TURNSTAR HOLDINGS LIMITED

Annual Report 2019

PROPERTY › INVESTMENTS › SUSTAINABILITY ›

Highlights of the Year

Pleasing results despite challenging operating environment and competitive market

Increase in property asset value to over

P2.3bn

Extended track record of

above-inflation growth

in distributions

Group revenue up 3% from the prior year to

P258.6m

Group will distribute

P105.8m

for the year

Full year distribution per linked unit up

2.78%

from prior year to 18.5 thebe per linked unit

Net asset value per linked unit up 3.62% from prior year to

P2.82

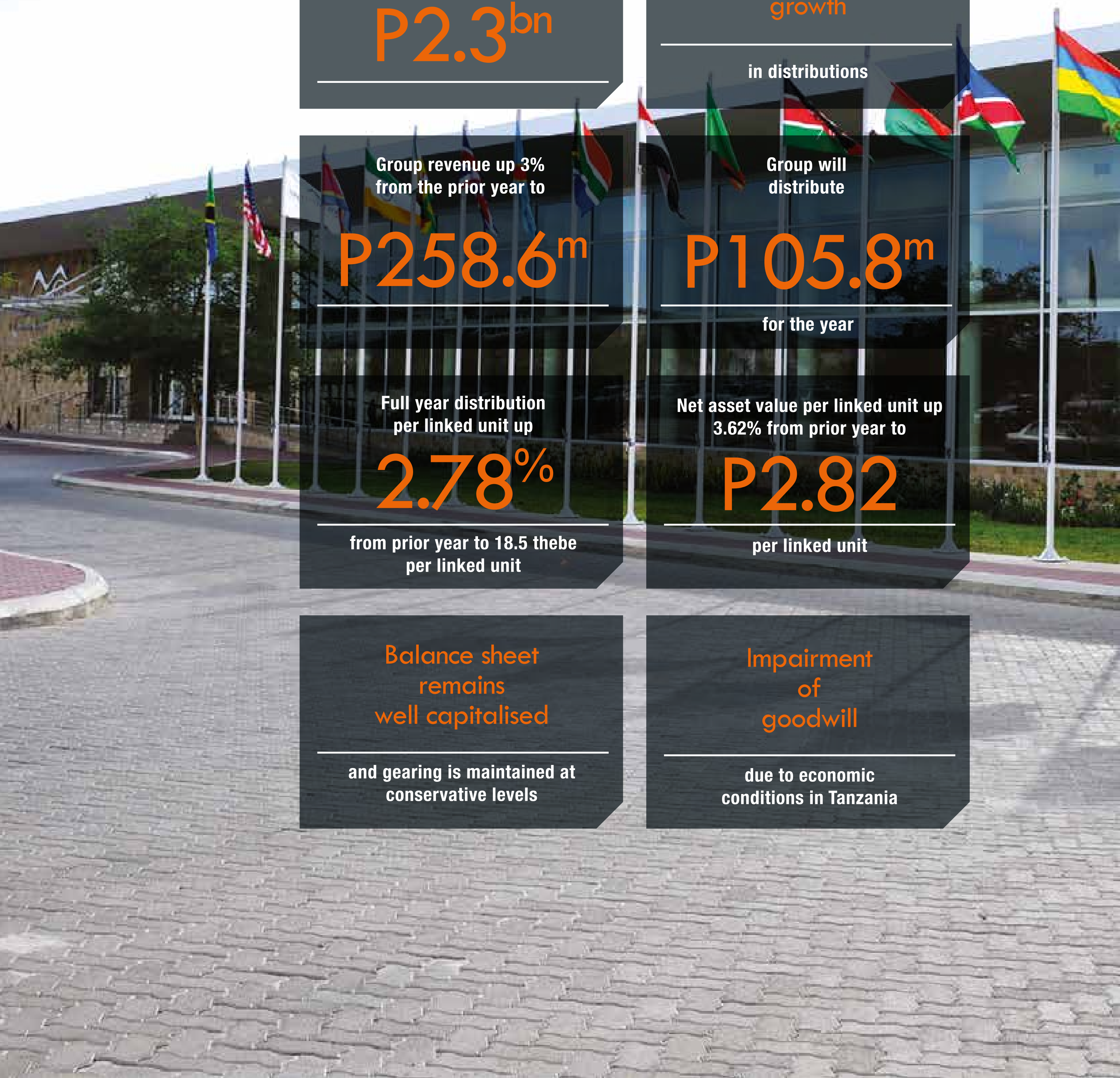
per linked unit

Balance sheet remains well capitalised

and gearing is maintained at conservative levels

Impairment of goodwill

due to economic conditions in Tanzania



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Board of Directors

PATRICK K BALOPI

CHAIRMAN

Mr Balopi is one of the founding members of Turnstar Holdings and previously served as a Director of the Company. Mr Balopi has been a Member of Parliament for 20 years and has held a number of Cabinet and Ministerial positions during the period 1984 – 1994. He was elected to the position of the Speaker of Parliament of the Republic of Botswana and served simultaneously as the Chairperson of the SADC Parliament Forum. A recipient of the Presidential Order of Honour (PH) and the Melvin Jones Fellow Lions Club International, he has recently been appointed by His Excellency the President of the Republic of Botswana, as Botswana's eminent representative to the Queen Elizabeth II Diamond Jubilee Board of Trustees, headed by the former British Prime Minister, the Right Honorable John Major. Mr Balopi also serves as a Director in several other Companies in Botswana.

GULAAM HUSAIN ABDOOLA

MANAGING DIRECTOR

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

ISHMAEL NSHAKAZHOGWE

DIRECTOR

Ishmael Nshakazhogwe is the Chairman and Managing Director of the Zambezi Group of Companies which embraces industry, petroleum, hospitality, property, farming and international trade. He is a successful businessman who has received the highest award from the French Government, the National Order of Merit "Chevailer de l'ordre du Merite", as well as Presidential Orders for Meritorious Service by the President of Botswana. Mr Nshakazhogwe is a member of Business Botswana, the Botswana Investment and Trade Centre and a committee member of the Civil Justice Forum, A.G. Chambers. He is also a member of the High Level Consultative Committee on Justice and Governance, a Public/Private Governance Body. He received an honorary award and an appointment by the Thai Government as Thailand's Consulate General to the Republic of Botswana. In 2015, he received the Arch of Europe award for the European community for excellence and quality award in recognition of private sector window opening.

PEO PILLAR

DIRECTOR

Peo Pillar graduated from the University of Botswana with a Bachelor of Commerce (Accounting) in 1995 and attained ACCA qualification in 1998. In 2010 she completed an MBA in Financial Services through the London School of Business and Finance. Mrs Pillar holds various professional memberships and is a Fellow Member of ACCA, Associate Member of the Botswana Institute of Chartered Accountants (BICA) and Alumni of UNISA. She is a qualified Chartered Accountant with extensive experience in internal auditing, external auditing and financial accounting; having worked in audit for eight years and in financial accounting for 13 years. She is currently the Chief Business Risk Management Officer at Mascom Wireless. Peo has been elected to the BICA Council in April 2015 and holds the position of Treasurer.

MOKGADI K NTETA

DIRECTOR

Mokgadi K Nteta has a BSc (Honours) degree in Applied Psychology from the University of Wales Institute of Science and Technology, an MBA in Human Resource Management from City University Business School in London and is a Fellow of the CIPD and member of Business Botswana. Her experience in Human Resources (HR) spans over 20 years and she has worked for blue-chip private sector companies such as Debswana, Barclays Bank of Botswana, Sefalana sa Botswana and Kgalagadi Breweries holding a number of senior HR positions, culminating in the post of Human Resources Director before forming her own consultancy business. She has a number of business interests and corporate directorships as well as serving society through various charitable avenues, including the charity she founded, the Dignity Foundation Trust, which benefits the girl-child.

SHIRAN PUVIMANASINGHE

DIRECTOR

Shiran Puvimanasinghe is a Chartered Accountant. He commenced his career in Botswana in 1987 as a Senior Manager at Coopers and Lybrand (now PWC). He served the Botswana Housing Corporation, as a Chief Accountant during the period 1990 - 1993. He was the Financial Director of Zurich Insurance Company Botswana for 15 years and subsequently appointed as Chief Executive Officer in 2009. Shiran joined Turnstar Holdings as the Chief Financial Officer, in June 2013. He was appointed as a Director on the 11th December 2014.

PIERRE BEZUIDENHOUT

DIRECTOR

Pierre Bezuidenhout has a BCom Hons and a BCom (Law) from Rand Afrikaans University in South Africa. He has 22 years' experience in investment banking and is currently the Managing Director of Collectus (Pty) Ltd.

Managing Director's Report

Dear Unit Holders

We have pleasure in presenting the financial results for the year ended 31 January 2019.

Turnstar is a stable, solid company with great assets. In Botswana the property market is challenging at present, due to the economic climate prevailing. There is very little demand for space, from new Companies coming to Botswana.

Most retail space in the country is occupied by large South African retail groups. These groups are also slowing down on opening new stores, as they are not performing well in South Africa. There are a few citizen retail companies that occupy space, on a very limited basis. Our properties are still in demand and doing well.

Tanzania is a country with huge potential. It has the population to allow future growth. Our mall is fully occupied. In Tanzania there are a lot of International brands waiting to come to the mall. The market is not dependant on South African retailers. The office space in Dar Es Salaam took a huge hit when it was decided to relocate Government departments from Dar Es Salaam to Dodoma. We also have vacant office space in Mlimani City. Two of the office blocks have been partitioned to smaller offices and we are beginning to lease these out. There seems to be more interest now from foreign companies.

Dubai is a fascinating and interesting country to do business in. You will find a lot of negative media about Dubai, but when you are there you don't see this. It is busy, bustling with tons of tourists and new emigrants coming in. The major development companies are still continuing to develop non- stop. Prices and rentals for property have come down to realistic levels. In other words, the property market is maturing and settling. There is still a lot of opportunity there and we are busy exploring a few proposals.

Turnstar is very keen to expand its Botswana portfolio. We are considering a few acquisitions and will be carrying out due diligence. Turnstar will not buy property just to create bulk in the company, our future acquisitions will add value to the company and the shareholders.

We regret to announce the retirement of one of our founder Directors, Mr Ishmael Nshakazhogwe. Mr Nshakazhogwe has served on the Board of Turnstar, since its inception in 2002. He has been part of the Turnstar success story and his contribution is greatly valued. We wish him every success in the future.

OPPORTUNITY

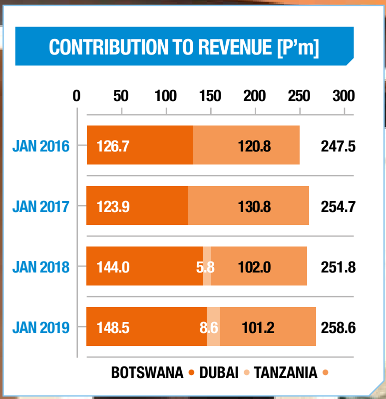
Dubai is a fascinating and interesting country to do business in. There is still a lot of opportunity there and we are busy exploring a few proposals.

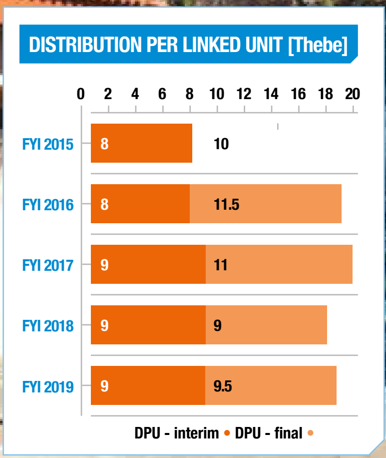
POTENTIAL

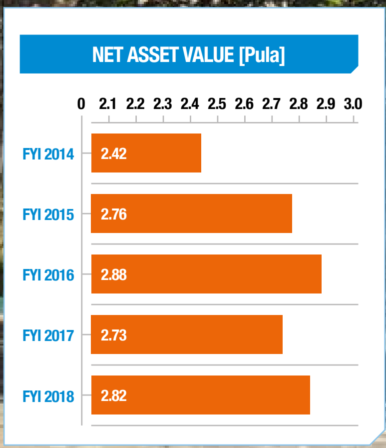
Tanzania is a country with huge potential. It has the population to allow future growth.

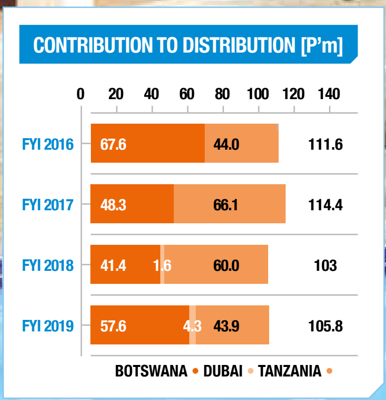
Managing Director's Report continued

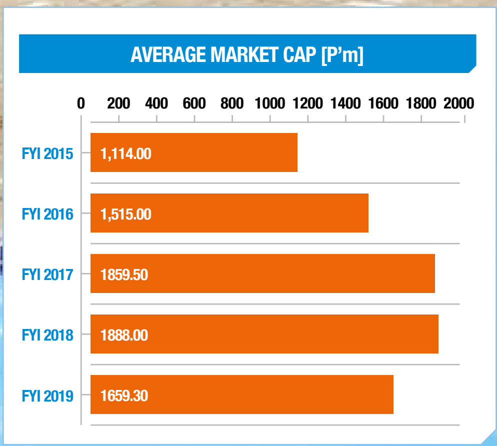
Financial Operating Review











The Group posted improved results for the year. Comprehensive income for the year is P 158.4m, which is a substantial increase from the previous year.

The Botswana rental revenues increased by 4%, whilst operational expenses were contained.

The Group's property assets were valued at P 2.bn, as at Balance Sheet date.

The Botswana properties in particular, Game City and Nzano Shopping Mall posted substantial fair value gains.

Finance Costs

The Finance costs relating to the additions to Game City and Mlimani City, have been incurred for the full year under review. The construction was completed midway during the previous year and hence the finance costs were incurred, only for a part of the previous year.

Currency Fluctuations

The Botswana Pula depreciated significantly against the US Dollar, during the year under review. Approximately 43% of the Group's total rental income is in US Dollars hence the depreciation of the domestic currency resulted in a forex gain for Turnstar.

Nonetheless, foreign exchange translation gains and losses are unrealized and are dependent on the prevailing exchange rate at the year end.

Translation Gains

The translation gain reported for the year, occurred when translating the US Dollar denominated investments and assets of the Group's subsidiaries in Tanzania and Dubai. The Group reports in Botswana Pula currency.

DISTRIBUTION

The full year distribution per linked unit increased by 2.78% from the previous year to 18.5t per linked unit.

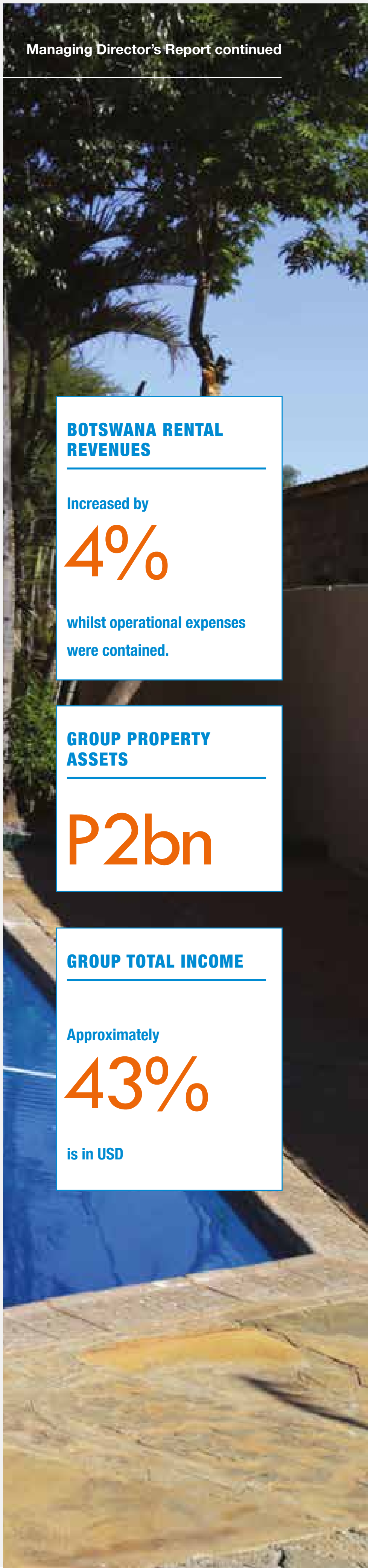
The Group distributed P105.8 m for the year, up from P103 m in the previous year.

Net Asset value per linked unit is up 3.62% from prior year to P 2.82 per linked unit.

CAPITAL MANAGEMENT

Interest and loan repayments on the USD loan facility are made from USD rentals earned from the Group's Tanzanian properties. Hence, there is no foreign currency exposure on the loan and interest repayments.

The loan to value ratio (borrowings as a percentage of investment property) has reduced to 25% during the year.



BOTSWANA RENTAL REVENUES

Increased by

4%

whilst operational expenses were contained.

