accommodating your future

Annual Report 2025

Housing for Growth, Dignity and Ownership

Housing for Growth, Dignity and Ownership

BHC Mandate

Botswana Housing Corporation (Corporation or BHC) is a parastatal under the Ministry of Infrastructure and Housing Development. The Corporation was established by an Act of Parliament (CAP 74.03) of 1971. The Corporation's mandate as outlined under section 14 of the BHC Act is as follows:

- To provide for housing, office and other building needs of the Government and local authorities.
- To provide for, assist and make arrangements for other persons to meet the requirements of paragraph a).
- To undertake and carry out and to make arrangements for other persons to undertake and carry out building schemes in Botswana.

Effective from 1st April 2012, the Corporation's mandate has been expanded in accordance with Presidential Directive Cab 20 (B)/2010. The directive pronounced that all Government housing implementation programmes be transferred to BHC to operate as Government's Single Housing Authority (SiHA).

THE MAIN ACTIVITIES OF THE CORPORATION ARE:

- Property Development
- Property Management
- Property Sales
- Facilities Management
- Project Management
- Services Social Housing

MISSION

To be the preferred partner in transforming communities with decent housing.

VISION

Providing dignified housing solutions for all.

Customer Focus

Prioritizing the customer at every stage of their journey.

Collaboration

Working together across teams and partners to achieve common goals.

Empowerment

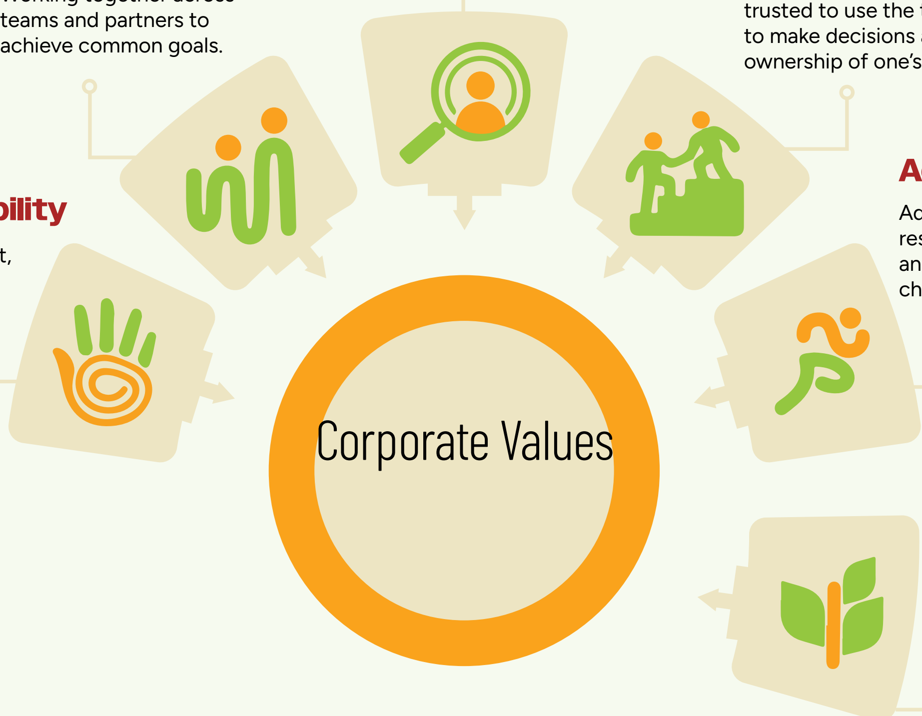
Acting with autonomy and being trusted to use the tools provided to make decisions and take ownership of one's work.

Agility

Adapting quickly in response to internal and external changes.

Accountability

Owning the result, doing it right.



Sustainability

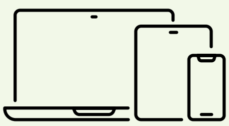
Acting in a way that meets present needs without compromising future generations.

What's Inside the Report

This report reflects our commitment to providing affordable and quality housing solutions to the people of Botswana, while driving innovation and efficiency in the real estate sector.

Mr. Sekgele Ramahobo
Acting Chief Executive Officer

BHC Annual Report brings together the financial, non-financial, risk, and sustainability performance for the year.



For more information visit **www.bhc.co.bw**

Financial Highlights

Financial Highlights

Revenue

P740 million

2024: P525million

Loss Before Tax

P102 million

2024: P42 million

Total Assets

P2.6 billion

2024: P2.9 billion

Chairperson's Report

It is my honour to present to you this report on behalf of the Board for the year ended 31 March 2025. In what has been a period of both challenge and opportunity for BHC, I would like to reflect on our operating environment, financial performance, project delivery, strategic initiatives, governance and leadership and future outlook.

Ms. Boitsheko Vanessa Ntshingane
Board Chairperson

OPERATING ENVIRONMENT

The financial year 2024/2025 proved to be exceptionally challenging, both domestically and globally. The Botswana economy faced significant headwinds, primarily driven by a prolonged downturn in the global diamond market, which placed immense pressure on national revenues and fiscal stability. This resulted in subdued real GDP growth, high fiscal deficits, and a tightening monetary environment, all of which contributed to elevated unemployment and constrained household disposable income.

For the Corporation, this environment translated into higher operating costs, driven by imported inflation and rising utility costs, while simultaneously increasing the demand for affordable and subsidized public housing solutions. Despite these macro-economic pressures, our mandate as the Single Housing Authority (SiHA) reinforced our commitment to national development, requiring greater efficiency and innovation in our delivery models.

The operating environment has meant that the Corporation has had to navigate elevated materials and labour cost inflation, slower than anticipated uptake in some housing segments, and the imperative to sustain occupancy and rental performance in our rental portfolio. At the same time, the Government remains committed to addressing the national housing backlog through the Bonno National Housing Programme, and BHC continues to operate within that overarching mandate.

In this environment, maintaining the relevance and competitiveness of our housing solutions for both rental and sale has been a priority. The Corporation's rental portfolio vacancy rate remained at historically low levels in previous years, providing a solid foundation. However, margin pressure from cost escalation and impairments has begun to impact results. Not withstanding these challenges, the underlying assert base remains significant, Investment properties stood at P1.2 billion against P1.3 billion in the previous year. Housing inventories increased from P524 million in the previous year to P710 million in the current year.

FINANCIAL PERFORMANCE

During the year under review, the Corporation's financial performance has been significantly challenged. As noted above, the unaudited results indicate a loss before tax of approximately P102 million for the year ended 31 March 2025, representing a deterioration of about P144 million (-343%) compared to the prior year.

This performance is the result of a combination of adverse factors, including increased impairments on rental receivables, cost escalation (both operational and capital), margin erosion in some housing-for-sale segments, and a general slowdown in sales volumes or delayed deliveries of some projects.

Notwithstanding these challenges, the underlying asset base remains significant. For example, in the year ended 31 March 2024, BHC's total assets stood at P2.85 billion (up 3% year-on-year), with the investment properties portfolio at P1.3 billion (about 45% of total assets) and housing inventories increasing by 17%.

We will be working with Management to restore margins, strengthen cash flows and tighten cost control, to ensure the Corporation remains financially sustainable and able to fulfil its mandate.

PROJECT DELIVERY

Project delivery remained central to our mission. This year marked the successful completion of the BHC Two-Year Transitional Performance Plan (2023–2025), during which we delivered **1,420 new housing units** across the country, slightly surpassing our target of 1,400 units.

However, project execution continues to be hindered by bottlenecks, including the limited availability of serviced land in high-demand areas and ongoing delays in connecting essential utilities, particularly water and electricity. To address these systemic issues and prepare for the national scaling of our efforts, BHC intensified stakeholder engagement with utility providers and planning authorities. Crucially, the Corporation made significant preparatory progress in the planning and initial implementation phases of the Bonno National Housing Programme, which will define our housing delivery agenda for the coming years.

The Corporation remains committed to delivering units in line with national housing demand, and to improving speed of delivery, quality and customer experience. Our rental portfolio remains a strong anchor, and our developments for sale give a pathway toward citizen home ownership and wealth creation.

STRATEGIC INITIATIVES

The year under review was critical as we concluded the transitional phase and finalized the framework for our next ambitious five-year strategy (2025–2030).

Key strategic focus areas implemented during the year included:

- **Project Management Office (PMO) Enhancement:** We institutionalized a strengthened PMO framework to improve project governance, standardize delivery processes, and ensure timely completion and quality control across all developments, especially under the SiHA mandate.
- **Diversification:** We strategically grew our non-traditional income streams, focusing particularly on offering specialized facilities management services to government ministries and private entities, bolstering our recurring revenue base and reducing reliance on development-cycle income.
- **Digital Transformation:** Investments were made in modernizing our tenant management and internal control systems to drive efficiency and enhance customer service delivery, preparing BHC for a digital-first operating environment.

CORPORATE GOVERNANCE

The Board reaffirms its unwavering commitment to the highest standards of corporate governance, ethical conduct, and transparency. The Corporation's financial statements received an unqualified audit opinion for the reporting period, confirming our adherence to International Financial Reporting Standards (IFRSs) and regulatory requirements.

We are also pleased to report a successful process of leadership transition and Board renewal, effective just after the financial year-end. This planned succession ensures continuity of vision while injecting new skills and perspectives necessary to navigate the complexities of the new strategic cycle. We thank the outgoing members for their invaluable service and welcome the new leadership entrusted with guiding BHC's next phase of growth.

FUTURE OUTLOOK

The immediate future remains characterized by macro-economic uncertainty, driven by global commodity markets and internal fiscal pressures. However, BHC's outlook is one of focused determination.

Our primary focus will be the rigorous implementation of the new 2025 – 2030 Strategy, leveraging our role as the SiHA to drive the Government's housing agenda, particularly through the ambitious Bonno National Housing Programme. We anticipate recovery in the latter half of the coming financial year, supported by renewed activity in the non-mining sector, which we are strategically positioned to support through infrastructural development. BHC will continue to manage liquidity prudently, champion citizen empowerment through local contractor utilization, and aggressively pursue partnerships for land servicing and high-density developments.

APPRECIATION

I extend my deepest gratitude to the Honourable Minister of Water and Human Settlement and the entire Government of Botswana for their continued faith and support in the Corporation's mandate.

My sincere appreciation goes to my fellow members of the Board for their dedication, strategic counsel, and oversight during a challenging period. To the Management and Staff of BHC, your professionalism, commitment, and resilience are the driving forces behind our success, and we thank you for your relentless efforts in serving the nation.

We look forward to a successful new financial year as we strive to fulfil our mission of developing dignified communities through decent housing solutions.

Ms. Boitsheko Vanessa Ntshingane
Board Chairperson

CEO's Statement

I am proud to present a year in which the Corporation maintained steady progress while laying a stronger foundation for future growth.

Mr. Sekgele Ramahobo
Acting Chief Executive Officer

The 2024/25 financial year has been a defining period for Botswana Housing Corporation (BHC), a year that demanded agility, innovation, and disciplined execution against a backdrop of shifting economic conditions and rising expectations from the citizens we serve. Our commitment to delivering quality, affordable, and sustainable housing remained unwavering, and I am proud to present a year in which the Corporation maintained steady progress while laying a stronger foundation for future growth.

At its core, the mandate of BHC is not only to provide shelter but to enable dignity, economic empowerment, and community wellbeing. This year, we moved closer to realising that vision through targeted investments, operational improvements, and strategic partnerships that position the Corporation as a key driver of national socio-economic development.

PERFORMANCE HIGHLIGHTS

Despite the complexities posed by inflationary pressures, global supply-chain disruptions, and the continued rise in construction input costs, BHC delivered consistent performance across its core business areas. Our sales and rental portfolios showed resilience, supported by improved marketing initiatives, refined product offerings, and a renewed focus on customer satisfaction. We saw increased uptake in both completed housing units and rental stock, which helped stabilise revenue streams and reinforce the Corporation's financial sustainability.

Operationally, we made measurable strides in project execution, with several construction projects started and advancing significantly during the year. Enhanced procurement frameworks, improved contractor management, and stronger internal control systems enabled better cost containment. In parallel, we strengthened our maintenance programmes to preserve asset value and ensure that our existing estates remain safe, functional and appealing environments for tenants.

These achievements reflect the dedication of our workforce and the effectiveness of the reforms we have implemented over the past few years to modernise the organisation and enhance accountability.

STRATEGIC INITIATIVES

1. Expanding Housing Delivery Capacity

In keeping with our mandate, BHC prioritised the expansion of its housing portfolio across both urban and peri-urban areas. During the year, we progressed several key residential developments that cater to a diverse market, from low-income households to middle-income segments. In diversifying our product range, we aim to ensure that every citizen can find a home that meets their needs and financial capacity.

2. Driving Digital Transformation

A digital-first approach is increasingly essential in the modern housing sector. This year, BHC accelerated efforts to enhance its digital infrastructure, focusing on systems that improve customer experience and operational transparency. Enhancements to our online application platforms, digital payment channels, and internal project-monitoring tools were started and are progressing well. These investments not only enhance efficiency but also bring the Corporation closer to its vision of becoming a fully modernised and customer-centric institution.

3. Urban Renewal and Estate Modernisation

The need to maintain and revitalise existing estates remains a strategic priority. Throughout the year, we allocated significant resources to maintenance and refurbishment of some existing high-density developments, mainly in Gaborone and Francistown. This included upgrades to building infrastructure, improvement of security features including boundary walls, security fences and motorised gates, as well as interventions aimed at enhancing the living experience for tenants.

The renewal of older estates is both a social and economic imperative, as it ensures that BHC housing continues to meet modern standards of safety, functionality, and aesthetic quality.

4. Strengthening Partnerships and Financial Innovation

To meet growing national housing needs, BHC continued to collaborate with a broad network of partners, including government agencies, private sector developers, and financial institutions. These partnerships allowed us to explore innovative financing mechanisms and alternative building technologies that can accelerate delivery while promoting cost-efficiency.

Our commitment to partnership-driven growth ensures that we leverage both public and private sector strengths to meet the nation's housing aspirations.

5. Advancing Sustainability

Environmental sustainability has become a guiding principle in our design and construction processes. During the year, BHC continued to embed energy-efficient technologies, water-saving systems and eco-friendly construction practices in new developments. We also began exploring renewable energy and green building solutions as part of our long-term sustainability roadmap.

LOOKING AHEAD

The coming financial year presents a renewed opportunity for transformation and accelerated impact. As BHC, our priorities will centre on scaling delivery, strengthening our commercial performance, and deepening our digital footprint.

We will focus on:

- Delivering more affordable housing, especially in rapidly growing towns and cities.
- Enhancing operational efficiency through automation and digital integration.
- Strengthening our financial position through improved revenue collection and disciplined financial management.
- Investing in talent development to build a skilled, motivated, and future-ready workforce.
- Embedding sustainability standards to ensure our projects respond to climate realities and global best practices.

We remain resolute in our commitment to transform BHC into a dynamic, future-fit organisation that delivers lasting value to the people of Botswana. The work ahead is substantial, but with the systems and strategies now in place, we are confident in our ability to accelerate delivery and ensure meaningful impact.

GRATITUDE

As we close this financial year, I wish to extend my sincere appreciation to the Board for their strategic leadership, guidance, and support. Their oversight has been instrumental in shaping the Corporation's vision and providing clarity on key priorities.

I also acknowledge the unwavering support of the Government of Botswana, whose partnership and policy direction remain central to the realisation of national housing objectives. Our stakeholders, customers, communities, and partners continue to play a vital role in our progress, and for that, we are deeply grateful.

To the employees of BHC, our greatest asset, I extend heartfelt thanks. Your professionalism, dedication, resilience and commitment to service excellence have been the driving force behind this year's achievements. It is through your effort that BHC continues to deliver on its mandate and maintain its role as a pillar of national development.

Together, we move forward with renewed energy and optimism for another year of growth, transformation and impact.

Mr. Sekgele Ramahobo
Acting Chief Executive Officer

Strategic Review

Strategy Overview

Botswana Housing Corporation developed a two-year transitional Strategic plan. The 2024/25 financial year is the second and last year of the plan. The Corporation's strategic intent is "to deliver 12,300 safe, dignified and sustainable houses for Batswana by 2025". This strategic intent is founded on five pillars that guide performance areas of the mandate. These pillars are:

SUPERIOR CUSTOMER EXPERIENCE

The Corporation positions customers at the forefront of its business operating model. In transforming customer experience, the Corporation determines its needs and delivers high-quality products and services in record time.

STAKEHOLDER ENGAGEMENT

The Corporation builds and sustains strategic relationships with key stakeholders to co-create value in society in line with its mandate.

FINANCIAL SUSTAINABILITY

The Corporation ensures financial sustainability by balancing its social and commercial responsibilities.

OPERATIONAL EFFICIENCY

The Corporation optimises its key value chain processes to ensure delivery of products and services in accordance with standards of quality, efficiency, and transparency.

HIGH-PERFORMANCE CULTURE

The Corporation inculcates a winning performance culture reflective of its corporate values.

Strategy Performance – 2024/25

The 2024/25 performance plan was the year of the two-year transitional plan. A total of 776 against 1,023 commercial and social housing units were delivered in various locations during the financial year. The Corporation has therefore achieved a total of 10,134 housing units of the targeted 12,300 housing units over the eight years. The Corporation had eighteen (18) Key Performance Indicators, and the performance achieved during the 2024/25 financial year is as below:

No.	Colour Code	Explanation	Number of Key Performance Indicators	Performance Level (%)
1	Green	Performance meeting or exceeding expected performance level.	9	50%
2	Amber	Performance not meeting expected performance level.	4	22.2%
3	Red	Performance level below the set minimum threshold.	5	27.8%
		TOTAL	**18**	**100%**

The strategic drivers of the performance achieved included the following:

1. Continuous engagements with various stakeholders, such as contractors, to encourage performance on both commercial and social housing projects.
2. Implementation of interventions and initiatives in line with the stakeholder feedback and ever-evolving expectations, thus positively impacting stakeholder satisfaction.
3. Undertaking culture change initiatives and interventions to build the right culture and mindsets that drive performance.
4. Implementation of the maintenance programme to address both planned and reactive maintenance.
5. Promoting good governance and embedding risk management in the BHC operations.

BHC Outlook

The Corporation has developed a five-year strategic plan covering the period from April 2025 to March 2030. The strategic plan positions the Corporation as the Single Housing Authority and leading provider of innovative, sustainable, and affordable housing solutions. The Corporation's strategy has three broad themes that guide key results to be achieved in the delivery of the corporate mandate. These are:

1. HOUSING AND PROJECT DELIVERY

The Corporation will facilitate the delivery of 100,000 housing units, working with multiple partners and stakeholders, effectively coordinated to accelerate the development and supply of decent and affordable housing.

2. GROWTH AND SUSTAINABILITY

The Corporation will ensure its long-term viability by expanding income streams to double its revenue base by 2030.

3. SOCIAL INCLUSION

The Corporation recognises that housing transforms communities by fostering equity, community development, and national progress. Through this theme, the Corporation will also promote citizen empowerment by increasing procurement opportunities for citizen-owned companies and marginalized groups.

The strategy plan outlines six (6) key priorities the Corporation is to deliver on as follows:

1. DELIVERING 100,000 HOUSING UNITS

The Corporation will, in collaboration with various stakeholders, ensure effective and efficient project planning and coordination, compliance with requirements, adequate resourcing, and successful implementation.

2. OPTIMIZING THE BHC BUSINESS OPERATING MODEL

The Corporation will reconfigure its operating model, realign and/or incorporate missing critical functions such as planning, monitoring and evaluation, and enhance processes, to improve operational efficiency.

3. ENHANCING INSTITUTIONAL EFFECTIVENESS

The Corporation will refine its institutional framework, ensuring alignment, effectiveness, and resilience in navigating challenges. This will involve aligning with changing market conditions, balancing between social and commercial objectives, ensuring adequate resourcing, and integrating modern technology and digital tools in operations.

4. INTEGRATING ESG PRINCIPLES FOR ENVIRONMENT AND SOCIAL RESPONSIBILITY

The Corporation will develop a comprehensive ESG strategy that will embed Environment, Social, and Governance (ESG) principles and practices in its business operations. The strategy will enhance ESG reporting, address climate change issues, and allow for the carrying out of interventions that positively impact communities.

5. FOSTERING A HIGH-PERFORMANCE CULTURE

The Corporation will implement a culture change programme aimed at building the right culture needed to drive the delivery of the new strategy. Through this programme, the Corporation will foster flexibility and openness to change by the workforce, improve morale and engagement, promote teamwork across the organisation, and hence sustain high performance levels.

6. GROWING AND DIVERSIFYING REVENUE STREAMS AND FUNDING

The Corporation will grow and diversify its revenue streams to ensure its long-term viability. This will also ensure its ability to source the finances required for the delivery of impactful housing solutions.

Operations Review

Information Technology

In the 2024/2025 financial year, the Corporation continued to leverage Information Technology (IT) as a key enabler for delivering accessible, affordable, and sustainable housing solutions across the country. Our strategic IT initiatives focused on modernising operations, enhancing citizen engagement, and supporting efficient service delivery that opens new possibilities for our stakeholders.

Applications

The Corporation completed the upgrade of its Oracle E-Business Suite (EBS) platform to a version that provides enhanced security, improved functionality, and continued vendor support, positioning BHC for long-term system sustainability and efficiency. This project was delivered on time and within budget. The project reinforces BHC's digital foundation, supports business continuity, and aligns with broader digital transformation goals.

In support of our Environmental, Social, and Governance (ESG) commitments, the Corporation has taken significant steps to drive sustainability by implementing an eFax solution and enhancing online workflows using our electronic document management systems. By transitioning from traditional paper-based correspondence to secure digital faxing, we have minimised printing needs and reduced our environmental footprint. Additionally, the leveraging of electronic document management and automated approval processes has streamlined operations, improved efficiency, and supported a greener, more sustainable approach to service delivery. These initiatives reflect our dedication to integrating environmentally responsible practices into every aspect of our operations while enhancing service accessibility for all stakeholders.

Cybersecurity

In the past year, we have maintained an above-industry-average cybersecurity rating. In an effort to strengthen our cybersecurity posture, we successfully implemented several tools that provided advanced protection against real-time threat detection and response, and monitor and secure ICT traffic in and out of the Corporation. In addition to technical controls, a comprehensive security awareness campaign was conducted to educate staff on cyber risks and best practices, further reinforcing a culture of security across the organisation. These combined efforts enhance our resilience against evolving cyber threats and ensure a more secure operating environment.

ICT Infrastructure

The Corporation completed an upgrade of its Local Area Networks in all offices to improve network speed, reliability, and security. This enhancement supports more efficient data transfer, reduces downtime, and ensures a stable foundation for modern applications and cloud-based services.

What's next

In the past year, we have maintained an above-industry-average cybersecurity rating. In an effort to strengthen our cybersecurity posture, we successfully implemented several tools that provided advanced protection against real-time threat detection and response, and that monitor and secure ICT traffic in and out of the Corporation. In addition to technical controls, a comprehensive security awareness campaign was conducted to educate staff on cyber risks and best practices, further reinforcing a culture of security across the organisation. These combined efforts enhance our resilience against evolving cyber threats and ensure a more secure operating environment.

Project Quality Assurance Report

OVERVIEW OF THE DEPARTMENT

Project Quality Assurance plays a pivotal role in upholding the highest standards across all projects. Our proactive approach not only mitigates risks but also drives continuous improvement, ensuring that quality continues to underpin our success.

DEPARTMENT'S MANDATE

The department's mandate is to ensure that all development projects undertaken by BHC adhere to the highest quality standards, meet regulatory requirements and exceed customer expectations. This vital role aligns with the Corporation's strategic goal of providing housing, office, and other building needs for the government and local authorities.

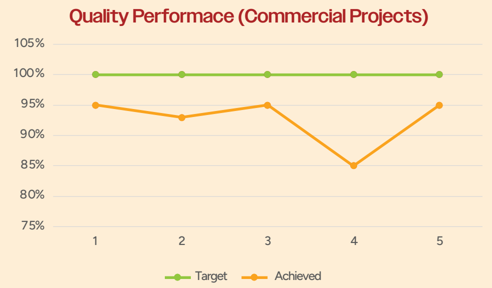
Our dedicated team operates within the framework of ISO 9001:2015 Quality Management System and is committed to driving continual improvement. The achievement of success is underpinned by the implementation of quality policies, procedures, manuals and checklists, and consistently conducting internal audits on BHC projects.

ADVANCING KEY STRATEGIC GOALS

We are dedicated to safeguarding quality across all BHC projects, ensuring that every development meets defined specifications, standards and timelines. The department operates on the core principles of quality assurance, quality control and continuous improvement. We take pride in being an integral part of the project delivery process. To support the Corporation's roadmap, a team of dedicated officers are deployed to every developmental project to carry out regular inspections, approvals and certifications. In addition, the department plays a pivotal role in the administration and implementation of Self Help Housing Agency (SHAA) turnkey projects, ensuring that quality standards, budget and timelines are consistently met from initiation to handover.

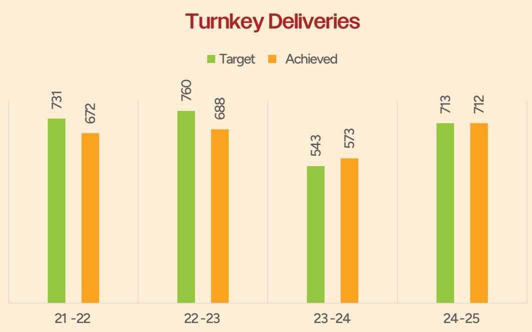
BUILDING CAPACITY FOR QUALITY

Continuous staff training, dedicated budget allocation for professional development, and support for registration with relevant professional bodies have been key focus areas for the department. The efforts have yielded positive results, evident in improved project management competencies across teams and adherence to the professional code of conduct and industry standards.



DRIVING MEASURABLE IMPACT

Our commitment to excellence is reflected not only in the quality of our initiatives but also in the tangible, quantifiable results achieved throughout the years. As illustrated in the graph, 96% of SHHA turnkey projects were successfully delivered over a period of four (4) years. This performance has been made possible by the department's proactive monitoring approach, which has consistently enabled effective risk mitigation and ensured timely and efficient project delivery.



STAKEHOLDER ENGAGEMENTS AND PARTNERSHIPS

The development of turnkey housing projects demands a unified vision and unwavering commitment from all stakeholders. In response, a comprehensive communication plan was developed that outlines clear standards and protocols to guide interactions with all stakeholders. This framework reinforces confidence in the Corporation's reliability and professionalism. It also strengthens partnerships and contributes to more resilient and purpose-driven collaborations.

CHALLENGES AND MITIGATION STRATEGIES

The establishment of the SHHA in 1973 was envisioned as a self-sustaining initiative, where repayment by beneficiaries would fund future applicants in a revolving model. While the model remains the most viable and sustainable approach, its success depends heavily on the development of improved recovery mechanisms and the financial capacity of beneficiaries. Repayment defaults have placed pressure on the fund's ability to operate the scheme independently, resulting in reliance on the government's fiscal allocations. This causes unpredictability and a challenge in planning and delivery. Nonetheless, this challenge presents an opportunity to innovate around loan recovery and strengthen beneficiary engagement to restore long-term sustainability.

LOOKING AHEAD

Botswana Housing Corporation continues to engage the government on key strategic initiatives. While improved loan recovery mechanisms and the integration of income-generating opportunities, such as skills training and support for home-based businesses, are essential to boosting beneficiaries' ability to repay turnkey loans, the most impactful solution would be the revival and enhancement of the revolving fund. BHC continues to engage the Department of Housing on the feasibility of alternative funding models. The alternative approach should improve planning and delivery, promote accountability and reduce dependence on the national fiscal cycle.

