TURNSTAR
HOLDINGS LIMITED

ANNUAL REPORT 2021

HIGHLIGHTS OF

THE YEAR

Reported rental revenue of

P245 million

Operational expenses

P121 million

Net Asset Value

P2.96

Property assets were valued at

P 2.4 billion

Earnings per linked unit

14.21 thebe

IN THIS
REPORT

BOARD OF
DIRECTORS

PATRICK K BALOPI (a)
CHAIRMAN
Appointed 10 August 2016

Mr Balopi is one of the founding members of Turnstar Holdings Limited and previously served as a Director of the Company. He has been a Member of Parliament for 20 years and has held a number of Cabinet and Ministerial positions during the period 1984-1998. He was elected to the position of the Speaker of Parliament of the Republic of Botswana and served simultaneously as the Chairperson of the SADC Parliament Forum. A recipient of the Presidential Order of Honour (PH) and the Melvin Jones Fellow Lions Club International, he has recently been appointed by His Excellency the President of the Republic of Botswana, as Botswana's eminent representative to the Queen Elizabeth 11 Diamond Jubilee Board of Trustees, headed by the former British Prime Minister, the Right Honourable John Major. Mr Balopi also serves as a Director in several other companies in Botswana.

GULAAM HUSAIN ABDOOLA (b)
MANAGING DIRECTOR

Gulaam Abdoola is a founding member of Turnstar Holdings Limited and was the Managing Director at the inception of the Company. He is the Executive Chairman of GH Group, a group of companies with businesses interests in property, retail, wholesale, restaurants, boutiques, tyres, spare parts, and petroleum retail. He has served as a Non-Executive Director on various company Boards and as Chairman of Stanbic Bank Botswana, McCarthy Retail Botswana (which comprises Game Discount World, Bee Gee, Savelles, Happy Homes, Bears, Guys & Girls and Bonus Building Supplies) and Prefsure Insurance. Mr Abdoola is also the trustee and secretary general of the World Memon Organization (an international charity organization), and Chairman of the Botswana Muslim Association.

PIERRE BEZUIDENHOUT (c)
DIRECTOR
Appointed 2 April 2013

Pierre Bezuidenhout has a BCom Hons and a BCom (Law) from Rand Afrikaans University in South Africa. He has 22 years' experience in investment banking and is currently the Managing Director of Collectus (Pty) Ltd. Mr Bezuidenhout was appointed as a Director of the Company on the 2nd April 2013.

CHANGE OF
DIRECTORS

PEO PILLAR, DIRECTOR
Appointed 27 January 2011

In compliance with the recommendations of the King III code of best practice and the requirements of the Botswana Stock Exchange, Mrs Peo Pillar retired on the 27th January 2021 after serving on the Turnstar Board for a period of 10 years. Mrs Pillar also served as the Chairperson of the Audit & Risk Committee and as a member of the HR committee. Mrs Pillar's contribution to Turnstar has been invaluable. We wish her every success in her future endeavours.

BOARD OF

DIRECTORS [continued]

MOKGADI K NTETA (d)
DIRECTOR
Appointed 27 November 2012

Mokgadi K Nteta has a BSc (Honours) degree in Applied Psychology from the University Of Wales Institute Of Science and Technology, an MBA in Human Resource Management from City University Business School in London, and is a Fellow of the CIPD and member of Business Botswana. Her experience in Human Resources spans over 3 decades and she has worked for blue-chip private sector companies such as Debswana, Absa Bank of Botswana, Sefalana sa Botswana and Kgalagadi Breweries, holding a number of senior HR positions, culminating in the post of Human Resources Director before forming her own consultancy business and then assisting a company in care and maintenance to manage its human resources. She has a number of business interests and corporate directorships, serving on Boards and sub-Committees in the public, NGO and the private sector; as well as serving society through various charitable avenues, including the charity she founded, the Dignity Foundation Trust, which benefits the girl-child. She has also been an Assessor with the Industrial Court of Botswana almost since inception.

SHIRAN PUVIMANASINGHE (e)
DIRECTOR
Appointed 11 December 2014

Shiran Puvimanasinghe is a Chartered Accountant. He commenced his career in Botswana in 1987 as a Senior Manager at Coopers and Lybrand (now PwC). He served the Botswana Housing Corporation, as a Chief Accountant during the period 1990-1993. He was the Financial Director of Zurich Insurance Company Botswana for 15 years and was subsequently appointed as Chief Executive Officer in 2009. Shiran joined Turnstar Holdings as the Chief Financial Officer, in June 2013.

PEO PILLAR (f)
DIRECTOR
Appointed 27 January 2011

Peo Pillar graduated from the University of Botswana with a Bachelor of Commerce (Accounting) in 1995 and attained ACCA qualifications in 1998. In 2010 she completed an MBA in Financial Services through the University of East London (UK). Ms Pillar holds various professional memberships and is a Fellow Member of ACCA, Associate Member of the Botswana Institute of Chartered Accountants (BICA) and Alumni of UNISA. She is a qualified Chartered Accountant with extensive experience in risk management, internal auditing, external auditing and financial accounting. She is currently the Chief Business Risk Management Officer at Mascom Wireless. Peo sits in various boards; BPOMAS Investment Sub Committee and property board, Quantity Surveyors Registration Council and she was BICA Council member and Treasurer from April 2015-2016.

VICTORIA TEBELE , DIRECTOR
Appointed 1 February 2021

Ms Victoria Tebele was appointed to the Board of Turnstar Holding Limited. She was also appointed as the chairperson of the Audit & Risk committee. Ms. Tebele graduated from the University of Botswana with a First Class Bachelor of Commerce (Accounting) in 1992 and attained ACCA in 1998. Ms Tebele is a Fellow Member of both ACCA and the Botswana Institute of Chartered Accountants. Ms Tebele has extensive experience in financial and management accounting, risk management, internal auditing, contracts management, corporate governance and people management in a number of industries including mining, financial services, beef production and general maintenance in both the private sector and parastatals. She has served as a Director in a number of boards in the country. She served as a BICA Tax Committee member from 2004 to 2011. She is currently serving as the Treasurer at the Botswana Chamber of Mines and a Board Member at Bank of Botswana, chairing the Bank's Audit and Risk Committee. Turnstar welcomes Ms Tebele on to the Board of Directors.

MANAGING DIRECTOR’S

REPORT

Dear Shareholders

Firstly let us pray for our families, colleagues, friends and loved ones, that we may have lost or are unwell, in these unimaginable times that we are currently living in. May God have mercy on us and the whole of humanity and remove this terrible pandemic which we are experiencing. Turnstar being the solid Company that it is, has performed well and above expectations, despite the rent relief given to our tenants during the year. We also paid a dividend of 19 thebe per linked unit for this year which is noteworthy.

Our strategy of working with our tenants during this difficult period, has ensured that we have a high rate of tenant retention and we have maintained 98% occupancy.

Game City continues to attract high demand. We have reconfigured the cinemas into retail space and this area has been rented to one large retailer. We are also busy looking at requests from a few stand-alone retail businesses. The construction of a fast food drive through outlet, within the Game City property, will commence soon.

Demand at Nzano Centre Francistown is very high. We are looking at options to create more space to accommodate this demand.

Mlimani City is performing well and has a waiting list for retail space. The conference Centre is now reporting increased activity. The letting of the Commercial Office space remains a challenge, but there is more interest in this sphere.

MANAGING DIRECTOR'S

REPORT [CONTINUED]

As I stated last year, we will continue to focus on growing our revenue in Botswana for the near future. During this pandemic we will not focus outside Botswana until such time as economies normalize and different markets can be assessed again.

Our current share price is regrettably not reflective of our Company, at all. Turnstar has a wide base of shareholders, including foreign fund managers. The classification of Botswana as a "grey listed" country by the EU, appears to have triggered a sell down of Botswana assets by these managers, which has had a downward impact on the share price.

The NAV of the Company currently is P 2.96 per linked unit.

This is surprising since the fundamentals of the Company remain unchanged. Hopefully the anomaly will correct itself, leading to price normalisation in early course.

We would like to thank Mrs. Peo Pillar who retired on the 27th January 2021 after serving on our Board for 10 years. She was also the Chairperson of Audit and Risk committee and added great value to the Group. We wish Peo well, and success in her future ventures.

We welcome M/s Victoria Tebele and Mr. Butler Phirie to our Board.

Victoria Tebele is a fellow member of BICA and ACCA. She has served in senior positions in large Companies, Mines and Parastatals in Botswana.

Butler Phirie was the Senior Partner of PricewaterhouseCoopers until his retirement on the 30th June 2021. He had been with the firm for some 35 years. He had also been the Deputy Managing Director of the Botswana Development Corporation.
Our new Directors bring with them a wealth of experience in both business and corporate environments. We look forward to working with them.

Turnstar is the largest listed property company in Botswana, in terms of asset Value. It is a great company that is run well, and has performed well for its shareholders. The Company will continue to grow and enhance shareholder value.

FINANCIAL OPERATING
REVIEW

The Government of Botswana implemented two lockdowns to combat the spread of the pandemic. The first lockdown was for 6 weeks, commencing at the beginning of April until mid-May 2020. The second lockdown was for the first two weeks in August 2020. There were similar disruptions to trade in Tanzania and Dubai.

FINANCIAL OPERATING

REVIEW [continued]

Finance Costs

The finance costs relate to loans held with First National Bank Botswana and ABSA Bank Botswana. The reduction in finance costs is due to a mixure of loan repayments and decline in the prime lending rate and USD libor rate.

Fair Value

Due to the vacancies in the commercial office space, and the reduction in conference centre income due to Covid, Mlimani Holdings has reported a Fair Value loss for the year. It should be noted that Fair Values are calculated on current rentals, projected into the future on a discounted cash flow basis. It does not reflect the actual cost of the buildings, and may change from year to year, depending on occupancy levels. The Botswana properties however, recorded substantial Fair Value Gains.

Translation Gains

The translation gain reported for the year, occurred when translating the USD denominated investments and assets of the group subsidiaries in Tanzania and Dubai. There was a slight appreciation of USD against the Pula during the current year resulting in a lower gain compared to the prior year.

Loan to Value ratio (LTV)

The loan to value ratio (borrowing as a percentage of investment property) is a very conservative 25%.

Goodwill Impairment

In terms of IAS 36, an assessment of Goodwill was carried out. Goodwill impairment of P12.4m has been recorded in the results under review. Goodwill relates to Mlimani investment

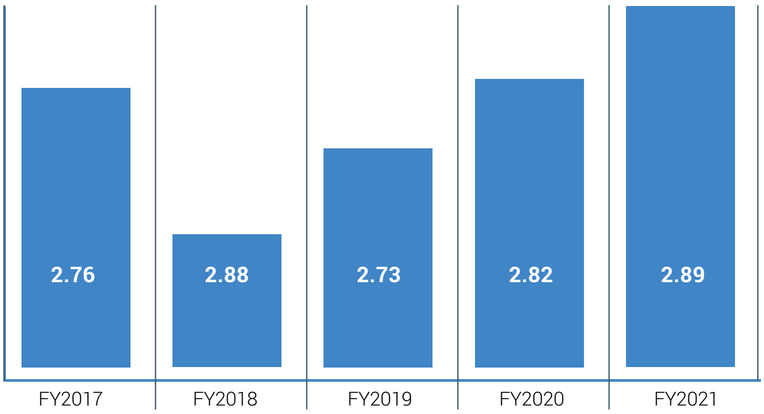
Distribution to Shareholders

Despite the challenges presented by the pandemic, the company paid its shareholders total distribution of 19 thebe per linked unit.

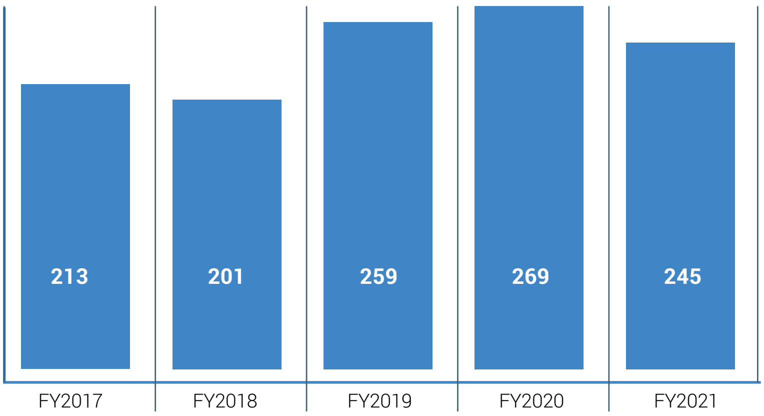
FINANCIAL OPERATING

REVIEW [continued]

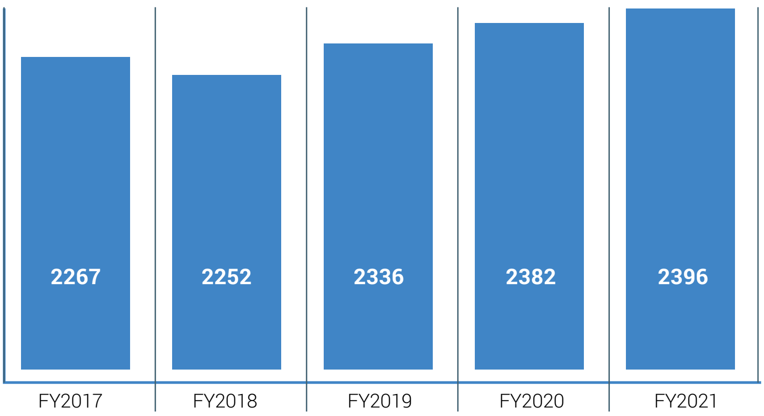
NET ASSET VALUE PER SHARE



RENTAL INCOME

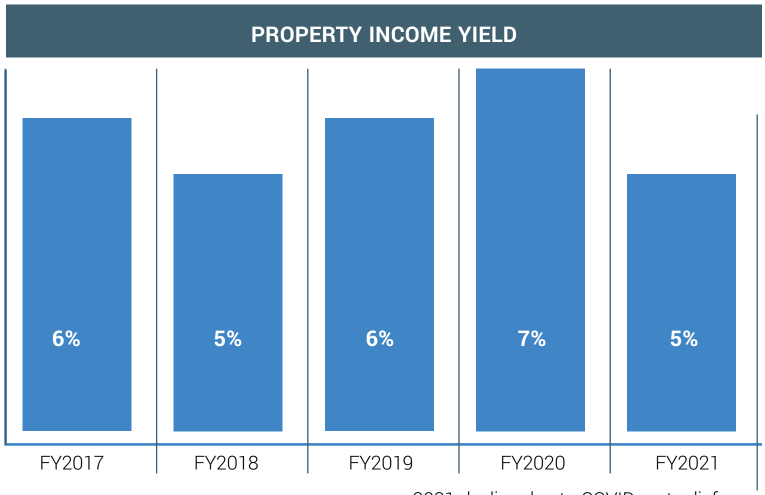


PROPERTY VALUES

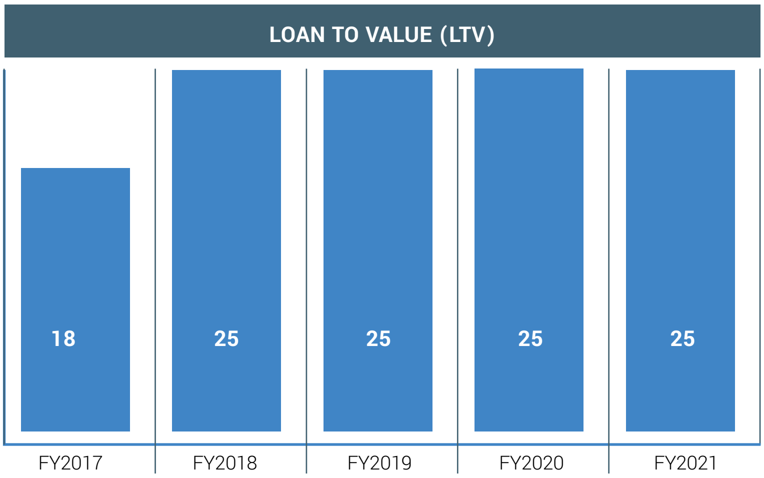


FINANCIAL OPERATING

REVIEW [continued]



2021 decline due to COVID rent relief



ABRIDGED

INCOME STATEMENT

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 JANUARY 2021	**31 JAN 21 PULA**	**31 JAN 20 PULA**	**31 JAN 21 PULA**	**31 JAN 20 PULA**
Revenue				
Rental income	257,551,224	269,308,758	143,645,270	151,330,229
Reent Relief	(12,281,732)	-	(9,074,304)	-
Other income	5,478,567	4,305,310	6,745,195	2,605,739
Operating expenses	(121,090,610)	(116,946,306)	(71,385,365)	(68,974,340)
Dividend income from subsidiary	-	-	42,821,588	8,019,161
Operating profit	**129,657,449**	**156,667,762**	**112,752,384**	**92,980,789**
Finance income	253,212	439,093	15,100,300	44,295,131
Finance cost	(25,849,802)	(33,338,910)	(25,849,802)	(33,338,910)
Profit before exchange difference and FV	**104,060,859**	**123,767,945**	**102,002,882**	**103,937,010**
Exchange gain	2,748,846	27,692,506	2,748,846	27,692,506
Exchange loss	(5,364,133)	(17,246,696)	(5,368,335)	(17,246,696)
Profit before fair value and impairment	**101,445,572**	**134,213,755**	**99,383,393**	**114,382,820**
Good will impairment	(12,402,710)	(14,803,307)		
Fair value adjustments	(7,190,400)	(25,280,910)	60,618,863	12,450,533
Profit before tax	**81,852,462**	**94,129,538**	**160,002,256**	**126,833,353**
Taxation	(546,447)	22,113,234	(3,588,743)	17,833,005
Profit for the year	**81,306,015**	**116,242,772**	**156,413,513**	**144,666,358**
Other comprehensive income				
Exchange difference on translating foreign operations	16,044,562	31,207,559	-	-
Total comprehensive income for the year	**97,350,577**	**147,450,331**	**156,413,513**	**144,666,358**
Total comprehensive income attributable to:				
Owners of the parent company	97,350,577	147,450,331	156,413,513	144,666,358
	-	-	-	-
	97,350,577	**147,450,331**	**156,413,513**	**144,666,358**
Profit for the year attributable to linked Unit holders				
Owners of the parent company	81,306,015	116,242,772	156,413,513	144,666,358
Non controlling interest	-	-	-	-
	81,306,015	**116,242,772**	**156,413,513**	**144,666,358**
Basic earnings per linked unit (in thebe)	14.21	20.32	27.34	25.28
Diluted earnings per linked unit (in thebe)	14.21	20.32	27.34	25.28
Distribution per linked unit(in thebe)	19.00	9.00	19.00	9.00
Debenture interest per linked unit(in thebe)	11.94	8.25	11.94	8.25
Dividend per linked unit(in thebe)	7.06	0.75	7.06	0.75
NAV per unit (thebe)	2.96	2.89	2.71	2.54
Number of linked units	572,153,603	572,153,603	572,153,603	572,153,603

ABRIDGED

BALANCE SHEET

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 JANUARY 2021	31 JAN 21 PULA	31 JAN 20 PULA	31 JAN 21 PULA	31 JAN 20 PULA
ASSETS				
Non-Current Assets	**2,442,082,718**	**2,451,941,816**	**2,199,828,477**	**2,142,151,485**
Investment property	2,396,259,505	2,382,205,593	1,335,770,609	1,274,735,971
Plant and equipment	1,947,505	3,313,425	946,703	2,213,511
Goodwill	25,658,129	38,354,182	-	-
Investment in subsidiaries	-	-	606,613,011	606,613,011
Loan to related compamy	-	-	240,990,516	233,084,802
Lease asset	18,217,579	28,068,616	15,507,638	25,504,190
Current Assets	**65,762,894**	**54,482,048**	**44,592,935**	**33,687,380**
Lease asset	4,444,843	3,269,840	4,430,550	3,269,840
Cash and cash equivalent	24,185,916	13,092,960	17,456,443	6,305,413
Trade and other receivables	37,132,135	38,119,248	22,705,942	24,112,127
Total Assets	**2,507,845,612**	**2,506,423,864**	**2,244,421,412**	**2,175,838,865**
EQUITY AND LIABILITIES				
Stated Capital and Reserves	**1,696,357,070**	**1,656,221,853**	**1,551,499,313**	**1,452,301,162**
Stated capital	346,420,555	346,420,555	346,420,555	346,420,555
Linked unit debentures	286,076,802	286,076,802	286,076,802	286,076,802
Fair value surplus	557,705,857	564,032,325	693,821,951	633,203,088
Retained earnings	317,936,135	339,012,836	173,686,181	186,600,717
Debenture interest and dividend reserves	51,493,824	-	51,493,824	-
Foreign currency translation reserve	136,723,897	120,679,335	-	-
Non- Current Liabilities	**728,514,914**	**746,676,418**	**635,946,287**	**648,124,163**
Borrowings	546,626,991	562,393,610	546,626,991	562,393,610
Deferred taxation	181,887,923	184,282,808	89,319,296	85,730,553
Current Liabilities	**82,973,628**	**103,525,593**	**56,975,812**	**75,413,540**
Trade and other payables	39,150,215	49,460,268	13,152,399	21,348,215
Borrowings	40,540,726	34,091,716	40,540,726	34,091,716
Unclaimed debenture interest and dividend	1,499,628	1,403,665	1,499,628	1,403,665
Current tax payable	1,575,294	1,191,260	1,575,294	1,191,260
Bank overdraft	207,765	17,378,684	207,765	17,378,684
Total Equity and Liabilities	**2,507,845,612**	**2,506,423,864**	**2,244,421,412**	**2,175,838,865**

PROPERTY MARKET
REPORT

The Turnstar property portfolio is currently valued at BWP2,396,259,505. The Group has investments in Botswana, Tanzania and the United Arab Emirates.

