NEW AFRICAN PROPERTIES

INTEGRATED ANNUAL REPORT

2019

CONTENTS

The Annual Report has been prepared in order to comply, in all material respects, with the requirements of the Botswana Companies Act (CH42:01) and requirements of the Botswana Stock Exchange. Accordingly, the Board of Directors and Management of the Company assume no responsibility for nor warrant compliance of information contained in the Annual Report with requirements of other legal frameworks or regulatory authorities of other jurisdictions.

Riverwalk Shopping Centre, Gaborone

NEW AFRICAN PROPERTIES

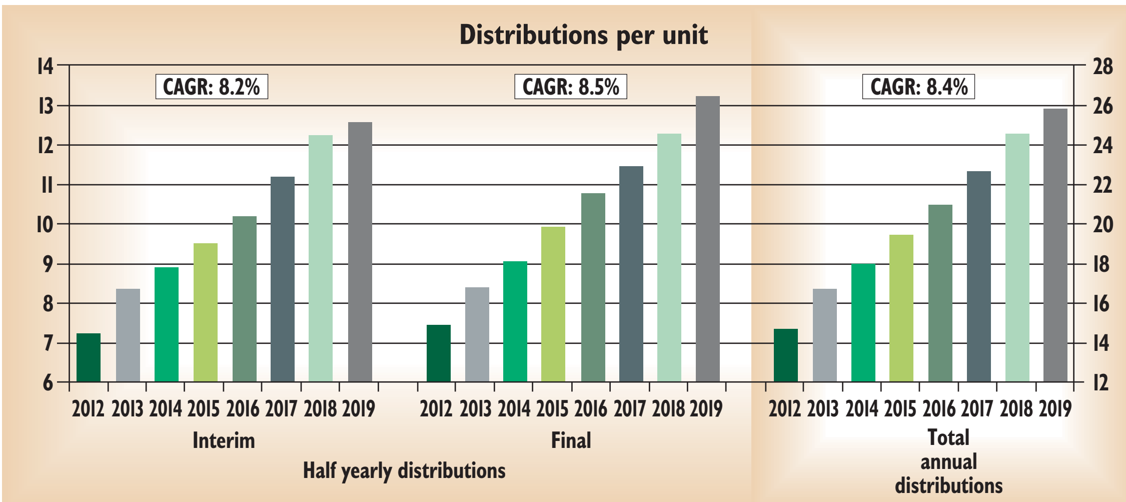
NAP OVERVIEW »

31 July 2019

OVERVIEW

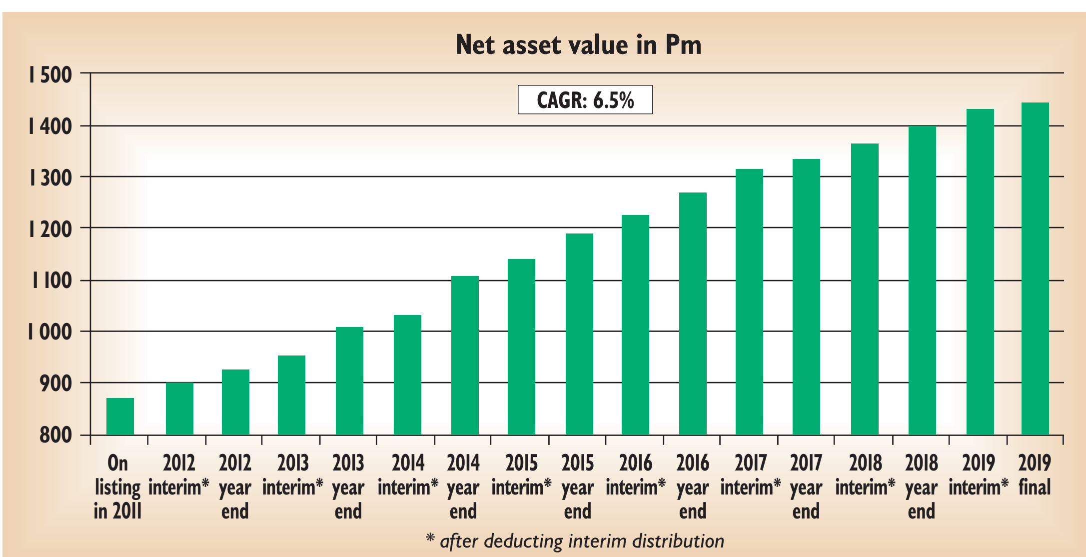
New African Properties Limited ("NAP") is a public variable rate loan stock company offering investors the opportunity to share in a diversified portfolio of 64 well-established, strategically located, primarily retail properties across Botswana as well as a small portfolio of Namibian retail properties, all underpinned by quality tenants.

NAP has delivered a strong, consistent performance since listing on the Botswana Stock Exchange (BSE) on 28 September 2011, generating both distribution and capital growth to investors and with a market capitalisation of P2.0 billion at year end.



CAGR = Compound Annual Growth Rate

While capital growth for investors is based on movement in the unit price it is important to know that there has also been growth in the underlying property value and net asset value.



STRATEGY

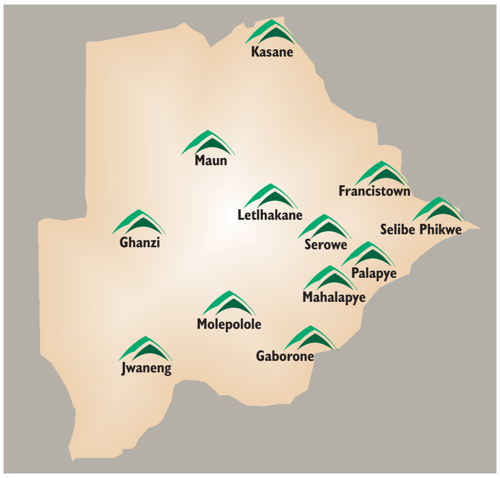
Our primary objective is to provide returns to investors through income and capital growth superior to alternative risk related investments.

The key strategic goals underlying this are:

- Managing our properties to achieve stable and sustainable growth
  - Investing in appropriate properties
  - Maintaining our retail focus
  - Maintaining our strong tenant profile
  - Maximising contractual rentals
  - Minimising rental arrears, bad debts and vacancies
  - Optimising expenditure
- Understanding the environment we operate in
- Managing using a sound governance framework
- The use of skilled service providers
- Distribution certainty and transparency
- Diversifying our funding through the introduction of prudent gearing
- Diversifying the unitholder base

PROPERTY PORTFOLIO

The portfolio has a diverse geographical footprint covering the main urban areas, with a weighting in Gaborone, the primary economic hub of the country.



NATURE OF INVESTMENT AND RETURNS

The ownership of linked units in a variable rate loan stock company is tax efficient as profits are distributed by means of a dividend and a debenture interest payment which is larger than the dividend. The full amount of interest is deductible from income of the variable rate loan stock company as an expense incurred in the production thereof. The Income Tax (Amendment) Act of 2019 restored this position after the 2018 Amendment temporarily restricted this deductibility.

Dividends paid by the company are subject to withholding tax which is a final tax. Interest is also subject to withholding tax unless the unitholder is exempt and this tax can be credited against tax payable by the recipient. Any capital gains on disposal of linked units after one year of acquisition are exempt from taxation under the current taxation regime as the Company has offered more than 49% of its linked units to trade on the Botswana Stock Exchange. In addition to being able to vote on issues that affect them, unitholders' interests are protected through application of a code of governance and appointment of independent directors to the Board.

FIVE YEAR HISTORICAL REVIEW »

for the year ended 31 July 2019

	31 July 2019	31 July 2018	31 July 2017	31 July 2016	31 July 2015
INCOME					
Revenue * (P000)	**196 759**	188 030	174 363	161 681	149 344
Distributable income (P000)	**156 040**	147 834	137 155	127 315	117 449
Distributable income (tpu)	**25.82**	24.46	22.69	21.06	19.43
Increase in distributable income (%)	**6%**	8%	8%	8%	8%
Distributions (tpu):	**25.80**	24.53	22.67	20.95	19.43
- interim	**12.56**	12.25	11.21	10.18	9.51
- final	**13.24**	12.28	11.46	10.77	9.92
Distribution growth (%)	**5%**	8%	8%	8%	8%
Profit (P000)	**198 730**	217 272	199 404	209 762	199 102
Increase in profit (%)	**-9%**	9%	-5%	5%	-6%
ASSETS					
Investment property * (Pm)	**1 503**	1 459	1 385	1 312	1 225
Borrowings (Pm)	**19**	22	25	28	30
Net asset value (Pm)	**1 442**	1 401	1 332	1 268	1 188
Increase in net asset value (%)	**3%**	5%	5%	7%	7%
GEARING					
Debt to property value (%)	**1%**	1%	2%	2%	2%
Debt fixed (%)	**0%**	0%	0%	0%	0%
Interest cover (times)	**156**	127	98	76	55
UNIT STATISTICS					
Units in issue (millions)	**604**	604	604	604	604
Closing price (tpu)	**324**	321	322	293	242
Mkt cap at end of period (Pm)	**1 958**	1 940	1 946	1 771	1 463
Premium to NAV (%)	**36%**	38%	46%	40%	23%
Historic yield (%)	**8.0%**	7.6%	7.0%	7.2%	8.0%
Total return per linked unit (%)	**9.0%**	7.3%	17.6%	29.7%	26.9%
PROPERTIES					
Number of properties	**64**	64	64	64	65
Last valuation * (Pm)	**1 503**	1 459	1 385	1 312	1 225
Increase in property valuation (%)	**3%**	5%	6%	7%	8%
GLA (000m^2)	**129**	129	129	129	130
Vacancy (by GLA)	**3.4%**	3.8%	3.2%	1.2%	2.8%
Vacancy (by rental)	**1.6%**	1.9%	2.2%	0.7%	1.9%

** excludes rental straight lining*

BUSINESS REVIEW »

for the year ended 31 July 2019

HIGHLIGHTS

- Total distribution for the year 25.80 thebe, 5.2% growth on comparative 24.53 thebe and an 8.0% income return on the opening unit price
- Total return to investors of 9.0% for the year, distributions paid accounted for 8.0%
- Total asset value P1.72 billion, an increase of 3.0%
- Net asset value P1.44 billion, an increase of 3.2%
- Market capitalisation P1.96 billion, an increase of 0.9%
- Number of leases 478, with 57.7% of rentals from listed and multinational tenants
- Occupancy level (by GLA) 96.6%, a 0.4% improvement
- Net tenant arrears P0.8 million, after impairments of P0.2 million during the year
- Tenant retention 78.3% of expiring GLA

FINANCIAL RESULTS

Total distributions for the year amount to 25.80 thebe per linked unit (P155.9 million), 5.2% higher than the comparative 24.53 thebe (P148.3 million) and an income yield of 8.0% on the opening unit price of 321 thebe.

As reported last year, the impact of prior period income included in the first half of 2018 financial year increased the comparable distributable income by P1.5 million and adjusting for this the annual increase in distributions would have been 6.3%, which particularly impacted the 1st half comparative distribution growth.

The final distribution of 13.24 thebe per linked, based on the forecast distributable income of P156.0 million, was declared on 25th July and paid on 30th August. This distribution represented a 7.8% increase on the prior year's 12.28 thebe.

Net rental income has increased by 5.2% for the year, which would have been 6.2% without the P1.5 million prior period income included in the comparative. Property costs excluding tenant installations and letting commissions increased by 4.6%, while recoverable costs increased by 6.4%. Both letting commissions and tenant installation costs are expensed as incurred and vary significantly based on the lease expiry profile. In view of a reduction in lease expiries during the year the costs incurred on these expenses decreased from 2018.

Other contributors to distributable income include portfolio costs which remained flat and net investment income and tax which both increased marginally.

