



# Annual Report

## 2020



## Company Overview

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In direct translation, Letlole La Rona means '**our basket of wealth**'. To us the basket of wealth is symbolical to a collection of principles that nurture true wealth and success

In **everything we do we** strive to create a basket of wealth for Batswana

### Vision

To be the premier real estate company in Botswana and selected markets in Africa

### Mission

To invest prudently in real estate that cultivates and connects communities

### Values

- Excellence
- Customer Focus
- Agility
- Integrity
- Innovation

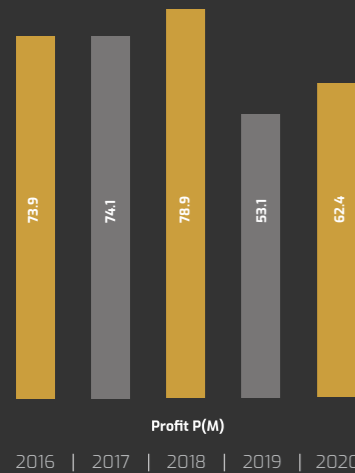
# TABLE OF CONTENTS

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Highlights	2 - 3
Unit Holders	4
Board of Directors	6 - 7
LLR Team	8 - 9
Chairperson's Report	10 -12
Chief Executive Officer's Report	14 - 17
Corporate Governance	18 - 31
Properties	32 - 37
Corporate Social Investment	38 - 39
Financial Statements	42 - 108
Notice of the Annual General Meeting	109 - 110
Proxy Form	111

# HIGHLIGHTS

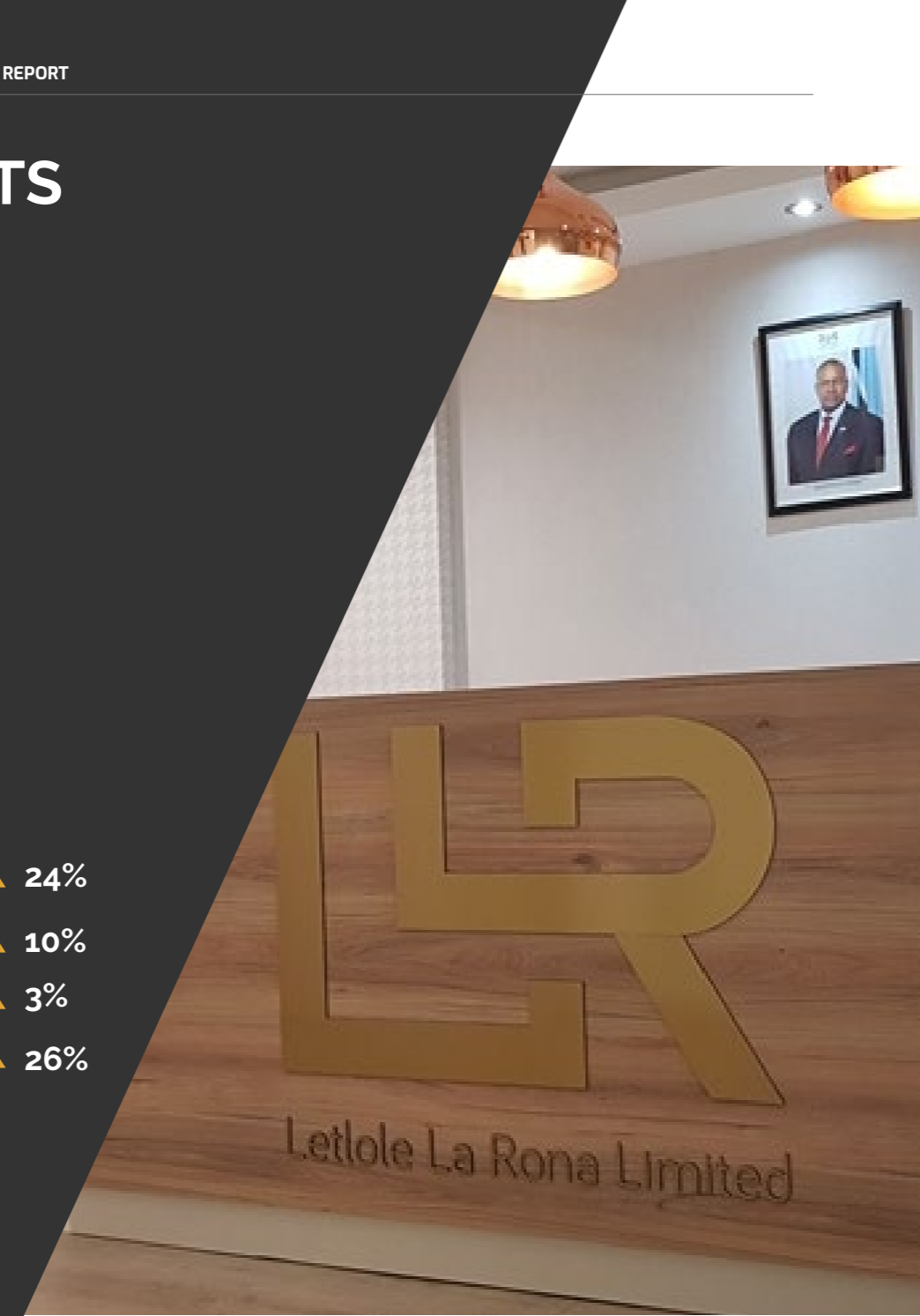
## Profit for the Year



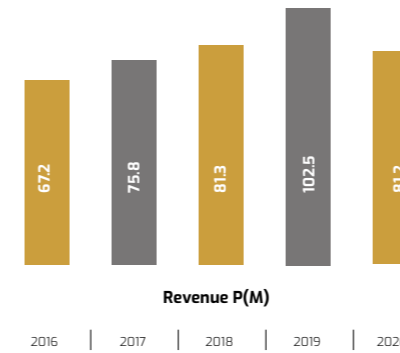
## Highlights compared to prior year

- Profit before tax (Continuing & discontinued operations) ▲ **24%**
- Earnings per share ▲ **10%**
- Net Asset Value ▲ **3%**
- Share price ▲ **26%**

Acquisition of **5 assets** during the current period

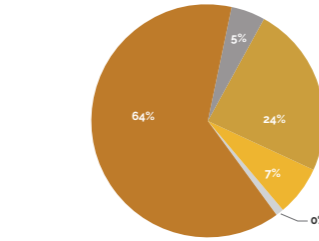


## Revenue



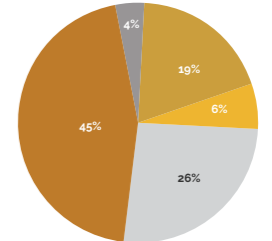
## Sectoral Revenue

30 Jun 2020



Residential Industrial Leisure  
Commercial Retail

30 Jun 2019



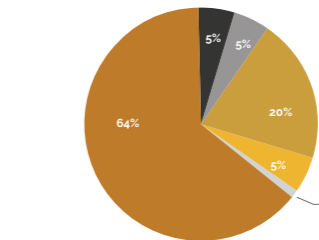
Residential Industrial Leisure  
Commercial Retail

## Investment Property



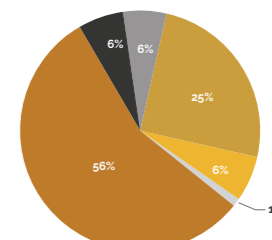
## Sectoral Investment Property

30 Jun 2020



Residential Industrial Leisure  
Commercial Retail Corporate

30 Jun 2019



Residential Industrial Leisure  
Commercial Retail Corporate

# UNITHOLDERS

FOR THE YEAR ENDED 30 JUNE 2020

## LLR Unit Bands

Linked Units	Number of Holders	%
0-1,999	1,028	61.34%
2,000-4,999	256	15.27%
5,000-9,999	130	7.76%
10,000-49,999	180	10.74%
50,000-99,999	23	1.37%
>100,000	59	3.52%
<b>TOTAL</b>	<b>1,676</b>	<b>100.00%</b>

Type of unitholder	Linked units	%
Non-public	196,011,263	70.00%
Public	83,988,737	30.00%
<b>TOTAL</b>	<b>280,000,000</b>	<b>100.00%</b>

Beneficial Shareholder	Linked Units	%
Botswana Development Corporation Limited	112,011,263	40.00%
Grit Services Limited	84,000,000	30.00%
Fnb Botswana Nominees (Pty) Ltd Re: Bifm Bpopf-Equity	18,777,464	6.71%
Fnb Botswana Nominees (Pty) Ltd Re: Allangray Bpopf Equity Portfolio B	11,438,843	4.09%
Fnb Botswana Nominees (Pty) Ltd Re: AG Bpopf Equity	10,583,319	3.78%
Sbbl O/A Bifm Professional Local Equity Fund	4,921,431	1.76%
Fnb Noms Bw (Pty) Ltd Re: Bpopf Equity Portfolio C - Allan Gray	4,313,726	1.54%
Sbbl O/A Bifm Market Linked Fund	4,173,295	1.49%
Morula Re Debswana Pension Fund	3,167,044	1.13%
Bifm Re University Of Botswana Defined Contribution Pension Fund	2,908,286	1.04%



## BOARD OF DIRECTORS



L - Ms. Tiny Kgatlwane | Mr. Terence Dambe | Ms. Boitumelo Mogopa | Mr. Oteng Keabetswe  
| Mr. Frederick Selolwane | Ms. Bronwyn Corbett | Ms. Serty Leburu

## LLR TEAM



L - Kamogelo Mowaneng | Baalakani Nlumbile | Dinah Jonah | Letlhogonolo Madigele | Thobo Bakwena | Kabona Kgosidialwa | Senwelo Botholo | Otsetswe Mongudi | Malebogo Montshiwa | Gift Patson | Gabarate Moalosi

# CHAIRPERSON'S REPORT



## Investment Property Pg61.1million

It is a great honour to present to you the 2020 Annual Report of your company.

I am pleased to report to our stakeholders that LLR performed commendably well in a challenging and complex operating environment.

During the year under review, the Company acquired 5 prime industrial properties worth P145 million with an additional 2 prime industrial properties (valued at P61 million) acquired post the financial year end. This strategy bore fruit as the investment property portfolio has shown resilience to the effects of the pandemic. The Company grew its balance sheet and posted an increase in profit.

LLR is, however, alive to the fact that due to the Covid-19 pandemic, tenants experienced severe business disruptions. Measures taken by the Government to try and curb the spread of the virus, such as the national lockdown that took place during the months of April and May 2020, resulted in only 42% of our tenants being able to operate as they were classified as essential services, with the rest having to close shop.

LLR heeded the call from Government to

assist; firstly by donating P1 million to the Covid-19 Relief Fund, and secondly, by according tenants a rent deferral during this challenging period. These initiatives were aimed at assisting the Government in uplifting the economy and were met in a positive light.

For the past two years, the Company has been aggressively pursuing its "Go-To-Africa" strategy and just when this was to come to fruition, the pandemic crippled the global, regional and local economies, causing the Company to re-assess the regional pipeline it had been working on.

LLR remains optimistic about the growth opportunities within the region and that the Company will be able to secure yield accretive investments.

The Board's paramount responsibility is to lead and drive the strategy for the Company to deliver strong sustainable growth, by so doing creating value for our shareholders, while considering legitimate interests of all our stakeholders.

### Changes in the Board

The Board is pleased to announce the appointment of Mr Oteng Keabetswe,



## Chairperson's Report continued

Ms Bronwyn Corbett and Mr Frederick Selolwane to the Board of Directors of LLR effective 12th December 2019 and 16th April 2020 (Corbett and Selolwane) respectively.

Mr Keabetswe is a dynamic and highly motivated Investment professional with extensive experience in leading Debt, Mezzanine and Private Equity investments on behalf of institutions. He serves as a member of the Investment Committee.

Ms Corbett is a founding member and the Chief Executive Officer of Grit, the largest pan-African real estate focused company listed on the main market of the London Stock Exchange and on the Stock Exchange of Mauritius. She serves as a member of the Audit, Risk and Compliance Committee.

Mr Selolwane is the Managing Director of Rider Levett Bucknall (Botswana). He is a registered Quantity Surveyor and a chartered member of the Royal Institute of Chartered Surveyors as well as the South African Council of the Quantity Surveying Profession. He is a member of the Investment Committee.

On the 12th of November 2019 and 4th of May 2020, the Board bid farewell to Mr Bafana Molomo and Mr Curtis Matobolo respectively; both were independent non-executive directors of the Company. The Board would like to thank Mr Molomo and Mr Matobolo for their contribution and wish them well in their future endeavors.

The Company is currently undergoing

a transition period within its Executive Management team following the departure of the Chief Executive Officer, Mr Chikuni Shenjere-Mutiswa, in September 2020. The Company appointed Ms Kamogelo Mowaneng, LLR's CFO, as the interim CEO.

We are confident that under the leadership of Ms Mowaneng and the guidance of the Board, LLR will continue its mandate, pursuing to create value for its stakeholders.

The Board is satisfied that this composition reflects the appropriate mix of skills, diversity, experience and independence.

I would like to thank my fellow Board members for the support, steadfastness, leadership and wisdom during the challenging time the Company went through in the last quarter of this financial year. The Board holds itself to very high standards on corporate governance matters. I thank the Management team and our employees for delivering sound performance amidst unpredictable circumstances. A great appreciation also goes to all our stakeholders for their continuous support.

I am confident that we are well positioned to face, head on, the responsibility to help the economy recover from the Covid -19 impact.



**Ms. Boitumelo Mogopa**  
Chairperson's Report



# CHIEF EXECUTIVE OFFICER'S REPORT



Profit of the year

# P62.4million

### STRATEGIC OVERVIEW

The year under review marks the second year of the Company's five-year strategy which is underpinned by a culture of excellence, customer focus, agility, integrity and innovation.

### Excellence:

The Company continues to present impressive results with the profit before tax from both continuing and discontinued operations up by 24% from the prior year. This resulted in the earnings before tax increasing by 10% for the same period.

The Company has further grown its balance sheet by acquiring a portfolio of 5 prime industrial properties during the year. The acquisition was wholly funded by cash reserves from the sale of the leisure portfolio and was concluded at the tail end of the financial year. Due to the conclusion of the transaction very late in the financial year, the benefits of the acquisition were not materially reflected in the current financials.

LLR is proactive in ensuring that vacancy levels are significantly low, and at close of the current financial year, vacancy rate for industrial and commercial portfolio stood at 1.8%.

### Customer Focus:

At LLR, we recognise and appreciate that our customers (tenants), are key to the success of our business, we work together to ensure that their operations remain sustainable. Our properties are maintained to the highest standards to support the operations of our tenants and to ensure they are secure in the facilities.

The Company continuously engages with its tenants to understand their needs and enhance their offering.

During these challenging times of the national lockdowns in efforts to control the spread of Covid - 19 virus, LLR partnered with its tenants and offered them rent deferrals in order to ease the burden on their cashflow during the affected period.

### Agility:

The Company remains responsive to market conditions and is proactively positioning itself well. This is seen by the disposal of the hospitality portfolio in the 2019 financial year, ahead of what has been an unforgiving year for the tourism industry which resulted from closure of borders.

## Chief Executive Officer's Report continued

In lieu of the hospitality portfolio, LLR increased its investments in industrial properties which have proved to be resilient during these tough economic times.

### Integrity:

LLR continues to maintain the highest standard of integrity as evidenced by the continuous market updates on all issues affecting the Company, even those that are unpleasant. The Board and Management pride themselves in LLR being an upright, responsible corporate citizen and do not compromise on issues of such importance.

### Innovative:

The quest for LLR to transform spaces is one of innovation. The Company continuously works on ways to improve the lives of the communities within which it operates in and we see this coming through the Company's corporate social investment.

Through the execution and regular review of this strategy, the Company is able to maximise stakeholder value.

### ECONOMIC OVERVIEW

The Covid-19 pandemic, which took the world by surprise early this calendar year has caused a contraction in economic activity globally, regionally and locally as production, supply chains, project implementation and provision of goods and services was disrupted and remains constrained. This had the effect of reducing domestic spending and consumption thus

leading to inflation which is well below the band of between 3% and 6%.

Botswana's real gross domestic production (GDP) contracted by 4.2% in the twelve months to June 2020, compared to a growth of 3.9% in the year to June 2019. The main driver of this is the reduction in output of the mining sector which declined by 18.6% compared to a growth of 1.5% in the corresponding period ending June 2019. The International Monetary Fund (IMF) forecasts a 9.6% decline in economic growth during 2020, and further predicts that Botswana's economy will grow by 8.6% in 2021.

In order to stimulate spending and boost inflation, the Monetary Policy Committee (MPC) reduced the bank rate by 100 basis points during the current calendar year, with the first cut of 50 basis points in April 2020 and the most recent cut by another 50 basis points in October 2020.