Facilities Management

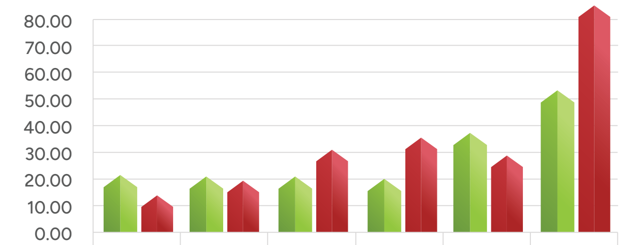
INTRODUCTION

The Facilities Management department stands to increase the Corporation's revenue generation through harnessing opportunities in the market using experience, skills and expertise already existent within the corporation gained over the years of providing housing dreams and solutions to the nation.

Since its inception, the department has proudly served as a driving force in building maintenance for Third Party Customers, particularly the Botswana Government departments. It has become increasingly clear that many government buildings and facilities have not been well-maintained over the years. In light of this, the department is eager to offer a full suite of facilities management services.

Fig 1

2024/25 Performance And Challenges



	Q1	Q2	Q3	Q4	HY Cmm	YTD
Target	16.37	16.37	16.37	16.37	32.74	49.11
Actual	9.08	14.35	25.74	30.42	23.43	79.59

(Million BWP)

The department has performed quite well in this particular KPI and shows strong prospects for accelerating growth in the coming years.

There is, however, a significant challenge in the current business model, particularly concerning our biggest client being the Department of Housing (DOH).

The DOH, as compared to other government departments that are in business with BHC, prefers a model where the Corporation expends on their projects using its own funds and only pays upon project completion. This, however, has proven to be counterproductive for the Corporation in the sense that payments are not received as swiftly as expected, hence putting the Corporation at risk of financial difficulty due to large amounts of arrears. This situation limits our ability to drive consistent progress and could also be attributed to the silence of the prevailing MoU on specifics regarding payments.

Below is a pictorial illustration of the current situation, which has led to works in excess of P16 million in Serowe and Letlhakane for DOH being temporarily halted until the arrears are paid off or meaningful progress is achieved toward resolution.

Fig 2

Customers	Sum of Outstanding
Administration of Justice	-18 053,92*
Botswana Defence Force	4869 321,97
Directorate on Corruption and Economic Crime	315 708,84
Department of Housing	23 964 302,86
Ministry of Agriculture	420 232,54
Ministry of Labour & home Affairs	1 070 538,38
National Assembly	10 966 993,58
Grand Total	**41 589 044,25**

CONCLUSION

The department wishes to grow and offer a full suite of Facilities Management Services, including soft services like Cleaning and Landscaping. We are in continuous discussions with prospective business partners such as the Botswana Prisons Service and Ministry of Communications & Innovation, with the view of increasing clientele, which will result in revenue for the Corporation while creating opportunities that enhance service delivery for the communities we serve.

Property Development

INTRODUCTION

The business of Botswana Housing Corporation is provision of housing, office and other building needs to Government and Local Authorities and to decide for others to undertake and carryout building schemes in Botswana. The Corporation established a department under which this mandate is executed.

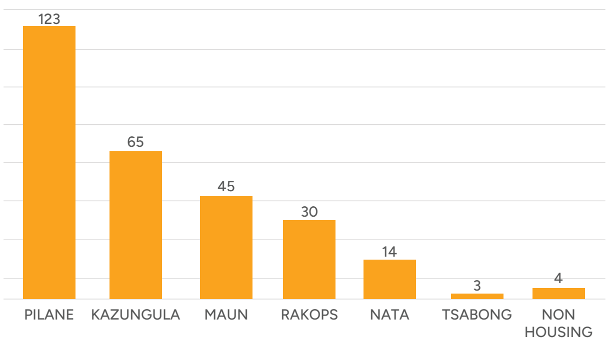
The Property Development Department structure entails three sub-branches being Internal (Non-Social) Projects, External Projects and Business Development. The Department is staffed with professionals from the built environment being Architects, Engineers (Civil/ Structural), Engineers (Mechanical/Electrical), Quantity Surveyors and Research Analysts under Business Development sub-unit.

Through the Property Development Department, the Corporation had for the Financial Year 2024/25 planned to undertake projects in the following areas Gaborone, Maun, Kazungula, Letlhakane, Rakops, Francistown and Tatisiding, Pilane, Palapye as well as Bonno turnkey projects at various constituencies. Over and above the projects mentioned above the Botswana Housing Corporation undertakes projects on behalf of other entities and to this end the Corporation planned to develop at Kazungula, Moeng, Gaborone, Mogoditshane, Francistown and Maun.

PROJECTS STARTED

The Corporation was able to start 123 units in Pilane, 65 units in Kazungula, 4 Non-housing projects and carryovers in Maun (45), Rakops (30), Nata (14) and Tsabong (3)

Figure 1: Projects started



The primary objective behind these developments is to fulfil the mandate of the Corporation, address the stakeholder needs, contribute to the economic development of Botswana through employment creation as well as infrastructure development.

The notable outcome of the projects has been provision of the basic human need of accommodation and upliftment of human dignity to the occupants, creation of employment and improvement of the landscapes with development. As the Corporation has adopted an approach where projects are unbundled, the projects have an effect of development of citizen contractors.

INNOVATIONS AND IMPROVEMENTS

The Corporation continuously strives to unearth new ways of doing things through various industry practitioners. To this end, different entities are engaged (either visited/benchmarking or invited to make presentations), the technologies presented are evaluated, and recommendations made. Some of the technologies being incorporated because of these engagements include solar street lighting, Chlorinated Polyvinyl Chloride (CPVC) piping/plumbing, light weight plastic concrete shutter system (Moladi).

The Corporation deliberately carried out an in-depth review of its efficiencies towards project delivery. The exercise brought forth the establishment of a Project Management Office. It is believed that through the PMO, projects management will significantly improve and thereby reduce time and cost overruns as well as bring better quality.

As the mandate of the BHC extends to facilitation of others to achieve/undertake building schemes in Botswana, the Corporation developed partnership guidelines to create consistency, assist and speed up engagement with possible partners for delivering on the mandate.

CHALLENGES AND RISKS

One major challenge in the property development process is the un-availability of serviced land ready to development. The cost of servicing land always results in increase in overall construction costs raising challenges of affordability by the targeted market. Availability of water supply has for a long time played a pivotal role in determination of projects take offs. Availability of services within affordable costs is identified as one of the key factors that determine land readiness.

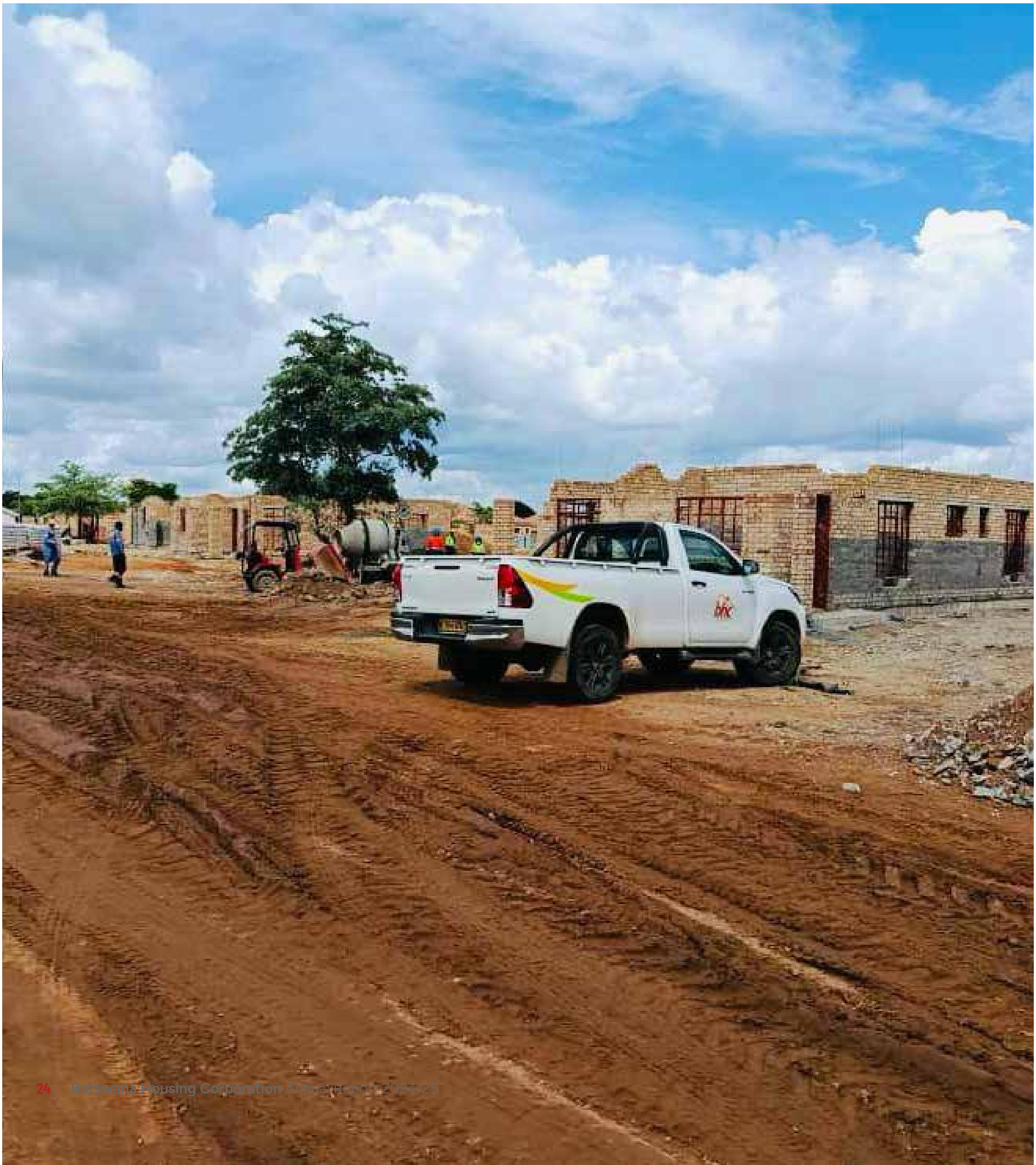
The increase in material prices perpetuated by market forces presents a challenge in the delivery of projects within the pricing levels required by the shareholder and target market.

There is a challenge of availability of some key materials to a varying degree across different areas in the country. This ultimately influences the costing and capacity to develop in such areas. Typical examples are cement, aggregates, building units bricks/blocks and others. The challenges also extend in some areas to access to skilled labour.

As the Corporation sources finance from the private market, it is key to secure leads in terms of takers for the product. With the Government and Government owned institutions being the main takers, it has been a challenge to secure commitments for product uptake upfront. This results in somewhat speculative development which may not fully address the market needs.

The Department has been facing a challenge of high staff turnover for some time. This has affected implementation of some projects and general productivity. The department has since proposed a staff retention strategy to reduce on the high staff turnover.

The retention strategy includes increase in personnel to match the projects and review of some allowances as well as evaluation of working environment in general.



Property Management

RENTAL PORTFOLIO

The Botswana Housing Corporation's (BHC) rental portfolio (Table 1) reflects both the Corporation's nationwide footprint and its development-driven commitment to supporting Botswana's socio-economic growth. The diverse geographical spread aligns with BHC's core mandate of providing affordable housing across the country, while also creating socio-economic impact through homeownership opportunities and citizen empowerment via outsourced maintenance and caretaking services.

Table 1: Portfolio Per Location

LOCATION	2023/24	2024/25
Gaborone	4,467	4,350
Francistown	1,664	1,561
Sowa	792	791
Palapye	582	568
Lobatse	489	471
Selebi-Phikwe	427	417
Jwaneng	359	354
Mahalapye	259	253
Kasane	253	250
Maun	249	246
Serowe	177	175
Tati Siding	146	146
Metsimotlhabe	130	129
Tlokweng	22	20
Tutume	21	18
Tonota	18	12
TOTAL	**10,055**	**9,761**

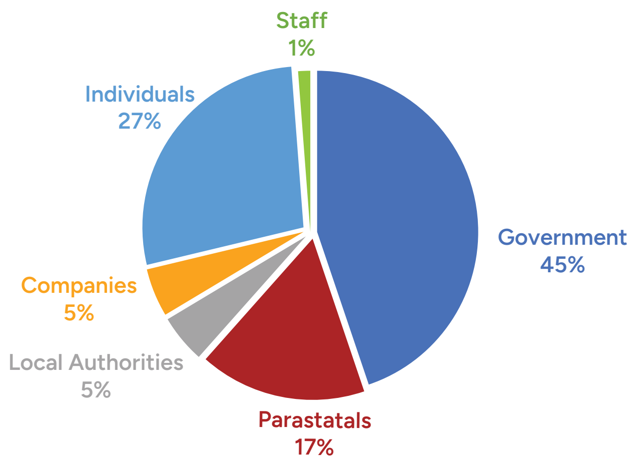
The portfolio contracted by 3%, declining from 10,055 to 9,761 properties, mainly due to sales to sitting tenants and the withdrawal of aged properties earmarked for redevelopment.

Rental revenue remained broadly flat, with a marginal 0.37% increase from BWP 273.5 million to BWP 272.5 million, largely because no rental adjustments were implemented during the year. However, targeted vacancy management reduced vacancies significantly from 1.8% to 0.67%, mitigating revenue stagnation.

BHC's portfolio management philosophy focuses on securing a stable and consistent rental income stream, which enables the Corporation to maintain a healthy cash flow for its operations. This approach is essential for improving BHC›s overall financial sustainability.

Figure 2 below illustrates tenants mix by classification.

Figure 2: Portfolio Mix by Tenants



PROPERTY SALES

Property sales remain a critical income stream, enabling the Corporation to recycle capital for new housing developments. Performance in 2024/25 was buoyed by the Government's policy decision to lift the moratorium on the sale of BHC-owned pool housing. This reform is expected to unlock an estimated BWP 2.6 billion in the medium to long term.

Sales performance improved significantly, with 202 houses sold, a 96% increase from the previous year's 103 units. The year also saw stronger net gains realized from these sales, further strengthening BHC's financial position.

PROPERTY MAINTENANCE

BHC complements its property management services with an outsourced maintenance model, ensuring responsive, effective, and customer-focused service delivery. A network of 23 maintenance companies engaged on three-year contracts, with a combined annual value of BWP 53 million, provides both reactive and planned maintenance across the portfolio.

The strategy is firmly aligned with citizen economic empowerment. It fully reserves all maintenance contracts for citizen-owned companies, with 30% earmarked for youth and women-owned enterprises. This approach advances the Government's localization and reservation policies, addresses skills gaps, and enhances private sector participation.

Performance in the year under review was strong, with maintenance implementation efficiency reaching 97%, measured across time, quality, and budget parameters. This demonstrates BHC's commitment to preserving asset value, enhancing tenant satisfaction, and ensuring portfolio sustainability.

Corporate Review

Senior Leadership Team

Mr. Sekgele Ramahobo

Acting Chief Executive Officer

Mr. Ntshekisang Ofetotse

Acting Deputy CEO - Operations

Mr. Pogiso Thapelo

Chief Corporate Counsel

Mr. Richard Chilisa

Director Risk and Compliance

Ms. Goitseone Sebego

Regional Director North

Mr. France Thapo

Acting Director Human Capital and Administration

Mr. Senatla Mabhekede

Acting Regional Director South

Mr. Modisaotsile Letsholo

Acting Director Property Development

Mr. Benjamin Olebile

Head Facilities Management

Senior Leadership Team

Mr. Kago Tebagano

Head Procurement Oversight

Mr. Thupa Thupa

Head Strategy Planning and Policy

Mr. Tumo Kgatlwane

Head Marketing and Communications

Ms. Elizabeth Ferguson

Chief Audit Executive

Ms. Samantha Chabata

Head Information Technology

Ms. Tiyapo Sethebe

Acting Chief Finance Officer

Mr. Kgato Phetlhu

Acting Head Projects Quality Assurance

Human Resource Management

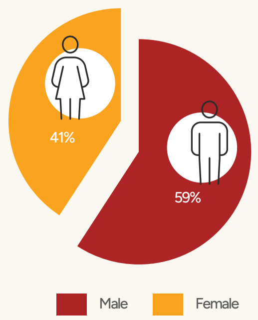
OUR PEOPLE

At BHC, our employees are our most important asset; therefore, enhancing the Employee Value Proposition has been a key objective for the Corporation. The Corporation has implemented transformation initiatives such as culture change, employee engagement plans, learning and development opportunities, performance management systems, workforce innovation support, staff welfare programs, and reward guidelines. All these are intended to entrench and nurture a high-performance culture within the Corporation.

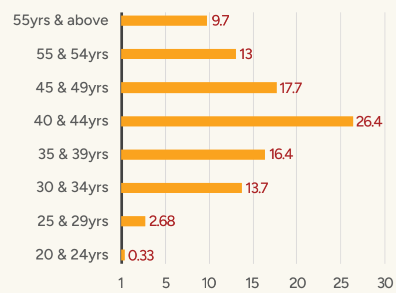
WORKFORCE ANALYSIS

BHC has a diverse workforce of 299 employees, which consists of 59% males and 41% females. The human capital consists of professionals ranging from youthful individuals to well-experienced experts in different disciplines centered around the built and estate management environment and support service functions.

Gender Analysis



Data Analysis

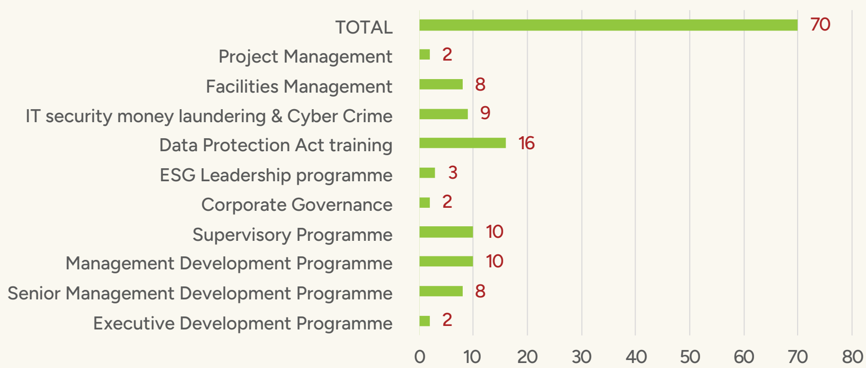


EMPLOYEE LEARNING AND DEVELOPMENT

The Corporation continued to invest in learning and development interventions during the reporting period to empower employees and ensure that there is continual development of competencies, thus strengthening organisational resilience and contributing to long-term business success. Learning and Development (L&D) is vital in the workplace as it enhances employee skills, boosts engagement, and drives overall organisational performance. By providing growth opportunities, it helps attract and retain top talent while fostering a culture of continuous improvement. L&D also prepares employees to adapt to changing technologies and business needs, supports leadership development, and ensures compliance with industry standards.

The following chart shows the training conducted during the financial year 2024/25:

No. Of Officers Trained



LEADERSHIP EFFECTIVENESS

The Corporation continued to invest in leadership development by implementing leadership effectiveness programmes. These programmes are intended to close gaps that have been identified within the Corporation. Leadership is considered critical for ensuring the effective execution of the Corporation's business strategy and achievement of business objectives. Interventions that include the development of skills and competencies within the talent pipeline are considered important to ensuring a good pool of talent at the various functions of the Corporation.

STAFF WELFARE PROGRAMME

The Corporation has taken a strategic position to invest in staff welfare initiatives, intending to strengthen organisational loyalty, build a positive workplace culture, and drive long-term success. BHC has a staff welfare programme in place to ensure that the workforce stays healthy, reduces absenteeism, is motivated, productive, and provides a better work-life balance. The programme addresses employees' physical, mental, spiritual and social well-being, to manage stress, improve job satisfaction, and enhance overall employee morale.

The initiatives that the Corporation implemented to support staff were as follows:

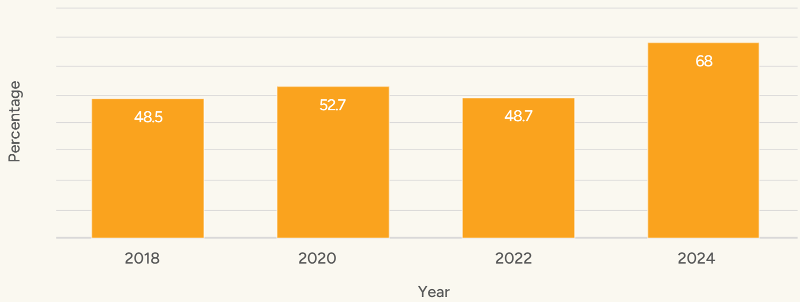
1. Group Counselling on Mental Health
2. Individual Counselling
3. Participation in Marathons
4. Get-well gift for a sick employee
5. Participation in Health Commemoration Days

EMPLOYEE ENGAGEMENT

The Corporation is committed to engaging employees through different platforms, such as the Chief Executive Officer's consultative meetings, Departmental meetings, Weekly newsletter information sharing or updates, Lekgotla platform in the electronic document and records management system (EDRMS), named Alfresco, Focus Groups, Innovation sessions and Annual Performance Review and Planning Sessions.

The Corporation conduct periodic employee engagement surveys to get feedback and ideas from employees with a view to enhancing a high-performance culture. The survey conducted in August 2024 indicated that the Employee Engagement Index was at 68%. This showed an improvement in the engagement levels recorded from past surveys, which are depicted below.

Employee Engagement Index Analysis (%)



A Transformation Plan was put in place to improve employee engagement matters, which include, amongst others, the following interventions:

1. Implementation of Innovation platforms/ competitions to get ideas from employees to improve processes, products and services.
2. Develop and implement a Culture Change programme to address issues of trust, psychological safety, innovation, silo mentality, decision making and living corporate values.
3. Review of the remuneration system.
4. Review of policies to address issues of succession planning, recognition, employee development, remuneration,
5. Induction of employees on policies, guidelines and manuals.
6. Diversity and inclusion on corporate project teams to encourage collaboration.
7. Implementation of enterprise change management in all projects for smooth buy-in and adoption

Corporate Social Responsibility (CSR) Contribution

OVERVIEW

BHC invested **P1,312,553** in CSR initiatives during the 2024/25 financial year, supporting 16 projects across the country. These initiatives were aligned with the Corporation's CSR focus areas of **Community Development, Education & Knowledge Sharing, Health & Wellness, and Strategic Partnerships**, reinforcing the Corporation's mandate to positively impact society.

1. COMMUNITY DEVELOPMENT

Total Spend: **P1,041,552.75 (6 Projects)**

Project	Description	Amount (P)
A HOUSE BUILT FOR A BENEFICIARY IN MOHEMBO VILLAGE	The Corporation has undertaken a Corporate Social Responsibility (CSR) initiative to construct a POHI-designed housing unit to a beneficiary. Such a gesture was not only an extension of gratitude towards him and his family for his sterling service to the nation but will also afford them comfort and dignity. The house is 54 square meters (improved POHI model) with the following features: ❍ Two-bedroomed with a living area. ❍ Kitchen fitted with steel cabinets. ❍ Separate toilet and bathroom. ❍ Floor tiles. ❍ Plastered and painted walls. ❍ IVR roof sheets. ❍ Water and electricity connection. ❍ Fully furnished with beds, stove, fridge, curtains, etc. ❍ New fence ❍ Conservancy tank. ❍ Storeroom for building materials	552,390.64
SEMOLALE READING ROOM REFURBISHMENT	The Corporation approved and commenced a Corporate Social Responsibility initiative of refurbishing a reading room at Semolale Village. The Semolale Reading Room project is a community-based project in the Bobirwa District. Project entailed: ❍ Re-Roofing: Changing from a Mono-pitch to Double Pitch due to leakages. ❍ Ceiling Installation ❍ Shelving Installation ❍ Electrical Installations ❍ Painting ❍ Addition of Verandah and Reception Counter ❍ Building of an ablution block	368,162.11

GOODHOPE PRIMARY SCHOOL	The Corporation donated towards the construction of a special unit block of classrooms and ablution at Goodhope Primary School.	56,000.00
MOSHUPA DISTRICT SHOW	Moshupa District Show 2024 Sponsorship	50,000.00
DONATRION LADIES CIRCLE	Donation towards a Braille Machine	10,000.00
MINISTRY OF LABOUR AND HOME AFFAIRS	Donation towards the commemoration of the World Day of Safety and Health at Work which was held on the 28th of April 2024 in Maun. The theme is **"Impact of Climate Change on Occupational Safety and Health."**	5,000.00

Impact: These projects improved access to housing, education, and community resources while fostering inclusivity and social cohesion.

2. EDUCATION & KNOWLEDGE SHARING

Total Spend: **P177,500.00 (5 Projects)**

Project	Description	Amount (P)
BOTSWANA ACCOUNTANCY COLLEGE	Sponsorship of the BAC Academic Conference	50,000.00
BOOKS DONATION TO TAU MANTHE PRIMARY SCHOOL	The donation significantly enhanced the school's library resources, giving students access to a broader selection of educational materials and encouraging a culture of reading and learning. Books are essential tools for academic success, helping students improve their literacy, comprehension, and critical thinking skills.	50,000.00
360 EVENTS AFFAIR	Sponsorship towards the 2nd Botswana Built Environment Conference (BBE) and Expo which was held on the 24th - 25th April 2024, Gaborone.	50,000.00
UNIVERSITY OF BOTSWANA	Tickets for BHC Engineers to the International Conference on Civil Engineering for sustainability & resilience.	5,000.00
GREENLOOP	Sponsorship of the 2nd Botswana Sustainability Week which took place in Gaborone from the 8th to 10th July 2024.	22,500.00

Impact: These initiatives improved access to learning materials, encouraged research and innovation, and supported knowledge-sharing platforms.

3. HEALTH & WELLNESS

Total Spend: **P20,000.00 (2 Projects)**

Project	Description	Amount (P)
BDF THEBEPHATHWA EXPO 2024	Sponsorship of the BDF Wellness event at Thebephatshwa Airbase	10,000.00
KAZUNGULA BRIDGE MARATHON	Sponsorship of the Kazungula Bridge Marathon 2025 which was held in Kasane on 22nd February 2025.	10,000.00

Impact: These contributions promoted physical wellness, encouraged active living, and supported national health campaigns.

4. OTHER STRATEGIC INITIATIVES

Total Spend: **P73,500.00 (4 Projects)**

Project	Description	Amount (P)
SIR SERETSE KHAMA INTERNATIONAL AIRPORT SPECIAL ECONOMIC ZONE	Sir Seretse Khama International Airport Special Economic Zone (SSKIA SEZ) Launch event sponsorship	50,000.00
BOTETI AGRICULTURE & MINING EXPO	Sponsorship of the Voorslag Boteti Agriculture & Mining Expo 2024, 26th - 29th June	12,500.00
BUSINESS BOTSWANA	Sponsorship of the Business Botswana Northern Trade Fair which was held from the 22nd – 26th May 2024 at Business Botswana Showground, Francistown under the theme "Sustainable Innovation: Building a Greener tomorrow."	10,000.00
SOS	Registration fee towards the SOS Charity Run	1,000.00

Impact: These initiatives strengthened BHC's stakeholder relationships and enhanced its presence in key sectors such as trade and agriculture.