Riverwalk Shopping Centre, Gaborone

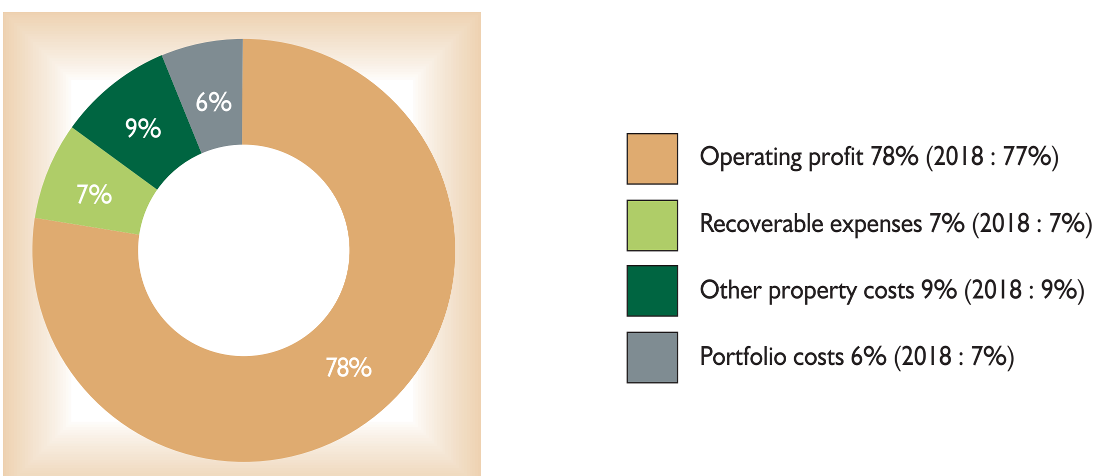
BUSINESS REVIEW » (continued)

for the year ended 31 July 2019

FINANCIAL RESULTS (continued)

Distributable income was arrived at as follows:	2019 P'000	2018 P'000	% change
Revenue before straight line adjustment	196 759	188 030	+4.6%
Other income	2 167	2 282	
Property costs	(32 265)	(31 882)	
Net rental income	166 661	158 430	+5.2%
Portfolio expenses	(12 292)	(12 287)	
Distributable operating profit	154 369	146 143	+5.6%
Net investment income	5 282	5 225	
Distributable profit before tax	159 651	151 368	+5.5%
Taxation relating to distributable income	(3 611)	(3 534)	
Distributable income	156 040	147 834	+5.6%
Retained income utilised	-	466	-
Available for distribution	156 040	148 300	+5.2%
Number of units in issue (in 000's)	604 397	604 397	
Distributable income in tpu	25.82	24.46	+5.6%
Available for distribution in tpu	25.82	24.54	+5.2%
Distributions declared			
Interim	75 912	74 039	+2.5%
Final	80 022	74 220	+7.8%
Total distributions	155 934	148 259	+5.2%
Distributions in tpu	25.80	24.53	+ 5.2%

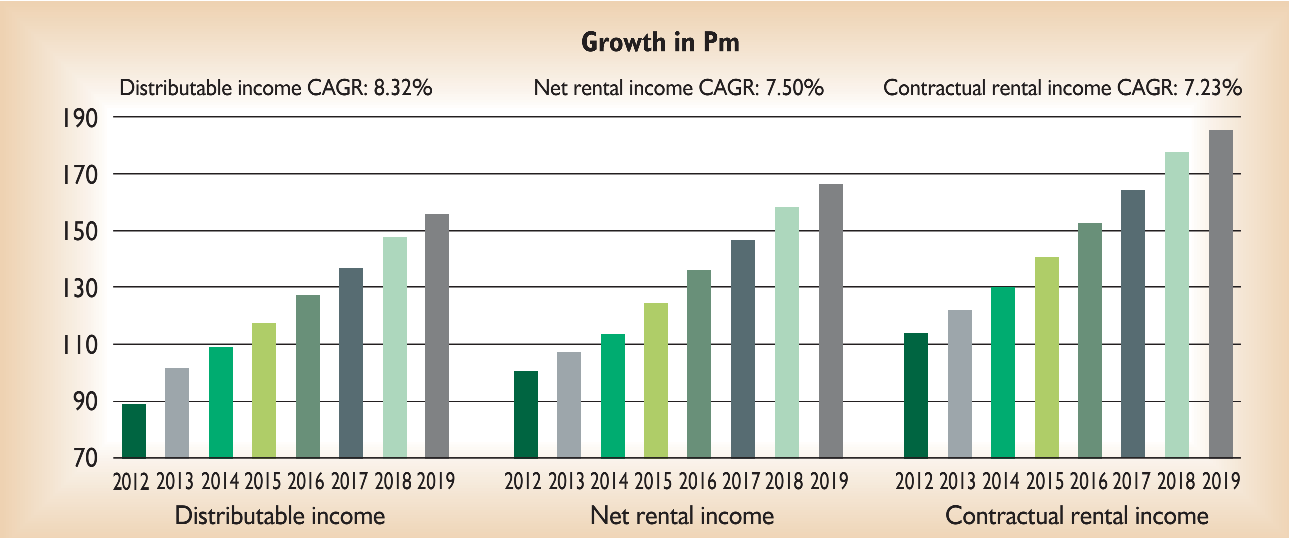
Operating profit as a percentage of operating income (revenue and other income) has increased from 77% to 78% and can be analysed as follows:



Net investment income has diluted distributable income growth by 0.1% in view of it not being a growing income stream. Interest income arises from cash available for investment as well as net rentals earned and accumulated during each distribution cycle. The interest expense stems from the borrowings taken on at listing and which is being serviced monthly.

FINANCIAL RESULTS (continued)

Distributable income has shown a compound annual growth rate of 8.3% since listing, with the key line items contributing to this being net rental income and contractual rental income.



CAGR = Compound Annual Growth Rate

Profit for the year amounts to P198.7 million (2018: P217.3 million) and exceeds the distributable income by P42.7 million (2018: P69.4 million) as a result of after-tax revaluation and other accounting adjustments that are non-cash flow items and do not impact distributions but add to the underlying net asset value of NAP. The actual value of investment property has increased by 3.0% this year but the relative increase in valuations in the current year is lower than last year, which has resulted in a decrease in profit.

	2019 P'000	2018 P'000	
Distributable income is reconciled to profit and total comprehensive income for the year as follows:			
Distributable income	**156 040**	147 834	+ 5.6%
Fair value adjustments			
- Investment property (net of straight lining)	**39 582**	71 936	
- Financial asset	**(909)**	1 146	
Share of associate's profit	**6 324**	8 923	
Amortisation of intangible asset	**(881)**	(881)	
Rent straight lining adjustments	**5 254**	1 236	
Deferred tax on			
- Investment property	**(3 468)**	(10 187)	
- Share of associate's profit	**(474)**	(668)	
- Rent straight lining	**(1 192)**	(285)	
- Other non-distributable items	**(1 546)**	(1 782)	
Net profit after tax	**198 730**	217 272	-8.5%
Foreign exchange currency difference	**(1 321)**	(96)	
Comprehensive income	**197 409**	217 176	-9.1%

BUSINESS REVIEW » (continued)

for the year ended 31 July 2019

FINANCIAL RESULTS (continued)

The Namibian dollar has weakened against the Botswana Pula during the year with the year end rate moving from 1.2874 to 1.3260. This movement gives rise to an increase in the foreign exchange currency difference which impacts total comprehensive income.

The properties were valued by Curtis Matobolo of Knight Frank at P1.71 billion at year end (2018: P1.64 billion). The weighted average capitalisation rates applied by the external valuer increased to 9.01% from 8.93% in 2018, predominantly attributable to a marginal increase in the long bond rates in Botswana. The Namibian long bond rate decreased by 0.44% but had a limited impact on the overall Group weighted average in view of the relative size and value of the Namibian assets, and was further impacted by the weaker exchange rate.

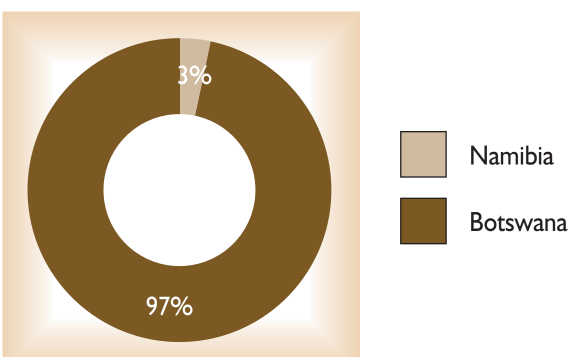
The carrying value of investment property of P1.47 billion (2018: P1.43 billion) is lower as a result of assets reflected elsewhere in the statement of financial position and an adjustment for the nature of title in one of the properties.

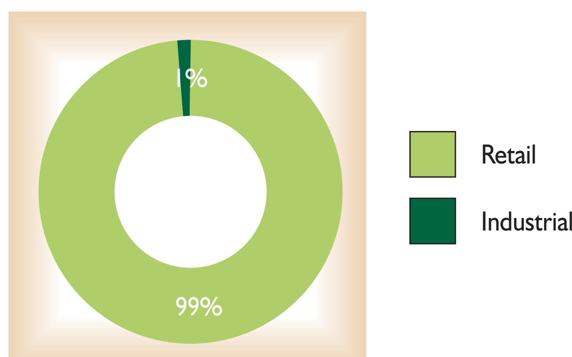
The revaluation of investment property, net of P0.2 million capital improvements and the impact of exchange rate movements, resulted in fair value gains of P44.8 million (2018: P73.2 million) and a 3.0% increase in carrying values before rent straight lining adjustments.

The insured replacement value for the forthcoming year amounts to P1.44 billion (2018: P1.40 billion).

PROPERTY PORTFOLIO

There has been no change to the portfolio during the year which comprises predominantly Botswana based retail properties, weighted towards Gaborone but with a wide geographical footprint. There is some exposure to Namibia retail properties (3%) and a nominal (1%) exposure to Botswana industrial properties. The portfolio consists of 64 properties, 7 of which are Namibian based.





	Namibia Pm*	Botswana Pm*	Total Pm*	%
Fair value by sector:				
Retail	47	1 436	1 483	99%
Industrial	-	20	20	1%
Total	**47**	**1 456**	**1 503**	**100%**
%	3%	97%	100%	
Number of properties	7	57	64	
GLA (m^2)	12 561	116 685	129 246	

** Fair value before rent straight line adjustment.*

PROPERTY PORTFOLIO (continued)

The top 10 properties by value comprise 81% (2018: 81%) of the total value of the portfolio at year end and are:

Property	Carrying value 31/7/2019* P'000	% of portfolio	Location	Major tenants
Riverwalk	291 767	19.41%	Gaborone	Pick 'n Pay, Hi Fi Corp, Ackermans, Woolworths, Mr Price, Dunns, CB Stores, Bata Shoes, Nando's, Mugg & Bean, Dros, Cape Union Mart and Nu Capitol Cinemas.
Kagiso Centre	192 400	12.80%	Gaborone	Payless Supermarket, Pep, Ackermans, CB Stores, Topline, Taku, Sheet Street, Options, Bata Shoes, JB Sports, Pharma South Pharmacy, Cash Crusaders.
Gaborone Shopping Centre	178 920	11.91%	Gaborone	Pep, Furnmart, CB Stores, Options, Dodo's, Studio 88, Cell City, JB Sports, Dunns, Fashion World, Side Step, Sole Shoes.
Riverwalk Plaza	129 230	8.60%	Gaborone	HomeCorp, Spar, Tops, FNB, Incredible Connection.
Mafenyatlala Mall	121 640	8.09%	Molepolole	Spar, Kweneng District Council, FNB, Ackermans, Barclays Bank, Pep, Dunns, Bank Gaborone, Debonairs, KFC.
Kasane Mall	89 800	5.97%	Kasane	Spar, Furnmart, Clicks, CB Stores, Pep, Dunns, BTC, Barclays Bank, KFC, Local Enterprise Authority, Woolworths, Air Botswana.
Madirelo Centre	58 170	3.87%	Gaborone	Payless Supermarket, CB Stores, Furnmart, Topline, Cash Crusaders, Afritec, First National Bank.
Mokoro Centre	55 970	3.73%	Maun	Spar, Ackermans, Pep, Dunns, Topline, Furnmart, Style, Jet Stores, Dodo's, Taku, Beaver Canoe.
Plot 8, Station	52 140	3.47%	Gaborone	Knock Out Supermarket, CB Stores, Debonairs Pizza/Milky Lane, Hungry Lion.
Tlokweng Shopping Centre	41 230	2.74%	Gaborone	Choppies, Furnmart, Liquorama, Pep.
Total carry value 2019 year end*	**1 211 267**	**80.59%**		
Total carrying 2018 year end*	1 175 622	80.56%		

