FaR PROPERTY

INTEGRATED ANNUAL REPORT 2023

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INTRODUCTION

ABOUT THIS REPORT

In this integrated report, the FaR Property Company Limited ("FPC") outlines how it creates and delivers sustainable value as a Botswana Stock Exchange ("BSE") listed property investment company with an internally managed, diversified portfolio of retail, commercial, industrial and residential properties in Botswana, South Africa and Zambia.

This integrated report is our primary report to our investors and provides our stakeholders with an overview of our strategy, investment proposition and material risks. We also report on our performance and governance over the past year along with our progress towards delivering the Group's strategic objectives.

Scope and boundary

This integrated annual report presents the performance and activities of FPC for the financial year 1 July 2022 to 30 June 2023, from a financial, economic and governance perspective. 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 the Group's business activities and property portfolios in Botswana, South Africa and Zambia.

Reporting frameworks

This 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 IV™* as encapsulated in the applicable regulations.

Assurance

The company's external auditor, Grant Thornton, has independently audited the annual financial statements for the year ended 30 June 2023. They have provided assurance on the financial statements and expressed an unqualified audit opinion. The integrated annual report of the Group has 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.

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

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 <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 pages 14 and 15.

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

Our stakeholders

- Investors and funders
- Regulators, government and authorities
- Employees
- Media
- Tenants
- Suppliers
- Communities

For further information, please see pages 24 and 25.

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 34 and 35.

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, Risk and Compliance Committee recommended this integrated annual report to the board for approval which then approved it.

Reetsang Mokgatlhe

Chairman

14 September 2023

FY23 HIGHLIGHTS

Revenue

↑9%

Profit before income tax

↑22%

Net income from operations

↑11%

Loan-to-asset ratio

18%

Rental yields at a stable rate

10%

Low vacancies

6%

In this section

FPC AT A GLANCE

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

Driven by our aim to create long-term value for our stakeholders, we are committed to providing our tenants with first-rate services, which foster customer loyalty. Though property is our business, it is people we focus on, which is why we create spaces that enable people to connect and businesses to thrive.

Our diverse portfolio spans industrial and retail properties with a small non-core residential portfolio located in Botswana, Zambia and South Africa and is valued at over BWP 1.47 billion. We seek to be the infrastructure company of choice in Southern Africa.

All property and asset management is managed by our highly skilled internal team.

MISSION

- To develop and maintain a balanced and sustainable portfolio for the future

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

- **Knowledge** – We strive to understand our markets and our clients' needs
- **Connections** – Relationships are everything to us; we connect people to their communities and livelihoods
- **Passion** – We believe that working with "all heart" can change the world
- **Fun** – We love what we do and it shows
- **Integrity** – Our clients' needs and best interests are at the heart of everything we do
- **Effectiveness** – We set a high bar and move mountains to exceed expectations

Our values translate into:

- Professionalism above all
- Making our tenants happy
- Strong stakeholder engagement
- A positive approach
- Unwavering focus on growth and sustainability
- Adding value for the benefit of all our stakeholders
- Giving back to communities

REFLECTIONS FROM OUR CHAIRMAN

We continue to develop portfolio funds with sustained growth, accelerating local economic growth by developing properties that enhance economic activities and where our presence is clearly felt, especially in the undeveloped rural areas.

Reetsang Willie Mokgatlhe
Independent non-executive chairman

Year under review

From the portfolio in the current year under review, we made a profit before tax which is 22% higher than the previous year. This is a result of an increase in income and control of our operating expenses. The company delivered a good set of results with fewer employees. The approved operating structure is for 15 employees but we managed to achieve the results with one fewer employee. Headline earnings per linked unit were 26.92 thebe which is higher than the previous year. The Board has decided to recommend a distribution of 11.80 thebe per linked unit for the year. The difference is for FPC to be able to fund growth instead of increasing debt, further creating value for the unitholders.

Our vacancy rates also contributed positively to revenue as they were much lower than in the previous year. This was due to effective lease management and leasing of some of the properties in South Africa which were left vacant when one of our key tenants exited the market. Our loans-to-equity ratio is in a healthy state and we continue to prudently manage our cash to ensure that debt payments are made as they fall due.

As an entity we continue to be competitive when compared to our peers and we believe that with our current landbank, we will continue to be competitive well into the foreseeable future while sustainably growing our portfolio.

Macroeconomic outlook

Looking at some of the external factors, inflation rates continue to decrease towards the 3% to 6% range approved by the Bank of Botswana. This bodes well for our business as we hope that interest rates will continue to decrease as inflation will be within the 3% to 6% range. Fuel, on the other hand, continues to fluctuate due to worldwide events, particularly the war in Ukraine, resulting in Russia reducing its oil output along with other countries in the Middle East following suit. This has somewhat increased commodity prices which continues to affect business, particularly for some of our tenants.

Governance

The approved Board numbers, which stand at seven, continue to be filled. We had one Board member retire during the past year due to rotation and that post was filled after the Governance and Nominations Committee interviewed candidates. The appropriate approvals were obtained at the annual general meeting and the induction of the new member has been undertaken.

Board development, supported by the Institute of Directors of South Africa also continues. In the year under review, training on "Insights on King IV" helped the Directors further understand their role, the role of FPC and also in terms of how to continue to ensure good corporate governance.

We are striving to reach a balance in terms of gender diversity. We currently have one female Board member and the Board continues to look at ways in which these numbers can be increased as and when any of the current Board members retire or become not available for reappointment.

In terms of governance, we continue to obtain assurance from internal auditors who provide quarterly reports to the Board for review. This ensures assurance in terms of governance in the entity, whether it be financial or corporate.

We have continued to play our role in the achievement of the sustainable development goals. We have implemented a solar project in the current year in one of our properties which is now fully operational. This project is expected to provide savings of close to BWP 500 000 per annum in terms of power savings and it is indeed the Board's aim to continue implementing similar projects to achieve both energy and cost savings for the company. The Board has further set aside funding to support social projects to ensure we continue to play our role as a responsible corporate entity. It is the Board's intention to ensure the funding also aligns well with the Sustainable Development Goals (SDGs). We also continue to engage stakeholders, including regulators, to ensure all regulatory requirements are met, as it is important for us as a listed entity.

Outlook

Moving forward, we will look to continue to implement our five-year strategy. The year under review was the first year of this strategy. We will continue to review as and when there are activities, particularly external activities, around us that warrant review. It is our intention to implement more of the solar projects in order to play our part in sustainable development. We have a sizable landbank that we will develop as and when we identify opportunities not only locally but also within the region. Our growth strategy is managed growth. We do not intend to develop shopping malls everywhere but to ensure that the development of these malls and properties are consumer driven and that there are tenants that would support such developments.

We intend to continue with our strategy to ensure creation of value for our unitholders.

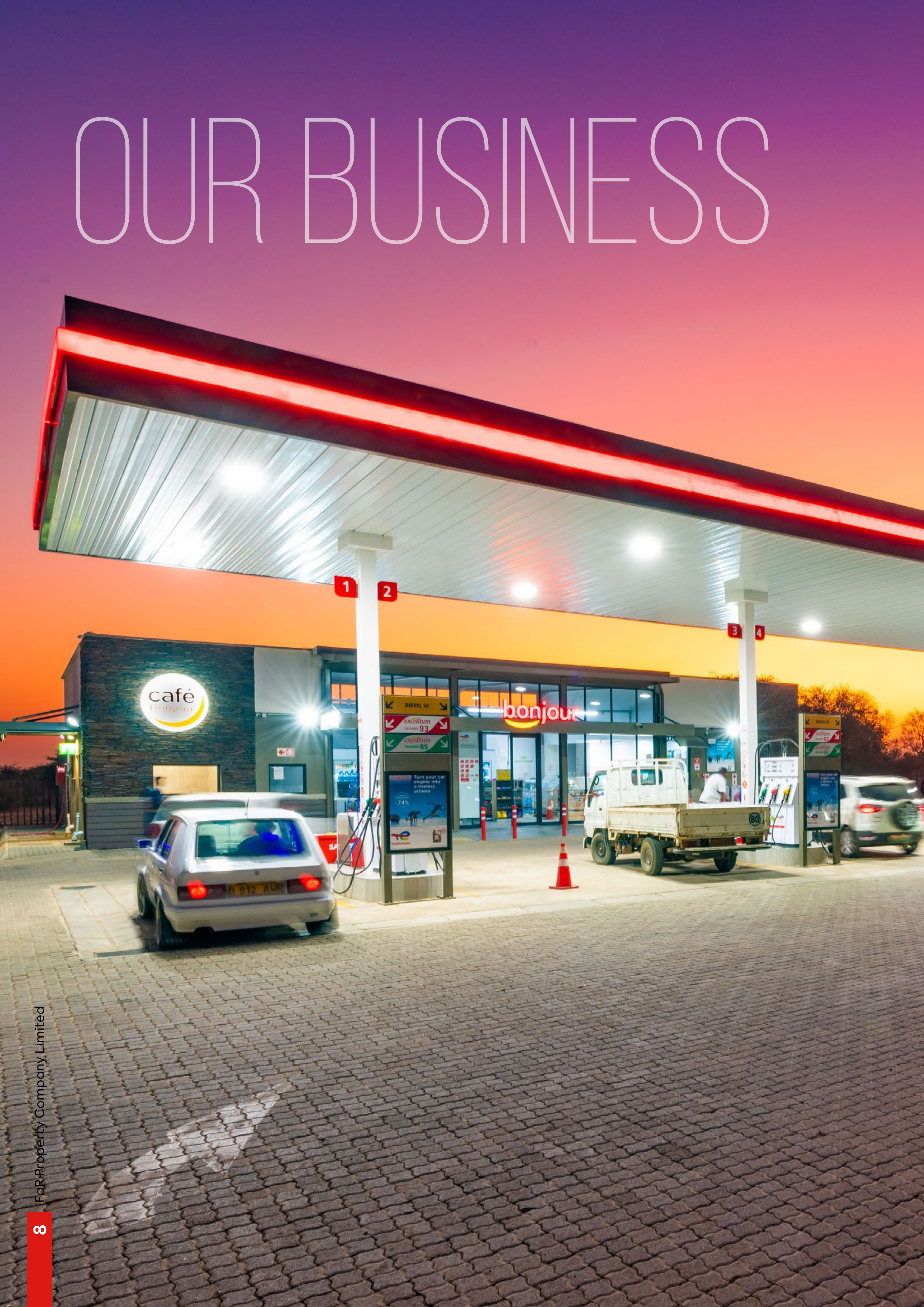
Appreciation

I would like to thank the Board for their exceptional devotion throughout the year. I genuinely appreciate their knowledge and understanding. My compliments also go to management and employees for their hard work and dedication, as well as to our tenants, suppliers, and shareholders for their support.

Reetsang Willie Mokgatlhe
Independent non-executive chairman

14 September 2023

OUR BUSINESS



In this section

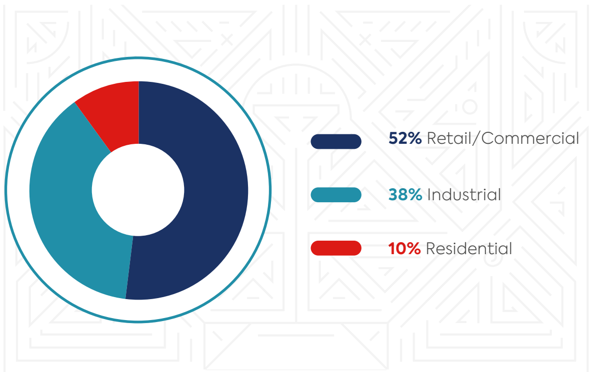
OVERVIEW OF OUR BUSINESS

FPC manages a BWP 1.47 billion portfolio consisting of 186 diverse properties which is well-balanced and risk defensive. We are focussed on different property segments, namely retail/ commercial, industrial and a small non-core residential portfolio.

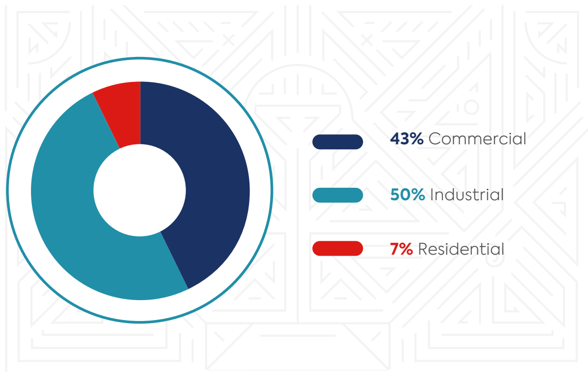
Our properties are supported by long-term leases with a majority of Grade A tenants and strong ongoing demand that results in consistently low vacancies. We further own a considerable landbank for future development.

Portfolio value by segment

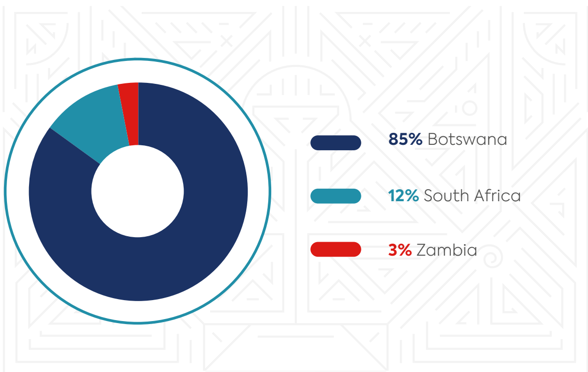
Portfolio value by business segment



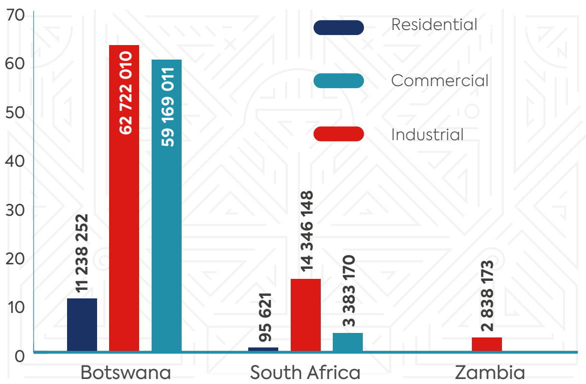
Portfolio segment by GLA



Geographical location by portfolio value



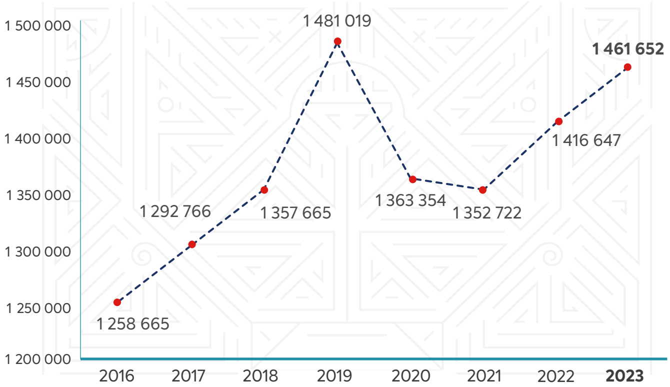
Revenue by geography and segment (BWP)



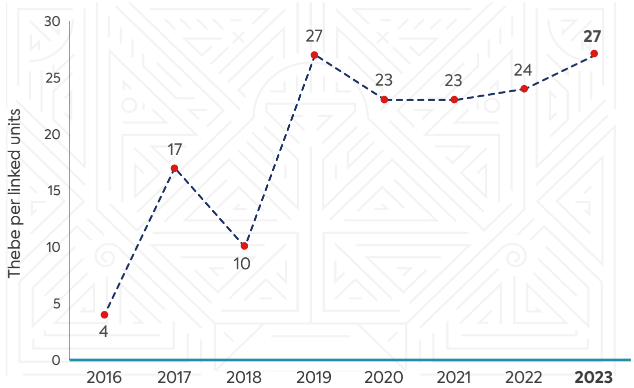
OUR PORTFOLIO DIFFERENTIATORS

- 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

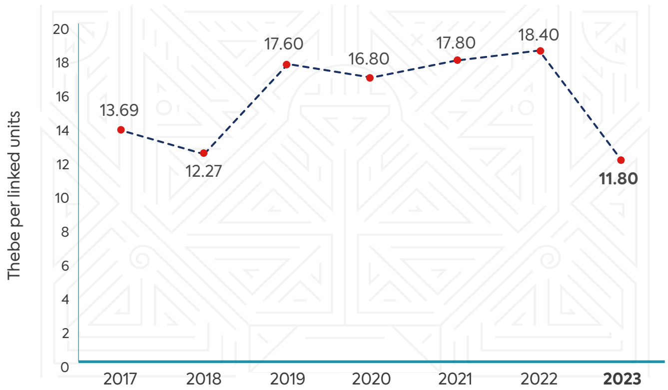
Value of the portfolio BWP ('000)



Basic earnings per linked unit



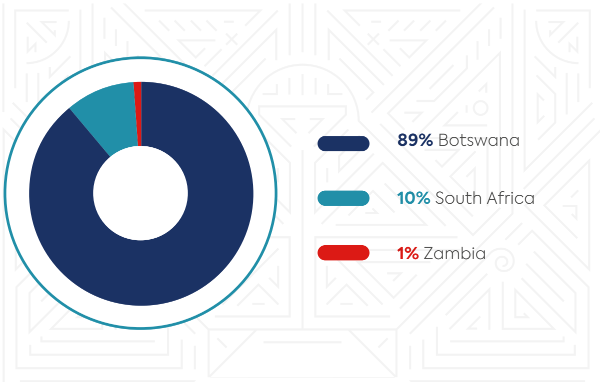
Distribution per linked unit



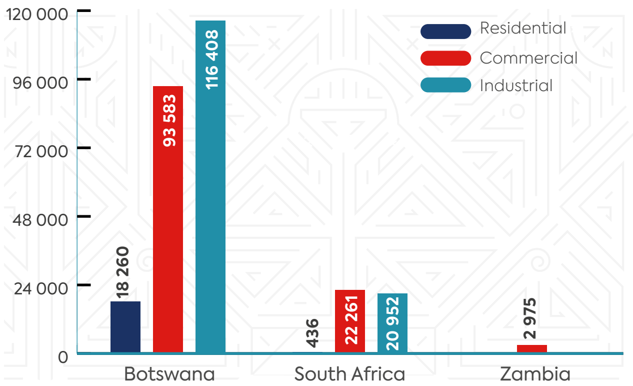
OVERVIEW OF OUR BUSINESS

Our portfolio footprint

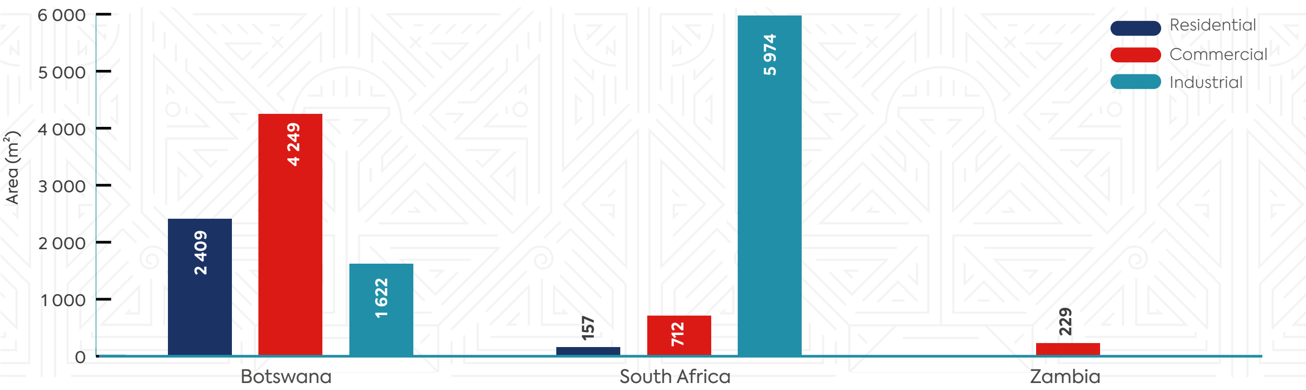
Geographical split by GLA (%)



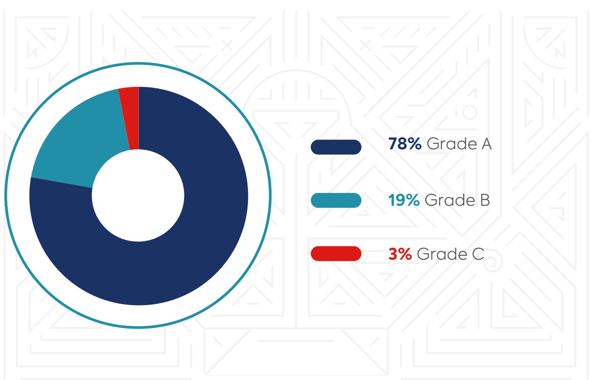
Sectoral split by GLA m²



Vacancy profile by m²



Tenant profile by grade (%)



Grade A

Premium tenants including retail tenants with national and international brands

Grade B

Local tenants and mid-sized business with well-established network

Grade C

New start-up companies and small business operations

TOTAL NUMBER OF TENANTS: 767

BOTSWANA

NUMBER OF PROPERTIES
166

TOTAL VALUE OF PROPERTIES
BWP 1.25 BILLION

GLA
228 252 M²

SECTORAL SPLIT BY GLA

RETAIL/COMMERCIAL
93 584 M²
41%

INDUSTRIAL
116 408 M²
51%

RESIDENTIAL
18 260 M²
8%

SOUTH AFRICA

NUMBER OF PROPERTIES
18

TOTAL VALUE OF PROPERTIES
BWP 0.18 BILLION

GLA
43 649 M²

SECTORAL SPLIT BY GLA

RETAIL/COMMERCIAL
22 261 M²
51%

INDUSTRIAL
20 952 M²
48%

RESIDENTIAL
436 M²
1%

ZAMBIA

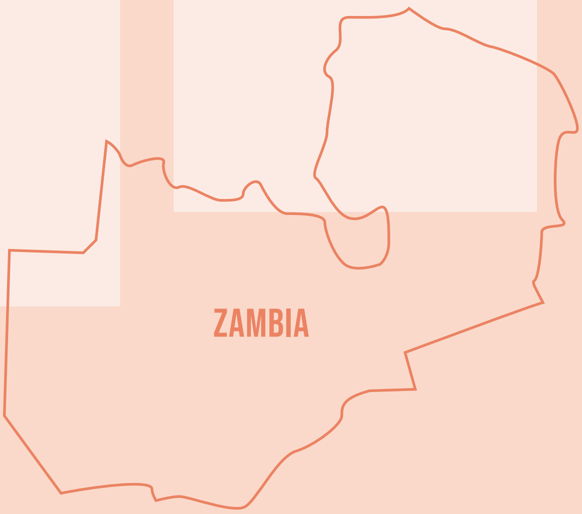
NUMBER OF PROPERTIES
2

TOTAL VALUE OF PROPERTIES
BWP 0.04 BILLION

GLA
2 975 M²

SECTORAL SPLIT BY GLA

COMMERCIAL
2 975 M²
100%



OUR BUSINESS MODEL

Our business model sets out how we produce, maintain, and diminish value.

