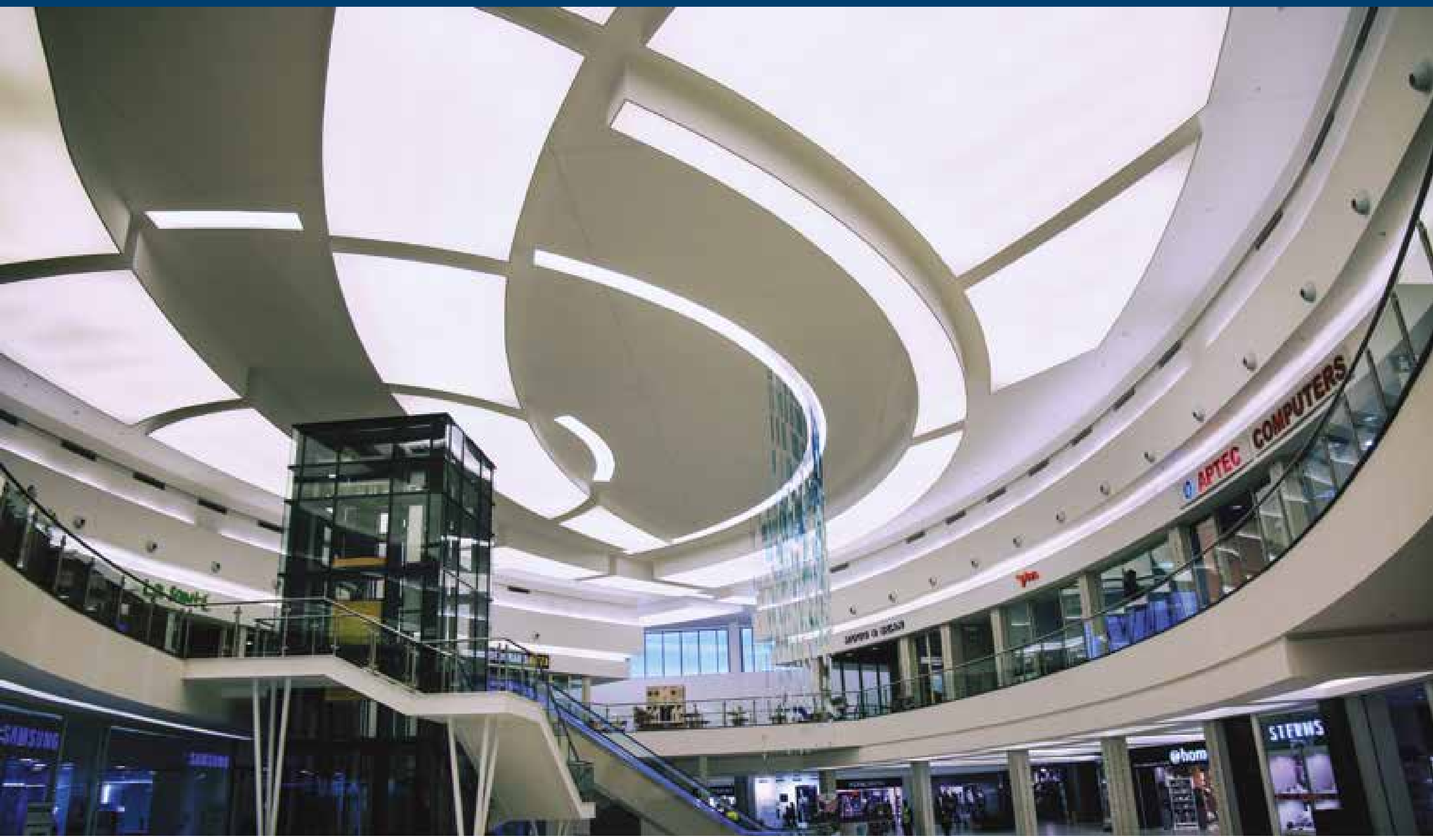
TURNSTAR
HOLDINGS LIMITED

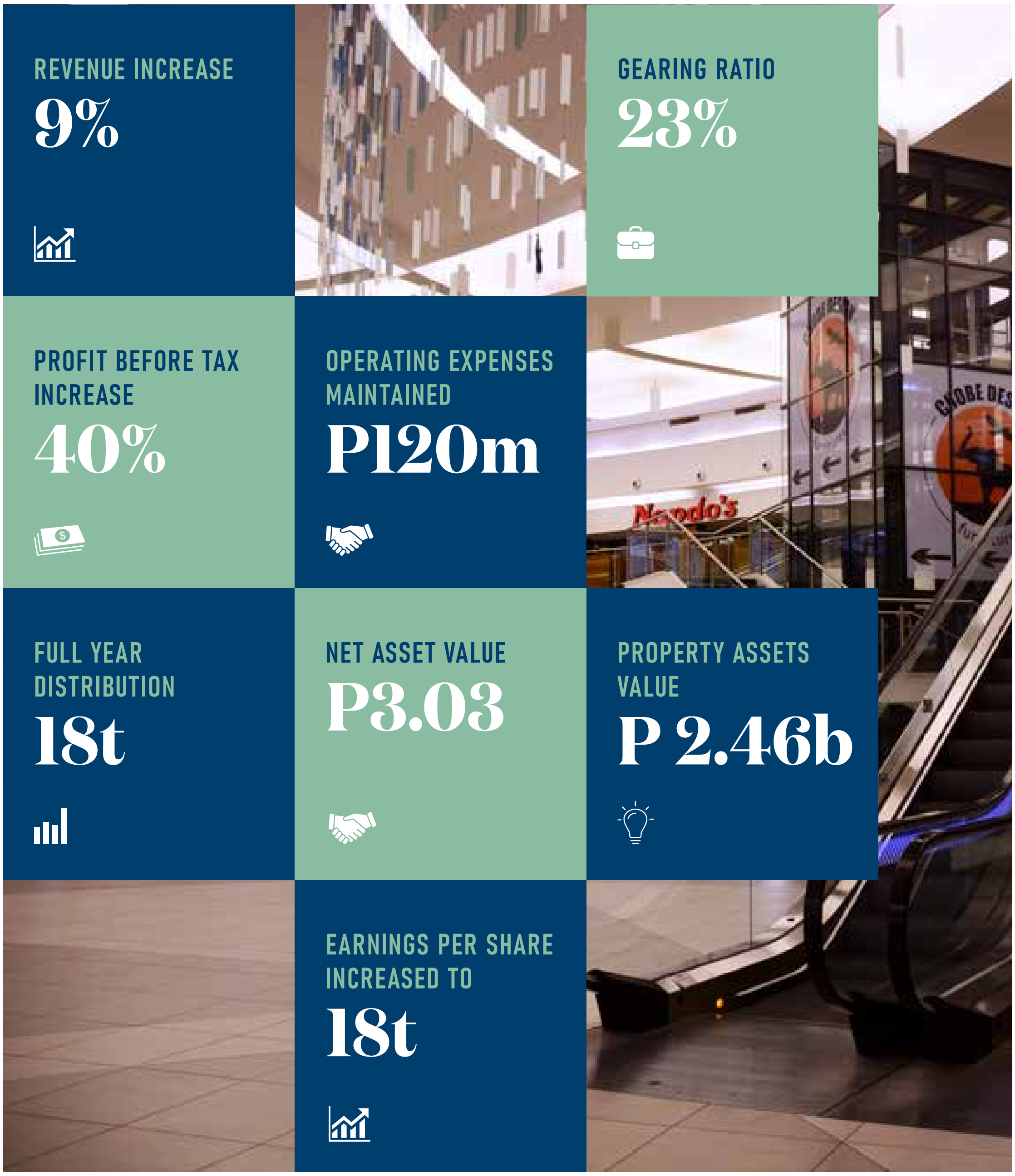
Enhanced strategies
moving forward

ANNUAL REPORT 2022



PROPERTY... INVESTMENTS... SUSTAINABILITY

2021 HIGHLIGHTS



REVENUE INCREASE
9%

GEARING RATIO
23%

PROFIT BEFORE TAX INCREASE
40%

OPERATING EXPENSES MAINTAINED
P120m

FULL YEAR DISTRIBUTION
18t

NET ASSET VALUE
P3.03

PROPERTY ASSETS VALUE
P 2.46b

EARNINGS PER SHARE INCREASED TO
18t


TRUWORTHS
IDENTITY


@home
THE HUB


LEGIT

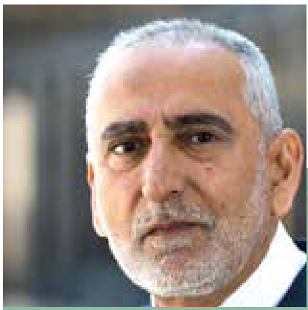
PATRICK K BALOPI
Chairman
Appointed 10 August 2016

Mr. Balopi is a founding member of Turnstar Holdings Limited. He previously served as Director of the Company. A Member of Parliament for 20 years, he has held various Cabinet and Ministerial positions between 1984 to 1998.

Mr. Balopi was elected Speaker of Parliament of the Republic of Botswana and served simultaneously as Chairperson of the SADC Parliamentary Forum.

A recipient of the Presidential Order of Honour (PH) and the Melvin Jones Fellowship (MJF) of Lions Club International, he was recently appointed by His Excellency, President of The Republic of Botswana, as the country's eminent representative to Queen Elizabeth II Diamond Jubilee Board of Trustees, headed by former British Prime Minister, Right Honourable John Major.

Mr. Balopi also serves as a Director in several other companies in Botswana.



GULAAM HUSAIN ABDOOLA
Managing Director
Appointed 12 February 2001

Gulaam Abdoola is a founding member of Turnstar Holdings Limited. Before that, he served as Managing Director when the company was established. He is Executive Chairman of GH Group, a group of companies with business interests in property, retail, wholesale, restaurants, boutiques, tyres, spare parts, and petroleum retail.

He has served as a Non-Executive Director on the Boards of various companies and was Chairman of Stanbic Bank Botswana, McCarthy Retail Botswana (which comprises Game Discount World, Bee Gee, Savills, Happy Homes, Bears, Guys & Girls, and Bonus Building Supplies) and Prefsure Insurance.

Mr. Abdoola is also a Trustee and Secretary General of the World Memon Organization (an international charity organization) and Chairman of the Botswana Muslim Association.

PIERRE BEZUIDENHOUT
Director
Appointed 2 April 2013

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

SHIRAN PUVIMANASINGHE
Director
Appointed 11 December 2014

Shiran Puvimanasinghe is a Chartered Accountant. He commenced his career in Botswana in 1987 as a Senior Manager at Coopers and Lybrand (now PwC). He served the Botswana Housing Corporation as a Chief Accountant from 1990 to 1993.

He was the Financial Director of Zurich Insurance Company Botswana for 15 years and was appointed Chief Executive Officer in 2009. Shiran joined Turnstar Holdings as Chief Financial Officer in June 2013.

VICTORIA TEBELE
Director
Appointed 1 February 2021

Ms. Victoria Tebele was appointed to the Board of Turnstar Holding Limited on 1 February 2021. She was also appointed Chairperson of the Audit & Risk Committee.

Ms. Tebele graduated from the University of Botswana with a First Class Bachelor of Commerce (Accounting) in 1992 and attained her Association of Chartered Certified Accounts (ACCA) in 1998. Ms. Tebele is a Fellow Member of ACCA and the Botswana Institute of Chartered Accountants.

She has extensive experience in financial and management accounting, risk management, internal auditing, contracts management, corporate governance, and people management in several industries, including mining, financial services, beef production, and general maintenance in the private sector and parastatals. She has served as a Director on various boards across the country.

She served as a BICA Tax Committee member from 2004 to 2011 and is currently Treasurer of the Botswana Chamber of Mines. She is a Director and Country Manager at Epiroc (Pty) Ltd, whose ultimate holding company is listed in Sweden.

Turnstar welcomes Ms. Tebele onto the Board of Directors.

BUTLER PHIRIE
Director
Appointed 1 July 2021

Mr. Phirie is a fellow member of the Botswana Institute of Chartered Accountants and the Association of Chartered Certified Accountants (UK). He brings with him a wealth of experience, having served at Price Waterhouse Coopers for 27 years, including 13 years as ManagingPartner. He was General Manager, Finance of the Botswana Development Corporation for nine years.

MOKGADI K NTETA
Director
Appointed 27 November 2012
Retired 27 November 2021

In compliance with the King III code of best practice recommendations and the Botswana Stock Exchange requirements, Ms Mokgadi Nteta retired after nine years. Her contribution has been invaluable, and we wish her every success in her future endeavours.

Enhanced strategies... better returns

Dear Valued Stakeholders,

We find ourselves as a community collective - both in Botswana and indeed the world at large - in a strange time. We are fighting for the return of a normal that may perhaps no longer quite exist, and yet familiarity and reliability are almost all that we know and trust. Familiarity and reliability in work, in family, in society and more.

At the heart of Turnstar Holdings, from when the business was first born 20 years ago, is an unshakeable sense of familiarity, reliability and indeed trust. Familiarity and reliability in a Botswana born and grown business now known in international markets, and trust in the brick-and-mortar investments that help shape city skylines as well as the steady return on investment provided each year.

In the now two decades since the business was first incorporated, there has always been a growing and fervent belief and passion in possibility. Our focus is and has always been to *invest, manage and grow properties that bring about real returns for communities and investors.* This is the proverbial compass we use and indeed I hope will always use to ensure we play a meaningful role in creating better societies and a stronger economy.

In the period under review, this was crystalized in a singular focus: creating meaningful shared value - for our people, our investors and shareholders, and the communities in which we exist in Botswana, Tanzania and Dubai. I am pleased to report that despite some headwinds, our ship continued to sail strong, providing an 18t per linked unit distribution to the shareholders who placed their trust in us during this period. It is a testament to our culture and our strategy that even with some turbulence, we remain strong and steady, and yet always agile and ready to learn, grow, and do better for and by our stakeholders.

Our strategy of working with our tenants during difficult periods did not wane, as the fallout and socio-economic impact of the COVID-19 pandemic continues to be felt. This approach has ensured that we have a high rate of tenant occupancy in all our properties, with leading establishments that help create experiences for all those who visit our malls and premises.

Our flagship properties, Game City, Nzano Centre Francistown and Mlimani City Dar Es Salaam Tanzania, continue to perform well with growth in rental revenues and profitability, as detailed further under the property market section of this report.

In each of these, we have stood by keeping that purpose - *invest, manage and grow properties that bring about real returns for communities and investors* - alive. This is in line with the very strategy that we carefully seek to deliver.

The Financial highlights of the year under review are

MARKET CAP OF P 1.1BN AND PROPERTY ASSETS OF
P2.46bn

REVENUE INCREASED BY
9%
2021/22

PROFIT BEFORE TAX UP BY
40%

EARNING PER LINKED UNIT
18t

42% OF TOTAL REVENUE IS EARNED IN US DOLLARS PROVIDING A NATURAL PULA CURRENCY HEDGE

SIGNIFICANT GEARING CAPACITY - LOAN TO VALUE OF
23.0%

During the year Turnstar adopted a collective Bonus scheme in terms of which all staff members will be rewarded. The bonus policy is linked to the distribution paid to the shareholders.

It would be remiss of me not to speak to the Dubai Palazzo Venezia investment which coloured much of the period under review. This was a relatively small investment and yet with notable lessons learnt. As it stands, litigation in Dubai continues; the matter is sub judice and we can only wait and comply with the necessary officials to see the process through. Post the publishing of a legal report at the request of the Board on this issue, we are at present working to affect a number of proposed recommendations to buttress our protocols around governance and how we explore potential opportunities and/or engagements. The Board is working closely with leadership to ensure tangible and measurable changes to support this.

OUTLOOK

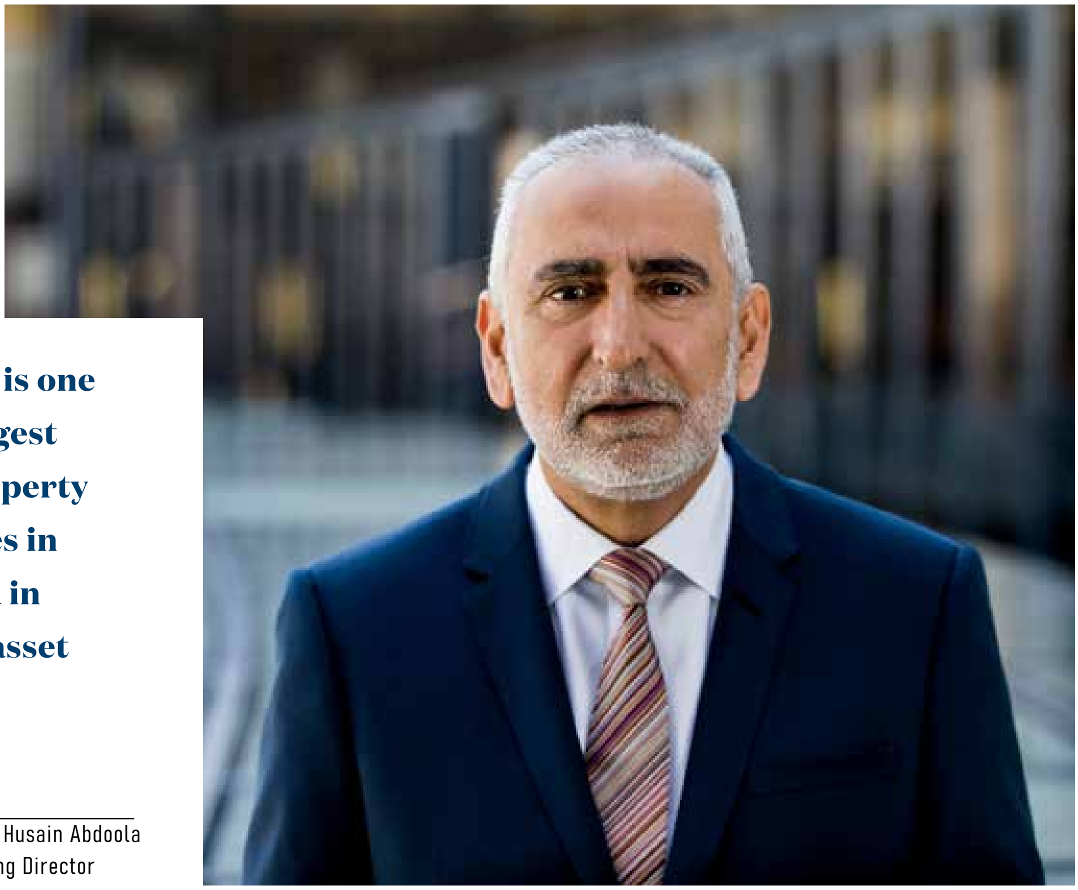
Turnstar remains the largest listed property company in Botswana in terms of asset value. We do not take this privilege lightly. This is a great company premised on a desire to create value for all stakeholders, indeed beyond our bottom line alone. We recognize the responsibility therefore placed on us to deliver progress beyond today, but to help shape a future of resilience and fortitude, building on foundations as strong as those our very properties are built on. We are committed, unwaveringly so, to continue to deliver strong returns, create positive impact, and to grow and enhance creation of value for our people.