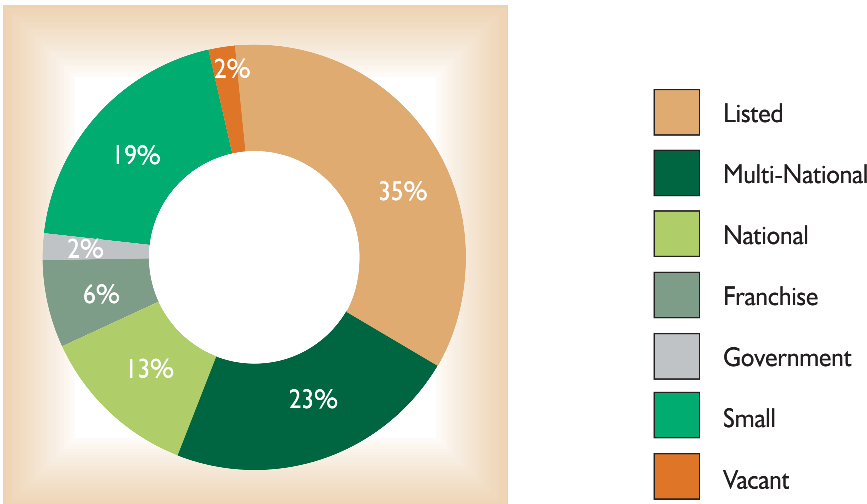
** Fair value before rent straight line adjustment.*

BUSINESS REVIEW » (continued)

for the year ended 31 July 2019

PROPERTY PORTFOLIO (continued)

The quality and diversity of the tenant base is a key consideration and contributor to NAP's performance. At year end 96.6% (2018: 96.2%) of the gross lettable area was let in terms of 478 leases (2018: 474). This is demonstrated by analysing the tenant profile based on rental income at July 2019. Listed and multinational companies contributed 58% of rentals, up from 55% a year ago, while nationals contributed 13% with a further 6% and 2% from franchisees and Government respectively and 19% from smaller tenants.



Maintaining the secure and return enhancing tenant mix is key for NAP and as such there has been and still is a conscious drive towards retaining performing tenants and to improve on the existing tenant composition, while identifying opportunities to introduce local entrepreneurs in appropriate retail space.

As reported in the announcements, two vacancies arose in the upper level at Riverwalk in the second half of the financial year which had an adverse impact for the second half and will impact the new financial year. This space has not yet been relet but management is in discussions with prospective tenants. Notwithstanding these new vacancies at Riverwalk, the total vacancy level has decreased from last year end.

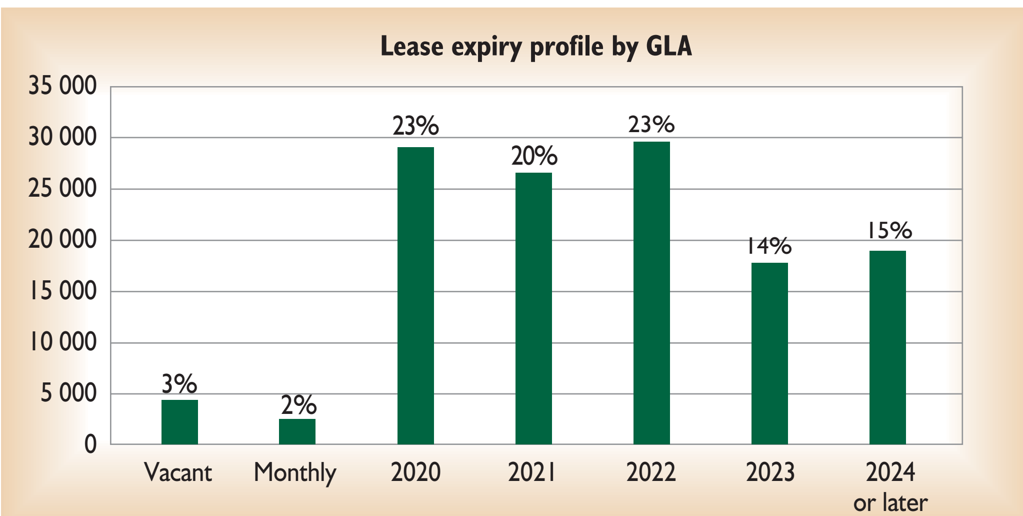
Riverwalk Shopping Centre, Gaborone

PROPERTY PORTFOLIO (continued)

Leases expiring during the year made up 18% of the total GLA. Substantially all of this space was either renegotiated or re-let. The renegotiations in Selebi Phikwe, an industrial property in Francistown and for certain smaller tenants in Kagiso reduced the average increases achieved across the remainder of the portfolio which achieved escalations in line with the portfolio rental growth for the year.

The performance of properties in Selebi Phikwe (2.4% of total property value and 2.7% of rental income) has marginally exceeded expectations with vacancies decreasing from 2 094 m^2 to 1 785 m^2 during the year, albeit at reduced rentals, accounting for 41% of total vacancies in the portfolio at year end. The lease expiry profile of existing leases in this area is 26%, 49%, 23% respectively in each of the next 3 years and 2% in the 2024 financial year with the tenant composition being 52% listed and multi-nationals, 3% nationals, 13% government and the remaining 32% smaller tenants.

The lease expiry profile as at 31 July 2019 based on gross lettable area and financial years comprises:



Monthly tenancies amount to 2 539m^2 pending resolution of negotiations with existing tenants. Management have pursued negotiations with prospective new tenants where ongoing tenancies appeared to be at risk and 35% of this space was concluded or re-let subsequent to the year end with only 1 644 m^2 remaining as monthly leases at the date of this report.

The cyclical renewals at Mafenyatlala make up 31% of the expiries in 2020. Management are confident that the majority of leases will be renewed, with the exception of Cashbuild whose space will be subdivided to accommodate new tenants to the centre which will strengthen the tenant mix. Other properties with notable expiries include Riverwalk, Kasane Mall and Mokoro and management is engaging with the relevant tenants with a view to ascertaining their intentions and, if required, sourcing new tenants. The balance of the expiries is spread across the portfolio with no significant weighting.

In 2021 and 2022 expiries are spread over a number of properties, with the more significant exposures in Kagiso, Madirelo and Mochudi in 2021 and Riverwalk in 2022.

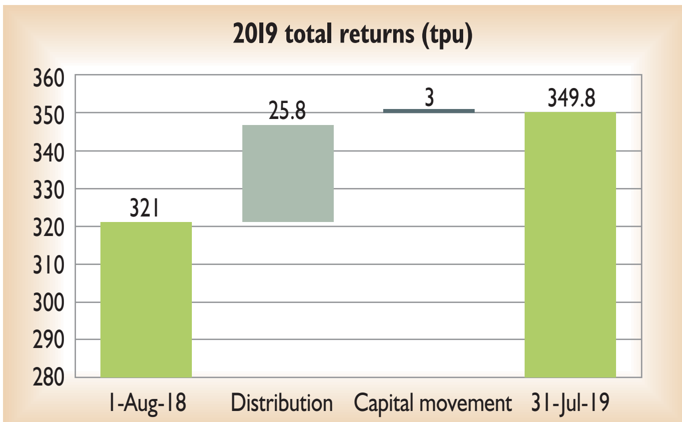
Rental collections are a further performance measurement. Gross rental and recoveries amounted to P197 milllion (2018: P188 million) for the year. Net unprovided tenant arrears amount to P 0.8 million (2018: P0.3 million), with an impairment charge of P0.2 million (2018: P0.4 million) after applying the new requirements in terms of IFRS 9. The change from IAS 39 to IFRS 9 did not result in any restatement to opening retained income.

BUSINESS REVIEW » (continued)

for the year ended 31 July 2019

RETURNS TO INVESTORS

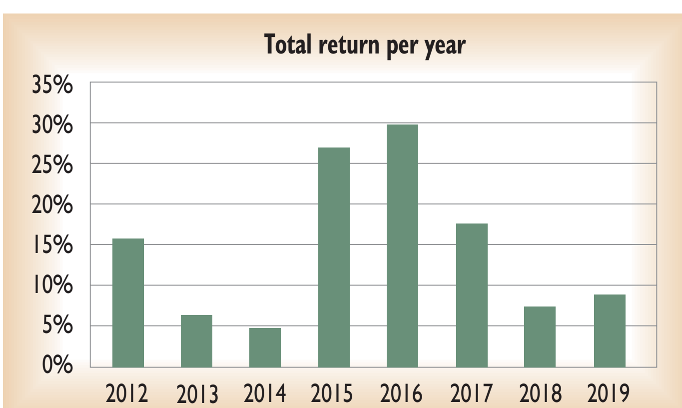
The total return to investors for the year amounts to 9.0% on the opening price of 321 thebe. This is made up of an 8.0% income return, comprising distributions paid to investors, and a 3 thebe increase in the unit price with a closing unit price of 324 thebe. The historical distribution yield on this closing price is 7.96%. This yield provides an attractive return, particularly relative to fixed income investments, as well as providing a hedge against inflation and the opportunity for capital enhancement.



NAP's performance since listing has provided a consistent growth in distributions to unitholders and the Group's net asset value, with compound annual growth rates of 8.4% and 6.5% respectively.

Since listing in September 2011, the total return to investors on NAP linked units amounts to 143%, with a total income return of 81% and a capital return of 62% on the initial listing price of 200 thebe per linked unit. This equates to a compound annual total return of 11.8%. These returns and the nature of NAP are well suited to pension funds, institutional and long-term investors, offering attractive returns relative to alternative investments.

The relative total returns on an annual basis are impacted by the movement in unit prices each year whereas the absolute distribution element has increased annually with a compound average growth rate of 8.4% since listing. To date the unit price has tended to remain static for a time and then correct, rather than move in a consistent manner, and has remained in a narrow band since the last significant trades in NAP units.



The investment of existing cash into property with escalating income streams would enhance long term distribution growth.

INCOME TAX AND THE INCOME TAX AMENDMENT ACT 2018

NAP's tax efficient PLS structure results in Botswana-earned net rental income being distributed to investors as debenture interest without company tax being incurred. This is ideally suited to tax exempt investors who constitute a substantial portion of NAP's unitholders. This tax efficient structure is diluted where assets are held in other countries due to inter alia respective country taxes and withholding taxes. To offset the tax impact it is necessary to achieve higher property returns and the dilutionary effects of cross border taxes have so far outweighed the benefits that could be derived from diversifying further.

During the year the Income Tax (Amendment) Act No. 38 of 2018 (the 2018 Amendment) was a passed which repealed section 41(1)(k) and replaced it with section 41A. These sections limit the deduction of interest for income tax purposes, however section 41(1)(k) provided an exception for VRLS companies such as NAP, while section 41A did not. The commencement date for 2018 Amendment is 1st July 2019. NAP initiated engagement with the relevant stakeholders to investigate avenues for reinstating the VRLS exemption and on 8th August 2019 The Income Tax (Amendment) Act No. 18 of 2019 (the 2019 Amendment) was promulgated, inter alia reinstating the VRLS exemption. The 2019 Amendment was however silent with regards to the commencement date. The Ministry of Finance and Economic Development has confirmed that 2019 Amendment will be effective from 1st July 2019 and that the Attorney General's Chambers has been requested to draft the Commencement Order for publication in the Government Gazette. This effectively restores the previous tax efficiency for investors.

CONCLUSION

The Group's asset base has been able to generate sustained quality earnings since listing, evidenced by the consistent distribution growth, which is underpinned by the strength and diversity of the tenant base occupying the well-established portfolio. While the vacancies in the upper level at Riverwalk, together with any potential adverse changes in Selebi Phikwe, will impact the performance in the year ahead, the Board remains confident of achieving real distribution growth to unitholders.

NAP has significant gearing capacity available to fund acquisitions which would enhance long term returns. The catalyst for this would be securing quality property investments at appropriate initial yields.

