FaR PROPERTY

INTEGRATED ANNUAL REPORT 2021

ABOUT THIS REPORT

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

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

This integrated annual report presents the performance and activities of FPC for the financial year 1 July 2020 to 30 June 2021, from financial, economic and governance perspectives. It aims to demonstrate how FPC will create and sustain value for stakeholders over the short, medium and long term. The report is primarily aimed at linked unitholders and providers of capital. The scope and boundary of the information contained in this integrated annual report encompass and enclose the group's business activities and property portfolios in Botswana, South Africa and Zambia.

REPORTING FRAMEWORKS

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

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

ASSURANCE

The company's external auditor, Grant Thornton, has independently audited the annual financial statements for the year ended 30 June 2021. They have provided assurance on the financial statements and expressed an unqualified audit opinion. The annual financial statements have been prepared under the supervision of Shinu Joy ACA, ACMA-(US), the acting chief executive officer of FPC. The remaining content of the integrated annual report has been reviewed by the board but has not been externally assured.

FORWARD-LOOKING STATEMENTS

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

SIX CAPITALS AND MATERIALITY

Through the effective and balanced use of essential resources and stakeholder relationships, or "capitals," as described by the International Integrated Reporting Council's International <IR> Framework, we produce long-term sustainable value for stakeholders. We increase, decrease, or transform the six capitals through the execution of our business activities, as outlined in our business model on page 12.

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

Ramachandran Ottapathu

Founder

7 September 2021

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These reports together with other supporting documents are available online at **www.farproperties.co.bw**

FY21 HIGHLIGHTS

DELIVERING SUSTAINABLE SHAREHOLDER VALUE

REVENUE
BWP 138.2 million
(2020: BWP 134.33 million)
↑3%

NET INCOME FROM OPERATIONS
BWP 95.90 million
(2020: BWP 86.23 million)
↑11%

MARKET CAPITALISATION up 7% to
BWP 1.1 billion
(2020: BWP 1.0 billion)
↑7%

GROWING A HIGH-QUALITY DIVERSIFIED PORTFOLIO

PROPERTIES ACROSS BOTSWANA, SOUTH AFRICA AND ZAMBIA
204
(2020: 203)

PORTFOLIO VALUE
BWP 1.35 billion
(2020: BWP 1.36 billion)

GLA
238 014m²
(2020: 239 140m²)

OPTIMISING PROPERTY ASSETS THROUGH CUSTOMISED MANAGEMENT

RENT YIELD RATIO
10.00%
(2020: 10.98%)

OCCUPANCY RATE
>96%
(2020: >94%)

WEIGHTED AVERAGE RENTAL ESCALATION
7.5%
(2020: 8.5%)

KEY ACHIEVEMENTS

Total number of properties increased to
204

3
new commercial properties added in Botswana

Lowest vacancy rate of
4%

Value of total portfolio
BWP 1.352 billion

FPC IN SNAPSHOT

The success of our core goal of creating long-term value for stakeholders is based on our dedication to provide modified first-rate services to our tenants, which build customer loyalty and create company growth prospects

MISSION

To develop and maintain a balanced and sustainable portfolio for tomorrow

CORPORATE DATA

The Far Property Company Limited
Company number: Co 2010/6009
Incorporated in the Republic of Botswana on 29 June 2010
Listed on BSE: 4 May 2016
Share code: FPC
ISIN: BW0000001551
Linked units (at June 2021): 447 710 838

VISION

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

VALUES

- **Knowledgeable.** We strive to understand our markets and our clients' needs
- **Connected.** Relationships are everything to us; we connect people to their homes and to their communities
- **Passionate.** We believe that working with "all heart" can change the world
- **Playful.** We love what we do and it shows
- **Upstanding.** Our clients' needs and best interests are at the heart of everything we do
- **Effective.** We set a high bar and move mountains to exceed expectations

OUR VALUES TRANSLATE TO:

- Professionalism above all
- Pleasing our tenants
- A realistic optimistic approach
- Unwavering focus on growth and sustainability
- Adding value for the benefit of all our stakeholders
- Giving back to communities

OUR RESPONSE TO COVID-19

The global economy's shutdown as a result of the Covid-19 pandemic had a huge impact on all countries and businesses, with measures such as travel bans and lockdowns implemented to minimise the spread of infections.

Covid-19 will be with us for the foreseeable future, and the property sector has recognised that it will continue to develop and apply leading practices to preserve lives and livelihoods. Botswana, Zambia and South Africa have implemented the Covid-19 vaccine rollout to help in minimising the spread of the virus.

HOW WE RESPONDED

Measures were put in place to deal with the outbreak to ensure that all operations remain unhindered and that all employees and stakeholders feel safe and comfortable.

At all FPC locations, screening facilities have been installed to monitor the temperatures of employees and other stakeholders. All of the screening stations include thermometers. Branch managers and department heads have been tasked with ensuring that daily temperatures of employees are accurately recorded. Temporary holding rooms have been identified as a means of isolating personnel and consumers who have flu-like symptoms and high fevers.

FPC has successfully weathered the Covid-19 pandemic problem and continues to do so. Sadly our property manager Sreedharan Nair passed away during the year due to Covid-19. We send our condolences to his family and friends. FPC had two further reported cases both of which have fully recovered.

A centralised Covid-19 team guarantees that all Covid-19 response methods are implemented consistently and that the business is managed and derisked proactively.

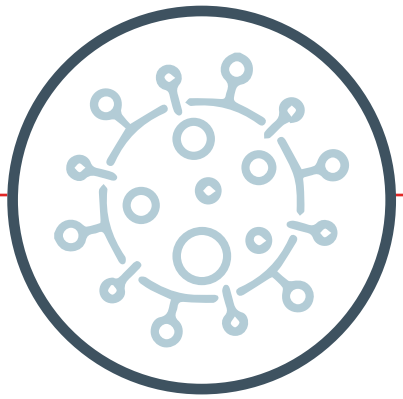
Various workplace measures were taken across all operations and corporate offices as set out below:

Tenant negotiations

Rent relief was provided to some affected businesses through negotiations with tenants on a case-by-case basis.

Operational performance

FPC's operations remain stable and its financials remained stable throughout the challenging year. The Covid-19 outbreak has wreaked havoc on Botswana's economy, prompting the government to launch a BWP 2 billion relief package, and a number of other steps, to help businesses affected by the virus.



Our objective at FPC is to provide support and space for retail stores such as warehousing and distribution centres across southern Africa.

REETSANG WILLIE MOKGATLHE
INDEPENDENT NON-EXECUTIVE CHAIRMAN

CHAIRMAN'S REPORT

Since inception, greater tenant demand has resulted in the group growing exponentially from managing a portfolio of smaller shopping centres to a growing manager and developer of retail, commercial, industrial and residential real estate across Botswana, Zambia and South Africa and listed on the BSE. This has shown the group's capabilities to adapting in an ever-changing and demand-driven market. This has included navigating the challenging macro-economic conditions compromised by the Covid-19 pandemic.

The group's primary objective is to deliver long-term value to its stakeholders. We strive to have this reflected through the company's annual portfolio yields and capital appreciation of assets which is represented in the group's performance for FY21. Notwithstanding the challenging macro-economic conditions and the negative impact of the Covid-19 pandemic, FPC's net income from operations increased by 14% during the financial year. This performance translated into a distribution to unitholders of 17.80 (2020: 16.80) thebe per linked unit.

The group continually evaluates opportunities to continuously grow its income, diversify risk and offer more efficient levels of leverage. In Botswana, the group has acquired three additional properties and has embarked on a number of development projects, further demonstrating our growth ambitions.

In Zambia, FPC continues to utilise its retailers' strategy to better target one of the fastest growing populations in Africa which we consider to be an underserved market and with minimum formal retail penetration. As a result, FPC will continue to ensure greater utilisation of the commercial space in Zambia and identifying and evaluating opportunities.

In spite of the property disposal in South Africa during the year, FPC continues to enjoy the growth in South Africa with the company store-space and infrastructure being provided and greatly exploited by major retailers.

BOARD RESPONSIBILITY STATEMENT

The board acknowledges its responsibility to ensure the integrity of this integrated annual report. The directors can be contacted at the registered office of the company. Details of the directors are contained on pages 32 and 33.

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

APPRECIATION

I would like to thank all of our board members for their unwavering dedication and commitment. Furthermore, I would like to extend my appreciation to all employees at FPC for their hard work and dedication in navigating through the pandemic. Our people are crucial to our value proposition and without them we are not a business. I also thank our tenants, business advisers and shareholders for their continued support.

Reetsang Willie Mokgatlhe
Independent non-executive chairman

7 September 2021

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OUR PORTFOLIO FOOTPRINT

Our BWP1.35 billion diverse portfolio of 204 properties is well-balanced and risk defensive with a focus on retail/ commercial, industrial and residential.

Our properties are supported by long-term leases with a majority of Grade A tenants and strong ongoing demand that results in consistently low vacancies. In addition we own a considerable land bank for future development.

OUR PORTFOLIO DIFFERENTIATORS

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

PORTFOLIO BY SEGMENT

Retail/commercial

75

PROPERTIES
BWP 0.683 billion

Industrial

58

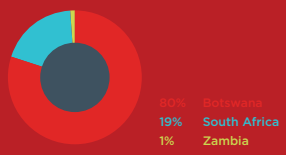
PROPERTIES
BWP 0.508 billion

Residential

71

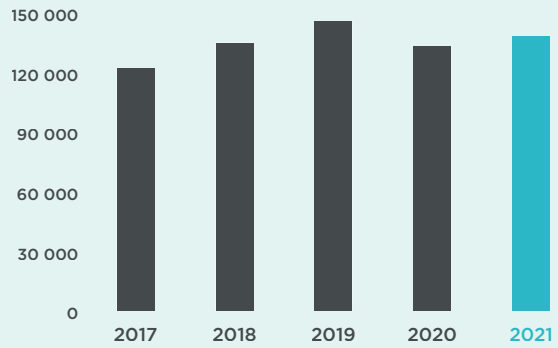
PROPERTIES
BWP 0.161 billion

Portfolio by segment

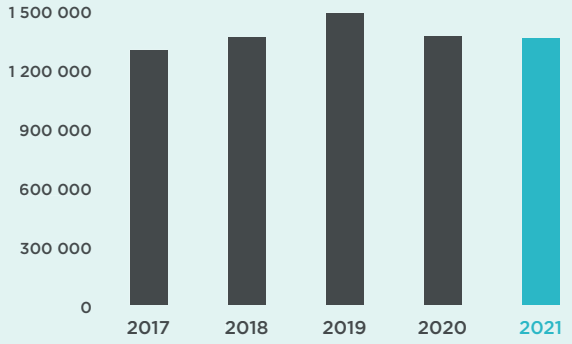


OUR VALUE

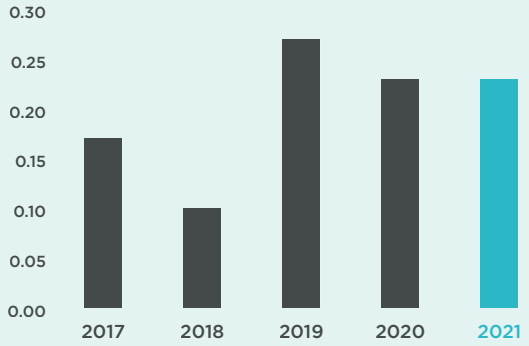
Revenue growth BWP ('000)



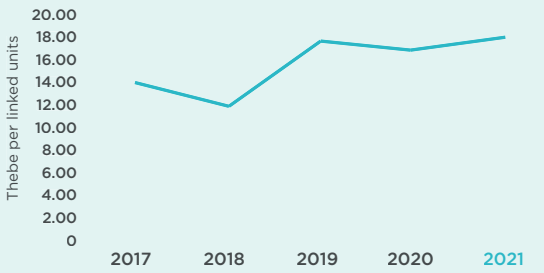
Value of the portfolio BWP ('000)



Basic earnings per linked unit (thebe)



Distribution per linked unit



OUR TENANTS

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

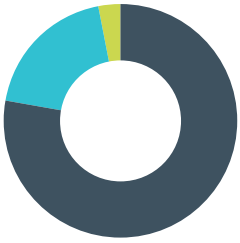
TENANT PROFILE BY GRADING

(Tenants are graded as A, B or C)

Grade A	Premium tenants including national and international brands
Grade B	Local tenants and mid-sized businesses with well-established brands
Grade C	New start-up companies and small business operations

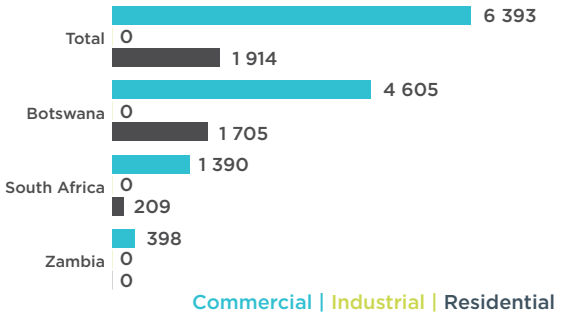
Total number of tenants
758

Tenant profile by grade (%)

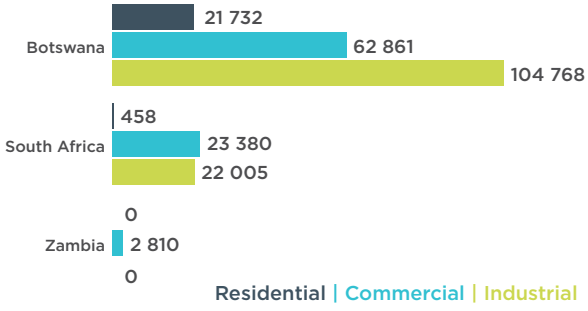


78% Grade A
19% Grade B
3% Grade C

Vacancy profile by sector (m²)

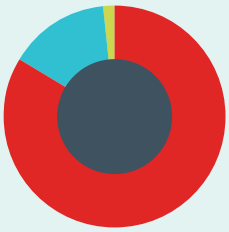


Sectoral split by GLA (m²)



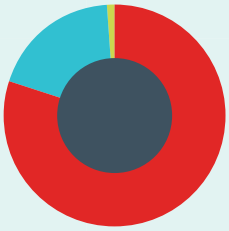
OUR PORTFOLIO FOOTPRINT continued

GEOGRAPHICAL LOCATION BY PORTFOLIO VALUE



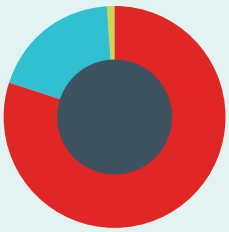
BWP 1.133 billion Botswana
BWP 0.198 billion South Africa
BWP 0.021 billion Zambia

GEOGRAPHICAL SPLIT BY GLA (%)



80% Botswana
19% South Africa
1% Zambia

GEOGRAPHICAL LOCATION BY NUMBER OF PROPERTIES



80% Botswana
19% South Africa
1% Zambia

BOTSWANA

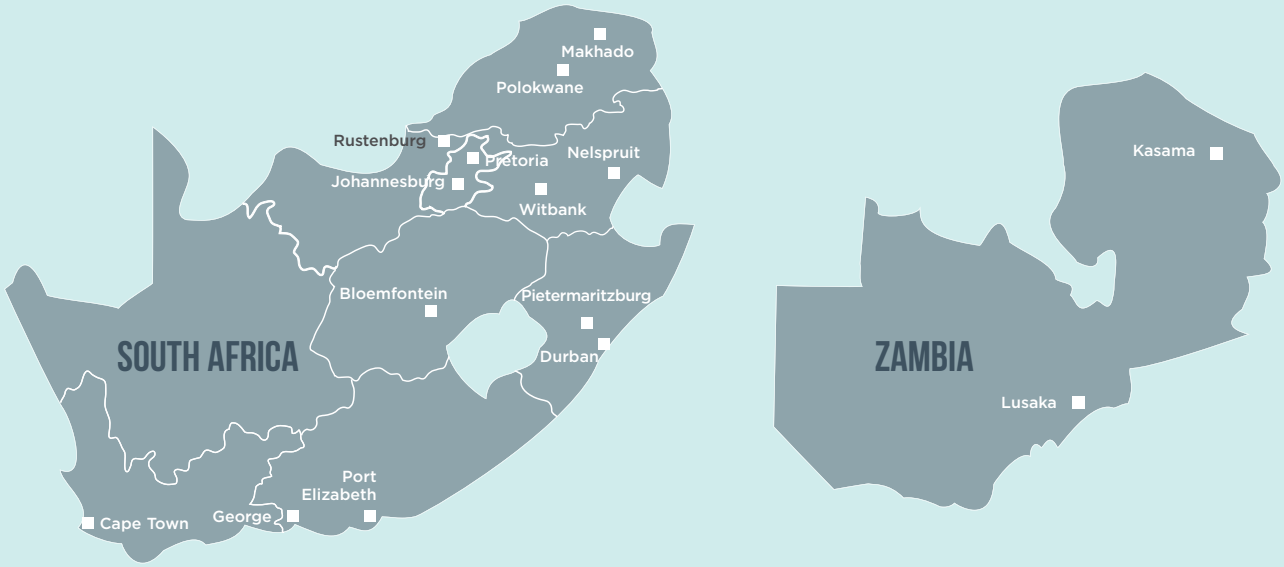
Number of properties:
179

Total value of properties:
BWP 1.133 billion

GLA:
189 361m²

Sectoral split by GLA:

Commercial:	62 861m²	33%
Industrial:	104 768m²	55%
Residential:	21 732m²	12%



SOUTH AFRICA

Number of properties:
24

Total value of properties:
BWP 0.198 billion

GLA:
45 843m²

Sectoral split by GLA:

Retail/commercial:	23 380m²	51%
Industrial:	22 005m²	48%
Residential:	458m²	1%

ZAMBIA

Number of properties:
1

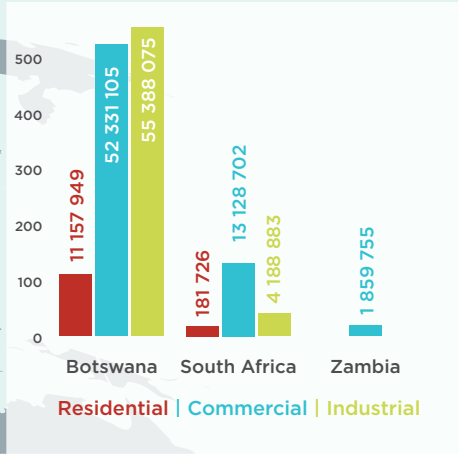
Total value of properties:
BWP 0.021 billion

GLA:
2 810m²

Sectoral split by GLA:

Commercial 2 810m²	100%
Industrial	0%
Residential	0%

REVENUE (BWP BY GEOGRAPHY AND SEGMENT)



BUSINESS MODEL

CAPITAL INPUTS

FINANCIAL CAPITAL

Debt and equity funding

SOCIAL AND RELATIONSHIP CAPITAL

Communication with different stakeholders

- Tenants
- Property brokers
- Employees
- Investors
- Suppliers

NATURAL CAPITAL

Use of resources (electricity, water)

HUMAN CAPITAL

11 employees

MANUFACTURED CAPITAL

- 204 properties (2020: 203)
- >96% occupancy rate (2020: >94%)
- BWP 1.35 billion portfolio value (2020: BWP 1.36 billion)
- 238 014m² GLA (2020: 239 140m²)

INTELLECTUAL CAPITAL

Skills knowledge and experience in our quality teams

BUSINESS ACTIVITIES

We strive to actively manage our business activities and assess their implications in order to maximise the positive aspects of our business model while minimising the bad aspects, so preserving value for all of our stakeholders.


Retail


Industrial


Residential


Invest in property


Develop property


Lease property


Maintain property

OUTPUTS – VALUE CREATION

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

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

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

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

OUTCOMES

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

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

- Adherence to environmental regulations

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

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

- Well-managed properties

OUR STRATEGY

STRATEGY SCORECARD

STRATEGIC OBJECTIVES	KPIs
FINANCIAL CAPITAL	
▪ Sustainable and profitable growth ▪ Asset growth ▪ Achieve higher return on equity ▪ Increase new cash inflow	▪ Return on assets ▪ Return on equity ▪ Cost/income ratio ▪ Revenue from new projects ▪ Market share in terms of asset
CUSTOMERS	
▪ Maximise tenant satisfaction ▪ Add and retain high-value tenants ▪ Increase revenue per tenant ▪ Reduce cost per property	▪ Tenant satisfaction index ▪ Tenant loyalty index ▪ Tenant retention ratio ▪ Number of tenants' complaints ▪ New tenant acquisition rate
INTERNAL PROCESSES	
▪ Achieve service excellence in terms of: – Reliability/availability – Responsiveness – Absence of errors	▪ Request/complaints fulfilment time ▪ Tenant complaints ▪ Number of errors and mistakes
LEARNING AND GROWTH	
▪ Increase employees' competency ▪ Increase employees' responsibility ▪ Improve activities	▪ New revenue per employees ▪ Qualification test result ▪ Number of errors per employees

FPC is a property investment company with an internally managed, diversified portfolio of retail, commercial, industrial and residential properties in Botswana, South Africa and Zambia. We capitalise on some of the fastest growing populations in Africa combined with retailers' strategy of targeting the underserved market which has little formal retail penetration providing store-space and supporting infrastructure to some of the major retailers.