We look ahead with optimism, courage of conviction and our eyes, hearts and minds open to possibility. We will continue to deliver the reliability and trust that our stakeholders have come to know us for, growing these further as we introspect on and learn from this period. We will anchor these qualities with an even sharper delivery of our strategy.

APPRECIATION

We would like to thank our business partners and other stakeholders for their ongoing commitment, partnerships and support. Thank you for being part of our 20-year journey to date; and indeed for being a part of Turnstar's future. I would like to thank all our employees and our management team for their dedication and passion during a challenging, transformative and educational year. May we remain resilient, united and inspired to build back better. Last but not least, my appreciation also goes to the Board for their infinite counsel and support.

Here is to marrying our heritage and learnings with a clear compass and map into the future. May God bless us all.



Turnstar is one of the largest listed property companies in Botswana in terms of asset value.

Gulaam Husain Abdoola
Managing Director

Botswana properties record gains

The Group posted improved results, rental revenue increased by 9% to P 269 million , while expenses were maintained at P120 million. Profit before tax increased by 40% from P81.9 m to P114.3m for the year under review.

RENTAL REVENUE INCREASED BY
9%
TO
P269m

EXPENSES WERE MAINTAINED AT
P120m

PROFIT BEFORE TAX INCREASED BY
40% FROM
P81.9m TO
P114.3m

Rental incomes from the Botswana portfolio increased by 14% and from the Tanzanian portfolio by 7%. Increases are due to improved occupancy, regular escalations, and full-year rental, as there were no COVID reliefs in 2022.

FINANCE COSTS

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

FAIR VALUE

Both Botswana and Tanzania properties reported fair value gains due to improved occupancy in both countries. However, the Dubai property reported a substantial tolerable value loss, resulting in the group's overall modest value loss. Noteworthy, Fair Values are calculated on current rentals, projected into the future on a discounted cash flow basis. It does not reflect the actual cost of the buildings and may change yearly, depending on occupancy levels.

TRANSLATION GAINS

Translation gains reported for the year occurred when translating the USD-denominated investments and assets of the group subsidiaries in Tanzania and Dubai. A substantial appreciation of the USD was noted against the Pula in the year, resulting in a high gain compared to the prior year.

LOAN TO VALUE RATIO (LTV)

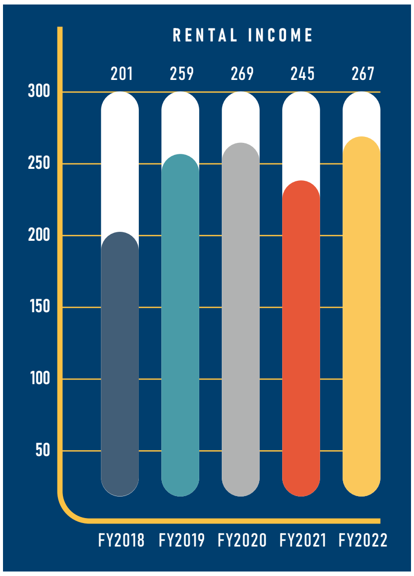
The loan to value ratio (borrowing as a percentage of investment property) is a very conservative 23%.

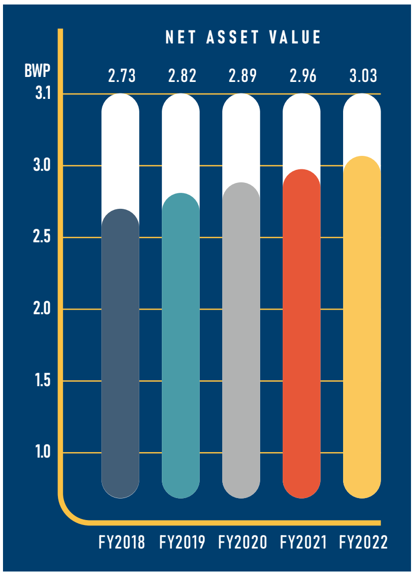
DISTRIBUTION TO SHAREHOLDER

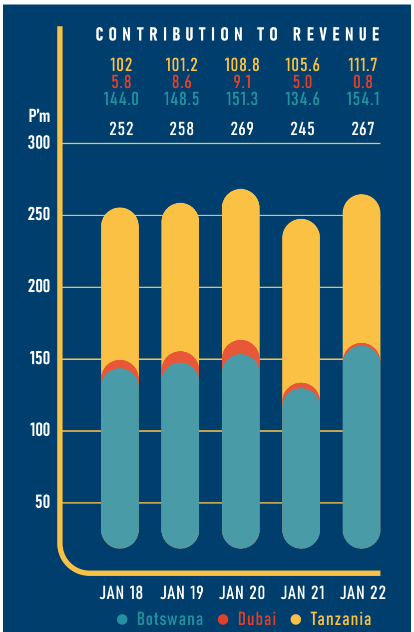
Despite tough economic challenges, the company continues to pay good distribution, a total allocation of 18 thebe per linked unit.

GEOGRAPHICAL ANALYSIS

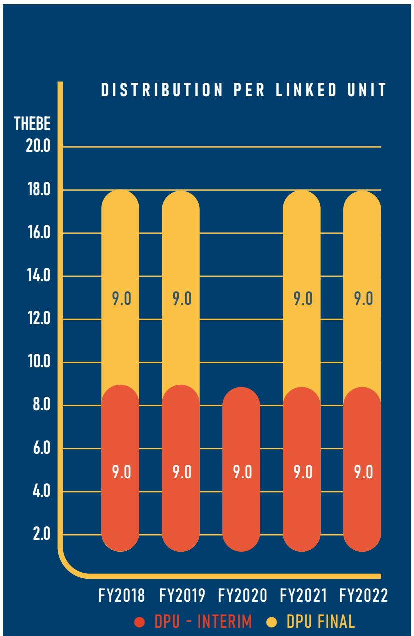
PROPERTY VALUE	GLA (SQUARE METRE)	SECTOR FOCUS
P2.46b	**149 805**	**85% retail**



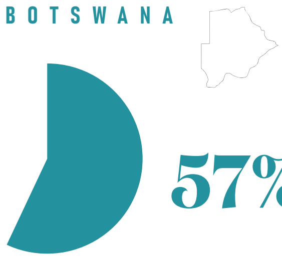




- Total rental income increased despite touch economic conditions.
- Total rental income from Tanzania portfolio improved, it is expected to increase further as vacancy in office blocks slightly reduced.
- Dubai rent is significantly reduced, reported amount for part of the year.



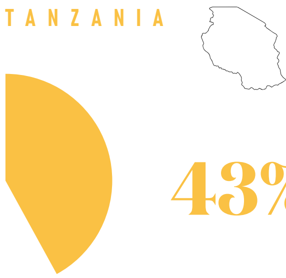
BOTSWANA



57%

PROPERTY VALUE	P1.4 BILLION
NO. OF PROPERTIES	7
GLA (m^2)	92 190

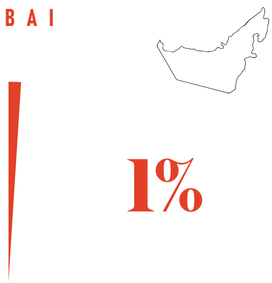
TANZANIA



43%

PROPERTY VALUE	P1.04 BILLION
NO. OF PROPERTIES	4
GLA (m^2)	56 370

DUBAI



1%

PROPERTY VALUE	P21 MILLION
NO. OF PROPERTIES	1
GLA (m^2)	1 245

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		COMPANY	
	31 JAN 22 PULA	31 JAN 21 PULA	31 JAN 22 PULA	31 JAN 21 PULA
Revenue				
Rental income	266,595,710	245,269,492	154,076,022	134,570,966
Other income	2,352,161	5,478,567	4,108,434	6,745,195
Operating expenses	(119,738,107)	(121,090,610)	(75,812,628)	(71,385,365)
Dividend income from subsidiary	-	-	14,946,873	42,821,588
Operating profit	**149,209,764**	**129,657,449**	**97,318,701**	**112,752,384**
Finance income	243,593	253,212	12,760,195	15,100,300
Finance cost	(21,280,321)	(25,849,802)	(21,280,321)	(25,849,802)
Profit before exchange difference and FV	**128,173,036**	**104,060,859**	**88,798,575**	**102,002,882**
Exchange gain	12,423,604	2,748,846	12,423,604	2,748,846
Exchange loss	(17,334,952)	(5,364,133)	(17,291,609)	(5,368,335)
Profit before fair value and impairment	**123,261,689**	**101,445,572**	**83,930,571**	**99,383,393**
Good will impairment	-	(12,402,710)	-	-
Impairment in Investment in subsidiary	-	-	(65,083,782)	-
Fair value adjustments	(8,900,100)	(7,190,400)	59,443,996	60,618,863
Profit before tax	**114,361,589**	**81,852,462**	**78,290,785**	**160,002,256**
Taxation	(13,425,106)	(546,447)	4,090,362	(3,588,743)
Profit for the year	**100,936,483**	**81,306,015**	**82,381,147**	**156,413,513**
Other comprehensive income				
Exchange difference on translating foreign operations	40,437,771	16,044,562	-	-
Total comprehensive income for the year	**141,374,254**	**97,350,577**	**82,381,147**	**156,413,513**
Total comprehensive income attributable to:				
Owners of the parent company	141,374,254	97,350,577	82,381,147	156,413,513
	-	-	-	-
	141,374,254	**97,350,577**	**82,381,147**	**156,413,513**
Profit for the year attributable to linked Unit holders				
Owners of the parent company	100,936,483	81,306,015	82,381,147	156,413,513
Non controlling interest	-	-	-	-
	100,936,483	**81,306,015**	**82,381,147**	**156,413,513**
Basic earnings per linked unit (in thebe)	18	14	14.40	27.34
Diluted earnings per linked unit (in thebe)	18	14	14.40	27.34
Distribution per linked unit(in thebe)	18.00	19.00	18.00	19.00
Debenture interest pe2r linked unit(in thebe)	15.39	11.94	15.39	11.94
Dividend per linked unit(in thebe)	2.61	7.06	2.61	7.06
NAV per unit (thebe)	3.03	2.96	2.68	2.71
Number of linked units	572,153,603	572,153,603	572,153,603	572,153,603

ABRIDGED STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	31 JAN 22 PULA	31 JAN 21 PULA	31 JAN 22 PULA	31 JAN 21 PULA
ASSETS				
Non-Current Assets	**2,504,744,338**	**2,442,082,718**	**2,169,960,453**	**2,199,828,477**
Investment property	2,460,487,166	2,396,259,505	1,404,778,381	1,335,770,609
Plant and equipment	1,383,514	1,947,505	265,277	946,703
Goodwill	27,177,745	25,658,129	-	-
Investment in subsidiaries	-	-	541,529,229	606,613,011
Loan to related compamy	-	-	210,790,566	240,990,516
Lease asset	15,695,913	18,217,579	12,597,000	15,507,638
Current Assets	**46,946,344**	**65,762,894**	**26,880,707**	**44,592,935**
Lease asset	4,323,415	4,444,843	4,323,415	4,430,550
Cash and cash equivalent	14,208,533	24,185,916	9,388,408	17,456,443
Trade and other receivables	28,414,396	37,132,135	13,168,884	22,705,942
Total Assets	**2,551,690,682**	**2,507,845,612**	**2,196,841,160**	**2,244,421,412**
EQUITY AND LIABILITIES				
Stated Capital and Reserves	**1,734,743,667**	**1,696,357,070**	**1,530,892,813**	**1,551,499,313**
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	688,625,100	557,705,857	753,265,947	693,821,951
Retained earnings	184,965,718	317,936,135	93,635,685	173,686,181
Debenture interest and dividend reserves	51,493,824	51,493,824	51,493,824	51,493,824
Foreign currency translation reserve	177,161,668	136,723,897	-	-
Non- Current Liabilities	**698,928,151**	**728,514,914**	**583,795,418**	**635,946,287**
Borrowings	498,566,484	546,626,991	498,566,484	546,626,991
Deferred taxation	200,361,667	181,887,923	85,228,934	89,319,296
Current Liabilities	**118,018,864**	**82,973,628**	**82,152,929**	**56,975,812**
Trade and other payables	47,334,092	39,150,215	11,468,157	13,152,399
Borrowings	67,118,511	40,540,726	67,118,511	40,540,726
Unclaimed debenture interest and dividend	1,840,616	1,499,628	1,840,616	1,499,628
Current tax payable	1,575,294	1,575,294	1,575,294	1,575,294
Bank overdraft	150,351	207,765	150,351	207,765
Total Equity and Liabilities	**2,551,690,682**	**2,507,845,612**	**2,196,841,160**	**2,244,421,412**

Mall occupancy positive

GAME CITY

With an area of approximately 70 000qm, Game City is the first indoor mall built in Botswana that allows patrons to shop comfortably and securely. This shopping haven offers a variety of outlets. The shops, 140 in all, comprise trendy clothing stores, boutiques, shoe outlets, jewellers, perfumes, and gift hubs. There are also restaurants and takeaways, coffee shops, grocery stores, banking, and foreign exchange facilities, furniture outlets, homeware shops, hair and beauty parlours, bookstores, sports shops, pharmacies, and the main flagship store, Game. There is an IT hub and a food court on the second floor.

The mall offers two event venues on the first floor to host corporate events, weddings, parties, and exhibitions. The shopping centre provides covered parking, aspiring to continue serving as an all-rounded mall that offers patrons all they need conveniently under one roof.
In 2022, the area that previously housed six cinemas was converted into a central retail location. In addition, Truworths, a major SA national retail chain, moved into Game City. A "drive-in" fast food retail outlet was constructed within the Game City property premises for Nandos.

GAMECITY ENJOYED

98%

OCCUPANCY DURING THE YEAR

MLIMANI CITY MALL

The Mlimani City retail mall in Dar Es Salaam, Tanzania, is the premier and largest mall in the country, with a lettable area of 29,500 sq m. It was opened in November 2006 and is Tanzania's first indoor air-conditioned mall comprising several stores, restaurants, and a movie theatre: the Century Cinemax, which has the biggest screen in East Africa. Additionally, there is an ample, secure, well-designed parking area, regarded as one of the mall's best features.

The mall has 97 shops. Some notable shops include national chains, such as Game and Mr. Price. There are popular local supermarkets, including Shoppers, and telecommunications companies such as Airtel, Vodacom, and Tigo MIC. Banks such as CRDB Bank, NMB Bank, Exim Bank, with installed ATMs. Other quality stores include Max, Red Tag, Splash, Baby Shop, LC Waikiki, Samsung and furniture outlets. Restaurants include Marry Brown, Pizza Hut, and Samaki, also popular franchises in Tanzania.

The retail mall has enjoyed 100% occupancy throughout the year.

MLIMANI CONFERENCE CENTRE

The conference centre is 5,000 sq m and has been designed to cater for 2,300 people in theatre style and 1,600 people in conference or banquet seating. It is the best, and the largest indoor functions venue in Dar Es Salaam and can be subdivided into six separate conference rooms with a full range of conference facilities and amenities.

Mlimani City Conference Centre is known for its state-of-the-art conference halls and can host any event, including meetings, training, seminars, conferences, interviews, exhibitions, weddings, and social gatherings.

Conference bookings plunged during 2020 and 2021 due to the COVID pandemic. However, with the return to normalcy, bookings and associated revenues have substantially increased over the past few months.

The Mlimani city office park offers a secure, well-managed business office park encompassing six double-story "A" grade office blocks with lettable space of 15,000 sqm and 540 parking bays. One office block was partitioned into smaller units to accommodate tenants with requirements of 25sqm and above.

The office park has been let out to Tanzania Investment Bank, ISON Xperiences, HJFMRI (Walter Reed Program Tanzania), Kepler Consultants, Wartsila, and the Benjamin Mkapa Foundation.

With the capital of Tanzania moving from Dar es Salaam to Dodoma, the commercial office market in Dar Es Salaam weakened considerably. However, the recent economic upturn in Tanzania has ushered in renewed interest in our vacant office spaces. The current occupancy rate is 38%.

MLIMANI CITY VILLAS (RESIDENTIAL APARTMENTS)

The residential estate comprises 50 single-storey housing units. The villas have a mix of 1-, 2-, and 3-bedroom units and come with a well-fitted and spacious kitchen, a lounge/dining area, fitted wardrobes, an en-suite bathroom, an external veranda, and a carport.