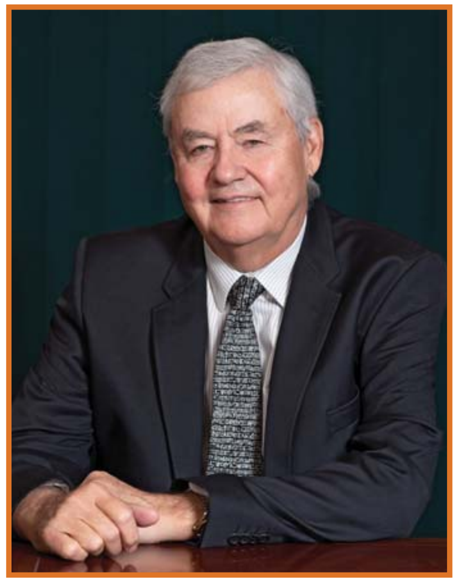
Gaborone Shopping Centre, Gaborone

DIRECTORS »

as at 31 July 2019

John Tobias Mynhardt
Non-Executive Chairman
B.Comm (UCT)
Chairman of Board and Investment Committee
(Motswana)

After completing his Bachelor of Commerce degree at the University of Cape Town in 1968, Mr. Mynhardt started work in the family trading store in Francistown. He has remained involved in the Botswana retail industry ever since. During this time he has developed extensive business interests in Botswana and he is chairman of all the companies in the CBH Group including Furnmart Limited and the companies in the group's Tourism and Hospitality Divisions. During his career he has served as a member on both the Francistown Town Council and the University of Botswana Council. Mr. Mynhardt has also served as a Board member of the Botswana Housing Corporation and First National Bank of Botswana.



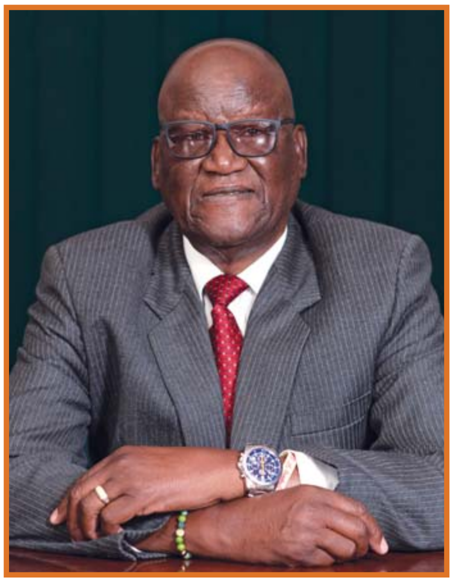
Tobias Louis John Mynhardt
Managing Director
Executive Director
B.Comm (Hons - UCT), MSc Econ (LSE)
Attends Risk, Audit & Compliance Committee meeting by invitation
(Motswana)

Mr. Mynhardt is the Deputy Chairman of the CBH Group which has investments in a number of industries including property, retail, tourism, hospitality, building manufacturing supply and financial services. He led the 2011 listing of NAP which represented the consolidation of the property interests of the CBH Group. Mr. Mynhardt has assumed responsibility for various CBH Group divisions since being appointed a director in 2003. He was Managing Director of an associate company, the BSE-listed Furnmart Limited, since 2009 until his appointment as deputy chairman in 2016. Mr. Mynhardt's early career encompassed a broad exposure to the investment industry through an investment advisory and Hedge Fund-of-Funds firm in London, following the completion of his Masters degree in Economics from the London School of Economics.

Riverwalk Shopping Centre, Gaborone

Lauren Carole Tapping
Financial Director
Executive Director
B.Compt (Hons), CTA (UNISA), C.A.(S.A.), FCPA
Member of the Investment Committee
Attends Risk, Audit & Compliance Committee meetings by invitation
(South African)

Ms. Tapping has 30 years financial experience, with a significant focus on the property industry and specifically the listed real estate sector in South Africa, Namibia and more recently in Botswana. She joined CBH Group as NAP's Chief Financial Officer in March 2012 and was appointed as a director in July 2014. She is also the CBH Group Chief Financial Officer. Prior to joining CBH Group she served as Finance Director of Marriott Property Services (Proprietary) Limited, JSE listed SA Corporate, director of Namibian listed Oryx Properties Limited and Head of Finance for the Listed Real Estate Division at Old Mutual Property Investments. In these capacities she gained experience with the various facets of property from a listed company and broad property services company perspective, was involved in a number of listings and corporate transactions and served on various listed company committees including as chairman of Oryx's Remuneration & Nomination Committee. Prior to her commercial experience she spent 6 years in the audit environment.



Fact Badzile Lebala
Executive Director
(Motswana)

Mr. Lebala left the Botswana Police Force after 28 years of service with the rank of Superintendent of Police and was awarded the Police Medal for Good Conduct. During this career he was Commanding Officer for many Police Districts in Botswana. He was for many years responsible for identifying sites and their owners as well as conducting negotiations for their acquisition. He also liaised with all the district councils, licensing and land boards to facilitate the development and commissioning of the various developmental properties. He has retired from the CBH Group after serving as a director in the Group for over 27 years. He continues to be a board member of Furnmart Ltd and NAP and serves the Group on an ad hoc project basis.

Riverwalk Shopping Centre, Gaborone

DIRECTORS » (continued)

as at 31 July 2019

Jerome Patrick McLoughlin
Lead Independent Director
Independent, Non-Executive Director
B.Comm, Dip Acc (Natal), C.A.(S.A.)
Chairman of Risk, Audit & Compliance Committee
(South African)

After completing articles with Deloittes (Durban) in 1993 and qualifying as a chartered accountant, Mr. McLoughlin started a career in public audit practice and currently serves as a director of a firm of registered auditors known as Hodkinson Inc. He also serves as a non-executive director to companies and serves as trustee on a number of trusts. He has substantial experience in an advisory capacity and in property investment.

Seshadri Venkatakrishnan
Independent, Non-Executive Director
C.A. (India)
Member of the Risk, Audit & Compliance Committee
(Indian)

Mr. Venkatakrishnan is a Chartered Accountant from India with about 35 years of wide experience in Finance and General Management, of which about 20 years was in Botswana. He has held senior roles in different capacities in varied business sectors like Retail, Manufacturing, Property holdings and Property development, IT, Healthcare sector and Education. He is currently a Management Consultant and holds directorships in companies in India.

Mafenyatlala Mall, Molepolole

MANAGEMENT »

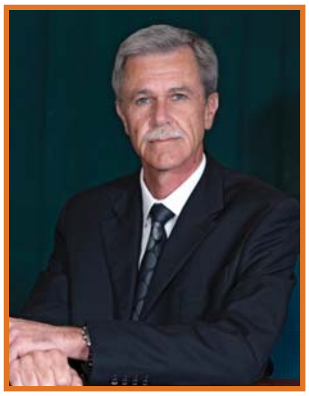
as at 31 July 2019

Odirile Merafhe - CBH Group Executive, B.Sc (Embry Riddle, USA)

Mr. Merafhe is a member of the Executive Management team of the CBH Group, responsible for business development and special projects. Prior to this he was head of Business Development for Momentum Africa responsible for the growth of Momentum Africa subsidiaries in 10 countries and new opportunities in Africa and emerging markets. Before that he was General Manager of Momentum Botswana, the administrator of Botsogo Health plan, since the inception of the company. He oversaw the growth of the Botswana business to a well-respected and successful medical aid company with over 20,000 lives under administration. Before joining Momentum he was Chief Executive Officer of the Hospitality and Tourism Association of Botswana after spending 12 years in the Airline industry in Botswana and South Africa. Mr. Merafhe is Chairman of Metropolitan Health Botswana and a former Chairman of Junior Achievement Botswana, director of Botswana Development Corporation, MRI Botswana Limited, Botswana Tourism Board, Botswana Business Coalition on HIV AIDS. He is a Board member of Business Botswana.

Colin Stewart - CBH Group Financial Manager, B.Compt (Hons), CTA (UNISA), C.A.(S.A.), ACPA

Mr. Stewart joined the CBH Group in early 2014. Prior to this he served as Group Financial Controller at Celerant Consulting, a multinational management consulting firm based in London. Before that his experience includes a number of financial roles in both the UK and South Africa in the manufacturing, telecommunications and banking sectors. Mr. Stewart completed his articles with Deloitte in South Africa having spent 6 years with the firm.



Willie Kruger - Nafprop Chief Executive Officer

Mr. Kruger's experience in property commenced in 1987 with Sanlam Properties as a Leasing Consultant and assistant Property Manager. From there he moved to Old Mutual Properties in 1989 where he was trained as Property Manager and Property Portfolio Manager. Here he gained experience in dealing with aspects such as Property Management, Marketing, Facilities Management, Lease Audits and Staff Training. He accepted a position with RMB Properties in 1995 where he was exposed to Property Asset Management. During 1995 he was appointed by Broll Property Group as Property Portfolio Manager. He was appointed as Director to their Board in 1996 and to the Board of Broll Namibia shortly thereafter. After spending 10 years with Broll he established BBA Property Group of which he was appointed Managing Director in 2007. The Property Portfolio under his direct supervision was valued at R2.3 billion in 2012. He joined Nafprop in 2012 as Chief Executive Officer which position he still holds. Mr. Kruger has recently been elected as a professional member of the Royal Institution of Chartered Surveyors (RICS).

Collin van Wyk - Nafprop Financial Manager, B.Compt (Hons), CTA (UNISA), C.A.(S.A), ACPA

Mr. van Wyk joined Nafprop in early 2017, having served as the Financial Manager at Generator Logic (Proprietary) Ltd in South Africa. Prior to that he was based in Uganda where he served as the Regional Financial Manager at The New Forests Company. Mr. van Wyk has also fulfilled managerial roles in the retail sector with a particular focus on high end retail. Preceding his move to commerce he spent five years in the audit environment.

MANAGEMENT » (continued)
as at 31 July 2019

Jaco Marius Burger - Nafprop General Manager: Property Management, B.A. (Hons) Industrial Psychology (Armstrong State University, Savannah, Georgia, USA)

Mr. Burger commenced working in the property management industry on completion of his studies in the USA. His first management position was at Old Mutual Properties. Subsequent to that he furthered his career at Shoprite Checkers Properties, Murray & Roberts, Broll Property Group, JHIsaacs and Homenet Commercial Properties. Mr. Burger left the industry after approximately eight years and ventured into the restaurant industry where he was a manager and franchisee for roughly thirteen years. He has since decided to return to the property management field and has been with Nafprop for close to six years. Mr. Burger is a professional member of the Royal Institution of Chartered Surveyors (RICS), as well as the South African Property Owners Association (SAPOA) and South African Council of Shopping Centres (SACSA).

Obed Morebodi - Nafprop Facilities Manager, MSc (Leeds Metropolitan University, UK): Property Management.

Mr. Morebodi has experience in several industries. He worked for Bamangwato Concessions Limited (BCL) for 11 years and assumed his first management position in 2003 when he joined Wurth Solergy, a German based company. In this position he worked as Regional Technical and Sales Manager responsible for marketing and business growth. He later joined Pioneer Products where he was responsible for manufacturing and sales of concrete products to supply the construction industry. He joined Nafprop as Facilities Manager during 2007 and is responsible for facilities management, overseeing the technical and service provider management of the NAP portfolio.

Kemo Lebese - Nafprop Chief Accountant, AAT, ACCA, ACPA

Mr. Lebese has ten years experience in the property industry. He joined CBH Group in 2009 and is currently the Chief Accountant of Nafprop. He was previously employed by PricewaterhouseCoopers as a trainee accountant. Mr. Lebese is ACCA qualified, and a member of the Botswana Institute of Chartered Accountants.

Mafenyatlala Mall, Molepolole

CORPORATE GOVERNANCE »

The directors recognise the need to conduct the business with integrity and in accordance with sound corporate practices based on an ethical foundation.

The Board has accordingly established mechanisms and policies appropriate to the operations, which include a Board Charter, Approval Framework, Public Information and Trading Policy as well as two sub-committees as detailed below.

While NAP has no employees, the Property and Asset Management Company, Nafprop, its employees and the executive directors are subject to a code of conduct.

BOARD AND ITS SUB-COMMITTEES

The Board consists of 6 directors, 50% of whom are non-executive and 33% independent non-executive and half of the Board are Batswana. The Board members bring significant experience in the Group's primary business sectors of property and retail, together with significant financial skills and experience with listed companies and in the Group's operating countries of Botswana and Namibia. Non-executive directors are chosen for their business acumen and skills pertinent to the Group's business. The Board considers that it is adequately constituted to enable it to carry out its duties, that there is an appropriate balance of power and balance of skills. The roles of the Managing Director and Chairman are not filled by the same person. During the year Mr. J. McLoughlin was appointed Lead Independent Director in view of the Chairman not being an independent director.

