

This circular is important and requires your immediate attention.

If you are in doubt as to what action to take, please consult your stockbroker, banker, attorney, accountant or other professional advisor.

Action required

1. -If you wish to receive the cash distribution, do not make the election to receive distribution in respect of linked units held in the form of linked units instead of cash ("the Scrip Distribution") and do not complete the Form of Election, and you will automatically receive the full cash distribution.
2. -If you wish to receive the Scrip Distribution in respect of your unitholding, you must complete the Form of Election and cause it to be received by the Transfer Agent, by no later than 17H00 on 27 September 2019.



THE FAR PROPERTY COMPANY LIMITED
("the Company or "FPC")
Company Number CO. 2010/6009
Incorporated in the Republic of Botswana on 29 June 2010
ISIN: BW0000001551
SHARE CODE: FPC

CIRCULAR TO UNITHOLDERS

Regarding

The offer of units to unitholders holding linked units registered in the records of the Company on the electronic platform of Central Securities Depository of Botswana ("CSDB") at the close of business on 10 September 2019 ("the Record Date") at a price of P2.48 per linked unit ("Scrip Distribution Option") in lieu of the cash distribution of 17.60 thebe per linked unit in respect of the Company's trading to 30 June 2019.

Enclosing a Form of Election

UNITHOLDERS REGISTERED ON THE RECORDS OF THE COMPANY ON THE ELECTRONIC TRADING PLATFORM OF THE CSDB AT THE CLOSE OF BUSINESS ON 10 SEPTEMBER 2019 ("the Record Date") WILL RECEIVE THE CASH DISTRIBUTION UNLESS THEY ELECT THE SCRIP DISTRIBUTION OPTION

Transfer Agent



Sponsoring Broker



Legal Advisor



Date of issue: 26 August 2019

1. NOTICE

The Botswana Stock Exchange has not verified the accuracy and truth of the contents of this Circular, as submitted to it and the Botswana Stock Exchange accepts no liability of whatever nature for any loss, liability, damage or expenses resulting directly or indirectly from a decision taken based on the contents of this Circular.

2. INTRODUCTION

- 2.1. The Board of Directors would like to offer unitholders the chance to receive the distribution in respect of linked units for the period ending 30 June 2019 in new linked units instead of in cash. In accordance with the Companies Act Cap 42:01 and the Constitution of the Company, the Board may offer to unitholders the opportunity to elect to receive scrip distributions in the form of linked units (credited as fully paid) instead of in cash.
- 2.2. On the 24th June 2019 the Board declared a distribution of 17.60 thebe (comprising a dividend of 0.16 thebe on each issued share and interest of 17.44 thebe on each issued debenture comprising a linked unit) per linked unit for the twelve months of trading ending 30 June 2019 (the Distribution).
- 2.3. At a meeting of the Board of Directors, held on 24 June 2019, the Board approved the issue of up to 26,589,225 new linked units, to be funded out of distributable profits, to unitholders who elect to receive the distribution in linked units instead of cash.
- 2.4. Subject to the provisions of any Double Taxation Avoidance Agreement between Botswana and the country of tax residence of a Unitholder not resident in Botswana for tax, the Company will deduct and pay withholding tax of 7.5% on the dividend on shares comprising linked units.
- 2.5. The Company will: -
 - (i) deduct and pay withholding tax of 10% on the interest payable on each debenture held by a taxable holder of a linked unit, resident for tax purposes in Botswana;
 - (ii) deduct and pay withholding tax of 15% or such lesser percentage as may be provided in a Double Taxation Agreement (if there be one) between Botswana and the country of tax residence of the non-resident tax payer on the interest payable on each debenture held by a taxable holder of a linked unit, non-resident for tax purposes in Botswana;
 - (iii) not deduct and pay any withholding tax on interest payable on debentures held by an entity which is exempt from income tax in Botswana;the resulting distribution, after deduction of applicable withholding tax as set out above, is hereinafter referred to as “the Net Distribution”.
- 2.6. On the 24 June 2019, the Board resolved to offer to unitholders such number of linked units, at a value of P2.48 per linked unit, as is equal in value to the cash value of the Net Distribution payable to such holders. The value of a linked unit is based on the weighted average traded price of the linked units, on the Botswana Stock Exchange, over the three weeks preceding 30 June 2019.
- 2.7. As stated in paragraphs 1.4 and 1.5 the Company will have deducted and paid withholding tax on the distributions, as required by Section 58 of the Income Tax Act, thus the distribution will be net of withholding tax deducted and paid.
- 2.8. The issue of the linked units distributed in terms of Scrip Dividend will take place on or before 11 October 2019.