With 24-hour security, a communal swimming pool, a volleyball court, and located in proximity to the retail mall, which offers cinemas, restaurants, and shopping, the current occupancy rate is approximately 90%.

MLIMANI CITY MALL HAS
97
SHOPS

NZANO MALL

One of the first malls to be built in Francistown 21 years ago, Nzano is approximately 14,342 sq m. It has two anchor shops - Game stores and Super Spar, and 21 other outlets. Nzano is committed to providing the best and secluded shopping for its customers, with a range of clothing, restaurant, furniture, grocery, IT, and pharmacy stores.

The property is currently undergoing refurbishment. Its tenant occupancy has been at 100% over the past years.

SUPASAVE MALL – MOGODITSHANE

This is a high-traffic mall that has nine retail units. There is an ongoing demand for space in this mall. Chicken Licken and Choppies have improved their menu lists, attracting more customers to the mall. Tenant occupancy has been at 100% over the past years.

TURNSTAR HOUSE – MAIN MALL

Turnstar House is the only commercial property in the Botswana portfolio. This property has 12 commercial office units on the five floors and three retail stores on the ground floor. It has underground parking bays.

PLOT 63 G.I.C.P

The property is in Gaborone International Commerce Park - a building comprising 12 units of different industrial categories with offices and warehouses. The property has had full occupancy over the past years.

RESIDENTIAL ACCOMMODATION – TAPOLOGO ESTATE

This prestigious housing estate, located in Broadhurst Gaborone, is fully let. It is an attractive asset with 50 units of 1-, 2-, and 3-bedroomed apartments, with closed garages, maintained gardens, a communal pool, and security.

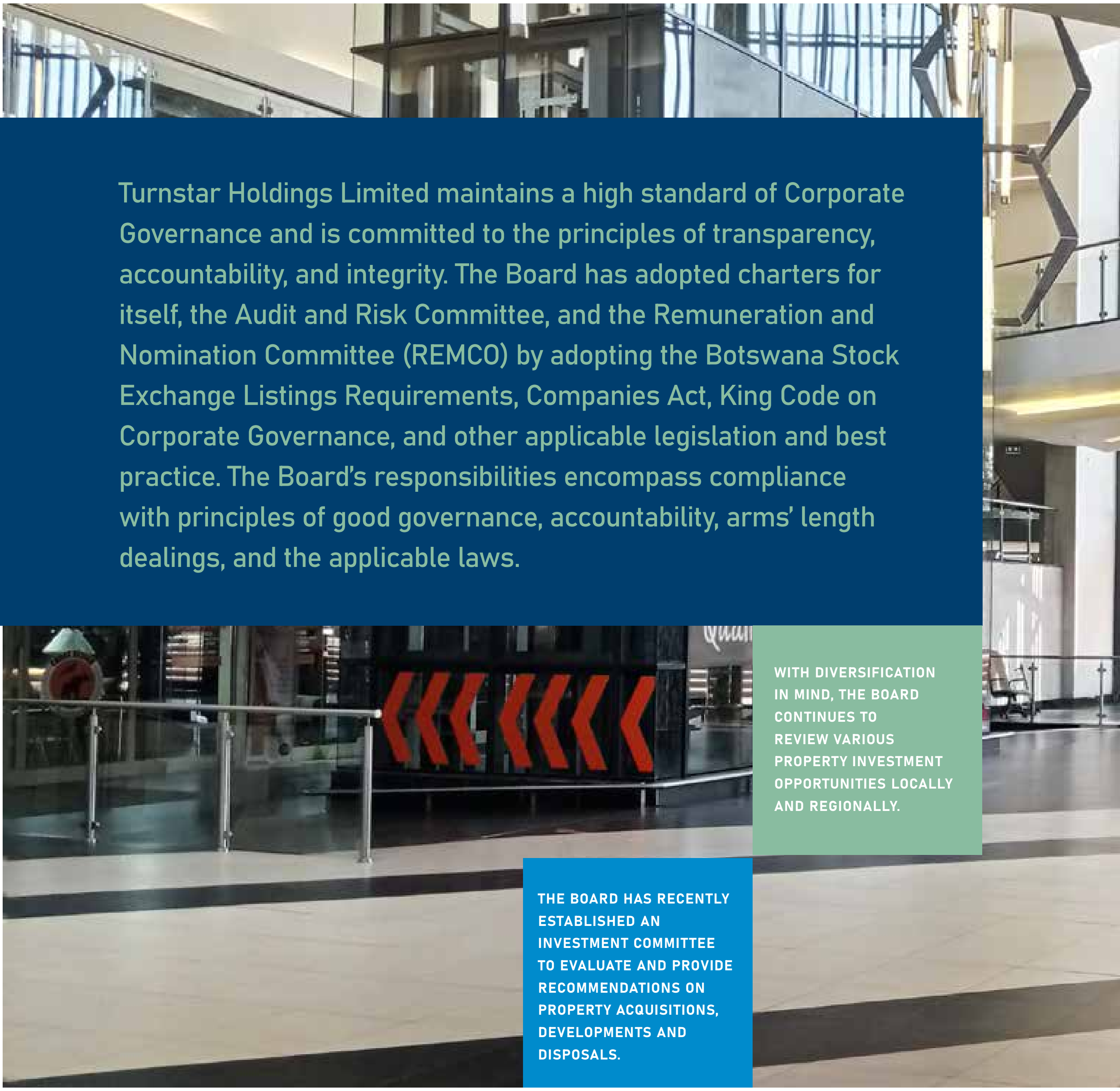
RESIDENTIAL ACCOMMODATION – MOGODITSHANE APARTMENTS

The property consists of three blocks of 3- and 4- bedroomed apartments, and a total of 14 Townhouses. Each has a closed garage, staff accommodation, communal pool and 24-hour security. The property is almost always fully let.

DUBAI

This building consists of three retail shops on the ground floor and eight commercial offices located on the four upper floors. The property is fully occupied, although rentals are much less than initially envisaged. The property is managed and maintained by reputable and professional property and facilities managers and is in good condition.

High standards maintained



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 Remuneration and Nomination Committee (REMCO) by adopting the Botswana Stock Exchange Listings Requirements, Companies Act, King Code on Corporate Governance, and other applicable legislation and best practice. The Board's responsibilities encompass compliance with principles of good governance, accountability, arms' length dealings, and the applicable laws.

WITH DIVERSIFICATION IN MIND, THE BOARD CONTINUES TO REVIEW VARIOUS PROPERTY INVESTMENT OPPORTUNITIES LOCALLY AND REGIONALLY.

THE BOARD HAS RECENTLY ESTABLISHED AN INVESTMENT COMMITTEE TO EVALUATE AND PROVIDE RECOMMENDATIONS ON PROPERTY ACQUISITIONS, DEVELOPMENTS AND DISPOSALS.

RELATED PARTY TRANSACTIONS

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

DIRECTORS' DEALINGS

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

COMPANY AND MEETING SECRETARY

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

INTERNAL AUDITORS

Grant Thornton Capital Advisors are the internal auditors of the Company and are responsible for providing independent assurance that the organisation's risk management, governance, and internal control processes are operating effectively.

EXTERNAL AUDITORS

Ernst and Young are the external auditors of the Company, responsible for the independent review and expressions of opinion on the reasonableness of the financial statements based on the audit.

ANTI MONEY LAUNDERING

Turnstar Holdings is strongly committed to preventing the use of its properties, services, resources, and technologies for the commission or perpetuation of financial crimes such as money laundering (ML), terrorist financing (TF), or the financing of proliferation (PF). To this end, the Turnstar board has adopted several policies relating to Anti-Money Laundering (AML), Counter-Financing of Terrorism (CFT), and Counter-Financing of Proliferation. This complies with the Financial Intelligence Act 2022 and international best practices.

COVID -19

Turnstar Holdings Limited implemented precautions to protect employees, tenants, customers, and other stakeholders from COVID-19.

PORTFOLIO RISK

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

BOARD OF DIRECTORS

During the year under review, the Board consisted of six Directors, four of whom were independent non-executive Directors. M/s Mokgadi Nteta, an independent non-executive Director, retired from the Board on 26 November 2021. Two new independent non-executive Directors joined the Board in 2022. M/s Victoria Tlamelo Tebele joined the Board on 1 February 2021, followed by Mr. Butler Daniel Phirie on 1 July 2021. The Chairman of the Board is a non-executive Director. Non-executive

Directors bring a wealth of expertise and experience from their broad fields of operation and ensure that dialogue on strategy, policy, business development, and performance is robust, informed, and constructive.

In compliance with the King 111 code of best practice recommendations and the Botswana Stock Exchange requirements, Mr. Pierre Bezuidenhout retired from the Board on 30 June 2022, after serving nine years.

GENDER DIVERSITY

Turnstar subscribes to best practice in relation to gender diversity at board level, as well as across all it's businesses. We have been exemplary by having more women holding directors' positions. In the past few years we have had 3 women representing 37.5% at board level and currently, we have 17 female staff members representing 50% of our workforce. The number of women on our board has reduced in the recent past, due to mandatory rotations that saw two retirements. Plans are underway to nominate more women to the board to achieve our strategic goals, and in turn position Turnstar as a truly diverse company.

FUTURE APPOINTMENTS

Mr. Amaresh Chetty and Mr. Thobo Kerekang were appointed to the Board as non-executive Directors, effective 1 July 2022.

BOARD MEETINGS

The Board meets at least four times a year and is responsible for, among other things, reviewing and guiding corporate strategy, acquisitions, and performance. All non-executive Directors are subject to retirement by rotation and periodic re-election by shareholders under the Company's constitution. A Board Charter is in place.

SUCCESSION PLANNING

The Company has developed a succession plan for the Chairman of the Board, Managing Director, Chief Financial Officer, and other senior management members.

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

BOARD REMUNERATION		
	Fees	Number
P K Balopi	234 287	9
P Pillar	16 777	-
M Nteta	124 634	4
P Bezuidenhout	227 696	10
Victoria Tebele	210 918	10
Butler Phirie	148 601	8
	962 913	

AUDIT & RISK COMMITTEE REPORT

The Board has established an Audit and Risk Committee comprising three non-executive Directors. The Committee meets independently at least twice a year. External auditors and Executive Directors attend by invitation.

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

The Committee also reviews the Company's Finance, IT, Internal Audit, and Risk functions.

The Terms of Reference for the Committee are in place.

GEARING POLICY

To avoid excess borrowings, the Company adopted a gearing policy. Gearing for the Company is now capped at 30%.

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

	Fees	Number
P Pillar	2,996	-
M Nteta	23 968	2
P K Balopi	23 968	2
P Bezuidenhout	23 968	2
Victoria Tebele	35 952	2
Butler Phirie	11 984	1
	122 836	

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

- Additional assurance regarding the accuracy and reliability of the Annual Financial statements;
- Satisfaction that appropriate financial and operating controls are in place;
- Monitor the Corporate Risk assessment process and assess management. design, implementation, responses and monitoring of risks;
- Confirmation of compliance by the company with legal and regulatory requirements, including BSE listing requirements, Companies Act, King Code on Corporate Governance and other applicable legislation;
- Review of the independence and performance of the company's external auditors.

GOING CONCERN

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

- A review of the cash flow projections and budgets for the year ending January 2023 to ensure the adequacy of cash.
- There are no other circumstances that we are aware of that will materially change the cash flow projection or budgets.
- There are no capital commitments that require additional financing at this stage. Any decision to incur capital expenditure will be approved together with the relevant funding.
- There are no legal issues pending which would impact the Group's ability to continue as a going concern.
- All necessary provisions have been made for potentially unrecoverable debts and assets.

ASSESSMENTS

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

Company Secretaries act as the Secretary of the Board and attend all annual meetings. The committee has considered their competence, qualifications, and experience. The committee is also satisfied that they operate on an arms-length basis.

All Directors have unlimited access to the Company Secretaries' services, ensuring compliance with applicable procedures and legislation.

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

ANNUAL REPORT

Following the committee's review of the Annual Financial Statements for the year ended 31 January 2022, we are of the view that the financial statements comply with the requirements of IFRS and fairly present the financial position of Turnstar Holdings and the Group, and the results of the operations and cash flows for the year then ended.

V Tebele

Chairperson – Audit and Risk Committee

NOMINATIONS AND REMUNERATION COMMITTEE (REMCO)

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

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

	Fees	Number
P K Balopi	11 984	1
M Nteta	11 984	-
Butler Phirie	11 984	1
	35 952	

BONUS POLICY

During the year, Turnstar adopted a collective bonus scheme to recognize staff performance on a collective basis. Individuals that qualify will receive a standard reward. Turnstar has designed a bonus policy linked to the distribution paid to shareholders. The policy includes a bonus of cash profit available after the targeted distribution is achieved. The guaranteed bonus on performance is limited to P 5 million; any amount above that will be at the Board's discretion.

INVESTMENT COMMITTEE

The Board has newly established an Investment Committee to evaluate and recommend all property acquisitions, developments, and disposals to the Board.

The Committee will meet on an "ad hoc" basis when management proposes a property acquisition, development, or disposal.

Key:
☑ = Compliant
U = Under review
N = Non-compliant
P = Partially compliant
N/A = Not applicable

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

Key:
☑ = Compliant
U = Under review
N = Non-compliant
P = Partially compliant
N/A = Not applicable

2.14	The board and its directors should act in the best interest of the company	The Board individually and collectively understand their fiduciary responsibility to act in the best interest of the Company. Disclosure of Interests and dealings are declared at every Board and Committee meeting.	✔
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the act	The Board is aware of the requirement.	✔
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	The Chairman of the Board is a non-executive director. The CEO is an executive director and is not the Chairman.	✔
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	The Board has appointed a CEO whose delegated authority in place.	✔
2.18	The board should compromise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	The Board comprises of six Directors, four of who are non-executives.	✔
2.19	Directors should be appointed through a formal process	The process is stipulated in the Board Charter	✔
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	Induction and ongoing training and development of Directors, is stipulated in the Board Charter.	✔
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	A competent, suitably qualified and experienced Company Secretary has been appointed by the Board.	✔
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	A formal evaluation process has been performed.	✔
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The Audit & Risk committee and Remunerations and Nominations Committee report directly to the Board and work within their stipulated frame work as detailed in the respective Charters.	✔
2.24	A governance framework should be agreed between the group and its subsidiary boards	Covered in the Board Charter	✔
2.25	Companies should remunerate directors and executives fairly and responsibly	The Remunerations and Nominations Committee advises the Board.	✔
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Disclosed in the Annual Report.	✔
2.27	Shareholders should approve the company's remuneration policy	Company remuneration policy is being presented to the Board for approval. Will be presented to the shareholders in 2023, for approval.	U
CHAPTER 3: AUDIT COMMITTEES			
3.1	The board should ensure that the company has an effective and independent audit committee	An Audit & Risk committee is in place and operational.	✔
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	The committee comprises of 3 non-executive directors.	✔
3.3	The Audit committee should be chaired by an independent non-executive director	The Chair is an independent non-executive director.	✔
3.4	The audit committee should oversee integrated reporting	The Audit & Risk committee overseas integrated reporting.	✔
3.5	The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities	The Internal and External auditors report directly to the Audit & Risk committee	✔
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	In addition to principle 3.5 above the senior management also attend the Audit & Risk committee meetings by invitation, and present reports and answer queries raised.	✔
3.7	The audit committee should be responsible for overseeing of internal audit	The Audit & Risk committee oversee the Internal Audit process.	✔

Key:
☑ = Compliant
U = Under review
N = Non-compliant
P = Partially compliant
N/A = Not applicable

3.8	The audit committee should be an integral component of the risk management process	The Audit & Risk committee oversee the risk management process.	✔
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The Audit and Risk Committee recommend the appointment of the external auditors, to the Board. The external auditors attend and report to the Audit & Risk Committee.	✔
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	The Audit & Risk Committee reports to the Board. It also reports to the shareholders through the Annual Report and at the AGM.	✔
CHAPTER 4: THE GOVERNANCE OF RISK			
4.1	The board should be responsible for the governance risk	Please refer principle 2.7 and 3.8 above	✔
4.2	The board should determine the levels of risk tolerance	Please refer principle 2.7 and 3.8 above	✔
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	Please refer principle 2.7 and 3.8 above	✔
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Management designs, implements and monitors the risk management plan. The Audit & Risk committee evaluates the risk analysis performed and advice the Board.	✔
4.5	The board should ensure that risk assessments are performed on a continual basis. Board and Audit committee are responsible for risks	Please refer principle 4.4 above.	✔
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating risks	Please refer principle 4.4 above	✔
4.7	The board should ensure that management considers and implements appropriate risk responses	Please refer principle 4.4 above	✔
4.8	The board should ensure continual risk monitoring by management	Please refer principle 4.4 above	✔
4.9	The board should receive assurance regarding the effectiveness of the risk management process	Please refer principle 4.4 above	✔
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	The Annual Report contains a brief review of the Company's risks	✔
CHAPTER 5: THE GOVERNANCE OF INFORMATION TECHNOLOGY			
5.1	The board should be responsible for IT governance	Please refer principle 2.8 above	✔
5.2	IT should be aligned with the performance and sustainability objectives of the company	IT policy in place	✔
5.3	The board should delegate to management the responsibility for the implementation	IT policy in place	✔
5.4	The board should monitor and evaluate significant IT investments and expenditure	IT policy in place	✔
5.5	IT should form an integral part of the company's risk management	IT policy in place	✔
5.6	The board should ensure that information assets are managed effectively	IT policy in place	✔
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	The Audit & Risk committee oversees the IT governance and reports to Board	✔

Key:
☑ = Compliant
U = Under review
N = Non-compliant
P = Partially compliant
N/A = Not applicable

CHAPTER 6: COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS			
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Please refer principle 1.2 and 2.9	✔
6.2	The board and its individual directors should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	The Board comprises of suitably qualified and experienced individuals. The Board also consults with the Company Secretary, legal and other independent consultants where needed.	✔
6.3	Compliance risk should form an integral part of the company's risk management process	Please refer to principle 3.5. Process in place.	✔
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Please refer principle 4.6 & 4.7. Process in place.	✔
CHAPTER 7: INTERNAL AUDIT			
7.1	The board should ensure that there is an effective risk-based internal audit	Please refer to principle 2.10.	✔
7.2	The board should follow a risk-based approach to its plan	Please refer to principle 2.10	✔
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of control and risk management	A risk assessment has been performed.	✔
7.4	The audit committee should be responsible for overseeing internal audit	Please see principle 3.7	✔
7.5	Internal audit should be strategically positioned to achieve its objectives	Please see principle 3.7	✔
CHAPTER 8: GOVERNING STAKEHOLDR RELATIONSHIPS			
8.1	The board should appreciate that stakeholders perceptions affect a company's reputation	Please refer to principle 1.2, 2.1, 2.2, 2.3 and 2.4.Stakeholder relationship policy has been adopted and implemented.	✔
8.2	The board should delegate to management to proactively deal with stakeholder relationships, stakeholders and the outcomes of these dealings	Please refer to principle 1.1 & 1.3. Stakeholder relationship policy has been adopted and implemented.	✔
8.3	The board should strive to achieve the appropriate balance between its various stakeholders groupings, in the interests of the company (Fund)	Please refer to principle 2.11 & 2.14. Stakeholder relationship policy has been adopted and implemented.	✔
8.4	Companies should ensure the equitable treatment of shareholders	Please refer to principle 2.1, 2.3, 2.4 and 2.5. Stakeholder relationship policy has been adopted and implemented.	✔
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Please refer to principle 1.2, Stakeholder relationship policy has been adopted and implemented.	✔
8.6	The board should ensure that disputes are resolved as efficiently and expeditiously as possible	The Board is kept informed of any disputes and ensure expeditious resolution.	✔
CHAPTER 9: INTEGRATED REPORTING AND DISCLOSURE			
9.1	The board should ensure the integrity of the company's integrated annual report	The Board, through the Audit & Risk Committee ensures the integrity and development of the Integrated Annual Report	✔
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	In place	✔
9.3	Sustainability reporting and disclosure should be independently assured	In place and being further developed.	✔

Malls give back to local communities

MLIMANI

Mlimani City embarked on numerous charity events aimed at giving back to local communities and focused on supporting initiatives that generate funds to assist different population groups.