One third of directors are required to retire annually at the annual general meeting, based on those longest in office. If, at the date of any ordinary meeting, any Director has held office for three years since their last election or appointment they shall retire at such meeting, either as one of the one third normal rotation or in addition thereto. Retiring members are eligible for re-election with all motions for appointment or re-election being considered individually. During the year Mr. T.L.J. Mynhardt and Mr. F.B. Lebala retired and were re-elected at the annual general meeting held on 17 January 2019. Mr. J.T. Mynhardt and Ms. L.C. Tapping are due to retire at the next annual general meeting and offer themselves for re-election.

The Board meets at least three times per annum. While the Board strives to have full attendance at meetings, the quorum is any four directors and board papers are distributed timeously to enable members to be properly briefed prior to meetings. Directors who are unable to attend a meeting receive the relevant documents and are able to communicate with the Chairman and Company executives on any issue. During the year the Board met three times, Mr. J. Mynhardt and Mr. F. Lebela did not attend one of the meetings during the year but provided input as required. Mr. J. McLoughlin, as an independent non-executive director chaired the meeting where Mr. J. Mynhardt was not in attendance. All other directors attended all meetings.

Decisions required to be taken between meetings are attended to by the passing of a resolution signed by all directors. These round robin resolutions are subsequently ratified at the following Board meeting.

The primary responsibilities of the Board are:

- To exercise leadership, enterprise, integrity and judgment in directing the Company as so to achieve its strategic goals and objectives;
- To approve the strategic direction and budgets of the Company and ensure that the goals and objectives are aligned to those set out in the Trust Deed and that the Company is able to continue as a going concern;
- To oversee the governance of risk, including those related to information technology;
- To retain full and effective control of the Company, its management and key service providers;
- To delegate appropriate matters to its sub-committees, management and key service providers in terms of written mandates and authority, and to amend the terms of reference as well as members of the sub-committees as appropriate;
- To consider the Board composition and board appointments; and
- Reporting formally to linked unitholders through the annual report and announcements.

CORPORATE GOVERNANCE » (continued)

The Board has established two sub-committees, being the Risk, Audit & Compliance Committee (RACC) and the Investment Committee (IC) whose terms of reference and authorities are clearly defined. During the year the RACC was reconstituted to exclude the Managing Director and is now comprised solely of independent non-executive directors.

The RACC is a formal committee and there is a separate report from this Committee.

The Investment Committee comprises the Chairman, Managing Director and Financial Director, who meet periodically on an informal and formal basis as required, to consider and make decisions and / or recommendations to the Board on matters delegated by the approved investment policy and authority limits. The Committee did not have to meet formally meet during the year.

The Company has no employees and there is therefore no need for a Remuneration Committee. The Board, excluding the independent directors, approves remuneration payable to independent directors, which will then be ratified by unitholders at each annual general meeting. Independent directors receive no compensation other than fees approved and disclosed in this manner and fees are based on attendance at meetings.

The Board as a whole considers Board composition and has not formed a separate Nomination Committee. There have been no changes to the Board during the year.

AMENDMENT TO THE DEBENTURE TRUST DEED

Following the introduction of the new BSE Equity Listings Requirements (BSELR) there has been a conflict between the NAP Debenture Trust Deed (Trust Deed) and the BSELR regarding dates around distribution declarations and payments. NAP has, together with the Trustee, and with BSE approval, amended the Trust Deed as permitted in terms of clause 24 of the Trust Deed. The amendment aligns the Trust Deed to the BSELR for the requirements regarding the timing of distribution payments and the publications in the press.

In as far as the Board is aware:

- The Company and its representatives have acted in an ethical manner;
- The Company has not engaged in any activities which contravene laws and regulations;
- The Directors have declared all material interests in contracts, if any, involving the Company;
- The Company has made all endeavours to ensure equitable treatment of unitholders;
- The RACC has conducted a review of the key internal controls which cover financial, operational, technology, compliance and risk management and reported their findings to the Board;
- The Board has considered the Company's ability to continue as a going concern and concluded that it is able to; and
- The Company Secretary has the appropriate competence and experience to fulfil this role and that the relationship between the Board and the Company Secretary is an arms-length relationship.

KING CODE OF CORPORATE GOVERNANCE »

The following abridged checklist has been prepared in terms of the King Report on Governance (King III). This table includes NAP's application of the King III principles highlighting areas of compliance, partial compliance, compliance in progress and non-compliance. Where compliance is not fulfilled entirely explanatory notes are included.

The following key is applicable to the checklist:

✓ = Compliance
▲ = Partial compliance
x = Non-compliance
N/A = Not applicable

Ethical leadership and corporate citizenship		
Effective leadership based on an ethical foundation	✓	
Group is seen as a responsible corporate citizen	✓	
Effective management of company's ethics	✓	
Assurance statement on ethics in integrated report	✓	
Board and directors		
The board is the focal point for and the custodian of corporate governance	✓	
The chairman of the board is an independent non-executive director	▲	Note 1
CEO has been appointed (MD)	✓	
Framework for the delegation of authority has been established	✓	
The board comprises a balance of power, with a majority of non-executive directors the majority of whom are independent	▲	Note 2
Directors are appointed through a formal process	✓	
Formal induction and ongoing training of directors is conducted	x	Note 3
The board is assisted by a competent, suitable qualified and experienced company secretary	✓	
Regular performance evaluation of the board, its committees and the individual directors	▲	Note 4
A governance framework has been agreed between the Group and the subsidiary boards	✓	
Risk, remuneration and nomination committees appointed as standing committees	▲	Note 5
Appointment of well-structured committees and an oversight of key functions	✓	
Directors and executives are remunerated fairly and responsibly	✓	
Remuneration of directors and certain senior executives is disclosed	✓	
The company's remuneration policy is approved by its unitholders	▲	Note 6
Audit Committee		
Guided by terms of reference approved by the Board	✓	
Members are to be suitably skilled and experienced independent, non-executive directors	✓	

KING CODE OF CORPORATE GOVERNANCE » (continued)

Audit Committee (continued)		
Chaired by an independent non-executive director	✓	
Oversees integrated reporting	✓	
Ensure a combined assurance model is applied to optimise assurance activities.	✓	Note 7
Satisfies itself of the expertise, resources and experience of the company's finance function	✓	
Oversees internal audit	x	Note 8
Recommends the appointment of the external auditors	✓	
Integral to the risk management process	✓	
Oversees the external audit process	✓	
Reports to the board and unitholders on how it has discharged its duties	✓	
Governance of risk		
The board is responsible for the governance of risk and setting levels of risk tolerance	✓	
The RACC assists the board in carrying out its risk responsibilities	✓	
The board delegates the risk management plan to management (including design, implementation & monitoring)	✓	
The board ensures that risk assessments and monitoring is performed on a continual basis	✓	
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓	
Ensure Management considers & implements appropriate risk responses	✓	
Ensure continual risk monitoring by Management	✓	
The board receives assurance on the effectiveness of the risk management process	✓	
Ensure sufficient, timeously risk disclosure to stakeholders	✓	
Governance of information technology (“IT”)		
The board is responsible for IT governance	✓	
IT is aligned with the performance and sustainability objectives of the company	✓	
Management is responsible for the implementation of an IT governance framework	✓	
The board monitors and evaluates significant IT investments and expenditure	N/A	Note 9
IT is an integral part of the company's risk management	✓	
IT assets are managed effectively	N/A	Note 9
The Audit and Risk Committee assists the board in carrying out its IT responsibilities	✓	
Compliance with laws, codes, rules and standards		
The board ensures that the company complies with applicable laws	✓	
The board and directors have a working understanding of the relevance and implications of non-compliance	✓	

KING CODE OF CORPORATE GOVERNANCE » (continued)

Compliance with laws, codes, rules and standards (continued)		
Compliance risk forms an integral part of the company's risk management process	✓	
The board has delegated to management the implementation of an effective compliance framework and processes	✓	
Internal audit		
Ensure effective risk based internal audit	x	Note 8
Governing stakeholder relationships		
Appreciate that stakeholders' perceptions affect a company's reputation	✓	
Delegate Management to proactively deal with stakeholder relationships	✓	
Strive for an appropriate balance between the various stakeholder groupings	✓	
Ensure equitable treatment of shareholders	✓	
Transparent and effective communication with stakeholders	✓	
Ensure disputes are resolved effectively and timeously	✓	
Integrated reporting and disclosure		
Sustainability reporting and disclosure is integrated with the company's financial reporting	✓	
Board appreciated that strategy, risk, performance and sustainability are inseparable	✓	

Notes

Note 1 = Mr. J.T. Mynhardt serves as non-executive Chairman. In terms of King III, he is not an independent director. Mr. Mynhardt however has vast experience in the property and retail sectors with skills and business acumen pertinent to NAP and Mr. J.P. Mc Loughlin has been appointed as Lead Independent Director.

Note 2 = The board consists of six members, three of whom are non-executive. The majority of non-executive directors are independent and Mr. J.P. Mc Loughlin has been appointed as lead independent director. Directors are appointed by unitholders, unaccompanied by formal appointment letters, at the AGM.

Note 3 = No new directors have been appointed in the current year. All current directors have served in executive roles for a number of years and bring a wide range of business relevant experience, and sound knowledge of their fiduciary and corporate responsibilities. While no formal training process is in place, non-executive directors are required to uphold regulatory and good governance criteria, all members have access to the advice of the Company secretary as required and executives and management update the Board and its Committee's on developments impacting NAP.

Note 4 = A formal evaluation of the board and RACC as a whole, the Financial Director and finance function, as well as the Company Secretary is done at the meetings where the year end results are approved.

Note 5 = NAP has a risk, audit and compliance committee. No remuneration and nomination committee has been formed as the NAP has no employees and nominations will be dealt with by the board. See Note 6 for directors' fees.

KING CODE OF CORPORATE GOVERNANCE » (continued)

Notes (continued)

Note 6 = NAP has no employees and only pays directors fees to independent directors. These fees are disclosed in the Annual Financial Statements and ratified by unitholders at the AGM.

Note 7 = Assurance is based on key service provider confirmations to RACC, the oversight of the board and its committees and through independent assurance from parties such as the external auditors, valuers, and other professional service providers as required. Refer to Note 8 regarding internal audit.

Note 8 = There is no formal internal audit function but, in addition to the external audit, independent professionals are requested to review specific areas. Furthermore, the management of day to day activities is outsourced to Nafprop who report to both RACC and the board. Executive directors review and provide input on key and subjective items. The nature of the business allows for strong budgetary and monitoring controls, primarily through the format of reporting to both RACC and board. This structure provides risk and governance oversight and manages key risks that would otherwise be identified through an internal audit function.

Note 9 = NAP's exposure to technology lies with Nafprop. Nafprop currently utilises MDA, which is a real-time integrated property management system. MDA is well supported and used extensively in the property industry. MDA has extensive reporting capabilities which allows for continuous and accurate management of tenancies, leases, income, expenditure, debt collection and financial reporting. NAP's key considerations are therefore the suitability of the system and the safeguarding of data which is considered by RACC.

Kagiso Shopping Centre, Gaborone

RISK, AUDIT & COMPLIANCE COMMITTEE REPORT »

Role of the Committee

The primary objective of the Committee is to provide the Board with additional assurance regarding the financial information used by the Board and to assist the Board in discharging its responsibilities.

Composition, quorum & frequency

- The RACC is chaired by an independent non-executive director.
- The committee was reconstituted during the year to comprise solely independent non-executive directors with sufficient financial literacy. Prior to this change, the Managing Director was a member of the Committee.
- The auditors attend all meetings by invitation.
- The Managing Director, Chief Financial Officer, Nafprop's Financial Manager attend meetings by invitation but shall be excused as required by the members and / or auditors who will be given the opportunity to discuss any items considered necessary without Management being present.
- Meetings to be held at least twice per annum and may be held by conference call for logistical reasons.

During the year three meetings were held and all committee members were in attendance. Neither the independent directors nor external auditors considered it necessary to meet without the Executive Directors or Management during the year under review.