We actively manage our business operations and assess their consequences to make sure we maximise the positive benefits of our business activities, minimise any unfavourable effects, and retain value for all of our stakeholders.

Our inputs

Financial capital

Debt and equity
Capital recycling
Third-party capital

Social and relationship capital

Expand our communication and collaboration to reinforce relationships with our key stakeholders:

- Investors and funders
- Suppliers
- Tenants
- Employees
- Communities
- Regulators, government and authorities
- Media

Natural capital

Use of resources (electricity and water)

Human capital

14 employees
(2022: 14 employees)

Manufactured capital

- 186 properties
- 94% occupancy rate (2022: 90%)
- BWP 1.47 billion portfolio value (2022: BWP 1.42 billion)
- 274 876 m² GLA
- IT systems

Intellectual capital

- Skills knowledge and experience in our quality teams
- Innovative thinking and ability to adapt to change
- Robust governance structures centred on ethical conduct

Our business activities

FPC's objectives:

- To invest and develop property
- To lease and maintain property
- To optimise capital and income returns over time for shareholders
- To deliver sustainable outcomes for communities

Retail

Industrial

Invest in property
Develop property
Lease property
Maintain property

CAPITAL MANAGEMENT

Our strategy for managing capital is flexible. We assess the potential returns of each capital deployment opportunity in a situation where capital is expensive and scarce before allocating cash. The decisions we make regarding the procurement, deployment, management, and occasionally recycling of our manufactured capital is in accordance with our investment strategy, which is to provide consistent cash flow to support our company activities.

Our outcomes

How we create and preserve value for our stakeholders

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

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- Properties that provide access to retail for communities
- Dedicated resources to manage stakeholder relations
- Support local businesses with high-quality commercial and industrial space
- The company is committed to assist in CSI projects when the need arises.

- 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
- Introduced a new five-year strategy in 2022 to enhance growth

Outputs

Capitals affected

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

STRATEGIC OVERVIEW

In the prior year the Board approved and implemented a new five-year strategy with the aim of developing and maintaining a balanced and sustainable portfolio for the future.

Our strategic objectives

- Develop the existing landbank in the medium term with mainly small and medium-scale properties
- Reduce debt further to one and a half years of rental income level
- Strategic movement with exit using available resources when South African markets turn around
- Develop Zambian land using funds available from existing property
- Consistent management

This will help position FPC as a well-managed property company while providing value for tenants.

FPC manages over 186 properties across three countries. The aim is to:

- Develop a property portfolio fund with sustainable growth
- Create favourable environments for tenants
- Develop properties to meet current and future market demand.

Our strategic objective is to develop the existing landbank in the medium term with mainly small and medium-scale properties. We also look to reduce debt further to one and a half year of rental income level, exit with profit or expand using available resources when South African markets turn around and develop Zambian land using funds available from existing property and consistent management.

Our approach to real estate management

FPC focuses on providing a comprehensive strategic plan for real estate and facilities with the planning thereof being integrated into the business planning. It is based on an up-to-date and thorough understanding of FPC's mission and supports the plans for the core business while it contributes to sustained profitability and boosting the balance sheet.

Senior management and those directly responsible for real estate and facilities participate in the economics-driven strategic real estate, facilities and planning. Our internal and marketplace insight are critical to company growth and our strategic objectives are driven by an internal planning and analysis team.

A 10-year horizon

Considering the time required for planning, design and occupancy of new constructions as well as the length of leases or probable periods of ownership, a 10-year horizon is the benchmark for our strategic planning and implementation objectives. Although predictions for this long period can be inaccurate the lengthy nature of real estate acquisition dictates a distant horizon.

Internal asset management

Our internal asset and property management team ensures efficient service and better returns. Our tenants are responsible for all maintenance work allowing FPC to focus on longer-term maintenance and new tenant maintenance.

Third-party contractors are engaged if it is deemed to be more cost-effective or specialist skills are required. If more cost-effective, staff are trained in the required specialist skills.

Our maintenance system

Priority system
Ensures the most important work is done most cost-effectively. Scheduled and preventative maintenance ensures the decreased need for on-demand work.

Priorities:
- Emergencies
- Vacant properties
- Scheduled operations and services
- Resident on-demand request.

Long-term planning
A long-term maintenance plan is in place including property-specific long-term plans.

Training
Staff are provided with appropriate training to refine technical skills, increase and expand craft skills and learn new procedures.

Develop procedures
The maintenance manager ensures clear procedures are in place.

Develop performance standards and goals
The maintenance manager establishes measures to ensure effectiveness in line with local housing codes, housing quality standards and job descriptions.

Work order system
A comprehensive work order system is in place tracking the source of request, priority, location, completion date, etc.

How we maintain the properties

Emergencies
- Highest priority
- An emergency response system is in place.

Resident on-demand service
All tenant-generated work requests.

Scheduled routine maintenance
- Pest control
- Landscaping
- Building exteriors and interior common areas.

Preparing vacant units for re-occupancy
- Ensure we can re-occupy units as soon as possible
- Prompt notification from management to ensure fast and accurate inspection of unit
- Special teams created for vacancy turnaround.

Preventative maintenance programme
Forms part of planned and scheduled maintenance plan. Anticipate maintenance requirements and ensure they are addressed cost-effectively.

Areas of focus:
- Roofs
- Vehicles and equipment
- Lead-based paint (control of hazard)
- Life-safety systems (eg fire alarms, generators and smoke detectors).

Inspection programme
Maintenance staff follow a unit inspection programme and perform specific preventative and routine maintenance tasks.

Any other work is noted on the inspection form. Regular inspections are conducted of:
- Dwelling units
- Buildings and grounds.

OUR BUSINESS IN CONTEXT

FPC is a property investment business in Botswana, South Africa, and Zambia with an internally managed, diverse portfolio of retail, commercial, industrial, and residential assets.

Botswana

Forecasts expect real GDP growth in Botswana to slow to 4.5% in 2023, from 5.8% in 2022, which is marginally higher than the previous estimate of 5.7% growth, following the release of the 2023 second quarter showing that the economy expanded by 3.4% year on year. The slowdown was in line with our expectations and was driven by weak global demand for diamonds.

Fixed investment is expected to become the main driver of economic growth in 2023. Capital formation growth has remained weak since the onset of the Covid-19 pandemic in 2020, when fixed investment dropped by 9.2%.

Real household expenditure is expected to pick up throughout the course of 2023, with total spending anticipated to increase by 4.6% y-o-y (at 2010 prices) as opposed to 4.8% y-o-y in 2022. Since the Covid-19 outbreak, real household spending (at 2010) has remained on an upward track.

If global supply chain difficulties worsen, inflation could continue to rise for a longer period of time, and interest rates could increase as a result.

South Africa

From January through to March, the South African GDP increased by 0.4%. A challenging external climate, volatile commodity prices, and potentially fatal power outages have all contributed to the nation's poor economic performance.

By the end of the year forecasts anticipate a significant decline from last year's real GDP growth. The pace is too slow to lower unemployment, which, at 32.9%, remains very near to an all-time high, even if growth is anticipated to pick up again in 2024.

Food and energy costs that have been consistently high have increased inflation and inflation predictions. The continuation of monetary policy normalisation should keep inflation expectations stable and lower headline inflation to the middle of the South African Reserve Bank's target range of 3-6%.

Zambia

Forecasts for Zambia's real GDP growth in 2023 have been reduced from 3.7% to 3.5%. In the third quarter of 2022, growth unexpectedly increased to 5.3% y-o-y from 3.4% in the second quarter. Despite persistent declines in agricultural and construction activities, the strong expansion was led by a number of industries, including accommodation (34.8% y-o-y), transportation and storage (23.7%), information and communication (16.6%), and wholesale and retail commerce (6.2%).

The real rate of growth for the Zambian economy is predicted to decline from 4.5% y-o-y growth over 2022 to 3.5% y-o-y over 2023. A number of business-friendly policies over 2023 led to Zambia's positive growth. Although growth will continue due to a recovery in mining exports and robust private investment, headwinds to private and public consumption are predicted to persist, causing growth to lag behind the average from 2010 to 2019 in the near term.

Real GDP growth is estimated to reach 3.9% in 2024, while inflation is predicted to further slow and average at 6.8%. This is anticipated to relieve pressure on consumer spending, and will likely encourage investment when the capacity for generating electricity recovers. As a result, it is anticipated that growth in fixed investment and private consumption will pick up in 2024, reaching 4.0% and 4.9%, respectively.

Source: FitchSolutions, IMF

GDP GROWTH

GDP growth in Botswana

3.4%

Household expenditure is expected to pick up throughout the course of 2023

OUR PERFORMANCE

In this section

MANAGEMENT REPORT

Despite ongoing macroeconomic challenges, FPC continued to show resilience with a solid performance throughout the year and demonstrated agility in rapidly adapting its thinking and operations in response to changes in consumer behaviour.

FINANCIAL HIGHLIGHTS

Net income from operations

↑11%

Revenue

↑9%

Profit before income tax

↑22%

Rental yields at a stable rate of

10%

Vacancies low at

6%

Loan-to-asset ratio of

18%

Financial performance

Revenue increased by 9% to BWP 153 million from BWP 141 million in 2022, while profit before tax increased 22% to BWP 136 million (2022: BWP 112 million) and operating profit increased 11% to BWP 139 million (2022: BWP 125 million).

Vacancies across the portfolio remain below 6%, which is encouraging given the tough trading environment. The rent yield remained stable at 10% while the loan-to-asset ratio is at a healthy 18%.

The Board declared and approved a distribution to unitholders of 11.80 thebe for each unit (2022: 18.40), comprising 11.69 thebe interest and 0.11 thebe dividend. The reduction in distribution is to allow the Group to focus on expanding the business and further developing the existing and potentially new landbank that will contribute to the growth of the overall business and property portfolio.

Operations

Since the selling of residential properties only generates small earnings, FPC has always shown a preference for development over acquisitions during the year. Five developments are now being built. In Botswana, occupancy is currently at about 98%, whereas rates in South Africa have decreased as a result of Choppies exiting the market. We are in advanced negotiations to re-let the space.

With an emphasis on smaller business centres where there is minimal risk of a single tenant, we are looking to diversify. With residential being a non-core sector of our portfolio, the goal is to exit out of the market as soon as we can find a solid process.

FPC has maintained a sound balance sheet and ensured dividend declarations remain constant.

All of our leases are triple net leases, which limit our landlord responsibilities to only structural maintenance. In order to provide long-term stability, lease renewals are typically for five years with a further five-year option.

With a strong NAV, we want to develop all of our land bank during the following two years. It is currently between 5% and 10%, and with continued improvement

FPC will enter its next growth phase. Our internal asset management and low debt levels continue to position us strongly compared to our peers.

Proposed and planned developments

Zambia

- 10 000m^2 new warehouse development in Lusaka, Zambia
- Shopping complex and supermarket project in Sirenje, Zambia

Botswana

- Warehouse and filling station project in Serowe
- Warehouse project in Mogoditshane
- Shopping complex and filling station projects in Mathengwane
- Shopping complex and filling station projects in Hukuntsi
- Warehouse projects in Gabane

Looking ahead

We are progressing well with our five-year strategic plan and are well positioned for future growth. We are concentrating on growing and developing our current land bank by maintaining the current level of gearing. FPC will keep the South African portfolio in place for the foreseeable future and seek to engage in discussions to develop a strategy for debt repayment. The greywater trial project and the solar pilot project remain crucial in lowering our energy and water usage in terms of environmental factors. In the medium term, we aim to replicate our present Botswana model in Namibia and Zambia.

We aim to be Southern Africa's go-to commercial infrastructure property company. The goal is for our future strategy to not be speculative but instead put the demands of our clients first.

Appreciation

I want to thank our team for their commitment and dedication during these challenging times. I also want to express my gratitude to the Board for their wise counsel. Additionally, I want to thank our tenants and service providers for their ongoing support.

Shinu Joy
Acting Chief Executive Officer

14 September 2023

STAKEHOLDER ENGAGEMENT

We seek to build and maintain sustainable relationships based on mutual trust, respect and transparency. FPC embraces a people-centric and stakeholder-inclusive approach to creating value. We believe that the way we engage with our stakeholders and address the issues they raise impacts on the quality of our relationships with them.

Our engagements focus on the stakeholder groups most likely to have an impact on our ability to deliver on our strategic priorities and our aim is to strengthen these relationships by understanding and addressing a range of social, economic and environment-related issues to align stakeholders with our purpose-led journey. These engagements are critical to our long-term sustainability and business plan.

Set out below are our stakeholders and the topics that affect them:

Financial capital	Social and relationship capital	Natural capital	Human capital	Manufactured capital	Intellectual capital

Stakeholder	Methods of engagement	Impact on capitals
Investors and funders	• One-on-one discussions • Stakeholder sessions • Press releases • Property tours • Annual and interim presentations • Integrated annual report • Annual general meeting (AGM) • Website • Brochures, leaflets, advertisements	
Expectations and needs	• Distributions • Geopolitical tensions • Capital appreciation • Market confidence and share price • Governance and sustainability • Compliance with debt • Accessibility to management	
Our strategic response	• Transparent communication and engagement with investors • Improvement in vacancy levels	
Regulators, Government and authorities	• Knowledge-sharing sessions/seminars • Site visits • Website • Newsletter • Media and market reports • Brochures and leaflets • Integrated annual report • Presentations	
Expectations and needs	• Compliance • Tax revenue • Meeting public disclosure obligations through the company secretary • Monitoring and responding to developments in the BSE Listings Requirements and the Botswana Companies Act	
Our strategic response	Active participation and engagement on various industry bodies to ensure key issues are being addressed	

Stakeholder	Methods of engagement	Impact on capitals
Employees	• Emails • Debriefings and information sessions • Staff meetings • Website • Letters	
Expectations and needs	• Job security • Remote working • Health and wellness • Remuneration • Career development	
Our strategic response	• Training and upskilling employees • Wellbeing discussions with all staff	
Media	• Press releases • Interviews and speeches • Workshops and seminars • Website	
Expectations and needs	• Communications • Accessibility of the management team	
Our strategic response	• Ensuring information is readily available • Open and transparent engagements with management when requested	
Tenants	• One-on-one discussions • Stakeholder sessions • Website	
Expectations and needs	• Communication • Increased cost of occupations • Security maintenance	
Our strategic response	• Improved level of service delivery • Client-centric focus and consistency in service delivery	
Suppliers	• Potential/new supplier introduction • Tenants feedback • Service level agreement management and service delivery feedback meetings	
Expectations and needs	• Ongoing interaction • Alignment with agreed-upon payment terms • Contract management	
Our strategic response	• Enhanced efficiencies • Procurement opportunities on regular basis to ensure competitive pricing and improved service delivery • Use of analytics to identify areas in need of improvement • Quick decision-making and simple deal structuring	
Communities	• Direct engagement about community concerns • Encourage SMME suppliers • Contributions made to disadvantaged communities • Website	
Expectations and needs	• Job creation • Business opportunities • Corporate social investment • A responsible corporate citizen	

SUSTAINABILITY REVIEW

Safety, health and environment

We respect the environment and encourage our stakeholders to use natural resources prudently and take steps to prevent pollution. In addition, we also promote the sustainable use of raw materials and natural resources.

The Group has established a rooftop solar system as a pilot project in its main industrial site and commerce park.

Operations in

3 COUNTRIES

Employees

14

Men

6

2 under the age of 30 years
4 over the age of 30 years

Women

8

2 under the age of 30 years
6 over the age of 30 years

The Group has also established a pilot project of a water treatment plant in one of its projects situated in Thamaga. This project is for the treatment of waste water, which is converted into green water for further use as prescribed.

Skills development

FPC is committed to ensuring employees are suitably skilled and provided with the opportunity to grow. There is no formal training programme in place, however, managerial employees are required to update their skills through continuous professional development (CPDs) provided by professional institutes such as BICA.

TOP 10 PROPERTIES

PLOT 903, FRANCISTOWN

GLA (m²)
6 797

Value at 30 June 2023
BWP 65 630 000

Anchor tenants
Choppies Distribution Centre (Pty) Ltd
OK Furniture Botswana (Pty) Ltd

Other key tenants
ZCX Investments (Pty) Ltd
JB Sports (Pty) Ltd
MultiChoice Botswana (Pty) Ltd
Letshego Financial Services (Pty) Ltd
IT-IQ Botswana (Pty) Ltd
Timeless Moments (Pty) Ltd

Type of property
Retail

Location
Francistown, Botswana

This property comprises a modern retail complex which commenced trading in 2016. Choppies Hyper is a food anchor and there are 17 line shops from Block A to Block B totalling 10 shops. The two-storey portion overlooking the Tati River is sold and excluded from FPC ownership.

PLOT 1301 BOROGO MALL

GLA (m²)
7 374

Value at 30 June 2023
BWP 78 290 000

Anchor tenants
Choppies Distribution Centre (Pty) Ltd
Motovac Serowe (Pty) Ltd
Bahumi Trading-Kasane (Pty) Ltd

Other key tenants
Diagnofirm (Pty) Ltd
Botswana Postal Service
JB Sports (Pty) Ltd
Carnival Furnishers (Pty) Ltd
Chobe Cell World (Pty) Ltd
Auto World (Pty) Ltd
ZCX Investments (Pty) Ltd

Type of property
Retail

Location
Kazungula, Botswana

The property is located on the prominent A33 main road close to the Kazungula ferry crossing. The new road bridge opened in 2020, leading to the opening up of ferry traffic into Kasane at the border post from Zambia and central Africa further north. The present ferry replaces the Kazungula Bridge that is less than 2km in distance.

TOP PROPERTIES

PLOT 880-9 KO

GLA (m²)
17 595

Value at 30 June 2023
BWP 114 410 000

Anchor tenants
Choppies Distribution Centre (Pty) Ltd
Metro file Records & Information Management Botswana (Pty) Ltd
DCS Tropicana (Pty) Ltd
Tiger Square (Pty) Ltd
Vet Agric Suppliers (Pty) Ltd

Type of property
Industrial

Location
Gaborone, Botswana

The property is located in Gaborone's newest industrial estate in the south of the city close to the bypass and the Gaborone west industrial areas and is less than 500 meters from the A1 highway.

PLOT 888-9KO

GLA (m²)
11 949

Value at 30 June 2023
BWP 68 200 000

Anchor tenants
Choppies Distribution Centre (Pty) Ltd
NBL Botswana (Pty) Ltd
Senn Food Botswana (Pty) Ltd

Type of property
Industrial

Location
Gaborone, Botswana

The property is located in Gaborone's newest industrial estate south of the city close to the bypass and the Gaborone west industrial areas. It is less than 750 meters from the A1 highway.

PLOT 212 9-KO

GLA (m²)
11 706

Value at 30 June 2023
BWP 66 580 000

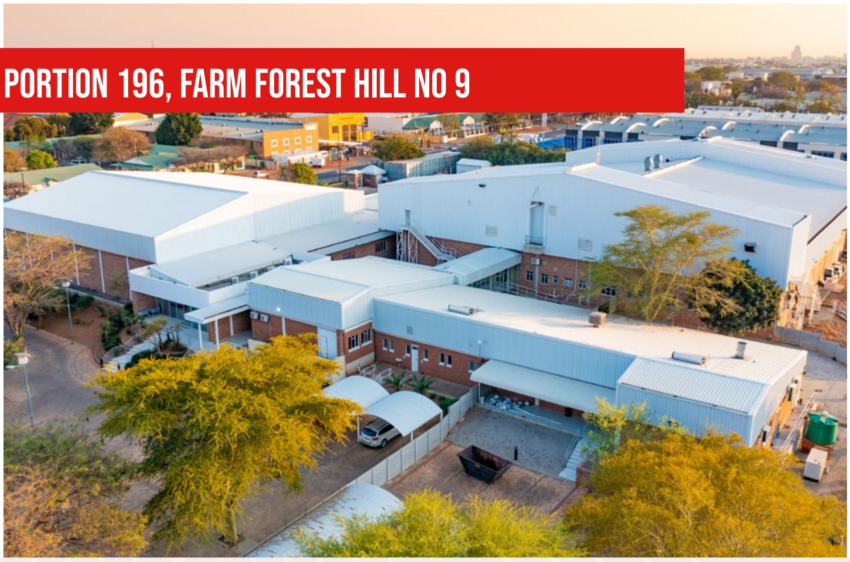
Anchor tenants
Choppies Distribution Centre (Pty) Ltd

Type of property
Industrial

Location
Gaborone, Botswana

The property is located in Gaborone's newest industrial estate south of the city and is close to the bypass and the Gaborone west industrial areas. It is less than 750 meters from the A1 highway.

PORTION 196, FARM FOREST HILL NO 9



GLA (m²)
4 992

Value at 30 June 2023
BWP 33 120 000

Anchor tenants
Clover Botswana (Pty) Ltd

Type of property
Commercial

Location
Gaborone, Botswana

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 bypass and the Gaborone west industrial areas and is less than 750m from the A1 highway.

TOP PROPERTIES

LOT 43517 FRANCISTOWN

GLA (m²)
4 928

Value at 30 June 2023
BWP 25 260 000

Anchor tenants
Choppies Distribution Centre (Pty) Ltd
RBV Consultant (Pty) Ltd
Feasible Investment (Pty) Ltd)

Type of property
Industrial

Location
Francistown, Botswana

The property is located south of the city in a new industrial area, north of the BMC circle. It is less than 1km from the dual carriageway connecting Tonota and Francistown.