GRADUATION CEREMONY

Mlimani Conference Centre hosted about 2500 graduates from the University of Dar Es Salaam, as part of their 51st Graduation Ceremony.

MARKET DAY

A fund-raising event aimed at supporting the Government's efforts and other Stakeholders in acting as a bridge for students with disabilities was held at the mall's car park, with the sale of an assortment of handmade crafts.

HEALTH AND WELLNESS

Registration desks for various marathons were given to organizers, providing equal opportunity to live a full, active and healthy lifestyle through sports, art, entertainment and recreation.

GAMECITY

VACCINATION ROADSHOW

We embarked on a successful Roadshow in conjunction with the Ministry of Health. Turnstar hosted the COVID 19 Vaccination Roadshow at our Game City and Supa Save Malls to ensure easier access to vaccination by the public.

BLOOD DONATION DRIVE

In a bid to continually educate the general public about the importance of blood donation and to recruit blood donors for health facilities, Turnstar held a Blood Donation Drive in our Game City and Supa Save Malls.

SMME EMPOWERMENT

As part of our ongoing annual show of support to upcoming SMME initiatives, we collaborated with Botswana Service/ Solid Care in showcasing their products in various Pop-up markets held throughout the year.

GAME CITY TREE LIGHTING CEREMONY

This year marked the 4th Annual Game City Christmas tree lighting event in partnership with Limkokwing University. The event was officiated by Assistant Minister of Presidential affairs Honorable Meshack Mthimkhulu. The following charitable organizations were recipients of Christmas Hampers & Donations

- Gamodubu Child Care Trust
- Childline
- Kopano Rehabilitation Foundation

Following the Official Launch of the Limkokwing Frontline Heroes Campaign under the Heal The World Foundation, Limkokwing University presented 100 Scholarships under the Frontline & Healthcare Scholarships to the following Ministries; - Presidential Affairs, Governance & Public Administration - Local Government & Rural Development - Health & Wellness.

Consolidated Annual Financial Statements

for the year ended 31 January 2022

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Property Investment
Directors	P Balopi(Chairman) G H Abdoola (Managing Director) P Bezuidenhout M Nteta (Retired 26 November 2021) S Puvimanasinghe V Tebele (Appointed 5 February 2021) B D Phirie (Appointed 1 July 2021)
Registered office	Plot 50370 Fairgrounds Gaborone Botswana
Business address	Center Management Offices Game City Management Offices Game City Retail Center Kgale, Gaborone
Postal address	P O Box 26012 Game City Gaborone Botswana
Bankers	ABSA Bank of Botswana Limited Absa Bank Tanzania Limited Exim Bank Tanzania Limited First National Bank of Botswana Limited Mashreq Bank of United Emirates
Auditors	Ernst & Young Chartered Accountants
Secretary	Leo Business Services (Proprietary) Limited
Company registration number	BW00000973397
Investment Bankers	Stanlib Money Market Fund African Alliance Botswana
Functional currency	Botswana Pula
Transfer secretaries	Grant Thorton Business Services (Proprietary) Limited

Directors' Responsibilities and Approval

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

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

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

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

The directors have reviewed the group's cash flow forecast for the year to 31 January 2023 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 28 to 31.

The consolidated and separate annual financial statements set out on pages 32 to 95, which have been prepared on the going concern basis, were approved by the board of directors on 27 April 2022 and were signed on their behalf by:

Approval of financial statements

Director **Director**

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Turnstar Holdings Limited and the group for the year ended 31 January 2022.

1. Review of financial results and activities

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

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

2. Share capital

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

3. Secretary

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

EY
Building a better working world

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

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

Independent Auditor's Report

To the Shareholders of Turnstar Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Turnstar Holdings Limited and its subsidiaries ('the Group') and company set out on pages 32 to 95, which comprise the consolidated and separate statements of financial position as at 31 January 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Turnstar Holdings Limited as at 31 January 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01).

Basis for Opinion

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

Key Audit Matters

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

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

The key audit matter applies equally to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Investment Properties	

The Group's investment property portfolios are valued at BWP 2,460,487,166 (2021: BWP 2,396,259,505) and the Company's investment property portfolio is valued at BWP 1,404,778,381 (2021: BWP 1,335,770,609) as at 31 January 2022. The Group's investment property portfolios comprise of investment properties held in three geographical regions.
 	
The fair values of these portfolios are determined using the discounted cash flow method which involves projecting income and expenditure for each investment property for future years and discounting the projected future cash flows at a discount rate to calculate the current fair value.
 	
The valuation model used for forecasting the income and expenditure for each investment property is subjective in nature and involve various input assumptions distinctive to each geographical location regarding rental income and expenses, occupancy rates and discount rates. This is further compounded by the uncertain economic and market conditions in each geographical region associated with the continuing COVID-19 pandemic.
 	
We have identified the valuation of the investment property portfolios to be a key audit matter due to valuation method being inherently judgmental as a result of the subjective inputs, across regions and the significance of the investment property portfolios to the Company and Group's total assets.
 	
The disclosure associated with the valuation of investment properties is set out in the consolidated and separate annual financial statements in the following notes:
• Note 1.3 Fair value estimation
• Note 1.4 Investment property
• Note 3: Investment property
• Note 36: Fair value information
	Our procedures included amongst others:
	
	• We obtained an understanding of the valuation process and models used to determine the fair value of these investment property portfolios through discussion with the external independent valuation specialists and management.
	• We evaluated the external valuation specialists' competence, capabilities, and objectivity with reference to their qualifications and industry experience.
	• With the support of our internal valuation specialists, we:
	  ▪ Evaluated the appropriateness of the input data and assumptions used by the valuers, including current and projected rental income and expenses and occupancy rates by agreeing them back to management's records, invoices received or other supporting documentation including:
	    o key terms of lease agreements
	    o rental income schedules
	    o Independent macro-economic data
	  ▪ We evaluated the key assumptions used by the independent valuers against our own expectations using evidence from comparable market transactions, historical records, and approved budgets.
	  ▪ We assessed the appropriateness of the discount rates by evaluating these rates against risk free rates, adjustments for market and other risks in the different geographical areas and rates applied by other entities in the same industry and geographical areas.
	  ▪ We considered the continuing impact of the COVID-19 pandemic on the market related assumptions and inputs into the fair value models through discussion with both management and the valuation specialists.
	• We assessed the adequacy of the disclosures included in the consolidated and separate financial statements relating to investment property and the fair value thereof against the requirements of IAS 40 – Investment Property and IFRS 13 Fair Value Measurement

Building a better working world

Other Information

The directors are responsible for the other information. The other information comprises the other information included in the 71-page document titled "Turnstar Holdings Limited Consolidated and Separate Annual Financial Statements for the year ended 31 January 2022" which includes the General Information, Directors' Responsibilities and Approval Statement and the Directors' Report, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group and Company's financial reporting processes.

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

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

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

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

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

Building a better working world

- 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 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 on the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.

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

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

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

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

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

Ernst + Young

Ernst & Young
Practising member: Francois J Roos
Partner
Membership number: CAP 0013 2022
Certified Auditor
Gaborone
Date: 29 April 2022

Turnstar Holdings Limited
(Registration number BW00000973397)
Consolidated And Separate Annual Financial Statements for the year ended 31 January 2022

Statement of Financial Position as at 31 January 2022

		Group		Company	
Figures in Pula	Note(s)	2022	2021	2022	2021
Assets					
Non-Current Assets					
Property, plant and equipment	4	1 383 514	1 947 505	265 277	946 703
Investment property	3	2 460 487 166	2 396 259 505	1 404 778 381	1 335 770 609
Goodwill	5	27 177 745	25 658 129	-	-
Investments in subsidiary	6	-	-	541 529 229	606 613 011
Loans to group companies	7	-	-	210 790 566	240 990 516
Lease asset	9	15 695 913	18 217 579	12 597 000	15 507 638
		2 504 744 338	**2 442 082 718**	**2 169 960 453**	**2 199 828 477**
Current Assets					
Trade and other receivables	10	28 414 396	37 132 135	13 168 884	22 705 942
Lease asset	9	4 323 415	4 444 843	4 323 415	4 430 550
Cash and cash equivalents	11	14 208 533	24 185 916	9 388 408	17 456 443
		46 946 344	**65 762 894**	**26 880 707**	**44 592 935**
Total Assets		**2 551 690 682**	**2 507 845 612**	**2 196 841 160**	**2 244 421 412**
Equity and Liabilities					
Equity					
Stated capital and linked unit debentures	12	632 497 357	632 497 357	632 497 357	632 497 357
Foreign currency translation reserves		177 161 668	136 723 897	-	-
Retained income		925 084 642	927 135 818	898 395 456	919 001 958
		1 734 743 667	**1 696 357 072**	**1 530 892 813**	**1 551 499 315**
Liabilities					
Non-Current Liabilities					
Borrowings	13	498 566 484	546 626 991	498 566 484	546 626 991
Deferred tax	8	200 361 667	181 887 923	85 228 934	89 319 296
		698 928 151	**728 514 914**	**583 795 418**	**635 946 287**
Current Liabilities					
Trade and other payables	14	47 334 092	39 150 213	11 468 157	13 152 397
Borrowings	13	67 118 511	40 540 726	67 118 511	40 540 726
Current tax payable		1 575 294	1 575 294	1 575 294	1 575 294
Unclaimed debenture interest and dividend payable		1 840 616	1 499 628	1 840 616	1 499 628
Bank overdraft	11	150 351	207 765	150 351	207 765
		118 018 864	**82 973 626**	**82 152 929**	**56 975 810**
Total Liabilities		**816 947 015**	**811 488 540**	**665 948 347**	**692 922 097**
Total Equity and Liabilities		**2 551 690 682**	**2 507 845 612**	**2 196 841 160**	**2 244 421 412**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Pula	Note(s)	2022	2021	2022	2021
Revenue	15	266 595 710	245 269 492	154 076 022	134 570 966
Other operating income	16	2 352 161	5 478 567	4 108 434	6 745 195
Other operating losses	17	(4 911 348)	(2 615 287)	(4 868 005)	(2 619 489)
Goodwill impairment	5	-	(12 402 710)	-	-
Impairment of investment in subsidiary		-	-	(65 083 782)	-
Other operating expenses	18	(119 738 107)	(121 090 610)	(75 812 628)	(71 385 365)
Dividend income		-	-	14 946 873	42 821 588
Operating profit	19	**144 298 416**	**114 639 452**	**27 366 914**	**110 132 895**
Finance Income	20	243 593	253 212	12 760 195	15 100 300
Finance costs	22	(21 280 321)	(25 849 802)	(21 280 321)	(25 849 802)
Fair value adjustment	21	(8 900 110)	(7 190 400)	59 443 996	60 618 863
Profit before taxation		**114 361 578**	**81 852 462**	**78 290 784**	**160 002 256**
Taxation	23	(13 425 106)	(546 447)	4 090 362	(3 588 743)
Profit for the year		**100 936 472**	**81 306 015**	**82 381 146**	**156 413 513**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		40 437 771	16 044 562	-	-
Other comprehensive income for the year net of taxation	24	**40 437 771**	**16 044 562**	**-**	**-**
Total comprehensive income for the year		**141 374 243**	**97 350 577**	**82 381 146**	**156 413 513**
Earnings per share					
Per share information					
Basic earnings per share (c)	29	0.18	0.14	0.14	0.27
Diluted earnings per share (c)	29	0.18	0.14	0.14	0.27

Turnstar Holdings Limited

(Registration number BW00000973397)
Consolidated And Separate Annual Financial Statements for the year ended 31 January 2022

Statement of Changes in Equity

Figures in Pula	Share capital	Linked unit debentures	Total stated capital and linked unit debentures	Foreign currency translation reserve	Distribution to debenture holders*	Fair value surplus	Retained income	Total equity
Group								
Balance at 01 February 2020	**346 420 555**	**286 076 802**	**632 497 357**	**120 679 335**	**-**	**564 032 325**	**339 012 836**	**1 656 221 853**
Profit for the year	-	-	-	-	-	-	81 306 015	81 306 015
Other comprehensive income	-	-	-	16 044 562	-	-	-	16 044 562
Total comprehensive income for the year	**-**	**-**	**-**	**16 044 562**	**-**	**-**	**81 306 015**	**97 350 577**
Fair value transferred (Turnstar Properties)	-	-	-	-	-	60 618 863	(60 618 863)	-
Interim distribution to debenture holders -31 July 2020	-	-	-	-	(57 215 360)	-	-	(57 215 360)
Proposed distribution to debenture holders	-	-	-	-	108 709 184	-	(108 709 184)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**51 493 824**	**60 618 863**	**(169 328 047)**	**(57 215 360)**
Balance at 01 February 2021	**346 420 555**	**286 076 802**	**632 497 357**	**136 723 897**	**51 493 824**	**624 651 188**	**250 990 806**	**1 696 357 072**
Profit for the year	-	-	-	-	-	-	100 936 472	100 936 472
Other comprehensive income	-	-	-	40 437 771	-	-	-	40 437 771
Total comprehensive income for the year	**-**	**-**	**-**	**40 437 771**	**-**	**-**	**100 936 472**	**141 374 243**
Fair value transferred (Milimani Properties)	-	-	-	-	-	4 529 916	(4 529 916)	-
Fair value transferred (Turnstar Properties)	-	-	-	-	-	59 443 996	(59 443 996)	-
Final distribution to debenture holders - 31 January 2021	-	-	-	-	(51 493 824)	-	-	(51 493 824)
Interim distribution to debenture holders - 31 July 2021	-	-	-	-	(51 493 824)	-	-	(51 493 824)
Proposed distribution to debenture holders d	-	-	-	-	102 987 648	-	(102 987 648)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**63 973 912**	**(166 961 560)**	**(102 987 648)**
Balance at 31 January 2022	**346 420 555**	**286 076 802**	**632 497 357**	**177 161 668**	**51 493 824**	**688 625 100**	**184 965 718**	**1 734 743 667**
Note(s)	12	12	12	24	24		24	

* Fair value surplus is Non distributable reserve from valaution on investment properties

Statement of Changes in Equity

Figures in Pula	Share capital	Linked unit debentures	Total stated capital and linked unit debentures	Foreign currency translation reserve	Distribution to debenture holders*	Fair value surplus	Retained income	Total equity
Company								
Balance at 01 February 2020	**346 420 555**	**286 076 802**	**632 497 357**	**-**	**-**	**633 203 088**	**633 203 088**	**1 898 903 533**
Profit for the year	-	-	-	-	-	-	156 413 513	156 413 513
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**156 413 513**	**156 413 513**
Fair value surplus transferred	-	-	-	-	-	60 618 863	(60 618 863)	-
Interim distribution to debenture holders - 31 July 2020	-	-	-	-	(57 215 360)	-	-	(57 215 360)
Proposed distribution to debenture holders	-	-	-	-	108 709 184	-	(108 709 184)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**51 493 824**	**60 618 863**	**(169 328 047)**	**(57 215 360)**
Balance at 01 February 2021	**346 420 555**	**286 076 802**	**632 497 357**	**-**	**51 493 824**	**693 821 951**	**173 686 183**	**1 551 499 315**
Profit for the year	-	-	-	-	-	-	82 381 146	82 381 146
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**82 381 146**	**82 381 146**
Fair value surplus transferred	-	-	-	-	-	59 443 996	(59 443 996)	-
Final debenture interest and dividend paid - 31 January 2021	-	-	-	-	(51 493 824)	-	-	(51 493 824)
Interim distribution to debenture holders - 31 July 2021	-	-	-	-	(51 493 824)	-	-	(51 493 824)
Proposed distribution to debenture holders	-	-	-	-	102 987 648	-	(102 987 648)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**59 443 996**	**(162 431 644)**	**(102 987 648)**
Balance at 31 January 2022	**346 420 555**	**286 076 802**	**632 497 357**	**-**	**51 493 824**	**753 265 947**	**93 635 685**	**1 530 892 813**
Note(s)	12	12	12	24	24		24	

