPD training through external training providers.

Stakeholder relations

The Board and management proactively engage with material stakeholders and address their concerns in the best way possible. Collaboration is important to the Group's approach, and strategic partnerships are driven with like-minded stakeholders. In addition, personal meetings with analysts and fund managers or trustees are arranged when appropriate. FPC publishes its interim and annual results in the media when finalised and, in addition, mails its integrated annual report to all shareholders. See stakeholder engagement on page 24 for further detail.

Internal control

The financial and operational systems of internal control are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal, and that transactions are properly authorised and recorded.

Management monitors the operation of the internal control systems in order to determine if there are deficiencies. Corrective actions are taken where appropriate. The head of finance and operations and chief internal audit executive play a key role in this regard. The Board, operating through the Audit, Risk and Compliance Committee, oversees the internal control environment and financial reporting process. An effective internal control system provides reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

The Board has reviewed and approved all policies in use, including the compliance framework policy and risk management plan on 3 March 2021.

Internal audit function

Internal audit is governed by a Board-approved charter that enshrines the independence of the function which mainly focuses on operational activities. As a cost-effective measure, the company continues to outsource this function and engages with an independent firm of accountants to provide this service.

Focus areas during the year included:

- Reviewing the effectiveness of the systems of internal controls
- Reviewing controls over payment cycles
- Anti-money laundering
- Cybersecurity
- Reviewing controls over maintenance work
- Controls over property, plant and equipment
- Compliance and regulatory

The risk register, which was prepared by internal audit, and reviewed and approved by the Audit, Risk and Compliance Committee, remains in place.

During the year, the Board reviewed all recommendations that were made and remained implemented.

Company secretary

The company secretary is Kingsway (Proprietary) Limited, and the Board is satisfied that they are 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 Kingsway (Proprietary) Limited who perform the company secretarial functions and is satisfied that there is an arm's length relationship between the company secretary and the Board. The Board also reviews the competence, qualifications and experience of the company secretary annually.

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 relevant legislations.

Independent advice

All non-executive Directors have unrestricted access to management at any time as well as to the Group's external auditor. Further, all Directors are entitled to seek independent professional advice on any matters pertaining to the Group as they deem necessary at the Group's expense.

IT governance

IT requirements are currently outsourced to an external IT company in view of the size of the company and as a cost-effective measure. An IT policy is in place.

Our IT governance ensures that information in all its forms – written, spoken, recorded electronically or printed – will be protected from accidental or intentional unauthorised

modification, destruction or disclosure throughout its lifecycle. This protection includes an appropriate level of security over the equipment and software used to process, store and transmit that information.

An information system security policy is in place and is regularly monitored by management in terms of the efficiency of IT controls, policies and processes. The Board approved the policy on 3 March 2021 and it remains in place. All policies and procedures are documented and provided to the relevant employees.

All documentation is periodically reviewed for appropriateness and currency, a period of time to be determined by each entity within the FPC Group.

All departmental policies must be consistent with this policy. All systems implemented after the effective date of these policies are expected to comply with the provisions of this policy where possible. Existing systems are expected to be brought into compliance where possible and as soon as practical.

The Board received an independent assurance from internal auditors and from independent IT service providers regarding the effectiveness of the IT internal control and IT governance.

Compliance

Due to the size and limited activities of the company, compliance functions are overseen by the COO. A compliance framework policy approved by the Board in March 2021 remains in place.



GOVERNANCE AND NOMINATION COMMITTEE REPORT

The Governance and Nomination Committee is responsible for assisting the Board in setting the remuneration policy for the Group and ensuring that this and recruitment align with the overall business strategy. Attracting and retaining skilled employees is a key factor in the development of the Group.

The Governance and Nomination Committee comprises independent non-executive chairman Reetsang Willie Mokgatlhe, independent non-executive Director Ranjith Priyalal De Silva, and Executive Director Vidya Sanooj. Other Directors attend by invitation. Full attendance registers are set out on page 43.

The committee's terms of reference are reviewed annually. The committee chair reports to the Board at each scheduled Board meeting, providing feedback and recommendations. The members of the committee have full access to all financially relevant information relating to any employee in respect of whom the committee will be making its remuneration recommendations.

During the year under review, the committee reviewed and recommended to the Board of Directors the following items for approval:

- The introduction of the code of conduct which includes the grievance policy. As part of strengthening governance, the contract of employment for each employee refers to the code of conduct and obligation of each employee to abide by the code
- The organisational structure, as it was recognised that the company needed adequate human capital and a structure that would best position it for achieving the strategic objectives. The position of

chief operating officer was introduced in order to support the design principle of ensuring depth of capability for business continuity planning.

The Board of Directors in order to ensure compliance with BSE Listings Requirements are in the process of adopting a policy on the promotion of gender diversity in the nomination and appointment of Directors.

Performance appraisals of staff are carried out in June every year. Increases in remuneration levels are based on these appraisals. The committee considers the proposed annual increases as part of its mandate.

Remuneration policy

The Directors' remuneration policy (the policy) is to set an appropriate level of remuneration that allows FPC to attract and retain the services of a suitable number of talented and well-qualified Directors in line with the company's long-term business strategy.

The remuneration of Executive Directors is set by the Board based on the recommendation from the Governance and Nomination Committee, whereas the remuneration of Non-executive Directors also operates on the same basis, except it requires shareholders' approval and ratification.

The committee is empowered to make quantitative and qualitative assessments of performance in reaching its recommendations and is also responsible for providing appropriate disclosure, if required, so that shareholders can understand the basis of its recommendation.

The policy provides guidance as follows:

Executive Directors and executives

- To provide fixed remuneration to reflect the scale and complexity of both the business and the role, and to be competitive with the external market
- Salary levels take into account the nature of the role, performance of the business and the individual, market positioning and pay conditions in FPC
- When recommending salaries, the Governance and Nomination Committee considers practice in other comparable property development companies as well as other companies of a similar size, geographic spread and business dynamic to FPC
- Executive Directors are entitled to receive those benefits available to all employees of FPC. These benefits include group insurance coverage, medical benefits, motor vehicle-related benefits and annual leave
- Executive Directors may receive other benefits that are considered to be appropriate in terms of the individual's role.

Annual bonus

To provide variable remuneration dependent on performance against annual financial, operational and employee engagement measures.

- The bonus is based on performance against annual measures and targets set at the start of the year, evaluated at the

end of the financial year. The level of bonus payable may vary depending on the job performance

Non-executive Directors

- Remuneration is in the form of fees, payable for each sitting of a board or committee meeting. The Board chairman is paid a monthly retainer fee. Remuneration practice is consistent with recognised best practice standards for Non-executive Directors' remuneration and, as a Botswana Stock Exchange listed company, the level and structure of Non-executive Directors' remuneration will primarily be compared against Botswana best practice
- Level and structure of Non-executive Directors' remuneration is reviewed by the Governance and Nomination Committee who will make recommendations to the Board
- Non-executive Directors do not vote on their own remuneration
- Non-executive Directors receive a sitting fee for the purpose of attending Board or committee meetings
- The Governance and Nomination Committee reviews and assesses the effectiveness and continued relevance of this policy periodically. Any recommended revisions regarding the policy are submitted to the Board for consideration and approval.

Directors' and key management remuneration

Independent Non-executive Directors are paid a sitting fee of BWP 33 333 (gross) for each and every meeting attended, including Board, Audit, Risk and Compliance Committee, Governance and Nomination 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.

ACCOUNTABILITY

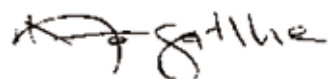
Governance and Nomination Committee report continued

Directors' fees FY22

Directors	Retainer fee	Sitting fee	Total BWP
Reetsang Willie Mokgatlhe	150 000	199 998	349 998
Ramachandran Ottapathu	–	–	–
Ranjith Priyalal De Silva	–	333 331	333 331
Bafana Kgotla Molomo	–	299 998	299 998
Vidya Sanooj	–	–	–
Faizel Ismail	–	–	–
Rajeshkumar Jayrajh	–	235 294	235 294
Total	150 000	1 068 621	1 218 621

Key management personnel remuneration FY22

Key management personnel	Salaries and short-term employee benefits	Other long-term (severance)	Total BWP
Shinu Joy	788 554	107 585	896 139
Vidya Sanooj	412 500	–	412 500
Afifa Patel	364 353	46 027	410 380
	1 565 407	153 612	1 719 019



Reetsang Willie Mokgatlhe

Governance and Nomination Committee chairman

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

The Audit, Risk and Compliance Committee (ARCC) is appointed by the Board of Directors and operates within the terms of reference as defined in its charter, that is approved by the Board. The committee consists of three independent non-executive Directors and one executive Director. Senior management and the internal auditors and external auditors also attend ARCC meetings by invitation. Other Directors may also be requested to attend sections of meetings as required.

The composition of the ARCC complies with generally accepted corporate governance norms and all members of the ARCC have the expected levels of expertise and experience. To ensure compliance with corporate governance principles, the committee at a recently held meeting has resolved that all members of ARCC would be independent non-executive Directors and executive Directors would attend ARCC meetings by invitation only. Based on our regular interactions with the acting CEO and Finance Manager, ARCC is satisfied with their expertise, experience and competence. The responsibilities of the committee are as follows:

Finance function

- Exercise an oversight responsibility over the finance function
- Ensure the expertise, experience and resources of the Group's finance function.

Internal audit

- Approve the appointment of the internal auditors, approve the annual internal audit plan
- Oversee the functioning of the internal auditor and performance assessment of the internal auditor
- Ensure the internal audit function is subject to independent quality review as appropriate.

Risk management

- Ensure the Group has an effective policy and plan for risk management
- Oversee the development and annual review of the risk management policy and plan
- Make recommendations to the Board on levels of risk tolerance and risk appetite
- Ensure risk management is integrated into business operations
- Ensure risk management assessments are conducted continuously
- Ensure frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks
- Ensure that management considers and implements appropriate risk responses
- Express the committee's opinion on the effectiveness of the system and process of risk management
- Ensure risk management reporting in the integrated annual report is comprehensive and relevant.

External audit

- Nominate the external auditor for appointment by the shareholders
- Approve the terms of engagement and remuneration of the auditor
- Ensure the appointment of the auditor complies with relevant legislation
- Monitor and report on the independence of the external auditor
- Define a policy for non-audit services which the auditor may provide and approve non-audit service contracts
- Review the quality and effectiveness of the external audit process
- Ensure a process is in place for the committee to be informed of any reportable irregularities identified by the external auditor.
- The Audit and Risk Compliance Committee is satisfied with the independence of the external auditors.

Audit, Risk and Compliance Committee report continued

IT governance

- Ensure that the Company's governance and management system provides the means to institutionalise the enablers of good corporate governance through the integration of people, process, technology and information, and management systems to enable the creation of value and support the achievement of the business and organisation's strategic goals
- Ensure that there are adequate mechanisms to safeguard the Company's information and that the Group has measures in place to recover from any technological disruptions.

Meetings and activities of the committee

Four meetings of the committee were held during the year. Attendance is set out on page 43.

The main tasks dealt with by the committee were:

- Review of the Audit, Risk and Compliance Committee Charter
 - 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 review of the external audit reports on issues related to the external audit process
 - Consideration of the distribution to linked unitholders, including solvency test in relation thereto, for recommendation to the Board
 - Consideration of the offer to unitholders of the capitalisation of distribution related to the year ended 30 June 2022
 - Review of the integrity of the integrated annual report
- Review of press releases related to trading updates, half yearly and annual financial results reporting
 - Consideration of budget forecasts and related investment strategy
 - Review of management accounts and related activity reports
 - Consideration of key risks related to the Group's strategic and operational risks and updating of the risk register
 - Oversight over the governance of information technology
 - Consideration of the adequacy and effectiveness of internal controls
 - Compliance with the BSE Code of Best Practice on Corporate Governance, specifically about the adoption of King III and King IV requirements
 - Compliance with regulatory issues relating to the Botswana Securities Exchange, the Companies Act, EIA regulations and the Income Tax Act.

Reporting to the Board

The committee also meets at least once a year with the external and internal auditors, without members of executive management being present.

Reports of the meetings of the committee, except those recording private meetings with the external and internal auditors, are circulated among all Directors and supplemented by an update from the committee chairman at each Board meeting.

Matters requiring action or improvement are identified and appropriate recommendations are made to the Board. The chairman of the committee attends all statutory shareholder meetings to answer any questions on the committee's activities.

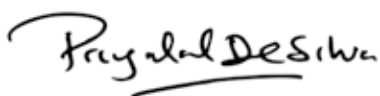
Reporting to the Board is on all relevant key issues, and making recommendations on topics that require Board approval. Such topics include external audit recommendations, clearance of non-audit work and the approval of fees paid to the external auditor internal controls; progress of the corporate governance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

Chief financial officer and finance function

The committee is satisfied that the acting CEO, Shinu Joy and Finance Manager, Afifa Patel, possess the appropriate expertise and relevant experience to meet the responsibilities of their positions. The committee is also satisfied with the appropriateness, expertise and adequacy of skilled resources available within the finance function.

Conclusion

Given the above, the committee is of the view that it has appropriately addressed its key responsibilities in respect of the Company's internal controls, risk management, and statutory and regulatory requirements.



Ranjith Priyalal De Silva

Chairman – Audit, Risk and Compliance Committee

9 September 2022

KING IV COMPLIANCE CHECKLIST

The various principles of King IV are embodied in the different sections of the integrated annual report. The listing requirements of the BSE require a full disclosure as an annexure in the annual report and for that reason the below has been prepared for inclusion in the integrated annual report.

Governance outcome one:

Ethical culture

1. The Board of Directors should lead ethically and effectively.

The Board demonstrates ethical and effective leadership, integrity and judgement, based on fairness, accountability, responsibility and transparency. The Board sets the direction of the Group and ensures that procedures are in place to monitor and evaluate the implementation of its strategies, policies, business plans, senior management performance criteria and corporate governance processes.

The Board and Committee Charters set the tone and outline the responsibility of the Board to ensure that the Group is ethically and effectively managed. The Board members are required to comply with the Board Charter. The Board and Committee Charters are reviewed periodically to ensure relevance.

The Board, with the support of its committees, regularly considers the risks and opportunities prevalent in the environment the Group operates in, ensuring a balanced outcome between risk and reward, taking into consideration the best interests of the Group.

The Board is transparent in the manner in which it exercises its role and responsibilities and ensures that appropriate disclosures are made as required.

Directors are appointed after assessing their skills and competencies subsequent to performing a thorough background check. A Board assessment process is conducted annually to evaluate the performance of Board members.

The Board of Directors is of the opinion that the principle was applied satisfactorily.

2. The Board of Directors should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board of Directors is committed to conducting its business in compliance with all applicable laws and regulations and has the necessary processes in place to ensure that all Directors, entities and employees in the Group adhere to applicable legislation, policies and appropriate corporate governance standards.

The Board of Directors sets the overall tone for ethical leadership of the Board. The Board determines and sets the tone of the organisation's values, including principles of ethical business practices, human rights considerations and the essential requirements of corporate citizenship.

The employee code of conduct policy, approved by the Board, sets the minimum standards expected of all Directors, and employees. The code of conduct is reviewed periodically to provide relevant guidance on ethical conduct across all activities of the Group. It is expected that all Directors and employees act ethically with each other, with external stakeholders and with society in general. Key ethical risks are considered and monitored by the Board with the support of management and Board committees.

The Board is of the opinion that the principle was applied satisfactorily.

3. The Board should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Board is the custodian of the values and ethics of the Group.

The Board approves the strategy and priorities of the business as set out in the integrated annual report. Through stakeholder engagement and collaboration, FPC is committed to understanding and being responsive to the interests and expectations of stakeholders and to collaborating with them in finding lasting solutions to sustainability challenges and the improvement of lives in communities.

The Board, with the support of the Audit, Risk and Compliance Committee and the management team, oversees and monitors how the operations and activities of the Group affect its status as a responsible corporate citizen and reports annually on the Group's sustainability activities.

The Board is of the opinion that the principle was applied satisfactorily.