PROGRESS IN FY21	TARGETS FY22
▪ ROA 7% ▪ ROE 10% ▪ Cost income ratio 22% ▪ 5 new projects ▪ Third largest listed property owner	▪ ROA 8% ▪ ROE 12% ▪ Cost income ratio 20% ▪ 8 new projects ▪ Second largest listed property owner
▪ 98% tenant satisfaction ▪ 99 renewal leases ▪ 100% new leases on new development	▪ 100% tenant satisfaction ▪ 100 renewal leases ▪ 100% new leases on new development
▪ Requests/complaints fulfilled within 24 hours ▪ Complaints down 25% yoy ▪ Number of errors down to a minimum	▪ Requests/complaints fulfilled within 12 hours ▪ Complaints down 50% yoy ▪ Number of errors down to a minimum
▪ Number of errors per employee down to a minimum	▪ Zero errors per employees

OUR MARKET OVERVIEW

The majority of FPC's assets are spread across urban and peri-urban areas located in our home market of Botswana. This allows us to continue to benefit from the vast knowledge we have accumulated over the years on the domestic market. Our well-established networks with tenants and an on-the-ground market understanding have allowed us the privilege of building a well-balanced portfolio in terms of property selection and revenue.

The property business was severely impacted by Covid-19 due to an economic slowdown. An ease in trade and movement restrictions as infection rates decrease will be highly beneficial for the business as we see a rapidly growing population with a demographic profile of young and increasingly urbanised individuals.

BOTSWANA

The domestic economy remained subdued after plummeting in 2020 owing to domestic disruptions in production output and a slump in global demand for diamonds, Botswana's major export commodity. In the long term, earnings from exports are expected to increase in line with the recovery of the global economy as the luxury goods market further strengthens.

The impact of Covid-19 led to an estimated real GDP contraction of 8.5% with social-distance measures being implemented along with travel restrictions and a subsequent lockdown. Extended lockdowns resulted in weakened consumer spending which hindered near-term rent collections and reduced long-term demand for real estate space due to a reduction in revenue experienced by our clients.

Economic growth will hinge on the prompt implementation of the Economic Recovery and Transformation Plan ("ERTP"), business environment reforms and the government's intervention regarding Covid-19.

The ERTP is expected to cost $1.3 billion (7.6% of GDP), implemented over a period of two-and-a-half years. Botswana's low debt levels mean the government can fund the plan using both domestic and foreign sources. This will also help support the country's Covid-19 pandemic relief package. The economy is set to recover to 5.5% by 2022.

SOUTH AFRICA

Covid-19 had a severe impact on the South African economy, further increasing the already high inequality rates. Structural challenges and weak growth have slowed down progress in reducing poverty levels. A high number of unemployed individuals recently expressed their anger as major parts of the country experienced civil unrest and widespread looting.

South Africa's economy grew by 6.3% in the second quarter of 2020, which exceeded economists' expectations. The rebound was largely driven by fixed investment and upbeat export growth. More positively, the vaccination campaign has continued to gain traction with scores of young people and young adults showing up to be vaccinated.

Reduced infection rates have resulted in an easing of restrictions, which has allowed trade to commence. Going forward, economic growth is set to rebound due to expected healthier investment and private consumption dynamics. Analysts forecast a 2.5% expansion by 2022.

ZAMBIA

Zambia recently entered a new phase in its democracy as it welcomes newly elected president, Mr Hakainde Hichilema. His election raised hopes at the back-end of a deep recession caused by the adverse impact of the Covid-19 pandemic.

The new administration will have an opportunity to rebuild and restructure the economy after a recent stagnancy in economic growth owing to falling copper prices and an undervalued agricultural sector. Despite the challenges, the services sector has shown signs of continued growth especially the retail and wholesale sector. Furthermore, the country still has an option to venture into alternative mineral commodities such as emeralds and gold.

The economy is projected to grow by 1.0% in 2021 and 2.0% in 2022, driven by a recovery in the mining, tourism and manufacturing sectors. A reduction in Covid-19 cases will ease government trade restrictions and continue to boost activity in both the manufacturing and tourism sector. The Kazungula bridge will also provide an important trade connectivity route and will further stimulate growth in the economy. The economy is expected to grow by 2.0% in 2022.

Economic growth (GDP, annual variation in %)

	2016	2017	2018	2019	2020
Botswana	4.3	2.9	4.5	3.0	-7.8
South Africa	0.4	1.4	0.8	0.2	-7.0
Zambia	3.8	3.5	4.0	1.4	-3.0

Sources: World Bank and the Economist Intelligence Unit.

OUR PERFORMANCE

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MANAGEMENT OVERVIEW

Pleasingly the results for the year show a steady increase in key performance metrics.

During the year FPC continued to effectively manage a portfolio that showed resilience despite the impact of Covid-19 in all geographies in which the group operates. FPC demonstrated an agility in swiftly adapting to changes in consumer behaviour and news ways of thinking and working.

FINANCIAL HIGHLIGHTS

REVENUE UP BY 3%

PROFIT BEFORE INCOME TAX UP BY 11%

NET INCOME FROM OPERATIONS UP BY 14%

RENTAL YIELDS AT A STABLE RATE OF 10%

VACANCIES LOW AT <5%

LOAN-TO-ASSET RATIO OF 19%

FINANCIAL PERFORMANCE

Revenue increased by 3% to BWP 138 million from 2020 (BWP 134 million), while profit before tax increased 11% to BWP 96 million (2020: BWP 86 million). Net income from operations increased 14% to BWP97 million (2020: BWP 86 million).

Vacancies across the portfolio remain below 5%, which is encouraging given the tough trading environment. The rent yield remained stable at 10% while the loan-to-asset ratio also improved from 25% to 19%.

The board declared and approved a distribution to unitholders of 17.80 (2020: 16.80) thebe for each unit, comprising 17.64 thebe interest and 0.16 thebe dividend. This equates to a 6% increase on the prior year.

OPERATIONS

During the year we continued to prioritise the health and wellbeing of our employees across the group given the Covid-19 pandemic. We continued to extract value from existing properties through expansion and upgrade programmes, including repainting and refurbishments, preventive maintenance systems put in place, expansion of retail floor space in Thamaga and Letlhakeng, improving infrastructure facilities and developing community parking at Metsimotlhabe retail outlet, as well as new developments.

DEVELOPMENTS

REGION	SEGMENT	PROPERTY
Botswana	Industrial	Wholesale and filling station project in Serowe
	Commercial	Supermarket project in Kopong
	Commercial	Filling station project in Modipane
	Commercial	Filling station projects in Metsimotlhabe
	Commercial	Filling station and mini mall project in Tlokweng

LOOKING AHEAD

Two commercial properties are close to completion on time and within budget and tenants have already been secured. These properties are expected to add to the group's revenue for the 2022 year-end.

APPRECIATION

My thanks to our team for their continued hard work and dedication in challenging times. My appreciation also to the board for their wise counsel. I would also like to thank our tenants and service providers for their ongoing support.

Ramachandran Ottapathu

Founder and director

7 September 2021

STAKEHOLDER ENGAGEMENT

Engagement with our stakeholders is critical to our long-term sustainability and business plan.

We are committed to maintaining open, timely, and consistent communication with all stakeholders, and we engage with numerous stakeholder groups on a regular basis. The board receives feedback from these engagements, which affects our important strategic decisions and the identification of our material concerns.

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

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

Stakeholders	What matters to them	How we engage
Investors and funders	▪ Distributions ▪ Liquidity issues due to impact of Covid-19 ▪ Capital appreciation ▪ Market confidence and share price ▪ Governance and sustainability ▪ Compliance with debt ▪ Accessibility to management	▪ One-on-one discussions ▪ Stakeholder sessions ▪ Press releases ▪ Property tours ▪ Annual and interim presentations ▪ Integrated annual report ▪ Annual General Meetings ("AGM") ▪ Website ▪ Brochures, leaflets, advertisements
Regulators, government and authorities	▪ Compliance ▪ Tax revenue	▪ Knowledge sharing sessions/seminars ▪ Site visits ▪ Website ▪ Newsletter ▪ Media and market reports ▪ Brochures and leaflets ▪ Integrated annual report ▪ Presentations
Employees	▪ Issues related to Covid-19 – Job security – Remote working – Health and wellness ▪ Remuneration ▪ Career development	▪ Emails ▪ Debriefings and information sessions ▪ Staff meetings ▪ Website ▪ Letters
Media	▪ Communications ▪ Accessibility of the management team	▪ Press releases ▪ Interviews and speeches ▪ Workshops and seminars ▪ Website
Tenants	▪ Rental concerns due to Covid-19 ▪ Communication ▪ Utility supply interruptions ▪ Increased cost of occupations ▪ Security maintenance	▪ One-on-one discussions ▪ Stakeholder sessions ▪ Emails and telephone calls ▪ Hotline complaint facility ▪ Website
Suppliers	▪ Supplier business sustainability during Covid-19 lockdown ▪ Contract management	▪ Potential/new supplier introduction ▪ Tenants feedback ▪ Service level agreement management and service delivery feedback meetings
Communities	▪ Job creation for unemployed youth ▪ Business opportunities	▪ Direct engagement about community concerns ▪ Website

SUSTAINABILITY REVIEW

OUR PEOPLE

3 COUNTRIES

11 EMPLOYEES

Employee demographics

Eight women; three men

Employees by age group

4 Under 30
7 30 to 50

We aim to attract and retain high-calibre talent and we believe in rewarding high performers who demonstrate their commitment to the company and the communities in which we operate. Employees receive annual appraisals which guide the increases and incentives awarded. A long-term incentive plan is in place for senior executives.

FPC is an equal opportunities employer and discrimination at any level is not tolerated.

Skills development

Although no formal training programme is in place managerial employees are required to update their skills through continuous professional development ("CPDs") provided by professional institutes such as BICA.

The success of our business is directly linked to our human capital resources and our people are critical to the delivery of shareholder value. Our workforce currently stands at over 11 people all of whom are in Botswana. Our focus is on employing locally with 25% of our senior management being local, and on creating employment in high-unemployment areas.

SAFETY, HEALTH AND ENVIRONMENT

We are committed to ensuring a safe and healthy environment for both our employees and tenants. We practise and encourage our stakeholders to respect the environment, making rational use of natural resources and taking steps to prevent pollution from the different processes involved in industrial operations. We further promote the sustainable use of raw materials and natural resources.

FPC has a safety, health and environment ("SHE") policy in place.

The safety of our employees is a top priority. FPC subscribes to a zero-harm policy and we are committed to preventing accidents that may affect our employees, equipment, facilities or customers. This year no worker-related injuries were reported.

During the year, the company continued with its focus on water and energy efficiency and re-using and recycling waste material where possible. This included the proposal for a recycling water treatment plant in some of the new projects.

The group is also in final stage discussions with service providers for the installation of roof-top solar energy systems on warehouses and malls. This project is expected to be implemented in FY22.

The company has received no significant fines for non-compliance with environmental laws and regulations this year.

TOP 10 PROPERTIES

TATI RIVER MALL

PORTION A OF LOT 903 FRANCISTOWN

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

GLA (m^2)

6 797m^2

Value at 30 June 2021

BWP 64 200 000

Anchor tenants
Choppies Hyper Francistown
OK Furniture

Other key tenants
MultiChoice Botswana, CIPA, BITC, Letshego, JB Sports, Liquorama

Type of property
Retail

Location
Francistown, Botswana

PORTION 880

A PORTION OF PORTION 3-9 KO GICP, GABORONE

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

GLA (m^2)

17 595m^2

Value at 30 June 2021

BWP 112 750 000

Anchor tenants
Keriotic Investments
Choppies Distribution and Keriotic Investments/Spark Capital
Amphora
DCS Tropicana (Proprietary) Limited
Well Done (Proprietary) Limited
Motopi Holdings

Type of property
Industrial

Location
Gaborone, Botswana

TOP 10 PROPERTIES continued

PORTION 888

(A PORTION OF REM EXTENT OF PORTION) OF FARM FOREST HILL – 9 KO GICP GABORONE

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

Occupancy
100%

GLA (m²)
11 949m²

Value at 30 June 2021
BWP 64 200 000

Anchor tenants
BMS
Choppies
NBL

Type of property
Industrial

Location
Gaborone, Botswana

PORTION 212

(PORTION OF REM EXTENT FARM PORTION 3) FARM NO. 9 KO, GABORONE

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

Occupancy
100%

GLA (m²)
11 706m²

Value at 30 June 2021
BWP 64 000 000

Anchor tenants
Choppies Distribution Centre (Proprietary) Limited

Type of property
Industrial

Location
Gaborone, Botswana

TRIBAL

LOT 1301 KAZUNGULA

The property is located in a prominent road located on the A33 main road close to the Kazungula ferry crossing. The new road bridge opened in 2018 which opened up traffic into Kasane at the border post from Zambia and central Africa further north. The present ferry replaces the Kazungula that is less than 2km distance.

Occupancy
86%

GLA (m²)
7 374m²

Value at 30 June 2021
BWP 76 325 000

Anchor tenants
Old first phase (11 shops)
New second phase
Proposed petrol station site

Type of property
Retail

Location
Kazungula, Botswana

ERF 6162

(MAHIKENG, NORTH WEST PROVINCE, SOUTH AFRICA)

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

Occupancy
100%

GLA (m²)
5 176m²

Value at 30 June 2021
R47 400 000

Anchor tenants
Supermarket
Clicks
Gia's Enterprise

Type of property
Retail

Location
Mahikeng, North West province, South Africa

TOP 10 PROPERTIES continued

ERF 2282

RUSTENBURG EXTENSION 9 (NORTH WEST PROVINCE, SOUTH AFRICA)

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

Occupancy
100%

GLA (m²)
10 304m²

Value at 30 June 2021
R48 200 000

Anchor tenants
Choppies Supermarket SA (Proprietary) Limited

Type of property
Commercial

Location
Rustenburg, North West province, South Africa

ERF 7185

RUSTENBURG EXTENSION 9 (NORTH WEST PROVINCE, SOUTH AFRICA)

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

Occupancy
100%

GLA (m²)
5 974m²

Value at 30 June 2021
R52 200 000

Anchor tenants
Choppies Supermarket SA (Proprietary) Limited

Type of property
Commercial

Location
Rustenburg, North West province, South Africa

PORTION 196

9 KO GICP GABORONE

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

Occupancy
100%

GLA (m²)
4 992m²

Value at 30 June 2021
BWP 29 200 000

Anchor tenants
Clover Botswana

Type of property
Commercial

Location
Gaborone, Botswana

PLOT 43517

(PORTION OF LOT 43544), FRANCISTOWN

The property is located south of the city in a new industrial area, north of the BMC circle. It is less than 1km away from west of the Tonota to Francistown dual carriage, the way was not completed.

Occupancy
100%

GLA (m²)
4 928m²

Value at 30 June 2021
BWP 20 500 000

Anchor tenants
Choppies Distribution Centre Francistown

Type of property
Industrial

Location
Francistown, Botswana

ACCOUNTABILITY

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King III compliance checklist 44

ETHICAL LEADERSHIP

FPC is committed to upholding the highest standards of ethics, transparency and good governance in the interest of all our stakeholders and we adopt stringent compliance measures.

The group's governance, ethics and values are the sole responsibility of the board and is supported through management. The board is obligated to lead ethically and effect leadership within a framework of prudent and effective control, thereby ensuring that ethics are managed and that FPC is a responsible corporate citizen.

The board supports the principles of King III as a BSE-listed company and derives its rights and duties from the board charter. FPC reviewed the board charter in the year under review to ensure absolute compliance with the principles of King III. FPC complies with the principles of King III as set out in our application on pages 44 to 47.

All FPC employees are expected to disclose any conflicts of interest and vetting is undertaken at the point of appointment. Ethics, bribery and anti-corruption policies are in place to which all employees are required to adhere. No other contraventions of the codes and policies were reported during the year.

RISK MANAGEMENT

FPC views risk management as a fundamental part of the company's sustainability and growth strategy.

Our approach to risk management ensures that our strategic objectives are met through the balancing of risks and value creation. The group's risk-management policy is in line with industry practice, thus prohibiting FPC from entering into any derivative transactions that are not in the normal course of the company's business.

The board assessed the organisation and functioning of the internal risk management and control systems. The outcome of the assessment was discussed with the audit and risk committee.

RISK APPETITE

The board is ultimately responsible for setting risk appetite and tolerance. Any risk deemed medium to low is considered within tolerance levels. In assessing risk appetite, FPC takes into consideration its key values, one of them being performance excellence. Embedding this in our culture on a day-to-day basis has enabled us to consistently deliver expected returns and meet the expectation of our stakeholders.

The group has clearly outlined its growth strategy within a well-defined asset class along with its acquisition criteria and geographic targets. We are prepared to take risks in a responsible and sustainable manner within the defined parameters of our strategy while being mindful of the interests of our stakeholders.

One of our key values is transparency, this underpins the operations we carry out in different jurisdictions. A transparent approach has enabled us to remain compliant with the laws and regulations within all spheres of our operations. FPC also considers it crucial to correctly apply the relevant tax laws and industry-specific standards in order to fully comply with the laws as to their object and purpose.

The company consults with specialist teams, both internally and externally for complex topics and advice as part of an effort to minimise the risk of non-compliance.

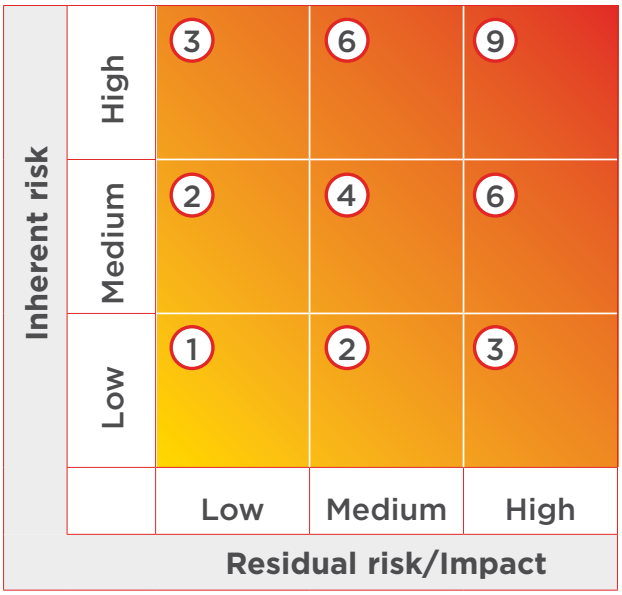
FPC adopts a conservative financial policy in order to ensure proper equity and debt management and the maintenance of a strong financial profile. The company takes a frugal approach towards any finance-related risk and actively mitigates all risk factors involved.

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

FPC is exposed to foreign currency risk on receivables and payables denominated in a currency other than Pula, being the functional and the presentation currency. In order to minimise the impact of exchange rate fluctuations, FPC applies a policy to hedge expected significant transactions in currencies other than Pula such as dividend payments. This ensures the hedging cost does not exceed any forecast risk exposure for each particular transaction.

RISK HEAT MAP

The key risks and steps we take to mitigate risk are set out below:



1. Tenant concentration and pressure
2. Lack of distribution and NAV growth
3. Market value of the portfolio
4. Financial market volatility
5. Impact of disruptive technologies (e-commerce)
6. Inability to effectively manage our reputation
7. Information security resilience
8. Failure to comply with local and international laws and regulations
9. Damage to property and security-related threats
10. Inability to maintain strong ethical and governance culture
11. Impact of acquisitions and disposals to operational efficiency
12. Inability to attract or retain skilled employees
13. JV: development risk
14. Vacant buildings and rental shortfalls

The key risks and steps we take to mitigate risk are set out below. None of these risks had a significant impact during the year.

STRATEGIC RISK DASHBOARD

Rank	Risk name	Risk category	Risk appetite	Control effectiveness	Risk response
1	General market risk	Inherent risk	Medium/low	Controlled by monitoring	Mitigation/transfer
2	Vacancy risk	Residual risk	High/medium	Controlled by monitoring	Monitor/prepare
3	Bad location	Inherent risk	High/medium	Controlled by avoidance	Avoidance
4	Bad tenants	Inherent risk	Medium/low	Controlled by avoidance	Avoidance

DIRECTORATE

REETSANG WILLIE MOKGATLHE (59)
(Botswana)

Independent non-executive chairman

Appointed: December 2015

MSc, BCom

Willie has over 16 years' experience working in the private and public sector. He has served as director in Shell Namibia Limited, Shell Botswana, National Development Bank, Botswana Postal Services and Air Botswana. His tenure at the National Development Bank included serving as chairman.

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

Skills brought to FPC
Leadership, management, finance, board and committee experience, strategy development, marketing and stakeholder management.

GN

Chairman

RANJITH PRIYALAL DE SILVA (66)
(Sri Lanka)

Independent non-executive director

Appointed: June 2019

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

Priyalal is a Chartered Accountant who has worked with PricewaterhouseCoopers (PwC) Botswana as an Audit Partner for 19 years where he also held the position of Chief Operating Officer from 1 July 2007 until his retirement on 30 June 2016. Prior to retirement, he had over 37 years' experience in the professional accounting field. His expertise covers auditing, accounting, taxation, financial management and corporate governance.

Skills brought to FPC
Leadership, auditing, taxation, financial management and corporate governance.

ARC

Chairman

BAFANA KGOTLA MOLOMO (39)
(Botswana)

Independent non-executive director

Appointed: November 2019

MBA, BCom, Post-graduate Diploma in Business

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

Skills brought to FPC
Investment management, corporate advisory, leadership, real estate and finance.

ARC

KEY

GN Governance and nomination committee

ARC Audit, risk and compliance committee

RAJESH JAYRAJH (50)
(South Africa)

Independent non-executive director

Appointed: October 2020

LLB (UNISA)
Bachelor of Law (UNISA)
Certified Risk Specialist (INTERFIRMA)

Rajesh is an experienced Chief Risk Officer with a demonstrated track record in the banking and financial services sector. His career in business and risk spans more than 20 years with senior executive experience in retail, SME, commercial and corporate banking across Africa, Asia, Eastern Europe, South America and the United Kingdom.

Skills brought to FPC
Accounting, compliance, risk management, mergers and acquisitions and real estate.

RAMACHANDRAN "RAM" OTTAPATHU (57)
(Botswana)

Non-executive director

Appointed: July 2010

BCom, CA (ICAI), FBICA

Ram has more than 30 years' experience in the retail industry in both finance and operations, and further experience in other industries such as manufacturing, packaging, milling and medical distribution. He combines entrepreneurial and commercial acumen with excellent management skills. Ram is a Fellow Member of the Institute of Chartered Accountants of India and Associate Member of the Botswana Institute of Chartered Accountants.