Turnstar Holdings Limited

(Registration number BW00000973397)
Consolidated And Separate Annual Financial Statements for the year ended 31 January 2022

Statement of Cash Flows

		Group		Company	
Figures in Pula	Note(s)	2022	2021	2022	2021
Cash flows from operating activities					
Cash generated from operations	26	164 324 337	130 151 530	94 219 988	75 755 142
Finance Income		243 593	253 212	12 760 195	15 100 300
Tax (paid) received	27	(1 660 764)	(4 104 144)	-	384 034
Net cash from operating activities		**162 907 166**	**126 300 598**	**106 980 183**	**91 239 476**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(381 903)	(317 957)	-	(89 374)
Sale of property, plant and equipment	4	50 612	448 115	44 847	422 854
Purchase of investment property	3	(9 563 776)	(415 775)	(9 563 776)	(415 775)
Movements in Loans advanced (to)/ from group companies		-	-	42 513 322	(7 905 714)
Dividend received		-	-	14 946 873	42 821 588
Net cash from investing activities		**(9 895 067)**	**(285 617)**	**47 941 266**	**34 833 579**
Cash flows from financing activities					
Repayment of borrowings		(38 774 331)	(13 905 566)	(38 774 331)	(13 905 566)
Dividends paid	28	(102 987 648)	(57 215 360)	(102 987 648)	(57 215 360)
Finance costs		(21 280 321)	(25 849 802)	(21 280 321)	(25 849 802)
Net cash from financing activities		**(163 042 300)**	**(96 970 728)**	**(163 042 300)**	**(96 970 728)**
Total cash movement for the year		**(10 030 201)**	**29 044 253**	**(8 120 851)**	**29 102 327**
Cash at the beginning of the year		23 978 151	(4 285 724)	17 248 678	(11 073 271)
Effect of exchange rate movement on cash balances		110 232	(780 378)	110 232	(780 378)
Total cash at end of the year	11	**14 058 182**	**23 978 151**	**9 238 059**	**17 248 678**

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 Group's 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 Basis of preparation

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

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 January 2022. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 January.

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

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

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

Business combinations

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

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

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

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

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

Accounting Policies

1.2 Consolidation (continued)

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

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

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

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

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables and other receivables

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

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

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

Fair value estimation

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

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

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

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

Provisions

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

Taxation

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

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

Contingent liabilities

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

Useful life and residual value of plant and equipment

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

1.4 Investment property

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

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

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

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

Accounting Policies

1.4 Investment property (continued)

Fair value

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

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

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

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

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

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

Fair value surplus

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

1.5 Property, plant and equipment

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

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

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

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

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

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

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

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

1.6 Goodwill

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

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

Goodwill is assessed at each reporting date for impairment.

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

Internally generated goodwill is not recognised as an asset.

1.7 Investments in subsidiaries

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

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

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

Accounting Policies

1.8 Financial instruments

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

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

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

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

Financial liabilities:
- Amortised cost;

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

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

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

Loans receivable at amortised cost

Classification

Loans to group companies (note 7), are classified as financial assets subsequently measured at amortised cost.

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

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

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

Accounting Policies

1.8 Financial instruments (continued)

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

Impairment

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

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

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

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

Significant increase in credit risk

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

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

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

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

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

Definition of default

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

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

Accounting Policies

1.8 Financial instruments (continued)

Write off policy

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

Measurement and recognition of expected credit losses

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

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

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

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

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

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

Credit risk

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

Derecognition

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 10).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Accounting Policies

1.8 Financial instruments (continued)

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note 17).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 10).

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 10.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 19).

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 10) and the financial instruments and risk management note (note 35).

Derecognition

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

Borrowings and loans from related parties

Classification

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

Recognition and measurement

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

Accounting Policies

1.8 Financial instruments (continued)

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

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

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

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

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 17).

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

Derecognition

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

Trade and other payables

Classification

Trade and other payables (note 14), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

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

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

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 17).

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

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

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

Cash and cash equivalents

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

Bank overdrafts

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

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

Derecognition

Financial assets

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

Financial liabilities

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

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

1.9 Leases

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

Accounting Policies

1.9 Leases (continued)

Operating leases - lessor

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

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

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

Operating leases – lessee

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

1.10 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the group also:
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

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

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

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

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

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

Accounting Policies

1.11 Stated capital and equity

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

1.12 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

1.13 Revenue from agreements 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.

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.

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:

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

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

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

The group has adopted the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

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

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

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

The group has adopted the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The amendment has no impact on the financial statements.

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

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

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

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

The group has adopted the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The amendment has no impact on the financial statements.

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

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

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

The group has adopted the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The amendment has no impact on the financial statements.

Notes to the Consolidated And Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

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

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

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

The group has adopted the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The amendment has no impact on the financial statements.

COVID-19 - Related Rent Concessions - Amendment to IFRS 16

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

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

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

The group has adopted the amendment for the first time in the 2022 consolidated and separate annual financial statements.

The amendment has no impact on the financial statements.

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 2022 or later periods:

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

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

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

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

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

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

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

Notes to the Consolidated And Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

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

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

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

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

IFRS 17 Insurance Contracts

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

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

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

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

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

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

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

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

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

Reference to the Conceptual Framework: Amendments to IFRS 3

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

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

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

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

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

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

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

Notes to the Consolidated And Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Consolidated And Separate Annual Financial Statements

2. New Standards and Interpretations (continued)

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

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

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

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

Definition of accounting estimates: Amendments to IAS 8

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

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

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

Notes to the Consolidated And Separate Annual Financial Statements

3. Investment property

Group

	2022	2021
	Cost / Valuation	**Cost / Valuation**
Investment property	2 460 487 166	2 396 259 505

Company

	2022	2021
	Cost / Valuation	**Cost / Valuation**
Investment property	1 404 778 381	1 335 770 609

Reconciliation of investment property - Group - 2022

	Opening balance	**Additions**	**Foreign exchange movements**	**Other foreign exchange movements**	**Fair value adjustments**	**Total**
Investment property	2 396 259 505	9 563 776	57 831 429	5 732 566	(8 900 110)	2 460 487 166

Reconciliation of investment property - Group - 2021

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

Reconciliation of investment property - Company - 2022

	Opening balance	**Additions**	**Fair value adjustments**	**Total**
Investment property	1 335 770 609	9 563 776	59 443 996	1 404 778 381

Reconciliation of investment property - Company - 2021

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

The Group's fair value is negative due to substantial fair value losses P72 766 909 (2021: P 67 809 263) at subsidiary level.

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

3. Investment property (continued)

Pledged as security

Carrying value of assets pledged as security:

Game City Shopping Centre, Portion 3 Forest farm	1 065 934 809	1 012 850 429	1 065 934 809	1 012 850 429
Nzano Shopping Centre, Lot 904 Fracistown	187 858 017	177 557 911	187 858 017	177 557 911
Lot 6670, Supa Save Mall	46 519 630	43 080 037	46 519 630	43 080 037
Lot 1131-1137,Turnstar House, Main Mall Offices	40 264 237	39 308 051	40 264 237	39 308 051
Lot 13093 and 16398, Tapologo Estate,Gaborone	34 991 279	34 111 554	34 991 279	34 111 554
Lot 63 Commerce Park	17 723 749	17 100 813	17 723 749	17 100 813
Tribal Lot 1203, Mogoditshane Flats	11 486 653	11 346 039	11 486 653	11 346 039
	1 404 778 374	**1 335 354 834**	**1 404 778 374**	**1 335 354 834**

The property is pledged as security towards bank facilities as detailed in Note 13.

Details of property

Game City Shopping Centre				
Forest Farm Hill LA 975 KO,				
Notarial Lease with Roman Catholic Church				
Lease from 1 April 2001 for 75 Years				
- Cost of property	459 938 361	459 522 586	459 938 361	459 522 586
- Additions during the year	9 563 776	415 775	9 563 776	415 775
- Fair Value surplus (Net of straight lining adjustment)	596 432 672	552 912 068	596 432 672	552 912 068
	1 065 934 809	**1 012 850 429**	**1 065 934 809**	**1 012 850 429**
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)	145 348 124	135 048 018	145 348 124	135 048 018
	187 858 017	**177 557 911**	**187 858 017**	**177 557 911**
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)	33 518 009	30 078 416	33 518 009	30 078 416
	46 519 630	**43 080 037**	**46 519 630**	**43 080 037**
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)	11 504 793	10 881 857	11 504 793	10 881 857
	17 723 749	**17 100 813**	**17 723 749**	**17 100 813**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021
3. Investment property (continued)				
Turnstar House, Main Mall Offices				
Lot 1131-1137, Gaborone				
Fixed year state grant				
Lease from 15 December 1979 for 99 Years				
- Cost of property	36 006 666	36 006 666	36 006 666	36 006 666
- Fair Value adjustment (Net of straight lining adjustment)	4 257 571	3 301 385	4 257 571	3 301 385
	40 264 237	**39 308 051**	**40 264 237**	**39 308 051**
Tapologo Estates				
Lot 13093 and 16398, Gaborone Ext 40				
Fixed year state grant				
Lease from 1981 for 99 years				
- Cost of the property	9 466 456	9 466 456	9 466 456	9 466 456
- Fair Value surplus (Net of straight lining adjustment)	25 524 781	24 645 099	25 524 781	24 645 099
	34 991 237	**34 111 555**	**34 991 237**	**34 111 555**
Mogoditshane Town Houses				
Tribal Lot 1203, Mogoditshane				
Lease from 1990 for 99 years	-	-	-	-
- Cost of the property	3 912 365	3 912 365	3 912 365	3 912 365
- Fair Value surplus (Net of straight lining adjustment)	7 574 288	7 433 674	7 574 288	7 433 674
	11 486 653	**11 346 039**	**11 486 653**	**11 346 039**
Mlimani City				
Plot 2, Block L, situated in Ubungo, Dar es Salaam, Tanzania	-	-	-	-
-Cost of property	956 669 778	916 744 823	-	-
- Fair Value surplus (Net of straight lining adjustment)	77 975 409	55 799 923	-	-
	1 034 645 187	**972 544 746**	**-**	**-**
Palazzo Venezia Office Block				
Plot 8297, Suite 409, city tower . Al Majan, Wadi Al Safa 3 Dubai				
-Cost of property	93 830 507	87 944 187	-	-
- Fair Value surplus (Net of straight lining adjustment)	(72 766 909)	-	-	-
	21 063 598	**87 944 187**	**-**	**-**

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.

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

3. Investment property (continued)

Details of valuation

Turnstar Holdings Limited

The investment properties registered in the name of Turnstar Holdings Limited were valued by an external valuer on 31 January 2022. 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 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 varies from 8% to 9.5% for retail, commercial and residential properties. In view of the fact that the fair value of the asset was arrived at taking into account the present value of future revenues, the fair value gain was reduced by the operating lease asset amount in order to avoid over valuation.

Mlimani Holdings Limited

The property registered in the name of Mlimani Holdings Limited, subsidiary company, was valued on 31January 2022. The valuation was performed by valuer, Ms. Claire Everatt MRICS MIVSA Chartered Valuation Surveyor Eris Property Group, Claire Everatt is Registered member of Royal Institute of Chartered Surveyors and holds the appropriate qualifications and has more than 15 years of experience in the real estate sector. The management has assessed that these properties have been maintained in a reasonable state of repair and condition. The open market value of the properties has been arrived using discounted cash flow method which involved projecting income and expenditure for a period of 5 years and discounting at a long term investment rate to arrive at net present value. The capitalisation rate used for the purpose of valuation varies from 8.25% to 8.75% for retail, office park and conference centret

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

Palazzo Venezia Holding Limited

The proprty registered in the name of Palazzo Venezia Holdings limited, subsidiary company was valued on 31 Janaury 2022. The valuation was performed by Aravind Rajagopalan, a Senior Property Valuer and has been reviewed by Vinodh Mahadevan MRICS, who is the Head of Valuations at Land Sterling Property Consultants. 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 8% for the commercial property. In view of the fact that the fair value of the asset was arrived at taking into account the present value of future revenues, the fair value gain was reduced by the operating lease asset amount in order to avoid over valuation.

Valuations Assumptions:

The assumptions were based on current market conditions.

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

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

Amounts recognised in profit and loss for the year

Rental income from investment property	266 490 185	245 401 044	154 076 022	134 570 966
Direct operating expenses from non-rental generating property	(88 808 265)	(85 774 415)	(54 022 200)	(48 142 890)
	177 681 920	**159 626 629**	**100 053 822**	**86 428 076**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

3. 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	2 480 349 019	2 418 921 926	1 421 700 000	1 355 710 000
Less: operating lease receivable	(19 861 853)	(22 662 421)	(16 921 625)	(20 355 166)
	2 460 487 166	**2 396 259 505**	**1 404 778 375**	**1 335 354 834**

4. Property, plant and equipment

Group	2022			2021		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Plant and machinery	5 884 325	(5 796 062)	88 263	5 568 869	(5 370 234)	198 635
Furniture and fixtures	5 455 547	(4 375 066)	1 080 481	4 902 371	(3 978 056)	924 315
Motor vehicles	231 835	(231 835)	-	231 835	(231 835)	-
Office equipment	142 731	(136 361)	6 370	136 160	(123 500)	12 660
IT equipment	3 428 205	(3 219 805)	208 400	3 370 520	(2 558 625)	811 895
Total	**15 142 643**	**(13 759 129)**	**1 383 514**	**14 209 755**	**(12 262 250)**	**1 947 505**

Company	2022			2021		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Plant and machinery	237 439	(237 439)	-	237 721	(233 312)	4 409
Furniture and fixtures	1 206 735	(1 073 479)	133 256	1 240 138	(1 023 859)	216 279
Motor vehicles	231 835	(231 835)	-	231 835	(231 835)	-
Office equipment	25 218	(21 369)	3 849	25 218	(21 089)	4 129
IT equipment	2 380 083	(2 251 911)	128 172	2 392 540	(1 670 654)	721 886
Total	**4 081 310**	**(3 816 033)**	**265 277**	**4 127 452**	**(3 180 749)**	**946 703**

Notes to the Consolidated And Separate Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Total
Plant and machinery	198 635	-	(282)	11 503	(121 593)	88 263
Furniture and fixtures	924 315	369 682	(33 403)	48 827	(228 940)	1 080 481
Office equipment	12 660	-	-	505	(6 795)	6 370
IT equipment	811 895	12 221	(16 927)	5 330	(604 119)	208 400
	1 947 505	**381 903**	**(50 612)**	**66 165**	**(961 447)**	**1 383 514**

Reconciliation of property, plant and equipment - Group - 2021

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

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	Disposals	Depreciation	Total
Plant and machinery	4 409	(282)	(4 127)	-
Furniture and fixtures	216 279	(33 403)	(49 620)	133 256
Office equipment	4 129	-	(280)	3 849
IT equipment	721 886	(11 162)	(582 552)	128 172
	946 703	**(44 847)**	**(636 579)**	**265 277**

Reconciliation of property, plant and equipment - Company - 2021

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

5. Goodwill

Group	2022			2021		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	65 918 051	(38 740 306)	27 177 745	64 398 435	(38 740 306)	25 658 129

Notes to the Consolidated And Separate Annual Financial Statements

5. Goodwill (continued)

Reconciliation of goodwill - Group - 2022

	Opening balance	Foreign exchange movements	Total
Goodwill	25 658 129	1 519 616	27 177 745

Reconciliation of goodwill - Group - 2021

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

The goodwill of USD 6 146 170 (P 70 001 926) (2021: USD 6 146 170(P 64 398 435) arising from acquisition of subsidiary, is attributable to acquired investment property from combining the operations of the company with Island View (Proprietary) Limited and Mlimani Holdings Limited. Goodwill recognised is not expected to be deductible for income tax purposes. Goodwill has been converted to functional currency of the group at closing exchange rate prevailing at the end of reporting period, as per IAS 21.47.

Impairment assessment on carrying value of goodwill

The group has allocated the carrying value of goodwill reported at P25 658 129 (USD 2 386 206) (2021: P 25 658 129 (USD 2 386 206)) to the subsidiary, Mlimani Holdings Limited. This subsidiary is the cash generating unit. For purposes of testing impairment on the carrying value of goodwill, the group has considered 5 year budgeted cash flow projections of the subsidiary's operations to determine the value in use. These future cash flow projections are prepared in functional currency of the subsidiary (United States Dollar).

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

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

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

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

Based on such cash flow projections, estimated recoverable amount from the value in use workings are lower than the carrying value of goodwill, thus, goodwill is impaired in the current year by nil (2021: P12 402 710 (USD 1 153 452)).

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 703 055 (2021: P 3 488 483) would have to be recognised, and if the discount rate is decreased by 1%, impairment loss recognised would be reduced by nil ((2021: P 3 488 483). Management is not currently aware of any other reasonably possible changes to key assumptions that would cause a unit’s carrying amount to exceed its recoverable amount.