ACCOUNTABILITY

King IV compliance checklist continued

Governance outcome two:

Performance and value operations

4. The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board of Directors is responsible for approving the Group's strategy and aligning strategic objectives, purpose, vision and values with risk and performance. The Board of Directors ensures that the Group creates value for its shareholders considering the legitimate interests and expectations of all stakeholders. The Board oversees and monitors management's implementation of the strategy and business plan on an annual basis. The Board holds management accountable and management reports on any variances or non-achieved targets.

The Audit, Risk and Compliance Committee, which reports to the Board, retains ultimate responsibility for the control and management of risk. The strategy is kept under review and is considered annually by the Board.

The Board is of the opinion that the principle was applied satisfactorily.

5. The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.

The Group ensures its annual financial statements are prepared in accordance with applicable accounting standards and applicable legislative requirements. The Audit, Risk and Compliance Committee oversees the integrated reporting process and reviews the annual financial statements. The Audit, Risk and Compliance Committee is responsible for recommending controls to enable it to verify and safeguard the integrity of the Group's integrated annual report and annual financial statements. FPC ensures that the annual reports, including the annual financial statements, the integrated annual report and any other relevant information to stakeholders are published on the Group's website. FPC details both its historical performance and future outlook in its relevant communications. This, together with further information from the above-mentioned and other communications, enable stakeholders to make informed assessments of FPC's prospects.

The Board is of the opinion that the principle was applied satisfactorily.

Governance outcome three:
Adequate and effective control

6. The Board should serve as the focal point and custodian of corporate governance in the organisation.

Corporate governance remains the responsibility of the Board as a whole. The Board has an approved charter, which is reviewed once every two years. The charter sets out the Board's governance responsibilities, including its role, responsibilities, membership requirements and procedural conduct.

The Audit, Risk and Compliance Committee ensures that the required attention is given by management to successfully accomplish compliance with King IV™, ensure continued compliance with required legislation and the BSE Listings Requirements; and ensure that the Audit, Risk and Compliance Committee reports on compliance to the Board at least biannually. All Directors have the right to independent professional advice at the Group's expense to ensure that they fulfil their roles in terms of the governance principles and the Group secretary is pivotal to ensuring good corporate governance.

The Board meets at least once in every quarter. Before each Board meeting, a Board pack containing supporting information on all the agenda items is timeously circulated to enable members to properly prepare for the meeting. The Board plans its meetings in line with its set objectives as outlined in its charter and the committee charters.

Details of the Board meetings held during the year, as well as the attendance at the Board meetings, are disclosed in the integrated annual report. Refer to page 43 of the integrated annual report.

The Board is of the opinion that the principle was applied satisfactorily.

7. The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The composition of the Board complies with the recommendations of Companies Act requirements, King IV™ and the BSE Listings Requirements. The Directors represent diversity in expertise, skills and experience to effectively contribute to the requirements of the Board and its committees.

The Board currently has one executive Director, two non-executive Directors and four independent non-executive Directors.

For details of Directors' full names, their dates of appointment and other listed Directorships as well as brief *curricula vitae*, refer to page 34 of the integrated annual report.

The succession plan of Directors is reviewed on an ongoing basis. Pursuant to the articles of association of the Group, one-third of the Directors, excluding any Director appointed since the previous AGM, must retire from office at each AGM on a rotational basis. The Directors to retire are those who have been longest in office since their last election or re-election. Retiring Directors may make themselves available for re-election if they remain eligible. In the event of an independent non-executive Director having served more than nine continuous years, he/she would be subject to a review of his/her independence and performance before he/she is re-elected to the Board. A formal letter of appointment is provided to newly appointed Directors. All members complete a declaration of interest form at every Board meeting.

The Board is of the opinion that the principle was applied satisfactorily.

ACCOUNTABILITY

King IV compliance checklist continued

8. The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

Board committees

Committees have been established to assist the Board in discharging its responsibilities. The committees of the Board comprise the following:

- Audit, Risk and Compliance Committee
- Governance and Nomination Committee

A delegation by the Board of its responsibilities to a committee does not constitute a discharge of the Board's responsibilities or accountability. The Board applies its collective mind to consider the information, opinions, recommendations, reports and statements presented by the committees.

The Group's committees assist the Board in discharging its corporate governance responsibilities and report to the Board on a regular basis. External advisers, the Executive Director and members of management attend committee meetings by invitation. Each of these committees has a formal charter approved by the Board and reviewed once every two years.

The Board is of the opinion that the principle was applied satisfactorily.

9. The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

The effectiveness of the performance of the Board, its committees, individual Directors and the chairman is assessed ever year.

The results were presented to the Board during the subsequent Board meeting. The Board is satisfied that evaluation processes improve its performance and effectiveness.

The Board is of the opinion that the principle was applied satisfactorily.

10. The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

In terms of the Board charter, the Board's responsibilities include the appointment of the management team, approval of corporate strategy and succession plans, adoption of risk management plan and corporate governance principles.

The performance of the senior management team members is monitored by the Board and the Governance and Nomination Committee. The Group secretary is appointed by the Board. The Audit Risk and Compliance Committee reviews the Group secretary's qualifications, competence and performance and provides recommendations to the Board. All responsibilities delegated to management are reviewed and reported on to the relevant committees.

The Board is of the opinion that the principle was applied satisfactorily.

11. The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board oversees the Group's risk management process and is guided by the Audit, Risk and Compliance Committee.

The Audit, Risk and Compliance Committee reports to the Board, which retains ultimate responsibility for the control and management of risk. The committee ensures that the risk management disclosure is comprehensive, timely and relevant and that an effective policy and plan is in place to achieve strategic objectives. The Board maintains a detailed risk register which is reviewed and updated annually, and more frequently if new risks are identified. The risk matrix on page 41 of the integrated annual report is monitored by the Board. At least once a year, the committee reviews the implementation of the risk management policy and programme.

In line with King IV, our Group internal audit function reports directly to the Audit, Risk and Compliance Committee.

The committee approves a risk based internal audit plan at the beginning of each year and ensures that the internal audit function has adequate resources and authority to enable it to discharge its functions.

The Board is of the opinion that the principle was applied satisfactorily.

12. The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Board assumes responsibility for the governance of technology and information, and it is supported in this role by the Audit, Risk and Compliance Committee. The Board recognises the importance of information technology as it is interrelated to the strategy, performance and sustainability of the Group.

Information technology is governed by the IT information technology security policy, which was independently reviewed in 2021. The Audit, Risk and Compliance Committee is responsible for directing, controlling and measuring the IT activities and processes of the Group and keeps the Board apprised of the Group's technology and information performance and requirements. The risk management process considers risks associated to IT. An internal auditor is engaged to perform IT audits in the ensuing year.

The Board is of the opinion that the principle was applied satisfactorily.

ACCOUNTABILITY

King IV compliance checklist continued

13. The Board should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

FPC is committed to conducting its business in compliance with all applicable laws and regulations. Legal counsel, assisted by the Group secretary, relevant Board committees and, where necessary, by other external professional advisors, provides the required legal advice and guidance on all legal and compliance matters. Compliance framework policy is adopted and policies and procedures are in place to monitor compliance and to mitigate risks. Litigation in the businesses is referred to the Audit, Risk and Compliance Committee.

Safety, health, and environmental laws are all identified as key legal compliance areas and therefore receive the necessary attention on an ongoing basis. These items are also standing agenda points for Audit, Risk and Compliance Committee and Board meetings.

During the year under review, there were no material or repeated violations of any laws or regulations, nor were any material penalties or fines imposed on the Group or its Directors for contraventions of any laws or regulations.

The Board is of the opinion that the principle was applied satisfactorily.

14. The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Board charter places the responsibility for ensuring an appropriate remuneration strategy with the Governance and Nomination Committee. The committee makes recommendations to the Board for final approval, ensuring that the Group remunerates non-executive Directors and executives fairly and responsibly. The committee ensures that the disclosure of Directors' remuneration is accurate, complete and transparent. The Group's remuneration policy and remuneration implementation report is circulated to shareholders for approval annually by way of a non-binding advisory vote at the annual general meeting of the company. In addition, fees for non-executive Directors are approved annually, in advance, at the annual general meeting.

The Board is of the opinion that the principle was applied satisfactorily.

15. The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

An effective and independent Audit, Risk and Compliance Committee is in place and meets as often as is necessary to fulfil its functions (but no less than twice a year).

The external and internal audit plans are approved annually by the Audit, Risk and Compliance Committee and both follow a risk-based approach.

The Audit, Risk and Compliance Committee ensures that the combined assurance received from the external and internal auditors is appropriate to address all the significant risks facing the Group. The Audit, Risk and Compliance Committee monitors and supervises the effectiveness of the internal and external audit functions.

The chief audit executive function is performed by the Audit, Risk and Compliance Committee under the leadership of the Audit, Risk and Compliance Committee chairperson, with this function's independence defined in the audit and risk committee charter. The Audit, Risk and Compliance Committee recommends the appointment/reappointment of the external auditor.

The Audit, Risk and Compliance Committee approved the appointment of an independent firm as the Group's internal auditor. The Audit, Risk and Compliance Committee meets with internal and external auditors in a closed session at least once a year.

The Board is of the opinion that the principle was applied satisfactorily.

16. In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

The Board ensures that the Group communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly, with substance prevailing over form. The Group understands that fully functional interaction with all relevant/legitimate stakeholders is critical to the sustainability of the business. Regular engagements are held with all stakeholders as outlined on page 24 of the integrated annual report. The chairperson of the Audit, Risk and Compliance Committee and the designated partner of the external audit firm attend the Annual General Meeting. At an operational level, stakeholder engagement is the responsibility of the management. The Board approved the Corporate Communications policy for stakeholder relationships and engagement in March 2021.

The Board is of the opinion that the principle was applied satisfactorily.

ANNUAL FINANCIAL STATEMENTS



The background of the page is a photograph of a gas station and the surrounding area. In the foreground, there is a gas station with several cars parked at the pumps. A sign for 'petro-hype' is visible. In the background, there are some buildings and trees under a clear sky.

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

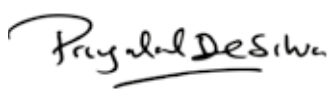
The directors of the The FaR Property Company Limited are responsible for the content and integrity of the consolidated and separate annual financial statements and all other information presented therewith. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated and separate annual financial statements.

The group 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 group 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 and separate annual financial statements. The directors have no reason to believe that the company and group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Our external auditors conduct 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 auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the board of directors.

The consolidated and separate annual financial statements set out on pages 71 to 130, which have been prepared on the going concern basis, were approved by the directors on 9 September 2022 and were signed on their behalf by:



Ranjith Priyalal De Silva
Director



Vidya Sanooj
Director

DECLARATION BY THE COMPANY SECRETARY

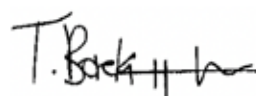
We declare that, to the best of our knowledge, the company has lodged with the Companies and Intellectual Property Authority all such returns as are required of a public company in terms of the Companies Act, and that such all returns are true, correct and up-to-date.

We also confirm that the Board of Directors comprises mainly of non-executive directors and is chaired by an independent chairman.

The Board is ably supported by the Audit & Risk Committee which comprises of three highly qualified members in finance, auditing, accounting and risk management. The Board Chairperson is not a member of this Committee.

Additionally, the Governance and Nomination Committee provides the necessary support to the Board in looking after compensation-related matters for the company and all the governance structures.

We declare that the Board and all its Committees carried out their responsibilities to the best of their ability and continue to grow from strength to strength in improving the governance structures of the company.



Thapelo Borekilwe
Kingsway Proprietary Limited

9 September 2022



DIRECTORS' REPORT

for the year ended 30 June 2022

The directors have the pleasure of presenting their report and the group and company annual financial statements of The FaR Property Company Limited for the year ended 30 June 2022.

General information

The company was incorporated on 29 June 2010 under registration number UIN BW 00000942235 and remains domiciled in the Republic of Botswana. It was listed on the Botswana Stock Exchange (BSE) on 4 May 2016 as a variable rate loan stock company with 394 million issued linked units.

Nature of business

The primary business of the group is property owning, management and development, and it is currently active in Botswana, South Africa and Zambia. It has investments in commercial, industrial, 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 71 to 130.

Stated capital

In total, 455 million weighted average linked units, comprising ordinary shares that are indivisibly linked to variable rate debentures.

Distribution

Distribution number 7, amounting to 18.40 thebe, comprising 18.23 thebe interest and 0.17 thebe dividend, per linked unit for the year ended 30 June 2022. This distribution was declared payable on 11 November 2022.

To support the company's continued growth, the board has offered unitholders the option of receiving linked units in lieu of a cash distribution.

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 already dealt with in the annual financial statements, which would have a material effect on the financial results, position or operations of the group and company.

Directors

The directors at 30 June 2022 are Reetsang Willie Mokgatlhe (Chair); Ramachandran Ottapathu; Ranjith Priyalal De Silva; Faizel Ismail; Bafana Kgotla Molomo, Vidya Sanooj and Rajeshkumar Jayrajh. Details of directors are shown on pages 34 and 35.

Chartered Accountants**Grant Thornton**

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twitter.com/GrantThorntonBW

Independent Auditor's Report

To the shareholders of The FAR Property Company Limited

Opinion

We have audited the consolidated and separate annual financial statements of The FAR Property Company Limited set out on pages 71 to 130, which comprise the consolidated and separate statement of Financial Position as at 30 June 2022, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual 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 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Annual Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Botswana Accountancy Oversight Authority registration number: FAP 005 2016 (Audit Firm of Public Interest Entity)
Botswana Institute of Chartered Accountants membership number: MeFBW11013 (Audit and Non-Audit)

Partners

Kalyanaraman Vijay (Managing), Aswin Vaidyanathan*, Madhavan Venkatachary*, Anthony Ouashie, Sunny K Mulakulam*,
Aparna Vijay* (*Indian)

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Independent Auditors Report

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate annual financial Statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and the report below is not intended to constitute separate opinions on those key audit matters.

Key audit matter	How the matter was addressed in our audit
Valuation of the investment property The holding company and subsidiary owns a portfolio of retail, industrial, commercial and residential property valued at BWP 1 188 824 216 for the holding company and BWP 227 822 754 for the subsidiaries as disclosed under note 3 of the annual financial statements. The valuation of the property portfolio is a significant judgment area and is underpinned by assumptions including estimated future rental and yields. The group uses professionally qualified external valuers to perform the fair value of the properties. Disclosures on the investment properties are under note 3 to the financials.	We met with the external valuers to discuss the valuation process, performance of the portfolio and evaluate significant assumptions and critical judgement areas, including estimated rental values, yields, future net operating income and capitalization rates. We assessed the competence, independence and integrity of the external valuers. We performed audit procedures to assess the integrity of information provided to the external valuers including rental schedules on a sample basis to underlying lease agreement. We also compared the capitalization rates utilized in the valuation to rates in historical valuations and general market factors (such as comparable property capitalization rates and rental rates). These inputs were found to be within a reasonable range. As per group instructions provided, the component auditors assessed the integrity of the information provided to the external valuers and through audit procedures evaluated the assumptions used in the valuations.



Independent Auditor's Report

Other information

The directors are responsible for the other information. The other information comprises the Directors report, which we obtained prior to the date of this report and the annual report which is expected to be made available to us after that date. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial Statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the Consolidated and Separate Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate annual financial statements.