CONCLUSION

BHC's CSR investments for 2024/25 demonstrate a strong commitment to community empowerment, education, health, and strategic partnerships. Through these efforts, the Corporation has not only improved the lives of beneficiaries but also reinforced its role as a key partner in Botswana's socio-economic development.

Stakeholder Engagement Report

INTRODUCTION

TThe Corporation's Marketing and Communications Department successfully executed a proactive stakeholder engagement strategy during the review period, focusing on assessing local accommodation demand, strengthening institutional partnerships, and aligning development plans across various districts. These activities were crucial in generating leads and identifying opportunities for collaborative development and facilities management services.

TARGETED DISTRICT MARKETING AND DEPARTMENTAL ENGAGEMENTS

Targeted marketing initiatives were conducted across the districts of Ramotswa, Kanye, Letlhakeng, Mahalapye, and Molepolole to gauge local housing demand and generate leads from Government Departments.

KEY INSIGHTS AND OUTCOMES:

Significant Demand: Across all engaged districts, there was significant demand identified from various Government Departments for staff accommodation.

Land Collaboration Opportunities: Several Government Departments indicated the possession of available land and expressed strong interest in collaborating with the Corporation on housing developments.

Facilities Management: Opportunities were identified in Facilities Management, highlighting potential avenues for expanding partnership and service offerings beyond core housing development.

Molepolole Initiative (October 2024): In collaboration with the Molepolole Area Office, a focused initiative engaged the District Commissioner and departmental heads. Attendees expressed excitement for the planned housing development, recognizing its potential not only to address accommodation needs but also to drive local development and create employment opportunities within the community.

LOCAL AUTHORITY AND LAND BOARD ENGAGEMENTS

Full Council Engagement (Kgatleng District): In line with the stakeholder engagement plan, the Corporation addressed the Kgatleng Full Council on June 26, 2024. The meeting served to:

- Provide updates on planned housing developments in Pilane within the Kgatleng District.
- Report on the progress of Self-Help Housing Agency (SHHA) turnkey developments.
- Address and respond to questions and queries pertaining to the implementation of various projects in the District.

LAND BOARD ENGAGEMENTS

The Corporation engaged several key Land Boards during the quarter to share planned developments, align corporate plans with district goals, and explore opportunities for infrastructural collaboration. Land authorities engaged included:

- Kweneng Land Board
- Ngwaketse Land Board

Institutional Partnerships: Botswana Prisons Services (BPS) On March 06, 2025, the Chief Executive Officer paid a courtesy call on the Commissioner of Prisons, Mr. Antony Mokento. The discussions focused on strengthening the working relationship between the two entities, specifically reviewing:

- Projects that have been outsourced to the Prison Services by the Corporation.
- Addressing the housing maintenance backlog faced by BPS staff.

The CEO committed to improving the Corporation's maintenance turnaround time to ensure better service delivery and support for institutional stakeholders, such as BPS.

Corporate Governance

Governance Framework

BHC is governed by a Board whose members are appointed by the Minister of Water and Human Settlement by powers bestowed on him by Parliament through Botswana Housing Corporation (BHC) Act (Cap 74:02). BHC subscribes to good corporate governance and therefore is fully committed to ethical and effective leadership principles as espoused in King IV. In pursuit of good corporate governance, the Corporation has over and above the BHC Act, adopted the BHC Corporate Governance Framework, Board Charter and Committees Terms of Reference which among other things, set parameters on the use of privileged information, declaration of conflict of interest and stipulate the roles and responsibility of the Board and Committees. Furthermore, it seeks to ensure that sound corporate governance principles are applied in all dealings by the Board members in respect of and on behalf of the Corporation.

Governance Structure

The Board and its Responsibilities

The BHC Act provides for the composition of the Board to be not less than seven or more than ten members who are, subject to any special or general directions of the Minister, responsible for the overall direction of the affairs of the Corporation, and for such other matters as may be specified in the BHC Act. Members are appointed by the Minister responsible for Housing and all appointments to the Board and of the Chairman are signified by notice in the Government Gazette.

In appointing members to the Board, the Minister specifies such periods of appointment as to ensure that the appointment of not more than one third of the members expire in any one year. Of the members appointed, the Minister designates one to be the Chairman of the Board, normally for a term not exceeding three years. The Chairman is eligible for re-appointment.

In terms of the Public Enterprise Evaluation and Privatization Agency (PEEPA) guidelines of 2012, board members are not to serve more than two consecutive terms.

The primary role of the Board of the Corporation is to ensure the long-term sustainability of the Corporation and enhance shareholder value by providing for the housing, office and other building needs of Government, local authorities and Batswana as provided for under the Botswana Housing Corporation Act (the Act).

The Board achieves this by ensuring that the Corporation is adequately staffed, especially senior positions, developing and reviewing the strategic direction and goals of the Corporation, and overseeing the business and affairs of the Corporation in light of emerging risks and opportunities.

The Board is assisted by Board Committees in fulfilling its responsibilities.

During the reporting period the following were Board members:

Mr Moemedi Gabana

Board Chairman and Independent Member

Mr Gabana holds a Master of Science in Urban Development and Bachelor of Arts (Hons) in Architecture. He is a lecturer on Architecture and Planning at the University of Botswana. He is a registered member of the Architects Association of Botswana.

Ms. Boitsheko Vanessa Ntshingane

Deputy Board Chairman and Independent Member

She is an admitted attorney with experience in commercial, financial services, as well as entrepreneurship development industries. She has experience in litigation management, legal insurance, corporate governance, legal/statutory compliance, and regulatory risk management. She is currently the Legal Advisor to the Local Enterprise Authority. She obtained a Bachelor of Laws from the University of Botswana, post graduate certificates in Compliance and Risk Management from the University of Cape Town, and Management Development Programme from the University of Stellenbosch. She is a member of the Board Projects Committee.

Ms. Carol N. Ralebala

Independent Member

Ms Ralebala is a Chartered Accountant who holds a master's degree in leadership and Change, a Bachelor of Commerce and a Degree in Association of Chartered Certified Accountants. She has vast financial and audit experience. She is currently employed by Debswana Diamond Company at Jwaneng Mine as Head of Finance. She is the Chairperson of the Finance, Risk and Audit Committee and a member of the Board Projects Committee.

Ms. Tebogo Pulane Mogotsi

Independent Member

Ms. Mogotsi is currently the Deputy Director of Public Service Management (DPSM). She holds a Bachelor of Commerce (BCom), MSc in Human Resources Management, and SAP HR Consultancy Certification. She is also a Member of the Institute of People Management South Africa. She is a Board Member of the Botswana Housing Corporation and Human Resource Development Council.

Prior to her appointment by the DPSM, she was employed by Botswana Competition and Consumer Authority and was responsible for Overall Human Resources Management of the Authority. She has also worked at Botswana Savings Bank as the Head of Human Capital from 2019 to 2020. In 2010 to 2018, she served the Southern African Development Community (SADC) as a Human Resource Management Expert in charge of Overall HR Management of Project Staff and Staff in the SADC Desk Office in Addis Ababa. She joined Barclays Bank of Botswana in 2008 as a Senior Human Resources Advisor.

In 2001 she joined Debswana Diamond Company - (Jwaneng Mine) as an HR Learner Official and rose through the following ranks in the Organisation: Industrial Relations Officer, Human Resources Officer, HR Business Analyst, and HR Business Partner. She has served in Orapa Mine as Human Resources Business Partner – Services as well. Her career started in the Public Service in 1997 as an Assistant Industrial Officer under the then Ministry of Commerce and Industry. In the year 2000, she was appointed as a Management Analyst under the Directorate of Public Service Management. She is the Chairperson of the Human Resources Committee.

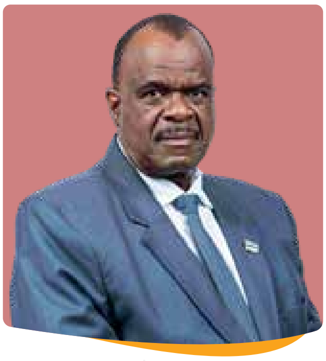
Mr Phenyo Shigie Nthaga | Independent Member

He holds a Master of Public Administration in Human Resources Management Degree from the University of Botswana and another Master of Education: Policy Analysis, Leadership and Management from the University of the Western Cape, South Africa. He holds a Bachelor of Arts Degree in Humanities and a Post Graduate Diploma in Education both attained from the University of Botswana. He holds certificates in Managing the Learning and Development Function from Reed Learning, London UK (American Society for Training & Development) as well as Managing the Training and Development Function Programme from ESAMI, Kenya, certificates in Human Resource Planning and Development from Institute of Applied Manpower Research, New Delhi, India. He has undertaken ILO-organized Training of Trainers course on Effective Information Management as well as the Vocational Training Under Economic Restructuring course at ARLAC in Harare, Zimbabwe. He has done a Gender and Development course at the University of Botswana. He has over twenty years of experience in the Tertiary Education sector and is currently employed by the University of Botswana as a Faculty Administrator. Prior to joining the University of Botswana, he worked for Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) now Business Botswana as a Training Officer. He has served in several University of Botswana Committees and Task Forces. He is a Member of the Human Resource Committee and Finance, Risk and Audit Committee.

Mr. Tumisang Mogwe | Independent Member

He holds a BSc (Hons) Quantity Surveying degree and has over 23 years' experience working in Botswana and UK as a Quantity Surveyor, project manager and mentor. He is the current Managing director of Temo Construction Services (QS Firm) and Axis Tech (ICT Firm). He also holds numerous short courses in business development, construction contracts and management consultancy. He has been providing mentoring and technical due diligence to local banks and institutions in Botswana for the past 10 years.

He offers mentoring to UNDP through the Supplier Development Program (SDP). He is a registered member of the Quantity Surveyor's Registration Council (QSRC). He sits on the Quantity Surveyor's Registration Council (QSRC) Board. His expertise is cost planning, sustainable construction, benchmarking & cost modeling, project monitoring & project management, training & mentoring, and providing solutions for digitizing processes in the construction industry. He is the Chairperson of the Board Projects Committee.



Mr Bareng Christopher Malatsi | Independent Member

Mr Malatsi is holder of a BSc (Hons.) Surveying Science and MSc Land Surveying.

He has held several senior positions in Government including Director of Surveys and Mapping as well as Land Board Secretary. He is currently Deputy Permanent Secretary, Ministry of Transport and Public Works. He is a member of the Governing Council of the Regional Centre of Mapping of Resources for Development (RCMRD); Board member of CEDA Young Farmers Fund; Board member of the National Environmental Fund (NEF). He is a Member of the Human Resource Committee and the Board Projects Committee.

Mr Jimmy Thibedi Sechele | Independent Member

He is an Architect and a member of Botswana Institute of Development Professional (BIDP), Architects Association of Botswana and the Architects Registration Council. He obtained his Master of Science in Architecture from Roston-On-Don, USSR and a Certificate in Building Construction from Botswana Polytechnic. He has amassed over thirty-five years of experience in the field of architecture. He is currently the Director to Okanda Consulting, an architectural firm. He previously worked for Group 9 Architects, KMM Architects (Partner) and the Gaborone City Council. He is a member of the Finance Risk and Audit Committee.

REMUNERATION OF THE BOARD

BHC Act provides that the Board members shall be paid such remuneration and allowance as may be approved by the Minister. The Board fees are paid in accordance with Presidential Directive CAB 30B/2023 Rev.1. The Directive further provides for the payment of quarterly retainer fees to Board members. The has capped payment of sitting allowance at a maximum of four (4) ordinary meetings and two (2) special meetings per annum.

The new Board fees are as follows:

ITEM	NEW FEES (P)
Sitting Allowance for Chairperson	9500
Sitting allowance for members	8500
Retainer Fee for Chairperson	12500
Retainer Fee for members	11500

BOARD ATTENDANCE

A total number of Two (2) ordinary meetings and five special meetings were held during the year. Two Ordinary Meetings were held during the year due to retirement of some Board members which reduced the composition of the Board to a number below statutory requirement of a minimum of seven Board members.

The attendance of the members was as follows:

NAME	DESIGNATION	BOARD ATTENDANCE
Mr. Moemedi Gabana Term 1: 01/09/2021 -31/10/2024	Chairperson	7/7
Ms. Boitsheko V Ntshingane Term 1: 01/09/2021 – 31/10/2025	Vice Chairperson	7/7
Ms. Carol N. Ralebala Term 1: 01/09/2021 – 31/10/2025	Member	7/7
Ms. Tebogo P. Mogotsi Term 1: 01/09/2021 – 31/10/2025	Member	7/7
Mr. Phenyo Nthaga Term 1: 01/09/2021 – 31/10/2025	Member	7/7
Mr. Tumisang Mogwe Term 1: 01/09/2021 – 31/10/2025	Member	7/7
Mr. B. Malatsi Term:1/12/2018-	Member	3/4
Mr. Jimmy T. Sechele Term 1: 01/09/2021 – 31/10/2024	Member	7/7

END OF TERM OF OFFICE

There tenure of the following three (3) Board Members expired during the year under review:

NAME	DESIGNATION	END OF TENURE
Mr. Moemedi Gabana	Chairperson	31st October 2025
Mr. Jimmy Sechele	Member	31st October 2025
Mr. Bareng Malatsi	Member	31st May 2025

BOARD COMMITTEES

Section 12 of the BHC Act empowers the Board to form such Committees as may be necessary to facilitate efficient decision-making and to assist the Board in the execution of its duties, power and authorities. The Board has therefore established the following Committees through the Board Charter and Terms of Reference of the respective Committees:

1. Finance, Risk and Audit Committee
2. Human Resources Committee
3. Board Projects Committee

Finance, Risk and Audit Committee

CHAIRPERSON'S REPORT

It is my privilege to present the report of the Finance, Risk and Audit Committee (FRAC) for the financial year ended 31 March 2025. This report outlines the Committee's activities and highlights its oversight role in supporting the Board's fiduciary responsibility for financial integrity, risk management, and the adequacy of internal control systems.

ROLE OF THE COMMITTEE

The Finance, Risk and Audit Committee serves as an independent oversight body of the Board, with primary responsibility for monitoring the Corporation's financial reporting, risk management, and internal control environment.

Its responsibilities include:

- Overseeing audit plans and evaluating audit findings;
- Ensuring that management responds promptly and effectively to identified risks and recommendations;
- Safeguarding the independence of external auditors by reviewing their appointment, scope of work, and fees; and
- Providing informed recommendations to the Board on financial governance, risk mitigation, and control enhancement.
- Through these efforts, the Committee strengthens the Board's stewardship and contributes to sound strategic decision-making across the Corporation.

KEY ACTIVITIES DURING THE YEAR

Oversight of Risk Management

In discharging its mandate, the Committee maintained strong oversight of the Corporation's enterprise-wide risk and compliance framework. In the year, this entailed oversight of compliance with Botswana's Data Protection Act No. 18 of 2024, reinforcing the Corporation's commitment to responsible data governance and prioritisation of prioritised cybersecurity risk management. In addition, the Committee fostered a culture of integrity and accountability through ethics and compliance initiatives, supported by regular reports from the Risk and Compliance Department that informed the Board on key risks and regulatory developments.

Internal Audit

The Internal Audit function provides independent assurance on the effectiveness of the Corporation's governance, risk management, and control processes. The Committee approved the annual audit plan, monitored its progress, and evaluated outcomes. The Chief Audit Executive (CAE) reports functionally to the Board through the Committee and administratively to the Chief Executive Officer, ensuring independence. Regular engagement between the CAE and the Committee Chair fostered open dialogue and strengthened oversight, ensuring that internal audit work remained risk-focused, value-adding, and aligned with organisational priorities.

Integrity of Financial Reporting and External Auditors

The Committee reviewed the annual and quarterly financial statements with management and the external auditors, ensuring they present a true and fair view of the Corporation's financial position. Particular attention was paid to accounting judgments, estimates, and disclosures, confirming adherence to relevant standards and governance principles. In its engagement with the external auditors, the Committee scrutinised the audit plan, assessed auditor independence, and evaluated the scope and quality of audit work, and is confident that the auditors demonstrated objectivity, diligence, and professional integrity throughout the period.

Whistleblowing and Anti-Fraud Oversight

The Committee maintained strong oversight of fraud prevention, anti-bribery, and whistleblowing processes, reviewing reports from management and the independent hotline to ensure confidentiality and proper follow-up issues.

LOOKING AHEAD

In the coming year, the Committee will continue to strengthen its oversight of governance, financial controls, and risk management frameworks. Priority areas will include:

- Enhancing contract management and project delivery oversight;
- Monitoring the effectiveness of financial systems and prompt implementation of audit recommendations;
- Supporting the integration of digital transformation and intelligent automation to enhance efficiency and reporting accuracy;
- Advancing cybersecurity maturity and embedding Environmental, Social and Governance (ESG) principles into the Corporation's operations.

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Naiko Carol Ralebala
Chairperson Finance, Risk and Audit Committee

THE HUMAN RESOURCE COMMITTEE REPORT

The Role of the Committee

The Human Resource Committee of the BHC Board derives its mandate from its Terms of Reference, which defines the Committee's roles and responsibilities, as well as its governance processes as an oversight structure that assists the Board in fulfilling its obligations and in providing oversight responsibilities relating to implementation of the Corporation's Human Capital management systems and processes, to ensure that the Corporation attracts and retains the talent needed to deliver its mandate and business objectives.

Activities of the Committee

During the reporting period the Committee provided guidance to the BHC Management in coordination of human capital management systems and processes and has considered and endorsed, amongst others, the following initiatives intended to enhance human capital management systems and processes; a leadership effectiveness exercise, whose objective was to enhance senior leadership capability, hence effectiveness in the stewardship of the Corporation's strategy and mandate, employee learning and development plans and programmes, employee engagement initiatives, a staff ideation/innovation drive (as a way of value creation by stimulating creativity amongst employees in respect of the Corporation's products and services). These initiatives have proven to be value adding in addressing stakeholders and customer concerns regarding the Corporation's products and services. As part of the Committee's aspirations for business continuity, the Committee has been fast tracking recruitment for senior leadership team positions. The Committee continuously monitors Management's efforts in the enhancement of employee relations systems and processes within the Corporation, as a way of managing employee relations risks that are inherent within the Corporation and thus promoting a conducive work environment.

Attendance at Committee meetings

The Human Resource Committee composition is four (4) members, with diverse qualifications and backgrounds which are relevant to the operations of the Corporation, including in human resources management, the built environment and housing. The table below shows members' attendance of meetings during the reporting period:

NAME	DESIGNATION	BOARD ATTENDANCE
Ms. Tebogo Mogotsi	Chairperson	2/2
Mr. Phenyo Nthaga	Member	2/2
Mr. Jimmy Sechele	Member	2/2
Mr. Bareng Malatsi	Member	1/1 (Retired)

BOARD PROJECTS COMMITTEE REPORT

The Committee is responsible for assisting the Board to fulfil its oversight responsibilities in relation to the management and execution of projects. The Committee ensures that projects are delivered on time and on budget.

Meetings of the Committee

In line with its Charter, the Committee is expected to hold meetings quarterly. During the reporting period, the Committee held two (2) ordinary meetings.

The attendance of the members was as follows:

NAME	DESIGNATION	BOARD ATTENDANCE
Mr. Tumisang Mogwe	Chairperson	2/2
Ms. Boitsheko V Ntshingane	Member	2/2
Ms. Carol N. Ralebala	Member	2/2
Mr. Bareng Malatsi	Member	Retired

CHAIRMAN

The Chairman is appointed by the Minister according to BHC Act. The main responsibility of the Chairman is to lead the Board and preside over its meetings. He/she is responsible for directing and controlling the activities of the BHC Board. He/she provides leadership and promotes cohesiveness and effectiveness of the Board.

The Chairperson's key roles include ensuring that good relations are maintained with the Shareholder and its strategic stakeholders and presiding over the Board meetings. This includes assisting the Board to develop good relationships with the parent Ministry, other line Ministries, the General Manager and other stakeholders.

He is responsible for ensuring that the performance of the General Manager is appraised at agreed intervals by either the Chairperson himself or a sub-committee appointed by the Board.

He also ensures that the Board and each individual Board Member are assessed for effectiveness on an annual basis.

BOARD SECRETARY

The Board Secretary is also Head of Legal Services, an admitted attorney and holds a Bachelor of Laws Degree (LLB) and is appointed by the Board.
The Board Secretary is primarily responsible for recording the proceedings and the decisions of the Board. The Board Secretary is further responsible for advising the Board on issues relating to governance, statutory authority and responsibility of the Members and the conduct of Board meetings.

He ensures that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Board Secretary provides the Board as a whole, and the Board members individually, with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Corporation.

The Board Secretary is responsible for ensuring the efficient delivery of services to the Board, including but not limited to preparation and distribution of minutes of the Board and of the general meetings; arrange for Board induction programme as per agreed induction procedure; and follow-up on matters arising from Board meetings and prepare updates for the next meeting.

BHC compliance with King IV

BHC compliance with King IV

GOVERNANCE ELEMENT	PRINCIPLE(S)	BHC-STATUS	COMPLIANCE
Leadership	Governing Body should lead ethically and effectively	1. The Corporation has put in place a Board with integrity which acts in the best interest of the Corporation 2. The Board is comprised of Members with different professional backgrounds and are competent to undertake the business of the Corporation 3. Charters for the Board and its Committees and a Shareholder compact have been put in place to ensure that Members act with transparency, fairness, accountability and responsibility 4. The Board has also been subjected to performance evaluations	✔
Organizational Ethics	The governing body should govern the ethics of the organization in a way that supports the establishment of an ethical culture	Upon appointment, all Board members participate in a formal induction programme designed to familiarise them with their roles and responsibilities, the Board's governance structure, and the requirements of the Board Charter.	✔
Responsible Corporate Citizen	The governing body should ensure that the organization is and is seen to be a responsible citizen	**REPORTING PERIOD: FINANCIAL YEAR 2024/2025** Total Investment: P1,312,552 **a) Governance and Management Arrangements** BHC manages its corporate citizenship through a governance framework strictly aligned with the King IV Report on Corporate Governance. Board Oversight: The BHC Board of Directors holds ultimate responsibility for ensuring the corporation acts as a responsible corporate citizen. Strategic Integration: Rather than treating CSR as a peripheral compliance task, the Board ensures that social investment initiatives are embedded directly into BHC's overarching corporate strategy. Ethical Mandate: Management operates under a dual-pronged approach, balancing its legal obligations with an ethical commitment to protect and enhance the economic, social, and environmental contexts in which the corporation operates.	✔

		b) Key Areas of Focus (2024/2025) During this reporting period, BHC deployed its P1,312,552 budget across four primary strategic pillars: **Social Infrastructure & Dignity:** Focused on providing stable shelter and community resources, specifically through the construction of an upgraded POHI-model housing unit and the structural restoration of a community library hub in Semolale Village. **Education & Youth Literacy:** Prioritized inclusive education and academic resources by financing specialized classroom blocks and accessible ablution facilities at Goodhope Primary School, alongside a substantial donation of library texts. **Occupational Health, Safety & Environmental Stewardship:** Addressed the intersection of climate change and workplace safety by serving as a premier sponsor for the World Day of Safety and Health at Work in Maun. **Strategic Socio-Economic Partnerships:** Invested in the growth and standardization of the national construction sector and regional trade through sponsorships of the 2nd Botswana Built Environment (BBE) Conference & Expo and the Business Botswana Northern Trade Fair.	
		c) Monitoring Measures and Outcome Management BHC monitors its corporate citizenship performance through a lens of Stakeholder Inclusivity and Socio-Economic Contribution. **Monitoring Mechanism**: The corporation evaluates the success of its investments by tracking their alignment with national development goals and their impact on both internal civic beneficiaries and external commercial stakeholders. **Addressing Outcomes:** Outcomes are managed by ensuring a multi-tiered distribution of funds. For instance, when gaps in specialized education or rural infrastructure are identified, BHC shifts from passive funding to active structural intervention (e.g., physical building projects). This ensures that outcomes translate into tangible, long-term community empowerment rather than temporary relief.	

		d) Planned Areas of Future Focus While the provided text details the achievements of the 2024/2025 cycle, future focus areas driven by the current performance framework will continue to prioritize the following trajectories: Sustainable Innovation: Continuing to champion platforms that promote "Building a Greener Tomorrow," particularly within the construction and trade sectors. Deepening Socio-Economic Impact: Scaling initiatives that support rural literacy and specialized educational needs. Maintaining King IV Standards: Upholding the integrity of the corporate strategy by continuously aligning social spending with the evolving economic and environmental challenges facing Botswana.	
2. STRATEGY PERFORMANCE REPORTING			
2.1 Strategy and performance	The governing body should appreciate that the organization'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 approved the annual performance plan that guides delivery on the Corporation's mandate. Strategy Risk Register was developed with mitigation interventions for implementation. To ensure operational efficiency, and sustainability, the operating model is being reviewed, and an environmental, social, and governance (ESG) strategy has been developed and is being rolled out. Organisational performance is continually monitored by the Board through quarterly review meetings.	✔
2.2 Integrated Reporting	The Governing body should ensure that reports issued by the organization enable stakeholders to make informed assessments of the organization's performance, and its short, medium and long-term prospects	An integrated report on the Corporation's financial and sustainability performance is prepared annually and incorporates financial performance, sustainability and environmental issues. The FRAC and the external auditors reviews the integrated report to ensure that it contains reliable information Finance	✔
3. GOVERNING STRUCTURES AND DELEGATION			
3.1 Primary role and responsibilities of the governing body	The governing body should serve as the focal point and custodian of corporate governance in the organization	The governing body is mandated to have four ordinary meetings per financial year. The Board held a total of seven meetings, two ordinary and five special meetings. It therefore failed to reach the required four ordinary meetings. ❍ The Human Resource Committee held two meetings. ❍ The Board Projects Committee also held two meetings	Not fully compliant. Other meetings could not be held as some Board Members' terms had lapsed and they were not quorate.