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

6. Investments in subsidiaries

Group

Name of the subsidiary	Country of incorporation and principal of business	Principal activity	Proportion of ownership interests held by the Group at year end 2022	Proportion of ownership interests held by the Group at year end 2021
Mlimani Holdings Limited	Tanzania	Property Investment	99.99%	99.99%
Palazzo Venezia Holdings Limited	Dubai	Property Investment	100%	100%
Turnstar Investment Limited	Dubai	Investment	100%	100%
Island View (Proprietary) Limited	Botswana	Investment	100%	100%

Company

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

Name of company	Held by	% voting power 2022	% voting power 2021	% holding 2022	% holding 2021	Carrying amount 2022	Carrying amount 2021
Island View (Proprietary) Limited (Botswana)		100.00 %	100.00 %	100.00 %	100.00 %	521 713 944	521 713 939
Mlimani Holdings Limited (Tanzania)		100.00 %	100.00 %	100.00 %	0.01 %	-	5
Turnstar Investment Limited (Dubai)		100.00 %	100.00 %	100.00 %	100.00 %	19 815 285	84 899 067
						541 529 229	606 613 011

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

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

7. Loans to group companies

Subsidiaries

Mlimani Holdings Limited	-	-	210 790 566	240 990 516

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.Loan repayment started in February 2021.

Libor is being phase out, The company have entered into negotiations with the bank to identify an alternative rate and preliminary discussions indicated that no significant change in the interest rate is expected as well as the expected date on which the negotiations will be concluded. Once the negotioationare concluded, the new rate will be used to replace Libor

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

8. Deferred tax

Deferred tax liability

On fair value surplus on investment properties	(115 132 733)	(92 568 627)	-	-
On unrealised foreign exchange gain/loss	(85 228 934)	(89 319 296)	(85 228 934)	(89 319 296)
Total deferred tax liability	**(200 361 667)**	**(181 887 923)**	**(85 228 934)**	**(89 319 296)**
Deferred tax liability	(200 361 667)	(181 887 923)	(85 228 934)	(89 319 296)

Reconciliation of deferred tax asset / (liability)

At beginning of year	(181 887 923)	(184 282 808)	(89 319 296)	(85 730 553)
Reduction due to rate change	-	2 106 076	-	2 106 076
Decrease in tax loss available for set off against future taxable income - gross of valuation allowance	(24 564 480)	(1 962 383)	(5 712 664)	(1 962 383)
Increase (decrease) in valuation allowance of deferred tax asset	(5 893 542)	8 914 992	(1 949 804)	(3 943 197)
Deductible temporary difference movement on tangible fixed assets	(145 797)	-	(145 797)	47 835
Taxable temporary difference on product development costs	663 644	1 943 885	663 644	1 943 885
Taxable / (deductible) temporary difference on health care benefits	3 283 208	(1 780 959)	3 283 208	(1 780 959)
Taxable / (deductible) temporary difference movement investment property at fair value	8 183 223	(6 826 726)	7 951 775	-
	(200 361 667)	**(181 887 923)**	**(85 228 934)**	**(89 319 296)**

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 2022 was P 21 838 877 (2021: P 15 379 900).

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.

9. Lease asset (accrual)

Non-current assets	15 695 913	18 217 579	12 597 000	15 507 638
Current assets	4 323 415	4 444 843	4 323 415	4 430 550
	20 019 328	**22 662 422**	**16 920 415**	**19 938 188**

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

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021
10. Trade and other receivables				
Financial instruments:				
Trade receivables	25 194 855	29 281 692	7 502 269	10 819 162
Accrued income	3 461 466	3 435 811	3 461 466	3 435 811
Loss allowance	(7 486 306)	(10 774 088)	(2 765 166)	(3 427 881)
Trade receivables at amortised cost	21 170 015	21 943 415	8 198 569	10 827 092
Deposits	1 607 198	1 659 608	-	-
Other receivables	1 614 707	1 563 720	4 399 917	1 122 613
Non-financial instruments:				
Tax receivable	2 633 477	878 016	-	-
Value Added Tax	470 116	-	-	-
Advance payment	-	9 993 856	-	9 993 856
Employee costs in advance	-	96 774	-	-
Prepayments	918 883	996 746	570 398	762 381
Total trade and other receivables	**28 414 396**	**37 132 135**	**13 168 884**	**22 705 942**

Categorisation of trade and other receivables

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

At amortised cost	27 025 397	26 044 759	12 598 486	11 949 705
Non-financial instruments	1 388 999	11 087 376	570 398	10 756 237
	28 414 396	**37 132 135**	**13 168 884**	**22 705 942**

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 13.

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.

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

10. Trade and other receivables (continued)

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

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

Group	2022	2022	2021	2021
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:	9 836 051	10 565	10 677 036	11 813
31 - 60 days past due:	4 495 239	134 007	4 733 578	505 091
61 - 90 days past due:	2 498 133	229 461	3 464 061	3 464 061
91 - 120 days past due:	1 229 578	190 869	3 366 779	1 580 883
More than 120 days past due:	6 166 349	6 166 349	7 613 328	6 855 093
Total	**24 225 350**	**6 731 251**	**29 854 782**	**12 416 941**

Company	2022	2022	2021	2021
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:	3 906 594	10 656	5 062 202	11 813
31 - 60 days past due:	785 018	42 429	1 435 248	28 428
61 - 90 days past due:	233 379	142 877	598 580	28 025
91 - 120 days past due:	120 869	120 869	384 827	28 668
More than 120 days past due:	2 448 333	2 448 333	3 330 946	3 330 946
Total	**7 494 193**	**2 765 164**	**10 811 803**	**3 427 880**

Reconciliation of loss allowances

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

Opening balance in accordance with IFRS 9	**(10 774 088)**	**(12 436 940)**	**(3 427 881)**	**(3 409 626)**
Provision raised on new trade receivables	3 279 895	1 662 857	1 110 520	(18 254)
Closing balance	**(7 494 193)**	**(10 774 083)**	**(2 317 361)**	**(3 427 880)**

Fair value of trade and other receivables

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

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	46 711	23 743	3 403	3 403
Bank balances	13 364 320	23 397 266	8 587 503	16 688 133
Short-term deposits	797 502	764 907	797 502	764 907
Bank overdraft	(150 351)	(207 765)	(150 351)	(207 765)
	14 058 182	**23 978 151**	**9 238 057**	**17 248 678**
Current assets	14 208 533	24 185 916	9 388 408	17 456 443
Current liabilities	(150 351)	(207 765)	(150 351)	(207 765)
	14 058 182	**23 978 151**	**9 238 057**	**17 248 678**

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

Overdraft

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

The above facility is secured by:

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

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

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

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

12. Stated capital and linked unit debentures

Authorised				
572,153,603 Ordinary shares of no par value	572 153 603	572 153 603	572 153 603	572 153 603
Reconciliation of number of shares issued:				
Reported as at 01 February 2021	572 153 603	572 153 603	572 153 603	572 153 603
Issued				
Stated Capital - 572 153 603 (2021: 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 (2021: 572 153 603) Linked unit debentures of 50 thebe each	286 076 802	286 076 802	286 076 802	286 076 802
	632 497 357	**632 497 357**	**632 497 357**	**632 497 357**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

12. Stated capital and linked unit debentures (continued)

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

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

13. Borrowings

	2022 Group	2021 Group	2022 Company	2021 Company
Held at amortised cost				
Secured				
First National Bank of Botswana Limited	263 888 577	282 720 211	263 888 577	282 720 211
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. The loan is repayable in 120 months; 1 to 60 months interest only, 61 to 120 months interest plus principal and a final bullet payment of P 185 million. The Interest rate is set at prime less 1.8% per annum. The lender will review the bullet payment at the time in order to refinance the facility through an amortising debt facility for a further term . The security also relate to overdraft facility.				
ABSA Bank Botswana Limited	301 796 418	304 447 506	301 796 418	304 447 506
Term loan with sactioned amount of USD 35 million was restructured during the year ended 31 January 2019 and new loan agreement was entered for USD 31.5 million with interest set at 3 months USD LIBOR plus 3.75% calculated on a 365 day basis. The loan is repayable in 24 equal monthly capital installments of USD 125 000 with first payment schedule 31 October 2018 . 6 months capital moratorium from 1 April 2020 to 30 September 2020 Thereafter, 24 equal monthly capital payments of USD 150 000 from 31 October 2020, once off capital payment of USD 2 million on 30 September 2022. Thereafter, 24 equal monthly capital payments of USD 175 000, and the final bullet payment of USD 18.45 million on 30 September 2024Libor is being phase out,The company have entered into negotiations with the bank to identify an alternative rate and preliminary discussions indicated that no significant change in the interest rate is expected as well as the expected date on which the negotiations will be concluded				
Unsecured				
	565 684 995	**587 167 717**	**565 684 995**	**587 167 717**

Reconciliation of borrowings - Group - 2022

	Opening balance	Repayments	Foreign exchange movements	Total
First National Bank of Botswana Limited	282 720 211	(18 831 634)	-	263 888 577
ABSA Bank Botswana Limited	304 447 506	(20 138 225)	17 487 137	301 796 418
	587 167 717	**(38 969 859)**	**17 487 137**	**565 684 995**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

13. Borrowings (continued)

Reconciliation of borrowings - Group - 2021

	Opening balance	Repayments	Foreign exchange movements	Total
First National Bank of Botswana Limited	287 286 683	(4 566 472)	-	282 720 211
ABSA Bank Botswana Limited	309 198 643	(9 504 679)	4 753 542	304 447 506
	596 485 326	**(14 071 151)**	**4 753 542**	**587 167 717**

Reconciliation of borrowings - Company - 2022

	Opening balance	Repayments	Foreign exchange movements	Total
First National Bank of Botswana Limited	282 720 211	(18 831 634)	-	263 888 577
ABSA Bank Botswana Limited	304 447 506	(20 138 225)	17 487 137	301 796 418
	587 167 717	**(38 969 859)**	**17 487 137**	**565 684 995**

Reconciliation of borrowings - Company - 2021

	Opening balance	Repayments	Foreign exchange movements	Total
First National Bank of Botswana Limited	287 286 683	(4 566 472)	-	282 720 211
ABSA Bank Botswana Limited	309 198 643	(9 504 679)	4 753 542	304 447 506
	596 485 326	**(14 071 151)**	**4 753 542**	**587 167 717**

First National Bank Botswana Limited

Financial covenants that shall be maintained in accordance with the agreement with First National Bank Botswana Limited Loan facility for P 300 million
- Minimum interest cover ratio of 2 times for company
- A minimum debt Service ratio of 6 times for company
- A minimum loan to value ratio of 50% will apply to the secured property
- A maximum group borrowing gearing ratio of 55%
- Minimum group borrowings interest cover ratio of 3 times
- A minimum group borrower net asset value of P 600 million.

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

13. Borrowings (continued)

- Cession of bank accounts to be opened with First National Bank Botswana Limited

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

Loan from ABSA Bank Botswana Limited

Financial Covenants:

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

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

Special Conditions

Payment to the Bank of Rental income

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

Additional Capital Repayment

The outstanding capital balance is to reduce by an additional once off capital reduction of USD2,000,000 (Two Million United States Dollars) on 30 September 2022 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.

	Group		Company	
Figures in Pula	2022	2021	2022	2021

13. Borrowings (continued)

Security held

Part A - Existing Security

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

Part B - New Security

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

Exposure to currency risk

	Group 2022	Group 2021	Company 2022	Company 2021
Pula amount				
Borrowings USD 25,850,000 (USD 27,650,000)	301 796 418	304 447 506	301 796 418	304 447 506

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

14. Trade and other payables

Financial instruments:				
Trade payables	9 202 164	2 688 279	(1 198 533)	759 433
Retention payable	9 173 175	8 262 867	507 193	500 754
Accrued leave pay	1 539 544	1 041 672	1 539 544	1 041 672
Other accrued expenses	3 209 436	3 183 275	2 319 576	2 308 248
Deposits received	15 168 981	14 076 453	4 587 795	4 441 560
Other payables	874 931	4 879 975	874 931	966 044
Non-financial instruments:				
Amounts received in advance	7 002 493	3 878 457	1 667 345	2 061 188
Withholding tax payable	121 078	200 441	128 016	155 703
Value added tax	1 042 290	938 794	1 042 290	917 795
	47 334 092	**39 150 213**	**11 468 157**	**13 152 397**

Fair value of trade and other payables

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

15. Revenue

Revenue from leases with customers				
Rental income	219 071 355	205 048 265	129 395 822	116 781 139
Turnover rent	927 613	937 754	927 613	937 754
Straight line adjustments	(2 964 215)	(8 706 541)	(3 017 772)	(8 835 842)
Recoveries	48 748 958	47 990 014	26 770 359	25 687 915
Rental Income	811 999	-	-	-
	266 595 710	**245 269 492**	**154 076 022**	**134 570 966**

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

Rental income ceded as security for loan availed from Absa Bank of Botswana Limited and First National Bank of Botswana Limited as stated in note 13.

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.

16. Other operating income

Administration and management fees received	-	-	2 634 146	2 392 170
Other rental income	-	45 232	-	-
Bad debts recovered	19 140	-	19 140	-
Other recoveries	1 458 388	4 340 654	1 458 388	4 340 654
Professional fees income	(3 240)	12 371	(3 240)	12 371
Dividend income	-	-	14 946 873	42 821 588
Advertising & Promotions	877 873	1 080 310	-	-
	2 352 161	**5 478 567**	**19 055 307**	**49 566 783**

Notes to the Consolidated And Separate Annual Financial Statements

		Group		Company	
Figures in Pula		2022	2021	2022	2021

17. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements					
Property, plant and equipment	4	-	11 056	-	11 056
Foreign exchange gains (losses)					
Net foreign exchange gains	3	(4 911 348)	(2 626 343)	(4 868 005)	(2 630 545)
Total other operating gains (losses)		**(4 911 348)**	**(2 615 287)**	**(4 868 005)**	**(2 619 489)**

18. Other operating expenses

Bad debts	(3 051 005)	7 132 072	(185 007)	1 292 472
Cleaning	6 522 589	6 840 856	2 518 145	2 608 825
Insurance	1 608 925	1 591 102	1 508 806	1 467 748
Rent paid	26 351 885	22 122 906	17 542 993	13 795 553
Repairs and maintenance	10 847 431	7 985 134	5 192 932	3 294 793
Security	5 830 386	5 960 841	2 422 573	2 508 669
Utilities	38 861 895	36 621 363	25 150 248	24 078 797
Consulting and professional fees	5 973 067	6 653 122	2 072 510	3 175 190
Others	9 963 471	10 459 790	6 246 080	6 895 974
Employee costs	15 868 016	14 418 938	12 706 769	11 322 960
Property, plant and equipment	961 447	1 304 486	636 579	944 384
	119 738 107	**121 090 610**	**75 812 628**	**71 385 365**

19. Operating profit

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

Auditor's remuneration - external				
Audit fees	663 175	807 593	490 835	581 428
Auditor's remuneration - internal	**244 512**	**-**	**244 512**	**-**
Leases				
Contingent rentals on operating leases				
Contingent amounts	26 351 885	22 122 906	17 542 993	13 795 553
Impairment losses				
Goodwill	-	12 402 710	-	-
Investments in subsidiaries, joint arrangements and associates	-	-	65 083 782	-
	-	**12 402 710**	**65 083 782**	**-**

Notes to the Consolidated And Separate Annual Financial Statements

		Group		Company	
Figures in Pula		2022	2021	2022	2021
20. Finance income					
Interest income					
Investments in financial assets:					
Bank and other cash		77	77	77	77
Debentures		-	-	12 516 602	14 847 088
Interest on money market placements		243 516	253 135	243 516	253 135
Total interest income		**243 593**	**253 212**	**12 760 195**	**15 100 300**
21. Fair value adjustment					
Fair value gains (losses)					
Investment property	3	63 866 799	30 541 043	59 443 996	60 618 863
Impairment		(72 766 909)	(37 731 443)	-	-
		(8 900 110)	**(7 190 400)**	**59 443 996**	**60 618 863**

Impairment to investment property represents the reduction in fair value of certain properties and reduction of certtain property vales to below original acquisition costs as valued by an independent valuer, based on current market conditions.

22. Finance costs

	Group 2022	Group 2021	Company 2022	Company 2021
Interest paid to Barclays Bank of Botswana Limited	11 949 567	14 783 576	11 949 567	14 783 576
Interest paid to First National Bank Botswana	9 330 754	11 066 226	9 330 754	11 066 226
Total finance costs	**21 280 321**	**25 849 802**	**21 280 321**	**25 849 802**

23. Taxation

	Group 2022	Group 2021	Company 2022	Company 2021
Major components of the tax expense (income)				
Current				
Foreign withholding tax - current period	1 660 764	4 488 178	-	-
Deferred				
Originating and reversing temporary differences	11 764 342	(3 941 731)	(4 090 362)	3 588 743
	13 425 106	**546 447**	**(4 090 362)**	**3 588 743**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group 2022	Group 2021	Company 2022	Company 2021
Applicable tax rate	22.00 %	22.00 %	22.00 %	22.00 %
Items exempt for income tax	(11.00)%	(13.50)%	(11.00)%	(13.50)%
Capital gains tax	0.85 %	0.59 %	0.85 %	0.59 %
Tax on foreign dividends	0.13 %	0.27 %	0.19 %	0.03 %
	11.98 %	**9.36 %**	**12.04 %**	**9.12 %**

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 P21 838 877 (2021: P15 379 900).

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.