Skills brought to FPC
Retail, finance, operations management, entrepreneurial, accounting, management, leadership..

FAIZEL ISMAIL (39)
(Botswana)

Non-executive director

Appointed: June 2016

IMM diploma

Currently, Faizel is the Managing Director of Chicken Licken Botswana. The number of years he spent working as a purchasing manager equipped him with a wealth of business and marketing experience all of which have been beneficial to the group.

Skills brought to FPC
Management, entrepreneurship, marketing and leadership

VIDYA SANOOJ (38)
(Botswana)

Executive director

Appointed: June 2015

BCom, CA (ICAI), FBICA

Vidya has over 15 years of experience in accounting, finance, corporate restructuring and mergers and acquisitions. Her experience has involved working with the CEO of a multinational merchandise retailer and its related entities. She is a Fellow of the Institute of Chartered Accountants of India and of the Botswana Institute of Chartered Accountants.

Skills brought to FPC
Accounting, finance, corporate restructuring, retail.

ARC GN

CORPORATE GOVERNANCE REPORT

The board is the main custodian of good corporate governance and plays a prominent role in the strategic development, risk management and sustainability processes of the group. The board understands that adhering to the highest standards of corporate governance is fundamental to sustaining the FPC business and all business practices are conducted in good faith and in the best interest of the company and all its stakeholders.

We are committed to maintaining the highest standards of governance and adopt stringent compliance practices. Our disclosure standards are regulated by the Botswana Companies Act, BSE Listings Requirements, BSE Code of Best Practice on Corporate Governance and King III (as required by the BSE). The board appreciates that effective governance is a key driver of sustainability and acknowledges its responsibility in this regard. This includes reporting on its operations and results to stakeholders in a timely manner.

The group's application of King III can be found on pages 44 to 47.

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

GOVERNANCE STRUCTURE

THE BOARD

MEMBERS

Reetsang Willie Mokgatlhe+ (Chairman)	Ranjith Priyalal De Silva+	Bafana Kgotla Molomo+	Faizel Ismail*	Ramachandran Ottapathu*	Rajesh Jayrajh+	Vidya Sanooj#

RESPONSIBILITIES

- Organisational development
- Selecting, remunerating and evaluating executive management
- Evaluating management's actions in ensuring the integrity and reliability of the group's financial systems and financial reporting
- Reviewing and approving the annual budget
- Compliance with good corporate governance
- Distributions to linked unitholders
- Assurance procedures and policies
- Organisational policies
- Succession planning
- Considering the investment strategies and appraisals for future investments

Audit, risk and compliance committee

Ranjith Priyalal De Silva (Chairman)
Bafana Kgotla Molomo
Vidya Sanooj

For more information see page 42

ARC

Governance and nomination committee

Reetsang Willie Mokgatlhe (Chairman)
Vidya Sanooj
Ranjith Priyalal De Silva

For more information see page 40

RG

BOARD AND COMMITTEE MEETING ATTENDANCE

Attendance register	Board	Audit, risk and compliance committee	Governance and nomination committee
Reetsang Willie Mokgatlhe (chairman)	4	–	2
Ramachandran Ottapathu	4	–	–
Vidya Sanooj	4	5	2
Faizel Ismail	4	–	–
Ranjith Priyalal De Silva	4	5	2
Bafana Kgotla Molomo	4	5	–
Rajeshkumar Jayrajh	4	–	–

* *Non-executive director*
\+ *Independent non-executive director*
\# *Executive director*

CORPORATE GOVERNANCE REPORT continued

THE BOARD

The board consists of seven directors, one being the executive director and six of whom are non-executive directors, with four of these being independent.

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

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

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

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

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

EXECUTIVE MANAGEMENT

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

Shinu Joy (head of finance and operations) promoted as acting CEO is responsible for the overall finance management and operations of the group and implementation of the strategy and objectives as adopted by the board. He has over 14 years in finance and operations in India, the Middle East and Africa within various industries and groups. He holds a BCom, ACA, and ACMA (US). He is well versed in the property market and joined FPC in December 2017.

Afifa Patel (finance manager) is responsible for management of accounts and finance and has experience in various service industries in Botswana and India. She is an ACCA and joined FPC in August 2020.

FPC operates under corporate governance policies that embrace the principles and recommendations set out in the BSE Corporate Code and the King III Report.

BOARD EVALUATION

The board has adopted the principles of King III and agreed to conduct its assessment biannually to allow sufficient time to implement remedial action. The self-evaluation covers the size and composition of the board, the directors' induction and development effectiveness, board meetings, the relationship between the board and management, the flow of information, skills needed by the board and its committees, as well as stakeholder relations.

A board evaluation for the year was done by each member, however, going forward we will consider the assessment of individual directors by the chairman. The audit, risk and compliance committee is working with the board in terms of the composition of the committee.

SUCCESSION PLANNING

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

APPOINTMENT AND ROTATION OF DIRECTORS

Directors are appointed in accordance with a formal and transparent appointment policy which involves all board members. Board members are formally appointed for a period of three years and retire on a rotation basis. Retiring directors may make themselves available for re-election provided they remain eligible. Faizal Ismail and Vidya Sanooj will be retiring by rotation and standing for re-election at the upcoming annual general meeting.

An informal induction programme for new directors is in place whereby all new directors are welcomed by management and provided with copies of company statutory documents including board charters, the Companies' Act, King reports and Corporate Governance principles. The board members are advised to undertake CPD training through external providers. The company will consider a formal cost-effective induction programme for the new directors and continuous training programme in future.

CORPORATE GOVERNANCE REPORT continued

STAKEHOLDER RELATIONS

The board and management proactively engage with material stakeholders and address their concerns in the best way possible. Collaboration is important to the group's approach and strategic partnerships are driven with like-minded stakeholders. In addition, personal meetings with analysts and fund managers or trustees are be arranged when appropriate. FPC publishes its interim and annual results in the media when finalised and in addition, mails its integrated annual report to all shareholders. See stakeholder engagement on page 21 for further detail.

INTERNAL CONTROL

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

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

The board approved the compliance framework policy on 3 March 2021.

The board reviewed and approved its risk management plan on 3 March 2021.

INTERNAL AUDIT FUNCTION

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

Focus areas during the year included:

- Reviewing the effectiveness of the systems of internal controls
- Establishing the internal audit function to give assurance on the governance, internal controls and risk management of the company
- Preparing the internal audit charter

During the year, the board reviewed all recommendations that were made and remained implemented. Additionally, the risk register, which was prepared by internal audit, has been reviewed and approved by the audit, risk and compliance committee.

COMPANY SECRETARY

The company secretary is Kingsway (Proprietary) Limited, and the board is satisfied that they are a suitably qualified, competent and experienced professional firm. The company secretary representative is not a director of the company. The board has considered the individuals at Kingsway (Proprietary)Limited who perform the company secretarial functions and is satisfied that there is an arm's length relationship between the company secretary and the board. The board also reviews the competence, qualifications and experience of the company secretary annually.

The company secretary provides the directors, collectively and individually, with guidance as to their duties, responsibilities and powers and ensures that the directors are aware of all laws and relevant legislations.

INDEPENDENT ADVICE

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

IT GOVERNANCE

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

Our IT governance ensures that information in all its forms – written, spoken, recorded electronically or printed – will be protected from accidental or intentional unauthorised modification, destruction or disclosure throughout its lifecycle. This protection includes an appropriate level of security over the equipment and software used to process, store and transmit that information.

An IT governance function is in place and is regularly monitored by management in terms of the efficiency of IT controls, policies and processes. During the year, the board approved the company's IT security policy. All policies and procedures are documented and provided to the relevant employees.

All the documentation is retained for at least six years after initial creation, or pertaining to policies and procedures, after changes are made. All documentation is periodically reviewed for appropriateness and currency, a period of time to be determined by each entity within the FPC group.

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

A business continuity plan and disaster recovery plan are in place.

Going forward, the internal auditors will include a review on the effectiveness of the IT internal controls and IT governance and controls supporting outsourced IT services.

COMPLIANCE

Due to the size and limited activities of the company, compliance functions are overseen by the COO. A compliance framework policy was approved by the board during the year.

GOVERNANCE AND NOMINATION COMMITTEE REPORT

The role of the governance and nomination committee is to assist the board in monitoring and discharging its corporate governance oversight responsibilities in relation to the company's compliance with applicable laws, regulations and best practice. The committee is also responsible for assisting the board in setting the remuneration policy for the group and ensuring that this and recruitment align with the overall business strategy. Attracting and retaining skilled employees is a key factor in the development of the group.

The governance and nomination committee comprises independent non-executive chairman Reetsang Willie Mokgatlhe, independent non-executive director Ranjith Priyalal De Silva, and executive director Vidya Sanooj. Other directors attend by invitation. Full attendance registers are set out on page 35.

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

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

- The introduction of a handbook as part of the code of conduct to inform new employees of the policies and procedures of the company and to establish the company's expectations. It is not all inclusive or intended to provide strict interpretations of the policies, rather, it offers an overview of the work environment
- An additional independent non-executive director was appointed during year in order to ensure that four out of seven directors are independent non-executive directors as per recommended governance practice
- The organisational structure, as it was recognised that the company needed adequate human capital and a structure that would best position it for achieving its strategic objectives. The position of COO was introduced in order to support the design principle of ensuring depth of capability for business continuity planning.

In order to ensure compliance with BSE Listings Requirements, the board of directors are in the process of adopting a policy on the promotion of gender diversity in the nomination and appointment of directors.

REMUNERATION

The remuneration policy is reviewed by the nomination committee and it is approved by the board of directors.

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

REMUNERATION POLICY

Introduction

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

The remuneration of executive directors is set by the board based on the recommendation from the governance and nomination committee, whereas, the remuneration of non-executive directors also operates on the same basis, except it requires shareholder's approval and ratification.

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

The policy provides guidance as follows:

Executive directors and executives

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

Annual bonus

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

- The bonus is based on performance against annual measures and targets set at the start of the year, evaluated at the end of the financial year. The level of bonus payable may vary depending on the job performance.

Non-executive directors

- Remuneration is in the form of fees, payable for each sitting of a board or committee meeting. The board chairman is paid a monthly retainer fee. Remuneration practice is consistent with recognised best practice standards for non-executive directors' remuneration and, as a Botswana Stock Exchange listed company, the level and structure of non-executive directors' remuneration will primarily be compared against Botswana best practice
- Level and structure of non-executive directors' remuneration is reviewed by the governance and nomination committee who will make recommendations to the board
- Non-executive directors do not vote on their own remuneration
- Non-executive directors receive a sitting fee for the purpose of attending board or committee meetings.

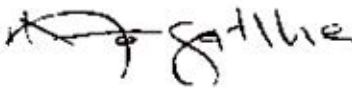
The governance and nomination committee reviews and assesses the effectiveness and continued relevance of this policy periodically. Any recommended revisions regarding the policy are submitted to the board for consideration and approval.

DIRECTORS' AND KEY MANAGEMENT REMUNERATION

Independent non-executive directors are paid a sitting fee of BWP 33 333 for each meeting attended, including board, audit, risk and compliance committee, nomination committee and linked unitholders' meetings. Any increase in directors' remuneration must be submitted to linked unitholders at an annual general meeting for consideration and approval or ratification.

Directors	Retainer fee	Sitting fee	Total BWP
Ranjith Priyalal De Silva	–	400 000	**400 000**
Vidya Sanooj	396 000	–	**396 000**
Reetsang Willie Mokgatlhe	150 000	233 333	**383 333**
Bafana Kgotla Molomo	–	333 333	**333 333**
Rajeshkumar Jayrajh	–	133 334	**133 334**
Total	**546 000**	**1 100 000**	**1 646 000**

Key management personnel	Salaries and short-term employee benefits	Other long-term benefits (severance)	Total BWP
Shinu Joy	667 823	67 523	**735 346**
Sreedharan Nair	279 677	197 323	**477 000**
Afifa Patel	255 829	30 927	**286 756**
Total	**1 203 329**	**295 773**	**1 499 102**



Reetsang Willie Mokgatlhe

Governance and nomination committee chairman

7 September 2021

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

The audit, risk and compliance committee (ARC) is appointed by the board of directors and operates within the terms of reference as defined in its charter. The committee consists of two independent non-executive directors and one executive director. Senior management and the external auditors also attend ARC meetings by invitation.

The composition of the committee complies with advised corporate governance credentials and members of the committee have the expected levels of expertise and experience. Based on their regular interaction with the head of finance team, the committee is satisfied with the expertise, experience and competence of the head of finance team. The committee is satisfied with the independence of the external auditor.

The committee's responsibilities include the following:

Finance function

- Consider the expertise and experience of the chief finance officer; and
- Consider the expertise, experience and resources of the group's finance function.

Internal audit

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

Risk management

- Ensure the group has an effective policy and plan for risk management;
- Oversee the development and annual review of the risk management policies;
- Make recommendations to the board on levels of risk tolerance and risk appetite;
- Ensure risk management is integrated into business operations;
- Ensure risk management assessments are conducted on a continual basis;
- Ensure frameworks and methodologies are implemented to increase preparedness to encounter unpredictable risks;
- Ensure that management considers and implements appropriate risk responses;
- Express the committee's views on the effectiveness of the system and process of risk management; and
- Ensure risk management reporting in the integrated annual report is comprehensive and relevant.

EXTERNAL AUDIT

- Recommend the external auditor to the board for recommendation for appointment by the shareholders;
- Approve the terms of engagement and remuneration of the auditor;
- Ensure the appointment of the auditor complies with relevant legislation;
- Monitor and report on the independence of the external auditor;
- Define a policy for non-audit services which the auditor may provide and approve non-audit service contracts (no non-audit services were provided during the year);
- Review the quality and effectiveness of the external audit process; and
- Ensure a process is in place for the committee to be informed of any reportable irregularities identified by the external auditor
- The committees is satisfied with the independence of external auditors.

IT GOVERNANCE

- Ensure that the company's governance system provides the means to institutionalise the enablers of good corporate governance through the integration of people, process, technology and information and management systems to enable the creation of value and support the achievement of the business and organisation's strategic goals and;

- Ensure that there are adequate mechanisms to safeguard the company's information and that the group has measures in place to recover from any technological disruptions.

MEETINGS AND ACTIVITIES OF THE COMMITTEE

The committee held five meetings since 1 July 2020. Attendance is set out on page 35.

The major topics dealt with by the committee during the year were:

- Review of the audit, risk and compliance committee charter;
- Planning for the external audit process, including discussions on key issues related to the external audit, the proposed fees for the audit and other related matters;
- Clearance of the audited annual financial statements and review of the external audit reports on issues related to the external audit process;
- Consideration of the distribution to linked unitholders, including solvency test in relation thereto, for recommendation to the board;
- Consideration of the offer to unitholders of the capitalisation of distribution related to the year ended 30 June 2021;
- Review of the integrity of the integrated annual report;
- Review of press releases related to trading updates, half yearly and annual financial results reporting;
- Consideration of budget forecasts and related investment strategy;
- Review of management accounts and related activity reports;
- Consideration of key risks related to the group's strategic and operational risks and updating of risk register;
- Oversight over the governance of information technology;
- Consideration of the internal financial controls;
- Compliance with the BSE Code of Best Practice on Corporate Governance, specifically with regard to adoption of King III requirements; and
- Compliance with regulatory issues relating particularly to the BSE, the Companies Act, EIA regulations and the Income Tax Act.

REPORTING TO THE BOARD

The committee also periodically meets separately with the external and internal auditors, without members of executive management being present. The effectiveness of the committee is assessed as part of the annual board self-evaluation process.

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

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

The committee reports on issues discussed at its meetings at the next board meeting following the committee meeting.

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

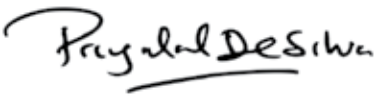
FINANCE FUNCTION

Finance Function of the Company is headed by Mrs Afifa Patel, who is a professionally qualified accountant with a number of years' experience. She performs under the direction of Mr Shinu Joy, the acting chief executive officer, who is also well experienced professionally qualified accountant. The committee is satisfied with the expertise and experience of the personnel manning the finance function and also the adequacy of the resources supporting it.

COMBINED ASSURANCE

The committee is responsible for:

- Ensuring that the combined assurance model addresses all significant risks facing the group; and
- Monitoring the relationship between external and internal assurance providers and the group.



Ranjith Priyalal De Silva

Audit, risk and compliance committee chairman

7 September 2021

KING III COMPLIANCE CHECKLIST

KEY

Y	Compliant	U	Under review	X	Non-compliant	P	Partially compliant	N/A	Not applicable

CHAPTER 1: ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP		
1.1	The board should provide effective leadership based on an ethical foundation	Y
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	Y
1.3	The board should ensure that the company's ethics are managed effectively	Y
CHAPTER 2: BOARDS AND DIRECTORS		
2.1	The board should act as the focal point for and custodian of corporate governance	Y
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Y
2.3	The board should provide effective leadership based on an ethical foundation	Y
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Y
2.5	The board should ensure that the company's ethics are managed effectively	Y
2.6	The board should ensure that the company has an effective and independent audit committee	Y
2.7	The board should be responsible for the governance of risk	Y
2.8	The board should be responsible for IT governance	Y
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Y
2.10	The board should ensure that there is an effective risk-based internal audit	Y
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	Y
2.12	The board should ensure the integrity of the company's integrated annual report	Y
2.13	The board should report on the effectiveness of the company's system of internal controls	Y
2.14	The board and its directors should act in the best interests of the company	Y
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	Y
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	Y

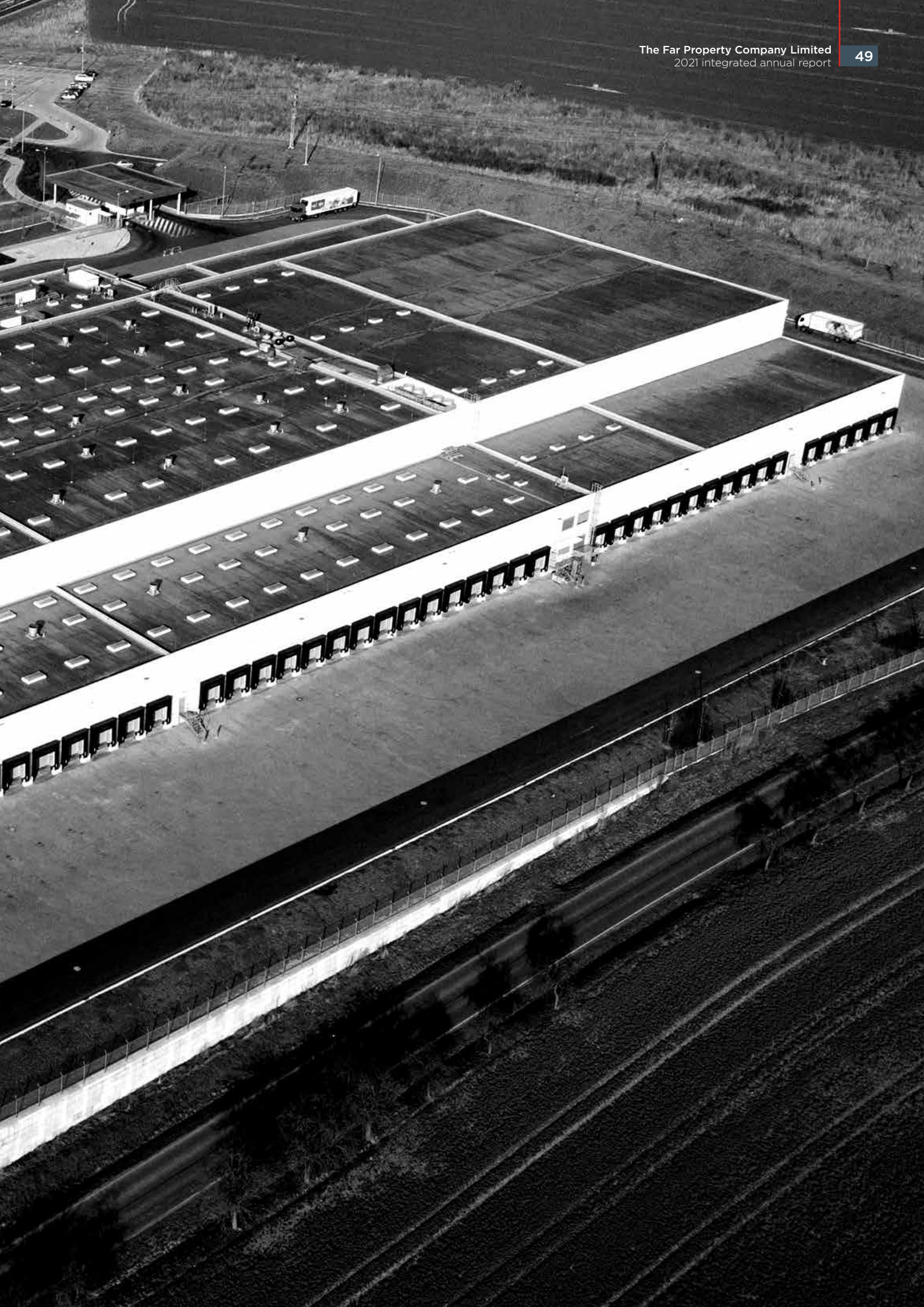
2.17	The board should appoint the CEO and establish a framework for the delegation of authority		**Y**
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent		**Y**
2.19	Directors should be appointed through a formal process		**Y**
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	Exists informally	**P**
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary		**Y**
2.22	The evaluation of the board, its committees and the individual directors should be performed every year		**Y**
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities		**Y**
2.24	A governance framework should be agreed between the group and its subsidiary boards		**N/A**
2.25	Companies should remunerate directors and executives fairly and responsibly		**Y**
2.26	Companies should disclose the remuneration of each individual director and certain senior executives		**Y**
2.27	Shareholders should approve the company's remuneration policy	Approved by the board through the remuneration committee	**X**
CHAPTER 3: AUDIT COMMITTEES			
3.1	The board should ensure that the company has an effective and independent audit committee		**Y**
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors		**Y**
3.3	The audit committee should be chaired by an independent non-executive director		**Y**
3.4	The audit committee should oversee integrated reporting		**Y**
3.5	The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities		**Y**
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function		**Y**
3.7	The audit committee should be responsible for overseeing of internal audit		**Y**
3.8	The audit committee should be an integral component of the risk management process		**Y**
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process		**Y**
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties		**Y**