This measure has bore fruits as inflation rates are beginning to pick up from below 1% in August 2020 to close to 2% in September 2020.

The above actions, as well as the proposed transformation plan which contains a number of interventions and projects that will boost the economy, give a sense of hope that the economy is well on its way to recovery.

### PROPERTY MARKET OVERVIEW

The real estate sector has not been spared in the storms that swept across the economy. The property sector, particularly office, retail and residential sub-sectors have experienced turbulence within the past year, with the hospitality sector being the worst affected when countries went into lockdowns and social distancing, forcing them to halt operations. Hotels experienced major booking cancellations both for accommodation and conferencing from both domestic and international travelers/clients.

### Industrial

The industrial sector, which is largely underpinned by the manufacturing and logistics operations, has proved to be resilient in the face of the current challenging economic environment. Due to restricted cross boarder movement, industrial properties experienced an increase in demand as warehousing and logistics were required for stockpiling and local distribution of products. Industrial prime rentals continue to be within a range of P30/m<sup>2</sup> - P55/m<sup>2</sup>, achieving prime yields of around 8.5%. The vacancy rates in the sector have held steady within the range of 1% - 2.5%.

### Retail

The retail sector has experienced its fair share of turbulence due to measures enforced to curb the spread of the Covid-19 Virus. The economic effects of the disease have seen the sector taking a knock as

## Chief Executive Officer's Report continued

some retailers who were already ailing, had to face the hammer. Furthermore, rental income from the sector was hard hit as most retailers negotiated discounted rentals from landlords for the lockdown period.

Given the above, and the fact that the market is about to get a supply of an additional 80,000m<sup>2</sup> space, there could be a significant change in the negotiating power of landlords if the economic effects of Covid-19 continue to subdue consumer spending. The sector currently continues to exhibit strong rentals with the anchors still ranging between P85/m<sup>2</sup> - P95/m<sup>2</sup> and yields hovering around 7.5% - 8%.

### Office

The office segment in Gaborone has experienced a flatline in rentals due to new office stock coming into the market, mainly in the new Central Business District (CBD). One of the main drivers behind most developments within that node is purely due to a fulfilment of development covenants, and not necessarily market forces. This influx of space into the market has triggered market reversions upon lease renewals of most of the secondary stock, which in some instances has led to drastic rent reductions. Prime rentals continue to stagnate in the P105/m<sup>2</sup> mark with yields hovering in the 7.5% region. The next tier in this segment continues to exhibit rentals ranging between P65/m<sup>2</sup> - P75/m<sup>2</sup>.

### Residential

A small but notable increase in the

Gaborone residential market demand has been experienced over the past years. It is, however, worth mentioning that this improvement was limited to the middle to lower income groups of the segment. The past five years have seen a trend of new residential nodes being developed in Gaborone and surrounding areas; away from the more expensive centrally located inner city areas. Furthermore, the demand for high-end housing, which is mostly from non-citizens, may have been dampened further by amended Transfer Duty Act, which hiked the transfer duty from 5% to 30% for non-citizen property buyers. Yields in the sector still hover around 5% - 6%. Overall, as the city road networks continue to improve and supply continues to increase in the market, prime rentals and sales within Gaborone may be subdued as both tenants and buyers opt for the greater Gaborone nodes.

### APPRECIATION

I would like to express my sincere gratitude to the Board and the entire LLR team for the commitment to pursuing the Company's strategy.

LLR continues to reach greater heights which could not be achieved without the support and encouragement of our valued stakeholders.



**Kamogelo Mowaneng**  
Acting Chief Executive Officer



# CORPORATE GOVERNANCE



## Corporate Governance

The Board of Directors of LLR is dedicated to preserving the highest standards of corporate governance practices through the provision of effective leadership. This leadership is characterised by the ethical values of responsibility, accountability, fairness and transparency.

The Company has adopted King III as the framework for Corporate Governance and the table at the end of this Report details its compliance.

The Board provides strategic direction for, and approval of, the Company's business strategies and objectives and is also responsible for the control of the company. The Board's responsibilities include approval and reviewing the company's internal compliance procedures and any codes of conduct, taking all reasonable steps to ensure that the business of the company is conducted in an open and ethical manner. It also reviews and amends the Board and Committees' Charters as and when necessary.

The Board has delegated the day-to-day responsibility for operating the Company to executive management and it is focused on attending matters affecting the company's overall strategic objectives. Its leadership responsibilities involve working with management to set corporate values and to develop strategy, including deciding which risks it is prepared to take in pursuing its strategic objectives. Its oversight responsibilities involve it providing

constructive challenge to the management team in relation to operational aspects of the business, including approval of the budgets and business plans, and probing whether risk management and internal controls are sound.

Board members are appointed by shareholders at the Company's Annual General Meetings.

## LLR Board Composition and Profiles

LLR recognizes the need to have a clear balance of power and authority as well as to promote gender diversity at the Board of Directors' level. It is for that reason that the Board comprises of seven non-executive Directors (three independent and four non executive) of whom four are females and three are males. The Directors possess adequate experience and expertise necessary to manage the company's affairs. The Board's objective is to have the appropriate mix of skills, knowledge and experience, from a wide range of industries and backgrounds which are necessary to address any challenges faced by the Company.

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the Audit, Risk and Compliance Committee and the Investment Committee. Each of these committees has established charters and operating procedures in place which are reviewed on a regular basis. The committees have access to the company's executive management as well

as independent advice. The Company has also engaged Internal Auditors in pursuit of discharging the responsibility for corporate governance. The Board has also established a framework for the management of the Company including a system of internal control, a business risk management process and establishment of appropriate ethical standards.

## The Audit, Risk and Compliance Committee (ARAC):

is constituted as a Committee of the LLR Board to assist in fulfilling its statutory duties in terms of the Companies Act (Cap 42:01), the Company's Constitution and the Botswana Stock Exchange Listings Requirements. The Committee has been established amongst others, to assist the Board in overseeing the quality and integrity of the Company's integrated reporting, qualifications and independence of the internal and external auditors, scope and effectiveness of internal controls, effectiveness of risk management and compliance with legal and regulatory requirements to the extent that it might have an impact on the financial statements. The duties and responsibilities of members are set out in the Audit, Risk and Compliance Committee Charter. The Committee comprises three members; two are independent non-executive directors while one is a non-executive director. In order to fulfil its duties ARAC meets a minimum of four times in a year.

## Corporate Governance continued

**The Investment Committee (IC):** is constituted as a committee of the Board to assist in fulfilling its statutory duties in terms of the Companies Act (Cap 42:01), the Company's Constitution and the Botswana Stock Exchange Limited Listings Requirements. The Committee has been established primarily to assist the Board in overseeing the development and implementation of the Company's investment policies, guidelines, strategies and activities including but not limited to ensuring that there is an appropriate, robust and consistent framework for objective analysis of proposed real estate investment, analysis of divestment/disposals, review and approval of major property refurbishments and performance review of the Company's investment portfolio. The Committee comprises three members.

Name	Designation	Board Meeting		Audit, Risk and Compliance		Investment Committee		Other**	Total Fees paid	
		Held	Attended	Held	Attended	Held	Attended		2020	2019
Boitumelo Mogopa	Chairperson	10	10	4	-	3	-	9	314,400	209,088
Terence Dambe	Deputy Chairperson and Chairperson of IC	10	9	4	-	3	3	6	254,514	206,723
Oteng Keabetswe	Board Member and Member of IC	10	8	4	-	3	1	7	217,086	-
Frederick Selolwane	Board Member and Member of IC	10	6	4	-	3	1	5	149,714	-
Bafana Molomo*		10	1	4	-	3	1	2	93,572	296,989
Tiny Kgatlwane	Chairperson of ARAC	10	8	4	4	3	-	8	279,467	283,338
Serty Leburu	Board Member and Member of ARAC	10	10	4	4	3	-	9	291,943	248,798
Bronwyn Corbett	Board Member and Member of ARAC	10	5	4	1	3	-	4	112,286	-
Curtis Matobolo*		10	4	4	3	3	2	9	285,705	377,839
									<b>1,998,687</b>	<b>1,622,774</b>

\*Resigned during the 2020 Financial year

\*\*Other includes meetings held dealing with the former CEO Issue

## Corporate Governance continued

**Board of Directors: Attendance at meetings during the year ended 30 June 2020.**

### Company Secretary

A representative from KPMG, the Company Secretary, attends all Board and Committee meetings, Annual and Extraordinary General Meetings. The Company Secretary ensures compliance with applicable procedures and legislation. The Board has through its annual assessment satisfied itself that the Company Secretary is competent, qualified and experienced to perform this role.

### Compliance Statement

The Board of Directors recognise the need to conduct the business of the company with integrity and in accordance with generally accepted practices and endorses the internationally accepted principles of Corporate Governance and public responsibility.

LLR has complied with the provisions as set out in the Companies Act (CAP 42:01) and the Botswana Stock Exchange Listings Requirements.

**The table below explains how Letlole La Rona Limited has applied the principles set out in King III and addresses the extent of the company's compliance with the code.**

### CHAPTER 1: ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

Principle	Application	Status
1.1 The Board should provide ethical and effective leadership.	The Board has adopted the requirements of King III and considers best corporate governance practices to be critical in delivering sustainable growth.  Also ensures that the Company complies with the requirements of BSEL, Companies Act, IFRS and applicable laws.	Full compliance
1.2 The Board should ensure that the organisation is seen to be a responsible Corporate citizen.	In addition to the comments in 1.1 above, the Company strives to maximise returns to unit holders.	Full compliance
1.3 The Board should ensure that the company's ethics are managed effectively.	As per 1.1 above.	Full compliance

## Corporate Governance continued

Principle	Application	Status
<b>CHAPTER 2: BOARDS AND DIRECTORS</b>		
2.1 The Board is the focal point and custodian of Corporate Governance.	As per 1.1 & 1.2 above.	Full compliance
2.2 The Board should be fairly comprised with an appropriate balance of knowledge, skills and experience required to discharge its responsibilities.	The Board comprises of seven Directors, all of whom are non-executives. The Chairman is an independent, non-executive Director. All Directors have the necessary skills and experience required to discharge their duties effectively.	Full compliance
2.3 The Board and its Directors should act in the best interests of the Company.	The Board of Directors individually and collectively understand their fiduciary responsibility to act in the best interests of the Company. Disclosures of interests and dealings are declared and reported at every Board and committee meeting.	Full compliance
2.4 The Board should be assisted by a competent and suitably qualified Company Secretary.	The Company has a suitable and competent external Company Secretary. The Company Secretary is not a Director of the Company.	Full compliance
2.5 The evaluation of the Board, its committees and the individual Directors should be performed every year.	Individual performance evaluations are performed on an annual basis.	Full compliance
2.6 The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The Company has external Company Secretaries who advise the board on any legal, and regulatory requirements. The legal advisors are also consulted.	Full compliance

## Corporate Governance continued

Principle	Application	Status
2.7 The Board should ensure that there is an effective risk-based internal audit.	The Company outsources internal auditors who perform internal audit services twice a year.	Full compliance
2.8 Companies should remunerate directors and executives fairly and responsibly.	Non-executive's retainers and sitting fees are reviewed annually.  The Annual Report discloses the remuneration paid to each Director. Unit holders approve the Directors remuneration at each Annual General Meeting.	Full compliance
2.9 The Board should delegate to management to proactively deal with stakeholder information and relationships.	Financial results, trading updates and announcements are published in accordance with BSEL listings requirements. These together with the Annual Report are also published on the Company's website.  All of this information is provided in a timely and equitable manner. The Board avails itself at every AGM and EGM to discuss its business with unit holders.	Full compliance
2.10 Sustainability reporting and disclosures should be integrated with company's financial report.	We are drafting a Sustainability Report and it will be incorporated in the following year.	Full compliance
<b>CHAPTER 3 AUDIT COMMITTEES</b>		
3.1 The Board should ensure that the Company has an effective and independent audit committee.	The Audit Committee comprises of three non-executive Directors, two of whom are independent.  The Company's External Auditors also attend by invitation. The Audit Committee meets at least four times a year.	Full compliance

## Corporate Governance continued

Principle	Application	Status
3.2 Audit Committee members should be suitably skilled and experienced independent non-executive directors.	All Audit Committee members are non-executive directors are a suitably skilled. Refer to leadership profiles.	Full compliance
3.3 The Audit Committee should be chaired by an independent non-executive director.	Chairperson of the Audit Committee is an independent non-executive director.	Full compliance
3.4 The Audit Committee should satisfy itself of the expertise, resources and experience of the company's finance function.	The Audit Committee is directly involved in the employment of finance executives who head the finance function of the company.	Full compliance
3.5 The Audit Committee should be responsible for overseeing of internal audit.	The Company outsources internal auditors who perform internal audit services twice a year.  The internal auditor meets with the audit committee to decide on the internal audit plan.	Full compliance
<b>CHAPTER 4: THE GOVERNANCE OF RISK</b>		
4.1 The Board should be responsible for the governance of risk.	The Board oversees the management of risk and delegates this to the Audit Committee. The Committee monitors the adequacy and effectiveness of the Company's internal risk management process.	Full compliance
4.2 The Risk Committee or Audit Committee should assist the board in carrying out its risk responsibilities.	As per 4.1.	Full compliance
4.3 The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	The Company has a risk register which details all risks and the management thereof.  This risk register is presented to the Audit Committee and main board for approval.	Full compliance

## Corporate Governance continued

Principle	Application	Status
4.4 The Board should ensure that risk assessments are performed on a continual basis. Board and audit committee are responsible for risk.	As per 4.3	Full compliance
<b>CHAPTER 5: THE GOVERNANCE OF INFORMATION TECHNOLOGY</b>		
5.1 The Board should be responsible for information technology (IT) governance.	The Board believes that its IT governance policy is appropriate and is reviewed regularly.	Full compliance
5.2 The Board should delegate to management the responsibility for the implementation of an IT governance framework.	Management outsources its IT function to an experienced, reputable firm who ensures the integrity of its IT system.	Full compliance
<b>CHAPTER 6: COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS</b>		
6.1 The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The Board ensures that the Company complies with the requirements of BSEL, Companies Act, IFRS and the applicable law.	Full compliance
6.2 Compliance risk should form an integral part of the company's risk management process.	Compliance risk is denoted as one of the Company's key risks and forms part of the risk management process.	Full compliance
<b>CHAPTER 7: INTERNAL AUDIT</b>		
7.1 The Board should ensure that there is an effective risk based internal audit.	As per 2.7 above.	Full compliance
7.2 Internal audit should follow a risk-based approach to its plan.	Internal audit, through its audit plan follow a risk-based approach in performing the audit.	Full compliance

Corporate Governance continued

Principle	Application	Status
7.3 Internal audit should provide a written assessment of the effectiveness of the Company's system of control and risk management.	At the end of each audit, the internal auditor provides a written assessment on his findings regarding the company's system of control and risk management.	Full compliance
7.4 The Audit Committee should be responsible for overseeing internal audit.	As per 3.5 above	Full compliance
<b>CHAPTER 8: GOVERNING STAKEHOLDER RELATIONSHIPS</b>		
8.1 The Board should appreciate that stakeholders' perceptions affect a company's reputation.	Management engages with the stakeholders and reports to the Board on the perception of stakeholders and how they affect the company's reputation.	Full compliance
8.2 The Board should delegate to management to proactively deal with stakeholder relationships and the outcomes of these dealings.	Management engages with the stakeholders and reports to the Board on the perception of stakeholders and how they affect the company's reputation.	Full compliance
<b>CHAPTER 9: INTEGRATED REPORTING AND DISCLOSURE</b>		
9.1 The Board should ensure the integrity of the Company's integrated annual report.	The Company is currently drafting the sustainability report and will be incorporated in the following year.	In progress
9.2 Sustainability reporting and disclosure should be integrated with the Company's financial reporting.	As per 9.1 above	In progress
9.3 Sustainability reporting and disclosure should be independently assured.	As per 9.1 above	In progress

# LLR BOARD AND MANAGEMENT PROFILES





## LLR Board and Management profiles continued

### Leadership Profiles



#### BOITUMELO MOGOPA

*Chairperson of the Board  
Independent Non Executive Director*

Boitumelo Mogopa is the Director of the Retail Segment at First National Bank Botswana (FNBB). She has had an outstanding career in Banking and Finance over the past 22 years, during which she has developed a firm understanding of business strategy and implementation. Prior to heading the Retail Segment, she was CFO for three years and saw FNBB claim its position as Botswana's largest bank by all measures, a position that the bank still holds and a feat she has continued with the Retail Segment.