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

23. Taxation (continued)

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

24. Other comprehensive income

Components of other comprehensive income - Group - 2022

	Gross	Tax	Net
Items that may be reclassified to profit (loss)			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	40 437 771	-	40 437 771

Components of other comprehensive income - Group - 2021

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

25. Operating lease arrangements

Operating leases as lessor

Property rental income earned during the year is set out in note 15. At the reporting date, the group had contracted with its tenants for the following future minimum contractual lease payments:-

Rental income				
Not more than one year	197 202 846	173 735 228	119 703 927	111 264 968
Later than one year and not later than five years	422 423 788	309 814 964	192 294 326	215 069 493
Later than five years	66 704 010	61 213 453	2 735 721	41 036 179
	686 330 644	**544 763 645**	**314 733 974**	**367 370 640**

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 927 613 (2021: P 937 754) is recognised in the Statement of Profit and Loss and Other Comprehensive Income as contingent rent income.

Operating leases as lessee

Turnstar Holdings Limited

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

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

25. Operating lease arrangements (continued)

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 17 542 993 (2021: P 14 571 206).

Future leasing charges for the land are based at 17.5% 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 16 723 308 (2021: P 13 795 533.

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 8 808 892 (2021: P 8 327 352).

Future leasing charges for the land are based at 10% of the gross rentals received, net of recoveries, which cannot be estimated reliably beyond one year. Estimated charges for the immediate following year would be P 10 146 020 ((2021: P 10 172 456).

26. Cash generated from operations

	Group 2022	Group 2021	Company 2022	Company 2021
Profit before taxation	114 361 578	81 852 462	78 290 784	160 002 256
Adjustments for:				
Depreciation and amortisation	961 447	1 304 486	636 579	944 384
Gains on disposals of assets and liabilities	-	(11 056)	-	(11 056)
(Gains) losses on foreign exchange	(821 218)	2 626 343	4 868 005	2 630 545
Finance income	(243 593)	(253 212)	(12 760 195)	(15 100 300)
Finance costs	21 280 321	25 849 802	21 280 321	25 849 802
Fair value losses (gains)	8 900 110	7 190 400	(59 443 996)	(60 618 863)
Goodwill impairments	-	12 402 710	-	-
Impairment of investment in subsidiary	-	-	65 083 782	-
Movements in operating lease assets and accruals	2 643 094	8 676 034	3 017 773	8 835 842
Dividend income	-	-	(14 946 873)	(42 821 588)
Changes in working capital:				
Trade and other receivables	5 666 734	8 119 185	9 352 051	2 698 657
ECL movement on debtors	3 051 005	(7 132 072)	185 007	(1 292 472)
Trade and other payables	8 183 871	(10 569 515)	(1 684 238)	(5 458 028)
Unclaimed debenture interest and dividend payable	340 988	95 963	340 988	95 963
	164 324 337	**130 151 530**	**94 219 988**	**75 755 142**

27. Tax (paid) refunded

	Group 2022	Group 2021	Company 2022	Company 2021
Balance at beginning of the year	(1 575 294)	(1 191 260)	(1 575 294)	(1 191 260)
Current tax for the year recognised in profit or loss	(1 660 764)	(4 488 178)	-	-
Balance at end of the year	1 575 294	1 575 294	1 575 294	1 575 294
	(1 660 764)	**(4 104 144)**	**-**	**384 034**

28. Dividends and debenture interest paid

	Group 2022	Group 2021	Company 2022	Company 2021
Final distribution of prior year	(51 493 824)	-	(51 493 824)	-
Proposed dividends	(102 987 648)	(108 709 184)	(102 987 648)	(108 709 184)
Balance at end of the year	51 493 824	51 493 824	51 493 824	51 493 824
	(102 987 648)	**(57 215 360)**	**(102 987 648)**	**(57 215 360)**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

29. Basic and diluted earnings per linked unit

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

Figures in Pula	Group 2022	Group 2021	Company 2022	Company 2021
Basic and diluted earnings attributable to linked unit holders				
- from continued operations	100 936 472	81 306 015	82 381 146	156 413 513
Basic earnings per linked unit (in Pula)	0.18	0.14	0.14	0.27
Diluted earnings per linked unit (in Pula)	0.18	0.14	0.14	0.27
Weighted average number of linked units (as at year end)	572 153 603	572 153 603	572 153 603	572 153 603
Weighted average number of linked units (including issues after year end)	572 153 603	572 153 603	572 153 603	572 153 603

30. Directors linked unit holdings

Figures in Pula	Group 2022	Group 2021	Company 2022	Company 2021
G. H Abdoola- Beneficial	80 148 355	80 148 355	80 148 355	80 148 355
M K Neta(Retired 26 November 2021)	3 500	3 500	3 500	3 500
S N Puvimanasinghe	10 000	10 000	10 000	10 000
	80 161 855	**80 161 855**	**80 161 855**	**80 161 855**

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

31. Linked unitholders information

Figures in Pula	Group 2022	Group 2021	Company 2022	Company 2021
FNB Nominees (Proprietary) limited RE AGRAY BPOPF 10001010	-	158 226 019	-	158 226 019
G H Group (Proprietary) Limited	80 148 355	80 148 355	80 148 355	80 148 355
Associated Investment and Development Corporation (Proprietary) Limited	59 083 407	59 083 407	59 083 407	59 083 407
SCBN (pty) LTD RE BPOPF Local equity portfolio Alan Gray	103 098 900	-	103 098 900	-
FNB Nominees (Proprietary) limited BIFM BPOPF Equity	-	49 707 352	-	49 707 352
FNBB NOMINEES VUNANI BPOPF	61 766 631	-	61 766 631	-
Alan Gray Re Debswana Pension Fund	34 494 230	34 494 230	34 494 230	34 494 230
FNB BOTSWANA NOMINEES RE: BIFM - ACT MEM & DP EQ	78 761 701	31 687 363	78 761 701	31 687 363
Motor Vehicle Accident Fund	31 020 292	31 021 292	31 020 292	31 021 292
STANBIC NOMINEES BOTSWANA RE BIFM PLEF	13 922 178	14 073 427	13 922 178	14 073 427
STANBIC NOMINEES BOTSWANA RE BIFM MLF	9 718 359	11 293 764	9 718 359	11 293 764
STANBIC NOMINEES BOTSWANA RE BPOPF WT PRO PORT MCP	11 192 338	11 192 338	11 192 338	11 192 338
	483 206 391	**480 927 547**	**483 206 391**	**480 927 547**

Figures in Pula	Group 2022	Group 2021	Company 2022	Company 2021
Public	72 %	75 %	72 %	75 %
Non Public	28 %	25 %	28 %	25 %
	100 %	**100 %**	**100 %**	**100 %**

32. Contingencies

Litigation is in the process against the company by applicant relating to a claims in respect in Mlimani City in Tanzania for P 5 164 324, with interest at prime lending rate plus 2% per annum calculated from the due date to the final repayment date. However the group has instituted counterclaim for P 3 818 750 with interest calculated at prime lending rate from date of service to final date of payment in respect of Mlimani City. The case is still ongoing.

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

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

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

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

33. Related parties

Relationships	
Subsidiaries	Refer to note 6
Related party (directors who have significant influence or shareholding)	A1 Filling Station (Proprietary) Limited Okavango Tobacco Company (Proprietary) Limited Sterling Management Services (Proprietary) Limited Seeds of Sucess (Proprietary) Limited AC Smart (Proprietary) Limited Azzurro (Proprietary) Limited Diamond Bource Botswana (Propriety)Limited CBD Filling Station (Proprietary) Limited Collectus (Proprietary) Limited Collectus South Africa (Proprietary) Limited Damstock (Proprietary) Limited Exponential Investments Limited FFND People Solutions (Proprietary) Limited G H Investments (Proprietary) Limited GH Group (Proprietary) Limited House of Giam (Proprietary) Limited Parano (Proprietary) Limited The Square Mart (Proprietary) Limited Zebuidenthout (Proprietary) Limited Mirrorlix (PTY) Limited

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021
33. Related parties (continued)				
Related party balances				
Loan accounts - Owing (to) by related parties				
Mlimani Holdings Limited	-	-	210 790 566	233 084 802
Other 1				
Mlimani Holdings Limited	-	-	5	5
Island View (Proprietary) Limited	-	-	521 713 939	521 713 939
Turnstar Investment Limited	-	-	84 899 067	84 899 067
	-	**-**	**606 613 011**	**606 613 011**
Related party transactions				
Directors fees				
P K Balopi	339 116	150 024	270 239	118 042
B D Phirie	172 570	-	172 570	-
P Pillar	19 774	188 748	19 774	188 748
V T Tebele	246 870	-	246 870	-
M K Nteta	160 586	188 748	160 586	188 748
P J Bezuidenhout	339 668	174 474	251 664	131 824
	1 278 584	**701 994**	**1 121 703**	**627 362**
Other 2				
Mlimani Holdings Limited (dividend received)	-	-	(14 946 873)	(40 393 599)
Turnstar Dubai Limited (dividend received)	-	-	-	(2 268 334)
Mlimani Holdings Limited (Interest received)	-	-	(12 516 602)	(14 847 088)
	-	**-**	**(27 463 475)**	**(57 509 021)**
Compensation to directors and other key management				
G H Abdoola	3 780 184	2 913 517	3 780 184	2 912 517
S Puvimanasinghe	1 904 873	1 801 150	1 904 873	1 801 150
	5 685 057	**4 714 667**	**5 685 057**	**4 713 667**

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

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

- 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.

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

33. Related parties (continued)

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.

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

34. Directors' emoluments

Executive

2022

	Emoluments	Total
G H Abdoola (Managing Director)	3 780 184	3 780 184
S Puvimanasinghe (Finance Director)	1 904 873	1 904 873
	5 685 057	**5 685 057**

2021

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

* Directors emoluments is salaries paid to the executives.

Non-executive

2022

	Directors' fees	Committees fees	Directors' fees for services as directors' of subsidiaries	Retainers	Total
P Balopi (Chairman)	129 427	35 952	68 878	104 860	339 117
	-	-	-	19 774	19 774
P Bezuidenhout	143 808	23 968	87 004	83 888	338 668
M Nteta (Retired 26 November 2021)	57 523	23 968	-	79 094	160 585
V Tebele (Appointed 5 February 2021)	143 808	23 968	-	79 094	246 870
B D Phirie (Appointed 1 July 2021)	115 046	23 968	-	33 555	172 569
	589 612	**131 824**	**155 882**	**400 265**	**1 277 583**

2021

	Directors' fees	Directors' fees for services as directors' of subsidiaries	Total
P Balopi (Chairman)	118 042	31 982	150 024
Peo Pillar	188 748	-	188 748
P Bezuidenhout	131 824	42 650	174 474
M Nteta (Retired 26 November 2021)	188 748	-	188 748
	627 362	**74 632**	**701 994**

35. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2022

	Note(s)	Amortised cost	Total	Fair value
Lease asset	9	20 019 328	20 019 328	-
Trade and other receivables	10	27 025 397	27 025 397	27 025 397
Cash and cash equivalents	11	14 208 533	14 208 533	14 208 533
		61 253 258	**61 253 258**	**41 233 930**

Group - 2021

	Note(s)	Amortised cost	Total	Fair value
Lease asset	9	22 662 422	22 662 422	-
Trade and other receivables	10	26 044 759	26 044 759	26 044 759
Cash and cash equivalents	11	24 185 916	24 185 916	24 185 916
		72 893 097	**72 893 097**	**50 230 675**

Company - 2022

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	7	210 790 566	210 790 566	210 790 566
Lease asset	9	16 920 415	16 920 415	-
Trade and other receivables	10	12 598 486	12 598 486	12 598 486
Cash and cash equivalents	11	9 388 408	9 388 408	9 388 408
		249 697 875	**249 697 875**	**232 777 460**

Company - 2021

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	7	240 990 516	240 990 516	240 990 516
Lease asset	9	19 938 188	19 938 188	-
Trade and other receivables	10	11 949 705	11 949 705	11 949 705
Cash and cash equivalents	11	17 456 443	17 456 443	17 456 443
		290 334 852	**290 334 852**	**270 396 664**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

35. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	14	39 289 301	39 289 301	38 875 517
Borrowings	13	565 684 995	565 684 995	565 684 995
		604 974 296	**604 974 296**	**604 560 512**

Group - 2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	14	34 332 962	34 332 962	34 332 962
Borrowings	13	587 167 717	587 167 717	587 167 717
		621 500 679	**621 500 679**	**621 500 679**

Company - 2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	14	8 758 524	8 758 524	8 758 524
Borrowings	13	565 684 995	565 684 995	565 684 995
		574 443 519	**574 443 519**	**574 443 519**

Company - 2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	14	10 173 414	10 173 414	10 173 414
Borrowings	13	587 167 717	587 167 717	587 167 717
		597 341 131	**597 341 131**	**597 341 131**

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 13, cash and cash equivalents disclosed in note 11, 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.

35. Financial instruments and risk management (continued)

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 13. 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 2022 and 2021 respectively were as follows:

Borrowings	13	565 684 995	587 167 717	565 684 995	587 167 717
Cash and cash equivalents	11	(14 058 183)	(23 978 151)	(9 238 058)	(17 248 678)
Net borrowings		**551 626 812**	**563 189 566**	**556 446 937**	**569 919 039**
Equity		1 734 743 669	1 696 357 074	1 530 892 812	1 551 499 316
Gearing ratio		32 %	33 %	36 %	37 %

Financial risk management

Overview

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

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

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

Credit risk

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

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

Trade debtors

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

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

35. Financial instruments and risk management (continued)

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

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

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

Group		2022			2021		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	10	34 511 703	(7 486 306)	27 025 397	36 818 847	(10 774 088)	26 044 759
Cash and cash equivalents	11	14 208 533	-	14 208 533	24 185 916	-	24 185 916
		48 720 236	**(7 486 306)**	**41 233 930**	**61 004 763**	**(10 774 088)**	**50 230 675**

Company		2022			2021		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to group companies	7	210 790 566	-	210 790 566	240 990 516	-	240 990 516
Trade and other receivables	10	15 363 652	(2 765 166)	12 598 486	15 377 586	(3 427 881)	11 949 705
Cash and cash equivalents	11	9 388 408	-	9 388 408	17 456 443	-	17 456 443
		235 542 626	**(2 765 166)**	**232 777 460**	**273 824 545**	**(3 427 881)**	**270 396 664**

Financial instruments and cash deposits

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

Liquidity risk

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

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

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

35. Financial instruments and risk management (continued)

Group - 2022

		Less than 1 year	Due after one year	Total	Carrying amount
Non-current liabilities					
Borrowings	13	-	514 747 112	514 747 112	498 566 484
Current liabilities					
Trade and other payables	14	38 875 517	-	38 875 517	39 289 301
Borrowings	13	86 668 178	-	86 668 178	67 118 511
Bank overdraft	11	150 351	-	150 351	150 351
		125 694 046	**514 747 112**	**640 441 158**	**605 124 647**

Group - 2021

		Less than 1 year	Due after one year	Total	Carrying amount
Non-current liabilities					
Borrowings	13	-	601 415 290	601 415 290	546 626 991
Current liabilities					
Trade and other payables		34 332 962	-	34 332 962	34 332 962
Borrowings	13	61 391 376	-	61 391 376	40 540 726
Bank overdraft	11	207 765	-	207 765	207 765
		95 932 103	**601 415 290**	**697 347 393**	**621 708 444**

Company - 2022

		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Borrowings	13	-	514 747 112	514 747 112	498 566 484
Current liabilities					
Trade and other payables		8 758 524	-	8 758 524	8 758 524
Borrowings	13	86 668 178	-	86 668 178	67 118 511
Bank overdraft	11	150 351	-	150 351	150 351
		95 577 053	**514 747 112**	**610 324 165**	**574 593 870**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

35. Financial instruments and risk management (continued)

Company - 2021

		Less than 1 year	Due after one year	Total	Carrying amount
Non-current liabilities					
Borrowings	13	-	601 415 290	601 415 290	546 626 991
Current liabilities					
Trade and other payables	14	10 173 414	-	10 173 414	10 173 414
Borrowings	13	61 391 376	-	61 391 376	40 540 726
Bank overdraft	11	207 765	-	207 765	207 765
		71 772 555	**601 415 290**	**673 187 845**	**597 548 896**

Foreign currency risk

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

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

Group
At 31 January 2022, 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 07 9057 (2021: P 22 5424 984) higher, mainly as a result of foreign exchange gains on translation of US dollar denominated financial assets and borrowings.

At 31 January 2022, 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 32 475 692 (2021: P 34 885 869) lower, mainly as a result of foreign exchange loss on translation of US dollar denominated financial assets and borrowings.

Company
At 31 January 2022, 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 9 953 356 (2021: P 6 653 364) higher, mainly as a result of foreign exchange gains on translation of US dollar denominated financial assets and borrowings.

At 31 January 2022, 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 11 895 434 (2021: P 8 131 889) lower, mainly as a result of foreign exchange loss on translation of US dollar denominated financial assets and borrowings.

Notes to the Consolidated And Separate Annual Financial Statements

		Group		Company	
Figures in Pula		2022	2021	2022	2021

35. Financial instruments and risk management (continued)

Exposure in foreign currency amounts

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

US Dollar exposure:

Non-current assets:					
Loans receivable USD 18 022 538 (2021: USD 21 420 243)		-	-	210 790 556	240 990 516
Current assets:					
Trade and other receivables	10	15 245 512	14 436 193	-	-
Cash and cash equivalents	11	10 635 680	16 501 508	5 858 863	9 729 830
Non-current liabilities:					
Borrowings	13	301 796 418	304 447 506	301 796 418	304 447 506
Current liabilities:					
Trade and other payables	14	35 865 935	25 997 816	-	-
Net US Dollar exposure		**363 543 545**	**361 383 023**	**518 445 837**	**555 167 852**

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 2022 and 2021, the group's borrowings at variable rate were denominated in Pula and US Dollar.