Independent Auditor's Report

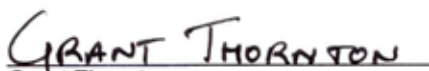
As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the subsidiaries or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

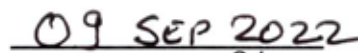
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Grant Thornton

Firm of Certified Auditors

Practicing Member: Sunny Mulakulam (CAP 0034 2022)


Gaborone

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

		Group		Company	
Figures in Pula	Note(s)	2022	2021	2022	2021
ASSETS					
Non-current assets					
Investment property	3	1 416 646 970	1 352 722 124	1 188 824 216	1 133 035 256
Property, plant and equipment	4	1 320 513	464 873	1 156 785	268 412
Investments in subsidiaries	5	—	—	25 416 533	25 416 533
Operating lease asset	3	33 778 538	32 798 509	33 128 020	31 871 922
Deferred income tax	6	7 873 107	5 983 675	954 760	951 012
		1 459 619 128	1 391 969 181	1 249 480 314	1 191 543 135
Current assets					
Related party receivables	7	5 404 802	4 283 697	123 795 892	116 357 820
Operating lease asset	3	6 320 098	5 705 554	5 657 789	5 524 291
Trade and other receivables	8	14 447 546	12 785 289	12 669 551	8 089 821
Cash and cash equivalents	9	32 713 877	33 604 385	30 216 691	23 389 017
		58 886 323	56 378 925	172 339 923	153 360 949
Assets included in disposal group classified as held for sale	11	—	2 175 000	—	2 175 000
Total Assets		1 518 505 451	1 450 523 106	1 421 820 237	1 347 079 084
EQUITY AND LIABILITIES					
Equity					
Stated capital	12	537 104 305	506 803 422	537 104 305	506 803 422
Foreign currency translation reserve		(29 824 965)	(43 037 144)	—	—
Retained earnings		533 292 665	501 528 297	466 562 099	424 777 370
		1 040 572 005	965 294 575	1 003 666 404	931 580 792
Liabilities					
Non-current liabilities					
Borrowings	13	250 654 997	232 979 491	215 943 161	192 645 873
Deferred income tax	6	56 673 555	61 636 466	38 767 446	41 259 551
Lease liabilities	14	2 937 951	2 148 545	2 038 263	2 148 545
		310 266 503	296 764 502	256 748 870	236 053 969
Current liabilities					
Related party payables	7	—	—	4 222 834	129 373
Borrowings	13	63 850 977	43 042 558	57 886 762	37 076 446
Trade and other payables	15	18 408 865	15 081 546	14 228 105	11 997 594
Distribution payable	16	84 701 862	79 692 529	84 701 862	79 692 529
Current tax payable		516 874	671 478	255 117	572 463
Bank overdraft	9	—	49 885 645	—	49 885 645
Lease liabilities	14	188 365	90 273	110 283	90 273
		167 666 943	188 464 029	161 404 963	179 444 323
Total liabilities		477 933 446	485 228 531	418 153 833	415 498 292
Total Equity and Liabilities		1 518 505 451	1 450 523 106	1 421 820 237	1 347 079 084

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2022

Figures in Pula	Note(s)	Group		Company	
		2022	2021	2022	2021
Continuing operations					
Revenue	18	141 400 195	138 236 195	122 174 534	118 781 129
Other operating income	19	21 212 729	20 677 565	15 005 642	13 935 630
Other operating expenses		(37 552 527)	(34 658 820)	(25 443 003)	(24 047 611)
Operating profit		125 060 397	124 254 940	111 737 173	108 669 148
Finance income	20	7 992	41 655	16 379 041	14 685 698
Finance costs	21	(22 924 051)	(26 984 229)	(19 953 433)	(23 548 674)
Foreign exchange (loss)/profit		(2 256 496)	12 791 125	(449 441)	(232 913)
Fair value adjustment		12 019 438	(14 202 805)	18 136 394	1 692 475
Profit before taxation		111 907 280	95 900 686	125 849 734	101 265 734
Taxation	24	4 558 952	1 960 442	636 858	646 272
Profit from continuing operations		116 466 232	97 861 128	126 486 592	101 912 006
Discontinued operations					
Profit from discontinued operations	11	—	196 272	—	196 272
Profit for the year		116 466 232	98 057 400	126 486 592	102 108 278
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		13 212 179	(3 351 350)	—	—
Other comprehensive income for the year net of taxation		13 212 179	(3 351 350)	—	—
Total comprehensive income for the year		129 678 411	94 706 050	126 486 592	102 108 278
Earnings per share					
Weighted average linked units in issue at the end of the year		455 320 649	433 421 256	455 320 649	433 421 256
Basic earnings per linked unit attributable to linked unitholders (thebe)		25.58	22.62	27.78	23.56
Headline earnings per linked unit attributable to linked unitholders (thebe)		26.09	23.13	28.13	24.05
Distribution per linked unit (thebe)		18.40	17.80	18.40	17.80

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

Figures in Pula	Stated capital	Foreign currency translation reserve	Retained earnings	Total equity
Group				
Balance at 1 July 2020	455 971 406	(39 685 793)	483 163 428	899 449 041
Profit for the year	–	–	98 057 400	98 057 400
Other comprehensive income	–	(3 351 351)	–	(3 351 351)
Total comprehensive income for the year	–	(3 351 351)	98 057 400	94 706 049
Issue of shares	50 832 016	–	–	50 832 016
Dividends	–	–	(79 692 531)	(79 692 531)
Total contributions by and distributions to owners of company recognised directly in equity	50 832 016	–	(79 692 531)	(28 860 515)
Balance at 1 July 2021	506 803 422	(43 037 144)	501 528 295	965 294 573
Profit for the year	–	–	116 466 232	116 466 232
Other comprehensive income	–	13 212 179	–	13 212 179
Total comprehensive income for the year	–	13 212 179	116 466 232	129 678 411
Issue of shares	30 300 883	–	–	30 300 883
Dividends	–	–	(84 701 862)	(84 701 862)
Total contributions by and distributions to owners of company recognised directly in equity	30 300 883	–	(84 701 862)	(54 400 979)
Balance at 30 June 2022	537 104 305	(29 824 965)	533 292 665	1 040 572 005
Note(s)	12			
Company				
Balance at 1 July 2020	455 971 406	–	402 361 623	858 333 029
Profit for the year	–	–	102 108 278	102 108 278
Total comprehensive income for the year	–	–	102 108 278	102 108 278
Issue of shares	50 832 016	–	–	50 832 016
Dividends	–	–	(79 692 531)	(79 692 531)
Total contributions by and distributions to owners of company recognised directly in equity	50 832 016	–	(79 692 531)	(28 860 515)
Balance at 1 July 2021	506 803 422	–	424 777 369	931 580 791
Profit for the year	–	–	126 486 592	126 486 592
Total comprehensive income for the year	–	–	126 486 592	126 486 592
Issue of shares	30 300 883	–	–	30 300 883
Dividends	–	–	(84 701 862)	(84 701 862)
Total contributions by and distributions to owners of company recognised directly in equity	30 300 883	–	(84 701 862)	(54 400 979)
Balance at 30 June 2022	537 104 305	–	466 562 099	1 003 666 404
Note(s)	12			

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

		Group		Company	
Figures in Pula	Note(s)	2022	2021	2022	2021
Cash flows from operating activities					
Cash generated from operations	25	125 484 648	145 790 903	105 666 128	126 291 600
Tax paid	26	(2 802 913)	(2 190 320)	(2 176 341)	(1 464 404)
Cash flows of held for sale/discontinued operations	11	—	196 272	—	196 272
Net cash from operating activities		122 681 735	143 796 855	103 489 787	125 023 468
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(7 643 263)	(1 461)	(7 643 263)	(1 461)
Purchase of investment property	3	(51 835 955)	(25 916 288)	(47 911 416)	(25 647 546)
Proceeds from disposal of property, plant and equipment	4	6 694 858	—	6 694 858	—
Proceeds from disposal of investment properties	3	10 401 416	35 880 000	9 306 500	35 880 000
Proceeds from assets held for disposal		2 175 000	6 612 789	2 175 000	—
Payments in relation to assets held for disposal		—	(7 266 532)	—	—
Funds advanced to subsidiaries		—	—	—	(8 681 543)
Repayment of loans by subsidiaries		—	3 191 473	—	—
Finance income		7 992	41 655	16 379 041	14 685 698
Net cash from investing activities		(40 199 952)	12 541 636	(20 999 280)	16 235 148
Cash flows from financing activities					
Movement in lease liabilities		(148 763)	(122 392)	(90 272)	(122 392)
Repayment of borrowings		(44 501 348)	(96 125 099)	(38 892 396)	(96 261 345)
Conversion of overdraft facility to term loan		50 000 000	—	50 000 000	—
Proceeds from borrowings		33 000 000	—	33 000 000	—
Distributions paid	16	(49 391 646)	(20 825 164)	(49 391 646)	(20 825 164)
Finance costs		(22 750 091)	(26 836 653)	(19 813 507)	(23 401 098)
Finance costs on lease liabilities		(173 960)	(147 576)	(139 926)	(147 576)
Net cash from financing activities		(33 965 808)	(144 056 884)	(25 327 747)	(140 757 575)
Total cash movement for the year		48 515 975	12 281 607	57 162 760	501 041
Cash at the beginning of the year		(16 281 260)	(23 694 541)	(26 496 628)	(26 764 757)
Effect of exchange rate movement on cash balances		(449 441)	(232 912)	(449 441)	(232 912)
Effect of translation of foreign entities		928 603	(4 635 414)	—	—
Total cash at end of the year	9	32 713 877	(16 281 260)	30 216 691	(26 496 628)

ACCOUNTING POLICIES

for the year ended 30 June 2022

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 BDO House, Plot 113, Unit 28, Kgale Mews, Gaborone International Finance Park, Gaborone, Botswana.

The financial statements set have been approved by the board of directors on 9 September 2022.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated and separate annual financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). 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 unless otherwise stated.

1.1 Consolidation

Basis of consolidation

The consolidated and separate 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 inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in full on consolidation.

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

Where a subsidiary is disposed of, the 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.

Any contingent consideration is included in the cost of the business 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 acquiree’s assets and liabilities are re-assessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

ACCOUNTING POLICIES

for the year ended 30 June 2022

1.1 Consolidation (continued)

Goodwill

The excess of the cost of acquisition over the fair value of the group's share of identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The carrying amount of goodwill is assessed annually for impairment. An impairment loss recognised on goodwill is not reversed in a subsequent period.

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 affected 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 Segmental reporting

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 Board 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.

1.3 Significant judgements and sources of estimation uncertainty

In preparing consolidated and separate annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated and separate 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 and separate annual financial statements. Significant judgements include:

Fair value estimation

In calculating the fair value, valuers have 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. Sensitivity of fair value measurements using significant unobservable inputs are disclosed in note 3.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Useful lives of property, plant and equipment

The group and company review the estimated useful lives and residual values of property plant and equipment at the end of each annual reporting period.

1.4 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, net of rental straight-line adjustment, 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.

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.

1.5 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.

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.

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:

Item	Depreciation method	Average useful life
Plant and machinery	Straight-line	6–7 years
Furniture and fixtures	Straight-line	10 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	10 years
IT equipment	Straight-line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively 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.

ACCOUNTING POLICIES

for the year ended 30 June 2022

1.6 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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.

1.7 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income.

Financial assets:

- Amortised cost.

Financial liabilities:

- Amortised cost.

Note 29 Risk management presents the financial instruments held by the group based on their specific classifications.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Loans receivable at amortised cost

Classification

Related party receivables/(payables) (note 7) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

1.7 Financial instruments (continued)

Impairment

The group recognises a loss allowance for expected credit losses (ECLs) on all loans receivable measured at amortised cost. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12-month ECL.

Lifetime ECLs represents the ECLs that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECLs or 12-month ECLs, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the group considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan installment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

ACCOUNTING POLICIES

for the year ended 30 June 2022

1.7 Financial instruments (continued)

Write-off policy

The group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECLs

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECLs is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty, etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECLs in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECLs are no longer met, the group measures the loss allowance at an amount equal to 12-month ECLs at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 23).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the risk management (note 29).

Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 8). They have been classified in this manner because their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the group’s business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

1.7 Financial instruments (continued)

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains/(losses).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 8).

Impairment

The group recognises a loss allowance for ECLs on trade and other receivables, excluding VAT and prepayments. The amount of ECLs is updated at each reporting date.

The group measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime ECLs, when there has been a significant increase in credit risk.

Measurement and recognition of ECLs

The group makes use of a provision matrix as a practical expedient to the determination of ECLs on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 23).

Write-off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in trade and other receivables (note 8) and risk management (note 29).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Borrowings and loans from related parties

Classification

Loans from group companies (note 7), and borrowings (note 13) are classified as financial liabilities subsequently measured at amortised cost.

ACCOUNTING POLICIES

for the year ended 30 June 2022

1.7 Financial instruments (continued)

Recognition and measurement

Borrowings and loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 21).

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 29 for details of risk exposure and management thereof.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains/(losses).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the risk management (note 29).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 15), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 21). Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 29 for details of risk exposure and management thereof.

1.7 Financial instruments (continued)

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency.

The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains/(losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 29).

Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Cash and cash equivalents comprise cash on hand and demand deposits, and other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently measured at amortised cost.

Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Bank overdraft and borrowings

Bank overdrafts 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.

Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

ACCOUNTING POLICIES

for the year ended 30 June 2022

1.8 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 (and tax laws) that have been enacted or substantively 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/(tax loss).

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/(tax 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.

The carrying value of the Group's investment property is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the statement of financial position regardless of whether the company/group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

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.

1.9 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is “identified”, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 23) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the consolidated and separate statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 21).

ACCOUNTING POLICIES

for the year ended 30 June 2022

1.9 Leases (continued)

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented within Investment properties on the consolidated and separate statement of financial position.

Right-of-use assets are subsequently measured at fair value and revalued annually with the resulting gains or losses recognised in the profit and loss account.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only re-assessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in revenue (note 18).

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

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.10 Impairment of non-financial assets

The group assesses at each end of the 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.

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.

1.11 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.

1.12 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.

1.13 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties such as value added taxes. The group recognises revenue when it transfers control of a product or service to a customer.

Rental income from the investment property and recoveries as per the terms of contract are earned from letting out properties in the normal course of business. 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.

Dividend income is recognised when the shareholders' right to receive payment has been established and is measured gross of withholding tax.

ACCOUNTING POLICIES

for the year ended 30 June 2022

1.14 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.

1.15 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.

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.

1.15 Translation of foreign currencies (continued)

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 consolidated and separate statement of financial position presented are translated at the closing rate at the date of that consolidated and separate 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; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

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.

1.16 Related party

Related parties are defined as those parties:

- (a) directly, or indirectly through one or more intermediaries, if the party:
 - i. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - ii. has an interest in the entity that gives it significant influence over the entity; or
- (b) that are members of the key management personnel of the entity, including close members of the family.

1.17 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Interest rate benchmark reform – Phase 2: Amendments to IFRS 7

The amendment sets out additional disclosure requirements related to interest rate benchmark reform.

The effective date of the group is for years beginning on or after 1 January 2021.

The group has adopted the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The impact of the amendment is not material.

Interest rate benchmark reform – Phase 2: Amendments to IFRS 9

When there is a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform then the entity is required to apply paragraph B5.4.5 as a practical expedient. This expedient is only available for such changes in basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the group is for years beginning on or after 1 January 2021.

The group has adopted the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The impact of the amendment is not material.

Interest rate benchmark reform – Phase 2: Amendments to IFRS 16

If there is a lease modification as a result of the interest rate benchmark reform, then as a practical expedient the lessee is required to apply paragraph 42 of IFRS 16 to account for the changes by remeasuring the lease liability to reflect the revised lease payment. The amendment only applies to modifications as a result of the interest rate benchmark reform.

The effective date of the group is for years beginning on or after 1 January 2021.

The group has adopted the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The impact of the amendment is not material.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.1 Standards and interpretations effective and adopted in the current year (continued)

Interest rate benchmark reform – Phase 2: Amendments to IAS 39

Temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of financial items as hedged items have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the group is for years beginning on or after 1 January 2021.

The group has adopted the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 July 2022 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Classification of liabilities as current or non-current: Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period to defer settlement of a liability for at least 12 months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within 12 months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The group expects to adopt the amendment for the first time in the 2024 consolidated and separate annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

Annual improvement to IFRS Standards 2018–2020: Amendments to IFRS 1

A subsidiary that uses the cumulative translation differences exemption may elect in its financial statements to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures, and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated and separate annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated and separate annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Annual improvement to IFRS Standards 2018–2020: Amendments to IFRS 9

The amendment concerns fees in the "10 per cent" test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated and separate annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

Property, plant and equipment: proceeds before intended use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts is now specifically required.

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated and separate annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Onerous contracts – cost of fulfilling a contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the group is for years beginning on or after 1 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated and separate annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

3. INVESTMENT PROPERTY

Reconciliation of investment property – Group – 2022

	Opening balance	Additions	Disposals
Investment property	1 351 571 095	51 835 955	(11 645 610)
Right-of-use asset	1 151 029	1 036 261	–
	1 352 722 124	52 872 216	(11 645 610)

Reconciliation of investment property – Group – 2021

	Opening balance	Additions	Disposals
Investment property	1 362 354 065	25 916 288	(36 280 000)
Right-of-use asset	1 000 000	–	–
	1 363 354 065	25 916 288	(36 280 000)

The addition to the investment property includes direct acquisitions amounting to P20 263 476 (2021: P12 500 134) and subsequent developments to the properties amounting to P31 572 479 (2021: P13 416 154).

