OUR BASKET OF WEALTH

2023

INTEGRATED ANNUAL REPORT

Letlole La Rona Limited

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01. About this Report

ABOUT THIS REPORT

Letlole La Rona ('LLR' or 'the Company') is a Botswana-based real estate investment company. Our primary goal is to grow and improve cash flow to deliver quality earnings, which underpin growth and sustained value creation for all stakeholders.
LLR's 2023 Integrated Annual Report (IAR) covers the financial year from 1 July 2022 to 30 June 2023. The IAR provides a balanced and holistic summary of the Company's performance. Throughout the IAR, we address the challenges faced by the Company, the opportunities and external drivers influencing LLR's strategy and disclose the collective thinking applied to material matters impacting our ability to create long-term value.

The IAR aims to provide a balanced and concise view of LLR's financial and non-financial performance and covers the Group's operations in Botswana and Kenya. It includes information on LLR's growth aspirations, efficiency opportunities, service quality, sustainability approaches, corporate governance and accountability.

Local and international requirements and frameworks have guided the information provided in this IAR. These include the following:

- Botswana Stock Exchange (BSE) Listing Requirements
- King III™ Code of Governance Principles
- International Integrated Reporting Council (IIRC)'s <IR> Framework
- International Financial Reporting Standards (IFRS)

Environmental Social Governance (ESG) - related disclosures were selected with reference to the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards.

Materiality

This report discloses matters that substantively affect our ability to create value. In 2023, in line with global best practice, we adopted a 'double materiality' process referencing our internal and external environments. The process for determining and prioritising material matters, and our disclosure of these, is discussed on page 48. We report back against these themes and matters throughout the report.

Disclosure and assurance

LLR aims at the highest standards for all disclosures in this IAR to provide stakeholders with meaningful, accurate, complete, transparent and balanced information. The Board, its committees and management were involved in finalising disclosures made in this IAR and assumed responsibility for the information contained herein.

The financial information included in this IAR was prepared in accordance with IFRS, with Grant Thornton Botswana independently assuring the annual financial statements.

Board responsibility

The Board approved the IAR on 13 November 2023 and acknowledged its responsibility for its accuracy. It has applied its collective expertise, and, in its opinion, this IAR addresses all material issues and presents an integrated view of the Company's performance in the year under review.

Forward-looking statements

Readers are cautioned not to place undue reliance on forward-looking statements. Many of the statements in this IAR constitute forward-looking statements. These are not guarantees or predictions of future performance. As discussed in the IAR, LLR faces risks and other factors outside its control, which may lead to outcomes unforeseen by the Company. These are not reflected in the IAR.
The forward-looking information contained in this IAR has not been reviewed or audited by Grant Thornton Botswana.

Changes and enhancements in reporting

For this report, we made numerous reporting enhancements, including:

- a more thorough double materiality determination process aligned to international best practice.
- improved disclosure on our environmental, social and governance (ESG) reporting.
- more detailed remuneration reporting

Feedback on AIR

We welcome your feedback on this IAR. Please email your comments to Mr Pulafela Isaacs at **pisaacs@letlole.com**

OUR INTEGRATED APPROACH TO VALUE CREATION

Sustained value creation cannot be achieved in isolation. Thus, Letlole La Rona's (LLR's) integrated thinking process involves identifying and evaluating the various matters that could influence our ability to create value over time. We diligently examine the interdependencies between the capital resources we use or affect, mindful of potential trade-offs in our strategic choices. This holistic perspective enables us to report transparently, reflecting the value we create, preserve, and, where necessary, address challenges that may erode value.

Integrated thinking drives our integrated reporting. Our integrated report aims to be a window into the flow of strategising and decision-making within LLR, illuminating how we create value for our business, shareholders, people, and communities. By embracing integrated thinking, we are better positioned to navigate the dynamic landscape of risks and opportunities, ensuring our stakeholders comprehensively understand our current and future prospects.

Our Vision, Mission & Values

Our approach to business is driven from a place of purpose

LLR's strategic foundations comprise the Company's mission, vision and values. Our mission statement clearly articulates LLR's core purpose and promise to our stakeholders, while our vision statement paints a clear picture of what we intend to achieve in five years. We aim to lead in the property market in Botswana.

Read more at Page **14**

Our Context

We assess the challenges and opportunities that could impact on our ability to create value

Our stakeholder's needs

Through our stakeholder engagement process, we seek to understand the needs and concerns of our valued stakeholders:

- investors, providers of capital and asset managers
- employees
- tenants
- regulators, government and authorities
- suppliers and business partners
- communities

Read more at Page **46**

Our risks and opportunities

Our inward focus is on the risks and opportunities highlighted by our risk management processes:

- Challenging market conditions
- Challenges in raising capital
- Lack of local opportunities
- Expanding into Africa
- Tenant retention
- Tenant default
- Employee value proposition
- Cyber security
- Legislation changes
- Non-compliance with laws and regulations.

Read more at Page **43**

Our operating environment

LLR reviews its operating environment by identifying the economic, environmental, social and governance (ESG) factors that could substantively impact the Group's ability to create value:

- Macro-economic developments
- Property sector trends
- Regulatory and compliance landscapes.

Read more at Page **39**

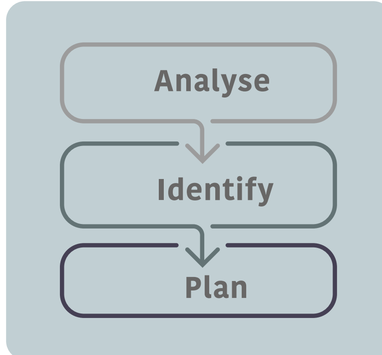
Our Material Matters

We identify the issues that could substantially affect the delivery of our strategy, our profitability and our sustainability.

Having identified the material matters that could have impact on our ability to create value, we rank these topics in terms of their potential impacts on the Group and decide on our responses to deliver short, medium and long-term value:

- Compliance with laws and legislation
- External operating environment
- Corporate strategy and investments
- Corporate governance
- Property quality
- Financial performance
- Employee satisfaction and development
- Relations with stakeholders
- Local community development
- Preservation of natural capital.

Read more at Page **48**



Our Strategy

We integrate our strategy into our business model.

Our refined Go to Africa strategy seeks to optimise and diversify the LLR portfolio, drive balance sheet growth, enhance shareholder value and deliver investor returns. Our strategic objectives are grouped into six strategic pillars, namely:

- Streamline and expand Botswana portfolio
- Optimised balance sheet
- Quality African Assets
- Strong partnerships and networks
- Operational excellence
- Talented and competent people

Read more at Page **36**

Our Value Creation

We seek to actively manage our activities and their impacts to ensure we enhance the positive and minimise the adverse outcomes of our business model, thereby sustaining value for all our stakeholders.

Resources flow through LLR in the form of the six identified capitals, being our:

Financial capital
We use our funds for running costs, property refurbishments, maintenance, strategic acquisitions and unit holder distributions.

Intellectual capital
The intangibles that sustain the quality of our property and service offering, which provide LLR's competitive advantage, such as, our innovations, systems and reputation

Manufactured (built) capital
The facilities and general infrastructure that enables LLR to conduct business operations (tangible assets).

Social & Relationship Capital
The relationships and collaborations we create with our stakeholders.

Human capital
Competencies, capabilities and experience of our employees and how they innovate, collaborate and align with LLR's objectives.

Natural Capital
Renewable and non-renewable resources used by LLR.

LLR manages the flow of our capital inputs to align with our strategic intent and deliver favourable outcomes for the business and our stakeholders. We aim to deliver broader societal and environmental value through our commitment to the United Nations Sustainable Development Goals (UN SDGs). The Company has identified the following sustainable development goals, where our business activities can have the most meaningful impact and improve lives:

Value creation is underpinned by strong governance:
Our Board provides oversight of LLR's ethics, accountability, strategy and performance. It ensures our choices align with our values and strategic objectives to create long-term value, while ensuring transparency and accountability for our actions.

Read more at Page **56**

02.

Group Overview

GROUP OVERVIEW

WHO WE ARE

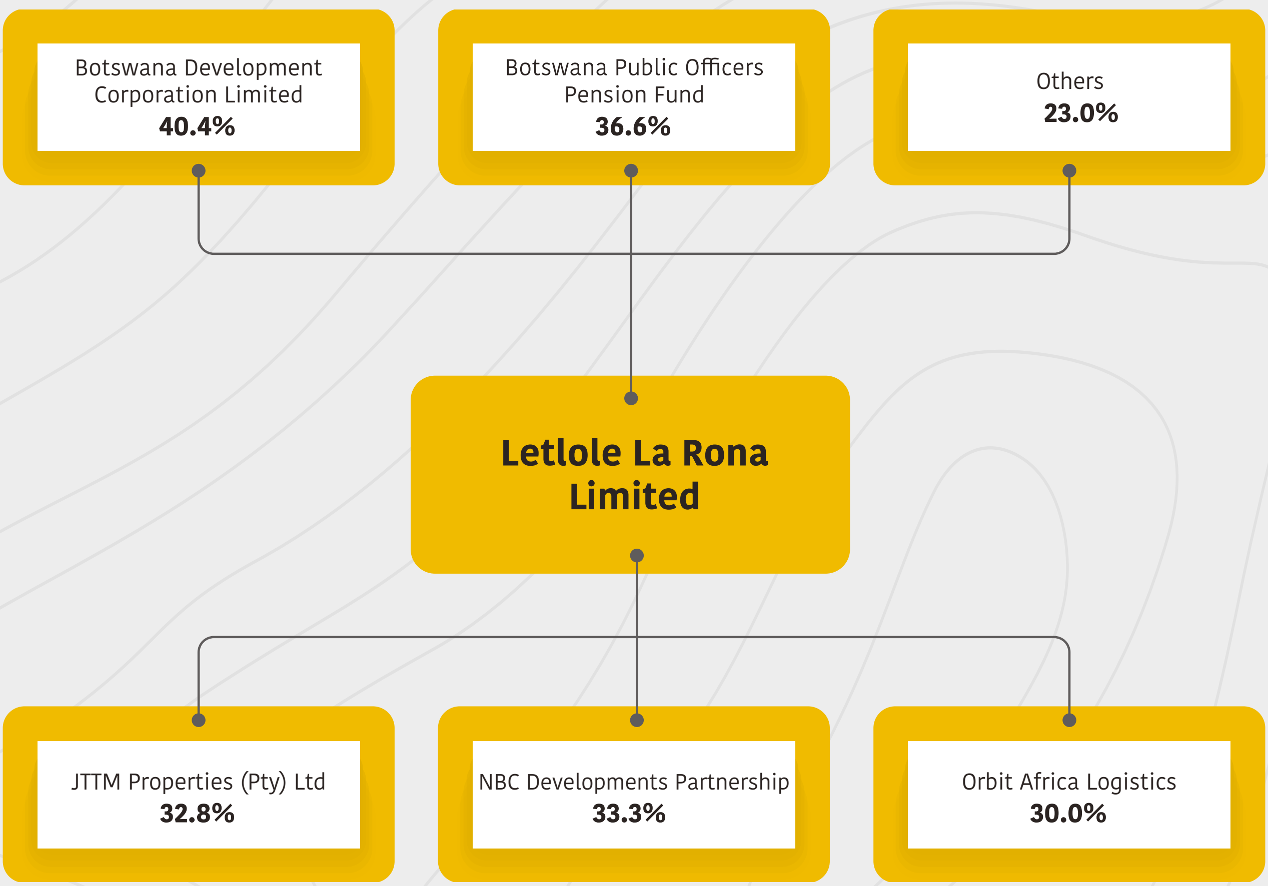
In direct translation, Letlole La Rona means ‘our basket of wealth’. The basket of wealth is symbolical to a collection of principles that nurture true wealth and success. In everything we do, we strive to create a basket of wealth for Batswana. LLR is a variable rate loan stock company that invests in property and derives revenue primarily from property rentals. It operates through the industrial, retail, residential and commercial office space property segments.

The Company was founded on 8 July 2010 and is headquartered in Gaborone. LLR was set up by Botswana Development Corporation (BDC). It was listed on the Botswana Stock Exchange on 15 June 2011 to continue driving support for Botswana’s financial markets while allowing Batswana an opportunity to participate in its investments. The Company acquired properties from three subsidiary companies belonging to Commercial Holdings (Pty) Ltd, Western Industrial Estates (Pty) Ltd and Botswana Hotel Development Company (Pty) Ltd. This mix of properties represented a diversified yet balanced portfolio of long-term and short-term rentals across various sectors of the economy.

Since inception, the Company has enjoyed commendable growth and has become a key player in the real estate market in Botswana.

The Company currently holds direct investments in 24 properties and owns shares in 3 real-estate investment vehicles (two companies and one partnership), most of which are located in the greater Gaborone area and had a portfolio value of P1.4 billion at 30 June 2023.

GROUP STRUCTURE



OWNERSHIP

Summary

March 2023	Grit informed LLR of its intention to exit its investment following a series of share disposals.
	Grit sold 6.4 million shares in early March 2023 on the back of 4.78% in February 2023 and 6.79% in December 2022.
	Grit's total shareholding in LLR reduced to 11.25%.
April 2023	Grit further reduced its stake in LLR by selling 12.6 million shares, taking its shareholding below 10%.
June 2023	Grit Services Limited concluded its divestment from LLR by selling 18,911,932 linked units, representing 6.75% of total securities.
Current Status	Grit divested its entire shareholding in LLR.
	BPOPF, through its asset managers, holds a significant stake of 36.6% in LLR, solidifying its position as a the second largest shareholder.

TOP 10 UNITHOLDERS

For the year ended 30 June 2023

BENEFICIAL SHAREHOLDER	LINKED UNITS	% SHAREHOLDING
Botswana Development Corporation Limited	112 996 263	40.36%
Botswana Public Pension Fund: Re Vunani Fund Managers	38 854 781	13.88%
FNB Nominees RE: BIFM – Active Members & DP EQ	27 698 072	9.89%
Stanbic Nominees Botswana: RE - BPOPF WT PRO Port MCP	18 261 774	6.52%
Stanbic Nominees Botswana: RE – Morula RE DPF	11 865 321	4.24%
Botswana Public Pension Fund	10 583 319	3.78%
Stanbic Nominees Botswana: RE – BPOPF Non Profit-MCP	6 630 000	2.37%
Stanbic Nominees Botswana: RE – BIFM PLEF	5 144 527	1.84%
Stanbic Nominees Botswana: RE – BIFM MLF	4 211 374	1.50%
Ninety One - Debswana Pension Fund (Domestic Equities)	3 109 160	1.11%

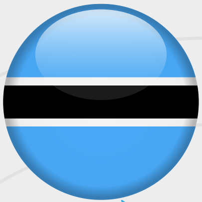
LLR UNIT BANDS

BENEFICIAL SHAREHOLDER	NUMBER OF LINKED UNITS HOLDERS	% SHAREHOLDING
0 - 1 999	1 057	0.20%
2 000 - 4 999	245	0.25%
5 000 - 9 999	118	0.27%
10 000 - 49 999	177	1.17%
50 000 - 99 999	20	0.35%
>100 000	78	97.76%
Total	1 695	100.00%

TYPE OF UNIT HOLDER	LINKED UNITS	%
Non-Public	113 256 249	40%
Public	166 743 751	60%
Total	280 000 000	100%

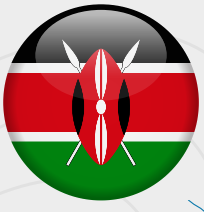
OPERATING FOOTPRINT

BOTSWANA



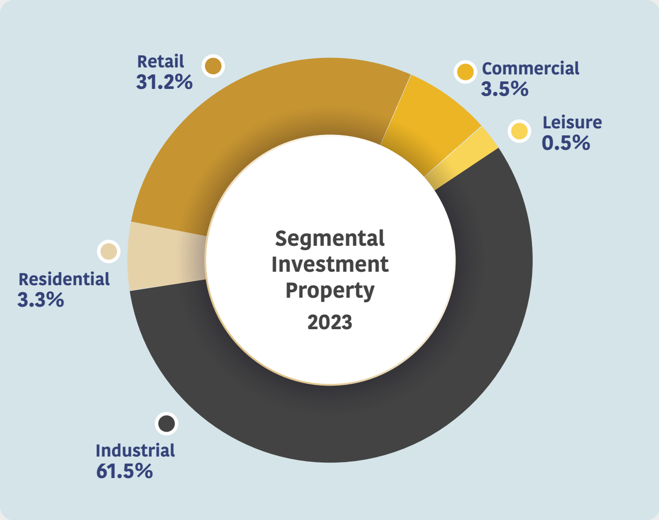
OPERATING FOOTPRINT

KENYA

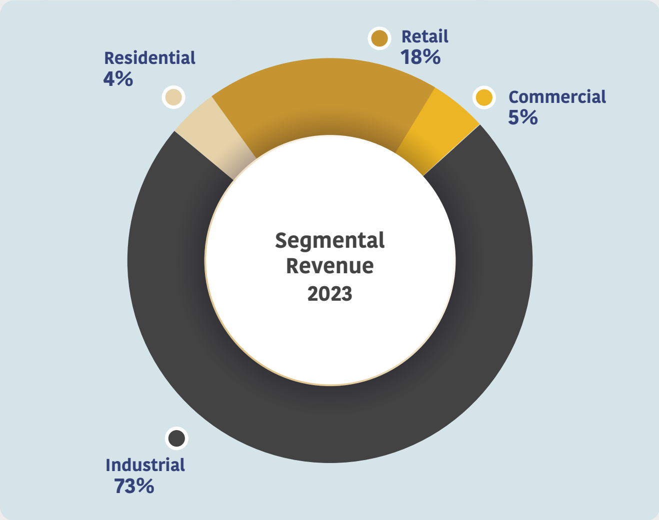


WHAT WE DO

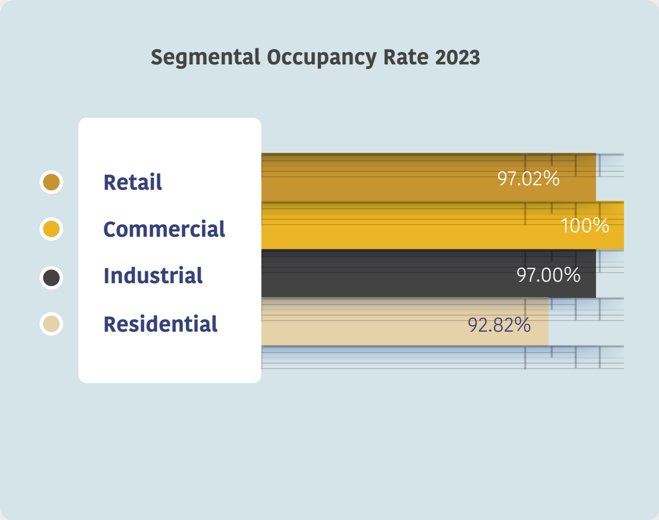
We actively manage a diversified, high-quality property portfolio and nurture strong relationships with tenants to maintain high-occupancy levels.



SEGMENTAL INVESTMENT PROPERTY *	2023	2022
Retail	31.2%	33.9%
Commercial	3.5%	4.0%
Leisure	0.5%	0.6%
Industrial	61.5%	57.8%
Residential	3.3%	3.8%



SEGMENTAL REVENUE*	2023	2022
Retail	18%	17%
Commercial	5%	6%
Industrial	73%	73%
Residential	4%	4%

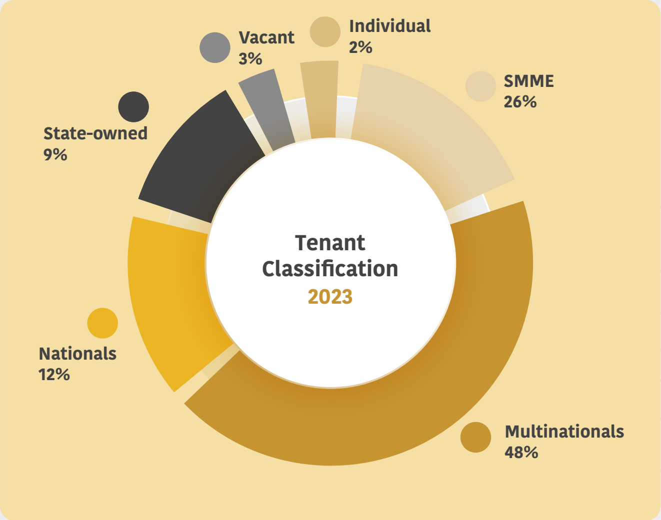


SEGMENTAL OCCUPANCY RATE*	2023	2022
Retail	97.02%	97.24%
Commercial	100%	100%
Industrial	97.00%	99.70%
Residential	92.82%	100%

***Includes assets held for sale**

KEY TENANTS

The LLR portfolio has approximately 182 tenants with a well-balanced tenant base, and can be classified as follows:



TENANT CLASSIFICATION	2023
SMME	26%
Multinationals	48%
Nationals	12%
State-owned	9%
Vacant	3%
Individual	2%

WHAT SETS US APART

With a focus on creating a ‘basket of wealth’ for Batswana, LLR stands out for several reasons:

Long-Term Sustainable Returns

- Our diversified investment portfolio generates strong cashflows and solid financial performance.
- Resilient asset classes and quality tenants contribute to consistently high occupancy levels.

Strong Local Ownership

- Over 70% of our shareholders are government-related entities.
- We are almost 100% citizen-owned, truly making LLR a company for Batswana.

Differentiation through Property Quality

- We prioritise property quality, attracting robust and high-quality tenants.
- Our refurbishments ensure unique and modern buildings, setting us apart as the real estate leader.

Clear Strategic Intent

In 2022, we adopted an ambitious Go to Africa strategy to diversify and optimise our portfolio with prudent regional investments. Our approach includes:

- Optimising existing assets through effective management and tenant relationships.
- Maximising opportunities in Botswana through expansion and leveraging key stakeholder networks.
- Africanising our growth strategy with expert advice, market intelligence, and regional partnerships.

With a solid investor base, an experienced management team, and a commitment to sustainable profitability, LLR continues to deliver value and thrive as a leading force in the real estate industry

Increased Collections

- Following the economic recovery post COVID, our collections have improved and averaged above 100%

<table>
<tr><th colspan="4">WE AIM TO LEAD IN THE PROPERTY MARKET IN BOTSWANA</th></tr>
<tr><td colspan="2" rowspan="2">OUR PROMISE
We will leverage strong partnerships and networks, optimise our assets, expand the Botswana portfolio and grow into Africa to create a diversified portfolio of P3.0 billion and exceed the market-weighted average total return year on year until FY 2027</td><td colspan="2">OUR MISSION
To integrate our basket of wealth into the African economy through value-enhancing Real Estate investments, which unlock superior returns for our shareholders whilst connecting and empowering our communities.</td></tr>
<tr><td colspan="2">OUR VISION
We are the Real Estate leader in Botswana and a partner of choice in selected African markets.</td></tr>
<tr><td colspan="4">OUR VALUES
Our values guide our behaviour to fulfil our promise, and they define how we do business.</td></tr>
<tr><td>Excellence
We strive to exceed stakeholder expectations in all we do.</td><td>Agility
We respond timeously to opportunities and our stakeholder needs.</td><td>Innovation
We infuse innovation when delivering impactful real estate solutions.</td><td>Integrity
We act with integrity, honesty and transparency.</td></tr>
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OUR PERFORMANCE AT A GLANCE

Revenue
2023 P102.2 million
2022 P97.5 million

***Earnings Per Linked Unit (EPLU)**
2023 43.72 thebe
2022 39.34 thebe

Operating costs
2023 P41.7 million
2022 P32.61 million

Cash generated from operating activities
2023 P80.8 million
2022 P82.9 million

Operating profit
2023 P74.4 million
2022 P63.4 million

Credit Loss Allowances
2023 >100%
2022 35%

***Total Properties under Management**
2023 24
2022 24

Total GLA
2023 183 141 08 square meters
2022 201 045 square meters

Net Asset Value (NAV)
2023 P913.7 million
2022 P846.6 million

***Average Total Property Yield**
2023 10%
2022 10%

***Average Industrial Property Yield**
2023 11%
2022 11%

***Average Retail Property Yield**
2023 10%
2022 9%

Share of Profit Associates
2023 P12.5 million
2022 P23.9 million

Tenant Satisfaction Score
2023 71%

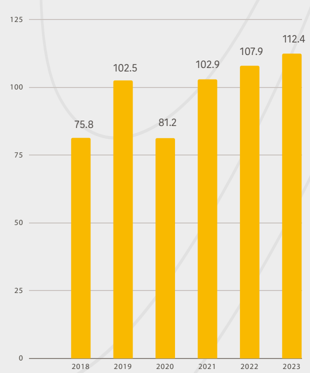
***Vacancy Rate**
2023 3.11%
2022 0.94%

Shareholding Transformation
Divestment of Grit shareholding led to a more localised shareholder structure, strengthening LLR's strategic independence.

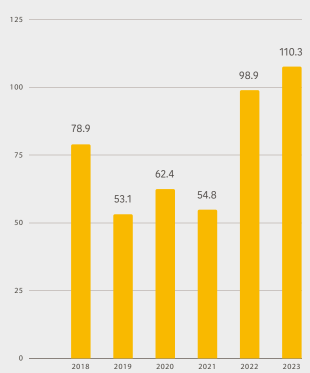
Governance Enhancements
The shift to majority independent directors, including an independent chairperson, exemplified LLR's commitment to robust corporate governance and adherence to best practices.

Increased Collections
Following the economic recovery post COVID-19 our collections have improved and averaged north of 100%

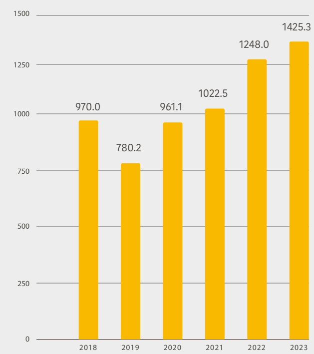
***Revenue P (m)**



***Profit P (m)**



***Investment Property P (m)**



* Includes assets held for sale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03.

Leading through good governance

CHAIRMAN'S STATEMENT.

Dear Esteemed Stakeholders,

It is with great pleasure that I present the integrated annual report of LLR for the financial year ended 30 June 2023. This year has been a period of significant evolution and transformation for our company. As the newly appointed Chairperson of LLR's board, I am honoured to reflect upon the progress we have made, the challenges we have overcome, and the promising path ahead.

My journey with LLR began in December 2021 when I joined the board as an independent non-executive director. I found that LLR was, at its core, a strong and promising entity. Yet, it was clear that the company was navigating a tumultuous period and that its governance framework needed fortification. Despite the challenges, it was evident that LLR possessed immense potential, requiring a solid and passionate board to navigate the intricate journey towards our strategic objectives. Having been appointed as Lead Independent Director (LID) in January 2022, on 1 November 2022 I assumed the role of Chairperson and today, I am excited to lead an exceptional board on this transformative journey.

Empowering Shifts In Shareholding

Grit has been a material shareholder in LLR since 2019 and played a pivotal role in delivering on the Company's Go to Africa mandate from shareholders. However, as our industry's dynamics shifted and Grit realigned its investment strategies, a new transformation phase began. On 7 March 2023, Grit announced its intention to exit its investment in LLR. This decision set in motion a series of share disposals and acquisitions that reshaped our shareholding landscape.

As a result of a strategic realignment, from December 2022 Grit Real Estate started a process of disposing of its interest in LLR which was completed in June 2023 which resulted in them selling their entire 21.5% shareholding in LLR. The bulk of the shares were acquired by the BPOPF.

Following Grit's divestment from LLR, its representatives, namely Ms Bronwyn Knight, Mr Oteng Keabetswe and Mr Donald Borthwick, consequently stepped down from LLR's Board effective 30 June 2023.

With Grit's exit, we reinforced our board with more independent members. This was crucial to enhancing transparency, accountability, and strategic direction. Following meticulous recruitment process and shareholder engagement, in an Extraordinary General Meeting held on 29 June 2023, Ms. Katso Gaobakwe, Mr. Boikanyo Kgosidintsi, and Mr. Zola Lupondwana were appointed to LLR's board as independent Non-Executive Directors. Their appointments marked a significant achievement for LLR, as we have secured a board enriched with diverse skills and expertise, ensuring a holistic approach to decision-making. With four out of five directors now being independent, Non-Executive Directors and the appointment of myself as an independent Chairperson, our current board composition is now aligned with the governance standards outlined in King III principles.

These transformative changes have empowered LLR to fortify its corporate governance structures and position itself as a reliable steward of value accretive investments. With the majority of our shares now owned by government-related entities, our commitment to impeccable corporate governance has taken centre stage. Furthermore, our citizen ownership has soared to an impressive 99%, a testament to our mission of creating a basket of wealth for Batswana.

Strengthening Corporate Governance Practices

Amidst these shifts, we recognised the indispensability of robust governance practices as a cornerstone of our journey. A year ago, it was clear that there were gaps in specific fundamental governance structures expected of a listed company as highlighted by the findings of the Botswana Accountancy Oversight Authority (BAOA) in their review of our corporate governance systems in 2021.

During the year under review, the board responded to these challenges with agility and determination. We have subsequently bolstered LLR's operational efficiency and risk management by developing 17 crucial policies spanning across Human Resources, Information Technology, Operations and more. While some of these policies were new, others were enhanced to align more closely with evolving best practices. The new Board Remuneration policy brings clarity and aligns our remuneration with our operational and strategic priorities. Similarly, we developed Short-Term Incentive (STI) policy for employees, fostering a more motivational work environment and aligning employee performance with organisational goals.

Information Technology (IT) governance is paramount in a rapidly evolving world. We addressed this by developing a comprehensive IT governance framework encompassing critical areas like IT classification, security, and controls. This proactive step fortifies our IT landscape and enhances data security and operational efficiency.

Our commitment to combating money laundering was showcased through our Anti-Money Laundering (AML) Policy and Procedures. By complying with stringent regulations, we ensure the legitimacy of our transactions and reinforce LLR's ethical standing in a high-risk sector. Furthermore, our enhanced Know Your Customer (KYC) procedures place LLR at the forefront of safeguarding against financial impropriety.

These comprehensive efforts have positioned the board to refocus on our strategic aspirations in the year ahead. Though time-consuming, the painstaking work of policy development and implementation has laid a solid groundwork upon which we can now build ambitious strategies and chart a bold new course. In the future, the emphasis of our governance will be on strategic adaptation within a dynamic operational environment.

Navigating Changes In Our Operating Environment

Vigilant monitoring of external trends, particularly their sector-specific impact, remains vital. For example, the pivotal role of interest rates in shaping capital costs necessitates robust strategies for mitigating their effects and ensuring sustainable balance sheet growth. We are also mindful of the recent revision of the Pension Prudential Rules, mandating an equal distribution between onshore and offshore investments. Previously, retirement funds could invest up to 70% offshore and at least 30% onshore. This anticipated influx of funds into Botswana's property market is expected to intensify competition and demand for promising property opportunities. As a result, the market's landscape may witness rapid shifts, impacting asset availability and valuation dynamics. Notwithstanding these potential constraints, our board views this as an opportunity to identify other options as we pursue our Go to Africa strategy.

Another noteworthy regulatory change is implementing a transfer duty tax for asset acquisitions. Despite its complex interpretation, our commitment to regulatory compliance drives us to engage with relevant authorities and seek legal advice to ensure responsible tax management.

With forecasted macro-economic and regulatory factors constraining the outlook of the real estate business, I am comforted that the depth and consolidated experience of the board will guide the business not only overcome the anticipated constraints but also purposefully position LLR in new strategic directions that will continue to add value to the Company.

CHAIRMAN'S STATEMENT

Strategically Shaping Our Future

Ultimately, LLR needs to structurally define how it will continue to shape its destiny; this is our greatest occupation. With LLR's foundational operational concerns essentially streamlined, we are poised to delve into a pivotal board strategy session scheduled for October 2023, wielding a clear sense of direction. Our areas for consideration include:

- Strategic Intent: We aim to recalibrate our strategy and investment approach, moving from a reactive stance to a proactive one. The intent is to swiftly identify investment prospects aligned with our strategic imperatives.
- Excess Investment Capital: Anticipating an influx of pension fund capital within our locale, we acknowledge the impending scarcity of local investment opportunities due to heightened market competition. We view it as a catalyst for innovation, encouraging us to discern and seize alternative avenues.
- Business Model Evolution: Our present business model, focused on enriching our balance sheet through asset investments, stands under review. We contemplate a shift towards property development for sale or lease, thus expanding our operational dimensions.

As we strategise, the prevailing question is how to reshape our business model to assertively steer LLR's trajectory, ensuring strategic dominance rather than reactive adaptation. This pivotal juncture compels us to scrutinise our strategy and real estate sector involvement.

Regarding our Go to Africa strategy, the paramount consideration is how we can proactively secure assets and deals contributing to our balance sheet and growth. Despite looming constraints and challenges, LLR's commitment to achieving a P3 billion investment portfolio by 2027 endures. Therefore, the strategy therefore remains apt, necessitating refinement and fine-tuning to extract its full potential.

The understanding within our board remains steadfast – expansion beyond Botswana, into Africa, is both essential and viable. Acknowledging the need for contextual learning, we thoroughly comprehend local dynamics, demographics, and trends. This process will ensure the pursuit of clear opportunities with adequate risk mitigation. To accomplish this, we will continue to collaborate with established local property developers in Africa, enabling us to tap into their nuanced insights.

Transitioning into FY2024, a focal point revolves around restructuring our business model in alignment with our ethos and stakeholders' needs. The potent role of demographics in shaping growth prospects, especially in Africa, has emerged as a critical insight. We seek to transcend our comfort zones and assimilate future-oriented trends, preparing ourselves to lead assertively. Our pursuit entails relinquishing old paradigms, accommodating emerging lifestyles, and devising strategies rooted in emerging realities.

As we strive for strategy ownership, we acknowledge our need to envision, rather than merely adapt to change proactively. To own our strategy, we must break the inertia, stepping into the driver's seat of innovation. Although we have enjoyed being pursued with investment proposals, we are now challenged to initiate and lead, elevating our strategic footprint.