Scope and Responsibilities

The Board Charter was revised during the year and the scope and responsibilities of this Committee were revisited and include:

- Monitoring that decisions taken by the board, that affect the RACC are followed through.
- Monitoring compliance with Trust Deed, BSE Listings Requirements, Companies Act, King Code on Corporate Governance and other applicable legislation.
- Oversee the integrated report and recommend approval to the board.
- Recommend approval of financial results to board.
- Recommend approval of BSE announcements to board.
- Agree and recommend accounting policies to board.
- Reporting to board and unitholders on proceedings of the committee and how it has discharged its duties.
- Monitor the corporate risk assessment process, assess management's design, implementation, responses and monitoring of risk and obtain management assurances on the effectiveness of the risk management processes.
- Ensure a combined assurance model is applied to optimise assurance activities.
- Review of internal controls and systems.
- Assess the expertise, resources and experience of the financial director and the finance function and confirm that it has discharged this duty in the report to unitholders.
- As regards to the external audit, the RACC should:
  - recommend their appointment;
  - be satisfied with their independence especially where non-audit services are performed;
  - agree the principles with the external auditors without limiting their statutory obligations;
  - decide on the extent of external verification of non-financial information;
  - decide on the external review of interim results;
  - recommend letters of representation and other documentation for board approval;
  - review the audit management letter.
- Consider indicators relevant to the going concern assumption.
- Consider the appropriateness and disclosure of related party transactions.
- Assess the need for and oversee any internal audit.

RISK, AUDIT & COMPLIANCE COMMITTEE REPORT » (continued)

Scope and Responsibilities (continued)
The Committee addressed the items falling within its scope of responsibilities during the year.

As part of the Group's risk management processes certain items have been identified for regular reporting and review at each meeting and form part of the standard agenda.

Going concern
We have concluded that NAP will be able to continue as going concern for the ensuing year based on:

- Adequacy of cash as evidenced by the cash flow projections;
- Budgets for the year ending 31 July 2020;
- The fact that there are no circumstances that we are aware of that will materially change the cash flow projection and budgets;
- There are no capital commitments that require additional financing at this stage, and that any decision to incur capital expenditure will be approved together with the relevant funding;
- There are no legal issues pending which would impact the group's ability to continue as a going concern;
- There are no material abnormal items or other issues that impact the quality of earnings as reported to date or forecast to year end; and
- All provisions considered necessary have been made for potentially unrecoverable debtors and assets.

Assessments

- The Committee has reviewed the reporting to Board, RACC and unitholders as well as the external auditor's report to unitholders and feedback to RACC. We concluded that we are satisfied with the expertise and experience of the Financial Director, Lauren Tapping, the senior financial management staff and the finance function. This conclusion was reported to the Board as part of the formal evaluation process.
- The Committee has considered the competence, qualifications and experience of the Company Secretary by making enquiries about the qualifications and experience of the Company, its shareholders, directors and the individuals performing the company secretarial function as well as confirmation that they were performing the role of Company Secretary on an arms-length basis. We concluded that the relationship is arms-length and that, on the basis of the information received, the Company Secretary has the necessary competence, qualifications and experience to fulfil this responsibility. This conclusion was reported to the Board.

Income Tax Amendment Act
Following the promulgation of the Income Tax (Amendment) Act 2018, which limited the deductibility of debenture interest for tax purposes, this became a significant focus area for the Committee during the year. Based on the Income Tax (Amendment) Act 2019 which reversed this position, together with a letter from the Ministry of Finance and Economic Development confirming that the Commencement Date for the 2019 Amendment will be 1 July 2019, no provision for taxation has been made in the 2019 financial statements.

Integrated annual report
Following the Committee's review of the 2019 annual financial statements, we are of the view that the financial statements comply in all material respects with the requirements of IFRS and fairly present the financial position of NAP at 31 July 2019 and results of operations and cash flows for the year then ended.

JP Mc Loughlin
Chairman - Risk, Audit and Compliance Committee

RISK MANAGEMENT »

The primary objective of risk management is to find the balance between minimising risk to acceptable levels and the costs and practicalities in achieving this. This involves gaining an understanding of the risks the Group is exposed to, establishing acceptable tolerance levels and managing the risks to ensure they stay within the tolerable levels.

In the normal course of operations the Group is exposed to strategic and business risk, financial risk, regulatory and compliance risk.

The group's exposure to human resources risk is an indirect risk for the Group as it employs no staff in view of the asset and property management being outsourced. NAP's executives are consulted in all key employment decisions by the Asset and Property Manager and have direct access to the relevant managers as required.

The Group's exposure to technology risk is similarly outsourced and the Asset and Property Manager uses a reputable and well supported property management system, the MDA system, for managing the company and its properties. MDA is an interactive and adaptive system which allows Nafprop to generate real time reports for each of the properties and allows for the effective management of the properties. Nafprop can accurately manage and access instant data on the tenancies, leases, occupancies, rental income and expenses through this system. The RACC considers the appropriateness of reported back up procedures as advised by the Asset and Property Manager.

The key risks that the Group is exposed to, together with the key controls, are summarised below.

Financial risk

Financial risk comprises market risk (incorporating interest, currency and other price risk), credit risk and liquidity risk. Notes 30.1 and 30.2 to the annual financial statements deal with the major elements of financial risk which arise from financial instruments to which the Group is exposed, during or at the end of the financial reporting period, and the capital risk management.

Strategic and business risk

This is the risk that the Company does not achieve critical objectives such as meeting stakeholder expectations, does not have access to capital as required, as well as inherent business risks in the property sector.

The review of investment strategy, regular budget and forecasting processes, approval framework and the routine presentation of reports to Board are the Board's primary method of managing strategic and business risks. The Company has also contracted with competent asset managers who are responsible for advising the Board on strategy and individual property investments.

Portfolio growth

This is the risk that the Group is unable to grow its asset base in order to create new investment opportunities and realise its strategic objectives or, that it grows its asset base with a negative impact on returns to investors. The growth of the portfolio has been challenging in view of the demand for property investment opportunities and limited availability of sizeable assets at acceptable returns. Both the Board and Management continue to seek potential opportunities but will only consider acquisitions or developments that contribute positively to the long term growth in returns to unitholders.

Investment decision risk

This is the risk that inappropriate investment decisions are made. These decisions are made in terms of the approval framework, which delegates limited decisions in this regard to the Investment Committee, while retaining decision making responsibility for all significant investment decisions at a Board level. The Board also relies on input from the Asset Manager in this regard.

RISK MANAGEMENT » (continued)

Capital risk management

This is the risk that the Group will have inadequate access to capital to meet its needs and its ability to continue as a going concern. The gearing level, relative cost of debt and equity as well as the yield hurdle and breakeven point forms part of the investment strategy review and is a key part of any investment decision contemplated. The Board also reviews cash flow projections at each meeting. This risk is more fully dealt with in notes 30.1 and 30.2 to the annual financial statements.

Property performance risk

The Asset and Property Manager is responsible for managing the properties on a day to day, and more strategic, basis. The key considerations are the market factors surrounding the property, the continued tenancy, rental levels, collection of rentals and management of operating costs to optimise spend. Nafprop has various systems, controls and procedures in place to manage these issues and report to RACC and Board in summarised form on all the relevant items at each meeting.

Regulatory and compliance risk

This is the risk that the company does not comply with relevant legal requirements which may result in negative publicity and financial loss or that regulatory amendments impact on the sustainability and / or returns of NAP.

The risk is managed through the use of competent, skilled and experienced service providers who are required to provide their respective systems, controls and procedures to the RACC for review, as well as to confirm their compliance to these.

Executives and management take an active role in reviewing and commenting on relevant legislative and regulatory changes where appropriate.

Shopping Centres adjacent to Gaborone Station

ASSET AND PROPERTY MANAGEMENT »

The assets and properties of the Company are managed by Nafprop, a wholly owned subsidiary of CBH, in terms of separate property and asset management agreements. Nafprop and the wider CBH Group have been developing and managing retail property since 1965 and employs a range of diversely skilled managers some of whose details and experience are set out elsewhere in the integrated report. The key responsibilities and remuneration in terms of these agreements are set out below.

Asset Management

The manager is accountable to the Board of Directors of NAP, with the obligation to report regularly as required by the Board of NAP.

Key responsibilities:

- Manage the assets and securities owned by the NAP, from time to time;
- Carry out all treasury and asset management services;
- Investigate and prepare recommendations of strategy including potential acquisitions to or disposals from the portfolio;
- Negotiate for and conclude agreements for acquisitions and disposals to and from the portfolio;
- Manage cash surpluses and payment of distributions to linked unitholders;
- Procure valuations;
- Undertake the financial, administrative and secretarial management ;
- Prepare or cause to be prepared all financial statements, reports, returns and valuations of the property portfolio;
- Ensure compliance with applicable regulatory requirements; and
- Prepare budgets of income and expenditure at the commencement of each financial year.

Remuneration:

The manager is entitled to be reimbursed any expenditure or other amounts reasonably incurred and disbursed by it in respect of the management of the NAP's assets and is entitled to an annual fee equal to 0.50% (exclusive of VAT) of the value of the average market capitalisation in the month in question plus debt, paid monthly.

Property Management

The manager is accountable to the Board of Directors of NAP, with the obligation to report regularly as required by the Board of NAP.

Key responsibilities:

- Let accommodation in the properties, prepare leases, collect rentals, enforce leases and other contractual arrangements;
- Manage the properties, paying all costs, disbursements and expenses related to and arrange and maintain insurance in respect of the properties;
- Recommend to the Board any replacement, repairs, refurbishment or maintenance necessary;
- Assist with the preparation of the half yearly and annual financial statements and reports to the Company;
- Maintain a separate bank account into which all rental income is paid and from which all expenses in respect of the properties is disbursed;
- Keep books and records in accordance with acceptable practices and standards, and report in terms of International Financial Reporting Standards (IFRS); and
- Prepare budgets for each financial year and present same for approval by the Board prior to the commencement of that year.

Remuneration:

The manager is entitled to be reimbursed all expenditure and other amounts reasonably incurred by and disbursed by it in respect of the properties, and a fee equal to 4.5% (exclusive of VAT) of the amount of total collections by it, and, in respect of letting, 100% of the first month's gross rental for leases that run up to five years and 150% of the first month's gross rental for leases that run in excess of five years, and in respect of renewals of such leases procured by the manager itself 50% of the aforesaid fees based on the period of renewal.

KEY STAKEHOLDERS »

NAP has a number of key stakeholders and is committed to ethical dealings and open communication with all categories of stakeholders. The Board recognises the necessity to balance the needs of the various stakeholders to enable NAP to continue as a going concern to the ultimate benefit of NAP and the wider community.

Unitholders and equity asset managers

- Providing access to liquid investment with diversification benefits with a focus on consistent growing distributions
- Engagement through formal announcements and reports, AGM, road shows and website

Banks, funders and money market funds

- Consistent flow of funds from operating activities
- Compliance with funding obligations
- Engagement primarily through property asset manager

Tenants

- Provide access to customers, including in outlying areas
- Understand the needs of tenants
- Identify opportunities for local businesses and entrepreneurs
- Open door policy
- Engagement primarily through property managers

NEW AFRICAN PROPERTIES

Regulatory bodies and government

- Sizeable contribution to the BSE domestic market
- Participation and commentary on regulatory changes
- Compliance with requirements
- Contribution to fiscus through rates and taxes
- Engagement through executives and property asset manager

Service providers

- Creation of opportunities for business
- Encourage use of citizen owned businesses and promote small business development
- Comply with payment terms
- Engagement primarily through property managers

Communities

- Provide access to retailers, including multinationals, and services including in outlying areas
- Provide opportunities for employment through asset and property manager, tenants and service providers
- Training and development of citizen employees of the asset and property manager
- Engagement primarily through property managers

KEY CAPITAL ANALYSIS »

NAP has adopted an integrated approach to its business model. An integrated approach not only allows NAP to operate within a dynamic business environment, but also to develop a clear understanding of the wider impact of its activities. This business model is underpinned by ethical and responsible corporate citizenship which means that NAP is able to fulfil its strategic aspirations while serving those of its stakeholders. Core to this is the six capitals as identified below. These have been assessed in terms of inputs, activities, outputs and outcomes.