Transitioning from product centricity to true customer centricity has been the foundation Boitumelo has anchored her strategy on as Retail Director. The Retail segment commands the largest market share by all measures, customer numbers, advances, deposits and profitability.

Prior to joining First National Bank that saw her launch the first Private Bank in Botswana, Ms. Mogopa worked at Standard Chartered Bank as the General Manager for Wealth Management

and Shared Distribution, as well as at Barclays Bank and Botswana Housing Corporation in the Finance environment.

Boitumelo holds a BCom in Accounting and Business from the University of Botswana, majoring in accounting and is a fellow member of the Association of Chartered Certified Accountants (ACCA) (UK) and BICA.

Given the uncertainty and new complexities in banking as well as the business environment, in 2018 Boitumelo enrolled in the Executive Development Programme with Harvard Business School to build competency in Design Thinking; skills that she is now deploying, leading her team through the refresh of the Retail Banking Continuum.

Her passion encapsulates innovation, leadership and coaching.



#### TERENCE DAMBE

*Deputy Chairperson of the Board and  
Chairperson of the Investment Committee  
Non Executive Director*

Terence Dambe holds a Bachelor of Laws degree (LLB) from the University of Botswana. He is a seasoned legal practitioner and brings to the Board extensive experience of over 29 years in the legal and business fields. He started his legal career at Minchin & Kelly (Botswana) Attorneys in 1989 as a Professional Assistant and meritoriously rose through the ranks to become a Partner in 1993. He currently serves as the firm's Managing Partner.

Mr. Dambe is a past member of the Judicial Services Commission. He is active as a Director of various companies, Chairman of Kabelano Charity Trust and a Board Member of the Botswana Investment and Trade Centre.



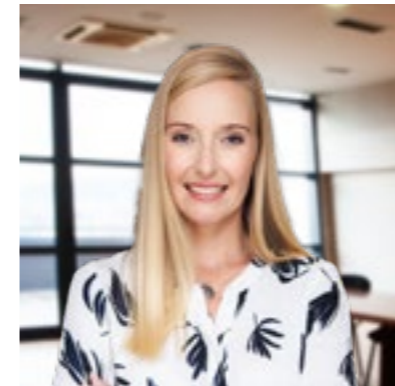
#### TINY KGATLWANE

*Board Member and Chairperson Of Audit,  
Risk and Compliance Committee  
Independent Non Executive Director*

Tiny Kgatlwane, the Managing Director of Kgare Insurance Brokers has an extensive career in the banking sector as well as the broader financial services industry for over 32 years.

## LLR Board and Management profiles continued

She has had an opportunity to work locally as well as internationally for two international banks for more than 15 years. She held executive positions in other non- bank financial institutions including pension fund and asset management. She also held a number of non- Executive positions.



#### BRONWYN CORBETT

*Board Member and Member of the Audit  
Risk and Compliance Committee  
Non Executive Director*

Bronwyn Corbett is a founding member and the CEO of Grit, the largest pan-African real estate focused company listed on the main market of the London Stock Exchange and on the Stock Exchange of Mauritius.

Born in South Africa, Bronwyn qualified as a chartered accountant, served on several property company boards and played a key role in listing South Africa's largest sovereign underpinned real estate investment trust (REIT), where she held the roles of both Chief Financial and Chief Investment Officer, before co-founding what would become Grit Real Estate Income Group.

Under Bronwyn's leadership, Grit has achieved consistent Dollar-based distributions and returns and has grown the portfolio from two assets of US\$140 million at listing, to 47 assets, currently valued in excess of US\$860million across eight African jurisdictions.

Bronwyn was recognized as the 2019 EY Entrepreneur of the Year (Southern Africa) in the Exceptional Category and was also a past winner of the South African Institute of Chartered Accountants (SAICA) Top CA(SA) under 35 Award.



#### OTENG KEABETSWE

*Board Member and Member of the  
Investment Committee  
Non Executive Director*

Oteng Keabetswe is a dynamic and highly motivated Investment Professional with extensive experience in Leading Debt, Mezzanine and Private Equity investments on behalf of institutions. He is currently employed by the Botswana Development Corporation as an Investment Principal, overseeing the investment function and being the custodian of the corporation's investment strategy, policies and procedures.

Oteng is qualified as a Global Chartered Management Accountant (ACMA, CGMA) and has a BA (Hon) in Finance, Accounting & Management from the University of Nottingham. Oteng currently serves as an Independent Non-Executive Director on numerous boards, including Masawara Holdings Plc, Coca Cola Beverages Botswana (Pty) Ltd, Fairground Holdings (Pty) Ltd and Export Credit Insurance & Guarantee Company (Botswana) (Pty) Ltd ("BECI").



#### FREDERICK SELOLWANE

*Board Member and Member of the  
Investment Committee  
Non Executive Director*

Fred is the Managing Director of Rider Levett Bucknall (Botswana). He is a registered Quantity Surveyor and a chartered member of the Royal Institute of Chartered Surveyors as well as the South African Council of the Quantity Surveying Profession. He has extensive experience in the construction industry specializing in procurement, construction cost management and project management of property developments.

He has previously served as a non-executive Board Member of Botswana Building Society (BBS)

## LLR Board and Management profiles continued

where he was the Chairman of the Board Tender Committee and a member of the Demutualization Committee. He was also a Board Member of BPOMAS Property Holdings overseeing the Management of Bokamoso Private Hospital Properties.

Fred is a former Chairman of both the Physical Resources Committee of the University of Botswana Council and served as Chairman of the Institute of Botswana Quantity Surveyors, an organization primarily responsible promoting the advancement of knowledge in the Quantity Surveying profession and the general interests of the profession.



### SERTY LEBURU

*Board Member and Member of Audit, Risk and Compliance Committee  
Independent Non Executive Director*

Serty Leburu is currently the Executive Director of Botswana Accountancy College (BAC). She has over 27 years of experience in Strategy, Leadership, Finance, Supply Chain, General Management and Administration, over 20 years of which were at

Senior, Executive and Board roles combined.

Ms. Leburu has a wealth of commercial and non-commercial experience having cut her teeth at Debswana Diamond Company, a company that is a joint venture between the Government of Botswana and DeBeers. After 17 years of service with Debswana she then moved to Standard Chartered Bank as a Chief Finance Officer and advanced through the Chief Operations Officer role to the Deputy Chief Executive Officer and Executive Director of the Bank. Ms. Leburu then joined Botswana Housing Corporation 5 years later as a Deputy Chief Executive Officer- Support Services.

Ms. Serty Leburu is a Chartered Global Management Accountant (CGMA) and a Fellow Chartered Public Accountant (FCPA). She holds a Bachelor of Commerce degree from the University of Botswana, an Executive Leadership Programme on Leading Across Boundaries from Oxford University in the UK, Leadership Programme on Globally Engaged Universities in Paris, France and a Management Development Programme of the University of Stellenbosch in South Africa. Other training includes Securitization, Mortgage Bonds and International Housing Finance Programs from the Wharton School of Business-University of Pennsylvania, Philadelphia USA. Ms. Leburu has held various Board roles. She is currently a member of the Board of Directors for Botswana Telecommunications Corporation Limited (BTCL) and Minerals Development Company Botswana (Pty) Ltd. (MDCB). She also participates in corporate and community social responsibility initiatives. She has been a Patron for Thutano Youth Group for two years and she is currently a trustee and treasurer of the Sponsor a Child Trust and a UNICEF Council Member.



### KAMOGELO MOWANENG

*Acting Chief Executive Officer*

Kamogelo Mowaneng, LLR's Chief Financial Officer was appointed the Company's Acting CEO on the 26th of August 2020.

Ms Mowaneng is a qualified Chartered Accountant registered with the South African Institute of Chartered Accountants, CA (SA) and an Associate Certified Professional Accountant registered with the Botswana Institute of Chartered Accountants, ACPA (BICA).

She holds a Bachelor of Business Science Degree with Finance Honors from the University of Cape Town, South Africa; after which she continued with her Post Graduate Diploma in Accounting at the same Institution.

Upon completion of her studies, Kamogelo Mowaneng proceeded to work for Deloitte Johannesburg, South Africa, as an external auditor, specialising in Financial Institutions. She then later joined the Deloitte Botswana Office as an Audit Manager before branching off into the Property Sector.

## LLR Board and Management profiles continued

She holds a Certificate in Property Development and Investment from the University of Cape Town, South Africa.

Ms Mowaneng is a member of the Board of Directors of NBC Developments Partnership, Mogo'lori (Pty) Ltd and Hidden Leaf (Pty) Ltd.

Prior to joining LLR, she held the position of Finance Manager at RDC Properties Limited.



### MR BAALAKANI NLUMBILE

*Property Manager*

Baalakani Nlumbile holds a Bachelor of Science Degree with honours in Estate Management from Birmingham City University (UK). He later obtained a Master of Science with merit in Finance from Bradford University (UK), School of Management. He is a full member of the Real Estate Advisory Council and the Real Estate Institute of Botswana.

Mr. Nlumbile's career spans over a decade, and has covered all facets of the real estate profession, from investment analysis, property development, valuation and property management. He has been exposed to all property sectors, i.e. offices, retail, hotel, industrial and residential properties.

Prior to joining LLR as the Company's Property Manager, Mr. Nlumbile served as a Property Valuation Manager for Bank Gaborone, where he played a critical role in the Bank's lending decision making process. He was responsible for approval of external valuations, project appraisals, and was also involved in undertaking valuations of the Bank's financed assets.

Mr. Nlumbile has also served in different senior positions in various organisations including Botswana Housing Corporation (BHC), Botswana Development Corporation (BDC) and Seeff Properties. During his tenure at BDC, he managed a diverse property portfolio valued in excess of P500 million comprising commercial, hotels and residential properties. He joined Letlole La Rona Limited in October 2015.

# PROPERTIES



Lot 54060, Phakalane  
P16, 000, 000



Lot 22033, G-West Industrial  
P28, 120, 000



Lot 29052, Watershed Piazza  
P144, 830, 000



Lot 69369, Block 3 Industrial  
P27, 510, 000



Lot 64260, Block 3 Industrial  
P30, 100, 000



Lot 69368, Block 3 Industrial  
P40, 860, 000



Lot 22033, G-West Industrial  
P28, 120, 000

# Properties continued



Lot 69365, Block 3 Industrial  
P44, 860, 000



Lot 4738 - Retail, Gaborone  
P 47,600,000



Lot 74204 - Gaborone  
Value : P 119 , 860,000



Lot 14453 - Gaborone  
P 11,420,000



Lot 6369-72, Lobatse  
P4, 880, 000



Lot 32084 - Gaborone  
P 94,110,000



Lot 2989, Red Square - Gaborone  
P 47,950,000



Lot 50380, Moedi House - Gaborone  
P 51,650,000



Lot 14459 - Gaborone  
P 8,510,000



Lot 14455 - Gaborone  
P 10,610,000



Lot 14454 - Gaborone  
BWP 11,150,000



Lot 14457 - Gaborone  
P 9,250,000

# Properties continued



Lot 14460 - Gaborone  
P 8,590,000

Lot 14458 - Gaborone  
P 8,440,000



# CORPORATE SOCIAL INVESTMENT



## Corporate Social Investment

### Letlole La Rona Embarks On Corporate Social Investment Drive

During the year 2020, LLR undertook a series of CSI projects aimed at improving the livelihoods and connecting with communities across the country. The projects carried a theme of enabling the future of the country, that is, focused on children, as well as rising to the presidential call for assistance from the business community in fighting the Covid-19 pandemic. Three main events were undertaken: hosting Christmas Carols at Watershed Piazza in Mahalapye. Donating ICT equipment to Habu Primary School as well as Donating to the National Covid-19 Relief Fund.

### Carols by Candlelight at Watershed Piazza, Mahalapye

On the 29th of November 2019, Letlole La Rona hosted a Carols by Candlelight Service at the Watershed Piazza, a first for Mahalapye. The event attracted over 250 attendees and brought together people from different facets of the village. Amongst the attendees was the Mahalapye Kgosi, Rre Duncan Segotsi who was tasked with cutting the bow and giving the Christmas message, as well as the Central Police Station Commander, Superintendent Boitshepo Mudongo. The real highlight of the event was the ability to bring together the village of Mahalapye for a single moment of joy, singing alongside the Prison Band and Roman Catholic Church choir in one voice of unison as the Watershed Santa handed out Christmas hampers to

children. The event was a major success. In efforts to support the local community, all contractors that were engaged for the event were small medium enterprises from Mahalapye. The event received positive feedback from the community, who expressed their gratitude and indicated that they were looking forward to attending and participating in the 2020 instalment of the same. The intention is to have the event annually to promote interconnectedness in communities like Mahalapye where LLR aims to transform spaces.

### ICT Equipment donated to Habu Primary School

LLR's drive to transform spaces extends to the transformation of the people within the spaces. In furtherance of this, LLR focused on improving the learning experiences of students across the country by donating ten (10) HP Laptops, a printer, and a projector to Habu Primary School in the North Western part of the country. The equipment, valued at P46,000 is expected to transform the learning experience of the 275 students currently enrolled at the school.

### P1 Million donaton into the COVID-19 Relief Fund

On the 11th of March 2020, the World Health Organisation declared Covid-19 a pandemic. In efforts to contain and curb the virus, the Botswana Government established National Covid-19 Relief Fund. The Fund is intended to provide financial resources to cater for the procurement of national relief supplies; evacuation cost for citizens

outside Botswana; national publicity outreach programs; relief of selected industries or sectors; public counselling centers; additional staff to support health professionals and an economic stimulus package post Covid-19 Pandemic.

Subsequently, the Presidency made a plea to the business community and Batswana in general to make donations to the fund to assist government in its efforts. In rising to the presidential plea, LLR was among one of the first companies to donate funds towards the initiative. On the 20th of April 2020, the company handed over a P1 Million cheque to the Office of The President.

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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Directors' Report	43 - 45
Directors' Responsibilities and Approval	46 - 47
Independent Auditor's Report	48 - 52
Statement of Profit or Loss and Other Comprehensive Income	53
Statement of Financial Position	54
Statement of Changes in Equity	55
Statement of Cash Flows	56
Accounting Policies	57 - 75
Notes to the Annual Financial Statements	76 - 106
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	107 - 108

## General Information

<b>Country of incorporation and domicile</b>	Botswana
<b>Nature of business and principal activities</b>	The Company is a Variable Rate Loan Stock company engaged in property investment and deriving revenue primarily from property rentals.
<b>Directors</b>	B Mogopa (Board Chairperson) T Dambe (Investment Committee Chairperson) T Kgatlwane (Audit, Risk and Compliance Committee Chairperson) S Leburu B Molomo (Resigned 12 November 2019) O Keabetswe (Appointed 12 Dec 2019) B Corbett (Appointed 16 April 2020) F Selolwane (Appointed 16 April 2020) C Matobolo (Resigned 4 May 2020)
<b>Registered office</b>	Letlole la Rona Limited Unit 2B, 1st Floor Peelo Place, Plot 54366 CBD P O Box 700ABG Gaborone Botswana
<b>Business address</b>	Unit 2B, 1st Floor Peelo Place, Plot 54366, CBD P O Box 700ABG Gaborone Botswana
<b>Auditors</b>	Grant Thornton Chartered Accountants and Certified Auditors of Public Interest Entities
<b>Secretary</b>	KPMG Plot 67977, Fairgrounds Office Park P O Box 1519 Gaborone Botswana BW00001394482
<b>Company registration number</b> <b>Date of incorporation</b>	08 July 2010
<b>Transfer secretaries</b>	DPS Consulting Services (Proprietary) Limited Plot 50371, Fairgrounds Office Park P O Box 1453 Gaborone Botswana
<b>Legal Advisors</b>	Armstrongs Attorney Accacia House Plot 54358, New CBD Gaborone Botswana
<b>Debenture Trust Trustees</b>	Corpserve Transaction Management Services (Proprietary) Limited

## Director's Report

The directors have pleasure in submitting their report on the annual financial statements of Letlole La Rona Limited for the year ended 30 June 2020.

### 1. Stated Capital and Debentures

The Stated Capital of the company consists of 280 000 000 linked units, each comprising one ordinary share and one variable debenture which are indivisibly linked. Each linked unit comprises an ordinary share issued at P0.01 and one variable rate unsecured debenture issued at P1.49. The yield on the unit comprises a dividend on the share component and interest on the debenture component of the linked unit.

There have been no material changes to the nature of the company's business from the prior year.

### 2. Financial statements

The operating results for the year ended 30 June 2020 and state of affairs of the company are fully set out in the attached annual financial statements.