Reconciliation of investment property – Company – 2022

	Opening balance	Additions	Disposals
Investment property	1 131 884 227	47 911 416	(10 258 850)
Right-of-use asset	1 151 029	–	–
	1 133 035 256	47 911 416	(10 258 850)

Reconciliation of investment property – Company – 2021

	Opening balance	Additions	Disposals
Investment property	1 143 150 235	25 647 546	(36 280 000)
Right-of-use asset	1 000 000	–	–
	1 144 150 235	25 647 546	(36 280 000)

The addition to the investment property includes direct acquisitions amounting to P16 338 937 (2021: P12 231 392) and subsequent developments to the properties amounting to P31 572 479 (2021: P13 416 154).

The group has leases for four properties, included above as right-of-use assets. The remaining terms of these leases range from 10 to 40 years.

Pledged as security

The investment property of the group have been pledged as security, towards various facilities availed by the group. The company's and group's carrying value of the properties pledged as at year end are P730.4 million and P903.9 million respectively.

Borrowing costs capitalised

The borrowing cost was capitalised in to the investment property during the year P693 426 (2021: nil).

Classified as held for sale	Foreign exchange movements	Fair value adjustments	Total
–	10 678 802	11 951 177	1 414 391 419
–	–	68 261	2 255 551
–	10 678 802	12 019 438	1 416 646 970

Classified as held for sale	Foreign exchange movements	Fair value adjustments	Total
(2 175 000)	16 109 576	(14 353 834)	1 351 571 095
–	–	151 029	1 151 029
(2 175 000)	16 109 576	(14 202 805)	1 352 722 124

Fair value adjustments	Total
18 068 133	1 187 604 926
68 261	1 219 290
18 136 394	1 188 824 216

Classified as held for sale	Fair value adjustments	Total
(2 175 000)	1 541 446	1 131 884 227
–	151 029	1 151 029
(2 175 000)	1 692 475	1 133 035 256

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

3. INVESTMENT PROPERTY (continued)

Carrying values of the properties of which the titles have not been transferred

The following properties have been taken under the investment property, but the title deeds have not been transferred to the group. However, the group has occupancy, has been earning rental from these properties and has been maintaining the properties for the full period of ownership, with no disputes or claims being raised on this.

Name of the property	Type of property	Carrying value (P) 2022	Carrying value (P) 2021
6384 Lobatse	Land for development	1 800 000	1 856 316

Details of valuation

In view of the fact that the fair value of the investment property 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.

The properties were valued in accordance with guidance notes prepared by RICS and International Valuation Standards for open market basis using sales comparable, depreciable replacement cost, discounted cash flow and income capitalisation approaches.

Valuers have assumed that the properties have been maintained at a reasonable state of repair and condition as noted on their inspection notes. None of the accredited valuers is connected to the company. They have adequate experience in location and category of the investment property being valued.

The group has engaged independent professional valuers in determining the fair value of investment properties of the group. Independent professional valuers perform comprehensive valuation for one-third of properties every year on a rotation basis and desktop valuation for the remaining two-thirds of the properties.

Investment property portfolio in Botswana

The independent valuers conduct a comprehensive valuation of one-third of the total properties. New properties are evaluated every year and a desktop valuation is conducted for the rest of the properties on a yearly basis.

The Botswana Property Portfolio was valued by Knight Frank based on information supplied by the company in June 2022 for P1,229,430,025. Included in this amount is P1,820,000 from the subsidiary Eminent (Pty) Ltd and fair value of the right-of-use assets to the tune of P1 219 290.

Investment property portfolio in South Africa

Properties owned by the subsidiary Q-Tique 79 (Proprietary) Limited in South Africa was valued by Ms. Susan Turner of Knight Frank Western Cape (Proprietary) Limited (Knight Frank WC). She holds recognised relevant professional qualifications and she is a member of the Council for Valuers Profession in South Africa and Institute of Valuers in South Africa. The valuer has relevant experience for the investment property valued. These properties were valued by Knight Frank WC for P194 888 694 at 30 June 2022.

Investment property portfolio in Zambia

Property owned by the subsidiary, The FaR Property Company Zambia (Proprietary) Limited in Zambia was valued by Mr Jonas Chilonga of Classic Property Consultant Limited for P32 426 888 (including right-of-use amounting to P1 036 261) at 30 June 2022.

3. INVESTMENT PROPERTY (continued)
Amounts recognised in profit and loss for the year

	Group		Company	
	2022	2021	2022	2021
Rental income from investment property	141 400 195	138 236 195	122 174 534	118 781 129
Recoveries	19 661 224	20 090 060	11 238 200	10 907 358
Cleaning	(863 944)	(620 115)	(693 988)	(462 391)
Insurance	(1 291 587)	(1 231 213)	(962 649)	(944 504)
Repairs and maintenance	(1 517 111)	(1 082 037)	(1 361 596)	(985 703)
Security	(1 483 862)	(1 160 894)	(740 384)	(711 579)
Utilities	(14 715 830)	(15 327 123)	(8 574 825)	(8 846 149)

Adjusted valuations

The following valuations were adjusted for consolidated and separate annual financial statements purposes to avoid double counting:

Valuation as per financial statements

Valuation obtained	1 456 745 607	1 393 401 188	1 227 610 025	1 172 606 469
Held for sale	—	(2 175 000)	—	(2 175 000)
Recognised lease smoothening adjustment	(40 098 637)	(38 504 064)	(38 785 809)	(37 396 213)
	1 416 646 970	1 352 722 124	1 188 824 216	1 133 035 256
Operating lease asset				
Current asset	6 320 098	5 705 554	5 657 789	5 524 291
Non-current asset	33 778 538	32 798 509	33 128 020	31 871 922
	40 098 636	38 504 063	38 785 809	37 396 213

The total operating expenses incurred for the unoccupied properties amounting to P365 145 (2021: P547 298)

**Information about fair value measurements using significant unobservable inputs (Level 3)
for 2022 – Group**

Valuation technique	Valuation	Input	Estimate	Impact lower	Impact higher
Sales comparison	264 610 834	Sales price per square metre of the property	Market value per sqm 10%	(26 461 083)	26 461 083
Depreciated replacement cost	60 515 119	Construction cost per square metre	Build rate per sqm 10%	(6 051 512)	6 051 512
Income capitalisation	1 131 619 655	Capitalisation rate	Capitalisation rate 1%	(113 088 121)	143 037 208
	1 456 745 608				

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

3. INVESTMENT PROPERTY (continued)

Information about fair value measurements using significant unobservable inputs (Level 3)
for 2022 – Company

Valuation technique	Valuation	Input	Estimate	Impact lower	Impact higher
Sales comparison	257 870 025	Sales price per square metre of the property	Market value per sqm 10%	(25 787 003)	25 787 003
Depreciated replacement cost	49 640 000	Construction cost per square metre	Build rate per sqm 10%	(4 964 000)	4 964 000
Income capitalisation	920 100 000	Capitalisation rate	Capitalisation rate 1%	(93 850 200)	93 850 200
	1 227 610 025				

Information about fair value measurements using significant unobservable inputs (Level 3)
for 2021 – Group

Valuation technique	Valuation	Input	Estimate	Impact lower	Impact higher
Sales comparison	242 345 079	Sales price per square metre of the property	Market value per sqm 10%	(24,234,508)	24,234,508
Depreciated replacement cost	41 273 708	Construction cost per square metre	Build rate per sqm 10%	(4,127,371)	41,273,71
Income capitalisation	1 109 782 401	Capitalisation rate	Capitalisation rate 1%	(105,884,428)	128,080,076
	1 393 401 188				

Information about fair value measurements using significant unobservable inputs (Level 3)
for 2021 – Company

Valuation technique	Valuation	Input	Estimate	Impact lower	Impact higher
Sales comparison	214 229 364	Sales price per square metre of the property	Market value per sqm 10%	(21,422,936)	21,422,936
Depreciated replacement cost	36 666 087	Construction cost per square metre	Build rate per sqm 10%	(3,666,609)	3,666,609
Income capitalisation	921 711 018	Capitalisation rate	Capitalisation rate 1%	(87,378,205)	105,812,425
	1 172 606 469				

3. INVESTMENT PROPERTY (continued)

Valuation techniques underlying estimation of fair value

For all properties in Botswana, South Africa and Zambia with a total carrying amount of P1 416 646 970 (2021: P1,352,722,124), the valuation was determined using depreciated replacement cost (DRC), sales comparison and income capitalisation based on significant unobservable inputs.

Key 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.

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.

4. PROPERTY, PLANT AND EQUIPMENT

Group	2022 Cost	2022 Accumulated depreciation	2022 Carrying value	2021 Cost	2021 Accumulated depreciation	2021 Carrying value
Plant and machinery	1 157 049	(395 379)	761 670	367 049	(281 317)	85 732
Furniture and fixtures	433 906	(426 258)	7 648	433 906	(408 589)	25 317
Motor vehicles	952 670	(417 830)	534 840	668 332	(327 674)	340 658
Office equipment	358 224	(343 778)	14 446	351 094	(341 921)	9 173
IT equipment	467 816	(465 907)	1 909	493 310	(489 317)	3 993
Total	3 369 665	(2 049 152)	1 320 513	2 313 691	(1 848 818)	464 873

Company	2022 Cost	2022 Accumulated depreciation	2022 Carrying value	2021 Cost	2021 Accumulated depreciation	2021 Carrying value
Plant and machinery	1 157 049	(395 379)	761 670	367 049	(281 317)	85 732
Furniture and fixtures	433 906	(426 258)	7 648	433 906	(408 589)	25 317
Motor vehicles	629 349	(258 237)	371 112	344 349	(200 152)	144 197
Office equipment	358 224	(343 778)	14 446	351 094	(341 921)	9 173
IT equipment	467 816	(465 907)	1 909	493 310	(489 317)	3 993
Total	3 046 344	(1 889 559)	1 156 785	1 989 708	(1 721 296)	268 412

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment – Group – 2022

	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Total
Opening balance						
Cost	367 049	433 906	668 332	351 094	493 310	2 313 691
Accumulated depreciation and impairment	(281 317)	(408 589)	(327 674)	(341 921)	(489 317)	(1 848 818)
Net book value at 1 July 2021	85 732	25 317	340 658	9 173	3 993	464 873
Additions	7 351 134	–	285 000	7 129	–	7 643 263
Disposals and scrapings	(6 561 134)	–	–	–	–	(6 561 134)
Foreign exchange movements	–	–	2 208	–	–	2 208
Depreciation	(114 062)	(17 669)	(93 026)	(1 856)	(2 084)	(228 697)
Net book value at 30 June 2022	761 670	7 648	534 840	14 446	1 909	1 320 513
Made up as follows:						
Cost	1 157 049	433 906	952 670	358 224	467 816	3 369 665
Accumulated depreciation and impairment	(395 379)	(426 258)	(417 830)	(343 778)	(465 907)	(2 049 152)
	761 670	7 648	534 840	14 446	1 909	1 320 513

Reconciliation of property, plant and equipment – Group – 2021

	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Total
Opening balance						
Cost	367 049	433 906	708 572	349 634	493 309	2 352 470
Accumulated depreciation and impairment	(257 522)	(390 855)	(316 533)	(340 459)	(487 234)	(1 792 603)
Net book value at 1 July 2020	109 527	43 051	392 039	9 175	6 075	559 867
Additions	–	–	–	266	1 195	1 461
Foreign exchange movements	–	–	24 446	–	–	24 446
Depreciation	(23 795)	(17 734)	(75 827)	(268)	(3 277)	(120 901)
Net book value at 30 June 2021	85 732	25 317	340 658	9 173	3 993	464 873
Made up as follows:						
Cost	367 049	433 906	668 332	351 094	493 310	2 313 691
Accumulated depreciation and impairment	(281 317)	(408 589)	(327 674)	(341 921)	(489 317)	(1 848 818)
	85 732	25 317	340 658	9 173	3 993	464 873

4. PROPERTY, PLANT AND EQUIPMENT (continued)
Reconciliation of property, plant and equipment – Company – 2022

	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Total
Opening balance						
Cost	367 049	433 906	344 349	351 094	493 310	1 989 708
Accumulated depreciation and impairment	(281 317)	(408 589)	(200 152)	(341 921)	(489 317)	(1 721 296)
Net book value at 1 July 2021	85 732	25 317	144 197	9 173	3 993	268 412
Additions	7 351 134	–	285 000	7 129	–	7 643 263
Disposals and scrapings	(6 561 134)	–	–	–	–	(6 561 134)
Depreciation	(114 062)	(17 669)	(58 085)	(1 856)	(2 084)	(193 756)
Net book value at 30 June 2022	761 670	7 648	371 112	14 446	1 909	1 156 785
Made up as follows:						
Cost	1 157 049	433 906	629 349	358 224	467 816	3 046 344
Accumulated depreciation and impairment	(395 379)	(426 258)	(258 237)	(343 778)	(465 907)	(1 889 559)
	761 670	7 648	371 112	14 446	1 909	1 156 785

Reconciliation of property, plant and equipment – Company – 2021

	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Total
Opening balance						
Cost	367 049	433 906	403 469	349 634	493 309	2 047 367
Accumulated depreciation and impairment	(257 522)	(390 855)	(216 920)	(340 459)	(487 234)	(1 692 990)
Net book value at 1 July 2020	109 527	43 051	186 549	9 175	6 075	354 377
Additions	–	–	–	266	1 195	1 461
Depreciation	(23 795)	(17 734)	(42 352)	(268)	(3 277)	(87 426)
Net book value at 30 June 2021	85 732	25 317	144 197	9 173	3 993	268 412
Made up as follows:						
Cost	367 049	433 906	344 349	351 094	493 310	1 989 708
Accumulated depreciation and impairment	(281 317)	(408 589)	(200 152)	(341 921)	(489 317)	(1 721 296)
	85 732	25 317	144 197	9 173	3 993	268 412

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5. INVESTMENT IN SUBSIDIARIES

Company		Holding 2022	Holding 2021	Carrying amount 2022	Carrying amount 2021
Name of company	Held by				
Q Tique 79 (Proprietary) Limited	South Africa	100.00%	100.00%	93	93
Eminent (Proprietary) Limited	Botswana	100.00%	100.00%	2 400 000	2 400 000
The FaR Property Company Zambia (Proprietary) Limited	Zambia	100.00%	100.00%	23 016 440	23 016 440
				25 416 533	25 416 533

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

Figures in Pula	Group		Company	
	2022	2021	2022	2021
6. DEFERRED INCOME TAX				
Deferred tax liability				
Accelerated capital allowances for tax purposes	(44 805 300)	(42 801 950)	(29 899 468)	(26 416 867)
Operating lease adjustment	(8 783 214)	(8 493 157)	(8 532 879)	(8 227 167)
Fair value adjustments	–	(6 058 401)	–	(6 058 401)
Prepaid expenses	(12 470)	(54 499)	–	–
Unrealised foreign exchange losses	(2 804 328)	(3 975 233)	(66 856)	(303 890)
Right-of-use asset	(268 243)	(253 226)	(268 243)	(253 226)
Total deferred tax liability	(56 673 555)	(61 636 466)	(38 767 446)	(41 259 551)
Deferred tax asset				
Unrealised foreign exchange gains	631	–	–	–
Allowance for doubtful accounts	552 398	544 174	482 081	458 473
Tax losses available for set off against future tax	6 847 399	4 946 962	–	–
Lease liabilities	472 679	492 539	472 679	492 539
Total deferred tax asset, net of valuation allowance recognised	7 873 107	5 983 675	954 760	951 012
Deferred tax liability	(56 673 555)	(61 636 466)	(38 767 446)	(41 259 551)
Deferred tax asset	7 873 107	5 983 675	954 760	951 012
Total net deferred tax liability	(48 800 448)	(55 652 791)	(37 812 686)	(40 308 539)