KING III COMPLIANCE CHECKLIST continued

CHAPTER 4: THE GOVERNANCE OF RISK			
4.1	The board should be responsible for the governance of risk		Y
4.2	The board should determine the levels of risk tolerance		Y
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities		Y
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan		Y
4.5	The board should ensure that risk assessments are performed on a continual basis. Board and audit committee are responsible for risk	There is a risk register which is an agenda item at all meetings	Y
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks		Y
4.7	The board should ensure that management considers and implements appropriate risk responses		Y
4.8	The board should ensure continual risk monitoring by management		Y
4.9	The board should receive assurance regarding the effectiveness of the risk management process		Y
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders		Y
CHAPTER 5: THE GOVERNANCE OF INFORMATION TECHNOLOGY			
5.1	The board should be responsible for IT governance		Y
5.2	IT should be aligned with the performance and sustainability objectives of the company		Y
5.3	The board should delegate to management the responsibility for the implementation of IT		Y
5.4	The board should monitor and evaluate significant IT investments and expenditure		Y
5.5	IT should form an integral part of the company's risk management		Y
5.6	The board should ensure that information assets are managed effectively		Y
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities		Y
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		Y
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business		Y
6.3	Compliance risk should form an integral part of the company's risk management process		Y
6.4	The board should delegate to management the implementation of an effective compliance framework and processes		Y

CHAPTER 7: INTERNAL AUDIT		
7.1	The board should ensure that there is an effective risk-based internal audit	Y
7.2	Internal audit should follow a risk-based approach to its plan	Y
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of control and risk management	Y
7.4	The audit committee should be responsible for overseeing internal audit	Y
7.5	Internal audit should be strategically positioned to achieve its objectives	Y
CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	Y
8.2	The board should delegate to management to proactively deal with stakeholder relationships, stakeholders and the outcomes of these dealings	Y
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company (Fund)	Y
8.4	Companies should ensure the equitable treatment of shareholders	Y
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Y
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Y
CHAPTER 9: INTEGRATED REPORTING AND DISCLOSURE		
9.1	The board should ensure the integrity of the company's integrated annual report	Y
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Y
9.3	Sustainability reporting and disclosure should be independently assured	Y

ANNUAL FINANCIAL STATEMENTS



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DETAILED INCOME STATEMENT

for the year ended 30 June 2021

		Group		Company	
Figures in Pula	Notes	**2021**	2020	**2021**	2020
Continuing operations					
Revenue					
Rental income on investment property		**138 236 195**	134 334 141	**118 781 129**	103 682 334
Other operating income					
Recoveries		**20 090 060**	19 220 025	**10 907 358**	10 942 804
Management fee		**—**	—	**2 515 907**	3 315 512
Sundry income		**587 505**	10 522 423	**512 365**	10 501 162
	19	**20 677 565**	29 742 448	**13 935 630**	24 759 478
Other operating gains (losses)					
Foreign exchange gain/(loss)		**12 791 125**	(5 098 516)	**(232 913)**	2 702 506
Investment property fair value adjustment		**(14 202 805)**	16 403 559	**1 692 475**	14 721 857
		(1 411 680)	11 305 043	**1 459 562**	17 424 363
Expenses (refer to page 52)		**(34 658 820)**	(36 850 304)	**(24 047 611)**	(24 579 289)
Operating profit	23	**122 843 260**	138 531 328	**110 128 710**	121 286 886
Finance income	20	**41 655**	160 359	**14 685 698**	12 424 998
Finance costs	21	**(26 984 229)**	(41 991 372)	**(23 548 674)**	(31 511 693)
Investment property impairment adjustment	21	**—**	(10 463 757)	**—**	(10 463 757)
Profit before taxation		**95 900 686**	86 236 558	**101 265 734**	91 736 434
Taxation	24	**1 960 442**	10 559 126	**646 272**	7 149 274
Profit for the year from continuing operations		**97 861 128**	96 795 684	**101 912 006**	98 885 708
Discontinued operations		**196 272**	245 757	**196 272**	245 757
Profit for the year		**98 057 400**	97 041 441	**102 108 278**	99 131 465

DETAILED INCOME STATEMENT continued

for the year ended 30 June 2021

		Group		Company	
Figures in Pula	Notes	**2021**	2020	**2021**	2020
Other operating expenses					
Accounting fees		**(368 164)**	(393 039)	**(299 410)**	(334 586)
Rates		**(2 391 153)**	(2 938 818)	**(380 234)**	(241 247)
Auditor's remuneration	23	**(840 546)**	(780 037)	**(538 742)**	(479 506)
Bank charges		**(77 631)**	(93 966)	**(49 300)**	(63 915)
Cleaning		**(620 115)**	(637 830)	**(462 391)**	(457 533)
Depreciation		**(120 901)**	(130 309)	**(87 426)**	(97 551)
Amortisation		**—**	(115 892)	**—**	(115 892)
Insurance		**(1 231 213)**	(1 445 126)	**(944 504)**	(937 413)
Legal expenses		**(872 431)**	(1 082 066)	**(674 811)**	(225 376)
Professional charges		**(675 669)**	(1 300 055)	**(547 313)**	(1 027 693)
Levies		**(1 707 152)**	(1 908 599)	**(1 667 739)**	(1 858 223)
Commission		**(25 020)**	(389 277)	**(16 060)**	(47 600)
Loss on disposal of investment property		**(400 000)**	(150 000)	**(400 000)**	(150 000)
Repairs and maintenance		**(1 082 037)**	(1 123 221)	**(985 703)**	(1 013 519)
Rentals on sublease		**(271 230)**	(958 214)	**(122 060)**	(450 850)
Security		**(1 160 894)**	(1 111 133)	**(711 579)**	(690 897)
SAT penalty interest		**—**	(83 271)	**—**	—
Staff cost		**(2 084 510)**	(2 018 584)	**(2 084 510)**	(2 018 584)
Directors' fees		**(1 646 000)**	(879 167)	**(1 646 000)**	(879 167)
Impairment of trade receivable		**(2 298 850)**	(3 133 986)	**(2 207 548)**	(2 381 581)
Utilities		**(15 327 123)**	(13 276 182)	**(8 846 149)**	(8 310 297)
Other charges		**(1 458 181)**	(2 901 532)	**(1 376 132)**	(2 797 859)
		(34 658 820)	(36 850 304)	**(24 047 611)**	(24 579 289)

DIRECTORS' RESPONSIBILITIES AND APPROVAL

for the year ended 30 June 2021

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

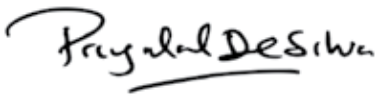
The group maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of group assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

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

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the board of directors.

The consolidated and separate annual financial statements set out on pages 60 to 124 and the supplementary information on pages 51 and 52, which have been prepared on the going concern basis, were approved by the directors on 7 September 2021 and were signed on their behalf by:

Approval of financial statements



Ranjith Priyalal De Silva
Director

Vidya Sanooj
Director

DECLARATION BY THE COMPANY SECRETARY

for the year ended 30 June 2021

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

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

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

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

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

Jethro Kamutsi
Kingsway (Ply) Ltd

7 September 2021

KINGSWAY

DIRECTORS' REPORT

for the year ended 30 June 2021

The directors have pleasure in presenting their report and the group and company annual financial statements of The Far Property Company Limited for the year ended 30 June 2021.

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

Nature of business
The primary business of the group is property owning, management and development, currently active in Botswana, South Africa and Zambia. It has investments in commercial, industrial, retail and residential properties.

Financial position and results
The financial position and results for the year are reflected in these financial statements set out on pages 60 to 124.

Stated capital
In total, 433 million weighted average linked units, comprising ordinary shares that are indivisibly linked to variable rate debentures.

Distribution
Distribution number 6, amounting to 17.80 thebe, comprising 17.64 thebe interest and 0,16 thebe dividend, per linked unit for year ended 30 June 2021. This distribution was declared as payable on 12 November 2021.

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

Events after reporting date
The directors are not aware of any matters or circumstances arising since the close of the financial year to the date of this report, not already dealt with in the annual financial statements, which would have a material effect on the financial results, position or operations of the group and company.

Directors
The directors at 30 June 2021 are Reetsang Willie Mokgatlhe (Chair); Ramachandran Ottapathu; Ranjith Priyalal De Silva; Faizel Ismael; Bafana Kgotla Molomo, Vidya Sanooj and Rajeshkumar Jayrajh. Details of directors are shown on pages 32 and 33.

Grant Thornton

Chartered Accountants

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Independent Auditor's Report

To the shareholders of The FAR Property Company Limited

Opinion

We have audited the consolidated and separate annual financial statements of The FAR Property Company Limited set out on pages 60 to 124, which comprise the consolidated and separate statement of Financial Position as at 30 June 2021, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial Statements give a true and fair view of, the consolidated and separate financial position of The FAR Property Company Limited as at 30 June 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.

Basis for opinion

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

Grant Thornton

Independent Auditors Report

Key audit matters

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

Key audit matter	How the matter was addressed in our audit
Valuation of the investment property The holding company and subsidiary owns a portfolio of retail, industrial, commercial and residential property valued at BWP 1 133 035 256 for the holding company and BWP 219 686 868 for the subsidiaries as disclosed under note 3 of the annual financial statements. The valuation of the property portfolio is a significant judgment area and is underpinned by assumptions including estimated future rental and yields. The group uses professionally qualified external valuers to perform the fair value of the properties. Disclosures on the investment properties are under note 3 to the financials.	We met with the external valuers to discuss the valuation process, performance of the portfolio and evaluate significant assumptions and critical judgement areas, including estimated rental values, yields, future net operating income and discount rates. We assessed the competence, independence and integrity of the external valuers. We performed audit procedures to assess the integrity of information provided to the external valuers including rental schedules on a sample basis to underlying lease agreement. As per group instructions provided, the component auditors assessed the integrity of the information provided to the external valuers and through audit procedures evaluated the assumptions used in the valuations. We also noted that the valuation is reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation- Global Standards. Consequently, less certainty- and a higher degree of caution- should be attached to the external valuers valuation than would normally be the case. Since the future impact that COVID-19 might have on the real estate market is still unknown, its recommend by the external valuers that the valuation of the property are under frequent review.
Recognition of revenue During the year the holding company has revenue from continuing operations of BWP 118 781 129 and subsidiaries of BWP 19 455 066 as disclosed under note 18 of the annual financial statements. The holding company's main source of revenue is rental income from retail, industrial, commercial and residential property located in Botswana. The subsidiaries' main source of income is from retail, industrial and commercial property located in South Africa and Zambia. The rental amount is agreed on the terms of the lease agreement signed between the Group and the tenant. Any variations to the lease agreement during the lease term is done through an addendum to the lease agreement. The recognition of revenue is done in accordance with the principles outlined in IFRS 16: Leases.	We have performed walkthroughs and test of controls on the revenue cycle to gain an understanding of when the revenue is recognised. This testing includes the verification of the lease agreement details approvals and changes to the lease terms and upload of this information to the Group's management system. We have assessed the design effectiveness of the controls and performed controls testing on the billings done through operating system. We have obtained the rental income schedule from the operating system and determined that rental income has been appropriately recorded in the general ledger. We selected a sample of lease agreements to verify that the rental has been appropriately recognised in the operating system and the operating lease asset has been computed appropriately. We have obtained the schedule of rental income and compared to contractual rental as per lease agreements and the variations of rental income with the client. We have reviewed the company's credit policy on trade debtors and assessed that appropriate provision is made on overdue accounts where the recoverability of the balances was doubtful.

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE

Grant Thornton

Independent Auditor's Report

Other information

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

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

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

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

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

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

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

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

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

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE

Grant Thornton

Independent Auditor's Report

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

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

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

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

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

GRANT THORNTON
Chartered Accountants
Certified Auditor: Mr. Sunny Mulakulam (Memb No: 20050097)
Certified Auditor of Public Interest Entity
Certificate Number: CAP 0034 2021

07 SEPT 2021
Gaborone

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

as at 30 June 2021

		Group		Company	
Figures in Pula	Notes	**2021**	2020	**2021**	2020
ASSETS					
Non-current assets					
Investment property	3	**1 352 722 124**	1 363 354 065	**1 133 035 256**	1 144 150 235
Property, plant and equipment	4	**464 873**	559 867	**268 412**	354 377
Investments in subsidiaries	5	**—**	—	**25 416 533**	25 416 533
Operating lease asset		**32 798 509**	32 622 822	**31 871 922**	31 038 588
Deferred income tax	6	**5 983 675**	3 302 834	**951 012**	—
		1 391 969 181	1 399 839 588	**1 191 543 135**	1 200 959 733
Current assets					
Related party receivables	7	**4 283 697**	7 475 171	**116 357 820**	107 644 597
Operating lease asset		**5 705 554**	3 485 337	**5 524 291**	2 822 998
Trade and other receivables	8	**12 785 289**	38 917 479	**8 089 821**	30 172 913
Cash and cash equivalents	9	**33 604 385**	26 005 679	**23 389 017**	22 935 463
Current tax receivable		**—**	—	**—**	145 880
		56 378 925	75 883 666	**153 360 949**	163 721 851
Assets included in disposal group classified as held for sale	11	**2 175 000**	6 612 789	**2 175 000**	—
Total assets		**1 450 523 106**	1 482 336 043	**1 347 079 084**	1 364 681 584
EQUITY AND LIABILITIES					
Equity					
Stated capital	12	**506 803 422**	455 971 406	**506 803 422**	455 971 406
Foreign currency translation reserve		**(43 037 144)**	(39 685 793)	**—**	—
Retained earnings		**501 528 297**	483 163 427	**424 777 370**	402 361 622
		965 294 575	899 449 040	**931 580 792**	858 333 028
Liabilities					
Non-current liabilities					
Borrowings	13	**232 979 491**	235 433 102	**192 645 873**	235 433 102
Deferred tax	6	**61 636 466**	61 461 893	**41 259 551**	43 137 558
Lease liabilities	14	**2 148 545**	2 228 965	**2 148 545**	2 228 965
		296 764 502	299 123 960	**236 053 969**	280 799 625
Current liabilities					
Related party payables	7	**—**	—	**129 373**	97 691
Borrowings	13	**43 042 558**	136 714 046	**37 076 446**	90 550 562
Trade and other payables	15	**15 081 546**	17 802 771	**11 997 594**	13 411 034
Dividend payable	16	**79 692 529**	71 657 180	**79 692 529**	71 657 180
Current tax payable		**671 478**	490 050	**572 463**	—
Bank overdraft	9	**49 885 645**	49 700 220	**49 885 645**	49 700 220
Lease liabilities	14	**90 273**	132 245	**90 273**	132 245
		188 464 029	276 496 511	**179 444 323**	225 548 931
Liabilities included in disposal group classified as held for sale	11	**—**	7 266 532	**—**	—
Total liabilities		**485 228 531**	582 887 003	**415 498 292**	506 348 556
Total equity and liabilities		**1 450 523 106**	1 482 336 043	**1 347 079 084**	1 364 681 584

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2021

		Group		Company	
Figures in Pula	Notes	**2021**	2020	**2021**	2020
Continuing operations					
Revenue	18	**138 236 195**	134 334 141	**118 781 129**	103 682 334
Other operating income	19	**20 677 565**	29 742 448	**13 935 630**	24 759 478
Other operating expenses		**(34 658 820)**	(36 850 304)	**(24 047 611)**	(24 579 289)
Operating profit		**124 254 940**	127 226 285	**108 669 148**	103 862 523
Finance income	20	**41 655**	160 359	**14 685 698**	12 424 998
Finance costs	21	**(26 984 229)**	(41 991 372)	**(23 548 674)**	(31 511 693)
Foreign exchange gain/(loss)		**12 791 125**	(5 098 516)	**(232 913)**	2 702 506
Impairment adjustment	3	**—**	(10 463 757)	**—**	(10 463 757)
Fair value adjustments	22	**(14 202 805)**	16 403 559	**1 692 475**	14 721 857
Profit before taxation		**95 900 686**	86 236 558	**101 265 734**	91 736 434
Taxation	24	**1 960 442**	10 559 126	**646 272**	7 149 274
Profit from continuing operations		**97 861 128**	96 795 684	**101 912 006**	98 885 708
Discontinued operations					
Profit from discontinued operations	11	**196 272**	245 757	**196 272**	245 757
Profit for the year		**98 057 400**	97 041 441	**102 108 278**	99 131 465
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		**(3 351 350)**	(29 206 340)	**—**	—
Other comprehensive income for the year, net of taxation		**(3 351 350)**	(29 206 340)	**—**	—
Total comprehensive income for the year		**94 706 050**	67 835 101	**102 108 278**	99 131 465
Profit attributable to					
Owners of the parent					
From continuing operations		**97 861 128**	96 795 684	**101 912 006**	98 885 708
From discontinued operations		**196 272**	245 757	**196 272**	245 757
		98 057 400	97 041 441	**102 108 278**	99 131 465
Earnings per share					
Weighted average linked units in issue at end of year		**433 421 256**	420 713 252	**433 421 256**	420 713 252
Basic earnings per linked unit attributable to linked unitholders		**0.23**	0.23	**0.24**	0.24
Headline earnings per linked unit attributable to linked unitholders		**0.23**	0.25	**0.24**	0.26
Distribution per linked unit		**0.18**	0.17	**0.18**	0.17

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

Figures in Pula	Stated capital	Foreign currency translation reserve	Retained income	Total equity
Group				
Balance at 1 July 2019	405 818 336	(10 479 453)	457 779 166	853 118 049
Profit for the year	—	—	97 041 441	97 041 441
Other comprehensive income	—	(29 206 340)	—	(29 206 340)
Total comprehensive income for the year	—	(29 206 340)	97 041 441	67 835 101
Issue of shares	50 153 070	—	—	50 153 070
Dividends	—	—	(71 657 180)	(71 657 180)
Total contributions by and distributions to owners of company recognised directly in equity	50 153 070	—	(71 657 180)	(21 504 110)
Balance at 1 July 2020	**455 971 406**	**(39 685 793)**	**483 163 427**	**899 449 040**
Profit for the year	**—**	**—**	**98 057 400**	**98 057 400**
Other comprehensive income	**—**	**(3 351 351)**	**—**	**(3 351 351)**
Total comprehensive income for the year	**—**	**(3 351 351)**	**98 057 400**	**94 706 049**
Issue of shares	**50 832 016**	**—**	**—**	**50 832 016**
Dividends	**—**	**—**	**(79 692 530)**	**(79 692 530)**
Total contributions by and distributions to owners of company recognised directly in equity	**50 832 016**	**—**	**(79 692 530)**	**(28 860 514)**
Balance at 30 June 2021	**506 803 422**	**(43 037 144)**	**501 528 297**	**965 294 575**
Note(s)	12			
Company				
Balance at 1 July 2019	405 818 336	—	374 887 337	780 705 673
Profit for the year	—	—	99 131 465	99 131 465
Total comprehensive income for the year	—	—	99 131 465	99 131 465
Issue of shares	50 153 070	—	—	50 153 070
Dividends	—	—	(71 657 180)	(71 657 180)
Total contributions by and distributions to owners of company recognised directly in equity	50 153 070	—	(71 657 180)	(21 504 110)
Balance at 1 July 2020	**455 971 406**	**—**	**402 361 622**	**858 333 028**
Profit for the year	**—**	**—**	**102 108 278**	**102 108 278**
Total comprehensive income for the year	**—**	**—**	**102 108 278**	**102 108 278**
Issue of shares	**50 832 016**	**—**	**—**	**50 832 016**
Dividends	**—**	**—**	**(79 692 530)**	**(79 692 530)**
Total contributions by and distributions to owners of company recognised directly in equity	**50 832 016**	**—**	**(79 692 530)**	**(28 860 514)**
Balance at 30 June 2021	**506 803 422**	**—**	**424 777 370**	**931 580 792**
Note(s)	12			

CONSOLIDATED AND SEPARATE STATEMENTS
STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

		Group		Company	
Figures in Pula	Notes	**2021**	2020	**2021**	2020
Cash flows from operating activities					
Cash generated from operations	25	**145 790 903**	127 040 073	**126 291 600**	101 987 017
Tax paid	26	**(2 190 320)**	(4 356 971)	**(1 464 404)**	(1 238 875)
Cash flows of held for sale/ discontinued operations	11	**196 272**	245 757	**196 272**	245 757
Net cash from operating activities		**143 796 855**	122 928 859	**125 023 468**	100 993 900
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(1 461)**	(102 510)	**(1 461)**	(102 510)
Purchase of investment property	3	**(25 916 288)**	(13 260 503)	**(25 647 546)**	(8 606 296)
Proceeds from disposal of investment properties	3	**35 880 000**	78 041 830	**35 880 000**	13 686 695
Proceeds from assets held for disposal		**6 612 789**	—	**—**	—
Payments in relation to assets held for disposal		**(7 266 532)**	—	**—**	—
Funds advanced to subsidiaries		**—**	—	**(8 681 543)**	(15 948 475)
Repayment of loans by subsidiaries		**3 191 473**	—	**—**	9 443 882
Finance income		**41 655**	160 359	**14 685 698**	12 424 998
Net cash from investing activities		**12 541 636**	64 839 176	**16 235 148**	10 898 294
Cash flows from financing activities					
Movement in lease liabilities		**(122 392)**	(123 593)	**(122 392)**	(123 593)
Repayment of borrowings		**(96 125 099)**	(112 896 409)	**(96 261 345)**	(45 534 608)
Distributions paid	16	**(20 825 164)**	(21 357 106)	**(20 825 164)**	(21 357 106)
Finance costs		**(26 984 229)**	(41 991 372)	**(23 548 674)**	(31 511 693)
Net cash from financing activities		**(144 056 884)**	(176 368 480)	**(140 757 575)**	(98 527 000)
Total cash movement for the year		**12 281 607**	11 399 555	**501 041**	13 365 193
Cash at beginning of year		**(23 694 541)**	(33 461 679)	**(26 764 757)**	(39 505 554)
Effect of exchange rate movement on cash balances		**(232 912)**	(624 396)	**(232 912)**	(624 396)
Effect of translation of foreign entities		**(4 635 414)**	(1 008 021)	**—**	—
Total cash at end of year	9	**(16 281 260)**	(23 694 541)	**(26 496 628)**	(26 764 757)

ACCOUNTING POLICIES

for the year ended 30 June 2021

GENERAL INFORMATION

The Far Property Company Limited ("the company") engages in the business of property rental and asset management. The company is a limited liability company incorporated and domiciled in Botswana. The physical address of the company's registered office is Plot 50370, Acumen Park, Fairgrounds Office Park, Gaborone.