At the heart of LLR's voyage stands an unwavering dedication to growth and value creation. Anchored in an investment philosophy that seeks untapped potentials while prudently managing risks, we stand equipped to navigate the shifting currents of the business landscape. This philosophy illuminates our way forward, furnishing us with the tools to embrace uncertainty, leverage possibilities, and materialise our aspirations.

Looking Ahead

The horizon unfolds with promise as LLR stands on the brink of transformative change. With a rejuvenated board, characterised by visionary leadership and diverse insights, a new era of innovation and expansion is taking shape.

As we prepare to embrace transformation, my foremost concern is providing the necessary support for effective change management. Navigating this change and ensuring our team's success in achieving the envisioned goals will be paramount. While the current management has demonstrated excellence, their flexibility and resilience in aligning with the transformation remain pivotal.

However, my confidence in the team's capabilities is resolute, and the strategy will not only be achieved but also enriched.

A Heartfelt Expression Of Gratitude

In closing, I sincerely thank each stakeholder who has played a pivotal role in LLR's journey. Our heartfelt appreciation goes to departing board members whose contributions have been invaluable. Our management team stands applauded for their dedication and relentless pursuit of excellence. Our shareholders, from the individual to the institutional, have entrusted us with their investments, emboldening us to shape a prosperous future.

As stakeholders united by a shared vision, we navigate a future that shimmers with possibilities. Our transformative journey is fuelled by purpose, resilience, and an unwavering commitment to each of you. In unity, we rise to the challenges, create pathways of prosperity, and script a legacy that resonates through the annals of time.

With gratitude and unwavering resolve,

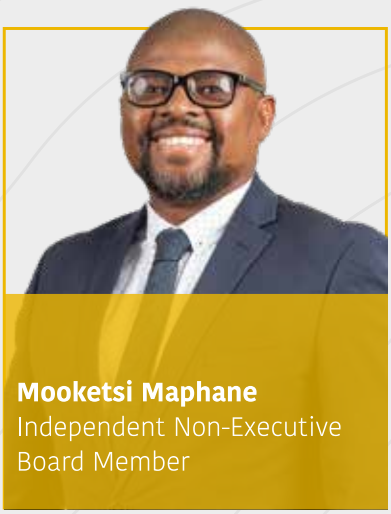
Khuto Balosang

Mr. Khuto Balosang
Chairman, LLR Board of Directors

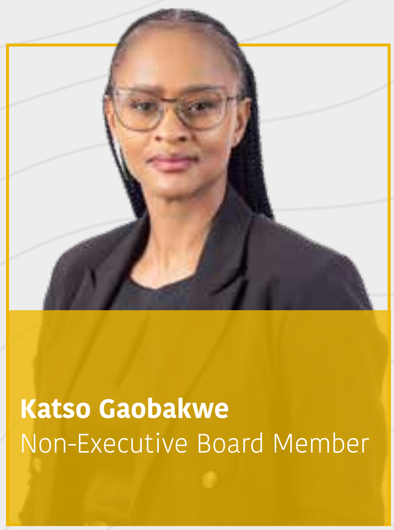

Mirch

OUR BOARD

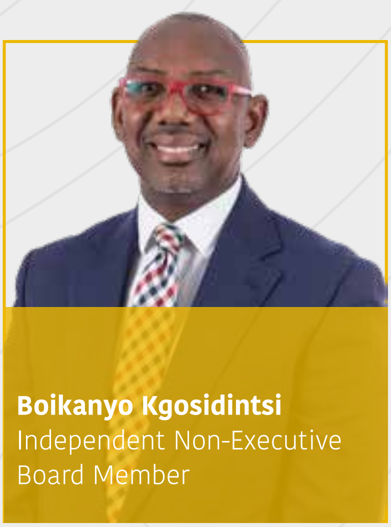
Khuto Balosang
Independent Non-Executive Board Chairperson



Mooketsi Maphane
Independent Non-Executive Board Member



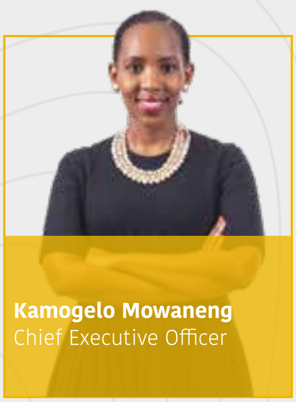
Katso Gaobakwe
Non-Executive Board Member



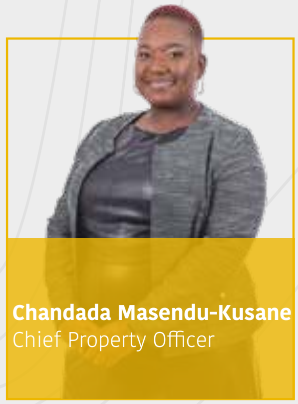
Boikanyo Kgosidintsi
Independent Non-Executive Board Member

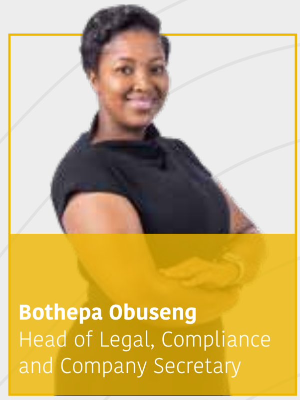
Zola Lupondwana
Independent Non-Executive Board Member

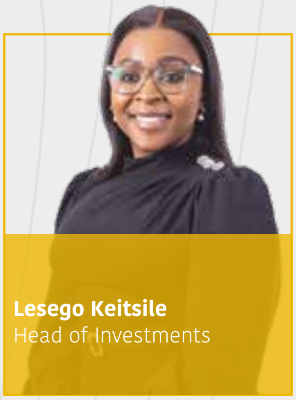
LLR TEAM

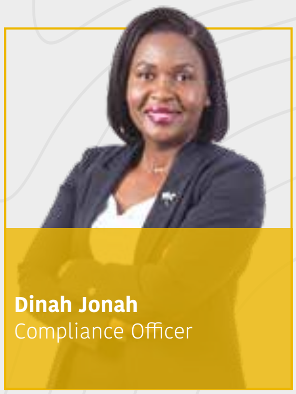

Kamogelo Mowaneng
Chief Executive Officer


Pulafela Isaacs
Chief Financial Officer


Chandada Masendu-Kusane
Chief Property Officer


Bothepa Obuseng
Head of Legal, Compliance and Company Secretary

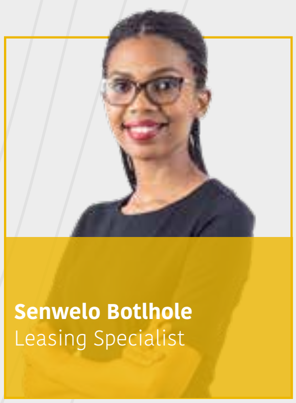

Lesego Keitsile
Head of Investments


Dinah Jonah
Compliance Officer


Kabona Kgosidialwa
Financial Accountant


Malebogo Montshiwa
Finance and Administration Manager


Letlhogonolo Madigele
Accountant


Senwelo Botlhole
Leasing Specialist


Bantle Sentsho
Leasing Specialist


Otsetswe Mongudi
Facilities Specialist


Nametso Tshwaane
Facilities Specialist


Clement Maphanka
Facilities Specialist


Oanthata Mochadibe
General Office Administrator


Thapelo Samodimo
Intern


Concillia Kotewa
Collection Officer

OUR LEADERSHIP

OUR BOARD

Khuto Balosang (49)

Independent Non-Executive Board Chairperson

Qualifications:
- Graduate of Management Information Systems
- Specialisation in Information Systems and Quantitative Analysis

Date of appointment
To the board: 14 December 2021 | As Chairman: 01 November 2022

Skills and experience:
Mr Balosang is a graduate of Management Information Systems with a specialization in Information Systems and Quantitative Analysis from the University of Nebraska in Omaha. He is a business technology management professional with core competencies in Performance Management, Business Intelligence, Management Consulting and IT Management. He has over 20 years primarily in IT Management and exclusively in delivering business solutions that improve performance. Prior to establishing a management consulting business, Mr Balosang worked in various senior positions at the Debswana Diamond Company, before being promoted to Group Systems Manager; a role with strategic leadership, coordination and implementation of key solutions in the Group. He worked in this role from 2006 until his departure at the end of 2011. During this time, Mr Balosang was responsible for leveraging his consolidated IT management experience to lead, implement and manage solutions that impacted the strategic and operational performance measures of the organisation.

Committee membership:
Nominations and Remunerations Committee

Mooketsi Maphane (47)

Independent Non-Executive Board Member

Qualifications:
- Master of Science in Industrial and Organisational Psychology
- Bachelor of Arts in Psychology (Cum Laude)

Date of appointment
14 December 2021

Skills and experience:
Mr Maphane currently serves as director and founder of MyHR Space, a human resource technology start-up. Prior to that he was the director of Human Resources at the Botswana Medicines Regulatory Authority (BoMRA). He brings over 20 years of executive-level expertise in strategic human resource management and management consulting. He is a former Board member of Boitekanelo College Group and currently a member of the Human Resource Committee of the Botswana National Sports Commission. He was a principal officer for the BIHL Staff Pension Fund, Minet Botswana Staff Pension Fund, and Orange Botswana Staff Pension Fund.
Mr Maphane is a member of the Institute of People Management and Coaches and Mentors of Southern Africa (COMENSA) and the Society of Industrial/ Organizational Society of South Africa.

Committee membership:
Nomination and Remunerations Committee and Audit Risk and Compliance Committee

Katso Gaobakwe (42)

Non-Executive Board Member

Qualifications:
- Bachelor of Commerce in Accounting
- Certified Chartered Accountant (member of FCCA and BICA)
- Masters in Management of Finance
- Management Development Program.

Date of appointment
29 June 2023

Skills and experience:
Ms Gaobakwe is a detail-oriented and strategic investment professional with extensive corporate finance, investment, and portfolio management expertise. As an Investment Principal at Botswana Development Corporation (BDC), she has demonstrated proficiency in financial analysis, financial statement analysis, investment management, and financial modelling. With her strong background in corporate governance and M&A, she serves as a director in multiple companies within the BDC portfolio, showcasing her ability to identify investment opportunities and excel in deal origination

Committee membership:
Investment Committee and Nominations and Remunerations Committee

Boikanyo Kgosidintsi (54)

Independent Non-Executive Board Member

Qualifications:
- Bachelor of Laws (LLB)

Date of appointment
29 June 2023

Skills and experience:
With a governance, finance, strategy, and leadership background, Mr Kgosidintsi served as the former CEO of Western Life Insurance Botswana and the Group Head of Investor Relations at Letshego Holdings Limited. During his tenure, he skillfully developed deep relationships in development finance and social impact investment, playing a key role in Letshego's financial inclusion efforts.

Mr. Kgosidintsi possesses extensive experience in African capital markets. He has been instrumental in structuring, executing, and marketing debt capital market raisings, surpassing a remarkable USD 2 billion for sovereign issuers, Government-related entities, and esteemed corporates. His influence and leadership in the financial landscape earned him the respected position Botswana Bond Markets Association Chairman in 2022.

Committee membership:
Investment Committee and Audit Risk and Compliance Committee

Zola Lupondwana (55)

Independent Non-Executive Board Member

Qualifications:
- Chartered Financial Analyst
- Chartered Accountant (South African Institute of Chartered Accountants)
- Chartered Accountant (Institute of Chartered Accountants in England & Wales)
- Bachelor of Commerce in Accounting

Date of appointment
29 June 2023

Skills and experience:
Mr Lupondwana is a seasoned professional in debt, equity investments, and financial management, boasting over two decades of experience in investment analysis and portfolio management within both listed and unlisted investments in South Africa.
With a specialisation in wholesale property finance, he brings over a decade's expertise in handling transactions within the residential housing market. Mr Lupondwana's illustrious career includes a significant tenure in asset management at Allan Gray Limited, a prominent investment management company, where he played a pivotal role in establishing Allan Gray's business presence in Botswana.

His esteemed professional affiliations include membership in the South African Institute of Chartered Accountants (S.A.I.C.A.) and the Institute of Chartered Accountants in England & Wales (I.C.A.E.W.).

Committee membership:
Investment Committee and Audit Risk and Compliance Committee

CHANGES IN BOARD COMPOSITION

Grit concluded its divestment from LLR in June 2023, and Ms Bronwyn Knight, Mr Oteng Keabetswe and Mr Donald Borthwick stepped down from LLR's Board. Grit has been a material shareholder in LLR since 2019 and played a pivotal role in delivering on the Company's 'Go-to-Africa' mandate from shareholders. The Company / Board thanks the former board members for their valuable contributions and input over the past four years and look forward to a mutually beneficial working relationship as we advance.

At the 2022 Annual General Meeting the unitholders resolved to not ratify / re-elect Mr Pearson and Mr Muller.

The Board and Management also thank Mr Pearson and Mr Muller for their contribution and strategic direction to the Company during their tenure.

Oteng Keabetswe
Non-Executive Director
Resigned June 2023

Bronywn Knight
Non-Executive Director
Resigned June 2023

Donald Borthwick
Non-Executive Director
Resigned June 2023

Gregory Pearson
Non-Executive Director
Retired December 2022

Mr. Mervin Muller
Independent Non-Executive Director
Appointment not ratified by shareholders at AGM in December 2022

OUR LEADERSHIP

EXECUTIVE MANAGEMENT

Kamogelo Mowaneng

Chief Executive Officer

Qualifications:
- Chartered Accountant, South African Institute of Chartered Accountants (CA(SA))
- Fellow Certified Professional Accountant (FCPA (BICA))
- Oxford Executive Leadership Programme
- Certificate in Property Development and Investment
- Post Graduate Diploma in Accounting
- Bachelor of Business Science with Finance Honours

Date of appointment
Joined LLR in February 2019

Skills and experience:
Ms Mowaneng joined LLR as the Chief Financial Officer in 2019 and shortly thereafter, assumed the role of Acting CEO for a period of 18 months prior to being substantively appointed in February 2022.

Ms Mowaneng commenced her career as an external auditor at Deloitte Johannesburg, South Africa, where she specialised in the audit of Financial Institutions and later joined Deloitte Botswana as an External Audit Manager.

Ms Mowaneng commenced her journey in the real estate sector when she branched off from Audit and joined RDC Properties Limited as Finance Manager, a position she held until joining LLR. Ms Mowaneng holds a number of Board positions; she is a Director at NBC Developments Partnership, JTTM Properties (Pty) Ltd, Mogo'lori Mall (Pty) Ltd, Orbit Africa Logistics Limited and Hidden Leaf (Pty) Ltd.

Pulafela Isaacs

Chief Financial Officer

Qualifications:
- Chartered Accountant
- Associate Certified Professional Accountant (ACPA)
- Chartered Global Management Accountant (CGMA)
- Management Development Program
- Bachelor of Finance Degree

Date of appointment
Joined LLR in April 2022

Skills and experience:
Mr Isaacs joined LLR from Rand Merchant Bank Botswana (RMB), where he served as the bank's Head of Finance. Mr Isaacs has over 16 years of financial services experience, having worked as an Investment Analyst, Equities Analyst, and Analyst & Portfolio Manager at African Alliance Botswana, Stockbrokers Botswana, Botswana Insurance Fund Management (BIFM) and Stanlib Investment Management Services, respectively. He also worked as Head of Business Performance & Analytics for the Corporate & Investment Banking Division of Barclays Bank Botswana and as Head of Finance for RMB Botswana. He has also completed various leadership programmes, including the Barclays Africa Leadership Programme and the First Rand Future-Fit Finance Programme.

Chandada Masendu-Kusane

Chief Property Officer

Qualifications:
- Master of Science Degree in Real Estate
- Bachelor of Science Degree in Property Studies.
- Certified Project Management Professional (PMP) and PRINCE2 Practitioner.

Date of appointment
Joined LLR in June 2023

Skills and experience:
Ms Masendu-Kusane is a seasoned and experienced real estate executive. Her experience covers property development, project management, asset management, valuations and investment.

She has experience in both executive and non-executive leadership of listed and non-listed companies in Botswana. Her career has been spent in commercial banking and local real estate markets. She has worked for First National Bank, Stanbic Bank, Khumo Properties and RDCP. Before joining LLR, she was an executive director at Minnacle Properties and a non executive Director at PrimeTime Holdings and Western Industrial Estates

Bothepa Obuseng

Head of Legal, Compliance and Company Secretary

Qualifications:
- Bachelor of Laws (LLB)
- Certificate in Legal Aspects of Corporate Finance

Date of appointment
Joined LLR in November 2020

Skills and experience:
Ms Obuseng is a qualified lawyer who is registered with the Botswana Law Society. Upon completing her studies in 2011, Ms Obuseng worked for Briscoe Attorneys as a Candidate Attorney. She later joined Botswana Insurance Holdings Limited (BIHL) as a legal officer in the Group Legal Services and Company Secretary division. In 2016, she joined Absa Bank Botswana Limited (formerly Barclays Bank of Botswana) as a Legal Advisor, a position she held until she joined LLR.

Lesego Keitsile

Head of Investments

Qualifications:
- Bachelor of Arts (Honours) Finance and Accounting
- Master of Science (MSc) Finance and Investment
- Enterprise Risk Management Certifcate
- Management Development Programme
- Executive Leadership Certificate

Date of appointment
Joined LLR in May 2023

Skills and experience:
Ms Keitsile is an astute Investment professional with 12 years' experience in investment and portfolio management. Before joining Letlole La Rona, she was Head of Investments at Motor Vehicle Accident Fund. She was responsible for active portfolio management of the Fund's P4.3 billion portfolio and for investment strategy formulation, implementation, and monitoring. She started her career as a Transaction Advisor at Grant Thornton Botswana, where she was specialising in private company valuations and financial due diligences.

GOVERNANCE EXCELLENCE

Effective corporate governance is a vital component and contributor to LLR's long-term sustainability. Our commitment to the highest standards of corporate governance is the foundation of our approach to build and maintain trust and create value for all our stakeholders.

Good governance allows us to exemplify our values through enhanced accountability, a transparent and ethical culture, sound risk management, and a focus on effective control.

LLR's Board of Directors serves as the custodian of our governance framework. Our strategies, policies, standards, practices, and procedures, which the Board approves, are strategically designed to uphold the highest standard of corporate governance and support our organisational objectives.

Creating Value With Good Corporate Governance

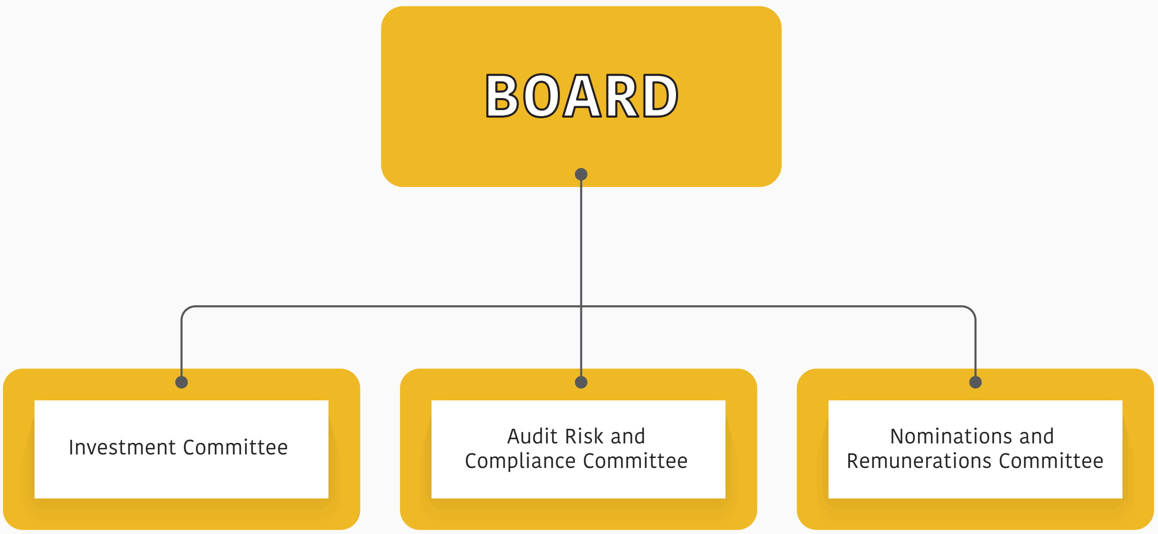
Our approach to corporate governance is an essential part of our value creation process, which benefits society at large and our stakeholders in particular, in addition to ensuring the sustainability of the business and enhancing long-term performance. By maintaining the highest corporate governance standards, we assure LLR's stakeholders of a well-conducted and well-managed business based on our reliability, accountability, transparency and sustainability.

Sound corporate governance practices are implicit in our values, culture and processes, and our internal controls promote awareness of risk, compliance and good governance in every area of the business. By ensuring that structured operational frameworks are in place and that various governance processes are incorporated in all our activities, the Board can focus on the business and make well-informed decisions in the company's best interests.

LLR's governance structures and processes create value for all its stakeholders by:

- ensuring the Company is managed in the best interests of all
- setting the tone for how business is conducted
- adopting an inclusive and integrated approach to business
- allocating capital and resources to activities that create value
- allocating responsibility and accountability
- balancing return opportunities with the cost of risk
- enhancing the Company's understanding of risk and opportunities
- ensuring corporate success and business growth
- incentivising executives and our people to achieve objectives that are in the interests of the shareholders and the Company
- instilling and maintaining confidence, as a result of which the Company can raise capital and debt funding at a lower cost, efficiently and effectively
- protecting the LLR brand through responsible behaviour
- building legitimacy through ethical leadership.

GOVERNANCE STRUCTURE



BOARD FOCUS & PERFORMANCE HIGHLIGHTS

During the reporting period, we have continued to strengthen the Company's governance practices, with the following activities undertaken:

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Strengthened Board Independence

As part of our ESG initiatives, the Board of Directors appointed Mr Khuto Balosang, an Independent Non-Executive Director, as Chairman in November 2022. LLR's Board now comprises a majority of independent directors and an independent chairperson, ensuring unbiased decision-making and oversight.

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Development and approval of key policies and frameworks

- Data Protection Policy: Aligned with new legislation, ensuring secure data management and privacy protection.
- IT Governance Framework: Ensuring effective management and governance of IT resources and systems.
- HR Policies: Including Incentive Policies, Performance Management Policies and Remuneration Policy.
- Business Continuity Plan and Disaster Recovery Management: Preparedness for potential disruptions and crisis management.
- Stakeholder Management Policy: Guiding transparent and effective stakeholder engagement, fostering trust.
- Non-Audit Services Policy: Ensuring independence and objectivity in auditing processes.
- Whistleblowing Policy: Encouraging the reporting of misconduct and unethical behaviour, ensuring a safe reporting mechanism.
- AML Policies: Compliance with anti-money laundering regulations to prevent financial crime

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Appointment of key executives

- Head of Investments, strengthening investment decision-making and portfolio management expertise.
- Chief Property Officer, enhancing property management and operational efficiency.

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External Board Assessment

Conducted an externally facilitated assessment to ensure optimal Board performance and governance

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Looking Ahead

During a strategy review session scheduled for November 2023, the Board and Management will deliberate on the following significant aspects:

- Shifting our strategy and investment tactics to proactively identify opportunities that align with our primary strategic objectives.
- Identifying alternative prospects given the expected influx of local pension fund capital, which could result in intensified competition for limited property investments.
- Contemplating incorporating in-house property development for future sale or lease purposes into our business model.

More broadly, during FY2024 the Board will focus on:

- The implementation of policies and frameworks developed in FY2023
- Developing a definitive ESG strategy
- Strategic oversight
- Financial oversight
- Risk management
- Governance and compliance
- Stakeholder engagement
- Succession planning.

Office
Furniture
-Parcels
International
Express
E-Commerce
Solutions

04.

How our strategy creates value

CEO's REPORT.

HOW OUR STRATEGY CREATES VALUE

This past year has proven to be a transformative journey, marked by LLR's resilience, vision, and steady commitment to excellence. As we navigated through a dynamic market landscape and ever-evolving challenges, LLR continued to deliver operational excellence, drive positive change, and deliver exceptional value to our stakeholders. From an operational standpoint, we have surpassed our financial goals, with our performance exceeding expectations on both the top and bottom lines. This accomplishment is a direct result of our steadfast focus on maintaining a low vacancy rate, attracting high-quality tenants, and strategically positioning our properties.

Delivering Reliable Value

Regarding overall performance, LLR has achieved commendable results, surpassing both the prior year and budget expectations by a significant margin. This success can be attributed to our consistently low vacancy rates, with the highest recorded rate for this year reaching only 3% and stabilising at an impressive 1.24% post year end. Our ability to attract and retain high-quality tenants underscores the excellence of our property offerings.

LLR's proactive approach to tenant selection further exemplifies our robust performance. Following the challenges posed by the pandemic, we refined our tenant acquisition strategy to prioritise financially secure tenants. This strategic shift has yielded substantial reductions in arrears over the past two years, reflecting our prudent risk management approach.

An integral achievement has been the reversal of Expected Credit Losses (ECL) over the last two years, transitioning to a positive figure. This accomplishment speaks to our sound debt management practices, as we have successfully curtailed the accumulation of new debts. It is noteworthy that, of the previous debt load, a significant proportion pertained to inactive accounts. In contrast, active tenant-related debt stands at a modest 2% of our turnover, well within acceptable thresholds relative to our turnover.

Our commitment to operational excellence is evident in our robust revenue collections and prudent cost recoveries. Following last year's comprehensive refurbishments, we strategically expanded our service portfolio by incorporating additional offerings, including enhanced security and professional contracted cleaning services. These enhancements fortified our service quality and resonated positively with our tenants. Their appreciation of the value-added services enabled us to judiciously recover associated costs, resulting in a mutually beneficial arrangement.

Yet, the standout highlight of LLR's performance in FY2023 lies in governance. We have significantly fortified our governance framework, a critical foundation for our operations. Notable among these developments is the shift in our shareholder landscape, particularly the complete divestment of GRIT from LLR. This transition has positioned LLR as a guardian of public funds. Consequently, a paramount emphasis has been placed on elevating our corporate governance standards.

The evolution in our shareholder structure has translated into a board composition with a majority of independent directors. Four of five directors now contribute as independent, non-executive entities, fostering a robust diversity of perspectives and expertise. Furthermore, appointing an independent chairperson has reinforced LLR's commitment to adherence to King III best practices.

Our Future Fit Go To Africa Growth Strategy

Our preceding integrated annual report cast the spotlight on LLR's strategic thrust toward Africa-wide expansion. Within this context, we acknowledged the potential catalytic role Grit could play. However, our overarching Go to Africa strategy has not wavered given Grit's subsequent divestment.

While our association with Grit offered strategic leverage, it's noteworthy that our Go to Africa agenda transcended this partnership. The strategy, incubated since 2018, was conceived in response to evolving market dynamics before the partnership materialised. Although impeded by COVID-19 disruptions, this strategy was borne from a need to diversify beyond a progressively crowded local market.

Central to our approach was the strategic utilisation of our strong network and partnerships within Botswana. Our primary partner, the BDC, granted us access to crucial government channels and valuable land resources. Additionally, our affiliation with Grit offered additional potential for expansion beyond Africa. However, our relationships with numerous key industry players continue to ensure a diverse range of investment opportunities. Our platform remains open, and conducive to considering new partnerships that align with our strategic direction.

Recent regulatory changes, such as the Revised Pension Funds Prudential Rule that increases onshore investments from 30% to 50%, are expected to engender a notable influx of capital into the local market. As liquidity surges and assets remain scarce, a competitive scramble looms, potentially exerting downward pressure on yields. The competitive landscape is already intensifying, exemplified by the emergence of local property funds. Amid these trends, the Go to Africa strategy emerges as a vital countermeasure, positioning us to secure more favourable returns beyond our domestic borders and acquire assets at equitable market values.

During FY2023, we continued to make steady progress against our six Go to Africa strategic pillars, which served as our guiding lights, directing our efforts towards creating sustainable value for our stakeholders. Strategic highlights for the year under review encompass our landmark investment beyond Botswana into the Orbit facility in Kenya, portfolio enrichment via impactful refurbishments, and repositioning our asset portfolio by divesting underperforming assets in favour of high-yield alternatives. In addition, our business has been considerably enhanced by developing numerous policies and procedures that form the bedrock of operational excellence.

More detailed reporting regarding our progress against our strategic goals is available on pages 37 to 38 of this report.

Enhancing Our Property Portfolio

Strategic recalibration post the COVID-19 pandemic had led us to streamline our sectors with a pronounced industrial orientation as we divested from office spaces and are in the process of divesting from residential spaces. However, our strategic blueprint envisions a diverse investment landscape, with an aspirational 5% allocation to alternative asset classes. The feasibility of increasing this allocation, considering prospects in healthcare, affordable housing, and data centres, is under strategic consideration.

Our industrial properties remain a stalwart performer. Enjoying prime locations and optimal accessibility across Gaborone, this sector has been pivotal in tenant retention. Meanwhile, the retail segment has exhibited remarkable resilience, rebounding substantially from COVID-19's impact. Our retail centres, bustling with renewed vitality, have witnessed a noteworthy upsurge in trade and foot traffic.

During FY2023, our portfolio underwent extensive refurbishments. The meticulous overhaul, encompassing painting, ceilings, and landscaping, has significantly enhanced tenant satisfaction. These enhancements resonate with our vision of being Botswana's real estate leader.

A prime example of such value addition is the rejuvenation of our warehouse in Gaborone West following a fire incident in 2020. Rather than a mere reconstruction, we opted to modernise the facility, effectively expanding our industrial

CHIEF EXECUTIVE OFFICER'S REPORT

property's leasable area by approximately 2500 square meters. This strategic choice resonates well in the market, with burgeoning interest from potential tenants.

The Blue Jacket Plaza in Francistown, co-owned by LLR, underwent transformative refurbishments. A strategic financial injection of approximately P76 million converted the top floor from office to retail space, accompanied by the addition of escalators for optimal foot traffic flow. This endeavour augmented its value substantially.

Similarly, our Mahalapye retail centre, which is strategically poised on an arterial A1 Road, is being repositioned as a vibrant destination mall. Efforts to amplify the engagement, from a captivating kids' play area to providing free Wi-Fi, foster extended visits and enriching experiences.

Post financial year end, on the 28th of July 2023, LLR took a significant step in enhancing our retail property portfolio by acquiring an additional 25% stake in JTTM Properties. JTTM Properties is the holding company that wholly owns Railpark Mall in Gabarone. This transaction comes as a continuation of LLR's initial acquisition of a 32.79% shareholding in JTTM in November 2021. This transaction was successfully completed on the 4th of October 2023 and resulted in LLR being the majority shareholder at 57.79%.

Further to the acquisition of additional shareholding LLR entered into a Property Management Agreement with JTTM for oversight and management of Rail Park Mall and will take over Management on 16th November 2023.

Since our initial acquisition in 2021, Railpark Mall has consistently demonstrated outstanding performance, exhibiting remarkable growth in net asset value and distribution yield. As a result, we anticipate that this investment will continue to yield superior returns for LLR. This acquisition augments our portfolio by P187.7 million. It will further position the Company to benefit from Rail Park Mall's impressive Net Asset Value growth and its attractive distribution yield, bringing the company's total investment property value to P1.6 billion.

Mitigating Risks And Embracing Opportunities

As we navigate a challenging operating environment, we acknowledge the prevailing risks that demand vigilance. In the form of a potential economic slowdown, market forces remind us to stay agile, ready to recalibrate our strategies to meet changing conditions. Moreover, the upward trajectory of interest rates challenges our profitability, urging us to employ prudent financial management to mitigate their impact.

Legislative shifts remain a focal point, with evolving regulations such as transfer duty, VAT, income tax, and data protection demanding vigilant compliance efforts. The intricate web of changing laws is met with a steadfast commitment to governance, ensuring that our operations remain within the bounds of legality.

Despite the ever-present operational concerns, such as the scarcity of investable assets within Botswana and the mechanisms for funding growth, we are poised for strategic adaptation. Beyond our goal of diversifying into Africa, we recognise a spectrum of opportunities, such as alternative asset classes, including healthcare, affordable housing, and data centres to fortify our portfolio against market fluctuations.

Focusing On Sustainability And Impact

Corporate ESG practices are receiving heightened attention from institutional investors in the evolving investment landscape. Beyond financial performance, these stakeholders scrutinise environmental, social, and governance strategies. This shift is fundamentally altering our investment outlook. Furthermore, we are updating our investment policy to incorporate an ESG perspective, allowing us to evaluate assets not solely based on financial metrics but also their broader societal impact.

Environmental Sustainability

As part of our commitment to elevate our ESG standards, LLR is embarking on a journey toward enhanced environmental practices. This encompasses plans to install solar panels across selected properties, contributing to carbon footprint reduction and aligning with the increasing demands of our major clients for tangible environmental initiatives. Our sizeable rooftops provide an opportunity to generate solar power, for internal use, resale to tenants, or integrate into the national grid. These plans are currently nascent, with ongoing consultations with experts to determine optimal strategies. The concept of green bonds is also under consideration to fund these initiatives.

LLR's focus on environmental sustainability also extends to initiatives like tree planting, rainwater harvesting, and waste classification to promote recycling. Collaboration with solar providers and green building consultants is underway, targeting sustainable energy sources and environmentally friendly property development.

Contributing To Stronger Societies

LLR's commitment to impactful social initiatives is exemplified by our Otse Village Children's hostel project. This initiative is transforming not just lives but an entire community. By providing educational continuity and mentorship, we foster an environment where children are empowered to shape their futures. This endeavour has seen an increase in children returning to school, motivated by achievement and reward. The positive ripple effects extend beyond the hostel, permeating the entire village.

In partnership with Botswana Women in Construction Organisation (BOWICO), LLR champions inclusivity and diversity in the built environment sector. Our sponsorship of the Women in the Built Environment Power Brunch showcased our commitment to reshaping an industry traditionally dominated by men. This partnership echoes our dedication to gender diversity and intellectual leadership, ultimately contributing to sectoral progress.