GROUP PROPERTY ASSETS

P2bn

GROUP TOTAL INCOME

Approximately

43%

is in USD

Managing Director's Report continued

Abridged Income Statement

	GROUP		COMPANY	
	31-Jan-19	31-Jan-18	31-Jan-19	31-Jan-18
Revenue				
Rental income	258,562,138	250,871,843	148,036,224	142,981,206
Other income	3,275,071	2,005,537	1,883,998	787,645
Operating expenses	(116,396,806)	(110,941,319)	(66,765,544)	(66,365,715)
Dividend income from subsidiary	-	-	4,307,369	22,994,640
Operations profit	**145,440,403**	**141,936,061**	**87,462,047**	**100,397,776**
Finance income	540,452	755,383	44,396,489	37,752,727
Finance cost	(34,124,007)	(14,673,895)	(34,124,007)	(23,911,133)
Profit before exchange difference and FV	**111,856,848**	**128,017,549**	97,734,529	114,239,370
Exchange gain	41,463,643	31,987,775	41,462,828	31,978,911
Exchange loss	(24,743,443)	(54,177,930)	(24,743,443)	(54,177,930)
Profit before FV	**128,577,048**	**105,827,394**	**114,453,914**	**92,040,351**
Good will impairment	(11,534,289)	-	-	-
Fair value adjustments	6,869,297	(77,310,595)	36,011,579	31,885,893
Profit before tax	123,912,056	28,516,799	150,465,493	123,926,244
Taxation	(2,568,241)	42,465,085	(8,345,268)	2,777,862
Profit after tax from continuing operations	**121,343,815**	**70,981,884**	**142,120,225**	**126,704,106**
Non-current asset held for sale				
Profit from non- current asset held for sale	**1,011,988**	**2,211,822**	**1,011,988**	**2,211,822**
Profit for the year	**122,355,803**	**73,193,706**	**143,132,213**	**128,915,928**
Other comprehensive income				
Exchange difference on translating foreign operations	36,064,823	(47,418,115)	-	-
Total comprehensive income for the year	**158,420,626**	**25,775,591**	**143,132,213**	**128,915,928**
Total comprehensive income attributable to:				
Owners of the parent company	158,420,626	24,700,940	143,132,213	128,915,928
Non controlling interest	-	1,074,651	-	-
	158,420,626	**25,775,591**	**143,132,213**	**128,915,928**
Profit for the year attributable to linked Unit holders				
Owners of the parent company	122,355,803	72,119,055	143,132,213	128,915,928
Non controlling interest	-	1,074,651	-	-
	122,355,803	**73,193,706**	**143,132,213**	**128,915,928**
Basic earnings per linked unit (in thebe)	21.21	12.79	24.84	33.39
Distribution per linked unit(in thebe)	18.50	18.00	18.50	18.00
Debenture interest per linked unit(in thebe)	17.75	14.49	17.75	14.49
Dividend per linked unit(in thebe)	0.75	3.51	0.75	3.51
NAV per unit (thebe)	2.82	2.73	2.47	2.40
Number of linked units	572,153,603	572,153,603	572,153,603	572,153,603

Abridged Balance Sheet

	GROUP		COMPANY	
	31-Jan-19	31-Jan-18	31-Jan-19	31-Jan-18
ASSETS				
Non-Current Assets	**2,430,222,798**	**2,341,870,529**	1,928,176,303	1,913,799,725
Investment property	2,336,165,032	2,251,628,531	1,250,274,363	1,221,399,358
Plant and equipment	3,666,657	4,982,115	2,596,825	3,692,821
Goodwill	49,743,561	57,333,674	-	-
Investment in subsidiary	-	-	283,298,585	198,426,378
Loan to related compamy	-	-	231,380,550	215,788,226
Other financial assets	-	-	122,659,760	249,164,779
Deferred tax	10,563,533	7,617,904	10,563,533	7,617,904
Operating lease asset	30,084,015	20,308,305	27,402,687	17,710,259
Current Assets	**54,695,519**	**80,695,124**	227,595,639	197,530,853
Other financial assets	-	-	194,213,858	140,622,664
Current tax receivable	382,017	1,888,584	382,017	381,174
Operating lease asset	522,950	4,990,383	522,950	4,990,383
Cash and cash equivalent	32,115,739	49,567,336	22,530,615	40,507,098
Trade and other receivables	21,674,813	24,248,821	9,946,199	11,029,534
Non current assests held for sale and assets of disposal groups	12,000,000	-	12,000,000	-
Total Assets	**2,496,918,317**	**2,422,565,653**	**2,167,771,942**	**2,111,330,578**
EQUITY AND LIABILITIES				
Stated Capital and Reserves	**1,614,619,922**	**1,559,186,947**	**1,413,483,213**	**1,373,338,643**
Stated capital	346,420,555	346,420,555	346,420,555	346,420,555
Linked unit debentures	286,076,802	286,076,802	286,076,802	286,076,802
Fair value surplus	568,074,083	556,038,253	621,564,817	587,780,860
Retained earnings	270,222,114	265,750,560	105,066,447	101,566,602
Debenture interest and dividend reserves	54,354,592	51,493,824	54,354,592	51,493,824
Foreign currency translation reserve	89,471,776	53,406,953	-	-
Non- Current Liabilities	**799,976,326**	**781,798,351**	**701,802,772**	**685,400,306**
Borrowings	587,288,912	580,587,938	587,288,912	580,587,938
Deferred taxation	212,687,414	201,210,413	114,513,860	104,812,368
Current Liabilities	**81,378,767**	**81,580,355**	**51,542,655**	**52,591,629**
Trade and other payables	53,513,674	50,504,728	23,677,562	21,516,002
Borrowings	26,625,387	29,981,010	26,625,387	29,981,010
Unclaimed debenture interest and dividend	1,239,706	1,094,617	1,239,706	1,094,617
Liabilities for non- current asset held for sale	943,302	-	943,302	-
Total Equity and Liabilities	**2,496,918,317**	**2,422,565,653**	**2,167,771,942**	**2,111,330,578**

Property Market Report

Turnstar continuously seeks new investment opportunities locally, regionally, and internationally, targeting economically stable and viable destinations. The company has diversified its property portfolio through investments in Tanzania and Dubai UAE.

The Group has attractive growth prospects which are supported by underlying healthy cash flows.

BOTSWANA RETAIL MARKET OVERVIEW

The retail market grew despite prevailing market conditions in the industry. However, in the short-term, it is likely that the retail market space has reached saturation. The average yields for retail properties in Gaborone were 8%.

Turnstar Retail Portfolio

The Company's retail malls performed well during the year under review. Retail accounted for 78% by value and 71% by Gross Leasable Area (GLA) of the Group's property. Revenue generated from retail properties is P218 million during the reporting period.

Game City

Game City is the flagship property of the Group and is also the premier retail shopping centre in Botswana. During the reporting period, Game City had a tenancy rate of approximately 95% and continues to attract large listed or multinational companies such as Game stores, Shoprite, Edgars & Jet, Mr Price, Choppies, Foschini, and Options who constitute approximately 80% of tenants (by GLA) as well as all the large banks. The mall posted positive growth in rentals and yields during the year and continues to record the highest "footfall" of retail malls in Botswana.

Game City continues to record the highest "footfall" with retail malls in Botswana and the parkade which was commissioned two years ago is being fully utilised by customers.

The scheduled minor refurbishment works to the entrances have been completed whilst the parkade which was commissioned two years ago is being fully utilised by customers.

The two outdoor venues host corporate and social events.

Managing Director's Report continued

During the year, the two outdoor hospitality facilities at Game City hosted corporate events that included the Botswana United Revenue Service regional relations annual gala dinner; corporate parties and customer events; as well as lifestyle functions such as the Gaborone Motor Show and the FNBB Wine Tasting Affair. Game City also hosted community engagement activities such as the Stepping Stones International Jump Rope Competition for children to uplift spirits of the young in a fun and engaging manner. Turnstar unequivocally endorses and will continue to strive for social inclusion and empowerment of children in this country.

Supa Save Mall Mogoditshane

The Mogoditshane Centre has always enjoyed full occupancy since its inception and this 3,400 sqm centre has excellent rental yields. The anchor tenant for this property is Choppies and given its location, the mall will continue to be attractive to retail outlets.

Nzano Mall – Francistown

Nzano Mall is one of the first retail shopping centres in Francistown. The 14,500 sqm shopping centre posted rental growth during the year and has enjoyed full occupancy since its inception. The completion of the road interchange in Francistown has resulted in ease of access to the mall which has a good tenancy mix predominated by blue chip companies whilst the two anchor tenants are Game and Spar.

COMMERCIAL OFFICE MARKET

OVERVIEW

There is an oversupply in the commercial property sector in Botswana. As such Turnstar has maintained its lightweight position in this sector in Botswana.

Turnstar Commercial Office Portfolio

The Company's commercial property accounted for 18% by value and 13% by GLA of the Group's property. Revenue generated from commercial properties is P30 million during the reporting period with an average yield of 8%.

Turnstar House

Turnstar House is the only commercial property in the Botswana portfolio of Turnstar Holdings Limited. The property had 80% occupancy levels during the year under review.

Turnstar Residential Property Portfolio

Turnstar's residential property accounted for 3% by value and 10% by GLA of the Group's property. Revenue generated from residential properties is P86 million during the reporting period.

Tapologo Estate / Mogoditshane Townhouses

Turnstar has two residential properties in Botswana which have undergone refurbishment during the reporting period. There is continued demand for townhouses at these prestigious housing estates, and they had 100% occupancy rates during the reporting period.

TURNSTAR INDUSTRIAL PROPERTY PORTFOLIO

Plot 63 GICP

Turnstar's light industrial property in Commerce Park had a full occupancy rate during the reporting period. Demand for light industrial properties in Gaborone and in prime location remained strong.

Citroen/ Hyundai Dealership

The Hyundai dealership vacated during the year and it has been resolved to dispose of this property.

MLIMANI CITY DAR ES SALAAM -TANZANIA

The downturn in the Tanzanian economy affected the Mlimani Commercial Office and Conference Centre revenues.

Tanzania accounted for 39% by value and 36% by GLA of the Group's property. Revenue generated from Mlimani City is P101 million during the reporting period.

Mlimani City is a US $ 100 million mixed use premier shopping and conference complex in Dar-es-Salaam, Tanzania. The complex is referred to as the best in East Africa after the recent additions and upgrades.

Mlimani City is the preferred retail and conference destination in Dar Es Salaam.

The retail mall has full occupancy at present. The mall's anchor tenants include Game, Choppies, Woolworths, cinemas and several leading Banks.

The conference centre is now fully refurbished together with the new breakaway areas.

Government Offices have relocated from Dar-es-Salaam to Dodoma resulting in a significant oversupply and vacancies in commercial offices. Turnstar experienced a 65% vacancy rate during the reporting period.

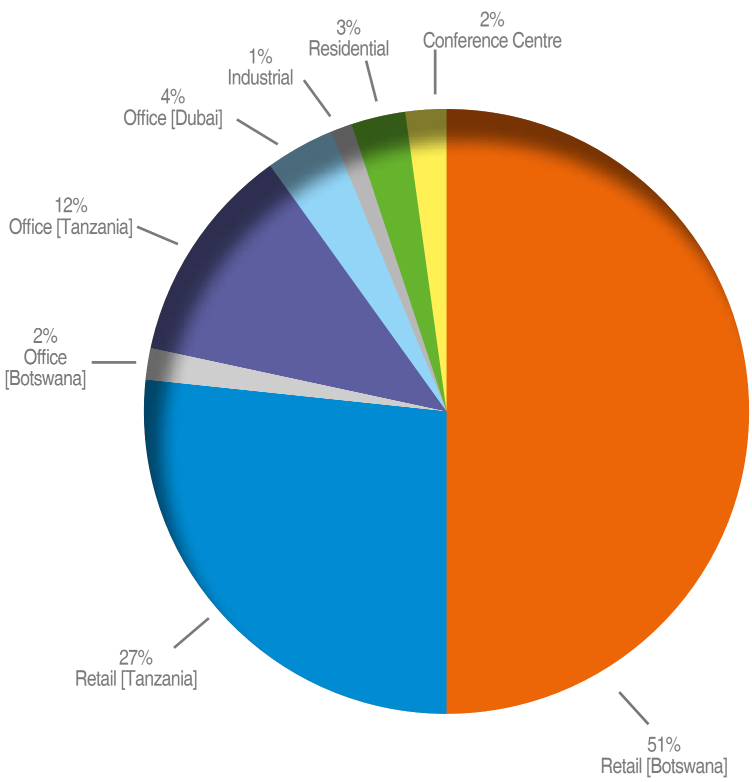
UNITED ARAB EMIRATES

Dubai

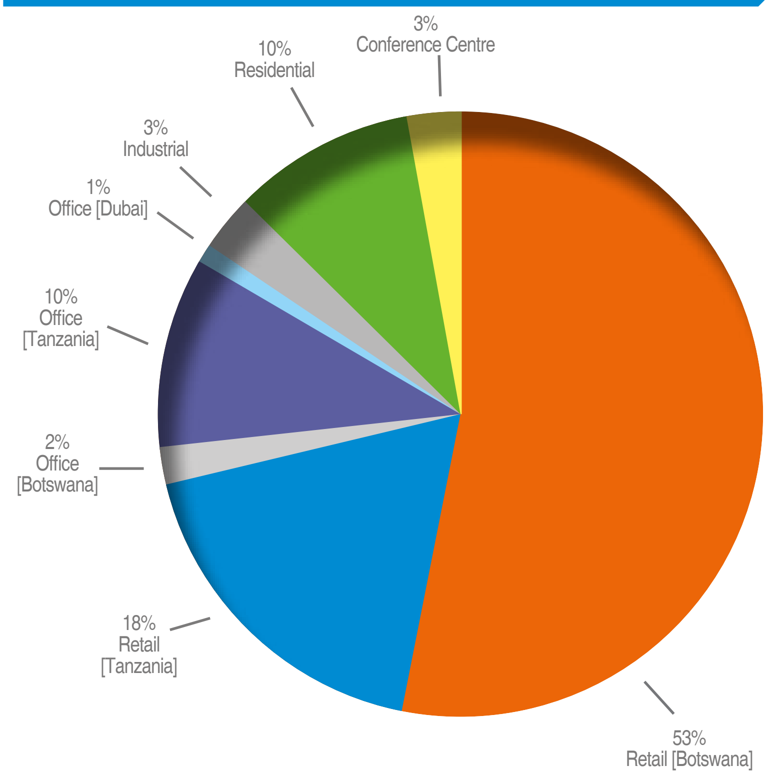
Turnstar acquired a 1,245 sq.m commercial office block in Dubai valued at US Dollar 8.35 million. The office building is fully leased on a long term basis with a net rental yield of 7%

Dubai accounted for 4% by value and 1% by GLA of the Group's property. Revenue generated from the Dubai office block is P8.6 million during the reporting period.

SECTORAL SPREAD BY VALUE



SECTORAL SPREAD BY GLA



Corporate Governance

Turnstar Holdings Limited maintains a high standard of Corporate Governance and is committed to the principles of transparency, accountability and integrity. The Board has adopted charters for itself, the Audit and Risk Committee and the Human Resources Committee by adopting the Botswana Stock Exchange code of Best practice on Corporate Governance. The Boards responsibilities encompass compliance with principles of good governance, accountability, arms' length dealings and the applicable law.

BOARD OF DIRECTORS

During the year under review, the Board of Directors was adequately constituted with seven Directors, five of whom were independent non-executive Directors. The Chairman of the Board is a non- executive Director. The non-executive Directors bring a wealth of expertise and experience from their varied fields of operation and ensure that debates on matters of strategy, policy, business development and performance are robust, informed and constructive.

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

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

BOARD MEETINGS

	Fees	No:
P K Balopi	145 600	5
P Pillar	129 920	5
I Nshakazhongwe	129 920	5
M Nteta	129 920	5
P Bezuidenhout	129 920	5
	665 280	

Managing Director's Report continued

AUDIT COMMITTEE

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

The Committee is tasked with the planning of the statutory annual audit and the mid - year review at which detailed risk assessments are performed. The Committee reviews the Annual Financial Statements before publication and also receives a direct report from the external auditors on the results and findings of the audit process.

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

	Fees	No:
P Pillar	33 600	2
M Nteta	22 400	2
P K Balopi	11 200	1
I Nshakazhongwe	11 200	1
P Bezuidenhout	11 200	1
	89 600	

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

- additional assurance regarding the accuracy and reliability of the Annual Financial statements,
- satisfaction that appropriate financial and operating controls are in place,
- assurance that significant operating and financial risks have been identified, evaluated and mitigated,
- confirmation of compliance by the company with legal and regulatory requirements, and
- a review of the independence and performance of the company's external auditors.

Considering the size and current structure of the company, a dedicated internal audit function is not required at this stage. This need is reviewed by the Audit Committee on a regular basis.

DIRECTORS DEALINGS

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

COMPANY SECRETARY AND PROFESSIONAL ADVICE

The Company Secretary acts as the Secretary of the Board and attends all meetings for the year. All Directors have unlimited access to the services of the Company Secretary, who ensures compliance with applicable procedures and legislation.

All Directors are entitled to seek independent professional advice concerning the affairs of the company, at the company's expense.

RISK MANAGEMENT

In the ordinary course of business, there are a number of risks that could affect the business operations. The Turnstar's comprehensive risk management process involves identifying, quantifying, managing and mitigating the risks associated with the business and balancing the impact of the risks with realising opportunities.

BOARD MEETINGS

The Board meets at least four times a year and is responsible for, inter alia, reviewing and guiding corporate strategy, acquisitions and performance.

AUDIT COMMITTEE

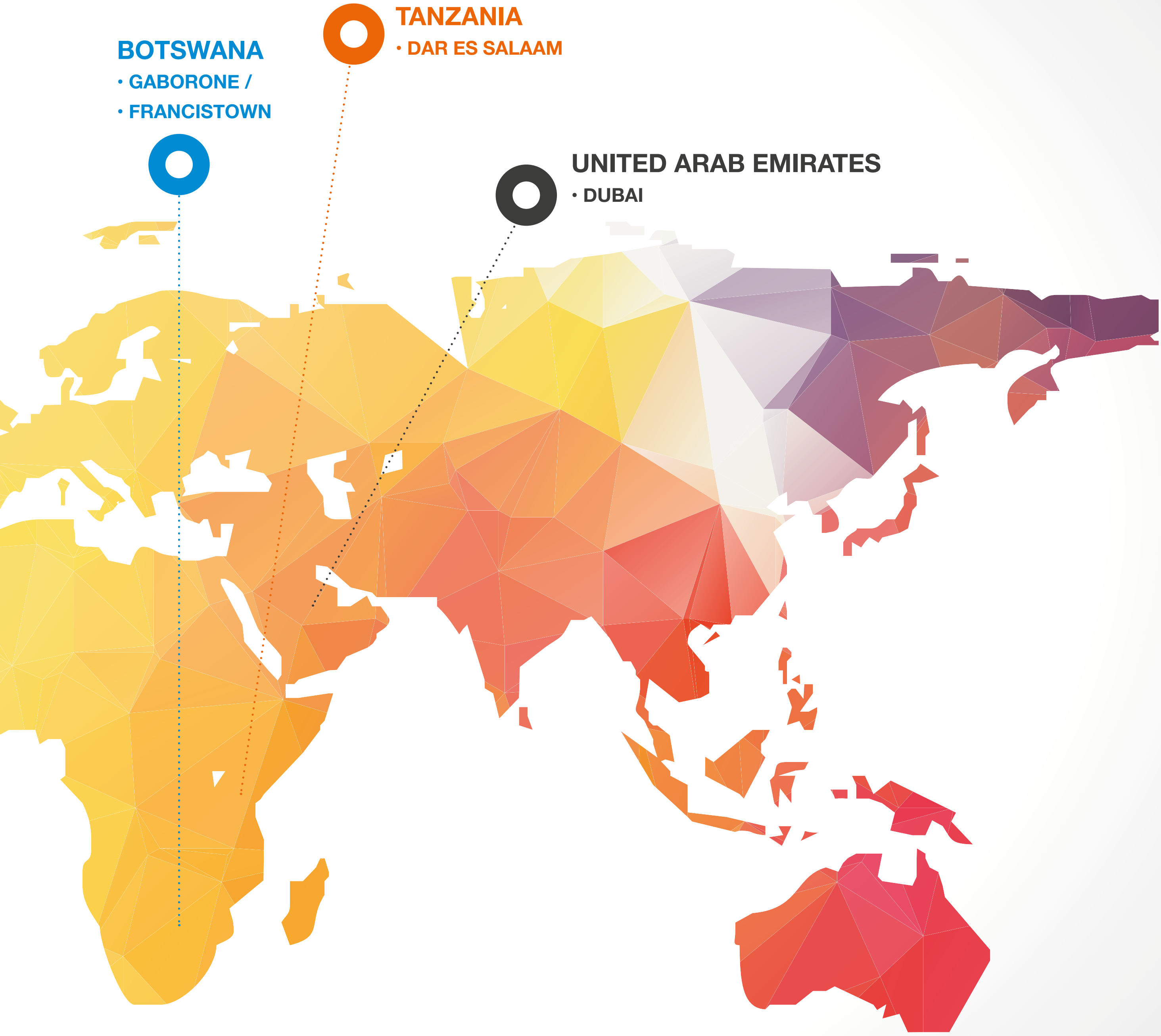
The Board has established an Audit Committee, which consists of two non-executive Directors. The Committee meets independently at least twice a year.