### 3. Linked Units Distribution Policy

Distributions to linked unit holders is primarily in the form of debenture interest. The company has adopted the policy of distributing profits to linked unit holders by means of debenture interest payments with a nominal amount being dividends. The directors intend to ensure that rolling over any period of three consecutive financial years the company will distribute at least 80% of available cash after prudent retention and provision for foreseeable capital expenditure and cash flow requirements as per the Trust Deed of the Company.

The following distributions were paid/declared during the year

30 June 2020	Dividend (thebe)	Debenture interest	Total (thebe)
Interim-paid	0.05	7.14	7.19
Final declared	0.05	8.88	8.93
	<b>0.10</b>	<b>16.02</b>	<b>16.12</b>



## Director's Report continued

30 June 2019	Dividend (thebe)	Debenture interest (thebe)	Total (thebe)
Interim-paid	0.05	9.67	9.72
Final declared	0.05	10.70	10.75
	<b>0.10</b>	<b>20.37</b>	<b>20.47</b>

#### 4. Directors

The directors in office at the date of this report are as follows:

##### Directors

B Mogopa (Board Chairperson)  
 T Dambe (Investment Committee Chairperson)  
 T Kgatlwane (Audit, Risk and Compliance Committee Chairperson)  
 S Leburu  
 B Molomo (Resigned 12 November 2019)  
 O Keabetswe (Appointed 12 Dec 2019)  
 B Corbett (Appointed 16 April 2020)  
 F Selolwane (Appointed 16 April 2020)  
 C Matobolo (Resigned 4 May 2020)

The above are the only appointments and resignations to the directorate for the year under review.

#### 5. Interests of Directors and Secretary

None of the Directors or Secretary who held office at 30 June 2020 had any interest in the company, except for the one's below:

Director's name	Shareholding	Services provider
F Selolwane	Applicable	Applicable
B Corbett	Applicable	N/A
T Dambe	N/A	Applicable

## Director's Report continued

#### 6. Events after the reporting period

Acquisition of two properties from Western Industrial Estate (Proprietary) Limited. On the 2nd of February 2020, the company had entered into a purchase and sale agreement with Western Industrial Estate (Proprietary) Limited (WIE) to purchase property for the company at a cash consideration of P174,400,000.

As at 30 June 2020, four out of the six properties had been transferred and two remained. Subsequent to the end of the reporting period, on 6th of July 2020, the transfer of Plot 22047, Gaborone took effect. On the 17th of July 2020, the transfer of the remaining property, Plot 54060, Phakalane took effect.



Chairperson of the Board



Chairperson of the Audit Risk and Compliance Committee

## Directors' Responsibilities and Approval

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements of Letlole la Rona Limited comprising the statement of financial position at 30 June 2020, and the Statement of Profit or Loss and Other Comprehensive Income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS").

The directors are required in terms of the Companies Act of Botswana (Cap 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company 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 annual financial statements.

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

The 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 judgments and estimates. The directors responsibilities also include maintaining adequate accounting records and effective system of risk management.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 have made an assessment of the Company's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.

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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

## Directors' Responsibilities and Approval continued

The external auditors are responsible for independently reviewing and reporting on the company's Annual Financial Statements, and their unmodified report is presented on pages 48 to 52.

The Annual Financial Statements set out on pages 53 to 108, which have been prepared on the going concern basis, were approved by the board of directors on 28 September 2020 and were signed on their behalf by:

### Approval of financial statement



Chairperson of the Board



Chairperson of the Audit Risk and Compliance Committee

## Independent Auditor's Report

### To the shareholders of Letlole La Rona Limited

#### Opinion

We have audited the Annual Financial Statements of Letlole La Rona Limited set out on pages 53 to 106, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Annual Financial Statements give a true and fair view of, the financial position of Letlole La Rona Limited as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for opinion

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

#### Emphasis of Matters

We draw attention to Note 34 on legal claim against the company by one of the key management personnel, who has since been dismissed as at the date of this report. This legal claim pertains to payment towards obligation arising out of an approved long term incentive plan during the year. The company has repudiated the claim as inappropriate and unlawful due to the act of misconduct and misrepresentation by the said key management personnel based on which the key personnel was dismissed. Further, the company, through its attorneys is defending that the long term incentive plan was fraudulently amended and hence any claim resulting from this plan are not enforceable. The total claim against the LTIP is for an amount of P 22 422 552. As at the date of this report, the matter is yet to be heard in the High Court of Botswana.

We also draw attention to note 33 to the financial statements which deals with going concern, specifically the possible effects of the future implications of COVID-19 on Letlole La Rona Limited future prospects and performance. The effects of the COVID-19 have been evaluated and require no adjustment or disclosure in the annual financial statements. There are no other events that occurred after the reporting period that may require adjustment or disclosure in the annual financial statements. Our opinion is not modified in respect of this matter.

## Independent Auditor's Report continued

### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of the investment property</b></p> <p>The Company's significant assets are the investment properties in various segments. The values of these properties are determined using valuation experts in the field of real estate valuations.</p> <p>Significant judgement is required to determine the fair value of investment property, especially with respect to determination of appropriate capitalisation rates and discounted cash flows. We considered the valuation of these assets to be a matter of most significance to the current year audit due to magnitude of balances combined with significant assumptions associated with determining the fair values</p>	<p>Experts appointed by the management determined the fair values of the external properties. We assessed the competence and capabilities of the valuer by verifying qualifications and experience.</p> <p>We held discussions with these experts to gather an understanding of the various inputs, assumptions, estimates and process used in arriving at the values. We compared the valuation approach used by the valuer against IFRS requirements and Industry norms to confirm that the methodology was appropriate. The valuation method was comparable to those typically used in the market.</p> <p>We verified on a sample basis the underlying data used by the valuers, significant ones being rental yields, escalation terms and lease periods. We compared the capitalization rates utilised in the valuation to rates used in historical valuations, general market factors (such as comparable bond yield rates) and property specific risk factors. These inputs were found to be within a reasonable range.</p> <p>Our audit procedures have resulted in appropriate audit evidence with regards to the values of the investment properties.</p> <p>We also noted that the valuation is reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation-Global Standards. Consequently, less certainty and a higher degree of caution should be attached to the external valuers valuation than would normally be the case. Since the future impact that COVID-19 might have on the real estate market is still unknown, its recommended by the external valuers that the valuation of the property be kept under frequent review.</p>

## Independent Auditor's Report continued

Key audit matter	How our audit addressed the key audit matter
<p><b>Recognition of revenue</b></p> <p>The Company's main source of revenue is rental income from retail, industrial, commercial and residential property located in Botswana. The rental amount is agreed on the terms of the lease agreement signed between the tenant. Any variations to the lease agreement during the lease term is done through an addendum to the lease agreement.</p> <p>The recognition of revenue is done in accordance with the principles outlined in IFRS 16: Leases.</p>	<p>We have performed walkthroughs and test of controls on the revenue cycle to gain an understanding of when the revenue is recognised. This testing includes the verification of the lease agreement details approvals and changes to the lease terms and upload of this information to the company's management system. We have assessed the design effectiveness of the controls and performed controls testing on the billings done through operating system.</p> <p>We have obtained the rental income schedule from the operating system and determined that rental income has been appropriately recorded in the general ledger. We selected a sample of lease agreements to verify that the rental has been appropriately recognised in the operating system and the operating lease asset has been computed appropriately.</p> <p>We have obtained the monthly schedule of rental income for each property and reviewed the variations of rental income to the budgets to identify any unusual trends. We have reviewed the company's credit policy on trade debtors and assessed that appropriate provision is made on overdue accounts where the recoverability of the balances was doubtful.</p>

### Other information

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

Our opinion on the Annual Financial Statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider

## Independent Auditor's Report continued

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

### Responsibilities of the directors for the Annual Financial Statements

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

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

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

### Auditor's responsibilities for the audit of the Annual Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

## Independent Auditor's Report continued

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

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

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

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

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

GRANT THORNTON

Chartered Accountants

Certified Auditor: Sunny Mulakulam (Memb No: 20050097)

Certified Auditor of Public Interest Entity

Certificate Number: CAP 0034 2020

Gaborone

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note(s)	30 June 2020 P	30 June 2019 P
<b>Continuing operations</b>			
Revenue	3	81 155 468	102 475 707
Other operating income	4	3 577 190	338 616
Movement in credit loss allowances	5	(3 311 256)	(1 656 004)
Impairment loss on investment property	5	(3 741 907)	-
Administration and operating expenses		(29 729 929)	(26 113 188)
<b>Operating profit</b>	5	<b>47 949 566</b>	<b>75 045 131</b>
Finance income	6	7 614 790	1 374 355
Finance costs	8	(16 449 873)	(15 593 918)
Other non-operating losses	9	-	(14 000 000)
Share of profit from equity accounted investments		5 773 534	1 623 066
Fair value adjustment of investment properties	7	33 309 781	26 314 126
<b>Profit before taxation</b>		<b>78 197 798</b>	<b>74 762 760</b>
Taxation	10	(17 635 063)	(11 512 163)
<b>Profit from continuing operations</b>		<b>60 562 735</b>	<b>63 250 597</b>
<b>Discontinued operations</b>			
Profit/(Loss) from discontinued operations	19	1 788 098	(10 177 549)
<b>Profit for the year</b>		<b>62 350 833</b>	<b>53 073 048</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>62 350 833</b>	<b>53 073 048</b>
<b>Profit attributable to:</b>			
<b>Owners of the parent:</b>			
From continuing operations		60 562 735	63 250 597
From discontinued operations		1 788 098	(10 177 549)
		<b>62 350 833</b>	<b>53 073 048</b>
<b>Per linked unit information</b>			
<b>Earnings per linked unit (thebe)</b>			
Basic earnings per linked unit (thebe) from continuing operations	25	25.15	27.07
Basic earnings per linked unit (thebe) from discontinued operations	25	0.64	(3.63)
		<b>25.79</b>	<b>23.44</b>
<b>Basic headline earnings per linked unit (thebe)</b>			
Basic headline earnings per share (thebe) - continuing operations	25	26.20	27.07
Basic headline earnings per share (thebe) - discontinuing operations	25	0.64	5.00
		<b>26.84</b>	<b>32.07</b>
<b>Distribution, dividends and debenture interest per linked unit</b>			
Dividend per linked unit (thebe)	26	0.10	0.10
Debenture interest per linked unit (thebe)	26	16.02	20.37
<b>Distribution per linked unit (thebe)</b>		<b>16.12</b>	<b>20.47</b>

## Statement of Financial Position

as at 30 June 2020

	Note(s)	30 June 2020 P	30 June 2019 P
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	11	892 495 663	716 511 503
Operating lease asset		19 300 338	17 824 497
Property, plant and equipment	12	1 697 101	2 177 916
Right-of-use assets	13	1 887 886	-
Investments in associates	15	42 993 294	39 619 760
Investments at fair value	16	6 250 000	6 250 000
Deferred tax	23	9 048 190	188 631
Deferred taxation recoverable - related party	14	5 125 126	5 192 926
		<b>978 797 598</b>	<b>787 765 233</b>
<b>Current Assets</b>			
Taxation refundable		1 399 579	646 285
Trade and other receivables	17	9 027 428	29 087 500
Cash and cash equivalents	18	122 590 894	270 613 048
		<b>133 017 901</b>	<b>300 346 833</b>
Non-current assets held for sale	19	-	9 000 000
<b>Total Assets</b>		<b>1 111 815 499</b>	<b>1 097 112 066</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated capital	20	2 718 884	2 718 884
Debentures - unit linked	21	405 113 547	405 113 547
Retained income		363 308 582	336 224 111
		<b>771 141 013</b>	<b>744 056 542</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	22	231 288 123	233 618 394
Lease liabilities	13	1 333 279	-
Deferred tax	23	65 012 963	48 454 090
		<b>297 634 365</b>	<b>282 072 484</b>
<b>Current Liabilities</b>			
Debenture interest and dividend payable	26	25 001 200	30 100 000
Trade and other payables	24	13 983 959	37 548 647
Borrowings	22	3 512 900	3 334 393
Lease liabilities	13	542 062	-
		<b>43 040 121</b>	<b>70 983 040</b>
<b>Total Liabilities</b>		<b>340 674 486</b>	<b>353 055 524</b>
<b>Total Equity and Liabilities</b>		<b>1 111 815 499</b>	<b>1 097 112 066</b>

## Statement of Changes in Equity

For the year ended 30 June 2020

	Stated capital P	Debentures P	Retained Income P	Total equity P
<b>Balance at 01 July 2018</b>	<b>2 718 884</b>	<b>405 113 547</b>	<b>327 919 143</b>	<b>735 751 574</b>
Profit for the year	-	-	53 073 048	53 073 048
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>53 073 048</b>	<b>53 073 048</b>
Taxation attributable to debenture interest	-	-	12 547 920	12 547 920
Dividends and debenture interest declared (Note 26)	-	-	(57 316 000)	(57 316 000)
<b>Total distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>(44 768 080)</b>	<b>(44 768 080)</b>
<b>Balance at 01 July 2019</b>	<b>2 718 884</b>	<b>405 113 547</b>	<b>336 224 115</b>	<b>744 056 546</b>
Profit for the year	-	-	62 350 833	62 350 833
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>62 350 833</b>	<b>62 350 833</b>
Taxation attributable to debenture interest	-	-	9 867 950	9 867 950
Dividends and debenture interest declared (Note 26)	-	-	(45 134 316)	(45 134 316)
<b>Total distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>(35 266 366)</b>	<b>(35 266 366)</b>
<b>Balance at 30 June 2020</b>	<b>2 718 884</b>	<b>405 113 547</b>	<b>363 308 582</b>	<b>771 141 013</b>

Note

20

21

## Statement of Cash Flows

For the year ended 30 June 2020

	Note	30 June 2020 P	30 June 2019 P
<b>Cash flows from operating activities</b>			
Profit before taxation from continuing operations		78 197 798	74 762 760
Profit/(Loss) before taxation from discontinued operations		1 788 098	(10 177 549)
<b>Adjustments for:</b>			
Depreciation		1 140 743	542 462
Loss on disposal of investment property		-	14 000 000
Share of Profit from equity accounted investments		(5 773 534)	(1 623 066)
Finance income		(7 614 790)	(1 374 355)
Finance costs		16 449 873	15 593 918
Fair value adjustment of investment properties		(33 309 781)	(26 314 126)
Impairment loss on investment property		3 741 907	-
Movement in Credit loss allowance		3 311 256	1 656 004
Movements in operating lease assets		(1 475 841)	9 923 513
Movements in operating lease assets relating to assets held for sale		-	(420 352)
<b>Changes in working capital:</b>			
Trade and other receivables		16 748 816	(27 205 038)
Trade and other payables		(23 564 680)	25 831 854
<b>Cash generated from operations</b>		<b>49 639 865</b>	<b>75 196 025</b>
Tax paid	28	(753 294)	(1 454 319)
<b>Net cash from operating activities</b>		<b>48 886 571</b>	<b>73 741 706</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	12	(187 957)	(1 951 456)
Additions of investment property	11	(146 416 285)	(36 925 036)
Proceeds on sale of investment property		9 000 000	226 000 000
Purchase of investments at fair value		-	(6 250 000)
Distributions from associate		2 400 000	2 300 000
Finance Income		7 614 790	1 374 355
<b>Net cash from investing activities</b>		<b>(127 589 452)</b>	<b>184 547 863</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings/net proceeds from borrowings		(2 151 764)	40 545 678
Payment on lease liabilities		(484 516)	-
Dividends and debenture interest	27	(50 233 120)	(47 096 000)
Finance costs		(16 449 873)	(15 593 918)
<b>Net cash from financing activities</b>		<b>(69 319 273)</b>	<b>(22 144 240)</b>
<b>Total cash and cash equivalents movement for the year</b>		<b>(148 022 154)</b>	<b>236 145 329</b>
Cash and cash equivalents at the beginning of the year		270 613 048	34 467 719
<b>Total cash and cash equivalents at end of the year</b>	18	<b>122 590 894</b>	<b>270 613 048</b>

## Accounting Policies

### 1. Basis of preparation and compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards using 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 Botswana Pula.

These accounting policies are consistent with the previous period.

### A. New Standards and Interpretations

#### A.i Standards and interpretations effective and adopted in the current year

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

#### IFRIC 23 Uncertainty over Income Tax Treatments

This clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

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

The Company expects to adopt the standard for the first time in the 2021 annual financial statements.

It is unlikely that the interpretation will have a material impact on the company's annual financial statements.

#### IFRS 16 Leases

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

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and

## Accounting Policies continued

adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

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

Sale and leaseback transactions:

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

## Accounting Policies continued

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

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

The company has adopted the standard for the first time in the 2020 annual financial statements. The impact of the standard is set out in note 2 Changes in Accounting Policy.