The financial statements set have been approved by the board of directors on 7 September 2021.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated and separate annual financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value and incorporate the principal accounting policies set out below. They are presented in the group's functional currency, Botswana Pula. These accounting policies are consistent with the previous period, unless otherwise stated.

1.1 Consolidation

Basis of consolidation

The consolidated and separate annual financial statements incorporate the consolidated annual financial statements of the company and all entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

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

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

Where a subsidiary is disposed of, the investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

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

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

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

On acquisition, the acquiree's assets and liabilities are 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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.1 Consolidation continued

Goodwill

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

Common control transactions

Business combinations that result from transactions between the holding company and its subsidiaries or between subsidiaries of the company are defined as common control transactions and are accounted for using the predecessor method of accounting.

Under the predecessor method of accounting, the results of the entities or business under common control are presented as if the business combination had been affected from the effective date. The assets and liabilities combined are accounted for prospectively, based on the carrying amounts applying the company's accounting policies at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the net assets received. Any resulting differences are classified as equity.

1.2 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or Board that allocates resources to and assesses the performance of the operating segments of an entity. The group has determined that its chief operating decision-maker is the board of directors of the company.

1.3 Significant judgements and sources of estimation uncertainty

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

Fair value estimation

In calculating the fair value, valuers have adopted various valuation techniques generally used by independent valuers. The key assumptions underlying the valuation techniques are based on unobservable inputs and accordingly result in the valuations being classed as level 3 terms of the fair value hierarchy. Sensitivity of fair value measurements using significant unobservable inputs are disclosed in note 3.

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

Useful lives of property, plant and equipment

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

ACCOUNTING POLICIES continued
for the year ended 30 June 2021

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.4 Investment property

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

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

Any gain or loss resulting from either a change in the fair value or the sale of investment property is immediately recognised in profit or loss, net of rental straight-line adjustment, within change in the fair value of the investment property.

Rental income and operating expenses from investment property are reported within revenue and other expenses respectively, and are recognised in the statement of comprehensive income.

Subsequent to initial measurement investment property is measured at fair value. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

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

1.5 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

It is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

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

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

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.6 Investments in subsidiaries

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

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.7 Financial instruments

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

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

Financial assets that are equity instruments:

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

Financial assets:

- Amortised cost.

Financial liabilities:

- Amortised cost.

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

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

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

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

Loans receivable at amortised cost

Classification

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

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

ACCOUNTING POLICIES continued
for the year ended 30 June 2021

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.7 Financial instruments continued

Loans receivable at amortised cost continued

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.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.7 Financial instruments continued

Loans receivable at amortised cost continued

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

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 vice versa.

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

Credit risk

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

Derecognition

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

ACCOUNTING POLICIES continued
for the year ended 30 June 2021

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.7 Financial instruments continued

Trade and other receivables

Classification

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

Recognition and measurement

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

Trade and other receivables denominated in foreign currencies

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

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

Impairment

The group recognises a loss allowance for 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 that do not contain a significant financing component at an amount equal to lifetime ECL, when there has been a significant increase in credit risk.

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.

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

Write-off policy

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.7 Financial instruments continued

Trade and other receivables continued

Credit risk

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

Derecognition

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

Borrowings and loans from related parties

Classification

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

Recognition and measurement

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

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

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

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

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

Loans denominated in foreign currencies

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

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

Derecognition

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

ACCOUNTING POLICIES continued
for the year ended 30 June 2021

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.7 Financial instruments continued

Trade and other payables

Classification

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

Recognition and measurement

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

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

Trade and other payables denominated in foreign currencies

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

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

Derecognition

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

Cash and cash equivalents

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

Derecognition

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

Bank overdraft and borrowings

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Derecognition

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.7 Financial instruments continued

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.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

ACCOUNTING POLICIES continued
for the year ended 30 June 2021

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.8 Tax continued

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income. Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.9 Leases

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

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

Group as lessee

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

Lease liability

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

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

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.9 Leases continued

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

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

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

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

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

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

Right-of-use assets

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

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

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

Group as lessor

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

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

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

ACCOUNTING POLICIES continued
for the year ended 30 June 2021

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.9 Leases continued

Operating leases

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

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

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

1.10 Impairment of non-financial assets

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

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

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

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

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

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

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

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

1.11 Stated capital and equity

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

1.12 Employee benefits

Short-term employee benefits

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

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.13 Revenue

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

Rental income from the investment property and recoveries as per the terms of contract are earned from letting out properties in the normal course of business. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest is recognised, in profit or loss, using the effective interest rate method. Services and recoveries are recognised in the accounting period in which services are rendered.

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

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings; and
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

ACCOUNTING POLICIES continued
for the year ended 30 June 2021

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

1.15 Translation of foreign currencies continued

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each consolidated and separate statement of financial position presented are translated at the closing rate at the date of that consolidated and separate statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.16 Related party

Related parties are defined as those parties:

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

(b) that are members of the key management personnel of the entity, including close members of the family.

1.17 Non-current assets held for sale

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

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

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

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

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

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

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 1 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.

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.

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

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

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

2. NEW STANDARDS AND INTERPRETATIONS continued

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 July 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 that 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 parent's profit or loss.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. NEW STANDARDS AND INTERPRETATIONS continued

Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37: Provisions, 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 amendment is for years beginning on or after 1 January 2022.

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

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

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

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

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

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

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

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

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items that 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 amendment is for years beginning on or after 1 January 2022.

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

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

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

2. NEW STANDARDS AND INTERPRETATIONS continued

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 amendment is for years beginning on or after 1 January 2022.

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

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

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 amendment is for years beginning on or after 1 January 2021.

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

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

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 amendment is for years beginning on or after 1 January 2021.

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

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

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 amendment is for years beginning on or after 1 January 2021.

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

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

2. NEW STANDARDS AND INTERPRETATIONS continued

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 amendment is for years beginning on or after 1 January 2021.

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

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

Covid-19 – Related Rent Concessions – Amendment to IFRS 16

The Covid-19 pandemic has resulted in an amendment to IFRS 16: Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for it were not a lease modification. This practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payment affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

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

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

3. INVESTMENT PROPERTY

Reconciliation of investment property – group 2021

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

Reconciliation of investment property – group 2020

Figures in Pula	Opening balance	Additions	Disposals
Investment property	1 481 019 203	13 260 503	(78 166 830)
Right-of-use asset	—	2 484 803	—
	1 481 019 203	15 745 306	(78 166 830)

The investment property includes work in progress amounting to BWP 8 766 744 (2020: BWP 9 896 433).

On 15 September 2019, there was fire damage to portion of the building of North Gate Lodge, Tribal Lot 9 Nata Village. The impairment has been recorded to the investment property and profit and loss account in the year ended 30 June 2020. The impairment amount and assessed loss of rentals were claimed from insurance and approved as of March 2020. The insurance recovery was recorded in profit and loss in the year ended 30 June 2020.

Reconciliation of investment property – company 2021

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

Reconciliation of investment property – company 2020

Figures in Pula	Opening balance	Additions	Disposals
Investment property	1 142 728 622	8 606 296	(13 811 695)
Right-of-use asset	—	2 484 803	—
	1 142 728 622	11 091 099	(13 811 695)

The addition to the investment property includes direct acquisitions amounting to BWP 12 231 392 (2020: Pnil) and subsequent developments to the properties amounting to BWP 13 416 154 (2020: BWP 8 606 296).

The group has leases for three properties, included above as right-of-use assets. The remaining terms of these leases range from 10 to 22 years.

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

Classified as held for sale	Foreign exchange movements	Amortisation	Impairments	Fair value adjustments	Total
(6 566 851)	(54 500 674)	—	(10 463 757)	17 772 471	1 362 354 065
—	—	(115 892)	—	(1 368 911)	1 000 000
(6 566 851)	(54 500 674)	(115 892)	(10 463 757)	16 403 560	1 363 354 065

Classified as held for sale	Foreign exchange movements	Amortisation	Impairments	Fair value adjustments	Total
(2 175 000)	**—**	**—**	**—**	**1 541 446**	**1 131 884 227**
—	**—**	**—**	**—**	**151 029**	**1 151 029**
(2 175 000)	**—**	**—**	**—**	**1 692 475**	**1 133 035 256**

Classified as held for sale	Foreign exchange movements	Amortisation	Impairments	Fair value adjustments	Total
—	—	—	(10 463 757)	16 090 769	1 143 150 235
—	—	(115 892)	—	(1 368 911)	1 000 000
—	—	(115 892)	(10 463 757)	14 721 858	1 144 150 235

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

3. INVESTMENT PROPERTY continued

Pledged as security

The investment property of the group has been pledged as security, towards various facilities availed by the group. The company's and group's carrying value of the properties pledged as at year-end are BWP 879.70 million and BWP 1 062.70 million respectively.

Borrowing costs capitalised

No borrowing cost was capitalised in the investment property during the year (2020: nil).

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

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

Name of the property	Type of property	Carrying value (P) 2021	Carrying value (P) 2020
6384 Lobatse	Land for development	1 856 316	1 800 000

Details of valuation

In view of the fact that the fair value of the investment property was arrived at taking into account the present value of future revenue, the fair value gain was reduced by the operating lease asset amount in order to avoid over-valuation.

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

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

The group has engaged independent professional valuers in determining the fair value of investments properties of the group. Independent professional valuers perform comprehensive valuation in once in three years and desktop valuation for the intervening period.

Investment property portfolio in Botswana

The independent valuation was performed by Mr. David James Watson of Knight Frank Botswana (Proprietary) Limited ("Knight Frank"). He holds recognised relevant professional qualifications and he is a member of the Real Estate Institute of Botswana ("MREIB") and Royal Institute of Chartered Surveyors UK ("RICS"). The valuer has relevant experience for the investment property valued.

The Botswana Property Portfolio was valued by Knight Frank based on information supplied by the company in June 2021 for BWP 1 174 356 469. Included in this amount is BWP 1 750 000 from the subsidiary Eminent (Proprietary) Limited and fair value of the right-of-use assets to the tune of BWP 1 151 029.

3. INVESTMENT PROPERTY continued

Investment property portfolio in South Africa

Properties owned by the subsidiary Q-Tique 79 (Proprietary) Limited in South Africa was valued by Ms. Susan Turner of Knight Frank Western Cape (Proprietary) Limited ("Knight Frank WC"). She holds recognised relevant professional qualifications and she is a member of the Council for Valuers Profession in South Africa and Institute of Valuers in South Africa. The valuer has relevant experience for the investment property valued. These properties were valued by Knight Frank WC for BWP 198 955 606 at 30 June 2021.

Investment property portfolio in Zambia

Property owned by the subsidiary, The Far Property Company Zambia (Proprietary) Limited in Zambia was valued by Mr Jonas Chilonga of Classic Property Consultant Limited for BWP 20 089 112 at 30 June 2021.

Amounts recognised in profit and loss for the year:

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
Rental income from investment property	**138 236 195**	134 334 141	**118 781 129**	103 682 334
Recoveries	**20 090 060**	19 220 025	**10 907 358**	10 942 804
Cleaning	**(620 115)**	(637 830)	**(462 391)**	(457 533)
Insurance	**(1 231 213)**	(1 445 126)	**(944 504)**	(937 413)
Repairs and maintenance	**(1 082 037)**	(1 123 221)	**(985 703)**	(1 013 519)
Security	**(1 160 894)**	(1 111 133)	**(711 579)**	(690 897)
Utilities	**(15 327 123)**	(13 276 182)	**(8 846 149)**	(8 310 297)

Adjusted valuations

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

Valuation as per financial statements				
Valuation obtained	**1 393 401 188**	1 405 756 581	**1 172 606 469**	1 177 739 325
Held for sale	**(2 175 000)**	(6 566 851)	**(2 175 000)**	—
Recognised lease smoothening adjustment	**(38 504 064)**	(35 835 664)	**(37 396 213)**	(33 589 090)
	1 352 722 124	1 363 354 066	**1 133 035 256**	1 144 150 235
Operating lease asset				
Current asset	**5 705 554**	3 485 337	**5 524 291**	2 822 998
Non-current asset	**32 798 510**	32 622 822	**31 871 922**	31 038 588
	38 504 064	36 108 159	**37 396 213**	33 861 586

The total operating expenses incurred for the unoccupied properties amounting to BWP 547 298 (2020: BWP 512 636)

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

3. INVESTMENT PROPERTY continued

Information about fair value measurements using significant unobservable inputs (level 3) for 2021 – group

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

Information about fair value measurements using significant unobservable inputs (level 3) for 2021 – company

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

Information about fair value measurements using significant unobservable inputs (level 3) for 2020 – group

Valuation technique	Valuation	Input	Estimate	Impact lower	Impact higher
Sales comparison	300 131 690	Sales price per square metre of the property	Market value per sqm 10%	(30 013 169)	30 013 169
Depreciated replacement cost	26 337 405	Construction cost per square metre	Build rate per sqm 10%	(2 633 741)	2 633 741
Income capitalisation	1 079 287 484	Capitalisation rate	Capitalisation rate 1%	(100 493 916)	123 490 685
	1 405 756 579				

3. INVESTMENT PROPERTY continued

Information about fair value measurements using significant unobservable inputs (level 3) for 2020 – company

Valuation technique	Valuation	Input	Estimate	Impact lower	Impact higher
Sales comparison	260 244 825	Sales price per square metre of the property	Market value per sqm 10%	(26 024 483)	26 024 483
Depreciated replacement cost	22 144 500	Construction cost per square metre	Build rate per sqm 10%	(2 214 450)	2 214 450
Income capitalisation	895 350 000	Capitalisation rate	Capitalisation rate 1%	(84 530 151)	104 206 450
	1 177 739 325				

Valuation techniques underlying estimation of fair value

For all properties in Botswana, South Africa and Zambia with a total carrying amount of BWP 1 352 722 124 (2020: BWP 1 363 354 065), the valuation was determined using depreciated replacement cost ("DRC"), sales comparison and income capitalisation based on significant unobservable inputs.

Key unobservable inputs

Future rental cash inflows	based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Capitalisation rates	based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Direct comparable sales	based on the data on recently transacted properties duly adjusted to reflect the subject asset's uniqueness;
Build rate	the current market cost of reproduction or replacement of an asset specific to the nature of the property, components and structure of the property; and
Rent escalation rates	based on the actual rent escalations as to the location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rent escalation for similar properties.

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

4. PROPERTY, PLANT AND EQUIPMENT

	Group					
	2021			2020		
Figures in Pula	**Cost**	**Accu-mulated depre-ciation**	**Carrying value**	Cost	Accu-mulated depre-ciation	Carrying value
Plant and machinery	**367 049**	**(281 317)**	**85 732**	367 049	(257 522)	109 527
Furniture and fixtures	**433 906**	**(408 589)**	**25 317**	433 906	(390 855)	43 051
Motor vehicles	**668 332**	**(327 674)**	**340 658**	708 572	(316 533)	392 039
Office equipment	**351 094**	**(341 921)**	**9 173**	349 634	(340 459)	9 175
IT equipment	**493 310**	**(489 317)**	**3 993**	493 309	(487 234)	6 075
Total	**2 313 691**	**(1 848 818)**	**464 873**	2 352 470	(1 792 603)	559 867

	Company					
	2021			2020		
Figures in Pula	**Cost**	**Accu-mulated depre-ciation**	**Carrying value**	Cost	Accu-mulated depre-ciation	Carrying value
Plant and machinery	**367 049**	**(281 317)**	**85 732**	367 049	(257 522)	109 527
Furniture and fixtures	**433 906**	**(408 589)**	**25 317**	433 906	(390 855)	43 051
Motor vehicles	**344 349**	**(200 152)**	**144 197**	403 469	(216 920)	186 549
Office equipment	**351 094**	**(341 921)**	**9 173**	349 634	(340 459)	9 175
IT equipment	**493 310**	**(489 317)**	**3 993**	493 309	(487 234)	6 075
Total	**1 989 708**	**(1 721 296)**	**268 412**	2 047 367	(1 692 990)	354 377

4. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of property, plant and equipment – group 2021

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

Reconciliation of property, plant and equipment – group 2020

Figures in Pula	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Total
Opening balance						
Cost	367 049	433 907	653 418	348 594	487 060	2 290 028
Accumulated depreciation and impairment	(213 538)	(373 122)	(249 681)	(338 894)	(487 060)	(1 662 295)
Net book value at 1 July 2019	153 511	60 785	403 737	9 700	—	627 733
Additions	—	—	95 221	1 040	6 249	102 510
Foreign exchange movements – cost	—	—	(40 067)	—	—	(40 067)
Depreciation	(43 984)	(17 734)	(66 852)	(1 565)	(174)	(130 309)
Net book value at 30 June 2020	109 527	43 051	392 039	9 175	6 075	559 867
Made up as follows:						
Cost	367 049	433 906	708 572	349 634	493 309	2 352 470
Accumulated depreciation and impairment	(257 522)	(390 855)	(316 533)	(340 459)	(487 234)	(1 792 603)
	109 527	43 051	392 039	9 175	6 075	559 867

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

4. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of property, plant and equipment – company 2021

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

Reconciliation of property, plant and equipment – company 2020

Figures in Pula	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Total
Opening balance						
Cost	367 049	433 907	308 248	348 594	487 060	1 944 858
Accumulated depreciation and impairment	(213 538)	(373 122)	(182 826)	(338 894)	(487 060)	(1 595 440)
Net book value at 1 July 2019	153 511	60 785	125 422	9 700	—	349 418
Additions	—	—	95 221	1 040	6 249	102 510
Depreciation	(43 984)	(17 734)	(34 094)	(1 565)	(174)	(97 551)
Net book value at 30 June 2020	109 527	43 051	186 549	9 175	6 075	354 377
Made up as follows:						
Cost	367 049	433 906	403 469	349 634	493 309	2 047 367
Accumulated depreciation and impairment	(257 522)	(390 855)	(216 920)	(340 459)	(487 234)	(1 692 990)
	109 527	43 051	186 549	9 175	6 075	354 377

5. INVESTMENT IN SUBSIDIARIES

Company

Name of company	Country of incorporation	**% holding 2021**	% holding 2020	**Carrying amount 2021**	Carrying amount 2020
Q Tique 79 (Proprietary) Limited	South Africa	**100.00**	100.00	**93**	93
Eminent (Proprietary) Limited	Botswana	**100.00**	100.00	**2 400 000**	2 400 000
The Far Property Company Zambia (Proprietary) Limited	Zambia	**100.00**	100.00	**23 016 440**	23 016 440
				25 416 533	25 416 533

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

Figures in Pula	Group 2021	Group 2020	Company 2021	Company 2020
6. DEFERRED TAX				
Deferred tax liability				
Accelerated capital allowances for tax purposes	**(42 801 950)**	(41 557 194)	**(26 416 867)**	(23 932 335)
Operating lease adjustment	**(8 493 157)**	(8 019 665)	**(8 227 167)**	(7 449 549)
Fair value adjustments	**(6 058 401)**	(11 161 123)	**(6 058 401)**	(11 161 123)
Prepaid expenses	**(54 499)**	(129 360)	**—**	—
Unrealised foreign exchange gains	**(3 975 233)**	(594 551)	**(303 890)**	(594 551)
Right-of-use assets	**(253 226)**	—	**(253 226)**	—
Total deferred tax liability	**(61 636 466)**	(61 461 893)	**(41 259 551)**	(43 137 558)
Deferred tax asset				
Unrealised foreign exchange losses	**—**	2 085 049	**—**	—
Allowance for doubtful accounts	**544 174**	73 535	**458 473**	—
Tax losses available for set off against future tax	**4 946 962**	1 144 250	**—**	—
Lease liabilities	**492 539**	—	**492 539**	—
Total deferred tax asset, net of valuation allowance recognised	**5 983 675**	3 302 834	**951 012**	—
Deferred tax liability	**(61 636 466)**	(61 461 893)	**(41 259 551)**	(43 137 558)
Deferred tax asset	**5 983 675**	3 302 834	**951 012**	—
Total net deferred tax liability	**(55 652 791)**	(58 159 059)	**(40 308 539)**	(43 137 558)
Reconciliation of deferred tax asset/(liability)				
At beginning of year	**(58 159 059)**	(70 660 483)	**(43 137 558)**	(51 379 827)
Originating temporary difference on carried forward losses	**3 802 712**	108 484	**—**	—
Origination of deferred tax on foreign exchange differences	**(5 465 731)**	(1 212 069)	**290 662**	(454 584)
Originating temporary difference on operating lease adjustment	**(473 492)**	3 590 956	**(777 618)**	3 259 503
Originating temporary difference on capital allowance	**(1 244 756)**	(54 747)	**(2 484 531)**	(3 361 514)
Originating temporary difference on fair value adjustments	**5 102 720**	8 798 864	**5 102 720**	8 798 864
Originating temporary difference on allowance for doubtful accounts	**470 640**	(288 735)	**458 473**	—
Originating temporary difference on prepaid expenses	**74 862**	(135 492)	**—**	—
Effect of translation of foreign subsidiary deferred tax balance	**—**	1 694 163	**—**	—
Originating and temporary difference on right-of-use assets	**(253 226)**	—	**(253 226)**	—
Originating and temporary difference on lease liabilities	**492 539**	—	**492 539**	—
	(55 652 791)	(58 159 059)	**(40 308 539)**	(43 137 558)

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
7. RELATED PARTY RECEIVABLES/ (PAYABLES)				
7.1 Loans to/(from) related companies				
Q Tique 79 (Proprietary) Limited	**—**	—	**112 074 123**	100 162 639
The Far Property Company Zambia (Proprietary) Limited	**—**	—	**—**	6 787
(The loans to group companies do not carry any specific terms. These balances are repayable on demand and are not secured. The loan to Q Tique 79 (Proprietary) Limited carries interest at market interest rate of 15% (2020: 15%) per annum.)				
7.2 Advances to/(from) related companies				
Eminent (Proprietary) Limited	**—**	—	**(129 373)**	(97 691)
Time Star (Proprietary) Limited	**—**	1 771 550	**—**	1 771 550
Medupe Bridge Fin Corp (Proprietary) Limited	**943 940**	1 053 579	**943 940**	1 053 579
Strides of Success (Proprietary) Limited	**2 989 757**	4 650 042	**2 989 757**	4 650 042
	3 933 697	7 475 171	**115 878 447**	107 546 906
Loans and advances from related companies	**—**	—	**(129 373)**	(97 691)
Loans and advances to related companies	**4 283 697**	7 475 171	**116 357 820**	107 644 597
	4 283 697	7 475 171	**116 228 447**	107 546 906

The short-term advances to/from related parties are provided during the normal course of business and do not carry any specific terms. These balances are repayable on demand, not secured and do not carry any interest.