3.2 Composition of the governing body	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities objectively and effectively	The Board appointed by the Minster responsible for the Corporation. The Board composition is multidiscipline The Chairman appointed by the Minister in terms of the BHC Act	✔
3.3 Committees of the governing body	The governing body should ensure that its arrangements for delegation within its own structures promotes independent judgment, and assist with balance of power and the effective discharge of its duties	The Board has put in place the following committees which are governed by their respective charters **A.** Finance Risk and Audit Committee **B.** Human Resources Committee **C.** Board Projects Committee The Board has also appointed ad-hoc committees for specified short term assignments	✔
3.4 Evaluations of the performance of the governing body	The governing body 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	**A.** formal evaluation of both the Board and individual Members took place and is scheduled for every second year. **B.** The evaluation amongst others identified training needs for Members.	✔
3.5 Appointment and Delegation to Management	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibility	For the reporting period, the organization had appointed a substantive General Manager (CEO) and a Board Secretary The Organization has in place a Delegation of Authority Policy which sets direction and parameters for the powers reserved for the Board and those delegated to Management	✔

4. GOVERNANCE AND FUNCTIONAL AREAS			
4.1 Risk Governance	The governing body should govern risk in a way that supports the organization in setting and achieving its strategic objectives	**a) Overview of the arrangements for governing and managing risk** The Board governs risk through the Finance, Risk and Audit Committee (FRAC), which provides oversight over the effectiveness of the Corporation's Enterprise Risk Management (ERM) Framework. The Board has approved the Risk Management Framework, Risk Management Policy, Risk Appetite Statement and supporting governance structures to ensure that risks are identified, assessed, managed, monitored and reported in accordance with strategic objectives. Management is responsible for implementing the ERM Framework through the Three Lines Model. Risk ownership resides with Executive Management and business units, while the Risk and Compliance function provides independent oversight, facilitates risk assessments, monitors emerging risks, maintains the Corporate Risk Register and reports quarterly to FRAC and the Board. Risk management is fully integrated into strategic planning, project delivery, investment decision-making, operational planning and performance management. Risk assessments are conducted for strategic initiatives, major capital projects, procurement activities, partnerships, and regulatory obligations.	✔
		b) Key areas of focus during the reporting period During the reporting period, the Corporation focused on managing strategic and emerging risks affecting delivery of its Corporate Strategy, including: ❍ Liquidity and funding pressures arising from constrained cash flows and delayed Government receivables. ❍ Project delivery delays resulting from infrastructure constraints, contractor performance, procurement challenges and increasing construction input costs. ❍ Housing affordability and reduced market demand due to higher lending rates and economic conditions. ❍ Strategic partnership and Public-Private Partnership (PPP) risks, including bankability assessments, sovereign guarantee requirements and governance considerations. ❍ Cybersecurity and information security risks, including strengthening cyber resilience, disaster recovery and remediation of Internal Audit findings. ❍ Regulatory compliance risks relating to Data Protection, ESG implementation, Occupational Health and Safety, Quality Management Systems and statutory reporting. ❍ Counterparty and credit risks associated with Government debtors, tenants and strategic partners. ❍ Climate, environmental and sustainability risks through implementation of the BHC ESG Strategy.	

		Risk reporting continued to include emerging risks, key risk indicators, risk appetite monitoring and management action plans. **c) Actions taken to monitor the effectiveness of risk management and how outcomes were addressed** **The effectiveness of risk management was monitored through:** ❍ Quarterly Corporate Risk Register reviews and reporting to Executive Management, FRAC and the Board. ❍ Monitoring of Key Risk Indicators (KRIs) against approved Risk Appetite thresholds. ❍ Combined Assurance involving Internal Audit, Risk and Compliance, External Audit and management assurance providers. ❍ Risk reviews of major investment proposals, PPP initiatives and strategic projects. ❍ Continuous monitoring of project delivery, contractor performance and procurement risks. ❍ Cybersecurity assessments, disaster recovery testing and remediation of identified control weaknesses. ❍ Tracking implementation of agreed management action plans through quarterly follow-up reviews. Where risk exposures exceeded approved tolerance levels, management implemented targeted mitigation measures, including accelerated debt recovery initiatives, prioritisation of capital expenditure, enhanced project governance, strengthened contract management, increased executive oversight of strategic projects and continued implementation of the ESG Strategy and Data Protection Programme.	
		d) Planned areas of future focus The Corporation will continue strengthening risk governance through: ❍ Further integration of risk management into strategic planning and capital investment decisions. ❍ Enhancement of predictive risk analytics and automation of enterprise risk reporting. ❍ Continuous review of the Risk Appetite Statement to reflect the evolving operating environment. ❍ Strengthening project risk management across the housing delivery programme. ❍ Expanding cyber resilience capabilities and information security governance. ❍ Embedding climate-related, ESG and sustainability risks into enterprise risk assessments. ❍ Strengthening business continuity and crisis management capabilities. Enhancing combined assurance maturity and Board risk oversight.	

4.2 Technology and information governance	The governing body should govern technology and information in a way that supports the organization setting and achieving its strategic objectives.	**a) Overview of the arrangements for governing and managing technology and information** ❍ The Board of Directors provides strategic direction and oversight of information and technology to ensure alignment with business objectives, effective risk management, and value delivery. The Board exercises its oversight through the Finance, Risk and Audit Committee and the Management Risk and Audit Committee (MARC). ❍ The Finance, Risk and Audit Committee reviews the IT budget, monitors audit findings, and ensures technology investments deliver value. MARC provides oversight of IT governance, cybersecurity, compliance, audit implementation, and IT-related risks, while providing assurance to the Board on the effectiveness of IT governance. ❍ The Projects Board governs digital transformation initiatives and major IT projects. ❍ IT Management is responsible for planning, implementing, operating, and continuously improving information and technology services while managing performance, security, risks, and service availability. **b) Key areas of focus during the reporting period** ❍ The Corporation is focused on implementing the recently approved five-year digital transformation strategy. Key initiatives include the development of a mobile application and modernized website, self-service functionalities (password reset), the implementation of data management and business intelligence dashboards to support data-driven decision-making, the digitization of housing delivery processes, and the enhancement of employees' digital capabilities. ❍ The IT Department is also strengthening IT Governance, Risk and Compliance to enhance governance, risk management and ensure regulatory compliance. Implementation of the Pathlock Identity and Access Management (IAM) solution to enforce segregation of duties and privileged access controls in Oracle is underway. Closing of audit findings identified by both external and internal auditors. These include in cybersecurity gaps, vendor governance, and disaster recovery compliance, data protection compliance. ❍ The Corporation also strengthened its cybersecurity posture through awareness campaigns, controls and conducting penetration and vulnerability tests.	✔

		c) Actions taken to monitor the effectiveness of risk management and how outcomes were addressed - The IT Department issues quarterly reports to the MARC covering security issues, project progress and outcomes, audit query progress and system uptime. - Risks are managed through the Risk register in collaboration with Risk and Compliance Department. - Key KPIs are monitored through scorecard in collaboration with Strategy Department. **a) Planned areas of future focus** The implementation of the Digital Transformation Strategy will be the Department's primary focus over the next five years, driving the modernisation of business processes, technology, and service delivery. In parallel, the Department will continue to strengthen the Corporation's cybersecurity posture, proactively identify and manage IT risks, address internal and external audit findings, enhance IT governance and compliance, and maintain the availability, resilience, and performance of critical business systems to support service delivery.	
4.3 Compliance governance	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organization being ethical and a good corporate citizen	**a) Overview of the arrangements for governing and managing compliance** The Board oversees compliance governance through the Finance, Risk and Audit Committee, which provides strategic oversight over compliance with applicable legislation, regulations, standards and internal governance requirements. The Risk and Compliance function coordinates the Corporation's Compliance Management Framework by identifying regulatory obligations, monitoring compliance, providing advisory services, conducting compliance assessments and reporting significant compliance matters to Executive Management and the Board. Compliance governance is supported through policies, procedures, internal controls, awareness programmes, management self-assessments, compliance monitoring, Internal Audit reviews and external assurance where appropriate. Compliance forms part of the Corporation's integrated governance, risk management and control environment. b) Key areas of focus during the reporting period Key compliance priorities during the reporting period included: - Compliance with the Botswana Housing Corporation Act and related statutory obligations.	✔

		❍ Strengthening implementation of the Data Protection Programme, including governance structures, policies and contractual compliance requirements. ❍ Maintenance of the ISO 9001 Quality Management System and closure of audit findings. ❍ Occupational Health and Safety compliance across housing developments and operational facilities. ❍ ESG governance implementation in line with the approved Corporate and Project ESG Frameworks. ❍ Procurement governance and adherence to applicable procurement legislation and internal policies. ❍ Monitoring compliance with financial management, corporate governance and reporting obligations. ❍ Strengthening regulatory compliance monitoring across strategic projects and partnership arrangements. **c) Actions taken to monitor the effectiveness of compliance management and how outcomes were addressed** Compliance effectiveness was monitored through: ❍ Quarterly compliance reporting to Executive Management and FRAC. ❍ Compliance monitoring programmes and management self-assessments. ❍ Internal Audit reviews and follow-up of agreed corrective actions. ❍ Monitoring implementation of regulatory and audit recommendations. ❍ Periodic policy reviews and awareness initiatives. ❍ Compliance assessments on major projects and strategic initiatives. ❍ Continuous monitoring of legal and regulatory developments affecting the Corporation. Where compliance gaps were identified, corrective action plans were developed, responsibilities assigned, implementation timelines agreed and progress monitored through management and Board reporting structures.	
		d) Planned areas of future focus Future compliance priorities include: ❍ Full implementation and maturity of the Compliance Management Framework. ❍ Strengthening Data Protection compliance and contractual governance. ❍ Further automation of compliance monitoring and reporting. ❍ Continued enhancement of procurement and contract governance. ❍ Ongoing implementation of ESG regulatory requirements. ❍ Strengthening compliance culture through awareness and training. ❍ Improving regulatory horizon scanning and proactive compliance risk management. ❍ Enhancing integrated assurance across Risk, Compliance, Internal Audit and External Audit. **Regulatory penalties, sanctions and fines** During the reporting period, no material regulatory penalties, sanctions or fines were imposed on Botswana Housing Corporation or members of the	

		governing body. Regulatory findings and audit observations identified through assurance activities were addressed through approved management action plans, with progress monitored by Executive Management and the Finance, Risk and Audit Committee.	
4.4 Remuneration governance	The governing body should ensure that the organization 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 Corporation's remuneration practices are governed by the approved Remuneration structure which depicts the Pay Structure and Benefits founded on the principles of internal equity, external competitiveness, affordability, pay for performance, and compliance with applicable legislation and good corporate governance practices. Remuneration decisions are made through a structured governance process to ensure consistency, fairness, and accountability across the organisation. The Board of Directors, through the established Human Resources Board Committee, provides oversight of the Corporation's remuneration structure and approves the decisions for executives to implement in accordance with the Board's delegated authority and within approved budgetary provisions The remuneration of Board of Directors is guided by the approved remuneration guideline by the Government of Botswana. Management is responsible for implementing the approved remuneration guidelines, ensuring that it is applied consistently across the Corporation	✔
4.5 Assurance	The governing body should ensure that assurance services and functions enable an effective control	**A.** Combined assurance model Building on the risk and compliance governance arrangements described in 4.1 and 4.3, the Corporation operates a combined assurance model structured across four lines: management controls and self-assessments (first line); the Risk and Compliance function (second line); Internal Audit (third line); and External Audit (independent line). The Finance, Risk and Audit Committee maps assurance coverage across these lines to avoid unnecessary duplication of effort, close coverage gaps, and determine where reliance can be placed on one provider's work by another. **B.** Assurance of external reports The Corporation's Annual Financial Statements are independently audited, with the resulting audit opinion and any matters arising reviewed by the Finance, Risk and Audit Committee prior to the Committee recommending the statements to the Board for approval. **C.** Assurance of internal audit reports Internal Audit executes a risk-based annual plan, independent of management, and reports its findings directly to the Committee. Its scope and any significant findings during the period are addressed in the reporting under 4.1 and 4.3; this section confirms that Internal Audit's work forms a core input into the overall combined assurance opinion given to the Board.	✔

5.STAKEHOLDER RELATIONSHIPS			
5.1 Stakeholders	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interest and expectations of material stakeholders in the best interests of the organization over time	During the reporting period, the Corporation's Marketing and Communications Department successfully executed a proactive, localized stakeholder engagement strategy designed to align corporate development plans with community and district goals. **A.** Governance and Framework: Relationship management was driven through a structured framework using localized outreach such as direct collaboration between headquarters and regional offices **B.** Key Reporting Focus Areas: Engagement prioritized assessing local housing demands across five major districts (Ramotswa, Kanye, Letlhakeng, Mahalapye, and Molepolole), identifying institutional land-sharing opportunities, coordinating infrastructural alignment with the Kweneng and Ngwaketse Land Boards, and updating the Kgatleng Full Council on active housing projects. **C.** Monitoring and Issue Resolution: Relationship health was monitored via direct council sessions and executive consultations. Key interventions included resolving project execution queries at the Kgatleng Full Council and a commitment by the CEO to improve maintenance turnaround times following a strategic review with the Botswana Prisons Services (BPS). **D.** Strategic Future Outlook: Moving forward, the Corporation will focus on formalizing collaborative housing developments with land-owning Government Departments, expanding service offerings into newly identified Facilities Management opportunities, and maximizing local employment and economic development through upcoming construction pipelines.	✔

BHC Compliance

1. RISK AND COMPLIANCE MANAGEMENT OVERVIEW

Botswana Housing Corporation has integrated risk management practices into its strategic and operational processes. The Corporation has an established enterprise risk management based on the three lines of defence model. The Board has the overall responsibility for the Corporation's Enterprise Risk Management Framework (ERMF). The ERMF follows the King III and ISO 31000:2018 principles aligned with, ensuring that risk identification, evaluation, and mitigation are integrated across the Corporation.

During the 2024/2025 financial year, the Corporation operated in a heightened risk environment at both strategic and operational levels, primarily due to the economic slowdown and project-related risks. The Board and Management continued providing oversight over the management of the corporate risks, providing guidance and support to manage the risks.

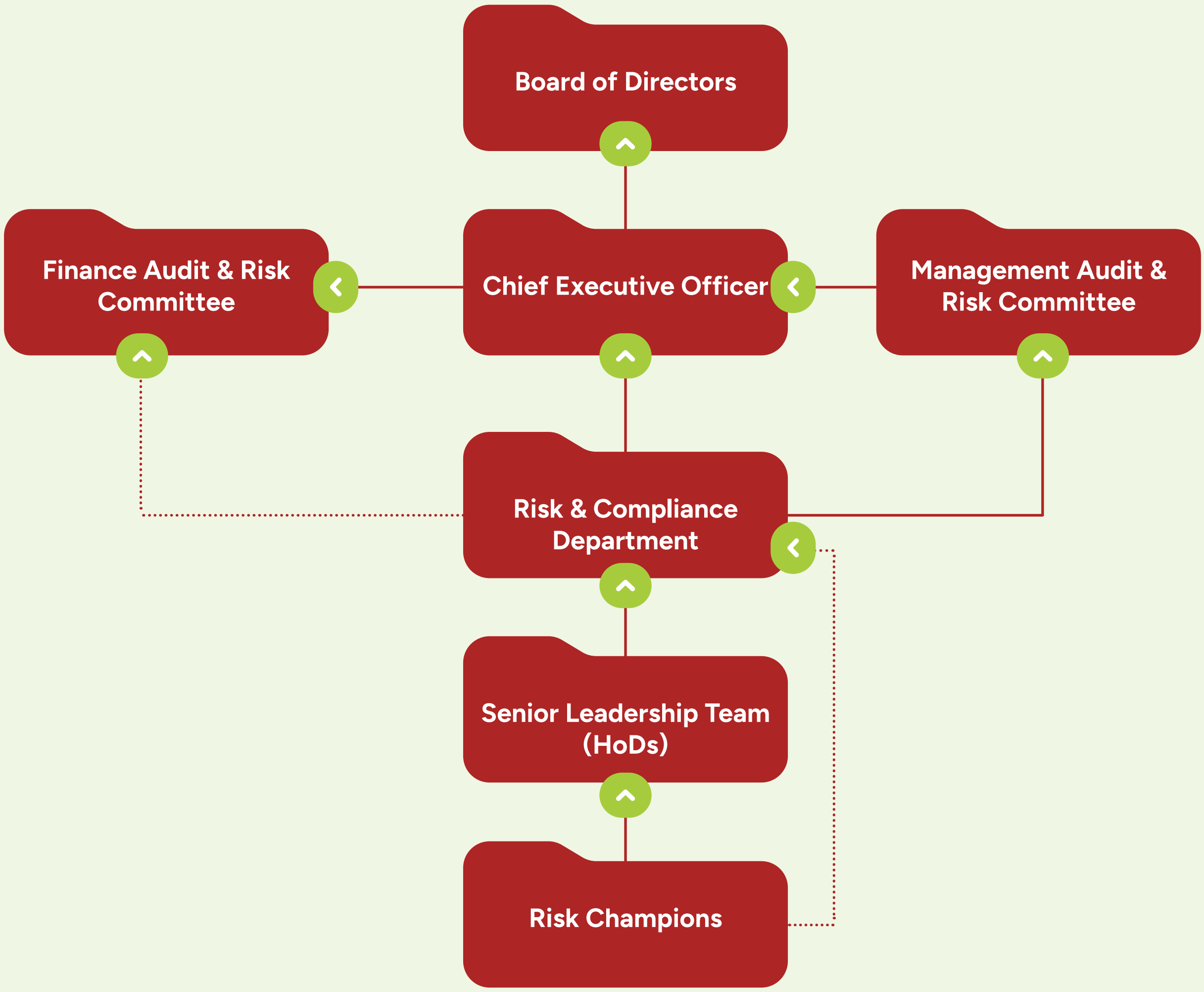
At the beginning of each reporting period, the Corporation undertakes strategic and operational (departmental) risk assessments to identify, analyse, evaluate and respond to the risks. Operational risk reports are shared with Management every month, and the strategic risk report with the Board every quarter.

During the reporting period, the Corporation developed the Data Protection policy and procedures to ensure compliance to the Data Protection Act.

2. RISK GOVERNANCE

2 1. GOVERNANCE STRUCTURE

The risk governance framework of the Corporation is established to provide proper oversight, accountability, and the incorporation of risk management organisation-wide. This framework facilitates strategic decision-making and adherence to regulatory obligations.



The Board of Directors and the Finance Risk and Audit Committee have exercised oversight of risk management with a focus on the most significant risks facing the Corporation. During the year under review, the Board were kept abreast through quarterly reports on the risk environment and risk profile of the Corporation.

2.2. THREE LINES OF DEFENCE

BHC has implemented a combined assurance model that has resulted in organisational governance collaboration. During the year, the processes of internal and external assurance worked together to ensure the effectiveness of risk management. The integration of assurance processes has optimised assurance activities and broadened risk coverage in the Corporation while aligning with the risk appetite.
For continual improvement, the three lines of defence were strengthened through the implementation of the integrated risk management system.

Three Lines of Defence		
1st Line of Defence	**2nd Line of Defence**	**3rd Line of Defence**
Management and Business Functions	Specialist Functions e.g. Risk & Compliance	Internally & External Assurance Providers (independent assurance)
Accountability and responsibility of implementation ERMF supported by Governance and internal control structures and processes.	Establishes ERMF and ensures adherence to the ERMF, regulations, legislations and internal controls	Evaluates effectiveness of risk management and internal controls.

2.3. RISK CULTURE AND MATURITY

The Risk & Compliance Department undertook a risk maturity survey in February-March 2025 to assess the effectiveness of the Corporation's risk management framework. For 2025, the Corporation achieved a Risk Maturity Index of 74%, against a target of 75%. The decline is largely attributed to the onboarding of new employees who are not yet fully familiar with the Enterprise Risk Management Framework.

The results reflect a strong risk management culture; however, the Corporation will continue with awareness activities focusing on addressing gaps in training, risk implementation, monitoring, and business continuity management to exceed the target in the next assessment.

3. CORPORATE RISK PROFILE

The Corporation highlights below some of the key risks and the controls and risk mitigations it implemented during the reporting period.

3.1 PROJECT START DELAYS

The Corporation faces challenges in commencing construction projects, driven by tender awarding lags, stakeholder interference, project overload, unbundling of projects, and expiry of regulatory approvals such as EIAs. These delays increase the risk of reputational damage, missed employment creation opportunities, and reduced delivery of housing targets and ultimately land repossession. To address this, the Corporation optimized resources through redistribution of workload and additional staffing, implementing a clear procurement and delivery method (including project unbundling), conducting mid-year masterplan reviews, enforcing adherence to procurement programmes, and strengthening stakeholder engagement.

3.2 PROJECT DELAYS COMPLETION

The completion of construction projects is not completed within their planned timelines. Contributing factors include project overload, high staff turnover, scope creep, inexperienced project managers, cost overruns, and challenges in unbundling projects. Such delays impact the timely delivery of housing units, result in potential revenue losses and project cost overruns due to external market conditions, and operational inefficiencies, all of which drive up expenditure and threaten project affordability.

3.3 REPOSSESSION OF LAND-BY-LAND BOARD AUTHORITIES

Due to the non-development of acquired land, e.g. (Kanye and Molepolole) and compliance with land covenants, the land authorities have threatened to repossess the land. This poses risks to the Corporation's project pipeline and strategic plans. The Corporation is reviewing the criteria used for land development, prioritising the timely initiation of projects on allocated land to safeguard tenure and actively continuous engagement of land authorities.

3.4 NON-PAYMENT OF RENT

The Corporation continues to face significant rental arrears from government, individuals, and corporate tenants, exacerbated by economic conditions and limited enforcement mechanisms. These arrears result in financial losses and potential reputational risks. During the reporting period, the Board approved litigation against defaulters to strengthen collections and protect the Corporation's financial position.

3.5 LITIGATIONS AGAINST THE CORPORATION

While litigation is unavoidable, the Corporation is not immune to risks that can arise due to contract breaches, disputes and employee-related issues (unfair dismissal). Such legal challenges can strain relationships with stakeholders, result in financial losses, damage the Corporation's reputation, and negatively affect employee morale and productivity. To manage this risk, the Corporation has implemented effective dispute resolution policies and proactively handles employment matters through mechanisms such as the Collective Labour Agreement and the Joint Negotiation Consultation Committee (JNCC), which meets quarterly or as needed. All legal contracts undergo regular consultation with the Legal Department, and staff receive ongoing training on legal matters. A legal risk assessment was completed during the reporting period, and response actions have been implemented to mitigate potential exposure.

4. COMPLIANCE MANAGEMENT

The Corporation is subject to numerous laws, regulations and internal policies which govern its operations that the Corporation complies to. Regulatory requirements and changes are monitored and integrated into the risk management framework.

The Corporation's compliance universe is monitored and regularly updated to reflect the latest regulatory requirements and obligations.

5. SAFETY, HEALTH, ENVIRONMENTAL AND QUALITY

5.1. HEALTH

The Corporation values its human capital so much that personnel are taken as the foundation of its structure. An unwell human capital is believed to be a high risk and can have detrimental effects on the overall performance of the Organization. In an endeavour to mitigate against health risks, the Corporation implemented different initiatives and programs across different functions, focused on ensuring the health and well-being of its personnel. A wellness program that supported healthy activities such as marathons, bush walks, and team building sessions had a great impact in ensuring the personnel remained healthy and energetic to perform mandated tasks. The Corporation also offered psycho-social support by providing counselling to all personnel on issues related to work-life balance, social fitting, family matters, including drug abuse, money matters and healthy eating.

5.2 SAFETY

Botswana Housing Corporation (BHC) firmly believes that a safe work environment is a healthy work environment, essential for the effective delivery of products and services. To demonstrate its commitment to safety and to safeguard employees, customers, and other stakeholders, the Corporation continued to implement SHE programmes through established monitoring structures across BHC offices, high-density dwellings, and project sites.

Despite the systems in place, the Corporation recorded various types of incidents during the reporting period across its areas of operation.

- **High-Density Dwellings:** Two fire incidents were reported, each arising from different causes. In addition, recurring poor waste management practices were noted across several customer dwellings.
- **Offices:** Recorded incidents included medical treatment cases, property damage, and first-aid cases.
- **Project Sites:** Recorded incidents included first-aid cases, lost-time injuries and hazardous substance spillages.

For each incident, root cause analysis was conducted, and control measures were identified and implemented to prevent recurrence. These interventions are aimed at reducing the likelihood of future incidents and strengthening the Corporation's overall safety performance.

5.3 ESG AND SUSTAINABILITY

Environmental, Social and Governance (ESG) principles have been applied and implemented in fragmented operations across the organization through different fragmented frameworks, i.e., environmental, health and safety considerations on office and site operations, Corporate Social Responsibility (CSR) initiatives, Risk & Compliance Management, Corporate Governance Frameworks, including Audit Assurance. Project sites and BHC offices had been monitored for environmental, safety and health compliance as well as general business risk monitoring through inspections, assessments and reporting. The Corporation also engaged in a couple of social programmes, such as library donations, house donations, impacting the communities in different ways.
Since ESG is meant to ensure sustainability of Botswana Housing Corporation through responsible use of available resources and the environment, to spare for future generations, BHC looked into adopting an ESG structured framework to guide the Corporation on setting objectives, implementation, monitoring, reporting and disclosures. The Corporation started the processes to integrate ESG during the reporting period and planned to continue during the next financial year. At the end, BHC aims to have a framework consisting of ESG Strategy, Policy, Processes, Governance Structures and all other operational aspects integrated into the already existing and certified Quality Management System.

5.4 QUALITY MANAGEMENT SYSTEM

5.4.1 Quality Management System Framework

The Figure below illustrates a framework used by ISO 9001:2015 standard for a Quality Management System:

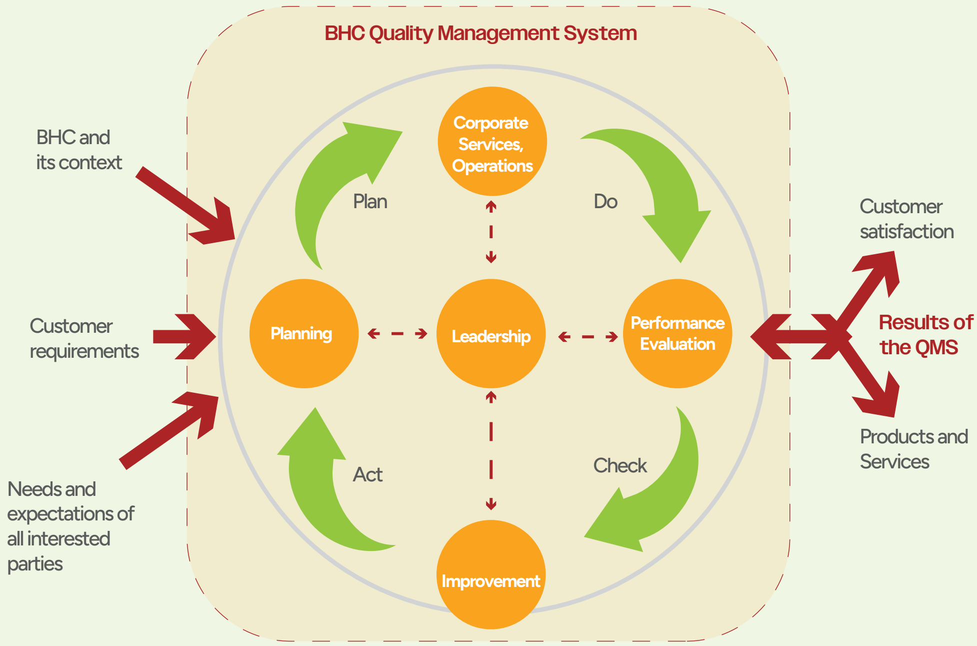


Figure 1: PDCA Cycle for QMS

BHC through its mandate as enshrined in the BHC Act, exists because of customers who consume the products and services it provides. The Quality Management System (QMS) model is a customer-centric model that is based on identifying customer needs/ requirements, process the requirements and provide solutions for products and services, at the end ensuring customer satisfaction.

The system has been certified since 2019 to 2022 and was re-certified for the period 2023 to 2026 inclusive years. To ensure continual improvement and effective monitoring of the system, Internal Audits and External Audits were conducted at planned intervals. A total of eighteen (18) internal audits were conducted across prioritized different functions and area offices and one (1) external surveillance audit conducted by the Certifying Body (BOBS).

Annual Financial Statements

For the year ended 31 March 2025

Contents

Directors' Report

For the year ended 31 March 2025

The Directors have the pleasure in presenting their report together with the annual financial statements of Botswana Housing Corporation ("the Corporation") for the year ended 31 March 2025.

General Information

The Corporation was established by an Act of Parliament (CAP 74:03) of 1970.

Business

The Corporation is primarily involved in Property Development and Estate Management Services.