Furthermore, LLR sponsored and attended the Real Estate Conference and Expo in October 2023, also contributing as event as speakers. The conference aimed to impart knowledge and expertise while encouraging topical discussions on real estate matters.

As we progress, LLR continues to leverage partnerships and networks to uplift underserved communities and advance sustainable practices, aligning with our ESG objectives and commitment to a brighter, more inclusive future.

Looking Ahead

Reflecting on the remarkable journey LLR has traversed in the past 3 years, we stand at the threshold of an even more promising future. The robust foundation we have laid provides us with a solid platform to not only expand and diversify our portfolio but also to drive broad positive impacts.

Our ongoing refurbishments, marked by a commitment to delivering distinctive and exceptional rentals, set us apart. Our differentiation lies not in offering conventional industrial or retail spaces but in providing unique, quality rentals that resonate with our vision. This approach enhances the value we offer to our stakeholders and aligns with our broader commitment to sustainability.

CHIEF EXECUTIVE OFFICERS REPORT

An emphasis on green building practices will be central to our endeavours, amplifying LLR's contribution to a healthier planet and communities.

As we move into FY2024, LLR will do more than provide physical spaces. We will be crafting environments that foster growth, collaboration, and well-being.

A dual commitment therefore marks our trajectory ahead: first, to excel in financial performance, ensuring robust returns for our investors and stability for our operations; and second, to magnify our positive impact on the environment and society. We will continue to be bold, innovative, and resolute in redefining LLR as a force for holistic well-being and long-term prosperity.

Thanks

I extend my heartfelt gratitude to the diverse tapestry of LLR stakeholders who have been the cornerstone of our continued competitiveness and success throughout the past year. This collective of individuals and entities include our esteemed shareholders, invaluable associates, steadfast business partners, tenants who are the lifeblood of our properties, and of course, the backbone of LLR – our dedicated and passionate workforce.

A special note of appreciation goes to our reinvigorated Board of Directors. Your leadership, guidance, and fresh perspective have invigorated our journey, and your unwavering support fuels the aspirations of the entire management team.

Together, we have confronted formidable challenges and triumphed over them, reaffirming our unity and resilience. As we stand on the brink of tomorrow, our momentum is poised to catapult us into even greater achievements.

Kamogelo Mowaneng
Chief Executive Officer

OUR GO TO AFRICA VALUE CREATION STRATEGY

Strategic intent

We will:

- Expand the Botswana portfolio
- Optimise our assets
- Leverage partnerships and network
- Grow into Africa to create a diversified portfolio
- Enhance shareholder value and sustain investor returns.

Strategic pillars

- Streamline and expanded Botswana. portfolio
- Optimised balance sheet
- Quality African assets
- Strong partnerships and networks
- Operational excellence
- Talented and competent people

Strategic drivers

- Management
- Property Metrics
- Sustainable distribution growth over time in distribution and NAV

- Cashflow
- Location
- Quality of assets
- Tenant relations
- Long term asset attractiveness

Strategic outcomes

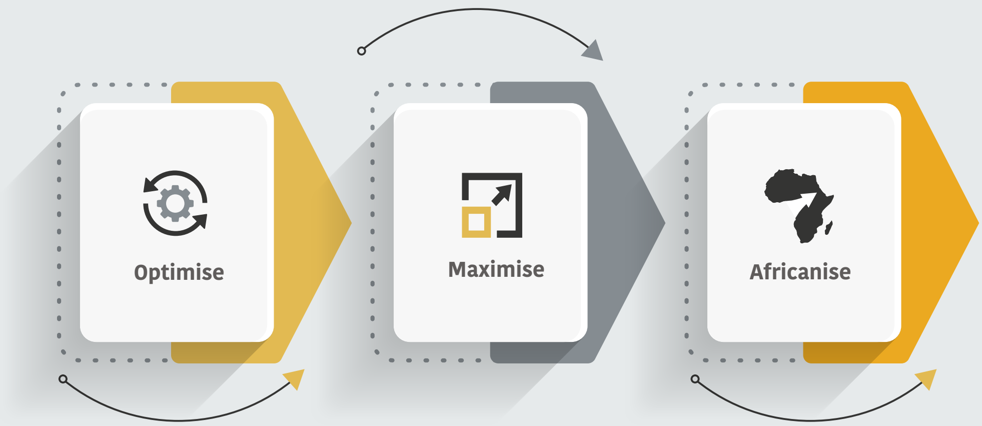
LLR's strategic map shows the cause-and-effect connection betwen our strategic objectives and the outcomes that will create value for shareholders and key stakeholders

Financial	Grow net asset value	Optimised balance sheet	Grow distribution yield
Customer	Optimise and expand Botswana portfolio	Diversify into Africa	Engage key stakeholders
Internal Processes	Institute governance and risk framework	Improve business processes	
People	Build a talented and competent team		

Excellence | **Agility** | **Innovation** | **Integrity**

OUR STRATEGIC INTENT

Our Go to Africa strategy seeks to optimise and diversify the LLR portfolio, drive balance sheet growth, enhance shareholder value and sustain investor returns. We will leverage solid partnerships and networks, optimise our assets, expand the Botswana portfolio, and grow into Africa to create a diversified portfolio of P3 billion and exceed the market-weighted average total return year on year until 2027.



Existing LLR assets will be streamlined through:

- effective asset management
- leveraging relationships with existing tenants

The market opportunity within Botswana will be seized by:

- expanding through acquisitions
- leveraging our valuable relationship with key stakeholders

LLR will engage a strategy for growth into Africa that is guided by:

- our investment policy
- clear criteria for market entry
- an effective end- to-end investment analysis process
- credible expert advice
- market intelligence
- leveraging in-country experience and networks on the continent

Performance Against Our Strategic Pillars

Our strategic pillars represent the priorities that support and encourage our strategic intent. These are the areas that will drive successful growth and serve as the enablers of our strategy.

Streamlining and expanding our Botswana portfolio

Our foremost strategic pillar centres on the refinement and expansion of our Botswana portfolio. While our broader strategy contemplates continental growth, our foundational commitment remains rooted in our domestic market. We aim to fully exploit local opportunities before seeking superior yields beyond Botswana's borders. This underscores our dedication to nurturing our home base while strategically venturing into new territories.

We relentlessly pursued superior yields and underwent a comprehensive portfolio assessment during FY2023. This meticulous evaluation discerned assets offering targeted returns versus those yielding suboptimal results. Our aim is to unlock shareholder value and allocate capital judiciously for maximum impact.

Resultantly, three assets were earmarked for divestment within the fiscal year. Among them are the Red Square apartments, a residential property; Moedi House, a key office space; and a compact industrial property in Lobatse.

Our investment philosophy underscores the dual importance of positive cash flow and appreciating asset value, which was hindered by the underperformance of these properties. Despite providing consistent cash flow, Red Square apartments languished in value growth due to stagnant residential rents. Similarly, Moedi House has exhibited a declining value trajectory since its acquisition in 2015.

The ongoing sales agreements for Red Square mark a strategic milestone in this endeavour, which aligns with our proactive strategy to unlock value by offloading assets with subpar returns and replacing them with high-yield alternatives.

Exciting prospects have materialised as we successfully concluded negotiations with Botswana Railways Organisation and JTTM Properties, acquiring an additional 25% stake in Rail Park Mall. This strategic move elevates LLR's ownership to over 57%, establishing us as majority shareholders.

Rail Park Mall has emerged as a stellar performer, attaining a 13% value escalation to P171 million, augmenting LLR's stakeholder gains from associates. This asset boasts a commendable distribution yield and maintains a healthy loan-to-value ratio of approximately 17%.

The acquisition, at P3 690.37 per linked unit, aligns with JTTM's net asset value per linked unit of P3 673.32 as at 31 March 2023 resulting in a total purchase price of P140 million.

OUR STRATEGIC INTENT

The transaction's conclusion has satisfied all conditions precedent in the Sale of Linked Units Agreement, including regulatory approval from the Competition and Consumer Authority.

These strategic moves reinforce our unwavering commitment to optimising our Botswana portfolio. Our strategic deliberations persist, underpinned by a steadfast dedication to elevating stakeholder returns and solidifying LLR's market leadership.

Quality African assets

Our strategic thrust into Africa was realised in July 2022 with an inaugural investment under the Go to Africa strategy. In collaboration with Grit, we completed our 30% co-investment in the Orbit manufacturing facility located in Kenya, marking a significant milestone since the strategy's launch in May 2022.

Our incursion into the African market, anchored by the Orbit facility investment, underlines our optimism regarding the region's growth trajectory. Nonetheless, the fluidity of global interest rates, notably in the US, introduced complexities that tempered our initial positive cash flow projections. In the face of these external variables, we are equipped to manage changes while staying aligned with our long-term goals.

Our vision for international expansion persists. Although our efforts in this sphere were relatively subdued during FY2023, we diligently explore potential opportunities beyond our borders. Several promising prospects are under consideration, attesting to our dedication to fostering a diverse and robust investment landscape.

Optimising our balance sheet

LLR aims to optimise its balance sheet to unlock value and deliver on our strategic intent. The Company seeks to "sweat the assets" to derive their maximum value and form multi-bank relationships.

During the financial year, we reassessed and began optimising our capital structures to ensure that they continue to serve as a significant growth lever for our business. We also prioritised rebalancing our asset portfolio to facilitate our future expansion aspirations.

As a culmination of our rigorous efforts in Balance Sheet Optimisation, we successfully generated additional headroom amounting to approximately P100 million. This enhanced capacity stands poised to facilitate our strategic manoeuvres with increased flexibility.

Our financial strategies have ventured beyond the conventional, and we are actively considering alternative funding avenues. Specifically, a rights issue is under careful deliberation as an additional financing option as we chart our path forward.

Maintaining strong partnerships and networks

A critical aspect of LLR's strategy is to form beneficial partnerships with well-informed investors and leverage our diverse industry relationships to support optimal business growth. The Company continues to build relationships with significant institutional investors to access opportunities and innovative ventures in the market. These partnerships and collaborations follow the proper channels per good corporate governance and are subject to Board approval.

Our commitment to robust stakeholder relationships has emerged as a focal point during FY2023, spanning real estate, financial, and investor domains. We have embarked on an intensified effort to fortify these connections.

Among these initiatives are inviting our asset managers and financiers to property tours designed to unveil the essence of LLR beyond our annual reporting presentations. These engagements deepened their understanding of LLR and facilitated reciprocal insights, enhancing our alignment with stakeholder expectations.

Furthermore, our commitment extends to our subsidiaries and associates. Notably, our investments in NBC and JTTM have yielded commendable performance, underscoring the strength of these partnerships.

Driving operational excellence

Good corporate governance and optimised business processes assist in ensuring the delivery of our strategic intent to drive operational excellence. Additionally, LLR seeks to improve customer experience and strategically position technology for effective and efficient delivery.

During FY2023, our pursuit of operational excellence was underpinned by a concerted focus on policy refinement and formulation.

An eminent milestone has been ratifying our long-awaited Remuneration Policy in June, addressing a crucial shareholder concern since 2020. Additionally, our policy portfolio has expanded to encompass stakeholder engagement, communication, and whistle-blowing policies, meticulously aligned with best practices. Simultaneously, we have entrenched data protection protocols and diligently refined our Anti-Money Laundering (AML) policies. Our freshly endorsed IT framework, scheduled for implementation in the upcoming year, is now buttressed by a curated Business Continuity Plan and Disaster Recovery Management Plan. This systematic approach considerably reinforces the bedrock of our operations.

In the interest of streamlining and unifying practices, we are diligently constructing comprehensive standard operating procedures that will serve as a guiding compass for all aspects of our operations. Well-documented procedures and guidelines safeguard LLR's institutional knowledge and ensure a seamless transition for new entrants.

Developing talented and competent people

LLR places people at the core of the effective execution of strategy. Therefore, resources are channelled towards developing a solid team to drive LLR's growth strategy and build a performance-driven culture.

Recognising that our people are the cornerstone of strategy execution, we are actively crafting a robust talent management policy. In addition, through a skill mapping exercise, we identify gaps and fortify our workforce's proficiency to align with our strategic blueprint.

Our Short-Term Incentive (STI) Policy was enacted in pursuit of holistic motivation in FY2023. This policy aligns our talent and collective goals, galvanising our journey to achievement. Moreover, a Long-Term Incentive (LTI) plan is on the horizon

While pioneering these transformative policies, we acknowledge the need for cultural and behavioural shifts. This journey entails a deliberate transition towards a more empowered and responsive workforce underpinned by our commitment to nurturing talent and cultivating competence.

EXTERNAL ENVIRONMENT ANALYSIS

Global economic overview

The global economy faces challenging conditions as it grapples with the pandemic's far-reaching impacts, the Russian Federation's invasion of Ukraine, and efforts to combat high inflation through tightening monetary policies. These overlapping adverse shocks have led to a precarious state, with a significant slowdown in projected global growth for the latter half of 2023 and continued weakness expected in 2024.

Inflation pressures persist, prompting central banks to implement tight monetary policies, which are projected to affect economic activity significantly. Advanced economies have experienced stress in their banking sectors, resulting in more restrictive credit conditions that could further dampen economic activity. This, combined with the possibility of even weaker global growth, poses substantial risks to the world's economic outlook.

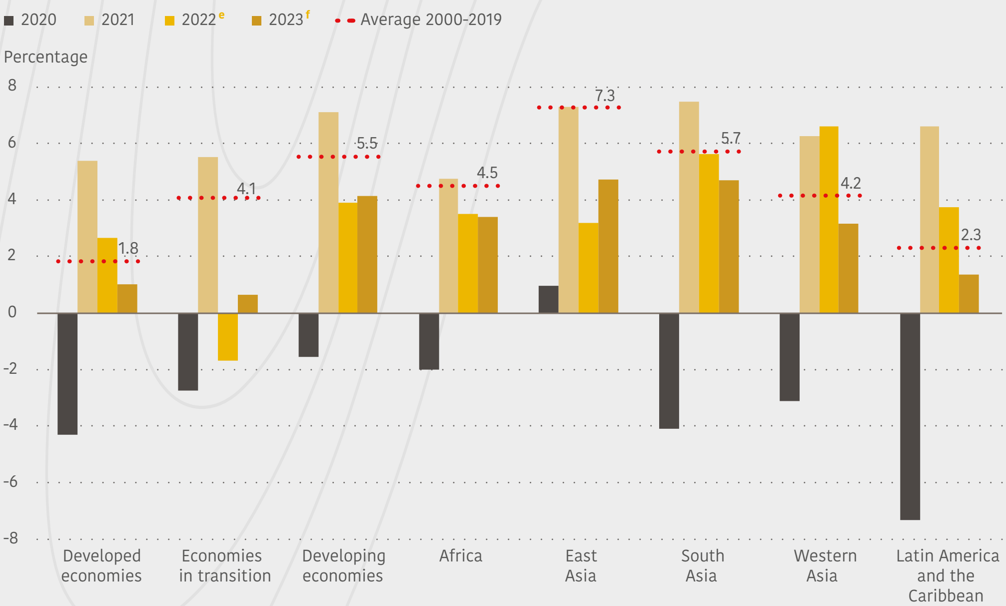
However, according to the latest McKinsey Global Survey on economic conditions, executives worldwide are more positive than negative about the state of the economy for the first time in more than a year. Survey respondents expressed positivity about their countries' economic conditions but remained cautious about rising inflation and geopolitical risks, which are perceived as potential threats to economic growth.

Consumer confidence has gradually improved but remains patchy and low in many regions. Inflation has eased in some areas, including the US, where inflation expectations are close to the Federal Reserve's targets. However, core inflation remains at uncomfortable levels. In June 2023 the US Federal Reserve Bank broke a ten-meeting streak of rate rises and maintained its target range for the federal funds rate, while the European Central Bank (ECB) and the Bank of England raised their key interest rates. Concerns arise from events in Russia, with market reactions subdued but uncertainties surrounding potential disruptions in wheat supplies and energy price volatility.

Global GDP growth in 2023 is projected to be 2.7%[7] , the lowest since the global financial crisis, with a modest pick-up expected in 2024. Stock exchanges across countries have shown mixed performances, with some experiencing declines and others demonstrating stronger returns. Currency appreciation against the US dollar has been observed in most regions. In the context of this challenging global economic landscape, emerging markets and developing economies (EMDEs), including LLR's operating regions, are expected to be negatively impacted due to tight global financial conditions and subdued external demand.[8]

By fostering a proactive approach and maintaining strategic focus, LLR continued to navigate the evolving operating conditions in 2023 successfully.

Figure 3
Growth of gross domestic product by region and country grouping



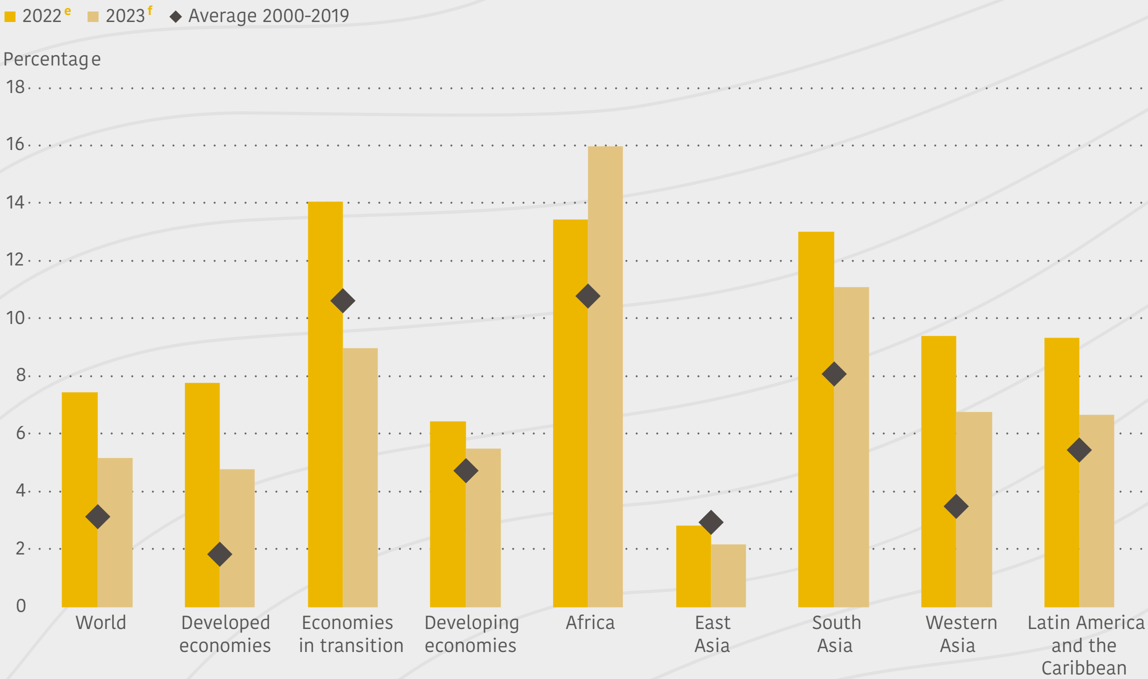
Source: UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model.
e = estimates,

7 Mckinsey Global Economic Summary June 2023
8 World Bank Global Economic Prospects, June 2023

EXTERNAL ENVIRONMENT ANALYSIS

Figure 4

Annual inflation by region and country grouping

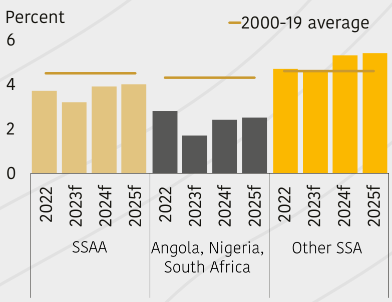


Source: UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model.
Note: **e** = estimates, **f** = forecasts. Regional averages are GDP-weighted. Data for Argentina, Sudan, Türkiye and the Bolivarian Republic of Venezuela are excluded.

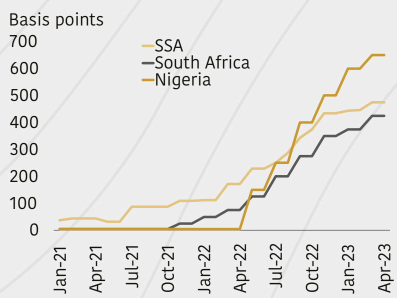
Regional economic overview

Sub-Saharan Africa's economic growth in 2023 is projected to slow from 3.6% in 2022 to 3.1% in 2023[9] , affected by external headwinds, persistent inflation, higher borrowing costs, and increased insecurity. Recoveries from the pandemic remain incomplete, with elevated living costs impacting consumption growth across the continent. Fiscal space has narrowed, and surging import bills and higher debt burdens have heightened financing needs. The baseline projection for 2024-25 envisions a pickup in growth to over 4%, but per capita incomes are expected to expand slowly. Risks to the baseline remain tilted to the downside, including global economic slowdown, deteriorating terms of trade, higher inflation, financial distress in advanced economies, and adverse weather events, which could exacerbate poverty and hinder climate resilience efforts.

A. Growth



B. Monetary policy interest rates, change since December 2020



Limited fiscal space and tight monetary policies are likely to restrain investment growth in Sub-Saharan Africa. The private sector activity in Sub-Saharan Africa has softened, influenced by country-specific challenges and external headwinds. Social unrest, armed conflicts, elevated living costs and food insecurity due to prolonged droughts have added to the challenges in several countries. However, despite the challenges, Africa's investment case remains promising. The continent houses some of the world's fastest-growing economies, a young population, and identifiable middle classes experiencing mass urbanisation. Returns on investments in Africa have been among the highest globally.

Focusing on Botswana, the government continues to pursue market-oriented economic policies to support growth and diversify away from diamond mining. GDP growth is expected to slow below 4% in 2023, primarily due to the impact of monetary tightening, with marginal support from the agricultural sector. However, growth is expected to accelerate in the following years, driven by the services and mining sectors. Inflation in Botswana stood at 4.6% in June 2023, within the Central Bank's 3.0-6.0% target range for the second consecutive month. By September 2023, Botswana's annual inflation rate picked up to 3.2%, accelerating from a three-year low of 1.2% in the prior month. Inflation is projected to average lower in 2023 than in 2022 but is expected to remain above the Bank's target. The expiration of the Black Sea Grain Initiative poses an upside risk, given Botswana's status as a net food importer. [10]

In the midst of these regional challenges, LLR remains cognisant of the economic landscape in Sub-Saharan Africa, including Botswana. The company acknowledges the potential for slower growth and the impact of various macroeconomic factors on its operations. Through a proactive approach and strategic focus, LLR aims to adapt to the regional operating environment and leverage opportunities aligned with its commitment to sustainable value creation.

Overview of Botswana property market

In the aftermath of the pandemic, Botswana's property market is gradually showing signs of recovery, although challenges persist in certain sectors.

The retail sector has displayed resilience, with rents experiencing a modest 4% decline over the past two years[11] . Landlords demonstrated flexibility, cushioning retailers from the pandemic's impact through increased accommodation during lockdowns. As a result, occupancy levels in established malls stand at approximately 95%, and new retail developments maintain around 90% occupancy. However, the retail sector faces emerging threats, such as falling real household incomes due to climbing inflation, leading to reduced footfall in major shopping malls, particularly in Gaborone. Despite this, demand for new retail space remains robust, supported by retailers enhancing their margins through a strengthened online presence. Completing the Fields Shopping Complex added 26,000m^2 to Botswana's total retail stock.

The government's focus on stimulating industrial activities through a new industrial strategy and supporting policies has positively influenced the industrial sector. Throughout the pandemic, steady warehouse demand has been observed, reflecting the success of the government's intervention in stimulating manufacturing, agro-industrial, and diamond mining sectors. As a result, average warehouse lease rates are approaching pre-pandemic levels.

In contrast, the office market in Gaborone is grappling with a substantial slowdown in demand. Factors such as post-Covid occupational adjustments favouring remote working, the pandemic-induced economic slowdown, and an oversupply of office space have contributed to reduced leasing activity. The public sector's restructuring may further contribute to the oversupply of office space. As a result, landlords are competitively undercutting one another to secure tenants, leading to a decline of 14% in prime office rents since the end of 2020.

The residential rental market for affordable homes has proven resilient, with demand surpassing supply. However, the sales market faces challenges due to stringent mortgage lending criteria for domestic buyers and legislation curbing international buyer activity. Weaker demand is expected to impact average property values, particularly at the higher end of the market. Both the rental and sales markets face potential risks from broader economic weakness.

10 Focus Economics: Botswana Economic Forecast June 2023 and tradingeconomics.com
11 Knight Frank 2022 / 2023 Africa Report

REGULATORY ENVIRONMENT

LLR remains vigilant in monitoring and complying with legislative updates to uphold ethical practices and regulatory requirements. During FY2023, several notable legislative developments have been closely observed:

- **Revised Pension Funds Prudential Rule**

  The Pension Prudential Rules have been reviewed to allow for 50% onshore and 50% offshore investments. Previously, retirement funds could invest up to 70% offshore and at least 30% onshore. This is to make funds held by Pension Funds available for developmental purposes in Botswana, contribute towards boosting the local economy, and create the much-needed sustainable jobs. A significant proportion of LLR's investors constitute pensions funds, which could impact our strategic planning. With the influx of pension fund capital earmarked for investment locally, there is an acknowledgement that there will likely be far fewer opportunities to invest locally as all players in the market will be competing for limited property investments. Notwithstanding this constraint, our Board views this as an opportunity to define, identify and pursue other opportunities.

- **Transfer Duty Tax**

  A significant regulatory change in FY2023 is the amendments of the Transfer Duty Act that were signed into law on 28 April 2023 and came into operation effective 3 May 2023. The amendments to the Act were as a result of increased industry pressure for there to be a revision to the applicable provisions which had stifled the property market. The changes brought by the Act are expected to have a positive effect on the Botswana property market.

  The amendments include increasing the transfer duty exemption benefit for citizens to BWP1,500,000.00 from BWP1,000,000.00 as well as the reduction of the transfer duty payable by non-citizens from 30% to 10% of the purchase price or value of immovable property below BWP 2,000,000.00, and 15% for all amounts exceeding BWP2,000,000.00.

- **Establishment of a Corporate Governance Code for Botswana:**

  The Botswana Accountancy Oversight Authority (BAOA), has received legislative approval to introduce a new corporate governance code for major public and private entities. These sweeping changes were introduced through amendments to the Financial Reporting Act, which took effect on April 1, 2022. BAOA's proposed code, aligned with King IV principles, is under industry review and awaiting implementation.

  LLR is proactively preparing to comply with the draft code, ensuring readiness for adherence once it comes into effect.

- **Data Protection Act:**

  The Data Protection Act, assented to by the Parliament of Botswana on August 3, 2018, became effective on October 15, 2021. A one-year grace period was granted to entities processing personal data to align with the provisions of the Act. The compliance deadline has been extended from 15 September 2023 to 17 September 2024.

  LLR is fully compliant with the provisions of the Data Protection Act and has already developed internal policies that align with its requirements. The company is well-positioned to achieve complete compliance with the Act within the stipulated timeframe.

  As legislative landscapes evolve, LLR's commitment to adhering to regulatory standards and promoting good governance remains unwavering. By staying informed and proactive, LLR endeavours to navigate any future legislative changes to maintain its reputation as a responsible and transparent entity.

MANAGING RISKS & OPPORTUNITIES

We take on certain risks in executing our strategy, including making investments and capitalising on opportunities to enhance the portfolio. We, therefore, appreciate that effective risk and opportunity management plays a crucial role in pursuing financial stability and delivering superior value for our stakeholders. Effective internal risk reporting forms a vital component of the risk management system, which ensures that management, the Audit Risk and Compliance Committee and the Board:

- are informed of emerging risks
- are made aware of adverse events that require management's intervention
- receive assurance that the business is operating within acceptable levels of risk
- receive relevant, accurate and timely information regarding the level of risk within the Company.

The Board is ultimately responsible for the governance of risk. Identifying, evaluating and managing risk is an ongoing process, and the Board and management are regularly updated. Management is accountable for implementing, monitoring and reporting on an effective risk management plan. All of our people are responsible for managing risk in their day-to-day decisions..

Our Top Risks During FY2023

During the year under review, there has not been significant movement in the total risk scores of the key risks that affected the company in the previous financial year. Our top 10 risks include macroeconomic, strategic, operational and regulatory risks.

Macroeconomic Risks

Challenging market conditions	Factors such as high inflation and rising interest rates have an adverse impact on returns and the cost of funding.
Management mitigation • Maintain significant cash buffers • Concluded balance sheet optimisation • Negotiate a fixed and floating rate debt funding structure • Raise capital from equity holder and other alternative sources • Negotiate longer debt tenure • Implement prudent cost management measures	**Link to strategic objectives:** **Stakeholders impacted:**

Strategic Risks

Challenges in raising capital	Lack of a clear financing strategy to support future growth towards an ideal capital structure. Limited headroom for further debt funding.
Management mitigation • Balance sheet optimisation completed • Maintain good relationship with financial institutions, private equity firms, shareholders and asset managers • Consider methods of funding such as capital recycling or a rights issue.	**Link to strategic objectives:** **Stakeholders impacted:**

Lack of local opportunities	Lack of quality assets of appropriate investment worth in Botswana. Valuations of targeted properties are excessive.
Management mitigation • Balance sheet optimisation completed • Cautiously expanding into Africa • Maintain close relations with real estate investors, agents, developers and property owners • Leverage off strategic partners and networks who have good pipeline locally • Management and Board interrogate external valuations performed.	**Link to strategic objectives:** **Stakeholders impacted:**

MANAGING RISKS & OPPORTUNITIES

Expanding into Africa	Delay in executing the set Go-To-Africa strategy. African countries are unfamiliar to LLR, and property trends may be misunderstood. Socio-political instability is an additional risk in certain countries across the continent, while cross border transactions carry a risk of foreign exchange rate fluctuations.
Management mitigation • Formulation of strategic partnerships with real estate investment companies and agents in the region • Strict investment criteria that take political stability and our ability to repatriate funds into account.	**Link to strategic objectives:** **Stakeholders impacted:**

Operational Risks

Tenant retention	Inability to retain tenants due to failure to meet tenant expectations regarding the maintenance of properties.
Management mitigation • Develop and implement a Maintenance Policy and Service Level Agreements • Ensure properties are well maintained • Maintain good tenant relationships • Negotiate favourable lease terms • Maintain low vacancy rates • Implement robust credit vetting process • Implement robust collection methods.	**Link to strategic objectives:** **Stakeholders impacted:**

Tenant default	Failure to attract quality tenants leads to revenue leakages through rental payment defaults.
Management mitigation • Implement robust credit vetting process • Implement robust collection methods.	**Link to strategic objectives:** **Stakeholders impacted:**

Employee value proposition	Loss of and demotivated staff members affecting operations due to lack of processes that focus on building a competent and motivated team.
Management mitigation • Remuneration Policy, Rewards and Recognition Policy, Performance Management Policy and Procedures in place • Institute a rigorous change management programme • Staff engagement • Institute clear employee value proposition • Reinforce employee engagement • Formulate a clear succession plan.	**Link to strategic objectives:** **Stakeholders impacted:**

MANAGING RISKS & OPPORTUNITIES

Cyber Security	Increased risk of hacking, phishing, and general cyber-attacks, which could lead to loss of personal data, financial or reputational damage.
Management mitigation • Development of IT policies completed • Implementation of robust IT risk governance framework to be carried out during FY2023/24.	**Link to strategic objectives:** **Stakeholders impacted:**

Regulatory Risks

Legislation changes	Ongoing changes in legislation which impact transfer duties, income tax and data protection measures.
Management mitigation • Keeping abreast with changes in the legislation • Engaging external experts to assist in the assessment and implementation of revised legislation.	**Link to strategic objectives:** **Stakeholders impacted:**

Non-compliance with Laws and Regulations	Non-compliance with laws and regulation such as Botswana Accountancy Oversight Authority, Anti-Money Laundering Policy, Botswana Stock Exchange Limited etc.
Management mitigation • Keep abreast with all applicable legal and regulatory requirements • Use the Legal and Regulatory compliance checklists to assess compliance • Devise action plans for areas of potential non-compliance.	**Link to strategic objectives:** **Stakeholders impacted:**

INTEGRATED STAKEHOLDER ENGAGEMENT

At LLR, our stakeholder engagement and communication approach is designed to continually add value to all stakeholders, recognising relationships' direct and indirect impact on our organisation and reputation.

Feedback from stakeholders is vital in enhancing our strategy and operations, allowing us to deliver tangible value. By proactively managing our stakeholder relationships through systematic engagement and clear communication, we aim to maintain trust, openness, and alignment with our stakeholders' needs and expectations.

Stakeholder Engagement and Communication Policy

In 2023, we established a formal Stakeholder Engagement and Communication Policy to ensure effective interactions with both internal and external stakeholders. This policy serves to:

- Implement a systematic approach to managing and communicating with stakeholders.
- Provide clear guidelines and expectations for all forms of communication.
- Ensure all communication aligns with LLR's vision, mission, and values, being clear, relevant, accurate, and timely.

We understand that communication is one-sided, while engagement requires active interaction and feedback. Both aspects are essential for effective stakeholder engagement. Our policy, effective since June 2023, integrates communication and engagement elements.

Managing Stakeholder Relationships

LLR is currently developing a comprehensive stakeholder engagement plan outlining each stakeholder group's goals, needs, and expectations. This plan will incorporate activities, timelines, and the communication channels we intend to utilise. We are committed to regularly reviewing and updating the plan as necessary.

To ensure effective engagement, the Board assigns specific individuals or teams with the responsibility of stakeholder engagement. These teams are accountable for executing the engagement plan and reporting progress to senior management. Certain elements of stakeholder engagement may sometimes be outsourced to an external public relations firm; however, ultimate accountability always rests with LLR.

Stakeholder analysis

We group our material stakeholders by their level of influence on us and our impact on them. To foster constructive engagement and communication, we employ various channels to connect with our stakeholders effectively. We are committed to understanding their concerns and applying their relevant inputs to our decision-making to ensure value creation.