In Botswana, Turnstar owns seven properties with 265 active tenants and 96,730sqm total gross lettable area with a market value of P1.3 billion. Included are leading retail malls in Gaborone (Game City) and Francistown (Nzano Mall). The company enjoys excellent performance from the retail sector.

The Tanzanian subsidiary, Mlimani Holdings Limited owns Mlimani City, a mall with 165 active tenants. The investment has a gross lettable area of 56,370 sqm.

In the United Arab Emirates (Dubai) the company operates Palazzo Venezia, a commercial property measuring 1,245sqm total gross lettable area.

PROPERTY MARKET

REPORT [continued]

In the Botswana portfolio, Turnstar owns further retail space in the Mogoditshane Supa Save Mall, and commercial office space amounting to 18% by value and 13% by gross lettable area of the group. Turnstar House is located in the Main Mall in the heart of Gaborone. The company also operates an industrial property in Gaborone International Commerce Park. Turnstar owns residential properties in Tapologo Estate, comprising 50 residential units, with common amenities which include swimming pool, tennis court and common garden area. The residential property in Mogoditshane comprise 14 units of duplex townhouses. The company enjoys good rental income from these properties.

current value of property portfolio

BWP2.4 BILLION

the group has investments in 3 countries

BOTSWANA, TANZANIA, UAE

Botswana: Turnstar owns 7 properties with 265 active tenants and 96,730sqm total gross lettable area.

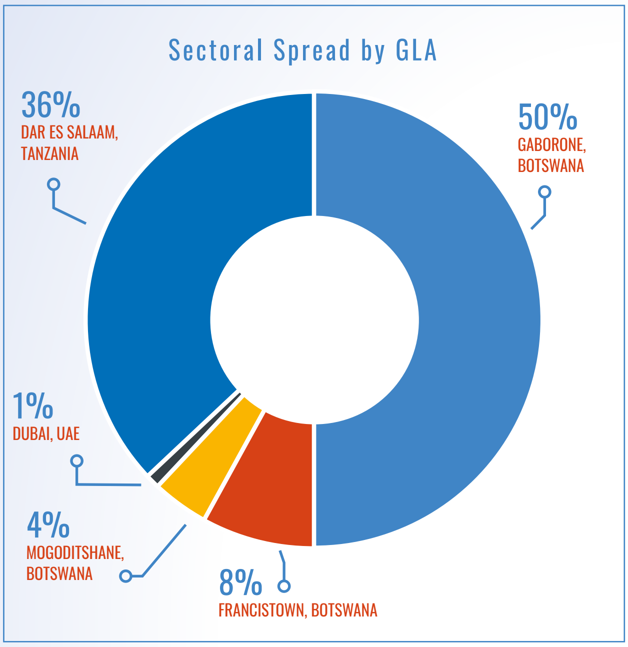
Tanzania: subsidiary, Mlimani Holdings Limited owns Mlimani City, with 165 active tenants. The investment has a gross lettable area of 56,370 sqm.

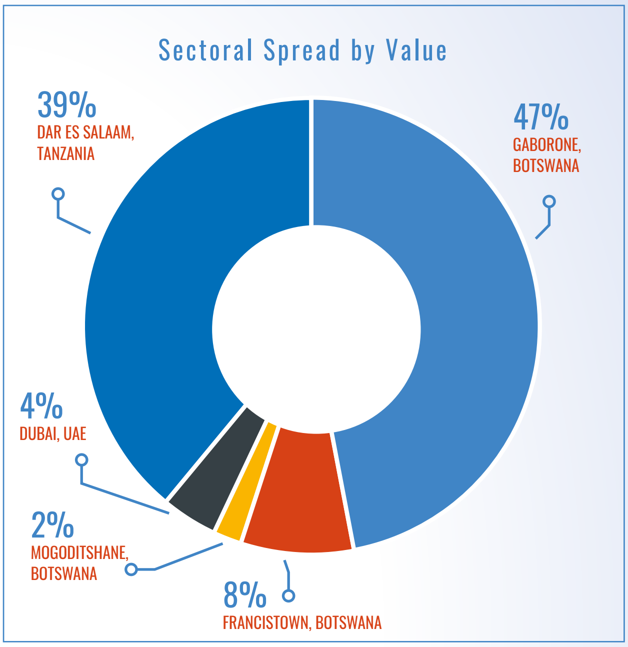
United Arab Emirates: a commercial property in Dubai, Palazzo Venezia measures 1,245sqm gross lettable area.

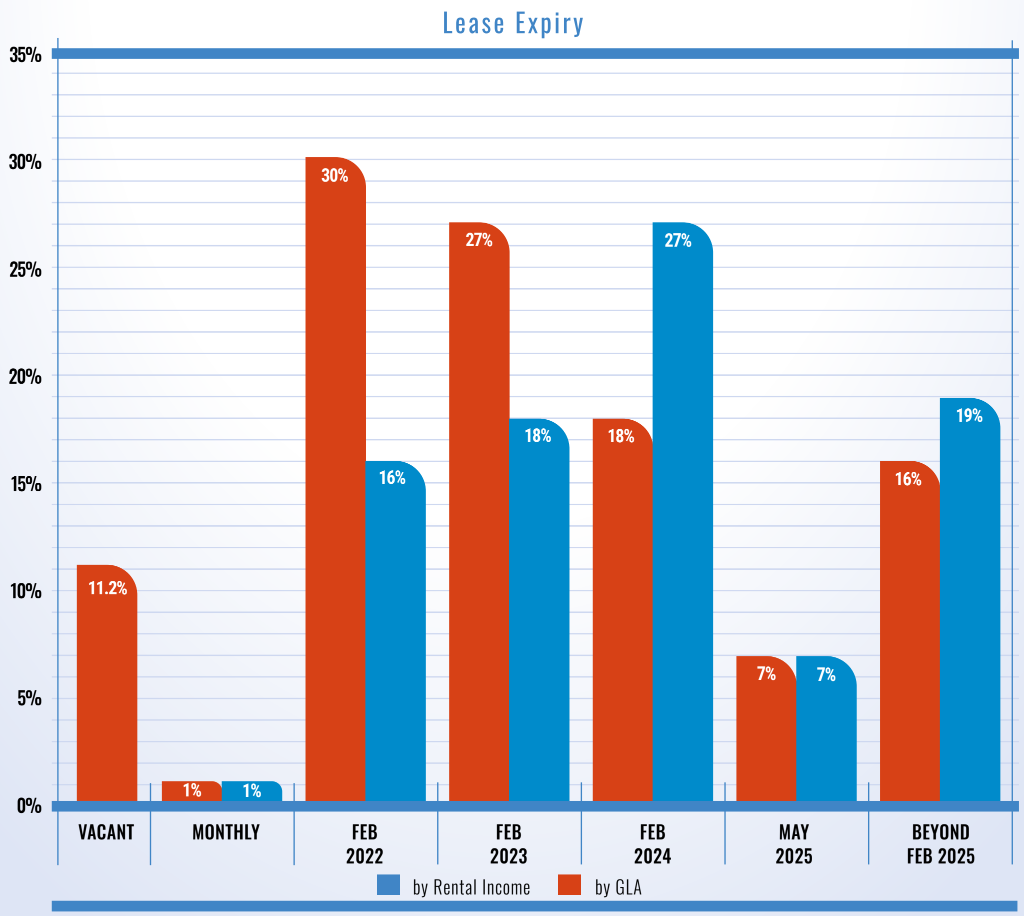
96,730sqm lettable area

56,370sqm lettable area

1,245sqm lettable area


Sectoral Spread by GLA
36%
DAR ES SALAAM, TANZANIA
50%
GABORONE, BOTSWANA
1%
DUBAI, UAE
4%
MOGODITSHANE, BOTSWANA
8%
FRANCISTOWN, BOTSWANA


Sectoral Spread by Value
39%
DAR ES SALAAM, TANZANIA
47%
GABORONE, BOTSWANA
4%
DUBAI, UAE
2%
MOGODITSHANE, BOTSWANA
8%
FRANCISTOWN, BOTSWANA


Lease Expiry
35%
30%
25%
20%
15%
10%
5%
0%
11.2%
1%
1%
30%
16%
27%
18%
18%
27%
7%
7%
16%
19%
VACANT
MONTHLY
FEB 2022
FEB 2023
FEB 2024
MAY 2025
BEYOND FEB 2025
by Rental Income
by GLA

Asset Management Market report

As a public listed company, Turnstar continues to innovate and transform in order to maintain it's market dominance. This is achieved through integrated property management systems which enhances our assets to perform optimally.

Through asset management, Turnstar ensures that each portfolio is efficiently managed on behalf of the unit holder, to optimize appreciation of the unit holder's asset over time while mitigating risks.

The Group's asset management strategy is to maintain a good property mix, as well as spread our footprint nationally, regionally and internationally.

Turnstar Retail Portfolio

This is the best performing sector in our portfolio, and our retail centres continue to be utilised optimally. We are proud to say that over the past year we have performed well.

Game City

Through Game City, we take pride in having the largest shopping centre, which also attracts the largest footfall in Botswana.

In Game City, our flagship retail asset in the entire portfolio, we have enjoyed a good occupancy rate of over 97% percent for the longest time.

Game City performed well and maintained its flagship status as compared to other properties.

Currently, Game City is dealing with the ever changing regulations aimed at promoting health and safety as well as protecting shoppers and those working in the mall.

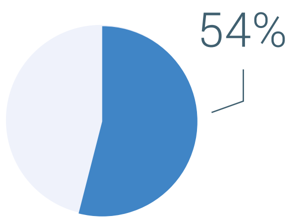
Nzano Mall

Occupancy: 100%
Based in Francistown, Nzano Mall is situated on a plot size of 4.0468ha with gross area of 12.863sqm and a lettable area of 12.591sqm. Nzano is and has been the core shopping centre of Botswana's second capital city's landscape. It offers the best tenancy mix with mostly blue chip tenants. Nzano continues to achieve good occupancy levels and footfall because of its dominance in the city of Francistown.

TURNSTAR GROUP

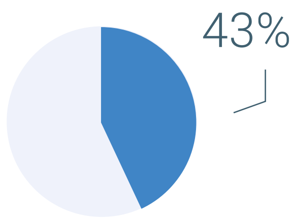
Property value	GLA (m²)	Sector focus
P2.4 billion	149 805	78% Retail

BOTSWANA



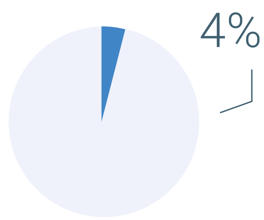
Property value	P1.33 billion
No. of properties	**7**
GLA (m²)	**92 190**

TANZANIA



Property value	P973 million
No. of properties	**4**
GLA (m²)	**56 370**

DUBAI



Property value	P88 million
No. of properties	**1**
GLA (m²)	**1 245**

Mogoditshane Supa Save

Occupancy : 100%
This retail asset is situated right at the intersection between the road to Mogoditshane –Gabane and the one to Mogoditshane-Molepolole which is very busy.

This shopping centre currently provides convenience primarily for the immediate and surrounding neighbourhood. Mogoditshane Supa Save as it is commonly known is part of Mogoditshane commercial precinct which was developed in the past 10-20 years.

This 3400sqm centre continues to offer excellent rental yields with a continual 100 percent occupancy since inception.

Commercial Office Market

Our commercial property office space accounts for 18% by value and 13% by GLA of the group. We have always appreciated reasonable demand for our office space due to the its prime location in city Centre. The revenue we continue to accumulate from the building is positive.

Turnstar House

Occupancy: 80 %
This is our only commercial office space which is located in the heart of Gaborone being main mall , for a long time its enjoyed good tenancy without a struggle. This four storey building which used to host Turnstar head office. The office lot offers a GLA of 3117sqm.

Industrial Property

Plot 63 GICP
Occupancy: 94%
This light industrial warehouse/mini office space is situated in a sought-after location of Gaborone international Commerce Park. This prime hi-tech property boasts of a good location, good frontage and roads proximity to amenities.

Residential Properties

Tapologo Estate and Mogoditshane town houses have over the years enjoyed good rental income primarily because of their proximity to amenities. The properties are currently in a satisfactory state. Further, Mogoditshane Town Houses are sought after due to their convenient location.

Mogoditshane Townhouses

Occupancy :98%
These houses benefit from loyal tenants who have been in occupation for years now.

This property which comprises of 3 blocks of duplex townhouse buildings benefits from a total of 14 units which have a communal swimming pool and a gated security wall.

This secured estate generally enjoys rental growth of about 2.5 percent annually.

Tapologo Estate

Occupancy :98%
It is a very attractive asset which is always in high demand. Because of its proximity to malls and other services, it offers convenience to tenants.

Tanzania

4 Property Types
165 Active tenants
56,370 sqm Total Gross Lettable Area
$90,700,000 USD Market value
Mlimani City – Dar Es Salaam

The property in Tanzania comprises of four distinct components being Mlimani City Retail Centre which has a Total Rentable Area of 27,465sqm. There is also the Office park of a total Rentable Area of 15,017sqm, the conference Centre which benefits from rental Space of 4,903sqm and lastly the residential complex benefits from 50 free-standing residential units.

The Mall has always enjoyed good occupancy with a large contribution being from the expatriates' community. As a result, Mlimani enjoys a large market share in Dar Es Salaam.

The COVID pandemic affected our Conference Centre immensely. The recent refurbishments of the conference facility had however spiked appetite to the conference Centre to about 75 percent.

The mushrooming of commercial properties in the City has affected our commercial office blocks, coupled with the movement of Government offices to Dodoma which left behind offices which are now being occupied at lower rentals.

Overall

Our Groups assets have continued to perform well, and this is primarily because of our lease management skills and practices that maintain low vacancies. Our team remains committed to unlocking value in real estate across the region for our stakeholders through best practices that yield optimum returns. To further strengthen our foundation our group will continue to seek premium grade properties.

CORPORATE
GOVERNANCE

Turnstar Holdings Limited maintains a high standard of Corporate Governance and is committed to the principles of transparency, accountability and integrity. The Board has adopted charters for itself, the Audit and Risk Committee and the Nominations and Remuneration Committee (REMCO) by adopting the Botswana Stock Exchange Listings Requirements, Companies Act, King Code on Corporate Governance, and other applicable legislations and Best practice. The Board's responsibilities encompass compliance with principles of good governance, accountability, arms' length dealings and the applicable laws.

RELATED PARTY TRANSACTIONS

The Board remains sensitive to the related party transactions between the company, its subsidiaries and companies linked to it's board members. During the year there were no transactions with companies linked to board members.

DIRECTORS' DEALINGS

The company operates a policy of prohibiting dealings by Directors and Management in periods immediately preceding the announcement of its interim and year-end financial results, and any period when the Company is trading under a cautionary announcement.

CORPORATE

GOVERNANCE [continued]

COMPANY AND MEETING SECRETARY

A representative from Grant Thornton Business Services, and the Company Secretary attend all annual and extraordinary general meetings. Grant Thornton Business Services further provides a meeting secretary to take minutes at the Board and Committee meetings.

INTERNAL AUDITORS

Grant Thornton Business Services have been appointed as internal auditors of the company in 2020 and are responsible for providing independent assurance that the organisation's risk management, governance and internal control processes are operating effectively.

EXTERNAL AUDITORS

Ernst and Young were appointed as external auditors in 2020. The external auditors are responsible for the independent review and the expression of an opinion on the reasonableness of the financial statements based on the audit.

ANTI MONEY LAUNDERING

Turnstar Holdings is strongly committed to preventing the use of its properties, services, resources and technologies for the commission or perpetration of financial crimes such as money laundering (ML), terrorist financing (TF) or the financing of proliferation (PF). To this end in 2020 , the Turnstar board approved several policies relating to Anti-Money Laundering (AML), Counter-Financing of acts of Terrorism (CFT) and Counter-Financing of Proliferation.

This was in compliance to the Financial Intelligence Act 2019 and international best practice.

COVID -19

Turnstar Holdings Limited implemented precautions to ensure that employees, tenants, customers, and other stakeholders are protected from the spread of the virus.

These measures include,

- Temperature screening
- Sanitation at paid parking machines'
- Hourly cleaning of lifts and elevators

CORPORATE

GOVERNANCE [continued]

COVID -19 RELIEF

To offer relief from the impact of COVID-19, to our stakeholders and the people of Botswana, Turnstar Holding limited provided financial support to the Government of Botswana by donating BWP 1,000,000.00.

Portfolio Risk

Notwithstanding global instability due to the pandemic and the effects of global warming, the directors remain confident with the business as a going concern. With diversification in mind, the board continues to review various property investment opportunities locally and regionally.

BOARD OF DIRECTORS

During the year under review, the Board consisted of six Directors, four of whom were independent non-executive Directors. Mrs. Peo Pillar, an independent non-executive Director, retired from the Board on the 27th January 2021. The Chairman of the Board is a non- executive Director. The non-executive Directors bring a wealth of expertise and experience from their varied fields of operation and ensure that dialogue on matters of strategy, policy, business development and performance are robust, informed and constructive.

During the year under review, EOH Consulting was engaged to undertake board training and evaluation.

BOARD MEETINGS

The Board meets at least four times a year and is responsible for, inter alia, reviewing and guiding corporate strategy, acquisitions and performance. All non-executive Directors are subject to retirement by rotation and re-election by shareholders periodically, in accordance with the constitution of the company.

The number of Board Meetings held and the gross fees paid to the non-executive Directors are as follows:

BOARD REMUNERATIONS

	Fees	**Number**
P K Balopi	106 058	3
P Pillar	107 856	4
M Nteta	107 856	4
P Bezuidenhout	107 856	4
	429 626	

CORPORATE

GOVERNANCE [continued]

AUDIT & RISK COMMITTEE REPORT

The Board has established an Audit and Risk Committee, which consists of three non-executive Directors. The Committee meets independently at least twice a year. The external auditors and the Executive Directors attend by invitation.

The Committee is tasked with the review of the audit plan for the statutory annual audit and the mid-year review. The Committee reviews the Annual Financial Statements and recommends approval to the Board before publication and also receives a direct report from the external auditors on the results and findings of the audit process.

Attendance by the Audit Committee members at meetings held during this financial year is summarised below.

	Fees	Number
P Pillar	32 956	2
M Nteta	23 968	2
P K Balopi	11 984	1
P Bezuidenhout	23 968	2
	92 876	

The main responsibilities of the Audit Committee are to provide the Board with the following:

- additional assurance regarding the accuracy and reliability of the Annual Financial statements,
- satisfaction that appropriate financial and operating controls are in place,
- monitor the Corporate Risk assessment process, assess managements design, implementation, responses and monitoring of risks. An external consultant has been appointed to evaluate and report on the risk management process, and provide assurance that significant operating

CORPORATE
GOVERNANCE [continued]

and financial risks have been identified, evaluated and mitigated,

- confirmation of compliance by the company with legal and regulatory requirements, including BSE listing requirements, Companies Act, King Code on Corporate Governance and other applicable legislation.
- review of the independence and performance of the company's external auditors.

GOING CONCERN

The Audit & Risk Committee has concluded that the Group will be able to continue as a going concern for the ensuing year by:

- A review of the cash flow projections and budgets for the year ending January 2022 to ensure the adequacy of cash;
- Analysing the effects of COVID on the Group, and management's responses thereto. Management has prepared cash flow projections based on worst case scenario, and we are comfortable that the Group has the financial ability to operate based thereon;
- There are no other circumstances that we are aware of, that will materially change the cash flow projection or budgets;
- There are no capital commitments that require additional financing at this stage. Any decision to incur capital expenditure will be approved together with the relevant funding;
- There are no legal issues pending which would impact the group ability to continue as a going concern;
- All provisions considered necessary have been made for potentially unrecoverable debts and assets.

Assessments

- The committee has reviewed the reporting to Board, the Audit & Risk Committee and shareholders. The committee has also reviewed the external Auditors report to the unitholders and have obtained their comments post the Annual Audit. The committee is satisfied with the expertise and experience of the Managing Director, the Chief Financial Officer, the Finance Manager and the finance function.

- The Company Secretaries act as the Secretary of the Board and attend all meetings for the year. The committee has considered their competence, qualifications and experience. The committee is also satisfied that they operate on an arms-length basis. All Directors have unlimited access to the services of the Company Secretaries, who also ensure compliance with applicable procedures and legislation.
- All Directors are entitled to seek independent professional advice concerning the affairs of the company, at the company's expense.