Capital and finance

The Corporation listed unsecured debt instrument of P400 million (2024: P400 million) through Botswana Stock Exchange. Additionally the Corporation has unsecured long term loan of P154 million (2024: P185 million) from Botswana Government.

Review of Corporation's financial position and results

The Corporation's financial position and results are reflected in the financial statements set out on pages 58 to 120.

Members of the Board

Ms B V Ntshingane	Deputy Chairman	Appointed April 2025
Mr T Mogwe	Non Executive	
Ms N Ralebala	Non Executive	
Mr P Nthaga	Non Executive	
Mr G Rabalone	Non Executive	Appointed April 2025
Mr P S Setiko	Non Executive	Appointed April 2025
Mr M Gabana	Chairman	Retired September 2024
Mr J T Sechele	Non Executive	Retired October 2024
Mr B C Malatsi	Non Executive	Retired May 2024

Senior Leadership Team

Ms. P Sefawe	Acting Chief Executive Officer
Mr. S Ramahobo	Acting Deputy Chief Executive Officer (Corporate Services)
Mr. N Ofetotse	Acting Deputy Chief Executive Officer (Operations)
Mr. T Modise	Acting Director Property Development
Mr. F Thapo	Acting Director Human Capital and Administration
Mr. R Chilisa	Director Risk and Compliance
Ms. T Sethebe	Acting Chief Finance Officer
Mr. P Thapelo	Chief Corporate Counsel and Board Secretariat
Mr. S Mabhekede	Acting Regional Director- South
Ms. G Sebego	Regional Director - North
Ms. S Chabata	Head Information Technology
Ms. E Ferguson	Chief Audit Executive
Mr. T Kgathwane	Head Marketing and Communications
Mr. M Letsholo	Acting Head Projects Quality Assurance
Mr. B Olebile	Head Facilities Management
Mr. T Thupa	Head Strategy, Planning and Policy
Mr. K Tebagano	Head of Procurement Oversight Unit

Registered office

Botswana Housing Corporation Head Office Plot 5129 Corner Pilane & Queens Roads
P O Box 412
Gaborone

Independent Auditor

Ernst & Young
Plot 22, Khama Crescent Road Gaborone, Botswana

List the Banks and Investment Managers

- First National Bank of Botswana Limited
- Stanbic Bank Botswana Limited
- Standard Chartered Bank Botswana Limited
- Absa Bank Botswana Limited
- Bank Gaborone Limited
- Access Bank Botswana
- First Capital Bank Botswana
- African Alliance Botswana
- Botswana Insurance Fund Management
- Vunani Fund Managers Botswana
- iPRO Botswana
- Kgori Capital
- BBS Limited

Events occurring after the reporting date

The Directors are not aware of any matters or circumstances arising since the end of the financial year up until the date these financial statements were authorised for issue, not dealt with in this report or the financial statements that would significantly affect the operations of the Corporation or the results of its operations.

Directors' Responsibility Statement

For the year ended 31 March 2025

The Directors are responsible for the preparation and fair presentation of the financial statements of Botswana Housing Corporation, comprising the statement of financial position as at 31 March 2025 and the statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Botswana Housing Corporation Act (Chapter 74:03).

The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Corporation to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The Auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of the financial statements:

The financial statements of Botswana Housing Corporation as identified in the first paragraph, were approved by the Board of Directors on 26th September 2025 and are signed on their behalf by:

Ms. B. V. Ntshingane
Board Chairperson

Mr. Sekgele Ramahobo
Acting Chief Executive Office

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Firm of Chartered Accountants
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Partnership registered in Botswana
Registration No: 10829
VAT No: P03625401112
www.ey.com

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF BOTSWANA HOUSING CORPORATION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Botswana Housing Corporation ("the Corporation") set out on pages 9 to 69, which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Botswana Housing Corporation as at 31 March 2025, and of its financial performance and of its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Botswana Housing Corporation Act (CAP 74:03).

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 Financial Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with other ethical requirements that are relevant to our audit of the financial statements in Botswana. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 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 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 financial statements.

Key Audit Matter	How the matter was addressed in the audit
Credit impairment of trade and other receivables As at 31 March 2025, the Corporation recognised net trade and other receivables amounting to P69,9 million (2024 - P110 million), net of allowances for impairment (estimation of credit losses) of P198 million (2024 - P34 million) respectively. The estimation of credit losses is inherently uncertain and is subject to significant judgements and estimates. Furthermore, models used to determine credit impairments require certain inputs and assumptions	Our audit procedures included, amongst others: ➢ We obtained an understanding of management's process over credit origination, monitoring and remediation and assessed the appropriateness of the accounting policies and impairment methodologies with reference to the requirements of IFRS 9 and evaluated the design and the operating effectiveness of the

Resident Partner: Bakani Ndwapi (Managing Partner)
A full list of Partners is available from the office
and the Register of Companies
An independent member firm of Ernst & Young Global Limited

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that are not fully observable for the determination of expected credit losses (ECL) on trade, and other receivables as required by IFRS 9. The significance of the balance and the environmental factors including changes in macro-economic fundamentals in Botswana in the current year meant that this required significant audit focus. Specifically, our attention was focussed on: • Considering the estimation uncertainty surrounding the forward-looking information, increased by the ongoing economic volatility in light of the changing economic and operating environment induced by liquidity constraints in the Botswana economy and other various scenarios that may have an impact on the recoverability of the trade and other receivable balances. • The status of subsequent settlement to determine whether an impairment provision was required thus necessitating an increase in procedures and effort to assess the subsequent settlements and collections. Given the combination of inherent subjectivity in the preparation of the expected credit loss models and the judgement and estimates involved in determining the inputs into the models, we considered the calculation of the expected credit loss in accordance with IFRS 9 - Financial Instruments as applicable to the trade and other receivable balances to be a key audit matter in our audit of the financial statements. The disclosures associated with respect to the application of IFRS 9 in determining the allownce of expected credit losses are disclosed in: • Note 2.14 - Significant accounting policies • Note 3.1 Credit risk • Note 5 - Accounting estimates and judgements, and • Note 22 - Trade and other receivables	key controls over the process of credit assessment, classification and impairment assessment. ➢ We assessed the appropriateness of the models and methodologies against generally accepted industry principles. ➢ Our assessment also included the evaluation of the macroeconomic environment by considering trends in the economy, trends in the collection patterns as part of the working capital assessments by management and comparing with information developed by management as model inputs. ➢ To evaluate the data quality, we compared the ECL calculation data points to source system reports including testing, on a sample basis, that cash received was allocated to the appropriate receivables related invoices including extended samples for outstanding balances as at year end and tracing them to subsequent payments ➢ We reperformed the staging test distribution for a sample of trade and other receivables to assess the accuracy of the staging applied in the models against the criteria indicated by management and the ageing reports considered. ➢ We assessed the appropriateness of the default rates, recovery rates and formulae used and scenarios considered by management. ➢ We discussed with management and assessed the exposure to concentration risk management actions taken by management, including management mitigative actions. ➢ We assessed the adequacy of the financial statement disclosures regarding the allowance for impairment of trade and other receivables to determine whether they were in accordance with IFRS 9.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the 69-page document titled "Botswana Housing Corporation Annual Financial Statements for the year ended 31 March 2025" which includes the Directors' Report and the Directors' Responsibility Statement, 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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Botswana Housing Corporation Act (CAP 74:03), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Corporation'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 intends to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- 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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Corporation's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with Section 24 (4) of the Botswana Housing Corporation Act (CAP 74:03) ("the Act) as amended, we confirm:

- We have received all the information and explanations which, to the best of our knowledge and belief were necessary for the performance of our duties as auditors;
- The accounts and related records of the Corporation have been properly kept; and
- The Corporation has complied with all the financial provisions of the Act.

Ernst & Young
Firm of Certified Auditors
Practicing Member: Thomas Chitambo (CAP0011 2025)
Gaborone

7 October 2025

Statement Of Profit Or Loss And Other Comprehensive Income

For the year ended 31 March 2025

	Note	2025 P'000	2024 P'000
Revenue and rental income	6.	739,520	525,199
Cost of sale of housing inventories	7.	(6,274)	(12,249)
Cost of sale of construction and management contracts	7.	(291,815)	(142,502)
Gross profit		**441,431**	**370,448**
Repairs and maintenance		(110,682)	(65,235)
Employee benefit expenses	8.	(171,306)	(153,663)
Depreciation and amortisation	9.	(36,414)	(44,073)
Other expenses	10.	(94,062)	(88,975)
Impairment expenses	10.	(219,189)	(26,620)
Other income	11.	1,524	7,910
Gains from sale of investment properties	12.	71,850	23,924
Operating(loss)/profit		**(116,848)**	**23,716**
Finance income	13.	4,520	11,587
Finance costs	14.	(13,133)	(15,761)
Net finance costs		**(8,613)**	**(4,174)**
Share of profit or loss in equity accounted joint ventures for the year	19.	23,720	22,835
(Loss)/profit before taxation		**(101,741)**	**42,377**
Taxation	20.	(2,854)	(13,203)
(Loss)/profit for the year		**(104,595)**	**29,174**
Total comprehensive income for the year		**(104,595)**	**29,174**

Statement of financial position

For the year ended 31 March 2025

	Note	2025 P'000	2024 P'000
Assets			
Non-current assets			
Investment properties	15.	1,235,854	1,273,623
Property,plantandequipment	17.	47,586	48,313
Intangible assets	18.	7,964	5,041
Investments in joint ventures	19.	21,301	21,156
Right of use asset	25.	6,278	12,493
Trade and other receivables	22.	27,491	23,419
Deferred tax asset	21.	-	2,854
Total non-current assets		**1,346,474**	**1,386,899**
Current assets			
Housing inventories	16.	709,605	528,639
Taxation refundable	20.	19,314	9,967
Trade and other receivables	22.	69,896	109,956
Cash and cash equivalents	23.	467,459	815,221
Total current assets		**1,266,274**	**1,463,783**
Total assets		**2,612,748**	**2,850,682**
Equity and liabilities			
Capital and reserves			
Irredeemable capital	24.	250,000	250,000
Retained earnings		1,293,781	1,398,376
Total equity		**1,543,781**	**1,648,376**
Non-current liabilities			
Long term deferred government revenue grant	26.	7,611	11,414
Long term borrowings	26.	112,278	536,928
Long term lease liabilities	25.	5,875	3,501
Total non-current liabilities		**125,764**	**551,843**
Current liabilities			
Trade and other payables	27.	138,168	113,125
Short term portion of lease liabilities	25.	1,469	8,915
Contract liabilities	28.	338,928	457,274
Deferred income	28.1	11,606	19,098
Short term portion of deferred government revenue grant	26.	3,800	4,473
Short term portion of borrowings	26.	433,888	34,694
Customer deposits	29.	15,342	12,885
Total current liabilities		**943,201**	**650,464**
Total equity and liabilities		**2,612,748**	**2,850,682**

Statement Of Changes In Equity

For the year ended 31 March 2025

	Irredeemable capital P'000	Retained earnings P'000	Total P'000
Balance as at 01 April 2023	250,000	1,369,202	1,619,202
Comprehensive income			
Profit for the year	-	29,174	29,174
Total comprehensive income	**-**	**29,174**	**29,174**
Balance as at 31 March 2024	250,000	1,398,376	1,648,376
Balanceas at 01 April 2024	250,000	1,398,376	1,648,376
Comprehensive income			
Loss for the year	-	(104,595)	(104,595)
Total comprehensive loss for the year	**-**	**(104,595)**	**(104,595)**
Balance as at 31 March 2025	**250,000**	**1,293,781**	**1,543,781**

Statement of Cash Flows

For the year ended 31 March 2025

	Note	2025 P'000	2024 P'000
Cash flows from operating activities			
Net cash utilised in operating activities	30.	(369,599)	(33,549)
Taxation paid	20.	(16,708)	(13,866)
With-holding tax paid	20.	(1,372)	(2,930)
Taxation refund	20.	8,733	383
Net cash utilised in operating activities		**(378,946)**	**(49,962)**
Cash flows from investing activities			
Acquisition of property,plant and equipment	17.	(5,042)	(3,900)
Acquisition of in tangible assets	18.	(4,460)	(980)
Proceeds from sale of investment properties	12.	82,419	36,299
Proceeds from sale of property, plant and equipment		881	2,897
Dividends from join tventures	19.	23,575	19,313
Interest received		4,520	11,587
Net cash generated from investing activities		**101,893**	**65,216**
Cash flows from financing activities			
Repayment of long term borrowings	26.4	(30,770)	(30,770)
Lease payments - principal	25.	(5,868)	(8,977)
Lease payments - interest	25.	(1,187)	(1,332)
Interest paid	14.	(32,885)	(34,813)
Net cash utilised in financing activities		**(70,710)**	**(75,892)**
Net decrease in cash and cash equivalents		(347,762)	(60,638)
Cash and cash equivalents at beginning of year	23.	815,221	875,859
Cash and cash equivalents at end of year	**23.**	**467,459**	**815,221**

Significant Accounting Policies

For the year ended 31 March 2025

1. Statement of Compliance

Botswana Housing Corporation (BHC) is a parastatal Corporation solely owned by Botswana Government and is domiciled in Botswana. It was established by an Act of Parliament being Botswana Housing Corporation Act (CAP 74:03) of 1970 and commenced operations in February 1971. The mandate of BHC as stipulated by the Act and its subsequent amendments is as follows:

- to provide for the housing, office and other building needs of the Government and local authorities;
- to provide for, and to assist and to make arrangements for other persons to meet the requirements of paragraph (a) above; and
- to undertake and carry out, and to make arrangements for other persons to undertake and carry out building schemes in Botswana.

The affairs of the Corporation are controlled by a seven member Board whose Chairman and members are appointed by the Minister of Water and Human Settlement.

These financial statements represent the Corporation›s statutory financial statements. The financial statements for the year ended 31 March 2025 have been approved for issue by the Directors on 26 September 2025.

2.1 Basis of preparation

The financial statements are expressed in Pula, which is the functional currency of the Corporation. The financial statements have been prepared under the historical cost convention, except where otherwise stated. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) in all material facts, interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRIC) of the IASB and in a manner required by the Botswana Housing Corporation Act (CAP 74:03).
The preparation of the Corporation's financial statements requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Corporation's accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Corporation's financial statements are disclosed under the critical accounting estimates and judgement section (note 5).

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a. Standards and interpretations effective in the current year

In the current year, the Corporation adopted all of the new and revised Standards and Interpretations of the International Accounting Standards Board (the IASB) and the IFRS Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the annual reporting period beginning on 1 April 2024. The adoption of the new and revised standards and new interpretations did not have a significant impact on the financial results or financial position of the Corporation. The Corporation has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.
The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
The amendments had no impact on the Corporation's financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.
The amendments had no impact on the Corporation's annual financial statements.

Significant Accounting Policies *Continued*

For the year ended 31 March 2025

2.1 Basis of preparation *(continued)*

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have no effect on the measurement of any items in the financial statements of the Corporation.

Annual Improvements to IFRS Accounting Standards – Volume 11

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. The amendments include minor clarifications and wording improvements to the following standards:

- IFRS 1 – First-time Adoption of IFRS: Clarifications on hedge accounting for first-time adopters.
- FRS 7 – Financial Instruments: Disclosures: Clarified guidance on derecognition, fair value vs transaction price differences, and illustrative examples.
- IFRS 9 – Financial Instruments: Clarifications on derecognition of lease liabilities and reference to transaction price in IFRS 15.
- IFRS 10 – Consolidated Financial Statements: Adjusted wording relating to the assessment of "de facto agents," reinforcing judgment is required.
- IAS 7 – Statement of Cash Flows: Terminology updated from "cost method" to "at cost".

The amendments are effective for annual periods beginning on or after 1 January 2026, with early adoption permitted.

The Corporation's reporting period is from 1 April 2024 to 31 March 2025. Accordingly, the amendments have not been applied in preparing these
financial statements. The Corporation does not expect the adoption of these amendments to have a material impact on its financial statements.

Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7 (December 2024)

The IASB issued amendments to IFRS 9 and IFRS 7 to address accounting for nature-dependent electricity contracts (commonly Power Purchase Agreements –
PPAs). The amendments:

- Clarify when such contracts qualify for the "own-use" exemption.
- Allow hedge accounting for variable nominal volumes in renewable PPAs.
- Introduce enhanced disclosures on the effects of these contracts, including future commitments, unused volumes, and related hedge relationships.

Effective for annual periods beginning on or after 1 January 2026. The Corporation does not currently engage in power purchase agreements, therefore no impact is expected.

Significant Accounting Policies *Continued*

For the year ended 31 March 2025

2.1 Basis of preparation *(continued)*

ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

b. New/Revised International Financial Reporting Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Corporation's financial statements are disclosed
below. The Corporation intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.
The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.
The amendments are not expected to have a material impact on the Corporation's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.
It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation
and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.
In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.
IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.
The Corporation is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the Corporation does not have subsidiaries, it is not eligible to apply IFRS 19.

IFRS 10 Consolidated Financial Statements & IAS 28 Investments in Associates and Joint Ventures: Amendments

In September 2014, the IASB issued amendments to IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures) regarding the sale or contribution of assets between an investor and its associate or joint venture. These amendments, known as the "2014 Amendments", addressed a conflict between the two standards related to how gains and losses are recognized in such transactions. However, the effective date of these amendments was later deferred indefinitely. The amendments have no effect on the measurement of any items in the financial statements of the Corporation.

Significant Accounting Policies *Continued*

For the year ended 31 March 2025

IFRS 1First- Time Adoption of IFRS: Ammendments

IFRS 1 sets out the procedures that an entity must follow when it adopts IFRSs for the first time as the basis for preparing its general purpose financial statements. The entity presents an opening statement of financial position that is prepared at 1 January 2022. That opening statement of financial position is the entity's first IFRS financial statements. Therefore, at least, three statements of financial position are presented. These amendments have no material impact on the current period's financial statements as amendments have been adopted.

IFRS 7 Financial Instruments: Disclosures and IAS 7 Statement of Cash Flows

In May 2023, the International Accounting Standards Board issued amendments to IAS 7 and IFRS 7. Entities will have to disclose the effects of supplier finance arrangements on their liabilities, cash flows and exposure to liquidity risk. These amendments, issued in May 2023, are effective for reporting periods beginning on or after January 1, 2024, with early application permitted. The amendments have no effect on the measurement of any items in the financial statements of the Corporation.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7. The recent amendments to IFRS 9 and IFRS 7, issued by the IASB, primarily focus on clarifying the classification, measurement, and disclosure requirements for financial instruments. These new requirements will apply from 1 January 2026, with early application permitted Amendments to IFRS 9:

Derecognition of Financial Liabilities:

Clarifies that financial liabilities are derecognized on the settlement date. An optional exception allows derecognition at an earlier date for liabilities settled through electronic payment systems under specific conditions (e.g., the entity has no practical ability to withdraw the payment).

Classification of Financial Assets:

Provides additional guidance on assessing whether a financial asset's contractual cash flows solely consist of principal and interest payments (the SPPI criterion). This includes clarification on how to assess interest components in loan agreements, particularly those with ESG-linked features.

Amendments to IFRS 7:

Introduces new and amended disclosure requirements, particularly for financial instruments with contingent features and for equity instruments measured at fair value through other comprehensive income (OCI).
ESG-linked Features:
Requires additional disclosures related to financial instruments with ESG-linked features, allowing users to understand the impact of these features on a company's financial performance and cash flows.
Supplier Finance Arrangements:
Provides additional disclosures about supplier finance arrangements.

Significant Accounting Policies *Continued*

For the year ended 31 March 2025

2.2. Revenue recognition

The Corporation recognises revenue from the following major streams:
Rental income;

- Outright sale of housing units;
- Tenant purchase scheme;
- Professional fees;
- Facilities management income
- Capacitation fees; and
- Recoverable maintenance

Revenue, with the exception of rental income, is measured based on the consideration to which the Corporation expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Corporation recognises revenue when it transfers control of a product or service to a customer.

a. Rental income

The Corporation earns revenue from acting as a lessor in operating leases on both commercial and residential properties. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognised as an expense over the lease term on the same basis as the rental income. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Corporation is reasonably certain that the tenant will exercise that option.

For more information on the judgement involved, refer to Note 5: Significant accounting judgements, estimates and assumptions. Amounts received from tenants to terminate leases or to compensate for ruins are recognised in profit or loss when the right to receive them arises.

b. Outright sales of housing units

The Corporation enters into contracts with customers to sell housing units on a cash basis. The sale of the housing units constitutes a single performance obligation and the Corporation has determined that the performance obligation is satisfied at the point in time when control transfers and this generally occurs when legal title transfers to the customer.

In determining the transaction price, the Corporation considers the effects of variable consideration, the existence of significant financing components, non- cash consideration, and consideration payable to the customer (if any).

For some contracts, the Corporation is entitled to receive an initial deposit before the transaction is completed. This is not considered a significant financing component because it is for reasons other than the provision of financing by the Corporation. The initial deposits are used to protect the Corporation from the other party failing to adequately complete some or all of its obligations under the contract. In the event the sale is not concluded, the deposit is refunded. In addition, there is no non-cash consideration or consideration payable to customers.

c. Tenant purchase scheme (TPS)

The sale of completed property constitutes a single performance obligation and the Corporation has determined that it is satisfied at the point in time when performance obligations are satisfied. The sale transaction is conditional among other things, the customer making the instalment payments as per the agreement of sale. The performance obligation is satisfied when all other significant conditions are met, that is when the full purchase consideration is being received.

Title of property sold under the tenant purchase scheme and responsibility for major defects, excluding routine maintenance, is retained by the Corporation until the full outstanding balance is repaid. The Corporation has concluded that the non-transfer of title until all instalments have been paid is merely a protective right to safeguard the Corporation should the customer default.

Significant Accounting Policies *Continued*

For the year ended 31 March 2025

2.3. Revenue recognition *(Continued)*

d. Facilities management income

This revenue stream relates to the transactions where the Corporation is engaged by various clients to offer repairs and maintenance services on the properties of clients. In terms of the arrangement, the clients give the Corporation instructions on a time to time basis on specific properties which have to be attended to in a given period.

In providing the repairs and maintenances services, the Corporation also supplies the required materials where applicable. The Corporation has concluded that the actual service and provision of material constitutes one performance obligation which is satisfied at a point in time.

The Corporation receives payment in advance for these services from the customers and therefore a contract liability is recognised over the period in which the balance advanced exceed the value of services rendered.

e. Professional fees

The Corporation provides project management services to third parties. These services are provided on a time and material basis or as a fixed-price contract, with contract terms ranging from less than one year to two years. Professional fees is earned by the Corporation for the technical and financial expertise applied in servicing. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the actual services provided to a customer in accordance with the agreement signed which includes the underlying construction costs as the Corporation concluded that the actual service and related construction constitute one performance obligation.

The Corporation receives payment in advance for these services from the customers and therefore a contract liability is recognised over the period in which the balance advanced exceed the value of services rendered over time. This policy also applies to External projects and SHHA projects income.

f. Recoverable maintenance

The Corporation repairs and maintains the residential properties that it leases to its tenants to ensure they do not fall into a state of disrepair. Part of the repairs maintenance services costs are recovered from tenants as stipulated in the lease agreements. These recoverable repairs and maintenance costs are determined at the end of the maintenance works based on what components of the repairs and maintenance services fall within the recoverable maintenance clause as contained in the lease agreement. The recoverable repairs and maintenance services costs are recognised as a performance obligation and the revenue is recognised immediately (at a point in time).

g. Capacitation fees

This revenue stream relates to the additional revenue earned by the Corporation as it performs on its other contract obligation under the “professional fees” arrangement. As the Corporation develops the houses for the Government, there are some costs which it incurs which are not covered by the development agreement but the Corporation then recovers these in full from the Government and its agencies. The fees mainly relate to costs incurred in capacity building of the Corporation to enable it to execute its mandate in line with the development agreements.

The Corporation has concluded that capacitation fees constitutes a single performance obligation which is satisfied over time. The Corporation is entitled to receive payment in advance for capacitation fees from the Government and therefore a contract liability is recognised over the period in which the balance advanced exceed the value of services rendered over time.

Significant Accounting Policies *Continued*

For the year ended 31 March 2025

2.3 Finance income and costs

Interest income and interest expense are recognised in profit or loss for all interest bearing financial instruments on an accruals basis using the effective interest method except for borrowing costs capitalised on qualifying assets.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Corporation estimates cash flows considering all contractual terms of the financial instrument.

2.4. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Corporation, is classified as investment property.

Initial Measurement and Recognition

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

Subsequent Measurement

Investment property is subsequently stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the remaining useful lives of investment properties. The depreciable amount is calculated as the cost of a property less its residual value. The residual value is the estimated amount that the Corporation could currently obtain from the disposal of the property if the property was already of the age and in the condition expected at the end of its useful life. The useful life of an investment property is determined at the lower of the lease period or 40 years.

If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment. The carrying amount at the date of re-classification is the carrying amount for property, plant and equipment.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories at carrying amount and cease to depreciate.

The residual values of investment properties, if not insignificant , are reassessed annually. The useful lives and depreciation methods are reassessed annually. The residual values, depreciation rates and depreciation methods are adjusted prospectively, if required.

Derecognition of Investment Property

Investment property and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Significant Accounting Policies *Continued*

For the year ended 31 March 2025

2.5. Inventories

Inventories arise with the commencement of development with a view to sell and are initially recognised at cost. Inventories are subsequently measured at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the later being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

The operating cycle of the Corporation is the time between the acquisition of land for development and their realisation in cash or cash equivalents. This is determined as two years.

a. Land held for development

Land held for development is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, development cost and borrowing cost during development.

b. Borrowing costs

Borrowings costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets to which the Corporation currently capitalises borrowing costs include investment properties and inventories that are under construction which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. In the statement of cash flows, capitalised borrowing costs relating to housing inventories and investment properties are considered as operating cash flows and investing cash flows respectively.
Other borrowing costs are expensed and recognized in profit or loss as finance costs.

c. Capitalisation of development costs

The Corporation capitalises direct expenses incurred by its Property Development Department in respect of its own housing projects until the project is substantially complete.

d. Work in progress (WIP)

Housing inventories work in progress (WIP) are housing units under construction. Costs are accumulated based on progress claims from contractors, land for development, capitalized borrowing costs and capitalized development costs in the work-in-progress account until the asset is completed and put into service. Assets transferred out of work-in-progress are either taken to housing inventory as housing stock or investment property as rental properties.

e. Housing inventories

Housing inventories are recognised as current assets prior to being sold and are measured at the lower of cost and net realisable value. If the estimated selling price of housing inventories in the ordinary course of business is less than the cost or net realizable value the loss is recognised as an impairment in the period the loss occurs.

2.6. Property, plant and equipment

Initial Recognition

Property, plant and equipment items are initially recognised at cost and are subsequently measured at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Significant Accounting Policies *Continued*

For the year ended 31 March 2025

2.6. Property, plant and equipment *(continued)*

Subsequent recognition and Measurement

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred. The properties transferred from investment properties are transferred at carrying amount to property, plant and equipment.

