

Independent Auditor's Report

To the Shareholders of Turnstar Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

*Opinion*

We have audited the consolidated and separate financial statements of Turnstar Holdings Limited and its subsidiaries ('the Group') and Company set out on pages 9 to 69, which comprise the consolidated and separate statements of financial position as at 31 January 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate annual financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Turnstar Holdings Limited as at 31 January 2024, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01).

*Basis for Opinion*

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

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The key audit matter applies equally to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Investment Properties	
The Group's investment property portfolios are valued at BWP2,726,602,519 (2023: BWP 2,599,722,059) and the Company's investment	Our procedures included amongst others:

<p>property portfolio is valued at BWP 1,439,670,285 (2023: BWP1,427,539,285) as at 31 January 2024. The Group's investment property portfolios comprise of investment properties held in three geographical regions. The Group's investment property portfolios comprised 97% (2023: 98%) of the Group's total assets at the reporting date. The Company's investment property portfolio comprised 66% (2023: 65%) of its total assets at the reporting date.</p> <p>The fair values of these portfolios are determined using the discounted cash flow method which involves forecasting income and expenditure for each investment property for future years and discounting the forecasted future cash flows at a discount rate to calculate the fair value at the reporting date.</p> <p>The valuation model used for forecasting the income and expenditure for each investment property is subjective in nature and involve various input assumptions distinctive to each geographical location regarding rental income and expenses, occupancy rates and discount rates. The estimation uncertainty is further compounded by the uncertain economic and market conditions in each geographical region due to volatile inflation and interest rates.</p> <p>We have identified the valuation of the investment property portfolios to be a key audit matter due to valuation method being inherently judgmental because of the subjective inputs, across regions and the significance of the investment property portfolios to the Company and Group's total assets.</p> <p>The disclosure associated with the valuation of investment properties is set out in the consolidated and separate annual financial statements in the following notes:</p> <ul style="list-style-type: none"> <li>• Note 1.3 Fair value estimation</li> <li>• Note 1.4 Investment property</li> <li>• Note 3: Investment property</li> <li>• Note 36: Fair value information</li> </ul>	<ul style="list-style-type: none"> <li>• We obtained an understanding of the valuation process and models used to determine the fair value of these investment property portfolios through discussion with the external independent valuation specialists and management.</li> <li>• We evaluated the external valuation specialists' competence, capabilities, and objectivity with reference to their qualifications and industry experience.</li> <li>• With the support of our internal valuation specialists, we: <ul style="list-style-type: none"> <li>▪ Evaluated the appropriateness of the input data and assumptions used by the valuers, including current and projected rental income and expenses and occupancy rates by agreeing these to management's records, invoices received or other supporting documentation including: <ul style="list-style-type: none"> <li>○ key terms of lease agreements</li> <li>○ rental income schedules</li> <li>○ Independent macro-economic data</li> </ul> </li> <li>▪ Evaluated the key assumptions used by the independent valuers against our own expectations using evidence from comparable market transactions, historical records, and approved budgets.</li> <li>▪ Assessed the appropriateness of the discount rates by evaluating these rates against risk free rates, adjustments for market and other risks in the different geographical areas, and rates applied by other entities in the same industry and geographical areas.</li> <li>▪ Considered the impact of volatile inflation and interest rates on the market related assumptions and inputs into the fair value models through discussion with both management and the valuation specialists.</li> </ul> </li> <li>• We assessed the adequacy of the disclosures included in the consolidated and separate financial statements relating to investment property and the fair value thereof against the requirements of IAS 40 – Investment Property and IFRS 13 Fair Value Measurement.</li> </ul>
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### *Other Information*

The directors are responsible for the other information. The other information comprises the other information included in the 69-page document titled “Turnstar Holdings Limited Consolidated and Separate Annual Financial Statements for the year ended 31 January 2024” which includes the General Information, Directors’ Responsibilities and Approval Statement and 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 consolidated and separate financial statements and our auditor’s report thereon.

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

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

### *Responsibilities of the Directors for the Consolidated and Separate 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 the requirements of the Companies Act (CAP 42:01) 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 financial statements, the directors are responsible for assessing the Group and Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company’s financial reporting processes.

### *Auditor’s Responsibilities for the Audit of the Consolidated and Separate 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Group’s and Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures on 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 Group or 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 entities 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 and Company audit. We remain solely responsible for our audit opinion.

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

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

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



Ernst & Young  
Firm of Certified Auditors  
Practising member: Francois J Roos (CAP 0013 2024)

Gaborone

13 May 2024