At 31 January 2022, 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 2 180 032 (2021: P3 189 047) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Company	
Figures in Pula	2022	2021	2022	2021

35. Financial instruments and risk management (continued)

Interest rate profile

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

	Note	Average effective interest rate		Carrying amount	
Group		2022	2021	2022	2021
Assets					
Cash and cash equivalents	11	2.85 %	3.10 %	13 260 681	18 643 893
Short term deposits	11	5.50 %	4.18 %	797 907	760 757
				14 058 588	**19 404 650**
Liabilities					
Bank overdraft	11	5.25 %	5.25 %	150 351	207 765
Borrowings in Botswana Pula at local rate	13	3.44 %	3.44 %	263 888 577	282 720 211
Borrowings in USD Libor	13	3.96 %	5.16 %	301 796 418	304 447 506
				565 835 346	**587 375 482**

	Note	Average effective interest rate		Carrying amount	
Company		2022	2021	2022	2021
Assets					
Loans to group companies	7	5.90 %	5.68 %	210 790 556	240 990 516
Cash and cash equivalents	11	2.85 %	3.10 %	8 483 864	18 843 893
Short term deposits		2.85 %	3.10 %	797 907	207 765
				220 072 327	**260 042 174**
Liabilities					
Bank overdraft	11	5.25 %	5.25 %	150 351	207 765
Borrowings in Botswana Pula at local rate	13	3.44 %	3.44 %	263 888 577	282 720 211
Borrowings in USD Libor	13	3.96 %	5.16 %	301 796 418	304 447 506
				565 835 346	**587 375 482**

36. Fair value information

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

		Group		Company	
Figures in Pula		2022	2021	2022	2021

36. Fair value information (continued)

Levels of fair value measurements

Level 3

Recurring fair value measurements

	Note(s)				
Assets					
Investment property	3				
Investment property 1		2 460 487 166	2 396 259 505	1 404 778 381	1 335 770 609
Total		**2 460 487 166**	**2 396 259 505**	**1 404 778 381**	**1 335 770 609**

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance	Gains/losses recognised in profit or loss	Gains/losses recognised in other comprehensive income	Additions	Foreign Exchange Movement	Closing balance
Group - 2022							
Assets							
Investment property							
Investment property		2 396 259 505	(8 900 110)	-	9 563 776	63 563 995	2 460 487 166
Total		**2 396 259 505**	**(8 900 110)**	**-**	**9 563 776**	**63 563 995**	**2 460 487 166**
Group - 2021							
Assets							
Investment property	3						
Investment property		2 336 165 032	(25 280 910)	-	13 251 212	58 030 259	2 382 165 593
Total		**2 336 165 032**	**(25 280 910)**	**-**	**13 251 212**	**58 030 259**	**2 382 165 593**
Company - 2022							
Assets							
Investment property	3						
Investment property		1 335 770 609	59 443 996	9 563 776	-	-	1 404 778 381
Total		**1 335 770 609**	**59 443 996**	**9 563 776**	**-**	**-**	**1 404 778 381**
Company - 2021							
Assets							
Investment property	3						
Investment property		1 250 274 363	12 450 534	12 011 074	-	-	1 274 735 971
Total		**1 250 274 363**	**12 450 534**	**12 011 074**	**-**	**-**	**1 274 735 971**

Notes to the Consolidated And Separate Annual Financial Statements

36. Fair value information (continued)

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

Investment property - Retail segment Botswana

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 1 317 000 000. 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 Botswana

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 58 200 000. 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 Botswana

Residential segment comprises of the following properties Mogoditshane Flats and Tapologo Apartments. There fair values of these properties determined by independent valuers is P 46 500 000. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the valuer in the projected cash flows are within the range of future contractual rent agreed by the company with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants.

The most significant inputs, all of which are unobservable, are the discount rate, long term revenue growth rate, long term expenditure growth rate, estimated rental value, reversionary capitalisation rate and assumptions about vacancy levels. The estimated fair value increases if the estimated rental increases, long term revenue growth rate increases, long term expenditure rate reduces, rental escalation increases, discount rate and reversionary discount rate declines The overall valuations are sensitive to all these assumptions. The valuation was done on 31 January 2022 and the inputs used in the valuations for the year ended 31 January 2022 were:

Assumptions used for valuation of properties in Botswana	Retail	Commercial	Residential
Average discount rate	9.54-10.63%	8.74- 9.5%	8%
Average occupancy rate	99%	87%	100%
Long-term revenue Growth Rate - As per valuation	6%	5%	6%
Long-term expenditure Growth Rate - As per Valuation	5%	10%	8%
Average lease period	2 - 25 Yrs	3 - 5 Yrs	1 - 2 Yrs
Average Escalation/ Rental- From MDA	5-8%	5-10%	6-10%

Notes to the Consolidated And Separate Annual Financial Statements

36. Fair value information (continued)

Palazzo Venezia Dubai property

Turnstar Investments Limited. a subsidiary company owns, Palazzo Venezia Holding property a commercial property valued at Pula 21 063 598 (USD 1 739 782), The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the Director in the projected cash flows are within the range of future contractual rent agreed by the company with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants.

Assumptions	Commercial
Income capitalisation rate	8.00 %
Discount rate	9.00 %
Long-term revenue Growth Rate - As per valuation	5.00 %
Discounted cash flow period	5
Average lease period	1
Average Escalation/ Rental- From MDA	5.00 %

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

Mlimani Holdings Limited properties comprises of the following properties Retail, Office Park, Conference centre, Housing units and unutilised bulk land with their fair values determined by independent valuers at P 709 567 196 (USD 62 300 000), P168 564 920 (USD 14 800 000), P 67 198 177 (USD 5 900 000), P 47 835 991 (USD 4 200 000) and P 44 419 139(USD 3 900 000) respectively. The fair values of these properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated market rental per square meter used by the valuer in the projected cash flows are within the range of future contractual rent agreed by the subsidiary with its tenants. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, rental escalation as per lease agreements signed by the tenants. However for property where there is no income earned during the year, a comparable market approach was considered taking into account the location of the property.

Notes to the Consolidated And Separate Annual Financial Statements

Assumptions for the properties located in Tanzania and Dubai	**Retail**	**Office Park**
Income capitalisation rate	8.25%	9%
Discount rate	12.5%	13%
Average occupancy rate	90-100%	90-100%
Long-term revenue Growth Rate - As per valuation	3%	3%
Long-term expenditure Growth Rate - As per Valuation	2.9%	2.9%
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.

Notes to the Consolidated And Separate Annual Financial Statements

36. Fair value information (continued)

Capitalisation rate sensitivity	Group 2022	2021	Company 2022	2021
Weighted average capitalisation rate	8.94%	8.66%	9.26%	8.28%
1% upward shift	246.4M	241.6 M	138.6 M	141.6 M
1% downward shift	308.3 M	304.8M	172.2 M	179 M

Discount rate sensitivity	Group 2022	2021	Company 2022	2021
Weighted average discount rate	11.80%	11.58%	10.86%	11.1%
1% upward shift	195.3.7 M	186.7 M	119.9M	112M
1% downward shift	223.5 M	222.4 M	144.2 M	134.2M

Fair value of financial instruments measured at amortised cost

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

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

37. Events after the reporting period

The war in Russia and Ukraine has not impacted the company. The company has no contrual agreement with entities from Russia and Ukraine.

Notes to the Consolidated And Separate Annual Financial Statements

38. Segment report

Primary segment - Geographical segment	2022	2021	2022	2021
	Botswana	Botswana	Tanzania	Tanzania
Revenues from external customers	154,076,022	134,570,966	111,707,689	105,697,393
Inter segment revenues				
Total segment revenues	**154,076,022**	**134,570,966**	**111,707,689**	**105,697,393**
Segment property direct and indirect expenses	58,246,815	49,043,424	34,591,769	42,086,797
Segment operating profit	**95,829,208**	**85,527,542**	**77,115,920**	**63,610,596** -
Segment Assets	**1,444,521,365**	**1,396,817,885**	**1,084,979,233**	**1,018,237,355**
Segment assets include the following:				
Investment property	1,404,778,381	1,335,770,609	1,034,645,187	972,544,749
Property plant and equipment	265,277	946,703	1,118,237	1,000,802
Goodwill	-	-	27,177,745	25,658,129
Operating lease asset	16,920,415	19,938,188	3,098,913	2,724,234
Trade and other receivables	13,168,884	22,705,942	14,693,064	9,590,777
Cash and cash equivalents	9,388,408	17,456,443	4,246,087	6,718,664
Segment Liabilities	**665,948,347**	**692,922,099**	**150,946,814**	**118,000,638**
Segment liabilities include the following:				
Borrowings	565,684,995	587,167,717	-	-
Deferred tax	85,228,934	89,319,296	115,132,733	92,568,627
Trade and other paybles	11,468,157	13,152,399	35,814,081	25,432,013
Current tax payable	1,575,294	1,575,294	-	-
Unclaimed debenture interest and dividend payable	1,840,616	1,499,628	-	-
Bank overdraft	150,351	207,765		

Secondary segment- Operating segment	2022	2021	2022	2021
Revenues		Retail		
	Botswana	Botswana	Tanzania	Tanzania
Rental income from external customers	**143,773,971**	**124,141,451**	**91,306,867**	**87,597,549**
Inter segmental revenues				
Total segment revenues	**143,773,971**	**124,141,451**	**91,306,867**	**87,597,549**
Segment expenses	54,544,588	46,127,386	30,199,628	38,441,321
Segment operating profit	**89,229,382**	**78,014,065**	**61,107,239**	**49,156,228**

	Figures in Pula 2022	Figures in Pula 2021
Reconciliation of group net profit before tax		
Total reporting segment operating profit	170,104,795	151,320,563
Salaries and wages	(15,868,017)	(14,418,937)
Loss on exchange difference	(17,334,952)	(5,364,133)
Profit on exchange differences	12,423,604	2,748,846
Fair value adjustments	(8,900,110)	(7,190,400)
Finance income	243,593	253,212
Sundry income	2,352,161	5,478,567
Corporate expenses	(7,379,175)	(12,722,743)
Operating profit	**135,641,900**	**120,104,974**
Finance costs	(21,280,321)	(25,849,802)
Goodwill impairment	-	(12,402,710)
Group profit before tax	**114,361,579**	**81,852,462**

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

Notes to the Consolidated And Separate Annual Financial Statements

2022 Dubai	2021 Dubai	Figures in Pula 2022 Consolidated	Figures in Pula 2021 Consolidated
811,999	5,001,133	**266,595,710**	**245,269,492**
-	-	-	-
811,999	**5,001,133**	**266,595,710**	**245,269,492**
3,652,331	2,818,709	96,490,915	93,948,930
2,840,332	**2,182,425**	**170,104,795**	**151,320,563**
22,190,084	**92,790,372**	**2,551,690,682**	**2,507,845,612**
21,063,598	87,944,147	2,460,487,166	2,396,259,505
-	-	1,383,514	1,947,505
-	-	27,177,745	25,658,129
-	-	20,019,328	22,662,422
552,448	4,835,416	28,414,396	37,132,135
574,038	10,809	14,208,533	24,185,916
51,854	**565,803**	**816,947,015**	**811,488,540**
		565,684,995	587,167,717
		200,361,667	181,887,923
51,854	565,803	47,334,092	39,150,215
		1,575,294	1,575,294
		1,840,616	1,499,628
		150,351	207,765

2022 Botswana	2021 Commercial Botswana	2022 Tanzania	2021 Tanzania	2022 Dubai	2021 Dubai	Figures in Pula 2022 Consolidated	Figures in Pula 2021 Consolidated
10,302,052	**10,429,515**	**20,400,822**	**18,099,844**	**811,999**	**5,001,133**	266,595,710	245,269,492
10,302,052	**10,429,515**	**20,400,822**	**18,099,844**	**811,999**	**5,001,133**	**266,595,710**	**245,269,492**
3,702,226	2,916,038	4,392,141	3,645,476	3,652,331	2,818,709	96,490,915	93,948,930
6,599,826	**7,513,477**	**16,008,681**	**14,454,368**	**-2,840,332**	**2,182,425**	**170,104,795**	**151,320,563**

NOTICE OF THE 2022 ANNUAL GENERAL MEETING

Notice is hereby given that the 2022 Annual General Meeting of TURNSTAR HOLDINGS LIMITED will be held in person and virtually at 1130 hours on Thursday, 28th July 2022 for transacting the following business agenda:

AGENDA:

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

A. ORDINARY RESOLUTIONS

3. 3. To receive, consider and adopt the Audited Financial Statements for the year ended 31 January 2022 together with the Auditors report to the Board
4. To approve the distribution of dividend as recommended by the Board of Directors
5. To confirm the appointment of Butler Phirie as Chairman of the Board of Directors of the Company
6. To note the retirement of the following Directors:
   i. Patrick K Balopi
   ii. Pierre J Bezuidenhout
7. To confirm the appointment of the following as Directors for the Company:
   i. Solomon Mantswe
   ii. Thobo Kerekang
   iii. Amaresh Chetty
8. To ratify the remuneration paid to the Non-Executive Directors for the year ended 31 January 2022
9. To ratify the remuneration paid to the auditors, Ernst & Young, for the year ended 31January 2022
10. To appoint Ernst & Young as Auditors for the ensuing year and authorise the Directors to fix their remuneration
11. Answering of questions raised by linked unit holders in relation to the affairs and the business of the Company by Directors and Management.

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

By order of the Board

GRANT THORNTON BUSINESS SERVICES (PROPRIETARY) LIMITED
Company Secretaries

Date: 17 June 2022

REGISTERED OFFICE:
Plot 50370, Acumen Park, Fairgrounds
P O Box 1157

Mr Solomon Seoketsi Mantswe
He brings over 30 years' experience in the public service. He was appointed Deputy Commissioner of the Botswana Police Service (BPS) in 2021. Some of his key responsibilities include strategic leadership and management of the BPS, the development and implementation of organisational strategies, directing the Human Resource and Administration of the BPS, Policy direction and stakeholder relations. He gained extensive experience in corporate governance through his service as the Chairman of the Botswana Public Officers Pension Fund (BPOPF) a position he has held since 2017, and also from the various subcommittees of the same board.

Mr Amaresh Chetty
Mr Chetty hold Master of Business Administration (MBA) from University of Natal. He is the Chief Investment Officer at Ngwenya Capital and has in excess of 15 years' investment and commercial experience across various sectors including but not limited to real estate, healthcare, and financial services. He has served as a director at several companies in South Africa and that includes:

- Ascendis Health Limited (JSE main board) -member of audit and risk committee, Chair of Remcom also Chair of Social and Ethics committee
- Sunstone Capital Limited – Chairman and chair the investment committee
- Pepper Club Hotel Investments Ltd – Director and chair of the investment committee.
- Rencell Ltd - director

Mr Thobo Kerekang
Mr kerekang holds Bachelor of Laws (LLB) from the University of Botswana. He is a practicing attorney registered and working in Botswana. He is at present a Legal Executive at Special Economic Zones Authority (SEZA) and, prior to this, was Legal Counsel and Company Secretary at Kgalagadi Breweries Limited. He is also the Co-Founder of Keno Custom Suits. He has also worked in legal divisions at Botswana Postal Services Limited and Botswana Insurance Holdings Limited Insurance Company (BIHLIC).

PROXY FORM [to be completed by Holders of Linked Units)

Please read the notes overleaf before completing this form.

For use at the Annual General Meeting of Unit Holders of the company to be held virtually at 1130 hours on Thursday 28th July 2022.

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 2022 Annual General Meeting, to vote for or against the resolutions and/or abstain from voting in respect of the Linked Units registered in my/our name in accordance with the following instruction.

NUMBER OF LINKED UNITS				
		For	**Against**	**Abstain**
Ordinary resolution 1	**Agenda No 3**			
Ordinary resolution 2	**Agenda No 4**			
Ordinary resolution 5 i. Solomon Mantswe ii. Thobo Kerekang iii. Amaresh Chetty	**Agenda No 7**			
Ordinary resolution 6	**Agenda No 8**			
Ordinary resolution 7	**Agenda No 9**			
Ordinary resolution 8	**Agenda No 10**			

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 shareholder's 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.

UNITHOLDERS ANALYSIS

	Number of Units Holders	Number of linked units directly held	% of Units held
Public	1,505	432,921,841	76%
Non-public	2	139,231,762	24%
Total	1,507	572,153,603	100%

TOP 10 UNITHOLDERS

Name of Unitholder	Number of Units Holders	Number of linked units directly held	% of Units held
SCBN(PTY) LTD RE: BPOPF LOCAL EQUITIES ACTIVE PORTFOLIO CO ALLAN GRAY BOTSWANA	1	103,098,900	18.02
G. H. GROUP (PROPRIETARY) LTD	1	80,148,355	14.01
FNB BOTSWANA NOMINEES RE: BIFM - ACT MEM & DP EQ	1	78,761,701	13.77
FNBB NOMINEES VUNANI BPOPF	1	61,766,631	10.80
ASSOCIATED INVESTMENT AND DEVELOPMENT CORPORATION (PTY) LTD	1	59,083,407	10.33
STANBIC -ALLAN GRAY RE DEBSWANA PENSION FUND	1	34,494,230	6.03
MOTOR VEHICLE ACCIDENT FUND	1	31,021,292	5.42
STANBIC NOMINEES BOTSWANA RE BIFM PLEF	1	13,922,178	2.43
STANBIC NOMINEES BOTSWANA RE BPOPF WT PRO PORT MCP	1	11,192,338	1.96
STANBIC NOMINEES BOTSWANA RE BIFM MLF	1	9,718,359	1.70
TOTALS		**483,207,391**	**84.45**

TURNSTAR
HOLDINGS LIMITED

www.turnstar.co.bw