Investors, Funders And Asset Managers	
Management mitigation We engage with our investors and funders to: • Build their confidence in LLR • Ensure access to funding • Foster open dialogue to understand and address their concerns. Our investors and lenders provide the capital and financial support that enables LLR to invest in our operations and assets, thereby delivering superior value to stakeholders in the longer term.	**How we engage** • Financial results and releases • Investor and funder updates • Engagement events • Annual reports • Website updates • Formal report back at the Shareholders Annual General Meeting.
Their needs and expectations • Sustainable financial returns • Attractive and sustainable growth strategy • Strong balance sheet and profitability • Strong risk management • Transparent reporting and disclosure • Sound governance • Long-term stability.	**Our response** • Sound business strategies aimed at delivering growth and value • Maintaining pleasing financial performance • Transparent communication of opportunities, risks, and performance • Strong corporate governance structures.

Employees	
Why we engage Our people are integral to LLR. Through them, we can deliver value to our tenants, shareholders and stakeholders and build the growth and success of our business. Our people's confidence in our strategy and their collaboration in performance and delivery is crucial to long-term success.	**How we engage** • Email updates • Trainings • Policies • Employee social events • Annual team building events • Employee performance reviews.
Their needs and expectations • Fair remuneration, effective performance management, and recognition • Training, skills development and talent management • Career development and advancement opportunities • Clear communication • A safe and healthy work environment.	**Our response** • Learning and development opportunities for improved employee competency and effectiveness • Flexible working arrangements for the "new normal" • Career path and succession programs • A safe and secure working environment.

INTEGRATED STAKEHOLDER ENGAGEMENT

Tenants

Why we engage	How we engage
LLR aims to be the first choice for tenants. Our ability to deliver on our vision and strategic objectives depends on our continued ability to provide properties that meet tenant needs and expectations. We strive to understand our tenants so that we engage with them in a relevant way and offer facilities that are right for them.	• Marketing campaigns • Customer polls and surveys • One-on-one interactions • Website • Social media
Their needs and expectations	**Our response**
• Ethical and fair treatment • Convenient and appropriate rental properties • Friendly and efficient service • Transparency • Data and personal information security	• Appropriate, accessible and well-maintained rental properties • Add and retain high-value tenants • Excellent customer service • Reduced tenant complaints

Regulators, Government and Authorities

Why we engage	How we engage
Regulators provide the framework for a robust and productive property and asset management sector and offer opportunities to work together to safeguard the interests of all participants within a property ecosystem. Engagement with government and regulatory authorities/bodies builds confidence and trust, enhancing brand reputation and the ease of business.	• Shareholder and Stock Exchange notices • Investor and funder updates • Website updates • Audits
Their needs and expectations	**Our response**
• Compliance with all legal and regulatory requirements. • Responsible business practices and contributions to society • Risk and cybercrime management	• Compliance with all legal and regulatory requirements • Regular, timely, and accurate reporting with the required level of detail • Attending meetings, arranging for on-site visits, and maintaining communication with regulators • Being a responsible taxpayer

Suppliers, Property Brokers and Other Business Partners

Why we engage	How we engage
Effective strategic commercial partnerships facilitate LLR's ability to deliver innovative tenant value propositions and superb customer experience. Business partner engagements are vital to developing lasting relationships with vendors and service providers through mutual trust, ensuring beneficial outcomes for both parties.	• Scope of work agreements • Audits
Their needs and expectations	**Our response**
• Mutual benefits and profitability • Clear agreement on terms and adherence to agreements • Ethical principles and business practices	• Selecting partners that are aligned to our key values and objectives • Primarily engaging local suppliers for procurement • Clear and transparent agreements • Terms of payments schedules

Communities

Why we engage	How we engage
Thriving communities enable businesses to succeed. We engage in understanding societal needs to align our business further.	• Scope of work agreements • Audits
Their needs and expectations	**Our response**
• Social investment • Community upliftment	• Community support and investments • Internships

THE MATERIAL MATTERS THAT INFORM OUR STRATEGY

Materiality process

Material matters are the factors that could substantially affect LLR's profitability, strategic implementation and sustainability and therefore influence our ability to create and sustain value for all stakeholders in the short, medium and long term.

LLR identifies, evaluates and prioritises material matters annually as part of our planning process to support the delivery of our purpose and strategy. In 2023, in line with global best practices, we adopted a double materiality process that references our internal and external environments. The concept of double materiality acknowledges that a company should report simultaneously on financial matters in influencing business value and material to the market, the environment, and society.

Double materiality determination process

Our externally facilitated materiality process was aligned with the Value Reporting Foundation's Integrated Reporting Framework and the Sustainability Accounting Standards Board. The process involved in-depth research, an evaluation survey and an executive consultation workshop.

Relevance	Impact Evaluation	Prioritisation
Identify potentially relevant material topics for consideration.	**Assess importance by evaluating the extent to which good or bad management would affect financial and impact outcomes.**	**Prioritise matters based on the scale of their internal and external impacts.**
We conducted extensive desktop research to identify and collate a wide range of material topics: • Global and industry-specific sustainability matters identified by GRI, SASB and the UNSDGs • Previous matters reported on in our FY2022 Integrated Annual Report • Other matters identified in industry peer reporting • Matters raised by stakeholders • Emerging matters identified in a media scan **49 potential material topics were consolidated into an extensive list for executive consideration and evaluation.**	A range of internal stakeholders assessed and scored each identified material topic using a seven-factor ranking system that evaluates impacts from an internal and external perspective. The resulting survey data was aggregated and graded to ascertain which topics had the most significant financial and external impact ratings. **10 material matters met our criteria for double materiality.**	At a special workshop, representatives of all key departments discussed and agreed on the final rankings of the material matters. Data-driven materiality ensured the conversation focused on facts and insights rather than opinions about sustainability topics. The final scores were submitted to the CEO and Board for approval. **The outcome of this process guided the content of our integrated and financial reporting.**

Managing material matters

Material matters provide insight into our social and environmental impacts, and information that supports stakeholder and strategic decision-making. We manage material matters by identifying, prioritising, responding and reporting on them.

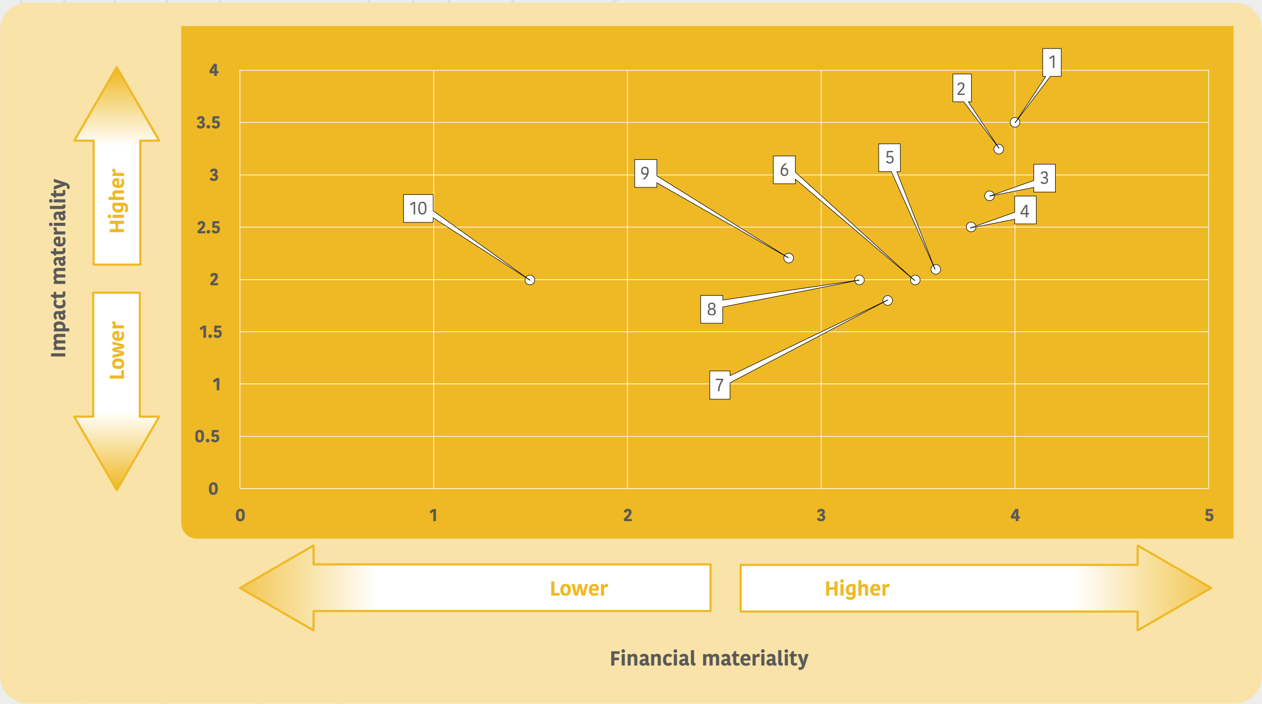
THE MATERIAL MATTERS THAT INFORM OUR STRATEGY

Our most material matters in 2023

Here we provide a snapshot of the material matters identified in 2023. We consider materiality from both an 'impact materiality' and 'financial materiality' perspective and plot each matter on a graph. The numbers assigned to each material matter do not necessarily reflect their relative importance; LLR considers each matter as necessary.

Throughout this report, we provide details regarding these material matters, including our approach, strategic response and any related risks or opportunities.

Our 2023 material matters
1. Compliance with laws and legislation
2. External operating environment
3. Corporate strategy and Investments
4. Corporate governance
5. Property quality
6. Financial performance
7. Employee satisfaction and development
8. Relations with stakeholders
9. Local community development
10. Preservation of natural capital



THE MATERIAL MATTERS THAT INFORM OUR STRATEGY

MATERIAL MATTER	DESCRIPTION	HOW WE ARE RESPONDING	EXTERNAL / STAKEHOLDER IMPACTS	INTERNAL CAPITAL IMPACTS
Compliance with laws and legislation	Compliance and transparency concerning all legal and regulatory requirements, including environmental, social and governance requirements, are central to LLR's reputation and licence to operate. Proactively identifying relevant, existing and emerging legislation is critical to ensuring compliance. Although meeting these compliance standards can be demanding, we view it as worthwhile to benefit society and our surrounding communities.	Refer to: Message from the Chair, pg 18 Corporate governance, pg 28	By proactively ensuring compliance, LLR upholds its reputation and maintains its license to operate, which is crucial for investors, providers of capital, and asset managers who rely on the company's financial stability. Compliance ensures a fair and safe working environment for employees, fostering trust and loyalty. Tenants benefit from LLR's adherence to laws and regulations as it assures quality property management and fair lease agreements. Regulators, government, and authorities have confidence in LLR's ability to operate responsibly, leading to smoother interactions and potential support for future projects. Suppliers and business partners can trust LLR's commitment to ethical practices and compliance, leading to more substantial and sustainable relationships.	Compliance and transparency ensure the proper use and protection of financial capital, preventing costly legal issues and fines. By following laws and regulations related to built and natural capital, LLR can safeguard its property investments and reduce potential environmental risks, enhancing the value of its portfolio. Moreover, compliance with laws and regulations enhances LLR's intellectual capital, demonstrating the company's understanding and adaptation to the evolving legal landscape.
External operating environment	External socio-economic conditions, including inflation, interest rates, forex fluctuations, property rates, geopolitical risk and constrained consumer spending impact LLR's ability to create value. A challenging operating environment affects not only the performance of LLR's investments and our opportunities to secure quality assets at a reasonable price, but our tenant's operating sustainability and the general well-being of local communities.	Refer to: External environment analysis, pg 39	Economic disruptions can impact LLR's ability to generate returns for investors, providers of capital, and asset managers and may influence their investment decisions. Economic challenges can impact employee wellness, job security and satisfaction. Market dynamics directly affect LLR's tenants' businesses, influencing their ability to pay rent or leading to lease renegotiations. Instability in the operating environment may affect our suppliers' and business partners' ability to fulfil their contractual obligations. Economic conditions and social factors influence local economic development, job creation, and community well-being.	Economic conditions and geopolitical risks can influence: • the availability and cost of financial capital for LLR's operations and investments. • the demand for LLR's built assets, affecting occupancy rates and rental income. • workforce planning, recruitment, and employee development efforts. • LLR's ability to invest in green initiatives or renewable energy solutions affecting its natural capital. Our response to economic challenges and social issues can shape LLR's social and relationship capital.

THE MATERIAL MATTERS THAT INFORM OUR STRATEGY

MATERIAL MATTER	DESCRIPTION	HOW WE ARE RESPONDING	EXTERNAL / STAKEHOLDER IMPACTS	INTERNAL CAPITAL IMPACTS
Corporate strategy and investments	LLR's corporate strategy, partnerships, and investments underpin our operational sustainability and have a critical role in generating long-term value for our stakeholders. By strategically identifying opportunities, adapting our business model, leveraging new trends and technologies, and fostering partnerships, we position ourselves to thrive in a rapidly evolving market, enhancing our financial stability and resilience. This approach supports our ability to navigate external operating conditions and enables our positive social and environmental impacts.	Refer to: Message from the CEO, pg 32 Message from the Chair, pg 18 Our Go to Africa value creation strategy, pg 36	LLR's corporate strategy and investments directly impact our financial performance and return on investment, influencing investors' confidence and decisions. Strategic decisions may affect our workforce through expansion, contraction, changes in business focus, or opportunities for growth and development. Our investment decisions influence the types of properties available to tenants and the level of service provided. LLR's corporate strategy and investments may influence our partnerships and collaborations with suppliers and business partners. Responsible and sustainable investments may contribute to community development, well -being and job creation.	LLR's corporate strategy and investment decisions require financial resources. Careful financial planning and capital allocation are essential to execute the chosen strategy and achieve investment objectives. Our investments in new properties, refurbishments, or maintenance projects also require the effective management of manufactured (built) capital. The execution of LLR's strategy relies on our workforce skills, expertise, and capabilities. We leverage our intellectual capital to assess opportunities, conduct due diligence, and make informed decisions. Ethical and sustainable investments can enhance LLR's social and relationship capital, leading to positive stakeholder perceptions and environmental outcomes.
Corporate governance	Appropriate corporate governance is a cornerstone of responsible and well-managed organisations. Our robust governance framework encompasses effective risk management, anti-corruption measures and sustainability practices, ensuring integrity, transparency, and protection of stakeholders' interests. Through these systems, we uphold ethical behaviours, address risks proactively, and safeguard sensitive information, contributing to our long-term financial stability and external reputation.	Refer to: Message from the Chair, pg 18 Corporate governance, pg 28	Effective corporate governance ensures transparent and accountable management of LLR, instilling investor confidence and attracting potential investors. In addition, a strong governance system can: • build credibility with regulators and authorities, promoting a positive relationship. • foster a positive work culture, employee satisfaction and retention, leading to a motivated and productive workforce. • enhance trust and satisfaction among tenants, contributing to stable and long-term tenancy relationships. • align LLR's actions with the interests of local communities.	Sound corporate governance practices protect LLR's financial interests and safeguard investor capital. Effective governance ensures proper asset management and maintenance, optimizing the value of manufactured capital and preserving natural capital through sustainable resource management. Robust policies and frameworks increase LLR's intellectual capital. Transparent and ethical corporate governance enhances LLR's social and relationship capital.

THE MATERIAL MATTERS THAT INFORM OUR STRATEGY

MATERIAL MATTER	DESCRIPTION	HOW WE ARE RESPONDING	EXTERNAL / STAKEHOLDER IMPACTS	INTERNAL CAPITAL IMPACTS
Property quality	LLR prioritises customer needs and ensures top-notch property quality by adhering to the highest building and safety standards. This enables us to create smart, safe, and sustainable spaces, enriching stakeholder experiences. Our tenants expect excellent maintenance, structural upkeep, and environmentally conscious asset development. We are committed to providing well-maintained properties that deliver optimal yields.	Refer to: Message from the CEO, pg 32 Segmental review, pg 64	Effective management of property quality ensures that LLR's assets retain their value and attractiveness to investors. Well-maintained properties lead to higher occupancy rates, rental income, and overall returns on investment. Property quality directly affects LLR's tenants, as well-maintained properties provide a comfortable and attractive space for their businesses. Proper property maintenance and adherence to quality standards ensure LLR's compliance with relevant regulations and building codes, ensuring the safety of our tenants and employees. Well-maintained and aesthetically pleasing properties contribute to the overall development and attractiveness of the community.	Effective property quality management protects LLR's financial investments in its real estate portfolio. Regular maintenance and refurbishments can preserve the value of properties and extend the lifespan of buildings, optimising manufactured capital and minimising long-term capital expenditure. Property quality involves the application of intellectual capital in selecting innovative solutions and best practices to enhance property value and sustainability. Skilled and well-trained employees play a crucial role in preserving and improving the quality of LLR's assets. Providing safe, high-quality properties that incorporate environmental criteria contributes positively to LLR's environmental, social and relationship capital.

THE MATERIAL MATTERS THAT INFORM OUR STRATEGY

MATERIAL MATTER	DESCRIPTION	HOW WE ARE RESPONDING	EXTERNAL / STAKEHOLDER IMPACTS	INTERNAL CAPITAL IMPACTS
Financial performance	Financial stability, prudent capital management, operational efficiency and the resilience of our business model determines our profitability and sustainability in the short, medium and long term. Factors such as lease escalations and vacancy rate contribute to our financial performance, which in turn influence the distribution of share price and returns to shareholders. Externally, LLR's financial performance influences stakeholders' perceptions of the company's economic value and ability to contribute to the broader economy, thus affecting its reputation and social standing in the market.	Refer to: Message from the CFO, pg 60	LLR's financial performance, including profitability, liquidity, and dividend payments, directly affects our investors and providers of capital. Financial performance also impacts our: • capability to maintain and improve property quality for tenants • ability to meet financial obligations, including taxes and regulatory requirements. • bonus payments, salary increments, and job stability for employees • timeous supplier payments and relationships with business partners. • community development programs, which are funded by the company's profits.	Effective financial performance is crucial for LLR to access capital for expansion, development, and investment in new properties. Positive financial results also support our built assets' maintenance, refurbishment, and improvement. Sustained profitability fosters trust and builds our social and relationship capital. LLR's financial performance can also impact its investment in human capital as profitability underpins the allocation resources for employee training and development. While the direct impact of financial performance on natural capital is limited, stable financial performance supports LLR's commitment to sustainability initiatives.
Employee satisfaction and development	Employee expertise and specialist skills drive the efficiency and sustainability of our business, ultimately shaping LLR's reputation and differentiation in the market. We prioritise investment in the development and wellness of our employees, offering ample opportunities for training and education to enhance their capabilities. We attract and retain top talent by fostering a people-centred culture that supports well-being and growth.	Refer to: ESG review, Human capital, pg 72	Employee satisfaction and development play a crucial role in LLR's financial performance and long-term value creation for our investors. By providing opportunities for growth, training, and a positive work environment, LLR can enhance employee morale, motivation, and job satisfaction. Satisfied and skilled employees are more likely to deliver excellent tenant service and participate in community upliftment initiatives.	Investment in employee satisfaction and development may initially require financial resources for training programs, talent development, and employee benefits. However, a satisfied and skilled workforce can improve operational efficiency and better financial performance over the long term. Satisfied employees are more likely to share knowledge and ideas, leading to improved business processes and practices.

THE MATERIAL MATTERS THAT INFORM OUR STRATEGY

MATERIAL MATTER	DESCRIPTION	HOW WE ARE RESPONDING	EXTERNAL / STAKEHOLDER IMPACTS	INTERNAL CAPITAL IMPACTS
Relations with stakeholders	Maintaining positive and constructive relationships with shareholders, investors, employees, tenants, and society is crucial for differentiating LLR in the real estate market and shaping our reputation. By actively listening to our stakeholders, understanding their needs, and aligning our strategies accordingly, we foster trust, openness, and collaboration, creating a harmonious environment for mutual success and driving our efficiency, sustainability, and relevance.	Refer to: Integrated stakeholder engagement, pg 46	Effective management of relations with stakeholders is vital for maintaining investor confidence. By engaging with stakeholders and addressing their concerns, LLR can increase cooperation with business partners, enhance employee morale and satisfaction, retain tenants, maintain positive relationships with regulators and authorities, and contribute to relevant community development initiatives that deliver impact.	Effective stakeholder engagement builds trust and positive relationships, enhancing LLR's reputation and credibility in the market. As a result, we can: • attract investments and secure funding more effectively. • enhance LLR's intellectual capital through knowledge sharing and collaboration. • create a conducive work environment to support our human capital.
Local community development	As part of our CSR approach, we prioritise projects aimed at children's wellbeing and education, understanding the significance of private sector contributions to developing well-educated and confident young leaders. By investing in the future of Batswana, we demonstrate our commitment to the local community's growth and empowerment. These efforts create a positive impact on society and foster goodwill and enhance our reputation as a responsible and socially conscious organisation.	Refer to: ESG review, Corporate Social Responsibility, pg 73	LLR's investment in CSI projects contributes positively to the well-being and prosperity of the communities where it operates. Investors, tenants, employees, and government bodies often value companies that demonstrate a commitment to social responsibility and community development, which may enhance LLR's reputation and attract further investment.	By investing financial, intellectual, and human resources into CSI programs, LLR can contribute positively to the well-being and prosperity of the communities where we operate, thereby increasing our social and relationship capital.
Preservation of natural capital	Our commitment to natural resource management ensures responsible practices that preserve water, increase energy efficiency, minimise waste, and promote recycling, positively impacting the environment. Despite higher initial capital outlay, green-rated buildings attract quality tenants willing to pay higher rentals for a reduced carbon footprint, unlocking long-term value. In addition, involving tenants in sustainability initiatives such as recycling aligns with global net-zero emissions goals, ensuring resilience and prosperity for LLR and the communities we serve.	Refer to: ESG review, Environmental performance, pg 70	The communities in which LLR operates benefit from the preservation of natural capital. Sustainable practices lead to reduced waste and enhanced green spaces, contributing to a healthier and more attractive living environment. Preservation of natural capital is vital to investors, employees and tenants who prioritise sustainable and environmentally responsible practices.	As the focus of this material matter, managing natural capital involves strategies to minimise environmental impact and protect natural resources. Initiatives to preserve natural capital may require financial investments in sustainable practices, technologies, and certifications. While there may be upfront costs, long-term benefits can include cost savings from resource efficiencies and improved reputation. Our intellectual capital is also enriched as LLR learns and implements best practices for sustainability.


SUPA FEEDS

VALUE CREATION OUTCOMES

CAPITAL INPUTS

Our resources and our relationships

FINANCIAL CAPITAL

- Operating cash flow
- Debt funding
- Equity funding

MANUFACTURED CAPITAL

- Head office
- Yield enhancing property assets of 183 141.06 m^2 GLA
- Furnishing, decor, equipment

INTELLECTUAL CAPITAL

- Strong brand reputation
- Industry knowledge and experience
- Operating systems
- Policies and procedures

HUMAN CAPITAL

- 16 employees
- Property and asset managers
- Training and development

RELATIONSHIP CAPITAL

Proactive relationships with
- Investors, funders and assets managers
- Employees
- Tenants
- Regulators. government and authorities
- Suppliers and business partners
- Communities.

NATURAL CAPITAL

- Electricity
- Water
- Land

OUR OPERATING ENVIRONMENT
REFER TO PAGE 05

OUR STAKEHOLDER NEEDS
REFER TO PAGE 46

OUR MATERIAL MATTERS
REFER TO PAGE 48

OUR RISKS AND OPPORTUNITIES LANDSCAPE
REFER TO PAGE 43

OUR CORE BUSINESS ACTIVITIES

DRIVEN BY OUR PURPOSE AND VISION

ACQUIRING

Our strategy is to grow and improve the quality of our portfolio by acquiring high-quality buildings offering superior cash flows.

MANAGING

We actively manage our diversified portfolio to enhance efficiency and aim to deliver risk-adjusted returns.

DEVELOPING

Driven by demand and opportunity, we redevelop or refurbish existing properties to extend value creation.

DISPOSING

We sell assets and recycle the capital into opportunities that have better long term capital growth prospects.

DELIVERING THROUGH OUR STRATEGY (REFER TO PAGE 36)

Streamline and expand Botswana portfolio	Optimised balance sheet	Quality African Assets	Strong partnerships and networks	Operational excellence	Talented competent people

UNDERPINNED BY STRONG CORPORATE GOVERNANCE (REFER TO PAGE 28)

OUTPUTS	OUTCOMES
• Revenue: P102.1 million (FY 2022: P97.5 million) • Operating profit: P74.5 million (FY 2022: P63.6 million) • Distribution Declared P55.3 million (FY 2022: P51.6 million) • Operational expenditure P41.7 million (FY 2022: 32.6 million) • Finance costs P34.5 million (FY 2022: P21.3 million • Taxes paid P18.1 million (FY 2022: P9.8 million)	• Improved cash flows from operations • Optimum debt levels • Positive return on capital employed • Investment returns • Significant tax contribution • Economic benefits to communities, vendors and suppliers Refer to the Performance review on page 59
• Group occupancy rate 96.89% average (FY 2022: 99%) • Refurbishments to the value of P14.8 million (FY 2021: P19.2 million) • Acquired a 30% stake in a Kenyan manufacturing facility	• High quality properties • Investment to expand operations and geographic footprint • Refurbishments and upgrades to improve tenant experiences • Efficient, well-maintained property and equipment Refer to the CFO's message on page 60
• New and updated policies approved by Board • Business intelligence and innovation • Operating efficiencies • Quality rental value offerings • Health and safety	• Improved tenant relationships • Ability to create competitive offerings in response to changing industry demands • Leveraging our property technology systems to drive efficiencies. Refer to the Chairman's review on page 18 and the CEO's review on page 32
• Excellent service • Effective sales and marketing	• Qualified and experienced workforce • Employees are engaged and developed in line with a high-performance environment • Low staff turnover Refer to the Human Resources review on page 72
• A strong and loyal shareholder base • Socio-economic development • Engaging local suppliers for procurement • CSI spend P0.37 million (FY 2021: P0.3 million)	• Strong brands and solid reputation • The trust and respect of our stakeholders • Customer value and satisfaction • Brand Loyalty • Creating opportunities for local enterprise development • Delivery of long-term value for communities • Social license to trade Refer to the Stakeholder Analysis on page 46
• Energy consumption and carbon emissions • Waste from various facilities • Reduced energy consumption through efficient lighting	• Enhanced levels of environmental awareness across Group • Solar Panels to be installed • Dry landscaping • Reduction in water usage • Business travel result in carbon emissions Refer to the Envronmental Review on page 39


Sprint Couriers

05.

Performance Review

CFO's REVIEW.

The period under review marks the inaugural year of our five-year strategy. Embedded within our strategic objectives are portfolio growth and balance sheet optimisation, underpinned by operational excellence, among others. To this end, substantial effort has been invested into the optimization of the balance sheet and ensuring that we get the right level of debt funding for our growth initiatives, at the optimal cost of funding.

We also worked towards ensuring immunisation against interest rate risk to cushion our earnings from interest shocks that may result from interest rate volatility. Key to the success of achieving our portfolio growth aspirations is our ability to raise funding in the form of debt, equity, or any other available options. For this reason, we have carefully monitored our covenant compliance to uphold our solid credit quality. Our Loan-to-Value (LTV) ratio has dropped from 47% in the previous year to 44% and our interest coverage ratio came in at 4.2 times.

LLR's investment portfolio closed the period under review at P1.4 billion, having grown from P1.2 billion in the previous financial year. This growth was driven by our investment in Orbit Africa Logistics (OAL), warehouse facility in Kenya and an increase in property values driven by economic recovery post-COVID, resulting in relatively lower vacancies and capitalisation rates on the back of improved business confidence. The vacancy rate hovered around 3.1% during the year but dropped to 1.2% post year end. Our collection rates have consistently exceeded 100%, a testament to our refined collections strategies. Consequently, we have witnessed an improvement in our debtors' provisions, as exemplified by the year-on-year reduction in provisions for bad debts.

The company posted a strong set of financial results with operating profit showing an increase of 17% while profit before tax from continuing operations increased by 13%. This solid performance was underpinned by rental lease escalations, increased operating cost recoveries, and the strong performance of our associate investments as well as fair value gains on our investment property portfolio.

Our strong cashflow position has allowed us to distribute profits to our unitholders, reflected in the 7% increase in distributions compared to the previous year. It is important to note that the dip in our share price during the financial year was not a consequence of deteriorating fundamentals but rather the result of a key investor's sell-off as they exited their LLR investment. Our key performance metrics attest to LLR's solid business standing.

As we look ahead, we keep our focus on growing our portfolio with value accretive investments and in the process, we will continue ensure that our balance sheet is optimally structured to support this growth. Operational excellence remains a key priority and the year ahead will see most of our operational policies being embedded.

Pulafela Isaacs
Chief Financial Officer

Profit Before Tax (PBT)

2023 **P119** million | 2022 **P105.7** million

Cost-to-Income ratio

2023 **36%** | 2022 **34%**

Profit After Tax (PAT)

2023 **P101.2** million | 2022 **P96.9** million

Investment portfolio

2023 **P1.4** billion | 2022 **P1.2** billion

Vacancies

2023 **3.11%** | 2022 **0.94%**

Earnings Per Linked Unit (EPLU)

2023 **43.72** thebe | 2022 **39.34** thebe

Dividend Per Linked Unit (DPLU)

2023 **19.74** thebe | 2022 **18.41** thebe


Marketing
GLOBAL HOLDINGS

SEGMENTAL REVIEW

Industrial property

Metric	2023	2022	2021
Total Revenue	P81.5 million	P78.6 million	P73.5 million
Contribution to Revenue	73%	73%	71.0%
Value of Portfolio*	P876.4 million	P716.8 million	P677.1 million
Number of Properties	20	20	20
Total m² GLA	158 200m²	158 200m²	158 200m²
Weighted Average Lease Expiry	3.5 years	3.2 years	3.6 years
Weighted Average Annual Escalation	7.3%	7.0%	7.0%

*includes associates

OVERVIEW

LLR proudly stands as Botswana's leading proprietor of industrial properties, holding a substantial portfolio comprising 20 prime industrial assets valued at P778.2 million and an investment in associate (Orbit Africa Logistics) valued at 98.2 million.

The industrial sector remains robust amid challenges such as inflation, rising interest rates, and default risk. Existing tenants, particularly in agricultural products, animal feeds, and diamond cutting and polishing, are expressing demand for additional space, reflecting Botswana's burgeoning economic landscape. The Botswana government's Economic Recovery and Transformation Plan (ERTP) and supportive policies align seamlessly with the industrial sector's growth trajectory. LLR sees the undersupply of quality industrial sector assets across Africa as a prevailing opportunity in the short to medium term.

Beyond financial benefits, LLR's industrial properties significantly contribute to job creation, employing over 8,500 individuals. We understand the importance of a conducive work environment, recognising that tenants and their workforce spend a substantial amount of time in these spaces. Hence, we are committed to ensuring our industrial properties offer efficient, comfortable, and productive operating settings.

PERFORMANCE

Our industrial assets remained resilient over the last year, witnessing growth in rentals, escalations and maintaining low vacancy levels. LLR's industrial segment contributed 86% to Profit Before Tax (PBT) in FY2023 (2022:86%) and showed fair value gains of P39 million.

Strong demand and quality tenants

The industrial segment continues to flourishing, demonstrating robust demand, particularly for warehouses. Our rigorous tenant selection approach, focusing on blue-chip tenants with the potential to navigate operational challenges, has yielded exceptional results. The emphasis on quality is evident in lease renewals spanning up to five years and the attraction of new tenants, especially in the diamond trading and FMCG sectors.

Enhancing property standards

Post the pandemic, our pledge to market leadership manifested in a tangible transformation of our industrial properties. In contrast to the stereotype of rundown industrial spaces, we embarked on a journey to elevate the aesthetics and functionality of our properties. This involved substantial investments in facilities management, encompassing comprehensive cleaning protocols and landscaping efforts. The outcome has been highly encouraging, with our properties reflecting exceptional cleanliness and providing our tenants a distinct, premium environment. Our revamped complexes have garnered appreciation from investors and funders for their remarkable cleanliness and distinctiveness, setting LLR apart in the industry.

We strategically embraced the idea that well-maintained properties elevate tenant satisfaction and positively impact their employees. Investments in property enhancements are geared towards creating a positive impact on tenant morale, enhancing employee experiences, and ultimately aligning with LLR's vision. We are prudent in recovering these costs from tenants while promoting the well-being of their workforce.

Strategic tenant onboarding

Our tenant selection approach underwent a transformation in FY2023. We recognise that the correct tenants are integral to a vibrant ecosystem within our properties. This led us to extend vacancies if needed, allowing us to pick tenants that resonate with our commitment to excellence and durability. Consequently, the marginal increase in vacancy rates from 0.3% to 3% reflects our proactive stance to secure the right tenants rather than hasty occupancies.

Rejuvenating our warehouses

In FY2023, LLR committed over P10 million to refurbish some of our ageing warehouses, showcasing our dedication to property enhancement. This endeavour encompassed a spectrum of upgrades, ranging from renewed paintwork to contemporary sanitary ware installations and upgraded floor tiles. This substantial investment

breathed new life into these properties, yielding significant value appreciation and serving as a testament to the sagacity of our investment strategy.

An example of our commitment to transformation is the comprehensive overhaul of Plot 14455, a warehouse that had suffered fire damage a few years ago. Through diligent efforts, we have fashioned it into a contemporary and modern warehouse, mirroring our vision of market leadership. With meticulous paintwork and a refreshed ambience, this development aligns with our strategic direction. Furthermore, this venture adds an extra 2,000m^2 GLA to our existing portfolio, contributing to our growth trajectory.

Expansion of Orbit facility

LLR began delivering on our Go-To-Africa strategy at the start of the FY2023 financial year with an initial 30% equity stake in Orbit Africa Logistics, a 29 243m^2 logistics and warehouse facility in a prime position in Nairobi, Kenya.

During the year, we continued to invest in the development of Orbit Products Africa's manufacturing facilities. Phase two redevelopment of the facility will see it put up an additional 14,741m^2 of warehousing space on the bulk land that was acquired as part of the property purchase. Development is expected to be completed by April 2024.