Figures in Pula	Group		Company	
	2022	2021	2022	2021
6. DEFERRED INCOME TAX (continued)				
Reconciliation of deferred tax asset/(liability)				
At beginning of year	(55 652 791)	(58 159 059)	(40 308 539)	(43 137 558)
Originating temporary difference on carried forward losses	1 900 437	3 802 712	–	–
Origination of deferred tax on foreign exchange differences	1 170 905	(5 465 731)	237 034	290 662
Originating temporary difference on operating lease	(290 057)	(473 492)	(305 711)	(777 618)
Originating temporary difference on capital allowance	(2 003 350)	(1 244 756)	(3 482 591)	(2 484 531)
Originating temporary difference on fair value adjustment	6 058 401	5 102 720	6 058 401	5 102 720
Originating temporary difference on allowance for doubtful accounts	8 224	470 640	23 608	458 473
Originating temporary difference on prepaid expenses	42 029	74 862	–	–
Origination of deferred tax on foreign exchange differences	631	–	–	–
Originating and temporary difference on right-of-use assets	(15 017)	(253 226)	(15 018)	(253 226)
Originating and temporary difference on lease liabilities	(19 860)	492 539	(19 870)	492 539
	(48 800 448)	(55 652 791)	(37 812 686)	(40 308 539)
7. RELATED PARTY RECEIVABLES/(PAYABLES)				
7.1 Loans to/(from) related companies				
Q Tique 79 (Proprietary) Limited	–	–	118 391 090	112 074 123
The FaR Property Company Zambia (Proprietary) Limited	–	–	(3 997 323)	–
7.2 Advances to/(from) related companies				
Eminent (Proprietary) Limited	–	–	(225 511)	(129 373)
Exelligent (Proprietary) Limited	505 600	–	505 600	–
Medupe Bridge Fin Corp (Proprietary) Limited	748 328	943 940	748 328	943 940
Strides of Success (Proprietary) Limited	4 150 874	2 989 757	4 150 874	2 989 757
Rootlet (Proprietary) Limited	–	350 000	–	350 000
	5 404 802	4 283 697	119 573 058	116 228 447
Loans and advances from related companies	–	–	(4 222 834)	(129 373)
Loans and Advances to related companies	5 404 802	4 283 697	123 795 892	116 357 820
	5 404 802	4 283 697	119 573 058	116 228 447

The loans to group companies do not carry any specific terms. These balances are repayable on demand and are not secured. The loan to Q Tique 79 (Proprietary) Limited carries interest at market interest rate of 15% (June 2021: 15%) per annum. The loan from The FaR Property Company Zambia Limited carries interest at market interest rate of 10% (June 2021: 0) per annum.

The group has assessed the recoverability of these balances and noted that these companies either have sufficient cash to settle the balances if demanded or recovery of these balances could be possible by realising the properties within a shorter period. Therefore, there is no impairment on these balances.

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Figures in Pula	Group		Company	
	2022	2021	2022	2021
8. TRADE AND OTHER RECEIVABLES				
Financial instruments:				
Trade receivables	7 956 745	11 145 042	6 804 265	7 542 762
Less: Loss allowance	(5 311 610)	(4 955 344)	(4 616 824)	(4 509 515)
Trade receivables at amortised cost	2 645 135	6 189 698	2 187 441	3 033 247
Other receivable	5 990 364	5 024 766	5 339 757	4 341 991
Deposits	535 728	761 149	197 273	422 001
Short-term advances	—	127 971	—	127 971
Advance towards asset purchase	4 774 298	—	4 774 298	—
Non-financial instruments:				
Prepayments	353 614	679 178	22 375	162 084
Refundable taxes	148 407	2 527	148 407	2 527
Total trade and other receivables	14 447 546	12 785 289	12 669 551	8 089 821

Advance towards asset purchase relates to advance given towards purchase of properties in Mathangwane, Kazungula and Borolong.

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for loan facilities of the group as disclosed under Note 13.

At 30 June 2022, age analyses of trade receivables are as follows:

Group	2022 Estimated gross carrying amount at default	2022 Loss allowance (Lifetime ECL)	2021 Estimated gross carrying amount at default	2021 Loss allowance (Lifetime ECL)
ECL rate:				
Less than 30 days	1 395 996	(54 537)	2 801 794	(137 441)
Between 31 and 60 days	614 867	(38 691)	2 237 400	(67 791)
Between 61 and 90 days	465 645	(58 173)	664 269	(95 677)
Between 91 and 120 days	286 743	(56 594)	465 474	(102 617)
More than 120 days	5 193 494	(5 103 615)	4 976 105	(4 551 818)
Total	7 956 745	(5 311 610)	11 145 042	(4 955 344)

Company	2022 Estimated gross carrying amount at default	2022 Loss allowance (Lifetime ECL)	2021 Estimated gross carrying amount at default	2021 Loss allowance (Lifetime ECL)
ECL rate:				
Less than 30 days	1 390 290	(50 910)	1 163 432	(122 347)
Between 31 and 60 days	403 007	(27 403)	574 337	(56 483)
Between 61 and 90 days	329 303	(43 744)	490 733	(77 865)
Between 91 and 120 days	211 981	(45 084)	379 810	(88 690)
More than 120 days	4 469 684	(4 449 683)	4 934 450	(4 164 130)
Total	6 804 265	(4 616 824)	7 542 762	(4 509 515)

Figures in Pula		Group		Company	
		2022	2021	2022	2021
8. TRADE AND OTHER RECEIVABLES (continued)					
Fair value of trade and other receivables					
Trade and other receivables		14 447 546	12 785 289	12 669 551	8 089 821
Credit quality of financial assets					
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.					
Movement in loss allowance					
Balance at beginning of year		(4 955 344)	(2 858 651)	(4 509 515)	(2 425 550)
Net movement for the year		(356 266)	(2 096 693)	(107 309)	(2 083 965)
		(5 311 610)	(4 955 344)	(4 616 824)	(4 509 515)
9. CASH AND CASH EQUIVALENTS					
Cash and cash equivalents consist of:					
Bank balances		32 707 218	28 252 977	30 214 600	18 041 696
Short-term deposits		–	5 347 175	–	5 347 175
Cash in hand		6 659	4 233	2 091	146
		32 713 877	33 604 385	30 216 691	23 389 017
Bank overdraft		–	(49 885 645)	–	(49 885 645)
For the purpose of the statement of cash flows, cash, cash equivalents and bank overdrafts include total cash assets less short-term borrowings.					
Cash and bank balances		32 713 877	33 604 385	30 216 691	23 389 017
Bank overdraft		–	(49 885 645)	–	(49 885 645)
		32 713 877	(16 281 260)	30 216 691	(26 496 628)
Credit quality of cash at bank and short-term deposits, excluding cash on hand					
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 external credit ratings (if available) or historical information about counterparty default rates. Credit risk of the group's cash and cash equivalents is minimised by investing cash resources only with reputable financial institutions.					
Cash at bank					
First Capital Bank Botswana Limited		25 463 279	16 855 970	25 463 279	16 855 970
Standard Bank South Africa Limited		559 541	6 803 789	–	–
Absa Bank Zambia Limited		1 933 077	3 407 492	–	–
First National Bank of Botswana Limited		1 946 300	396 069	1 946 300	396 069
Absa Bank Botswana Limited		752 244	68 226	752 244	68 226
Bank Gaborone Limited		2 052 777	–	2 052 777	–
Standard Chartered Bank Botswana Limited		–	(43 817 039)	–	(43 817 039)
		32 707 218	(16 285 493)	30 214 600	(26 496 774)

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. They are also subsidiaries of reputable financial institutions situated in South Africa.

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

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Figures in Pula	Group		Company	
	2022	2021	2022	2021
10. FINANCIAL ASSETS BY CATEGORY				
Financial assets at amortised cost				
Related-party receivables	5 404 802	4 283 697	123 795 892	116 357 820
Trade and other receivables	9 171 227	12 103 584	7 724 471	7 925 210
Cash and cash equivalents	32 707 218	33 600 152	30 214 600	23 388 871
	47 283 247	49 987 433	161 734 963	147 671 901

11. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The company had entered into an agreement for sale of asset with P F Brink (Proprietary) Limited on 21 June 2021 with respect to Lot 681, Tlokweg. This is part of strengthening the Investment Portfolio efficiency by re-allocating resources to more income earning assets.

Related income, expenses, assets and liabilities apportioned to the said property is classified as held for sale and presented separately.

There is no expected cash flow from the property as the agreement was concluded and the transfer of property was effected during the financial year.

The net cash flow from the discontinued operation is presented separately in the cash flow statement.

The carrying amounts of assets and liabilities and net result of operation in this disposal group are summarised as follows:

Figures in Pula	Group		Company	
	2022	2021	2022	2021
Profit and loss				
Revenue	–	237 001	–	237 001
Expenses	–	(40 729)	–	(40 729)
	–	196 272	–	196 272
Assets and liabilities				
Assets of disposal groups				
Investment property	–	2 175 000	–	2 175 000
12. STATED CAPITAL				
Linked units – issued and fully paid				
Linked units	460 336 206	447 710 838	460 336 206	447 710 838
Reconciliation of number of shares issued:				
Reported as at 1 July	447 710 838	426 530 831	447 710 838	426 530 831
Issued during the year	12 625 368	21 180 007	12 625 368	21 180 007
	460 336 206	447 710 838	460 336 206	447 710 838
The shares have no par value.				
Movement in stated capital				
Balance at beginning of year	506 803 422	455 971 406	506 803 422	455 971 406
Issued during the year	30 300 883	50 832 016	30 300 883	50 832 016
	537 104 305	506 803 422	537 104 305	506 803 422

13.

Figures in Pula	Group		Company	
	2022	2021	2022	2021
BORROWINGS				
Held at amortised cost				
First National Bank Botswana Limited	12 918 511	20 227 894	12 918 511	20 227 894

(The company has acquired a loan facility to the value of P50 million signed on 4 December 2015. This loan is repayable in 120 monthly instalments. The interest rates are equal to the bank's prime lending rate 6.26% plus 1% as at 30 June 2022).

Figures in Pula	Group		Company	
	2022	2021	2022	2021
BIFM Capital Investment Fund One (Proprietary) Limited	40 000 000	70 000 000	40 000 000	70 000 000

(The company has acquired a loan facility to the value of P100 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 30 June 2013 until 31 December 2022. The principal amount shall be repaid in stages with the first principal amount of P30 million being repaid on 31 December 2020, P30 million being repaid on 31 December 2021 and final principal amount of P40 million being repaid on 31 December 2022).

Figures in Pula	Group		Company	
	2022	2021	2022	2021
Investec Bank Limited	40 676 051	46 299 730	–	–

(The group has acquired a loan facility to the value of R82 million. This loan is repayable in 75 monthly installments commencing from 30 September 2014. Installments representing interest and capital to be paid monthly in arrears, amortising to a 75% residual amount of R61.5 million, payable on expiry of the facility. The interest rate is equal to 0.6% below Investec's prime rate.

Figures in Pula	Group		Company	
	2022	2021	2022	2021
Absa Bank Botswana Limited	189 260 714	139 494 425	189 494 426	139 494 425

The company has a loan facility with Absa Bank Botswana to the value of P189.38 million. This loan is repayable in 60 months with accrued interest payable monthly, the repayment of the principal commences on 1 November 2022. The interest rate is equal to prime rate plus 1.75%.

Figures in Pula	Group		Company	
	2022	2021	2022	2021
Bank Gaborone Limited	31 650 698	–	31 416 986	–

The company has entered into a new loan facility with Bank Gaborone to the value of P33 million. The loan is repayable in 60 monthly instalments. The interest is prime lending rate plus 2.5%.

Figures in Pula	Group		Company	
	2022	2021	2022	2021
	314 505 974	276 022 049	273 829 923	229 722 319

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13. BORROWINGS (continued)

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

- i. First covering mortgage bond by the borrower over the properties Plot 2610 Lobatse, Tribal Lot 79 & 80 Thamaga, Tribal Lot 2162 Thamaga, Tribal Lot 649 Gumare, Tribal Lot 29 Shashe, Tribal lot 2086, Tribal Lot 7722 Tlokweg, Tribal Lot 33086 Mogoditshane, in favour of First National Bank Botswana Limited.
- ii. Cession of all current and future rental streams and collection accounts held by the borrower.

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

- i. Cession of both comprehensive insurance and lease rentals over the mortgaged properties.
- 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 Lease Area No 5017 – KO and 5025 KO, Plot 30 and 31 Ghanzi, Plot 38 Ghanzi, Plot 1381 Pitsane, Tribal Lot 1571 Nata.

The loan from Investec Bank Limited is secured as follows:

- i. Covering mortgage bond over Erf 2913 Odendaalsrus.
- ii. Covering mortgage bond over Erf 934 Koster, Erf 676 Rodeon, Erf 2282 Rustenburg Ext 9, Erf 7185 Rustenburg Ext 9, Erf 16914 Boitekong, Erf 2973 Nylstroom and Portion 12 of Farm Leeuwkopje 415.
- iii. Covering mortgage bond over remaining extent of ERF 41 Magaliesburg for an amount of R13.9 million.
- iv. A first covering mortgage bond over Erven 2858 and 1341 Odendaalsrus Ext 2 for an amount of R10 million.
- v. A first covering mortgage bond by Findor Properties (Proprietary) Limited over notarial deed of lease over Erf 6162 Mafikeng.
- vi. Execution of a joint and several continuing guarantee by Mr. Farouk Ismail and Mr. Ottapathu Ramachandran and the FaR Property Company Limited to R50 million plus interest and costs, in favour of Investec.
- vii. Execution of a joint and several continuing suretyship by Findor Properties (Proprietary) Limited to R8 million plus interest and costs.
- viii. Cession in security of proceeds of Building Insurance Policy and SASRIA extension for the full asset value of the properties mortgaged.
- ix. Execution of a cession of all present and future rights, title, benefit and interest in, to and under the agreements in respect of the mortgaged properties.
- x. Cession in security of proceeds of Building Insurance Policy and SASRIA extension for the full asset value of any property to be mortgaged and the noting of Investec's interest on the Policy, or in the case of a sectional title property, the noting of Investec's interest as mortgagee by the Body Corporate.
- xi. Execution of a cession in security by Q Tique 79 (Proprietary) Ltd of all present and future right, title, benefit and interest in, to and under any agreement/s in respect of the property, concluded between this cedent and any third party, including without limitation, all right in, to and under any and all rentals received or receivable thereunder, in favour of Investec, in a form acceptable to Investec.

The loan from Absa Bank Botswana Limited is secured as follows:

- i. A first cover mortgage bond over Portion 196 of the farm Forest Hill No. 9 KO, Lots 296 and 297 Lobatse, Lot 1246 Gaborone, Tribal Lot 213 Maun, Lot 471 Lobatse, Tribal lot 292 and 16825 Maun, Lot 5690 Pitsane, Lot 4 and 9 Ghanzi, Plot 43517 (Portion of Lot 43544) Francistown, Plot 17981 Gaborone.
- ii. First mortgage bond over Plot 1275 Gaborone, Tribal Lot 1760 Pitsane, Portion 888. A portion of Portion 3 (KO GICP Gaborone, Portion 212 (Portion of Rem Extent Farm Portion 3) Farm No. 9 KO Gaborone, Plot 20602 Broadhurst Block 3 Gaborone, Portion 46 No. 9 KO GICP Gaborone, Tribal Lot 5481 & 5482 Mogoditshane, Portion 880 of Farm Forest Hill No. 9 KO GICP Gaborone.
- iii. Security cession of leases and rentals, proceeds in respect of a sale or transfer of the property, including, without limitation, any sale proceeds, bank accounts in which rentals are paid, revenues and proceeds in respect of insurance claims.
- iv. Subordination of all shareholder loans accounts in the borrower in favour of the Bank and any other documents designated as a security document by the Bank and borrower.

13. BORROWINGS (continued)

The loan from Bank Gaborone Limited was secured as follows:

- First continuing covering mortgage bond over Tribal Lot 51 Pandamatenga, Tribal Lot 4774 Metsimotlhabe, Tribal Lot 135 Modipane, Tribal Lot 6978 Kopong, Lot 70661 Gaborone and Tribal Lot 103 Tlokweng.
- Registered cession of fire policy for the properties noted in (i).