3. BASIS OF THE AWARD OF SCRIP DISTRIBUTION UNITS

Unitholders registered in the books of the Company on the Record Date will be entitled, upon election, to receive as many fully paid units in the Company at an issue price of P2.48 each as is equal in value of

the Net Distribution due to such holder in respect of the Distribution (“Scrip Distribution Units”).

4. SCRIP DISTRIBUTION OPTION

Unitholders registered in the records of the Company on the electronic platform of the CSDB on the Record Date are offered the option to elect to receive Scrip Distribution Units equal in value of the Net Distribution of 17.60 thebe per linked unit, comprising of 0.16 thebe dividend per share and interest of 17.44 thebe per debenture, in respect of all or in part of their unit holdings.

5. NOT RENOUNCEABLE

The offer of Scrip Distribution Units in lieu of a cash distribution is not renounceable. If a holder of a Linked Unit does not accept the offer of Scrip Distribution Units instead of cash, the holder is deemed to require and will be paid the distribution in cash.

6. ISSUE OF LINKED UNITS AND AMOUNT TO BE CAPITALIZED

The stated capital of the Company is P405,818,336 divided into P202,909,168 share capital and P202,909,168 debenture capital.

The Scrip Distribution Units issued in terms of this offer will be fully paid out of the distribution account. On the basis that all holders of linked units elect to take up the Scrip Distribution Units offered, a further 26,588,933 linked units will be issued and an amount of P64,940,702 (being the Net Distribution together with withholding taxes paid on the Distribution) will be capitalized.

As a result, the stated capital of the Company will be increased by P65,940,702 to P471,759,038 and the share capital increased by P32,970,351 to P235,879,519 and the debenture capital of the Company will be increased by P32,970,351 to P235,879,519.

Also, as a result, the number of issued Linked Units will increase from 406,307,819 to 432,896,812.

The Scrip Distribution Units, when issued, will rank *pari passu* in all respects with the existing linked units of the Company.

7. REASON FOR THE SCRIP DISTRIBUTION ISSUE

The Company will benefit from this issue. In opting for the issue of linked units in lieu of a cash distribution, unitholders will inject further capital into the Company without incurring the usual substantial dealing costs associated with a new rights issue, and the Company will be able to utilize the amount of the unitholders funds retained in the Company to support continued growth of the current and future projects and refurbish properties, and reduce exposure to loan finance.

8. COMMITTED ELECTION

8.1. Stanbic Nominees Botswana (Pty) Limited, which holds 0.01% of the issued linked units, Vidya Sanooj who holds .03% of the issued linked units, and the founders of the Company, Ramachandran Ottapathu and Farouk Ismail, each holding 26.70% and 27.62% respectively and controlling the right to distribution in respect of linked units representing 23.30% of the issued linked units in the Company, have committed to elect to receive the Scrip Distribution Units in lieu of the cash distribution subject to paragraph 6.4 below.

8.2. Thus, holders of and controllers of 77.66% of the issued linked units in the Company have committed to elect to receive the Scrip Distribution.

- 8.3. If as a result of the election, the “public” as defined in the BSE Listing Requirements will hold less than 20% of the issued linked units in the Company, the founders Messrs. Ottapathu and Ismail will reduce the quantum of their elections and receive part of the distribution in cash, to ensure the 20% free float of units is maintained.

9. SCRIP DISTRIBUTION UNITS ENTITLEMENT

The number of scrip distribution units to which a unitholder will be entitled will be calculated on the following basis:

$$X \text{ (Scrip Distribution Units entitlement)} = \text{Net Distribution Amount} \div \text{P2.48}$$

10. FRACTIONAL ENTITLEMENTS

- 10.1. Where the entitlements to Scrip Distribution Units results in a fraction of a unit, the units awarded will be rounded down to the nearest whole number.
- 10.2. The balance of the cash Distribution not accounted for by the Scrip Distribution Units will be paid in cash by electronic funds transfer to the bank account of the holder of linked units, or by cheque posted to the address of the holder of the linked units, appearing in the register of the Company on the record date, on or before 11 October 2019.