In addition to the new facilities, the second phase of redevelopment will also involve the refurbishment of the existing 29,243m^2 of warehouses, meeting modern industry standards for fast-moving consumer goods and achieving an IFC EDGE green building certification. These upgrades are expected to create long-lasting positive social, economic and environmental benefits for local communities.

As of 30 June 2023, the Orbit facility was valued at $39.5 million. The facility is leased back to Orbit on a 25-year US Dollar denominated triple net lease at a contracted average escalation of 2.0% per annum.

STRATEGY AND OUTLOOK

LLR is actively identifying promising industrial prospects across Africa. Through ongoing discussions with key industry players across the continent, we continually evaluate potential opportunities. This commitment to expansion is underpinned by our meticulous assessment of proposals to ensure their alignment with our strategic goals.

Additionally, a minor industrial property in Lobatse, approximately 60kms from Gaborone, has been earmarked for divestment due to its lower yield potential.

Amid the dynamic real estate landscape, our resounding commitment to delivering exceptional tenant experiences, elevated visual appeal, and enduring value generation remains unswerving. As we persist in harmonising our initiatives with our vision of market leadership, we are primed to foster an enduring value for both LLR and our valued stakeholders.

SEGMENTAL REVIEW

Retail property

OVERVIEW

LLR owns two retail investments and has co-invested in two opportunities in prime retail malls, namely Blue Jacket Plaza in Francistown and Railpark Mall in Gaborone. In addition, LLR owns an office property in Gaborone. The total value of retail and commercial space held by LLR amounts to P494 million.

The retail sector has recovered well from challenges associated with the pandemic, with footfall across malls normalising. We have seen increased demand for retail space at all our investment properties, namely Rail Park Mall in Gaborone, Watershed Mall in Mahalapye and Blue Jacket Plaza in Francistown.

PERFORMANCE

The retail and commercial sector generated revenues of P26.6 million, contributing 26% to the Company's profit before tax. The portfolio saw fair value gains of P7.1 million and share in profits from associates of P13.2 million. The vacancies in this sector increased marginally from 2.76% to 2.98%. LLR made a strategic decision post the COVID-19 pandemic to improve the tenant selection criteria, this was done to reduce the risk of high default rates in the event of a future unexpected economic downturn. Notwithstanding, our malls have almost 100% tenant retention.

	2023	2022	2021
Total Revenue	P26.6 million	P32.1 million	P28.6 million
Contribution to Revenue	24.0%	13.9%	18.8%
Value of Portfolio*	P494.1 million	P485 million	P290.6 million
Number of Properties	3	3	3
Total m² GLA	62 500m²	62 500m²	29 900m²
Weighted Average Lease Expiry	2.74years	3.5years	4.0years
Weighted Average Annual Escalation	6.21%	6.0%	6.0%

*includes associates

Portfolio enhancements

Community integration has become an increasingly important consideration in our retail endeavours. Through projects such as the establishment of a park area in Mahalapye Mall, we ensure that our retail centres seamlessly integrate into their respective communities. Creating a play park not only enhances the retail space but also serves as a community asset, enabling families to enjoy quality time together while engaging in various activities, including shopping. This harmonious approach contributes to the overall improvement and enrichment of the cityscape.

Rail Park Mall

In 2022, LLR acquired a 32.79% stake in JTTM Properties, which owns 100% of Railpark Mall in Gaborone's bustling train station and bus terminus.

On the 28th of July 2023, LLR entered into a Sale of Linked Units Agreement with Botswana Railways Organisation and JTTM Properties for the acquisition of an additional 25% stake in JTTM Properties, the holding company of Railpark Mall. This strategic acquisition was successfully completed post the 2023 financial year end, and LLR now holds a majority stake of 57.79% in JTTM.The acquisition, priced at P140 million, was financed through a combination of a debt facility and LLR's equity, derived from reinvesting sales proceeds received from non-performing assets.

JTTM will be classified as a subsidiary of LLR in FY2024, leading to the consolidation of its financial results into LLR's accounts at the Group level. Furthermore, the Company is pleased to announce that, on 4 October 2023, an Agreement for Property Management was executed with JTTM.

STRATEGY AND OUTLOOK

Looking forward, LLR remains committed to proactively identifying potential investment opportunities to augment our retail portfolio. Our strategic approach will centre on nurturing our existing Botswana-based portfolio and expanding further afield in alignment with our overarching Go to Africa strategy.

In the coming year, we are diligently planning a green strategy for our retail segment, akin to the measures implemented for our industrial properties. This progressive initiative will address energy efficiency, prudent water consumption, waste management, and solar energy integration. We anticipate a series of environmentally conscious endeavours, taking place across our centres, will further elevate the quality and value of these spaces.

Our commitment to offering enhanced, differentiating property solutions is a cornerstone in our pursuit of appealing to and retaining reputable clients. This strategy reinforces efficiency and sustainability and solidifies our dedication to adopting comprehensive green practices that deliver value for communities, tenants, and shareholders alike.


RECEPTION
SALES OFFICE
WORKSHOP
PARTS DEPARTMENT
CUSTOMER PARKING


PST
SALES & DISTRIBUTION

06.

ESG Review

ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) REVIEW

As LLR shapes its growth strategy, we acknowledge the essential significance of Environmental, Social and Governance (ESG) practices in shaping the real estate business's future. Recognising ESG's growing role as a driver of corporate success, sustainability is being deeply integrated into LLR's strategic management, corporate planning, and governance, reflecting our commitment to responsible and forward-looking practices.

Environmental Performance

At LLR, we firmly believe that environmental, social and economic sustainability are intertwined. Our approach to sustainable environmental development is, therefore, deeply rooted in striking a harmonious balance between economic growth and safeguarding natural resources. As our properties play a pivotal role in the dynamic built environment, we are mindful of their potential impact on crucial elements like land, air, water, and energy resources. Simultaneously, our foundational support for industries, the driving force behind Botswana's economic progress, underscores our commitment to sustainable societies and responsible business practices.

LLR acknowledges the imperative of addressing global climate change. This recognition extends to both the societal and business realms. Multinational financiers and tenants are increasingly embracing environmentally conscious business practices as global momentum propels towards net-zero emissions. Empirical evidence demonstrates positive correlations between environmental sustainability indicators and corporate returns. Financiers often offer funding discounts to companies striving for environmental sustainability. LLR's efforts in this direction can reduce funding costs, potentially leading to higher returns and shareholder value.

LLR, in response, embraces the opportunity to foster a business environment conducive to such green initiatives. Our efforts extend to our existing properties, where we actively explore avenues to infuse 'green' elements. Furthermore, forthcoming property developments are conceptualised with sustainability at their core, embodying our commitment to a greener future. Our objective goes beyond compliance; it involves actively reducing our resource consumption, thus contributing to a more sustainable planet for future generations.

Through these principles, LLR is navigating the contemporary environmental landscape and pioneering a transformative journey. Our dedication to our business and to a planet that thrives for generations to come.

PERFORMANCE

Energy efficiency initiatives

We adopt a proactive approach across our managed properties to continuously identify avenues for reducing electricity consumption. Our strategic focus is evident in ongoing property maintenance and upgrades, wherein we prioritise implementing energy-efficient systems like LED lights. This proactive measure curbs energy usage and yields long-term operational cost savings.

We continued to upgrade existing properties with an eye towards environmental sustainability in FY2023. A notable accomplishment was the transformation of 4000m^2 of warehousing space, wherein energy-intensive halogen lights were replaced with LED lights boasting significantly lower energy consumption profiles. This shift towards LED technology was further complemented by incorporating IBR translucent sheets, allowing natural light to illuminate spaces during daytime hours and thereby reducing reliance on artificial lighting.

Solar power solutions

FY2023 marked a significant step forward with establishing a pilot installation of solar-powered common area lights at our Gaborone property, Block 3 industrial. This milestone aimed to gauge the effectiveness of solar power as a practical and cost-effective tool for reducing operational expenses.

While our initial solar integration efforts faced cost-to-benefit challenges, LLR's dedication to value enhancement compelled us to reevaluate our approach. LLR is currently exploring innovative pathways to introduce solar energy without immediate capital expenditure. One solution involves renting our rooftops to a market leader in the solar panel industry, creating a mutually beneficial arrangement. This comprehensive approach will supply tenants with solar power at a reduced rate compared to traditional electricity sources while leveraging our rooftops to yield additional rental income. This strategic move unlocks value for the environment, tenants, and our shareholders.

Recognising the complexities of solar integration, LLR has partnered with a leading solar energy company to ensure best practices and optimal outcomes. The comprehensive project planning for this transition is anticipated to conclude during the year ahead.

Water conservation

We continued implementing 'dry' landscaping that reduces water requirements and uplifts the properties' overall look and feel. By using indigenous, drought-resistant plants and locally sourced rocks in our landscaping, these gardens can thrive on natural rainfall throughout the year. Plans are underway to roll out more dry gardens where possible.

A high-water table at one of our properties has enabled LLR to harvest water into a reservoir that is both a landscape feature and a water source for the surrounding gardens. LLR plans to optimise the usage of this underground water by harvesting it for use at some of LLR 's properties where there are still green gardens. We also use untreated underground water to irrigate the gardens at our Watershed Mall in Mahalapye, while recycled grey wastewater from some of our warehouses is harvested for garden use.

Our head office property uses rated water aerators that reduce the water used per hand wash and harvests grey water for garden use.

ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) REVIEW

Waste and recycling

We recognise the substantial waste generated by tenant activities at our industrial and retail properties. LLR embarked on a waste segregation and recycling initiative during FY2023, where dedicated collection points for paper, cans, and plastic were established to promote environmentally conscious practices among our tenants.

While progress has been made, we have observed that the intended waste segregation has not been fully realised due to tenants not separating waste at the source. In the upcoming year, LLR is dedicated to enhancing tenant awareness about the significance of effective waste management and the various strategies that ensure proper separation. Encouragingly, three of our tenants have existing recycling arrangements with diverse service providers. We are committed to supporting and enhancing their recycling efforts to achieve higher recycling performance in FY2024.

LLR received no fines for non-compliance with environmental laws and regulations this year. Our stringent environmental standards are upheld by requiring tenants to submit an environmental impact assessment, including a waste management proposition, before occupying our properties. This thorough process, aligned with national environmental standards, guarantees compliance and is integral to our ongoing commitment to sustainability.

Green buildings

While the initial investment required for transitioning to certifiable green buildings may impact LLR's rental and operating yields in the short term, robust empirical evidence underscores the allure of green-rated buildings. These structures carry a distinct green premium, attracting quality tenants who recognise the value of reduced carbon footprints. This strategic shift aligns with our belief that environmentally friendly buildings contribute to sustainability and yield long-term value.

LLR's commitment to this vision is supported by allocated funds dedicated to realising environmentally sound initiatives. We are diligently exploring various financing options to infuse green practices into our portfolio. Notably, our approach extends beyond external funding, encompassing the strategic utilisation of our maintenance budget. This includes initiatives like transitioning to LED lighting and gradual conversion to solar power, aligning our operational practices with our broader sustainability objectives.

LOOKING AHEAD

LLR has set a target to reduce common area water and electricity consumption by 30%.

Following our pilot solar installation for common area lights, LLR intends to extend the initiative at our other properties. As part of this, LLR is actively exploring innovative avenues, including renting roof space to solar energy suppliers.

Alongside these ongoing endeavours, LLR's immediate environmental priorities for the upcoming year include the development of a comprehensive ESG policy and strategic framework. This strategic focus underscores our commitment to aligning our operations with broader sustainability goals and industry best practices.

ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) REVIEW

Societal Performance

Human Capital

OVERVIEW

LLR's workforce comprises a small, passionate, and multifunctional team of 16 people. Our employees are all Batswana nationals between the ages of 26 to 46 years of age.

Role	Male	Female	Total
Property	2	4	6
Finance and Admin	1	3	4
Legal and Compliance	0	1	1
Executive	1	4	5
2023 total	**4**	**12**	**16**
	(2022: 5)	(2022: 9)	(2022: 14)

Our approach to human capital

LLR spotlighted employee wellbeing as a crucial human resource (HR) theme. Our dedication to enhancing employee engagement, satisfaction, training, and motivation stems from the belief that people form the bedrock of the organisation and strategic implementation. We recognise the significance of investing in our employees to cultivate a talented and competent team capable of driving the Company's growth. To achieve this, we have adopted a performance management system, identified development needs and provided mechanisms for rewarding outstanding performance through financial and non-financial incentives.

Employee alignment with LLR's vision and strategic objectives is ensured through a cascading approach, where the company's strategy is communicated across departments and individuals. Each employee takes ownership of their performance contract, contributing to the realisation of the Balanced Scorecard framework at both corporate and individual levels.

From an HR perspective, the challenges faced in FY2023, include the acquisition of specialised skills, driving the need for team development, training, succession planning, and talent retention. However, we intend to address these challenges effectively and sustainably with a focused strategic approach.

PERFORMANCE

In FY2023, LLR strategically focused on various HR areas, including fulfilling key roles in the organisational structure and implementing performance management systems and policies. This dedicated approach contributed to the successful appointment of the Head of Investments in May 2023, enhancing the company's investment skills and capabilities. Additionally, the appointment of Chandada Masendu-Kusane as Chief Property Officer in June 2023 further fortified the leadership team.

Training and development

Throughout the year, LLR continued to emphasise skills development, offering various training programs to our employees. Each department has a training budget, which is being well utilised.

LLR's finance team undertakes continued professional development (CPD) and supports Botswana Institute of Chartered Accountants (BICA) events. These events provide opportunities to stay updated with the latest financial developments and thought leadership. During 2023, our Finance team attended the annual BICA Dinner Dance on 28 April 2023 held under the theme "The Future of Accounting: Accountants in a Circular Economy".

Two Leasing Specialists from our property department attended a weeklong Shopping Centre Management training program focusing overall management of shopping centres and industry trends. Other short trainings included:

- Basic First Aid Training for 14 team members
- Anti Money Laundering Training for the whole team following approval of the Anti-Money Laundering Policy
- BSE Listings Requirements Workshop for the Legal and Compliance and Finance Departments
- Compliance Bootcamp for the Compliance Officer

In an effort to cement and promote LLR's brand in line with the company's strategy LLR sponsored and attended The Real Estate Conference and Expo in October 2022. The objective of the conference was to impart knowledge and expertise and foster a structured environment to debate and discuss real estate issues, our CEO & CPO were both speakers at the conference.

Recognition and rewards

A comprehensive performance and career development review was conducted for all employees during FY2023, reinforcing LLR's commitment to enhancing employee growth and development. Performance assessment remains integral, with performance contracts as the basis for evaluation and the linkage to remuneration. We have implemented short-term incentive programs to recognise and reward outstanding performance.

Employee benefits and wellness

LLR extends a comprehensive range of benefits and allowances strategically designed to enrich the employee experience and foster their overall well-being. Our basic employee benefits are rooted in adherence to the Employment Act and encompass all staff members. These include:

- Pension: Permanent and pensionable employees are enrolled in LLR's Pension Fund, with contributions outlined by the plan rules.
- Medical Aid: LLR facilitates employee enrolment in a medical scheme, with the Company covering 100% of the premium.

ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) REVIEW

- Insurance: Employees are safeguarded under LLR's insurance umbrella, encompassing Worker's Compensation, Group Life and Accident Cover Insurance.

Our employees can access health and wellness benefits covering preventative health programs, including gym memberships and consultations with mental health practitioners.

We have demonstrated our commitment to employee wellbeing through various health and wellness initiatives throughout the reporting period, exemplified by the company-sponsored participation of 'Team Awesome' in the Kazungula and Diacore Marathons. Additionally, LLR hosted a wellness day featuring informative sessions on nutrition, workplace stress management, and a yoga session emphasising meditation.

LOOKING AHEAD

As LLR looks to the future, our primary focus areas and priorities include fostering a workplace culture that values and supports its workforce while continuing our focus on employee wellbeing. We are committed to advancing succession planning, training, and development initiatives to ensure the growth and preparedness of our talent pool.

By dedicating efforts to enhance HR practices and employee experiences, LLR strives to solidify its position as a forward-thinking and socially responsible organisation that prioritises its people and their positive impact on the Company's journey toward sustainable success.

Corporate Social Investment (CSI)

LLR recognises private sector's valuable role in complementing government resources, particularly in fostering resilient communities and nurturing a well-prepared generation of Batswana youth. With this perspective in mind, we channel our efforts into meaningful CSI projects aimed at making a lasting impact.

LLR's CSI Philosophy:

- Long-term impact: Our ambition is to effect transformative change within the communities we operate, fostering education, knowledge dissemination, and an elevated quality of life.
- Empowering future leaders: We are deeply committed to empowering children and young leaders, aligning with our vision to nurture the nation's human resources for a brighter tomorrow.
- Strategic visibility: Our CSI initiatives are thoughtfully designed to resonate with the sectors we operate in, synergising with our overarching strategic objectives.

Funding for LLR's CSI endeavours is drawn from a dedicated annual budget meticulously managed to ensure full allocation each year. Every funding proposal is scrutinised against our CSI objectives, focussing on potential sustainable impacts. Furthermore, our community initiatives harmoniously align with LLR's strategic partnerships within our localities. This alignment amplifies our collaborative efforts with government entities.

With a trajectory that parallels our profitability, we envision our CSI budget expanding in sync with our growth. This year, we proudly allocated P372 000.00 toward further enriching our CSI undertakings, amplifying our commitment to fostering positive change within the fabric of our communities.

PERFORMANCE

Assisting underprivileged children in Otse Village

LLR has adopted the Otse Village Children's Hostel, which provides care and education for 78 underprivileged children aged 7 – 14 from various settlements and farming communities in the sub-district. The children, all of whom are of primary school age, are under the council's care, providing for their basic needs such as food, clothing, and shelter.

In FY2023, our efforts focused on enhancing these children's well-being and educational opportunities. A Christmas celebration brought joy to their lives, followed by the provision of winter clothing to ensure their comfort during colder months. We also equipped the hostel with computers, enabling them to develop vital IT skills.

To create a conducive living environment, essential maintenance work such as replacing broken windows is regularly carried out, aligning with our commitment to Sustainable Development Goals (SDGs) 3 and 4 – promoting good health, well-being, and quality education. To demonstrate our commitment to the children's hostel, sound building maintenance is included in the KPI assessment of our property specialist.

Our initiatives have had a profound impact. Students from disadvantaged backgrounds have demonstrated a renewed dedication to their studies, improving the trajectory of their lives through education. The return rate of registered students to classes in January 2023 reached 100%, indicating a significant positive shift. Integrating computers into their learning journey equips them with essential skills for the future.

A noted improvement in the students' self-esteem is a testament to the power of consistent support. LLR remains unwavering in its commitment to the children of Otse Village in their educational journey

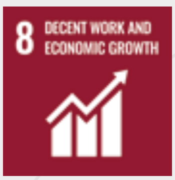
ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) REVIEW

Internship programme

We are proud to offer an internship programme for newly qualified graduates. The graduates are offered temporary employment, during which they will be exposed to various business units and functions within LLR. Our internship programme helps groom talent for the business and solve a general shortage of experienced property specialists in the sector.

Post the completion of the internship programme and depending on performance, the graduates may receive offers for permanent employment from us. The aim is to develop a pipeline of top talent within the industry and to play our part in alleviating youth unemployment in Botswana.

LLR currently has one intern in the Property department. Some of our previous interns have since secured permanent employment with the organisation.



INTERN TESTIMONIALS: NURTURING & LEADING AT LLR

Thapelo Samodimo

Internship Period: November 2022 - Present

Current position at LLR: Intern

"I hold a first-class Bachelor of Commerce in Real Estate degree, along with an AAT Level 2 Accounting Certificate. Opting for an LLR internship was driven by the desire for practical exposure and skill development in a real-world context. Having engaged with LLR during my academic attachment, I was drawn to its culture, operations, and contribution to the real estate sector's excellence. This alignment motivated my internship application.

My LLR experience nurtured adaptability in varying situations, priming me for future career challenges. This exposure boosted my corporate confidence, aiding my acclimatisation to a professional environment. LLR's fast-paced atmosphere ignited my agility, fostering a keen sense of responsibility. The supportive LLR staff complemented my professional growth by providing guidance and facilitating task accomplishment. My ultimate professional goals encompass ascending to higher roles within LLR, furthering real estate expertise through education, and expanding accounting studies.

LLR stands as an exemplary workplace, fostering a dynamic learning environment underpinned by its brand reputation and exceptional market performance. It's a place where professional dreams align and prosper."

Letlhogonolo Dean Madigele

Internship Period: November 2019 - January 2022

Current position at LLR: Accountant

"Following my graduation from the University of Botswana in 2019, with a degree in finance but no practical work experience, I pursued an internship with LLR as a stepping stone in my career. My application led to an interview, and I have been a part of the LLR team ever since. Today, I take pride in my substantial growth, ongoing learning, and contributions to LLR's expansion.

Central to my experience is the supportive atmosphere created by a team. Amid demanding tasks and inevitable learning curves, the team gives support.

Learning extends beyond the professional realm; LLR's professionals are mentors, enriching both my career and personal growth. As I continue to evolve professionally, I am dedicated to achieving my ACCA qualification and becoming a CA. This journey represents my commitment to constant elevation, both in my career and personal aspirations."

Bantle Sentsho

Internship Period: January 2021 - June 2022

Current position at LLR: Leasing Specialist

"With a background in Customer Service in Telecommunications, I sought an LLR internship to gain practical insights into Real Estate Management's day-to-day operations.

Throughout my internship, I closely engaged with the facilities team, credit control, and collections, comprehending the vital role of each team member within the broader operational framework. LLR's open-door policy with the CEO fosters a motivating environment, boosting team morale. The tight-knit team structure enabled collaborative work across Finance and facilities, notably evident in the successful completion of my landscaping project.

This experience underscored the significance of teamwork and deepened my grasp of multifaceted business functions.

My commitment to ongoing learning and skill development aligns with staying current in my field, amplifying my contribution to the team. Being part of LLR's growth journey is truly exhilarating!"

ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) REVIEW

Senwelo Botlholo

Internship Period: June-July 2016 (attachment) and February 2020 – 31 December 2021 (Graduate Internship)

Current position at LLR: Leasing Specialist

“As a student at the University of Botswana, I applied for a work experience attachment with Letlole La Rona in 2016 because it is one of the leading reputable real estate companies in the country. Their primary focus was property management, which was an area of expertise I wanted to explore further.

My experience with LLR was mind opening. It allowed me to nurture and refine vital skills such as interpersonal communication, organization, and decision-making. Furthermore, this experience enabled me to harmonise my personal aspirations with my professional ambitions. There is a great level of corporation and coordination within the company. Assistance is readily available whenever tasks beyond daily responsibilities arise.

Following the completion of my BSc in Real Estate, returning to LLR was a logical choice. The two months of my varsity internship provided invaluable lessons that encouraged me to seek a comprehensive understanding of property management and the intricate operations of a company as substantial as LLR.

Looking ahead, my sights are set on the multifaceted landscape of the real estate profession. My intent is to embark on an exploration of investment development within this dynamic industry.”

Sponsorships

Throughout FY2023, LLR continued to make positive contributions to its communities through sponsoring various events, including a Real Estate Conference, the BSE CNBC Africa Initiative.

Beyond financial donations, our employees personally participated in events including the Kazungula Marathon, Diacore Gaborone Marathon, CIMA Annual Dinner Dance, and BICA Annual Dinner Dance, among others.

Enterprise and supplier development

LLR supports its suppliers who are both small and medium enterprises (SME’s) to grow and create much-needed employment opportunities. We assist these small businesses by enabling them to secure goods on credit through direct payment agreements with larger suppliers. The arrangement helps SMEs to build relationships with builders and more prominent merchants.

We intend to establish strong, long-lasting, mutually beneficial relationships with all our suppliers and vendors. LLR engages our suppliers in monthly tendering processes and is pleased to note that the suppliers in our database carry out at least one job every month.

GOVERNANCE REVIEW

A robust governance structure underpins our corporate culture, regulatory compliance, and business practices. Through a sound governance structure and risk management system, we regulate LLR's functions and responsibilities, safeguard against unethical corporate practices, manage risks, transparency and disclosure. Our Board takes responsibility for the continuous improvement of our performance, our ability to leverage new opportunities, and the contributions we make towards the development of society.

The responsibilities of LLR's Board of Directors include:

Social Responsibility: Considering the impact of the company's activities on society and the environment, and promoting sustainable practices.	**Ethical Leadership:** Ensuring ethical leadership and corporate citizenship, fostering a culture of integrity throughout the Company.	**Performance Monitoring:** Overseeing the company's financial performance, monitoring operational efficiency, and assessing risks.
Risk Management: Identifying and managing risks, establishing risk management frameworks, and ensuring the adequacy of internal controls.	**Stakeholder Management:** Taking into account the interests of various stakeholders, including shareholders, employees, customers, suppliers, and communities.	**Compliance and Legal Obligations:** Ensuring compliance with applicable laws, regulations, and corporate governance codes, and promoting a culture of legal and ethical compliance.
Remuneration: Approving and ensuring fair remuneration policies that align with the company's performance and promote responsible remuneration practices.	**Sustainability and Reporting:** Incorporating sustainability considerations into business decisions and providing transparent and accurate reporting to stakeholders.	**Audit and Accountability:** Overseeing the Company's financial reporting, internal and external audit processes, and ensuring accountability to shareholders.
Succession Planning: Developing and implementing succession plans for key executives and board members.	**Social Responsibility:** Considering the impact of the company's activities on society and the environment, and promoting sustainable practices.	**Communication:** Ensuring effective communication with shareholders, stakeholders, and the public, providing them with relevant and timely information.
Board Composition: Maintaining a balanced and diverse board composition, with independent directors who can provide objective oversight.	**Conflict of Interest:** Managing conflicts of interest among directors and ensuring transparency in disclosing such conflicts.	**Continuous Improvement:** Regularly evaluating the board's performance, effectiveness, and governance practices to identify areas for improvement.

These responsibilities are in line with the King III Code of Corporate Governance, which aims to promote transparency, accountability, and ethical behaviour in the governance of companies.

Governance philosophy and approach

The Company's Board of Directors focuses on maintaining the highest standards of good corporate governance and providing ethical leadership in directing the business of the Company. This is done with the goal of:

- ensuring that the Board creates value for its unitholders
- taking cognisance of the legitimate interests and expectations of all its key stakeholders.

The Company has adopted King III™ as the framework for its Corporate Governance , entrenched with the key themes of ethical leadership, sustainability, and good corporate citizenship.

Good corporate governance, for any entity, is the cornerstone of its success. Over the past financial year, the Company has made significant strides in building on the set principles of corporate governance as described in the King III Code of Corporate Governance. The Board has set the tone from the top with actions that have driven the set strategy and operational success of the Company. This ethical and practical leadership is characterised by integrity, competence, responsibility, fairness, and transparency.

The Board acts as the focal point or custodian of corporate governance

It provides for effective governance that involves monitoring the relationships between:

- the Board and Executive Management
- the Company and its stakeholders.

The Board's oversight responsibilities involve 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. The Board and its Committees perform a critical corporate governance function through this oversight role.

The Board has delegated the day-to-day responsibility for managing the Company to its Executive Management and focuses on attending matters affecting the Company's overall strategic objectives.

GOVERNANCE REVIEW

BOARD COMPOSITION

The Board is comprised of five board members: four Independent Non - Executive directors and a Non executive directors.

Brief profiles for each of our directors are available on page 24 of this report.

Board diversity:

As at 30 June 2023

Gender

- **20%** female
- **80%** male

49 years The average age of our six board members

Board independence:

- **80%** Independent non-executive directors
- **20%** non-executive directors

Retired directors and new appointments

- Mr Gregory offered himself for re-election but was not re-elected by shareholders at the 2022 AGM and subsequently retired from the Board at the conclusion of the meeting on 14 December 2022..
- The appointment of Mr Mervin Muller, who was appointed as an independent non-executive Director to the Board with effect from 31 October 2022 was not ratified at the 2022 AGM.
- Grit concluded its divestment from LLR in June 2023 and the Grit representatives on the LLR board being Ms. Bronwyn Knight, Mr. Oteng Keabetswe and Mr. Donald Borthwick steeped down from the board effective 30 June 2023.
- At an Extraordinary General Meeting held on 29 June 2023, our unitholders appointed Ms. Katso Gaobakwe, Mr. Boikanyo Kgosidintsi and Mr. Zola Lupondwana as new directors to LLR's Board.

LLR embarked on a comprehensive process to identify and appoint new board members during FY2023. This endeavour aimed at aligning the Board's composition with the diverse and extensive expertise required to effectively realise LLR's strategic objectives.

In line with our commitment to transparency, LLR initiated an engagement process with major shareholders and key stakeholders. This involved conveying our methodology for selecting new board members and elucidating the specific skill sets we sought in potential nominees. Throughout each stage of this process, we maintained open communication with stakeholders, seeking their input and ensuring their comfort with the shortlisted candidates.

The election of new board members was executed meticulously, garnering significant approval from both major and minor shareholders. The consensus reached was unanimous, affirming the alignment between the shortlisted candidates and the Company's vision. Consequently, the subsequent Extraordinay Annual General Meeting (AGM) became a seamless confirmation of the stakeholders' collective consensus. The solidarity behind the current board composition underscores the cohesive direction that will guide LLR's journey ahead.

Newly appointed Directors undergo a robust induction programme to ensure that they have an understanding of the role, culture and operations of the Board and the Company. In addition, all Directors undergo continuous training and professional development.

Independence and transparency

The Board has appointed independent Non-Executive Directors to provide an independent assessment and oversight of the Company's business and activities and ensure compliance with the principles of good corporate governance. The Independent Directors do not have a material relationship with the Company and are not members of the Company's executive management, nor are they involved in the day-to-day operations of the Company. This is to ensure that there is a clear separation of responsibilities between the executive management of the Company, shareholder representatives and independent members of the Board.

In addition, prior to all major Board decisions, the Chairman requires the Directors to confirm that they do not have a potential personal conflict with the matter being discussed. If a conflict does arise, the Director is excluded from the discussions.

Our governance framework provides an adequate, transparent organisational structure with a clear allocation and appropriate segregation of responsibilities. The roles and responsibilities of those accountable for the management and oversight of the Company are clearly defined.

Balance of authority

There is a clear division of responsibilities at Board level to ensure a balance of power and authority, and no one individual has unfettered powers of decision-making. Non-Executive Directors complement the skills of our executive management and provide an independent view of the decision-making process. They assess business plans, performance, resources, and standards of conduct. They also assist in determining strategy formulation and decision-making.

Balance of skills

The Board's objective is to have the appropriate mix of skills, knowledge and experience from a wide range of industries and backgrounds necessary to address any challenges for the Company. The skills and expertise on the Board range from audit and accounting experience, investments, property development, human resources, IT, process optimisation, management consulting as well as strategy development. The Board continuously assesses its skills composition and will onboard new Directors with requisite skills where it deems these appropriate. The Board is currently satisfied that the Directors possess adequate experience and expertise necessary to direct the Company's affairs.

Succession planning

Succession planning to ensure continuity is an ongoing exercise. The Board either itself or through the Nomination and Remuneration Committee periodically reviews its composition relative to the skills, knowledge and experience needed to provide strategic direction, leadership and equitable representation in terms of its composition. LLR recognises the need to promote gender diversity at the Board level. We believe in fostering diversity throughout the organisation and therefore regularly consider candidates with diverse skills, age, race, gender and culture.

GOVERNANCE REVIEW

BOARD EVALUATION

On an annual basis, the Board conducts a self-assessment to evaluate effectiveness as a whole, the Board Committees, and the individual Directors. The objective of the evaluation is to ensure that the Board measures its performance, efficiency, and effectiveness.

During the FY2023, an independent assessment to evaluate the effectiveness of the Board, Company Secretary and the CEO was undertaken and a presentation was made to the Board. However, no action plan was formulated following the presentation due to the recent transition of the Company's Board of Directors.

COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND GOVERNANCE PRACTICES

The Board safeguards the Company against bribery, fraud and corruption by adopting policies and frameworks aligned to maintain good corporate citizen status. For the period under review, there has been notable progress made particularly regarding key corporate governance policies and processes that were previously noted as lacking within the Company. These include LLR's Data Protection Policy, Stakeholder Management Policy, Non-Audit Services Policy, Remuneration Policy, Whistleblowing Policy and Anti-Money Laundering (AML) Policies as well as an IT Governance framework, Business Continuity Plan and Disaster Recovery Management Plan.

Following the Board's approval of LLR's AML Policy and Procedures in December 2022, the Company's compliance function conducted detailed training on the AML framework for the Company's staff.

The Company continuously monitors its compliance with applicable laws and regulations through its compliance function. Our Compliance Officer ensures that LLR is operating according to the highest standards of regulatory compliance and best practice, as defined by external regulations and internal policies and procedures respectively, including banking and labour laws as well as AML, Know Your Customer (KYC), Data Privacy Protection and any other regulatory requirements.

The Compliance function reports quarterly to the Board's Audit, Risk and Compliance (ARAC) Committee on any changes to the legal and regulatory landscape. The report details legislative updates and requirements and reports on non-compliance or breaches which are escalated to the Board. This role of oversight on the compliance with applicable laws and regulations is one of the key principles of King III.

The Company has shown commitment to change where necessary and currently complies with the majority of King III and BSE requirements, as well as recommendations made by the BAOA in 2021, which also emanate from King III principles. Our King III™ application register is disclosed on page 150 of this report.

LLR takes misconduct or unethical behaviour very seriously and has a zero tolerance policy concerning violations of laws, regulations, or ethical standards. Our Whistleblowing Policy therefore enables individuals who have serious concerns on any aspect of LLRs business to raise those concerns without fear of victimisation or reprisal.

RISK GOVERNANCE

The Board has overall responsibility for ensuring that LLR maintains effective risk management and internal control systems. The Audit, Risk and Compliance Committee assists the Board in fulfilling its duties.