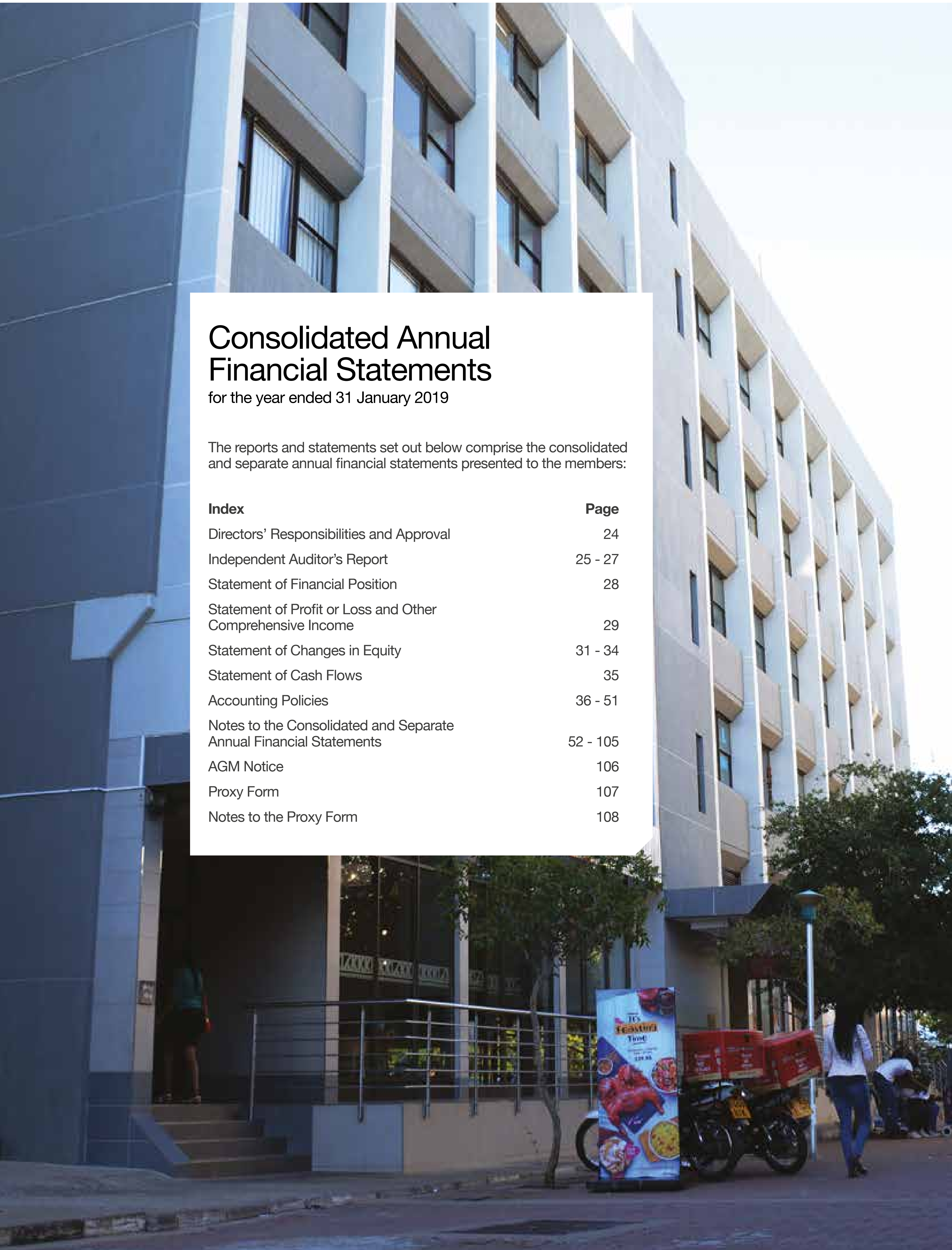
Managing Director's Report continued

PRINCIPLE	APPLICATION	STATUS
1.The board should provide ethical and effective leadership	The Board has adopted the requirements of King III and considers best corporate governance practises to be critical in delivering sustainable growth. Also ensures that the Company complies with the requirements of BSE, Companies Act, IFRS and the applicable law.	Full compliance
2. The Board should ensure that the organization is seen to be a responsible Corporate citizen.	In addition to the comments in 1 above, the Company strives to maximise returns to unit holders, a large part of who are Pension Funds and Individuals.	Full compliance
3. The board should ensure that the company's ethics are managed effectively	Please refer to principle 1 above.	Full compliance
4. Assurance statement in integrated report	The Board has a formal charter and the executive directors are bound by a code of conduct. Full integrated reporting is in practice.	Full compliance
5. The Board is the focal point and custodian of Corporate Governance.	Please refer to principle 1 & 2 above.	Full compliance
6. The Board should be fairly comprised with an appropriate balance of knowledge, skills and experience required to discharge its responsibilities.	The Board comprises of seven Directors, five of who are non-executives. The Chairman is a non-executive Director. The MD & the CFO are executive Directors. All Directors have the necessary skills and experience required to discharge their duties effectively. The non-executive Directors are subject to retirement by rotation and re-election at the AGM every 3 years. The executive Directors are employed on a contract basis.	Full compliance
7.The Board and its Directors should act in the best interests of the Company	The Board of Directors individually and collectively understand their fiduciary responsibility to act in the best interests of the Company. Disclosures of interests and dealings are declared and reported at every Board and committee meeting.	Full compliance
8. The Board should ensure that the Company has an effective and independent audit committee.	The Audit Committee comprises of two independent Directors, one of whom is the Chairperson. The executive Directors attend by invitation. The Company's External Auditors also attend by invitation. The Audit Committee meets at least twice a year.	Full compliance
9. The Board should be responsible for the governance of risk.	The Board oversees the management of risk and is in the process of delegating the process to the audit committee. The committee will monitor the adequacy and effectiveness of the company's internal risk management process generally. The company will have an effective ongoing process for identifying risk, measuring its potential impact and initiating and implementing measures to reduce exposure to acceptable levels.	In Progress

PRINCIPLE	APPLICATION	STATUS
10. The Board should be assisted by a competent and suitably qualified Company Secretary.	The Company has a suitable and competent external Company Secretary. The company secretary is not a Director of the Company.	Full Compliance
11. The evaluation of the Board, its committees and the individual Directors should be performed every year.	Individual performance evaluations have been performed in the past. This practice will be reintroduced and evaluations will be performed on an annual basis.	In progress
12. The Board should be responsible for information technology (IT) governance.	The Board believes that its IT governance policy is appropriate and is reviewed regularly.	Full compliance
13. The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The company has external company secretaries who advise the board on any legal, and regulatory requirements. The legal advisors are also consulted. In addition, the Company has an in-house compliance officer.	Full compliance
14. The Board should ensure that there is an effective risk-based internal audit.	Considering the size and current structure of the company, a dedicated internal audit function is not required at this stage. The executive Directors and senior management have a "hands on" approach and are involved in the day to day operations and transactions of the Company. The need for an internal audit is reviewed by the Audit Committee on a regular basis.	No compliance at this stage
15. Companies should remunerate directors and executives fairly and responsibly	Non executive's retainers and fees are reviewed annually. The Annual Report discloses the remuneration paid to each Director. Unit holders approve the Directors remuneration at each AGM.	Full compliance
16. The Board should delegate to management to proactively deal with stakeholder information and relationships	Financial results, trading updates and announcements are published in accordance with BSE listings requirements. These together with the Annual Report are also published on the Company's website. All of this information is provided in a timely and equitable manner. The Board avails itself at every AGM and EGM to discuss its business with unit holders. Executive Directors have an open door policy and regularly engage with tenants and other stakeholders as and when required.	Full compliance
17.Sustanability reporting and disclosures should be integrated with company's financial report	We are drafting sustainability report and it will be incorporated in the following year	In progress

Global Market


BOTSWANA
• GABORONE /
• FRANCISTOWN
TANZANIA
• DAR ES SALAAM
UNITED ARAB EMIRATES
• DUBAI



Consolidated Annual Financial Statements

for the year ended 31 January 2019

The reports and statements set out below comprise the consolidated and separate annual financial statements presented to the members:

Turnstar Holdings Limited
(Registration number 2000/5302)
Consolidated And Separate Annual Financial Statements for the year ended 31 January 2019

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Property Investment
Directors	P Balopi(Chairman) G H Abdoola G H Abdoola (Managing Director) I Nshakazhogwe P Pillar P Bezuidenhout M Nteta S Puvimanasinghe
Registered office	Plot 50370 Fairgrounds Gaborone Botswana
Business address	Center Management Offices Game City Management Offices Game City Retail Center Kgale, Gaborone
Postal address	P O Box 26012 Game City Gaborone Botswana
Bankers	Barclays Bank of Botswana Limited Barclays Bank Tanzania Limited Exim Bank Tanzania Limited First National Bank of Botswana Limited
Auditors	Grant Thornton Chartered Accountants
Secretary	Leo Business Services (Proprietary) Limited
Company registration number	2000/5302
Investment Bankers	Stanlib Money Market Fund African Alliance Botswana
Functional currency	Botswana Pula
Transfer secretaries	Grant Thornton Business Services (Proprietary) Limited

Turnstar Holdings Limited

(Registration number 2000/5302)
Consolidated And Separate Annual Financial Statements for the year ended 31 January 2019

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act (Cap 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate 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 consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the group's cash flow forecast for the year to 31 January 2020 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 independent auditor is responsible for independently auditing and reporting on the group's consolidated and separate financial statements. The consolidated and separate annual financial statements have been examined by the group's independent auditor and their report is presented on pages 25 to 27.

The consolidated and separate financial statements set out on pages 28 to 105, which have been prepared on the going concern basis, were approved by the board of directors on 15 APR 2019 and were signed on their behalf by:

Director Gaborone	Director

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Chartered Accountants

Grant Thornton
Acumen Park, Plot 50370
Fairgrounds, Gaborone
P O Box 1157
Gaborone, Botswana

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twitter.com/GrantThorntonBW

Independent Auditor's Report

To the shareholders of Turnstar Holdings Limited

Opinion

We have audited the consolidated and separate annual financial statements of Turnstar Holdings Limited (the "company") and its subsidiaries (together the "Group") set out on pages 28 to 105, which comprise the consolidated and separate statement of financial position as at 31 January, 2019, 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 annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements give a true and fair view of, the consolidated and separate financial position of Turnstar Holdings Limited as at 31 January, 2019, 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 Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of annual 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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 we do not provide separate opinion on these audit matters.

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Independent Auditor's Report

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 and commercial property valued at BWP 1 262 274 363 for the holding company and BWP 1 085 890 669 for the subsidiaries as disclosed under note 4 of the annual financial statements. The valuation of the property portfolio is a significant judgment area and is underpinned by assumptions including estimated future rentals, vacancy rates 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 4 to the financials.	We met with the valuers to discuss the valuation process, performance of the portfolio and evaluate significant assumptions and critical judgement areas, including estimated rental values, yields, vacancy rates, future net operating income and discount rates. We assessed the competence, independence and integrity of the external valuers. We performed audit procedures to assess the integrity of information provided to the external valuers including rental schedules on a sample basis to underlying lease agreement. As per group instructions provided, the component auditors assessed the integrity of the information provided to the external valuers and through audit procedures evaluated the assumptions used in the valuations.
Recognition of revenue During the year the holding company has revenue from continuing operations of BWP 148 036 224 and subsidiaries of BWP 110 525 914 as disclosed under note 19 of the annual financial statements. The holding company's main source of revenue is rental income from retail and commercial property located in Botswana. The subsidiaries' main source of income is from retail and commercial properties located in Tanzania and Dubai. The rental amount is agreed on the terms of the lease agreement signed between the respective company and the tenant. Any variations to the lease agreement during the lease term is done through an addendum to the lease agreement. The recognition of revenue is done in accordance with the principles outlined in IAS 17: Leases.	We have performed walkthroughs and test of controls on the revenue cycle to gain an understanding of when the revenue is recognised. This testing includes the verification of the lease agreement details, their approvals and changes to the lease terms and upload of this information to the Group's management system. We have assessed the design effectiveness of the controls and performed controls testing on the billings done through operating system. We have obtained the rental income schedule from the operating system and determined that rental income has been appropriately recorded in the general ledger. We selected a sample of lease agreements to verify that the rental has been appropriately recognised in the operating system and the operating lease asset has been computed appropriately. We have obtained the monthly schedule of rental income for each property and reviewed the variations of rental income to the budgets to identify any unusual trends. We have reviewed the company's credit policy on trade debtors and assessed that appropriate provision is made on overdue accounts where the recoverability of the balances was doubtful, in line with requirements of IFRS 9, which was adopted by the group during the current year.

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 annual 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 annual 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 Group's

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Independent Auditor's Report

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 Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 annual 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 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 annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 annual 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 Group and /or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the consolidated and separate annual 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 annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the annual 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.

15 APR 2019

Chartered Accountants
Certified Auditor: Mr. Dinesh Mallan (Memb No:19990074)
Certified Auditor of Public Interest Entity
Certificate Number: CAP 0015 2019

Gaborone

Turnstar Holdings Limited

(Registration number 2000/5302)
Consolidated And Separate Annual Financial Statements for the year ended 31 January 2019

Statement of Financial Position as at 31 January 2019

		Group		Company	
Figures in Pula	Note	2019	2018	2019	2018
Assets					
Non-Current Assets					
Investment property	4	2 336 165 032	2 251 628 531	1 250 274 363	1 221 399 358
Property, plant and equipment	5	3 666 657	4 982 115	2 596 825	3 692 821
Goodwill	6	49 743 561	57 333 674	-	-
Investments in subsidiaries	7	-	-	283 298 585	198 426 378
Loans to group companies	8	-	-	231 380 550	215 788 226
Other financial assets	9&10	-	-	122 659 760	249 164 779
Deferred tax	11	10 563 533	7 617 904	10 563 533	7 617 904
Operating lease asset	12	30 084 015	20 308 305	27 402 687	17 710 259
		2 430 222 798	**2 341 870 529**	**1 928 176 303**	**1 913 799 725**
Current Assets					
Other financial assets	9&10	-	-	194 213 858	140 622 664
Current tax receivable		382 017	1 888 584	382 017	381 174
Operating lease asset	12	522 950	4 990 383	522 950	4 990 383
Trade and other receivables	13	21 674 813	24 248 821	9 946 199	11 029 534
Cash and cash equivalents	14	32 115 739	49 567 336	22 530 615	40 507 098
		54 695 519	**80 695 124**	**227 595 639**	**197 530 853**
Non-current assets held for sale and assets of disposal groups	15	12 000 000	-	12 000 000	-
Total Assets		**2 496 918 317**	**2 422 565 653**	**2 167 771 942**	**2 111 330 578**
Equity and Liabilities					
Equity					
Stated capital and linked unit debentures	16	632 497 357	632 497 357	632 497 357	632 497 357
Foreign currency translation reserves		89 471 776	53 406 953	-	-
Retained income		892 650 792	873 282 637	780 985 851	740 841 286
		1 614 619 925	**1 559 186 947**	**1 413 483 208**	**1 373 338 643**
Liabilities					
Non-Current Liabilities					
Borrowings	17	587 288 912	580 587 938	587 288 912	580 587 938
Deferred tax	11	212 687 414	201 210 413	114 513 860	104 812 368
		799 976 326	**781 798 351**	**701 802 772**	**685 400 306**
Current Liabilities					
Trade and other payables	18	53 513 671	50 504 728	23 677 567	21 516 002
Borrowings	17	26 625 387	29 981 010	26 625 387	29 981 010
Unclaimed debenture interest and dividend payable		1 239 706	1 094 617	1 239 706	1 094 617
		81 378 764	**81 580 355**	**51 542 660**	**52 591 629**
Liabilities of disposal groups	15	943 302	-	943 302	-
Total Liabilities		**882 298 392**	**863 378 706**	**754 288 734**	**737 991 935**
Total Equity and Liabilities		**2 496 918 317**	**2 422 565 653**	**2 167 771 942**	**2 111 330 578**

Turnstar Holdings Limited

(Registration number 2000/5302)
Consolidated And Separate Annual Financial Statements for the year ended 31 January 2019

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 January 2019

		Group		Company	
Figures in Pula	Note	2019	2018	2019	2018
Continuing operations					
Revenue	19	258 562 138	250 871 843	148 036 224	142 981 206
Other operating income	20	3 275 071	2 005 537	1 883 998	787 645
Other operating gains (losses)	21	16 720 200	(22 190 155)	16 719 385	(22 199 019)
Goodwill impairment	6	(11 534 289)	-	-	-
Other operating expenses		(116 396 806)	(110 941 319)	(66 765 544)	(66 365 715)
Dividend income		-	-	4 307 369	22 994 640
Operating profit	22	**150 626 314**	**119 745 906**	**104 181 432**	**78 198 757**
Finance income	23	540 452	755 383	44 396 489	37 752 727
Finance costs	25	(34 124 007)	(14 673 895)	(34 124 007)	(23 911 133)
Fair value adjustments	24	6 869 297	(77 310 595)	36 011 579	31 885 893
Profit before taxation		**123 912 056**	**28 516 799**	**150 465 493**	**123 926 244**
Taxation	26	(2 568 241)	42 465 085	(8 345 268)	2 777 862
Profit from continuing operations		**121 343 815**	**70 981 884**	**142 120 225**	**126 704 106**
Discontinued operations					
Profit from discontinued operations	15	1 011 988	2 211 822	1 011 988	2 211 822
Profit for the year		**122 355 803**	**73 193 706**	**143 132 213**	**128 915 928**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		36 064 823	(47 418 115)	-	-
Other comprehensive income for the year net of taxation	27	**36 064 823**	**(47 418 115)**	**-**	**-**
Total comprehensive income for the year		**158 420 626**	**25 775 591**	**143 132 213**	**128 915 928**
Profit attributable to:					
Owners of the parent		122 355 803	72 119 055	143 132 213	128 915 928
Non-controlling interest		-	1 074 651	-	-
		122 355 803	**73 193 706**	**143 132 213**	**128 915 928**
Profit attributable to:					
Owners of the parent:					
From continuing operations		121 343 815	69 907 233	142 120 225	126 704 106
From discontinued operations		1 011 988	2 211 822	1 011 988	2 211 822
		122 355 803	**72 119 055**	**143 132 213**	**128 915 928**
Total comprehensive income attributable to:					
Owners of the parent		158 420 626	24 700 940	143 132 213	128 915 928
Non-controlling interest		-	1 074 651	-	-
		158 420 626	**25 775 591**	**143 132 213**	**128 915 928**

Turnstar Holdings Limited
(Registration number 2000/5302)
Consolidated And Separate Annual Financial Statements for the year ended 31 January 2019