ERF 6162 MAFIKENG

GLA (m²)
5 176

Value at 30 June 2023
R51 500 000

Anchor tenants
Choppies Supermarkets South Africa (Pty) Ltd
Azbo Trading (Pty) Ltd
Clicks Retailers (Pty) Ltd
First Rand Bank Ltd
Shahzaib Gondal Trading (Pty) Ltd
Skywalker Trading (Pty) Ltd

Type of property
Retail

Location
Mahikeng, North West province, South Africa

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

ERF 7185 RUSTENBURG EXTENSION 9

GLA (m²)
5 974

Value at 30 June 2023
R51 700 000

Anchor tenants
Fair Discounters (Pty) Ltd

Type of property
Commercial

Location
Rustenburg, 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 29 949 m^2. The property includes two warehouses, one constructed in 2017/2018 as well as an older one. There is also a truck wash bay that 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.

ERF 2282 RUSTENBURG EXTENSION 9

GLA (m²)
10 304

Value at 30 June 2023
R43 100 000

Anchor tenants
Rustenburg Platinum Mines (Pty) Ltd

Type of property
Commercial

Location
Rustenburg, North West province, South Africa

The property comprises a large modern warehouse with a double-storey office block and visitors parking. It provides good quality warehouse accommodation on a commercial plot measuring approximately 22 138 m^2.

ACCOUNTABILITY

In this section

DIRECTORATE

REETSANG WILLIE MOKGATLHE (61)

Botswana

Independent non-executive chairman

Appointed: December 2015

MSc, BCom

Willie has held senior positions in large private and parastatal organisations in Botswana, Namibia, South Africa and the Netherlands over the past 15 years, including chairman of the National Development Bank and Director of Botswana Postal Services. He is currently a Director of Botswana Development Corporation and Botswana Oil Limited; of which he was also the founding CEO. Willie has a wealth of experience in strategy development and business planning, finance, marketing and stakeholder management.

Skills brought to FPC:

Leadership, management, finance, Board and committee experience, strategy development, marketing and stakeholder management.

RANJITH PRIYALAL DE SILVA (68)

Sri Lanka

Independent non-executive Director

Appointed: June 2019

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

Priyalal is a well-known Chartered Accountant whose expertise covers auditing, accounting, taxation, financial management and corporate governance. Now retired, he has over 36 years of experience in the professional accounting field, mainly at PricewaterhouseCoopers (PwC) Botswana where he was an Audit Partner for 19 years. He also held the position of Chief Operating Officer of PwC Botswana from 1 July 2007 until his retirement on 30 June 2016. He sits on the board of Old Mutual.

Skills brought to FPC:

Leadership, accounting, auditing, taxation, financial management and corporate governance.

RAJESHKUMAR JAYRAJH (52)

South Africa

Independent non-executive Director

Appointed: 21 October 2020

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

As an experienced Chief Risk Officer Rajesh has a strong track record in the banking and financial services sector. His career in business and risk spans more than 21 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.

GOBUSAMANG DEMPSEY KEEBINE (64)

Botswana

Independent non-executive Director

Appointed: 12 December 2022

MSc, BA

Gobusamang has over 10 years' leadership experience at Business Botswana, providing national representation as head of the private sector having held positions including that of Chairperson of the Transport Sector and Chairperson of the Trading Across Border, Vice President and current President spearheading fundraising, advocacy/lobby and driving leadership engagement, both at Government and international level and lead sectors such as construction, real estate development, etc.

Skills brought to FPC:

Sales and marketing, leadership and strategy development.

RAMACHANDRAN "RAM" OTTAPATHU (59)

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 and leadership.

FAIZEL ISMAIL (41)

Botswana

Non-executive Director

Appointed: June 2016

IMM diploma

Faizel is the Managing Director of Chicken Licken Botswana. He previously worked as a purchasing manager for many years and brings a wealth of business and marketing experience to the Group.

Skills brought to FPC:

Management, marketing and technical.

VIDYA SANOOJ (40)

Botswana

Executive Director

Appointed: June 2015

BCom, CA (ICAI), FBICA

Vidya has over 11 years' 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 and retail.

Key | GN Governance and Nomination Committee | ARC Audit, Risk and Compliance Committee

ETHICAL LEADERSHIP

FPC continues to be committed to upholding the highest standards of ethics, transparency, and good governance and adopts strict compliance procedures in the best interests of all its stakeholders.

The Board is solely responsible for FPC's governance, ethics, and values, and management assists the Board in ensuring that these are upheld throughout the organisation. The Board has a duty to exercise ethical leadership and to do so within a system of sensible and efficient governance, ensuring that ethics are handled and that the organisation is a good corporate citizen.

As a BSE-listed business, the Board embraces the principles of King IV and draws its rights and obligations from the Board charter. To guarantee complete adherence to King IV's guiding principles, FPC reviews the board charter every two years. FPC adheres with the guidelines of King IV as stated on pages 52 to 59.

Code of conduct, HR policies and procedures and compliance framework policies, to which all employees are required to adhere to, are in place FPC's employees are expected to disclose any conflicts of interest and vetting is undertaken at the point of appointment.

No other contraventions of the codes and policies were reported during the year.

RISKS AND OPPORTUNITIES

In FPC's view, risk management is essential to the viability and growth of the business. Risk management further ensures that our strategic objectives are achieved through the balancing of risks and value creation.

The risk management policy is in line with industry standards and expressly forbids FPC from engaging in any derivative transactions that are outside the scope of the usual business of the organisation.

The internal risk management and control systems were evaluated by the Board, and the results of this evaluation were discussed with the Audit, Risk and Compliance Committee.

Risk appetite

The Board is responsible for setting risk appetite and tolerance. FPC's growth strategy within a well-defined asset class as well as the acquisition criteria and geographic targets are clearly defined and outlined. Within this defined strategy FPC is prepared to take risks in a responsible and sustainable way that is in line with the interests of all stakeholders.

In assessing risk appetite, FPC considers its key values which include performance excellence. Embedding this into our culture on a day-to-day basis ensures that we are able to deliver expected returns and meet the expectations of our stakeholders. Any risk deemed medium to low is considered within tolerance levels.

FPC ensures that it abides by the rules and regulations in each of the jurisdictions where it conducts business, which is supported by its core principle of openness. The Group's risk appetite is further defined by this. FPC believes it is essential to correctly apply the pertinent tax laws and industry-specific standards while also fully complying with these laws as to their object and purpose. To reduce the risk of non-compliance, FPC consults with specialist teams (internal and external) for complex topics.

FPC adopts a conservative financial policy ensuring proper equity and debt management and maintenance of a strong financial profile. The company's appetite for any finance-related risk is low and actively mitigates the risk factors involved.

The Group's policy is to hedge the interest rate risk to the extent where the hedging costs do not exceed the forecast risk exposure for each particular borrowing. The Group enters into interest rate swaps where it agrees to exchange, at specified intervals, the difference between fixed and variable interest rate 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. The Group's policy is to hedge expected significant transactions in currencies other than Pula, such as dividend payments, in order to minimise the impact of exchange rate fluctuations to the extent where the hedging cost does not exceed the forecast risk exposure for each particular transaction.

Key risks

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

1. General market risk
2. Bad locations
3. Negative cash flow
4. Vacancy risk
5. Bad tenants
6. Hidden structural problems
7. Lack of liquidity
8. Foreclosure
9. Fair value movements
10. Asset-level risk

None of these risks had significant impact during the year.

RISKS AND OPPORTUNITIES CONTINUED

Strategic risk dashboard

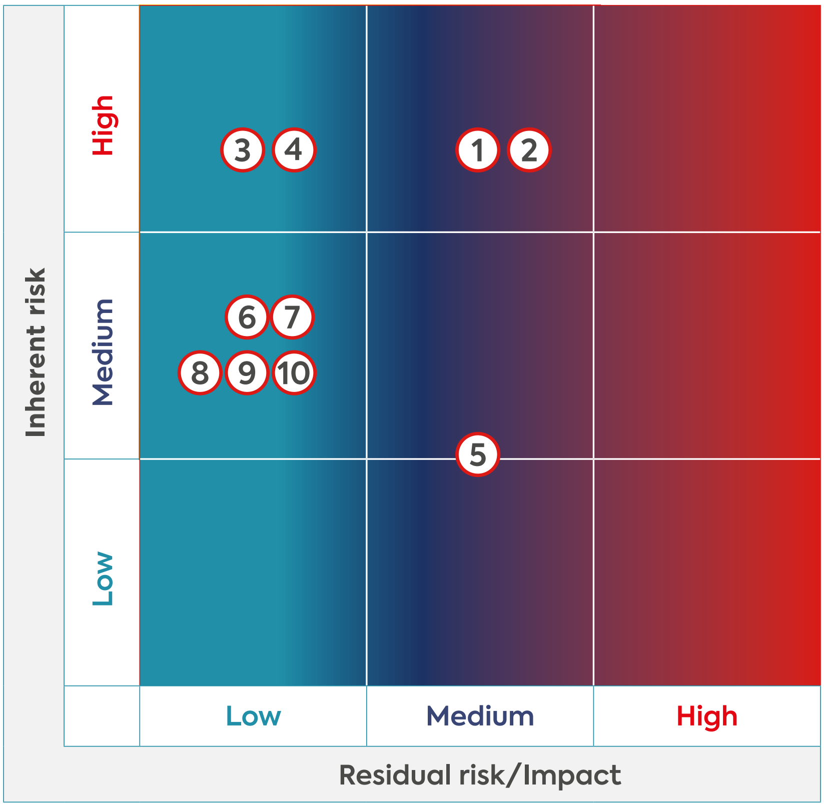
	Risk description	Level of risk	Effect on FPC group	Mitigation
1	**General market risk** The real estate market has been expanding well over the last few years. However conditions may be changing post the Covid-19 recovery. With the constantly shifting economic conditions, the real estate market is renowned for its ups and downs. The value of an investment property in real estate is significantly influenced by the state of the economy. As a result, there is no assurance that an investor will benefit when he chooses to sell a home purchased as an investment.	**High** The possibility of losing money on disposal of investment property in a volatile market	**Medium**	The Group is planning to dispose of some of its investment properties in South Africa to reduce exposure in this market. The current market will adversely affect this decision.
2	**Bad locations** In real estate investing, location is important. Location determines supply and demand. While a certain location may be lower priced, it could be located in an area with too many investment properties available, and no growing population or a good job market, resulting in greater risk for the investor. The property investor should avoid locations that have a relatively higher crime rate. These areas have lower prices and high occupancy rate because people tend to rent instead of buy homes. When investing in high crime areas, the property investor might face the risk of being vandalised or robbed, which would lead to unexpected expenses and high repairs costs and complications of legal matters as a result of these acts. Location determines appreciation. Low appreciation means negative return on investment when the property investor decides to sell an investment property.	**High** The possibility of losing money on disposal of investment property, high repair costs, high level of vacancy, high possibility of frequent break-ins and increased insurance premiums.	**Medium**	The locational advantage of the Group portfolio is well maintained to minimise the risk of bad location. The Group is very concerned about the location of any new investment.

	Risk description	Level of risk	Effect on FPC group	Mitigation
3	**Negative cash flow** The cash flow of investment properties is the amount of profit that the property investor earns after paying all expenses, taxes, and mortgage payments. A negative cash flow means that expenses, taxes, and mortgage payments are higher than the rental income, which results in losing money. The risk of negative cash flow is countered by ensuring that the rental property is located in a prime location that yields positive cash flow to guarantee a high return on investment.	**High** A negative cash flow will result in, among others, failure to meet day-to-day expenses and property maintenance costs and failed mortgage payment, leading to insolvency.	**Low**	The Group has a considerable positive cash flow to meet its day-to-day obligations and mortgage payments.
4	**Vacancy risk** Buying an investment property does not automatically guarantee a 100% occupancy and quick profits. The possibility of high vacancy is a major risk to real estate investors' rental income as it can yield negative cash flow. As tenants are the source of rental income in real estate investing, vacancy is a huge risk for real estate investors who rely on rental income to pay their mortgage, insurance, property taxes, and other expenses.	**High** A high vacancy rate results in loss of income and low return on investment that leads to a negative cash flow.	**Low**	The vacancy level of the Group is at an acceptable level of below 6% across the entire portfolio.
5	**Bad tenants** Finding tenants is a requirement for profiting from real estate investing. However, having a bad tenant that has a hard time meeting rental obligations is a higher risk. Not having tenants means not gaining any rental income. However, bad tenants might refuse to pay rent for several months in a row, or even destroy the property, meaning the company will risk dealing with evictions – which are costly and time-consuming.	**Medium**	**Medium**	The Group has a few bad tenants who fail to pay continuously. Management takes timely action for eviction and recovery with legal experts and debt collectors.
6	**Hidden structural problems** Investment properties may have a serious structural problem or a structural problem exists after development, which increases the chances of facing unexpected repairs and maintenance costs.	**Medium**	**Low**	The Group develops most of the properties on its own with value addition as per the pre-requirements of the anchor tenants or other group of tenants. The Group sources high levels of professional expertise for property development.

RISKS AND OPPORTUNITIES CONTINUED

	Risk description	Level of risk	Effect on FPC group	Mitigation
7	**Lack of liquidity** Liquidity is the ability to access money that the company has within an investment. Investment properties can be illiquid and not easily converted into cash. Selling a property is neither a quick nor a simple process, and selling quickly or under pressure will most likely result in taking a loss. This lack of liquidity forces real estate investors to hold their investments for longer than other types of investments, which is risky for those who might need quick access to cash.	Medium	Low	The Group acquires or develops properties for long-term purpose and most of the rental units are supported by long-term leases.
8	**Foreclosure** When real estate investors are unable to commit to their mortgage payments on time for a few consecutive months, this can put their rental property at the risk of foreclosure, often leading to losing the property to the bank. Foreclosures are risky as they hurt the chances of getting bank loan approvals in the future.	Medium	Low	The Group meets its mortgage obligations on a timely basis and currently has no risk of foreclosure.
9	**Fair value movements** Generally, real estate properties are expected to increase in value over time. However, not all properties are guaranteed to grow in value. Therefore, a major risk of real estate investing is investing in a rental property of which the value drops in the future, meaning the property investor will end up with a loss.	Medium	Low	The Group has a location advantage for more than 95% of the properties providing a fair value gain every year.
10	**Asset-level risk** Some risks are shared by every investment in an asset class. In real estate investing, there is always demand for industrial warehouse and commercial properties. In Botswana, residential property is currently volatile and the return on investment is very low when compared to industrial and commercial properties. The property maintenance cost for residential property in the Botswana market is much higher when compared to industrial and commercial properties. Therefore, industrial warehouse and commercial shopping outlets are considered low-risk and often yield higher returns. Office buildings are less sensitive to consumer demand than shopping malls. Location advantage is a major factor driving this demand.	Medium	Low	The Group has a stable portfolio consisting of a 38% industrial, 52% commercial and 10% residential tenant mix.

Risk heat map



1. General market risk
2. Bad locations
3. Negative cash flow
4. Vacancy risk
5. Bad tenants
6. Hidden structural problems
7. Lack of liquidity
8. Foreclosure
9. Fair value movements
10. Asset-level risk

CORPORATE GOVERNANCE REPORT

Governance structure

Board	
Reetsang Willie Mokgatlhe+ (Chairman of the Board)	Ranjith Priyalal De Silva+
Gobusamang Dempsey Keebine+	Rajeshkumar Jayrajh+
Faizel Ismail*	Ramachandran Ottapathu*
Vidya Sanooj#	

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

Audit, Risk and Compliance Committee

- Ranjith Priyalal De Silva (Chairman)
- Gobusamang Dempsey Keebine
- Rajeshkumar Jayrajh

For more information see page 50.

Responsibilities
- Compliance with good corporate governance
- Determining distributions to linked unitholders
- Assurance procedures and policies
- Evaluating management's actions in ensuring the integrity and reliability of the Group's financial systems
- Reviewing financial reporting
- Reviewing and approving the annual budget
- Considering the investment strategies and appraisals for future investments

Governance and Nomination Committee

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

For more information see page 47.

Responsibilities
- Organisational policies
- Organisational development
- Succession planning
- Selecting, remunerating and evaluating executive management

ACCOUNTABILITY

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 interests 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 IV. Going forward, we will strive to adhere to the tabled Pula Code of Corporate Governance as we look to maintain our status as a responsible corporate citizen. 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 the King IV report compliance can be found on pages 52 to 57.

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

Attendance register	Board	Audit, Risk and Compliance Committee	Governance and Nomination Committee
Reetsang Willie Mokgatlhe (Chairman)	4	–	1
Ramachandran Ottapathu	2	–	–
Vidya Sanooj	4	–	1
Faizel Ismail	4	–	–
Ranjith Priyalal De Silva	4	4	1
Bafana Kgotla Molomo#	2	2	–
Rajeshkumar Jayrajh	4	4	–
Gobusamang Dempsey Keebine*	2	2	–

 # Resigned on 12 December 2022
** Appointed on 12 December 2022*

CORPORATE GOVERNANCE REPORT

Board composition

The Board consists of seven Directors, one Executive Director and six 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 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. All independent Non-executive Directors were confirmed to be independent during the year's inspection.

The Board charter was also reviewed at a Board meeting held in June 2021 and 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 to 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 16 years' experience 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 the management of accounts and finance and has experience in various service industries in Botswana. She holds a Bachelor's degree in Accounting and Finance and is a member of ACCA and BICA. She joined FPC in August 2018.

Devon Symons (Property Manager) is responsible for the general property management in South Africa.

Board evaluation

The Board has adopted the principles of King IV 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 Board's chairman evaluated the performance of each member, including the CEO. The Board members also evaluated the chairman's performance and that of the Board as a whole. The Audit, Risk and Compliance Committee is working with the Board in terms of the composition of the committee.

The Group has registered with the Institute of Directors South Africa (IoDSA) and has conducted a formal induction and ongoing training programme for all Board members and executive management.

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 that 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. Mr. Reetsang Willie Mokgatlhe and Ramachandran Ottapathu will be retiring by rotation and standing for re-election at the upcoming annual general meeting.

A formal 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.

All Board members are subject to ongoing training and development and are encouraged to pursue CPD training from outside sources. The company has a formal training and development programme in place which is registered with the Institute of Directors of South Africa (IoDSA).

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 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 24 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 reviews the policies regularly and looks for any update from time to time.

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:

- Review of controls over revenue cycle
- Review of controls over payments cycle
- Anti-money laundering
- Cybersecurity and information technology general controls
- Review of controls over maintenance work
- Controls over property, plant and equipment, investment property and capital projects
- Compliance with CIPA, BSE, BAOA and the Financial Intelligence Agency (FIA)
- Compliance with VAT and income tax

The risk register, which was prepared by internal audit, was reviewed and approved by the Audit, Risk and Compliance Committee and remains in place.

During the year, the Board reviewed all recommendations that were made and remained implemented.

Company secretary

The company secretary is BP Consulting Services (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 BP Consulting Services (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. Furthermore, 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. The Board approved the company's IT security policy which remains in place. 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.

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.

The Board received an independent assurance from internal auditors and independent IT service providers regarding the effectiveness of the IT internal control and IT governance.

Compliance

Due to the size and limited activities of the company, compliance functions are overseen by the COO. A compliance framework policy approved by the Board remains in place.

ACCOUNTABILITY

GOVERNANCE AND NOMINATION COMMITTEE REPORT

The Governance and Nomination Committee is 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. During the year, one Board member retired by rotation and a new Director was appointed to the Board.

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 43.

The committee's terms of reference are reviewed biannually. 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.

The committee reviewed and recommended and the Board of Directors approved the succession plan and the organisational structure, as it was recognised that the company needed adequate human capital and a structure that would best position it for achieving the strategic objectives. The Chief Executive Officer is responsible for ensuring depth of capability for business continuity planning.

Out of the seven Board members, the Board currently has one female Executive Director. In order to ensure compliance with BSE Listings Requirements, the Board of Directors plans to formally adopt a policy on the promotion of gender diversity in the nomination and appointment of Directors.

As part of Board development, members of the Board attended a corporate governance training programme conducted by the Institute of Directors South Africa. As part of strengthening governance, the contract of employment for each employee refers to the code of conduct and obligation of each employee to abide by the code.

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

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 shareholders' 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, for shareholders to 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 best 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.

GOVERNANCE AND NOMINATION COMMITTEE REPORT

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. In addition to the sitting allowance, 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 (gross) for each and every meeting attended, including Board, Audit, Risk and Compliance Committee, Governance and 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' fees FY23 (BWP)

Directors	Retainer fee	Sitting fee	Total
Reetsang Willie Mokgatlhe	150 000	233 333	383 333
Ramachandran Ottapathu	–	–	–
Ranjith Priyalal De Silva	–	366 667	366 667
Bafana Kgotla Molomo	–	166 667	166 667
Vidya Sanooj	–	–	–
Faizel Ismail	–	–	–
Rajeshkumar Jayrajh	–	264 706	264 706
Gobusamang Dempsey Keebine		166 667	166 667
Total	150 000	1 198 040	1 348 040

Key management personnel remuneration FY23 (BWP)

	Salaries and short-term employee benefits	Other long-term (severance)	Total
Shinu Joy	883 942	141 354	975 296
Vidya Sanooj	412 500	–	412 500
Afifa Patel	414 730	62 385	477 115
Total	**1 661 172**	**203 739**	**1 864 911**

Reetsang Willie Mokgatlhe
Governance and Nomination Committee Chairman

14 September 2023

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

The Audit, Risk and Compliance Committee (ARCC) is appointed by the Board of Directors and operates within the terms of reference as defined in its charter, that is approved by the Board. The committee consists of three independent Non-executive Directors and one Executive Director. Senior management and the internal auditors and external auditors also attend ARCC meetings by invitation. Other Directors may also be requested to attend sections of meetings as required.

The composition of the ARCC complies with generally accepted corporate governance norms and all members of the ARCC have the expected levels of expertise and experience. To ensure compliance with corporate governance principles, all members of the ARCC are required to be independent Non-executive Directors and Executive Directors attend ARCC meetings by invitation only.