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

Figures in Pula	Group 2021	Group 2020	Company 2021	Company 2020
8. TRADE AND OTHER RECEIVABLES				
Financial instruments:				
Trade receivables	**11 145 042**	17 793 056	**7 542 762**	10 133 251
Less: Loss allowance	**(4 955 344)**	(2 858 651)	**(4 509 515)**	(2 425 550)
Trade receivables at amortised cost	**6 189 698**	14 934 405	**3 033 247**	7 707 701
Other receivable	**5 024 766**	12 202 436	**4 341 991**	11 418 812
Deposits	**761 149**	1 073 908	**422 001**	769 392
Short-term advances	**127 971**	127 971	**127 971**	127 971
Advance towards asset purchase	**—**	9 623 523	**—**	9 623 523
Non-financial instruments:				
Prepayments	**679 178**	952 709	**162 084**	522 987
Refundable taxes	**2 527**	2 527	**2 527**	2 527
Total trade and other receivables	**12 785 289**	38 917 479	**8 089 821**	30 172 913
Advance towards asset purchase in the prior year relates to advance given towards purchase of property in Letlhakeng. The transaction is concluded and title was transferred in the current year.				
Trade and other receivables pledged as security				
Trade and other receivables were pledged as security for loan facilities of the group as disclosed under note 13.				
Fair value of trade and other receivables				
Trade and other receivables	**12 785 289**	38 917 479	**8 089 821**	30 172 913
At 30 June 2021, age analyses of trade receivables are as follows:				
Less than 30 days	**2 801 794**	3 677 570	**1 163 432**	1 254 151
Between 31 and 60 days	**2 237 400**	4 363 865	**574 337**	1 895 501
Between 61 and 90 days	**664 269**	3 713 209	**490 733**	1 399 377
Between 91 and 120 days	**465 474**	1 367 447	**379 810**	1 161 921
More than 120 days	**4 976 105**	4 670 965	**4 934 450**	4 422 301
	11 145 042	17 793 056	**7 542 762**	10 133 251
Credit quality of financial assets				
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.				
Movement in loss allowance				
Balance at beginning of year	**(2 858 651)**	(372 131)	**(2 425 550)**	(372 131)
Net movement for the year	**(2 096 693)**	(2 486 520)	**(2 083 965)**	(2 053 419)
	(4 955 344)	(2 858 651)	**(4 509 515)**	(2 425 550)

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
9. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Bank balances	**28 252 977**	20 678 736	**18 041 696**	17 611 948
Short-term deposits	**5 347 175**	5 322 393	**5 347 175**	5 322 393
Cash in hand	**4 233**	4 550	**146**	1 122
	33 604 385	26 005 679	**23 389 017**	22 935 463
Bank overdraft	**(49 885 645)**	(49 700 220)	**(49 885 645)**	(49 700 220)

For the purpose of the statement of cash flows, cash, cash equivalents and bank overdrafts include total cash assets less short-term borrowings.

Cash and bank balances	**33 604 385**	26 005 679	**23 389 017**	22 935 463
Bank overdraft	**(49 885 645)**	(49 700 220)	**(49 885 645)**	(49 700 220)
	(16 281 260)	(23 694 541)	**(26 496 628)**	(26 764 757)

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

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired, can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates. Credit risk of the group's cash and cash equivalents is minimised by investing cash resources only with reputable financial institutions.

Cash at bank				
First Capital Bank Botswana Limited	**16 855 970**	15 928 242	**16 855 970**	15 928 242
Standard Bank South Africa Limited	**6 803 789**	1 431 710	**—**	—
Absa Bank Zambia Limited	**3 407 492**	1 635 078	**—**	—
First National Bank of Botswana Limited	**396 069**	718 353	**396 069**	718 353
Absa Bank Botswana Limited	**68 226**	57 277	**68 226**	57 277
Bank of Baroda Botswana Limited	**—**	—	**—**	—
Standard Chartered Bank Botswana Limited	**(43 817 039)**	(43 469 751)	**(43 817 039)**	(43 469 751)
	(16 285 493)	(23 699 091)	**(26 496 774)**	(26 765 879)

There are no credit ratings available in Botswana for financial institutions. The above banks are reputed banks and have reported sound financial results and continued compliance with minimum capital adequacy requirements.

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

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
10. FINANCIAL ASSETS BY CATEGORY				
Financial assets at amortised cost				
Related-party receivables	**4 283 697**	7 475 171	**116 357 820**	107 644 597
Trade and other receivables	**12 103 584**	28 338 720	**7 925 210**	20 023 876
Cash and cash equivalents	**33 600 152**	26 001 129	**23 388 871**	22 934 341
	49 987 433	61 815 020	**147 671 901**	150 602 814

11. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The company had entered into an agreement for sale of asset with P F Brink (Proprietary) Limited on 21 June 2021 with respect to lot 681, Tlokweng. This is part of strengthening the Investment Portfolio efficiency by reallocating resources to more income earning assets. Related income, expense, assets and liabilities apportioned to the said property is classified as held for sale and presented separately. There is no expected cash flow from the property as the agreement is concluded before the end of the financial year and the transfer of property is yet to be effected as at the end of the reporting period.

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

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

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
Profit and loss				
Revenue	**237 001**	251 896	**237 001**	251 896
Expenses	**(40 729)**	(6 139)	**(40 729)**	(6 139)
	196 272	245 757	**196 272**	245 757
Assets and liabilities				
Assets of disposal groups				
Investment property	**2 175 000**	6 566 851	**2 175 000**	—
Deferred interest asset	**—**	45 938	**—**	—
	2 175 000	6 612 789	**2 175 000**	—
Liabilities of disposal groups				
Borrowings	**—**	7 266 532	**—**	—

12. STATED CAPITAL

Authorised				
Linked units	**447 710 838**	426 530 831	**447 710 838**	426 530 831
Reconciliation of number of shares issued				
Reported as at 1 July	**426 530 831**	406 307 819	**426 530 831**	406 307 819
Issued during the year	**21 180 007**	20 223 012	**21 180 007**	20 223 012
	447 710 838	426 530 831	**447 710 838**	426 530 831
Movement in stated capital				
Balance at beginning of year	**455 971 406**	405 818 336	**455 971 406**	405 818 336
Issued during the year	**50 832 016**	50 153 070	**50 832 016**	50 153 070
	506 803 422	455 971 406	**506 803 422**	455 971 406

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

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	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
13. BORROWINGS				
Held at amortised cost				
Standard Chartered Bank Botswana Limited	**—**	53 081 147	**—**	53 081 147

The company has acquired a loan facility to the value of BWP 100 million. The total loan is repayable in 12 quarterly instalments commencing from 30 June 2018 with equal capital instalments of BWP 8 333 333 and accrued interest.

The interest rates are equal to prime rate less the applicable margin, and shall accrue on the basis of a 360-day year. This loan has been settled during the year.

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
First National Bank Botswana Limited	**20 227 894**	27 356 740	**20 227 894**	27 356 740

(The company has acquired a loan facility to the value of BWP 50 million signed on 4 December 2015. This loan is repayable in 120 monthly instalments. The interest rates are equal to bank's prime lending rate 5.25% plus 1% as at 30 June 2021.)

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
BIFM Capital Investment Fund One (Proprietary) Limited	**70 000 000**	100 000 000	**70 000 000**	100 000 000

(The company has acquired a loan facility to the value of BWP 100 million. The principal amount shall be paid in full together with interest at an interest rate of 9.10% per annum. Interest is payable every six months starting 30 June 2013 until 31 December 2022. The principal amount shall be repaid in stages with the first principal amount of BWP 30 million being repaid on 31 December 2020, BWP 30 million being repaid on 31 December 2021 and final principal amount of BWP 40 million being repaid on 31 December 2022.)

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
Investec Bank Limited	**46 299 730**	46 163 484	**—**	—

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

The group has acquired a loan facility to the value of R10.7625 million. This loan is repayable in 60 monthly instalments. Instalments representing interest and capital to be paid monthly in arrears, amortising to a 75% residual amount, payable on expiry of the facility, commencing from 1 October 2018. The interest rate is equal to 0.25% below Investec's prime rate.)

13. BORROWINGS continued

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
Absa Bank Botswana Limited	**139 494 425**	145 545 777	**139 494 425**	145 545 777

(The company has acquired a loan facility to the value of BWP 31.145 million. This loan is repayable in 90 months with accrued interest payable on expiry of the facility. Instalments representing interest to be paid monthly in arrears, payable on expiry of the facility, commencing from 30 September 2018. The interest rate is equal to prime rate plus 1.5%.

The company has acquired a loan facility to the value of BWP 80 million. This loan is repayable in 84 months with accrued interest payable on expiry of the facility. Instalments representing interest to be paid monthly in arrears, payable on expiry of the facility, commencing from 27 June 2018. The interest rate is equal to prime plus 1.5%.

The company has acquired a loan facility to the value of BWP 37 million. This loan is repayable in 84 months with accrued interest payable on expiry of the facility. Instalments representing interest and capital to be paid monthly in arrears, payable on expiry of the facility, commencing from 21 September 2018. The interest rate is equal to 0.75% above Absa benchmark rate (currently the prime rate).

(Subsequent to the year-end, the company has restructured all its loan facility with Absa Bank Botswana to the value of BWP 189.38 million. This loan is repayable in 60 months with accrued interest payable on expiry of the facility.

Instalments representing interest to be paid monthly in arrears, payable on expiry of the facility, commencing repayment of principal from 1 July 2022. The interest rate is equal to prime rate plus 1.75%.)

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
Total borrowings	**276 022 049**	372 147 148	**229 722 319**	325 983 664

The loan from Standard Chartered Bank Botswana Limited was secured as follows for which the final settlement of liability is completed as on 30 June 2021:

i. An assignment over the lease receivables.
ii. A cession over the current and future fixed assets of the borrower and the subsidiaries with an asset cover of 1.6 times.
iii. Charge over the Pula collection account into which the above receivables are paid.
iv. Negative pledge.
v. Covering mortgage bond over the properties Lot 185 Jwaneng, Lot 3618 Mochudi, Lot 1801 Molepolele, Lot 2690 Mogoditshane, Lot 8372 Serowe, Lot 8757 Palapye, Lot 6094 Mahalapye, Lot 212 Jwaneng, Lot 4674 Gaborone, Lot 146 Molepolele, Tribal Grant 2763-KO Otse, Lots 349/350 Selebi Phikwe, Lot 212 Gaborone International Commerce Park (GICP), Lease area 1779-KO Gaborone, Plot 322 Gaborone, Lot 46 GICP, Lot 292 Lobatse, Lease area 1932-KO Gaborone, Plot 880 GICP, Portion 74 Crocodile Pools, Lot 7587 Lobatse, Lot 547 Lobatse, Lot 7603 Lobatse, Lot 13225 Gaborone, Lot 1275 Gaborone, Lot 39269 Gaborone, Lot 689 Tlokweng, Lot 7780 Tlokweng, Lots 309/310 Lobatse, Tribal Lot 176 Kumukwane, Tribal Grant 162-KP Bokka, Lot 18390 Francistown, Lot 20602 Gaborone, Lot 1760 Pitsane and Plot 17489 Gaborone, Plot 38805 (1779) and 1932 Gaborone and Plot 219 Ramotswa.
vi. Assignment of marketable securities relating to company shares in various asset companies.
vii. Security over shares that the company owns in Q Tique 79 (Proprietary) Limited in South Africa.
viii. Lease receivable guarantee from Choppies Enterprises Limited for BWP 160 million.

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

13. BORROWINGS continued

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

i. First covering mortgage bond by the borrower over the properties Plot 2610 Lobatse, Tribal Lot 79 & 80 Thamaga, Tribal Lot 2162 Thamaga, Tribal Lot 649 Gumare, Tribal Lot 29 Shashe, Tribal Lot 2086, Tribal Lot 7722 Tlokweng, Tribal Lot 33086 Mogoditshane in favour of First National Bank Botswana Limited.
ii. Cession of all current and future rental streams, dividends and insurance claims arising under the insurance cover over all bonded properties in favour of First National Bank of Botswana Limited.
iii. Cession and pledge of credit balances on all collection accounts held with First National Bank Botswana Limited.

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

i. Cession of both comprehensive insurance and lease rentals over the mortgaged properties.
ii. First mortgage bond over Lots 5461, 5462, 5463, 53836, 39374, 39375, 37882, 43103, 42796 and 37883 Gaborone, Lot 2676 Selebi-Phikwe, Lots 7588, 7589 and 350 Lobatse, Tribal Lot 2177 Thamaga, Lot 1366 Mogoditshanee and Lease area No. 5017-KO and 5025-KO, Plot 30 and 31 Ghanzi, Plot 38 Ghanzi, Plot 42796 and 43103 Phakalane, Plot 1381 Pitsane, Tribal Lot 1571 Nata.
iii. Cession of 33 333 333 issued shares of Choppies Enterprises Limited.

The loan from Investec Bank Limited is secured as follows:

i. Covering mortgage bond over Erf 934 Koster, Erf 676 Rodeon, Erf 2282 Rustenburg Ext 9, Erf 7185 Rustenburg Ext 9, Erf 16914 Boitekong, Erf 2973 Nylstroom and Portion 12 of Farm Leeuwkopje 415 for an amount of R119 million.
ii. A first covering mortgage bond over Erven 2858 and 1341 Odendaalsrus Ext 2 for an amount of R10 million
iii. Covering mortgage bond over remaining extend of ERF 41 Magaliesburg for an amount of R13.9 million.
iv. A first covering mortgage bond over Erven 2858 and 1341 Odendaalsrus Ext 2 for an amount of R10 million.
v. A first covering mortgage bond over Remaining Extent of ERF 24920 Bloemfontein for an amount of R11 million.
vi. A first covering mortgage bond by Finder Properties (Proprietary) Limited over notarial deed of lease over Erf 6162 Mafikeng for an amount of R38 million.
vii. Execution of a joint and several continuing guarantee by Mr. Farouk Ismail and Mr. Ottapathu Ramachandran and The Far Property Company Limited to R50 million plus interest and costs, in favour of Investec.
viii. Execution of a joint and several continuing suretyship by Finder Properties (Proprietary) Limited to R38 million plus interest and costs.
ix. Cession in security of proceeds of Building Insurance Policy and SASRIA extension for the full asset value of the properties mortgaged.
x. Execution of a cession of all present and future rights, title, benefit and interest in, to and under the agreements in respect of the mortgaged properties.

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

i. A first cover mortgage bond over Portion 196 of the farm forest hill No. 9 KO.
ii. First mortgage bond over Lot 39773 Gaborone, 8506 Tlokweng, 43517 Francistown, 1301 Kazungula, 2728 Gaborone, Plot No. 1107, 1109 and 10 Lobatse Plot No. 2032 Moshupa.
iii. Combined Mortgage Bond cover Plot No. 173-9-KO, 196-KO,1246, 17981 Gaborone, Plot No. 2085 Serowe, Plot No: 7620, 471, 296 & 297, 7617& 8 Lobatse, Plot No 213, 292 & 16825 Maun, Plot No. 28 & 29, 187 Pilane, and Plot No. 15102 Ramotswa.
iv. Combined Mortgage Bond cover Plot No. 39720, 39721, 39722, 39724, 37839, 37990, 38000, 37185, 37187, 41128, 15800, 61312, 5064-KO N2, 5065-KO N3, 5007-KOM9, Plot No. 375 Mogoditshane, Plot No. 1967 Phikwe, Plot No. 11835, 18424 Francistown, Plot No. 1167 Maun, Plot No. 45 Pitsane, Plot No. 3143 Kasane, Plot No. 3161 Kazungula, Plot No. 27376 Kanye, Plot 103 Tlokweng, Plot 38567-38576 Block-6 Gaborone, Plot No. 4 & 9 Ghanzi, and Tribal Lot 5690 Pitsane.
v. Special power of attorney for BWP 80 million dated 29 June 2018.

13. BORROWINGS continued

The overdraft facility of BWP 14 million from First Capital Bank Limited is secured by personal guarantee by Ramachandran Ottapathu.

Split between non-current and current portions:

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
Non-current liabilities				
Non-current liabilities	**232 979 491**	235 433 102	**192 645 873**	235 433 102
Current liabilities				
Current liabilities	**43 042 558**	136 714 046	**37 076 446**	90 550 562
	276 022 049	372 147 148	**229 722 319**	325 983 664

14. LEASE LIABILITIES

Minimum lease payments due				
– within one year	**230 199**	287 545	**230 199**	287 545
– in second to fifth year inclusive	**1 223 683**	1 291 876	**1 223 683**	1 291 876
– later than five years	**2 361 863**	2 430 057	**2 361 863**	2 430 057
	3 815 745	4 009 478	**3 815 745**	4 009 478
Less: Future finance charges	**(1 576 927)**	(1 648 268)	**(1 576 927)**	(1 648 268)
Present value of minimum lease payments	**2 238 818**	2 361 210	**2 238 818**	2 361 210
Non-current liabilities				
At amortised cost	**2 148 545**	2 228 965	**2 148 545**	2 228 965
Current liabilities				
At amortised cost	**90 273**	132 245	**90 273**	132 245
	2 238 818	2 361 210	**2 238 818**	2 361 210
Total cash flow related to leases	**269 967**	—	**269 967**	—

The group entered in into three lease agreement to sublet land. The lease agreement details are summarised below:

> The lease terms vary between 10 to 25 years
> There is an option to renew leases for further 5 years
> Rental escalate by 7% per annum

During the year, the company earned an amount of BWP 1 885 238 (2020: BWP 1 559 847) from subletting its right-of-use assets.

Lease commitments

The lease commitments for the financial year ended 30 June 2021 were as follows; amount due within one year was BWP 90 273 and amount due after one year was BWP 2 148 545.

15. TRADE AND OTHER PAYABLES

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
Trade payables	**3 969 113**	6 821 228	**3 334 522**	4 909 304
Value added tax	**1 258 835**	1 255 812	**1 021 251**	1 023 538
Deposits received	**5 664 578**	5 452 838	**5 156 789**	4 962 437
Retention payable	**1 186 346**	1 399 683	**1 186 346**	1 399 683
Other payables	**3 002 674**	2 873 209	**1 298 686**	1 116 071
	15 081 546	17 802 770	**11 997 594**	13 411 033

The fair value of trade and other payables closely approximates the carrying value.