These include:

Oversight of Risk Management Framework	The Board approves and oversees LLR's risk management framework. This framework is designed to identify, assess, and manage the full spectrum of risks the Company faces.
Integrated risk management	The Board ensures that risk management is integrated into the Company's strategy, operations, and decision-making processes. This ensures that risks are considered when making strategic and operational choices.
Risk appetite and tolerance	The Board determines LLR's risk appetite and tolerance levels. This guides management in making risk-related decisions that align with the Company's risk profile.
Internal controls	The Board monitors and evaluates the effectiveness of LLR's internal control systems, which help manage risks. This involves ensuring that there are adequate checks and balances in place to prevent and detect potential risks.
Risk Management Policies and Processes	The Board reviews and approves risk-related policies and processes. This includes policies for specific risk areas such as cybersecurity, financial risks, operational risks, and compliance risks.
Review of risk reports	The Board receives regular risk reports from management. These reports provide insights into LLR's risk profile, ongoing risk management efforts, and any emerging risks.
Disclosure and transparency	The Board ensures that the Company discloses relevant risk information to stakeholders. This includes communicating significant risks and risk management practices in a transparent manner.

The Board regularly receives assurance regarding the effectiveness of the risk management process.

LLR outsources internal auditors who perform internal audit services twice a year. 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

GOVERNANCE REVIEW

management. LLR's internal audit function attends ARAC Committee meetings to table their working report.

A quality assurance and improvement programme is in place to assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

TECHNOLOGY AND INFORMATION GOVERNANCE

During FY2023, the Board developed and approved key IT and technology related policies to address emerging security threats in line current legislation and best practices. LLR experienced no data breaches or cyber-attacks during the year under review.

Policy and Framework Development

LLR recognizes the strategic significance of data and has implemented a Data Classification Policy. This policy establishes a structured process for categorizing data based on its sensitivity, value, and criticality. It ensures that appropriate security controls are implemented to protect data confidentiality, integrity, and availability. The policy defines roles, responsibilities, access privileges, and compliance measures, creating a culture of data privacy compliance.

Our Information Security Policy is designed to protect information and data from unauthorized access, modification, and destruction. The policy adheres to relevant legislation and standards, including the Botswana Cybercrime and Computer Related Crimes Act of 2018, ISO/IEC 27001 Standard, Botswana Data Protection Act, and Electronic Records (Evidence) Act of 2014. The policy focuses on maintaining confidentiality, integrity, and availability of IT systems and data.

The Board's commitment to effective IT governance extends beyond policy development. The Company is poised to commence the implementation phase of an IT governance framework developed and approved during FY2023. This strategic initiative will be launched at the outset of FY2024, with comprehensive training sessions for the Board and senior management.

Cybersecurity training

During the current financial year LLR prioritized cybersecurity training for senior management. This training aimed to enhance their understanding of the evolving technology and cyber landscape, enabling informed decision-making and proactive risk management. Building on its proactive approach, LLR plans to expand cybersecurity training beyond senior management. In the upcoming fiscal year, the organization will extend cybersecurity education to all staff members, ensuring a comprehensive understanding of cybersecurity best practices across the workforce.

With a clear focus on data security, LLR is primed to implement its IT governance framework, ensuring the organization remains resilient and aligned with evolving technological standards and practices.

COMPANY SECRETARY

The Company Secretary is Ms Bothepa Obuseng, who is a member of the Management team. Ms Obuseng is a qualified, competent and experienced professional who maintains an arm's length relationship between herself and the Board.

The Company Secretary undergoes an annual evaluation by the Board whereby the Board satisfies itself as to the competence, qualifications and experience of the Company Secretary. The Board has considered the Company Secretary's performance and delivery during the year and is satisfied with the competence, qualifications, independence and experience of the Company Secretary.

The Company Secretary is accountable to the Board to:

- ensure that Board procedures are followed and reviewed regularly
- ensure that applicable rules and regulations for the conduct of the affairs of the Board are complied with
- maintain statutory records in accordance with legal requirements
- guide the Board as to how its responsibilities should be properly discharged in the best interests of the Company
- keep abreast of, and inform, the Board of current and new developments regarding corporate governance thinking and practice.

GOVERNANCE REVIEW

BOARD COMMITTEES

The committees established by the Board assist in the discharge of its duties and the overall governance of the organisation.		
Board committees		
Audit, Risk and Compliance Committee (ARAC)	**Investment Committee** (IC)	**Nominations and Remunerations Committee** (NRC)
To promote sound corporate governance and optimise the sharing of information, the Executive Management and other senior management may be present at Board committee meetings whether ad hoc or by standing invitation.		
The Board committees have unrestricted access to company information and any resources required to assist them to fulfil their responsibilities, including professional advice paid for by the Company.	Every Board committee has Board-approved terms of reference which are reviewed annually and aligned, as far as applicable and possible, with King III, BSE requirements and the Botswana Companies Act.	The Board determines and amends, as necessary, the scope and responsibilities of the committees, as well as the appointment of new committee members.

The Board has further 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.

All the committees are satisfied that they have fulfilled their responsibilities as per their terms of reference during FY23.

Audit, Risk And Compliance Committee (ARAC)

The ARAC Committee was established by the Company to assist in fulfilling its statutory obligations in terms of the Botswana Companies Act. The King Report on Corporate Governance (King III) emphasises the vital role of an Audit Committee in ensuring the integrity of financial controls, integrated reporting and identifying and managing financial risk. It is therefore imperative that the Committee comprises of members with strong grasp of key financial reporting and accounting issues. The Committee has been delegated by the Board to oversee 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.

During the majority of FY2023, the Committee comprised three independent Non-Executive Directors and was chaired by Mr. Donald Borthwick, with Khuto Balosang and Mooketsi Maphane as members of the Committee.

During the reporting period the ARAC Committee focused on:

- Approval of IT Governance framework
- Closure of internal audit findings

The ARAC Committee was challenged during FY2023 by inadequate composition (with a minimum three independent directors required) during the second half of the financial year.

As we enter FY2024, the ARAC committee is served by: Zola Lupondwana (Chairperson), Boikanyo Kgosidintsi and Mooketsi Maphane.

During the year ahead, the ARAC Committee intends to focus on:

- Closing out on external audit findings
- Implementation of IT Governance framework
- Approval of financial manuals / policies
- Approval of Risk management framework
- Development and approval of the Company's risk appetite profile / statement.

Investment Committee (IC)

The IC has been established primarily to assist the Board in overseeing the development and implementation of the Company's investment policies, guidelines, strategies and procurement activities. This includes, but is not limited, to ensuring that there is an appropriate, robust and consistent framework for objective analysis of proposed real estate investments, analysis of divestment or disposals, review and approval of major property refurbishments and performance reviews of the Company's investment portfolio.

During the majority of FY2023, the Committee was chaired by Ms. Bronwyn Knight (a Non-Executive Director), in an acting capacity, with Gregory Pearson and Oteng Keabetswe as members of the Committee.

During the reporting period the IC focused on:

- Ensuring that the strategic objectives (in terms of investments) are adequately executed
- Finalisation of the Company's balance sheet optimisation exercise.

In terms of investment execution, the IC provided guidance to Management on the type of deals and investments that management should be tabling, in line with the approved strategy.

As we enter FY2024, the IC is served by: Boikanyo Kgosidintsi (Chairperson), Zola Lupondwana and Katso Gaobakwe

During the year ahead, the IC intends to focus on:

- Review and update of Committee Charters
- Review and update of Investment policy / philosophy.
- Monitoring and guidance in the conversion of the proposed pipelines
- Overseeing major refurbishment / redevelopment works on the Company's properties.

Nominations And Remuneration Committee (NRC)

The NRC was established in 2022 to deal specifically with human capital, and remuneration aspects of the Company as well as the nominations of Directors to the Board of the Company through a continuous assessment of the required skills on the Board. This is in line with best governance practice and the Botswana Stock Exchange (BSE) Listings Requirements.

The NRC's responsibilities include, amongst others, reviewing and providing guidance with respect to human resource policies and strategies, overseeing the Company's remuneration policies and ensuring that there is a formal,

GOVERNANCE REVIEW

transparent, and accountable process for the nomination, election and appointment of the directors to the Board. The NRC Charter stipulates the composition of the Committee, which is comprised of at least three Directors, the majority of whom shall be independent, including an independent Non-Executive Chairman.

During the majority of FY2023, the Committee was Chaired by Mooketsi Maphane (an Independent Non-Executive Director), with Donald Borthwick (Independent Non-Executive Director) and Ms. Bronwyn Knight (a Non-Executive Director) serving as NRC members.

During the reporting period the NRC's focus areas included the:

- Approval of key HR policies, including
  - » short incentive policy
  - » performance management policies
  - » mployee and board remuneration policies.

The above policies were all approved by the Board in June 2023 following the recommendation of the Committee.

As we enter FY2024, the NRC committee is served by Mooketsi Maphane, Khuto Balosang and Katso Gaobakwe. During the year ahead, the NRC intends to focus on the:

- Approval of Board and Management Succession Planning
- Establishment of policy / guidelines on the appointment of Independent Non-Executive Directors
- Deliberation and discussion on the Board skills matrix
- Interviews and recommendation for approval on the appointment of additional Independent Non-Executive Director (to fill the current vacancy within the Board)
- Approval of Long-Term Incentive Plan.

BOARD AND COMMITTEE MEETINGS ATTENDANCE

In line with the Company's Board Charter and Constitution, the Board and Committees meet at least four times a year to deliberate on, amongst others, matters of strategy, investments, approval of annual financial statements and to monitor the implementation of set controls within the Company.

The Chairman of each Board Committee reports at each scheduled meeting of the Board and minutes of Board Committee meetings are provided to the entire Board. Both the directors and the members of the Board Committees are supplied with full and timely information that enable them to properly discharge their responsibilities. All directors have unrestricted access to all Company information.

The Chairman of the Audit, Risk and Compliance (ARAC) Committee is required to attend the annual general meeting to respond to issues or answer questions raised by shareholders.

Name and Surname	Type of Director	Committee Membership	Board Meetings		Committee Meetings		Other Engagements	Total Fees Paid (P) 2023	Total Fees Paid (P) 2022
			Eligible to attend	Meeting Attendance	Eligible to attend	Meeting Attendance (Committee)			
Khuto Balosang	Independent Non-Executive Director	Audit Risk and Compliance Committee	21/21	21/21	2/2	1/2	19	646 267.16	318 290.00
Mooketsi Maphane	Independent Non-Executive Director	Nomination and Renumeration Committee and Audit Risk and Compliance Committee	21/21	21/21	6/6	6/6	17	628 800.48	380 731.00
Oteng Keabetswe*	Non-Executive Director	Investment Committee	21/21	20/21	7/7	7/7	6	474 095.60	573 905.00
Bronwyn Knight*	Non-Executive Director	Investment Committee & Nomination and Renumeration Committee	21/21	14/21	11/11	10/11	6	391 752.68	416 705.00
Donald Borthwick*	Independent Non-Executive Director	Audit Risk and Compliance Committee & Nomination and Renumeration Committee	21/21	21/21	6/6	6/6	7	441 657.48	299 576.00
Gregory Pearson**	Non-Executive Director	Investment Committee	8/8	6/8	6/6	4/6	9	224 571.6	249 671.00
Mervin Muller ***	Independent Non-Executive Director	Audit Risk and Compliance Committee	2/2	2/2	1/1	1/1	2	115 895.35	-
TOTAL								**2 923 040.35**	**2 927 564.00**

***Resigned effective 30 June 2023**

****Retired effective 14 December 2022**

*****Appointment not ratified at the AGM of 14 December 2022**

REMUNERATION REVIEW

REMUNERATION POLICY PURPOSE AND OBJECTIVES

Remuneration stands as a pivotal pillar within Letlole La Rona (LLR), embodying the intricacies of the prevailing market dynamics and operational environment. Remuneration and rewards play a critical role in the acquisition, engagement, and retention of top-tier talent.

LLR's remuneration philosophy is to pay market related salaries, fairly and equitably distributed between and within job grades, according to agreed compensable factors. Our Remuneration Policy delineates the management guidelines for remuneration, aimed at drawing, motivating, and retaining exceptional personnel of substantial calibre and potential.

8 DECENT WORK AND ECONOMIC GROWTH

At the core of LLR's remuneration policy lies the steady objective of administering fair, responsible, and transparent compensation. This approach harmonises with our overarching ambition to foster the attainment of strategic goals and favourable outcomes across short, medium, and long-term horizons.

The objectives of the Remuneration Policy are:

- To ensure that all remuneration and rewards is managed equitably
- To establish and maintain a set of remuneration principles, which contribute to the attraction, motivation and retention of high-quality employees and to facilitate a high-performance driven culture
- To guide and direct the development and management of the organisation's remuneration practices and systems
- To ensure that LLR's remuneration costs are effectively managed in line with the organisation's performance
- To promote the achievement of strategic objectives within the organisation's risk appetite
- To promote an ethical culture and responsible corporate citizenship.

Remuneration Philosophy

LLR's remuneration strategy adopts a performance-based remuneration philosophy that promotes the Company's entrepreneurial culture and recognises that remuneration plays a key role in:

- Facilitating the attraction and retention of employees
- Reinforcing the alignment of individual staff objectives with LLR's business objectives
- Motivating individual and corporate performance
- Equal remuneration for work of equal value
- Establishing internal equity, ensuring executives are remunerated correctly in relation to each other, in recognition of their individual contributions and accountabilities.

LLR's remuneration philosophy is to structure remuneration packages in such a way, that long and short-term incentives are aimed at achieving both the business objectives and delivering shareholder value.

The following guiding principles underpin the performance-based remuneration and reward-philosophy which applies to all employees:

Total Remuneration	LLR adopts both guaranteed and variable pay to reward its staff. • The component guaranteed in terms of the employment agreement includes a basic salary, complemented by Company-provided benefits such as fixed car and housing allowances. • The variable pay currently comprises of a short-term incentive (STI) plan, a long-term incentive (LTI) plan, discretionary awards and diverse allowances.
Remuneration Model	Excellent operational performance is a key driver of overall performance within LLR and therefore, guaranteed pay is set at a level that is aligned to the sustained operational performance that is expected. All remuneration, reward and recognition practices are aligned to the organisational strategy and directly support it.
Competitive Remuneration	LLR strives to offer competitive remuneration to attract and retain skilled employees. External benchmarking against the peer companies is conducted every two years and LLR endeavours to pay at or around the industry specific median for on-target performance. The Company's defined market position for Total Guaranteed Package is at the 50th percentile or median, with a bell-shaped curve around the median, ranging from new entrants at the lower end to sustained high performers at the higher end of the pay- scale.

REMUNERATION REVIEW

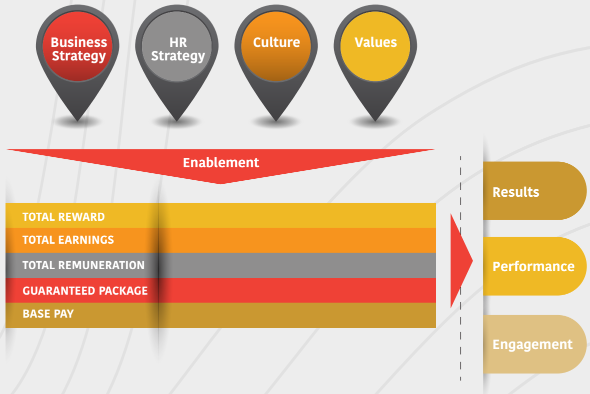
Performance Linked	LLR's performance-based pay philosophy is designed to ensure that the executives and employees have an element of their total remuneration tied to LLR's performance through variable pay. Variable remuneration will therefore be linked to pre-defined performance measures. Each year the Board will consider the performance measures to ensure that they are appropriate and challenging in the context of the prevailing business environment and reinforce the Company strategy. The performance measures in the incentive plans will be limited in number and individual measures will be tailored to maximise accountability and will include non-financial measures.

LLR embraces defensible differentiation in pay whereby a greater proportion of reward is distributed to the highest performers.

Flexibility	As LLR requires specialist skills which are key to the success of the business, Executive Management identifies critical skills and competencies required to support the business growth. The adopted remuneration structures must be able to adapt and evolve with changing business and human resource needs.
Affordability	Total remuneration costs need to be affordable at an individual corporate entity level and justifiable to employees and stakeholders.
Simplicity and Transparency	The reward philosophy, principles and structures are to be openly communicated to internal and external stakeholders, with the annual reward opportunity and alignment to individual performance being communicated to the individual. Remuneration structures must not be overly complex to communicate, administer and understand. Open communication assists in the engagement of employees by supporting an environment of trust and stakeholder confidence regarding remuneration issues.
Sustainability	The remuneration policy and practices are designed to support long-term value creation for all stakeholders as well as compliance with regulatory changes.

LLR's Total Reward Remuneration Model

LLR has adopted total remuneration principle for pay structuring which is illustrated in the following diagram:



REMUNERATION ELEMENTS

Guaranteed Package

LLR applies the remuneration approach, also referred to as 'guaranteed package'. This is the non-variable element of total remuneration.

LLR shall pay a guaranteed pay which includes all cash, and contractual non-cash benefits to remunerate employees for services rendered to the Company. This package shall exclude the company contributions towards medical aid and pension/ gratuity.

Annual adjustments to Guaranteed Package are discretionary and are determined with reference to a projected consumer price inflation, affordability within the legal entity, skills scarcity, compo-ratio, internal value (position in the job hierarchy), individual performance and external value (relative positioning in the market).

Appraisal of performance remains a major factor in the determination of an individual's guaranteed package.

Benefits and Allowances

The Company offers basic and discretionary benefits and allowances as provided for in contracts of employment.

- Basic benefits and allowances are those stipulated by the Employment Act and are available to all employees.
- Discretionary benefits and allowances are normally reserved for employees at Executive or Managerial level at the discretion of the CEO and/or Board as determined from time to time.

Dependent on the employee's contract of employment, the following basic benefits allowances may be applicable:

Basic Benefits	Pension, gratuity, medical aid, and insurance coverage are provided.
Discretionary Allowances	Housing and car allowances for executives and managers.
Variable Allowances	Travel, utility, entertainment, and education allowances, plus wellness memberships.

REMUNERATION REVIEW

Performance Rewards/ Incentives

Employees who perform their duties with exceptional diligence or efficiency during any financial year may be rewarded in accordance with the Performance Management Policy as well as the Rewards and Recognition Policy in place as it relates to incentive plans in place from time to time.

Performance rewards bonus awards are paid in accordance with the principles of the Performance Management Policy and prescribed process, as determined by the NRC and approved by the Board.

All incentive pay-outs are at the discretion of the NRC and as approved by the Board, with due consideration based on the performance and financial position of the Company.

Job Evaluation

The remuneration structure takes job evaluation results into account. To establish the relative worth of each position and ensure equity in remuneration, a job evaluation is consistently applied across all jobs and considers job size, associated grade and reward levels.

Positions are evaluated from time to time using the Paterson Grading methodology or equivalent job grading system to:

- Establish and maintain a defensible rank ordering of jobs
- Ensure consistent and fair remuneration so that 'equal pay for work of equal value' is achieved
- Assist in the determination of market-related total remuneration per job family
- Benchmark against an identified in-country peer-group.

Where scarce skills are identified, individuals will be paid in line with the relevant specialist markets to ensure effective attraction, motivation and retention of such skills.

MONITORING AND EVALUATION

The Remuneration Policy is tabled for a non-binding advisory vote by the shareholders and thereafter every three years.

Where at least 25% of shareholder vote is against the Policy, a plan shall be put in place to address concerns and remedy shortcomings of the policy. The Company will monitor the application of this policy and has discretion to review it at any time through appropriate consultation mechanisms.

Responsibility for the implementation, monitoring and development of this policy lies with the Executive responsible for the HR Function.

Non-Executive Director Remuneration

Non-Executive Directors are remunerated in line with the Board Compensation Policy, as approved by the Board and Shareholders. In 2023, a new remuneration policy was implemented to address complaints raised by shareholders in the past, who felt that the board fees were too high.

Non- Executive Directors, including Independent Directors, receive remuneration by way of fixed retainer fees for attending Board or Committee meetings. Over and above a prescribed minimum of four meetings per year, special Board and Committee meetings are held as and when necessary to further aid the Directors in discharging their duties. With this new remuneration policy, we expect board fees to drop substaintially to levels below P2 million for FY2023/2024.

Directors are paid a set annual retainer amounting to P29,942.88 at the beginning of each year and a sitting allowance of P12,476.20 (Chairperson P14,971.44) per Board/ Committee meeting attended.

Any remuneration paid by the Company to Directors is subject to the approval of shareholders. The board fees for the FY2023/2024 have been reviewed to better align with shareholders' feedback and concerns.


lights


MOBILE CITY
BG FINANCE

07.

Financial Statements

FINANCIAL STATEMENTS

General information

Country of incorporation and domicile Botswana	Botswana
Nature of business and principal activities	The Company is a Variable Rate Loan Stock company engaged in property investment and deriving revenue primarily from property rentals.
Directors	K Balosang (Board Chairperson - Effective 01 November 2022) M Maphane K Gaobakwe (Effective 29 June 2023) B Kgosidintsi (Effective 29 June 2023) Z Lupondwana (Effective 29 June 2023) O Keabetswe (Resigned 30 June 2023) B Knight (Resign 30 June 2023) D Borthwick (Resigned 30 June 2023) G Pearson (Retired 14 december 2022) M Muller (Appointment not ratified at the AGM of 14 December 2022)
Registered office	Letlole La Rona Limited Unit 2B, 1st Floor Peelo Place, Plot 54366, CBD P O Box 700ABG Gaborone Botswana
Business address	Unit 2B, 1st Floor Peelo Place, Plot 54366, CBD P O Box 700 ABG Gaborone, Botswana
Auditors	Grant Thornton Chartered Accountants and Certified Auditors of Public Interest Entities
Secretary	Bothepa Obuseng
Company registration number	BW00001394482
Date of incorporation	08 July 2010
Transfer secretaries	Central Securities Depository Company Botswana 4th Floor, Fairscape Precinct Plot 70667, Fairgrounds Gaborone, Botswana
Legal Advisors	Armstrongs Attorney Acacia House Plot 54358, New CBD Gaborone Botswana
Debenture Trust Trustees	Desert Secretarial Services

Directors' responsibilities and approval

The directors are required in terms of the Companies Act of Botswana 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 annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the 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 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.

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

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 92 to 95.

The annual financial statements set out on pages 88 to 148, which have been prepared on the going concern basis, were approved by the board of directors on 21 September 2023 and were signed on their behalf by:

Approval of financial statements

Director

Director

Directors' report

The directors have pleasure in submitting their report on the Annual Financial Statements of Letlole La Rona Limited for the year ended 30 June 2023.

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 2023 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 2023	Debenture interest (thebe)	Dividend (thebe)	Total (thebe)
Interim-paid	9.06	0.05	9.11
Final declared	10.58	0.05	10.63
	19.64	**0.10**	**19.74**
30 June 2021	**Debenture interest (thebe)**	**Dividend (thebe)**	**Total (thebe)**
Interim-paid	8.33	0.05	8.38
Final declared	9.98	0.05	10.03
	18.31	**0.10**	**18.41**

Directors' report

4. Directors

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

Directors

Khuto Balosang	(Board Chairperson - Effective 01 November 2022)
Mooketsi Maphane	
Katso Gaobakwe	(Effective 29 June 2023)
Boikanyo Kgosidintsi	(Effective 29 June 2023)
Zola Lupondwana	(Effective 29 June 2023)
Oteng Keabetswe	(Resigned 30 June 2023)
Bronwyn Knight	(Resigned 30 June 2023)
Donald Borthwick	(Resigned 30 June 2023)
Gregory Pearson	(Retired 14 December 2022)
Mervin Muller	(Appointment not ratified at the AGM of 14 December 2022)

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 2023 had any interest in the company, except for the one's below:

Director's name	Shareholding	Services provider	
B Knight	Applicable	N/A	(Resigned)

Ms. B Knight had a financial interest in Letlole la Rona (LLR) Limited through her interest in Grit Real Estate Group Limited (Grit) a Stock Exchange of Mauritius (SEM) and London Stock Exchange (LSE) listed company which was a shareholder in LLR. Grit has, however, disinvested from LLR effective 20 June 2023.

6. Events after the reporting period

We are pleased to inform you that after year end, on the 28th of July 2023, the Company entered into a Sale of Linked Units Agreement with Botswana Railways Organisation (BRO) and JTTM Properties (Proprietary) Limited (JTTM) for the acquisition of an additional 25% shareholding in JTTM. The additional acquisition will result in LLR becoming the majority shareholder at 57.79% total shareholding. The acquisition of additional stake is driven by the exceptional performance by JTTM both in terms of net asset value and distribution yield since the initial acquisition of 32.79%. LLR expects to continue realising greater returns from this investment.

LLR took a decision to divest from its under-performing assets as part of its portfolio optimisation strategy. The Company disposed Plot 50380 Moedi House in Fairgrounds, Gaborone. The transfer was successfully completed on the 21st of August 2023. The Company is also in the process of disposing Plot 2989 Red Square in Extension 11, Gaborone, the first phase being offers to the sitting tenants as per the Sectional Title's Act.

Director

Director

Chartered Accountants

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

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twitter.com/GrantThorntonBW

Independent Auditor's Report

To the unit holders of Letlole La Rona Limited

Opinion

We have audited the annual financial statements of Letlole La Rona Limited set out on pages 96 to 145, which comprise the statement of financial position as at 30 June 2023, 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 annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements give a true and fair view of, the financial position of Letlole La Rona Limited as at 30 June 2023, 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 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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 the matter was addressed in our audit
Valuation of the investment property The company's significant assets are the investment properties in various segments as disclosed under note 12 of the annual financial statements. The values of these properties are determined using valuation experts in the field of real estate valuations. Significant judgement is required to determine the fair value of investment property, especially with respect to determination of appropriate capitalization rates and net 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.	Experts appointed by the management determined the fair values of the investment properties. We assessed the competence and capabilities of the valuer by verifying qualifications and experience. 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. We verified on a sample basis the underlying data used by the valuers, significant ones being rental income, escalation terms and lease periods. We compared the capitalization rates utilized 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. Our audit procedures have resulted in appropriate audit evidence with regards to the values of the investment properties.

Independent Auditor’s Report (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Letlole La Rona Limited annual financial statements for the year ended 30 June 2023”, which includes the Directors’ Report and the Detailed Income Statement, 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. The other information does not include the annual financial statements and our auditor’s report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 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 annual 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 annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

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Independent Auditor's Report (continued)

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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

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

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

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

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

21 Sep 2023

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Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2023 P	2022 P
Continuing operations			
Revenue	3	102 146 703	97 486 034
Other income	4	1 612 156	315 121
Other operating gains (losses)	5	10 897 813	393 837
Movement in credit loss allowances	6	1 508 589	(1 963 290)
Administrative expenses	6	(31 889 850)	(22 544 902)
Property related expenses	6	(9 821 667)	(10 071 440)
Operating profit		**74 453 744**	**63 615 360**
Finance income	7	20 734 401	8 347 962
Finance costs	8	(34 476 270)	(21 318 596)
Share of profit from equity accounted investments	9	12 509 443	23 880 957
Fair value adjustment of investment properties	10	46 097 737	31 200 958
Profit before taxation		**119 319 055**	**105 726 641**
Taxation	11	(18 136 185)	(9 837 958)
Profit from continuing operations		**101 182 870**	**95 888 683**
Discontinued operations			
Profit from discontinued operations		9 118 449	2 985 609
Profit for the year		**110 301 319**	**98 874 292**
Other comprehensive income		-	-
Total comprehensive income for the year		**110 301 319**	**98 874 292**
Profit attributable to:			
Owners of the parent:			
From continuing operations		101 182 870	95 888 683
From discontinued operations		9 118 449	2 985 609
		110 301 319	**98 874 292**
Per linked unit information			
Earnings per linked unit			
Basic earnings per linked unit (thebe) from continuing operations	28	40.46	38.27
Basic earnings per linked unit (thebe) from discontinued operations	28	3.26	1.07
		43.72	**39.34**
Basic headline earnings per linked unit (thebe)			
Basic headline earnings per share (thebe) - continuing operations	28	42.60	37.74
Basic headline earnings per share (thebe) - discontinuing operations	28	3.26	1.07
		45.86	**38.81**
Distribution, dividends and debenture interest per linked unit			
Dividend per linked unit (thebe)	29	0.10	0.10
Debenture interest per linked unit (thebe)	29	19.64	18.31
Distribution per linked unit (thebe)		**19.74**	**18.41**

Statement of Financial Position as at 30 June 2023

	Note(s)	2023 P	2022 P
Assets			
Non-Current Assets			
Investment property	12	967 983 900	1 003 397 520
Property, plant and equipment	13	1 607 628	1 143 274
Right-of-use assets	14	98 348	703 540
Investment in associates	16	234 624 422	217 086 735
Loans to group companies	17	99 224 484	-
Investments at fair value	18	6 250 000	6 250 000
Operating lease asset		20 716 721	20 552 481
Deferred tax	26	12 843 591	12 271 077
Deferred taxation recoverable - related party	15	3 200 048	3 302 144
Other receivable	19	-	26 620 370
		1 346 549 142	**1 291 327 141**
Current Assets			
Trade and other receivables	20	6 091 038	7 179 720
Taxation receivable		2 992 181	1 911 591
Cash and cash equivalents	21	66 797 614	142 273 660
		75 880 833	**151 364 971**
Non-current assets held for sale	22	96 500 000	-
Total Assets		**1 518 929 975**	**1 442 692 112**
Equity and Liabilities			
Equity			
Stated capital	23	2 718 884	2 718 884
Debentures - Linked units	24	405 113 547	405 113 547
Retained income		505 885 904	438 752 105
		913 718 335	**846 584 536**
Liabilities			
Non-Current Liabilities			
Borrowings	25	476 346 426	471 257 982
Lease liabilities	14	-	126 200
Deferred tax	26	69 626 596	63 116 473
		545 973 022	**534 500 655**
Current Liabilities			
Trade and other payables	27	24 111 238	27 940 731
Borrowings	25	5 237 180	4 860 172
Lease liabilities	14	126 200	722 018
Debenture interest and dividend payable	29	29 764 000	28 084 000
		59 238 618	**61 606 921**
Total Liabilities		**605 211 640**	**596 107 576**
Total Equity and Liabilities		**1 518 929 975**	**1 442 692 112**

Statement of Changes in Equity

	Stated Capital P	Debentures P	Retained Income P	Total Equity P
Balance at 1 July 2021	**2 718 884**	**405 113 547**	**380 146 853**	**787 979 284**
Profit for the year		-	98 874 292	98 874 292
Total comprehensive income for the year	**-**	**-**	**98 874 292**	**98 874 292**
Taxation attributable to debenture interest	-	-	11 278 960	11 278 960
Dividends and debenture interest declared (Note 28)	-	-	(51 548 000)	(51 548 000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(40 269 040)**	**(40 269 040)**
Balance at 1 July 2022	**2 718 884**	**405 113 547**	**438 752 105**	**846 584 536**
Profit for the year	-	-	110 301 319	110 301 319
Total comprehensive income for the year	**-**	**-**	**110 301 319**	**110 301 319**
Taxation attributable to debenture interest	-	-	12 096 480	12 096 480
Dividends and debenture interest declared (Note 28)	-	-	(55 264 000)	(55 264 000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(43 167 520)**	**(43 167 520)**
Balance at 30 June 2023	**2 718 884**	**405 113 547**	**505 885 904**	**913 718 335**
Note	23	24		

Statement of Cash Flows

	Note(s)	2023 P	2022 P
Cash flows from operating activities			
Profit before taxation from continuing operations		119 319 055	105 726 641
Profit before taxation from discontinued operations		9 118 449	2 985 609
Adjustments for:			
Depreciation		1 372 579	1 433 475
(Loss)/Profit on disposal of property,plant and equipment		35 722	26 108
Results from equity accounted investments		(12 509 443)	(23 880 957)
Finance income		(20 734 401)	(8 347 962)
Finance costs		34 476 270	21 318 596
Fair value gains		(46 268 986)	(25 073 474)
Credit loss allowance		(1 508 589)	1 963 290
Movements in operating lease assets		(164 240)	1 062 042
Changes in working capital:			
Trade and other receivables		2 597 271	(2 927 335)
Trade and other payables		(3 829 492)	8 959 754
Cash generated from operations		**81 904 195**	**83 245 787**
Tax paid	31	(1 080 590)	(297 570)
Net cash generated from operating activities		**80 823 605**	**82 948 217**
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(1 271 345)	(444 327)
Sale of property, plant and equipment	13	3 881	
Investment property refurbishment	12	(14 817 394)	(19 592 286)
Acquisition of investment in associate	16	(8 108 689)	(153 938 581)
Loans advanced to group companies		(99 224 484)	-
Other receivable		26 620 370	(26 620 370)
Distributions from associate	16	3 080 445	2 904 420
Finance Income		20 734 401	8 347 962
Net cash used in investing activities		**(72 982 815)**	**(189 343 182)**
Cash flows from financing activities			
Net proceeds from borrowings		8 000 000	247 469 946
Repayment of borrowings		(2 534 548)	(3 625 214)
Payment on lease liabilities		(722 018)	(640 573)
Dividends and debenture interest paid	30	(53 584 000)	(49 956 760)
Finance costs		(34 476 270)	(21 318 596)
Net cash used in financing activities		**(83 316 836)**	**171 928 803**
Total cash and cash equivalents movement for the year		**(75 476 046)**	**65 533 838**
Cash and cash equivalents at the beginning of the year		142 273 660	76 739 822
Total cash and cash equivalents at end of the year	**21**	**66 797 614**	**142 273 660**

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, except for the impact of new standards or amendments as disclosed under note 2.

1.1 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Impairment of financial assets

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

Fair value estimation

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the valuation of investment property is disclosed in note 12 and note 34.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

Taxation

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

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

Accounting policies

1.2 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 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.

1.3 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

1.4 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 each 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.

1.5 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:

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

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

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

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

1.6 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.

Accounting policies

1.6 Investment property (continued)

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.

Investment property valuations are performed by an independent valuer and the valuation are made with sufficient regularity, annually, such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

1.7 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.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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:

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 when the item.

Accounting policies

1.8 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.