Based on our regular interactions with the acting CEO and Finance Manager, the ARCC is satisfied with their expertise, experience and competence. The responsibilities of the committee are as follows:

Finance function

- Exercise an oversight responsibility over the finance function
- Ensure the expertise, experience and resources of the Group's finance function.

Internal audit

- Approve the appointment of the internal auditors, approve the annual internal audit plan
- Oversee the functioning of the internal auditor and performance assessment of the internal auditor
- 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 policy and plan
- 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 continuously
- Ensure frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks
- Ensure that management considers and implements appropriate risk responses
- Express the committee's opinion on the effectiveness of the system and process of risk management
- Ensure risk management reporting in the integrated annual report is comprehensive and relevant.

External audit

- Nominate the external auditor 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
- Review the quality and effectiveness of the external audit process
- Ensure a process is in place for the committee to be informed of any reportable irregularities identified by the external auditor
- The Audit and Risk Compliance Committee is satisfied with the independence of the external auditors.

IT governance

- Ensure that the Company's governance and management 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
- 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

Four meetings of the committee were held during the year. Attendance is set out on page 43.

The main tasks dealt with by the committee 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 fee for the audit and other related matters
- Year-end planning for clearance of the audited annual financial statements and review of the external audit reports on issues related to the external audit process

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

- Consideration of the distribution to linked unitholders, including solvency test in relation thereto, for recommendation to the Board
- 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 the risk register
- Oversight over the governance of information technology
- Consideration of the adequacy and effectiveness of internal controls
- Compliance with the BSE Code of Best Practice on Corporate Governance, specifically about the adoption of King III and King IV requirements
- Compliance with regulatory issues relating to the Botswana Securities Exchange, the Companies Act, EIA regulations and the Income Tax Act.

Reporting to the Board

The committee also meets at least once per year with the external and internal auditors, without members of executive management being present.

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

Matters requiring action or improvement 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.

Reporting to the Board is on all relevant key issues, and making recommendations on topics that require Board approval. Such topics include external audit recommendations, clearance of non-audit work and the approval of fees paid to the external auditor; internal controls; progress of the corporate governance model; information technology governance issues; key risks related to strategic and operational risks; budgets and their relationship with investment strategy; recommendation for adoption of the 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.

Chief financial officer and finance function

The committee is satisfied that the acting CEO, Shinu Joy and Finance Manager, Afifa Patel, possess the appropriate expertise and relevant experience to meet the responsibilities of their positions. The committee is also satisfied with the appropriateness, expertise and adequacy of skilled resources available within the finance function.

Conclusion

Given the above, the committee is of the view that it has appropriately addressed its key responsibilities in respect of the Company's internal controls, risk management, and statutory and regulatory requirements.

Priyalal De Silva

Priyalal De Silva
Audit, Risk and Compliance Committee Chairman

14 September 2023

KING IV COMPLIANCE CHECKLIST

The various principles of King IV are embodied in the different sections of the integrated annual report. The listing requirements of the BSE require a full disclosure as an annexure in the annual report and for that reason the below has been prepared for inclusion in the integrated annual report.

Governance outcome one:
Ethical culture

1. The Board of Directors should lead ethically and effectively

The Board demonstrates ethical and effective leadership, integrity and judgement, based on fairness, accountability, responsibility and transparency. The Board sets the direction of the Group and ensures that procedures are in place to monitor and evaluate the implementation of its strategies, policies, business plans, senior management performance criteria and corporate governance processes.

The Board and Committee Charters set the tone and outline the responsibility of the Board to ensure that the Group is ethically and effectively managed. The Board members are required to comply with the Board Charter. The Board and Committee Charters are reviewed periodically to ensure relevance.

The Board, with the support of its committees, regularly considers the risks and opportunities prevalent in the environment the Group operates in, ensuring a balanced outcome between risk and reward, taking into consideration the best interests of the Group.

The Board is transparent in the manner in which it exercises its role and responsibilities and ensures that appropriate disclosures are made as required.

Directors are appointed after assessing their skills and competencies subsequent to performing a thorough background check. A Board assessment process is conducted annually to evaluate the performance of Board members.

The Board of Directors is of the opinion that the principle was applied satisfactorily.

2. The Board of Directors should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board of Directors is committed to conducting its business in compliance with all applicable laws and regulations and has the necessary processes in place to ensure that all Directors, entities and employees in the Group adhere to applicable legislation, policies and appropriate corporate governance standards.

The Board of Directors sets the overall tone for ethical leadership of the Board. The Board determines and sets the tone of the organisation's values, including principles of ethical business practices, human rights considerations and the essential requirements of corporate citizenship.

The employee code of conduct policy, approved by the Board, sets the minimum standards expected of all Directors, and employees. The code of conduct is reviewed periodically to provide relevant guidance on ethical conduct across all activities of the Group. It is expected that all Directors and employees act ethically with each other, with external stakeholders and with society in general. Key ethical risks are considered and monitored by the Board with the support of management and Board committees.

The Board is of the opinion that the principle was applied satisfactorily.

3. The Board should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Board is the custodian of the values and ethics of the Group.

The Board approves the strategy and priorities of the business as set out in the integrated annual report. Through stakeholder engagement and collaboration, FPC is committed to understanding and being responsive to the interests and expectations of stakeholders and to collaborating with them in finding lasting solutions to sustainability challenges and the improvement of lives in communities.

The Board, with the support of the Audit, Risk and Compliance Committee and the management team, oversees and monitors how the operations and activities of the Group affect its status as a responsible corporate citizen and reports annually on the Group's sustainability activities.

The Board is of the opinion that the principle was applied satisfactorily.

KING IV COMPLIANCE CHECKLIST

Governance outcome two:
Performance and value operations

4. The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board of Directors is responsible for approving the Group's strategy and aligning strategic objectives, purpose, vision and values with risk and performance. The Board of Directors ensures that the Group creates value for its shareholders considering the legitimate interests and expectations of all stakeholders. The Board oversees and monitors management's implementation of the strategy and business plan on an annual basis. The Board holds management accountable and management reports on any variances or non-achieved targets.

The Audit, Risk and Compliance Committee, which reports to the Board, retains ultimate responsibility for the control and management of risk. The strategy is kept under review and is considered annually by the Board.

The Board is of the opinion that the principle was applied satisfactorily.

5. The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.

The Group ensures its annual financial statements are prepared in accordance with applicable accounting standards and applicable legislative requirements. The Audit, Risk and Compliance Committee oversees the integrated reporting process and reviews the annual financial statements. The Audit, Risk and Compliance Committee is responsible for recommending controls to enable it to verify and safeguard the integrity of the Group's integrated annual report and annual financial statements. FPC ensures that the annual reports, including the annual financial statements, the integrated annual report and any other relevant information to stakeholders are published on the Group's website. FPC details both its historical performance and future outlook in its relevant communications. This, together with further information from the above-mentioned and other communications, enable stakeholders to make informed assessments of FPC's prospects.

The Board is of the opinion that the principle was applied satisfactorily.

Governance outcome three:
Adequate and effective control

6. The Board should serve as the focal point and custodian of corporate governance in the organisation.

Corporate governance remains the responsibility of the Board as a whole. The Board has an approved charter, which is reviewed once every two years The charter sets out the Board's governance responsibilities, including its role, responsibilities, membership requirements and procedural conduct.

The Audit, Risk and Compliance Committee ensures that the required attention is given by management to successfully accomplish compliance with King IV™, ensure continued compliance with required legislation and the BSE Listings Requirements; and ensure that the Audit, Risk and Compliance Committee reports on compliance to the Board at least biannually. All Directors have the right to independent professional advice at the Group's expense to ensure that they fulfil their roles in terms of the governance principles and the Group secretary is pivotal to ensuring good corporate governance.

The Board meets at least once in every quarter. Before each Board meeting, a Board pack containing supporting information on all the agenda items is timeously circulated to enable members to properly prepare for the meeting. The Board plans its meetings in line with its set objectives as outlined in its charter and the committee charters.

Details of the Board meetings held during the year, as well as the attendance at the Board meetings, are disclosed in the integrated annual report. Refer to page 43 of the integrated annual report.

The Board is of the opinion that the principle was applied satisfactorily.

7. The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The composition of the Board complies with the recommendations of Companies Act requirements, King IV™ and the BSE Listings Requirements. The Directors represent diversity in expertise, skills and experience to effectively contribute to the requirements of the Board and its committees.

The Board currently has one executive Director, two non-executive Directors and four independent non-executive Directors.

For details of Directors' full names, their dates of appointment and other listed Directorships as well as brief *curricula vitae*, refer to page 34 of the integrated annual report.

The succession plan of Directors is reviewed on an ongoing basis. Pursuant to the articles of association of the Group, one-third of the Directors, excluding any Director appointed since the previous AGM, must retire from office at each AGM on a rotational basis. The Directors to retire are those who have been longest in office since their last election or re-election. Retiring Directors may make themselves available for re-election if they remain eligible. In the event of an independent non-executive Director having served more than nine continuous years, he/she would be subject to a review of his/her independence and performance before he/she is re-elected to the Board. A formal letter of appointment is provided to newly appointed Directors. All members complete a declaration of interest form at every Board meeting.

The Board is of the opinion that the principle was applied satisfactorily.

KING IV COMPLIANCE CHECKLIST

8. The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

Board committees

Committees have been established to assist the Board in discharging its responsibilities. The committees of the Board comprise the following:

- Audit, Risk and Compliance Committee
- Governance and Nomination Committee

A delegation by the Board of its responsibilities to a committee does not constitute a discharge of the Board's responsibilities or accountability. The Board applies its collective mind to consider the information, opinions, recommendations, reports and statements presented by the committees.

The Group's committees assist the Board in discharging its corporate governance responsibilities and report to the Board on a regular basis. External advisers, the Executive Director and members of management attend committee meetings by invitation. Each of these committees has a formal charter approved by the Board and reviewed once every two years.

The Board is of the opinion that the principle was applied satisfactorily.

9. The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

The effectiveness of the performance of the Board, its committees, individual Directors and the chairman is assessed ever year.

The results were presented to the Board during the subsequent Board meeting. The Board is satisfied that evaluation processes improve its performance and effectiveness.

The Board is of the opinion that the principle was applied satisfactorily.

10. The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

In terms of the Board charter, the Board's responsibilities include the appointment of the management team, approval of corporate strategy and succession plans, adoption of risk management plan and corporate governance principles.

The performance of the senior management team members is monitored by the Board and the Governance and Nomination Committee. The Group secretary is appointed by the Board. The Audit Risk and Compliance Committee reviews the Group secretary's qualifications, competence and performance and provides recommendations to the Board. All responsibilities delegated to management are reviewed and reported on to the relevant committees.

The Board is of the opinion that the principle was applied satisfactorily.

11. The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board oversees the Group's risk management process and is guided by the Audit, Risk and Compliance Committee.

The Audit, Risk and Compliance Committee reports to the Board, which retains ultimate responsibility for the control and management of risk. The committee ensures that the risk management disclosure is comprehensive, timely and relevant and that an effective policy and plan is in place to achieve strategic objectives. The Board maintains a detailed risk register which is reviewed and updated annually, and more frequently if new risks are identified. The risk matrix on page 38 of the integrated annual report is monitored by the Board. At least once a year, the committee reviews the implementation of the risk management policy and programme.

In line with King IV, our Group internal audit function reports directly to the Audit, Risk and Compliance Committee.

The committee approves a risk based internal audit plan at the beginning of each year and ensures that the internal audit function has adequate resources and authority to enable it to discharge its functions.

The Board is of the opinion that the principle was applied satisfactorily.

12. The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Board assumes responsibility for the governance of technology and information, and it is supported in this role by the Audit, Risk and Compliance Committee. The Board recognises the importance of information technology as it is interrelated to the strategy, performance and sustainability of the Group.

Information technology is governed by the IT information technology security policy, which was independently reviewed in 2021. The Audit, Risk and Compliance Committee is responsible for directing, controlling and measuring the IT activities and processes of the Group and keeps the Board apprised of the Group's technology and information performance and requirements. The risk management process considers risks associated to IT. An internal auditor is engaged to perform IT audits in the ensuing year.

The Board is of the opinion that the principle was applied satisfactorily.

KING IV COMPLIANCE CHECKLIST

13. The Board should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

FPC is committed to conducting its business in compliance with all applicable laws and regulations. Legal counsel, assisted by the Group secretary, relevant Board committees and, where necessary, by other external professional advisors, provides the required legal advice and guidance on all legal and compliance matters. Compliance framework policy is adopted and policies and procedures are in place to monitor compliance and to mitigate risks. Litigation in the businesses is referred to the Audit, Risk and Compliance Committee.

Safety, health, and environmental laws are all identified as key legal compliance areas and therefore receive the necessary attention on an ongoing basis. These items are also standing agenda points for Audit, Risk and Compliance Committee and Board meetings.

During the year under review, there were no material or repeated violations of any laws or regulations, nor were any material penalties or fines imposed on the Group or its Directors for contraventions of any laws or regulations.

The Board is of the opinion that the principle was applied satisfactorily.

14. The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Board charter places the responsibility for ensuring an appropriate remuneration strategy with the Governance and Nomination Committee. The committee makes recommendations to the Board for final approval, ensuring that the Group remunerates non-executive Directors and executives fairly and responsibly. The committee ensures that the disclosure of Directors' remuneration is accurate, complete and transparent.
The Group's remuneration policy and remuneration implementation report is circulated to shareholders for approval annually by way of a non-binding advisory vote at the annual general meeting of the company. In addition, fees for non-executive Directors are approved annually, in advance, at the annual general meeting.

The Board is of the opinion that the principle was applied satisfactorily.

15. The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

An effective and independent Audit, Risk and Compliance Committee is in place and meets as often as is necessary to fulfil its functions (but no less than twice a year).

The external and internal audit plans are approved annually by the Audit, Risk and Compliance Committee and both follow a risk-based approach.

The Audit, Risk and Compliance Committee ensures that the combined assurance received from the external and internal auditors is appropriate to address all the significant risks facing the Group. The Audit, Risk and Compliance Committee monitors and supervises the effectiveness of the internal and external audit functions.

The chief audit executive function is performed by the Audit, Risk and Compliance Committee under the leadership of the Audit, Risk and Compliance Committee chairperson, with this function's independence defined in the audit and risk committee charter. The Audit, Risk and Compliance Committee recommends the appointment/reappointment of the external auditor.

The Audit, Risk and Compliance Committee approved the appointment of an independent firm as the Group's internal auditor. The Audit, Risk and Compliance Committee meets with internal and external auditors in a closed session at least once a year.

The Board is of the opinion that the principle was applied satisfactorily.

16. In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

The Board ensures that the Group communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly, with substance prevailing over form. The Group understands that fully functional interaction with all relevant/legitimate stakeholders is critical to the sustainability of the business. Regular engagements are held with all stakeholders as outlined on page 24 of the integrated annual report. The chairperson of the Audit, Risk and Compliance Committee and the designated partner of the external audit firm attend the Annual General Meeting. At an operational level, stakeholder engagement is the responsibility of the management. The Board approved the Corporate Communications policy for stakeholder relationships and engagement in March 2021.

The Board is of the opinion that the principle was applied satisfactorily.

ANNUAL FINANCIAL STATEMENTS

In this section

DIRECTORS' RESPONSIBILITIES AND APPROVAL

for the year ended 30 June 2023

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

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

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

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

The Directors have reviewed the group's cash flow forecast for the year to 30 June 2024 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 65 to 68.

The consolidated and separate annual financial statements set out on pages 69 to 129, which have been prepared on the going concern basis, were approved by the Directors on 14 September 2023 and were signed on their behalf by:

Approval of financial statements

Priyalal De Silva

Ranjith Priyalal De Silva
Director

Vidya Sanooj
Director

DECLARATION BY THE COMPANY SECRETARY

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 all returns are true, correct and up-to-date.

BP Consulting Services (Pty) Limited
Company Secretaries

14 September 2023

DIRECTORS' REPORT

for the year ended 30 June 2023

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 2023.

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 69 to 129.

Stated capital

In total, 468 million weighted average linked units, comprising fully paid up ordinary shares that are indivisibly linked to variable rate debentures with a par value of BWP 2.50

Distribution

Distribution number 8, amounting to 11.80 thebe, comprising 11.69 thebe interest and 0.11 thebe dividend, per linked unit for year ended 30 June 2023. This distribution was declared as payable on 10 November 2023.

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 2023 are Reetsang Willie Mokgatlhe (Chair); Ramachandran Ottapathu; Ranjith Priyalal De Silva; Faizel Ismail, Vidya Sanooj, Rajeshkumar Jayrajh and Gobusamang Dempsey Keebine. Details of Directors are shown on pages 34 and 35.

INDEPENDENT AUDITOR'S REPORT

Grant Thornton

Chartered Accountants

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Acumen Park, Plot 50370
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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 69 to 129, which comprise the consolidated and separate statement of financial position as at 30 June 2023, 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 2023, 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 1, 3 and 4A) (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
CHARTERED ACCOUNTANTS
GABORONE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 subsidiaries owns a portfolio of retail, industrial, commercial and residential property valued at BWP 1 253 252 296 for the holding company and BWP 220 715 541 for the subsidiaries as disclosed under note 3 of the annual financial statements. The valuation of the property portfolio is a significant judgement 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 capitalization 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. We also compared the capitalization rates utilized in the valuation to rates in historical valuations and general market factors (such as comparable property capitalization rates and rental rates). These inputs were found to be within a reasonable range. 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.

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 I 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.

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.

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Grant Thornton
Firm of Certified Auditors
Practicing Member: Sunny Mulakulam (CAP 0034 2023)

14 SEP 2023
Gaborone

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

		Group		Company	
Figures in Pula	Note(s)	2023	2022	2023	2022
ASSETS					
Non-current assets					
Investment property	3	**1 473 967 837**	1 416 646 970	**1 253 252 296**	1 188 824 216
Property, plant and equipment	4	**5 448 572**	1 320 513	**5 325 386**	1 156 785
Investments in subsidiaries	5	**–**	–	**25 416 533**	25 416 533
Trade and other receivables	8	**3 179 663**	–	**–**	–
Operating lease asset		**37 448 050**	33 778 538	**36 798 730**	33 128 020
Deferred income tax	6	**10 305 493**	7 873 107	**1 471 963**	954 760
		1 530 349 615	1 459 619 128	**1 322 264 908**	1 249 480 314
Current assets					
Related party receivables	7	**8 758 359**	5 404 802	**132 983 624**	123 795 892
Operating lease asset		**4 025 206**	6 320 098	**3 884 012**	5 657 789
Trade and other receivables	8	**14 184 624**	14 447 546	**11 453 154**	12 669 551
Cash and cash equivalents	9	**22 528 701**	32 713 877	**13 365 348**	30 216 691
		49 496 890	58 886 323	**161 686 138**	172 339 923
Total assets		**1 579 846 505**	1 518 505 451	**1 483 951 046**	1 421 820 237
Equity and liabilities					
Equity					
Stated capital	11	**570 145 818**	537 104 305	**570 145 818**	537 104 305
Foreign currency translation reserves		**(29 877 887)**	(29 824 965)	**–**	–
Retained income		**602 733 799**	533 292 665	**532 912 158**	466 562 099
		1 143 001 730	1 040 572 005	**1 103 057 976**	1 003 666 404
LIABILITIES					
Non-current liabilities					
Borrowings	12	**258 579 256**	250 654 997	**229 641 984**	215 943 161
Lease liabilities	13	**5 785 995**	2 937 951	**4 835 325**	2 038 263
Deferred income tax	6	**60 813 519**	56 673 555	**42 808 199**	38 767 446
		325 178 770	310 266 503	**277 285 508**	256 748 870
Current liabilities					
Trade and other payables	14	**21 680 180**	18 408 865	**17 855 804**	14 228 105
Related party payables	15	**–**	–	**331 968**	4 222 834
Borrowings	12	**26 733 767**	63 850 977	**22 339 575**	57 886 762
Lease liabilities	13	**147 379**	188 365	**64 367**	110 283
Current tax payable		**7 160 466**	516 874	**7 071 635**	255 117
Dividend payable	17	**55 944 213**	84 701 862	**55 944 213**	84 701 862
		111 666 005	167 666 943	**103 607 562**	161 404 963
Total liabilities		**436 844 775**	477 933 446	**380 893 070**	418 153 833
Total equity and liabilities		**1 579 846 505**	1 518 505 451	**1 483 951 046**	1 421 820 237

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2023

		Group		Company	
Figures in Pula	Note(s)	2023	2022	2023	2022
Revenue	18	**153 792 385**	141 400 195	**133 018 333**	122 174 534
Other operating income	19	**19 365 592**	21 212 729	**13 399 901**	15 005 642
Other operating expenses		**(33 761 305)**	(37 552 527)	**(24 156 656)**	(25 443 003)
Operating profit	23	**139 396 672**	125 060 397	**122 261 578**	111 737 173
Finance income	20	**951 938**	7 992	**12 300 871**	16 379 041
Finance costs	21	**(26 645 738)**	(22 924 051)	**(23 221 733)**	(19 953 433)
Foreign exchange (loss)/gain		**(8 066 832)**	(2 256 496)	**290 024**	(449 441)
Fair value adjustments	22	**30 751 793**	12 019 438	**22 411 805**	18 136 394
Profit before taxation		**136 387 833**	111 907 280	**134 042 545**	125 849 734
Taxation	24	**(11 002 487)**	4 558 952	**(11 748 274)**	636 858
Profit for the year		**125 385 346**	116 466 232	**122 294 271**	126 486 592
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		**(52 922)**	13 212 179	**–**	–
Other comprehensive income for the year net of taxation		**(52 922)**	13 212 179	**–**	–
Total comprehensive income for the year		**125 332 424**	129 678 411	**122 294 271**	126 486 592
Earnings per share					
Weighted average linked units in issue at the end of the year		**468 596 584**	455 320 649	**468 596 584**	455 320 649
Basic earnings per linked unit attributable to linked unitholders (thebe)		**26.76**	25.58	**26.10**	27.78
Headline earnings per linked unit attributable to linked unitholders (thebe)		**26.92**	26.09	**26.11**	28.13
Distribution per linked unit (thebe)		**11.80**	18.40	**11.80**	18.40