Freehold land is not depreciated. Depreciation on other assets is calculated on the depreciable amount, which is the cost of an asset or on amount substituted for cost less its residual value. Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment since this mostly reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful lives are as follows:

Buildings	40 years
Furniture and office equipment	10 years
Computer equipment	5 years
Motor vehicles	4 years
Plant and equipment	4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, at each reporting date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Derecognition of Property, Plant and Equipment

Property, Plant and Equipment initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

2.7. Intangible assets

Initial Recognition

Intangible assets comprise of computer software and the Enterprise Resource Planning (ERP) system. Acquired computer software licences and ERP system are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (5 to 10 years). Software and ERP system acquired by the Corporation are stated at cost less accumulated amortisation and accumulated impairment losses.
Subsequent Recognition and Measurement

Computer software acquisition costs recognised as intangible assets are amortised using the straight line method from the date on which it is available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

Derecognition of Intangible Assets

Intangible Assets are derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Significant Accounting Policies *Continued*

For the year ended 31 March 2025

2.8. Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Corporation has elected to account for investment in joint ventures using the equity method in its separate financial statements.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Corporation's share of post acquisition profits or losses and movements in other comprehensive income. When the Corporation's share of losses in joint venture equals or exceeds its interests in the joint ventures, the Corporation does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint ventures.

2.9. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.10. Leases

The Corporation as lessee

The Corporation assesses whether a contract is or contains a lease, at inception of the contract. The Corporation recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

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 Corporation uses its incremental borrowing rate.

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

- fixed lease payments less any lease incentives where applicable;
- 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 lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- The lease liability is presented as a separate line in the 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 the lease payments made.
- The Corporation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases 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).
- a lease contract is 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 lease payments using a revised discount rate.

The Corporation did not make any such adjustments during the periods presented.
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Significant Accounting Policies *Continued*

For the year ended 31 March 2025

Whenever the Corporation incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Corporation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.
The Corporation applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in profit or loss.

The Corporation as lessor

The Corporation enters into lease agreements as a lessor with respect to its investment properties.
Leases for which the Corporation 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.

When the Corporation is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Corporation's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Corporation's net investment outstanding in respect of the leases.

2.11 Contract liabilities

The Corporation constructs infrastructure and housing for the Government of Botswana and other institutions. The accounting for these projects is on a trust fund basis, whereby money is received and spent on the projects involved. The Corporation charges professional fees for the technical and financial expertise applied to these projects. Any interest earned on the temporary investment of trust funds accrues to the benefit of the client, thus such interest is not recognised in profit or loss of the Corporation.

2.12 Foreign currency translation

a. Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Corporation operates ('the functional currency'). These financial statements are presented in Botswana Pula (P), which is the Corporation's functional and presentation currency.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Significant Accounting Policies *Continued*

For the year ended 31 March 2025

2.13. Employee benefits

a. Pension obligations

The Corporation operates a defined contribution pension scheme for all its employees, excluding contract employees.

The scheme is funded through payments to a fund manager, who administers the fund. A defined contribution plan is a pension plan under which the Corporation pays fixed contributions into a separate entity. The Corporation has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b. Terminal benefits

Terminal benefits are payable when employment is terminated by the Corporation before the normal retirement date, or whenever an employee accepts voluntary redundancy or is declared redundant in exchange of these benefits. The Corporation recognises termination benefits when it is demonstrably committed to either; terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing terminal benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the reporting date are discounted to their present value.

c. Short term employee benefits

Employee entitlements to annual leave, bonuses, medical aid and housing benefits are recognised when they accrue to employees and an accrual is recognised for the estimated liability as a result of services rendered by the employee up to the reporting date. These accruals are calculated at undiscounted amounts based on the current wage and salary rates.

d. Gratuity

Employees on contract receive terminal gratuities in accordance with their contracts of employment. An accrual is recognised for the estimated liability towards such employees up to the reporting date.

Notes to the Financial Statements

For the year ended 31 March 2025

2.14. Financial instruments

Financial instruments held by the Corporation are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the Corporation, as applicable, are as follows:

Financial assets which are debt instruments:

Amortised cost. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or

Fair value through other comprehensive income. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments; or

Mandatorily at fair value through profit or loss. This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income; or

Designated at fair value through profit or loss. This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch.

Financial liabilities:

Amortised cost; or Mandatorily at fair value through profit or loss. This applies to contingent consideration in a business combination or to liabilities which are held for trading; or

Designated at fair value through profit or loss. This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Corporation are presented below:

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.

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 the Corporation'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 Corporation 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 and adjusted for any loss allowance.

Impairment

The Corporation recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date. The Corporation measures the loss allowance for balances receivable at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable. For other receivables, the Corporation applies a general approach in calculating ECLs for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

Notes to the Financial Statements

For the year ended 31 March 2025

2.15. Financial instruments *(continued)*

Measurement and recognition of expected credit losses

The Corporation makes use of provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix are based on historic credit loss experience. The loss allowance is calculated on an individual receivables category based on the ageing and profile of the counterparties. In measuring the ECL, the Corporation considers both quantitative and qualitative information that is reasonable and supportable based on historical information that is available without undue cost or effort.

The impact of forward-looking macro-economic changes on the trade receivables at any point is likely to be insignificant given the short tenor of the Corporation's trade receivables. The impact of any forecast macro-economic changes on default rates would therefore only impact trade receivables that originated in the future. A key assumption that the Corporation has therefore made, is that any forecasted macro-economic changes are unlikely to affect the default behaviour of the current trade receivables as the impact was assessed as immaterial. The ECL has therefore been calculated with reference to probability of default.

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 10).

Write off policy

The Corporation writes off a receivable when there is information indicating that there is no realistic prospect of recovery, e.g. when the balance due from a counterparty is too small to follow up (cost benefit analysis) and balance is now long over-due or when efforts to collect from a funder have proved unsuccessful

Credit risk

Details of credit risk are included in the financial instruments and risk management note (note 3).

Definition of default

The Corporation considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Corporation.

Definition of Credit Impaired

The Corporation considers a financial asset to be credit impaired when there has been default, that is when contractual payments are 90 days past due. The Corporation may also consider a financial asset to be credit impaired when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full.

Trade and other payables Classification

Trade and other payables (note 27), excluding VAT and amounts received in advance and borrowings, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Corporation 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.

Cash and cash equivalents

Cash and cash equivalents is measured at amortised cost and the carrying amount which approximates its fair value.

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For the year ended 31 March 2025

Derecognition

Financial assets

The Corporation 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 Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Corporation derecognises financial liabilities when, and only when, the Corporation's 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.

2.16. Current and deferred income tax

The Corporation is subject to income tax (IAS 12) effective 1 July 2016. The Corporation was previously an exempt body.

Taxation comprises current and deferred taxation. Taxation is recognised in profit or loss except to the extent that it relates to an item recognised directly in other comprehensive income or equity, in which case the related taxation is also recognised in other comprehensive income or equity.

Current taxation comprises taxation payable on the taxable income for the year, using taxation rates enacted or substantively enacted at the reporting date after taking account of income and expenditure which is not subject to taxation, and any adjustment to taxation payable or refundable in respect of previous years.

Deferred taxation is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred taxation is not recognised for temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss.

Deferred taxation is recognised in profit or loss, except to the extent that it relates to a transaction that is recognised directly in equity or other comprehensive income, or a business combination. The effect on deferred taxation of any changes in taxation rates is recognised in profit or loss, except to the extent that it relates to items previously recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using taxation rates enacted or substantively enacted at the reporting date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused taxation losses and credits can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

2.17. Customer deposits

When prospective tenants, other than Government and parastatals, are approved for allocation of a property from the Corporation they are required to pay a maintenance deposit equivalent to one month's rental. On vacation, this deposit is applied towards restoring the property to a tenantable condition and clearing any rental arrears. Any remaining balance is paid back to the customer. The maintenance deposit paid by prospective tenant is termed 'refundable deposit'.

Prospective purchasers wishing to purchase property from the Corporation often opt to make a down payment, to show commitment, while they source finance for the balance of the purchase price. This down-payment is sale of properties, as the intention at the point of payment is for the amount to be applied towards the purchase. Sale of property is effected only when all the contingencies relating to the sale have been resolved. Both types of deposit are recognised as liabilities in

Notes to the Financial Statements

For the year ended 31 March 2025

the Corporation's statement of financial position.

2.18. Segment 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of the Corporation that makes strategic decisions.

2.19. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Corporation will comply with all attached conditions. Government grants relating to operating costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is measured at amortised cost.

The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan, which is measured at amortised cost, and the actual proceeds received. The benefit is accounted for in accordance with the accounting policy for government grants described above.

2.20. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.21. Impairment of non-financial assets

At each reporting date, the Corporation reviews the carrying value for its non financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit (CGU) is the greater of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Where there is an indication of impairment, the Corporation estimates the assets recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the assets are considered impaired and is written down to its recoverable amount.

Reversal of Impairment Loss

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

3. Financial instruments and risk management

The Corporation activities expose it to a variety of financial risks (including interest rate risk, credit risk and liquidity risk). The outlook however, is considered promising based on the robust containment measures put in place across the economies and by the Corporation towards the effective management of business risks. The Corporation approach to managing business risks, is based on a well-established governance process and relies on both individual responsibility and collective oversight supported by comprehensive reporting through the risk management system. In supporting

Notes to the Financial Statements

For the year ended 31 March 2025

3. Financial instruments and risk management *(continued)*

the current governance processes, the Corporation is implementing and embedding the Enterprise Risk Management Framework (ERMF) to effectively manage its exposure to various business risks. Through the ERMF the Corporation is able to ensure alignment and consistency in the manner that major business risk types across the Corporation are identified, assessed, measured, managed, controlled and reported. This note presents information about the Corporation's exposure to each of the identified risks, the Corporation's objectives, policies and processes for measuring and managing the risks and the management of capital. The note also includes quantitative disclosures.

The risk management policies guide the Corporation in identifying and analysing risks, setting appropriate risk limits and controls, and monitoring risks and adherence to limits. The Corporation has defined the risk appetite statement, which is the risk that the Corporation is willing to accept in the normal course of business in pursuit of its strategic and financial objectives. In addtition risk tolerances have been set, which is the maximum risk the Corporation is willing to sustain for a short period of time. The risk management policies and systems are reviewed regularly in response to changes in the market conditions and business activities.

3.1 Credit risk

Credit risk arises from investments in cash and cash equivalents, deposits with banks and financial institutions, credit exposures to customers, and outstanding receivables. For banks and financial institutions, the Board makes an assessment of their financial position before a decision to do business is made. These assessments are done annually through the review of audited financial statements of banks.

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. Credit risk attached to the Corporation's cash and cash equivalents is minimised by only investing cash resources with reputable financial institutions. There are no credit ratings available in Botswana for financial institutions. The banks used by the Corporation are reputable banks and have reported sound financial results and continued compliance with minimum capital adequacy requirements and are regulated by Bank of Botswana.

The Corporation uses its Credit Control section and various media platforms to mitigate against the increased credit exposure.The Credit Control Section, under the Regional Offices, assesses the credit quality of a customer, taking into account the customer's financial position, past experience and other factors. Individual risk limits are set based on internal or external information and in accordance with the Credit Control Policy, which was approved by the Board.

The Corporation has seen an increase in the rate of impairments on rental debtors. The Corporation, continues its strategy of requiring rental customers to pay deposits before they are allowed to occupy the Corporation's property. The Corporation also minimises the risk of payment from defaults by ensuring that deductions for Rental and Tenant Purchase Scheme are done directly from the customers' salary and remitted to the Corporation. Where there is no arrangement for salary deduction, the Corporation receives the money through direct debits, electronic funds transfers and only on exceptional cases does the Corporation allow cash payments. For Tenant Purchase Scheme the Corporation retains title to the property until the entire purchase price has been paid.

Notes to the Financial Statements

For the year ended 31 March 2025

3. Financial instruments and risk management *(continued)*

3.1 Credit risk *(continued)*

The Corporation provides for impairment of debtors based on the expected credit loss model (ECL) in line with IFRS 9. The Corporation's write off policy is documented on accounting policy note 2.14.

	2025 P'000	2024 P'000
As at the reporting date the credit risk exposures relating to recognised financial assets was as follows:		
Trade and other receivables*	97,387	127,163
Cash and cash equivalents	467,459	815,221
	564,846	942,384

* Trade and other receivables exclude prepayments, trade deposits and withholding tax.

The above table represents the worst case scenario of credit risk exposure for the Corporation at the reporting date without taking account of any collateral held or other credit enhancements attached. The exposure set out above is based on net carrying amounts as reported in the statement of financial position.

Trade receivables

As at March 2025	Rental Debtors P'000	TPS P'000	Professional fees P'000	Other Receivables P'000	Total P'000
Neither past due nor impaired	38,331	28,982	6,918		74,230
Past due but not impaired	27	2,684	-	20,446	23,157
Individually impaired	193,226		5,439	66,588	265,253
Gross	**231,584**	**31,666**	**12,357**	**87,034**	**362,639**
Less: Provision for expected credit loss	(193,226)		(5,439)	(66,588)	(265,252)
Net	38,358	31,666	6,918	20,446	97,387
Value of collateral held against trade receivables that are neither past due nor impaired	**-**	**64,630**	**-**	**-**	**64,630**

Title of property held as collateral is retained by the Corporation until the full outstanding balance is repaid. The Corporation did not obtain any possession of collateral held. The ECL for TPS is not disclosed due to its insignificant value compared to the collateral held.

Notes to the Financial Statements

For the year ended 31 March 2025

3. Financial instruments and risk management *(continued)*

3.1 Credit risk *(continued)*

As at March 2024	Rental Debtors P'000	TPS P'000	Professional fees P'000	Other Receivables P'000	Total P'000
Neither past due nor impaired	-	24,659	5,261		29,920
Past due but not impaired	65,038	2,478		29,727	97,243
Individually impaired	28,766		4,887	12,412	46,065
Gross	**93,804**	**27,137**	**10,148**	**42,139**	**173,228**
Less: Provision for expected credit loss	(28,766)	-	(4,887)	(12,412)	(46,065)
Net	**202,818**	**31,666**	**7,470**	**74,622**	**127,163**
Value of collateral held against trade receivables that are neither past due nor impaired	**-**	**62,790**	**-**	**-**	**62,790**
Trade receivables, past due but not impaired					

As at 31 March 2025	Rental and other debtors P'000	TPS P'000	SOS P'000	Total P'000
Past due up to 30 days	27	134	-	161
Past due 30 - 60 days		773	-	773
Past due over 60 days		1,777	-	1,777
Total	**27**	**2,684**	**-**	**2,711**
As at 31 March 2024				
Past due up to 30 days	25,819	133	-	25,952
Past due 30 - 60 days	24,188	719	-	24,907
Past due over 60 days	44,758	1,626	-	46,384
Total	**94,765**	**2,478**	**-**	**97,243**

Notes to the Financial Statements

For the year ended 31 March 2025

3. Financial instruments and risk management *(continued)*

3.1 Credit risk *(continued)*

Set out below is the information about the credit risk exposure on the Corporation's rental debtors using the provision matrix:

At 31 March 2025	Current	0-30 days	31-60days	61-90days	+90days	
Expected credit loss rate	0%	25%	50%	75%	100%	
	P'000	P'000	P'000	P'000	P'000	Total
Estimated total gross carrying amount at default	9,083	18,648	17,961	17,376	168,515	231,583
Expected credit loss	-	4557	8981	13032	166656	193,226

At 31 March 2024	Current	0-30 days	31-60day	61-90days	+90days	
Expected credit loss rate	0%	25%	50%	75%	100%	
	P'000	P'000	P'000	P'000	P'000	Total
Estimated total gross carrying amount at default	58,000	1,693	2,187	18,701	13,223	93,804
Expected credit loss	-	423	1,094	14,026	13,223	28,766

3.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2025 and 2024
The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of debt and derivatives and the proposition of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 March 2025.

i. Foreign exchange risk

The Corporation's exposure to foreign exchange risk is minimal as the Corporation conducts most of its transactions using its functional currency. Nevertheless, management has set up a policy to require the Corporation to manage its foreign exchange risk against its functional currency. To manage foreign exchange risk arising from those transactions and recognised assets and liabilities, the Corporation ensures that it enters into appropriate arrangements with service providers, including banks, such that its exposure to foreign exchange risk is minimised. Foreign exchange risk arises when commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

There were no assets or liabilities denominated in foreign currencies as at 31 March 2025 (2024:-Nil).

ii. Cash flow and fair value interest rate risk

The Corporation's interest rate risk primarily arises from borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest rate risk. Borrowings issued at fixed rates expose the Corporation to fair value interest rate risk. The Corporation maintains its borrowings at fixed interest rates agreed with the lenders save for Bonds issued at both floating and fixed rates. During financial years ended 31 March 2025 and 2024, the Corporation's borrowings at fixed rate were denominated in the functional currency.

Notes to the Financial Statements

For the year ended 31 March 2025

3. Financial instruments and risk management *(continued)*

3.3 Interest rate sensitivity

Financial instruments that are sensitive to interest rate risk are bank balances, fixed deposits and borrowings (refer note 14). Interest rates applicable to these financial instruments compare favourably with those currently available in the market and are only applicable to Botswana interest rates. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. The Corporation calculates the impact on profit and loss of a defined interest rate shift for each simulation, the interest rate shift is used.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates at reporting date, with all other variables held constant, of the Corporation's profit before tax (through the impact on floating rate financial instruments) at reporting date. The reasonable possible change is based on past trends of interest rates and expected future changes. The impact was calculated by applying the reasonable possible change to the exposures at reporting date, and with reference to the next 12 months.

Interest rates applicable to financial instruments are as follows:

Short - term deposits	Balance P'000	2025 Interest rate P'000	2024 Balance P'000	Interest rate P'000
African Alliance Botswana	10,825	6.75%	718	5.76%
Botswana Insurance Fund Management	13,901	6.47%	71,540	6.54%
Vunani Fund Managers Botswana	16,575	6.78%	93,700	6.78%
Kgori Capital	21,751	6.11%	-	
iPro Botswana	10,071	7.92%	-	
Bank Gaborone	-		130,553	5.60%
Call deposits	26,155	0.25%- 1.00%	35,083	0.25%- 1.00%
	99,278		**331,594**	

Floating debt securities balances at the reporting date areas follows:				
Floating debt securities	300,000	Bank rate +2.90%	300,000	Bank rate +2.90%
	300,000		**300,000**	
Net Interest Bearing	**(200,722)**		**31,594**	
Interest rate variation at 0.50%	**(1,004)**		**158**	

With average interest rates disclosed above, an increase of 0.50% in interest rates during the reporting period would have decreased the Corporation's profit before taxation by P1 004 000 (2024: increased in the Corporation's profit before taxation by P158 000).

A 0.50% decrease in interest rates during the reporting period would have had equal but opposite effect on the reported profit before taxation to the amounts disclosed above, on the basis that all other variables remain constant.

With average interest rates disclosed above, an increase of 0.50% in interest rates during the reporting period would have increased the Corporation's equity by P123 000 (2024: increased the Corporation's equity by P123 000).

Notes to the Financial Statements

For the year ended 31 March 2025

3. Financial instruments and risk management *(continued)*

3.4 Liquidity risk

Managing liquidity risk is an integral part of the Corporation's business operations. Liquidity risk arises when the Corporation is unable to generate sufficient cash flows to meet its obligations as they fall due or obligations are met in a way that is not sustainable. The Corporation's liquidity could be affected by various factors, both internal and external. These include customer defaults, unexpected market disruptions that cause short-term and liquid assets become illiquid, failure by funders to roll over borrowed facilities or recalling existing loan facilities, credit events, natural disasters and adverse publicity among others.

The Corporation's measures in place ensures, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring losses above the set risk appetite or risking adverse impact on the Corporation's reputation.

The Corporation manages liquidity risk in line with the set internal risk appetite. The Corporation has put in place adequate and sufficient liquidity risk mitigating controls which are frequently reviewed and monitored.

Overall, there is a sound and robust liquidity management process to measure, monitor and manage liquidity exposures which ensure business sustainability and market confidence in the Corporation. The Corporation will continuously forecast and analyze liquidity risk using different time horizons, to ensure that the Corporation is able to meet its obligations optimally.

The table below analyses the Corporation's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2025	Less than 1 year P'000	1 - 2 years P'000	2 - 5 years P'000	Over 5 years P'000	Total P'000
Borrowings	456,787	41,981	204,904	-	703,672
Trade and other payables	94,666	-	-	-	94,666
Lease liabilities	2,212	6,614	-	-	8,826
Customer deposits	15,342	-	-	-	15,342
Liabilities (contractual maturity)	569,007	48,595	204,904	-	822,506

At 31 March 2024	Less than 1 year P'000	1 - 2 years P'000	2 - 5 years P'000	Over 5 years P'000	Total P'000
Borrowings	163,777	356,787	215,423	31,462	767,449
Trade and other payables	77,870	-	-	-	77,870
Lease liabilities	7,511	13,354	-	-	20,865
Customer deposits	12,885	-	-	-	12,885
Liabilities (contractual maturity)	262,043	370,141	215,423	31,462	879,069

Notes to the Financial Statements

For the year ended 31 March 2025

3. Financial instruments and risk management *(continued)*

3.5 Financial instruments by category

Financial assets at amortised cost

	2025 P'000	2024 P'000
Assets as per statement of financial position:		
Trade and other receivables	96,736	50,668
Cash and cash equivalents	467,459	875,859
	564,195	**926,527**

3.6 Capital risk management

Financial assets at amortised cost

	2025 P'000	2024 P'000
Liabilities as per statement of financial position:		
Borrowings	557,577	587,508
Agency funds		
Trade and other payables	94,666	77,870
Lease liabilities	7,344	12,416
Customer deposits	15,342	12,885
	674,929	**690,679**

The Corporation is a parastatal established by an Act of Parliament. The Corporation is supported by its owner, the Government of Botswana. Capital consists of irredeemable capital and retained earnings reserve. The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Corporation monitors capital on the basis of the debt to equity ratio. This ratio is calculated as long term debt divided by total equity.

	2025 P'000	2024 P'000
Total long term debt	557,577	587,508
Total capital and reserves	1,543,781	1,648,376
Debt : equity ratio	0.36	0.36

The Corporation considers a debt to equity ratio of less than 1 to be acceptable. This is reviewed annually after considering market conditions and the growth goals of the Corporation.

Notes to the Financial Statements

For the year ended 31 March 2025

4. Operating segments

The Corporation 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 Corporation has determined that its chief decision maker is the Board of the Corporation. Management has determined the operating segments based on the reports reviewed by the Board in making strategic decisions and the Board considers the business on the following operating decisions:

- Sales of housing inventories - Outright sale of properties
- Rental - Letting of properties
- Construction and management contracts – revenue from third party contracts
- Others - includes Corporate Support Services such as Finance, Human Capital and administration, Information Technology etc No operating segments have been aggregated.

The segment information provided to the Board for the reportable segments for the year ended 31 March 2025 is as follows:

	Sale of housing inventories P'000	Rental P'000	Construction and management contracts P'000	Others P'000	Total P'000
Revenue	10,537	392,201	336,782	-	739,520
Cost of sale of housing inventories	(6,274)	-	-	-	(6,274)
Cost of sale of third party maintenance	-	-	(291,815)	-	(291,815)
Gross profit	**4,263**	**392,201**	**44,968**	**-**	**441,431**
Repairs and maintenance	-	(110,682)	-	-	(110,682)
Employee benefit expenses	(51,293)	(12,823)	-	(107,190)	(171,306)
Depreciation and amortisation	(89)	(26,468)	-	(9,857)	(36,414)
Other expenses	(6,047)	(52,255)	-	(35,760)	(94,062)
Impairment expenses	-	(164,461)	-	(54,728)	(219,189)
Gains from sale of investment properties	71,850	-	-	-	71,850
Other income	354	55	-	1,115	1,524
Operating profit	**19,038**	**25,566**	**44,968**	**(206,420)**	**(116,848)**
Finance income	-	-	-	4,520	4,520
Finance costs	(10,507)	(2,626)	-	-	(13,133)
Net finance (costs)/income	(10,507)	(2,626)	-	4,520	(8,613)
Share of profit or loss of equity accounted investees of joint ventures	-	-	-	23,720	23,720
Profit before taxation	**8,532**	**22,941**	**44,968**	**(178,180)**	**(101,741)**
Taxation	-	(2,854)	-	-	(2,854)
Total comprehensive income for the year	**8,532**	**20,087**	**44,968**	**(178,180)**	**(104,595)**
Total segment results above include:					
Revenue from Government and Government related entities (note32.7)	18,310	281,175	-	13,156	312,641
Segment assets	**840,575**	**1,207,698**	**-**	**62,200**	**2,110,473**

Notes to the Financial Statements

For the year ended 31 March 2025

4. Operating segments *(continued)*

	Sale of housing inventories P'000	Rental P'000	Construction and management contracts P'000	Others P'000	Total P'000
Overtime (IFRS15)			336,782	-	336,782
Point in time (IFRS15)	10,537				10,537
Not in scope (IFRS16 lease income)		392,201			392,201
Total Revenue	**10,537**	**392,201**	**336,782**	**-**	**739,520**
Reconciliation to total assets as reported in the statement of financial position					
Investment in joint ventures	-	-	-	21,301	21,301
Right of use assets	-	-	-	6,278	6,278
Intangible assets	-	-	-	7,964	7,964
Cash and cash equivalents	-	-	-	467,459	467,459
Total assets as reported in the statement of financial position	**861,649**	**1,992,100**	**673,565**	**558,924**	**2,613,476**
Total liabilities	**460,004**	**159,722**	**-**	**450,615**	**1,070,341**

The segment information provided to the Board for the reportable segments for the year ended 31 March 2025 is as follows: (continued)

Additions to non - current assets	Sale of Housing Inventories P'000	Rental P'000	Construction and management contracts P'000	Others P'000	Total P'000
Investment properties	-	20	-	-	20
Property, plant and equipment	-	-	-	5,042	5,042
Right of use assets	-	-	-	1,089	1,089
	-	20	-	10,591	10,611

Notes to the Financial Statements

For the year ended 31 March 2025

4. Operating segments *(continued)*

The segment information provided to the Board for the reportable segments for the year ended 31 March 2024 is as follows:

	Sale of housing inventories P'000	Rental P'000	Construction and management contracts P'000	Others P'000	Total P'000
Revenue	16,833	338,642	169,724	-	525,199
Cost of sale of housing inventories	(12,249)	-	-	-	(12,249)
Cost of sale of third party maintenance	-	-	(142,502)	-	(142,502)
Gross Profit	**4,584**	**338,642**	**27,222**	**-**	**370,448**
Repairs and maintenance	-	(65,235)	-	-	(65,235)
Employee benefit expenses	(51,293)	(12,823)	-	(89,547)	(153,663)
Depreciation and amortisation	(281)	(35,148)	-	(8,644)	(44,073)
Other expenses	(6,339)	(57,512)	-	(25,124)	(88,975)
Impairment expenses	-	(17,025)	-	(9,595)	(26,620)
Gains from sale of investment properties	23,924	-	-	-	23,924
Other income	69	148	-	7,694	7,910
Operating profit	**(29,336)**	**151,047**	**27,222**	**(125,216)**	**23,716**
Finance income	-	-	-	11,587	11,587
Finance costs	(12,609)	(3,151)	-	-	(15,761)
Net finance (costs)/income	**(12,609)**	**(3,151)**	**-**	**11,587**	**(4,174)**
Share of profit or loss of equity accounted investees of joint ventures	(41,944)	-	-	22,835	22,835
Profit before taxation	**-**	**147,896**	**27,222**	**(90,793)**	**42,377**
Taxation		(13,203)	-	-	(13,203)
Total comprehensive income for the year	**(41,944)**	**134,693**	**27,222**	**(90,793)**	**29,174**
Revenue from Government and Government related entities (note. 32.7)	18,265	172,892	-	4,711	195,868
Segment assets	**556,825**	**1,370,401**	**-**	**69,544**	**1,996,770**
Reconciliation to total assets as reported in the statement of financial position:					
Investment in joint ventures	-	-	-	21,156	21,156
Right of use assets	-	-	-	12,493	12,493

Notes to the Financial Statements

For the year ended 31 March 2025

4. Operating segments *(continued)*

Intangible assets	-	-	-	5,041	5,041
Cash and cash equivalents	-	-	-	815,221	815,221
Total assets as reported in the statement of financial position	**556,825**	**1,370,401**	**-**	**923,455**	**2,850,681**
Total liabilities	**472,379**	**163,261**	**-**	**566,666**	**1,202,306**
Additions to non current assets					

	Sale of Housing Inventories P'000	Rental P'000	Construction and management contracts P'000	Others P'000	Total P'000
Investment properties	-	10,155	-	-	10,155
Property, plant and equipment	-	-	-	3,900	3,900
Right of use assets	-	-	-	14,717	14,717
	-	**10,155**	**-**	**18,617**	**28,772**

5. Accounting estimates and judgments

The Corporation makes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

a. Useful lives and residual values of investment properties and property, plant and equipment (note 17)
The Corporation tests annually whether, the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of investment properties (note 15) and administrative buildings are assessed annually by professionally qualified staff from the Estates Management Department of the Corporation and the assessments are approved by the Board. Periodically the assessment is outsourced to independent professionally qualified consultants.
The useful lives of plant and equipment (note 17) are assessed annually by staff in the Procurement Office, who are the custodians of the plant and equipment.

b. Useful lives and amortisation of intangible assets (note 18)
The Corporation carries out annual assessments regarding the appropriateness of the useful lives of intangible assets (note 18). Management exercises judgement to come up with appropriate useful lives.

c. Provision for expected credit losses (note 3.1)
The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Corporation's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Notes to the Financial Statements

For the year ended 31 March 2025

5. Accounting estimates and judgments *(continued)*

Elements of the ECL models that are considered accounting judgements and estimates include:

- The Corporation's criteria for assessing if there has been a significant increase in credit risk and so allowances for
- financial assets should be measured on a Lifetime ECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels andcollateral values.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

d. Taxation (note 20 and 21)

The Corporation became liable to paying income tax (note 20) effective 1 July 2016 in accordance with statutory instrument No 41 of 2016. Recognition of deferred tax assets (note 21) requires estimating the Corporation's ability to generate sufficient future taxable profits against which deductible temporary differences can be utilised.

e. Valuation of housing inventories (note 16)

Housing inventories consists of the following:

- Land for development;
- Housing under construction; and
- Completed houses.