### A.ii Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 July 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Conceptual Framework for Financial Reporting	01 January 2020	Unlikely there will be a material impact
IFRS 3 Definition of a Business (Amendments to IFRS 3)	01 January 2020	Unlikely there will be a material impact
IAS 1 and IAS 8 Definition of Material (Amendments to IAS 1 and IAS 8)	01 January 2020	Unlikely there will be a material impact

### 1.1 Revenue and income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is significantly earned from rental income and is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer credits and other similar allowances.

#### Rental Income

Rental income from operating leases is recognised in the statement of comprehensive income on a straight line basis over the term of the relevant leases.

#### Other Operating Revenue

Other operating revenue comprises utility expenses, service levies and other costs recovered from tenants.

#### Interest Revenue

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate



## Accounting Policies continued

that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. This is presented as finance income.

### Dividend and distribution income

Dividend and distribution income is recognised when the right to receive payment is established.

### 1.2 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

#### Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

### Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination.

## Accounting Policies continued

### 1.3 Translation of foreign currencies

#### Foreign currency transactions

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

At the end of the reporting period:

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

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

When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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

### 1.4 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

Capitalisation is suspended during extended periods in which active development is interrupted.

## Accounting Policies continued

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.5 Investment property

Investment properties, which are properties held to earn rentals and capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Costs incurred for additions to investment properties in the interim period between the fair value measurements are capitalised to the carrying value of such investment properties at cost. Gains and losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

The change in fair value of investment properties is offset against the rental straight-line adjustment in the statement of profit or loss and other comprehensive income.

### 1.6 Property, plant and equipment

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

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

Property, 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.

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 company. 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:

## Accounting Policies continued

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	6-7 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	6-7 years
IT equipment	Straight line	4 years
Computer software	Straight line	4 years
Leasehold improvements	Straight line	5 years

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

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

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 property, 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 property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss.

### 1.7 Work in progress

Properties in the course of construction or development for use as investment properties are carried at cost, less any recognised impairment loss. Cost includes construction costs, professional fees and for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy.

### 1.8 Investments in associates

An associate is an entity over which the company has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the company's share of net assets of the associate, less any impairment losses.

## Accounting Policies continued

### 1.8 Investments in associates (continued)

The company's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the company and an associate are eliminated to the extent of the company's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the company.

When the company reduces its level of significant influence or loses significant influence, the company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

### 1.9 Impairment of assets

The company 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 company estimates the recoverable amount of the asset.

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets 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 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 is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## Accounting Policies continued

### 1.10 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

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

Financial assets which are debt instruments:

- Amortised cost

Financial liabilities:

- Amortised cost; or

Note 31 Financial instruments and risk management presents the financial instruments held by the company 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 company are presented below:

#### 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 17).

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 company'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 company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

## Accounting Policies continued

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.

### Impairment

The company 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 company 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 company 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 17.

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 administration and operating expenses in profit or loss as a movement in credit loss allowance (note 5).

### Write off policy

The company 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 company 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 17) and the financial instruments and risk management note (note 31).

### Derecognition

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

## Accounting Policies continued

The gains or losses which accumulated in equity in the reserve for valuation of investments for equity investments at fair value through other comprehensive income are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

### Trade and other payables

#### Classification

Trade and other payables (note 24), 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 company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 8).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

### Cash and cash equivalents

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

### 1.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments, which comprise stated capital and variable rate unsecured debentures, are recognised at the proceeds received, net of direct issue costs.

## Accounting Policies continued

### 1.12 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

#### Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 5) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However, as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 13 Leases (company as lessee).

#### Lease liability

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

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

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

## Accounting Policies continued

- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option;
- and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 5).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 8).

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

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

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

#### Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

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

## Accounting Policies continued

### Leases (continued)

#### Right-of-use assets(continued)

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

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. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

### 1.13 Leases (Comparatives under IAS 17)

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.

#### The Company as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease and is recorded under revenue.

#### The Company as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

## Accounting Policies continued

### Leases (continued)

#### The Company as Lessee(continued)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 1.14 Provisions

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### 1.15 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 cost of long-term employee benefits, (those are all other employee benefits other than short term employee benefits and are not expected to be settled within 12 months after the year end after the service is rendered, deferred bonuses and remunerations), are recognised in the period in which the service is rendered on a discounted basis.

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.

### 1.16 Related party

Related parties are defined as those parties:

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

## Accounting Policies continued

### 1.17 Non-current assets held for sale

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

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

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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

### 1.18 Segmental Reporting

A segment is a distinguishable component of a company that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The company's primary segment is based on business segments. There are no secondary segments. The business segments are determined based on the company's management and internal reporting structure.

On a primary basis, the company operates in the following segments:

- Leisure
- Industrial
- Commercial & retail
- Residential

In addition, the company's corporate and administrative functions are managed at corporate level.

The company will from time to time invest in/divest from certain primary segments, in which case segmental reporting will be adjusted to reflect only the relevant operating segments.

Segmental results include revenue and expenses directly attributable to a segment and the relevant portion of revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

### 1.19 Distributions

Distributions to linked unit holders are recognised as a liability in the company's financial statements in the period in which the distributions are approved by the board.

## Accounting Policies continued

### 2. Changes in accounting policy

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

#### Application of IFRS 16 Leases

In the current year, the company has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 July 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the company's annual financial statements is described below.

The company has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 July 2019.

#### Leases where company is lessee

##### Leases previously classified as operating leases

The company undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The company applied IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

## Accounting Policies continued

The company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the company applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 1 July 2020 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

### Leases where company is lessor

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets. These additional disclosures have been made by the company.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17). Because of this change, the company has reclassified certain of its sublease agreements as finance leases. As required by IFRS 9, an allowance for expected credit loss has been recognised on the finance lease receivables.

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

The Covid-19 pandemic has resulted in an amendment to IFRS 16 Leases which was issued by the IASB on 28 May 2020. The company has elected to apply the practical expedient made available by the amendment. In cases where the company is lessee, it has elected not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. As a result, all changes in lease payments have been accounted for in the same way as other changes which are not lease modifications. 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 amendment has been applied retrospectively, by recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings at the beginning of the current annual reporting period.

## Accounting Policies continued

### Covid - 19 - Related Rent Concessions - Amendment to IFRS 16 (continued)

Reconciliation of previous operating lease commitments to lease liabilities under IFRS 16

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Institute recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Institute has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Institute has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

The company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 1 January 2020:

	Carrying amount at 30 June 2019	Remeasurement	IFRS 16 carrying amount as at 1 January 2020
Right-of-use assets	-	1 887 886	1 887 886
Lease liability	-	(1 887 886)	(1 887 886)
	-	-	-



## Notes to the Annual Financial Statements

	30 June 2020 P	30 June 2019 P
<b>3. Revenue</b>		
<b>Revenue from contracts with customers</b>		
Contractual income	77 517 804	96 911 490
Straightline lease rental adjustment	1 475 841	3 561 839
Operating cost recoveries	2 161 823	2 002 378
	<b>81 155 468</b>	<b>102 475 707</b>
<b>4 Other operating income</b>		
Administration and management fees received	70 155	80 610
Bad debts recovered	-	258 006
Insurance claim (Refer to note 11)	3 507 035	-
	<b>3 577 190</b>	<b>338 616</b>
<b>5. Operating profit</b>		
Operating profit for the year is stated after charging (crediting) the following, amongst others:		
<b>Auditor's remuneration - external</b>		
Audit fees	300 850	275 000
<b>Employee costs</b>		
Salaries, wages, bonuses and other benefits	8 734 396	8 549 228
<b>Leases</b>		
<b>Operating lease charges</b>		
Premises	113 845	594 178
Equipment	45 505	40 899
	<b>159 350</b>	<b>635 077</b>
<b>Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	668 772	542 462
Depreciation of right-of-use assets	471 971	-
<b>Total depreciation and amortisation</b>	<b>1 140 743</b>	<b>542 462</b>
<b>Impairment losses</b>		
Investment property	3 741 907	-
<b>Movement in credit loss allowances</b>		
Trade and other receivables	3 311 256	1 656 004
<b>Other</b>		
Auditor's remuneration	300 850	275 000
Consulting and professional fees	3 744 021	3 579 809
Directors fees	1 998 687	1 622 774
Insurance	703 919	877 159
Security	1 408 385	1 099 477

## Notes to the Annual Financial Statements continued

	30 June 2020 P	30 June 2019 P
<b>Other (continued)</b>		
Assessment rates	629 604	966 128
Legal expenses	857 525	779 167
Repairs and maintenance	1 620 980	1 146 021
<b>6. Finance income</b>		
<b>Interest income</b>		
<b>Investments in financial assets:</b>		
Bank and other cash	7 614 790	1 374 355
<b>7. Fair value adjustment of investment properties</b>		
Investment property	34 785 622	29 875 965
Straightline lease adjustment	(1 475 841)	(3 561 839)
	<b>33 309 781</b>	<b>26 314 126</b>
<b>8. Finance costs</b>		
Bank borrowings and interest	16 302 382	15 593 918
Lease liability	147 491	-
<b>Total finance costs</b>	<b>16 449 873</b>	<b>15 593 918</b>
<b>9. Other non-operating losses</b>		
<b>Loss on disposal</b>		
Investment property	-	(14 000 000)
<b>10. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Attributable to debenture interest credited to statement of changes in equity	9 867 950	12 547 920
<b>Deferred</b>		
Arising from tax losses	(8 859 559)	(188 631)
Deferred tax charge	9 627 399	(4 311 181)
Deferred capital gains tax	7 067 073	3 269 354
Arising due to Capital gains tax recoverable from related party	(67 800)	194 701
	<b>7 767 113</b>	<b>(1 035 757)</b>
	<b>17 635 063</b>	<b>11 512 163</b>

## Notes to the Annual Financial Statements continued

	30 June 2020 P	30 June 2019 P
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense.		
Accounting profit	78 197 798	74 762 760
Tax at the applicable tax rate of 22% (2019: 22%)	17 203 516	16 447 807
<b>Tax effect of adjustments on taxable income</b>		
Effects of fair value surplus	(7 328 152)	(5 789 108)
Expenses not deductible for tax	405 463	79 338
Income from associate not subject to tax	(528 000)	(357 075)
Tax effect due to capital gains	7 134 873	3 269 353
Effects of discontinued operations	393 382	(2 239 061)
Other permanent differences	353 981	100 909
	<b>17 635 063</b>	<b>11 512 163</b>
<b>11. Investment property</b>		
<b>At fair value</b>		
Freehold properties	53 730 000	46 200 000
Leasehold properties	858 066 000	688 136 000
	<b>911 796 000</b>	<b>734 336 000</b>
Straight line rental adjustment	(19 300 337)	(17 824 497)
	<b>892 495 663</b>	<b>716 511 503</b>
<b>Reconciliation of fair value:</b>		
At valuation	734 336 000	929 600 000
Straight line lease rental adjustment at the beginning of the year	(17 824 497)	(27 748 010)
<b>Opening fair value</b>	<b>716 511 503</b>	<b>901 851 990</b>
Additions during the year	146 416 285	36 925 036
Disposals during the year	-	(240 000 000)
Transfers to non-current assets held for sale	-	(9 000 000)
Impairment on asset held for sale	-	(13 065 000)
Impairment of investment property	(3 741 907)	-
Increase in fair value during the year	34 785 622	29 875 964
Straight line rental adjustment	(1 475 840)	9 923 513
	<b>892 495 663</b>	<b>716 511 503</b>

During the year, investment property was impaired due to fire, an impairment of P3 741 907 was recorded in the books. The damages were assessed by the insurance company and an amount of P3 734 330 is shown as a receivable.

The fair value of the company's investment properties at 30 June 2020 has been arrived at on the basis of the open market value of the properties as at year end. The valuation was carried out by Knight Frank Botswana (Proprietary) Limited. Knight Frank Botswana

## Notes to the Annual Financial Statements continued

### 11. Investment property (continued)

(Proprietary) Limited are members of the Real Estate Institute of Botswana and are registered in terms of the Real Estate Professionals Act 2003. The valuations, which conform to International Valuation Standards, were carried out using the comparative and DCF methods (Discounted cashflows with reversion to market rentals).

#### Freehold land comprises of:

- Plot 4738 Gaborone
- Plot 6371 Lobatse

#### Leasehold properties comprises of:

- Plot 2989 Gaborone 50 year State Grant from 26 August 1970
- Plot 14398 Gaborone 50 year State Grant from 03 February 1984
- Plot 14453 Gaborone 50 year State Grant from 16 November 1984
- Plot 14454 Gaborone 50 year State Grant from 16 November 1984
- Plot 14455 Gaborone 50 year State Grant from 16 November 1984
- Plot 14457 Gaborone 50 year State Grant from 28 August 1989
- Plot 14458 Gaborone 50 year State Grant from 22 August 1986
- Plot 14459 Gaborone 50 year State Grant from 22 August 1986
- Plot 14460 Gaborone 50 year State Grant from 22 August 1986
- Plot 22038 Gaborone 50 year State Grant from 28 June 2002
- Plot 28911 Gaborone 50 year State Grant from 27 August 1989
- Plot 32084 Gaborone 50 year State Grant from 10 July 1995
- Plot 50380 Gaborone 50 year State Grant from 04 February 1994
- Plot 74204 Gaborone 50 year State Grant from 10 October 1997
- Plot 9787 Francistown 50 year State Grant from 23 August 1991
- Plot 29052 Mahalapye 50 year State Grant from 21 March 2003
- Plot 64260 Gaborone 50 year State Grant from 23 September 2010
- Plot 69365 Gaborone 99 year State Grant from 10 October 1997
- Plot 69368 Gaborone 99 year State Grant from 9 February 1984
- Plot 69369 Gaborone 99 year State Grant from 9 February 1984
- Plot 22047 Gaborone 50 year State Grant from 9 February 1984

Operating leases receivable by the Company as a lessor relate to the investment properties owned by the Company with lease terms of between 1 and 25 years. The lessees do not have an option to purchase the properties at the expiry of the lease period.

## Notes to the Annual Financial Statements continued

### 11. Investment property (continued)

At the end of the reporting period the Company had contracted with tenants for the following future minimum lease payments:

	30 June 2020 P	30 June 2019 P
<b>Minimum lease payments due</b>		
- within one year	88 892 346	67 778 441
- In second to fifth year Inclusive	204 425 218	153 371 442
- later than five years	37 183 800	27 382 240
	<b>330 501 364</b>	<b>248 532 123</b>
<b>Amounts recognised in profit and loss for the year</b>		
Rental income from investment property after straightline adjustment	(81 155 468)	(102 475 707)
Direct operating expenses from rental generating property	7 254 9328	257 480
	<b>(73 900 536)</b>	<b>(94 218 227)</b>

### 12. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property Improvements	1 216 639	(401 363)	815 276	1 185 264	(158 035)	1 027 229
Plant and machinery	41 033	(41 033)	-	41 033	(41 033)	-
Motor vehicles	472 114	(312 447)	159 667	472 114	(194 418)	277 696
Office equipment	458 392	(154 201)	304 191	458 392	(108 362)	350 030
IT equipment	1 037 589	(748 923)	288 666	881 011	(519 274)	361 737
Computer software	274 446	(145 145)	129 301	274 446	(113 222)	161 224
<b>Total</b>	<b>3 500 213</b>	<b>(1 803 112)</b>	<b>1 697 101</b>	<b>3 312 260</b>	<b>(1 134 344)</b>	<b>2 177 916</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Leasehold property Improvements	1 027 229	31 375	(243 328)	815 276
Motor vehicles	277 696	-	(118 029)	159 667
Office equipment	350 030	-	(45 839)	304 191
IT equipment	361 737	156 582	(229 653)	288 666
Computer software	161 224	-	(31 923)	129 301
<b>Total</b>	<b>2 177 916</b>	<b>187 957</b>	<b>(668 772)</b>	<b>1 697 101</b>

## Notes to the Annual Financial Statements continued

### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Leasehold property Improvements	-	1 185 258	(158 029)	1 027 229
Motor vehicles	121 033	239 731	(83 068)	277 696
Office equipment	162 294	222 276	(34 540)	350 030
IT equipment	292 448	304 191	(234 902)	361 737
Computer software	193 147	-	(31 923)	161 224
	<b>768 9221</b>	<b>1 951 456</b>	<b>(542 462)</b>	<b>2 177 916</b>

#### Net carrying amounts of leased assets

Leasehold property Improvements

	30 June 2020 P	30 June 2019 P
Leasehold property Improvements	815 276	1 027 229

### 13. Right of use asset

Details pertaining to leasing arrangements, where the company is lessee are presented below:

#### Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	1 887 886	-
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#### Additions to right-of-use assets

Buildings	2 359 857	-
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#### Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 5), as well as depreciation which has been capitalised to the cost of other assets.