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

Figures in Pula	Stated capital	Foreign currency translation reserve	Retained earnings	Total equity
Group				
Balance at 1 July 2021	506 803 422	(43 037 144)	501 528 295	965 294 573
Profit for the year	–	–	116 466 232	116 466 232
Other comprehensive income	–	13 212 179	–	13 212 179
Total comprehensive income for the year	–	13 212 179	116 466 232	129 678 411
Issue of shares	30 300 883	–	–	30 300 883
Dividends	–	–	(84 701 862)	(84 701 862)
Total contributions by and distributions to owners of company recognised directly in equity	30 300 883	–	(84 701 862)	(54 400 979)
Balance at 1 July 2022	537 104 305	(29 824 965)	533 292 666	1 040 572 006
Profit for the year	**–**	**–**	**125 385 346**	**125 385 346**
Other comprehensive income	**–**	**(52 922)**	**–**	**(52 922)**
Total comprehensive income for the year	**–**	**(52 922)**	**125 385 346**	**125 332 424**
Issue of shares	**33 041 513**	**–**	**–**	**33 041 513**
Dividends	**–**	**–**	**(55 944 213)**	**(55 944 213)**
Total contributions by and distributions to owners of company recognised directly in equity	**33 041 513**	**–**	**(55 944 213)**	**(22 902 700)**
Balance at 30 June 2023	**570 145 818**	**(29 877 887)**	**602 733 799**	**1 143 001 730**
Note(s)	11			

Figures in Pula	Stated capital	Foreign currency translation reserve	Retained earnings	Total equity
Company				
Balance at 1 July 2021	506 803 422	–	424 777 369	931 580 791
Profit for the year	–	–	126 486 592	126 486 592
Total comprehensive income for the year	–	–	126 486 592	126 486 592
Issue of shares	30 300 883	–	–	30 300 883
Dividends	–	–	(84 701 862)	(84 701 862)
Total contributions by and distributions to owners of company recognised directly in equity	30 300 883	–	(84 701 862)	(54 400 979)
Balance at 1 July 2022	537 104 305	–	466 562 100	1 003 666 405
Profit for the year	–	–	122 294 271	122 294 271
Total comprehensive income for the year	**–**	**–**	**122 294 271**	**122 294 271**
Issue of shares	**33 041 513**	**–**	**–**	**33 041 513**
Dividends	**–**	**–**	**(55 944 213)**	**(55 944 213)**
Total contributions by and distributions to owners of company recognised directly in equity	**33 041 513**	**–**	**(55 944 213)**	**(22 902 700)**
Balance at 30 June 2023	**570 145 818**	**–**	**532 912 158**	**1 103 057 976**
Note(s)	11			

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

		Group		Company	
Figures in Pula	Note(s)	2023	2022	2023	2022
Cash flows from operating activities					
Cash generated from operations	25	**136 335 142**	125 484 648	**112 366 712**	105 666 128
Tax paid	26	**(2 000 025)**	(2 802 913)	**(1 408 203)**	(2 176 341)
Net cash from operating activities		**134 335 117**	122 681 735	**110 958 509**	103 489 787
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(4 667 178)**	(7 643 263)	**(4 667 178)**	(7 643 263)
Proceeds from sale of property, plant and equipment	4	**260 000**	6 694 858	**260 000**	6 694 858
Purchases of investment property	3	**(41 941 138)**	(51 835 955)	**(39 348 771)**	(47 911 416)
Proceeds from sales of investment property	3	**6 774 326**	10 401 416	**–**	9 306 500
Proceeds from assets held for disposal		**–**	2 175 000	**–**	2 175 000
Interest income	20	**432 053**	7 992	**12 300 871**	16 379 041
Net cash from investing activities		**(39 141 937)**	(40 199 952)	**(31 455 078)**	(20 999 280)
Cash flows from financing activities					
Conversion of overdraft facility to term loan		**–**	50 000 000	**–**	50 000 000
Repayments of borrowings	12	**(66 674 423)**	(44 501 348)	**(61 848 364)**	(38 892 396)
Proceeds on borrowings	12	**40 000 000**	33 000 000	**40 000 000**	33 000 000
Cash repayments on lease liabilities		**(229 527)**	(148 763)	**–**	(90 272)
Finance costs on lease liabilities		**(421 837)**	(173 960)	**(244 567)**	(139 926)
Finance costs	21	**(26 223 901)**	(22 750 091)	**(22 891 518)**	(19 813 507)
Dividends paid	16	**(51 660 349)**	(49 391 646)	**(51 660 349)**	(49 391 646)
Net cash from financing activities		**(105 210 037)**	(33 965 808)	**(96 644 798)**	(25 327 747)
Total cash movement for the year		**(10 016 857)**	48 515 975	**(17 141 367)**	57 162 760
Cash and cash equivalents at the beginning of the year		**32 713 877**	(16 281 260)	**30 216 691**	(26 496 628)
Profit on foreign exchange on cash and cash equivalents		**(385 091)**	(449 441)	**290 024**	(449 441)
Loss on foreign exchange on cash and cash equivalents		**216 772**	928 603	**–**	–
Cash and cash equivalents at the end of the year	9	**22 528 701**	32 713 877	**13 365 348**	30 216 691

ACCOUNTING POLICIES

for the year ended 30 June 2023

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 28892, Twin Towers, West Wing First Floor, Gaborone, Botswana.

The financial statements set have been approved by the Board of Directors on 14 September 2023 .

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 that 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 which 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.

ACCOUNTING POLICIES

for the year ended 30 June 2023

1. Presentation of consolidated annual financial statements (continued)

1.1 Consolidation (continued)

Business combinations (continued)

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.

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 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 in 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.

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 are 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
Solar panels (included in plant and machinery)	Straight line	25 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 profit unless it is included in the carrying amount of another asset. The gain or loss arising from the de-recognition 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 de-recognition 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.

ACCOUNTING POLICIES

for the year ended 30 June 2023

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.

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.

1. Presentation of consolidated annual financial statements (continued)

1.7 Financial instruments (continued)

Recognition and measurement (continued)

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.

Definition of default

For internal credit risk management purposes, the group considers 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.

1. Presentation of consolidated annual financial statements (continued)

1.7 Financial instruments (continued)

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 depreciation, amortisation and impairment 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.

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.

1. Presentation of consolidated annual financial statements (continued)

1.7 Financial instruments (continued)

Trade and other receivables denominated in foreign currencies

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

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 which do not contain a significant financing component at an amount equal to lifetime expected credit losses (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 depreciation, amortisation and impairment 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.

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 12) are classified as financial liabilities subsequently measured at amortised cost.

ACCOUNTING POLICIES

for the year ended 30 June 2023

1. Presentation of consolidated annual financial statements (continued)

1.7 Financial instruments (continued)

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.

Trade and other payables

Classification

Trade and other payables (note 14), 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).

1. Presentation of consolidated annual financial statements (continued)

1.7 Financial instruments (continued)

Trade and other payables denominated in foreign currencies (continued)

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.

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.

ACCOUNTING POLICIES

for the year ended 30 June 2023

1. Presentation of consolidated annual financial statements (continued)

1.8 Tax (continued)

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).

The carrying value of the Group's investment property is assumed to be realised by sale at the end of use. The capital gain 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 might apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

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

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.

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 determine 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 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.

1. Presentation of consolidated annual financial statements (continued)

1.9 Leases (continued)

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;
- ease 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.

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;
- 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.

ACCOUNTING POLICIES

for the year ended 30 June 2023

1. Presentation of consolidated annual financial statements (continued)

1.9 Leases (continued)

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 sub-lease 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.

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 form 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.

1. Presentation of consolidated annual financial statements (continued)

1.10 Impairment of non-financial assets (continued)

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.

1.13 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.
- 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.

ACCOUNTING POLICIES

for the year ended 30 June 2023

1. Presentation of consolidated annual financial statements (continued)

1.14 Borrowing costs (continued)

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

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.

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. Presentation of consolidated annual financial statements (continued)

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 THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

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:

Annual improvement to IFRS standards 2018-2020: Amendments to IFRS 1

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

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

The group has adopted the amendment for the first time in the 2023 consolidated and separate annual financial statements.

The impact of the amendment is not material.

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

The group has adopted the amendment for the first time in the 2023 consolidated and separate annual financial statements.

The impact of the amendment is not material.

Annual improvement to IFRS standards 2018-2020: Amendments to IFRS 9

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

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

The group has adopted the amendment for the first time in the 2023 consolidated and separate annual financial statements.

The impact of the amendment is not material.

2. New standards and interpretations (continued)

2.1 Standards and interpretations effective and adopted in the current year (continued)

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

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

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

The group has adopted the amendment for the first time in the 2023 consolidated and separate annual financial statements.

The impact of the amendment is not material.

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

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

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

The group has adopted the amendment for the first time in the 2023 consolidated and separate annual financial statements. The impact of the amendment is not material.

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 2023 or later periods:

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

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

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

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)

2.2 Standards and interpretations not yet effective (continued))

Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 1 January 2024.

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

Initial application of IFRS 17 and IFRS 9: Comparative information

A narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

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

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

Deferred tax related to assets and liabilities arising from a single transaction: Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

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

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)

2.2 Standards and interpretations not yet effective (continued)

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the consolidated and separate annual financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

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

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

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in consolidated and separate annual financial statements that are subject to measurement uncertainty."

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

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

IFRS 17 Insurance Contracts

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

3. Investment property

Group	2023 Valuation	2023 Carrying value	2022 Valuation	2022 Carrying value
Investment property	1 473 967 837	1 473 967 837	1 416 646 970	1 416 646 970

Company	2023 Valuation	2023 Carrying value	2022 Valuation	2022 Carrying value
Investment property	1 253 252 296	1 253 252 296	1 188 824 216	1 188 824 216

Reconciliation of investment property – Group – 2023

Figures in Pula	Opening balance	Additions	Disposals
Investment property	**1 414 391 419**	**41 941 138**	**(6 979 609)**
Right-of-use asset	**2 255 551**	**–**	**–**
	1 416 646 970	**41 941 138**	**(6 979 609)**

Reconciliation of investment property – Group – 2022

Figures in Pula	Opening balance	Additions	Disposals
Investment property	1 351 571 095	51 835 955	(11 645 610)
Right of use asset	1 151 029	1 036 261	–
	1 352 722 124	52 872 216	(11 645 610)

The addition to the investment property includes direct acquisitions amounting to P9 869 048 (2022: P 20 263 476) and subsequent developments to the properties amounting to P32 072 090 (2022: P 31 572 479).

Reconciliation of investment property – Company – 2023

Figures in Pula	Opening balance	Additions	Right-of-use asset adjustment
Investment property	**1 187 604 926**	**39 348 771**	**–**
Right-of-use asset	**1 219 290**	**–**	**2 667 504**
	1 188 824 216	**39 348 771**	**2 667 504**

Reconciliation of investment property – Company – 2022

Figures in Pula	Opening balance	Additions	Disposals
Investment property	1 131 884 227	47 911 416	(10 258 850)
Right of use asset	1 151 029	–	–
	1 133 035 256	47 911 416	(10 258 850)

The addition to the investment property includes direct acquisitions amounting to P 9 869 048 (2022: P 16 338 937) and subsequent developments to the properties amounting to P 29 479 723 (2022: P 31 572 479).

The Group has leases for four properties, included above as right of use assets. The remaining terms of these leases range from 10 to 40 years.

Pledged as security

The investment property of the group have 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 P 730.4 million and P903.9 million respectively.

Borrowing costs capitalised

The borrowing cost capitalised into the investment property during the year was P 588 933 (2022: 693 426).

Foreign exchange movements	Right-of-use asset adjustment	Fair value adjustments	Total
(11 368 432)	**–**	**29 626 881**	**1 467 611 397**
308 473	**2 667 504**	**1 124 912**	**6 356 440**
(11 059 959)	**2 667 504**	**30 751 793**	**1 473 967 837**

Foreign exchange movements	Fair value adjustments	Total
10 678 802	11 951 177	1 414 391 419
–	68 261	2 255 551
10 678 802	12 019 438	1 416 646 970

Fair value adjustments	Total
25 218 599	**1 252 172 296**
(2 806 794)	**1 080 000**
22 411 805	**1 253 252 296**

Fair value adjustments	Total
18 068 133	1 187 604 926
68 261	1 219 290
18 136 394	1 188 824 216

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

3. Investment property (continued)

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, and has been maintaining the properties for the full period of ownership, with no disputes or claims being raised on this.

Figures in Pula	Type of property	Carrying value (P) 2023	Carrying value (P) 2022
6384 Lobatse	Land for development	**1 800 000**	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. Eranse Mooki 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 2023 for P1 283 730 000. Included in this amount is P2 210 000 from the subsidiary Eminent (Proprietary) Limited and fair value of the right-of-use assets to the tune of P 1 080 000.

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 P 180 147 119 at 30 June 2023.

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 P39 148 936 at 30 June 2023.

3. Investment property (continued)

Amounts recognised in profit and loss for the year

	Group		Company	
	2023	2022	**2023**	2022
Rental income from investment property	**153 792 385**	141 400 195	**133 018 333**	122 174 534
Recoveries	**19 115 793**	19 661 224	**12 314 763**	11 238 200
Cleaning	**(789 266)**	(863 944)	**(626 586)**	(693 988)
Insurance	**(1 436 302)**	(1 291 587)	**(1 071 350)**	(962 649)
Repairs and maintenance	**(1 785 933)**	(1 517 111)	**(1 597 548)**	(1 361 596)
Security	**(1 728 599)**	(1 483 862)	**(997 629)**	(740 384)
Utilities	**(13 502 857)**	(14 715 830)	**(8 877 847)**	(8 574 825)

Adjusted valuations

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

Valuation as per financial statements

	Group 2023	Group 2022	Company 2023	Company 2022
Valuation obtained	**1 503 026 055**	1 456 745 607	**1 281 520 000**	1 227 610 025
Recognised lease smoothening adjustment	**(41 473 256)**	(40 098 637)	**(40 682 742)**	(38 785 809)
	1 461 552 799	1 416 646 970	**1 240 837 258**	1 188 824 216
Operating lease asset				
Current asset	**4 025 206**	6 320 098	**3 884 012**	5 657 789
Non–current asset	**37 448 050**	33 778 538	**36 798 730**	33 128 020
	41 473 256	40 098 636	**40 682 742**	38 785 809

The total operating expenses incurred for the unoccupied properties amounted to P 243 089 (2022: P 365 145).

Information about fair value measurements using significant unobservable inputs (Level 3) for 2023 – Group

Valuation technique	Valuation	Input	Estimate	Impact lower	Impact higher
Sales comparison	**276 018 919**	Sales price per square metre of the property	Market value per square metre 10%	**(27 601 891)**	**27 601 891**
Depreciated replacement cost	**55 480 000**	Construction cost per square metre	Build rate per square metre 10%	**(5 548 000)**	**5 548 000**
Income capitalisation	**1 171 527 136**	Capitalisation rate	Capitalisation rate 1%	**(108 588 708)**	**131 236 272**
	1 503 026 055				

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

3. Investment property (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) for 2023 – Company

Valuation technique	Valuation	Input	Estimate	Impact lower	Impact higher
Sales comparison	**269 110 000**	Sales price per square metre of the property	Market value per square metre 10%	**(26 911 000)**	**26 911 000**
Depreciated replacement cost	**55 480 000**	Construction cost per square metre	Build rate per square metre 10%	**(5 548 000)**	**5 548 000**
Income capitalisation	**956 930 000**	Capitalisation rate	Capitalisation rate 1%	**(91 482 508)**	**110 621 108**
	1 281 520 00				

Information about fair value measurements using significant unobservable inputs (Level 3) for 2022 – Group

Valuation technique	Valuation	Input	Estimate	Impact lower	Impact higher
Sales comparison	264 610 834	Sales price per square metre of the property	Market value per square metre 10%	(26 461 083)	26 461 083
Depreciated replacement cost	60 515 119	Construction cost per square metre	Build rate per square metre 10%	(6 051 512)	6 051 512
Income capitalisation	1 131 619 655	Capitalisation rate	Capitalisation rate 1%	(113 088 121)	143 037 208
	1 456 745 608				

Information about fair value measurements using significant unobservable inputs (Level 3) for 2022 – Company

Valuation technique	Valuation	Input	Estimate	Impact lower	Impact higher
Sales comparison	257 870 025	Sales price per square metre of the property	Market value per square metre 10%	(25 787 003)	25 787 003
Depreciated replacement cost	49 640 000	Construction cost per square metre	Build rate per square metre 10%	(4 964 000)	4 964 000
Income capitalisation	920 100 000	Capitalisation rate	Capitalisation rate 1%	(93 850 000)	93 850 000
	1 227 610 025				

3. Investment property (continued)

Valuation techniques underlying estimation of fair value

For all properties in Botswana, South Africa and Zambia with a total carrying amount of P1 473 967 837 (2022: P1 416 646 970), 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;
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.

4. Property, plant and equipment

	2023			2022		
Group	**Cost**	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
Plant and machinery	**5 807 237**	**(555 500)**	**5 251 737**	1 157 049	(395 379)	761 670
Furniture and fixtures	**436 449**	**(434 013)**	**2 436**	433 906	(426 258)	7 648
Motor vehicles	**681 938**	**(511 040)**	**170 898**	952 670	(417 830)	534 840
Office equipment	**360 218**	**(346 878)**	**13 340**	358 224	(343 778)	14 446
IT equipment	**505 761**	**(495 600)**	**10 161**	467 816	(465 907)	1 909
Total	**7 791 603**	**(2 343 031)**	**5 448 572**	3 369 665	(2 049 152)	1 320 513

	2023			2022		
Company	**Cost**	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
Plant and machinery	**5 807 237**	**(555 500)**	**5 251 737**	1 157 049	(395 379)	761 670
Furniture and fixtures	**436 449**	**(434 013)**	**2 436**	433 906	(426 258)	7 648
Motor vehicles	**681 938**	**(511 040)**	**170 898**	952 670	(417 830)	534 840
Office equipment	**360 218**	**(346 878)**	**13 340**	358 224	(343 778)	14 446
IT equipment	**505 761**	**(495 600)**	**10 161**	467 816	(465 907)	1 909
Total	**7 467 620**	**(2 142 234)**	**5 325 386**	3 046 344	(1 889 559)	1 156 785

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – Group – 2023

	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Total
Opening balance						
Cost	1 157 049	433 906	952 670	358 224	467 816	3 369 665
Accumulated depreciation and impairment	(395 379)	(426 258)	(417 830)	(343 778)	(465 907)	(2 049 152)
Net book value at 1 July 2022	761 670	7 648	534 840	14 446	1 909	1 320 513
Additions	4 650 188	2 543	–	1 993	12 454	4 667 178
Disposals and scrappings	–	–	(380 055)	–	–	(380 055)
Disposals and scrappings – accumulated depreciation and impairment	–	–	176 918	–	–	176 918
Foreign exchange movements	–	–	(74 886)	–	–	(74 886)
Depreciation	(160 121)	(7 755)	(85 919)	(3 099)	(4 202)	(261 096)
Net book value at 30 June 2023	5 251 737	2 436	170 898	13 340	10 161	5 448 572
Made up as follows:						
Cost	5 807 237	436 449	681 938	360 218	505 761	7 791 603
Accumulated depreciation and impairment	(555 500)	(434 013)	(511 040)	(346 878)	(495 600)	(2 343 031)
	5 251 737	2 436	170 898	13 340	10 161	5 448 572

Reconciliation of property, plant and equipment - Group - 2022

	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Total
Opening balance						
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)
Net book value at 1 July 2021	85 732	25 317	340 658	9 173	3 993	464 873
Additions	7 351 134	–	285 000	7 129	–	7 643 263
Disposals and scrappings – cost	(6 561 134)	–	–	–	–	(6 561 134)
Foreign exchange movements	–	–	2 208	–	–	2 208
Depreciation	(114 062)	(17 669)	(93 026)	(1 856)	(2 084)	(228 697)
Net book value at 30 June 2022	761 670	7 648	534 840	14 446	1 909	1 320 513
Made up as follows:						
Cost	1 157 049	433 906	952 670	358 224	467 816	3 369 665
Accumulated depreciation and impairment	(395 379)	(426 258)	(417 830)	(343 778)	(465 907)	(2 049 152)
	761 670	7 648	534 840	14 446	1 909	1 320 513

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – Group – 2023

	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Total
Opening balance						
Cost	**1 157 049**	**433 906**	**629 349**	**358 224**	**467 816**	**3 046 344**
Accumulated depreciation and impairment	**(395 379)**	**(426 258)**	**(258 237)**	**(343 778)**	**(465 907)**	**(1 889 559)**
Net book value at 1 July 2022	**761 670**	**7 648**	**371 112**	**14 446**	**1 909**	**1 156 785**
Additions	**4 650 188**	**2 543**	**–**	**1 993**	**12 454**	**4 667 178**
Disposals – cost	**–**	**–**	**(380 055)**	**–**	**– –**	**(380 055)**
Disposals – accumulated depreciation and impairment	**–**	**–**	**108 660**	**–**	**–**	**108 660**
Depreciation	**(160 121)**	**(7 755)**	**(52 005)**	**(3 099)**	**(4 202)**	**(227 182)**
Net book value at 30 June 2023	**5 251 737**	**2 436**	**47 712**	**13 340**	**10 161**	**5 325 386**
Made up as follows:						
Cost	**5 807 23**	**436 449**	**357 955**	**360 218**	**505 761**	**7 467 620**
Accumulated depreciation and impairment	**(555 500)**	**(434 013)**	**(310 243)**	**(346 878)**	**(495 600)**	**(2 142 234)**
	5 251 737	**2 436**	**47 712**	**13 340**	**10 161**	**5 325 386**

Reconciliation of property, plant and equipment - Company - 2022

	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Total
Opening balance						
Cost	367 049	433 906	344 349	344 349	493 310	1 989 708
Accumulated depreciation and impairment	(281 317)	(408 589)	(200 152)	(341 921)	(489 317)	(1 721 296)
Net book value at 1 July 2021	85 732	25 317	144 197	9 173	3 993	268 412
Additions	7 351 134	–	285 000	7 129	–	7 643 263
Disposals and scrappings – cost	(6 561 134)	–	–	–	–	(6 561 134)
Depreciation	(114 062)	(17 669)	(58 085)	(1 856)	(2 084)	(193 756)
Net book value at 30 June 2022	761 670	7 648	371 112	14 446	1 909	1 156 785
Made up as follows:						
Cost	1 157 049	433 906	629 349	358 224	467 816	3 046 344
Accumulated depreciation and impairment	(395 379)	(426 258)	(258 237)	(343 778)	(465 907)	(1 889 559)
	761 670	7 648	371 112	14 446	1 909	1 156 785