Annual Report

Following the committee's review of the Annual Financial Statements for the year ended 31 January 2021, we are of the view that the financial statements comply with the requirements of IFRS and fairly present the financial position of Turnstar Holdings and the Group, and the results of the operations and cash flows for the year then ended.

V Tebele
Chairperson – Audit and Risk Committee

CORPORATE

GOVERNANCE [continued]

Nominations and Remuneration Committee (REMCO)

The Board revived the Nominations and Remuneration Committee during the year. The committee comprises of two non-executive Directors, and meets at least twice a year. The Executive Directors and senior management including the Human Resources Manager, attend by invitation.

The Human Resources Committee is responsible for reviewing the remuneration policies of the Company for approval by the Board. The committee comprises of non-executive Directors, and is responsible for ensuring that the Company's executive management are rewarded equitably, and also recommend the remuneration of the non-executive Directors to the Board for approval. The committee is responsible for ensuring that the Board is represented by the requisite skills and any prospective additions to the Board will be vetted and recommended by this committee. The table below shows the number of meetings attended by each member, and gross fees paid.

	Fees	**Number**
P Pillar	32 956	2
M Nteta	23 968	2
	104 860	

Gender Diversity Policy

A Gender Diversity Policy is being prepared for consideration and adoption by the Board.

KING III COMPLIANCE

CHECKLIST

Key:
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CHAPTER 1: ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP			
		Comments	**Key**
1.1	The board should provide effective leadership based on an ethical foundation.	The Board has adopted the requirements of King III and considers best Corporate Governance Practices to be critical in delivering sustainable growth.	☑
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen.	The Board ensures that the Company complies with the requirements of the BSEL, BAOA, the Companies Act, IFRS and the applicable law	☑
1.3	The board should ensure that the company's ethics are managed effectively.	A formal policy regarding the effective management of ethics is in place.	☑
CHAPTER 2 : BOARDS AND DIRECTORS			
2.1	The board should act as the focal point for and custodian of corporate governance	Refer to 1.1 & 1.2 above	☑
2.2	The board should appreciate that the strategy , risk performance and sustainability are inseparable	A strategic plan, risk analysis and sustainability policy is in place.	☑
2.3	The board should provide effective leadership based on ethical foundation	Refer to 1.1 above	☑
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Refer to 1.2 above	☑
2.5	The board should ensure that the company s ethics are managed effectively	Refer to 1.3 above	☑
2.6	The board should ensure that the company has an effective and independent audit committee	The Audit & Risk Committee comprises of 3 independent Directors, one of whom is the Chairman. The executive Directors attend by invitation. The external auditors also attend by invitation. The Audit & Risk Committee meet at least twice a year.	☑
2.7	The board should be responsible for the governance risk	The Audit and Risk Committee monitors the adequacy and effectiveness of the Risk Management process, and reports to the Board.	☑
2.8	The board should be responsible for information technology (IT) governance	The Audit and Risk Committee monitors the adequacy and effectiveness of IT governance, and reports to the Board.	☑
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	The Company has a compliance officer who manages the compliance aspects to applicable laws and legislations. The Company has codes of conducts and standards which are applicable to all stakeholders and compliance to the same is ensured.	☑
2.10	The board should ensure that there is an effective risk – based internal audit	The internal audit function has been outsourced and the company has appointed qualified Internal Auditors.	☑
2.11	The board should appreciate that stakeholders perceptions affect the company's reputation	Please refer to principles 1.1, 1.2 and 1.3 above.	☑

KING III COMPLIANCE

CHECKLIST [continued]

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2.12	The board should ensure the integrity of the company's integrated annual report	An integrated Annual Report is produced.	☑
2.13	The board should report on the effectiveness of the company's system of internal controls	The Internal and External Auditors together with the executive Directors report on the adequacy and effectiveness of the Internal controls to the Audit & Risk Committee. The Audit & Risk Committee in turn, briefs the Board.	☑
2.14	The board and its directors should act in the best interest of the company	The Board individually and collectively understand their fiduciary responsibility to act in the best interest of the Company. Disclosure of Interests and dealings are declared at every Board and Committee meeting.	☑
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the act	The Board is aware of the requirement.	☑
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	The Chairman of the Board is a non-executive director. The CEO is an executive director and is not the Chairman.	☑
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	The Board has appointed a CEO whose delegated authority in place.	☑
2.18	The board should compromise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	The Board comprises of six Directors, four of who are non-executives.	☑
2.19	Directors should be appointed through a formal process	The process is stipulated in the Board Charter	☑
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	Induction and ongoing training and development of Directors, is stipulated in the Board Charter.	☑
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	A competent, suitably qualified and experienced Company Secretary has been appointed by the Board.	☑
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	A formal evaluation process has been performed.	☑
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The Audit & Risk committee and Remunerations and Nominations Committee report directly to the Board and work within their stipulated frame work as detailed in the respective Charters.	☑
2.24	A governance framework should be agreed between the group and its subsidiary boards	Covered in the Board Charter	☑
2.25	Companies should remunerate directors and executives fairly and responsibly	The Remunerations and Nominations Committee advises the Board.	☑
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Disclosed in the Annual Report.	☑
2.27	Shareholders should approve the company's remuneration policy	Company remuneration policy is being presented to the Board for approval.	**U**

KING III COMPLIANCE

CHECKLIST [continued]

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CHAPTER 3: AUDIT COMMITTEES			
3.1	The board should ensure that the company has an effective and independent audit committee	An Audit & Risk committee is in place and operational.	☑
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	The committee comprises of 3 non-executive directors.	☑
3.3	The Audit committee should be chaired by an independent non-executive director	The Chair is an independent non-executive director.	☑
3.4	The audit committee should oversee integrated reporting	The Audit & Risk committee overseas integrated reporting.	☑
3.5	The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities	The Internal and External auditors report directly to the Audit & Risk committee	☑
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	In addition to principle 3.5 above the senior management also attend the Audit & Risk committee meetings by invitation.	☑
3.7	The audit committee should be responsible for overseeing of internal audit	The Audit & Risk committee oversee the Internal Audit process.	☑
3.8	The audit committee should be an integral component of the risk management process	The Audit & Risk committee oversee the risk management process.	☑
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The Audit and Risk Committee recommend the appointment of the external auditors, to the Board. The external auditors attend and report to the Audit & Risk Committee.	☑
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	The Audit & Risk Committee reports to the Board. It also reports to the shareholders through the Annual Report and at the AGM.	☑

KING III COMPLIANCE

CHECKLIST [continued]

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CHAPTER 4: THE GOVERNANCE OF RISK			
4.1	The board should be responsible for the governance risk	Please refer principle 2.7 and 3.8 above	☑
4.2	The board should determine the levels of risk tolerance	Please refer principle 2.7 and 3.8 above	☑
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	Please refer principle 2.7 and 3.8 above	☑
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Management designs, implements and monitors the risk management plan. The Audit & Risk committee evaluates the risk analysis performed and advice the Board.	☑
4.5	The board should ensure that risk assessments are performed on a continual basis. Board and Audit committee are responsible for risks	Please refer principle 4.4 above.	☑
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating risks	Please refer principle 4.5 above	☑
4.7	The board should ensure that management considers and implements appropriate risk responses	Please refer principle 4.5 above	☑
4.8	The board should ensure continual risk monitoring by management	Please refer principle 4.5 above	☑
4.9	The board should receive assurance regarding the effectiveness of the risk management process	Please refer principle 4.5 above	☑
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	The Annual Report contains a brief review of the Company's risks	☑

KING III COMPLIANCE

CHECKLIST [continued]

Key:
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CHAPTER 5: THE GOVERNANCE OF INFORMATION TECHNOLOGY			
5.1	The board should be responsible for IT governance	Please refer principle 2.8 above	☑
5.2	IT should be aligned with the performance and sustainability objectives of the company	IT policy in place	☑
5.3	The board should delegate to management the responsibility for the implementation	IT policy in place	☑
5.4	The board should monitor and evaluate significant IT investments and expenditure	IT policy in place	☑
5.5	IT should form an integral part of the company's risk management	IT policy in place	☑
5.6	The board should ensure that information assets are managed effectively	IT policy in place	☑
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	The Audit & Risk committee oversees the IT governance and reports to Board	☑
CHAPTER 6: COMPLIANCE WITH LAWS , RULES, CODES AND STANDARDS			
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Please refer principle 1.2 and 2.9	☑
6.2	The board and its individual directors should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	The Board comprises of suitably qualified and experienced individuals. The Board also consults with the Company Secretary, legal and other independent consultants where needed.	☑
6.3	Compliance risk should form an integral part of the company's risk management process	Please refer to principle 3.5	☑
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Please refer principle 4.6 & 4.7	☑

KING III COMPLIANCE

CHECKLIST [continued]

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CHAPTER 7: INTERNAL AUDIT			
7.1	The board should ensure that there is an effective risk-based internal audit	Please refer to principle 2.10.	☑
7.2	The board should follow a risk-based approach to its plan	Please refer to principle 2.10	☑
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of control and risk management	A risk assessment has been performed.	☑
7.4	The audit committee should be responsible for overseeing internal audit	Please see principle 3.7	☑
7.5	Internal audit should be strategically positioned to achieve its objectives	Please see principle 3.7	☑
CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS			
8.1	The board should appreciate that stakeholders perceptions affect a company's reputation	Please refer to principle 1.2, 2.1, 2.2, 2.3 and 2.4	☑
8.2	The board should delegate to management to proactively deal with stakeholder relationships, stakeholders and the outcomes of these dealings	Please refer to principle 1.1 & 1.3	☑
8.3	The board should strive to achieve the appropriate balance between its various stakeholders groupings, in the interests of the company (Fund)	Please refer to principle 2.11 & 2.14	☑
8.4	Companies should ensure the equitable treatment of shareholders	Please refer to principle 2.1, 2.3, 2.4 and 2.5.	☑
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Please refer to principle 1.2,	☑
8.6	The board should ensure that disputes are resolved as efficiently and expeditiously as possible	The Board is kept informed of any disputes and ensure expeditious resolution.	☑
CHAPTER 9: INTEGRATED REPORTING AND DISCLOSURE			
9.1	The board should ensure the integrity of the company's integrated annual report	The Board, through the Audit & Risk Committee ensures the integrity of the Integrated Annual Report	☑
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	In place	☑
9.3	Sustainability reporting and disclosure should be independently assured	In place	☑

CORPORATE SOCIAL
RESPONSIBILITY

SMME Empowerment

One of our main focuses in the last year was offering support to SMMEs. A project to note is our collaboration with street vendors and hawkers at our Supa Save Mall. Numerous workshops on council compliance and health and safety were conducted with these SMMEs. This empowered them, and in turn, ensures the good state of our mall.

CORPORATE SOCIAL

RESPONSIBILITY [continued]

Opportunities for Youth

We partnered with Gabz-FM for their Gabz-FM Advantage initiative which was aimed at creating at least 1,000 job opportunities to creative youth in Botswana, through collaboration with local businesses.

Tree Lighting

Amidst the ongoing pandemic and the newly adopted precautionary measures worldwide, 2020 saw us mark the 8th Annual Official Lighting of the Biggest Christmas Tree in Botswana at Game City. This was the 3rd hosted in partnership with Limkokwing University.

The event was graced by the Minister for Presidential Affairs, Governance and Public Administration, Honourable Kabo Morwaeng, Limkowing University Vice Chancellor, Dr. Gape Kaboyakgosi and Turnstar Board Chairman, Mr. Patrick Balopi.

As with previous years, the objectives of the event were to:

- promote student talent and uplift the Christmas spirit in Botswana with a presentation of Christmas Carols by the University Choir;
- embrace the Christmas cheer that is associated with the festive season
- extend a helping hand to orphans and vulnerable children, people living with special needs, the elderly and various shelters with donations and Christmas hampers.

Christmas gifts and donations raised were given to three charities (GaModubu, Childline & Stepping Stones International).

CONSOLIDATED & SEPARATE ANNUAL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2021

GENERAL INFORMATION

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Property Investment
Directors	P Balopi(Chairman) G H Abdoola G H Abdoola (Managing Director) P Pillar (Retired 27 January 2021) P Bezuidenhout M Nteta S Puvimanasinghe V Tebele (Appointed 5 February 2021)
Registered office	Plot 50370 Fairgrounds Gaborone Botswana
Business address	Center Management Offices Game City Management Offices Game City Retail Center Kgale, Gaborone
Postal address	P O Box 26012 Game City Gaborone Botswana
Bankers	ABSA Bank of Botswana Limited Barclays Bank Tanzania Limited Exim Bank Tanzania Limited First National Bank of Botswana Limited
Auditors	Ernst & Young Chartered Accountants
Secretary	Leo Business Services (Proprietary) Limited
Company registration number	BW00000973397
Investment Bankers	Stanlib Money Market Fund African Alliance Botswana
Functional currency	Botswana Pula
Transfer secretaries	Grant Thorton Business Services (Proprietary) Limited

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act (Cap 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 January 2022 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 36 to 39.

The consolidated and separate annual financial statements set out on pages 40 to 105, which have been prepared on the going concern basis, were approved by the board of directors on 26 April 2021 and were signed on their behalf by:

Approval of financial statements

Director

Director

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Turnstar Holdings Limited and the group for the year ended 31 January 2021.

1. Review of financial results and activities

The consolidated consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Cap 42:01). The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated consolidated and separate annual financial statements.

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Secretary

The company secretary is Leo Business Services (Proprietary) Limited.

Building a better working world

Firm of Chartered Accountants
2nd Floor
Plot 22, Khama Crescent
PO Box 41015
Gaborone, Botswana

Tel: +267 397 4078 / 365 4000
Fax: +267 397 4079
Email: eybotswana@za.ey.com
Partnership registered in Botswana
Registration No: 10829
VAT No: P03625401112
www.ey.com

Independent Auditor's Report

To the Shareholders of Turnstar Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinions

We have audited the consolidated and separate financial statements of Turnstar Holdings Limited and its subsidiary ('the Group') set out on pages 40 to 105, which comprise of the consolidated and separate statement of financial position as at 31 January 2021, and the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated financial position of the Group as at 31 January 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Botswana (CAP 42:01.

Basis for Opinion

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

Other Matter

The consolidated and separate financial statements of Turnstar Holdings Limited for the year ended 31 January 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 08 May 2020.

Key Audit Matters

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

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

EY
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The Key Audit Matters applies equally to the audit of the consolidated and separate financial statements.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Valuation of Investment Property</td></tr>
<tr><td>
The Company and Group's Investment Property Portfolios valued at BWP2,396,259,505 (BWP2,382,205,903 PY) as at 31 January 2021
The fair value of the portfolio is determined using the discounted cash flow method which involved projecting income and expenditure, across all the geographical regions in which the group and company operates, for the future years and discounting at a long-term investment rate to arrive at net present value.
For two of the three geographical locations the fair values are determined by external independent valuation specialists, while the fair value of the third geographical region is determined by internal management specialists.
Valuation techniques for investment properties are subjective in nature and involve various input assumptions distinctive to the geographical location regarding rental income and expenses, occupancy rates and capitalisation rates.
We have identified the valuation of Investment property to be a key audit matter due to valuation being inherently judgmental as a result of the subjective inputs, across regions, in the valuation model. This is further compounded by the uncertain economic and market conditions arising because of the lockdown associated with the COVID-19 pandemic.
The disclosure associated with the valuation of investment properties is set out in the consolidated and separate annual financial statements in Note 4: Investment Property
</td><td>
Our procedures in relation to the valuation of investment properties held by the Group and Company included amongst others:

We obtained an understanding of the valuation process through discussion with the external independent valuation specialist. In instances where the is no external specialist we obtained an understanding of the methodology from management's internal specialists.
We evaluated the external and internal valuation specialists competence, capabilities and objectivity with reference to their qualifications and industry experience
With the support of our internal valuation specialist, across the various geographic regions, we:

Evaluated the appropriateness of the input data used by the valuers including rental income and expenses and occupancy rates by agreeing them back to management's records, invoices received or other supporting documentation including:

key terms of lease agreements;
rental income schedules
Independent macro-economic data

Assessed the appropriateness of the capitalization rate by evaluating it against capitalization rates on sales of comparable properties , general business conditions and property quality.
We evaluated the key assumptions used by the independent valuers against our own expectations using evidence from comparable market transactions, historical records and approved budgets.
In relation to the above procedures we considered the extent of the impact of the COVID-19 pandemic on the market related assumptions

</td></tr>
</table>

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	through discussion with both management and the valuation specialists • We assessed the adequacy of the disclosures included in the consolidated and separate financial statements relating to investment property and the fair value thereof against the requirements of IAS 40 – Investment Property and IFRS 13 Fair Value Measurement

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 69-page document titled "Turnstar Holdings Limited Consolidated and separate Annual Financial Statement 31 January 2021" which includes the Directors' responsibility and approval and the Corporate governance report, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Botswana (CAP 42:01). For such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young
Practising member: Bakani Ndwapi
Partner
Membership number: *19980026*
Certified Auditor
Gaborone
Date: 28.04.2021

STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2021

		Group		Company	
Figures in Pula	Note(s)	2021	2020	2021	2020
Assets					
Non-Current Assets					
Property, plant and equipment	5	1 947 505	3 313 425	946 703	2 213 511
Investment property	4	2 396 259 505	2 382 205 593	1 335 770 609	1 274 735 971
Goodwill	6	25 658 129	38 354 182	-	-
Investments in subs	7	-	-	606 613 011	606 613 011
Loans to group companies	8	-	-	240 990 516	233 084 802
Lease asset	10	18 217 579	28 068 616	15 507 638	25 504 190
		2 442 082 718	**2 451 941 816**	**2 199 828 477**	**2 142 151 485**
Current Assets					
Trade and other receivables	11	37 132 135	38 119 248	22 705 942	24 112 127
Lease asset	10	4 444 843	3 269 840	4 430 550	3 269 840
Cash and cash equivalents	12	24 185 916	13 092 960	17 456 443	6 305 413
		65 762 894	**54 482 048**	**44 592 935**	**33 687 380**
Total Assets		**2 507 845 612**	**2 506 423 864**	**2 244 421 412**	**2 175 838 865**
Equity and Liabilities					
Equity					
Stated capital and linked unit debentures	13	632 497 357	632 497 357	632 497 357	632 497 357
Foreign currency translation reserves		136 723 897	120 679 335	-	-
Retained income		927 135 816	903 045 161	919 001 956	819 803 803
		1 696 357 070	**1 656 221 853**	**1 551 499 313**	**1 452 301 160**
Liabilities					
Non-Current Liabilities					
Borrowings	14	546 626 991	562 393 610	546 626 991	562 393 610
Deferred tax	9	181 887 923	184 282 808	89 319 296	85 730 553
		728 514 914	**746 676 418**	**635 946 287**	**648 124 163**
Current Liabilities					
Trade and other payables	15	39 150 215	49 460 268	13 152 399	21 348 217
Borrowings	14	40 540 726	34 091 716	40 540 726	34 091 716
Current tax payable		1 575 294	1 191 260	1 575 294	1 191 260
Unclaimed debenture interest and dividend payable		1 499 628	1 403 665	1 499 628	1 403 665
Bank overdraft	12	207 765	17 378 684	207 765	17 378 684
		82 973 628	**103 525 593**	**56 975 812**	**75 413 542**
Total Liabilities		**811 488 542**	**850 202 011**	**692 922 099**	**723 537 705**
Total Equity and Liabilities		**2 507 845 612**	**2 506 423 864**	**2 244 421 412**	**2 175 838 865**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
Figures in Pula	Note(s)	2021	2020	2021	2020
Revenue	16	245 269 492	269 308 759	134 570 966	151 330 230
Other operating income	17	5 478 567	4 305 310	6 745 195	2 605 739
Other operating gains (losses)	18	(2 615 287)	10 445 810	(2 619 489)	10 445 810
Goodwill impairment		(12 402 710)	(14 803 307)	-	-
Other operating expenses		(121 090 610)	(116 946 306)	(71 385 365)	(68 974 340)
Dividend income		-	-	42 821 588	8 019 161
Operating profit	19	**114 639 452**	**152 310 266**	**110 132 895**	**103 426 600**
Investment income	20	253 212	439 093	15 100 300	44 295 131
Finance costs	22	(25 849 802)	(33 338 910)	(25 849 802)	(33 338 910)
Fair value adjustment	21	(7 190 400)	(25 280 910)	60 618 863	12 450 533
Profit before taxation		**81 852 462**	**94 129 539**	**160 002 256**	**126 833 354**
Taxation	23	(546 447)	22 113 234	(3 588 743)	17 833 005
Profit for the year		**81 306 015**	**116 242 773**	**156 413 513**	**144 666 359**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		16 044 562	31 207 559	-	-
Other comprehensive income for the year net of taxation	24	**16 044 562**	**31 207 559**	**-**	**-**
Total comprehensive income for the year		**97 350 577**	**147 450 332**	**156 413 513**	**144 666 359**
Profit attributable to:					
Owners of the parent:					
From continuing operations		81 306 015	116 242 773	156 413 513	144 666 359
Earnings per share					
Per share information					
Basic earnings per share (c)	29	0.14	0.20	0.27	0.25
Diluted earnings per share (c)	29	0.14	0.20	0.27	0.25