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 January 2019

		Group		Company	
Figures in Pula	Note(s)	2019	2018	2019	2018
Earnings per share					
From continuing and discontinued operations					
Basic earnings per share (c)	32	0.21	0.13	0.25	0.23
Diluted earnings per share (c)	32	0.21	0.13	0.25	0.23

Turnstar Holdings Limited

(Registration number 2000/5302)
Consolidated And Separate Annual Financial Statements for the year ended 31 January 2019

Statement of Changes in Equity for the year ended 31 January 2019

Figures in Pula	Stated capital	Linked unit debentures	Total stated capital and linked unit debentures	Foreign currency translation reserve	Dividend and debenture interest reserve	Fair value surplus	Retained income	Total equity and reserves	Non-controlling interest	Total equity
Group										
Balance at 01 February 2017	**346 420 555**	**286 076 802**	**632 497 357**	**100 825 068**	**62 936 896**	**595 432 680**	**257 224 726**	**1 648 916 727**	**-**	**1 648 916 727**
Profit for the year	-	-	-	-	-	-	72 119 055	72 119 055	1 074 651	73 193 706
Other comprehensive income	-	-	-	(47 418 115)	-	-	-	(47 418 115)	-	(47 418 115)
Total comprehensive income for the year	**-**	**-**	**-**	**(47 418 115)**	**-**	**-**	**72 119 055**	**24 700 940**	**1 074 651**	**25 775 591**
Fair value surplus transferred (Turnstar Properties) net of tax	-	-	-	-	-	33 111 246	(33 111 246)	-	-	-
Fair value surplus transferred (Mlimani Properties) net of tax	-	-	-	-	-	(72 505 673)	72 505 673	-	-	-
Final debenture interest and dividends paid 31 January 2017	-	-	-	-	(62 936 896)	-	-	(62 936 896)	-	(62 936 896)
Interim dividends and debenture interest transferred to dividends and debenture interest reserve	-	-	-	-	51 493 824	-	(51 493 824)	-	-	-
Proposed dividends and debenture interest transferred to dividends and debenture interest reserve	-	-	-	-	51 493 824	-	(51 493 824)	-	-	-
Interim debenture interest and dividends paid 31 July 2017	-	-	-	-	(51 493 824)	-	-	(51 493 824)	(1 074 651)	(52 568 475)
Transactions with unit holders recognised in statement of changes in equity	**-**	**-**	**-**	**-**	**(11 443 072)**	**(39 394 427)**	**(63 593 221)**	**(114 430 720)**	**(1 074 651)**	**(115 505 371)**
Balance at 31 January 2018	**346 420 555**	**286 076 802**	**632 497 357**	**53 406 953**	**51 493 824**	**556 038 253**	**265 750 560**	**1 559 186 947**	**-**	**1 559 186 947**

Turnstar Holdings Limited

(Registration number 2000/5302)
Consolidated And Separate Annual Financial Statements for the year ended 31 January 2019

Statement of Changes in Equity for the year ended 31 January 2019

Figures in Pula	Stated capital	Linked unit debentures	Total stated capital and linked unit debentures	Foreign currency translation reserve	Dividend and debenture interest reserve	Fair value surplus	Retained income	Total equity and reserves	Non-controlling interest	Total equity
Balance at 01 February 2018	**346 420 555**	**286 076 802**	**632 497 357**	**53 406 953**	**51 493 824**	**556 038 253**	**265 750 560**	**1 559 186 947**	**-**	**1 559 186 947**
Profit for the year	-	-	-	-	-	-	122 355 803	122 355 803	-	122 355 803
Other comprehensive income	-	-	-	36 064 823	-	-	-	36 064 823	-	36 064 823
Total comprehensive income for the year	**-**	**-**	**-**	**36 064 823**	**-**	**-**	**122 355 803**	**158 420 626**	**-**	**158 420 626**
Fair value surplus	-	-	-	-	-	12 035 830	(12 035 830)	-	-	-
Final debenture interest and dividends paid 31 January 2018	-	-	-	-	(51 493 824)	-	-	(51 493 824)	-	(51 493 824)
Interim dividends and debenture interest transferred to dividends and debenture interest reserve	-	-	-	-	51 493 824	-	(51 493 824)	-	-	-
Proposed dividends and debenture interest transferred to dividends and debenture interest reserve	-	-	-	-	54 354 592	-	(54 354 592)	-	-	-
Interim debenture interest and dividends paid 31 July 2018	-	-	-	-	(51 493 824)	-	-	(51 493 824)	-	(51 493 824)
Transactions with unit holders recognised in statement of changes in equity	**-**	**-**	**-**	**-**	**2 860 768**	**12 035 830**	**(117 884 246)**	**(102 987 648)**	**-**	**(102 987 648)**
Balance at 31 January 2019	**346 420 555**	**286 076 802**	**632 497 357**	**89 471 776**	**54 354 592**	**568 074 083**	**270 222 117**	**1 614 619 925**	**-**	**1 614 619 925**

Turnstar Holdings Limited

(Registration number 2000/5302)
Consolidated And Separate Annual Financial Statements for the year ended 31 January 2019

Statement of Changes in Equity for the year ended 31 January 2019

Figures in Pula	Stated capital	Linked unit debentures	Total stated capital and linked unit debentures	Foreign currency translation reserve	Dividend and debenture interest reserve	Fair value surplus	Retained income	Total equity and reserves	Non-controlling interest	Total equity
Company										
Balance at 01 February 2017	**346 420 555**	**286 076 802**	**632 497 357**	**-**	**62 936 896**	**554 669 614**	**108 749 568**	**1 358 853 435**	**-**	**1 358 853 435**
Profit for the year	-	-	-	-	-	-	128 915 928	128 915 928	-	128 915 928
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**128 915 928**	**128 915 928**	**-**	**128 915 928**
Fair value surplus transferred	-	-	-	-	-	33 111 246	(33 111 246)	-	-	-
Final debenture interest and dividends paid 31 January 2017	-	-	-	-	(62 936 896)	-	-	(62 936 896)	-	(62 936 896)
Interim dividends and debenture interest transferred to dividends and debenture interest reserve	-	-	-	-	51 493 824	-	(51 493 824)	-	-	-
Proposed dividends and debenture interest transferred to dividends and debenture interest reserve	-	-	-	-	51 493 824	-	(51 493 824)	-	-	-
Interim debenture interest and dividends paid 31 July 2017	-	-	-	-	(51 493 824)	-	-	(51 493 824)	-	(51 493 824)
Transactions with unit holders recognised in statement of changes in equity	**-**	**-**	**-**	**-**	**(11 443 072)**	**33 111 246**	**(136 098 894)**	**(114 430 720)**	**-**	**(114 430 720)**
Balance at 31 January 2018	**346 420 555**	**286 076 802**	**632 497 357**	**-**	**51 493 824**	**587 780 860**	**101 566 602**	**1 373 338 643**	**-**	**1 373 338 643**

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Statement of Changes in Equity for the year ended 31 January 2019

Figures in Pula	Stated capital	Linked unit debentures	Total stated capital and linked unit debentures	Foreign currency translation reserve	Dividend and debenture interest reserve	Fair value surplus	Retained income	Total equity and reserves	Non-controlling interest	Total equity
Balance at 01 February 2018	**346 420 555**	**286 076 802**	**632 497 357**	**-**	**51 493 824**	**587 780 860**	**101 566 602**	**1 373 338 643**	**-**	**1 373 338 643**
Profit for the year	-	-	-	-	-	-	143 132 213	143 132 213	-	143 132 213
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**143 132 213**	**143 132 213**	**-**	**143 132 213**
Fair value surplus	-	-	-	-	-	33 783 957	(33 783 957)	-	-	-
Final debenture interest and dividends paid 31 January 2018	-	-	-	-	(51 493 824)	-	-	(51 493 824)	-	(51 493 824)
Interim dividends and debenture interest transferred to dividends and debenture interest reserve	-	-	-	-	51 493 824	-	(51 493 824)	-	-	-
Proposed dividends and debenture interest transferred to dividends and debenture interest reserve	-	-	-	-	54 354 592	-	(54 354 592)	-	-	-
Interim debenture interest and dividends paid 31 July 2018	-	-	-	-	(51 493 824)	-	-	(51 493 824)	-	(51 493 824)
Transactions with unit holders recognised in statement of changes in equity	**-**	**-**	**-**	**-**	**2 860 768**	**33 783 957**	**(139 632 373)**	**(102 987 648)**	**-**	**(102 987 648)**
Balance at 31 January 2019	**346 420 555**	**286 076 802**	**632 497 357**	**-**	**54 354 592**	**621 564 817**	**105 066 442**	**1 413 483 208**	**-**	**1 413 483 208**
Note	16	16	16	27	27		27			

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Statement of Cash Flows for the year ended 31 January 2019

		Group		Company	
Figures in Pula	Note	2019	2018	2019	2018
Cash flows from operating activities					
Cash generated from operations	29	147 318 582	127 072 558	82 374 999	66 458 026
Finance income		540 452	755 383	44 396 489	37 752 727
Tax received (paid)	30	860 462	(2 058 046)	(646 948)	-
Cash flows of held for sale / discontinued operations		511 988	1 011 822	511 988	1 011 822
Net cash from operating activities		**149 231 484**	**126 781 717**	**126 636 528**	**105 222 575**
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(82 994)	(2 505 837)	(5 999)	(2 259 570)
Sale of property, plant and equipment	5	53 815	-	53 000	-
Purchase/improvements to investment property	4	(8 160 839)	(167 738 779)	(4 363 427)	(21 769 754)
Investment in subsidiary		-	-	-	(26 860)
Loans advanced to group companies		-	-	(15 592 324)	(28 182 681)
Movement in other financial assets net of foreign exchange		-	-	29 481 433	(112 865 257)
Dividend income		-	-	4 307 369	22 994 640
Net cash from investing activities		**(8 190 018)**	**(170 244 616)**	**13 880 052**	**(142 109 482)**
Cash flows from financing activities					
Proceeds from borrowings		-	234 879 306	-	234 879 306
Repayment of borrowings		(21 404 425)	(226 818 048)	(21 404 425)	(226 818 048)
Debenture interest and dividends paid	31	(102 987 644)	(114 430 720)	(102 987 644)	(114 430 720)
Finance costs		(34 124 007)	(14 673 895)	(34 124 007)	(23 911 133)
Net cash from financing activities		**(158 516 076)**	**(121 043 357)**	**(158 516 076)**	**(130 280 595)**
Total cash and cash equivalents movement for the year		**(17 474 610)**	**(164 506 256)**	**(17 999 496)**	**(167 167 502)**
Cash and cash equivalents at the beginning of the year		49 567 336	215 554 218	40 507 098	209 155 226
Effect of exchange rate movement on cash balances		23 013	(1 480 626)	23 013	(1 480 626)
Total cash and cash equivalents at end of the year	14	**32 115 739**	**49 567 336**	**22 530 615**	**40 507 098**

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Accounting Policies

1. Significant accounting policies

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

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

1.1 Nature of operations

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

1.2 Consolidation

Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 January 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 January.

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

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

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

Business combinations

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

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

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

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

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

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

Accounting Policies

1.2 Consolidation (continued)

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

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

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

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables and other receivables

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

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

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

Fair value estimation

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

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

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

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

Provisions

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

Taxation

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

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

Contingent liabilities

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

Useful life and residual value of plant and equipment

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

1.4 Investment property

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

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

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

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

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Accounting Policies

1.4 Investment property (continued)

Fair value

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

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

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

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

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

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

Fair value surplus

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

1.5 Property, plant and equipment

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

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

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

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

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

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

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

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

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Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

1.6 Goodwill

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

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

Goodwill is assessed at each statements of financial position date for impairment.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in the statements of comprehensive income.

Internally generated goodwill is not recognised as an asset.

1.7 Investments in subsidiaries

Company consolidated and separate annual financial statements

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

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

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

1.8 Financial instruments

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

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

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

Financial assets which are debt instruments:
- Amortised cost.

Financial liabilities:
- Amortised cost

Note 40 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

Accounting Policies

Financial instruments (continued)

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

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

Loans receivable at amortised cost

Classification

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

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 23).

The application of the effective interest method to calculate interest income on a loan receivable or other financial assets receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan or other financial asset, provided the loan or other financial asset is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

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

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

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

Accounting Policies

Financial instruments (continued)

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

Significant increase in credit risk

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

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

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

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

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

Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full.

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

Write off policy

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

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Accounting Policies

Financial instruments (continued)

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.

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

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

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

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

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 22).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 40).

Derecognition

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

Accounting Policies

Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 13).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note 21).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 40).

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

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

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 13.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 22).

Write off policy

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Financial instruments (continued)

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 13) and the financial instruments and risk management note (note 40).

Derecognition

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

Borrowings and loans from related parties

Classification

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

Recognition and measurement

Borrowings and loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value 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 25.)

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 40 for details of risk exposure and management thereof.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 21).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 40).

Derecognition

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

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Accounting Policies

Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 18), 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 25).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 40 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 21).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 40).

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

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net transaction 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.

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Accounting Policies

Financial instruments (continued)

Derecognition

Financial assets

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

Financial liabilities

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

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

1.9 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 that have been enacted by the end of the reporting period.

Deferred tax assets and liabilities

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

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

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

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 that have been enacted by the end of the reporting period.

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Accounting Policies

1.9 Tax (continued)

Tax expenses

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

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

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

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

1.10 Leases

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

Operating leases - lessor

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

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

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

Operating leases – lessee

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

1.11 Impairment of assets

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

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

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

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

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

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

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Accounting Policies

1.11 Impairment of assets (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:
- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.12 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.

1.13 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 aid), are recognised in the period in which the service is rendered and are not discounted.

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

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.14 Provisions and contingencies

Provisions are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

1.15 Revenue from contracts with customers

The group recognises revenue from the following major sources:
- Rental income from the investment properties and recoveries as per the terms of lease agreement.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it provides a service to a customer.

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Accounting Policies

Revenue from contracts with customers (continued)

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

1.16 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.

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.

1.17 Translation of foreign currencies

Functional and presentation currency

Items included in the consolidated and separate annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated consolidated and separate annual financial statements are presented in Pula which is the group functional and presentation currency.

Foreign currency transactions

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

At the end of the reporting period:

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate 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.

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Accounting Policies

1.17 Translation of foreign currencies (continued)

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 statement of financial position presented are translated at the closing rate at the date of that 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 .

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.

1.18 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided by management.

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Notes to the Consolidated And Separate Annual Financial Statements

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:

Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle

An entity such as a venture capital organisation, mutual fund or similar institution may elect to measure investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 rather than by applying the equity method. The amendment to IAS 28 Investments in Associates and Joint Ventures now specifies that the election must be made separately per associate or joint venture and at the time of initial recognition of such investment.

Further, if an entity is not an investment entity, but has interests in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement of the associate or joint venture. The amendment now provides that such election must be made separately for each investment entity associate or joint venture.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The impact of the amendment is not material.

Amendments to IAS 40: Transfers of Investment Property

The amendments to IAS 40' clarifies that transfers to, or from, investment property are required when, and only when, there is a change in use of property supported by evidence. In addition to clarifying the principle, the amendments also re-characterise the list of circumstances previously contained in IAS 40 'Investment Property'. This list was previously characterised as a definitive list of circumstances where it would be considered that there has been a change in use of a property. The amendments reposition the list as a non-exhaustive list of examples of evidence that a change in use has occurred. The IASB has also clarified that a change in management's intent, by itself, does not provide sufficient evidence that a change in use has occurred. Evidence of a change in use must be observable.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The impact of the amendment is not material.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

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Notes to the Consolidated And Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The group has adopted the standard for the first time in the 2019 consolidated and separate annual financial statements.

The impact of the standard is disclosed under note 3 - Changes in accounting policy.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The group has adopted the standard for the first time in the 2019 consolidated and separate annual financial statements.

The impact of the standard 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 01 February 2019 or later periods:

IFRS 16 Leases

Notes to the Consolidated And Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Group as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16

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2. New Standards and Interpretations (continued)

- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The group expects to adopt the standard for the first time in the 2020 consolidated and separate annual financial statements.

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

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3. Changes in accounting policy

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

Application of IFRS 9 Financial Instruments

In the current year, the group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the group's financial statements are described below.

The group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 February 2018. Accordingly, the group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 February 2018 and has not applied the requirements to instruments that have already been derecognised as at 01 February 2018. Comparatives in relation to instruments that have not been derecognised as at 01 February 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 February 2018, if required..

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Other financial assets and loans to companies that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Trade receivables that are subsequently measured at amortised cost are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

Classification and measurement of financial liabilities

Apart from the above, the application of IFRS 9 has had no impact on the classification and measurement of the group's financial liabilities.

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3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and remeasurements of financial assets as a result of adopting IFRS9

The following table presents a summary of the financial assets as at 01 February 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories. "FVPL" denotes "fair value through profit or loss" and "FVOCI" denotes "fair value through other comprehensive income."

Group

	Previous measurement	New measurement category: IFRS 9	
	IAS 39	**Amortised cost**	**Change attributable to:**
Previously Loans and receivables:			
Trade and other receivables	16 229 138	16 229 138	Change in measurement attribute
Cash and cash equivalents	49 567 336	49 567 336	No change
	65 796 474	**65 796 474**	

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3. Changes in accounting policy (continued)

Company

	Previous measurement	**New measurement category: IFRS 9**		
	IAS 39	**Amortised cost**	**Re-measurement changes - Adjustment to equity**	**Change attributable to:**
Previously Loans and receivables:				
Loan to related company	215 788 226	215 788 226	-	No change
Trade and other receivables	10 697 810	10 697 810	-	No change
Cash and cash equivalents	40 507 098	40 507 098	-	No change
	266 993 134	**266 993 134**	**-**	
Previously Held to maturity:				
Debentures	304 915 236	304 915 236	-	No change
	571 908 370	**571 908 370**	**-**	

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3. Changes in accounting policy (continued)

Reconciliation of the reclassifications and remeasurements of financial liabilities as a result of adopting IFRS9

The following table presents a summary of the financial liabilities as at 01 February 2018. The table reconciles the movement of financial liabilities from their IAS 39 measurement categories and into their new IFRS 9 measurement categories. "FVPL" denotes "fair value through profit or loss".