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5. Investment in subsidiaries

Company

Name of company	Held by	Group Holding 2023	Group Holding 2022	Company Carrying amount 2023	Company Carrying amount 2022
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 2023	Group 2022	Company 2023	Company 2022
6. Deferred income tax				
Deferred tax liability				
Accelerated capital allowances for tax purposes	**(49 246 523)**	(44 805 300)	**(33 620 396)**	(29 899 468)
Operating lease adjustment	**(9 039 648)**	(8 783 214)	**(8 950 203)**	(8 532 879)
Prepaid expenses	**(8 002)**	(12 470)	**-**	-
Unrealised foreign exchange losses	**(2 281 746)**	(2 804 328)	**-**	(66 856)
Right-of-use asset	**(237 600)**	(268 243)	**(237 600)**	(268 243)
Total deferred tax liability	**(60 813 519)**	(56 673 555)	**(42 808 199)**	(38 767 446)
Deferred tax asset				
Unrealised foreign exchange gains	**592**	631	**-**	-
Allowance for doubtful accounts	**546 670**	552 398	**394 031**	482 081
Tax losses available for set off against future tax	**8 680 299**	6 847 399	**-**	-
Lease liabilities	**1 077 932**	472 679	**1 077 932**	472 679
Total deferred tax asset, net of valuation allowance recognised	**10 305 493**	7 873 107	**1 471 963**	954 760
Deferred tax liability	**(60 813 519)**	(56 673 555)	**(42 808 199)**	(38 767 446
Deferred tax asset	**10 305 493**	7 873 107	**1 471 963**	954 760
Total net deferred tax liability	**(50 508 026)**	(48 800 448)	**(41 336 236)**	(37 812 686)

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
6. Deferred income tax (continued)				
Reconciliation of deferred tax asset/(liability)				
At the beginning of the year	**(48 800 448)**	(55 652 791)	**(37 812 686)**	(40 308 539)
Originating temporary difference on carried forward losses	**1 832 900**	1 900 437	**-**	-
Origination of deferred tax on foreign exchange differences	**522 582**	1 170 905	**66 856**	237 034
Originating temporary difference on operating lease adjustments	**(256 434)**	(290 057)	**(417 324)**	(305 711)
Originating temporary difference on capital allowance	**(4 441 223)**	(2 003 350)	**(3 720 928)**	(3 482 591
Originating temporary difference on fair value adjustment	**-**	6 058 401	**-**	6 058 401
Originating temporary difference on allowance for doubtful accounts	**(5 728)**	8 224	**(88 050)**	23 608
Originating temporary difference on prepaid expenses	**4 468**	42 029	**-**	-
Origination of deferred tax on foreign exchange differences	**(39)**	631	**-**	-
Originating and temporary difference on Right-of-use assets	**30 643**	(15 017)	**30 643**	(15 018)
Originating and temporary difference on lease liabilities	**605 253**	(19 860)	**605 253**	(19 870)
	(50 508 026)	(48 800 448)	**(41 336 236)**	(37 812 686)
7. Related party receivables/(payables)				
Q Tique 79 (Proprietary) Limited	**-**	-	**124 225 265**	118 391 090
Exelligent (Proprietary) Limited	**513 816**	505 600	**513 816**	505 600
Medupe Bridge Fin Corp (Proprietary) Limited	**-**	748 328	**-**	748 328
Strides of Success (Proprietary) Limited	**7 653 085**	4 150 874	**7 653 085**	4 150 874
Rootlet (Proprietary) Limited	**591 458**	-	**591 458**	-
	8 758 359	5 404 802	**132 983 624**	123 795 892
Loans and Advances to related companies	**8 758 359**	5 404 802	**132 983 624**	123 795 892

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 Tique79 (Proprietary) Limited carries interest at market interest rate of 10% (June 2022: 15%) per annum. The loan from The Far Property Company Zambia Limited carries interest at market interest rate of 10% (June 2022: 10%) per annum.

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.

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	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
8. Trade and other receivables				
Financial instruments:				
Trade receivables	**8 323 959**	7 956 745	**5 957 623**	6 804 265
Less: Loss allowance	**(5 450 165)**	(5 311 610)	**(4 216 600)**	(4 616 824)
Trade receivables at amortised cost	**2 873 794**	2 645 135	**1 741 023**	2 187 441
Deposits	**538 985**	535 728	**221 675**	197 273
Other receivable	**7 416 537**	5 990 364	**3 903 954**	5 339 757
Non-financial instruments:				
Advance towards asset purchase	**5 283 365**	4 774 298	**4 849 434**	4 774 298
Prepayments	**921 684**	353 614	**588 661**	22 375
Refundable taxes	**329 922**	148 407	**148 407**	148 407
Total trade and other receivables	**17 364 287**	14 447 546	**11 453 154**	12 669 551

Advance towards asset purchase relates to advance given towards purchase of properties in Borolong, Letlhakeng, Barolong, Mopipi and Zambia.

Fair value of trade and other receivables				
Non-current assets	**3 179 663**	-	**-**	-
Current assets	**14 184 624**	14 447 546	**11 453 154**	12 669 551
	17 364 287	14 447 546	**11 453 154**	12 669 551

Other receivables include an amount of P 89 711 (2022: P Nil) relating to the amount receivable on sale of ERF 264 Farm Vaalkop. The Company has entered into an agreement of the sale of property on instalments. R 1 000 000 has been paid by the purchaser. The balance of purchase price R 4 800 000 together with interest (prime plus 2%) will be paid by the purchaser in monthly instalments of R 65 000.

Non-current portion of Farm Vaalkop receivable	**3 179 663**	-	**-**	-
Current portion of Farm Vaalkop receivable	**89 711**	-	**-**	-
Total amounts included other receivable from Farm Vaalkop	**3 269 374**	-	**-**	-

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 12.

At 30 June 2023, age analyses of trade receivables are as follows:

Figures in Pula	**2023 Gross carrying amount**	**2023 Loss allowance**	2022 Gross carrying amount	2022 Loss allowance
Expected credit loss rate:				
Less than 30 days	**1 755 299**	**(148 704)**	1 395 996	(54 537)
Between 31 and 60 days	**725 864**	**(68 350)**	614 867	(38 691)
Between 61 and 90 days	**432 909**	**(99 637)**	465 645	(58 173)
Between 91 and 120 days	**193 909**	**(45 397)**	286 743	(56 594)
More than 120 days	**5 215 977**	**(5 088 077)**	5 193 494	(5 103 615)
Total	**8 323 958**	**(5 450 165)**	7 956 745	(5 311 610)

8. Trade and other receivables (continued)

Figures in Pula	2023 Gross carrying amount	2023 Loss allowance	2022 Gross carrying amount	2022 Loss allowance
Expected credit loss rate:				
Less than 30 days	**784 250**	**(25 039)**	1 390 290	(50 910)
Between 31 and 60 days	**514 122**	**(37 810)**	403 007	(27 403)
Between 61 and 90 days	**299 428**	**(39 907)**	329 303	(43 744)
Between 91 and 120 days	**172 908**	**(36 072)**	211 981	(45 084)
More than 120 days	**4 186 915**	**(4 077 772)**	4 469 684	(4 449 683)
Total	**5 957 623**	**(4 216 600)**	6 804 265	(4 616 824)
Fair value of trade and other receivables				
Trade and other receivables	**14 184 624**	**14 447 546**	11 453 154	12 669 551

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 the beginning of the year	**(5 311 610)**	**(4 955 344)**	(4 616 824)	(4 509 515)
Net movement for the year	**(138 555)**	**(356 266)**	400 224	(107 309)
	(5 450 165)	**(5 311 610)**	(4 216 600)	(4 616 824)

9. Cash and cash equivalents

Cash and cash equivalents consist of:				
Bank balances	**22 522 158**	**32 707 218**	13 362 655	30 214 600
Cash in hand	**6 543**	**6 659**	2 693	2 091
	22 528 701	**32 713 877**	13 365 348	30 216 691

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

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.

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
9. Cash and cash equivalents (continued)				
Cash at bank				
First Capital Bank Botswana Limited	**12 631 245**	25 463 279	12 631 245	25 463 279
Standard Bank South Africa Limited	**3 790 339**	559 541	–	–
Absa Bank Zambia Limited	**5 369 164**	1 933 077	–	–
First National Bank of Botswana Limited	**140 288**	1 946 300	140 288	1 946 300
Absa Bank Botswana Limited	**464 567**	752 244	464 567	752 244
Bank Gaborone Limited	**126 555**	2 052 777	126 555	2 052 777
	22 522 158	32 707 218	13 362 655	30 214 600

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. There are also subsidiaries of reputable financial institutions situated in South Africa.

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

10. Financial assets by category

	Group 2023	Group 2022	Company 2023	Company 2022
Financial assets at amortised cost				
Related-party receivables	**8 758 359**	5 404 802	**132 983 624**	123 795 892
Trade and other receivables	**10 829 316**	9 171 227	**5 866 652**	7 724 471
Cash and cash equivalents	**22 522 158**	32 707 218	**13 362 655**	30 214 600
	42 109 833	47 283 247	**152 212 931**	161 734 963

11. Stated capital

	Group 2023	Group 2022	Company 2023	Company 2022
Linked units – issued and fully paid				
Linked units	**474 103 503**	460 336 206	**474 103 503**	460 336 206
Reconciliation of number of shares issued:				
Reported as at 1 July	**460 336 206**	447 710 838	**460 336 206**	447 710 838
Issued during the year	**13 767 297**	12 625 368	**13 767 297**	12 625 368
	474 103 503	460 336 206	**474 103 503**	460 336 206
The shares have no par value.				
Movement in stated capital				
Balance at the beginning of the year	**537 104 305**	506 803 422	**537 104 305**	506 803 422
Issued during the year	**33 041 513**	30 300 883	**33 041 513**	30 300 883
	570 145 818	537 104 305	**570 145 818**	537 104 305

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
12. Borrowings				
Held at amortised cost				
First National Bank Botswana Limited	**6 154 748**	12 918 511	**6 154 748**	12 918 511

(The company has acquired a loan facility to the value of P50 million signed on 04 December 2015. This loan is repayable in 120 monthly instalments. The interest rates are equal to bank's prime lending rate 6.76% plus 1% as at 30 June 2023.)

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
BIFM Capital Investment Fund One (Proprietary) Limited	**–**	40 000 000	**–**	40 000 000

(The company has acquired a loan facility to the value of P 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 6 months starting 30 June 2013 until 31 December 2022. The principal amount shall be repaid in stages with the first principal amount of P 30 million being repaid on 31 December 2020, P 30 million being repaid on 31 December 2021 and final principal amount of P 40 million being repaid on 31 December 2022.) The loan was repaid during the year.

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
Investec Bank Limited	**33 331 464**	40 676 051	**–**	–

(The Group has acquired a loan facility to the value of Rand 82 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 76% residual amount of Rand 32.9 million, payable on expiry of the facility. The interest rate is equal to 0.35% below Investec's prime rate. The loan has been restructured during the year.

	Group 2023	Group 2022	Company 2023	Company 2022
Absa Bank Botswana Limited	**179 743 200**	189 260 714	**179 743 200**	189 494 426

The Company has a loan facility with Absa Bank Botswana to the value of P 189.38 million. This loan is repayable in 60 months with accrued interest payable monthly, the repayment of principal commences on 1st November 2022. The interest rate is equal to prime rate plus 1.75%.

	Group 2023	Group 2022	Company 2023	Company 2022
Bank Gaborone Limited	**26 083 611**	31 650 698	**26 083 611**	31 416 986

The Company has entered into a new loan facility with Bank Gaborone to the value of P 33 million. The loan is repayable in 60 monthly instalments. The interest is prime lending rate plus 2.5%.

	Group 2023	Group 2022	Company 2023	Company 2022
Absa Bank Botswana Limited	**40 000 000**	–	**40 000 000**	–

The Company has a loan facility with Absa Bank Botswana to the value of P 40 million. This loan is repayable in 60 months with accrued interest payable monthly. The interest rate is equal to prime rate plus 2.34%. Interest shall be serviced monthly with effect from the date of falling one month after first draw down (30 November 2022) of the facility. The facility shall be repaid in full on the maturity date.

	Group 2023	Group 2022	Company 2023	Company 2022
	285 313 023	314 505 974	**251 981 559**	273 829 923

** The loan has been restructured during the year.*

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12. 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 and collection accounts held by the borrower.

The loan from Investec Bank Limited is secured as follows:

i. Cession of both comprehensive insurance and lease rentals over the mortgaged properties.
ii. 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, ERF 2913 Odendaalsrus.
iii. Covering mortgage bond over remaining extent of ERF 41 Magaliesburg for an amount of Rand 13.9 million.
iv. A first covering mortgage bond over Erven 2858 and 1341 Odendaalsrus Ext 2 for an amount of Rand 10 million.
v. A first covering mortgage bond over Erf 6162 Mafikeng.
vi. Execution of a joint and several continuing guarantee by Mr. Farouk Ismail and Mr. Ottapathu Ramachandran and the FAR Property Company Limited to Rand 50 million plus interest and costs, in favour of Investec.
vii. Cession in security of proceeds of Building Insurance Policy and SASRIA extension for the full asset value of the properties mortgaged.
viii. 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.
ix. Execution of a cession in security by Q-Tique 79 (Pty) Ltd of all present and future right, title, benefit and interest in, to and under any agreement/s in respect of the property, concluded between this cedent and any third party, including without limitation, all right in, to and under any and all rentals received or receivable thereunder, in favour of Investec, in a form acceptable to Investec.

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, Lots 296 and 297 Lobatse, Lot 1246 Gaborone, Tribal Lot 213 Maun, Lot 471 Lobatse, Tribal lot 292 and 16825 Maun, Lot 5690 Pitsane, Lot 4 and 9 Ghanzi, Plot 43517 (Portion of Lot 43544) Francistown, Plot 17981 Gaborone.
ii. First mortgage bond over Plot 1275 Gaborone, Tribal Lot 1760 Pitsane, Portion 888 a Portion of Portion 3 (KO GICP Gaborone, Portion 212 (Portion of Rem Extent Farm Portion 3) farm No. 9KO Gaborone, Plot 20602 Broadhurst Block 3 Gaborone, Portion 46-No. 9KO GICP Gaborone, Tribal Lot 5481 & 5482 Mogoditshane, Portion 880 of Farm Forest Hill 9 Ko GICP Gaborone.
iii. Security cession of leases and rentals, proceeds in respect of a sale or transfer of the property, including, without limitation any sale proceeds, bank accounts in which rentals are paid, revenues and proceeds in respect of insurance claims.
iv. Subordination of all shareholder loans accounts in the borrower in favour of the bank and any other documents designated as a security document by the bank and borrower.

The loan from Bank Gaborone Limited was secured as follows;

i. First continuing covering mortgage bond over Tribal Lot 51 Pandamatenga, Tribal Lot 4774 Metsimotlhabe, Tribal Lot 135 Modipane, Tribal Lot 6978 Kopong, Lot 70661 Gaborone and Tribal Lot 103 Tlokweng.

12. Borrowings (continued)

ii. Registered cession of fire policy for the properties noted in (i)

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

i. First mortgage bond over Plot 3031, Ghanzi, Plot 38 Ghanzi, Plot 42796 Phakalane, Plot 1381 Pitsane, Plot 2676 Selibe Phikwe, Plot 2177 Thamaga, Plot 53836 Naledi, Plot 7588 Lobatse, Plot 7589 Lobatse, Tribal Lot 1571 Nata, Plot 5461,2,3 Gaborone, Plot 36142 (5017), Block 8 Gaborone, Plot 350 Lobatse, Plot 1366 Mogoditshane, Tribal Lot 7598 Tsabong, Plot 2085, Serowe, 196 Portion, Farm Forest Hill No 9 KO Cadbury and an additional amount to secure interest and costs, charges and disbursements due to the Bank if it exercises any right under the Mortgage Bond (limited to 20% of the aforesaid amount).

	Group		Company	
Figures in Pula	2023	2022	2023	2022
Split between non-current and current portions				
Non-current liabilities				
Non-current liabilities	**258 579 256**	250 654 997	**229 641 984**	215 943 161
Current liabilities				
Current liabilities	**26 733 767**	63 850 977	**22 339 575**	57 886 762
	285 313 023	314 505 974	**251 981 559**	273 829 923

13. Lease liabilities

	Group 2023	Group 2022	Company 2023	Company 2022
Minimum lease payments due				
– within one year	**342 849**	322 649	**259 837**	244 567
- in second to fifth year inclusive	**1 561 117**	2 083 429	**1 212 130**	1 668 956
- later than five years	**13 370 119**	5 722 419	**9 143 890**	1 656 649
	15 274 085	8 128 497	**10 615 857**	3 570 172
Less: Future finance charges	**(9 340 711)**	(5 002 181)	**(5 716 165)**	(1 421 626)
Present value of minimum lease payments	**5 933 374**	3 126 316	**4 899 692**	2 148 546
Non-current liabilities				
At amortised cost	**5 785 995**	2 937 951	**4 835 325**	2 038 263
Current liabilities				
At amortised cost	**147 379**	188 365	**64 367**	110 283
	5 933 374	3 126 316	**4 899 692**	2 148 546
Total cash flow related to leases	**421 837**	230 199	**330 215**	230 199

The Group entered into four lease agreements to sublet land. The lease agreement details are summarised below;

- The lease terms between 10 to 40 years
- There is an option to renew leases for a further five years
- Rental escalate by 7% per annum.

During the year, the company earned an amount of P 3 101 682 (2022: : P 2 033 253) from sub-letting its right-of-use assets.

Lease commitments

The lease commitments for the financial year ended 30 June 2023 were as follows: amount due within one year is P 147 379 (June 2022: 188 365) and amount due after one year is P 5 785 995 (June 2022: 2 937 951)

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Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
14. Trade and other payables				
Trade payables	**3 851 005**	4 084 529	**2 928 235**	3 352 310
Deposits received	**6 251 079**	6 106 044	**5 586 148**	5 523 779
Retention payable	**2 312 510**	1 754 972	**2 312 510**	1 754 972
Other payables	**8 270 532**	5 215 385	**6 227 095**	2 571 685
Non-financial instruments:				
Value added tax	**995 054**	1 247 935	**801 816**	1 025 359
	21 680 180	18 408 865	**17 855 804**	14 228 105

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

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
15. Related party payables				
The FaR Property Company Zambia	**-**	-	**-**	3 997 323
Eminent (Proprietary) Limited	**-**	-	**331 968**	225 511
	-	-	**331 968**	4 222 834

The loan from the Far Property Company Zambia Limited carries interest at market interest rate of 10% (June 2022: 10%) per annum.