STATEMENT OF CHANGES IN EQUITY

Figures in Pula	Share capital	Linked unit debentures	Total stated capital and linked unit debentures	Foreign currency translation reserve	Distribution to debenture holders	Fair value surplus	Retained income	Total equity
Group								
Balance at 01 February 2019	**346 420 555**	**286 076 802**	**632 497 357**	**89 471 776**	**54 354 592**	**568 074 083**	**270 222 130**	**1 614 619 938**
Profit for the year	-	-	-	-	-	-	116 242 773	116 242 773
Other comprehensive income	-	-	-	31 207 559	-	-	-	31 207 559
Total comprehensive income for the year	**-**	**-**	**-**	**31 207 559**	**-**	**-**	**116 242 773**	**147 450 332**
Fair value transferred (Milimani Properties)	-	-	-	-	-	(15 680 029)	15 680 029	-
Fair value transferred (Turnstar Properties)	-	-	-	-	-	11 638 271	(11 638 271)	-
Distribution to debenture holders -31 January 2019	-	-	-	-	(54 354 592)	-	-	(54 354 592)
Interim distribution to debenture holders -31 July 2019	-	-	-	-	(51 493 824)	-	-	(51 493 824)
Proposed distribution to debenture holders	-	-	-	-	51 493 824	-	(51 493 824)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(54 354 592)**	**(4 041 758)**	**(47 452 066)**	**(105 848 416)**
Balance at 01 February 2020	**346 420 555**	**286 076 802**	**632 497 357**	**120 679 335**	**-**	**564 032 325**	**339 012 836**	**1 656 221 853**
Profit for the year	-	-	-	-	-	-	81 306 015	81 306 015
Other comprehensive income	-	-	-	16 044 562	-	-	-	16 044 562
Total comprehensive income for the year	**-**	**-**	**-**	**16 044 562**	**-**	**-**	**81 306 015**	**97 350 577**
Fair value transferred (Turnstar Properties)	-	-	-	-	-	60 618 863	(60 618 863)	-
Interim distribution to debenture holders - 31 July 2020	-	-	-	-	(57 215 360)	-	-	(57 215 360)
Proposed distribution to debenture holders d	-	-	-	-	108 709 184	-	(108 709 184)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**51 493 824**	**60 618 863**	**(169 328 047)**	**(57 215 360)**
Balance at 31 January 2021	**346 420 555**	**286 076 802**	**632 497 357**	**136 723 897**	**51 493 824**	**624 651 188**	**250 990 804**	**1 696 357 070**
Note(s)	13	13	13	24	24		24	

STATEMENT OF CHANGES IN EQUITY

Figures in Pula	Share capital	Linked unit debentures	Total stated capital and linked unit debentures	Foreign currency translation reserve	Distribution to debenture holders	Fair value surplus	Retained income	Total equity
Company								
Balance at 01 February 2019	**346 420 555**	**286 076 802**	**632 497 357**	**-**	**54 354 592**	**621 564 817**	**105 066 454**	**1 413 483 220**
Profit for the year	-	-	-	-	-	-	144 666 359	144 666 359
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**144 666 359**	**144 666 359**
Fair value surplus transferred net of tax	-	-	-	-	-	11 638 271	(11 638 271)	-
Final distribution to debenture holders - 31 January 2019	-	-	-	-	(54 354 592)	-	-	(54 354 592)
Interim distribution to debenture holders - 31 July 2019	-	-	-	-	(51 493 824)	-	-	(51 493 824)
Proposed distribution to debenture holders	-	-	-	-	51 493 824	-	(51 493 824)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(54 354 592)**	**11 638 271**	**(63 132 095)**	**(105 848 416)**
Balance at 01 February 2020	**346 420 555**	**286 076 802**	**632 497 357**	**-**	**-**	**633 203 088**	**186 600 715**	**1 452 301 160**
Profit for the year	-	-	-	-	-	-	156 413 513	156 413 513
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**156 413 513**	**156 413 513**
Fair value surplus transferred net of tax	-	-	-	-	-	60 618 863	(60 618 863)	-
Interim distribution to debenture holders - 31 July 2020	-	-	-	-	(57 215 360)	-	-	(57 215 360)
Proposed distribution to debenture holders	-	-	-	-	108 709 184	-	(108 709 184)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**51 493 824**	**60 618 863**	**(169 328 047)**	**(57 215 360)**
Balance at 31 January 2021	**346 420 555**	**286 076 802**	**632 497 357**	**-**	**51 493 824**	**693 821 951**	**173 686 181**	**1 551 499 313**
Note(s)	13	13	13	24	24		24	

* Refer to accounting policy note 1.4

STATEMENT OF CASH FLOWS

		Group		Company	
Figures in Pula	Note(s)	2021	2020	2021	2020
Cash flows from operating activities					
Cash generated from operations	26	130 151 530	137 594 148	75 755 142	61 328 236
Interest income		253 212	439 093	15 100 300	44 295 131
Tax (paid) received	27	(4 104 144)	742 080	384 034	1 186 508
Net cash from operating activities		**126 300 598**	**138 775 321**	**91 239 476**	**106 809 875**
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(317 957)	(1 352 835)	(89 374)	(1 016 897)
Sale of property, plant and equipment	5	448 115	598 214	422 854	598 214
Purchase of investment property	4	(415 775)	(13 251 212)	(415 775)	(12 011 074)
Sale of investment property	4	-	12 000 000	-	12 000 000
Loans advanced to group companies		-	-	(7 905 714)	(1 704 252)
Movement in other financial assets net of foriegn exchange		-	-	-	26 872 038
Dividend received		-	-	42 821 588	8 019 161
Net cash from investing activities		**(285 617)**	**(2 005 833)**	**34 833 579**	**32 757 190**
Cash flows from financing activities					
Repayment of borrowings		(13 905 566)	(34 675 649)	(13 905 566)	(34 675 649)
Dividends paid	28	(57 215 360)	(105 848 416)	(57 215 360)	(105 848 416)
Finance costs		(25 849 802)	(33 338 910)	(25 849 802)	(33 338 910)
Net cash from financing activities		**(96 970 728)**	**(173 862 975)**	**(96 970 728)**	**(173 862 975)**
Total cash movement for the year		**29 044 253**	**(37 093 487)**	**29 102 327**	**(34 295 910)**
Cash at the beginning of the year		(4 285 724)	32 115 739	(11 073 271)	22 530 615
Effect of exchange rate movement on cash balances		(780 378)	692 025	(780 378)	692 025
Total cash at end of the year	12	**23 978 151**	**(4 285 723)**	**17 248 678**	**(11 073 270)**

ACCOUNTING POLICIES

1. Significant accounting policies

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

These accounting policies are consistent with the previous period, except for the new standards and interpretations effective and adopted in the current year as set out in note 2&3.

1.1 Basis of preparation

The principal activities of the company and its subsidiaries include property investment spread across retail, commercial,residential and industrial sectors. The company is a loan Variable Loans Stock company listed on the Botswana Stock Exchange.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 January 2021. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 January.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests,if any, presented as part of equity, represent the portion of a subsidiary’s profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business combinations

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

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

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date.

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

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

ACCOUNTING POLICIES

1.2 Consolidation (continued)

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

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

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables and other receivables

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

The Group assesses its Trade receivables and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for Trade receivables and other receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Fair value estimation

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

The fair value of investment property is determined using discounted cash flow valuation and/or capitalisation approach (mainly on residential properties), using assumptions that are based on market conditions existing at the reporting date. The property's current retail rental rates are considered to be market related and it is assumed that the existing tenants will renew their leases on termination of the existing period. Key valuation parameters such as capitalisation rate, growth in market rental and discount rate are used to arrive at the fair value.

ACCOUNTING POLICIES

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

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

Provisions

Provisions were raised and directors determine an estimate based on the information available.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Contingent liabilities

Directors apply their judgement to facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Useful life and residual value of plant and equipment

The estimates of useful lives as translated into depreciation rates are detailed in plant and equipment policy on the annual financial statements. These rates and residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the industry.

1.4 Investment property

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Rental income and expenses from investment property are reported within revenue and operating expenses respectively, and are recognised in the statement of Profit and Loss and Other Comprehensive Income.

ACCOUNTING POLICIES

1.4 Investment property (continued)

Fair value

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

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

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

Investment property is valued annually and are included in the statement of financial position at their open market values. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property.

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

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

Fair value surplus

Fair value surplus recognised in the profit or loss statement are transferred from the retained income to the fair value surplus account, net of tax, within the equity, in order to monitor the fair value of each investment property. Any fair value deficit arising during the year which offsets previously recognised fair value surplus, is transferred from the fair value surplus account to retained income, net of relevant tax. Upon derecognition of the asset equity account get cleared

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	6-8 years
Furniture and fixtures	Straight line	8-10 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	8-10 years
IT equipment	Straight line	3-4 years

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

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

ACCOUNTING POLICIES

1.5 Property, plant and equipment (continued)

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Goodwill

Goodwill is initially measured at cost, being the excess of the cost of the business combination over Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill, acquired in a business combination is carried at cost less any accumulated impairment.

Goodwill is assessed at each reporting date for impairment.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in the statement of Profit and loss an Other Comprehensive Income.

Internally generated goodwill is not recognised as an asset.

1.7 Investments in subsidiaries

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

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company;

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

ACCOUNTING POLICIES

1.8 Financial instruments

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

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

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

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

Financial liabilities:
- Amortised cost;

Note 35 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Loans receivable at amortised cost

Classification

Loans to group companies (note 8), are classified as financial assets subsequently measured at amortised cost.

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 20).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:
- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.

ACCOUNTING POLICIES

1.8 Financial instruments (continued)

- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

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

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

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

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

Significant increase in credit risk

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

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

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

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

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

Definition of default

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

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

Write off policy

ACCOUNTING POLICIES

1.8 Financial instruments (continued)

The group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

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

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

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

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

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

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 19).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 35).

Derecognition

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 11).

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

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at their transaction price.

They are subsequently measured at amortised cost.

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

ACCOUNTING POLICIES

1.8 Financial instruments (continued)

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note 18).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 11).

Impairment

The group 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 group measures the loss allowance for trade and other receivables 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.

Measurement and recognition of expected credit losses

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

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 11.

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 19).

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 11) and the financial instruments and risk management note (note 35).

Derecognition

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

Borrowings and loans from related parties

Classification

Loans from group companies (note 8), are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

ACCOUNTING POLICIES

1.8 Financial instruments (continued)

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

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

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 22.)

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 35 for details of risk exposure and management thereof.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 18).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 35).

Derecognition

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

Trade and other payables

Classification

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

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value less transaction costs, if any.

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 22).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 35 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 18).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 35).

ACCOUNTING POLICIES

1.8 Financial instruments (continued)

Derecognition

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

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

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

Any difference between the proceeds (net transaction cost) and settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with accounting policy for borrowing costs.

Derecognition

Financial assets

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

Financial liabilities

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

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.9 Leases

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

ACCOUNTING POLICIES

1.9 Leases (continued)

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as an income and the contractual receipts are recognised as an operating lease asset. This asset is not discounted.

Any contingent rent are recognised as and when it is determined and recognised on profit or loss.

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

Operating leases – lessee

Any contingent rents are expensed in the period they are incurred.

1.10 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the group also:

- tests goodwill acquired in a business combination for impairment annually.

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

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

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

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

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment as defined by paragraph 5 of IFRS 8 Operating Segments before aggregation.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

ACCOUNTING POLICIES

1.11 Stated capital and equity

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

1.12 Employee benefits

Short-term employee benefits

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

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

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due and the liability is raised.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

2. Changes in accounting policy

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

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

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7

Temporary exceptions have been created by the IASB concerning the application of specific hedge accounting requirements as a result of the interest rate benchmark reform. These exceptions apply only to those hedging relationships which are directly affected by the reform, being those where the reform gives rise to uncertainties about:

(a) the interest rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or

(b) the timing or the amount of interest rate benchmark -based cash flows of the hedged item or of the hedging instrument.

The exceptions are as follows:

(a) When determining whether a forecast transaction is highly probable, it shall be assumed that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

(b) When assessing the economic relationship between the hedged item and the hedging instrument, entities shall, in their prospective assessments, assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the reform.

(c) Entities applying IAS 39 for hedge accounting are not required to undertake the IAS 39 retrospective assessment for hedging relationships directly affected by the reform.

(d) For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at inception of such hedging relationships.

Entities shall cease applying the exceptions when the uncertainty arising from the reform is no longer present or when the hedging relationship is discontinued.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The group has adopted the amendment for the first time in the 2021 consolidated and separate annual financial statements.

The impact of the amendment is not material.

Definition of a business - Amendments to IFRS 3

The amendment:

- confirmed that a business must include inputs and a processes, and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs.
- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The group has adopted the amendment for the first time in the 2021 consolidated and separate annual financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

3. New Standards and Interpretations (continued)

The impact of the amendment is not material.

Presentation of Financial Statements: Disclosure initiative

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The group has adopted the amendment for the first time in the 2021 consolidated and separate annual financial statements.

The impact of the amendment is not material.

Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The group has adopted the amendment for the first time in the 2021 consolidated and separate annual financial statements.

The impact of the amendment is not material.

3.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 February 2021 or later periods:

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

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

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

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

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

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

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

The effective date of the amendment is for years beginning on or after 01 January 2023.

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

3. New Standards and Interpretations (continued)

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

IFRS 17 Insurance Contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after 01 January 2023.

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

The standard will not have a material impact on the group's consolidated and separate annual financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

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

The effective date of the group is for years beginning on or after 01 January 2022.

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

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

Reference to the Conceptual Framework: Amendments to IFRS 3

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

3. New Standards and Interpretations (continued)

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

The effective date of the group is for years beginning on or after 01 January 2022.

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

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

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

The effective date of the group is for years beginning on or after 01 January 2022.

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

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

3. New Standards and Interpretations (continued)

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

The effective date of the group is for years beginning on or after 01 January 2022.

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

Tthe amendment will not have a material impact on the group's consolidated and separate annual financial statements.

Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37

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

The effective date of the group is for years beginning on or after 01 January 2022.

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

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41

3. New Standards and Interpretations (continued)

"Taxation" has been removed from the list of cash flows excluded from the fair value determination of biological assets.

The effective date of the group is for years beginning on or after 01 January 2022.

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

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4

An insurer applying the temporary exemption from IFRS 9 shall apply the new requirements of IFRS 9 concerning situations where a change in the basis for determining the contractual cash flows of a financial asset or financial liability is required by interest rate benchmark reform.

The effective date of the group is for years beginning on or after 01 January 2021.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7

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

The effective date of the group is for years beginning on or after 01 January 2021.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate annual financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

3. New Standards and Interpretations (continued)

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9

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

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

The effective date of the group is for years beginning on or after 01 January 2021.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16

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

The effective date of the group is for years beginning on or after 01 January 2021.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39

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

The effective date of the group is for years beginning on or after 01 January 2021.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The amendment will not have a material impact on the group's consolidated and separate annual financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

4. Investment property

Group

	Cost / Valuation	Cost / Valuation
Investment property	2 396 259 505	2 382 205 593

Company

	Cost / Valuation	Cost / Valuation
Investment property	1 335 770 609	1 274 735 971

Reconciliation of investment property - Group - 2021

	Opening balance	Additions	Foreign exchange movements	Fair value adjustments	Total
Investment property	2 382 205 593	415 775	20 828 537	(7 190 400)	2 396 259 505

Reconciliation of investment property - Group - 2020

	Opening balance	Additions resulting from capitalised subsequent expenditure	Foreign exchange movements	Fair value adjustments	Total
Investment property	2 336 165 032	13 251 212	58 070 259	(25 280 910)	2 382 205 593

Reconciliation of investment property - Company - 2021

	Opening balance	Additions	Fair value adjustments	Total
Investment property	1 274 735 971	415 775	60 618 863	1 335 770 609

Reconciliation of investment property - Company - 2020

	Opening balance	Additions	Fair value adjustments	Total
Investment property	1 250 274 364	12 011 074	12 450 533	1 274 735 971

The Group's fair value is negative due to substantial fair value losses P67 809 263 (2020: P 37 731 443 at subsidiary level.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

4. Investment property (continued)

Pledged as security

Carrying value of assets pledged as security:

Game City Shopping Centre, Portion 3 of Forest	1 012 850 429	969 011 423	1 012 850 429	969 011 423
Nzano Shopping Centre, Lot 904 Francistown	177 557 911	169 738 888	177 557 911	169 738 888
Lot 6670, Mogoditshane, Supa Save Mall,Gaborone	43 080 037	39 361 315	43 080 037	39 361 315
Lot 1131 - 1137, Turnstar House, Main Mall,Gaborone	39 308 051	34 683 714	39 308 051	34 683 714
Lots 16398 & 13093 Tapologo Estates, Gaborone	34 111 554	34 056 290	34 111 554	34 056 290
Lot 63 Commerce Park, Gaborone	17 100 813	16 788 269	17 100 813	16 788 269
Lot 1203 Mogoditshane Flats, Gaborone	11 346 039	11 096 072	11 346 039	11 096 072
	1 335 354 834	**1 274 735 971**	**1 335 354 834**	**1 274 735 971**

The property is pledged as security towards bank facilities as detailed in Note 14.

Details of property

Game City Shopping Centre
Forest Farm Hill LA 975 KO,
Notarial Lease with Roman Catholic Church
Lease from 1 April 2001 for 75 Years

- Cost of property	459 522 586	447 511 512	459 522 586	447 511 512
- Additions during the year	415 775	12 011 074	415 775	12 011 074
- Fair Value surplus (Net of straight lining adjustment)	552 912 068	509 488 837	552 912 068	509 488 837
	1 012 850 429	**969 011 423**	**1 012 850 429**	**969 011 423**

Nzano Shopping Centre
Lot 904, Francistown
Freehold

-Cost of property	42 509 893	42 509 893	42 509 893	42 509 893
- Fair Value surplus (Net of straight lining adjustment)	135 048 018	127 228 995	135 048 018	127 228 995
	177 557 911	**169 738 888**	**177 557 911**	**169 738 888**

Supa Save Mall
Lot 6670, Mogoditshane
Leasehold
Lease from 12 January 1982 for 50 Years

-Cost of property	13 001 621	13 001 621	13 001 621	13 001 621
- Fair Value surplus (Net of straight lining adjustment)	30 078 416	16 359 694	30 078 416	13 359 694
	43 080 037	**29 361 315**	**43 080 037**	**26 361 315**

Commerce Park
Portion 63 Forest Hill, No. 9 KO
Leasehold under a Notarial Deed of Cession and Delegation Lease from 04 February 1994 for 99 Years

- Cost of property	6 218 956	6 218 956	6 218 956	6 218 956
- Fair Value surplus (Net of straight lining adjustment)	10 881 857	10 569 313	10 881 857	10 569 313
	17 100 813	**16 788 269**	**17 100 813**	**16 788 269**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

4. Investment property (continued)

Turnstar House, Main Mall Offices				
Lot 1131-1137, Gaborone				
Fixed year state grant				
Lease from 15 December 1979 for 99 Years				
- Cost of property	36 006 666	36 006 666	36 006 666	36 006 666
- Fair Value adjustment (Net of straight lining adjustment)	3 301 385	(1 322 952)	3 301 385	(1 322 952)
	39 308 051	**34 683 714**	**39 308 051**	**34 683 714**
Tapologo Estates				
Lot 13093 and 16398, Gaborone Ext 40				
Fixed year state grant				
- Cost of the property	9 466 456	9 466 456	9 466 456	9 466 456
- Fair Value surplus (Net of straight lining adjustment)	24 645 099	24 589 834	24 645 099	24 589 834
	34 111 555	**34 056 290**	**34 111 555**	**34 056 290**
Mogoditshane Town Houses				
Tribal Lot 1203, Mogoditshane				
- Cost of the property	3 912 365	3 912 365	3 912 365	3 912 365
- Fair Value surplus (Net of straight lining adjustment)	7 433 674	7 183 707	7 433 674	6 776 633
	11 346 039	**11 096 072**	**11 346 039**	**10 688 998**
Mlimani City				
Plot 2, Block L, situated in Ubungo, Dar es Salaam, Tanzania				
- Cost of the property	916 744 823	903 148 848	-	-
- Additions during the year	-	1 240 138	-	-
- Fair Value surplus (Net of straight lining adjustment)	55 799 923	116 351 638	-	-
	972 544 746	**1 020 740 624**	**-**	**-**
Palazzo Venezia Office Block				
Plot 8297, Suite 409, city tower . Al Majan, Wadi Al Safa 3 Dubai				
-Cost of property	87 944 187	86 728 996	-	-

Turnstar Holdings Limited have occupied 650 sqm out of 63 670.74 sqm in Game City shopping complex, one of the properties for the purposes of centre management office and towards their administrative purposes. The owner occupied portion is not significant to the individual property or the portfolio of investments held by the Group and thus no transfer of the owner occupied portion has been made to property, plant and equipment.