Group

	Previous measurement	New measurement category: IFRS 9	
	IAS 39	Amortised cost	Change attributable to:
Previously Amortised cost:			
Trade and other payables	31 020 221	31 020 221	No change
Borrowings	610 568 948	610 568 948	No change
	641 589 169	**641 589 169**	

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3. Changes in accounting policy (continued)

Company

	Previous measurement	New measurement category: IFRS 9	
	IAS 39	**Amortised cost**	**Change attributable to:**
Previously Amortised cost:			
Trade and other receivables	16 540 464	16 540 464	No change
Borrowings	610 568 948	610 568 948	No change
	627 109 412	**627 109 412**	

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4. Investment property

Group

	Valuation	Valuation
Investment property	2 336 165 032	2 251 628 531

Company

	Valuation	Valuation
Investment property	1 250 274 363	1 221 399 358

Reconciliation of investment property - Group - 2019

	Opening balance	Additions	Classified as held for sale	Foreign exchange movements	Fair value adjustments	Total
Investment property	2 251 628 531	8 160 839	(11 500 000)	81 006 365	6 869 297	2 336 165 032

Reconciliation of investment property - Group - 2018

	Opening balance	Additions	Foreign exchange movements	Fair value adjustments	Total
Investment property	2 266 752 632	167 738 779	(106 752 285)	(76 110 595)	2 251 628 531

Reconciliation of investment property - Company - 2019

	Opening balance	Additions	Classified as held for sale	Fair value adjustments	Total
Investment property	1 221 399 358	4 363 427	(11 500 000)	36 011 578	1 250 274 363

Reconciliation of investment property - Company - 2018

	Opening balance	Additions	Fair value adjustments	Total
Investment property	1 166 543 710	21 769 754	33 085 894	1 221 399 358

Pledged as security

Carrying value of assets pledged as security:

	Group 2019	Group 2018	Company 2019	Company 2018
Game City Shopping Centre, Portion 3 of Forest	960 416 301	930 768 270	960 416 301	930 768 270
Nzano Shopping Centre, Lot 904 Francistown	162 781 372	152 594 654	162 781 372	152 594 654
Lot 6670, Mogoditshane, Supa Save Mall,Gaborone	36 566 868	34 933 284	36 566 868	34 933 284
Lot 1131 - 1137, Turnstar House, Main Mall,Gaborone	33 917 315	36 548 407	33 917 315	36 548 407
Lots 16398 & 13093 Tapologo Estates, Gaborone	29 984 034	29 972 208	29 984 034	29 972 208
Lot 63 Commerce Park, Gaborone	15 919 475	14 608 370	15 919 475	14 608 370
Lot 1203 Mogoditshane Flats, Gaborone	10 688 998	10 497 926	10 688 998	10 497 926
Lot 14444 Hyundai, Gaborone	-	11 476 239	-	11 476 239
	1 250 274 363	**1 221 399 358**	**1 250 274 363**	**1 221 399 358**

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Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018

4. Investment property (continued)

The property is pledged as security towards bank facilities as detailed in Note 17.

Borrowing costs capitalised

Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018
Borrowing costs capitalised to qualifying assets during the year	-	14 738 334	-	5 501 096

Capital work in progress

Additions during the year include capital work in progress valued at P Nil (2018: P 21 769 755) relating to the expansion of Game City, Phase 4 and P Nil (2018: P 57 588 276) towards the expansion work of Mlimani City in Tanzania.

Details of property

Figures in Pula	Group 2019	Group 2018	Company 2019	Company 2018
Game City Shopping Centre				
Forest Farm Hill LA 975 KO,				
Notarial Lease with Roman Catholic Church				
Lease from 1 April 2001 for 75 Years				
- Cost of property	447 511 512	447 511 512	447 511 512	447 511 512
- Fair Value surplus (Net of straight lining adjustment)	512 904 789	483 256 758	512 904 789	483 256 758
	960 416 301	**930 768 270**	**960 416 301**	**930 768 270**
Nzano Shopping Centre				
Lot 904, Francistown				
Freehold				
- Cost of property	42 509 893	42 509 893	42 509 893	42 509 893
- Fair Value surplus (Net of straight lining adjustment)	120 271 479	110 084 761	120 271 479	110 084 761
	162 781 372	**152 594 654**	**162 781 372**	**152 594 654**
Supa Save Mall				
Lot 6670, Mogoditshane				
Leasehold				
Lease from 12 January 1982 for 50 Years				
- Cost of property	13 001 621	13 001 621	13 001 621	13 001 621
- Fair Value surplus (Net of straight lining adjustment)	23 565 247	21 931 663	23 565 247	21 931 663
	36 566 868	**34 933 284**	**36 566 868**	**34 933 284**
Commerce Park				
Portion 63 Forest Hill, No. 9 KO				
Leasehold under a Notarial Deed of Cession and Delegation Lease from 04 February 1994 for 99 Years				
- Cost of property	6 218 956	6 218 956	6 218 956	6 218 956
- Fair Value surplus (Net of straight lining adjustment)	9 700 519	8 389 414	9 700 519	8 389 414
	15 919 475	**14 608 370**	**15 919 475**	**14 608 370**

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	Group		Company	
Figures in Pula	2019	2018	2019	2018
4. Investment property (continued)				
Turnstar House, Main Mall Offices				
Lot 1131-1137, Gaborone				
Fixed year state grant				
Lease from 15 December 1979 for 99 Years				
- Cost of the property	36 006 666	36 006 666	36 006 666	36 006 666
- Fair Value adjustment (Net of straight lining adjustment)	(2 089 351)	541 741	(2 089 351)	541 741
	33 917 315	**36 548 407**	**33 917 315**	**36 548 407**
Lot 14444, Hyundai				
Fixed year state grant				
Lease from 03 September 1985 for 50 years				
- Cost of the property	3 559 404	3 559 404	3 559 404	3 559 404
- Fair Value surplus (Net of straight lining adjustment)	7 940 596	7 916 835	7 940 596	7 916 835
- Classified as held for sale	(11 500 000)	-	(11 500 000)	-
	-	**11 476 239**	**-**	**11 476 239**
Tapologo Estates				
Lot 13093 and 16398, Gaborone Ext 40				
Fixed year state grant				
- Cost of the property	9 466 456	9 466 456	9 466 456	9 466 456
- Fair Value surplus (Net of straight lining adjustment)	20 517 578	20 505 752	20 517 578	20 505 752
	29 984 034	**29 972 208**	**29 984 034**	**29 972 208**
Mogoditshane Town Houses				
Tribal Lot 1203, Mogoditshane				
- Cost of the property	3 912 365	3 912 365	3 912 365	3 912 365
- Fair Value surplus (Net of straight lining adjustment)	6 776 633	6 585 561	6 776 633	6 585 561
	10 688 998	**10 497 926**	**10 688 998**	**10 497 926**
Mlimani City				
Plot 2, Block L, situated in Ubungo, Dar es Salaam, Tanzania				
- Cost of the property	852 042 366	680 946 065	-	-
- Additions during the year	3 637 779	57 588 276	-	-
- Fair Value surplus (Net of straight lining adjustment)	146 663 539	215 024 517	-	-
	1 002 343 684	**953 558 858**	**-**	**-**
Palazzo Venezia Office Block				
Plot 8297, Suite 409, city tower . Al Majan, Wadi Al Safa 3 Dubai				
-Cost of property	83 415 756	76 670 315	-	-
- Additions during the year	131 229	-	-	-
	83 546 985	**76 670 315**	**-**	**-**

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

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4. Investment property (continued)

Details of valuation

Turnstar Holdings Limited
The investment properties registered in the name of Turnstar Holdings Limited were valued by an external valuer on 11 March 2019. The valuation was performed by valuer, Benedict Kgosilentswe of Riberry (Proprietary) Limited, [Benedict Kgosilentswe is a Registered member of Real Estate Institute of Botswana, Royal Institute of Chartered Surveyors and holds a BSc (Hons) in Estate Management] and has over 10 years of valuation experience. The management has assessed that these properties have been maintained in a reasonable state of repair and condition. The open market value of the properties has been arrived using discounted cash flow method which involved projecting income and expenditure for the future years and discounting at a long term investment rate to arrive at net present value. The capitalisation rate used for the purposes of valuation varies from 7.74% to 10.53% for retail, commercial and residential properties. In view of the fact that the fair value of the asset was arrived at taking into account the present value of future revenues, the fair value gain was reduced by the operating lease asset amount in order to avoid over valuation.

Mlimani Holdings Limited
The property registered in the name of Mlimani Holdings Limited, subsidiary company, was valued on 01 February 2019. The valuation was performed by valuer, Ms. Claire Everatt MRICS MIVSA Chartered Valuation Surveyor Eris Property Group, Claire Everatt is Registered member of Royal Institute of Chartered Surveyors and holds the appropriate qualifications and has more than 15 years of experience in the real estate sector. The management has assessed that these properties have been maintained in a reasonable state of repair and condition. The open market value of the properties has been arrived using discounted cash flow method which involved projecting income and expenditure for a period of 5 years and discounting at a long term investment rate to arrive at net present value. The capitalisation rate used for the purpose of valuation varies from 8.25% to 8.75% for retail, office park and conference centre.

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

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

Valuations Assumptions:
The assumptions were based on current market conditions.

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

Refer to note 41 for IFRS 13 disclosure for investment properties valued at fair value.

Amounts recognised in profit and loss for the year

Contractual rental received	232 321 206	248 737 173	143 179 874	140 276 341
Direct operating expenses from rental generating property	(64 466 615)	(64 278 245)	(46 416 017)	(44 181 746)
	167 854 591	**184 458 928**	**96 763 857**	**96 094 595**

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4. Investment property (continued)

Adjusted valuations

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

Valuation as per financial statements:				
Fair value of investment property	2 366 771 997	2 276 927 219	1 278 200 000	1 244 100 000
Less: operating lease receivable	(30 606 965)	(25 298 688)	(27 925 637)	(22 700 642)
	2 336 165 032	**2 251 628 531**	**1 250 274 363**	**1 221 399 358**

Non-current assets held for sale

During the year the directors has shown intention to sell one of its commercial property, Lot 14444 Hyundai.The property has been offered for sale in open market where there was a offer of P12 000 000 from willing buyer. This asset has been classified under held for sale and measured at fair value as per IFRS 5. Refer to note 15

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5. Property, plant and equipment

Group	2019			2018		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Plant and machinery	5 746 747	(5 243 981)	502 766	5 388 837	(4 712 320)	676 517
Furniture and fixtures	4 259 487	(3 370 097)	889 390	3 999 219	(2 918 896)	1 080 323
Motor vehicles	1 280 717	(802 889)	477 828	1 385 661	(627 734)	757 927
Office equipment	181 785	(153 140)	28 645	308 338	(232 816)	75 522
IT equipment	4 474 827	(2 706 799)	1 768 028	4 390 343	(1 998 517)	2 391 826
Total	**15 943 563**	**(12 276 906)**	**3 666 657**	**15 472 398**	**(10 490 283)**	**4 982 115**

Company	2019			2018		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Plant and machinery	763 867	(695 896)	67 971	763 867	(660 280)	103 587
Furniture and fixtures	1 318 725	(950 588)	368 137	1 318 725	(837 200)	481 525
Motor vehicles	1 280 717	(802 889)	477 828	1 280 717	(522 790)	757 927
Office equipment	78 090	(68 917)	9 173	212 091	(159 979)	52 112
IT equipment	3 610 707	(1 936 991)	1 673 716	3 610 707	(1 313 037)	2 297 670
Total	**7 052 106**	**(4 455 281)**	**2 596 825**	**7 186 107**	**(3 493 286)**	**3 692 821**

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5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Total
Plant and machinery	676 517	-	-	47 500	(221 251)	502 766
Furniture and fixtures	1 080 323	52 844	-	49 409	(293 186)	889 390
Motor vehicles	757 927	-	-	-	(280 099)	477 828
Office equipment	75 522	5 999	(46 667)	1 910	(8 119)	28 645
IT equipment	2 391 826	24 151	-	7 813	(655 762)	1 768 028
	4 982 115	**82 994**	**(46 667)**	**106 632**	**(1 458 417)**	**3 666 657**

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Foreign exchange movements	Depreciation	Total
Plant and machinery	975 675	-	(62 827)	(236 331)	676 517
Furniture and fixtures	1 218 426	349 003	(41 934)	(445 172)	1 080 323
Motor vehicles	1 049 516	-	-	(291 589)	757 927
Office equipment	100 416	-	(2 551)	(22 343)	75 522
IT equipment	468 625	2 156 834	(9 505)	(224 128)	2 391 826
	3 812 658	**2 505 837**	**(116 817)**	**(1 219 563)**	**4 982 115**

Reconciliation of property, plant and equipment - Company - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	103 587	-	-	(35 616)	67 971
Furniture and fixtures	481 525	-	-	(113 388)	368 137
Motor vehicles	757 927	-	-	(280 099)	477 828
Office equipment	52 112	5 999	(46 667)	(2 271)	9 173
IT equipment	2 297 670	-	-	(623 954)	1 673 716
	3 692 821	**5 999**	**(46 667)**	**(1 055 328)**	**2 596 825**

Reconciliation of property, plant and equipment - Company - 2018

	Opening balance	Additions	Depreciation	Total
Plant and machinery	141 609	-	(38 022)	103 587
Furniture and fixtures	472 515	113 558	(104 548)	481 525
Motor vehicles	1 049 516	-	(291 589)	757 927
Office equipment	68 034	-	(15 922)	52 112
IT equipment	309 260	2 146 012	(157 602)	2 297 670
	2 040 934	**2 259 570**	**(607 683)**	**3 692 821**

Other information

Fully depreciated property, plant and equipment still in use	2 199 742	-	2 199 742	-

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6. Goodwill

Group	2019			2018		
	Cost	**Accumulated impairment**	**Carrying value**	**Cost**	**Accumulated impairment**	**Carrying value**
Goodwill	61 277 850	(11 534 289)	49 743 561	57 333 674	-	57 333 674

Reconciliation of goodwill - Group - 2019

	Opening balance	Foreign exchange movements	Impairment loss	Total
Goodwill	57 333 674	3 944 176	(11 534 289)	49 743 561

Reconciliation of goodwill - Group - 2018

	Opening balance	Foreign exchange movements	Total
Goodwill	63 427 985	(6 094 311)	57 333 674

The goodwill of USD 5 018 067 (P 49 743 561), (2018: USD 6 146 170 (P 57 333 674)) arising from acquisition, is attributable to acquired investment property from combining the operations of the company with Island View (Proprietary) Limited and Mlimani Holdings Limited. Goodwill recognised is not expected to be deductible for income tax purposes. Goodwill has been converted to functional currency of the group at closing exchange rate prevailing at the end of reporting period, as per IAS 21.47.

Impairment assessment on carrying value of goodwill
The group has allocated the carrying value of goodwill reported at P 49 743 561 (USD 5 018 067) (2018: P 57 333 674 (USD 6 146 170)) to the subsidiary, Mlimani Holdings Limited. This subsidiary is the cash generating unit. For purposes of testing impairment on the carrying value of goodwill, the group has considered 5 year budgeted cash flow projections of the subsidiary's operations to determine the value in use. These future cash flow projections are prepared in functional currency of the subsidiary (United States Dollar).

The following are the key assumptions used in determining the value in use:
a) Rental income has been assumed to grow at a rate of 2-6% per annum, based on the contracted lease agreements with the tenants.
b) Operating expenses has been assumed to grow at 3-4%, based on the inflation rate
c) The management has considered a pre-tax cost of capital rate of 8.23%, which is 3 months USD LIBOR plus 3.75. This discount rate is based on cost of capital for borrowings obtained by the company from its bankers.

Based on such cash flow projections, estimated recoverable amount from the value in use workings are lower than the carrying value of goodwill, thus, goodwill is impaired by 11 534 289 (USD 1 128 103).

The estimate of recoverable amount for the subsidiary is particularly sensitive to the discount rate. If the discount rate used is increased by 1%, a further impairment loss of P 2 451 304 would have to be recognised, and if the discount rate is decreased by 1%, impairment loss recognised would be reduced by P 807 337. Management is not currently aware of any other reasonably possible changes to key assumptions that would cause a unit’s carrying amount to exceed its recoverable amount.

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7. Investments in subsidiaries

Group

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

Name of the subsidiary	Country of incorporation and principal of business	Principal activity	Proportion of ownership interests held by the Group at year end 2019	Proportion of ownership interests held by the Group at year end 2018
Mlimani Holdings Limited	Tanzania	Property Investment	99.99%	99.99%
Palazzo Venezia Holdings Limited	Dubai	Property Investment	100%	100%

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7. Investments in subsidiaries (continued)

Company

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

Name of company	% voting power 2019	% voting power 2018	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Island View (Proprietary) Limited incorporated in Botswana with 1000 shares of no par value)	100.00 %	100.00 %	100.00 %	100.00 %	198 399 513	198 399 513
Mlimani Holdings Limited - (a company incorporated in Tanzania) The company subscribed on 22 February 2012, 1 ordinary share of 1000 Tanzanian Shilling balance shares held by Island View (Proprietary) Limited	100.00 %	100.00 %	0.01 %	0.01 %	5	5
Turnstar Investment Limited (a company incorporated in Dubai with 30 000 shares of 1000 Utd.Arb Emir.Dirham (During the year additional 29 990 shares were issued at value at value P 84 872 207)	100.00 %	100.00 %	100.00 %	100.00 %	84 899 067	26 860
					283 298 585	198 426 378

8. Loans to group companies

Subsidiaries

Mlimani Holdings Limited	-	-	231 380 550	215 788 226

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

9. Other financial assets - as per IFRS 9

Other financial assets are presented at amortised cost, which is net of loss allowance, as follows:

Investment in debentures - Mlimani Holdings Limited These debentures are unsecured, repayable within 10 years from the date of acquisition and carries interest at a rate equal to 6 months LIBOR plus a margin of not less than 5.5%. The principal value of debentures outstanding at 2019 USD 30 705 054 (2018: refer to note 10). The holding company's rights and interests in the debentures is assigned against its borrowings as disclosed in Note 17.	-	-	316 873 618	-

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9. Other financial assets - as per IFRS 9 (continued)

Split between non-current and current portions

Non-current assets	-	-	122 659 760	-
Current assets	-	-	194 213 858	-
	-	**-**	**316 873 618**	**-**

Exposure to credit risk

Other financial assets inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Other financial assets are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for other financial assets is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

As at the reporting date, the investments in debentures are considered to have a low credit risk due to the credit worthiness of the company and also no defaults observed in payments to third parties. The directors have also proposed to capitalise a portion of the principal to be in compliance with the terms of the agreement with Tanzania investment regulatory authority.

In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate or are employed. This information has been obtained from the counterparties themselves, financial information reports and forecast data and is applied to estimate a probability of default occurring as well as estimating the loss upon default.

The estimation techniques explained have been applied for the first time in the current financial period, which is the first time the group has applied IFRS 9. Other financial assets were previously impaired only when there was objective evidence that the loan was impaired. The impairment was previously calculated as the difference between the carrying amount and the present value of the expected future cash flows

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below.

The group does not hold collateral or other credit enhancements against other financial assets.

Credit loss allowances

The investment in debentures does not have an external credit rating, however the management has performed an internal rating and rated the investment as a performing asset. Hence the recoverable value of the asset stated at P 316 873 618 equates to the the amortised cost.

Exposure to currency risk

Refer to note 40 Financial instruments and financial risk management for details of currency risk management for other financial assets.

Exposure to interest rate risk

Refer to note 40 for details of interest rate risk management for investments in other financial assets.