Buildings	471 971	-
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## Notes to the Annual Financial Statements continued

	30 June 2020 p	30 June 2019 p
<b>Lease liabilities</b>		
The maturity analysis of lease liabilities is as follows:		
Within one year	659 271	-
Two to five years	1 468 540	-
	2 127 811	-
Less finance charges component	(252 470)	-
	<b>1 875 341</b>	<b>-</b>
Non-current liabilities	1 333 279	-
Current liabilities	542 062	-
	<b>1 875 341</b>	<b>-</b>

### Comparative information for lease liabilities under IAS 17

The information presented for lease liabilities for the comparative period has been prepared on the basis of IAS 17, and therefore only represents the liability as at that date for finance leases and not for operating leases. In addition to the information presented in the table above, IAS 17 required an entity to present a reconciliation of the present value of lease payments for finance leases. This information is presented in the table which follows:

Present value of minimum lease payments due	
- within 1 year	637 375
- in second to fifth year inclusive	2 382 189
	<b>3 019 564</b>

The table below describes the nature of the company's leasing activities by type of right of use asset recognised on balance sheet. There were no leases with variable payments linked to an index and termination option.

Right of use asset	No of right of use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with option to purchase
Buildings	1	3-3.2 years	3.2 years	1	0

## Notes to the Annual Financial Statements continued

### 14. Deferred taxation recoverable - related party

Amount of capital gains tax recoverable from Botswana Development Corporation Limited ("the Vendors") on disposal of investment properties acquired as part of listing.

Capital gains tax recoverable from Botswana Development Corporation Limited	5 125 126	5 192 926
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In the year ended 30 June 2011, the company acquired all the investment properties that were held by Botswana Development Corporation Limited.

As part of the Initial Public Offer, exemption was obtained from Botswana Unified Revenue Services for the payment of capital gains tax on transfer of properties from the subsidiaries of Botswana Development Corporation Limited ("the Vendors"), until such time as the properties are disposed of by the Company. As per the terms of acquisition, vendors have given commitment to the company to reimburse the capital gains tax upon eventual disposal of the property on a future date.

The actual liability arising on the disposal of any of the properties will be settled on disposal of the properties by the Company. This amount represents the potential deferred capital gains tax liability at 30 June 2020, calculated on the purchase price of the properties paid by the Company which is recoverable from the Vendors.

### 15. Investments in associates

The following table lists all of the associates in the company:

Name of company	% ownership interest 2020	% ownership interest 2019	Carrying amount 2020	Carrying amount 2019
<b>NBC Developments (Partnership)</b>	33.33 %	33.33 %	42 993 294	39 619 760

## Notes to the Annual Financial Statements continued

### Summarised financial information of material associates

#### Summarised Statement of Profit or Loss and Other Comprehensive Income

#### NBC Developments

	30 June 2020	30 June 2019
Revenue	15 614 875	13 230 360
Other income and expenses	(4 318 234)	(1 211 283)
Profit (loss) from continuing operations	11 296 641	12 019 077
<b>Total comprehensive income</b>	<b>11 296 641</b>	<b>12 019 077</b>
<b>Summarised Statement of Financial Position</b>		
<b>Assets</b>		
Non-current	124 570 387	111 500 000
Current	6 850 467	9 214 826
<b>Total assets</b>	<b>131 420 854</b>	<b>120 714 826</b>
<b>Liabilities</b>		
Current	2 440 971	1 843 659
<b>Total liabilities</b>	<b>2 440 971</b>	<b>1 843 659</b>
<b>Total net assets</b>	<b>128 979 883</b>	<b>118 871 167</b>
<b>Reconciliation of net assets to equity accounted investments in associates</b>		
Interest in associates at percentage ownership	42 993 294	39 619 760
<b>Carrying value of investment in associate</b>	<b>42 993 294</b>	<b>39 619 760</b>
Investment at beginning of period	39 619 760	40 296 694
Share of profit	5 773 534	1 623 066
Dividends and distributions received in associate	(2 400 000)	(2 300 000)
<b>Investment at end of period</b>	<b>42 993 294</b>	<b>39 619 760</b>

The summarised information presented above is unaudited and unpublished information.

The stake in NBC Development (Partnership) was acquired from a related party, Botswana Development Corporation Limited.

#### 16. Investments at fair value

Investments held by the company which are measured at fair value, are as follows:

Equity investments at fair value through other comprehensive income:

Mogo'lori Mall (Proprietary) Limited

15% shareholdings of shares and linked debentures.

	30 June 2020	30 June 2019
Mogo'lori Mall (Proprietary) Limited	6 250 000	6 250 000
<b>Total</b>	<b>6 250 000</b>	<b>6 250 000</b>

## Notes to the Annual Financial Statements continued

### 16. Investments at fair value(continued)

#### Fair value information

Refer to note 32 Fair value information for details of valuation policies and processes.

#### Risk exposure

The investments held by the company expose it to various risks, including credit risk, currency risk, interest rate risk and price risk. Refer to note 31 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

#### Equity instruments at fair value through other comprehensive income

The specific investments which are measured at fair value through other comprehensive income are as follows:

#### Investments held at reporting date

	2020	2020	2019	2019
	Fair value	Dividends received	Fair value	Dividends received
Mogo'lori Mall (Proprietary) Limited	6 250 000	-	6 250 000	-

### 17. Trade and other receivables

#### Financial instruments:

Trade receivables	8 831 903	2 190 232
Loss allowance	(4 481 838)	(1 170 582)
Trade receivables at amortised cost	4 350 065	1 019 650
Deposits	158 394	144 894
Other receivable	3 734 330	27 120 180

#### Non-financial instruments:

Staff loan	-	80 000
Prepayments	784 639	722 776
<b>Total trade and other receivables</b>	<b>9 027 428</b>	<b>29 087 500</b>

#### Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	8 242 789	28 284 724
Non-financial instruments	784 639	802 776
<b>Total</b>	<b>9 027 428</b>	<b>29 087 500</b>

## Notes to the Annual Financial Statements continued

### 17. Trade and other receivables (continued)

#### Trade and other receivables pledged as security

The rental income and related receivables from certain properties which have been mortgaged to the bankers are also pledged as security.

#### Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due. More information is presented in the risk management note.

Trade receivables arise from rental income. The customer base is spread across commercial, retail, industrial and residential with no specific significant concentration of credit risk from these trade receivables.

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

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

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

## Notes to the Annual Financial Statements continued

### 17. Trade and other receivables (continued)

	2020 Estimated gross carrying amount at default	2020 Loss allowance (Lifetime expected credit loss)	2019 Estimated gross carrying amount at default	2019 Loss allowance (Lifetime expected credit loss)
<b>Expected credit loss rate:</b>				
Not past due	3 370 356	(620 858)	1 153 082	(244 771)
30 - 60 days past due	3 087 412	(1 568 558)	321 699	(210 367)
More than 90 days past due	2 374 135	(2 292 422)	715 451	(715 444)
<b>Total</b>	<b>8 831 903</b>	<b>(4 481 838)</b>	<b>2 190 232</b>	<b>(1 170 582)</b>

#### Reconciliation of loss allowances

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

	30 June 2020	30 June 2019
<b>Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement</b>	-	(1 357 025)
Adjustments upon application of IFRS 9	-	(32 964)
<b>Opening balance in accordance with IFRS 9</b>	<b>(1 170 582)</b>	<b>(1 389 989)</b>
Provision raised on new trade receivables	(3 311 256)	(1 656 004)
Provisions reversed	-	1 875 411
<b>Closing balance</b>	<b>(4 481 838)</b>	<b>(1 170 582)</b>
<b>18. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	2 000	2 000
Bank balances	69 000 836	260 585 281
Short-term deposits	53 588 058	10 025 767
	<b>122 590 894</b>	<b>270 613 048</b>

Cash and cash equivalents held by the entity that are not available for use by the company.  
This amount represents the lien that the bank holds as a security for the facilities granted is as follows:

- 100 000 000

## Notes to the Annual Financial Statements continued

### 18. Cash and cash equivalents (continued)

#### 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 historical information about counterparty default rates. None of the banks in Botswana are rated, but are subsidiaries of reputed and rated financial institutions in Southern Africa.

### 19. Non-current assets held for sale

Though the sale terms and conditions were agreed on and contracts drawn up, the company could not transfer the ownership of all the properties before the 2019 financial year end.

Ownerships of the properties, save for one, was transferred on 30 June 2019. On the 10th of February 2020, the one property that remained was transferred to the new owners.

The operating costs and taxation relating to discontinued operations are insignificant, hence, are not presented below. The profit or loss and fair value less costs to sell of the investment property are set out below.

	30 June 2020 P	30 June 2019 P
<b>Profit and loss</b>		
Rental income	1 788 098	2 887 451
Net profit before tax	1 788 098	2 887 451
Net profit after tax	1 788 098	2 887 451
Losses on measurement to fair value less cost to sell	-	(13 065 000)
	<b>1 788 098</b>	<b>(10 177 549)</b>
<b>Assets and liabilities</b>		
<b>Non-current assets held for sale</b>		
Investment property	-	9 000 000

### 20. Stated capital

Issued		
280 000 000 (2019: 280 000 000) Ordinary shares of no par value	2 718 884	2 718 884

Each Linked Unit in the Company comprises one ordinary share and one variable rate unsecured debenture as per Note 21, which are indivisibly linked. It is not possible to trade the shares or the variable rate unsecured debentures separately from one another.

The linked units are listed on the Botswana Stock Exchange.

All of the issued shares are of the same class and rank pari passu in every respect.

In accordance with the Constitution, at any general meeting, every shareholder present in person or by authorised representative or proxy shall have one vote on a show of hands and on a poll, every member present in person, by authorised representative or by proxy shall have one vote for every share held.

## Notes to the Annual Financial Statements continued

### 21. Debentures- unit linked

Each Linked Unit in the Company comprises one ordinary share as per note 20, and one variable rate unsecured debenture, which are indivisibly linked. It is not possible to trade with the shares or the variable rate unsecured debentures separately from one another.

All of the variable rate unsecured debentures are of the same class and rank pari passu in every respect.

The debentures are governed in terms of a Trust Deed entered into between the Company and the Trustee for the debenture holders.

The debentures have been sub-ordinated to First National Bank of Botswana Limited for facilities availed.

	30 June 2020 P	30 June 2019 P
280 000 000 (2019: 280 000 000)	405 113 547	405 113 547
<b>22. Borrowings</b>		
<b>Held at amortised cost</b>		
First National Bank of Botswana Limited	194 127 999	194 100 849
Bank Gaborone Limited	40 673 024	42 851 938
	<b>234 801 023</b>	<b>236 952 787</b>
<b>Split between non-current and current portions</b>		
Non-current liabilities	231 288 123	233 618 394
Current liabilities	3 512 900	3 334 393
	<b>234 801 023</b>	<b>236 952 787</b>
Bank Gaborone Limited		

The loan facility of P47.75 million carries interest at prime rate (base rate of the bank) plus 1% currently at 5.75% (2019: 7.5%) per annum. The loan is repayable in 180 months installments and is secured by a first covering mortgage bond of P24 million over Lot 4738 station, Gaborone and first covering mortgage bond of P24 million over Lot 50380, showgrounds, Gaborone.

First National Bank of Botswana Limited

The loan facility is for P230 million split as Tranche A carrying interest at 7.28% and Tranche B carrying interest at 5.75% (2019: 6.5%). The loan is repayable after 5 years from initial drawdown in 2018. The loan is secured by

- i. a first covering mortgage bond for P80 million over Lot 74204, Gaborone.
- ii. a first covering mortgage bond for P82 million over Lot 32084, Gaborone
- iii. a first covering mortgage bond of P137 million over Lot 29052, Mahalapye.
- iv. a first continuing covering mortgage bond of P32.25 million over Lot 22038, Gaborone.
- v. a first continuing covering mortgage bond of P73.5 million over Lot 28911, Gaborone.
- vi. a first continuing covering mortgage bond of P22 million over Lot 14398, Gaborone.
- vii. a first continuing covering mortgage bond of P31.1 million over Lot 64260, Gaborone
- viii. cession of lease rentals in relation to mortgaged properties
- ix. cession of insurance policies and proceeds with regards to mortgaged properties.
- x. cession of receivable balances.

## Notes to the Annual Financial Statements continued

	30 June 2020 P	30 June 2019 P
<b>23. Deferred tax</b>		
Deferred tax liability		
Capital gains on fair value increase in investment property	(36 627 503)	(29 492 630 )
Accelerated capital allowances	(23 260 334)	(13 768 534 )
Capital gains on disposal of investment property recoverable from related party	(5 125 126)	(5 192 926 )
<b>Total deferred tax liability</b>	<b>(65 012 963)</b>	<b>(48 454 090)</b>
<b>Deferred tax asset</b>		
Tax losses available for set off against future taxable income	9 048 190	188 631
Deferred tax liability	(65 012 963)	(48 454 090 )
Deferred tax asset	9 048 190	188 631
<b>Total net deferred tax liability</b>	<b>(55 964 773)</b>	<b>(48 265 459)</b>
<b>Reconciliation of deferred tax asset / (liability)</b>		
At beginning of year	(48 265 459)	(49 358 480 )
Increases in tax loss available for set off against future taxable income	8 859 559	188 631
Movement in capital gains tax recoverable/payable to related party	67 800	(137 437 )
Other movements in deferred tax assets and liabilities	(7 128 970)	4 311 181
Capital gains charges to the statement of comprehensive income	(9 497 703)	(3 269 354 )
	<b>(55 964 773)</b>	<b>(48 265 459)</b>
On disposal of certain investment properties during the prior year, the company's taxes on such disposal resulted in capital losses which was arrived at using the sale consideration less the indexed cost according to the laws and regulations of the Botswana Income Tax Act. As per the Income Tax Act, capital losses can only be set off against capital gains and if not set off in the same year, it can be carried forward for a maximum of an additional tax year. The capital tax losses that the company could carry forward was P 39 652 278. No deferred tax has been recognized in the financial statements as there is no certainty that the company will dispose any capital asset in the next financial year which can result in capital gains tax.		
<b>24. Trade and other payables</b>		
<b>Financial instruments:</b>		
Trade payables and accruals	3 489 440	2 949 180
Refundable deposit held	7 519 362	6 899 849
<b>Non-financial instruments:</b>		
Amounts received in advance	1 319 204	836 826
Accrued gratuity and leave pay	1 587 156	1 954 642
Value added tax	68 797	24 908 150
	<b>13 983 959</b>	<b>37 548 647</b>

## Notes to the Annual Financial Statements continued

	30 June 2020 P	30 June 2019 P
<b>25. Earnings per linked unit</b>		
Earnings per linked unit is calculated based on the average number of linked units in issue and total comprehensive income for the year, adjusted by the taxation on debenture interest credited to the statement of changes in equity.		
The earnings and weighted average number of linked units used in the calculation of earnings per linked unit are as follows:		
Total profit and comprehensive income for the year	62 350 833	53 073 048
Taxation on debenture interest credited to the income statement	9 867 950	12 547 920
<b>Earnings attributable to linked unit holders</b>	<b>72 218 783</b>	<b>65 620 968</b>
Weighted average number of linked units in issue for the year	280 000 000	280 000 000
Profit before taxation	78 197 798	74 762 760
Taxation	(17 635 063)	(11 512 163 )
<b>Profit from continuing operations</b>	<b>60 562 735</b>	<b>63 250 597</b>
Profit or loss from discontinued operations	1 788 098	(10 177 549 )
<b>Profit or loss for the year</b>	<b>62 350 833</b>	<b>53 073 048</b>
<b>Earnings per linked unit from</b>		
Continuing operations (including taxation on debenture interest)	25.15	27.07
Discontinued operations (excluding taxation on debenture interest)	0.64	(3.63 )
<b>Total Earnings per linked unit (thebe)</b>	<b>25.79</b>	<b>23.44</b>
Basic headline earnings per share (thebe)		
The calculation of headline earnings and diluted headline earnings per share is based on the weighted average number of ordinary shares		
<b>Basic headline earnings per linked unit (thebe)</b>		
Basic headline earnings per share (thebe) - continuing operations	26.20	27.07
Basic headline earnings per share (thebe) - discontinuing operations	0.64	5.00
	<b>26.84</b>	<b>32.07</b>
<b>Diluted headline earnings per linked unit (thebe)</b>		
Diluted headline earnings per share (thebe) - continuing operations	26.20	27.07
Diluted headline earnings per share (thebe) - discontinued operations	0.64	5.00
	<b>26.84</b>	<b>32.07</b>