	Group		Company	
Figures in Pula	2022	2021	2022	2021
Split between non-current and current portions				
Non-current liabilities				
Non-current liabilities	250 654 997	232 979 491	215 943 161	192 645 873
Current liabilities				
Current liabilities	63 850 977	43 042 558	57 886 762	7 076 446
	314 505 974	276 022 049	273 829 923	229 722 319
14. LEASE LIABILITIES				
Minimum lease payments due				
– within one year	322 649	230 199	244 567	230 199
– in second to fifth year inclusive	2 083 429	1 223 683	1 668 956	1 223 683
– later than five years	5 722 419	2 361 863	1 656 649	2 361 863
	8 128 497	3 815 745	3 570 172	3 815 745
Less: future finance charges	(5 002 181)	(1 576 927)	(1 421 626)	(1 576 927)
Present value of minimum lease payments	3 126 316	2 238 818	2 148 546	2 238 818
Non-current liabilities				
At amortised cost	2 937 951	2 148 545	2 038 263	2 148 545
Current liabilities				
At amortised cost	188 365	90 273	110 283	90 273
	3 126 316	2 238 818	2 148 546	2 238 818
Total cash flow related to leases	230 199	269 967	230 199	269 967

The group entered into four lease agreements to sublet land. The lease agreement details are summarised below:

- The lease terms between 10 to 40 years
- There is an option to renew leases for a further five years
- Rentals escalate by 7% per annum

During the year, the company earned an amount of P2 033 353 (2021 : P1 885 238) from sub-letting its right-of-use assets.

Lease commitments

The lease commitment for the financial year ended 30 June 2022 were as follows:

- amount due within one year is P188 365 (June 2021: P90 273); and
- amount due after one year is P2 937 951 (June 2021: P2 148 545).

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Figures in Pula		Group		Company	
		2022	2021	2022	2021
15. TRADE AND OTHER PAYABLES					
Trade payables		4 084 529	3 969 113	3 352 310	3 334 522
Value added tax		1 247 935	1 258 835	1 025 359	1 021 251
Deposits received		6 106 044	5 664 578	5 523 779	5 156 789
Retention payable		1 754 972	1 186 346	1 754 972	1 186 346
Other payables		5 215 385	3 002 674	2 571 685	1 298 686
		18 408 865	15 081 546	14 228 105	11 997 594
The fair value of trade and other payables closely approximates the carrying value.					
16. DISTRIBUTION PAYABLE					
Balance at beginning of the year		79 692 529	71 657 180	79 692 529	71 657 180
Amount declared during year		84 701 862	79 692 529	84 701 862	79 692 529
Amount paid during year		(49 391 646)	(20 825 164)	(49 391 646)	(20 825 164)
Scrip in lieu of distribution on linked units		(30 300 883)	(50 832 016)	(30 300 883)	(50 832 016)
Balance at end of year		84 701 862	79 692 529	84 701 862	79 692 529
Linked unit distribution per linked unit in Thebe – declared during the year					
		18.40	17.80	18.40	17.80
17. FINANCIAL LIABILITIES BY CATEGORY					
Financial liabilities at amortised cost					
Borrowings		314 505 974	276 022 049	273 829 923	229 722 319
Related party payables		–	–	4 222 834	129 373
Trade and other payables		17 160 930	13 822 711	13 202 746	10 976 343
Bank overdraft		–	49 885 645	–	49 885 645
		331 666 904	339 730 405	291 255 503	290 713 680
18. REVENUE					
Rental income		137 515 009	134 237 977	118 358 626	113 475 704
Fuel rebates		2 426 312	1 770 798	2 426 312	1 770 798
Deferred lease adjustment		1 458 874	2 227 420	389 596	3 534 627
		141 400 195	138 236 195	122 174 534	118 781 129
19. OTHER INCOME					
Recoveries from tenants		19 661 224	20 090 060	11 238 200	10 907 358
Management fee		–	–	2 252 375	2 515 907
Sundry income		967 781	587 505	931 343	512 365
Gains on disposal of investment property		450 000	–	450 000	–
Gains on disposal of property, plant and equipment		133 724	–	133 724	–
		21 212 729	20 677 565	15 005 642	13 935 630
20. FINANCE INCOME					
Interest income – Banks		7 992	41 655	7 992	41 655
Interest income – Subsidiaries		–	–	16 371 049	14 644 043
Total interest income		7 992	41 655	16 379 041	14 685 698

	Group		Company	
	2022	2021	2022	2021
Figures in Pula				
21. FINANCE COSTS				
Bank borrowings	22 750 091	26 836 653	19 575 430	23 401 098
Lease liabilities	173 960	147 576	139 926	147 576
Interest cost – subsidiaries	–	–	238 077	–
Total finance costs	22 924 051	26 984 229	19 953 433	23 548 674
22. FAIR VALUE ADJUSTMENTS				
Investment property	12 019 438	(14 202 805)	18 136 394	1 692 475
23. OPERATING PROFIT/(LOSS)				
Operating profit for the year is stated after charging/(crediting) the following, among others:				
Legal expenses	910 518	872 431	876 420	674 811
Utilities	14 715 830	15 327 123	8 574 825	8 846 149
Depreciation on property, plant and equipment	228 697	120 901	193 756	87 426
Auditors' remuneration				
Charge for the year	900 281	840 546	575 624	538 742
Directors' remuneration	1 218 624	1 250 000	1 218 624	1 250 000
24. TAXATION				
Major components of the tax income				
Current				
Income tax expense for the year	2 284 406	2 371 748	1 892 222	2 182 747
Local income tax – recognised in current tax for the prior year	(31 254)	–	(33 227)	–
	2 253 152	2 371 748	1 858 995	2 182 747
Deferred				
Deferred income tax	(6 812 104)	(4 332 190)	(2 495 853)	(2 829 019)
	(4 558 952)	(1 960 442)	(636 858)	(646 272)
Reconciliation of accounting profit and tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	111 907 280	95 900 686	125 849 734	101 265 734
Tax at the applicable tax rate of 22% (2021: 22%)	24 619 602	21 098 151	27 686 941	22 278 461
Tax effect of adjustments on taxable income				
Income not subject to tax	(3 533 454)	(5 518 012)	(3 974 989)	(5 518 012)
Change of tax base of Investment properties	–	(251 118)	–	(251 118)
Effect of changes in country tax rates	(925 047)	(66 244)	–	–
Effect of interest on linked units to related companies	(18 466 700)	(17 374 762)	(18 466 700)	(17 374 762)
Expenses not allowed for tax purposes	30 271	461 179	–	458 473
Prior year under-provision	(31 254)	(309 636)	(33 227)	(239 314)
Loss on sale of asset	209 517	–	209 517	–
Capital gains tax	(6 058 400)	–	(6 058 400)	–
Effects of tax rate adjustment	(403 487)	–	–	–
	(4 558 952)	(1 960 442)	(636 858)	(646 272)

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Figures in Pula	Group		Company	
	2022	2021	2022	2021
25. CASH GENERATED FROM OPERATIONS				
Net profit from continuing operations before taxation	111 907 280	95 900 686	125 849 734	101 265 734
Adjustments for:				
Depreciation	228 697	120 901	193 756	87 426
Gain on disposal of property, plant and equipment	(133 724)	–	(133 724)	–
Finance income	(7 992)	(41 655)	(16 379 041)	(14 685 698)
Finance costs	22 924 051	26 984 229	19 953 433	23 548 674
Foreign exchange movement	2 256 496	(12 791 125)	449 441	232 913
Fair value adjustments	(12 019 438)	14 202 805	(18 136 394)	(1 692 475)
Movements in operating lease assets	(1 458 873)	(2 395 904)	(1 389 596)	(3 534 627)
Loss on disposal of investment property	1 694 194	400 000	1 402 350	400 000
Gains on disposal of investment property	(450 000)	–	(450 000)	–
Changes in working capital:				
Related party receivable	(1 121 105)	–	(7 438 072)	–
Related party payable	–	–	4 093 461	–
Trade and other receivables	(1 662 257)	26 132 190	(4 579 730)	22 083 092
Trade and other payables	3 327 319	(2 721 224)	2 230 510	(1 413 439)
	125 484 648	145 790 903	105 666 128	126 291 600
26. TAX PAID				
Balance at beginning of the year	(671 478)	(490 050)	(572 463)	145 880
Current tax for the year recognised in profit or loss	(2 253 152)	(2 371 748)	(1 858 995)	(2 182 747)
Effect of foreign currency translation	(395 157)	–	–	–
Balance at end of the year	516 874	671 478	255 117	572 463
	(2 802 913)	(2 190 320)	(2 176 341)	(1 464 404)
27. COMMITMENTS				
Authorised capital expenditure				
Investment property – contracted and not provided for	12 097 577	16 644 178	12 097 577	16 644 178
This committed expenditures relates to investment properties and will be financed by available bank facilities or available cash resources.				
Operating leases – as lessor (income)				
Minimum lease payments due				
– first year	128 607 237	127 863 936	111 067 604	111 359 088
– second year	91 409 139	84 822 726	86 330 329	80 108 685
– third year	74 606 327	68 930 513	70 155 656	65 099 686
– fourth year	61 452 119	57 273 590	58 291 547	54 090 599
– fifth year	44 831 171	42 211 249	42 961 494	39 865 350
– sixth year and onwards	174 250 185	170 930 580	173 968 626	161 431 078
	575 156 178	552 032 594	542 775 256	511 954 486

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.

28. RELATED PARTIES

Mr. Ottapathu Ramachandran and Mr. Farouk Ismail were directors and shareholders of the companies in the group.

Related parties comprise entities sharing common shareholders and directors with the company. Mr. Ottapathu Ramachandran is a director and a shareholder of the following companies. The following transactions were carried out with the related parties:

Related party balances

Investment in subsidiaries (Refer Note 5)

Related party receivables/payables (Refer Note 7)

Figures in Pula	Group		Company	
	2022	2021	2022	2021
Related party transactions				
Interest received from related parties				
Q Tique 79 (Proprietary) Limited	–	–	16 371 049	14 644 043
Interest paid to related parties				
The FaR Property Company Zambia (Proprietary) Limited	–	–	238 077	–
Management fees received from related parties				
Q Tique 79 (Proprietary) Limited	–	–	2 252 375	2 515 907
Loans given to related parties				
Q Tique 79 (Proprietary) Limited	–	–	265 028	272 378
Advances given to related parties				
Exelligent (Proprietary) Limited	505 600	–	505 600	–
Eminent (Proprietary) Limited	–	–	–	70 439
Medupe Bridge Fin Corp (Proprietary) Limited	–	25 424	–	25 424
Time Star (Proprietary) Limited	–	28 451	–	28 451
Rootlet (Proprietary) Limited	–	350 000	–	350 000
	505 600	403 875	505 600	474 314

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Figures in Pula	Group		Company	
	2022	2021	2022	2021
28. RELATED PARTIES (continued)				
Rental income received from related parties				
Aleris (Proprietary) Limited	468 700	419 328	468 700	419 328
Arcee (Proprietary) Limited	434 247	601 976	434 247	601 976
Auto World (Proprietary) Ltd	2 707 633	2 501 794	2 707 633	2 501 794
Bagpiper (Proprietary) Limited	1 324 166	1 226 080	1 324 166	1 226 080
Balanced Fortune (Proprietary) Limited	286 652	266 857	286 652	266 857
Choppies Distribution Centre (Proprietary) Limited	44 459 054	42 075 313	44 459 054	42 075 313
Choppies Supermarkets Limited (Zambia)	1 188 838	1 008 366	—	—
Cottonvale (Proprietary) Limited	49 116	45 902	49 116	45 902
Distron Botswana (Proprietary) Limited	183 587	171 128	183 587	171 128
Electrometric Enterprises (Proprietary) Limited	158 670	147 600	158 670	147 600
Feasible Investments (Proprietary) Limited	319 741	413 960	319 741	413 960
Honey Guide (Proprietary) Limited	1 746 882	1 620 716	1 746 882	1 620 716
ILO Industries (Proprietary) Limited	1 928 193	1 801 876	1 928 193	1 801 876
Industrial Filling Station (Proprietary) Limited	2 568 523	2 391 352	2 568 523	2 391 352
JB Sports (Proprietary) Limited	1 363 655	1 437 721	1 363 655	1 437 721
Keriotic Investments (Proprietary) Limited	136 044	168 304	136 044	168 304
Lubsoga (Proprietary) Limited	1 245 720	973 515	1 245 720	973 515
Peacock Blue (Proprietary) Limited	1 110 703	1 028 429	1 110 703	1 028 429
Pennywise Investments (Proprietary) Limited	325 413	229 287	325 413	229 287
Presprime Investments (Proprietary) Limited	—	158 870	—	158 870
Princieton (Proprietary) Limited	88 560	89 378	88 560	89 378
Prosperous People (Proprietary) Limited	1 097 747	1 093 336	1 097 747	1 093 336
RBV Consultants (Proprietary) Limited	14 865	14 039	14 865	14 039
Real Plastic (Proprietary) Limited	74 160	77 580	74 160	77 580
Shaysons Investments (Proprietary) Limited	3 281 546	3 133 630	3 281 546	3 133 630
Tim Tam (Proprietary) Limited	298 066	304 625	298 066	304 625
Vet Agric Suppliers (Proprietary) Limited	273 846	216 053	273 846	216 053
Weal (Proprietary) Limited	572 253	578 858	572 253	578 858
ZCX Investments (Proprietary) Limited	838 286	810 527	838 286	810 527
	68 544 866	65 006 400	67 356 028	63 998 034
Goods and services purchased from related parties				
Alpha Direct Insurance Company (Proprietary) Limited	854 507	843 738	854 507	843 738
Balanced Fortune (Proprietary) Limited	102 024	90 607	102 024	90 607
Choppies Distribution Centre (Proprietary) Limited	253 100	168 674	253 100	168 674
Cottonvale (Proprietary) Limited	28 940	27 709	28 940	27 709
Electrometric Enterprises (Proprietary) Limited	101 832	109 222	101 832	109 222
Feasible investment (Proprietary) Limited	29 479	75 308	29 479	75 308
Pennywise (Proprietary) Limited	208 091	98 857	208 091	98 857
	1 577 973	1 414 115	1 577 973	1 414 115

Figures in Pula	Group		Company	
	2022	2021	2022	2021
28. RELATED PARTIES (continued)				
Amount due from related parties included in trade receivables				
Acree (Proprietary) Limited	15 575	–	15 575	–
Aleris (Proprietary) Limited	35 325	51 162	35 325	51 162
Auto World (Proprietary) Ltd	–	964 279	–	964 279
Bagpiper (Proprietary) Limited	128 981	119 426	128 981	119 426
Balanced Fortune (Proprietary) Limited	16 900	–	16 900	–
Cottonvale (Proprietary) Limited	4 208	–	4 208	–
Electrometic Enterprises (Proprietary) Limited	15 423	–	15 423	–
Honey Guide (Proprietary) Limited	–	153 792	–	153 792
ILO Industries (Proprietary) Limited	–	172 655	–	172 655
JB Sports (Proprietary) Limited	3 000	65 236	3 000	65 236
Keriotic Investments (Proprietary) Limited	–	70 543	–	70 543
Peacock Blue (Proprietary) Limited	–	100 813	–	100 813
Pennywise Investments (Proprietary) Limited	36 493	28 718	36 493	28 718
RBV Consultants (Proprietary) Limited	–	1 412	–	1 412
Shaysons Investments (Proprietary) Limited	–	285 432	–	285 432
Tim Tam (Proprietary) Limited	–	2 500	–	2 500
	255 905	2 015 968	255 905	2 015 968
Amount due to related parties included in trade payables				
Balanced Fortune (Proprietary) Limited	–	554	–	554
Choppies Distribution Centre (Proprietary) Limited	–	8 668	–	8 668
Cottonvale (Proprietary) Limited	–	7 142	–	7 142
Electrometic Enterprises (Proprietary) Limited	8 810	9 608	8 810	9 608
Feasible Investments (Proprietary) Limited	7 590	2 035	7 590	2 035
	16 400	28 007	16 400	28 007
Key management compensation				
Key management includes directors (executive and non-executive) and members of the Executive Committee. The directors are paid P25 000 (2021: P25 000) net of tax, per sitting. The compensation paid or payable to key management for employee services is shown below:				
Directors' fee	1 218 624	1 250 000	1 218 624	1 250 000
Salaries and short-term employee benefits	1 565 407	1 599 329	1 565 407	1 599 329
Other long-term benefits	153 612	295 773	153 612	295 773
	2 937 643	3 145 102	2 937 643	3 145 102

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29. 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 13 and related party payable 7, cash and cash equivalents disclosed in note 9 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.