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10. Other financial assets - as per IAS 39				
Held to maturity				
Investment in debentures - Mlimani Holdings Limited These debentures are unsecured, repayable within 10 years from the date of acquisition and carries interest at a rate equal to 6 months LIBOR plus a margin of not less than 5.5%. The principal value of debentures outstanding at 2019 refer to note 9, (2018: USD 31 874 417).	-	-	-	304 915 236
Loans and receivables				
Short term investments Turnstar Investment Limited towards advance as capital contribution.	-	-	-	84 872 207
Total other financial assets	**-**	**-**	**-**	**389 787 443**
Non-current assets				
Held to maturity	-	-	-	164 292 572
Loans and receivables	-	-	-	84 872 207
	-	**-**	**-**	**249 164 779**
Current assets				
Held to maturity	-	-	-	140 622 664
	-	**-**	**-**	**389 787 443**

Fair value of held to maturity investments

The fair values of the US-dollar debenture are estimated using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risk. The interest rate used for this calculation is 6 months USD Libor rate plus 5.5%.

Pledge as security

The debentures of the company are held as security for banking facilities extended by Barclays Bank of Botswana Limited as stated in note 17

11. Deferred tax

Deferred tax liability				
Accelerated capital allowances for tax purposes	(26 597 610)	(23 618 274)	(26 597 610)	(23 618 274)
On fair value surplus on investment properties	(170 863 553)	(167 296 075)	(72 689 999)	(70 898 030)
On operating lease receivables	(6 143 640)	(4 994 141)	(6 143 640)	(4 994 141)
On unrealised foreign exchange gain/loss	(9 082 611)	(5 301 923)	(9 082 611)	(5 301 923)
Total deferred tax liability	**(212 687 414)**	**(201 210 413)**	**(114 513 860)**	**(104 812 368)**
Deferred tax asset				
On provision for bad and doubtful debts	706 299	358 447	706 299	358 447
Tax losses available for set off against future taxable income	9 857 234	7 259 457	9 857 234	7 259 457
Total deferred tax asset	**10 563 533**	**7 617 904**	**10 563 533**	**7 617 904**

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Figures in Pula	2019	2018	2019	2018

11. Deferred tax (continued)

Deferred tax liability	(212 687 414)	(201 210 413)	(114 513 860)	(104 812 368)
Deferred tax asset	10 563 533	7 617 904	10 563 533	7 617 904
Total net deferred tax liability	**(202 123 881)**	**(193 592 509)**	**(103 950 327)**	**(97 194 464)**

Reconciliation of deferred tax asset / (liability)

At beginning of year	(193 592 509)	(250 109 238)	(97 194 464)	(99 972 328)
Accelerated capital allowances for tax purposes	(2 979 323)	(3 102 334)	(2 979 323)	(3 102 334)
Tax losses availables for set off against future taxable income	3 541 065	1 894 634	3 541 065	1 894 634
On fair value surplus on investment properties	3 639 035	41 930 895	(2 735 269)	25 354
On provision for bad and doubtful debts	(347 852)	(105 904)	347 852	(105 904)
On operating lease receivables	(1 149 499)	(817 671)	(1 149 499)	(817 671)
On unrealised foreign exchange gain/loss	(3 780 689)	4 883 785	(3 780 689)	4 883 785
Exchange fluctuations on year end translation of deferred tax (on subsidiary)	(7 454 109)	11 833 324	-	-
	(202 123 881)	**(193 592 509)**	**(103 950 327)**	**(97 194 464)**

Carry forward tax losses

No provision for current taxation has been made, as the company has assessed carry forward tax losses. The estimated tax loss available for set off against future taxable income as at 31st January 2019 was P 44 805 609 (2018: P 32 997 532).

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

12. Operating lease asset

Non-current assets	30 084 015	20 308 305	27 402 687	17 710 259
Current assets	522 950	4 990 383	522 950	4 990 383
	30 606 965	**25 298 688**	**27 925 637**	**22 700 642**

Operating lease assets relate to the impact on straight lining of leases as required by IAS 17. This relates to the difference between the contractual rentals over the period of lease against the actual rentals charged during the year. The group leases investment properties, with average lease years between 1 to 5 years with exception of a few leases, which are between 10 to 25 years. Average annual escalation on these leases is 5%-10%.

13. Trade and other receivables

Financial instruments:				
Trade receivables	25 737 080	15 879 569	7 214 229	6 085 850
Accrued income	3 897 888	3 294 784	3 897 888	3 294 784
Loss allowance	(12 180 999)	(6 428 504)	(3 210 447)	(1 629 303)
Trade receivables at amortised cost	17 453 969	12 745 849	7 901 670	7 751 331
Deposits	136 246	125 229	-	-
Other receivables	3 373 955	3 483 289	1 581 679	2 946 479
Non-financial instruments:				
Value added tax	-	7 353 644	-	-
Prepayments	710 643	540 810	462 850	331 724
Total trade and other receivables	**21 674 813**	**24 248 821**	**9 946 199**	**11 029 534**

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13. Trade and other receivables (continued)

Categorisation of trade and other receivables

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

At amortised cost	20 964 170	16 354 367	9 483 349	10 697 810
Non-financial instruments	710 643	7 894 454	462 850	331 724
	21 674 813	**24 248 821**	**9 946 199**	**11 029 534**

Trade and other receivables pledged as security

Included under trade and other receivables are dues from tenants relating to Mlimani Holdings Limited and Game City Shopping Centre which have been pledged as security for borrowings from Barclays Bank Botswana Limited, refer to note 17.

Exposure to credit risk

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

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

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

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

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

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

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

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	Group		Company	
Figures in Pula	2019	2018	2019	2018

13. Trade and other receivables (continued)

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Group	2019	2019	2018	2018
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Less than 30 days past due	6 412 871	1 063 366	-	-
31 - 60 days past due	5 658 639	520 594	-	-
61 - 90 days past due	2 869 375	520 594	-	-
91 - 120 days past due	1 061 651	341 901	-	-
More than 120 days past due	9 734 544	9 734 544	-	-
Total	**25 737 080**	**12 180 999**	**-**	**-**

Company	2019	2019	2018	2018
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Less than 30 days past due	2 433 369	103 843	-	-
31 - 60 days past due	1 146 870	100 691	-	-
61 - 90 days past due	483 946	92 628	-	-
91 - 120 days past due	371 216	134 457	-	-
More than 120 days past due	2 778 828	2 778 828	-	-
Total	**7 214 229**	**3 210 447**	**-**	**-**

Reconciliation of loss allowances

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

Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	(6 428 504)	-	(1 629 303)	-
Opening balance in accordance with IFRS 9	**(6 428 504)**	**-**	**(1 629 303)**	**-**
Provision raised on new trade receivables	(5 752 495)	-	(1 581 144)	-
Closing balance	**(12 180 999)**	**-**	**(3 210 447)**	**-**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2019	2018	2019	2018

13. Trade and other receivables (continued)

Credit risk disclosures for comparatives under IAS 39

The following sections provide comparative information for trade and other receivables which have not been restated. The information is provided in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Reconciliation of provision for impairment of trade and other receivables

	Group 2019	Group 2018	Company 2019	Company 2018
Opening balance		4 129 963		2 110 685
Provision for impairment		3 902 406		488 488
Amounts written off as uncollectable		(969 870)		(969 870)
Effect of translation to presentation currency		(633 997)		-
		6 428 502		**1 629 303**

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivable mentioned above. The group does not hold any collateral as security.

Fair value of trade and other receivables

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

14. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group 2019	Group 2018	Company 2019	Company 2018
Cash on hand	15 305	21 588	3 403	3 403
Bank balances	25 915 990	35 648 058	16 342 768	26 606 005
Short-term deposits	6 184 444	13 897 690	6 184 444	13 897 690
	32 115 739	**49 567 336**	**22 530 615**	**40 507 098**

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

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

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

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Figures in Pula	2019	2018	2019	2018

15. Non-current assets held for sale

The group has decided to sell one of the investment properties being Lot 14444, Hyundai Gaborone.

Profit and loss				
Revenue	511 988	1 011 822	511 988	1 011 822
Fair value adjustment	500 000	1 200 000	500 000	1 200 000
	1 011 988	**2 211 822**	**1 011 988**	**2 211 822**
Assets and liabilities				
Non-current assets held for sale				
Investment property	12 000 000	-	12 000 000	-
Liabilities of disposal groups				
Other liabilities	943 302	-	943 302	-
Cash flow of non current assets held for sale				
Cash flow of held for sale non current asset	511 988	1 011 822	511 988	1 011 822

16. Stated capital and linked unit debentures

Reconciliation of number of shares issued:				
At the beginning of the period	572 153 603	572 153 603	572 153 603	572 153 603
Issued				
Stated Capital - 572 153 603 (2018: 572 153 603) Ordinary shares of no par value	349 185 538	349 185 538	349 185 538	349 185 538
Share issue costs written off against stated capital	(2 764 983)	(2 764 983)	(2 764 983)	(2 764 983)
Linked unit debentures - 572 153 603 (2018: 572 153 603) Linked unit debentures of 50 thebe each	286 076 802	286 076 802	286 076 802	286 076 802
	632 497 357	**632 497 357**	**632 497 357**	**632 497 357**

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

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

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17. Borrowings				
Held at amortised cost				
Secured				
First National Bank of Botswana Limited The loan is approved for P 300 million, P 100 million towards refinancing the property, Game City Mall, and P 200 million for the redevelopment of Game City Mall, known as Phase 4 redevelopment.In the current year there was an amendment and restatement agreement and the restated facility agreement in respect of the secured term loan facility with First National Bank of Botswana Limited increasing the loan amount to P 290 million. The loan is repayable in 120 months; 1 to 60 months interest only, 61 to 120 months interest plus principal and a final bullet payment of P 185 million. The Interest rate is set at prime less 1.8% per annum. The lender will review the bullet payment at the time in order to refinance the facility through an amortising debt facility for a further term.	291 899 736	291 272 876	291 899 736	291 272 876
Barclays Bank of Botswana Limited Term loan of USD 35 million with interest set at 3 months USD LIBOR plus 3.75% calculated on a 365 day basis. The loan is repayable in 36 capital installments of USD 250 000. Thereafter, capital payments of USD 541 666 for a period of 47 months and the final repayment of USD 541 698. This loan has been prepaid as part of restructuring.	-	319 296 072	-	319 296 072
Barclays Bank of Botswana Limited The group restructured the Barclays Bank of Botswana loans as stated above. The terms and conditions of the loan are given above below	322 014 563	-	322 014 563	-
	613 914 299	**610 568 948**	**613 914 299**	**610 568 948**
Split between non-current and current portions				
Non-current liabilities	587 288 912	580 587 938	587 288 912	580 587 938
Current liabilities	26 625 387	29 981 010	26 625 387	29 981 010
	613 914 299	**610 568 948**	**613 914 299**	**610 568 948**

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

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

Security held by First National Bank Botswana Limited

- A first covering mortgage bond in favour of RMB over secured property (Game City) for a total of P 250 million plus an additional 20% towards the costs and contingencies
- Second covering mortgage bond in favour of RMB for P40m over the notarially registered land leases for a total of P250m plus an additional 20% provided thereon as a provision for costs and contingencies
- Noting of the interest of First National Bank Limited as mortgage on the building insurance policy.
- Subordination of any shareholder loans and claims in the borrower.

17. Borrowings (continued)

- Subordination of debentures of Turnstar Holdings Limited.
- Cession of all leases, insurance policies and proceeds in respect of the secured property. The secured property is to be insured for its full replacement value (agreed by the Bank) and loss of rental insurance. The bank's interest to be noted in the insurance policy.
- A guarantee from Turnstar Holdings Limited and a guarantee from other subsidiaries of Turnstar Holdings Limited, for the obligations of the borrower, and
- Cession of bank accounts to be opened with First National Bank Botswana Limited

Restructured loan from Barclays Bank of Botswana Limited

The Barclays loans with sanctioned amount of USD 35 million was restructured during the year ended 31 January 2019 and new loan agreement was entered for USD 31.5 million, the terms and conditions are documented below.

- The interest margin was set at 3 months USD Libor plus 3.75% calculated on a 365 day basis,
- 24 equal monthly capital repayment of USD 125 000 with first payment scheduled for 31 October 2018. Thereafter 24 equal monthly capital repayments of USD 155 000, once of capital payment of USD 2 000 000 on 30 September 2021. Thereafter 24 equal monthly capital repayments of USD 175 000 and final bullet payment of USD 18 700 000 on 30 September 2024.
- Final repayment date will be the date falling 84 months after the date of first drawdown of the facility.
- Any amounts prepaid will be cancelled and will not be available for re-draw

Financial Covenants:

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

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

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17. Borrowings (continued)

Special Conditions

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

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

Security held

Part A - Existing Security
- 1st covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 1 514 285 (One Million Five Hundred and Fourteen Thousand and Two Hundred and Eighty Five United States Dollars) over portion 63, a portion of portion 35 (a portion of portion 3) of the Farm Forest Hill No 9-KO.
- 1st covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 2 171 428 (Two Million One Hundred and Seventy One Thousand Four Hundred and Twenty Eight United States Dollars) over Lot 13093 and 16398 Gaborone.
- 1st covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 705 714 (Seven Hundred and Five Thousand Seven Hundred and Fourteen United States Dollars) over Lot 14444 Gaborone.
- 1st covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 971 428 (Nine Hundred and Seventy One Four Hundred and Twenty Eight United States Dollars) over Lot 1203 Mogoditshane.
- 1st covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 2 351 428 (Two Million. Three Hundred and Fifty One Thousand Four Hundred and Twenty Eight United States Dollars) over Lot 6670 Mogoditshane.
- 1st covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 9 628 571 (Nine Million Six Hundred and Twenty Eight Thousand Five Hundred and Seventy One United States Dollars) over Lot 904 Francistown.
- Deed of Cession over Rentals in the AN Unlimited amount of Rentals of Plot 2 Block L Ubungu Area, Kinondini Municipality Dar Es Salaam Tanzania
- Corporate Guarantees from Mlimani Holdings Limited and Island View (Pty) Ltd for an Unlimited Amount in favour of the bank.
- Pledge of shares held in Mlimani Holdings Limited and Island View (Pty) Ltd in the name of the Borrower in an Unlimited Amount.
- Assignment of the Borrower's rights and interests under the debenture agreement dated 26 Aug 2011 (As amended, varied and restated from time to time) between the borrower and the Mlimani Holdings Limited.
- 2nd covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 285 623 (Two Hundred and Eighty Five Thousand Six Hundred and Twenty Three United States Dollars) over Plot Number 14444 Gaborone.
- 2nd covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 3 460 937 (Three Million Four Hundred and Sixty Thousand Nine Hundred and Thirty Seven United States Dollars) over Plot Number 904 Francistown.
- 2nd covering mortgage bond passed by Turnstar Holdings Limited in favour of the bank in the amount of USD 824 702 (Eight Hundred and Twenty Four Thousand Seven Hundred and Two United States Dollars) over Plot Number 6670 Mogoditshane.

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

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Figures in Pula		2019	2018	2019	2018

17. Borrowings (continued)

Exposure to currency risk

Pula amount				
Borrowings USD 31 125 000 (2018: USD 33 500 000)	322 014 563	319 296 072	322 014 563	319 296 072

18. Trade and other payables

Financial instruments:				
Trade payables	4 792 628	4 014 977	3 453 194	2 932 550
Withholding tax payable	849 186	28 601	817 856	97 334
Retention payable	11 813 228	14 622 171	4 166 232	4 020 876
Accrued leave pay	944 674	663 149	944 674	663 149
Other accrued expenses	6 352 178	8 845 399	4 328 905	5 713 484
Deposits received	14 523 158	14 637 830	4 211 018	4 098 852
Other payables	1 903 938	3 537 674	1 752 634	3 210 405
Non-financial instruments:				
Amounts received in advance	11 145 303	3 375 575	3 150 012	-
Value added tax	1 189 378	779 352	853 042	779 352
	53 513 671	**50 504 728**	**23 677 567**	**21 516 002**

Fair value of trade and other payables

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

19. Revenue

Revenue from leases with customers				
Rental income	203 860 299	200 571 463	113 820 091	113 749 576
Turnover rent	1 455 515	1 013 511	1 455 515	1 013 511
Straight line adjustments	5 105 181	3 151 967	5 224 994	3 716 687
Recoveries	48 141 143	46 134 902	27 535 624	24 501 432
	258 562 138	**250 871 843**	**148 036 224**	**142 981 206**

Rental income ceded as security for loan availed from Barclays Bank of Botswana Limited and First National Bank of Botswana Limited as stated in note 17.

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

20. Other operating income

Other rental income	283 800	130 709	-	-
Other recoveries	1 806 097	773 543	1 848 978	773 543
Professional fees income	35 020	14 102	35 020	14 102
Dividend income	-	-	4 307 369	22 994 640
Advertising & Promotions	1 150 154	1 087 183	-	-
	3 275 071	**2 005 537**	**6 191 367**	**23 782 285**

21. Other operating gains (losses)

Gains on disposals					
Property, plant and equipment	5	7 148	-	6 333	-

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21. Other operating gains (losses) (continued)

Foreign exchange gains (losses)					
Arising on other financial assets	10	41 439 815	(52 697 304)*	41 439 815	(52 697 304)*
Cash and cash equivalents	14	23 013	(1 480 626)*	23 013	(1 480 626)*
Realised exchange gains/(loss)		-	755 779 *	-	746 915 *
Arising on financial liabilities	9	(24 749 776)	31 231 996 *	(24 749 776)	31 231 996 *
		16 713 052	**(22 190 155)**	**16 713 052**	**(22 199 019)**
Total other operating gains (losses)		**16 720 200**	**(22 190 155)**	**16 719 385**	**(22 199 019)**

*Refer to note 39.

22. Operating profit (loss)

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

Auditor's remuneration - external				
Audit fees	599 685	725 120	407 600	535 830
Leases				
Contingent rentals on operating leases				
Contingent amounts	20 952 510	21 499 197	12 733 761	13 367 999
Impairment losses				
Goodwill	11 534 289	-	-	-
Other				
Bad debts	7 896 483	3 902 406	1 689 507	488 488
Consulting expenses	1 421 595	3 620 559	783 443	2 794 341
Cleaning	6 063 512	3 860 150	2 205 113	907 813
Depreciation on property, plant and equipment	1 458 417	1 219 563	1 055 328	607 683
Employee costs	8 638 121	9 339 779	5 891 084	6 810 512
Insurance	1 754 673	1 634 027	819 889	1 237 935
Repairs and maintenance	7 589 862	7 460 444	2 789 404	2 049 275
Security expenses	5 553 974	5 062 261	2 393 056	2 552 029
Utilities	35 035 331	34 946 793	24 321 007	23 530 938

23. Finance income

Interest income				
Investments in financial assets:				
Bank and other cash	397	47 847	397	47 847
Debentures	-	-	43 856 037	36 997 344
Interest on money market placements	540 055	707 536	540 055	707 536
Total interest income	**540 452**	**755 383**	**44 396 489**	**37 752 727**

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24. Fair value adjustment

Fair value gains (losses)					
Investment property	4	36 011 579	31 885 893	36 011 579	31 885 893
Impairment		(29 142 282)	(109 196 488)	-	-
		6 869 297	**(77 310 595)**	**36 011 579**	**31 885 893**

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

25. Finance costs

Interest paid to Barclays Bank of Botswana Limited	20 315 037	6 239 581	20 315 037	15 476 819
Interest paid to First National Bank Botswana	13 808 970	6 855 538	13 808 970	6 855 538
Amortisation of debt issue costs	-	1 578 776	-	1 578 776
Total finance costs	**34 124 007**	**14 673 895**	**34 124 007**	**23 911 133**

26. Taxation

Major components of the tax expense (income)

Current				
Foreign withholding tax - current period	-	2 218 277	-	-
Withholding tax - current period	646 105	-	646 105	-
	646 105	**2 218 277**	**646 105**	**-**
Deferred				
Originating and reversing temporary differences	1 922 136	(44 683 362)	7 699 163	(2 777 862)
	2 568 241	**(42 465 085)**	**8 345 268**	**(2 777 862)**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	22.00 %	22.00 %	22.00 %	22.00 %
Items exempt for income tax	(21.94)%	(152.39)%	(18.72)%	(24.18)%
Capital gains tax	1.47 %	- %	1.80 %	(0.02)%
Increase in tax rate	- %	(7.80)%	- %	- %
Tax on foreign dividends	0.52 %	- %	0.43 %	- %
	2.05 %	**(138.19)%**	**5.51 %**	**(2.20)%**

No provision for tax had been made as the group has no taxable income due to tax losses available for set off in Botswana as well as tax incentives that is available in Tanzania for Mlimani Holdings Limited, as stated below. The estimated tax losses available for the company in Botswana available for set off against future taxable income is P 44 805 609 (2018: P32 997 532).