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for the year ended 30 June 2021

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
16. LINKED UNITS DISTRIBUTION PAYABLE				
Balance at beginning of year	**71 657 180**	71 510 176	**71 657 180**	71 510 176
Amount declared during year	**79 692 529**	71 657 180	**79 692 529**	71 657 180
Amount paid during year	**(20 825 164)**	(21 357 106)	**(20 825 164)**	(21 357 106)
Scrip in lieu of distribution on linked units	**(50 832 016)**	(50 153 070)	**(50 832 016)**	(50 153 070)
Balance at end of year	**79 692 529**	71 657 180	**79 692 529**	71 657 180
Linked unit distribution per linked unit – declared during the year	**0.18**	0.17	**0.18**	0.17
17. FINANCIAL LIABILITIES BY CATEGORY				
Financial liabilities at amortised cost				
Borrowings	**276 022 049**	372 147 148	**229 722 319**	325 983 664
Related-party payables	**—**	—	**129 373**	97 691
Trade and other payables	**13 822 711**	16 546 958	**10 976 343**	12 387 495
Bank overdraft	**49 885 645**	49 700 220	**49 885 645**	49 700 220
	339 730 405	438 394 326	**290 713 680**	388 169 070
18. REVENUE				
Rental income	**134 237 977**	149 357 466	**113 475 704**	116 888 703
Fuel rebates	**1 770 798**	1 609 554	**1 770 798**	1 609 554
Deferred lease adjustment	**2 227 420**	(16 632 879)	**3 534 627**	(14 815 923)
	138 236 195	134 334 141	**118 781 129**	103 682 334
19. OTHER INCOME				
Recoveries from tenants	**20 090 060**	19 220 025	**10 907 358**	10 942 804
Management fee	**—**	—	**2 515 907**	3 315 512
Sundry income	**587 505**	10 522 423	**512 365**	10 501 162
	20 677 565	29 742 448	**13 935 630**	24 759 478
20. FINANCE INCOME				
Interest income – Banks	**41 655**	160 359	**41 655**	36 249
Interest income – Subsidiaries	**—**	—	**14 644 043**	12 388 749
Interest income – Other related parties	**—**	—	**—**	—
Total interest income	**41 655**	160 359	**14 685 698**	12 424 998
21. FINANCE COSTS				
Bank borrowings	**26 984 229**	41 991 372	**23 548 674**	31 511 693
22. FAIR VALUE ADJUSTMENTS				
Investment property	**(14 202 805)**	16 403 559	**1 692 475**	14 721 857

Figures in Pula	Group 2021	Group 2020	Company 2021	Company 2020
23. OPERATING PROFIT/(LOSS)				
Operating profit for the year is stated after charging (crediting) the following, amongst others:				
Legal expenses	**872 431**	1 082 066	**674 811**	225 376
Utilities	**15 327 123**	13 276 182	**8 846 149**	8 310 297
Depreciation on property, plant and equipment	**120 901**	246 201	**87 426**	213 443
Auditors remuneration				
Charge for the year	**840 546**	775 731	**538 742**	475 200
Under provision for the prior year	**—**	4 306	**—**	4 306
	840 546	780 037	**538 742**	479 506
Directors' remuneration	**1 646 000**	879 167	**1 646 000**	879 167
24. TAXATION				
Major components of the tax income				
Current				
Income tax expense for the year	**2 371 748**	1 305 024	**2 182 747**	1 092 995
Prior year under/(over) provision	**—**	(1 056 888)	**—**	—
	2 371 748	248 136	**2 182 747**	1 092 995
Deferred				
Deferred income tax	**(4 332 190)**	(10 807 262)	**(2 829 019)**	(8 242 269)
	(1 960 442)	(10 559 126)	**(646 272)**	(7 149 274)
Reconciliation of accounting profit and tax expense				
Reconciliation between accounting profit and tax expense				
Accounting profit	**95 900 686**	86 236 558	**101 265 734**	91 736 434
Tax at the applicable tax rate of 22% (2020: 22%)	**21 098 151**	18 972 043	**22 278 461**	20 182 015
Tax effect of adjustments on taxable income				
Income not subject to tax	**(5 518 012)**	(5 517 421)	**(5 518 012)**	(3 238 809)
Change of tax base of investment properties	**(251 118)**	(8 798 863)	**(251 118)**	(8 798 863)
Effect of changes in country tax rates	**(66 244)**	(251 009)	**—**	—
Effect of interest on linked units to related companies	**(17 374 762)**	(15 622 698)	**(17 374 762)**	(15 622 698)
Expenses not allowed for tax purposes	**461 179**	1 409 787	**458 473**	275 014
Prior year under-provision	**(309 636)**	(1 056 888)	**(239 314)**	—
Effect of differences in exchange rates	**—**	52 939	**—**	—
Effect of differences in tax base	**—**	172 355	**—**	—
Deferred tax not recognised on carried forward tax losses	**—**	26 563	**—**	—
	(1 960 442)	(10 613 192)	**(646 272)**	(7 203 341)

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	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
25. CASH GENERATED FROM OPERATIONS				
Net profit from continuing operations before taxation	**95 900 686**	86 236 558	**101 265 734**	91 736 434
Adjustments for:				
Depreciation	**120 901**	246 201	**87 426**	213 443
Finance income	**(41 655)**	(160 359)	**(14 685 698)**	(12 424 998)
Finance costs	**26 984 229**	41 991 372	**23 548 674**	31 511 693
Foreign exchange movement	**(12 791 125)**	5 098 516	**232 913**	(2 702 506)
Impairment of investment property	**—**	10 463 757	**—**	10 463 757
Fair value adjustments	**14 202 805**	(16 403 559)	**(1 692 475)**	(14 721 857)
Movements in operating lease assets	**(2 395 904)**	16 632 879	**(3 534 627)**	14 815 923
Loss on disposal of investment property	**400 000**	125 000	**400 000**	125 000
Changes in working capital:				
Related-party receivable	**—**	1 620 563	**—**	1 620 563
Related-party payable	**—**	—	**—**	(24 905)
Trade and other receivables	**26 132 190**	(19 533 790)	**22 083 092**	(19 265 403)
Trade and other payables	**(2 721 224)**	722 935	**(1 413 439)**	639 873
	145 790 903	127 040 073	**126 291 600**	101 987 017
26. TAX PAID				
Balance at beginning of year	**(490 050)**	(4 598 885)	**145 880**	—
Current tax for the year recognised in profit or loss	**(2 371 748)**	(248 136)	**(2 182 747)**	(1 092 995)
Balance at end of year	**671 478**	490 050	**572 463**	(145 880)
	(2 190 320)	(4 356 971)	**(1 464 404)**	(1 238 875)
27. COMMITMENTS				
Authorised capital expenditure				
Investment property – contracted and not provided for	**16 644 178**	9 623 523	**16 644 178**	9 623 523
This committed expenditures relates to investment properties and will be financed by available bank facilities or available cash resources.				
Operating leases – as lessor (income)				
Minimum lease payments due				
– first year	**127 863 936**	129 113 377	**127 863 936**	113 644 255
– second year	**424 168 658**	425 840 445	**424 168 658**	406 491 750
	552 032 594	554 953 822	**552 032 594**	520 136 005

The group's investment property is held to generate rental income. Lease agreements are non-cancellable and have terms from 2 to 20 years. There are no contingent rents receivable.

28. RELATED PARTIES

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

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

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
Related-party balances				
Investment in subsidiaries (refer note 5)				
Related-party receivables/payables (refer note 7)				
Related-party transactions				
Interest received from related parties				
Q Tique 79 (Proprietary) Limited	**—**	—	**14 644 043**	12 388 749
	—	—	**14 644 043**	12 388 749
Management fees received from related parties				
Q Tique 79 (Proprietary) Limited	**—**	—	**2 515 907**	3 315 512
	—	—	**2 515 907**	3 315 512
Loans given to related parties				
Q Tique 79 (Proprietary) Limited	**—**	—	**272 378**	13 897
	—	—	**272 378**	13 897
Advances given to related parties				
Time Star (Proprietary) Limited	**28 451**	23 920	**28 451**	23 920
Medupe Bridge Fin Corp (Proprietary) Limited	**25 424**	176 564	**25 424**	176 564
Eminent (Proprietary) Limited	**—**	—	**70 439**	48 905
Rootlet (Proprietary) Limited	**350 000**	—	**350 000**	—
	403 875	200 484	**17 906 642**	15 967 547

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	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
28. RELATED PARTIES continued				
Rental income received from related parties				
Aleris (Proprietary) Limited	**419 328**	395 978	**419 328**	395 978
Arcee (Proprietary) Limited	**601 976**	834 324	**601 976**	834 324
Bagpiper (Proprietary) Limited	**1 226 080**	905 445	**1 226 080**	905 445
Balanced Fortune (Proprietary) Limited	**266 857**	252 935	**266 857**	252 935
Shaysons Investments (Proprietary) Limited	**3 133 630**	3 177 823	**3 133 630**	3 177 823
Choppies Distribution Centre (Proprietary) Limited	**42 075 313**	50 062 063	**42 075 313**	50 067 064
Choppies Supermarkets Limited (Zambia)	**1 008 366**	1 212 612	**—**	—
Choppies Supermarkets S.A. (Proprietary) Limited	**—**	19 485 558	**—**	—
Distron Botswana (Proprietary) Limited	**171 128**	139 500	**171 128**	139 500
Feasible Investments (Proprietary) Limited	**413 960**	565 748	**413 960**	565 748
Honey Guide (Proprietary) Limited	**1 620 716**	1 478 553	**1 620 716**	1 478 553
ILO Industries (Proprietary) Limited	**1 801 876**	1 690 838	**1 801 876**	1 690 838
Industrial Filling Station (Proprietary) Limited	**2 391 352**	1 991 117	**2 391 352**	1 991 117
JB Sports (Proprietary) Limited	**1 437 721**	1 228 332	**1 437 721**	1 228 332
Keriotic Investments (Proprietary) Limited	**168 304**	155 617	**168 304**	155 617
Lubsoga (Propriety) Limited	**973 515**	656 017	**973 515**	656 017
Northgate Lodge (Proprietary) Limited	**—**	765 514	**—**	765 514
Cottonvale (Proprietary) Limited	**45 902**	42 899	**45 902**	42 899
Peacock Blue (Propriety) Limited	**1 028 429**	952 249	**1 028 429**	952 249
Pennywise Investments (Proprietary) Limited	**229 287**	199 548	**229 287**	199 548
Pinestone (Proprietary) Limited	**—**	15 000	**—**	15 000
Presprime Investments (Proprietary) Limited	**158 870**	149 332	**158 870**	149 332
Princieton (Proprietary) Limited	**89 378**	339 655	**89 378**	339 655
Prosperous People (Proprietary) Limited	**1 093 336**	1 185 652	**1 093 336**	1 185 652
RBV Consultants (Proprietary) Limited	**14 039**	12 999	**14 039**	12 999
Real Plastic (Proprietary) Limited	**77 580**	79 380	**77 580**	79 380
Strides of Success (Proprietary) Limited	**—**	61 315	**—**	61 315
Tim Tam (Proprietary) Limited	**304 625**	339 035	**304 625**	339 035
Vet Agric Suppliers (Proprietary) Limited	**216 053**	137 185	**216 053**	137 185
Weal (Proprietary) Limited	**578 858**	535 980	**578 858**	535 980
ZCX Investments (Proprietary) Limited	**810 527**	716 859	**810 527**	716 859
Electrometic Enterprises (Proprietary) Limited	**147 600**	165 527	**147 600**	165 527
Auto World (Proprietary) Limited	**2 501 794**	2 297 447	**2 501 794**	2 297 447
	65 006 400	92 228 036	**63 998 034**	71 534 867

Figures in Pula	Group 2021	Group 2020	Company 2021	Company 2020
28. RELATED PARTIES continued				
Goods and services purchased from related parties				
Alpha Direct Insurance Company (Proprietary) Limited	**843 738**	426 522	**843 738**	426 522
Choppies Distribution Centre (Proprietary) Limited	**168 674**	115 930	**168 674**	115 930
Electrometric Enterprises (Proprietary) Limited	**109 222**	101 833	**109 222**	101 833
Feasible Investment (Proprietary) Limited	**75 308**	24 116	**75 308**	24 116
Pennywise (Proprietary) Limited	**98 857**	109 678	**98 857**	109 678
Cottonvale (Proprietary) Limited	**27 709**	22 601	**27 709**	22 601
Balanced Fortune (Proprietary) Limited	**90 607**	50 371	**90 607**	50 371
	1 414 115	851 051	**1 414 115**	851 051
Amount due from related parties included in trade receivables				
Aleris (Proprietary) Limited	**51 162**	—	**51 162**	—
Bagpiper (Proprietary) Limited	**119 426**	125 125	**119 426**	125 125
Balanced Fortune (Proprietary) Limited	**—**	22 885	**—**	22 885
Shaysons Investments (Proprietary) Limited	**285 432**	631 907	**285 432**	631 907
Choppies Supermarkets Limited (Zambia)	**—**	641 830	**—**	—
Choppies Supermarkets S.A. (Proprietary) Limited	**—**	5 775 895	**—**	—
Cottonvale (Proprietary) Limited	**—**	3 675	**—**	3 675
Distron Botswana (Proprietary) Limited	**—**	49 500	**—**	49 500
Honey Guide (Proprietary) Limited	**153 792**	560 680	**153 792**	560 680
ILO Industries (Proprietary) Limited	**172 655**	642 600	**172 655**	642 600
JB Sports (Proprietary) Limited	**65 236**	135 189	**65 236**	135 189
Keriotic Investments (Proprietary) Limited	**70 543**	40 727	**70 543**	40 727
Peacock Blue (Propriety) Limited	**100 813**	366 828	**100 813**	366 828
Pennywise Investments (Proprietary) Limited	**28 718**	30 922	**28 718**	30 922
Princieton (Proprietary) Limited	**—**	34 178	**—**	34 178
RBV Consultants (Proprietary) Limited	**1 412**	5 043	**1 412**	5 043
Electrometic Enterprises (Proprietary) Limited	**—**	16 183	**—**	16 183
Real Plastic (Proprietary) Limited	**—**	7 858	**—**	7 858
Tim Tam (Proprietary) Limited	**2 500**	—	**2 500**	—
Auto World (Proprietary) Limited	**964 279**	1 832 175	**964 279**	1 832 175
	2 015 968	10 923 200	**2 015 968**	4 505 475

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Figures in Pula	Group 2021	Group 2020	Company 2021	Company 2020
28. RELATED PARTIES continued				
Amount due to related parties included in trade payables				
Choppies Distribution Centre (Proprietary) Limited	**8 668**	10 524	**8 668**	10 524
Electrometic Enterprises (Proprietary) Limited	**9 608**	29 192	**9 608**	29 192
Feasible Investments (Proprietary) Limited	**2 035**	6 122	**2 035**	6 122
Pennywise Investments (Proprietary) Limited	**—**	44 052	**—**	44 052
Cottonvale (Proprietary) Limited	**7 142**	8 681	**7 142**	8 681
Balanced Fortune (Proprietary) Limited	**554**	767	**554**	767
	28 007	99 338	**28 007**	99 338

Key management compensation

Key management includes directors (executive and non-executive) and members of the Executive Committee. The directors are paid BWP 25 000 (2020: BWP 25 000) net of tax, per sitting. The compensation paid or payable to key management for employee services is shown below:

Directors' fee	**1 646 000**	879 167	**1 646 000**	879 167
Salaries and short-term employee benefits	**1 203 329**	379 500	**1 203 329**	379 500
Other long-term benefits	**295 773**	91 231	**295 773**	91 231
	3 145 102	1 349 898	**3 145 102**	1 349 898

Property mortgaged by the company owned by related parties

The company has mortgaged Tribal Lot 176 Kumakwane and Tribal Grant 2763 Otse owned by Time Star Investments (Proprietary) Limited for the loan facility obtained from Standard Chartered Bank Botswana Limited.

29. RISK MANAGEMENT

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 10 and 12, cash and cash equivalents disclosed in note 10 and equity as disclosed in the consolidated statement of financial position.

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

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

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

29. RISK MANAGEMENT continued

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

		Group		Company	
Figures in Pula	Notes	**2021**	2020	**2021**	2020
Related-party payable		**—**	—	**129 373**	97 691
Borrowings	13	**276 022 049**	372 147 148	**229 722 319**	325 983 664
Bank overdraft		**49 885 645**	49 700 220	**49 885 645**	49 700 220
Total debt		**325 907 694**	421 847 368	**279 737 337**	375 781 575
Cash and cash equivalents	9	**(33 604 385)**	(26 005 679)	**(23 389 017)**	(22 935 463)
Net debt		**292 303 309**	395 841 689	**256 348 320**	352 846 112
Equity		**965 294 574**	899 449 040	**931 580 791**	858 333 028
Total capital		**1 257 597 883**	1 295 290 729	**1 187 929 111**	1 211 179 140
Gearing ratio		**23%**	31%	**22%**	29%

Financial risk management

Overview

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk, cash flow interest rate risk), credit risk and liquidity risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

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

Credit risk

Credit risk is the risk that a counterparty may cause financial loss to the group by failing to discharge an obligation.

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

Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

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29. RISK MANAGEMENT continued

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

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
Financial instruments				
Related-party receivables	**4 283 697**	7 475 171	**116 357 820**	107 644 597
Trade and other receivables	**12 103 584**	28 338 720	**7 925 210**	20 023 876
Cash and cash equivalents	**33 600 152**	26 001 129	**23 388 871**	22 934 341
	49 987 433	61 815 020	**147 671 901**	150 602 814

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

Credit risk attached to the group's cash and cash equivalents is minimised by only investing cash resources with reputable financial institutions.

Credit quality of financial assets are disclosed in notes 9 and 10.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group held cash and cash equivalents of BWP 33 600 152 (2020: BWP 26 001 129) that are expected to readily generate cash inflows for managing liquidity risk. The group maintains flexibility in funding by maintaining availability under committed credit lines. As at 30 June 2021, the group's current liabilities exceed its current assets by BWP 132.09 million. The liquidity gap is managed with the cash flow generated from the contractual rental income.

Management monitors rolling forecasts of the group's liquidity reserve comprising the undrawn borrowing facilities and cash and cash equivalents (note 10) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the group's liquidity management policy involves projecting cash flows, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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

		Group – 2021			
Figures in Pula	Notes	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**
Non-current liabilities					
Borrowings	13	**–**	**–**	**232 979 491**	**–**
Current liabilities					
Trade and other payables	15	**15 081 546**	**–**	**–**	**–**
Loans from group companies	7	**4 283 697**	**–**	**–**	**–**
Borrowings	13	**43 042 558**	**–**	**–**	**–**
Dividend payable	17	**79 692 529**	**–**	**–**	**–**
Bank overdraft	9	**49 885 645**	**–**	**–**	**–**
		191 985 975	**–**	**232 979 491**	**–**

29. RISK MANAGEMENT continued

		Group – 2020			
Figures in Pula	Notes	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-current liabilities					
Borrowings	13	—	36 389 309	199 043 792	—
Current liabilities					
Trade and other payables	14	17 802 772	—	—	—
Borrowings	13	136 714 046	—	—	—
Dividend payable	17	71 657 180	—	—	—
Bank overdraft	9	49 700 221	—	—	—
		275 874 219	36 389 309	199 043 792	—

		Company – 2021			
Figures in Pula	Notes	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**
Non-current liabilities					
Borrowings	13	**—**	**—**	**192 645 873**	**—**
Current liabilities					
Trade and other payables	14	**11 997 594**	**—**	**—**	**—**
Loans from group companies	7	**129 373**	**—**	**—**	**—**
Borrowings	13	**37 076 446**	**—**	**—**	**—**
Dividend payable	17	**79 692 529**	**—**	**—**	**—**
Bank overdraft	9	**49 885 645**	**—**	**—**	**—**
		178 781 587	**—**	**192 645 873**	**—**

		Company – 2020			
Figures in Pula	Notes	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-current liabilities					
Borrowings	13	—	36 389 309	199 043 792	—
Current liabilities					
Trade and other payables	15	13 411 034	—	—	—
Loans from group companies	7	97 691	—	—	—
Borrowings	13	90 550 562	—	—	—
Dividend payable	17	71 657 180	—	—	—
		175 716 467	36 389 309	199 043 792	—

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

29. RISK MANAGEMENT continued

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group's borrowings at variable rate were denominated in Pula and Rand. The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift.

The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulations done do not have an impact on the current period's reported figures due to the relatively short duration. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by management. If interest rates on Pula denominated and Rand denominated borrowings had been 1% higher/lower with all other variables held constant, the impact on profit before tax for the year would have been as follows:

Interest rate sensitivity analysis

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

	Impact lower		Impact higher	
Group				
Pula denominated borrowings	2 873 471	2 919 137	(3 138 840)	(2 919 137)
South African Rand denominated borrowings	1 411 362	1 477 202	(1 194 237)	(1 194 237)
Company				
Pula denominated borrowings	2 319 425	2 919 137	(1 904 188)	(2 919 137)
South African Rand denominated borrowings	217 125	282 965	(822 858)	(282 965)

Foreign exchange risk

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

As at 30 June 2021, if Rand that the group is exposed to had weakened or strengthened by 5% against the respective functional currencies with all other variables held constant, group profit for the year would have been BWP 7 555 745 (2020: BWP 1 862 140) higher/lower and the company profit for the year would have been BWP 11 646 (2020: BWP 2 702 506) higher/lower, mainly as a result of foreign exchange gains and losses on translation of foreign currency denominated assets and liabilities.

30. FINANCIAL INSTRUMENTS – FAIR VALUE HIERARCHY

This analysis categorises the financial instruments carried at fair value into different levels based on the level of subjectivity applied in determining the inputs used in the determination of fair value. This assessment is determined based on the lowest level of input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input into the fair value measurement in its entirety requires judgement, considering the factors specific to the asset or liability. If a fair value uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a level 3 measurement.

The fair value hierarchy is measured as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data, that is unobservable inputs.

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

	Group			Company		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
2021						
Cash and cash equivalents	**33 604 385**	**—**	**—**	**23 389 017**	**—**	**—**
Bank overdraft	**(49 885 645)**	**—**	**—**	**(49 885 645)**	**—**	**—**
2020						
Cash and cash equivalents	26 005 679	—	—	22 935 463	—	—
Bank overdraft	(49 700 220)	—	—	(49 700 220)	—	—

There have been no transfers between any of the hierarchy levels during the year (2020: nil).

Level 1 financial assets include only cash and cash equivalents and bank overdrafts that are based on actual values invested at the relevant financial institutions.