4. Investment property (continued)

Details of valuation

Turnstar Holdings Limited

The investment properties registered in the name of Turnstar Holdings Limited were valued by an external valuer on 31 January 2021. The valuation was performed by valuer, Benedict Kgosilentswe of Riberry (Proprietary) Limited, [Benedict Kgosilentswe is a Registered member of Real Estate Institute of Botswana, Royal Institute of Chartered Surveyors and holds a BSc (Hons) in Estate Management] and has over 10 years of valuation experience. The management has assessed that these properties have been maintained in a reasonable state of repair and condition. The open market value of the properties has been arrived using discounted cash flow method which involved projecting income and expenditure for the future years and discounting at a long term investment rate to arrive at net present value. The capitalisation rate used for the purposes of valuation varies from 8% to 9.5% for retail, commercial and residential properties. In view of the fact that the fair value of the asset was arrived at taking into account the present value of future revenues, the fair value gain was reduced by the operating lease asset amount in order to avoid over valuation.

Mlimani Holdings Limited

The property registered in the name of Mlimani Holdings Limited, subsidiary company, was valued on 31January 2021. The valuation was performed by valuer, Ms. Claire Everatt MRICS MIVSA Chartered Valuation Surveyor Eris Property Group, Claire Everatt is Registered member of Royal Institute of Chartered Surveyors and holds the appropriate qualifications and has more than 15 years of experience in the real estate sector. The management has assessed that these properties have been maintained in a reasonable state of repair and condition. The open market value of the properties has been arrived using discounted cash flow method which involved projecting income and expenditure for a period of 5 years and discounting at a long term investment rate to arrive at net present value. The capitalisation rate used for the purpose of valuation varies from 8.25% to 8.75% for retail, office park and conference centret

Secured lease income was reflected with the underlying assumption that on expiry, a renewal would occur. However, on a vacancy occurring, there would be an interruption in the cash flow for that period to secure a new tenant. In view of the fact that the fair value of the asset was arrived at taking into account the present value of future revenues, the fair value was reduced by the operating lease asset amount in order to avoid over valuation.

Palazzo Venezia Holding Limited

The directors performed a desktop valuation of the investment property for the current year ,since there has not been any change in the structure of the property or economic conditions surrounding the property. The open market value of the properties has been arrived using discounted cash flow method which involved projecting income and expenditure for a period of 5 years and discounting at a long term investment rate to arrive at net present value. The capitalisation rate used for the purposes of valuation is 9% for the commercial property. In view of the fact that the fair value of the asset was arrived at taking into account the present value of future revenues, the fair value gain was reduced by the operating lease asset amount in order to avoid over valuation.

Valuations Assumptions:

The assumptions were based on current market conditions.

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

Refer to note 36 for IFRS 13 disclosure for investment properties valued at fair value.

Amounts recognised in profit and loss for the year

Contractual rental received	245 401 044	269 308 759	134 570 966	151 330 230
Direct operating expenses from rental generating property	(85 774 415)	(69 719 212)	(48 142 890)	(50 299 400)
	159 626 629	**199 589 547**	**86 428 076**	**101 030 830**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

4. Investment property (continued)

Adjusted valuations

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

Valuation as per financial statements				
Fair value of investment property	2 418 921 926	2 413 544 049	1 355 710 000	1 303 510 001
Less: operating lease receivable	(22 662 421)	(31 338 456)	(20 355 166)	(28 774 030)
	2 396 259 505	**2 382 205 593**	**1 335 354 834**	**1 274 735 971**

5. Property, plant and equipment

Group	2021			2020		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Plant and machinery	5 568 869	(5 370 234)	198 635	6 015 950	(5 660 883)	355 067
Furniture and fixtures	4 902 371	(3 978 056)	924 315	4 735 170	(3 805 927)	929 243
Motor vehicles	231 835	(231 835)	-	1 218 217	(474 612)	743 605
Office equipment	136 160	(123 500)	12 660	187 387	(166 273)	21 114
IT equipment	3 370 520	(2 558 625)	811 895	4 595 059	(3 330 663)	1 264 396
Total	**14 209 755**	**(12 262 250)**	**1 947 505**	**16 751 783**	**(13 438 358)**	**3 313 425**

Company	2021			2020		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Plant and machinery	237 721	(233 312)	4 409	763 867	(731 511)	32 356
Furniture and fixtures	1 240 138	(1 023 859)	216 279	1 318 725	(1 063 935)	254 790
Motor vehicles	231 835	(231 835)	-	1 218 217	(474 612)	743 605
Office equipment	25 218	(21 089)	4 129	78 090	(71 440)	6 650
IT equipment	2 392 540	(1 670 654)	721 886	3 665 105	(2 488 995)	1 176 110
Total	**4 127 452**	**(3 180 749)**	**946 703**	**7 044 004**	**(4 830 493)**	**2 213 511**

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	**Additions**	**Disposals**	**Foreign exchange movements**	**Depreciation**	**Total**
Plant and machinery	355 067	-	-	15 422	(171 854)	198 635
Furniture and fixtures	929 243	194 357	(25 261)	54 168	(228 192)	924 315
Motor vehicles	743 605	-	(411 798)	-	(331 807)	-
Office equipment	21 114	-	-	218	(8 672)	12 660
IT equipment	1 264 396	123 600	-	(12 140)	(563 961)	811 895
	3 313 425	**317 957**	**(437 059)**	**57 668**	**(1 304 486)**	**1 947 505**

Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	**Additions**	**Disposals**	**Foreign exchange movements**	**Depreciation**	**Total**
Plant and machinery	502 766	-	-	23 490	(171 189)	355 067

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

5. Property, plant and equipment (continued)

Furniture and fixtures	889 390	316 807	-	35 398	(312 352)	929 243
Motor vehicles	477 828	962 500	(469 791)	-	(226 932)	743 605
Office equipment	28 645	-	-	1 052	(8 583)	21 114
IT equipment	1 768 028	73 528	-	5 112	(582 272)	1 264 396
	3 666 657	**1 352 835**	**(469 791)**	**65 052**	**(1 301 328)**	**3 313 425**

Reconciliation of property, plant and equipment - Company - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	32 356	-	-	(27 947)	4 409
Furniture and fixtures	254 790	-	-	(38 511)	216 279
Motor vehicles	743 605	-	(411 798)	(331 807)	-
Office equipment	6 650	-	-	(2 521)	4 129
IT equipment	1 176 110	89 374	-	(543 598)	721 886
	2 213 511	**89 374**	**(411 798)**	**(944 384)**	**946 703**

Reconciliation of property, plant and equipment - Company - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	67 971	-	-	(35 615)	32 356
Furniture and fixtures	368 137	-	-	(113 347)	254 790
Motor vehicles	477 828	962 500	(469 791)	(226 932)	743 605
Office equipment	9 173	-	-	(2 523)	6 650
IT equipment	1 673 716	54 397	-	(552 003)	1 176 110
	2 596 825	**1 016 897**	**(469 791)**	**(930 420)**	**2 213 511**

6. Goodwill

Group	2021			2020		
	Cost	**Accumulated impairment**	**Carrying value**	**Cost**	**Accumulated impairment**	**Carrying value**
Goodwill	64 398 435	(38 740 306)	25 658 129	64 691 778	(26 337 596)	38 354 182

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

6. Goodwill (continued)

Reconciliation of goodwill - Group - 2021

	Opening balance	Foreign exchange movements	Impairment loss	Total
Goodwill	38 354 182	(293 343)	(12 402 710)	25 658 129

Reconciliation of goodwill - Group - 2020

	Opening balance	Foreign exchange movements	Impairment loss	Total
Goodwill	49 743 561	3 413 928	(14 803 307)	38 354 182

The goodwill of USD 6 146 170 (P 64 398 435) (2020: USD USD 6 146 170(P 64 691 778) arising from acquisition of subsidiary, is attributable to acquired investment property from combining the operations of the company with Island View (Proprietary) Limited and Mlimani Holdings Limited. Goodwill recognised is not expected to be deductible for income tax purposes. Goodwill has been converted to functional currency of the group at closing exchange rate prevailing at the end of reporting period, as per IAS 21.47.

Impairment assessment on carrying value of goodwill

The group has allocated the carrying value of goodwill reported at P25 658 129 (USD 2 386 206) (2020: P 38 354 182 (USD 3 539 658)) to the subsidiary, Mlimani Holdings Limited. This subsidiary is the cash generating unit. For purposes of testing impairment on the carrying value of goodwill, the group has considered 5 year budgeted cash flow projections of the subsidiary's operations to determine the value in use. These future cash flow projections are prepared in functional currency of the subsidiary (United States Dollar).

The following are the key assumptions used in determining the value in use:

a) Rental income has been assumed to grow at a rate of 2% per annum, based on the contracted lease agreements with the tenants.

b) Operating expenses has been assumed to grow at 3-4%, based on the inflation rate

c) The management has considered a pre-tax cost of capital rate of 7.86%. This discount rate is based on cost of capital for borrowings obtained by the company from its shareholders.

Based on such cash flow projections, estimated recoverable amount from the value in use workings are lower than the carrying value of goodwill, thus, goodwill is impaired in the current year by 12 402 710 (USD 1 153 452) (2020: 14 803 307 (USD 1 478 409 103)).

The estimate of recoverable amount for the subsidiary is particularly sensitive to the discount rate. If the discount rate used is increased by 1%, a further impairment loss of P 3 488 483 (2020: P 3 488 483) would have to be recognised, and if the discount rate is decreased by 1%, impairment loss recognised would be reduced by P 3 488 483 ((2020: P 3 488 483). Management is not currently aware of any other reasonably possible changes to key assumptions that would cause a unit’s carrying amount to exceed its recoverable amount.

7. Investments in subsidiaries

Group

Name of the subsidiary	Country of incorporation and principal of business	Principal activity	Proportion of ownership interests held by the Group at year end 2021	Proportion of ownership interests held by the Group at year end 2020
Mlimani Holdings Limited	Tanzania	Property Investment	99.99%	99.99%

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

7. Investments in subsidiaries (continued)

Palazzo Venezia Holdings Limited	Dubai	Property Investment	100%	100%
Turnstar Investment Limited	Dubai	Investment	100%	100%
Island View (Proprietary) Limited	Botswana	Investment	100%	100%

Company

Set out below are the details of the subsidiaries held directly by the company:

Name of company	Held by	% voting power 2021	% voting power 2020	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
Island View (Proprietary) Limited (Botswana)		100.00 %	100.00 %	100.00 %	100.00 %	521 713 939	521 713 939
Milimani Holdings Limited (Tanzania)		100.00 %	100.00 %	0.01 %	0.01 %	5	5
Turnstar Investment Limited (Dubai)		100.00 %	100.00 %	100.00 %	100.00 %	84 899 067	84 899 067
						606 613 011	606 613 011

Turnstar Holdings Limited holds 100% shares in Island View (Proprietary) Limited. Island View (Proprietary) Limited holds 99.99% of Milimani Holdings Limited with Turnstar Holdings Limited directly holding 0.01%.

Turnstar Holdings Limited holds 100% shares in Turnstar Investment Dubai which in turn holds 100% shares in Palazzo Venezia Holdings Limited.

8. Loans to group companies

Subsidiaries

Mlimani Holdings Limited	-	-	240 990 516	233 084 802

The company has signed a loan agreement with Mlimani to finance construction of phase II. The loan is unsecured, repayable by the subsidiary 12 months subsequent to the year end, in 60 equal monthly installments. Interest is payable each month at 5.5% per annum (and the benchmark is 3 months USD LIBOR) will be charged on loan outstanding balance. During the current year, the directors have confirmed waiver of the capital repayment by Mlimani Holdings limited for next 12 months and they do not expect any impairment on this loan receivable.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

9. Deferred tax

Deferred tax liability

Accelerated capital allowances for tax purposes	-	(28 320 378)	-	(28 320 378)
On fair value surplus on investment properties	(92 568 627)	(149 632 144)	-	(51 079 889)
On operating lease receivables	-	(6 330 286)	-	(6 330 286)
On unrealised foreign exchange gain/loss	(89 319 296)	-	(89 319 296)	-
Total deferred tax liability	**(181 887 923)**	**(184 282 808)**	**(89 319 296)**	**(85 730 553)**

Deferred tax asset

Deferred tax liability	(181 887 923)	(184 282 808)	(89 319 296)	(85 730 553)

Reconciliation of deferred tax asset / (liability)

At beginning of year	(184 282 808)	(202 123 881)	(85 730 553)	(103 950 327)
Accelerated capital allowances for tax purposes	2 106 076	(1 722 768)	2 106 076	(1 722 768)
Tax losses available for set off against future taxable income	(1 962 383)	(8 579 732)	(1 962 383)	(8 579 732)
On fair value surplus on investment propperties	8 914 992	3 820 217	(3 943 197)	(812 262)
On provision for doubtful debts	-	-	47 835	-
On operating lease receivable	1 943 885	(186 646)	1 943 885	(186 646)
On unrealised foreign exchange gains/loss	(1 780 959)	29 521 182	(1 780 959)	29 521 182
Exchange fluctuations on year end transation of deferred tax (on subsidiary)	(6 826 726)	(5 011 180)	-	-
	(181 887 923)	**(184 282 808)**	**(89 319 296)**	**(85 730 553)**

Carry forward tax losses

No provision for current taxation has been made, as the company has assessed carry forward tax losses. The estimated tax loss available for set off against future taxable income as at 31st January 2021 was P 15 379 900 (2020: P 5 806 828).

Deferred tax on investment property held by Mlimani Holdings Limited is calculated based on the fair value of investment property at the year end, less the cost of investment property and the profits earned up to the year end as required by the Income Tax Act of Tanzania.

10. Lease asset (accrual)

Non-current assets	18 217 579	28 068 616	15 507 638	25 504 190
Current assets	4 444 843	3 269 840	4 430 550	3 269 840
	22 662 422	**31 338 456**	**19 938 188**	**28 774 030**

Lease assets relate to the impact on straight lining of leases. This relates to the difference between the contractual rentals over the period of lease against the actual rentals charged during the year. The group leases investment properties, with average lease years between 1 to 5 years with exception of a few leases, which are between 10 to 25 years. Average annual escalation on these leases is 3%-8%.

11. Trade and other receivables

Financial instruments:

Trade receivables	29 281 692	31 340 258	10 819 162	6 448 576
Accrued income	3 435 811	3 620 807	3 435 811	3 620 807
Loss allowance	(10 774 088)	(12 436 940)	(3 427 881)	(3 409 626)

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020
11. Trade and other receivables (continued)				
Trade receivables at amortised cost	21 943 415	22 524 125	10 827 092	6 659 757
Deposits	1 659 608	1 559 652	-	-
Advance payment	-	1 468 061	-	-
Other receivables	1 563 720	1 545 345	1 122 613	1 545 345
Dividend receivable	878 016	268 440	-	5 440 699
Non-financial instruments:				
Advance payment	9 993 856	9 993 856	9 993 856	9 993 856
Employee costs in advance	96 774	-	-	-
Prepayments	996 746	759 769	762 381	472 470
Total trade and other receivables	**37 132 135**	**38 119 248**	**22 705 942**	**24 112 127**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	26 044 759	27 365 623	11 949 705	13 645 801
Non-financial instruments	11 087 376	10 753 625	10 756 237	10 466 326
	37 132 135	**38 119 248**	**22 705 942**	**24 112 127**

Trade and other receivables pledged as security

Included under trade and other receivables are dues from tenants relating to Mlimani Holdings Limited and Game City Shopping Centre which have been pledged as security for borrowings from Barclays Bank Botswana Limited, refer to note 14.

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Trade receivables comprise of tenants from retail, commercial and residential properties. The tenants are spread across different properties with no specific significant concentration of credit risk to a group of tenants.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The loss allowance provision is determined as follows:

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

11. Trade and other receivables (continued)

Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Less than 30 days past due:	10 677 036	11 813	13 117 419	465 593
31 - 60 days past due:	4 733 578	505 091	3 612 782	235 000
61 - 90 days past due:	3 464 061	1 821 203	1 529 657	198 609
91 - 120 days past due:	3 366 779	1 580 883	918 840	224 702
More than 120 days past due:	7 613 328	6 855 093	12 160 560	11 313 036
Total	**29 854 782**	**10 774 083**	**31 339 258**	**12 436 940**

Company	2021	2021	2020	2020
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Less than 30 days past due:	5 062 202	11 813	2 076 941	47 333
31 - 60 days past due:	1 435 248	28 428	750 924	50 877
61 - 90 days past due:	598 580	28 025	240 750	36 955
91 - 120 days past due:	384 827	28 668	139 261	33 761
More than 120 days past due:	3 330 946	3 330 946	3 240 700	3 240 700
Total	**10 811 803**	**3 427 880**	**6 448 576**	**3 409 626**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

Opening balance in accordance with IFRS 9	**(12 436 940)**	**(12 180 999)**	**(3 409 626)**	**(3 210 447)**
Provision raised on new trade receivables	1 662 857	(255 941)	(18 254)	(199 179)
Closing balance	**(10 774 083)**	**(12 436 940)**	**(3 427 880)**	**(3 409 626)**

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	23 743	24 941	3 403	3 403
Bank balances	23 397 266	12 330 130	16 688 133	5 564 121
Short-term deposits	764 907	737 889	764 907	737 889
Bank overdraft	(207 765)	(17 378 684)	(207 765)	(17 378 684)
	23 978 151	**(4 285 724)**	**17 248 678**	**(11 073 271)**
Current assets	24 185 916	13 092 960	17 456 443	6 305 413
Current liabilities	(207 765)	(17 378 684)	(207 765)	(17 378 684)
	23 978 151	**(4 285 724)**	**17 248 678**	**(11 073 271)**

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

Overdraft

The group has available overdraft facility of P 25 million at interest rate equal to bank's prime lending rate (currently at 5.25% per annum minus 0.25%)

The above facility is secured by:

1) First covering mortgage bond of P250 million (Two Hundred and Fifty Million Pula) (plus 20% contingency costs) Lease Area 975-KO on Portion 3 of Farm Forest Hill No. 9-KO (Game City Mall) over the notarial executed land lease agreement with respect to Notarial Deed of Lease No. MA 225/03 dated 10th October 2003. The security also relate to borrowings.

2) Second covering mortgage bond of P40million (Forty Million Pula) (plus 20% contingency costs) over the notarially registered Lease Area 975-KO on Portion 3 of Farm Forest Hill No. 9-KO (Game City Mall) over the notarial executed land lease agreement with respect to Notarial Deed of Lease No. MA 225/03 dated I Oth October 2003.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates: The banks in Botswana, Dubai and Tanzania are not rated, but are subsidiaries of rated banks in South Africa and the United Kingdom.

13. Stated capital and linked unit debentures

Authorised				
572,153,603 Ordinary shares of no par value	572 153 603	572 153 603	572 153 603	572 153 603
Reconciliation of number of shares issued:				
Reported as at 01 February 2020	572 153 603	572 153 603	572 153 603	572 153 603
Issued				
Stated Capital - 572 153 603 (2019: 572 153 603) Ordinary shares of no par value	349 185 538	349 185 538	349 185 538	349 185 538
Share issue costs written off against stated capital	(2 764 983)	(2 764 983)	(2 764 983)	(2 764 983)
Linked unit debentures - 572 153 603 (2019: 572 153 603) Linked unit debentures of 50 thebe each	286 076 802	286 076 802	286 076 802	286 076 802
	632 497 357	**632 497 357**	**632 497 357**	**632 497 357**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

13. Stated capital and linked unit debentures (continued)

The debentures carry interest at a rate which is linked to the dividend declared on the ordinary shares, and it becomes payable upon declaration of dividends on shares.

Linked unit debentures are redeemable subject to approval of shareholders by a special resolution and with written consent of the creditors of the company.