1.9 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. (Refer to accounting policy 1.10 for impairments of non-financial assets).

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.

1.10 Impairment of non-financial assets

The company assesses at the end of each 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

1.11 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.

Financial assets
- Amortised cost.

Financial liabilities:
- Amortised cost.

Note 33 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 and are subsequently measured at amortised cost (note 20).

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.

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.

Accounting policies

1.11 Financial instruments (continued)

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 20.

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 Statement of Profit or Loss and Other Comprehensive Income as a movement in credit loss allowance (note 6).

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 20) and the financial instruments and risk management note (note 33).

Derecognition

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

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 18. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the company may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the company becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs (incremental costs directly attributable to the acquisition of a financial asset) are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised in other comprehensive income (and accumulated in equity in the reserve for valuation of investments). Details of the valuation policies and processes are presented in note 34.

Dividends received on equity investments are recognised in profit or loss when the company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Accounting policies

1.11 Financial instruments (continued)

Impairment

Investments in equity instruments are not subject to impairment provisions.

Derecognition

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

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 27), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Trade and other payables 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 33 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.

Derecognition

Financial assets

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

Financial liabilities

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

Accounting policies

1.11 Financial instruments (continued)

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

1.12 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.

1.13 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 6) 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 14 Leases (company as lessee).

Accounting policies

1.13 Leases (continued)

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;
- 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 6).

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. The initial measurement of cost of the right-of-use asset includes;

- 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.

Accounting policies

1.13 Leases (continued)

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.

1.14 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

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:

- 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/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

Distribution to linked unit holders is recognised as a liability in the company's financial statements in the period in which the distribution is approved by the board.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	1 January 2022	The impact of the standard is not material
• Reference to the Conceptual Framework: Amendments to IFRS 3	1 January 2022	The impact of the amendments is not material.
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	The impact of the amendments is not material.
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	The impact of the amendments is not material.
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022	The impact of the amendments is not material.
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	1 January 2022	The impact of the amendments is not material.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 1 July 2023 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2024	Unlikely there will be a material impact
• Initial application of IFRS 17 and IFRS 9 - Comparative information	1 January 2023	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	1 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	1 January 2023	Unlikely there will be a material impact

Notes to the Annual Financial Statements

	Note(s)	2023 P	2022 P
3. Revenue			
Revenue from contracts with customers Contractual income		98 731 227	95 565 255
Straightline lease rental adjustment		59 457	(1 035 333)
Operating cost recoveries		3 356 019	2 956 112
		102 146 703	**97 486 034**
4. Other income			
Administration and management fees received		50 400	202 430
Bad debts recovered		483 137	39 955
Sundry income		767 813	72 736
Other income		6 611	-
Insurance claim		304 195	-
		1 612 156	**315 121**
5. Other operating gains (losses)			
Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	13	(35 722)	(26 108)
Foreign exchange gains (losses)			
Net foreign exchange gains		10 933 535	419 945
Total other operating gains		**10 897 813**	**393 837**
6. Operating profit			
Operating profit for the year is stated after charging (crediting) the following, amongst others:			
Auditor's remuneration - external Audit fees		453 200	436 000
Employee costs			
Salaries, wages, bonuses and other benefits		15 519 644	8 970 793
Leases			
Operating lease charges Premises		149 876	145 936
Equipment		168 378	64 229
		318 254	**210 165**
Depreciation and amortisation			
Depreciation of property, plant and equipment		767 388	565 588
Depreciation of right-of-use assets		605 191	867 887
Total depreciation and amortisation		**1 372 579**	**1 433 475**

Notes to the Annual Financial Statements

	Note(s)	2023 P	2022 P
6. Operating Profit (continued)			
Movement in credit loss allowances			
Trade and other receivables		(1 508 589)	1 963 290
Other			
Consulting and professional fees		3 487 314	4 186 033
Insurance		1 109 514	806 965
Security		2 009 522	1 602 133
Assessment rates		927 745	831 628
Legal expenses		746 506	357 593
Repairs and maintenance		2 536 263	2 111 213
7. Finance income			
Interest income			
Investments in financial assets:			
Bank and other cash		3 136 113	8 347 962
Related party interest		13 764 343	-
Loans to group companies:			
Related party interest		3 833 945	-
Total interest income		**20 734 401**	**8 347 962**
8. Finance costs			
Lease liabilities		32 781	64 847
Bank borrowings and interest		34 443 489	21 253 749
Total finance costs		**34 476 270**	**21 318 596**
9. Share of profit from equity accounted investments			
Investment in associate		12 509 443	23 880 957
10. Fair value adjustment of investment properties			
Fair value gains			
Investment property	12	46 157 194	30 138 915
Straightline lease adjustment		(59 457)	1 062 043
		46 097 737	**31 200 958**

Notes to the Annual Financial Statements

	Note(s)	2023 P	2022 P
11. Taxation			
Major components of the tax expense			
Current			
Attributable to debenture interest credited to statement of changes in equity		12 096 480	11 278 960
Deferred			
Arising from tax losses		(572 514)	(202 203)
Deferred tax charge		1 420 607	(4 315 978)
Deferred capital gains tax		4 320 509	4 473 804
Arising due to Capital gains tax recoverable from related party		871 103	(1 396 625)
		6 039 705	**(1 441 002)**
		18 136 185	**9 837 958**
Reconciliation of the tax expense			
Reconciliation between accounting profit and tax expense.			
Accounting profit		119 319 055	105 726 641
Tax at the applicable tax rate of 22% (2022: 22%)		26 250 192	23 259 861
Tax effect of adjustments on taxable income			
Effects of fair value surplus		(10 207 843)	(5 282 577)
Expenses not deductable for tax		173 248	278 343
Income from associate not subject to tax		(5 477 417)	(3 955 556)
Tax effect due to capital gains		5 169 117	(5 118 947)
Discontinued operations		2 228 888	656 834
		18 136 185	**9 837 958**

Notes to the Annual Financial Statements

	Note(s)	2023 P	2022 P
12. Investment property			
At fair value			
Freehold properties		83 400 000	128 870 000
Leasehold properties		905 290 000	895 080 000
		988 690 000	1 023 950 000
Less: Straight line rental adjustment		(20 706 100)	(20 552 480)
		967 983 900	**1 003 397 520**
Reconciliation of fair value			
At valuation		1 023 950 000	980 346 000
Straight line lease rental adjustment at the beginning of the year		(20 552 480)	(21 614 523)
Opening fair value		1 003 397 520	958 731 477
Existing buildings (Refurbishment)		14 817 394	19 592 286
Transfers to non-current assets held for sale		(96 500 000)	-
Increase in fair value during the year		46 399 285	24 011 714
Straight line rental adjustments		(130 300)	1 062 043
		967 983 900	**1 003 397 520**

The fair value of the company's investment properties at 30 June 2023 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 (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).

Notes to the Annual Financial Statements

12. Investment property (continued)

Details of property

Freehold land comprises of:

Plot 4738 Gaborone | Plot 6371 Lobatse | Plot 54060 Gaborone | Plot 2989 Gaborone

Leasehold properties comprises of:	
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 22033 Gaborone	99 year State Grant from 29 June 1992
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 7 4204 Gaborone	50 year State Grant from 10 October 1997
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 09 February 1984
Plot 69369 Gaborone	99 year State Grant from 09 February 1984
Plot 22047 Gaborone	50 year State Grant from 09 February 1984
Plot 276 Selebi-Phikwe	50 years State Grant from 28 June 1973

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 10 years. The lessees do not have an option to purchase the properties at the expiry of the lease period.

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

Minimum lease payments due		
-within one year	99 888 793	103 881 835
-In second to fifth year Inclusive	194 042 230	194 991 577
-later than five years	15 270 878	5 646 729
	309 201 901	**304 520 141**
Amounts recognised in profit and loss for the year		
Rental income from investment property	(101 700 379)	(108 155 924)
Direct operating expenses from rental generating property	9 512 407	10 194 485
	(92 187 972)	**(97 961 439)**

Notes to the Annual Financial Statements

13. Property, plant and equipment

	2023 P Cost	Accumulated depreciation	Carrying value	2022 P Cost	Accumulated depreciation	Carrying value
Leasehold property	1 577 034	(1 195 012)	382 022	1 216 638	(888 018)	328 620
Improvements Plant and machinery	78 230	(46 719)	31 511	59 230	(42 170)	17 060
Motor vehicles	713 037	(512 956)	200 081	472 114	(437 154)	34 960
Office equipment	670 152	(308 601)	361 551	471 129	(248 018)	223 111
IT equipment	1 478 151	(905 027)	573 124	1 187 426	(730 209)	457 217
Computer software	274 446	(215 107)	59 339	274 446	(192 140)	82 306
Total	**4 791 050**	**(3 183 422)**	**1 607 628**	**3 680 983**	**(2 537 709)**	**1 143 274**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property Improvements	328 620	360 396	-	(306 994)	382 022
Plant and machinery	17 060	19 000	-	(4 549)	31 511
Motor vehicles	34 960	240 923	-	(75 802)	200 081
Office equipment	223 111	199 023	-	(60 583)	361 551
IT equipment	457 217	452 003	(39 603)	(296 493)	573 124
Computer software	82 306	-	-	(22 967)	59 339
	1 143 274	**1 271 345**	**(39 603)**	**(767 388)**	**1 607 628**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Classified not held	Depreciation	Total
Leasehold property Improvements	571 949	-	-	-	(243 329)	328 620
Plant and machinery	-	18 197	-	(284)	(853)	17 060
Motor vehicles	94 893	-	-	-	(59 933)	34 960
Office equipment	270 208	-	-	-	(47 097)	223 111
IT equipment	250 519	426 130	(26 108)	-	(193 324)	457 217
Computer software	103 358	-	-	-	(21 052)	82 306
	1 290 927	**444 327**	**(26 108)**	**(284)**	**(565 588)**	**1 143 274**

Fully depreciated assets in use (cost)

IT equipment	540 481	522 835
Motor vechicles	472 114	232 383
Plant and machinery	41 033	41 033
	1 053 628	**796 251**

Notes to the Annual Financial Statements

		2023 P	2022 P
14.	**Right of use asset** Details pertaining to leasing arrangements, where the company is lessee are presented below:		
	Year ended	**Buildings**	**Buildings**
	Opening net book amount	703 540	1 415 915
	Adjustment	-	155 512
		703 540	1 571 427
	Depreciation	(605 192)	(867 887)
	Closing net book value	**98 348**	**703 540**
	Made up as follows;	**Buildings**	**Buildings**
	Cost	1 571 427	2 043 398
	Accumulated depreciation	(1 473 079)	(1 339 858)
	Net carrying amounts of right-of-use assets	**98 348**	**703 540**
	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 6), as well as depreciation which has been capitalised to the cost of other assets.		
	Buildings	605 191	867 887
	Other disclosures		
	Interest expense on lease liabilities	32 781	64 847
	Lease liabilities		
	The maturity analysis of lease liabilities is as follows:		
	Within one year	127 187	754 799
	Two to five years	-	127 187
		127 187	881 986
	Less finance charges component	(987)	(33 768)
		126 200	**848 218**
	Non-current liabilities	-	126 200
	Current liabilities	126 200	722 018
		126 200	**848 218**

Notes to the Annual Financial Statements

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	2 months	2 months	1	0

15. 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	3 200 048	3 302 144

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 Service 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 off 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 2023, calculated on the purchase price of the properties paid by the company which is recoverable from the Vendors.

16. Investment in associate

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

Name of company	% ownership interest 2023	% ownership interest 2022	Carrying amount 2023	Carrying amount 2022
NBC Developments (Partnership)	33.33 %	33.33 %	44 165 293	45 168 358
JTTM Properties Proprietary Limited	32.79 %	32.79 %	183 100 827	171 918 377
Orbit Africa Logistics	30.00 %	- %	7 358 302	-
			234 624 422	**217 086 735**

Material associates

The following associates are material to the company:

	Country of incorporation	Method	% Ownership interest 2023	% Ownership interest 2022
NBC Developments (Partnership)	Botswana	Equity	33.33 %	33.33 %
JTTM Properties Proprietary Limited	Botswana	Equity	32.79 %	32.79 %
Orbit Africa Logistics	Kenya	Equity	30.00 %	-

Notes to the Annual Financial Statements

16. Investment in associates (continued)

Summarised financial information of material associates

2023

Summarised statement of profit or loss and other comprehensive income	Revenue	Other income and expenses	Profit (loss) from continiung operations	Total comprehensive income
NBC Developments (Partnership)	7 694 492	(2 412 595)	5 281 897	5 281 897
JTTM Properties Proprietary Limited	20 387 227	(6 465 190)	13 922 037	13 922 037
Orbit Africa Logistics	52 093 892	(41 084 284)	11 009 608	11 009 608
	80 175 611	**(49 962 069)**	**30 213 542**	**30 213 542**

Summarised statement of financial position	Non-current assets	Current assets	Non-current assets	Current liabilities	Total net assets
NBC Developments (Partnership)	187 582 483	7 893 594	61 039 605	1 940 589	132 495 883
JTTM Properties Proprietary Limited	752 096 523	22 044 250	207 248 347	8 487 951	558 404 475
Orbit Africa Logistics	534 319 527	60 414 095	557 151 162	13 054 784	24 527 676
	1 473 998 533	**90 351 939**	**825 439 114**	**23 483 324**	**715 428 034**

Reconciliation of net assets to equity accounted investments in associates	Total net assets	Interest in associate at % ownership	Investment in associate
NBC Developments (Partnership)	132 495 883	44 165 293	44 165 293
JTTM Properties Proprietary Limited	558 404 475	183 100 827	183 100 827
Orbit Africa Logistics	24 527 676	7 358 303	7 358 303
	715 428 034	**234 624 423**	**234 624 423**

Reconciliation of movement in investments in associates	Investment at beginning of 2023	Aquisitions/ Disposals	Share of profit	Dividends received from associates	Investment at end of 2023
NBC Developments (Partnership)	45 168 358	-	2 063 602	(3 066 667)	44 165 293
JTTM Properties Proprietary Limited	171 918 377	-	11 196 228	(13 778)	183 100 827
Orbit Africa Logistics	-	8 108 689	(750 387)	-	7 358 302
	217 086 735	**8 108 689**	**12 509 443**	**(3 080 445)**	**234 624 422**

Notes to the Annual Financial Statements

16. Investment in associates (continued)

	2023 P	2022 P

2022

Summarised statement of profit or loss and other comprehensive income	Revenue	Other income and expenses	Profit (loss) from continiung operations	Total comprehensive income
NBC Developments (Partnership)	8 332 649	(1 796 569)	6 536 080	6 536 080
JTTM Properties Proprietary Limited	18 230 722	(6 679 252)	11 551 470	11 551 470
	26 563 371	**(8 475 821)**	**18 087 550**	**18 087 550**

Summarised statement of financial position	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total net assets
NBC Developments (Partnership)	133 826 077	3 760 745	-	2 081 748	135 505 074
JTTM Properties Proprietary Limited	724 801 122	16 476 794	175 733 423	41 243 250	524 301 243
	858 627 199	**20 237 539**	**175 733 423**	**43 324 998**	**659 806 317**

Reconciliation of net assets to equity accounted investments in associates	Total net assets	Interest in associate at % ownership	Investment in associate
NBC Developments (Partnership)	135 505 074	45 168 358	45 168 358
JTTM Properties Proprietary Limited	524 301 243	171 918 377	171 918 377
	659 806 317	**217 086 735**	**217 086 735**

Reconciliation of movement in investments in associates	Investment at beginning of 2022	Acquisitions / Disposals	Share of Profit	Dividends received from associates	Investment at end of 2022
NBC Developments (Partnership)	42 171 622	-	5 896 736	(2 900 000)	45 168 358
JTTM Properties Proprietary Limited	-	153 938 577	22 846 434	(4 866 634)	171 918 377
	42 171 622	**153 938 577**	**28 743 170**	**(7 766 634)**	**217 086 735**

Notes to the Annual Financial Statements

	2023 P	2022 P
17. Loans to group companies		
Associates		
Orbit Africa Logistics The loan is unsecured. The loan and any accrued interest is repayable 5 years from disbursement date and bears interest at 4% per annum. The loan is denominated in United States Dollars.	99 224 484	-
Split between non-current and current portions		
Non-current assets	99 224 484	-
Fair value of group loans receivable		
The fair value of group loans receivable approximates their carrying amounts.		
18. Investments at fair value		
Investments held by the company which are measured at fair value, excluding derivatives are as follows:		
Equity investments at fair value through other comprehensive income	6 250 000	6 250 000
Equity investments at fair value through other comprehensive income:		
Mogo'lori Mall (Proprietary) Limited	6 250 000	6 250 000
15% shareholdings of shares and linked debentures.		
	6 250 000	**6 250 000**
Split between non-current and current portions		
Non-current assets	6 250 000	6 250 000

Fair value information

Refer to note 34 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 33 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

	2023	2023	2022	2022
15% shareholdings of shares and linked debentures.	**Fair Value**	**Dividends received**	**Fair Value**	**Dividends received**
Mogo'lori Mall (Proprietary) Limited	6 250 000	-	6 250 000	-

Notes to the Annual Financial Statements

	2023 P	2022 P
19. Other receivable		
Deposits on OAL investment	-	26 620 370

On the prior year, the company had paid a sum of P26.6 million as deposit towards the acquisition of 30% shareholding in an industrial property in Nairobi, Kenya through Orbit Africa Logistics ('OAL'). The board approved the transaction and final payment of the total consideration was made on the 13th of July 2022 and allocation of shares were done in the current year.

	2023 P	2022 P
20. Trade and other receivables		
Financial instruments:		
Trade receivables	9 487 970	11 783 770
Loss allowance	(7 445 647)	(8 966 000)
Trade receivables at amortised cost	2 042 323	2 817 770
Deposits	242 294	244 994
Other receivable	1 196 213	1 122 642
Non-financial instruments:		
Value added tax	399 531	1 036 491
Prepayments	2 210 677	1 957 823
Total trade and other receivables	**6 091 038**	**7 179 720**

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

	2023 P	2022 P
At amortised cost	3 480 830	4 185 406
Non-financial instruments	2 610 208	2 994 314
	6 091 038	**7 179 720**

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.

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:

Notes to the Annual Financial Statements

	2023 P	2022 P

20. Trade and other receivables (continued)

Expected credit loss rate:	2023 Estimated gross carrying amount at default	2023 Loss allowance (Lifetime expected credit loss)	2022 Estimated gross carrying amount at default	2022 Loss allowance (Lifetime expected credit loss)
Not past due	1 430 881	(490 552)	1 907 075	(309 774)
31 - 60 days past due	128 306	(112 618)	1 605 827	(806 512)
More than 90 days past due	7 928 783	(6 842 477)	8 270 868	(7 849 714)
Total	**9 487 970**	**(7 445 647)**	**11 783 770**	**(8 966 000)**

Reconciliation of loss allowances

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

	2023	2022
Opening balance in accordance with IFRS 9	**(8 966 000)**	**(7 002 711)**
Amounts recovered	1 520 353	-
Provision raised on new trade receivables	-	(1 963 289)
Closing balance	**(7 445 647)**	**(8 966 000)**

Fair value of trade and other receivables

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

21. Cash and cash equivalents

Cash and cash equivalents consist of:

	2023	2022
Bank balances	13 636 967	86 486 663
Short-term deposits	53 160 647	55 786 997
	66 797 614	**142 273 660**

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 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.

Notes to the Annual Financial Statements

	2023 P	2022 P

22. Non-current assets held for sale

The company has decided to discontinue its operations at Plots 50380 Moedi House and 2989 Red Square both in Gaborone. The assets and liabilities of the disposal group are set out below

The decision was made by the board of directors to discontinue these operations due non performance by the properties.

Both transactions were not concluded as at 30 June 2023.

	2023 P	2022 P
Profit and loss		
Revenue	10 857 083	10 472 924
Fair value adjustment	171 249	(6 127 201)
Expenses	(1 909 883)	(1 360 114)
	9 118 449	**2 985 609**
Assets and liabilities		
Non-current assets held for sale		
Investment property	96 500 000	-

23. Stated capital

	2023 P	2022 P
Issued		
280 000 000 (2022: 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 24, 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 Limited.

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.

24. Debentures- Linked units

Each Linked Unit in the company comprises one ordinary share as per note 23, 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.

	2023 P	2022 P
280 000 000 (2022: 280 000 000)	405 113 547	405 113 547

Notes to the Annual Financial Statements

	2023 P	2022 P
25. Borrowings		
Held at amortised cost		
First National Bank of Botswana Limited	448 724 532	440 575 947
Bank Gaborone Limited	32 859 074	35 542 207
	481 583 606	**476 118 154**
Split between non-current and current portions		
Non-current liabilities	476 346 426	471 257 982
Current liabilities	5 237 180	4 860 172
	481 583 606	**476 118 154**

Bank Gaborone Limited

The loan facility of P47.75 million carries interest at prime rate (base rate of the bank) plus 1% currently at 6.76% (2022: 5.25%) 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 P 449 million split as Tranche A carrying interest at a fixed rate 6.7%, Tranche B carrying interest at prime plus 0.75%, currently 6.76%(2022: 5.25%) and facility B carrying interest at prime plus 0.75%, currently 6.76%

The loan is repayable after 5 years from initial drawdown in 2022. The loan is secured by

- a first covering mortgage bond for P28 million over Lot 22033, Gaborone.
- a first covering mortgage bond for P11 million over Lot 14453, Gaborone.
- a first covering mortgage bond for P11 million over Lot 14454, Gaborone.
- a first covering mortgage bond for P4 million over Lot 14455, Gaborone.
- a first covering mortgage bond for P9 million over Lot 14457, Gaborone.
- a first covering mortgage bond for P8 million over Lot 14458, Gaborone.
- a first covering mortgage bond for P9 million over Lot 14459, Gaborone.
- a first covering mortgage bond for P9 million over Lot 14460, Gaborone.
- a first covering mortgage bond for P47 million over Lot 69365, Gaborone.
- a first covering mortgage bond for P44 million over Lot 69368, Gaborone.
- a first covering mortgage bond for P29 million over Lot 69369, Gaborone.
- a first covering mortgage bond for P6 million over Lot 6369-6372, Lobatse.
- a first covering mortgage bond for P38 million over Lot 22047, Gaborone.
- a first covering mortgage bond for P24 million over Lot 54060, Gaborone.
- a first covering mortgage bond for P47 million over Lot 2989, Gaborone.

Notes to the Annual Financial Statements

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

Notes to the Annual Financial Statements

	2023 P	2022 P
26. Deferred tax		
Deferred tax liability		
Capital gains on fair value increase in investment property	(34 480 762)	(29 289 149)
Accelerated capital allowances	(31 945 787)	(30 525 180)
Capital gains on disposal of investment property recoverable from related party	(3 200 047)	(3 302 144)
Total deferred tax liability	**(69 626 596)**	**(63 116 473)**
Deferred tax asset		
Tax losses available for set off against future taxable income	12 843 591	12 271 077
Deferred tax liability	(69 626 596)	(63 116 473)
Deferred tax asset	12 843 591	12 271 077
Total net deferred tax liability	**(56 783 005)**	**(50 845 396)**
Reconciliation of deferred tax asset / (liability)		
At beginning of year	(50 845 396)	(53 683 022)
Increases (decrease) in tax loss available for set off against future taxable income	572 514	412 109
Movement in capital gains tax recoverable/payable to related party	102 097	1 396 625
Other movements in deferred tax assets and liabilities	(5 191 613)	4 473 804
Capital gains charges to the statement of comprehensive income	(1 420 607)	(3 444 912)
	(56 783 005)	**(50 845 396)**

Notes to the Annual Financial Statements

	2023 P	2022 P
27. Trade and other payables		
Financial instruments:		
Trade payables and accruals	7 441 251	10 990 702
Refundable deposit held	11 435 864	11 590 321
Other payables	2 503 028	1 520 785
Non-financial instruments:		
Amounts received in advance	1 540 473	3 380 339
Accrued gratuity and leave pay	1 190 622	458 584
	24 111 238	**27 940 731**
Financial instrument and non-financial instrument components of trade and other payables		
At amortised cost	21 380 143	24 101 808
Non-financial instruments	2 731 095	3 838 923
	24 111 238	**27 940 731**

Fair value of trade and other payables

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

28. Earnings per linked unit

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	110 301 319	98 874 292
Taxation on debenture interest credited to the income statement	12 096 480	11 278 960
Earnings attributable to linked unit holders	**122 397 799**	**110 153 252**
Weighted average number of linked units in issue for the year	280 000 000	280 000 000
Profit before taxation	119 319 055	105 726 641
Taxation	(18 136 185)	(9 837 958)
Profit from continuing operations	101 182 870	95 888 683
Profit from discontinued operations	9 118 449	2 985 609
Profit for the year	**110 301 319**	**98 874 292**

Notes to the Annual Financial Statements

	2023 P	2022 P
Basic earnings per linked unit from		
Continuing operations (including taxation on debenture interest)	40.46	38.27
Discontinued operations (excluding taxation on debenture interest)	3.26	1.07
Total basic earnings per linked unit (thebe)	**43.72**	**39.34**

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

	2023 P	2022 P
Basic headline earnings per linked unit (thebe)		
Basic headline earnings per share (thebe)- continuing operations	42.60	37.74
Basic headline earnings per share (thebe)- discontinuing operations	3.26	1.07
	45.86	**38.81**
Diluted headline earnings per linked unit (thebe)		
Diluted headline earnings per share (thebe) - continuing operations	42.60	37.74
Diluted headline earnings per share (thebe) - discontinued operations	3.26	1.07
	45.86	**38.81**
Reconciliation between earnings and headline earnings		
Continuing operations	119 319 055	105 726 641
Discontinued operations	9 118 449	2 985 609
Profit for the year attributable to owners of the company (Pula)	128 437 504	108 712 250
Re-measurement:		
Impairment losses	-	-
Tax effect on re-measurement	-	-
	128 437 504	**108 712 250**

Notes to the Annual Financial Statements

	2023 P	2022 P
Continuing operations		
Reconciliation between earnings and headline earnings		
Continuing operations	119 319 055	105 726 641
Discontinued operations	9 118 449	2 985 609
Profit for the year attributable to owners of the company (Pula)	128 437 504	108 712 250
Re-measurement:		
Profit/loss on disposal of property,plant and equipment	(35 722)	(26 108)
Impairment losses	-	-
Tax effect on re-measurement	(7 859)	(5 743)
	128 393 923	**108 680 399**
Discontinued operations		
Reconciliation between earnings and headline earnings		
Discontinued operations	9 118 449	2 985 609
29. Debenture interest and divident payable		
Debenture interest		
Interim paid - 9.06 (2022: 8.33) thebe	25 360 000	23 324 000
Final declared - 10.58 (2022: 9.98) thebe	29 624 000	27 944 000
Total debenture interest	54 984 000	51 268 000
Dividend		
Interim paid - 0.05 (2022: 0.05) thebe	140 000	140 000
Final declared - 0.05 (2022: 0.05) thebe	140 000	140 000
Total distribution	**55 264 000**	**51 548 000**
Debenture interest and dividend payable		
Debenture interest	(31 161 346)	(28 996 959)
Dividend payable	(140 000)	(140 000)
	(31 301 346)	**(29 136 959)**

Notes to the Annual Financial Statements

	2023 P	2022 P
30. Dividends and debenture interest paid		
Balance at beginning of the year	(28 084 000)	(26 492 760)
Dividends and debenture interest	(55 264 000)	(51 548 000)
Balance at end of the year	29 764 000	28 084 000
	(53 584 000)	**(49 956 760)**
31. Tax paid		
Balance at beginning of the year	1 911 591	1 614 021
Balance at end of the year	(2 992 181)	(1 911 591)
	(1 080 590)	**(297 570)**

32 . Related parties

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 2023 (2022: 40%)

Vunani Fund Managers on behalf of its client BPOPF owns 14% of the issued linked units of the company as at 30 June 2023 (2022: 1%).

During the year the Company entered into the following trading transactions with related parties and had the following balances with related parties.

Relationships

Shareholders	Botswana Development Corporation Limited
	Vunani Fund Managers (On behalf of BPOPF)
Associates	Refer to note 16
Board of directors	Refer to page 1
Members of key management	Ms K Mowaneng (Chief Executive Officer)
	Mr P Isaacs (Chief Financial Officer)
	Mr B Nlumbile (Chief Property Officer) - Resigned 31/05/2023
	Ms C Masendu - Kusane (Chief Property Officer) - Effective 12/06/2023
	Ms L Keitsile (Head of Investments) - Effective 12/05/2023
	Ms B Obuseng (Head of Legal, Compliance & Company Secretary) - Effective 03/11/2022

Notes to the Annual Financial Statements

	2023 P	2022 P
Related party balances		
Deferred tax recoverable from related party		
Botswana Development Corporation Limited	3 200 047	4 607 739
Related party transactions		
Dividend and debenture interest received		
NBC Partnership	3 066 667	2 900 000
JTTM Properties (Proprietary) Limited	13 778 121	4 866 634
	16 844 788	**7 766 634**
Share of profit from partnership		
NBC Partnership	(1 003 065)	2 996 736
JTTM Properties (Proprietary) Limited	11 182 450	25 259 732
Orbit Africa Logistics	1 040 241	-
	11 219 626	**28 256 468**
Dividend and debenture interest paid		
Botswana Development Corporation Limited	22 305 462	20 802 612
Grit Services Limited	4 671 608	14 088 284
Vunani Fund Managers (On behalf of BPOPF)	6 014 357	-
	32 991 427	**34 890 896**
Directors' emoluments		
Directors fees	2 923 040	2 927 564
Remuneration paid to members of key management		
Short term employee benefits	5 908 582	2 343 583
Post-employment benefit	326 524	660 905
	6 235 106	**3 004 488**

Notes to the Annual Financial Statements

33 . Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2023	Note(s)	Fair value through other comprehensive income - equity instruments	Amortised cost	Total
Loans to group companies	17	-	99 224 484	99 224 484
Investments at fair value	18	6 250 000	-	6 250 000
Trade and other receivables	20	-	3 480 830	3 480 830
Cash and cash equivalents	21	-	66 797 614	66 797 614
		6 250 000	**169 502 928**	**175 752 928**

2022	Note(s)	Fair value through other comprehensive income - equity instruments	Amortised cost	Total
Investments at fair value	18	6 250 000	-	6 250 000
Trade and other receivables	20	-	4 185 406	4 185 406
Cash and cash equivalents	21	-	142 273 660	142 273 660
		6 250 000	**146 459 066**	**152 709 066**

Categories of financial liabilities

2023	Note(s)	Amortised cost	Total
Trade and other payables	27	21 380 147	21 380 147
Borrowings	25	481 583 606	481 583 606
Lease liabilities	14	126 200	126 200
Dividend and distribution payable	29	29 764 000	29 764 000
		532 853 953	**532 853 953**

2022	Note(s)	Amortised cost	Total
Trade and other payables	27	23 678 906	23 678 906
Borrowings	25	476 118 154	476 118 154
Lease liabilities	14	848 218	848 218
Dividend and distribution payable	29	28 084 000	28 084 000
		528 729 278	**528 729 278**

Notes to the Annual Financial Statements

33 . Financial instruments and risk management (continued)

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 2023 , the company had interest bearing borrowings of P 481 583 606 (2022:P 476 118 154).

The company monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as borrowings divided by shareholders' equity plus borrowings.

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

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

Borrowings	25	481 583 606	476 118 154
Cash and cash equivalents	21	(66 797 614)	(142 273 660)
Net borrowings		**414 785 992**	**333 844 494**
Equity and borrowings		1 395 301 941	1 322 702 690
Gearing ratio		35 %	36 %

Financial risk management

Overview

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out under policies approved by the board of directors.

The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The audit committee is responsible for monitoring compliance with the company's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to risks faced by the company. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk.

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.

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.

Notes to the Annual Financial Statements

33 . Financial instruments and risk management (continued)

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 since initial recognition.

Where necessary, the assessment for an 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:

Borrowings		**2023**			**2022**		
Lease liabilities		**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to group companies	17	99 224 484	-	99 224 484	-	-	-
Trade and other receivables	20	10 926 477	(7 445 647)	3 480 830	13 151 406	(8 966 000)	4 185 406
(excluding non-financial instruments)							
Cash and cash equivalents		66 797 614	-	66 797 614	142 273 660	-	142 273 660
		176 948 575	**(7 445 647)**	**169 502 928**	**155 425 066**	**(8 966 000)**	**146 459 066**

Notes to the Annual Financial Statements

33 . 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.

2023

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Borrowings	25	-	476 346 426	476 346 426	476 346 426
Current liabilities					
Trade and other payables		21 380 147	-	21 380 147	21 380 147
Borrowings	25	5 237 180	-	5 237 180	5 237 180
Lease liabilities		126 200	-	126 200	126 200
Dividend and distribution	29	29 764 000	-	29 764 000	29 764 000
		56 507 527	**476 346 426**	**532 853 953**	**532 853 953**

2022

		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Borrowings	25	-	451 822 030	19 435 952	471 257 982	471 257 982
Lease liabilities		-	126 200	-	126 200	126 200
Current liabilities						
Trade and other payables	27	23 678 906	-	-	23 678 906	23 678 906
Borrowings	25	4 860 172	-	-	4 860 172	4 860 172
Lease liabilities		722 018	-	-	722 018	722 018
Dividend and distribution	29	28 084 000	-	-	28 084 000	28 084 000
		57 345 096	**451 948 230**	**19 435 952**	**528 729 278**	**528 729 278**

Notes to the Annual Financial Statements

33 . 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 rate swaps are also used where appropriate, in order to convert borrowings into either variable or fixed, in order to manage the composition of the ratio. 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 profile
The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

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

	2023	2023	2022	2022
Increase or decrease in rate by 10%	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Net finance income and finance costs	1 371 875	(1 371 875)	1 783 236	(1 783 236)

Notes to the Annual Financial Statements

		2023 P	2022 P

34 . 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.