Housing inventories arise with the commencement of development with a view to sell and are initially recognised at cost. Housing inventories are subsequently measured at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventories on the basis of weighted average costs. Judgement is involved in estimating costs per project and allocating costs to each unit. The estimation of the cost per project is performed by internal quantity surveyors ("management experts"). In addition, the allocation of internal development costs to each unit is a manual exercise which involves judgement, including estimation of time and effort spent by internal resources on these developments.

Net realisable value (NRV) is the estimated as follows:

- For land for development, NRV is estimated as the selling price for the land in the ordinary course of business less selling expenses.
- For housing under construction, NRV is estimated as the selling price in the ordinary course of business less costs to complete development and selling expenses.
- For completed houses, NRV is estimated as the selling price in the ordinary course of business less selling expenses.

The current market conditions, low demand for properties or extended operating cycle may exert downward pressure on transaction volumes and determination of selling prices.

Net realisable value is estimated by management, based on prevailing market data (including the most recent sale transactions in nearby locations, rate of new property sales and general market conditions), which represents the estimated selling prices less costs to be incurred in selling the properties. In determining the estimated future selling prices used in the NRV calculations, the Corporation makes use of its investment committee, which consists of internal valuers, quantity surveyors and other professionals. In the absence of recent selling prices, replacement costs are used for NRV calculations.

In determining the cost to completion used in the NRV calculation for housing under construction, the Corporation makes use of management experts, including quantity surveyors to assist with the estimation of these costs, based on their knowledge of the projects and stage of construction.

The Corporation revises its estimates on an annual basis based on the most recent information available and current market trends.

Notes to the Financial Statements

For the year ended 31 March 2025

5. Accounting estimates and judgments*(continued)*

f. Measurement of Investment properties (note 15)

Investment property is initially valued at cost. The cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventories on the basis of weighted average costs. Judgement is involved in estimating costs per project and allocating costs to each unit. The estimation of cost per project is performed be internal quantity surveyors (management experts). In addition, the allocation of internal development costs to each unit is a manual exercise which involves judgement, including estimation of time and effort spent by internal resources on these developments.

g. Borrowings Costs (note 26)

The Corporation incurs borrowing costs which is the interest cost recognised on borrowings. The Corporation allocates the interest cost incurred during the construction period of housing units using the calculated Weighted Average Cost the (WACC) estimate. WACC is the aggregate of the effective interest rates charged on the borrowings relative to the weights of each loan. The amount of interest for capitalisation purposes is based on the amount on the Corporation's qualifying outstanding borrowings.

The Corporation also applies the prevailing interest rate for project specific borrowings, the rate is applied on that borrowing to the appropriate portion of the expenditures for the asset being built. A weighted average of the rates on other borrowings is applied to expenditures not covered by specific borrowings. The Corporation has therefore, computed capitalised interest on the specific borrowings and the blended borrowings using the specific rate and the WACC respectively.

h. Impairment of non-financial assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposal of the asset. The value in use is estimated by management experts.There was no impairment recognised in the current year

i. Revenue from contracts with customers

The Corporation has applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determination of performance obligations

With respect to the sale of property, the Corporation concluded the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is the delivery of the property itself to the customer.

In relation to the services provided to tenants of investment property (such as cleaning, security, landscaping, reception services, catering) as part of the lease agreements into which the Corporation enters as a lessor, the Corporation has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Corporation has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consumes the benefits provided by the Corporation.

Notes to the Financial Statements

For the year ended 31 March 2025

5. Accounting estimates and judgments *(continued)*

i. Revenue from contracts with customers

Principal versus agent considerations

The Corporation arranges for certain services provided to its customers to be provided by third parties. The Corporation has determined that it controls the services before they are transferred to its customers, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Corporation has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with customer' complaints and it is primarily responsible for the quality or suitability of the services. Therefore, the Corporation has concluded that it is the principal in these contracts. In addition, the Corporation has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when customers receive and at the same time, consume the benefits from these services.

Determining the timing of revenue recognition on the sale of property

The Corporation has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contracts. The Corporation has generally concluded that contracts relating to the sale of property are recognised at a point in time when control transfers. Control is expected to take place when all the significant conditions are satisfied and the change of title to the seller is deemed an administrative process once the Corporation has performed its part in terms of the requirements for change of title.

j. Going concern

Management has made significant judgements in assessing the Corporation's ability to continue as a going concern.A detailed assessment covering twelve months was performed. This assessment considered the Corporation's financial performance, cash flow forecasts, access to financing facilities and support from key stakeholders. The Corporation recorded a net loss of for the year ended 31 March 2025. Despite this, the Corporation has demonstrated its ability to meet its obligations as they fall due through the implementation of cost containment strategies, restructuring of certain liabilities, and engagement with financiers for refinancing options. While material uncertainties exist,management is confident that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of the business. Accordingly, the financial statements have been prepared on a going concern basis.

6. Rental income and revenue from contracts with customers

	2025 P'000	2024 P'000
Rental income - Residential properties	387,050	334,986
Rental income - Commercial properties	5,151	3,656
Rental income	**392,201**	**338,642**
Professional fees	13,289	4,711
External projects contracts income	86,252	28,290
Self Help Housing Agency (SHHA) projects contracts income	139,375	84,353
Capacitation fee	15,939	11,850
Revenue from construction contracts (Overtime)	**254,855**	**129,203**
Outright sales o fhousing units	7,628	14,143
Facilities management income	80,214	38,919
Tenant purchase scheme income	2,909	2,690
Recoverable maintenance	1,714	1,602
Revenue from contracts with customers (Pointintime)	92,465	57,354
	739,520	**525,199**

Notes to the Financial Statements

For the year ended 31 March 2025

6. Rental income and revenue from contracts with customers *(continued)*

The amounts included in the contract liabilities represents advances paid by customers that the Corporation has now recognised as revenue, following the Corporation's progress in satisfying the performance obligations in the contracts.

The remaining performance obligations expected to be recognised in the future relate to the contracts which were at various stages of performances, where the Corporation is rendering services to its customers.

7. Cost of sale of housing inventories

	2025 P'000	2024 P'000
At beginning of the year	**528,639**	**451,125**
Land held for development	43,045	41,544
Housing under construction	372,868	319,315
Completed houses - Inventories (written down to net realisable value)	112,726	90,266
Movements during the year	**187,240**	**89,763**
Acquisition of land	600	1,502
Capitalised construction costs	158,748	85,830
Capitalised development costs - employee benefit expenses (note 8)	13,213	9,732
Capitalised borrowing costs (note 14)	24,649	24,308
Interest earned on borrowed funds (note 13)	(8,762)	(18,995)
Contract write-up	(1,188)	(2,459)
Transfer to investment property (note 15)	(20)	(10,155)
At end of year (note 16)	**(709,605)**	**(528,639)**
Land held for development	(43,645)	(43,045)
Housing under construction	(425,993)	(372,868)
Completed houses - Inventories (written down to net realisable value)	(239,967)	(112,726)
	6,274	**12,249**
Cost of sale of construction and management contracts		
External construction contracts	86,252	28,290
SHHA construction contracts	139,375	84,353
Facilities management contracts	66,188	29,860
	291,815	**142,502**

Notes to the Financial Statements

For the year ended 31 March 2025

8. Employee benefit expenses

	2025 P'000	2024 P'000
Salaries, wages and other benefits	166,246	147,398
Pension contributions	13,461	12,701
Gratuities	4,812	3,296
Less : capitalised during the year (note 7)	(13,213)	(9,732)
	171,306	**153,663**

Number of persons employed by the Corporation at the reporting date were 299 (2024: 279).

9. Depreciation and amortisation

	2025 P'000	2024 P'000
Depreciation - right of use asset (note 25)	7,011	5,803
Depreciation - investment properties (note 15)	22,062	27,178
Depreciation - property, plant and equipment (note 17)	4,698	5,462
Depreciation - leasehold land (note 15)	1,106	2,322
Amortisation - intangible assets (note 18)	1,537	3,308
	36,414	**44,073**

10. Other expenses

	2025 P'000	2024 P'000
Audit fees - current year	996	1,106
Board members' remuneration	689	704
Car rentals - short-term	1,479	-
Consultancy fees	4,770	1,876
Rates	5,369	5,306
Loss on sale of property, plant and equipment	189	-
Security expenses	5,612	4,326
Telephone expenses	8,669	8,863
Training expenses	6,753	3,388
Insurance	5,508	3,864
Travelling and accommodation	6,755	6,749
IT expenses	13,795	11,334
Advertising and marketing	6,166	4,570
Call centre expenses	2,569	2,539

Notes to the Financial Statements

For the year ended 31 March 2025

10. Other expenses *(continued)*

Administration expenses	21,249	31,369
Training levy	355	261
Utilities	2,888	2,720
Penalty charges - Tax	251	-
	94,062	**88,975**
Impairment expenses		
Rental debtors	164,461	17,025
Professional fees	-	4,071
Other receivables	54,728	5,524
	219,189	**26,620**
Impairment expenses excluding housing inventories impairment reversal	**219,189**	**26,620**

The impairment of rental debtors of BWP 164,461,000 includes BWP 109,000,000 relating to a rental subsidy receivable from Government, which was initially recognized in 2024. In addition, BWP 51,000,000 of the impairment on other receivables (total BWP 54,728,000) also relates to Government balances.

11. Other income

	2025 P'000	2024 P'000
Sundry income	1,524	5,750
Gain/ (loss) on sale of property, plant and equipment	-	2,160
	1,524	**7,910**

12. Gains from sale of investment properties

	2025 P'000	2024 P'000
Proceeds from sale of investment properties (outright sales)	82,419	36,299
Sale of investment properties (TPS sales)	4,052	3,678
Cost (note 15)	(20,362)	(19,528)
Accumulated depreciation (note 15)	5,741	3,475
	71,850	**23,924**

Notes to the Financial Statements

For the year ended 31 March 2025

13. Finance income

	2025 P'000	2024 P'000
Using effective interest rate		
Interest income received on short term bank deposits	12,816	28,763
Interest accrued on short term bank deposits	466	1,819
Capitalised interest earned on borrowed funds (note 7)	(8,762)	(18,995)
	4,520	**11,587**

14. Finance costs

	2025 P'000	2024 P'000
Using effective interest rate		
Interest expense on loans	9,631	11,085
Interest expense on debt securities in issue	30,693	32,088
Less: government grant income	(4,473)	(5,107)
Less: capitalised to housing inventories during the year (note 7)	(24,649)	(24,308)
	11,202	**13,758**
Other finance costs		
Interest expense - leases	1,187	1,332
Other financing costs paid	744	671
	1,931	**2,003**
	13,133	**15,762**

A capitalisation rate of 6.75% (2024: 7.31%) was used for projects whose development was financed out of debt securities (note 26). Cash interest paid during the year per Note 26.4 amounted to P5,308 on loans (2024: P6,231) and P30,756 on debt securities (2024: P32,110). Differences between cash paid and expense reflect accrual/EIR timing (including fees/discounts amortised). Amounts are rounded to the nearest P'000; minor rounding differences may occur

Notes to the Financial Statements

For the year ended 31 March 2025

15. Investment properties

	2025 P'000	2024 P'000
Cost	1,686,353	1,695,725
Accumulated depreciation	(412,729)	(386,703)
Opening carrying amount	**1,273,623**	**1,309,022**
Additions to investment properties -transfer from inventory (note7)	20	10,155
Disposals	(20,362)	(19,528)
Accumulated depreciation on disposals	5,741	3,475
Depreciation - housing properties	(22,062)	(27,178)
Depreciation-lease hold land	(1,106)	(2,323)
Closing carrying amount	**1,235,854**	**1,273,623**
Cost	1,666,010	1,686,353
Accumulated depreciation	(430,156)	(412,729)
Carrying amount	**1,235,854**	**1,273,623**

To enhance the completeness of information presented the carrying amount at beginning has been disaggregated to include the gross carrying amount and any accumulated amortisation and impairment
The leasehold land at the end of the reporting period was P82,408 million as compared to P82,408 in 2024

The Corporation leases out properties. The leases typically run for a period of 3 years. None of the leases include contingent rentals where a portion of the lease payments is not fixed in amount but based on the future amount of a factor that changes other than with the passage of time.
Future minimum rentals receivables under operating leases as at 31 March 2025 are as follows:

	2025 P'000	2024 P'000
Less than one year	239,204	215,306
One to two years	211,607	191,383
Two to three years	188,563	181,814
Three to four years	167,084	167,461
Four to five years	146,676	162,676
More than five years	79,590	69,377
Total	**1,032,725**	**988,017**

Notes to the Financial Statements

For the year ended 31 March 2025

15. Investment properties *(continued)*

Investment properties were valued as at 31 March 2025 by estate management professionals based on the latest prevailing market prices. The value of the investment properties was estimated at P5.578 billion on 31 March 2025 (2024: P5.260 billion). The model uses current replacement cost less the depreciation due to physical deterioration. The current replacement cost is the current cost of constructing a property type using estimated gains from the in-house Quantity Surveyors. The land component is estimated separately using market comparables and added to calculate the final fair value of the property. The fair value of measurement for all investment properties has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

Certain housing properties are built on leasehold land which are held for 99 years under Deeds of Fixed Period State Grant. In the opinion of the members of the Board, providing detailed information on leasehold and freehold properties will not add significant value to the users of the financial statements. Full details of these properties are available at the Head Office of the Corporation.

Risk Management Strategy
The Corporation retains risks associated with the underlying properties it leases out, including credit risk, property damage, and changes in rental market values. These risks are managed through a combination of:

- Requiring security deposits and advance rentals from tenants;
- Conducting tenant vetting prior to lease agreements;
- Maintaining insurance cover on housing properties;
- Regular maintenance to preserve property values; and
- Structuring leases on short to medium terms (3 years) to allow for market-related rent adjustments.

16. Housing inventories

	2025 P'000	2024 P'000
Land for development(note7)	43,645	43,045
Housing under construction (note7)	425,993	372,868
Completed houses (note7)	241,394	116,712
Less: Impairment provision of inventory	(1,427)	(3,986)
	709,605	**528,639**
Detailed analysis of the inventories at the end of the year is shown below.		
Land for development	43,645	43,045
Housing under construction	425,993	372,868
Completed houses	239,967	112,726
	709,605	**528,639**

The detailed analysis of inventories has been included for the current year to provide greater transparency and clarity to users of the financial statements. This analysis was not presented in the prior year. Its inclusion does not have a material impact on the primary financial statements.

Notes to the Financial Statements

For the year ended 31 March 2025

17. Property, plant and equipment

	Land & buildings P'000	Computer equipment P'000	Furniture & office equipment P'000	Motor vehicles P'000	Plant & equipment P'000	Total P'000
Cost	42,791	28,471	16,415	14,181	2,386	104,244
Accumulated depreciation	(10,045)	(23,432)	(11,914)	(8,282)	(2,258)	(55,931)
Opening carrying amount	**32,746**	**5,039**	**4,501**	**5,899**	**128**	**48,313**
Additions	-	2,959	811	1,272	-	5,042
Disposals	-	(12,830)	(7,319)	(1,584)	(255)	(21,988)
Accumulated depreciation on disposal	-	12,345	6,955	1,375	242	20,917
Depreciation charge	(840)	(1,520)	(766)	(1,563)	(9)	(4,698)
Closing carrying amount	**31,906**	**5,993**	**4,182**	**5,399**	**106**	**47,586**
Cost	42,791	18,600	9,911	14,063	2,131	87,496
Accumulated depreciation	(10,885)	(12,607)	(5,729)	(8,664)	(2,025)	(39,910)
Closing carrying amount	**31,906**	**5,993**	**4,182**	**5,399**	**106**	**47,586**

*** The gross carrying amount of fully depreciated property, plant and equipment that is still in use is P3.504 million (P3.426 million: 2024)**

As at 31 March 2024

	Land & buildings P'000	Computer equipment P'000	Furniture & office equipment P'000	Motor vehicles P'000	Plant & equipment P'000	Total P'000
Cost	42,791	26,393	15,814	18,052	2,386	105,436
Accumulated depreciation	(8,694)	(21,412)	(11,096)	(11,374)	(2,248)	(54,824)
Opening carrying amount	**34,097**	**4,981**	**4,718**	**6,678**	**138**	**50,612**
Additions	-	2,077	606	1,217	-	3,900
Disposals	-	-	-	(5,089)	-	(5,089)
Accumulated depreciation on disposal	-	-	-	4,352	-	4,352
Depreciation charge	(1,351)	(2,019)	(823)	(1,259)	(10)	(5,462)
Closing carrying amount	**32,746**	**5,039**	**4,501**	**5,899**	**128**	**48,313**
	31,395	5,097	4,284	5,120	118	46,014
Cost	42,791	28,471	16,415	14,181	2,386	104,244
Accumulated depreciation	(10,045)	(23,432)	(11,914)	(8,282)	(2,258)	(55,931)
Closing carrying amount	**32,746**	**5,039**	**4,501**	**5,899**	**128**	**48,313**

Notes to the Financial Statements

For the year ended 31 March 2025

17. Property, plant and equipment *(continued)*

To enhance the completeness of information presented, the carrying amount at the beginning has been disaggregated to include the gross carrying amount and any accumulated amortisation and impairment.

Office	Location	Size (SQM)	Original Cost P'000
BHC Head Office (GA4773)	Gaborone	3,527	5,423
Gaborone Area Office (GA1211)	Gaborone	2,815	4,057
BHC New Head Office (GA5129)	Gaborone	4,899	31,106
Broadhurst Area Office (GA10236)	Gaborone	2,925	1,767
Francistown Offices (FT1283)	Francistown	1,238	2,626
Palapye	Palapye	974	628
Selebi Phikwe (SP2711)	Selebi Phikwe	872	218
Mahalapye	Mahalapye	133	189
Kasane	Kasane	134	59
Maun/17223 (MA11) -Current BHC Offices	Maun	528	224
Lobatse (LO6392)	Lobatse	1,390	1,830
Total			**48,127**

18. Intangible assets

	ERP System P'000	Computer Software P'000	Total P'000
As at 31 March 2025			
Opening carrying amount	5,041	-	5,041
Additions	4,460	-	4,460
Amortisation charge	(1,537)	-	(1,537)
Closing carrying amount	**7,964**	**-**	**7,964**
Cost	53,205		53,205
Accumulated amortisation	(45,241)		(45,241)
Closing carrying amount	**7,964**	**-**	**7,964**
As at 31 March 2024			
Openin carrying amount	7,368	-	7,368
Additions	980		980
Amortisation charge	(3,308)	-	(3,308)
Closing carrying amount	**5,041**	**-**	**5,041**
Cost	48,745	5,367	54,112
Accumulatedamortisation	(43,704)	(5,367)	(49,071)
Closing carrying amount	**5,041**	**-**	**5,041**

Notes to the Financial Statements

For the year ended 31 March 2025

18. Intangible assets *(continued)*

As at 31 March 2025, the Corporation continues to use certain computer software with a gross cost of P5,367 (2024: P5,367), that is fully ammortised and has a carrying amount of nil. The software remains operational and supports core processes. Useful lives are reviewed annually; the nil carrying amount reflects that the ammortisable benefits have been fully recognised. Enhancements that meet the recognition criteria are capitalised; routine maintenance is expensed. Management monitors these assets for impairment indicators even though the carrying amount is nil.

19. Investments in joint ventures

	2025 P'000	2024 P'000	2025 P'000	2024 P'000	2025 P'000	2024 P'000
	Plot 7 (Plaza Centre)		Plot 1471/2 (Galo Complex)		Total	
At the beginning of the year	412	348	20,745	17,286	21,156	17,634
Share of profit or loss for 2025 inequity accounted joint ventures for the year	845	827	22,930	22,294	23,774	23,120
Profitfor2025for1monthnot recognised in the current year (April 2025)	(70)	(69)	(1,911)	(1,858)	(1,981)	(1,927)
Profit for 2024 for 1 month not recognised in prior year(April2024)	69	58	1,858	1,684	1,927	1,742
Adjustments on prior year of surplus	-	61	-	(161)	-	(100)
Share of profit or loss inequity accounted joint ventures for the year	843	877	22,877	21,959	23,720	22,835
Dividends declared during the year*	(925)	(875)	(18,500)	(20,000)	(19,425)	(20,875)
Prior year dividends received in the current year	(150)	(88)	(4,000)	(2,500)	(4,150)	(2,588)
Less: dividends paid after year end*	-	150	-	4,000	-	4,150
At the end of the year	**180**	**412**	**21,121**	**20,745**	**21,301**	**21,156**

The year end of the Joint Ventures are different to the entity and therefore the relevant adjustments are made to align the periods and to correctly equity account.
* Dividends relate to the Corporation's portion only.

The Corporation's interest in the joint ventures are as follows:

a. **Plot 7 Partnership (Plaza Centre)** The Corporation has a 50% interest in a partnership, Plot 7 Partnership, which owns and operates a shopping complex in Station, Gaborone.
b. **Plot 1471/2 Partnership (Galo Complex)** The Corporation has a 50% interest in a partnership, Plot 1471/2 Partnership, which owns and operates a shopping complex in Francistown.

These Joint Ventures operate in Botswana.

Notes to the Financial Statements

For the year ended 31 March 2025

19. Investments in joint ventures *(continued)*

19.1 Investments in joint ventures

Set out below are the financial information of above joint ventures, which are accounted for using the equity method.
Disclosure on Joint Venture Reporting Period (IFRS 12.22)

The Corporation applies the equity method in accounting for its investment in the joint venture. The financial statements of the joint venture are prepared for the reporting period 1 May 2024 to 30 April 2025, whereas the Corporation's reporting period is 1 April 2024 to 31 March 2025. This difference in reporting dates arises because the joint venture maintains its statutory financial year-end of 30 April, which is aligned with local regulatory requirements and the reporting practices of its other shareholders.
In preparing the consolidated financial statements, the Corporation has used the joint venture's financial information for the period ended 30 April 2025. Adjustments have been considered to reflect the effects of any significant transactions or events occurring between 1 April 2025 and 30 April 2025 that could materially affect the Corporation's consolidated results.

The difference in reporting dates does not have a material impact on the consolidated financial statements of the Corporation.

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For the year ended 31 March 2025

19. Investments in joint ventures *(continued)*

19.1 Investments in joint ventures

	Apr-25 P'000	Apr.24 P'000	Apr-25 P'000	Apr.24 P'000	Apr-25 P'000	Apr.24 P'000
	Plot 7 (Plaza Centre)		Plot 1471/2 (Galo Complex)		Total	
Assets: Non - current assets						
Investment property	1,669	1,735	117,284	121,309	118,953	123,044
Other no n- current assets	-	-	11,215	10,239	11,215	10,239
	1,669	**1,735**	**128,499**	**131,548**	**130,168**	**133,283**
Current assets						
Cash and cash equivalents	280	343	8,122	5,355	8,402	5,698
Other current assets excluding cash	154	143	1,766	3,719	1,920	3,862
	434	**486**	**9,888**	**9,074**	**10,322**	**9,560**
	2,103	**2,221**	**138,387**	**140,622**	**140,490**	**142,843**
Liabilities: Non - current liabilities						
Borrowings	-	-	60,946	74,943	60,946	74,943
Deferred income	-	-	256	326	256	326
	-	**-**	**61,202**	**75,269**	**61,202**	**75,269**
Current liabilities						
Borrowings	-	-	14,012	11,720	14,012	11,720
Trade and other payables	322	278	6,217	5,582	6,539	5,860
Deferred income	-	-	203	158	203	158
Dividends payable	-	-		-	-	-
	322	**278**	**20,432**	**17,460**	**20,754**	**17,738**
Total liabilities	**322**	**278**	**81,634**	**92,729**	**81,956**	**93,007**
Net assets	**1,781**	**1,943**	**56,753**	**47,893**	**58,534**	**49,836**
Income						
Revenue	2,120	2,030	75,829	72,934	77,949	74,964
Other operating income		-	64	17	64	17
Finance income	2	12	596	381	598	393
	2,122	**2,042**	**76,489**	**73,332**	**78,611**	**75,374**
Expenses						
Finance costs	-	-	6,004	7,252	6,004	7,252
Operating expenses	334	273	19,113	16,719	19,447	16,992
Impairment of trade receivables	33	50	1,456	746	1,489	796
Depreciation	66	66	4,057	4,028	4,123	4,094
	433	**389**	**30,630**	**28,745**	**31,063**	**29,134**
Profit and total comprehensive income	**1,689**	**1,653**	**45,859**	**44,587**	**47,548**	**46,240**

Notes to the Financial Statements

For the year ended 31 March 2025

19. Investments in joint ventures *(continued)*

These are the reporting periods as elected by the partnership.
Plot 7 May 2024 to April 2025
Plot 1471/2 May 2024 to April 2025

19.2 Reconciliation of net assets to carrying amount

	Apr-25 P'000	Apr.24 P'000	Apr-25 P'000	Apr.24 P'000	Apr-25 P'000	Apr.24 P'000
	Plot 7 (Plaza Centre)		Plot 1471/2 (Galo Complex)		Total	
Closing net assets	**1,781**	**1,943**	**56,753**	**47,893**	**58,534**	**49,836**
Fair value of land contributed as equity	(1,271)	(1,271)	(10,720)	10,720)	(11,991)	(11,991)
Adjustment to align financial year end	(141)	(138)	(3,822)	(3,716)	(3,962)	(3,853)
Dividends paid after year end		300		8,000	-	8,300
	369	**834**	**42,211**	**41,457**	**42,581**	**42,292**
Adjustment		-		-	-	-
Interest in Joint Venture at 50%	**185**	**417**	**21,106**	**20,729**	**21,290**	**21,146**
Summarised comprehensive income						
Carrying amount Adjustments	**1,689**	**1,653**	**45,859**	**44,587**	**47,548**	**46,240**
Adjustment in current year profit	(141)	(138)	(3,822)	(3,716)	(3,962)	(3,853)
Adjustment in prior year profit	138	115	3,716	3,369	3,853	3,484
	1,686	**1,630**		**44,240**	**47,439**	**45,871**
Adjustment on prior year of surplus		61		(161)	-	(100)
Share of surplus at 50%	**843**	**876**	**-**	**21,959**	**23,720**	**22,835**

The Corporation's joint ventures are not listed and do not have quoted market prices in active markets. Accordingly, the fair value disclosure under IFRS 12.21(b)

Notes to the Financial Statements

For the year ended 31 March 2025

20. Taxation

	2025 P'000	2024 P'000
Amount recognised in the statement of financial position		
Taxation refundable at the beginning of the year	(9,967)	(5,221)
Normal company taxation	-	11,667
Tax refund	8,733	383
With-holding tax paid during the year	(1,372)	(2,930)
Income tax paid during the year	(16,708)	(13,866)
Taxation refundable at end of the year	(19,314)	(9,967)
Effective tax reconciliation		
Profit/(loss) before taxation	**(101,741)**	**42,377**
Taxation at the statutory rate of 22%	(22,383)	9,323
Taxation charge	**(22,383)**	**9,323**
Tax effects of adjustments on taxable income		
Donation not taxable	747	1,015
Unrecognised tax loss	20,870	-
Exempt income*	3,620	2,865
Taxation per profit or loss	**2,854**	**13,203**
Effective Tax Rate	**(3%)**	**31%**
Amount recognised in profit or loss		
Current tax expense		
Current year taxation	-	11,667
Deferred tax movement		
Deferred tax movement during the year	2,854	1,536
Taxation per profit or loss	**2,854**	**13,203**

The Corporation became liable to income tax effective 1 July 2016 in accordance with statutory instrument No 41 of 2016.
* Exempt income relates to capital gains on sale of investment property.