14. Borrowings

	Group 2021	Group 2020	Company 2021	Company 2020
Held at amortised cost				
Secured				
First National Bank of Botswana Limited	282 720 211	287 286 683	282 720 211	287 286 683
The loan is approved for P 300 million, P 100 million towards refinancing the property, Game City Mall, and P 200 million for the redevelopment of Game City Mall, known as Phase 4 redevelopment.In the current year there was an amendment and restatement agreement and the restated facility agreement in respect of the secured term loan facility with First National Bank of Botswana Limited increasing the loan amount to P 290 million. The loan is repayable in 120 months; 1 to 60 months interest only, 61 to 120 months interest plus principal and a final bullet payment of P 185 million. The Interest rate is set at prime less 1.8% per annum. The lender will review the bullet payment at the time in order to refinance the facility through an amortising debt facility for a further term . The security also relate to overdraft facility.				
ABSA Bank Botswana Limited	304 447 506	309 198 643	304 447 506	309 198 643
Term loan with sactioned amount of USD 35 million was restructured during the year ended 31 January 2019 and new loan agreement was entered for USD 31.5 million with interest set at 3 months USD LIBOR plus 3.75% calculated on a 365 day basis. The loan is repayable in 24 equal monthly capital installments of USD 125 000 with first payment schedule 31 October 2018 . 6 months capital moratorium from 1 April 2020 to 30 September 2020 Thereafter, 24 equal monthly capital payments of USD 150 000 from 31 October 2020, once off capital payment of USD 2 million on 30 September 2022. Thereafter, 24 equal monthly capital payments of USD 175 000, and the final bullet payment of USD 18.45 million on 30 September 2024.				
Unsecured				
	587 167 717	**596 485 326**	**587 167 717**	**596 485 326**

Reconciliation of borrowings - Group - 2021

	Opening balance	Repayments	Total
First National Bank of Botswana Limited	287 286 683	(4 566 472)	282 720 211
ABSA Bank Botswana Limited	309 198 643	(4 751 137)	304 447 506
	596 485 326	**(9 317 609)**	**587 167 717**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

14. Borrowings (continued)

Reconciliation of borrowings - Group - 2020

	Opening balance	Repayments	Total
First National Bank of Botswana Limited	291 899 736	(4 613 053)	287 286 683
ABSA Bank Botswana Limited	322 014 563	(12 815 920)	309 198 643
	613 914 299	**(17 428 973)**	**596 485 326**

Reconciliation of borrowings - Company - 2021

	Opening balance	Repayments	Total
First National Bank of Botswana Limited	287 286 683	(4 566 472)	282 720 211
ABSA Bank Botswana Limited	309 198 643	(4 751 137)	304 447 506
	596 485 326	**(9 317 609)**	**587 167 717**

Reconciliation of borrowings - Company - 2020

	Opening balance	Repayments	Total
First National Bank of Botswana Limited	291 899 736	(4 613 053)	287 286 683
ABSA Bank Botswana Limited	322 014 563	(12 815 920)	309 198 643
	613 914 299	**(17 428 973)**	**596 485 326**

First National Bank Botswana Limited

Financial covenants that shall be maintained in accordance with the agreement with First National Bank Botswana Limited Loan facility for P 300 million

- Minimum interest cover ratio of 2 times for company
- A minimum debt Service ratio of 6 times for company
- A minimum loan to value ratio of 50% will apply to the secured property
- A maximum group borrowing gearing ratio of 55%
- Minimum group borrowings interest cover ratio of 3 times
- A minimum group borrower net asset value of P 600 million.

Security held by First National Bank Botswana Limited

- A first covering mortgage bond in favour of RMB over secured property (Game City) for a total of P 250 million plus an additional 20% towards the costs and contingencies
- Second covering mortgage bond in favour of RMB for P40m over the notarially registered land leases for a total of P250m plus an additional 20% provided thereon as a provision for costs and contingencies
- Noting of the interest of First National Bank Limited as mortgage on the building insurance policy.
- Subordination of any shareholder loans and claims in the borrower.
- Subordination of debentures of Turnstar Holdings Limited.
- Cession of all leases, insurance policies and proceeds in respect of the secured property. The secured property is to be insured for its full replacement value (agreed by the Bank) and loss of rental insurance. The bank's interest to be noted in the insurance policy.
- A guarantee from Turnstar Holdings Limited and a guarantee from other subsidiaries of Turnstar Holdings Limited, for the obligations of the borrower, and
- Cession of bank accounts to be opened with First National Bank Botswana Limited

ABSA Bank Botswana Limited (Formely was Barclays Bank of Botswana Limited)

	Group		Company	
Figures in Pula	2021	2020	2021	2020

14. Borrowings (continued)

Loan from ABSA Bank Botswana Limited

Financial Covenants:

The financial covenants that shall be maintained in accordance with the agreement are

- EBITDA of the borrower for each measurement period must exceed 1.2 times aggregate of capital repayments and net of financing costs for such measurement period on a rolling basis (Corporate Debt Service Cover Ratio)
- EBITDA of the borrower for each measurement period must exceed net financing costs for such measurement period on a rolling basis (Corporate Interest Cover Ratio) as follows;
  Years 1 to 2 (31 January 2019 to 31January 2020): 2.5X
  Years 3 to 4 (31 January 2021 to 31January 2022): 2.7X
  Years 5 to 6 (31 January 2023 to 31 January 2024): 3.0X
- Net Interest bearing borrowings of the borrower at the end of each measurement period shall not at any time exceed 50% of the aggregate value of Investment Properties(Corporate Loan to Loan Value).
- EBITDA of the guarantor for each measurement period must exceed 2.5 times net financing costs of the facility for such measurement period on a rolling basis (transactional interest cover ratio) as follows;
  Years 1 (31 January 2019) : 2.7X
  Years 2 to 6 (31January 2020 to 31 January 2024) :3.00X
- Net Asset Value of the borrower must exceed BWP 500 000 000 (Five Hundred Million Pula) for each measurement period (Corporate Minimum Net Asset Value).
- At any time, vacancies at Plot No. 2, Block L, Ubungu Area, Kinondoni Municipality, Dar Es Salaam Tanzania, otherwise known as Mlimani City will not exceed the following:
  Retail Mall: 5% of the gross lettable area
  Office Blocks: 69% of the gross lettable area
  Residential Units: 17 Units
  Conference Centre: Minimum Gross Annual Income of USD 500,000 (Five Hundred Thousand United States Dollars) (transactional vacancy cover ratio).
- Net interest bearing borrowings of the Borrower at the end of the measurement period shall not at any time exceed 50% of the aggregate value of Investment Properties.
- Net interest bearing borrowings of the Borrower in respect of the Facility at the end of each measurement period shall not exceed the aggregate values of the mortgaged properties by the following margins for such measurement periods.
  - 31st January 2019: 140%
  - 31st January 2020: 130%
  - 31st January 2021: 125%
  - 31st January 2022: 110%
  - 31st January 2023: 100%
  - 31st January 2024: 90%
  - 30th September 2024: 80%

Special Conditions

Payment to the Bank of Rental income

The Borrower shall continue to maintain accounts with the Bank for the sole and dedicated purpose of receiving all rental income which may accrue to it in respect of Plot No. 2, Block L, Ubungu Area Kinondoni Municipality, Dar Es Salaam, Tanzania, otherwise known as Mlimani City.

Additional Capital Repayment

The outstanding capital balance is to reduce by an additional once off capital reduction of USD2,000,000 (Two Million United States Dollars) on 30 September 2021 failing which the Bank reserves the right to sell the property known as Turnstar House, situated on Lot numbers 1131 to 1137 Gaborone and to apply a maximum amount of USD2,000,000 (Two Million United States Dollars) from the sales proceeds to the outstanding capital balance.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

14. Borrowings (continued)

Security held

Part A - Existing Security
- 1st covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 1 514 285 (One Million Five Hundred and Fourteen Thousand and Two Hundred and Eighty Five United States Dollars) over portion 63, a portion of portion 35 (a portion of portion 3) of the Farm Forest Hill No 9-KO.
- 1st covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 2 171 428 (Two Million One Hundred and Seventy One Thousand Four Hundred and Twenty Eight United States Dollars) over Lot 13093 and 16398 Gaborone.
- 1st covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 971 428 (Nine Hundred and Seventy One Four Hundred and Twenty Eight United States Dollars) over Lot 1203 Mogoditshane.
- 1st covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 2 351 428 (Two Million. Three Hundred and Fifty One Thousand Four Hundred and Twenty Eight United States Dollars) over Lot 6670 Mogoditshane.
- 1st covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 9 628 571 (Nine Million Six Hundred and Twenty Eight Thousand Five Hundred and Seventy One United States Dollars) over Lot 904 Francistown.
- Deed of Cession over Rentals in the AN Unlimited amount of Rentals of Plot 2 Block L Ubungu Area, Kinondini Municipality Dar Es Salaam Tanzania
- Corporate Guarantees from Mlimani Holdings Limited and Island View (Pty) Ltd for an Unlimited Amount in favour of the bank.
- Pledge of shares held in Mlimani Holdings Limited and Island View (Pty) Ltd in the name of the Borrower in an Unlimited Amount.
- Assignment of the Borrower's rights and interests under the debenture agreement dated 26 Aug 2011 (As amended, varied and restated from time to time) between the borrower and the Mlimani Holdings Limited.
- 2nd covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 3 460 937 (Three Million Four Hundred and Sixty Thousand Nine Hundred and Thirty Seven United States Dollars) over Plot Number 904 Francistown.
- 2nd covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 824 702 (Eight Hundred and Twenty Four Thousand Seven Hundred and Two United States Dollars) over Plot Number 6670 Mogoditshane.

Part B - New Security
- First covering mortgage bond in the amount of USD 3 500 000 (Three million five hundred thousand United States Dollars) over Lot number 1131 to 1137 Gaborone

Exposure to currency risk

Pula amount				
Borrowings USD 27,650,000 (USD 27,800,000)	304 447 506	309 198 643	304 447 506	309 198 643

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	Group		Company	
Figures in Pula	2021	2020	2021	2020

15. Trade and other payables

Financial instruments:				
Trade payables	2 688 281	5 115 897	759 435	3 249 866
Withholding tax payable	200 441	547 183	155 703	529 948
Retention payable	8 262 867	8 567 297	500 754	510 636
Accrued leave pay	1 041 672	834 474	1 041 672	834 474
Other accrued expenses	3 183 275	5 337 443	2 308 248	4 508 575
Deposits received	14 076 453	13 311 238	4 441 560	4 274 834
Other payables	4 879 975	3 892 947	966 044	4 263 855
Non-financial instruments:				
Amounts received in advance	3 878 457	10 710 515	2 061 188	2 325 462
Value added tax	938 794	1 143 274	917 795	850 567
	39 150 215	**49 460 268**	**13 152 399**	**21 348 217**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

16. Revenue

Revenue from leases with customers				
Rental income	205 048 265	219 417 471	116 781 139	121 983 388
Turnover rent	937 754	1 163 386	937 754	1 163 386
Straight line adjustments	(8 706 541)	581 423	(8 835 842)	848 393
Recoveries	47 990 014	48 146 479	25 687 915	27 335 063
	245 269 492	**269 308 759**	**134 570 966**	**151 330 230**

The transaction price which has been allocated to performance obligations which are unsatisfied or partially unsatisfied at the reporting date are presented below. All unsatisfied performance obligations are expected to be completed within one year from reporting date:

Rental income ceded as security for loan availed from Absa Bank of Botswana Limited and First National Bank of Botswana Limited as stated in note 14.

The security is a deed of cession over rentals for an unlimited amount of all rentals which may accrue from any and all tenants of plot No. 2, Block I, Ubungo Area, Kinondoni Municipality, Dar es Salaam, Tanzania otherwise know as Mlimani City.

17. Other operating income

Administration and management fees received	-	-	2 392 170	-
Other rental income	45 232	567 385	-	-
Other recoveries	4 340 654	2 605 089	4 340 654	2 605 089
Professional fees income	12 371	650	12 371	650
Dividend income	-	-	42 821 588	8 019 161
Advertising & Promotions	1 080 310	1 132 186	-	-
	5 478 567	**4 305 310**	**49 566 783**	**10 624 900**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

		Group		Company	
Figures in Pula		2021	2020	2021	2020

18. Other operating gains (losses)

	Note	Group 2021	Group 2020	Company 2021	Company 2020
Gains on disposals					
Property, plant and equipment	5	11 056	128 423	11 056	128 423
Foreign exchange gains (losses)					
Net foreign exchange gains	4	(2 626 343)	10 317 387	(2 630 545)	10 317 387
Total other operating gains (losses)		**(2 615 287)**	**10 445 810**	**(2 619 489)**	**10 445 810**

19. Operating profit

Operating profit for the year is stated after charging (crediting) the following, amongst others:

	Group 2021	Group 2020	Company 2021	Company 2020
Auditor's remuneration - external				
Audit fees	807 593	697 652	581 428	480 000
Leases				
Contingent rentals on operating leases				
Contingent amounts	22 122 906	23 258 939	13 795 553	14 571 206
Impairment losses				
Goodwill	12 402 710	14 803 307	-	-
Other				
Bad debts	7 132 072	774 746	1 292 472	551 089
Consulting expenses	3 184 658	2 566 011	2 310 746	1 188 271
Cleaning	5 178 384	6 088 509	2 501 167	2 397 841
Depreciation on property, plant and equipment	1 304 486	1 301 328	944 384	930 420
Employee costs	9 705 321	8 746 583	5 981 981	5 936 418
Insurance	1 591 102	1 069 169	1 467 748	911 068
Repairs and maintenance	7 985 133	11 047 455	3 294 793	3 597 045
Security expenses	5 960 842	5 667 994	2 508 669	2 545 347
Utilities	37 470 285	36 838 914	24 078 796	25 104 132

20. Finance income

	Group 2021	Group 2020	Company 2021	Company 2020
Interest income				
Investments in financial assets:				
Bank and other cash	77	2 576	77	2 576
Debentures	-	1 612	14 847 088	43 857 650
Interest on money market placements	253 135	434 905	253 135	434 905
Total interest income	**253 212**	**439 093**	**15 100 300**	**44 295 131**

21. Fair value adjustment

	Note	Group 2021	Group 2020	Company 2021	Company 2020
Fair value gains (losses)					
Investment property	4	(7 190 400)	12 450 533	60 618 863	12 450 533
Impairment		-	(37 731 443)	-	-
		(7 190 400)	**(25 280 910)**	**60 618 863**	**12 450 533**

Impairment to investment property represents the reduction in fair value of certain properties as valued by an independent valuer, based on current market conditions.

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Figures in Pula	2021	2020	2021	2020

22. Finance costs

Interest paid to Barclays Bank of Botswana Limited	14 783 576	19 912 122	14 783 576	19 912 122
Interest paid to First National Bank Botswana	11 066 226	13 426 788	11 066 226	13 426 788
Total finance costs	**25 849 802**	**33 338 910**	**25 849 802**	**33 338 910**

23. Taxation

Major components of the tax expense (income)

Current				
Foreign withholding tax - current period	4 488 178	444 428	-	-
Withholding tax - current period	-	386 769	-	386 769
	4 488 178	**831 197**	**-**	**386 769**
Deferred				
Originating and reversing temporary differences	(3 941 731)	(22 944 431)	3 588 743	(18 219 774)
	546 447	**(22 113 234)**	**3 588 743**	**(17 833 005)**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	22.00 %	22.00 %	22.00 %	22.00 %
Items exempt for income tax	(13.50)%	(37.68)%	(13.50)%	(37.68)%
Capital gains tax	0.59 %	0.67 %	0.59 %	0.67 %
Tax on foreign dividends	0.27 %	0.32 %	0.03 %	0.32 %
	9.36 %	**(14.69)%**	**9.12 %**	**(14.69)%**

No provision for tax had been made as the group has no taxable income due to tax losses available for set off in Botswana as well as tax incentives that is available in Tanzania for Mlimani Holdings Limited, as stated below. The estimated tax losses available for the company in Botswana available for set off against future taxable income is P15 379 900 (2020: P508060828).

Mlimani holdings Limited has been granted strategic investors' status by the Government of Tanzania under which, Mlimani Holdings Limited will start paying corporation tax after recovery of its investment. The tax incentives granted by the Government of Tanzania to the subsidiary has remained in force through the reporting period.

Turnstar Investments Limited based in Jebel Ali Free Zone, Dubai- United Arab Emirates was incorporated as an Offshore Company and is registered with Jebel Ali Free Zone Authority (JAFZA), Government of Dubai, Dubai - United Arab Emirates. The company is not subject to any corporate income taxes during its reporting period.

24. Other comprehensive income

Components of other comprehensive income - Group - 2021

	Gross	Tax	Net
Items that may be reclassified to profit (loss)			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	16 044 562	-	16 044 562

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

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Figures in Pula	2021	2020	2021	2020

24. Other comprehensive income (continued)

Components of other comprehensive income - Group - 2020

	Gross	Tax	Net
Items that may be reclassified to profit (loss)			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	31 207 559	-	31 207 559

25. Operating lease arrangements

Operating leases as lessor

Property rental income earned during the year is set out in note 16. At the reporting date, the group had contracted with its tenants for the following future minimum contractual lease payments:-

Rental income				
Not more than one year	173 735 228	184 575 547	111 264 968	118 493 706
Later than one year and not later than five years	309 814 964	392 376 639	215 069 493	243 077 915
Later than five years	61 213 453	13 552 993	41 036 179	13 552 993
	544 763 645	**590 505 179**	**367 370 640**	**375 124 614**

Operating leases relate to various investment properties owned by the Group, average lease years between 1 to 5 years with the exception of a few leases, which are between 10 to 25 years. Average annual escalation on these leases are between 3 - 8%. Some of these leases have an option to renew for further years, at market related rates, at the time of such renewal. The lessees do not have an option to purchase the property at the expiry of the lease year.

Two of the leases have contingent rent option and accordingly an amount of P 937 754 ((2020: P 1 163 586) is recognised in the Statement of Profit and Loss and Other Comprehensive Income as contingent rent income.

Operating leases as lessee

Turnstar Holdings Limited

One of the leases for a land is held under a 75 year lease commencing from 1 April 2001 expiring on 31 March 2076. Upon expiry of the lease period the property will revert to the Lessor with the development thereon. Consideration for this lease is payable at the rate of 10% of the gross rentals received from the property built on this land, net of operating expenses for the first 10 years. Thereafter, the rental increases by 2.5% of the gross rental (net of recoveries) every five years up to 40th year of lease. The lease rentals are held at 20% for 40th year to 50th year and thereafter at 25% from 51st year to the 75th year. These rental payments are recognised as contingent rent expenses.

With effect from 1 February 2013, the company's management has renegotiated the lease with the lessor (Roman Catholic Church). As per the addendum, rent will be calculated at an agreed percentage as mentioned above on gross rental income billed. This change in the rental calculation is prospective. During the year the company accounted for rental expenses of P 14 571 206 (2020: P 12 733 761).

Future leasing charges for the land are based at 15% of the gross rentals received, net of recoveries, which cannot be estimated reliably beyond one year. Estimated charges for the immediate following year would be P 13 795 553 ((2020: P 14 241 882.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

25. Operating lease arrangements (continued)

Mlimani Holdings Limited

The lease of land is held under a 50 years ground lease from the University of Dar es Salaam commencing from 01 October 2004 expiring on 30 September 2054, subject to a further 35 years renewal. Consideration for the lease is payable at the rate of 10% of the gross rentals received from the property built on this land net of operating costs. These rental payments are recognised as contingent rent expenses during the year amounting to P 8 327 352 ((2020: P 8 687 733).

Future leasing charges for the land are based at 10% of the gross rentals received, net of recoveries, which cannot be estimated reliably beyond one year. Estimated charges for the immediate following year would be P 10 172 456 ((2020: P 6 608 184).

26. Cash generated from operations

	Group 2021	Group 2020	Company 2021	Company 2020
Profit before taxation	81 852 462	94 129 539	160 002 256	126 833 354
Adjustments for:				
Depreciation and amortisation	1 304 486	1 301 328	944 384	930 420
Gains on disposals of assets and liabilities	(11 056)	(128 423)	(11 056)	(128 423)
Losses (gains) on foreign exchange	2 626 343	(10 317 387)	2 630 545	(10 317 387)
Finance income	(253 212)	(439 093)	(15 100 300)	(44 295 131)
Finance costs	25 849 802	33 338 910	25 849 802	33 338 910
Fair value losses (gains)	7 190 400	25 280 910	(60 618 863)	(12 450 533)
Net impairments and movements in credit loss allowances	12 402 710	14 803 307	-	-
Movements in operating lease assets and accruals	8 676 034	(731 491)	8 835 842	(848 393)
Dividend income	-	-	(42 821 588)	(8 019 161)
Changes in working capital:				
Trade and other receivables	987 113	(11 344 867)	1 406 185	(14 613 948)
Trade and other payables	(10 569 515)	(8 462 544)	(5 458 028)	(9 265 431)
Unclaimed debenture interest and dividend payable	95 963	163 959	95 963	163 959
	130 151 530	**137 594 148**	**75 755 142**	**61 328 236**

27. Tax (paid) refunded

	Group 2021	Group 2020	Company 2021	Company 2020
Balance at beginning of the year	(1 191 260)	382 017	(1 191 260)	382 017
Current tax for the year recognised in profit or loss	(4 488 178)	(831 197)	-	(386 769)
Balance at end of the year	1 575 294	1 191 260	1 575 294	1 191 260
	(4 104 144)	**742 080**	**384 034**	**1 186 508**

28. Dividends and debenture interest paid

	Group 2021	Group 2020	Company 2021	Company 2020
Final distribution of prior year	-	(54 354 592)	-	(54 354 592)
Interim distribution paid	(108 709 184)	(51 493 824)	(108 709 184)	(51 493 824)
Balance at end of the year	51 493 824	-	51 493 824	-
	(57 215 360)	**(105 848 416)**	**(57 215 360)**	**(105 848 416)**

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	Group		Company	
Figures in Pula	2021	2020	2021	2020

29. Basic and diluted earnings per linked unit

Basic and diluted earnings per linked unit is calculated by dividing the earnings attributable to the Linked unit holders by the weighted average number of Linked unit holders in issue during the year.