Notes to the Annual Financial Statements continued

	30 June 2020 P	30 June 2019 P
<b>25. Earnings per linked unit (continued)</b>		
<b>Reconciliation between earnings and headline earnings</b>		
Continuing operations	70 430 685	75 798 517
Discontinued operations	1 788 098	(10 177 549 )
<b>Profit for the year attributable to owners of the company (Pula)</b>	<b>72 218 783</b>	<b>65 620 968</b>
<b>Re-measurement:</b>		
Loss on disposal of Investment property	-	14 000 000
Impairment losses	3 741 907	13 065 000
Tax effect on re-measurement	(823 220)	(2 874 300 )
	<b>75 137 470</b>	<b>89 811 668</b>
<b>Continuing operations</b>		
<b>Reconciliation between earnings and headline earnings</b>		
Continuing operations	70 430 685	75 798 517
Discontinued operations	-	-
<b>Profit for the year attributable to owners of the company (Pula)</b>	<b>70 430 685</b>	<b>75 798 517</b>
<b>Re-measurement:</b>		
(Profit) loss on disposal of investment property	-	-
Impairment losses	3 741 907	-
Tax effect on re-measurement	(823 220)	-
	<b>73 349 372</b>	<b>75 798 517</b>
<b>Discontinued operations</b>		
<b>Reconciliation between earnings and headline earnings</b>		
Continuing operations	-	-
Discontinued operations	1 788 098	(10 177 549 )
<b>Profit for the year attributable to owners of the company (Pula)</b>	<b>1 788 098</b>	<b>(10 177 549 )</b>
<b>Re-measurement:</b>		
(Profit) loss on disposal of investment property	-	14 000 000
Impairment losses	-	13 065 000
Tax effect on re-measurement	-	(2 874 300 )
	<b>1 788 098</b>	<b>14 013 151</b>
<b>26. Debenture interest and dividend payable</b>		
<b>Debenture interest</b>		
Interim paid - 7.14 (2019: 9.67) thebe	19 993 120	27 076 000
Final declared - 8.88 (2019: 10.70)thebe	24 861 200	29 960 000
<b>Total debenture interest</b>	<b>44 854 320</b>	<b>57 036 000</b>
<b>Dividend</b>		
Interim paid - 0.05 (2019: 0.05) thebe	140 000	140 000
Final declared- 0.05 (2019: 0.05) thebe	140 000	140 000
<b>Total distribution</b>	<b>45 134 320</b>	<b>57 316 000</b>

Notes to the Annual Financial Statements continued

	30 June 2020 P	30 June 2019 P
<b>26. Debenture interest and dividend payable (continued)</b>		
<b>Debenture interest and dividend payable</b>		
Debenture interest	(24 861 200)	(29 960 000 )
Dividend payable	(140 000)	(140 000 )
	<b>(25 001 200)</b>	<b>(30 100 000 )</b>
<b>27. Dividends and debenture interest</b>		
Balance at beginning of the year	(30 100 000)	(19 880 000 )
Dividends & Debenture Interest	(45 134 320)	(57 316 000 )
Balance at end of the year	25 001 200	30 100 000
	<b>(50 233 120)</b>	<b>(47 096 000 )</b>
The interim debenture interest and dividend per linked unit was paid on 16 March 2019. A final debenture interest and dividend per linked unit has been declared.		
<b>28. Tax paid</b>		
Balance at beginning of the year	646 285	(808 034 )
Balance at end of the year	(1 399 579)	(646 285 )
	<b>(753 294)</b>	<b>(1 454 319 )</b>
<b>29. Commitments</b>		
<b>Authorised capital expenditure</b>		
Already contracted for but not provided for		
· Investment property	61 500 000	32 300 000
The current year committed expenditure relates to acquisition of investment property and will be financed by available cash reserves.		
<b>30. Related parties</b>		
Parties are considered related when one has power, through ownership, contractual right, family relationship, or otherwise, to directly or indirectly control or significantly influence the other party. Parties also are related when they are under the common control or significant influence of a third party.		
Botswana Development Corporation Limited owns 40% of the issued linked units of the Company as at 30 June 2020 (2019: 66%)		
Grit services Limited owns 30% of the issued linked units of the company as at 30 June 2020 (2019: 6.25%).		
During the year the Company entered into the following trading transactions with related parties and had the following balances with related parties.		

## Notes to the Annual Financial Statements continued

	30 June 2020 P	30 June 2019 P
<b>30. Related parties (continued)</b>		
<b>Relationships</b>		
Shareholders	Botswana Development Corporation Limited Grit Services Limited	
Associates	Refer to note 15	
Members of key management	Mr C Shenjere-Mutiswa (Former CEO, Relieved on the 18th of September 2020) Ms Kamogelo Mowaneng (CFO) Mr B Nlumbile (Property Manager) Mr B Mokotedi (Acting CEO From May to August 2020)	
<b>Related party balances</b>		
<b>Deferred tax recoverable from related party</b>		
Botswana Development Corporation Limited	5 125 126	5 192 926
<b>Related party transactions</b>		
<b>Dividend received/Distribution income</b>		
NBC Partnership	2 400 000	2 300 000
<b>Share of profit from partnership</b>		
NBC Partnership	5 773 534	1 623 066
Botswana Development Corporation Limited	18 559 251	37 705 732
Grit services limited	13 539 960	-
<b>Directors' emoluments</b>		
Directors fees	1 998 687	1 622 774
<b>Remuneration paid to members of key management</b>		
Executive remuneration	4 683 931	4 558 013

## Notes to the Annual Financial Statements continued

### 31. Financial instruments and risk management

#### Categories of financial instruments

##### Categories of financial assets

	Note(s)	Fair value through other comprehensive income - equity instruments	Amortised cost	Total
<b>30 June 2020</b>				
Investments at fair value	16	6 250 000	-	6 250 000
Trade and other receivables	17	-	8 242 789	8 242 789
Cash and cash equivalents	18	-	122 590 894	122 590 894
		<b>6 250 000</b>	<b>130 833 683</b>	<b>137 083 683</b>
<b>30 June 2019</b>				
Investments at fair value	16	6 250 000	-	6 250 000
Trade and other receivables	17	-	28 284 724	28 284 724
Cash and cash equivalents	18	-	270 613 048	270 613 048
		<b>6 250 000</b>	<b>298 897 772</b>	<b>305 147 772</b>

##### Categories of financial liabilities

	Note(s)	Amortised cost	Total
<b>30 June 2020</b>			
Trade and other payables	24	11 008 802	11 008 802
Borrowings	22	234 801 023	234 801 023
Lease liabilities	13	1 875 341	1 875 341
		<b>247 685 166</b>	<b>247 685 166</b>
<b>30 June 2019</b>			
Trade and other payables	24	9 849 026	9 849 026
Borrowings	22	236 952 787	236 952 787
		<b>246 801 813</b>	<b>246 801 813</b>

#### Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Company consists of cash and cash equivalents and equity, comprising the stated capital, the variable rate unsecured debentures and accumulated profits as disclosed in the statement of financial position. At 30 June 2020, the Company had interest bearing borrowings of P 234 801 024 (2019: P 236 952 787).

## Notes to the Annual Financial Statements continued

### 31. Financial instruments and risk management (continued)

#### Capital risk management(continued)

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

	Note(s)	30 June 2020	30 June 2019
Borrowings	22	234 801 023	236 952 787
Cash and cash equivalents	18	(122 590 895)	(270 613 048)
<b>Net borrowings</b>		<b>112 210 128</b>	<b>(33 660 261)</b>
Equity		771 141 008	744 056 542
Gearing ratio		15 %	0 %

#### Financial risk management

##### Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the board of directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The company audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

#### Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on debt instruments at fair value through other comprehensive income, trade and other receivables, and cash and cash equivalents.

## Notes to the Annual Financial Statements continued

### Financial instruments and risk management (continued)

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring at the inception of the lease agreement. The company evaluates credit worthiness of its tenants through several mechanism and only deals with reputable counterparties with consistent payment histories. Deposits are also obtained when necessary. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus, the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is operating, external credit references etc. If amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

The maximum exposure to credit risk is presented in the table below:

		2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Trade and other receivables	17	12 724 627	(4 481 838)	8 242 789	29 455 306	(1 170 582)	28 284 724
Cash and cash equivalents	18	122 590 894	-	122 590 894	270 613 048	-	270 613 048
		<b>135 315 521</b>	<b>(4 481 838)</b>	<b>130 833 683</b>	<b>300 068 354</b>	<b>(1 170 582)</b>	<b>298 897 772</b>

## Notes to the Annual Financial Statements continued

### 31. Financial instruments and risk management (continued)

#### Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

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

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

#### 30 June 2020

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
<b>Non-current liabilities</b>							
Borrowings	22	-	2 927 293	202 373 828	25 987 002	231 288 123	231 288 123
Lease liabilities		-	630 649	702 630	-	1 333 279	1 333 279
<b>Current liabilities</b>							
Trade and other payables		11 008 802	-	-	-	11 008 802	11 008 802
Borrowings	22	3 512 900	-	-	-	3 512 900	3 512 900
Lease liabilities		542 062	-	-	-	542 062	542 062
Dividend payable	26	25 001 200	-	-	-	25 001 200	25 001 200
		<b>40 064 964</b>	<b>3 557 942</b>	<b>203 076 458</b>	<b>25 987 002</b>	<b>272 686 366</b>	<b>272 686 366</b>

#### 30 June 2019

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
<b>Non-current liabilities</b>							
Borrowings	22	-	2 516 968	201 797 099	29 304 327	233 618 394	233 618 394
<b>Current liabilities</b>							
Trade and other payables	24	9 849 026	-	-	-	9 849 026	9 849 026
Borrowings	22	3 334 393	-	-	-	3 334 393	3 334 393
Dividend payable	26	30 100 000	-	-	-	30 100 000	30 100 000
		<b>43 283 419</b>	<b>2 516 968</b>	<b>201 797 099</b>	<b>29 304 327</b>	<b>276 901 813</b>	<b>276 901 813</b>

## Notes to the Annual Financial Statements continued

### 31. Financial instruments and risk management (continued)

#### Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the company is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary. Interest rates on all borrowings compare favourably with those rates available in the market.

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

Fluctuations in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks.

#### Interest rate sensitivity analysis

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

Increase or decrease in rate by 10%	2020	2020	2019	2019
	Increase	Decrease	Increase	Decrease
<b>Impact on profit or loss:</b>				
Net finance income and finance costs	883 508	(883 508)	1 421 956	(1 421 956)

### 32. 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 company 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.

## Notes to the Annual Financial Statements continued

### 32. Fair value information (continued)

#### Levels of fair value measurements

#### Level 3

#### Recurring fair value measurements

Assets	Note(s)	30 June 2020 p	30 June 2019 p
<b>Investment property</b>			
Investment property	11	892 495 663	716 511 503
<b>Financial assets at fair value through other comprehensive income</b>			
Investments at fair value	16	6 250 000	6 250 000
<b>Total</b>		<b>898 745 663</b>	<b>722 761 503</b>
<b>Non recurring fair value measurements</b>			
<b>Assets held for sale and disposal groups in accordance with IFRS 5</b>			
Investment property		-	9 000 000

#### Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance	Fair value adjustment	Straight line rental adjustment	Transfer to non-current asset held for sale	Additions	Impairment	Disposals during the year	Carrying amount
<b>30 June 2020</b>									
<b>Assets</b>									
<b>Investment property</b>									
Investment property	11	716 511 503	34 785 623	(1 475 841)	-	146 416 285	(3 741 907)	-	892 495 663
<b>Financial assets at fair value through other comprehensive income</b>									
Investments at fair value in unlisted entities	16	6 250 000	-	-	-	-	-	-	6 250 000
<b>Total</b>		<b>722 761 503</b>	<b>34 785 623</b>	<b>(1 475 841)</b>	<b>-</b>	<b>146 416 285</b>	<b>(3 741 907)</b>	<b>-</b>	<b>898 745 663</b>

## Notes to the Annual Financial Statements continued

### 32. Fair value information (continued)

	Note(s)	Opening balance	Fair value adjustment	Straight line rental adjustment	Transfer to non-current asset held for sale	Additions	Impairment	Disposals during the year	Carrying amount
<b>30 June 2019</b>									
<b>Assets</b>									
<b>Investment property</b>									
Investment property	11	901 851 990	29 875 964	(3 561 839)	(9 000 000)	36 925 036	(13 065 000)	(226 514 648)	716 511 503
<b>Financial assets at fair value through other comprehensive income</b>									
Investments at fair value in unlisted entities	16	-	-	-	-	6 250 000	-	-	6 250 000
<b>Assets held for sale with IFRS 5</b>									
Investment property		-	-	-	9 000 000	-	-	-	9 000 000
<b>Total</b>		<b>901 851 990</b>	<b>29 875 964</b>	<b>(3 561 839)</b>	<b>-</b>	<b>43 175 036</b>	<b>(13 065 000)</b>	<b>(226 514 648)</b>	<b>731 761 503</b>

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

##### Valuation process

The fair value of the company's investment properties at 30 June 2020 has been carried out using the comparative DCF methods (Discounted cashflows with reversion to market rentals). The valuation was carried out by Knight Frank Botswana (Proprietary) Limited. Knight Frank Botswana (Proprietary) Limited are members of the Real Estate Institute of Botswana and are registered in terms of the Real Estate Professionals Act 2003. The valuations, which conform to international Valuation Standards, In undertaking our valuation of the Property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, covenant terms and other material factors. We have used MRI (Cougar) software to process the DCF valuation. The software takes into account the following assumptions:

- That passing rents run and are indexed each year in line with and until the end of lease contracts
- Anticipated take up of vacant space based on current negotiations
- A running void of 2.5% for both investment buildings
- 2.5 % growth in market rents per year
- The net operating costs as detailed in the report
- Budgeted capital expenditure allocated to the improvements
- 10 year holding period
- All risk reversion yields of between 8% and 9%
- Discount rates between 10.25% and 11%

## Notes to the Annual Financial Statements continued

### 32. Fair value information (continued)

#### Valuation process (continued)

The fair value of investments in unlisted entities measured through other comprehensive income is determined based on inputs that the management receives. At the year end, the fair value of this investment is estimated to be no different from the cost due to the timing of the investment coupled with the underlying business operations of the investee company which has not changed significantly from the time the investment was initially made.

Valuation techniques	Unobservable input	Range
Discounted cash flow	Capitalisation rate	8.5%-11%

### 33. Going concern

The impact of the COVID-19 virus on our business continues to evolve. At the date of finalization of the annual financial statements, there were no material events that occurred subsequent to the statement of financial position date that require adjustment to the financial statements. The following material subsequent events however requires disclosure in the financial statements. On 11 March 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak a global pandemic. This situation continues to advance and is being monitored with various corrective and preventive measures as detailed below:

- requiring self-isolation quarantine by those potentially affected,
- implementing social distancing measures, and
- controlling or closing borders and "locking down" cities/regions or even entire countries.

The pandemic is an extraordinary challenge for humanity and for the economy globally, and at the date of finalization of the financial statements its effects are subject to significant levels of uncertainty. The impact of the coronavirus will be closely monitored and assessed for its impact on the business. The company has undertaken a variety of measures and implemented contingency plans to mitigate the negative impact of the Covid-19 pandemic. The response plan covers operational and credit risk responses to ensure that the company will be able to operate and service clients. Considering the above, management has re-assessed the appropriateness of the use of the going concern assumption in the preparation of these financial statements.

Based on the assessment performed, management is of the view that the significant doubt associated with the current uncertainties related to the Covid-19 virus currently does not result in a material uncertainty related to such events or conditions that may cast significant doubt on the company's ability to continue as a going concern. The directors agree with this assessment.

### 34. Contingent liability

On the 11th of December 2019, the Board signed an Executive Long Term Incentive Plan ("LTIP") for three beneficiaries being the former Chief Executive Officer (CEO), The Chief Financial Officer (CFO) and the Property Manager. The objective of the LTIP was to promote the long term success of LLR and retain high quality talent and it was to vest at the end of 5 years.

On the 28th April 2020, the CEO and Property Manager submitted a claim for the sum of P14,948,368.29 and P7,474,184 respectively to the Board, claiming that the LTIP is vested. The CFO has disavowed as a beneficiary in the LTIP.

Due to the claim being contrary to the intention of the LTIP, the Board instigated an investigation around the agreement. The investigations revealed there was misconduct on the part of the former CEO in relation to the LTIP. Thereafter a disciplinary hearing was held which ultimately led to the dismissal of the former CEO on the 18th of September 2020.

## Notes to the Annual Financial Statements continued

### 34. Contingent Liability (continued)

The outcome of the investigations also drove the Company to lay fraud charges against the former CEO with the Serious Crime Squad division of the Botswana Police. The matter is currently with the Courts and the Attorneys of the Company are confident in defending the case.