The capital structure and gearing ratio of the group at the reporting date was as follows:

		Group		Company	
Figures in Pula		2022	2021	2022	2021
Related party payable	28	—	—	225 511	129 373
Borrowings	13	314 505 974	76 022 049	273 829 923	229 722 319
Bank overdraft		—	49 885 645	—	49 885 645
Total debt		314 505 974	325 907 694	274 055 434	279 737 337
Cash and cash equivalents	9	(32 713 877)	(33 604 385)	(30 216 691)	(23 389 017)
Net debt		281 792 097	292 303 309	243 838 743	256 348 320
Equity		1 040 572 005	965 294 574	1 003 666 404	931 580 791
Total capital		1 322 364 102	1 257 597 883	1 247 505 147	1 187 929 111
Gearing ratio		21%	23%	20%	22%

Financial risk management

Overview

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 the group finance department under policies approved by the board.

The group finance department identifies and evaluates financial risks in close cooperation 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.

29. 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:

Figures in Pula	Group		Company	
	2022	2021	2022	2021
Financial instruments				
Related party receivables	5 404 802	4 283 697	123 795 892	116 357 820
Trade and other receivables	9 171 227	12 103 584	7 724 471	7 925 210
Cash and cash equivalents	32 707 218	33 600 152	30 214 600	23 388 871
	47 283 247	49 987 433	161 734 963	147 671 901

Credit risk with respect to trade receivables is minimised by the diverse tenant base. Credit checks are performed prior to concluding leases and arrear 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 8 and 9.

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 P32 713 877 (2021: P33 604 385) 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 2021, the Group's current liabilities exceed its current assets by P108.78 million. The liquidity gap is managed with the cash flow generated from the contractual rental income.

Management monitors rolling forecasts of the group's liquidity reserve comprising the undrawn borrowing facilities and cash and cash equivalents (note 9) 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.

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29. RISK MANAGEMENT (continued)

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 discounted cash flows.

		Group – 2022				
		Less than 1 year	2 to 5 years	Over 5 years	Contractual amount	Carrying amount
Non-current liabilities						
Borrowings	13	–	250 654 997	–	250 654 997	250 654 997
Lease liabilities	14	–	2 083 429	5 722 419	7 805 848	7 805 848
Current liabilities						
Trade and other payables	15	18 408 865	–	–	18 408 865	18 408 865
Borrowings	13	63 850 977	–	–	63 850 977	63 850 977
Distribution payable	16	84 701 862	–	–	84 701 862	84 701 862
Lease liabilities	14	322 649	–	–	322 649	322 649
		167 284 353	252 738 426	5 722 419	425 745 198	425 745 198

		Group – 2021				
		Less than 1 year	2 to 5 years	Over 5 years	Contractual amount	Carrying amount
Non-current liabilities						
Borrowings	13	–	232 979 491	–	232 979 491	232 979 491
Lease liabilities	14	–	1 223 683	2 361 863	3 585 546	2 148 545
Current liabilities						
Trade and other payables	14	15 081 546	–	–	15 081 546	15 081 546
Borrowings	13	43 042 558	–	–	43 042 558	43 042 558
Distribution payable	16	79 692 529	–	–	79 692 529	79 692 529
Bank overdraft	9	49 885 645	–	–	49 885 645	49 885 645
Lease liabilities	14	230 199	–	–	230 199	230 199
		187 932 477	234 203 174	2 361 863	424 497 514	423 060 513

		Company – 2022				
		Less than 1 year	2 to 5 years	Over 5 years	Contractual amount	Carrying amount
Non-current liabilities						
Borrowings	13	–	215 943 161	–	215 943 161	215 943 161
Lease liabilities	14	–	1 668 956	1 656 649	3 325 605	3 325 605
Current liabilities						
Trade and other payables	14	14 228 105	–	–	14 228 105	14 228 105
Related-party payables	7	4 222 834	–	–	4 222 834	4 222 834
Borrowings	13	57 886 762	–	–	57 886 762	57 886 762
Distribution payable	16	84 701 862	–	–	84 701 862	84 701 862
Lease liabilities	14	244 567	–	–	244 567	244 567
		161 284 130	217 612 117	1 656 649	380 552 896	380 552 896

29. RISK MANAGEMENT (continued)

RISK MANAGEMENT (continued)

		Company – 2021				
		Less than 1 year	2 to 5 years	Over 5 years	Contractual amount	Carrying amount
Non-current liabilities						
Borrowings	13	–	192 645 873	–	192 645 873	192 645 873
Lease liabilities	14	–	1 223 683	2 361 863	3 585 546	3 585 546
Current liabilities						
Trade and other payables	15	11 997 594	–	–	11 997 594	11 997 594
Related-party payable	7	129 373	–	–	129 373	129 373
Borrowings	13	37 076 446	–	–	37 076 446	37 076 446
Distribution payable	16	79 692 529	–	–	79 692 529	79 692 529
Bank overdraft	9	49 885 645	–	–	49 885 645	49 885 645
Lease liabilities	14	230 199	–	–	230 199	230 199
		179 011 786	193 869 556	2 361 863	375 243 205	375 243 205

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. The group's borrowings at variable rate were denominated in 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 and 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 period's 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 management. If interest rates on Pula denominated and Rand denominated borrowings had been 1% higher/lower with all other variables held constant, the impact on profit before tax for the year was as follows:

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group	Impact lower		Impact higher	
Pula denominated borrowings	2 765 900	2 873 471	(2 263 306)	(3 138 840)
South African Rand denominated borrowings	379 209	1 411 362	(379 209)	(1 194 237)
Company				
Pula denominated borrowings	2 765 900	2 319 425	(2 263 306)	(1 904 188)
South African Rand denominated borrowing	–	217 125	–	(822 858)

Foreign exchange risk

Foreign exchange rate risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. The potential for loss arises from the process of revaluing foreign currency positions on both on- and off-balance sheet items, in Botswana Pula terms.

As at 30 June 2022, if Rand that the group is exposed to had weakened or strengthened by 5% against the respective functional currencies with all other variables held constant, group profit for the year would have been P6 641 109 (2021: P7 555 745) higher/lower and the company profit for the year would have been P13 339 (2021: P11 646) higher/lower, mainly as a result of foreign exchange gains and losses on translation of foreign currency denominated assets and liabilities.

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30. 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.

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

	Group			Company		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
2022						
Cash and cash equivalents	32 713 877	–	–	30 216 691	–	–
2021						
Cash and cash equivalents	33 604 385	–	–	23 389 017	–	–
Bank overdraft	(49 885 645)	–	–	(49 885 645)	–	–

There have been no transfers between any of the hierarchy levels during the year (2021: nil).

Level 1 financial assets include only cash and cash equivalents and bank overdrafts 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:

	Group			Company		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
2022						
Assets						
Related-party receivables	–	–	5 404 802	–	–	123 795 892
Trade and other receivables	–	–	13 945 525	–	–	12 498 769
Liabilities						
Borrowings	–	–	314 505 974	–	–	273 829 923
Related-party payables	–	–	–	–	–	4 222 834
Trade and other payables	–	–	17 160 930	–	–	13 202 746
2021						
Assets						
Related-party receivables	–	–	4 283 697	–	–	116 357 820
Trade and other receivables	–	–	12 103 584	–	–	7 925 210
Liabilities						
Borrowings	–	–	276 022 049	–	–	229 722 319
Related-party payable	–	–	–	–	–	129 373
Trade and other payables	–	–	13 822 711	–	–	10 976 343

31. 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 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.

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

	Group			Company		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
2022						
Investment property	–	–	1 416 646 970	–	–	1 188 824 216
2021						
Investment property	–	–	1 352 722 124	–	–	1 133 035 256

There have been no transfers between any of the hierarchy levels during the year (2021: nil).

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

Level 3 financials 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 1.2 and note 3.

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.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

32. EARNINGS PER LINKED UNIT

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

Figures in Pula	Group		Company	
	2022	2021	2022	2021
Net profit for the year from continuing operations attributable to linked unitholders	116 466 232	97 861 128	126 486 592	101 912 006
Net profit from discontinuing operations	—	196 272	—	196 272
Weighted average number of linked units in issue	455 320 649	433 421 256	455 320 649	433 421 256
Basic earnings per linked unit (thebe)	25.58	22.62	27.78	23.56
Basic headline earnings per linked unit (thebe)	26.09	23.13	28.13	24.05
The company has no dilutive potential linked units, the diluted earnings per linked unit are the same as the basic earnings per linked unit.				
Reconciliation between earnings and headline earnings				
Net profit for the year from continuing operations attributable to linked unitholders	116 466 232	97 861 128	126 486 592	101 912 006
Net profit from discontinuing operations	—	196 272	—	196 272
Remeasurement:				
Loss on disposal of investment property	1 694 194	—	1 402 350	—
Gain on disposal of investment property	(450 000)	—	(450 000)	—
Impairment losses	1 521 629	2 298 850	978 398	2 207 548
(Profit)/loss on disposal of plant and equipment	(133 724)	400 000	(133 724)	400 000
Tax effect on re-measurement	(309 412)	(494 792)	(215 248)	(485 661)
	118 788 919	100 261 458	128 068 368	104 230 165

33. EVENTS AFTER THE REPORTING PERIOD

There were no material events were identified after reporting period.

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.

Information about major customers

The revenue of the following customer amounts to more than 10% of the company's total revenue for the year ended 30 June 2022.

This customer belongs to the "industrial properties" operating segment.

	2022	2021
Choppies Distribution Centre (Proprietary) Limited	44 459 054	42 075 313

Reportable segments

Management has determined the operating segments based on the reports reviewed by the board in making strategic decisions and the Board considered

"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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

34. OPERATING SEGMENTS (continued)

The segment information provided to the board for the reportable segments for the year ended 30 June 2022 is as follows:

Company	Residential	Commercial	Industrial	Others	Total
Revenue	11 036 601	55 127 232	54 621 105	1 389 596	122 174 534
Other income	971 890	6 583 653	3 638 810	3 811 289	15 005 642
Operating expenses	(2 489 804)	(7 616 609)	(3 849 713)	(11 486 877)	(25 443 003)
Finance income	-	-	-	16 379 041	16 379 041
Finance cost	-	-	-	(19 953 433)	(19 953 433)
Foreign exchange gain/(loss)	-	-	-	(449 441)	(449 441)
Investment property fair value adjustment	1 738 574	13 309 927	3 087 893	-	18 136 394
Income tax	-	-	-	636 858	636 858
	11 257 261	67 404 203	57 498 095	(9 672 967)	126 486 592
Segment assets	111 765 718	610 847 882	504 996 425	194 210 212	1 421 820 237

Reconciliation to total assets as reported in the statement of financial position

	Residential	Commercial	Industrial	Others	Total
Property, plant and equipment	-	-	-	1 156 785	1 156 785
Investment property	111 454 191	594 945 700	482 424 325	-	1 188 824 216
Investments in subsidiaries	-	-	-	25 416 533	25 416 533
Related party receivables	-	-	-	123 795 892	123 795 892
Operating lease asset	311 527	15 902 182	22 572 100	-	38 785 809
Trade and other receivables	-	-	-	12 669 551	12 669 551
Cash and cash equivalents	-	-	-	30 216 691	30 216 691
Deferred income tax assets	-	-	-	954 760	954 760
Total assets as reported in the statement of financial position	111 765 718	610 847 882	504 996 425	194 210 212	1 421 820 237
Total liabilities	-	-	-	418 153 833	418 153 833

34. OPERATING SEGMENTS (continued)

The segment information provided to the board for the reportable segments for the year ended 30 June 2021 is as follows:

Company	Residential	Commercial	Industrial	Others	Total
Revenue	11 061 949	52 331 105	51 853 448	3 534 627	118 781 129
Other income	923 800	4 705 885	3 506 875	4 799 070	13 935 630
Operating expenses	(1 202 729)	(8 498 789)	(3 855 115)	(10 490 978)	(24 047 611)
Finance income	-	-	-	14 685 698	14 685 698
Finance cost	-	-	-	(23 548 674)	(23 548 674)
Foreign exchange gain/(loss)	-	-	-	(232 913)	(232 913)
Investment property fair value adjustment	3 715 426	(5 719 162)	3 696 211	-	1 692 475
Income tax	-	-	-	646 272	646 272
	14 498 446	42 819 039	55 201 419	(10 606 898)	101 912 006
Segment assets	162 630 009	557 889 159	452 087 301	174 472 615	1 347 079 084

Reconciliation to total assets as reported in the statement of financial position

	Residential	Commercial	Industrial	Others	Total
Property, plant and equipment	-	-	-	268 412	268 412
Investment property	156 341 426	547 044 257	429 649 573	-	1 133 035 256
Investments in subsidiaries	-	-	-	25 416 533	25 416 533
Related party receivables	-	-	-	116 357 820	116 357 820
Operating lease asset	4 113 583	10 844 902	22 437 728	-	37 396 213
Trade and other receivables	-	-	-	8 089 821	8 089 821
Cash and cash equivalents	-	-	-	23 389 017	23 389 017
Deferred income tax assets	-	-	-	951 012	951 012
Assets included in disposal group classified as held for sale	2 175 000	-	-	-	2 175 000
Total assets as reported in the statement of financial position	162 630 009	557 889 159	452 087 301	174 472 615	1 347 079 084
Total liabilities	-	-	-	415 498 292	415 498 292

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

34. OPERATING SEGMENTS (continued)

The segment information provided to the board for the reportable segments for the year ended 30 June 2022 is as follows:

Group	Botswana			
	Residential	Commercial	Industrial	Other
Revenue	11 139 801	55 127 232	54 621 105	1 389 596
Other Income	971 890	6 583 653	3 638 810	3 767 406
Operating expenses	(2 500 546)	(7 616 609)	(3 849 713)	(11 486 877)
Finance income	—	—	—	16 379 041
Finance cost	—	—	—	(19 749 390)
Foreign exchange gain/(loss)	—	—	—	(449 441)
Investment property fair value adjustment	1 808 574	13 309 927	3 087 893	—
Income tax	—	—	—	636 858
	11 419 719	67 404 203	57 498 095	(9 512 807)
Segment assets	113 585 718	610 847 882	504 996 425	50 485 317
Property, plant and equipment	—	—	—	1 156 785
Investment property	113 274 191	594 945 700	482 424 325	—
Related party receivables	—	—	—	5 404 802
Operating lease asset	311 527	15 902 181	22 572 100	—
Trade and other receivables	—	—	—	12 752 279
Cash and cash equivalents	—	—	—	30 216 691
Deferred income tax assets	—	—	—	954 760
Total assets as reported in the statement of financial position	113 585 718	610 847 881	504 996 425	50 485 317
Total liabilities excluding disposal group		—	—	418 153 833

	South Africa				Zambia				
	Residential	Commercial	Industrial	Other	Residential	Commercial	Industrial	Other	Total
	124 665	14 388 008	2 102 388	(22 314)	–	2 438 122	–	91 592	141 400 195
	–	6 909 931	1 545 286	(2 215 937)	–	11 690	–	–	21 212 729
	(487 893)	(6 678 354)	(2 976 825)	(1 260 633)	–	(695 077)	–	–	(37 552 527)
	–	–	–	(16 371 049)	–	–	–	–	7 992
	–	–	–	(3 174 661)	–	–	–	–	(22 924 051)
	–	–	–	(580 268)	–	–	–	(1 226 787)	(2 256 496)
	43 792	(1 726 853)	(4 992 852)	–	–	488 957	–	–	12 019 438
	–	–	–	4 316 251	–	–	–	(394 157)	4 558 952
	(319 436)	12 892 732	(4 322 003)	(19 308 611)	–	2 243 692	–	(1 529 352)	116 466 232
	1 668 972	114 217 193	75 718 096	12 253 258	–	34 732 590	–	–	1 518 505 451
	–	–	–	163 728	–	–	–	–	1 320 513
	1 660 463	113 715 122	75 377 709	3 284 432	–	31 965 028	–	–	1 416 646 970
	–	–	–	–	–	–	–	–	5 404 802
	8 510	502 071	340 387	–	–	461 860	–	–	40 098 636
	–	–	–	1 326 496	–	368 771	–	–	14 447 546
	–	–	–	560 255	–	1 936 931	–	–	32 713 877
	–	–	–	6 918 347	–	–	–	–	7 873 107
	1 668 973	114 217 193	75 718 096	12 253 258	–	34 732 590	–	–	1 518 505 451
	–	–	–	59 036 176	–	–	–	743 437	477 933 446