	Inputs	Activities	Outputs	Outcomes
Financial capital	• Equity (linked units) • Debt	• Providing a liquid instrument that is easily tradable on the BSE • Assessment and maintenance of sound debt management principles	• Real growth in distributions per linked unit • Cashflow to meet investment requirements	• Asset for long-term investors • Alternative to fixed income investments • Inflationary hedge • Sustainable distributions
Manufactured capital	• Established property assets with a wide geographical footprint • Predominately, retail based GLA • Yield enhancing assets	• Maintaining a strong and diversified tenant base • Leasing of GLA • Collection of rentals • Recovery of operating costs • Maintenance of premises • Identifying acquisition and expansion opportunities	• Diversified investment property portfolio • Growth in contractual rentals • Net rental income growth • Consistent return on assets	• Provides a platform for retailers to access to their final markets • Marketable GLA • Year on year growth in distributable income • Growth in NAV
Human capital	• Board members with relevant skills and experience • Appropriate Board composition • Property and asset manager with an established track record	• Board and subcommittee meetings • Board assessments • Consideration of Board composition • Remuneration of non-executive Board members • Key performance measures • Communication between NAP and the property and asset manager • Assessment of the property and asset manager	• Structured and effective Board • Informed decision making • Synergy between NAP and property and asset manager • An environment conducive to achieving results. • Motivated property and asset management team	• Exercise of leadership, enterprise, integrity and judgement • Clearly defined objectives • Goal congruence between Board and the property and asset manager • Diligent performance • Efficient reporting relationships

KEY CAPITAL ANALYSIS » (continued)

	Inputs	Activities	Outputs	Outcomes
Social and relationship capital	• Community • Tenants • Property and asset manager staff • Service providers • Ethical business practices	• Acquiring an understanding of the environment in which NAP operates • Ongoing tenant dialogue • Engagement with local communities • Engagement with service providers • Conscious drive towards promoting local entrepreneurship	• Sustainable relationships • Employment opportunities • Facilitation of services to the broader community	• Improvement of livelihoods within the community • Wealth creation • Sustainable business practices
Natural capital	• Water • Electricity • Land usage • Environmental footprint	• Optimisation of energy and water consumption • Review consumption trends • Sound refuse and waste disposal methods from site	• Minimising impact on the broader environment • Sustainable use of natural resources	• Increase sustainability of natural resources • Aim to reduce the demand on non-renewable energy supplies.
Intellectual capital	• Corporate governance structures • Risk management processes • Industry and market knowledge • Business processes and information technology	• Remain abreast of regulatory and legislative changes • Actively participate in industry related matters • Regular and consistent reporting procedures • Assessment of risks and control environment • Asset and property management	• Improved business knowledge • Accurate information for decision making • Mitigating risk to acceptable levels • Optimal property performance	• Sustainable business model based on ethical principles • Business conducive environment • Clear and concise governance framework • Relevant reporting to stakeholders • Effective business processes

DIRECTORS' » RESPONSIBILITY AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 implemented by trained and appropriately skilled personnel and are reported to the Risk, Audit & Compliance Committee. The Board requires adherence to the highest ethical standards in ensuring that the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the Group's cash flow forecast for the year to 31 July 2020 and, in the light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the external auditors and their report is presented on pages 33 to 37.

The consolidated and separate annual financial statements set out on pages 38 to 83, which have been prepared on the going concern basis, were approved by the board on 28 October 2019 and were signed on its behalf by:

JT Mynhardt
Chairman
28 October 2019

TLJ Mynhardt
Managing Director
28 October 2019

INDEPENDENT AUDITOR'S REPORT »

to the Unitholders of New African Properties Limited

OUR OPINION

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of New African Properties Limited (the "Company") and its subsidiary (together the "Group") as at 31 July 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

New African Properties Limited's consolidated and separate financial statements set out on pages 40 to 83, which comprise:

- the consolidated and separate statements of financial position at 31 July 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

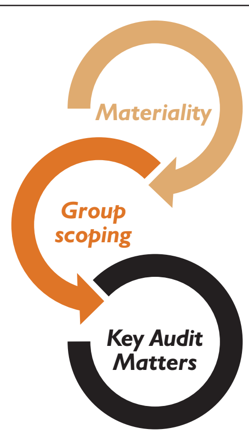
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

OUR AUDIT APPROACH

Overview



Overall group materiality

- *P 14,424,000 which represents 1% of the consolidated net assets*

Group audit scope

- *Group audit scope has been determined based on indicators such as the contribution to the consolidated net assets by each component. The Group consists of two components being the Company and one wholly owned subsidiary in Namibia. We performed a full scope audit on the holding company, which we considered to be the single financially significant component.*

Key Audit Matter

- *Valuation of investment property*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

OUR AUDIT APPROACH (continued)

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*P14,424,000*
How we determined it	*1% of consolidated net assets*
Rationale for the materiality benchmark applied	*We chose group net assets as the benchmark because, in our view, the net asset value is the key criteria against which the performance of the Group is most commonly measured by users. Net assets are one of the main elements of the financial statements and the users' focus is on long-term returns rather than short term profits. We chose 1%, which is consistent with quantitative materiality thresholds used for similar companies in this sector.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Company and one wholly owned subsidiary, both of which were considered to be individual components for purposes of our group audit. Our scoping assessment included consideration of the financial significance of each component as well as taking into consideration the sufficiency of work planned to be performed over material line items in the consolidated financial statements. We identified the Company to be the only financially significant component in the Group based on its contribution to the consolidated net assets. The Namibian subsidiary was considered to be insignificant to the Group individually and in aggregate.

For the financially significant component, which is the holding company, we performed a full scope audit and analytical review procedures were performed on the financially insignificant component. All audit work was performed by the Group engagement team and did not require involvement of component auditors. This, together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, provided us the audit evidence we needed for our opinion on the consolidated financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT » (continued)

to the Unitholders of New African Properties Limited

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property (Group and Company) (All figures are in P '000) The Group accounts for investment properties at fair value in both its consolidated and separate financial statements. The carrying values of investment properties for the Group and Company at 31 July 2019 were P1,469,317 and P1,422,962, respectively. In the current year, the fair value adjustment recorded in net profit before tax in respect of investment properties for the Group and Company amounted to P39,582 and P38,386, respectively. Refer to Note 5, *Investment Property,* for details. At 31 July 2019, the Group's valuation of the portfolio of properties was based on valuations carried out by an independent valuer using the investment method being a discounted cash flow approach, with the exception of the Riverwalk property, where the Group reduced the value determined by the independent valuer to take account of specific contractual arrangements. (refer Note 4, *Critical accounting estimates and judgements, Investment property).* Significant judgement is required to determine the fair value of investment properties, especially with respect to the determination of appropriate capitalisation 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 the magnitude of the balances, combined with the significant assumptions associated with determining the fair values.	We assessed the competence and capabilities of the Group's independent valuer by verifying his qualifications and past experience. We also determined whether there are any matters that might have affected his objectivity or may have imposed scope limitations upon the work performed by him. In addition, we obtained written confirmation from the valuer that: • all professional staff involved in the valuation process are in good standing with relevant professional bodies; • they are free from any direct or indirect shareholding or financial interest in the Group; • the Group did not place any restrictions on the valuation process; and • they are not aware of any information relevant to the valuation which had been withheld by the Group. We found no evidence to suggest that the valuer is not appropriately qualified or experienced or that his objectivity in performance of the valuation was compromised. We compared the valuation techniques used by the independent valuer against IFRS requirements and industry norms to confirm that the methodology was appropriate under the circumstances. The valuation method was comparable to those typically used in the market. We tested a sample of data inputs used in the independent valuations, including net cash flows, against appropriate supporting documentation (such as tenancy schedules, rental agreements, business plans and historical performance) to assess the accuracy and completeness thereof. The data inputs used in the independent valuations were found to be reasonable and applied consistently in comparison to the prior year. We compared the capitalisation rates utilised in the valuation to those generally used in the market for similar properties, rates used in historical valuations, general market factors (such as comparable long-bond yield rates) and property specific risk factors. These inputs were found to be within a reasonable range. With respect to the Riverwalk property, we tested the Group's calculation of the downward adjustment in value and noted that:

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
	• the calculations were consistent with existing contractual arrangements which had not been taken into account by the independent valuer; • the data inputs used in the calculation, including future cash flows from net rental income are consistent with supporting documentation (such as rental agreements, business plans and historical performance); and • the discount rate utilised to calculate the present value of estimated future cash flows was appropriately determined based on the discount rate implied by the independent valuation.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "New African Properties Integrated Annual Report 2019". Other information does not include the consolidated and separate financial statements and our auditor's reports thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT » (continued)

to the Unitholders of New African Properties Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

(continued)

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated 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 consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Individual practicing member: ***Lalithkumar Mahesan***
Registration number: 20030046

28 October 2019
Gaborone

DIRECTORS' REPORT »

The Directors have pleasure in submitting their report for the year ended 31 July 2019.

NATURE OF BUSINESS

New African Properties Limited is a property investment company listed on the Botswana Stock Exchange and is classified as a public variable rate loan stock company. The Group derives its income from rental income from a portfolio of predominantly Botswana based retail properties.

STATED CAPITAL

As a loan stock company the equity of the company comprises linked units, where every one ordinary share is indivisibly linked to one variable rate debenture.

At 31 July 2019 there were 604 397 124 (2018: 604 397 124) linked units in issue with no changes during the year:

	2019	2018
Balance at beginning and end of year	**604 397 124**	604 397 124

DISTRIBUTION

Distributions to linked unitholders comprise dividends on the ordinary shares and interest on debentures. The following distributions were declared for the year:

	2019		2018	
	P'000	thebe per linked unit	P'000	thebe per linked unit
2019: Number 15 - declared 11 April 2019, paid 17 May 2019				
(2018: Number 13 - declared 23 April 2018, paid 25 May 2018)				
Interest	69 989	11.58	67 572	11.18
Dividends	5 923	0.98	6 467	1.07
	75 912	12.56	74 039	12.25
2019: Number 16 - declared 25 July 2019, paid 30 August 2019				
(2018: Number 14 - declared 25 July 2018, paid 31 August 2018)				
Interest	74 039	12.25	67 753	11.21
Dividends	5 983	0.99	6 467	1.07
	80 022	13.24	74 220	12.28
Total for the year	155 934	25.80	148 259	24.53

SUBSIDIARY COMPANIES

Details of the Group's subsidiary company are set out in note 6 to the financial statements.

DIRECTORS' REPORT » (continued)

DIRECTORS

The following directors served on the Board during the year:

Name	Date of appointment	Last reappointed/ ratification
JT Mynhardt (Chairman)	22/02/2008	18/01/2017
FB Lebala	22/02/2008	17/01/2019
JP McLoughlin (Lead Independent Director)	12/08/2011	18/01/2018
TLJ Mynhardt (Managing Director)	22/02/2008	17/01/2019
LC Tapping (Financial Director)	15/07/2014	18/01/2017
S Venkatakrishnan	12/08/2011	18/01/2018

There have been no changes to the board up to the date of this report.

DIRECTORS' FEES

Independent directors are paid fees for meetings attended and these fees amounted to P274 500 for the year (2018: P 147 000). No other executive or non-executive directors are paid fees by the Company and the Company pays no other compensation to any director.

DIRECTORS' INTERESTS

The aggregate number of linked units held directly by directors at 31 July 2019 was 340 332 (2018: 340 332) linked units. Indirectly, 96 234 242 (2018: 96 234 242) linked units were held.

BORROWINGS

The company's borrowing capacity is limited to 70% of the value of the assets of the Company or such other sum as the Company may, by ordinary resolution, in general meeting determine. Directors are authorised to secure the repayment of or raise any such sum by mortgage or charge upon the whole or any part of the property and assets of the Company.

Borrowings amount to P18.7 million at 31 July 2019 (2018: P21.8million).

COMPANY SECRETARY

The company secretary is DPS Consulting Services (Proprietary) Limited.

POST BALANCE SHEET EVENTS

There are no material subsequent events occurring between the year end and the date of these financial statements.