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
16. Distribution payable				
Balance at the beginning of the year	**84 701 862**	79 692 529	**84 701 862**	79 692 529
Amount declared during year	**55 944 213**	84 701 862	**55 944 213**	84 701 862
Amount paid during the year	**(51 660 349)**	(49 391 646)	**(51 660 349)**	(49 391 646)
Scrip in lieu of distribution on linked units	**(33 041 513)**	(30 300 883)	**(33 041 513)**	(30 300 883)
Balance at the end of the year	**55 944 213**	84 701 862	**55 944 213**	84 701 862
Linked unit distribution per linked unit in Thebe - declared during the year	**11.80**	18.40	**11.80**	18.40
17. Financial liabilities by category				
Financial liabilities at amortised cost				
Borrowings	**285 313 023**	314 505 974	**251 981 559**	273 829 923
Related party payables	**-**	-	**331 968**	4 222 834
Trade and other payables	**20 685 126**	17 160 930	**17 053 988**	13 202 746
Distribution payable	**55 944 215**	84 701 862	**55 944 215**	84 701 862
	305 998 149	331 666 904	**269 367 515**	291 255 503
18. Revenue				
Rental income	**146 548 981**	137 515 009	**125 227 249**	118 358 626
Fuel rebates	**5 894 151**	2 426 312	**5 894 151**	2 426 312
Deferred lease adjustment	**1 349 253**	1 458 874	**1 896 933**	1 389 596
	153 792 385	141 400 195	**133 018 333**	122 174 534

Figures in Pula	Note(s)	Group 2023	Group 2022	Company 2023	Company 2022
19. Other operating income					
Recoveries from tenants		**19 115 793**	19 661 224	**12 314763**	11 238 200
Management fee		**-**	-	**918 878**	2 252 375
Sundry income		**234 397**	967 781	**150 858**	931 343
Gains on disposal of investment property		**-**	450 000	**-**	450 000
Gains on disposal of property, plant and equipment		**15 402**	133 724	**15 402**	133 724
		19 365 592	21 212 729	**13 399 901**	15 005 642
20. Finance income					
Interest income - banks		**951 938**	7 992	**770 010**	7 992
Interest income - subsidiaries		**-**	-	**11 530 861**	16 371 049
Total interest income		**951 938**	7 992	**12 300 871**	16 379 041
21. Finance costs					
Bank borrowings		**26 223 901**	22 750 091	**22 638 272**	19 575 430
Lease liabilities		**421 837**	173 960	**330 215**	139 926
Interest cost – subsidiaries		**-**	-	**253 246**	238 077
Total finance costs		**26 645 738**	22 924 051	**23 221 733**	19 953 433
22. Fair value adjustments					
Fair value gains					
Investment property	3	**30 751 793**	12 019 438	**22 411 805**	18 136 394
23. Operating profit					
Operating profit for the year is stated after charging (crediting) the following, among others:					
Employee costs					
Salaries, wages, bonuses and other benefits		**4 448 339**	3 946 752	**4 210 883**	3 903 523
Legal expenses		**445 689**	910 518	**384 335**	876 420
Utilities		**13 502 857**	14 715 830	**8 877 847**	8 574 825
Depreciation on property, plant and equipment		**261 096**	228 697	**227 182**	193 756
Auditors' remuneration					
Charge for the year		**859 797**	900 281	**562 950**	575 624
Director's remuneration		**1 348 039**	1 218 624	**1 348 039**	1 218 624
24. Taxation					
Major components of the tax expense (income)					
Income tax expense for the year		**8 643 617**	2 284 406	**8 224 721**	1 892 222
Local income tax - recognised in current tax for prior year		**-**	(31 254)	**-**	(33 227)
		8 643 617	2 253 152	**8 224 721**	1 858 995
Deferred					
Deferred income tax		**2 358 870**	(6 812 104)	**3 523 553**	(2 495 853)
		11 002 487	(4 558 952)	**11 748 274**	(636 858)

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022

24. Taxation (continued)

	Group 2023	Group 2022	Company 2023	Company 2022
Reconciliation of accounting profit and tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	**136 387 833**	111 907 280	**134 042 545**	125 849 734
Tax at the applicable tax rate of 22% (2022: 22%)	**30 005 323**	24 619 602	**29 489 360**	27 686 941
Tax effect of adjustments on taxable income				
Income not subject to tax	**(5 809 407)**	(3 533 454)	**(5 548 092)**	(3 974 989)
Effect of changes in country tax rates	**(1 023 448)**	(925 047)	**-**	**-**
Effect of interest on linked units to related companies	**(12 192 994)**	(18 466 700)	**(12 192 994)**	(18 466 700)
Expenses not allowed for tax purposes	**23 013**	30 271	**-**	-
Prior year under provision	**-**	(31 254)	**-**	(33 227)
Loss on sale of asset	**-**	209 517	**-**	209 517
Capital gains tax	**-**	(6 058 400)	**-**	(6 058 400)
Effects of tax rate adjustment	**-**	(403 487)	**-**	-
	11 002 487	(4 558 952)	**11 748 274**	(636 858)

25. Cash generated from operations

	Group 2023	Group 2022	Company 2023	Company 2022
Net profit from continuing operations before taxation	**136 387 833**	111 907 280	**134 042 545**	125 849 734
Adjustments for:				
Depreciation	**261 096**	228 697	**227 182**	193 756
Gain on disposal of property, plant and equipment	**(15 402)**	(133 724)	**(15 402)**	(133 724)
Finance income	**(951 938)**	(7 992)	**(12 300 871)**	(16 379 041)
Finance costs	**26 645 738**	22 924 051	**23 221 733**	19 953 433
Foreign exchange movement	**8 356 856**	2 256 496	**(290 024)**	449 441
Fair value adjustments	**(30 751 793)**	(12 019 438)	**(22 411 805)**	(18 136 394)
Movements in operating lease assets	**(1 374 620)**	(1 458 873)	**(1 896 933)**	(1 389 596)
Loss on disposal of investment property	**-**	1 694 194	**-**	1 402 350
Loss/(gain) on disposal of investment property	**229 674**	(450 000)	**-**	(450 000)
Loss on disposal of Property, plant and equipment	**26 797**	-	**26 797**	-
Changes in working capital:				
Related party receivable	**(2 833 672)**	(1 121 105)	**(9 187 732)**	(7 438 072)
Related party payable	**-**	-	**(3 890 866)**	4 093 461
Trade and other receivables	**(2 916 741)**	(1 642 257)	**1 214 389**	(4 579 730)
Trade and other payables	**3 271 314**	3 307 319	**3 627 699**	2 230 510
	136 335 142	125 484 648	**112 366 712**	105 666 128

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
26. Tax paid				
Balance at the beginning of the year	**(516 874)**	(671 478)	**(255 117)**	(572 463)
Current tax for the year recognised in profit or loss	**(8 643 617)**	(2 253 152)	**(8 224 721)**	(1 858 995)
Effect of foreign currency translation	**-**	(395 157)	**-**	-
Balance at the end of the year	**7 160 466**	516 874	**7 071 635**	255 117
	(2 000 025)	(2 802 913)	**(1 408 203)**	(2 176 341)
27. Commitments				
Authorised capital expenditure				
Investment property - contracted and not provided for	**40 577 782**	12 097 577	**18 999 809**	12 097 577
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	**125 852 504**	128 607 237	**113 990 346**	111 067 604
– second year	**107 114 530**	91 409 139	**98 461 983**	86 330 329
– third year	**89 243 975**	74 606 327	**84 361 411**	70 155 656
– fourth year	**69 737 918**	61 452 119	**67 407 465**	58 291 547
– fifth year	**48 609 131**	44 831 171	**48 091 133**	42 961 494
– sixth year and onwards	**226 226 317**	174 250 185	**226 226 317**	173 968 626
	666 784 375	575 156 178	**638 538 655**	542 775 256

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

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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	**2023**	2022	**2023**	2022
Related party balances				
Investment in subsidiaries (refer note 5)				
Related party receivables (refer note 7)				
Related party payables (refer note 15)				
Related party transactions				
Interest received from related parties				
Q Tique 79 (Proprietary) Limited	**–**	–	**11 530 861**	16 371 049
Interest paid to related parties				
The FAR Property Company Zambia (Proprietary) Limited	**–**	–	**253 246**	238 077
Management fees received from related parties				
Q Tique 79 (Proprietary) Limited	**–**	–	**918 878**	2 252 375
Loans given to/(repaid by) related parties				
Q Tique 79 (Proprietary) Limited	**–**	–	**(5 462 479)**	265 028
Advances given to related parties				
Exelligent (Proprietary) Limited	**–**	505 600	**–**	5–5 600
Rootlet (Proprietary) Limited	**582 000**	–	**582 000**	–
	582 000	505 600	**582 000**	505 600

Figures in Pula	Group 2023	Group 2022	Company 2023	Company 2022
28. RELATED PARTIES (continued)				
Rental income received from related parties				
Aleris (Proprietary) Limited	**554 707**	468 700	**554 707**	468 700
Arcee (Proprietary) Limited	**169 014**	434 247	**169 014**	434 247
Auto World (Proprietary) Limited	**2 908 805**	2 707 633	**2 908 805**	2 707 633
Bagpiper (Proprietary) Limited	**1 430 100**	1 324 166	**1 430 100**	1 324 166
Balanced Fortune (Proprietary) Limited	**303 495**	286 652	**303 495**	286 652
Choppies Distribution Centre (Proprietary) Limited	**45 135 991**	44 459 054	**45 135 991**	44 459 054
Choppies Supermarkets Limited (Zambia)	**1 523 481**	1 188 838	**–**	–
Exelligent (Proprietary) Limited	**22 500**	–	**22 500**	–
Cottonvale (Proprietary) Limited	**52 554**	49 116	**52 554**	49 116
Distron Botswana (Proprietary) Limited	**193 589**	183 587	**193 589**	183 587
Electrometic Enterprises (Proprietary) Limited	**170 570**	158 670	**170 570**	158 670
Feasible Investments (Proprietary) Limited	**273 455**	319 741	**273 455**	319 741
Honey Guide (Proprietary) Limited	**1 756 183**	1 746 882	**1 756 183**	1 746 882
ILO Industries (Proprietary) Limited	**1 895 405**	1 928 193	**1 895 405**	1 928 193
Industrial Filling station (Proprietary) Limited	**2 285 258**	2 568 523	**2 285 258**	2 568 523
JB Sports (Proprietary) Limited	**1 468 954**	1 363 655	**1 468 954**	1 363 655
Keriotic Investments (Proprietary) Limited	**–**	136 044	**–**	136 044
Lubsoga (Propriety) Limited	**1 501 166**	1 245 720	**1 501 166**	1 245 720
Holario Investments (Proprietary) Limited	**647 581**	–	**647 581**	–
Peacock Blue (Propriety) Limited	**1 199 559**	1 110 703	**1 199 559**	1 110 703
Pennywise Investments (Proprietary) Limited	**429 077**	325 413	**429 077**	325 413
Princieton (Proprietary) Limited	**23 220**	88 560	**23 220**	88 560
Prosperous People (Proprietary) Limited	**1 082 924**	1 097 747	**1 082 924**	1 097 747
RBV Consultants (Proprietary) Limited	**16 511**	14 865	**16 511**	14 865
Real Plastic (Proprietary) Limited	**78 610**	74 160	**78 610**	74 160
Shaysons Investments (Proprietary) Limited	**3 464 358**	3 281 546	**3 464 358**	3 281 546
Strides of success (Proprietary) Limited	**148 292**	–	**148 292**	–
Tim Tam (Proprietary) Limited	**290 763**	298 066	**290 763**	298 066
Vet Agric Suppliers(Proprietary) Limited	**366 382**	273 846	**366 382**	273 846
Weal (Proprietary) Limited	**–**	572 253	**–**	572 253
ZCX Investments (Proprietary) Limited	**877 648**	838 286	**877 648**	838 286
	70 270 152	68 544 866	**68 746 671**	67 356 028
Goods and services purchased from related parties				
Alpha Direct Insurance Company (Proprietary) Limited	**976 812**	854 507	**976 812**	854 507
Balanced Fortune (Proprietary) Limited	**95 486**	102 024	**95 486**	102 024
Choppies Distribution Centre (Proprietary) Limited	**330 405**	253 100	**330 405**	253 100
Cottonvale (Proprietary) Limited	**32 563**	28 940	**32 563**	28 940
Electrometric Enterprises (Proprietary) Limited	**92 736**	101 832	**92 736**	101 832
Feasible investment (Proprietary) Limited	**31 551**	29 479	**31 551**	29 479
Pennywise Investments (Proprietary) Limited	**2 167 871**	208 091	**2 167 871**	208 091
	3 727 424	1 577 973	**3 727 424**	1 577 973

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	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022

28. RELATED PARTIES (continued)

	Group 2023	Group 2022	Company 2023	Company 2022
Amount due from related parties included in trade receivables				
Acree (Proprietary) Limited	**16 593**	15 575	**16 593**	15 575
Aleris (Proprietary) Limited	**–**	35 325	**–**	35 325
Auto World (Proprietary) Limited	**800**	–	**800**	–
Bagpiper (Proprietary) Limited	**278 598**	128 981	**278 598**	128 981
Balanced Fortune (Proprietary) Limited	**–**	16 900	**–**	16 900
Cottonvale (Proprietary) Limited	**–**	4 208	**–**	4 208
Electrometic Enterprises (Proprietary) Limited	**–**	15 423	**–**	15 423
Holario Investments (Proprietary) Limited	**174 942**	–	**174 942**	–
JB Sports (Proprietary) Limited	**–**	3 000	**–**	3 000
Pennywise Investments (Proprietary) Limited	**–**	36 493	**–**	36 493
Strides of Success (Proprietary) Limited	**82 230**	–	**82 230**	–
	553 163	255 905	**553 163**	255 905
Amount due to related parties included in trade payables				
Balanced Fortune (Proprietary) Limited	**741**	–	**741**	–
Choppies Distribution Centre (Proprietary) Limited	**28 332**	–	**28 332**	–
Electrometic Enterprises (Proprietary) Limited	**8 810**	8 810	**8 810**	8 810
Feasible Investments (Proprietary) Limited	**570**	7 590	**570**	7 590
Pennywise Investments (Proprietary) Limited	**645 333**	–	**645 333**	–
	683 786	16 400	**683 786**	16 400

Key management compensation

Key management includes Directors (executive and non-executive) and members of the Executive Committee. The Directors are paid P 33 333 (2022: P 33 333) gross fees, per sitting. The compensation paid or payable to key management for employee services is shown below:

	Group 2023	Group 2022	Company 2023	Company 2022
Directors' fee	**1 348 039**	1 218 624	**1 348 039**	1 218 624
Salaries and short-term employee benefits	**1 661 172**	1 565 407	**1 661 172**	1 565 407
Other long-term benefits	**203 739**	153 612	**203 739**	153 612
	3 212 950	2 937 643	**3 212 950**	2 937 643

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 12 and related party payable 7, cash and cash equivalents disclosed in note 9 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.

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

		Group		Company	
Figures in Pula	Note(s)	2023	2022	2023	2022
Related party payable	28	-	-	331 968	225 511
Borrowings	12	285 313 023	314 505 974	251 981 559	273 829 923
Total debt		285 313 023	314 505 974	252 313 527	274 055 434
Cash and cash equivalents	9	(22 528 701)	(32 713 877)	(13 365 348)	(30 216 691)
Net debt		262 784 322	281 792 097	238 948 179	243 838 743
Equity		1 143 001 730	1 040 572 005	1 103 057 976	1 003 666 404
Total capital		1 405 786 052	1 322 364 102	1 342 006 155	1 247 505 147
Gearing ratio		19%	23%	18%	22%

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.

29. Risk management (continued)

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.

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

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Financial instruments				
Related party receivables	**8 758 359**	5 404 802	**132 983 624**	123 795 892
Trade and other receivables	**10 829 316**	9 171 227	**5 866 652**	7 724 471
Cash and cash equivalents	**22 522 158**	32 707 218	**13 362 655**	30 214 600
	42 109 833	47 283 247	**152 212 931**	161 734 963

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 8 and 9.

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 P 22 528 701 (2022: P 32 713 877) 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 2023, the Group's current liabilities exceed its current assets by P 62.17 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 9) 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.

29. Risk management (continued)

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 – 2023

	Note(s)	Less than 1 year	2 to 5 years	Over 5 years	Contractual amount	Carrying amount
Non-current liabilities						
Borrowings	12	–	110 933 885	147 645 371	258 579 256	258 579 256
Lease liabilities	13	–	1 561 117	13 370 119	14 931 236	5 785 995
Current liabilities						
Trade and other payables	13	20 685 126	–	–	20 685 126	20 685 126
Borrowings	12	26 733 767	–	–	26 733 767	26 733 767
Distribution payable	16	55 944 213	–	–	55 944 213	55 944 213
Lease liabilities	13	342 849	–	–	342 849	147 379
		103 705 955	112 495 002	161 015 490	377 216 447	367 875 736

Group – 2022

		Less than 1 year	2 to 5 years	Over 5 years	Contractual amount	Carrying amount
Non-current liabilities						
Borrowings	12	–	250 654 997	–	250 654 997	250 654 997
Lease liabilities	13	–	2 083 429	5 722 419	7 805 848	2 937 951
Current liabilities						
Trade and other payables	13	17 160 930	–	–	17 160 930	17 160 930
Borrowings	12	63 850 977	–	–	63 850 977	63 850 977
Distribution payable	16	84 701 862	–	–	84 701 862	84 701 862
Bank overdraft	9	49 885 645	–	–	49 885 645	49 885 645
Lease liabilities	13	322 649	–	–	322 649	188 365
		215 922 063	252 738 426	5 722 419	474 382 908	469 380 727

Company – 2023

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Contractual amount	Carrying amount
Non-current liabilities							
Borrowings	12	–	17 879 759	64 116 854	147 645 370	229 641 984	229 641 984
Lease liabilities	13	–	–	1 212 130	9 143 890	10 356 020	4 835 325
Current liabilities							
Trade and other payables	13	17 053 988	–	–	–	17 053 988	17 053 988
Related-party payables	15	331 968	–	–	–	331 968	331 968
Borrowings	12	22 339 575	–	–	–	22 339 575	22 339 575
Distribution payable	16	55 944 213	–	–	–	55 944 213	55 944 213
Lease liabilities	13	259 837	–	–	–	259 837	64 367
		95 929 581	17 879 759	65 328 984	156 789 260	335 927 585	330 211 420

29. Risk management (continued)

		Company – 2022				
	Note(s)	Less than 1 year	2 to 5 years	Over 5 years	Con-tractual amount	Carrying amount
Non-current liabilities						
Borrowings	12	–	37 076 446	192 645 873	215 943 161	215 943 161
Lease liabilities	13	–	1 668 956	1 656 649	3 325 605	2 038 263
Current liabilities						
Trade and other payables	14	13 202 746	–	–	13 202 746	13 202 746
Related-party payable	7 and 15	4 222 834	–	–	4 222 834	4 222 834
Borrowings	12	57 886 762	–	–	57 886 762	57 886 762
Distribution payable	16	84 701 862	–	–	84 701 862	84 701 862
Lease liabilities	13	244 567	–	–	244 567	110 283
Loans from group companies		129 373	–	–	129 373	129 373
		160 388 144	38 745 402	194 302 522	379 656 910	378 235 284

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, 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 was as follows:

29. Risk management (continued)

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.

Group	Impact lower		Impact higher	
Pula denominated borrowings	2 822 001	2 765 900	(1 938 933)	(2 263 306)
South African Rand denominated borrowings	317 182	379 209	(317 182)	(379 209)
Company				
Pula denominated borrowings	2 822 001	2 765 900	(1 938 933)	(2 263 306)

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 2023, 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 P 6 778 986 (2022: P 6 641 109) higher/lower and the Company profit for the year would have been P 12 849 (2022: P 13 339) higher/lower, mainly as a result of foreign exchange gains and losses on translation of foreign currency denominated assets and liabilities.

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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		
2023	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	**22 528 701**	**–**	**–**	**13 365 348**	**–**	**–**
2022						
Cash and cash equivalents	32 713 877	–	–	30 216 691	–	–

There have been no transfers between any of the hierarchy levels during the year (2022: 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.

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		
2023	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Related party receivables	–	–	**8 758 359**	–	–	**132 983 624**
Trade and other receivables	–	–	**10 829 316**	–	–	**5 866 652**
Liabilities						
Borrowings	–	–	**285 313 023**	–	–	**251 981 559**
Trade and other payables	–	–	**20 685 126**	–	–	**17 053 988**

	Group			Company		
2022	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Related party receivables	–	–	5 404 802	–	–	123 795 892
Trade and other receivables	–	–	9 171 227	–	–	7 724 471
Liabilities						
Borrowings	–	–	314 505 974	–	–	273 829 923
Related party payables	–	–	–	–	–	4 222 834
Trade and other receivables	–	–	17 160 930	–	–	13 202 746

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

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		
2023	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Investment property	**–**	**–**	**1 473 967 837**	**–**	**–**	**1 253 252 296**
2022						
Investment property	–	–	1 416 646 970	–	–	1 188 824 216

There have been no transfers between any of the hierarchy levels during the year (2022: Nil). No non-financial assets carried at fair value are classified as level 1 or 2.

Level 3 financials 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.

32. Earnings per linked unit

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

	Group		Company	
Figures in Pula	**2023**	2022	**2023**	2022
Net profit for the year from continuing operations attributable to linked unitholders	**125 385 346**	116 466 232	**122 294 271**	126 486 592
Weighted average number of linked units in issue	**468 596 584**	455 320 649	**468 596 584**	455 320 649
Basic earnings per linked unit (thebe)	**26.76**	25.58	**26.10**	27.78
Basic headline earnings per linked unit (thebe)	**26.92**	26.09	**26.11**	28.13

The Company has no dilutive potential linked units, the diluted earnings per linked unit are the same as the basic earnings per linked unit.

	Group 2023	Group 2022	Company 2023	Company 2022
Reconciliation between earnings and headline earnings				
Net profit for the year from continuing operations attributable to linked unitholders	**125 385 346**	116 466 232	**122 294 271**	126 486 592
Re-measurement:				
Loss on disposal of investment property	**229 674**	1 694 194	**-**	1 402 350
Loss on disposal of property, plant and equipment	**26 797**	-	**26 797**	-
Gain on disposal of investment property	**-**	(450 000)	**-**	(450 000)
Impairment losses	**649 560**	1 521 629	**56 298**	978 398
(Profit)/loss on disposal of plant and equipment	**(15 402)**	(133 724)	**(15 402)**	(133 724)
Tax effect on re-measurement	**(128 148)**	(309 412)	**(12 386)**	(215 248)
	126 147 827	118 788 919	**122 349 578**	128 068 368

33. Events after the reporting period

There were no material events identified after reporting period.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

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 Group has determined that its chief decision-maker is the Board of Directors of the group.