Basic and diluted earnings attributable to linked unit holders				
- from continued operations	81 306 015	116 242 773	156 413 513	144 666 359
Basic earnings per linked unit (in Pula)	0.14	0.20	0.27	0.25
Diluted earnings per linked unit (in Pula)	0.14	0.20	0.27	0.25
Weighted average number of linked units (as at year end)	572 153 603	572 153 603	572 153 603	572 153 603
Weighted average number of linked units (including issues after year end)	572 153 603	572 153 603	572 153 603	572 153 603

30. Directors linked unit holdings

G.H Abdoola - Beneficial	80 148 355	80 000 000	80 148 355	80 000 000
M K Nteta	3 500	3 500	3 500	3 500
S N Puvimanasinghe	10 000	10 000	10 000	10 000
I. Nshakazhogwe - Beneficial (resigned)	-	2 179 340	-	2 179 340
	80 161 855	**82 192 840**	**80 161 855**	**82 192 840**

The Directors had the beneficial interest in Turnstar Holdings Limited as at year end.

31. Linked unitholders information

FNB Nominees (Proprietary) Limited RE: AGRAY BPOPF 10001010	158 226 019	105 909 729	158 226 019	105 909 729
G H Group (Proprietary) Limited	80 148 355	80 000 000	80 148 355	80 000 000
Associated Investment and Development Corporation (Proprietary) Limited	59 083 407	58 583 407	59 083 407	58 583 407
FNB Nominees Re: AA-BPOPFEquity	-	55 520 450	-	55 520 450
FNB Nominees (Pty) Ltd RE: BIFM BPOPF EQUITY	49 707 352	49 707 352	49 707 352	49 707 352
ALLAN GRAY RE: Debswana Pension Fund	34 494 230	34 494 230	34 494 230	34 494 230
FNB BOTSWANA NOMINEES RE: BIFM - ACT MEM & DP EQ	31 687 363	-	31 687 363	-
MOTOR VEHICLE ACCIDENT FUND	31 021 292	-	31 021 292	-
Stanbic Nominees Botswana Insurance Fund Management (Proprietary) Limited	-	28 924 029	-	28 924 029
FNB NOMINEES KGORI CAPITAL- BPOPF EQUITY	-	27 865 546	-	27 865 546
STANBIC NOMINEES BOTSWANA RE BIFM PLEF	14 072 427	13 348 695	14 073 427	13 348 695
STANBIC NOMINEES BOTSWANA RE BIFM MLF	11 293 764	12 551 027	11 293 764	12 551 027
FNB NOMS BW (PTY) LTD RE: BPOPF EQUITY PORTFOLIO C	11 192 338	-	11 192 338	-
	480 926 547	**466 904 465**	**480 927 547**	**466 904 465**

Public	75 %	75 %	75 %	75 %
Non-public	25 %	25 %	25 %	25 %
	100 %	**100 %**	**100 %**	**100 %**

	Group		Company	
Figures in Pula	2021	2020	2021	2020

32. Contingencies

Litigation is in the process against the group by applicant relating to two claims in respect of works carried out in Game City in Botswana and Mlimani City in Tanzania for P 1 348 976 and P 5 164 324 respectively, with interest at prime lending rate plus 2% per annum calculated from the due date to the final repayment date. However the group has instituted counterclaim for P 17 895 063 with interest calculated at prime lending rate from date of service to final date of payment in respect of Game City and P 3 818 750 with interest calculated at prime lending rate from date of service to final date of payment in respect of Mlimani City. The case is still ongoing.

The Group issued a guarantee in favour of Botswana Power Corporation for P 584 000 (2020: P 584 000).

The Group's subsidiary Mlimani Holdings Limited was issued with a demand notice dated 4 January 2016 from USDM for payment of rent to the tune of USD 309 458 (P 3 164 058) (2018: USD 309 458 (P 3 033 901)) being the difference between the amount actually paid to UDSM against the amount claimed by USDM for the period from 01 May 2006 to 30 June 2014. The said difference arises from bad debts and recoveries from conference rental, both of which were not included in calculating rent payable to UDSM. The matter is currently under negotiating and the directors believe that the amount will either significantly reduce or be completely waived.

Following submission of notice of objections against the WHT, VAT and employment taxes (P.AY.E & SDL) for the tax periods 2013-2016 in the year 2017, the company received determination letters from TRA during the year 2018. The WHT and VAT assessment were further appealed in the Tax Revenue Appeals Board. Appeal on VAT assessment was withdrawn during 2019 following ammendments to the assessment in line with company's grounds of appeal and has since been cleared. A possible liability amount of TZS 2 706 925 505 might arise out of the appealed WHT assessments which is equivalent to USD 1 176 924 at the year end rate. Currently, receipt of appeals has been acknowledged by Tax Revenue Appeals Board with pending response on the matter. Accordingly no provision has been made in the financal statements.

Apart from the above, the directors are of the opinion that there are no other contingent liabilities as at the year end.

33. Related parties

Relationships

Subsidiaries	Refer to note 7
Related parties (directors who have significant influence or shareholding)	A1 Filling Station (Proprietary) Limited Accite Era Re (Proprietary) Limited Accite Era Selemi (Proprietary) Limited Accite Holdings (Proprietary) Limited AC Smart (Proprietary) Limited Azzurro (Proprietary) Limited Cascadelle (Proprietary) Limited CBD Filling Station (Proprietary) Limited Collectus (Proprietary) Limited Collectus South Africa (Proprietary) Limited Damstock (Proprietary) Limited Exponential Investments Limited FFND People Solutions (Proprietary) Limited G H Investments (Proprietary) Limited GH Group (Proprietary) Limited House of Giam (Proprietary) Limited Langdon Organic (Proprietary) Limited Oxford Holdings (Proprietary) Limited Parano (Proprietary) Limited The Square Mart (Proprietary) Limited Track Holdings (Proprietary) Limited Yodder Solutions (Proprietary) Limited Zebuidenthout (Proprietary) Limited

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	Group		Company	
Figures in Pula	2021	2020	2021	2020

33. Related parties (continued)

Members of key management: P Balopi (Chairman), G H Abdoola (Managing Director), M K Nteta, P J Bezuidenhout, P Pillar, S Puvimanasinghe

Related party balances

	Group 2021	Group 2020	Company 2021	Company 2020
Loan accounts - Owing (to) by related parties				
Mlimani Holdings Limited	-	-	233 084 802	231 380 550
Debenture Asset Investments				
Mlimani Holdings Limited	-	-	-	316 873 617
Investment in shares				
Mlimani Holdings Limited	-	-	5	5
Island View (Proprietary) Limited	-	-	521 713 939	198 399 513
Turnstar Investments Limited	-	-	84 899 067	84 899 067
	-	**-**	**606 613 011**	**283 298 585**

Related party transactions

	Group 2021	Group 2020	Company 2021	Company 2020
Directors fees				
P Balopi	150 024	193 381	118 042	153 395
I Nshakazhogwe	-	74 301	-	74 301
P Pillar	188 748	148 602	188 748	148 602
M K Nteta	188 748	148 602	188 748	148 602
P J Bezuidenhout	174 474	190 930	131 824	136 618
	701 994	**755 816**	**627 362**	**661 518**
Dividend income and debenture interest received from related parties				
Mlimani Holdings Limited (dividend received)	-	-	(40 393 599)	(5 440 699)
Turnstar Investment Limited (dividend received)	-	-	(2 268 334)	(2 578 462)
Mlimani Holdings Limited (debenture interest received)	-	-	(14 847 088)	(43 857 650)
	-	**-**	**(57 509 021)**	**(51 876 811)**
Compensation to directors and other key management				
G H Abdoola	2 913 517	2 806 850	2 912 517	2 806 850
S Puvimanasinghe	1 801 150	1 753 218	1 801 150	1 753 218
	4 714 667	**4 560 068**	**4 713 667**	**4 560 068**

Compensation to directors and other key management comprises of salaries paid.

As permitted by the sale agreement dated 27 June 2011 entered with the sellers of Island View (Proprietary) Limited and Mlimani Holdings Limited, being GH Group (Proprietary) Limited and Associated Investment Development Corporation (Proprietary) Limited, the Company waived some of the conditions precedent after the sellers executed a deed of guarantee on 24 December 2011 in favour of the Company binding themselves jointly and severally irrevocably and unconditionally to Turnstar Holdings Limited, to pay to Turnstar Holdings Limited any shortfall that occurs during the guarantee period ending 31 January 2023. The following are conditions precedent which were waived:

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

33. Related parties (continued)

- Confirmation of the existence in terms of law and duration, to the satisfaction of the Company, of the tax incentives and exemptions granted to Mlimani Holdings Limited by the Government of Tanzania including
  i. any amendments to the performance contract necessary to give effect to the tax incentives and exemptions and
  ii. the registration of the performance contract as required by law.
- Proof of publication, to the satisfaction of the Company, of the Government Notices confirming the existence in terms of law of the tax incentives and exemptions granted to Mlimani Holdings Limited and the duration thereof; and
- the written consent of the Minister of Finance and Development Planning for Botswana to the sale of the shares in Island View (Proprietary) Limited by GH Group (Proprietary) Limited and Associated International Development Corporation to the Company.

As per the deed of guarantee in the event of default the sellers, being GH Group (Proprietary) Limited and Associated Investment Development Corporation (Proprietary) Limited, have agreed to pay the Company any shortfall which occurs in relation to amount receivable by the Company in respect of the debentures, where such shortfall is caused by the imposition through obligation to withhold tax on any interest which is payable by Mlimani Holdings Limited to Turnstar Holdings Limited for the debentures and any such withholding tax towards the distribution of the profit of Mlimani Holdings Limited otherwise available by way of dividend. Any such shortfall as aforementioned is the result of the imposition of tax on Mlimani Holdings Limited, the sellers have guaranteed such payment to the company, provided that any such payment does not exceed the sum of USD 6 million being the maximum guarantee amount.

As security for due performance by GH Group (Proprietary) Limited and Associated Investment Development Corporation (Proprietary) Limited of the obligations, as per the guarantee both sellers, GH Group (Proprietary) Limited and Associated Investment Development Corporation (Proprietary) Limited have each pledged 10 million linked units in favour of Turnstar Holdings Limited.

There are no changes to the conditions relating to P 10 million linked units pledged each by G H Group (Proprietary) Limited and Associated Investment Development Corporation (Proprietary) Limited in favour of the company. The pledge remained in force during the reporting period.

34. Directors' emoluments

Executive

2021

	Emoluments	Total
G H Abdoola (Managing Director)	2 913 517	2 913 517
S Puvimanasinghe (Finance Director)	1 801 150	1 801 150
	4 714 667	**4 714 667**

2020

	Emoluments	Total
G H Abdoola (Managing Director)	2 806 850	2 806 850
S Puvimanasinghe (Finance Director)	1 753 218	1 753 218
	4 560 068	**4 560 068**

* Directors emoluments is salaries paid to the executives.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

34. Directors' emoluments (continued)

Non-executive

2021

	Directors' fees	Directors' fees for services as directors' of subsidiaries	Total
P Balopi (Chairman)	118 042	31 982	150 024
P Pillar (Retired 27 January 2021)	188 748	-	188 748
P Bezuidenhout	131 824	42 650	174 474
M Nteta	188 748	-	188 748
	627 362	**74 632**	**701 994**

2020

	Directors' fees	Directors' fees for services as directors' of subsidiaries	Total
P Balopi (Chairman)	153 395	39 986	193 381
I Nshakazhogwe (Retired 29 July 2020)	74 301	-	74 301
P Pillar (Retired 27 January 2021)	148 602	-	148 602
P Bezuidenhout	136 618	54 312	190 930
M Nteta	148 602	-	148 602
	661 518	**94 298**	**755 816**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

35. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2021

	Note	Amortised cost	Total	Fair value
Trade and other receivables	11	26 044 759	26 044 759	26 044 759
Cash and cash equivalents	12	24 185 916	24 185 916	24 185 916
		50 230 675	**50 230 675**	**50 230 675**

Group - 2020

	Note	Amortised cost	Total	Fair value
Trade and other receivables	11	27 365 623	27 365 623	27 365 623
Cash and cash equivalents	12	13 092 960	13 092 960	13 092 960
		40 458 583	**40 458 583**	**40 458 583**

Company - 2021

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	8	240 990 516	240 990 516	240 990 516
Trade and other receivables	11	11 949 705	11 949 705	11 949 705
Cash and cash equivalents	12	17 456 443	17 456 443	17 456 443
		270 396 664	**270 396 664**	**270 396 664**

Company - 2020

	Note	Amortised cost	Total	Fair value
Loans to group companies	8	233 084 802	233 084 802	233 084 802
Trade and other receivables	11	13 645 801	13 645 801	13 645 801
Cash and cash equivalents	12	6 305 413	6 305 413	6 305 413
		253 036 016	**253 036 016**	**253 036 016**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

35. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2021

	Note	Amortised cost	Total	Fair value
Trade and other payables	15	34 332 962	34 332 962	34 322 962
Borrowings	14	587 167 717	587 167 717	587 167 717
Bank overdraft	12	207 765	207 765	207 765
		621 708 444	**621 708 444**	**621 698 444**

Group - 2020

	Note	Amortised cost	Total	Fair value
Trade and other payables	15	37 606 479	37 606 479	37 606 479
Borrowings	14	596 485 326	596 485 326	596 485 326
Bank overdraft	12	17 378 684	17 378 684	17 378 684
		651 470 489	**651 470 489**	**651 470 489**

Company - 2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	15	10 173 414	10 173 414	10 173 414
Borrowings	14	587 167 717	587 167 717	587 167 717
Bank overdraft	12	207 765	207 765	207 765
		597 548 896	**597 548 896**	**597 548 896**

Company - 2020

	Note	Amortised cost	Total	Fair value
Trade and other payables	15	18 172 188	18 172 188	18 172 188
Borrowings	14	596 485 326	596 485 326	596 485 326
Bank overdraft	12	17 378 684	17 378 684	17 378 684
		632 036 198	**632 036 198**	**632 036 198**

Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 14, cash and cash equivalents disclosed in note 12, and equity as disclosed in the statement of financial position.

		Group		Company	
Figures in Pula		2021	2020	2021	2020

35. Financial instruments and risk management (continued)

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

The group management maintains the threshold of borrowing powers in line with the limits specified by the board of directors.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The Group's strategy is to maintain a gearing ratio of between 0% to 40%.

The group has availed credit facilities from Barclays Bank Botswana Limited, these credit facilities are attached with financial covenants as referred in note 14. The Group during the year has not breached any of the covenants referred to in that note.

There have been no changes to what the group manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2021 and 2020 respectively were as follows:

	Note	Group 2021	Group 2020	Company 2021	Company 2020
Borrowings	14	587 167 717	596 485 326	587 167 717	596 485 326
(Cash and cash equivalents) bank overdraft	12	(23 978 151)	4 285 724	(17 248 678)	11 073 271
Net borrowings		**563 189 566**	**600 771 050**	**569 919 039**	**607 558 597**
Equity		1 696 357 074	1 656 221 853	1 551 499 316	1 452 301 160
Gearing ratio		33 %	36 %	37 %	42 %

Financial risk management

Overview

The Group’s activities expose it to a variety of financial risks: market risk including currency risk and cash flow interest rate risk, credit risk and liquidity risk.

The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

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

Credit risk

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

Credit risk is the risk of financial loss to the Group if a tenant or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the lease of office space to tenants. The Group has addressed this risk by developing a credit policy, which guides on what steps to take when faced with such risk.

Trade debtors

Trade debtors mainly consists of tenants with outstanding rental balances at the reporting date.

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	Group		Company	
Figures in Pula	2021	2020	2021	2020

35. Financial instruments and risk management (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the property sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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

Group		2021			2020		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
Trade and other receivables	11	36 818 847	(10 774 088)	26 044 759	39 802 563	(12 436 940)	27 365 623
Cash and cash equivalents	12	24 185 916	-	24 185 916	13 092 960	-	13 092 960
		61 004 763	**(10 774 088)**	**50 230 675**	**52 895 523**	**(12 436 940)**	**40 458 583**

Company		2021			2020		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
Loans to group companies	8	240 990 516	-	240 990 516	233 084 802	-	233 084 802
Trade and other receivables	11	15 377 586	(3 427 881)	11 949 705	17 055 427	(3 409 626)	13 645 801
Cash and cash equivalents	12	17 456 443	-	17 456 443	6 305 413	-	6 305 413
		273 824 545	**(3 427 881)**	**270 396 664**	**256 445 642**	**(3 409 626)**	**253 036 016**

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Executive Management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Liquidity risk

Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the statement of financial position, the funding requirements of the company and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated and necessary arrangements are put in place in order to ensure that all future cash flow commitments are met from the working capital generated by the company and also from available financial institutions' facilities.

	Group		Company	
Figures in Pula	2021	2020	2021	2020

35. Financial instruments and risk management (continued)

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

Group - 2021

		Less than 1 year	Due after one year	Total	Carrying amount
Non-current liabilities					
Borrowings	14	-	592 235 644	592 235 644	546 626 991
Current liabilities					
Trade and other payables	15	34 332 962	-	34 332 962	34 332 962
Borrowings	14	61 649 388	-	61 649 388	40 540 726
Bank overdraft	12	207 765	-	207 765	207 765
		96 190 115	**592 235 644**	**688 425 759**	**621 708 444**

Group - 2020

		Less than 1 year	Due after one year	Total	Carrying amount
Non-current liabilities					
Borrowings	14	-	620 390 010	620 390 010	562 393 610
Current liabilities					
Trade and other payables		37 606 479	-	37 606 479	37 606 479
Borrowings	14	57 548 732	-	57 548 732	34 091 716
Bank overdraft	12	17 378 684	-	17 378 684	17 378 684
		112 533 895	**620 390 010**	**732 923 905**	**651 470 489**

Company - 2021

		Less than 1 year	Due after one year	Total	Carrying amount
Non-current liabilities					
Borrowings	14	-	592 235 644	592 235 644	546 626 991
Current liabilities					
Trade and other payables		10 173 414	-	10 173 414	10 173 414
Borrowings	14	61 649 388	-	61 649 388	40 540 726
Bank overdraft	12	207 765	-	207 765	207 765
		72 030 567	**592 235 644**	**664 266 211**	**597 548 896**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

	Group		Company	
Figures in Pula	2021	2020	2021	2020

35. Financial instruments and risk management (continued)

Company - 2020

		Less than 1 year	Due after one year	Total	Carrying amount
Non-current liabilities					
Borrowings	14	-	620 390 010	620 390 010	562 393 610
Current liabilities					
Trade and other payables	15	18 172 188	-	18 172 188	18 172 188
Borrowings	14	57 548 732	-	57 548 732	34 091 716
Bank overdraft	12	17 378 684	-	17 378 684	17 378 684
		93 099 604	**620 390 010**	**713 489 614**	**632 036 198**

Foreign currency risk

The Group operates within Africa and Dubai region with exposure to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group owns subsidiary companies which holds investment properties in Tanzania and Dubai and is accordingly exposed to foreign exchange risk in respect of financial assets and liabilities that are not in the Group's functional currency which is the Botswana Pula. To mitigate the group's exposure to foreign currency risk, the management tries to balance the exposure between the long term borrowings and the loans receivable from the subsidiaries with similar currency.

Group
At 31 January 2021, if the currency had strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been P 22 542 984 (2020: P 22 564 146) higher, mainly as a result of foreign exchange gains on translation of US dollar denominated financial assets and borrowings.

At 31 January 2021, if the currency had weakened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been P 34 885 869 (2020: P 27 198 509) lower, mainly as a result of foreign exchange gains on translation of US dollar denominated financial assets and borrowings.

Company
At 31 January 2021, if the currency had strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been P 6 653 364 (2020: P 21 783 578) higher, mainly as a result of foreign exchange gains on translation of US dollar denominated financial assets and borrowings.

At 31 January 2021, if the currency had weakened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been P 8 131 889 (2020: P 26 624 372) lower, mainly as a result of foreign exchange gains on translation of US dollar denominated financial assets and borrowings.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

		Group		Company	
Figures in Pula		2021	2020	2021	2020

35. Financial instruments and risk management (continued)

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

US Dollar exposure:

	Note	Group 2021	Group 2020	Company 2021	Company 2020
Non-current assets:					
Loans receivable USD 21 420 243 (2020:USD 21 420 243)		-	-	240 990 516	233 084 802
Current assets:					
Trade and other receivables USD 1 341 636 (2019: USD 2 154 507)	11	14 436 193	19 990 201	-	-
Cash and cash equivalents USD 1 534 640 (2020: USD 918 496) (2020: USD 908602) (2020: USD353 621)	12	16 501 508	9 729 830	9 769 516	3 739 730
Non-current liabilities:					
Borrowings USD 27 650 000 (2020: USD 28 500 000)	14	304 447 506	309 198 643	304 447 506	309 198 643
Current liabilities:					
Trade and other payables USD 2 295 607 (2020: USD 3 452 240)	15	25 997 816	36 083 315	-	-
Net US Dollar exposure		**361 383 023**	**375 001 989**	**555 207 538**	**546 023 175**

Interest rate risk

The Group has significant interest-bearing assets and significant interest-bearing borrowings. The group’s income and operating cash flows are substantially affected by the changes in market interest rates.

The Group’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. During 2021 and 2020, the group’s borrowings at variable rate were denominated in Pula and US Dollar.