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

30. FINANCIAL INSTRUMENTS – FAIR VALUE HIERARCHY continued

While not carried at fair value, the fair value of the following financial instruments were disclosed, and the analysis below reflects the fair value hierarchy relative to these instruments:

	Group			Company		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
2021						
Assets						
Related-party receivables	**—**	**—**	**4 283 697**	**—**	**—**	**116 357 820**
Trade and other receivables	**—**	**—**	**12 103 584**	**—**	**—**	**7 925 210**
Liabilities						
Borrowings	**—**	**—**	**276 022 049**	**—**	**—**	**229 722 319**
Related-party payables	**—**	**—**	**—**	**—**	**—**	**129 373**
Trade and other payables	**—**	**—**	**13 822 711**	**—**	**—**	**10 976 343**

	Group			Company		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
2020						
Assets						
Related-party receivables	—	—	7 475 171	—	—	107 644 597
Trade and other receivables	—	—	28 338 720	—	—	20 023 876
Liabilities						
Borrowings	—	—	372 147 148	—	—	325 983 664
Related-party payables	—	—	—	—	—	97 691
Trade and other payables	—	—	16 546 958	—	—	12 387 495

31. NON-FINANCIAL INSTRUMENTS – FAIR VALUE HIERARCHY

This analysis categorises the non-financial instruments carried at fair value into different levels based on the level of subjectivity applied in determining the inputs used in the determination of fair value. This assessment is determined based on the lowest level of input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input into the fair value measurement in its entirety requires judgement, considering the factors specific to the asset or liability. If a fair value uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a level 3 measurement.

The fair value hierarchy is measured as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data, that is unobservable inputs.

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

	Group			Company		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
2021						
Investment property	**—**	**—**	**1 352 722 124**	**—**	**—**	**1 133 035 256**
2020						
Investment property	—	—	1 363 354 065	—	—	1 144 150 235

There have been no transfers between any of the hierarchy levels during the year (2020: nil).

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

Level 3 financial assets comprise the investment property portfolio more fully described in note 3. The significant inputs used in determining this value are set out in note 1.2 and note 3.

The fair value for the company's investment in its subsidiary companies are similarly disclosed and are classified as a level 3 hierarchy in view that, it is being based on the net underlying asset values, which include level 3 inputs for the investment property as set out above.

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

32. EARNINGS PER LINKED UNIT

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

	Group		Company	
Figures in Pula	**2021**	2020	**2021**	2020
Net profit for the year from continuing operations attributable to linked unitholders	**97 861 128**	96 795 684	**101 912 006**	98 885 708
Net profit from discontinuing operations	**196 272**	245 757	**196 272**	245 757
Weighted average number of linked units in issue	**433 421 256**	420 713 252	**433 421 256**	420 713 252
Basic earnings per linked unit	**0.23**	0.23	**0.24**	0.24
Basic headline earnings per linked unit	**0.23**	0.25	**0.24**	0.26
The company has no dilutive potential linked units, the diluted earnings per linked unit are the same as the basic earnings per linked unit.				
Reconciliation between earnings and headline earnings				
Net profit for the year from continuing operations attributable to linked unitholders	**97 861 128**	96 795 684	**101 912 006**	98 885 708
Net profit from discontinuing operations	**196 272**	245 757	**196 272**	245 757
Remeasurement:				
(Profit)/loss on disposal of plant and equipment	**400 000**	125 000	**400 000**	125 000
Impairment losses	**2 298 850**	12 843 926	**2 207 548**	12 843 926
Tax effect on remeasurement	**(494 792)**	(2 825 664)	**(485 661)**	(2 825 664)
	100 261 458	107 184 703	**104 230 165**	109 274 727

33. EVENTS AFTER THE REPORTING PERIOD

Re-financing arrangement

A term loan agreement had been agreed upon by the group (Borrower) and Absa Bank Limited (Lender) for re-financing an existing three-month bridge-facility of BWP 139 494 425.64 (the "Existing Facility plus capitalised interest") provided by the Lender to the Borrower and to refinance the Standard Chartered facility of BWP 50 000 000 (the "New Facility"), on the 30 August 2021.

34. OPERATING SEGMENTS

The company and the group adopted IFRS 8: Operating Segments. This has resulted in a number of reportable segments presented. In addition, segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The company has determined that its chief operating decision-maker is the board of directors of the company.

Information about major customers

The revenue of the following customer amounts to more than 10% of the company's total revenue for the year ended 30 June 2021.

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

	2021	2020
Choppies Distribution Centre (Proprietary) Limited	42 075 313	50 062 063

Reportable segments

Management has determined the operating segments based on the reports reviewed by the board in making strategic decisions and the board considers the business on the following operating decisions.

- "Residential properties" – Properties occupied for residential purposes.
- "Commercial properties" – Properties occupied for commercial purposes.
- "Industrial properties" – Properties occupied for industrial purposes.
- "Other" – includes other activities not included in other segments.

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

34. OPERATING SEGMENTS continued

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

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

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

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

34. OPERATING SEGMENTS continued

The segment information provided to the board for the reportable segments for the year ended 30 June 2020 is as follows:

Company	Residential	Commercial	Industrial	Others	Total
Revenue	11 877 725	50 533 369	54 718 105	(13 446 865)	103 682 334
Tenant recoveries	1 027 559	6 551 490	3 363 755	—	10 942 804
Other income	—	—	—	13 816 674	13 816 674
Operating expenses	(1 262 102)	(7 784 936)	(3 749 019)	(11 783 232)	(24 579 289)
Finance income	—	—	—	12 424 998	12 424 998
Finance cost	—	—	—	(31 511 693)	(31 511 693)
Foreign exchange gain/(loss)	—	—	—	2 702 506	2 702 506
Impairment adjustment	—	(10 463 757)	—	—	(10 463 757)
Investment property fair value adjustment	(7 765 000)	9 896 432	12 590 425	—	14 721 858
Income tax credit	—	—	—	7 149 274	7 149 274
	3 878 182	48 732 598	66 923 266	(20 648 338)	98 885 708

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

	Residential	Commercial	Industrial	Others	Total
Property, plant and equipment	—	—	—	354 377	354 377
Investment property	172 856 000	563 114 000	408 180 235	—	1 144 150 235
Investments in subsidiaries	—	—	—	25 416 533	25 416 533
Related-party receivables	—	—	—	107 644 597	107 644 597
Operating lease asset	3 817 920	9 974 746	20 068 921	—	33 861 587
Trade and other receivables	—	—	—	30 172 913	30 172 913
Current tax receivable	—	—	—	145 880	145 880
Cash and cash equivalents	—	—	—	22 935 463	22 935 463
Total assets as reported in the statement of financial position	176 673 920	573 088 746	428 249 156	186 669 763	1 364 681 585
Total liabilities	—	—	—	506 348 556	506 348 556

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

34. OPERATING SEGMENTS continued

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

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

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

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

34. OPERATING SEGMENTS continued

The segment information provided to the board for the reportable segments for the year ended 30 June 2020 is as follows:

	Botswana			
Group	**Residential**	**Commercial**	**Industrial**	**Other**
Revenue	11 877 725	50 533 369	54 718 105	(13 446 865)
Tenant recoveries	1 027 559	6 551 490	3 363 755	—
Other income	—	—	—	13 816 674
Operating expenses	(1 262 102)	(7 784 936)	(3 749 019)	(11 783 232)
Finance income	—	—	—	12 424 998
Finance cost	—	—	—	(31 511 693)
Foreign exchange gain/(loss)	—	—	—	2 702 506
Impairment adjustment	—	(10 463 757)	—	—
Investment property fair value adjustment	(7 765 000)	9 896 432	12 590 425	—
Income tax	—	—	—	7 149 274
	3 878 182	48 732 598	66 923 266	(20 648 338)

	Botswana			
Group	**Residential**	**Commercial**	**Industrial**	**Other**
Segment assets	178 423 920	573 088 746	428 249 156	61 021 255

South Africa				Zambia				
Residential	Commercial	Industrial	Other	Residential	Commercial	Industrial	Other	Total
326 423	15 045 828	14 935 742	(1 143 277)	—	2 120 287	—	(633 196)	134 334 141
31 563	5 273 795	2 971 863	—	—	—	—	—	19 220 025
—	—	—	(3 294 251)	—	—	—	—	10 522 423
(105 916)	(5 314 331)	(3 015 019)	(2 661 084)	—	(1 174 665)	—	—	(36 850 304)
—	—	—	(12 264 639)	—	—	—	—	160 359
—	—	—	(10 479 679)	—	—	—	—	(41 991 372)
—	—	—	(8 401 309)	—	—	—	600 287	(5 098 516)
—	—	—	—	—	—	—	—	(10 463 757)
28 241	1 020 265	—	—	—	633 196	—	—	16 403 559
—	—	—	3 650 488	—	(240 636)	—	—	10 559 126
280 312	16 025 556	14 892 586	(34 593 751)	—	1 338 182	—	(32 909)	96 795 684

South Africa				Zambia				
Residential	Commercial	Industrial	Other	Residential	Commercial	Industrial	Other	Total
3 196 344	112 915 521	85 204 595	12 786 154	—	27 450 351	—	—	1 482 336 042

NOTES TO CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2021

35. GOING CONCERN

Management is closely monitoring the evolution of the Covid-19 pandemic, including how it may affect the group, the economy and general population. The company has taken into consideration the following mitigating factors in its assessment for going concern basis of accounting, among other things:

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

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

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

ANALYSIS OF LINKED UNITHOLDERS

for the year ended 30 June 2021

SHAREHOLDER ANALYSIS

SL No		Number of shareholders 2020	Number of shares held 2020	Percentage of holding 2020	**Number of shareholders 2021**	**Number of shares held 2021**	**Percentage of holding 2021**
1	1 – 1 000	380	123 327	0.03	**376**	**122 309**	**0.03**
2	1 001 – 10 000	133	514 496	0.12	**133**	**519 746**	**0.12**
3	10 001 – 100 000	61	2 245 140	0.52	**59**	**2 230 827**	**0.50**
4	100 001 – 1 000 000	20	6 049 631	1.42	**21**	**6 076 636**	**1.35**
5	1 000 001 and above	10	417 598 237	97.91	**11**	**438 761 320**	**98.00**
	Total	604	426 530 831	100.00	**600**	**447 710 838**	**100.00**

TOP FIVE SHAREHOLDERS

SL No	**Name of top five shareholders**	Number of shares held 2020	Percentage of holding 2020	**Number of shares held 2021**	**Percentage of holding 2021**
1	Farouk Ismail	123 755 648	29.01	**128 430 515**	**28.69**
2	Ramachandran Ottapathu	119 998 333	28.13	**124 232 030**	**27.75**
3	Platinum Compass (Proprietary) Limited	92 000 000	21.57	**104 045 430**	**23.24**
4	Botswana Public Officers Pension Fund	70 271 895	16.48	**70 271 895**	**15.70**
5	Allan Gray Re Dedswana Pension Fund	4 837 924	1.13	**8 277 949**	**1.85**
	Total	410 863 800	96.33	**435 257 819**	**97.22**

LIST OF SHAREHOLDERS HOLDING ABOVE 5%

SL No	**Name of shareholders**	Number of shares held 2020	Percentage of holding 2020	**Number of shares held 2021**	**Percentage of holding 2021**
1	Farouk Ismail	123 755 648	29.01	**128 430 515**	**28.69**
2	Ramachandran Ottapathu	119 998 333	28.13	**124 232 030**	**27.75**
3	Platinum Compass (Proprietary) Limited	92 000 000	21.57	**104 045 430**	**23.24**
4	Botswana Public Officers Pension Fund	70 271 895	16.48	**70 271 895**	**15.70**
	Total	406 025 876	95.20	**426 979 870**	**95.37**

ANALYSIS OF LINKED UNITHOLDERS continued

for the year ended 30 June 2021

PUBLIC SHAREHOLDERS

SL No	Details	Number of share-holders 2020	Number of shares held 2020	Percentage of holding 2020	**Number of share-holders 2021**	**Number of shares held 2021**	**Percentage of holding 2021**
1	Public	596	19 648 014	21.08	**597**	**194 535 662**	**43.45**
2	Non-public	8	336 610 922	78.92	**3**	**253 175 176**	**56.55**
	Total	604	426 530 831	100.00	**600**	**447 710 838**	**100.00**

SHAREHOLDERS CLASSIFICATIONS

SL No	Details	Number of share-holders 2020	Number of shares held 2020	Percentage of holding 2020	**Number of share-holders 2021**	**Number of shares held 2021**	**Percentage of holding 2021**
1	Individuals	549	2 470 966	0.58	**546**	**2 501 257**	**0.56**
2	Companies	14	185 136	0.04	**15**	**104 802 436**	**23.41**
3	Institutional investors	33	87 263 807	20.46	**32**	**87 231 969**	**19.48**
4	Directors	8	336 610 922	78.92	**7**	**253 175 176**	**56.55**
	Total	604	426 530 831	100.00	**600**	**447 710 838**	**100.00**

DIRECTORS' HOLDINGS

		Number of shares held 2020	Percentage of holding 2020	**Number of shares held 2021**	**Percentage of holding 2021**
1	Faizel Ismail (through his family)	169 755 648	39.80	**128 430 515**	**28.69**
2	Ramachandran Ottapathu	165 998 333	38.92	**124 441 119**	**27.79**
3	Vidya Sanooj	285 071	0.07	**303 542**	**0.07**
4	Reetsang Willie Mokgatlhe	–	–	**–**	**–**
5	Ranjith Priyalal De Silva	–	–	**–**	**–**
6	Bafana Kgotla Molomo	–	–	**–**	**–**
8	Rajeshkumar Jayrajh*	–	–	**–**	**–**
	Total	336 610 922	78.92	**253 175 176**	**56.55**

* *Appointed effective 21 October 2021*

COMPANY INFORMATION

for the year ended 30 June 2021

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Property and asset management
Directors	Reetsang Willie Mokgatlhe Ramachandran Ottapathu Faizel Ismail Ranjith Priyalal De Silva Bafana Kgotla Molomo Vidya Sanooj Rajeshkumar Jayrajh (Appointed on 21 October 2020)
Registered office	Plot 50370 Acumen Park Fairgrounds Office Park Gaborone Botswana
Business address	Plot 880 Gaborone International Commerce Park East Gate Kgale View Gaborone Botswana
Company secretary	Kingsway (Proprietary) Limited BDO House, 28 Kgale Mews Gaborone International Finance Park PO Box 1839, Gaborone, Botswana
Independent auditor	Grant Thornton Acumen Park Fairgrounds Office Park Gaborone, Botswana
Postal address	PO Box AD65 AEG, Station Gaborone Botswana
Bankers	Absa Bank Botswana Limited First Capital Bank Botswana Limited First National Bank of Botswana Limited Standard Chartered Bank Botswana Limited Investec Bank Limited Standard Bank South Africa Limited Absa Bank Zambia Limited
Registration number	UIN BW 00000942235
Functional currency	Botswana Pula “BWP”

NOTICE OF ANNUAL GENERAL MEETING

THE Far PROPERTY COMPANY LIMITED

Notice is hereby given that the 2021 annual general meeting of unitholders of The Far Property Company Limited will be held at Plot number 196 Innovation Hub at Gaborone International Commerce Park, Gaborone, Botswana at 11:00 am on Monday, 6 December 2021 for the purpose of transacting the following business and considering and if thought fit to adopt with or without amendment the resolutions proposed:

AGENDA

1. To read the notice convening the meeting.
2. To receive, consider and adopt the audited annual financial statements for the year ended 30 June 2021 together with the directors' and auditor's reports thereon.
3. To confirm distribution number 6 of 17.80 thebe to unitholders, comprising 17.64 thebe interest and 0.16 thebe dividend for the year ended 30 June 2021 as recommended by the board of directors, it being noted that an additional 12 625 368 linked units were issued to unitholders, who elected to capitalise distribution number 6 in terms of the notice to unitholders dated 29 September 2021.
4. To re-elect Faizel Ismail, a director retiring by rotation in terms of clause 20.9.1 of the constitution of the company.
5. To re-elect Ranjith Priyalal De Silva, a director retiring by rotation in terms of clause 20.9.1 of the constitution of the company.
6. To consider and ratify the remuneration paid to independent directors for the year ended 30 June 2021, as set out on page 41 of the integrated annual report.
7. To approve the remuneration paid to the auditor Grant Thornton, for the year ended 30 June 2021.
8. To approve the remuneration policy of the company as set out on page 41 of the integrated annual report.
9. To re-appoint Grant Thornton as the auditor for the ensuing financial year.
10. To place linked units equal to an aggregate of 15% of the number of linked units in issue at any time under the control of the directors for allotment and issue for cash or for the acquisition of immovable property until the next annual general meeting, subject to limitations in terms of BSE listing requirements.
11. To take and respond to questions put by unitholders in respect of the affairs and the business of the company.
12. To close the meeting.

PROXIES

A member entitled to attend and vote may appoint a proxy to attend and vote for him/her on his/her behalf and such a proxy need not also be a member of the company. The instrument appointing such a proxy must be deposited at the office of the Transfer Secretaries of the company C/O Grant Thornton Business Services (Proprietary) Limited, Plot 50370, Fairgrounds, Gaborone, Botswana not less than 48 hours before the meeting.

By order of the board

Kingsway (Proprietary) Limited
Company Secretaries

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

8 November 2021

PROXY FORM

For completion by the holders of linked units.

For use at the annual general meeting of unitholders of the company to be held at Plot number 196 Innovation Hub at Gaborone International Commerce Park, Gaborone, Botswana at 11:00 am on Monday, 6 December 2021

Please read the notes overleaf before completing this form.

I/We

(Name/s in block letters)

of (address)

Hereby appoint:

1. or failing him/her, appoint

2. or failing him/her appoint

3. The chairman of the meeting as my/our proxy to act for me/us at the 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 instructions:

Number of linked units		**For**	**Against**	**Abstain**
Ordinary resolution 1	Agenda item number 2			
Ordinary resolution 2	Agenda item number 3			
Ordinary resolution 3	Agenda item number 4			
Ordinary resolution 4	Agenda item number 5			
Ordinary resolution 5	Agenda item number 6			
Ordinary resolution 6	Agenda item number 7			
Ordinary resolution 7	Agenda item number 8			
Ordinary resolution 8	Agenda item number 9			
Ordinary resolution 9	Agenda item number 10			

Signed at Date

Signature

Assisted by (where applicable)

Each unitholder who is entitled to attend and vote at a general meeting is entitled to appoint one or more persons as proxy to attend, speak and vote in place of the unitholder at the annual general meeting and the proxy so appointed need not be a member of the company.

Please read notes 1 to 8 on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A unitholder must insert the names of two alternative proxies of the unitholder's choice in the space provided with or without deleting "chairman of the general meeting". The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.
2. If the unitholder does not have a proxy, the chairman shall be deemed appointed the proxy. A unitholder must indicate the linked units/votes exercisable by the Unitholder in the appropriate space provided.
3. A unitholder must indicate how the proxy is to vote on a resolution in the space provided. Failure to comply herewith will be deemed to authorise the proxy to vote at the general meeting as he/she deems fit in respect of the unitholder's votes exercisable thereat. A unitholder or his/her proxy is obliged to use all the votes exercisable by the unitholder or by his/her proxy.
4. The completion and lodging of this form will not preclude the relevant unitholder from attending the general meeting.
5. The chairman of the annual general meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he/she is satisfied as to the manner in which the unitholder concerned wishes to vote.
6. An instrument of proxy shall be valid for the annual general meeting as well as for any adjournment thereof, unless the contrary is stated thereon.
7. The authority of a person signing the form of proxy under power of attorney or on behalf of a company must be attached to the form of proxy.
8. Where linked units are held jointly, all unitholders must sign.
9. A minor must be assisted by his/her guardian, unless relevant documents establishing his/her legal capacity are produced or have been registered by the company.

DEFINITIONS

Act or Companies Act	Companies Act 2003 (No 32 of 2004) of Botswana, as amended or replaced from time to time
AGM	Annual general meeting
the board	Board of directors of FPC
BSE	Botswana Stock Exchange
BWP	Botswana Pula, the legal tender in Botswana
CEO	Chief executive officer of FPC
CFO	Chief financial officer of FPC
Choppies	Choppies Enterprises Limited, listed on the BSE and JSE
the Choppies group	Choppies Enterprises Limited and its subsidiaries
Covid-19, the pandemic	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Constitution	Constitution of FPC as registered by CIPA on 17 December 2015
Dividends per share (cents)	Total dividends paid to ordinary shareholders divided by the number of ordinary shares issued calculated in cents
EBITDA	Earnings before interest, tax, depreciation and amortisation

FCMG	Fast moving consumer goods
FPC	The Far Property Company Limited, listed on the BSE
FY2021	Financial year ended 30 June 2021
FY2022	Financial year ending 30 June 2022
GDP	Gross domestic product
GLA	Gross lettable area, measured in square metres
Headline earnings per share ("HEPS") (cents)	Headline earnings divided by the weighted number of ordinary shares calculated in cents
IFRS	International Financial Reporting Standards, as issued by the International Accounting Standards Board
IT	Information technology
King III Report	King Report on Corporate Governance for South Africa 2009
King IV Report	King Report on Corporate Governance for South Africa 2016
KPI	Key performance indicator
Last year	The year ended 30 June 2020
Linked unit	One ordinary share indivisibly linked to one debenture of the company

DEFINITIONS continued

Linked unitholders	Holders of linked units in FPC
Listing date	4 May 2016
Listing	The listing of FPC's linked units on the BSE
Listings Requirements	The BSE Listings Requirements
NAV	Net asset value
Net asset value per share (cents)	Equity attributable to equity holders of FPC Property group divided by the total shares in issue, including treasury shares calculated in cents
NOI	Net operating income
PAT/PBT	Profit after tax/profit before tax
Return on equity (%)	Return on equity is the measure of a company's annual return divided by the value of its total shareholder's equity, expressed as a percentage

Return on investment (%)	Return on investment ("ROI") is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments
The board	The board of directors of the Far Property Company Limited
The group	The Far Property Company Limited and its subsidiaries
This year	The year ended 30 June 2021
Q Tique	Q Tique 79 (Proprietary) Limited, a company incorporated with limited liability according to the laws of South Africa under company No 2006/012884/07, a wholly owned subsidiary of FPC
Variable rate loan stock company	A company where the share capital of a company is divided into "linked units" (which are listed on the BSE) each comprising an ordinary share that is indivisibly linked to a variable rate debenture
ZAR	South African Rand, the legal tender in South Africa

www.farproperties.co.bw