Notes to the Financial Statements

For the year ended 31 March 2025

21. Deferred tax

	2025 P'000	2024 P'000
Movement in deferred tax		
Balance at the beginning of the year	2,854	4,390
Movement during the year	(2,854)	(1,536)
Balance at the end of the year	-	**2,854**
Analysis of deferred taxation		
Temporary differences relating to :		
Accelerated depreciation on property, plant and equipment	(1,729)	3,980
Accelerated capital allowances on intangible assets	(1,752)	(1,109)
Right of use asset	(1,381)	(2,749)
Lease liability	1,616	2,732
Assessed losses recognised as DTA	3,246	
	-	**2,854**

22. Trade and other receivables

	2025 P'000	2024 P'000
Trade receivables*	275,606	131,087
Less: allowance for impairment of trade receivables	(198,665)	(33,652)
Trade receivables - net	**76,941**	**97,435**
Other receivables**	87,034	48,351
Less: allowance for impairment of other receivables	(66,588)	(12,412)
Other receivables -net	**20,446**	**35,939**
Trade and other receivables - net	**97,386**	**133,374**
Less: non-current portion	(27,491)	(23,419)
Current portion	**69,896**	**109,956**

*Trade Receivables-Rental income includes government rental adjustment in lieu of rent increase of P167 million.
** Other receivables include prepayments, government recoverable maintenance, educational loans etc.

The fair value of trade and other receivables approximate their carrying values due to the short term nature of these instruments.

Notes to the Financial Statements

For the year ended 31 March 2025

22. Trade and other receivables *(continued)*

Movements in the accumulated impairment losses on trade receivables were as follows:

	2025 P'000	2024 P'000
Accumulated impairment losses at beginning of the year	**33,652**	**12,556**
Accumulated impairment losses at beginning of the year - trade receivables	33,652	12,556
Movement in allowance for impairment per profit or loss - trade receivables (note 10)	164,461	21,096
Accumulated impairment losses at end of the year	**198,113**	**33,652**

Movements in the accumulated impairment losses on trade receivables were as follows:

Accumulated impairment losses at beginning of the year	**12,412**	**6,888**
Accumulated impairment losses at beginning of the year - other receivables	6,888	6,888
Movement in allowance for impairment per profit or loss - other receivables (note 10)	54,728	5,524
Accumulated impairment losses at end of the year	**67,140**	**12,412**

23. Cash and cash equivalents

	2025 P'000	2024 P'000
Cash at bank and on hand	157,606	247,518
Short term bank deposits	309,853	567,703
	467,459	**815,221**

Cash and cash equivalents includes P339 million (2024: P469 million) received from government entities to carry out its construction of housing projects. These balances are ring-fenced for their specific purpose. The Corporation has no rights to the interest earned on investments from this cash. These balances relate to the project management and construction services provided to these projects. The corresponding liability has been recognised in note 28.

24. Irredeemable capital

Irredeemable capital	**250,000**	**250,000**

Botswana Housing Corporation is a parastatal, wholly (100% irredeemable capital) owned by Government of Botswana.

Notes to the Financial Statements

For the year ended 31 March 2025

25. Leases

Right of use of assets	Leased offices P000	Leased Vehicles P000	Leased equipment P000	Total P000
Opening balance	2,422	10,110	(39)	12,493
New leases	609	-	480	1,089
Other Adjustments			(292)	(292)
Depreciation expense for the year	(350)	(6,391)	(270)	(7,011)
				-
Carrying amount as at 31 March 2025	2,681	3,719	(121)	6,279
Cost	4,895	35,691	2,621	43,207
Accumulated depreciation	(2,212)	(32,266)	(2,450)	(36,928)
Carrying amount	**2,683**	**3,425**	**171**	**6,279**
Reconciliation of lease liabilities				
Opening balance				12,416
Finance costs				1,187
New leases				1,089
Other adjustments				(292)
Less: Repayment of lease liabilities				(7,055)
Closing balance				**7,344**
Lease liabilities				
Amounts due for settlement within 12 months				1,469
Amounts due for settlement after 12 months				5,875
Maturity profile for discounted lease liabilities				
Not later than 1 year				1,469
Later than 1 year and not later than 5 years				5,875
				7,344
Amounts recognized in statement of profit or loss				
Depreciation expense on right-of-use assets				7,011
Interest expense on lease liabilities				1,187
Amounts recognised in statement of cash flow				
Lease payments				5,868
Interest payment				1,187
Total cash out flows for the year related to leases				**7,055**

Notes to the Financial Statements

For the year ended 31 March 2025

25. Leases *(continued)*

Maturity profile for undiscounted lease liabilities				
Not later than 1 year				2,212
Later than 1 year and not later than 5 years				6,614
				8,826
Amounts recognized in statement of profit or loss				
Depreciation expense on right-of-use assets				7,011
Interest expense on lease liabilities				1,187

Total cash out flows for the year related to ROUA, Short-term leases and low value leases				
Lease payments				5,868
Interest payment				1,187
Car rentals - short-term				1,479
Total cash out flows for the year related to leases				**8,534**

Notes to the Financial Statements

For the year ended 31 March 2025

25. Leases *(continued)*

Right of use of assets	Leased offices P000	Leased Vehicles P000	Leased equipment P000	Total P000
Opening balance	1,821	1,756	1	3,578
New leases	960	13,623	134	14,717
Depreciation expense for the year	(359)	(5,269)	(174)	(5,802)
Carrying amount as at 31 March 2024	**2,422**	**10,110**	**(39)**	**12,493**
Cost	4,284	35,691	2,141	42,116
Accumulated depreciation	(1,862)	(25,581)	(2,180)	(29,623)
Carrying amount	**2,422**	**10,110**	**(39)**	**12,493**
Reconciliation of lease liabilities				
Opening balance				6,674
Finance costs				1,332
New leases				14,718
Less: Repayment of lease liabilities				(10,308)
Closing balance				**12,416**
Lease liabilities				
Amounts due for settlement within 12 months				8,915
Amounts due for settlement after 12 months				3,501
Maturity profile for discounted lease liabilities				
Not later than 1 year				8,915
Later than 1 year and not later than 5 years				3,501
				12,416
Maturity profile for discounted lease liabilities				
Not later than 1 year				7,511
Later than 1 year and not later than 5 years				13,354
				20,865
Amounts recognized in statement of profit or loss				
Depreciation expense on right-of-use assets				5,803
Interest expense on lease liabilities				**1,332**
Amounts recognised in statement of cash flow				
Lease payments				8,977
Interest payment				1,332
Total cash out flows for the year related to leases				**10,309**

Notes to the Financial Statements

For the year ended 31 March 2025

26. Borrowings

	2025 P'000	2024 P'000
Government of Botswana loans (note 26.4)	143,908	170,355
	143,908	**170,355**
Car loan	**614**	**-**
Debt securities in issue (note 26.4)	401,644	401,267
Bank overdraft	-	-
	546,166	**571,622**
Less: current portion	(433,888)	(34,694)
Non-current portion	**112,278**	**536,928**
Debt securities in issue include accrued interest of P2.235 million (2024: P2.300 million) at year end.		
Reconciliation of borrowings		
Contractual payments including interest		
Government of Botswana loans	165,924	202,615
Car Loan	614	-
Debt securities in issue	537,133	564,833
	703,671	767,448
Less: future interest costs	(157,505)	(195,827)
Capital portion of borrowings	**546,166**	**571,622**
All borrowings are denominated in Pula.		
Government revenue grant (note 26.2)		
Balance at the beginning of the year	15,886	20,992
Amortisation during the year	(4,476)	(5,106)
Deferred Government revenue grant	11,411	15,886
Less: current portion	(3,800)	(4,473)
Non-current portion	**7,611**	**11,414**

26.1 Government of Botswana loan

The Government of Botswana loan has a 15 year term from June 2017 to December 2029 and bears interest at a rate of 3% per annum. This loan is unsecured.

26.2 Deferred Government revenue grant

The deferred government revenue grant relates to a Government loan which was granted to the Corporation at a rate of 3% per annum which was below the market interest rate. The loan was granted specifically to fund the Instalment Purchase Scheme and Youth Housing projects. The grant is recognised in the financial statements in terms of accounting policy 2.19 as a deferred revenue grant and will be recognised as income in profit or loss to be matched with interest expenses of this loan on a systematic basis over the loan repayment period of 15 years from June 2017.

Notes to the Financial Statements

For the year ended 31 March 2025

26.3 Debt securities in issue

Floating rate notes
The Corporation privately placed floating rate notes (unsecured) amounting to P300 million in December 2018, which are maturing on 10 December 2025. These notes bear interest at the Botswana bank lending rate plus 2.9% per annum and interest is paid quarterly on 10 March, 10 June, 10 September and 10 December. Transaction costs amounting to P2 250 000 were incurred and deducted from the proceeds and will be amortised over the repayment period of the borrowings.

Fixed rate notes
The Corporation also privately placed fixed rate notes (unsecured) amounting to P100 million in February 2021, which are maturing on 16 February 2028. These notes bear interest at 7.75% per annum and interest is paid bi-annually on 16 August and 16 February. Transaction costs amounting to P840 000 were incurred and deducted from the proceeds and will be amortised over the repayment period of the borrowings.

26.4 Movement in borrowings

Lender	Contractual P'000	Period of repayment	Balance at 01 April 2024 P'000	Interest costs P'000	Interest payment during the year P'000	Transaction costs amortised during the year P'000	Balance at 31 März 2025
Debt securities BHC025	Bank rate plus 2.90	2018-2025	300,812	22,942	(22,985)	321	301,090
Debt securities BHC028	7.75	2021-2028	100,454	7,750	(7,771)	120	100,553
			401,266	**30,692**	**(30,756)**	**441**	**401,643**
Government of Botswana loan							
Government of Botswana	7.50%	1992-2013	-				-
Government of Botswana	3.00%	2015-2029	170,355	9,631	(5,308)	(30,770)	143,908
			170,355	**9,631**	**(5,308)**	**(30,770)**	**143,908**
			170,355	**9,631**	**(5,308)**	**(30,770)**	**143,908**
Debt securities BHC025	Bank rate plus 2.90	2018-2025	300,534	24,317	(24,360)	321	300,812
Debt securities BHC028	7.75	2021-2028	100,313	7,771	(7,750)	120	100,454
			400,847	**32,088**	**(32,110)**	**441**	**401,266**
Government of Botswana	3.00%	2015-2029	196,271	11,085	(6,231)	(30,770)	170,355
			196,271	**11,085**	**(6,231)**	**(30,770)**	**170,355**
Stanbic Bank Car loan	11.26%	2024-2027	-	87	87	56	614
			-	**87**	**87**	**56**	**614**

Notes to the Financial Statements

For the year ended 31 March 2025

27. Trade and other payables

	2025 P'000	2024 P'000
Financial liabilities		
Trade payables	76,449	60,744
Sundry creditors*	18,217	17,126
	94,666	**77,870**
Non financial liabilities		
Advance payment by customers	**11,174**	**10,083**
Contractors withholding tax	-	(3)
Other accruals and VAT payable**	32,329	25,175
	43,502	35,255
Total trade and other payables	**138,168**	**113,125**

*Sundry creditors is predominantly gratuity for employees on contract.
**Other accruals include leave liabilities, provision for contract gratuity etc.

28. Contract balances

The following summary provides information about contract liabilities from contracts with customers.

	2025 P'000	2024 P'000
Contract liabilities	338,928	457,274
Contract liabilities		
At the beginning of the year	457,274	404,924
Funds received during the year	84,608	150,719
Expenditure on projects during the year	(221,834)	(124,414)
Interest earned on temporary investment of funds	18,880	26,045
At the end of the year	**338,928**	**457,274**
Revenue recognised in the current year	254,855	129,203
Amount from previous period	**254,855**	**129,203**
Balances relating to related parties are as follows		
Botswana Defence Force	258,401	302,470
Department of Housing	4,055	8,703
Self Help Housing Agency	53,276	106,343
Malete Land Board	(37)	7,204
Directorate of Corruption and Economic Crime	4,076	13,270

Notes to the Financial Statements

For the year ended 31 March 2025

28. Contract balances *(continued)*

	2025 P'000	2024 P'000
Botswana Prisons Services	22,815	23,653
Ministry of Finance	(2,438)	(2,438)
Tawana Land Board	2,302	2,302
Botswana Police Service	(1,763)	(4,060)
Kweneng Land Board	1,580	2,027
Letlhakeng Sub Land Board	1,525	1,525
Ministry of Lands	(5,428)	(4,986)
Chobe Land Board	1,509	1,509
Ministry of Infrastructure	(83)	279
Ministry of Education	(108)	(108)
Palapye Sub Land Board	(754)	(419)
	338,928	**457,274**

The relationship is through common ownership by the Government of Botswana

Contract assets primarily relate to the Corporation's rights to consideration for work completed but not billed at the reporting date for construction contracts with its customers. The balances are not impaired and have been included in Trade receivables as the rights are unconditional and invoices will be based on these amounts.

The contract liabilities primarily relate to advance consideration received from customers for the construction of specified housing projects, for which revenue is recognised over time. These funds related to these liabilities are ring-fenced (note 23) and the related interest income accrues to the customers. Refer to note 6 for revenue from contracts with customers and note 7 for related costs. These liabilities and related funds have been classified as current liabilities and current assets respectively in the statement of financial position due to uncertainty regarding the timing of their settlement.

28.1 Deferred income

	2025 P'000	2024 P'000
At the beginning of the year	19,098	13,742
Funds received during the year	14,556	25,706
Expenditure on projects during the year	(22,048)	(20,350)
At the end of the year	**11,606**	**19,098**
Balances relating to deferred income are as follows:		
Administration of Justice	7,911	7,911
Self Help Housing Agency	3,346	5,321
Ombudsman	150	150
National Assembly of Botswana	-	5,517
Botswana Government -Abu Dhabi exhibition	199	199
	11,606	**19,098**

Deferred income relate to money received in advance for repairs and maintenance of third party properties on short term basis. The income is classified as current liabilities in the statement of financial position.

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For the year ended 31 March 2025

29. Customer deposits

	2025 P'000	2024 P'000
Rental deposits	13,926	13,713
Sale of properties deposits	1,416	(828)
	15,342	**12,885**

30. Net cash from/ (utilised in) operating activities

	2025 P'000	2024 P'000
(Loss)/profit before taxation	(101,741)	42,377
Adjustments for:		
(Gain)/Loss on sale of property, plant and equipment (note 11)	190	(2,160)
Gains from sale of investment property (note 12)	(71,850)	(23,924)
Depreciation - investment property (note 15)	22,062	27,178
Depreciation - property, plant and equipment (note 17)	4,698	5,462
Depreciation - leasehold land (note 15)	1,106	2,322
Amortisation - intangible assets (note 18)	1,537	3,308
Depreciation right of use asset (note 25)	7,011	5,803
Interest expense - leases (note 25)	1,187	1,332
Impairment expenses (note 10)	219,189	26,620
Housing inventories impairment reversal (note 16) Contract creditors written off	- (1,870)	- (2,459)
Movement in bond and loan accrued interest	(213)	(275)
Deferred bond arrangement fees (note 26.4)	441	441
Share of profit or loss of equity accounted investees of joint ventures (note 19)	(23,720)	(22,835)
Finance income (note 13)	(4,520)	(11,587)
Finance cost (note 14)	11,946	14,429
	65,453	**66,033**
Changes in working capital:		
(Increase) / Decrease in trade and other receivables (note 22)	(183,201)	(109,570)
Increase / (Decrease) in trade and other payables (note 27)	25,043	13,299
Decrease in deferred income	(7,492)	5,356
(Decrease) / Increase in customer deposits (note 29)	2,457	(114)
(Increase) / Decrease in housing inventories (note 16)	(153,513)	(60,902)
Increase / (Decrease) in contract liabilities (note 28)	(118,346)	52,350
Net cash utilised in operating activities	**(369,599)**	**(33,549)**

Movement between inventories and investment properties have been moved to changes in working capital to enhance the reporting.

Notes to the Financial Statements

For the year ended 31 March 2025

31. Capital commitments

The Corporation has the following commitments in respect of capital expenditures contracted for at the reporting date but not yet incurred.

	2025 P'000	2024 P'000
Investment properties and housing inventories	211,339	99,225

The capital commitments are to be financed through internally generated cash resources and borrowings

32. Related party transactions

The Botswana Housing Corporation is a parastatal, wholly owned by the Government of the Republic of Botswana. Accordingly, Government of Botswana line ministries, departments and related parastatals are related parties. In the course of its day to day operations the Corporation enter into transactions of letting properties, sale of properties and undertakes certain construction and facilities management projects on behalf of Government of Botswana.

32.1 Loans from Government

Details of these loans are disclosed in note 26.4 to these financial statements.

32.2 Transactions with board members

	2025 P'000	2024 P'000
Board sitting fees	689	704

32.3 Key management personnel compensation

	2025 P'000	2024 P'000
Salaries and other short-term benefits	4,171	4,825
Post employment benefits - gratuity provision	(919)	(367)
	3,251	**4,459**

Key management personnel for the Corporation have been defined as Executive Management of the Corporation

Additionally, members of the Executive Management Committee are entitled to rent-free accommodation or housing allowance, personal-to-holder motor vehicles and subsidised water and electricity.

32.4 Advances to key management personnel

	2025 P'000	2024 P'000
Advance against gratuity	-	600

Like any other employee of the Corporation, key management personnel become eligible for an advance against gratuity when they have served a minimum of one year on their current employment contracts. The advance against gratuity is recovered from the officer's gratuity at the end of their contract.

32.5 Credit loss allowances

As at 31 March 2025, credit loss allowances in respect of rental debts owed by the Government of Botswana amounted to Nil (2024: Nil).

Notes to the Financial Statements

For the year ended 31 March 2025

32. Related party transactions *(continued)*

32.6 Joint ventures

Refer to note 19 on the Corporation's interest and transactions with various joint ventures.

32.7 Revenue

Significant income the Corporation earned from related parties include professional services carried out, rental income and sale of housing inventories for the year ended 31 March 2025.

	Sales of housing inventories P'000	Rental income P'000	Professional fees P'000	Contractors Payments P'000
Botswana Defence Force	-	20,175	-	59,572
Botswana Prison Services	-	4,067	832	838
Botswana Unified Revenue Services	-	721	-	-
Ministry of Land Management, Water and Sanitation	-	-	-	443
Botswana Police Service	-	30,732	1,925	4,507
Self Help Housing Agency	-	-	8,062	134,427
Kweneng Land Board	-	277	-	447
Kgatleng Land Board	-	149	-	-
Malete Land Board	-	-	-	7,241
Palapye Land Board	-	-	-	335
District Housing	-	181,518	530	4,649
Office of the President	15,500	10,290	-	-
Ministry of Health and Wellness	-	444	-	-
Citizen Entrepreneurial Development Agency	2,810	50	-	-
Ministry of Infrastructure and Housing Development	-	-	-	362
Water Utilities Corporation	-	991	-	-
Directorate on Corruption and Economic Crime	-	-	1,807	9,292
Botswana Power Corporation	-	4,481	-	-
Botswana Postal Services	-	477	-	-
Botswana Telecommunication Corporation	-	194	-	-
Botswana Railways	-	3,692	-	-
Botswana Ash	-	21,848	-	-
Morupule Colliery Limited	-	756	-	-
Jwaneng Town Council	-	313	-	-
	18,310	**281,175**	**13,156**	**222,113**

During the year, the Corporation earned rental income of P281m (2024: P173m) from related parties. At year-end, receivables from related parties amounted to P258m (2024:102m). An impairment loss of P219m (2024: P27m) was recognized in respect of these receivables. The impairment was determined in accordance with IFRS 9, based on the expected credit loss model. Related party transactions were conducted under normal commercial terms and conditions.

Notes to the Financial Statements

For the year ended 31 March 2025

32. Related party transactions *(continued)*

32.7 Revenue (continued)

Significant income the Corporation earned from related parties include professional services carried out, rental income and sale of housing inventories for the year ended 31 March 2024.

	Sales of housing inventories P'000	Rental income P'000	Professional fees P'000	Contractors Payments P'000
Botswana Defence Force	-	19,832	-	8,644
Botswana Prison Services	14,302	3,987	-	1,712
Botswana Unified Revenue Services	-	765	-	-
Ministry of Land Management, Water and Sanitation	-	-	-	3,831
Botswana Police Service	-	30,622	-	5,367
Self Help Housing Agency	-	-	4,711	84,353
Kweneng Land Board	-	539	-	(269)
Kgatleng Land Board	-	149	-	-
Malete Land Board	-	-	-	373
Palapye Land Board	-	422	-	1,189
District Housing	-	73,371	-	2,274
Office of the President	-	10,888	-	-
Ministry of Health and Wellness	3,963	444	-	-
Ministry of Finance and Economic Development	-	-	-	441
Ministry of Education	-	-		108
Water Utilities Corporation	-	882	-	-
Directorate on Corruption and Economic Crime	-	-	-	4,621
Botswana Power Corporation	-	4,254	-	-
Botswana Postal Services	-	425	-	-
Botswana Telecommunication Corporation	-	237	-	-
Botswana Railways	-	3,795	-	-
Botswana Ash	-	21,211	-	-
Morupule Colliery Limited	-	756	-	-
Jwaneng Town Council	-	313	-	-
	18,265	**172,892**	**4,711**	**112,644**

Notes to the Financial Statements

For the year ended 31 March 2025

32. Related party transactions *(continued)*

32.8 Trade receivables

Included in trade receivables are the following balances due from related parties in respect of the professional services and SHHA capacitation fees.

	2025 P'000	2024 P'000
Department of Lands	2,845	2,845
Directorate on Corruption and Economic Crime	2,059	-
Botswana Police Service	2,760	1,504
Self Help Housing Agency	2,449	18,997
Ministry of Finance and Economic Development	538	538
Self Help Housing Agency	152	-
Chobe Land Board	604	-
Botswana Prison Services	949	-
	12,356	**23,884**

32.9 Contract liabilities

Details of related party contract liabilities are disclosed in note 28 of these financial statements.

33. Events after the reporting date

There were no material events between the reporting date and the date of approval of the financial statements.

34. Non- financial instruments - fair value hierarchy

This analysis categorises the non-financial instruments measured 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.

Financial instruments measured at fair value are categorised in three levels by valuation method. The different levels are defined as follows:

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

This category includes instruments valued using:

- Quoted market prices in active markets for similar instruments;
- Quoted prices for identical or similar instruments in markets that are considered less than active; or
- Other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between instruments.

Notes to the Financial Statements

For the year ended 31 March 2025

34. Non- financial instruments - fair value hierarchy *(continued)*

The categorisation of applicable assets within the fair value hierarchy is presented below:

	Level 1	Level 2	Level 3
2025			
Investment property (P'000)	-	-	5,577,589
2024			
Investment property (P'000)	-	-	5,260,000

There have been no transfers between any of the hierarchy levels during the year (2024: nil).Fair values for the investment property were determined for disclosure purposes and have not been recognised in the financial statements.

	Sensitivity analysis	Effects on fair value Investment properties	Land	Total
2025				
Investment property (P'000)		5,187,158	390,431	5,577,589
Increase in development and land rates	1%	51,872	3,904	
Decrease in development and land rates	1%	51,872	3,904	5,521,813
2024				
Investment property (P'000)		4,913,836	346,061	5,259,897
	1%	49,138	3,461	

Development rates: applied in the range of 5 to 9 % with a weighted average of 7% .
Land rates: applied in the range of 6% to 12% with a weighted average of 9% .

Valuation techniques underlying management's estimation of fair value

The Replacement Cost approach technique has been used to value the portfolio. The most appropriate methods would have been the market or sales comparison and the income approaches. However, the portfolio is of a significant number and situate in various locations with different market trends some with inactive markets which lack sales transactions. Likewise, the rental market varies, and in some locations unreliable due to Government controls which resulted in sub-economic rentals of BHC properties, especially of the housing units built prior to the year 2008.

Unobservable inputs:

Development rates	the current market cost of reproduction or replacement of an asset specific to the nature of the property, components and structure of the property.
Land rates	based on the data on recently transacted properties duly adjusted to reflect the subject asset's uniqueness.

Notes to the Financial Statements

For the year ended 31 March 2025

35. Contingent liabilities

The Corporation is involved in several legal disputes with it's employees, customers and contractors at the reporting date. The potential loss can not be reliably determined. Management is of the view no further claims will materialise. The Corporation is defending these claims and there is uncertainty as to the possible outcome of the cases.

36. Going concern

These financial statements have been prepared on the going concern basis which assumes that the Corporation has adequate resources to enable it to continue operating for the foreseeable future, and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors have satisfied themselves that the Corporation is in a sound financial position and that it has access to sufficient cash and borrowing facilities to meet its foreseeable cash requirements.

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