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

34. OPERATING SEGMENTS (continued)

The segment information provided to the board for the reportable segments for the year ended 30 June 2021 is as follows:

Group	Botswana			
	Residential	Commercial	Industrial	Other
Revenue	11 157 949	52 331 105	51 853 448	3 534 627
Other income	923 800	6 476 683	3 506 875	512 365
Operating expenses	(1 247 799)	(8 498 789)	(3 855 115)	(10 490 978)
Finance income	—	—	—	14 685 698
Finance cost	—	—	—	(23 548 674)
Foreign exchange gain/(loss)	—	—	—	(232 913)
Investment property fair value adjustment	3 715 426	(5 719 162)	3 696 211	—
Income tax	—	—	—	646 272
	14 549 376	44 589 837	55 201 419	(14 893 603)
Segment assets	164 380 009	557 889 159	452 087 301	36 981 959
Property, plant and equipment	—	—	—	268 412
Investment property	158 091 426	547 044 257	429 649 573	—
Related party receivables	—	—	—	4 283 697
Operating lease asset	4 113 583	10 844 902	22 437 728	—
Trade and other receivables	—	—	—	8 089 821
Cash and cash equivalents	—	—	—	23 389 017
Assets included in disposal group classified as held for sale	2 175 000	—	—	—
Deferred income tax assets	—	—	—	951 012
Total assets as reported in the statement of financial position	164 380 009	557 889 159	452 087 301	36 981 959
Total liabilities excluding disposal group	—	—	—	415 498 292

South Africa				Zambia				Total
Residential	Commercial	Industrial	Other	Residential	Commercial	Industrial	Other	
181 726	13 128 702	5 465 822	(1 276 939)	–	1 890 023	–	(30 268)	138 236 195
–	6 092 485	3 085 790	75 140	–	4 427	–	–	20 677 565
(56 178)	(6 057 694)	(3 212 819)	(854 516)	–	(384 931)	–	–	(34 658 819)
–	–	–	(14 644 043)	–	–	–	–	41 655
–	–	–	(3 435 555)	–	–	–	–	(26 984 229)
–	–	–	13 024 038	–	–	–	–	12 791 125
(151 137)	(5 365 374)	(11 970 433)	–	–	1 591 665	–	–	(14 202 804)
–	–	–	1 503 172	–	–	–	(189 002)	1 960 442
(25 589)	7 798 119	(6 631 640)	(5 608 703)	–	3 101 184	–	(219 270)	97 861 130
3 120 167	116 275 601	79 325 388	16 638 421	–	23 825 101	–	–	1 450 523 106
–	–	–	196 461	–	–	–	–	464 873
3 109 650	115 693 294	79 044 812	–	–	20 089 112	–	–	1 352 722 124
–	–	–	–	–	–	–	–	4 283 697
10 517	582 307	280 576	–	–	234 450	–	–	38 504 063
–	–	–	4 604 009	–	91 459	–	–	12 785 289
–	–	–	6 805 288	–	3 410 080	–	–	33 604 385
–	–	–	–	–	–	–	–	2 175 000
–	–	–	5 032 663	–	–	–	–	5 983 675
3 120 167	116 275 601	79 325 388	16 638 421	–	23 825 101	–	–	1 450 523 106
–	–	–	69 537 363	–	–	–	192 876	485 228 531

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

35. GOING CONCERN

The directors have made an assessment of the group's ability to continue as a going concern and are satisfied that the group has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the group's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

The group has taken into consideration the following mitigating factors in its assessment for going concern basis of accounting, among other things:

- New projects in the pipeline to fund for growth and stability;
- Future-oriented strategies for new Investments; and
- Evolution of new revenue models for Property management sector as a whole.

Management is not aware of any significant impact on the group's operations to date. Management currently has an appropriate response plan in place and will continue to monitor and assess the ongoing development and will respond accordingly. Management has prepared future cash flow forecasts and budget taking into cognisance the above developments and performed sensitivity analysis of the key assumptions used therein to assess whether the company would be able to operate as a going concern for a period of at least 12 months from the date of financial statements, and concluded that the going concern basis of accounting used for preparation of the accompanying financial statements is appropriate with no material uncertainty.

The directors are of the view that the group remains a going concern and that there are no material uncertainties that would impact the financial statements as at the reporting date.

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ANALYSIS OF LINKED UNITHOLDERS

Shareholder analysis 2022

	Number of shareholders 2022	Number of shares held 2022	Percentage of holdings 2022	Number of shareholders 2021	Number of shares held 2021	Percentage of holdings 2021
1 – 1 000	374	121 644	0.03	376	122 309	0.03
1 001 – 10 000	131	503 386	0.11	133	519 746	0.12
10 001 – 100 000	58	2 103 144	0.46	59	2 230 827	0.50
100 001 – 1 000 000	21	6 127 899	1.33	21	6 076 636	1.35
1 000 001 and above	12	451 480 133	98.1	11	438 761 320	98.00
Total	596	460 336 206	100.00	600	447 710 838	100.00

Top five shareholders

Name of top five shareholders	Number of shares held 2022	Percentage of holdings 2022	Number of shares held 2021	Percentage of holdings 2021
Ramachandran Ottapathu	132 820 677	28.85	124 232 030	27.75
Farouk Ismail	132 717 953	28.83	128 430 515	28.69
Platinum Compass (Pty) Ltd	104 045 430	22.60	104 045 430	23.24
Botswana Public Officers Pension Fund	50 162 202	10.90	70 271 895	15.70
Botswana Insurance Fund Management	19 670 723	4.27	–	0.00
Total	439 416 985	95.46	426 979 870	95.38

List of shareholders holding above 5%

Name of top five shareholders	Number of shares held 2022	Percentage of holdings 2022	Number of shares held 2021	Percentage of holdings 2021
Ramachandran Ottapathu	132 820 677	28.85	124 232 030	27.75
Farouk Ismail	132 717 953	28.83	128 430 515	28.69
Platinum Compass (Pty) Ltd	104 045 430	22.60	104 045 430	23.24
Botswana Public Officers Pension Fund	50 162 202	10.90	70 271 895	15.70
Total	419 746 262	91.18	426 979 870	95.38

Details	Number of shareholders 2022	Number of shares held 2022	Percentage of holdings 2022	Number of shareholders 2021	Number of shares held 2021	Percentage of holdings 2021
Public	588	194 475 654	42.25	597	194 535 662	43.45
Non-public	3	265 860 552	57.75	3	253 175 176	56.55
Total	591	460 336 206	100.00	600	447 710 838	100.00

Shareholders classifications

Details	Number of shareholders 2022	Number of shares held 2022	Percentage of holdings 2022	Number of shareholders 2021	Number of shares held 2021	Percentage of holdings 2021
Individual	541	3 169 718	0.69	546	2 501 257	0.56
Companies	15	104 802 840	22.77	15	104 802 436	23.41
Institutional investors	32	86 503 096	18.79	32	87 231 969	19.48
Directors	3	265 860 552	57.75	7	253 175 176	56.55
Total	591	460 336 206	100.00	600	447 710 838	100.00

Directors' holdings	Number of shares held 2022	Percentage of holdings 2022	Number of shares held 2021	Percentage of holdings 2021
Ramachandran Ottapathu	132 820 677	28.85	124 441 119	27.79
Vidya Sanooj	321 922	0.07	303 542	0.07
Faizel Ismail (through his family)	132 717 953	28.83	128 430 515	28.69
Reetsang Willie Mokgatlhe	—	—		
Ranjith Priyalal De Silva	—	—		
Bafana Kgotla Molomo	—	—		
Rajesh Jayrajh	—	—		
Total	265 860 552	57.75	253 175 176	56.55

NOTICE OF ANNUAL GENERAL MEETING

The FaR Property Company Limited

Notice is hereby given that the 2022 Annual General Meeting of Unitholders of The FaR Property Company Limited will be held on 12 December 2022 at The Grand Aria Hotel, Plot No 32943, Gaborone at 16:30 PM for the purpose of transacting the following business and considering and if thought fit to adopt with or without amendment the resolutions proposed:

Agenda

1. To read the notice convening the meeting.
2. To receive, consider and adopt the audited annual financial statements of the company for the year ended 30 June 2022 together with the directors' and auditor's reports thereon.
3. To confirm distribution number 7 of 18.40 thebe to unitholders, comprising 18.23 thebe interest and 0.17 thebe dividend for the year ended 30 June 2022 as recommended by the Board of Directors, it being noted that an additional 13 767 297 linked units were issued to unitholders, who elected to capitalise distribution number 7 in terms of the notice to unitholders dated 29 September 2022.
4. To re-elect Mr Rajeshkumar Jayrajh as a Director of the company, who retires by rotation in accordance with clause 20.9.1 of the constitution and, being eligible, offers himself for re-election. A brief CV of Mr Jayrajh is included in the integrated annual report. The Board recommends the re-election of Mr Jayrajh as a Director of the company.
5. To confirm the appointment of Mr Gobusamang Dempsey Keebine as a Director of the company in accordance with clause 20.1 of the constitution. A brief CV of Mr Keebine included in the integrated annual report. The Board recommends the appointment of Mr Keebine as a Director of the company.
6. To note the retirement of Mr Bafana Kgotla Molomo from the company in terms of clause 20.9 of the constitution of the company.
7. To consider and ratify the remuneration paid to independent Directors for the year ended 30 June 2022 as set out on page 50 of the integrated annual report.
8. To approve the remuneration paid to the auditors, Grant Thornton, for the year ended 30 June 2022.
9. To re-appoint Grant Thornton as the auditors of the company for the ensuing financial year.
10. To approve the remuneration policy of the company.
11. 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 BSE listing requirements.
12. To take and respond to questions put by unitholders in respect of the affairs and the business of the company.
13. 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 office of the Transfer Secretaries of the company c/o Grant Thornton Business Services (Pty) Ltd, Plot 50370, Fairgrounds, Gaborone, Botswana not less than 48 hours before the meeting.

By order of the Board

Kingsway (Pty) Ltd
Company Secretaries

Plot 113, Unit 28, Kgale Mews, Gaborone
International Finance Park, Gaborone,
Botswana

Date: 12 November 2022

FORM OF PROXY

For completion by the holders of linked units

For use at the Annual General Meeting of Unitholders of the company to be held on 12 December 2022 at The Grand Aria Hotel, Plot No 32943, Gaborone at 16:30 PM.

Please read the notes overleaf before completing this form

I/We

(Name/s in block letters)

of (address)

Hereby appoint:

1. _____ 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 2022 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 Item Number 2			
Ordinary resolution 2	Agenda Item Number 3			
Ordinary resolution 3	Agenda Item Number 4			
Ordinary resolution 4	Agenda Item Number 5			
Ordinary resolution 5	Agenda Item Number 6			
Ordinary resolution 6	Agenda Item Number 7			
Ordinary resolution 7	Agenda Item Number 8			
Ordinary resolution 8	Agenda Item Number 9			
Ordinary resolution 9	Agenda Item Number 10			
Ordinary resolution 10	Agenda Item Number 11			

Signed at

Date

Signature

Assisted by (where applicable)

Each 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 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

1. A Unitholder must insert the names of two alternative proxies of the Unitholder's choice in the space provided with or without deleting "Chairman of the 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. If the Unitholder does not have a proxy, the Chairman shall be deemed appointed the proxy. A Unitholder must indicate the linked units/votes exercisable by the Unitholder in the appropriate space provided.
3. A Unitholder must indicate how the proxy is to vote on a resolution in the 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 Unitholder's votes exercisable thereat. A Unitholder or his/her proxy is obliged to use all the votes exercisable by the Unitholder or by his/her proxy.
4. The completion and lodging of this form will not preclude the relevant Unitholder from attending the General Meeting.
5. 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 Unitholder concerned wishes to vote.
6. 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.
7. 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.
8. Where linked units are held jointly, all Unitholders must sign.
9. 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.

SHAREHOLDERS' DIARY

Financial year-end

30 June

Integrated annual report posted

12 November 2022

2022 Annual General Meeting

12 December 2022

Next interim results announcement

30 March 2023

FY2023 annual results announcement

30 September 2023

DEFINITIONS

“Act” or “Companies Act”	Companies Act 2003 (No 32 of 2004) of Botswana, as amended or replaced from time to time
“AGM”	Annual general meeting
“the board”	Board of directors of FPC or FaR
“BSE”	Botswana Stock Exchange
“BWP”	Botswana Pula, the legal tender in Botswana
“CEO”	Chief executive officer of FAR Property Company Limited
“CFO”	Chief financial officer of FAR Property Company Limited
“Choppies”	Choppies Enterprises Limited, listed on the BSE and JSE
“the Choppies Group”	Choppies Enterprises Limited and its subsidiaries
“Covid-19, the pandemic”	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
“Constitution”	Constitution of FPC as registered by CIPA on 17 December 2015
“Dividends per share (Thebe)”	Total dividends paid to ordinary shareholders divided by the number of ordinary shares issued calculated in cents
“EBITDA”	Earnings before interest, tax depreciation and amortisation
“FCMG”	Fast moving consumer goods
“FPC” or “FaR”	The FaR Property Company Limited, listed on the BSE
FY2022	Financial year ended 30 June 2022
FY2023	Financial year ending 30 June 2023
“GDP”	Gross domestic product
“GLA”	Gross lettable area, measured in square metres
“Headline earnings per share” (“HEPS”) (Thebe)	Headline earnings divided by the weighted number of ordinary shares calculated in cents
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“IT”	Information Technology
“King III Report”	King Report on Corporate Governance for South Africa 2009

Definitions continued

“King IV Report”	King Report on Corporate Governance for South Africa 2016
“KPI”	Key performance indicator
“Last year”	The year ended 30 June 2021
“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
“NAV”	Net asset value
“Net asset value per share (Thebe)”	Equity attributable to equity holders of FAR property group divided by the total shares in issue, including treasury shares calculated in cents
“NOI”	Net operating income
“PAT/PBT”	Profit after tax/Profit before tax
Return on assets	Return on assets refers to a financial ratio that indicates how profitable a company is in relation to its total assets
“Return on equity (%)”	Return on equity is the measure of a company’s annual return divided by the value of its total shareholder’s equity, expressed as a percentage.
“Return on investment (%)”	Return on investment (ROI) is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments
The board	The Board of Directors of FaR Property Company Limited
The group	The FaR Property Company Limited and its subsidiaries
“This year”	The year ended 30 June 2022
“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

COMPANY INFORMATION

Company information for the year ended 30 June 2022

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Property and asset management
Directors	Reetsang Willie Mokgatlhe (chairman) Ramachandran Ottapathu Faizel Ismail Ranjith Priyalal De Silva Bafana Kgotla Molomo Vidya Sanooj Rajeshkumar Jayrajh Farouk Ismail (alternative to Faizel Ismail)
Registered office	BDO House Plot 113, Unit 28 Kgale Mews Gaborone International Finance Park Gaborone, Botswana
Business address	Plot 880 Gaborone International Commerce Park East Gate Kgale View Gaborone Botswana
Company secretary	Kingsway (Proprietary) Limited BDO House, 28 Kgale Mews Gaborone International Finance Park PO Box 1839, Gaborone, Botswana
Independent auditor	Grant Thornton Acumen Park Fairgrounds Office Park Gaborone, Botswana
Postal address	PO Box AD65 AEG, Station Gaborone Botswana
Bankers	Absa Bank Botswana Limited First Capital Bank Botswana Limited First National Bank of Botswana Limited Standard Chartered Bank Botswana Limited Investec Bank Limited Standard Bank South Africa Limited Absa Bank Zambia Limited Bank Gaborone Limited
Registration number	UIN BW 00000942235
Functional currency	Botswana Pula “BWP”



Corporate data

The FaR Property Company Limited

Company number: 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 June 2022): 460 336 206

www.farproperties.co.bw