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

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

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27. Other comprehensive income

Components of other comprehensive income - Group - 2019

	Gross	Tax	Net
Items that may be reclassified to profit (loss)			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	36 064 823	-	36 064 823

Components of other comprehensive income - Group - 2018

	Gross	Tax	Net
Items that may be reclassified to profit (loss)			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	(47 418 115)	-	(47 418 115)

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Figures in Pula	2019	2018	2019	2018

28. Operating lease arrangements

Operating leases as lessor

Property rental income earned during the year is set out in note 19. At the balance sheet date, the group had contracted with its tenants for the following future minimum contractual lease payments:-

Rental income				
Not more than one year	192 151 264	163 219 042	114 015 649	97 423 061
Later than one year and not later than five years	448 307 342	487 928 572	299 395 055	312 738 694
Later than five years	32 961 205	41 559 864	24 954 342	40 162 760
	673 419 811	**692 707 478**	**438 365 046**	**450 324 515**

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

Two of the leases have contingent rent option and accordingly an amount of P 1 455 515 (2018: P 1 013 511) is recognised in the income statement as contingent rent income.

Operating leases as lessee

Turnstar Holdings Limited

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

With effect from 1 February 2013, the company's management has renegotiated the lease with the lessor (Roman Catholic Church). As per the addendum, rent will be calculated at an agreed percentage as mentioned above on gross rental income billed. This change in the rental calculation is prospective. During the year the company accounted for rental expenses of P 12 733 761 (2018: P 13 367 999).

Future leasing charges for the land are based at 15% of the gross rentals received, net of recoveries, which cannot be estimated reliably beyond one year. Estimated charges for the immediate following year would be P 17 102 347 (2018: P 12 733 761.

Mlimani Holdings Limited

The lease of land is held under a 50 years ground lease from the University of Dar es Salaam commencing from 01 October 2004 expiring on 30 September 2054, subject to a further 35 years renewal. Consideration for the lease is payable at the rate of 10% of the gross rentals received from the property built on this land net of operating costs. These rental payments are recognised as contingent rent expenses during the year amounting to P 8 078 682 (2018: P 8 131 198).

Future leasing charges for the land are based at 10% of the gross rentals received, net of recoveries, which cannot be estimated reliably beyond one year. Estimated charges for the immediate following year would be P 7 072 120 (2018: P 5 711 555).

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Figures in Pula	2019	2018	2019	2018
29. Cash generated from operations				
Profit before taxation	123 912 056	28 516 799	150 465 493	123 926 244
Adjustments for:				
Depreciation and amortisation	1 458 417	1 219 563	1 055 328	607 683
Gains on disposals, scrappings and settlements of assets and liabilities	(7 148)	-	(6 333)	-
(Gains) losses on foreign exchange	(16 713 052)	22 945 934	(16 713 052)	22 945 934
Interest income	(540 452)	(755 383)	(44 396 489)	(37 752 727)
Finance costs	34 124 007	14 673 895	34 124 007	23 911 133
Fair value (gains) losses	(6 869 297)	77 310 595	(36 011 579)	(31 885 893)
Net impairments and movements in credit loss allowances	11 534 289	-	-	-
Movements in operating lease assets and accruals	(5 308 277)	(2 870 319)	(5 224 995)	(3 716 686)
Dividend income	-	-	(4 307 369)	(22 994 640)
Changes in working capital:				
Trade and other receivables	2 574 008	2 278 336	1 083 335	809 829
Trade and other payables	3 008 942	(16 296 860)	2 161 564	(9 442 849)
Unclaimed debenture interest and dividend payable	145 089	49 998	145 089	49 998
	147 318 582	**127 072 558**	**82 374 999**	**66 458 026**
30. Tax refunded (paid)				
Balance at beginning of the year	1 888 584	2 048 815	381 174	381 174
Current tax for the year recognised in profit or loss	(646 105)	(2 218 277)	(646 105)	-
Balance at end of the year	(382 017)	(1 888 584)	(382 017)	(381 174)
	860 462	**(2 058 046)**	**(646 948)**	**-**
31. Dividends and debenture interest paid				
Final distribution of prior year	(51 493 824)	(62 936 896)	(51 493 824)	(62 936 896)
Interim distribution paid	(51 493 824)	(51 493 824)	(51 493 824)	(51 493 824)
	(102 987 648)	**(114 430 720)**	**(102 987 648)**	**(114 430 720)**
32. Basic and diluted earnings per linked unit				
Basic and diluted earnings per linked unit is calculated by dividing the earnings attributable to the Linked unit holders by the weighted average number of Linked unit holders in issue during the year.				
Basic and diluted earnings attributable to linked unit holders				
- from continued operations	121 343 815	70 981 884	142 120 225	126 704 106
- from discontinued operations	1 011 988	2 211 822	1 011 988	2 211 822
	122 355 803	**73 193 706**	**143 132 213**	**128 915 928**
Basic earnings per linked unit (in Pula)	0.21	0.13	0.25	0.23
Diluted earnings per linked unit (in Pula)	0.21	0.13	0.25	0.23
Weighted average number of linked units (as at year end)	572 153 603	572 153 603	572 153 603	572 153 603
Weighted average number of linked units (including issues after year end)	572 153 603	572 153 603	572 153 603	572 153 603

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33. Directors linked unit holdings

G.H Abdoola - Beneficial	80 000 000	80 000 000	80 000 000	80 000 000
M K Nteta	3 500	3 500	3 500	3 500
S N Puvimanasinghe	10 000	10 000	10 000	10 000
I. Nshakazhogwe - Beneficial	2 179 340	2 179 340	2 179 340	2 179 340
	82 192 840	**82 192 840**	**82 192 840**	**82 192 840**

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

34. Linked unitholders information

FNB Nominees (Proprietary) Limited RE: AGRAY BPOPF 10001010	105 909 729	105 909 729	105 909 729	105 909 729
G H Group (Proprietary) Limited	80 000 000	80 000 000	80 000 000	80 000 000
Associated Investment and Development Corporation (Proprietary) Limited	58 583 407	58 583 407	58 583 407	58 583 407
FNB Nominees Re: AA-BPOPFEquity	56 120 450	56 120 450	56 120 450	56 120 450
FNB Nominees (Pty) Ltd RE: BIFM BPOPF EQUITY	49 707 352	49 707 352	49 707 352	49 707 352
ALLAN GRAY RE: Debswana Pension Fund	40 149 902	40 149 902	40 149 902	40 149 902
Stanbic Nominees Botswana Insurance Fund Management (Proprietary) Limited RE: BIFM	28 924 029	29 950 827	28 924 029	29 950 827
FNB NOMINEES KGORI CAPITAL- BPOPF EQUITY	24 678 246	24 678 246	24 678 246	24 678 246
MOTOR VEHICLE ACCIDENT FUND	15 610 968	15 610 968	15 610 968	15 610 968
MOTOR VEHICLE ACCIDENT FUND	11 838 895	11 838 895	11 838 895	11 838 895
	471 522 978	**472 549 776**	**471 522 978**	**472 549 776**

Public	75 %	70 %	75 %	70 %
Non-public	25 %	30 %	25 %	30 %
	100 %	**100 %**	**100 %**	**100 %**

35. Contingencies

The Group issued a guarantee in favour of Botswana Power Corporation for P 584 145 (2018: P 584 145).

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

Mlimani Holdings Limited was issued with notice of assessments for the tax periods 2013-2016 dated 21 September 2017 from Tanzania Revenue Authority for WHT, VAT and employment taxes (P.A.Y.E & SOL). These have been disputed and challenged by the company, however, a possible liability amount of TZS 2 706 925 505 on WHT and TZS 94 616 727 on VAT may arise out of these assessments which are equivalent to USD 1,176,924 (P 12 033 479) and USD 41,138 (P 420 615) respectively at the year-end rate. Currently, receipt of notice of objections has been acknowledged by TRA with pending response on the matter. Accordingly, no provision has been made in the financial statements.

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

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36. Commitments

Authorised capital expenditure

Not yet contracted for and authorised by directors	-	15 000 000	-	7 000 000

This committed expenditure relates to investment property for the final finishing touches to the expansion of Game City and Mlimani City.

Investment properties

Bare land for a development of a hotel.

Investment property includes 17800m2 of unutilised bare land on the Mlimani City premises. This unutilised land is valued at US $ 4.2 million as at 31 January 2019.

In terms of the contract signed with the Tanzania Investment Center, and the University of Dar es Salaam, the construction of the hotel should commence prior 31 December 2019. In terms of the Ground Lease Agreement with the University of Dar es Salaam, the land can be returned to the University, if Mlimani is of the opinion that the hotel is not feasible.

This matter, together with several other issues pertaining to the Performance Contract and Ground Lease Agreement, are being discussed by Mlimani Holdings, with Tanzanian Government Negotiating Team, with the intention of possible changes and amendments. Discussions are ongoing.

Meanwhile the bare land pertaining to the Hotel project, valued at US $ 1 125 000, has been included under Investment Property, in the statement of the Financial Position.

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37. Related parties

Relationships

Subsidiaries	Refer to note 7
Related parties	A1 Filling Station (Proprietary) Limited Accite Era Re (Proprietary) Limited Accite Era Selemi (Proprietary) Limited Accite Holdings (Proprietary) Limited Auto City (Proprietary) Limited Azzurro (Proprietary) Limited B & T Traders (Proprietary) Limited Boulavou (Proprietary) Limited Cascadelle (Proprietary) Limited CBD Filling Station (Proprietary) Limited Collectus (Proprietary) Limited Collectus South Africa (Proprietary) Limited Consumer Industries (Proprietary) Limited Damstock (Proprietary) Limited Exim Enterprises (Proprietary) Limited Exponential Investments Limited FFND People Solutions (Proprietary) Limited G H Investments (Proprietary) Limited GH Group (Proprietary) Limited House of Giam (Proprietary) Limited Langdon Organic (Proprietary) Limited Lion Motors (Proprietary) Limited Opal Investments (Proprietary) Limited Oxford Holdings (Proprietary) Limited Palazzo Venezia Holding Limited Parano (Proprietary) Limited Reginal technologies (Proprietary) Limited The Square Mart (Proprietary) Limited Track Holdings (Proprietary) Limited Tshesebe Investments (Proprietary) Limited Whale Exim Industries (Botswana) (Proprietary) Limited Yodder Solutions (Proprietary) Limited Zambezi Corporation (Proprietary) Limited Zambezi Motors (Proprietary) Limited Zambezi Technologies (Proprietary) Limited Zambezi Towers (Proprietary) Limited Zambezi Transport and Engineering Services (Proprietary) Limited Zebuidenthout (Proprietary) Limited
Directors	P Balopi (Chairman) G H Abdoola (Managing Director) I Nshakazhogwe M K Nteta P J Bezuidenhout P Pillar S Puvimanasinghe

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Figures in Pula	2019	2018	2019	2018
37. Related parties (continued)				
Related party balances				
Loan accounts - Owing (to) by related parties				
Mlimani Holdings Limited	-	-	231 380 550	215 788 226
Debenture Asset Investments				
Mlimani Holdings Limited	-	-	316 873 617	304 915 236
Investment in shares				
Mlimani Holdings (Proprietary) Limited	-	-	5	5
Island View (Proprietary) Limited	-	-	198 399 513	198 399 513
Turnstar Investments Limited	-	-	84 899 067	26 860
	-	**-**	**283 298 585**	**198 426 378**
Short term investments towards advance as capital contribution				
Turnstar Investment Limited	-	-	-	84 872 207
Related party transactions				
Directors fees				
P Balopi	241 438	199 687	156 800	145 600
I Nshakazhogwe	141 120	129 920	141 120	129 920
P Pillar	163 520	163 520	163 520	163 520
M Adelman	-	29 120	-	29 120
M K Nteta	152 320	152 320	152 320	152 320
P J Bezuidenhout	238 907	184 130	141 120	116 480
	937 305	**858 697**	**754 880**	**736 960**
Dividend income and debenture interest received from related parties				
Island View (Proprietary) Limited (dividend received)	-	-	-	(19 964 489)
Turnstar Investment Limited (dividend received)	-	-	(4 307 369)	(3 030 151)
Mlimani Holdings Limited (debenture interest received)	-	-	(43 856 037)	(36 997 344)
	-	**-**	**(48 163 406)**	**(59 991 984)**
Compensation to directors and other key management				
G H Abdoola	2 569 400	3 626 064	2 569 400	3 626 064
S Puvimanasinghe	1 624 003	1 571 336	1 624 003	1 571 336
	4 193 403	**5 197 400**	**4 193 403**	**5 197 400**

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

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37. Related parties (continued)

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

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

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

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

38. Directors' emoluments

Executive

2019

	Emoluments	Total
G H Abdoola (Managing Director)	2 569 400	2 569 400
S Puvimanasinghe (Finance Director)	1 624 003	1 624 003
	4 193 403	**4 193 403**

2018

	Emoluments	Total
G H Abdoola (Managing Director)	3 626 064	3 626 064
S Puvimanasinghe (Finance Director)	1 571 336	1 571 336
	5 197 400	**5 197 400**

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38. Directors' emoluments (continued)

Non-executive

2019

	Directors' fees	Directors' fees for services as directors' of subsidiaries	Total
P Balopi (Chairman)	156 800	84 638	241 438
I Nshakazhogwe	141 120	-	141 120
P Pillar	163 520	-	163 520
P J Bezuidenhout	141 120	97 787	238 907
M Nteta	152 320	-	152 320
	754 880	**182 425**	**937 305**

2018

	Directors' fees	Directors' fees for services as directors' of subsidiaries	Total
P Balopi (Chairman)	145 600	54 087	199 687
I Nshakazhogwe	129 920	-	129 920
P Pillar	163 520	-	163 520
M Adelman	29 120	-	29 120
P Bezuidenhout	116 480	67 650	184 130
M Nteta	152 320	-	152 320
	736 960	**121 737**	**858 697**

39. Comparative figures

The comparative figures for profit on exchange differences relating to the revaluation of US denominated financial liabilities have been reclassified out of other income and the loss on exchange differences relating to the revaluation of US denominated financial assets have been reclassified out of operating expenses shown under other operating gains and losses so as to net off exchange gains and loss on the revaluation of foreign denominated financial assets and financial liabilities. This was done to better reflect the presentation of exchange gains and lossess resulting from financial assets and financial liabilities. Refer to note 21.

	Group		Company	
Figures in Pula	2019	2018	2019	2018
Other income				
Other income prevously reported		33 933 288		32 706 532
Moved to other operating gains/losses (refer to note 21)		(31 927 751)		(31 918 887)
Other income		**2 005 537**		**787 645**
Operating expenses				
Operating expenses previously reported		165 059 225		120 483 621
Moved to other operating gains/losses (refer to note 21)		(54 117 906)		(54 117 906)
Operating expenses		**110 941 319**		**66 365 715**

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40. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2019

	Note	Amortised cost	Total	Fair value
Trade and other receivables	13	20 964 170	20 964 170	20 964 170
Cash and cash equivalents	14	32 115 739	32 115 739	32 392 550
		53 079 909	**53 079 909**	**53 356 720**

Group - 2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	13	16 354 367	16 354 367	16 354 367
Cash and cash equivalents	14	49 567 336	49 567 336	-
		65 921 703	**65 921 703**	**16 354 367**

Company - 2019

	Note	Amortised cost	Total	Fair value
Loans to group companies	8	231 380 550	231 380 550	231 380 550
Other financial assets	9	316 873 618	316 873 618	316 873 618
Trade and other receivables	13	9 483 349	9 483 349	9 483 349
Cash and cash equivalents	14	22 530 615	22 530 615	22 530 615
		580 268 132	**580 268 132**	**580 268 132**

Company - 2018

	Note	Amortised cost	Total	Fair value
Loans to group companies	8	215 788 226	215 788 226	215 788 226
Other financial assets	9	304 915 236	304 915 236	304 915 236
Trade and other receivables	13	10 697 810	10 697 810	10 697 810
Cash and cash equivalents	14	40 507 098	40 507 098	40 602 118
		571 908 370	**571 908 370**	**572 003 390**

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40. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	18	41 178 990	41 178 990	42 850 129
Borrowings	17	613 914 299	613 914 299	613 914 299
		655 093 289	**655 093 289**	**656 764 428**

Group - 2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	18	46 349 802	46 349 802	46 349 802
Borrowings	17	610 568 948	610 568 948	610 568 948
		656 918 750	**656 918 750**	**656 918 750**

Company - 2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	18	19 674 501	19 674 501	22 124 344
Borrowings	17	613 914 299	613 914 299	613 914 299
		633 588 800	**633 588 800**	**636 038 643**

Company - 2018

	Note	Amortised cost	Total	Fair value
Trade and other payables	18	20 736 643	20 736 643	20 736 643
Borrowings	17	610 568 948	610 568 948	610 568 948
		631 305 591	**631 305 591**	**631 305 591**

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		Group		Company	
Figures in Pula		2019	2018	2019	2018

40. Financial instruments and risk management (continued)

Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 17, cash and cash equivalents disclosed in note 14, and equity as disclosed in the statement of financial position.

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

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

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

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

The group has availed credit facilities from Barclays Bank Botswana Limited, these credit facilities are attached with financial covenants as referred in note 17. The Group during the year has not breached any of the covenants referred to in that note.