At 31 January 2021, if interest rates on Pula-denominated borrowings and interest bearing assets had been 10% higher/lower with all other variables held constant, Group pre-tax profit for the year would have been P 3 189 047 (2019: P3 412 397) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

	Group		Company	
Figures in Pula	2021	2020	2021	2020

35. Financial instruments and risk management (continued)

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate		Carrying amount	
Group		2021	2020	2021	2020
Variable rate instruments:					
Assets					
Short term deposit	12	4.18 %	4.18 %	760 757	737 889
Cash in current banking institutions call account	12	3.10 %	0.25 %	18 643 893	77 059
				19 404 650	**814 948**
Liabilities					
Bank overdarft	12	5.25 %	6.00 %	207 765	17 378 684
Borrowings in Botswana Pula at local rate	14	3.44 %	4.70 %	282 720 211	287 286 683
Borrowings in USD LIBOR	14	5.16 %	6.53 %	304 447 506	309 198 643
				587 375 482	**613 864 010**
Net variable rate financial instruments				**606 780 132**	**614 678 958**

	Note	Average effective interest rate		Carrying amount	
Company		2021	2020	2021	2020
Variable rate instruments:					
Assets					
Loans to group companies	8	5.68 %	7.31 %	240 990 516	233 084 802
Short term deposit		4.18 %	4.18 %	760 737	737 889
Cash in current banking institutions call account		3.10 %	0.25 %	18 843 893	77 059
				260 595 146	**233 899 750**
Liabilities					
Bank overdraft	12	5.25 %	6.00 %	207 765	17 378 684
Borrowings in Botswana Pula at local rate	14	3.44 %	4.70 %	287 286 683	291 899 736
Borrowings in USD LIBOR	14	3.94 %	6.54 %	309 198 643	322 014 562
				596 693 091	**631 292 982**
Net variable rate financial instruments				**857 288 237**	**865 192 732**

36. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

36. Fair value information (continued)

Levels of fair value measurements

Level 3

Recurring fair value measurements

	Note				
Assets					
Investment property	4				
Investment property		2 382 205 593	2 336 165 032	1 274 735 971	1 250 274 363
Total		**2 382 205 593**	**2 336 165 032**	**1 274 735 971**	**1 250 274 363**

Reconciliation of assets and liabilities measured at level 3

	Note(s)	**Opening balance**	**Gains/losses recognised in profit or loss**	**Additions**	**Classified as held for sale**	**Foreign exchange movement**	**Closing balance**
Group - 2021							
Assets							
Investment property							
Investment property		2 336 165 032	(25 280 910)	13 251 212	-	58 030 259	2 382 165 593
Total		**2 336 165 032**	**(25 280 910)**	**13 251 212**	**-**	**58 030 259**	**2 382 165 593**

	Note(s)	**Opening balance**	**Gains/losses recognised in profit or loss**	**Additions**	**Classified as held for sale**	**Foreign exchange movement**	**Closing balance**
Group - 2020							
Assets							
Investment property	4						
Investment property		2 251 628 531	6 869 297	8 160 839	(11 500 000)	81 006 365	2 336 165 032
Total		**2 251 628 531**	**6 869 297**	**8 160 839**	**(11 500 000)**	**81 006 365**	**2 336 165 032**
Company - 2021							
Assets							
Investment property	4						
Investment property		1 250 274 363	12 450 534	12 011 074	-	-	1 274 735 971
Total		**1 250 274 363**	**12 450 534**	**12 011 074**	**-**	**-**	**1 274 735 971**
Company - 2020							
Assets							
Investment property	4						
Investment property		1 221 399 358	36 011 578	4 363 427	(11 500 000)	-	1 250 274 363
Total		**1 221 399 358**	**36 011 578**	**4 363 427**	**(11 500 000)**	**-**	**1 250 274 363**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

36. Fair value information (continued)

Information about valuation techniques and inputs used to derive level 3 fair values

Investment property - Retail segment

Retail segment comprises of the following properties Game City Shopping Centre, Nzano Shopping Centre and Super Save Mall. The fair values of these properties determined by independent valuers is P 1 253 590 000. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the valuer in the projected cash flows are within the range of future contractual rent agreed by the Company with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants.

Investment property - Commercial segment

Commercial segment comprises of the following properties Turnstar House and Plot 63 in Commerce Park. There fair values of these properties determined by independent valuers is P 56 630 000. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the valuer in the projected cash flows are within the range of future contractual rent agreed by the company with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants.

Investment property - Residential segment

Residential segment comprises of the following properties Mogoditshane Flats and Tapologo Apartments. There fair values of these properties determined by independent valuers is P 45 490 000. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the valuer in the projected cash flows are within the range of future contractual rent agreed by the company with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants.

The most significant inputs, all of which are unobservable, are the discount rate, long term revenue growth rate, long term expenditure growth rate, estimated rental value, reversionary capitalisation rate and assumptions about vacancy levels. The estimated fair value increases if the estimated rental increases, long term revenue growth rate increases, long term expenditure rate reduces, rental escalation increases, discount rate and reversionary discount rate declines The overall valuations are sensitive to all these assumptions. The valuation was done on 31 January 2021 and the inputs used in the valuations for the year ended 31 January 2021 were:

Assumptions used for valuation of properties in Botswana	Retail	Commercial	Residential
Average discount rate	8-9%	8.74- 9.5%	8%
Average occupancy rate	99%	87%	100%
Long-term revenue Growth Rate - As per valuation	6%	5%	6%
Long-term expenditure Growth Rate - As per Valuation	8%	8%	8%
Average lease period	2 - 25 Yrs	3 - 5 Yrs	1 - 2 Yrs
Average Escalation/ Rental- From MDA	5-8%	5-10%	6-10%

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

36. Fair value information (continued)

Palazzo Venezia Dubai property

Turnstar Investments Limited. a subsidiary company owns, Palazzo Venezia Holding property a commercial property with their fair value determined by Directors at Pula 87 944 147 (USD 30 047 040), respectively. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the Director in the projected cash flows are within the range of future contractual rent agreed by the company with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants.

Mlimani Holdings Limited properties consist of Retail, Office Park, Conference centre and Housing units

Mlimani Holdings Limited properties comprises of the following properties Retail, Office Park, Conference centre, Housing units and unutilised bulk land with their fair values determined by independent valuers at P 643 010 862 (USD 59 800 000), P190 332 613 (USD 17 700 000), P 63 440 871 (USD 5 900 000), P 33 333 3394 (USD 3 100 000) and P 45 161 298 (USD 4 200 000) respectively. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the valuer in the projected cash flows are within the range of future contractual rent agreed by the subsidiary with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants. However for property where there is no income earned during the year, a comparable market approach was considered taking into account the location of the property.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

36. Fair value information (continued)

Assumptions for the properties located in Tanzania and Dubai	Retail	Office Park
Income capitalisation rate	8.25%	9.25
Discount rate	11.64	12.49
Average occupancy rate	90-100%	90-100%
Long-term revenue Growth Rate - As per valuation	6%	6%
Long-term expenditure Growth Rate - As per Valuation	7%	7%
Discounted cash flow period	5 years	5 years
Average lease period	3 -5 years	3 - 5 years
Average Escalation/ Rental- From MDA	3 - 5%	3 - 5%

Valuation processes applied by the Group

The fair value of investment properties is determined by qualified property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being values. The valuation company provides the fair value of the Group's investment portfolio basis.

Sensitivity analysis for investment property carried at fair value

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information the company and group determines the estimated fair value internally.

The key assumptions underlying the investment method is capitalisation rate used.

Capitalisation rate sensitivity	Group		Company	
	2021	2020	2021	2020
Weighted average capitalisation rate	8.66%	8.46%	8.57%	8.28%
1% upward shift	241.6 M	254.5 M	141.6 M	140 M
1% downward shift	304.8 M	322.5 M	179 M	179 M

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

36. Fair value information (continued)

Discount rate sensitivity	**Group**		**Company**	
	2021	**2020**	**2021**	**2020**
Weighted average discount rate	11.58%	12.43%	11.1%	11.8%
1% upward shift	186.7 M	175.3 M	112.0 M	105.9 M
1% downward shift	222.4 M	206.4 M	134.2 M	125.5 M

Fair value of financial instruments measured at amortised cost

Following types of financial instruments which are measured at amortised cost for which the fair value is disclosed in the respective notes are considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables
- borrowings

37. Events after the reporting period

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

Covid-19 continued in 2021 financial year, and its impact was adjusted in current year financials.The group does not expect further adjustment the for the year ended 31 January 2021. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the group for future periods. However management believes that the group has the financial strength to survive even the worst case scenario through implementing self help steps that are available to keep the group liquid and healthy,

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

SEGMENT REPORT

Primary segment - Geographical segment	2021	2020	2021	2020
	Botswana	Botswana	Tanzania	Tanzania
Revenues from external customers	134,570,966	151,330,229	105,697,393	108,852,520
Inter segment revenues				
Total segment revenues	**134,570,966**	**151,330,229**	**105,697,393**	**108,852,520**
Segment property direct and indirect expenses	49,043,424	51,001,779	42,086,797	41,602,293
Segment operating profit	**85,527,542**	**100,328,450**	**63,610,596**	**67,250,227**
Segment Assets	**1,396,817,885**	**1,336,141,052**	**1,018,237,355**	**1,080,948,188**
Segment assets include the following:				
Investment property	1,335,770,609	1,274,735,971	972,544,749	1,020,740,626
Property plant and equipment	946,703	2,213,511	1,000,802	1,099,914
Goodwill	-	-	25,658,129	38,354,182
Current tax receivable		-	-	-
Operating lease asset	19,938,188	28,774,030	2,724,234	2,564,426
Trade and other receivables	22,705,942	24,112,127	9,590,777	12,205,194
Cash and cash equivalents	17,456,443	6,305,413	6,718,664	5,983,846
Segment Liabilities	**692,922,099**	**723,537,703**	**118,566,443**	**126,098,505**
Segment liabilities include the following:				
Borrowings	587,167,717	596,485,326	-	-
Deferred tax	89,319,296	85,730,553	92,568,627	98,552,255
Trade and other paybles	13,152,399	21,348,215	25,997,816	27,546,250
Current tax payable	1,575,294	1,191,260	-	-
Unclaimed debenture interest and dividend payable	1,499,628	1,403,665	-	-
Bank overdraft	207,765	17,378,684		

Secondary segment- Operating segment	2021	2020	2021	2020
Revenues		Retail		
	Botswana	Botswana	Tanzania	Tanzania
Rental income from external customers	**124,141,451**	**140,632,161**	**87,597,549**	**86,564,836**
Inter segmental revenues				
Total segment revenues	**124,141,451**	**140,632,161**	**87,597,549**	**86,564,836**
Segment expenses	46,127,386	48,340,863	38,441,321	33,930,091
Segment operating profit	**78,014,065**	**92,291,297**	**49,156,228**	**55,093,633**

	Figures in Pula 2021	Figures in Pula 2020
Reconciliation of group net profit before tax		
Total reporting segment operating profit	151,320,563	172,507,672
Salaries and wages	(14,418,937)	(13,968,169)
Loss on exchange difference	(5,364,133)	(17,246,696)
Profit on exchange differences	2,748,846	27,692,506
Fair value adjustments	(7,190,400)	(25,280,910)
Finance income	253,212	439,093
Sundry income	5,478,567	4,305,310
Corporate expenses	(12,722,743)	(6,177,051)
Operating profit	**120,104,974**	**142,271,756**
Finance costs	(25,849,802)	(33,338,910)
Goodwill impairment	(12,402,710)	(14,803,307)
Group profit before tax	**81,852,462**	**94,129,539**

Segment information is organised into two, georaphical and into operating segments which comprises retail and commercial. The segments are the basis on which the company reports its primary segment information. Retail segment comprises Game City, Nzano, Supa Save and Mlimani shopping centres. The commercial segment incorporates office, residential, industrial properties in Botswana,Tanzania and Dubai

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

2021	2020	Figures in Pula 2021	Figures in Pula 2020
Dubai	Dubai	Consolidated	Consolidated
5,001,133	9,126,009	**245,269,492**	**269,308,758**
-	-	-	**-**
5,001,133	**9,126,009**	**245,269,492**	**269,308,758**
2,818,709	4,197,013	93,948,930	96,801,085
2,182,425	**4,928,996**	**151,320,563**	**172,507,673**
92,790,372	**89,334,623**	**2,507,845,612**	**2,506,423,864**
87,944,147	86,728,996	2,396,259,505	2,382,205,593
-	-	1,947,505	3,313,425
-	-	25,658,129	38,354,182
-		-	-
-	-	22,662,422	31,338,456
4,835,416	1,801,927	37,132,135	38,119,248
10,809	803,701	24,185,916	13,092,960
-	**565,803**	**811,488,542**	**850,202,011**
		587,167,717	596,485,326
		181,887,923	184,282,808
-	565,803	39,150,215	49,460,268
		1,575,294	1,191,260
		1,499,628	1,403,665
		207,765	17,378,684

2021	2020	2021	2020	2021	2020	Figures in Pula 2021	Figures in Pula 2020
	Commercial						
Botswana	Botswana	Tanzania	Tanzania	Dubai	Dubai	Consolidated	Consolidated
10,429,515	**10,698,068**	**18,099,844**	**22,287,684**	**5,001,133**	**9,126,009**	245,269,492	269,308,758
10,429,515	**10,698,068**	**18,099,844**	**22,287,684**	**5,001,133**	**9,126,009**	**245,269,492**	**269,308,758**
2,916,038	2,660,916	3,645,476	7,672,202	2,818,709	4,197,013	93,948,930	96,801,086
7,513,477	**7,252,550**	**14,454,368**	**15,285,983**	**2,182,425**	**4,928,996**	**151,320,563**	**172,507,672**

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

Notice is hereby given that the 2021 Annual General Meeting of TURNSTAR HOLDINGS LIMITED will be held virtually at 1130hours on Wednesday, 28th July 2021 for transacting the following business agenda.

Agenda

1. To read the notice convening the meeting
2. Welcome and opening remarks by the Chairman

A. Ordinary Resolutions

3. To receive, consider and adopt the Audited Financial Statements for the year ended 31 January 2021 together with the Auditors report to the Board.
4. To approve the distribution of dividend as recommended by the Board of Directors.
5. To re-elect the following Directors to the company in terms of Article 63 of the Articles of Association of the Company and being eligible, offer themselves up for re-election.
   i. Pierre Bezuidenhout
6. To confirm the appointment of the following as Directors for the Company.
   i. Victoria Tebele
   ii. Butler Phirie
7. To ratify the remuneration paid to the Non-Executive Directors for the year ended 31 January 2021.
8. To consider and approve the remuneration to be paid to Non-Executive Directors for the ensuing year ending 31 January 2022.
9. To ratify the remuneration paid to the auditors, Ernst & Young for the year ended 31 January 2021.
10. To appoint Auditors for the ensuing year and authorize the directors to fix their remuneration.

B. Special Resolution

11. To consider and, if thought fit, pass with or without amendment in terms of Section 128 of the Companies Act Cap 42:01 and ratify the donations made by the Company for the year ended 31 January 2021.
12. Answering of questions raised by linked unit holders in relation to the affairs and the business of the Company by Directors and Management.

A member entitled to attend and vote may appoint a proxy (who need not be a member of the company) to attend and vote for him/her on his/her behalf. The instrument appointing such a proxy must be lodged at or posted to the registered office of the company not less than 48 hours before the meeting.

By order of the Board

GRANT THORNTON BUSINESS SERVICES (PROPRIETARY) LIMITED
Company Secretaries

Date: 7th July 2021

REGISTERED OFFICE:
Plot 50370, Acumen Park
Fairgrounds
P O Box 1172
Gaborone

Mr Pierre Bezuidenhout

Pierre Bezuidenhout has a BCom Hons and a BCom (Law) from Rand Afrikaans University in South Africa. He has 22 years' experience in investment banking and is currently the Managing Director of Collectus (Pty) Ltd. Mr Bezuidenhout was appointed as a Director of the Company on the 2nd April 2013

Victoria Tlamelo Tebele

Victoria T Tebele graduated from the University of Botswana with a First Class Bachelor of Commerce (Accounting) in 1992 and attained ACCA in 1998. Ms Tebele is a Fellow Member of both ACCA and the Botswana Institute of Chartered Accountants. Ms Tebele has extensive experience in financial and management accounting, risk management, internal auditing, contracts management, corporate governance and people management in a number of industries including mining, financial services, beef production and general maintenance in both the private sector and parastatals. She has served as a director in a number of boards in the country. She served as a BICA Tax Committee member from 2004 to 2011. She is currently serving as a Treasurer at the Botswana Chamber of Mines and a Board Member at Bank of Botswana (Bank), chairing the Bank's Audit and Risk Committee. Ms Tebele is currently employed at Megazine (Pty) Ltd Limited as a Commercial Director

Mr. Butler Phirie

Mr. Phirie is a fellow member of the Botswana Institute of Chartered Accountants and the Association of Chartered Certified Accountants (UK). He brings with him a wealth experience, having served at Pricewaterhouse Coopers for 27 years, including 13 years at the Managing Partner. He has also served the Botswana Development Corporation as General Manager Finance for 9 years

PROXY FORM [TO BE COMPLETED BY HOLDERS OF LINKED UNITS]

Please read the notes overleaf before completing this form

For use at the Annual General Meeting of Unit Holders of the company to be held virtually at 1130 hours on Wednesday 28th July 2021.

I/We ______________________________
(Name in block letters)

Of (address) ______________________________

Hereby appoint ______________________________

Or failing him/her ______________________________

Or failing him/her, the Chairman of the meeting as my/our proxy to act for me/us at the 2021 Annual General Meeting, to vote for or against the resolutions and/or abstain from voting in respect of the Linked Units registered in my/our name in accordance with the following instruction.

NUMBER OF LINKED UNITS				
		For	Against	Abstain
Ordinary resolution 1	Agenda No 3			
Ordinary resolution 2	Agenda No 4			
Ordinary resolution 3 i. Pierre Bezuidenhout	Agenda No 5			
Ordinary resolution 4 i. Victoria Tebele	Agenda No 6			
ii. Butler Phirie				
Ordinary resolution 5	Agenda No 7			
Ordinary resolution 6	Agenda No 8			
Ordinary resolution 7	Agenda No 9			
Ordinary resolution 8	Agenda No 10			
Special resolution 1	Agenda No 11			

Signed at ______________________________ Date: ______________________________

Signature: ______________________________ Assisted by (where applicable): ______________________________

Each Unit Holder who is entitled to attend and vote at a General Meeting is entitled to appoint one or more persons as proxy to attend speak and vote in place of the Unit Holder at the Annual General Meeting and the proxy so appointed need not be a member of the company.

Please read notes 1 -7 on the reverse side hereof

NOTES

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

UNITHOLDER
ANALYSIS

Unitholders by size of holdings:	**Number of unitholders**	**Number of units held**	**% of units held**
1-500	488	115009	0.02
500-1000	210	158925	0.03
1 001-5 000	319	777686	0.14
5 001-10 000	93	697094	0.12
10 001-100 000	314	10558152	1.85
Over 100 000	110	559846737	97.85
TOTAL	**1534**	**572153603**	**100.00**
Unitholders by classification:			
Body corporates/trust	63	141420337	24.72
Insurance companies, pension/equity funds	88	409782238	71.62
Individuals	1383	20951028	3.66
Total	**1534**	**572153603**	**100.00**
Public	1531	491991748	85.99
Non-public			
Directors interest(including associates)	3	80161855	14.01
Total	**1534**	**572153603**	**100.00**
Registered unitholders holding more than 5% at the respective year end:			
G. H. GROUP (PROPRIETARY) LTD	1	80148355	14.01
FNB BOTSWANA NOMINEES (PTY) LTD RE:AG BPOPF EQUITY	1	158226019	27.65
ASSOCIATED INVESTMENT AND DEVELOPMENT CORPORATION (PTY)LTD	1	59083407	10.33
FNB BOTSWANA NOMINEES (PTY) LTD RE:BIFM BPOPF-EQUITY	1	49707352	8.69
ALLAN GRAY RE DEBSWANA PENSION FUND	1	34494230	6.03
MOTOR VEHICLE ACCIDENT FUND	2	31021292	5.42
Total		**412680655**	**72.13**
Top 10 Unitholders			
FNB BOTSWANA NOMINEES (PTY) LTD RE:AG BPOPF EQUITY	1	158226019	27.65
G. H. GROUP (PROPRIETARY) LTD		80148355	14.01
ASSOCIATED INVESTMENT AND DEVELOPMENT CORPORATION (PTY)LTD	1	59083407	10.33
FNB BOTSWANA NOMINEES (PTY) LTD RE:BIFM BPOPF-EQUITY	1	49707352	8.69
ALLAN GRAY RE DEBSWANA PENSION FUND	1	34494230	6.03
FNB BOTSWANA NOMINEES (PTY) LTD RE: ALLANGRAY BPOPF EQUITY PORTFOLIO B	1	27888146	4.87
MOTOR VEHICLE ACCIDENT FUND	2	31021292	5.42
STANBIC NOMINEES BOTSWANA RE BIFM PLEF	1	14073427	2.46
STANBIC NOMINEES BOTSWANA RE BIFM MLF	1	11219764	1.96
FNB NOMS BW (PTY) LTD RE: BPOPF EQUITY PORTFOLIO C - ALLAN GRAY	1	11192338	1.96
Total		**477054330**	**83.38**

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