Example

Assume a unitholder holds 10 000 linked units at the Record Date and elects the Scrip Distribution Option. The number of the new linked units to which this unitholder would be entitled is calculated as follows:

$$10\ 000 \text{ Net Distribution} \div \text{P2.48} = \text{Number of Linked Units}$$

Where the number of Linked Units derived from the formula is not a round number and there exists a fraction, the number of Linked Units will be rounded down to eliminate the fraction.

The fraction, expressed as a percentage, of P2.48 will be paid in cash.

11. UNITHOLDERS WHO WISH TO RECEIVE THE CASH DISTRIBUTION NEED TAKE NO FURTHER ACTION, IF A UNITHOLDER TAKES NO ACTION AND DOES NOT ELECT TO RECEIVE LINKED UNITS, THAT UNITHOLDER WILL RECEIVE THE FULL CASH DISTRIBUTION

12. OPENING OF THE OFFER AND THE LAST DAY TO MAKE THE ELECTION

The offer of the scrip option opens at the commencement of business on 9 September 2019 and closes at close of business on 27 September 2019.

A holder of linked units is required to notify the Transfer Agent if he/she/it wishes to receive their distribution in the form of new linked units, within the period in which the offer is open. In the event of failure to elect the Scrip Distribution option, within the open period, a holder of linked units shall be deemed by the Company to have declined the offer of the Scrip Distribution Option and, accordingly, such unitholder will automatically receive the cash distribution.

13. ELECTION FOR SCRIP DISTRIBUTION WHETHER SENT BY POST OR OTHERWISE RECEIVED AFTER THE CLOSE OF BUSINESS ON 27 SEPTEMBER 2019 WILL NOT BE ACCEPTED

14. CSDB AND LISTING OF THE SCRIP DISTRIBUTION UNITS

When the new linked units are issued, the Company will instruct the CSDB or broker to credit the unitholders securities account in the CSDB.

Application has been made to the Botswana Stock Exchange to grant a listing of the Scrip Distribution units arising from the Scrip Distribution issue with effect from the commencement of business on 14 October 2019.

The Scrip Distribution is subject to the Botswana Stock Exchange approving in principle the issue of the Scrip Distribution Units and the listing thereof on the Botswana Stock Exchange.

15. RESULTS OF THE SCRIP DISTRIBUTION OPTION

The results of the Scrip Distribution Option will be published in the press on or before 4 October 2019.

16. TAXATION

In terms of the Republic of Botswana Income Tax Act, as amended, withholding tax at a rate of 7.5 % will be deducted by the Company from all dividends paid and 15% from interest paid to unit holders not resident in Botswana for tax purposes, and 10% from interest paid to unitholders resident in Botswana. The percentage of tax withheld on dividend and interest distributed to a unitholder not resident for tax in Botswana may be varied by the terms of a Double Taxation Avoidance Agreement between Botswana and the Country of tax residence of such unitholder, if any. No withholding tax shall be deducted from interest paid to entities which are not subject to tax in Botswana.

17. SALIENT DATES

	2019
Publication of first press announcement of offer of Linked Units in lieu of distribution	Friday 23 August
Publication of second press announcement of offer of Linked Units in lieu of distribution	Friday 30 August
Circular distributed on or before	Monday 2 September
Opening of the offer	Monday 9 September
Record date for participation in scrip distribution	Tuesday 10 September
Last day of Election	Friday 27 September
Announcement of results of elections	Friday 4 October
New Linked Units allotted	Friday 4 October
Payment of cash distribution on or before	Friday 11 October
Payment of balances as a result of rounding down on or before	Friday 11 October
Linked Units credited on CSDB accounts	Friday 11 October
Listing of New Linked Units	Monday 14 October

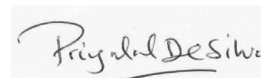
These dates are subject to change. Any change will be notified on Xnews and in the Press

By order of the Board

Dated 26 August 2019



Ramachandran Ottapathu
Director



Priyalal da Silva
Director