### 35. Events after the reporting period

On the 2nd of February 2020, the company had entered into a purchase and sale agreement with Western Industrial Estate (Proprietary) Limited (WIE) to purchase property for the company at a cash consideration of P174,400,000.

As at 30 June 2020, four out of the six properties had been transferred and two remained. Subsequent to the end of the reporting period, on 6th of July 2020, the transfer of Plot 22047, Gaborone took effect. On the 17th of July 2020, the transfer of the remaining property, Plot 54060, Phakalane took effect.

### 36. Segmental reporting

The Company's business activities are concentrated in the segment of property rentals and are carried out within the geographical region of Botswana.

Segmental Statement Financial Position at 30 June 2020	Corporate P	Commercial & Retail P	Leisure P	Industrial P	Residential P	Total P
<b>Non-current Assets</b>						
Investment property including straight lining of rental income	-	246 260 000	7 586 000	610 000 000	47 950 000	911 796 001
Property Plant and equipment	1 697 101	-	-	-	-	1 697 101
Right Use of Asset	1 887 886	-	-	-	-	1 887 886
Investment in Associate	42 993 294	-	-	-	-	42 993 294
Investments at fair value	6 250 000	-	-	-	-	6 250 000
Deferred Tax	9 048 190	-	-	-	-	9 048 190
Deferred tax recoverable-related party	5 125 126	-	-	-	-	5 125 126
	<b>67 001 597</b>	<b>246 260 000</b>	<b>7 586 000</b>	<b>610 000 000</b>	<b>47 950 000</b>	<b>978 797 598</b>
<b>Current Assets</b>						
Taxation refundable	1 399 579	-	-	-	-	1 399 579
Trade and other receivables	386 806	1 753 225	180	6 473 879	413 337	9 027 428
Cash and cash equivalents	122 590 895	-	-	-	-	122 590 894
	<b>124 377 280</b>	<b>1 753 225</b>	<b>180</b>	<b>6 473 879</b>	<b>413 337</b>	<b>133 017 901</b>
Assets classified as held for sale	-	-	-	-	-	-
<b>Total assets</b>	<b>191 378 877</b>	<b>248 013 225</b>	<b>7 586 180</b>	<b>616 473 879</b>	<b>48 363 337</b>	<b>1 111 815 499</b>

Notes to the Annual Financial Statements continued

Segmental Statement Financial Position at 30 June 2019	Corporate P	Commercial & Retail P	Leisure P	Industrial P	Residential P	Total P
<b>Non-current Assets</b>						
Investment property including straight lining of rental income	-	244 200 000	7 586 000	434 600 000	47 950 000	734 336 000
Property Plant and equipment	2 177 916	-	-	-	-	2 177 916
Deferred Tax Asset	188 631	-	-	-	-	188 631
Deferred tax recoverable from Vendors	5 192 926	-	-	-	-	5 192 926
Investment in associate	39 619 760	-	-	-	-	39 619 760
Investments at fair value	6 250 000	-	-	-	-	6 250 000
Trade and other receivables	278 888	1 149 530	27 175 816	376 766	106 500	29 087 500
Taxation refundable	646 285	-	-	-	-	646 285
Cash and cash equivalents	270 613 048	-	-	-	-	270 613 048
<b>Total</b>	<b>324 967 457</b>	<b>245 349 550</b>	<b>34 761 818</b>	<b>434 476 766</b>	<b>48 056 500</b>	<b>1 088 112 066</b>
Assets classified as held for sale	-	-	9 000 000	-	-	9 000 000
<b>Total assets</b>	<b>324 967 454</b>	<b>245 349 530</b>	<b>43 761 816</b>	<b>434 476 766</b>	<b>48 056 500</b>	<b>1 097 112 066</b>

Due to the pooling of funds, all liabilities in the Statement of Financial Position are corporate liabilities

Notes to the Annual Financial Statements continued

Segmental Statement of Comprehensive Income for the year ended 30 June 2020	Corporate P	Commercial & Retail P	Leisure P	Industrial P	Residential P	Total P
Segment revenue-rental income	-	25 177 614	-	51 793 139	4 184 715	81 155 468
Other operating income	2 525	11 400	-	3 528 635	34 630	3 577 190
Movement in Credit loss allowances	(3 311 256)	-	-	-	-	(3 311 256)
Impairment loss on investment property	-	-	-	(3 741 907)	-	(3 741 907)
Administration and Property operating expenses	(22 474 997)	(2 614 606)	-	(3 372 165)	(1 268 160)	(29 729 929)
<b>Operating Profit</b>	<b>(25 783 728)</b>	<b>22 574 408</b>	<b>-</b>	<b>48 207 702</b>	<b>2 951 185</b>	<b>47 949 566</b>
Finance income	7 614 790	-	-	-	-	7 614 790
Finance costs	(3 609 426)	(10 619 499)	-	(2 220 949)	-	(16 449 873)
Other non-operating losses	-	-	-	-	-	-
Share of profit from equity accounting investments	5 773 434	-	-	-	-	5 773 534
Fair value gain on investment property net of adjustment	-	(2 835 750)	-	36 174 145	(28 614)	33 309 781
<b>Profit before tax</b>	<b>(16 004 830)</b>	<b>9 119 159</b>	<b>-</b>	<b>82 160 898</b>	<b>2 922 571</b>	<b>78 197 798</b>
Income tax	(17 635 063)	-	-	-	-	(17 635 063)
<b>Profit from continuing operations</b>	<b>(33 639 893)</b>	<b>9 119 159</b>	<b>-</b>	<b>82 160 898</b>	<b>2 922 571</b>	<b>60 562 735</b>
<b>Discontinued operations</b>						
Profit/(loss) from discontinued operations	-	-	1 788 098	-	-	1 788 098
<b>Profit for the year</b>	<b>(33 639 893)</b>	<b>9 119 159</b>	<b>1 788 098</b>	<b>82 160 898</b>	<b>2 922 571</b>	<b>62 350 833</b>

## Notes to the Annual Financial Statements continued

Segmental Statement of Comprehensive Income for the year ended 30 June 2019	Corporate P	Commercial & Retail & Retail P	Leisure P	Industrial P	Residential P	Total P
Revenue	-	25 116 538	26 404 510	46 505 360	4 449 299	102 475 707
Other operating income	-	12 600	52 425	242 858	30 733	338 616
Administration and operating expenses	(17 628 536)	(1 928 994)	(959 702)	(3 629 111)	(1 424 385)	(25 570 728)
Movement in Credit loss allowances	(1 656 004)	-	-	-	-	(1 656 004)
<b>Operating Profit</b>	<b>(19 284 540)</b>	<b>23 200 144</b>	<b>25 497 233</b>	<b>43 119 107</b>	<b>3 055 647</b>	<b>75 587 591</b>
Finance income	1 374 355	-	-	-	-	1 374 355
Income from equity accounted investments	1 623 066	-	-	-	-	1 623 066
Finance costs	(15 593 918)	-	-	-	-	(15 593 918)
Fair value gain on investment property net of adjustment resulting from straight lining of rental revenue	-	(3 610 834)	651 000	23 780 297	5 493 665	26 314 128
Loss on sale of investment property	-	-	(14 000 000)	-	-	(14 000 000)
Depreciation	(542 462)	-	-	-	-	(542 462)
Income tax expense	(11 512 163)	-	-	-	-	(11 512 163)
<b>Profit from continuing operations</b>	<b>(43 935 662)</b>	<b>19 589 310</b>	<b>12 148 233</b>	<b>66 899 404</b>	<b>8 549 312</b>	<b>63 250 597</b>
<b>Discontinued operations</b>						
Profit for the year	-	-	(10 177 549)	-	-	(10 177 549)
<b>Profit for the year</b>	<b>(43 935 662)</b>	<b>19 589 310</b>	<b>1 970 684</b>	<b>66 899 404</b>	<b>8 549 312</b>	<b>53 073 048</b>

## Detailed Income Statement

	Notes(s)	30 June 2020 P	30 June 2019 P
Continuing operations			
<b>Revenue</b>			
Contractual income		77 517 804	96 911 490
Straightline lease rental adjustment		1 475 841	3 561 839
Operating cost recoveries		2 161 823	2 002 378
	3	<b>81 155 468</b>	<b>102 475 707</b>
<b>Other operating income</b>			
Administration and management fees received		70 155	80 610
Bad debts recovered		-	258 006
Other income		3 507 035	-
	4	<b>3 577 190</b>	<b>338 616</b>
Movement in credit loss allowances	5	(3 311 256)	(1 656 004)
<b>Expenses (Refer to page 108)</b>		<b>(33 471 836)</b>	<b>(26 113 188)</b>
<b>Operating profit</b>		<b>47 949 566</b>	<b>75 045 131</b>
Finance income	6	7 614 790	1 374 355
Finance costs	8	(16 449 873)	(15 593 918)
Losses on disposal of assets	8	-	(14 000 000)
Share of profit from equity accounted investments		5 773 534	1 623 066
<b>Fair value adjustment of investment properties</b>			
Fair value adjustment of investment properties		33 309 781	26 314 126
<b>Profit before taxation</b>		<b>78 197 798</b>	<b>74 762 760</b>
Taxation	10	(17 635 063)	(11 512 163)
<b>Profit for the year from continuing operations</b>		<b>60 562 735</b>	<b>63 250 597</b>
Discontinued operations		1 788 098	(10 177 549)
<b>Profit for the year</b>		<b>62 350 833</b>	<b>53 073 048</b>



## Detailed Income Statement

	Notes(s)	30 June 2020 P	30 June 2019 P
<b>Other operating expenses</b>			
AGM expenses		(100 465)	(48 792)
Advertising		(295 706)	(426 940)
Auditors remuneration - external auditors	5	(300 850)	(275 000)
Annual report cost		(136 223)	(197 715)
Bank charges		(67 457)	(40 738)
BSE Sustaining fee		(136 600)	(136 600)
Cleaning		(54 512)	(53 053)
Computer expenses		(188 763)	(620 380)
CSDC Fees		(10 000)	(10 000)
Consulting and professional fees		(3 744 021)	(3 579 809)
Consulting and professional fees - legal fees		(857 525)	(779 167)
Depreciation		(1 140 743)	(542 462)
Employee costs and Directors fees		(10 733 083)	(10 172 002)
Entertainment		(102 410)	(96 291)
Property management costs		(227 255)	(219 707)
Fees Letting		(36 921)	(52 050)
Corporate social responsibility		(1 101 694)	(107 713)
Fines and penalties		(292 168)	-
Garden		(1 533 636)	(1 329 971)
Impairment		(3 741 907)	-
Insurance		(703 919)	(877 159)
Lease rentals on operating lease		(159 350)	(635 077)
Levies		(102 568)	(200 356)
Motor vehicle expenses		(40 634)	(37 813)
Municipal expenses		(1 316 775)	(1 558 490)
Other expenses		(226 855)	(108 388)
Refuse collection		(155 831)	(78 000)
Pest control		(49 509)	-
Postage		(38 370)	(28 002)
Printing and stationery		(64 237)	(68 218)
Repairs and maintenance		(1 620 980)	(1 146 021)
Secretarial fees		(527 930)	(244 198)
Security		(1 408 385)	(1 099 477)
Staff welfare		(12 583)	-
Subscriptions		(322 120)	(145 753)
Telephone and fax		(371 824)	(277 565)
Training		(172 079)	(143 974)
Travel - local		(618 427)	(391 164)
Trustees fees		(19 615)	(24 518)
Valuation fees		(737 906)	(360 625)
		(33 471 836)	(26 113 188)

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT THE 2020 ANNUAL GENERAL MEETING OF THE UNITHOLDERS OF LETLOLE LA RONA LIMITED SHALL BE HELD BY MEANS OF AUDIO OR AUDIO VISUAL COMMUNICATION ON FRIDAY 11 DECEMBER 2020 AT 11:30HOURS IN TERMS OF SECTION 11.1 (b) OF THE CONSTITUTION OF THE COMPANY FOR THE FOLLOWING PURPOSE:**

### AGENDA

1. To read the notice convening the meeting and confirmation of quorum in accordance with the Constitution.
2. To approve the minutes of the following meetings:
  - 2.1 Extraordinary General Meeting held on 12 February 2019;
  - 2.2 Annual General Meeting held on 12 December 2019; and
  - 2.3 Extraordinary General Meeting held on 23 March 2020.
3. To receive the Chairperson's Report.
4. **Ordinary Resolution 1**  
To receive, consider, and adopt the Audited Annual Financial Statements and the reports of the Auditors and Directors for the year ended 30 June 2020.
5. **Ordinary Resolution 2**  
To approve and ratify the distributions declared by the Directors for the year ended 30 June 2020.
6. **Ordinary Resolution 3**  
To ratify the appointment of Ms. Bronwyn Corbett who was appointed as a Director of the Company in accordance with Section 20.4 of the Constitution (refer to Profile on page 29 of the Annual Report).
7. **Ordinary Resolution 4**  
To ratify the appointment of Mr Frederick Selolwane who was appointed as a Director of the company in accordance with Section 20.4 of the Constitution (refer to Profile on page 29 of the Annual Report).
8. **Ordinary Resolution 5**  
To approve the remuneration of the Directors for the year ended 30 June 2020. The director's fees are set out in the Corporate Governance Report of the Annual Report.
9. **Ordinary Resolution 6**  
To approve the remuneration of Grant Thornton, the Auditors, for the year ended 30 June 2020 as set in Note 5 of the Annual Financial Statements in the Annual Report.
10. **Ordinary Resolution 7**  
To re-appoint Grant Thornton as auditors of the company for the ensuing year.
11. **Matter for Noting:**
  - 11.1. To take note that Mr. Curtis Matobolo has in terms of Section 20.7 of the Constitution resigned from the Board of Directors of the Company effective 4 May 2020 and that his resignation has been accepted by the Board.
  - 11.2. To take note that in terms of Section 20.8 of the Constitution, Ms. Boitumelo Mogopa retires from the Board of Directors of the Company effective 11 December 2020 and has elected not to offer herself for re-election.

## Notice of Annual General Meeting continued

- 11.3. To take note that in terms of Section 20.8 of the Constitution, Ms. Serty Leburu retires from the Board of Directors of the Company effective 11 December 2020 and has elected not to offer herself for re-election.
- 11.4. To take note that in terms of Section 20.8 of the Constitution, Mr. Terence Dambe retires from the Board of Directors of the Company effective 11 December 2020 and has elected not to offer himself for re-election.
12. **Any other Business:**  
To transact any other business which may be transacted at an Annual General Meeting.

### By order of the Board



Bothepe Obuseng  
Company Secretary

20 November 2020

A member who is entitled to attend and vote may appoint a proxy to attend and vote for him, on his behalf, and such proxy need not also be a member of the company. A proxy form is available at the end of the Annual Report.

### NOTES TO THE NOTICE:

- In compliance with national health guidelines and social distancing protocols put in place by the Government of the Republic of Botswana due to the COVID-19 pandemic, the Company's Annual General Meeting will be held virtually via the Microsoft Teams Meeting Application.
- Unitholders who wish to attend the meeting should RSVP by email to Ms. Bothepe Obuseng at bobuseng@letlole.com or Ms. Dinah Jonah at djonah@letlole.com by end of business on Wednesday 9 December 2020.
- A proxy form must be deposited at the registered office of the Company, being Unit 2B, First Floor, Peelo Place, Plot 54366, New CBD, Gaborone not less than 48hrs before the time of holding the meeting.

## Form of Proxy

The 2020 Annual General Meeting of members to be held on 11 December 2020 at 11:30hrs by means of audio- or audio-visual communication in terms of Section 11.1 (b) of the Constitution of the Company.

For use at the Annual General Meeting of Unitholders of the Company to be held virtually by the Microsoft Teams Meeting Application.

I/We .....of .....being a member/members of the above-named Company do hereby appoint:

.....of .....or failing that person the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Ninth Annual General Meeting of the Company to be held on 11 December 2020 at 11:30 hrs.

	Number of linked units		
	For	Against	Abstain
Ordinary Resolution No. 1 (Agenda item 4)			
Ordinary Resolution No. 2 (Agenda item 5)			
Ordinary Resolution No. 3 (Agenda item 6)			
Ordinary Resolution No. 4 (Agenda item 7)			
Ordinary Resolution No. 5 (Agenda item 8)			
Ordinary Resolution No. 6 (Agenda item 9)			
Ordinary Resolution No. 7 (Agenda item 10)			

Signed this.....day of .....2020

Signature.....

Unless otherwise instructed, the proxy will vote as he/she deems fit.

A member entitled to attend, and vote may appoint a proxy to attend and vote for him/her on his/her, behalf and such proxy need not also be a member of the Company. The instrument appointing such a proxy must be deposited at the registered office of the Company not less than 48 hours before the meeting with the Company Secretary.





Letlole La Rona Limited