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 the residential purposes

"Commercial properties" – Properties occupied for the commercial purposes

"Industrial properties" – Properties occupied for the industrial purposes

"Other" – includes other activities not included in other segments

The segment information provided to the Board for the reportable segments for the year ended 30 June 2023 is as follows:

Company	Residential	Commercial	Industrial	Other	Total
Revenue	11 127 312	60 825 077	59 169 011	1 896 933	133 018 333
Other income	932 842	7 269 021	4 222 320	975 718	13 399 901
Operating expenses	(1 729 343)	(7 627 361)	(4 502 479)	(10 297 473)	(24 156 656)
Finance income	–	–	–	12 300 871	12 300 871
Finance cost	–	–	–	(23 221 733)	(23 221 733)
Foreign exchange gain/(loss)	–	–	–	290 024	290 024
Investment property fair value adjustment	1 379 361	14 622 188	6 410 256	–	22 411 805
Income tax	–	–	–	(11 748 274)	(11 748 274)
	11 710 172	75 088 925	65 299 108	(29 803 934)	122 294 271
Segment assets	148 360 000	640 406 558	505 168 480	190 016 008	1 483 951 046

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

	Residential	Commercial	Industrial	Other	Total
Property, plant and equipment	–	–	–	5 325 386	5 325 386
Investment property	147 859 361	612 957 888	492 435 047	–	1 253 252 296
Investments in subsidiaries	–	–	–	25 416 533	25 416 533
Related party receivables	–	–	–	132 983 624	132 983 624
Operating lease asset	500 639	27 448 670	12 733 433	–	40 682 742
Trade and other receivables	–	–	–	11 453 154	11 453 154
Cash and cash equivalents	–	–	–	13 365 348	13 365 348
Deferred income tax assets	–	–	–	1 471 963	1 471 963
Total assets as reported in the statement of financial position	148 360 000	640 406 558	505 168 480	190 016 008	1 483 951 046
Total liabilities	–	–	–	380 893 070	380 893 070

34. Operating segments (continued)

The segment information provided to the Board for the reportable segments for the year ended 30 June 2022 is as follows:

Company	Residential	Commercial	Industrial	Other	Total
Revenue	11 036 601	55 127 232	54 621 105	1 389 596	122 174 534
Other income	971 890	6 583 653	3 638 810	3 811 289	15 005 642
Operating expenses	(2 489 804)	(7 616 609)	(3 849 713)	(11 486 877)	(25 443 003)
Finance income	–	–	–	16 379 041	16 379 041
Finance cost	–	–	–	(19 953 433)	(19 953 433)
Foreign exchange gain/(loss)	–	–	–	(449 441)	(449 441)
Investment property fair value adjustment	1 738 574	13 309 927	3 087 893	–	18 136 394
Income tax	–	–	–	636 858	636 858
	11 257 261	67 404 203	57 498 095	(9 672 967)	126 486 592
Segment assets	111 765 718	610 847 882	504 996 425	194 210 212	1 421 820 237

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

	Residential	Commercial	Industrial	Other	Total
Property, plant and equipment	–	–	–	1 156 785	1 156 785
Investment property	111 454 191	594 945 700	482 424 325	–	1 188 824 216
Investments in subsidiaries	–	–	–	25 416 533	25 416 533
Related party receivables	–	–	–	123 795 892	123 795 892
Operating lease asset	311 527	15 902 182	22 572 100	–	38 785 809
Trade and other receivables	–	–	–	12 669 551	12 669 551
Cash and cash equivalents	–	–	–	30 216 691	30 216 691
Deferred income tax assets	–	–	–	954 760	954 760
Total assets as reported in the statement of financial position	111 765 718	610 847 882	504 996 425	194 210 212	1 421 820 237
Total liabilities	–	–	–	418 153 833	418 153 833

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

34. Operating segments (continued)

The segment information provided to the Board for the reportable segments for the year ended 30 June 2023 is as follows:

	Botswana			
Group	**Residential**	**Commercial**	**Industrial**	**Other**
Revenue	11 238 252	60 825 077	59 169 011	1 896 933
Other income	932 842	7 269 021	4 222 320	975 719
Operating expenses	(1 736 409)	(7 627 361)	(4 502 479)	10 297 472)
Finance income	–	–	–	12 300 871
Finance cost	–	–	–	(23 221 733
Foreign exchange gain/(loss)	–	–	–	290 024
Investment property fair value adjustment	1 769 361	14 622 188	6 410 256	–
Income tax	–	–	–	(11 748 274)
	12 204 046	75 088 925	65 299 108	(29 803 032)
Segment assets	150 570 000	640 406 558	505 168 480	40 456 294
Property, plant and equipment	–	–	–	5 325 386
Investment property	150 069 361	612 957 888	492 435 047	–
Related party receivables	–	–	–	8 758 359
Operating lease asset	500 639	27 448 670	12 733 433	–
Trade and other receivables	–	–	–	11 535 237
Cash and cash equivalents	–	–	–	13 365 348
Deferred income tax assets	–	–	–	1 471 963
Total assets as reported in the statement of financial position	150 570 000	640 406 558	505 168 480	40 456 293
Total liabilities	–	–	–	380 893 070

	South Africa				Zambia				
	Residential	Commercial	Industrial	Other	Residential	Commercial	Industrial	Other	Total
	95 621	14 898 768	3 383 170	(552 620)	–	2 833 233	–	4 940	153 792 385
	–	6 535 229	341 000	(918 877)	–	8 338	–	–	19 365 592
	(95 429)	(5 914 734)	(1 255 430)	(1 784 451)	–	(547 540)	–	–	(33 761 305)
	–	–	–	(11 348 933)	–	–	–	–	951 938
	–	–	–	(3 585 628)	–	–	–	161 623	(26 645 738)
	–	–	–	(7 971 765)	–	–	–	(385 091)	(8 066 832)
	76 558	3 327 081	1 339 764	–	–	3 206 585	–	–	30 751 793
	–	–	–	1 164 683	–	–	–	(418 896)	(11 002 487)
	76 750	18 846 344	3 808 504	(24 997 591)	–	5 500 616	–	(637 424)	125 385 346
	1 642 261 106	929 656 71	575 202 18	176 971	–	44 921 083	–	–	1 579 846 505
	–	–	–	123 186	–	–	–	–	5 448 572
	1 642 261	106 735 316	71 465 670	–	–	38 662 294	–	–	473 967 837
	–	–	–	–	–	–	–	–	8 758 359
	–	194 340	109 532	–	–	486 642	–	–	41 473 256
	–	–	–	–	–	399 768	–	–	17 364 287
	–	–	–	–	–	5 372 379	–	–	22 528 701
	–	–	–	–	–		–	–	10 305 493
	1 642 261	106 929 656	71 575 202	18 176 972	–	44 921 083	–	–	1 579 846 505
	–	–	–	54 332 210	–	–	–	1 619 495	436 844 775

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

34. Operating segments (continued)

The segment information provided to the Board for the reportable segments for the year ended 30 June 2022 is as follows:

	Botswana			
Group	**Residential**	**Commercial**	**Industrial**	**Other**
Revenue	11 139 801	55 127 232	54 621 105	1 389 596
Other income	971 890	6 583 653	3 638 810	3 767 406
Operating expenses	(2 500 546)	(7 616 609)	(3 849 713)	(11 486 877)
Finance income	–	–	–	16 379 041
Finance cost	–	–	–	(19 749 390)
Foreign exchange gain/(loss)	–	–	–	(449 441)
Investment property fair value adjustment	1 808 574	13 309 927	3 087 893	–
Income tax	–	–	–	636 858
	11 419 719 67	404 203 57	498 095	(9 512 807)
Segment assets	113 585 718	610 847 882	504 996 425	50 485 317
Property, plant and equipment	–	–	–	1 156 785
Investment property	113 274 191	594 945 700	482 424 325	–
Related party receivables	–	–	–	5 404 802
Operating lease asset	311 527	15 902 181	22 572 100	–
Trade and other receivables	–	–	–	12 752 279
Cash and cash equivalents	–	–	–	30 216 691
Deferred income tax assets	–	–	–	954 760
Total assets as reported in the statement of financial position	113 585 718	610 847 881	504 996 425	50 485 317
Total liabilities excluding disposal group	–	–	–	418 153 833

	South Africa				Zambia				
	Residential	Commercial	Industrial	Other	Residential	Commercial	Industrial	Other	Total
	124 665	14 388 008	2 102 388	(22 314)	–	2 438 122	–	91 592	141 400 195
	–	6 909 931	1 545 286	(2 215 937)	–	11 690	–	–	21 212 729
	(487 893)	(6 678 354)	(2 976 825)	(1 260 633)	–	(695 077)	–	–	(37 552 527)
	–	–	–	(16 371 049	–	–	–	–	7 992
	–	–	–	(3 174 661	–	–	–	–	(22 924 051)
	–	–	–	(580 268)	–	–	–	(1 226 787)	(2 256 496)
	43 792	(1 726 853)	(4 992 852)	–	–	488 957	–	–	12 019 438
	–	–	–	4 316 251	–	–	–	(394 157)	4 558 952
	(319 436)	12 892 732	(4 322 003)	(19 308 611)	–	2 243 692	–	(1 529 352)	116 466 232
	1 668 972	114 217 193	75 718 096	12 253 258	–	34 732 590	–	–	1 518 505 451
	–	–	–	163 728	–	–	–	–	1 320 513
	1 660 463	113 715 122	75 377 709	3 284 432	–	31 965 028	–	–	1 416 646 970
	–	–	–	–	–	–	–	–	5 404 802
	8 510	502 071	340 387	–	–	461 860	–	–	40 098 636
		–	–	1 326 496	–	368 771	–	–	14 447 546
	–			560 255	–	1 936 931	–	–	32 713 877
	–	–	–	6 918 347	–		–	–	7 873 107
	1 668 973	114 217 193	75 718 096	12 253 258	–	34 732 590	–	–	1 518 505 451
	–	–	–	59 036 176	–		–	743 437	477 933 446

ANALYSIS OF LINKED UNITHOLDERS

Shareholder analysis 2023

	Number of shareholders 2023	Number of shares held 2023	Percentage of holdings 2023	Number of shareholders 2022	Number of shares held 2022	Percentage of holdings 2022
1 – 1000	**374**	**122 073**	**0.03**	374	121 644	0.03
1001 – 10 000	**127**	**488 945**	**0.10**	131	503 386	0.11
10 001 – 100 000	**56**	**2 108 608**	**0.44**	58	2 103 144	0.46
100 001 – 1000 000	**21**	**7 158 412**	**1.51**	21	6 127 899	1.33
1000 001 and above	**9**	**464 225 465**	**97.9**	12	451 480 133	98.1
TOTAL	**587**	**474 103 503**	**100**	596	460 336 206	100

Top five shareholders

Name of top five shareholders	Number of shares held 2023	Percentage of holdings 2023	Number of shares held 2022	Percentage of holdings 2022
Ramachandran Ottapathu	**141 970 876**	**29.95**	132 820 677	22 285 348.49
Farouk Ismail	**137 296 722**	**28.96**	132 717 953	22 268 112.92
Platinum Compass (Pty) Ltd	**104 045 430**	**21.95**	104 045 430	17 457 286.91
Botswana Public Officers Pension Fund	**53 209 774**	**11.22**	50 162 202	8 416 476.85
Botswana Insurance Fund Management	**19 670 723**	**4.15**	19 670 723	3 300 456.88
TOTAL	**456 193 525**	**96.22**	439 416 985	73 727 682.05

List of shareholders holding above 5%

Name of top five shareholders	Number of shares held 2023	Percentage of holdings 2023	Number of shares held 2022	Percentage of holdings 2022
Ramachandran Ottapathu	**141 970 876**	**29.95**	132 820 677	22 285 348.49
Farouk Ismail	**137 296 722**	**28.96**	132 717 953	22 268 112.92
Platinum Compass (Pty) Ltd	**104 045 430**	**21.95**	104 045 430	17 457 286.91
Botswana Public Officers Pension Fund	**53 209 774**	**11.22**	50 162 202	8 416 476.85
TOTAL	**436 522 802**	**92.07**	419 746 262	70 427 225.17

	Number of shareholders 2023	Number of shares held 2023	Percentage of holdings 2023	Number of shareholders 2022	Number of shares held 2022	Percentage of holdings 2022
Public	**581**	**194 493 720**	**41.02**	588	194 475 654	42.25
Non-public	**3**	**279 609 783**	**58.98**	3	265 860 552	57.75
TOTAL	**584**	**474 103 503**	**100**	591	460 336 206	100

Shareholders classifications

	Number of shareholders 2023	Number of shares held 2023	Percentage of holdings 2023	Number of shareholders 2022	Number of shares held 2022	Percentage of holdings 2022
Individual	**540**	**3 348 560**	**541**	541	3 169 718	
Companies	**13**	**104 750 906**	**15**	15	104 802 840	
Institutional investors	**28**	**86 394 254**	**32**	32	86 503 096	
Directors	**3**	**279 609 783**	**3**	3	265 860 552	
TOTAL	**584**	**474 103 503**	**591**	591	460 336 206	

Directors' holdings	Number of shares held 2023	Percentage of holdings 2023	Number of shares held 2022	Percentage of holdings 2022
Ramachandran Ottapathu	**141 970 876**	**29.95**	132 820 677	28.85
Vidya Sanooj	**342 185**	**0.07**	321 922	0.07
Faizel Ismail (through his family)	**137 296 722**	**28.96**	132 717 953	28.83
Reetsang Willie Mokgatlhe	**–**	**–**	–	–
Ranjith Priyalal De Silva	**–**	**–**	–	–
Gobusamang Dempsey Keebine	**–**	**–**	–	–
Rajeshkumar Jayrajh	**–**	**–**	–	–
TOTAL	**279 609 783**	**58.98**	265 860 552	57.75

NOTICE OF ANNUAL GENERAL MEETING

The FaR Property Company Limited

Notice is hereby given that the 2023 Annual General Meeting of unitholders of The Far Property Company Limited will be held by electronic means by zoom on Tuesday, 28 November 2023 at 11.30 AM 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 2023 together with the directors' and auditor's reports thereon.
3. To confirm distribution of 11.80 thebe to unitholders, comprising 11.69 thebe interest and 0.11 thebe dividend for the year ended 30 June 2023 as recommended by the Board of Directors.
4. To re-elect the following directors retiring by rotation in terms of clause 20.9.1 of the constitution of the company:
   4.1 Ramachandran Ottapathu
   4.2 Reetsang Willie Mokgatlhe
5. To consider and ratify the remuneration paid to independent directors for the year ended 30 June 2023 as set out on page 49 of the integrated annual report.
6. To approve the remuneration paid to the auditor Grant Thornton, for the year ended 30 June 2023.
7. To re-appoint Grant Thornton as the auditor for the ensuing financial year and authorise directors to fix their remuneration.
8. To approve the remuneration policy of the company.
9. 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.
10. To take and respond to questions put by unitholders in respect of the affairs and the business of the company.
11. 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 company Secretaries BP Consulting Services Proprietary Limited, Plot 28892 Twin Towers, West Wing First Floor Fairground, Gaborone, Botswana not less than 48 hours before the meeting.

By order of the Board

Company Secretaries

Plot 28892 Twin Towers
West Wing First Floor Fairground
Gaborone, Botswana

1 November 2023

Important information regarding attendance, participation and voting at the AGM

Persons who are registered as shareholders, in the registers of the Company at the Central Securities Depository Participant ("CSDP") or transfer secretaries, as of 12 noon on 17 November 2023 , shall be entitled to attend, participate, and vote in person or by proxy, at the AGM.

Participation

The AGM will be held through electronic communication being audio communication by which all Shareholders participating in the meeting and simultaneously hear each other throughout the meeting, as provided for in section 109 of the Companies Act and section 3(b) of the Second Schedule to the Companies Act. The Company's Constitution also permits such electronic communication at a meeting of shareholders.

Shareholders which choose not to attend in person but seek to appoint a proxy to attend the meeting, on their behalf can still submit their proxy forms. Proxy forms are to be delivered or sent by email to the Company Secretary, BP Consulting Services (Pty) Limited as provided for on the proxy form. Where a Shareholder has submitted a proxy form, the person attending an AGM on the Shareholder's behalf shall be presumed to vote in accordance with the instructions of voting set out in the proxy form.

Shareholders and the proxy of any Shareholder who wish to participate in the AGM by electronic means, will be required to submit the relevant duly completed Electronic Participation Form which is annexed to the Circular together with the relevant documents to BP Consulting Services, as provided for on the Form. Shareholders are strongly encouraged to complete their verification well ahead of time.

Once the identity of a Shareholder seeking to attend the meeting and the authority of any person representing such a Shareholder (if the shareholder is not an individual) or the proxy appointed by a Shareholder and the person seeking to attend an AGM has been verified by BP Consulting Services, the person seeking to attend the AGM will be provided with details on how to join the AGM web stream.

Shareholders who have not appointed a proxy, hence not set forth instructions of voting, and who intend to participate in the meeting, once the identity of the Shareholder has been verified the Shareholder will be provided with a voting form together with instructions on how to join the AGM web stream. Shareholders or proxies for Shareholders attending a meeting are urged to send their duly completed voting forms to BP Consulting Services by delivery, or by email before the meeting.

Pursuant to article 13.3 of the Constitution of the Company, the Chairman has regulated the procedure to be adopted at the meeting:
- voting will be by poll
- as a result, in terms of article 15.2 of the Constitution, voting will be by way of submission of voting papers by Shareholders or proxies attending the meeting before the meeting or during but before the end of the meeting.

The Company shall publish the results of each meeting within 48 hours of the conclusion of the meeting.

Voting instruction

Nominee accounts

Shareholders whose Shares are held in a nominee account must not complete the attached form of proxy.

If Shares are held in a nominee account, then the nominee, CSDP or stockbroker should contact the Shareholder to ascertain how to cast votes at the AGM and thereafter cast the Shareholder's vote in accordance with its instruction.

If you have shares in the Company held in a nominee account and have not been contacted it would be advisable for you to contact your nominee or CSDP or broker and furnish them with your instruction. If your nominee or CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them, if the mandate is silent in this regard, to abstain from voting.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

for the year ended 30 June 2023

Unless you advise your nominee, CSDP or broker timeously in terms of your agreement by the cut-off time advised by them that you wish to attend the AGM or send a proxy to represent you, your nominee, CSDP or broker will assume you do not wish to attend the AGM or send a proxy.

If a nominee, CSDP or broker is a company it may appoint a proxy provided that the proxy form is accompanied by a resolution of the nominee, CSDP or broker empowering the person acting on behalf of the nominee, CSDP or broker to appoint the proxy. Alternatively, such nominee, CSDP or broker may appoint by resolution, a person to represent it at a meeting; in such event, the resolution should be delivered to BP Consulting Services 48 hours prior to the holding of the meeting. The proxy or representative appointed by the nominee, CSDP or broker should complete the Electronic Participation Form and deliver that to BP Consulting Services.

If you wish to participate in the AGM, request the necessary letter of representation from your nominee or CSDP or broker and submit this letter together with the Electronic Participation Form.

Own name shareholders

"Own name" Shareholders who wish to participate at the AGM themselves, should submit their duly completed Electronic Participation Form together with an acceptable form of identification. Own name shareholder attending and participating the AGM in person shall be provided with a voting form upon registration at the meeting.

Own name Shareholders may also appoint a proxy to represent them at the 2023 AGM by completing the attached proxy form and returning it to BP Consulting Services at least 48 hours prior to the time and date of the meeting. If a Shareholder appoints someone other than the Chairman of the meeting as their proxy and wants the proxy to participate in the AGM, the proxy must complete and submit an Electronic Participation Form.

By order of the board

Company Secretaries

Plot 28892 Twin Towers
West Wing First Floor Fairground
Gaborone Botswana

FORM OF PROXY

For completion by the holders of linked units

For use at the Annual General Meeting of Unitholders of the company to held by electronic means by Zoom on Tuesday 28 November 2023 at 11:30 AM

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 2023 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			

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 9 on the reverse side hereof.

NOTES TO THE FORM OF PROXY (CONTINUED)

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 Annual 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

ELECTRONIC PARTICIPATION FORM

The FaR Property Company Limited

(Incorporated in the Republic of Botswana)
(Registration number: UIN BW00000942235)
(share code: FPC)
(ISIN: BW0000001551)

Shareholders or their proxies who wish to participate in the Annual General Meeting to be held by way of electronic communication at 11:30 on 28 November 2023 ("the AGM" or "meeting") via electronic communication ("AGM participant") must notify the Company by delivering this form and supporting documents to the office of the Company Secretary BP Consulting Services (Proprietary) Limited, Plot 28892 (Portion of plot 50370), Twin Towers, West Wing-First Floor Fairground, Gaborone, PO Box 1453, Gaborone, or by email to Kakale Chihwamba <kakale@butlerphirieinc.com> as soon as possible but no later than 11:30 AM on 26 November 2023.

Shareholders are strongly encouraged to complete their verification well ahead of time.

Each AGM participant who has successfully been verified by BP Consulting Services (Proprietary) Limited will be provided with the details on how to join the AGM via Zoom. AGM participants who are a proxy for a shareholder will be provided with a voting form and be presumed to vote at the meeting in accordance with the instructions for voting set out on the proxy form. AGM participants who are not proxies will be provided with a voting form. AGM participants who are not proxies are strongly encouraged to send their completed voting forms to BP Consulting Services (Proprietary) Limited before the meeting. AGM participants who have not sent completed voting forms to BP Consulting Services (Proprietary) Limited prior to the meeting will be able to complete the voting forms and submit the same to BP Consulting Services (Proprietary) Limited by email to Kakale Chihwamba <kakale@butlerphirieinc.com> during but no later than the close of the meeting.

Reference is made to the Notice of the AGM for important information regarding participation and voting at the AGM.

Name of registered shareholder	
Omang/ID/Passport number/Registration number of registered shareholder	
Name and contact details of CSDP or broker (if shares are held in dematerialised form)	
Shareholder's CSD account number/broker account number or own name account number or custodian account number	
Number of ordinary shares held	
Full name of AGM participant	
Omang/ID/Passport number of AGM participant	
Email address of AGM participant	
Cellphone number of AGM participant	

By signing this form, I/we agree and consent to the processing of my/our personal information above for the purposes of participation in the AGM and acknowledge the following:

ELECTRONIC PARTICIPATION FORM

1. The cost of joining the AGM is for the expense of the AGM participant and will be billed separately by the AGM participant's own internet service provider. The AGM participant is not permitted to share the link with a third party.
2. The Company, its agents and third-party service providers cannot be held accountable and will not be obliged to make alternative arrangements in the event of a loss or interruption of network activity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth, power outages or any other circumstances which prevents any AGM participant or proxy holder from participating in the AGM or voting.

Signed on this day of 2023

Signature of shareholder(s)

Assisted by (where applicable)

SHAREHOLDERS' DIARY

Financial year-end	30 June
Integrated annual report posted	1 November 2023
2023 Annual General Meeting	28 November 2023
Next interim results announcement	30 March 2024
FY2024 annual results announcement	30 September 2024

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 or FaR
"BAOA"	Botswana Accountancy Oversight Authority
"BSE"	Botswana Stock Exchange
"BWP"	Botswana Pula, the legal tender in Botswana
"CEO"	Chief executive officer of FAR Property Company Limited
"CFO"	Chief financial officer of FAR Property Company Limited
"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
"FMCG"	Fast moving consumer goods
"FPC" or "FaR"	The FaR Property Company Limited, listed on the BSE
FY2022	Financial year ended 30 June 2022
FY2023	Financial year ending 30 June 2023
FY2024	Financial year ending 30 June 2024
"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
"JSE"	The JSE Limited, a licensed securities exchange
"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 2022
"Linked unit"	One ordinary share indivisibly linked to one debenture of the Company
"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 FAR 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
"Pula Code"	Corporate governance code for Botswana
Return on assets	Return on assets refers to a financial ratio that indicates how profitable a company is in relation to its total assets
"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 FaR Property Company Limited
The group	The FaR Property Company Limited and its subsidiaries
"This year"	The year ended 30 June 2023
"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

COMPANY INFORMATION

for the year ended 30 June 2023

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Property and asset management
Directors	Reetsang Willie Mokgatlhe (Chairman) Ranjith Priyalal De Silva Gobusamang Dempsey Keebine Rajeshkumar Jayrajh Ramachandran "Ram" Ottapathu Faizel Ismail Vidya Sanooj Farouk Ismail (alternative to Faizel Ismail)
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	BP Consulting Services (Pty) Ltd Plot 28892 Twin Towers West Wing First Floor Fairground, Gaborone P O Box 1453 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"

FaR PROPERTY

The FaR Property Company Limited
Company number: UIN BW00000942235
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 2023): 474 103 503

www.farproperties.co.bw