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

The gearing ratio at 2019 and 2018 respectively were as follows:

Borrowings	17	613 914 299	610 568 948	613 914 299	610 568 948
Cash and cash equivalents	14	(32 115 739)	(49 567 336)	(22 530 615)	(40 507 098)
Net borrowings		**581 798 560**	**561 001 612**	**591 383 684**	**570 061 850**
Equity		1 614 619 927	1 559 186 945	1 413 483 220	1 373 338 649
Gearing ratio		36 %	36 %	42 %	42 %

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40. Financial instruments and risk management (continued)

Financial risk management

Overview

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

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

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

Credit risk

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

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

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

Group		2019			2018		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	13	33 145 169	(12 180 999)	20 964 170	22 782 871	(6 428 504)	16 354 367
Cash and cash equivalents	14	32 115 739	-	32 115 739	49 567 336	-	49 567 336
		65 260 908	**(12 180 999)**	**53 079 909**	**72 350 207**	**(6 428 504)**	**65 921 703**

Company		2019			2018		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to group companies	8	231 380 550	-	231 380 550	215 788 226	-	215 788 226
Other financial assets	9	316 873 618	-	316 873 618	304 915 236	-	304 915 236
Trade and other receivables	13	12 693 796	(3 210 447)	9 483 349	12 327 113	(1 629 303)	10 697 810
Cash and cash equivalents	14	22 530 615	-	22 530 615	40 507 098	-	40 507 098
		583 478 579	**(3 210 447)**	**580 268 132**	**573 537 673**	**(1 629 303)**	**571 908 370**

Liquidity risk

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

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40. Financial instruments and risk management (continued)

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

Group - 2019

		Less than 1 year	Due after one year	Total	Carrying amount
Non-current liabilities					
Borrowings	17	-	587 288 912	587 288 912	587 288 912
Current liabilities					
Trade and other payables	18	41 178 990	-	41 178 990	41 178 990
Borrowings	17	26 625 387	-	26 625 387	26 625 387
		67 804 377	**587 288 912**	**655 093 289**	**655 093 289**

Group - 2018

		Less than 1 year	Due after one year	Total	Carrying amount
Non-current liabilities					
Borrowings	17	-	580 587 938	580 587 938	580 587 938
Current liabilities					
Trade and other payables		46 349 802	-	46 349 802	46 349 802
Borrowings	17	29 981 010	-	29 981 010	29 981 010
		76 330 812	**580 587 938**	**656 918 750**	**656 918 750**

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40. Financial instruments and risk management (continued)

Company - 2019

		Less than 1 year	Due after one year	Total	Carrying amount
Non-current liabilities					
Borrowings	17	-	587 288 912	587 288 912	587 288 912
Current liabilities					
Trade and other payables			19 674 501	19 674 501	19 674 501
Borrowings		17	26 625 387	26 625 387	26 625 387
			46 299 888	**633 588 800**	**633 588 800**

Company - 2018

		Less than 1 year	Due after one year	Total	Carrying amount
Non-current liabilities					
Borrowings	17	-	580 587 938	580 587 938	580 587 938
Current liabilities					
Trade and other payables	18	20 736 643	-	20 736 643	20 736 643
Borrowings	17	29 981 010	-	29 981 010	29 981 010
		50 717 653	**580 587 938**	**631 305 591**	**631 305 591**

Foreign currency risk

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

The Group owns subsidiary companies which holds investment properties in Tanzania and Dubai and is accordingly exposed to foreign exchange risk in respect of financial assets and liabilities that are not in the Group's functional currency which is the Botswana Pula. During the year the group has not hedged the foreign exchange fluctuations arising from net investments in foreign operations.

Group
At 31 January 2019, if the currency had strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been P 22 564 146 (2018: P 28 380 819) higher, mainly as a result of foreign exchange gains on translation of US dollar denominated financial assets and borrowings.

At 31 January 2019, if the currency had weakened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been P 27 198 509 (2018: P 34 687 668) lower, mainly as a result of foreign exchange gains on translation of US dollar denominated financial assets and borrowings.

Company
At 31 January 2019, if the currency had strengthened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been P 21 783 578 (2018: P 19 458 756) higher, mainly as a result of foreign exchange gains on translation of US dollar denominated financial assets and borrowings.

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40. Financial instruments and risk management (continued)

At 31 January 2019, if the currency had weakened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been P 26 624 372 (2018: P 23 782 924) lower, mainly as a result of foreign exchange gains on translation of US dollar denominated financial assets and borrowings.

Exposure in foreign currency amounts

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

US Dollar exposure:

		Group		Company	
Figures in Pula		2019	2018	2019	2018
Non-current assets:					
Loans receivable USD 22 436 063 (2018: USD 22 552 631)	9	-	-	231 380 550	215 788 236
Other financial assets USD 30 720 085 (2018: USD 31 862 486)		-	-	316 873 617	304 915 236
Current assets:					
Trade and other receivables USD 1 445 258 (2018: USD 1 655 607)	13	14 525 204	16 364 518	-	-
Cash and cash equivalents USD 2 088 218 (2018: USD 2 123 142) (2019: USD 1 218 286 (2018: USD 1 493 099))	14	20 987 111	19 805 515	12 244 087	13 928 225
Non-current liabilities:					
Borrowings USD 31 125 000 (2018: USD 33 500 000)		322 014 563	320 574 163	322 014 563	320 574 163
Current liabilities:					
Trade and other payables USD 3 056 366 (2018: USD 3 060 050)	18	30 717 242	30 967 828	-	-
Net US Dollar exposure		**388 244 120**	**387 712 024**	**882 512 817**	**855 205 860**

Interest rate risk

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

The Group’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. During 2019 and 2018, the group’s borrowings at variable rate were denominated in Pula and US Dollar.

At 31 January 2019, if interest rates on Pula-denominated borrowings and interest bearing assets had been 10% higher/lower with all other variables held constant, Group pre-tax profit for the year would have been P 3 412 397 (2018: P1 116 617) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

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40. Financial instruments and risk management (continued)

Interest rate profile

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

	Note	Average effective interest rate		Carrying amount	
Group		2019	2018	2019	2018
Variable rate instruments:					
Assets					
Short term deposit		4.18 %	2.75 %	6 184 444	13 897 690
Cash in current banking institutions call account		0.25 %	2.00 %	16 205 521	35 648 058
				22 389 965	**49 545 748**
Liabilities					
Borrowings in Botswana Pula at local rate	17	4.70 %	4.75 %	291 899 736	291 272 876
Borrowings in USD LIBOR	17	6.53 %	5.57 %	322 014 562	319 296 072
				613 914 298	**610 568 948**
Net variable rate financial instruments				**636 304 263**	**660 114 696**

	Note	Average effective interest rate		Carrying amount	
Company		2019	2018	2019	2018
Variable rate instruments:					
Assets					
Short term deposit		4.18 %	2.75 %	6 184 444	13 897 690
Cash in current banking institutions call account		0.25 %	2.00 %	16 205 521	35 648 058
				22 389 965	**49 545 748**
Liabilities					
Borrowings in Botswana Pula at local rate	17	4.70 %	4.57 %	291 899 736	291 272 876
Borrowings in USD LIBOR	17	6.53 %	5.57 %	322 014 562	319 296 072
				613 914 298	**610 568 948**
Net variable rate financial instruments				**636 304 263**	**660 114 696**

41. Fair value information

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

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41. Fair value information (continued)

Level 3

Recurring fair value measurements

	Note				
Assets					
	4				
Investment property					
Investment property		2 336 165 032	2 251 586 833	1 250 274 363	1 221 399 358
Total		**2 336 165 032**	**2 266 752 632**	**1 250 274 363**	**1 166 543 710**

Reconciliation of assets and liabilities measured at level 3

	Note	Opening balance	Gains/losses recognised in profit or loss	Additions	Classified as held for sale	Foreign exchange movement	Closing balance
Group - 2019							
Assets							
Investment property							
Investment property		2 251 628 531	6 869 297	8 160 839	(11 500 000)	81 006 365	2 336 165 032
Total		**2 251 628 531**	**6 869 297**	**8 160 839**	**(11 500 000)**	**81 006 365**	**2 336 165 032**
Group - 2018							
Assets							
	4						
Investment property							
Investment property		2 266 752 632	(76 110 595)	167 325 733	-	(106 339 239)	2 251 628 531
Total		**2 266 752 632**	**(76 110 595)**	**167 325 733**	**-**	**(106 339 239)**	**2 251 628 531**
Company - 2019							
Assets							
	4						
Investment property							
Investment property		1 221 399 358	36 011 578	4 363 427	(11 500 000)	-	1 250 274 363
Total		**1 221 399 358**	**36 011 578**	**4 363 427**	**(11 500 000)**	**-**	**1 250 274 363**
Company - 2018							
Assets							
	4						
Investment property							
Investment property		1 166 543 710	33 085 894	21 769 754	-	-	1 221 399 358
Total		**1 166 543 710**	**33 085 894**	**21 769 754**	**-**	**-**	**1 221 399 358**

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

Investment property - Retail segment

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41. Fair value information (continued)

Retail segment comprises of the following properties Game City Shopping Centre, Nzano Shopping Centre and Super Save Mall. The fair values of these properties determined by independent valuers is P 1 187 250 000. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the valuer in the projected cash flows are within the range of future contractual rent agreed by the Company with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants.

Investment property - Commercial segment

Commercial segment comprises of the following properties Turnstar House and Plot 63 in Commerce Park. There fair values of these properties determined by independent valuers is P 50 250 000. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the valuer in the projected cash flows are within the range of future contractual rent agreed by the company with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants.

Investment property - Residential segment

Residential segment comprises of the following properties Mogoditshane Flats and Tapologo Apartments. There fair values of these properties determined by independent valuers is P 40 700 000. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the valuer in the projected cash flows are within the range of future contractual rent agreed by the company with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants.

The most significant inputs, all of which are unobservable, are the discount rate, long term revenue growth rate, long term expenditure growth rate, estimated rental value, reversionary capitalisation rate and assumptions about vacancy levels. The estimated fair value increases if the estimated rental increases, long term revenue growth rate increases, long term expenditure rate reduces, rental escalation increases, discount rate and reversionary discount rate declines The overall valuations are sensitive to all these assumptions. The valuation was done on 31 March 2019 and the inputs used in the valuations for the year ended 31 January 2019 were:

Assumptions used for valuation of properties in Botswana	**Retail**	**Commercial**	**Residential**
Average discount rate	7.83- 10.01%	8.96- 9%	7.19- 7.81%
Average occupancy rate	99%	87%	100%
Long-term revenue Growth Rate - As per valuation	6%	5%	6%
Long-term expenditure Growth Rate - As per Valuation	8%	8%	8%
Average lease period	2 - 25 Yrs	3 - 5 Yrs	1 - 2 Yrs
Average Escalation/ Rental- From MDA	5-8%	5-10%	6-10%

Palazzo Venezia Dubai property

Turnstar Investments Limited. a subsidiary company owns, Palazzo Venezia Holding property a commercial property with their fair value determined by independent valuer at Pula 83 546 997 (USD 30 047 040), respectively. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the valuer in the projected cash flows are within the range of future contractual rent agreed by the company with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants.

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

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41. Fair value information (continued)

Mlimani Holdings Limited properties comprises of the following properties Retail, Office Park, Conference centre, Housing units and unutilised bulk land with their fair values determined by independent valuers at P 612 153 979 (USD 60 900 000), P 271 834 000 (USD 27 000 000), P 50 198 975 (USD 5 000 000), P 29 128 300 (USD 2 900 000) and P 42 211 050 (USD 4 200 000) respectively. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the valuer in the projected cash flows are within the range of future contractual rent agreed by the subsidiary with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants. However for property where there is no income earned during the year, a comparable market approach was considered taking into account the location of the property.

Assumptions for the properties located in Tanzania and Dubai	Retail	Office Park	Commercial
Income capitalisation rate	8.25%	8.75%	
Discount rate	12.76%	13.36%	-
Average occupancy rate	90-100%	90-100%	-
Long-term revenue Growth Rate - As per valuation	6%	6%	-
Long-term expenditure Growth Rate - As per Valuation	7%	7%	-
Discounted cash flow period	5 years	5 years	-
Average lease period	3 -5 years	3 - 5 years	-
Average Escalation/ Rental- From MDA	3 - 5%	3 - 5%	-

Valuation processes applied by the Group

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

Sensitivity analysis for investment property carried at fair value

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

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

The capitalisation rate has been determined based on a relevant long bond yield adjusted for the relevant risks applicable to each property including asset class, sector, location, building, leasehold / freehold and tenancy. The weighted average capitalisation rate is 8.31% for group and 7.96% for company (2018: 8.47% for the group and 7.95% for company)and a 1% upward shift in this rate would have an estimated P 255.6 million for Group and P 141 million for company (2018: P 232.3 million for group and P 139 million for company) adverse impact on the aggregate for Group's independent gross valuation of the investment properties, while a 1% downward shift in capitalisation rate would have an estimated P 325.6 million for group and P 181 million for company (2018: P 294.6 million for group and P 179 million for company) favourable impact for company on the valuations.

Fair value of financial instruments measured at amortised cost

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

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

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42. Segment Report

Primary segment - Geographical segment	2019	2018	2019
	Botswana	Botswana	Tanzania
Revenues from external customers	148,548,212	143,993,028	101,870,373
Total segment revenues	**148,548,212**	**143,987,553**	**101,870,373**
Segment property direct and indirect expenses	49,374,400	44,689,331	41,949,719
Segment operating profit	**99,173,811**	**99,298,222**	**59,920,654**
Segment Assets	**1,331,809,636**	**1,250,420,342**	**1,076,098,093**

Secondary segment- Operating segment	2019	2018	2019
Revenues		Retail	
	Botswana	Botswana	Tanzania
Rental income from external customers	137,277,290	132,887,672	80,713,990
Inter segmental revenues			
Total segment revenues	**137,277,290**	**132,882,197**	**80,713,990**
Segment expenses	42,136,637	42,136,637	38,169,904
Segment operating profit	**95,140,653**	**90,745,560**	**42,544,086**

	Figures in Pula 2019	Figures in Pula 2018
Reconciliation of group net profit before tax		
Total reporting segment operating profit	169,202,709	166,876,612
Salaries and wages	(12,831,524)	(14,537,179)
Loss on exchange difference	(24,743,443)	(54,177,930)
Profit on exchange differences	41,463,643	31,927,751
Fair value adjustments	7,369,297	(76,110,595)
Finance income	540,452	755,383
Other income	3,275,071	2,000,061
Corporate expenses	(13,693,865)	(11,331,587)
Operating profit	**170,582,340**	**45,402,515**
Finance costs	(34,124,007)	(14,673,895)
Goodwill impairment	(11,534,289)	-
Group profit before tax	**124,924,044**	**30,728,620**

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

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			Figures in Pula	Figures in Pula
2018	2019	2018	2019	2018
Tanzania	Dubai	Dubai	Consolidated	Consolidated
102,109,166	8,655,541	5,786,946	**259,074,126**	**251,889,140**
102,109,166	**8,655,541**	**5,786,946**	**259,074,126**	**251,889,140**
38,669,091	3,232,367	1,654,107	94,556,486	85,012,529
63,440,075	**5,423,174**	**4,132,839**	**164,517,640**	**166,876,611**
1,095,519,803	**84,608,620**	**76,625,508**	**2,492,516,349**	**2,422,565,653**

							Figures in Pula	Figures in Pula
2018	2019	2018	2019	2018	2019	2018	2019	2018
		Commercial						
Tanzania	Botswana	Botswana	Tanzania	Tanzania	Dubai	Dubai	Consolidated	Consolidated
62,288,961	11,270,922	11,105,356	21,156,383	39,820,205	8,655,541	5,786,946	**259,074,126**	**251,889,140**
62,288,961	**11,270,922**	**11,105,356**	**21,156,383**	**39,820,205**	**8,655,541**	**5,786,946**	**259,074,126**	**251,889,140**
32,751,507	2,552,693	2,552,693	3,779,815	5,917,585	3,232,367	1,654,107	89,871,417	85,012,529
29,537,454	**8,718,228**	**8,552,663**	**17,376,568**	**33,902,620**	**5,423,174**	**4,132,839**	**169,202,709**	**166,876,612**

Notice of the 2019 Annual General Meeting

Notice is hereby given that the 2019 Annual General Meeting of TURNSTAR HOLDINGS LIMITED will be held at 14:30 hours on Monday, 29th July 2019 at the Centre Management Offices, 1st Floor, Game City Retail Mall, Gaborone, Botswana for transacting the following business agenda.

Agenda:

1. Adoption of Agenda.
2. To receive, consider and adopt the Audited Financial Statements for the year ended 31 January 2019 together with the Report of the Auditors to the Board of Directors.
3. To approve the distribution of dividend and payment of interest as recommended by directors.
4. To note and confirm acceptance of retirement of Ishmael Nshakazhogwe as Director of the company.
5. To re-elect Peo Pillar who retire by rotation in terms of Article 63 of the Articles of Association of the Company and, being eligible, offer herself for re-election.
6. To approve the remuneration of directors for the year ended 31 January 2019.
7. To appoint Auditors for the ensuing year and authorize the directors to fix their remuneration.
8. Answering of questions raised by linked unit holders in relation to the affairs and the business of the Company by Directors and Management.

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

By order of the Board

LEO BUSINESS SERVICES (PROPRIETARY) LIMITED
Company Secretaries

Date: 28 June 2019

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

Proxy Form [to be completed by Holders of Linked Units]

Please read the notes overleaf before completing this form.

For use at the Annual General Meeting of Unit Holders of the company to be held at 14:30 hours on Monday, 29 July 2019 at the Centre Management Offices, 1st Floor, Game City Retail Mall, Gaborone, Botswana

I/We ____
(Name in block letters)

Of (address) ____

Hereby appoint ____

Or failing him/her ____

Or failing him/her, the Chairman of the meeting as my/our proxy to act for me/us at the 2019 Annual General Meeting, to vote for or against the resolutions and/or abstain from voting in respect of the Linked Units registered in my/our name in accordance with the following instruction.

NUMBER OF LINKED UNITS				
		For	**Against**	**Abstain**
Ordinary resolution 1	Agenda No 1	☐	☐	☐
Ordinary resolution 2	Agenda No 2	☐	☐	☐
Ordinary resolution 3	Agenda No 3	☐	☐	☐
Ordinary resolution 4	Agenda No 4	☐	☐	☐
Ordinary resolution 5	Agenda No 5	☐	☐	☐
Ordinary resolution 6	Agenda No 6	☐	☐	☐
Ordinary resolution 7	Agenda No 7	☐	☐	☐

Signed at ____________________ Date: ____________________

Signature: ____________________ Assisted by (where applicable): ____________________

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

Please read notes 1 -7 on the reverse side hereof

Notes to the Proxy Form

1. A Shareholder must insert the names of two alternative proxies of the Shareholders choice in the space provided with or without deleting “Chairman of the Annual General Meeting”. The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholders instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorize the proxy to vote at the General Meeting as he/she deems fit in respect of the Shareholders votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorize the proxy to vote in favour of the resolution. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy.

3. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting.

4. The Chairman of the Annual General Meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he/she is satisfied as to the manner in which the Shareholder concerned wishes to vote.

5. An instrument of proxy shall be valid for the Annual General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.

6. The authority of a person signing the form of proxy under power of attorney or on behalf of a company must be attached to the form of proxy.

7. Where Ordinary Shares are held jointly, all Shareholders must sign. A minor must be assisted by his/her guardian.


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HOLDINGS LIMITED

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