Levels of fair value measurements

Level 3

Recurring fair value measurements

Assets	**Note(s)**		
Investment property	12		
Investment property		967 983 900	1 003 397 520
Equity investments at fair value through other comprehensive income	18		
Investment property		6 250 000	6 250 000
Investment property		**974 233 900**	**1 009 647 520**

Notes to the Annual Financial Statements

34 . Fair value information (continued)

Reconciliation of assets and liabilities measured at level 3

Investment property	Note(s)	Opening balance	Fair value adjustment	Straight line rental adjustment	Refurbishment	Non currentassets held for sale	Closing balance
2023							
Assets							
Investment property	12						
Investment property		1 003 397 520	45 967 437	301 549	14 817 394	(96 500 000)	967 983 900
Equity investments at fair value through other comprehensive income	18						
Investments at fair value in unlisted entities		6 250 000	-	-	-	-	6 250 000
Total		**1 009 647 520**	**45 967 437**	**301 549**	**14 817 394**	**(96 500 000)**	**974 233 900**
2023							
Assets							
Investment property	12						
Investment property		958 731 477	24 434 129	1 062 043	19 169 871	-	1 003 397 520
Equity investments at fair value through other comprehensive income	18						
Investment property		6 250 000	-	-	-	-	6 250 000
Total		**964 981 477**	**24 434 129**	**1 062 043**	**19 169 871**	**-**	**1 009 647 520**

Notes to the Annual Financial Statements

34 . Fair value information (continued)

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 2023 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
- 2% 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%

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.

Information about the sensitivity to changes in unobservable inputs

The significant unobservable inputs used in the fair value measurement of the investment properties are the capitalisation rates. Significant increases/(decreases) in the capitalisation rates would result in significantly lower/(higher) fair value measurement. The changes to capitalisation rates are dependent on various market factors including location of properties, interest rates, length of leases and quality of tenants.

Valuation techniques	Unobservable input	Range
Discounted cash flow	Capitalisation rate	9%-12%

35 . Events after the reporting period

The company entered into a Sale of Linked Units Agreement with Botswana Railways Organisation (BRO) and JTTM Properties (Proprietary) Limited (JTTM) for the acquisition of an additional 25% shareholding in JTTM. The additional acquisition will result in Letlole La Rona (Proprietary) Limited (LLR) becoming the majority shareholder at 57.79% total shareholding.

LLR took a decision to divest from its under-performing assets as part of its portfolio optimisation strategy. The Company disposed Plot 50380 Moedi House in Fairgrounds, Gaborone. The transfer was successfully completed on the 21st of August 2023. The Company is also in the process of disposing Plot 2989 Red Square in Extension 11, Gaborone, the first phase being offers to the sitting tenants as per the Sectional Title's Act.

Notes to the Annual Financial Statements

36 . Segmental reporting

Segmental Statement Financial Position at 30 June 2023	Corporate P	Commercial & Retail P	Industrial P	Residential P	Total P
Non-current Assets					
Investment Property including straight lining of rental income	-	223 847 133	764 853 488	-	**988 700 621**
Property Plant and Equipment	1 607 629	-	-	-	**1 607 629**
Right Use of Asset	98 348	-	-	-	**98 348**
Investment in Partnership/Associate	234 624 423	-	-	-	**234 624 423**
Investments at fair value	6 250 000	-	-	-	**6 250 000**
Deferred Tax	12 843 591	-	-	-	**12 843 591**
Deferred tax recoverable-related party	3 200 048	-	-	-	**3 200 048**
Loan to Associate	99 224 484	-	-	-	**99 224 484**
	357 848 523	223 847 133	764 853 488	-	**1 346 549 144**
Current Assets					
Taxation refundable	2 992 180	-	-	-	**2 992 180**
Trade and other receivables	3 519 538	507 771	1 962 155	101 573	**6 091 037**
Cash and cash equivalents	66 797 614	-	-	-	**66 797 614**
Assets classified as held for sale	-	49 300 000	-	47 200 000	**96 500 000**
Total assets	**431 157 855**	**224 354 904**	**766 815 643**	**47 301 573**	**1 518 929 975**

Segmental Statement Financial Position at 30 June 2022	Corporate P	Commercial & Retail P	Industrial P	Residential P	Total P
Non-current Assets					
Investment property including straight lining of rental income	-	239 437 520	716 760 000	47 200 000	**1 003 397 520**
Property Plant and equipment	1 143 274	-	-	-	**1 143 274**
Right Use of Asset	703 540	-	-	-	**703 540**
Investment in Partnership/Associate	217 086 735	-	-	-	**217 086 735**
Investments at fair value	6 250 000	-	-	-	**6 250 000**
Deferred Tax	12 271 077	-	-	-	**12 271 077**
Operating lease asset	20 552 481	-	-	-	**20 552 481**
Deferred tax recoverable-related party	3 302 144	-	-	-	**3 302 144**
Other receivable	26 620 370	-	-	-	**26 620 370**
	287 929 621	239 437 520	716 760 000	47 200 000	**1 291 327 141**

Notes to the Annual Financial Statements

36 . Segmental reporting (continued)

Segmental Statement Financial Position at 30 June 2022	Corporate P	Commercial & Retail P	Industrial P	Residential P	Total P
Current Assets					
Taxation refundable	1 911 591	-	-	-	**1 911 591**
Trade and other receivables	4 361 950	683 707	1 925 179	208 884	**7 179 720**
Cash and cash equivalents	142 273 660	-	-	-	**142 273 660**
Total assets	**436 476 822**	**240 121 227**	**718 685 179**	**47 408 884**	**1 442 692 112**

Due to the pooling of funds, all liabilities in the statement of financial position are corporate liabilities.

Segmental Statement of Comprehensive Income for the year ended 30 June 2023	Corporate P	Commercial & Retail P	Industrial P	Residential P	Total P
Segment revenue-rental income	-	20 662 003	81 484 700	-	**102 146 703**
Other operating income	12 733	44 756	1 554 667	(10 342 868)	**1 612 156**
Movement in credit loss allowances	1 508 589	-	-	-	**1 508 589**
Other non-operating gains	10 897 813	-	-	-	**10 897 813**
Property related expenses	(557 748)	(2 079 621)	(7 184 298)	-	**(9 821 667)**
Administration expenses	(30 303 976)	(292 992)	(1 292 882)	-	**(31 889 850)**
Operating Profit	**(18 442 589**	**18 334 146**	**74 562 187**	-	**74 453 744**
Finance income	20 734 401	-	-	-	**20 734 401**
Finance costs	(21 565 387)	(10 342 868)	(2 568 014)	-	**(34 476 269)**
Share of profit from equity accounted investments	12 509 443	-	-	-	**12 509 443**
Fair value gain on investment property net of adjustment resulting from straight lining	-	7 062 559	39 035 178	-	**46 097 737**
Profit before tax	**(6 764 132)**	**15 053 837**	**111 029 351**	-	**119 319 056**
Income tax	(18 136 186)	-	-	-	**(18 136 186)**
Profit from continuing operations	**(24 900 318)**	**15 053 837**	**111 029 351**	-	**101 182 870**
Discontinued operations					
Profit from discontinued operations	-	5 631 025	-	3 487 424	**9 118 449**
Profit for the year	**(24 900 318)**	**20 684 862**	**111 029 351**	**3 487 424**	**110 301 319**

Notes to the Annual Financial Statements

36 . Segmental reporting (continued)

Segmental Statement of Comprehensive Income for the year ended 30 June 2022	Corporate P	Commercial & Retail P	Industrial P	Residential P	Total P
Segmental revenue-rental income	-	18 861 947	78 664 438	-	**97 526 385**
Other operating income	148 430	64 814	61 527	-	**274 771**
Movement in credit loss allowances	(1 963 290)	-	-	-	**(1 963 290)**
Other non-operating gains	393 837	-	-	-	**393 837**
Property related expenses	(1 320 169)	(2 440 401)	(5 146 381)	-	**(8 906 951)**
Administration expenses	(23 232 312)	(165 237)	(311 842)	-	**(23 709 391)**
Operating Profit	**(25 973 504)**	**16 321 123**	**73 267 742**	-	**63 615 361**
Finance income	8 347 962	-	-	-	**8 347 962**
Finance costs	(9 003 025)	(10 265 412)	(2 050 159)	-	**(21 318 596)**
Share of profit from equity accounted investments	23 880 957	-	-	-	**23 880 957**
Fair value gain on investment property net of adjustment resulting from straight lining	-	8 058 835	23 142 123	-	**31 200 958**
Profit before tax	**(2 747 610)**	**14 114 546**	**94 359 706**	-	**105 726 642**
Income tax expense	(9 837 958)	-	-	-	**(9 837 958)**
Profit from continuing operations	**(12 585 568)**	**14 114 546**	**94 359 706**	-	**95 888 684**
Discontinued operations					
Profit from discontinued operations	-	(223 680)	-	3 209 288	**2 985 608**
Profit for the year	**(12 585 568)**	**13 890 866**	**94 359 706**	**3 209 288**	**98 874 292**


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08. Appendices

Shareholder information

Notice of Annual General Meeting (AGM)

NOTICE IS HEREBY GIVEN THAT THE 2023 ANNUAL GENERAL MEETING OF THE UNITHOLDERS OF LETLOLE LA RONA LIMITED SHALL BE HELD BY MEANS OF AUDIO- OR AUDIO-VISUAL COMMUNICATION ON THURSDAY 14 DECEMBER 2023 AT 09:00HOURS 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 Company Constitution.

2. To approve minutes of the Annual General Meeting held on 14 December 2022.

3. To approve minutes of the Extra-Ordinary General Meeting held on 29 June 2023.

4. To receive the Chairperson's Report.

5. **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 2023.

6. **Ordinary Resolution 2**
   To approve and ratify the distributions declared by the Directors for the year ended 30 June 2023.

7. **Ordinary Resolution 3**
   To approve the remuneration of the Directors for the year ended 30 June 2023.

8. **Ordinary Resolution 4**
   To approve the remuneration of Grant Thornton, the Auditors, for the year ended 30 June 2023.

9. **Ordinary Resolution 5**
   To re-appoint Grant Thornton as Auditors of the Company for the ensuing year.

10. **Ordinary Resolution 6**
    To re-elect Mr. Khuto Balosang who retires by rotation in terms of section 20.9.1 of the Constitution and being eligible, offers himself for re-election (refer to profile on page 22 of the Integrated Report).

11. **Ordinary Resolution 7**
    To re-elect Mr. Mooketsi Maphane who retires by rotation in terms of section 20.9.1 of the Constitution and being eligible, offers himself for re-election (refer to profile on page 22 of the Integrated Report).

12. **Special Resolution 1**
    To adopt the new and amended Constitution, a draft of which Constitution is available for inspection as of 03 November 2023 to the date of the AGM at the Company's registered office as well as on the Company's website.

13. **Special Resolution 2**
    To adopt the new and amended Debenture Trust Deed, a draft of which Debenture Trust Deed is available for inspection as of 03 November 2023 to the date of the AGM at the Company's registered office as well as on the Company's website.

14. **Special Resolution 3**
    To appoint Ms. Olivia Maria Britz of Desert Secretarial Services (Proprietary) Limited as Trustee in terms of the Debenture Trust Deed.

15. **Any other Business:**
    To transact any other business which may be transacted at an Annual General Meeting.

In the event that you wish to nominate any person(s) not being a retiring Director, you must deliver to the Company Secretary, not less than 5 working days before the meeting, a nomination signed by a Member qualified to attend and vote at the meeting accompanied by the consent of the candidate to assume the office of Director.

By order of the Board
23 November 2023

Company Secretary

A member 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:

1. The Company's Annual General Meeting will be held by means of audio- or audio-visual communication in terms of Section 11.1 (b) of the Constitution of the Company at on Thursday 14 December 2023.

2. Unitholders who wish to attend the meeting should RSVP by email to **compliance@letlole.com** by close of business on Tuesday 12 December 2023.

3. 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 or emailed to the above referenced emails not less than 48hrs before the time of holding the meeting.

Letlole La Rona Limited

Letlole La Rona Limited,
incorporated in the Republic of Botswana
Registration Number - BW00001394482
Share Code - Letlole ISIM: BW 000 000 1015

OUR BASKET OF WEALTH

Proxy Form

The 2023 Annual General Meeting of members to be held on 14 December 2023 at 09:00hrs 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 on 14 December 2023 at 09:00hrs by means of audio- or audio-visual communication.

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 2023 Annual General Meeting of the Company to be held on 14 December 2023 at 09:00 hrs.

	Number of linked units		
	For	Against	Abstain
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 2023.			
Ordinary Resolution 2 To approve and ratify the distributions declared by the Directors for the year ended 30 June 2023.			
Ordinary Resolution 3 To approve the remuneration of the Directors for the year ended 30 June 2023.			
Ordinary Resolution 4 To approve the remuneration of Grant Thornton, the Auditors, for the year ended 30 June 2023			
Ordinary Resolution 5 To re-appoint Grant Thornton as Auditors of the Company for the ensuing year.			
Ordinary Resolution 6 To re-elect Mr. Khuto Balosang who retires by rotation in terms of section 20.9.1 of the Constitution and being eligible, offers himself for re-election.			
Ordinary Resolution 7 To re-elect Mr. Mooketsi Maphane who retires by rotation in terms of section 20.9.1 of the Constitution and being eligible, offers himself for re-election.			
Special Resolution 1 To adopt the new and amended Constitution of the Company.			
Special Resolution 2 To adopt the new and amended Debenture Trust Deed			
Special Resolution 3 To appoint Ms. Olivia Britz of Desert Secretarial Services (Proprietary) Limited as Trustee in terms of the Debenture Trust Deed			

Signed this...day of ....2023 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 or emailed to **compliance@letlole.com** not less than 48 hours before the meeting.

APPENDICES

King III™ application register

The table below explains how LLR Limited has applied the principles set out in King III™ and addresses the extent of the Company's compliance with the code as at 31 June 2023.

Principle		Comments / explanation	Status
1.	**Ethical leadership and corporate citizenship**		
1.1	The Board should provide effective leadership based on an ethical foundation	The ethical foundation on which the Board provides effective leadership is incorporated in the Code of Conduct and Ethics as stipulated by the Board Charter and Conditions of Employment. The Company's values, on which it builds its foundation, are included in the 2023 Integrated Annual Report. The Board has adopted the requirements of King III and considers best corporate governance practices to be critical in delivering sustainable growth. The Board also ensures that the Company complies with the requirements of BSEL, Companies Act, IFRS and applicable laws.	**Applied**
1.2	The Board should ensure that the Company is and is seen to be a responsible corporate citizen	The Board ensures that the company is and is seen to be a responsible corporate citizen and this is also included in the Board charter as part of the role of the Board. As a responsible corporate citizen, the Company strives to preserve value for stakeholders and maximise returns to unit holders.	**Applied**
1.2	The Board should ensure that the Company's ethics are managed effectively	As per 1.1 above.	**Applied**
2.	**Boards and directors**		
2.1	The Board should act as the focal point for the custodian of corporate governance	The Board charter, approved in December 2021, sets out its responsibilities and the Board meets at least four times per year. Proper minutes are maintained of Board deliberations to ensure that proper corporate governance is being implemented on an ongoing basis.	**Applied**
2.2	The Board should appreciate that strategy, performance and sustainability are inseparable	The Board informs and approves the strategy and ensures it is aligned with the purpose of the company, its value drivers and the legitimate interests and expectations of its stakeholders to ensure sustainable outcomes.	**Applied**
2.3	The Board should provide effective leadership based on an ethical foundation	The code of conduct and ethics directs the Company to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards.	**Applied**
2.4	The Board should ensure that it is and is seen to be a responsible corporate citizen	Through the Audit Risk and Compliance Committee, the Board identifies and monitors non-financial aspects relevant to the business and reviews appropriate non-financial information that goes beyond assessing the financial and quantitative performance of the Company, and looks at other qualitative performance factors, which takes into account broad stakeholder issues.	**Applied**

Principle		Comments / explanation	Status
2.5	The Board should ensure that the Company's ethics are managed effectively	All directors and employees are required to comply with the spirit as well as the letter of the code of conduct and ethics and maintain the highest standards of conduct in all dealings	**Applied**
2.6	The Board should ensure that the Company has an effective and Independent Audit Committee	The ARAC Committee was challenged during FY2023 by inadequate composition (with a minimum three independent directors required) during the second half of the financial year. Going into FY2023, the ARAC Committee again comprises of three Independent Non-Executive Directors.	**Applied**
2.7	The Board should be responsible for the governance of risk	Through the ARAC Committee, the Board identifies the key risk areas and key performance indicators for the Company. The Board has a process by which these risks are updated regularly.	**Applied**
2.8	The Board should be responsible for IT	The Board delegated this function to the ARAC Committee to ensure that IT governance is properly implemented. An IT governance framework is being developed.	**Applied**
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	The ARAC Committee oversees this function.	**Applied**
2.10	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. Internal audit assists the Company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.	**Applied**
2.11	The Board should appreciate that stakeholders' perceptions affect the Company's reputation	LLR is working hard at improving engagement with all stakeholders. The Company engages and speaks openly on important issues. We have also made it a priority to partner proactively with stakeholders in appropriate areas.	**Applied**
2.12	The Board should ensure the integrity of the Company's integrated report	The integrated report was presented to the Board for final approval, and publication thereafter.	**Applied**
2.13	The Board should report on the effectiveness of the Company's system of internal controls	The internal auditor's primary mandate is to examine and evaluate the effectiveness of the systems of internal financial control, so as to bring material deficiencies, instances of non-compliance and development needs to the attention of the Board through the ARAC Committee.	**Applied**
2.14	The Board and its directors should act in the best interest 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.	**Applied**

Principle		Comments / explanation	Status
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined by the Act	This will be applied if necessary.	**Not applicable**
2.16	The Board should elect a chairman of the board who is an independent non-executive director. The CEO should not fulfil this role	Mr. Khuto Balosang is an Independent Non-Executive Director and Chairman of the Board.	**Applied**
2.17	The Board should appoint the CEO and establish a framework for the delegation of authority	A delegation of authority framework was adopted, and the CEO's role was formalised.	**Applied**
2.18	The Board should reflect a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	The Board is comprised of five board members: four Independent Non-Executive Directors and one Non-Executive Director.	**Applied**
2.19	Directors should be appointed through a formal and transparent process	Directors are appointed through a formal process and this is overseen by the NRC. The Board then recommends the required skills set to shareholders for appointment at the Annual General Meeting.	**Applied**
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	Following the appointment of new directors, they visit the Company's businesses and meet with senior management, as appropriate, and are offered to facilitate their understanding of the Company and their fiduciary responsibilities. Directors receive training as and when required on company-specific matters.	**Applied**
2.21	The Board should be assisted by a competent, suitably qualified company secretary	The Company has a suitable and competent Company Secretary. The Company Secretary is not a director of the Company and remains on an arm's-length basis with the Board.	**Applied**
2.22	The evaluation of the Board, its Committees and the individual directors should be performed every year	The evaluation of the Board, its Committees and individual performance evaluations are performed on an annual basis.	**Applied**
2.23	The Board should delegate certain functions to well-structured Committees but without abdicating its own responsibilities	Specific responsibilities have been formally delegated to the Board Committees with defined terms of reference, duration and function, clearly agreed upon reporting procedures and written scope of authority documented in its formal charters.	**Applied**

Principle		Comments / explanation	Status
2.24	A governance framework, including strategic objectives of the policy, should be agreed between the group and its subsidiary boards	LLR does not oversee any subsidiary boards.	**Not applicable**
2.25	Companies should remunerate directors and executives fairly and responsibly	Non-executive directors are paid an annual retainer fee and sitting fee per meeting. These fees are reviewed annually.	**Applied**
2.26	Companies should disclose the remuneration of each individual director	The directors' remuneration is disclosed in the Governance section of the Integrated Report.	**Applied**
2.27	Shareholders should approve the company's remuneration policy	LLR's remuneration policy was developed and approved by the Board. Remuneration will be tabled for approval by shareholders at the Annual General Meeting to be held in December 2023.	**Applied**
3.	**Risk and Audit Committee**		
3.1	The Board should ensure that the Company has an effective and Independent ARAC Committee comprising at least three members	The ARAC Committee was challenged during FY2023 by inadequate composition (with a minimum three independent directors required) during the second half of the financial year. Going into FY2023, the ARAC Committee again comprises of three Independent Non-Executive Directors.	**Applied**
3.2	ARAC members should be suitably skilled and experienced independent non-executive directors	All ARAC Committee members are independent non-executive directors who are suitably skilled and experienced. Refer to Board profiles.	**Applied**
3.3	The ARAC should be chaired by an Independent Non Executive Director	The Chairperson of the ARAC Committee is an independent non-executive director	**Applied**
3.4	The ARAC Committee should oversee integrated reporting	This function is included in the ARAC Committee's terms of reference.	**Applied**
3.5	The ARAC Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	A combined assurance model is being considered for all assurance activities.	**Applied**
3.6	The ARAC Committee should satisfy itself of the expertise, resources and experience of the company's finance function	The ARAC Committee is directly involved in the employment and appraisal of finance executives who head the finance function of the Company. The Committee is satisfied with the expertise and experience of the CFO.	**Applied**

Principle		Comments / explanation	Status
3.7	The ARAC Committee should be responsible for overseeing internal audit	The ARAC Committee have oversight of the outsourced internal auditor's activities and findings.	**Applied**
3.8	The ARAC Committee should be an integral component of the risk management process	The internal audit plan, approved by the ARAC Committee, is based on risk assessments, which are of a continuous nature so as to identify not only existing and residual risks, but also emerging risks and issues highlighted by the ARAC Committee and senior management.	**Applied**
3.9	The ARAC Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The ARAC Committee recommends the approval of the appointment of the external auditor as well as its engagement letter and terms, nature and scope of the audit function and the audit fee.	**Applied**
3.10	The ARAC Committee should report to the board and shareholders on how it has discharged its duties	The ARAC Committee advises the Board on issues ranging from the application of accounting standards to published financial information and feedback is provided at each Board meeting. A review of the ARAC Committee's activities is included in the Integrated Annual Report.	**Applied**
4.	**The governance of risk**		
4.1	The Board should be responsible for the governance of risk	The Board oversees the management of risk and has delegated the process to the ARAC Committee. The Committee monitors the adequacy and effectiveness of the Company's internal risk management process	**Applied**
4.2	The Board should determine the levels of risk tolerance	The risk tolerance levels have been determined	**Applied**
4.3	The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibilities	As per 4.1	**Applied**
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	The Company maintains a risk register which details all risks and the management thereof. This risk register is reviewed by the ARAC Committee and Board of Directors every quarter.	**Applied**
4.5	The Board should ensure that risk assessments are performed on a continual basis	The inherent and residual risks are discussed at the quarterly ARAC Committee meetings.	**Applied**

Principle		Comments / explanation	Status
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredicted risks	The risk registers are continuously reviewed and discussed at the quarterly ARAC Committee meetings.	**Applied**
4.7	The Board should ensure that management considers and implements appropriate risk responses	The Board, through its risk oversight role, satisfies itself that the risk management policies and procedures designed and implemented by the company's senior executives and risk managers are consistent with the company's strategy and risk appetite.	**Applied**
4.8	The Board should ensure continuous risk monitoring by management	The Board has established a comprehensive control environment, ensuring that risks are mitigated and the Company's objectives are attained.	**Applied**
4.9	The Board should receive assurance regarding the effectiveness of the risk management process	LLR's outsourced internal audit function conducts continuous reviews in terms of internal controls and systems and attend the ARAC Committee meetings to table their working report.	**Applied**
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosures to stakeholders	The major risks are disclosed in the 2023 IAR.	**Applied**
5.	**The governance of information technology**		
5.1	The Board should be responsible for IT governance	The Board provides oversight of LLR's IT governance and has an approved IT policy and framework in place.	**Applied**
5.2	IT should be aligned with the performance and sustainability objectives of the Company	The IT Governance Framework and Information and Security Policy are aligned with LLR's strategy and operational policies.	**Applied**
5.3	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.	**Applied**
5.4	The Board should monitor and evaluate significant IT investments and expenditure	IT investments and expenditure are being monitored and approved.	**Applied**

Principle		Comments / explanation	Status
5.5	IT should form an integral part of the Company's risk management	Both the internal and external auditors perform assessment on IT general controls. The SLA between LLR and the outsourced company serves as assurance on the effectiveness of the IT internal controls that are put in place by the outsourced service provider.	**Applied**
5.6	The Board should ensure that information assets are managed effectively	A Board-approved Disaster Recovery and Business Continuity Plan is in place. LLR has a secured cloud-based backup solution through the IT-service provider that will assist in the event there is a disaster for business continuity purposes.	**Applied**
5.7	A Risk Committee and Audit Committee should assist the Board in carrying out its IT responsibilities	The ARAC Committee assists the Board in carrying out its IT responsibilities	**Applied**
6.	**Compliance with laws, rules, codes and standards**		
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	The Board ensures that the Company complies with the requirements of BSEL, Companies Act, IFRS and the applicable law. The Company through the Company Secretary and Legal and Compliance Manager advises the Board on any legal, and regulatory requirements.	**Applied**
6.2	The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business	Directors have a working understanding of all applicable laws, rules, codes and standards applicable to the Company. Additional training is provided as required.	**Applied**
6.3	Compliance should form an integral part of the company's risk management process	Compliance risk is discussed at each ARAC Committee meeting and forms part of the risk management process.	**Applied**
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes	The Company has developed a compliance framework to assist in fulfilling its responsibility fully in this regard. However, the framework is currently under review and will be tabled before ARAC during FY2024.	**Applied**
7.	**Internal audit**		
7.1	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. A quality assurance and improvement programme is designed to enable an evaluation of the internal audit's conformance with the standards and an evaluation of whether internal auditors apply the code of ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.	**Applied**

Principle		Comments / explanation	Status
7.2	Internal audit should follow a risk-based approach to its plan	The outsourced internal audit plan, through its audit plan, follow a risk-based approach in performing the audit of the Company.	**Applied**
7.3	Internal audit should provide a written assessment of the effectiveness of the Company's system of internal controls 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.	**Applied**
7.4	The ARAC Committee should be responsible for overseeing internal audit	Management assesses performance of the auditors and presents an objective report to the ARAC Committee.	**Applied**
7.5	Internal audit should be strategically positioned to achieve its objectives	Internal audit reports are reviewed at the ARAC Committee meetings which the internal auditors attend by invitation.	**Applied**
8.	**The governance of risk**		
8.1	The Board should appreciate that stakeholders' perceptions affect the 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.	**Applied**
8.2	The Board should delegate to management to proactively deal with stakeholder relationships	Refer to 8.1	**Applied**
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company	A formal stakeholder engagement policy is in place. The Company interacts with its major stakeholders on an ad hoc basis in the normal course of business.	**Applied**
8.4	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	The Board strives to ensure that reporting to stakeholders is relevant, transparent and accurate.	**Applied**
8.5	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	LLR currently uses the Company's Dispute and Grievance Policy to resolve disputes as effectively, efficiently, and expeditiously as possible.	**Applied**

Principle		Comments / explanation	Status
9.	**Integrated reporting and disclosure**		
9.1	The Board should ensure the integrity of the Company's integrated report	The Board has applied its collective expertise to LLR's integrated report and, in its opinion, the report addresses all material issues and presents an integrated and accurate view of the Company's performance in the year under review.	**Applied**
9.2	Sustainable reporting and disclosure should be integrated with the Company's financial reporting	The Company endeavours to integrate all information to stakeholders in the form of the IAR, focusing on sustainability on all levels, including finances.	**Applied**
9.3	Sustainability reporting and disclosure should be independently assured	Sustainability (ESG) reporting is currently being self-assured. At this stage in its reporting journey, LLR has decided that it is premature to obtain independent assurance for non-financial disclosures.	**Not applied**

ESG DATA INDEX

Social

Workforce Overview	2022	2023
Does LLR have any employee policies in place?	Yes	Yes
Total workforce (excluding trainees, students)	14	16
Male employees	5	4
Female employees	9	12
Total number of national employees	14	16
Female	9	12
Male	5	4
Total New employee hires:	5	4
Male	2	1
Female	3	3
Employee turnover (voluntary and involuntary)	0%	14%
Training spend	P235 046.58	P436 175.29
Permanent employees receiving performance review	14	16
Number of employees with disabilities	0	0
Employee wages & benefits (P million)	P8.90 million	P15.5 million
Workplace-related deaths	0	0
Workplace-related serious injuries	0	0
Does the company prohibit the use of child or forced labor throughout the supply chain?	Yes	Yes
COMMUNITY INVESTMENT AND VOLUNTEERING		
Does LLR have a CSI / community development policy in place? (Yes/No)	No	No
Value of investment in local community (P)	P304 654.07	P372 000.00
Number of beneficiaries of community activities (#)	77	88
Number of youth beneficiaries	2	1
Number of girls/women beneficiaries	48	46
Number of projects implemented	1	1
Number of scholarships / internships awarded	0	1
Number of beneficiaries upskilled and trained	2	1
Number of beneficiaries placed in employment opportunities	2	0

Governance

Governance	2022	2023
Board of Directors Members	6	5
Independent members of the Board of Directors	4	4
Non-Executive members of the Board of Directors	2	2[8]
Female members of the Board of Directors	1	1
Male members of the Board of Directors	5	4
Directors board meeting attendance for the year	92%	84%
Average age of Directors	47	49
Disclosure of the voting results of the latest AGM.	Yes	Yes
Does the company publish and follow a Bribery/Anti-Corruption Code?	No	Yes
Does the company publish and follow a Supplier Code of Conduct?	No	No
Does the company publish and follow an Ethics Code of Conduct?	No	No
Executive compensation linked to performance indicators.	No	Yes
Role separation of Chairman and CEO.	Yes	Yes
Sustainability report published as part of our integrated report.	Yes	Yes
An external party assures the company's non-financial information.	Yes	Yes
Ethics-related queries and concerns (number)	None	None
Conflict of interest declarations (number of individual directos)	3	3
Number of breaches reported in relation to consumer data privacy	None	None
Number of stakeholder inquiries, complaints, or issues received	2	2
Total number of confirmed Whistleblowing cases	None	None

8 As at 31 June 2023, one Non-executive board member resigned and one was Non-executive Director was appointed to the Board.

Corporate information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	The Company is a variable rate loan stock Company engaged in property investment and deriving revenue primarily from property rentals.
Registered office	Letlole la Rona Limited Unit 2B, 1st Floor Peelo Place, Plot 54366 CBD P O Box 700ABG Gaborone Botswana
Business address	Unit 2B, 1st Floor Peelo Place, Plot 54366, CBD P O Box 700ABG Gaborone Botswana
Auditors	Grant Thornton Chartered Accountants and Certified Auditors of Public Interest Entities
Secretary	Bothepa Obuseng
Company registration number	BW00001394482
Date of incorporation	08 July 2010
Transfer secretaries	Central Securities Depository Company Botswana 4th Floor, Farscape Precinct Plot 70667 Fairgrounds Gaborone Botswana
Debenture trust trustees	Desert Secretarial Services (Pty) Ltd / Stevens Fricker & Associates

Glossary and Acronyms

Real estate and financial terms glossary

Linked Units Agreement	A contractual arrangement involving the sale and acquisition of linked units, often associated with real estate transactions.
Net Asset Value (NAV)	The total value of an entity's assets minus the total value of its liabilities, often used in the valuation of investment funds or companies.
Loan-To-Value (LTV) Ratio	A financial metric that expresses the ratio of a loan to the value of an asset purchased. In real estate, it indicates the percentage of a property's value that is financed through debt.
Equity	The residual interest in the assets of an entity after deducting liabilities, often representing ownership.
Fair Value	The estimated price of an asset or liability in the market, indicating a reasonable open market value under normal conditions.
Divestment	The act of selling or liquidating an asset, business unit, or investment.
Market Value	The price at which an asset would trade in a competitive auction setting.
The Company	Letlole la Rona Limited, or 'LLR'
Credit Loss Allowances	Provisions set aside to cover potential losses from tenants who may default on their lease payments.
Average Total Property Yield	The average income generated by LLR's entire property portfolio relative to its total value.
Weighted Average Lease Expiry	A measure that considers the remaining lease terms of all the leases in LLR's portfolio, weighted by the lease's contracted rental income.
Weighted Average Annual Escalation	A calculation of the average increase in rental income across LLR's property portfolio, considering factors like lease agreements and rental escalation clauses.

Acronym definitions

ACCA	Association of Chartered Certified Accountants
AGM	Annual General Meeting
AML	Anti-Money Laundering
ARAC	Audit, Risk and Compliance Committee
BAOA	Botswana Accountancy Oversight Authority
BDC	Botswana Development Corporation
BICA	Botswana Institute of Chartered Accountants
BOWICO	Botswana Women in Construction Organisation
BPOPF	Botswana Public Officers Pension Fund
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CEO	Chief Executive Officer
CFO	Chief Financial Officer

Glossary and Acronyms

COVID-19	Corona Virus Disease 2019
CPD	Continued Professional Development
CSI	Corporate Social Investment
DPLU	Dividend Per Linked Unit
ESG	Environmental Social Governance
FMCG	Fast Moving Consumer Goods
GLA	Gross Lettable Area
GRI	Global Reporting Initiative
IAR	Integrated Annual Report
IC	Investment Committee
IFC EDGE	An innovation of the International Finance Corporation (IFC), EDGE makes, designs and certifies resource efficient and Zero Carbon buildings.
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IT	Information Technology
JTTM	JTTM Properties (Pty) Ltd
King III	The King III™ Code of Governance Principles
KYC	Know Your Customer
LED (light)	Light Emitting Diode, which lights up to 90% more efficiently than incandescent light bulbs.
LLR	Letlole la Rona Limited, also referred to as 'the Company'
LTI	Long-Term Incentive
LTV	Loan-To-Value
M&A	Mergers and Acquisitions
NAV	Net Asset Value
NBC Development	NBC Developments Partnership
NRC	Nominations And Remuneration Committee
OAL	Orbit Africa Logisacs, or Orbit Products Africa Limited
PAT	Profit After Tax
PBT	Profit Before Tax
SASB	Sustainability Accounting Standards Board
SME	Small and medium enterprise
STI	Short-Term Incentive
UNSDGs	United Nations Sustainable Development Goals
US	United States (of America)
VAT	Value Added Tax


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