JT Mynhardt
Chairman
28 October 2019

TLJ Mynhardt
Managing Director
28 October 2019

STATEMENTS OF FINANCIAL POSITION »

at 31 July 2019

	Notes	Group 2019 P'000	Group 2018 P'000	Company 2019 P'000	Company 2018 P'000
ASSETS					
Non-current assets					
Investment property	5	**1 469 317**	1 430 853	**1 422 962**	1 384 337
At fair value		**1 503 037**	1 459 348	**1 455 637**	1 412 122
Less: Rent straight line adjustment		**(33 720)**	(28 495)	**(32 675)**	(27 785)
Investment in subsidiary	6	**-**	-	**36 650**	36 650
Investment in associate	7	**45 794**	39 470	**4 951**	4 951
Financial asset receivable	8	**24 727**	25 636	**24 727**	25 636
Intangible asset	9	**6 026**	6 907	**6 026**	6 907
Rent straight line adjustment		**27 395**	22 481	**26 521**	21 897
Total non-current assets		**1 573 259**	1 525 347	**1 521 837**	1 480 378
Current assets					
Trade and other receivables	10	**99 943**	101 582	**102 496**	104 104
Rent straight line adjustment - current portion		**6 325**	6 014	**6 154**	5 888
Tax receivable	25	**1 762**	1 463	**1 721**	1 463
Cash and cash equivalents	11	**43 298**	39 561	**38 064**	33 775
Total current assets		**151 328**	148 620	**148 435**	145 230
TOTAL ASSETS		**1 724 587**	1 673 967	**1 670 272**	1 625 608
EQUITY AND LIABILITIES					
Equity					
Linked units	12	**871 824**	871 824	**871 824**	871 824
Foreign currency translation reserve		**(12 183)**	(10 862)	**-**	-
Retained income		**582 746**	539 950	**525 562**	490 071
Total equity		**1 442 387**	1 400 912	**1 397 386**	1 361 895
Non-current liabilities					
Borrowings	13	**15 487**	18 735	**15 487**	18 735
Deferred tax liability	14	**162 860**	156 296	**156 201**	150 111
Total non-current liabilities		**178 347**	175 031	**171 688**	168 846
Current liabilities					
Trade and other payables	15	**20 400**	20 316	**17 745**	17 422
Distributions payable	24	**80 247**	74 335	**80 247**	74 335
Borrowings - current portion	13	**3 206**	3 110	**3 206**	3 110
Taxation payable	25	**-**	263	**-**	-
Total current liabilities		**103 853**	98 024	**101 198**	94 867
TOTAL EQUITY AND LIABILITIES		**1 724 587**	1 673 967	**1 670 272**	1 625 608

STATEMENTS OF COMPREHENSIVE INCOME »

for the year ended 31 July 2019

	Notes	Group 2019 P'000	Group 2018 P'000	Company 2019 P'000	Company 2018 P'000
Revenue	16	202 013	189 266	192 840	180 402
Contractual rental and recoveries		196 759	188 030	187 950	179 298
Rent straight line adjustment		5 254	1 236	4 890	1 104
Other income	17	2 167	2 282	7 935	7 911
Property costs	18	(32 265)	(31 882)	(31 765)	(31 361)
Net rental income		171 915	159 666	169 010	156 952
Other expenses	19	(12 292)	(12 287)	(12 226)	(12 214)
Operating profit		159 623	147 379	156 784	144 738
Net finance income		5 282	5 225	5 020	4 949
Finance income	20	6 309	6 430	6 042	6 154
Finance expense	21	(1 027)	(1 205)	(1 022)	(1 205)
		164 905	152 604	161 804	149 687
Investment property fair value adjustment	5	39 582	71 936	38 386	70 408
At fair value		44 836	73 172	43 276	71 512
Rent straight line adjustment		(5 254)	(1 236)	(4 890)	(1 104)
Financial asset receivable fair value adjustment	8	(909)	1 146	(909)	1 146
Amortisation of intangible asset	9	(881)	(881)	(881)	(881)
		202 697	224 805	198 400	220 360
Share of associate's profit	7	6 324	8 923	-	-
Profit before taxation		209 021	233 728	198 400	220 360
Taxation	22	(10 291)	(16 456)	(6 975)	(13 055)
Profit for the year attributable to linked unitholders		198 730	217 272	191 425	207 305
Other comprehensive income					
Items that may subsequently be reclassified to profit or loss					
Currency translation differences		(1 321)	(96)	-	-
Comprehensive income for the year attributable to linked unitholders		197 409	217 176	191 425	207 305
Units in issue at end of year		604 397 124	604 397 124	604 397 124	604 397 124
		Thebe	Thebe	Thebe	Thebe
Basic and diluted headline earnings per unit attributable to linked unitholders	23	32.88	35.95	31.67	34.30

STATEMENTS OF CHANGES IN EQUITY »

for the year ended 31 July 2019

	Stated capital P'000	Debentures P'000	Total linked units P'000	Foreign currency translation reserve P'000	Non distributable retained income P'000	Distributable retained income P'000	Total P'000
Group							
2018							
Balance at beginning of year	8 719	863 105	871 824	(10 766)	468 991	1 946	1 331 995
Transactions with owners							
Distributions declared (note 24)							
Number 13 - declared 23 April 2018	-	-	-	-	-	(74 039)	(74 039)
Number 14 - declared 25 July 2018	-	-	-	-	-	(74 220)	(74 220)
Total transactions with owners	-	-	-	-	-	(148 259)	(148 259)
Comprehensive income							
Profit for the year	-	-	-	-	-	217 272	217 272
Transfer of revaluation gains net of related taxes	-	-	-	-	69 438	(69 438)	-
Other comprehensive loss	-	-	-	(96)	-	-	(96)
Total comprehensive income	-	-	-	(96)	69 438	147 834	217 176
Balance at end of year	8 719	863 105	871 824	(10 862)	538 429	1 521	1 400 912
2019							
Balance at beginning of year	8 719	863 105	871 824	(10 862)	538 429	1 521	1 400 912
Transactions with owners							
Distributions declared (note 24)							
Number 15 - declared 11 April 2019	-	-	-	-	-	(75 912)	(75 912)
Number 16 - declared 25 July 2019	-	-	-	-	-	(80 022)	(80 022)
Total transactions with owners	-	-	-	-	-	(155 934)	(155 934)
Comprehensive income							
Profit for the year	-	-	-	-	-	198 730	198 730
Transfer of revaluation gains net of related taxes	-	-	-	-	42 690	(42 690)	-
Other comprehensive loss	-	-	-	(1 321)	-	-	(1 321)
Total comprehensive income	-	-	-	(1 321)	42 690	156 040	197 409
Balance at end of year	8 719	863 105	871 824	(12 183)	581 119	1 627	1 442 387

STATEMENTS OF CHANGES IN EQUITY » (continued)

for the year ended 31 July 2019

	Stated capital P'000	Debentures P'000	Total linked units P'000	Foreign currency translation reserve P'000	Non distributable retained income P'000	Distributable retained income P'000	Total P'000
Company							
2018							
Balance at beginning of year	8 719	863 105	871 824	-	429 263	1 762	1 302 849
Transactions with owners							
Distributions declared (note 24)							
Number 13 - declared 23 April 2018	-	-	-	-	-	(74 039)	(74 039)
Number 14 - declared 25 July 2018	-	-	-	-	-	(74 220)	(74 220)
Total transactions with owners	-	-	-	-	-	(148 259)	(148 259)
Comprehensive income							
Profit for the year	-	-	-	-	-	207 305	207 305
Transfer of revaluation gains net of related taxes	-	-	-	-	59 566	(59 566)	-
Total comprehensive income	-	-	-	-	59 566	147 739	207 305
Balance at end of year	8 719	863 105	871 824	-	488 829	1 242	1 361 895
2019							
Balance at beginning of year	8 719	863 105	871 824	-	488 829	1 242	1 361 895
Transactions with owners							
Distributions declared (note 24)							
Number 15 - declared 11 April 2019	-	-	-	-	-	(75 912)	(75 912)
Number 16 - declared 25 July 2019	-	-	-	-	-	(80 022)	(80 022)
Total transactions with owners	-	-	-	-	-	(155 934)	(155 934)
Comprehensive income							
Profit for the year	-	-	-	-	-	191 425	191 425
Transfer of revaluation gains net of related taxes	-	-	-	-	35 396	(35 396)	-
Total comprehensive income	-	-	-	-	35 396	156 029	191 425
Balance at end of year	8 719	863 105	871 824	-	524 225	1 337	1 397 386

STATEMENTS OF CASH FLOWS »

for the year ended 31 July 2019

	Notes	Group 2019 P'000	Group 2018 P'000	Company 2019 P'000	Company 2018 P'000
Cash flows from operating activities					
Profit before taxation		**209 021**	233 728	**198 400**	220 360
Adjustments for:					
Net finance income		**(5 282)**	(5 225)	**(5 020)**	(4 949)
Dividend income		**-**	-	**(5 771)**	(5 629)
Fair value and amortisation adjustments		**(37 792)**	(72 201)	**(36 596)**	(70 673)
Share of associate's profit		**(6 324)**	(8 923)	**-**	-
Rent straight line adjustment		**(5 254)**	(1 236)	**(4 890)**	(1 104)
Changes in working capital					
Trade and other receivables		**(426)**	(479)	**(400)**	(459)
Trade and other payables		**84**	1 288	**323**	531
Currency translation difference		**(41)**	91	**-**	-
Cash generated from operations		**153 986**	147 043	**146 046**	138 077
Finance expense		**(1 027)**	(1 205)	**(1 022)**	(1 205)
Finance income		**6 309**	6 430	**6 042**	6 154
Dividends received		**-**	-	**5 714**	5 504
Distributions paid to linked unitholders	24	**(150 022)**	(143 314)	**(150 022)**	(143 314)
Taxation paid	25	**(4 183)**	(3 738)	**(1 143)**	(1 335)
Net cash flows from operating activities		**5 063**	5 216	**5 615**	3 881
Cash flows from investing activities					
Investment property acquired / improved	5	**(239)**	(1 703)	**(239)**	(1 703)
Withdrawal from / (Deposit in) related party receivable	10	**2 065**	(4 141)	**2 065**	(4 141)
Net cash flows from investing activities		**1 826**	(5 844)	**1 826**	(5 844)
Cash flows from financing activities					
Borrowings decreased	13	**(3 152)**	(2 981)	**(3 152)**	(2 981)
Net cash flows from financing activities		**(3 152)**	(2 981)	**(3 152)**	(2 981)
Net change in cash and cash equivalents		**3 737**	(3 609)	**4 289**	(4 944)
Cash and cash equivalents at beginning of year		**39 561**	43 170	**33 775**	38 719
Cash and cash equivalents at end of year	11	**43 298**	39 561	**38 064**	33 775

NOTES TO THE ANNUAL FINANCIAL STATEMENTS »

31 July 2019

1. GENERAL INFORMATION

New African Properties Limited and its subsidiary (together the Group) own a portfolio of investment property located primarily in Botswana. The company is listed on the Botswana Stock Exchange.

These financial statements have been approved by the Board of Directors on 28 October 2019.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Group and Separate annual financial statements are set out below and are consistent in all material respects with those applied in the previous year unless otherwise stated and as explained under notes 2.9 and 3.1.

2.1 Basis of preparation

These annual financial statements have been prepared on a going concern basis, are prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations and have been prepared under the historical cost convention as modified by the measurement of investment properties and certain financial assets at fair value. Fair value adjustments do not affect the calculation of distributable income but do impact the net asset value per linked unit to the extent that adjustments are made to the carrying value of assets and liabilities.

2.2 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group annual financial statements incorporate the results and financial position of the Company and all subsidiaries, currently only New African Properties (Namibia) (Proprietary) Limited. The results of subsidiaries are included from the effective dates of gaining control and up to the effective dates of relinquishing control.

All Group companies have a 31 July year end and apply uniform accounting policies for like transactions.

Madirelo Centre, Gaborone

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

All intercompany transactions and balances between Group entities are eliminated with the exception of intercompany interest capitalised to the cost of investment property during construction.

The Company carries its investment in subsidiaries in its separate financial statements at cost less any accumulated impairment.

2.3 Common control transactions

Business combinations which result from transactions between the holding company and its subsidiaries or between subsidiaries of the Company are defined as common control transactions and are accounted for using the predecessor method of accounting.

Under the predecessor method of accounting, the results of the entities or businesses under common control are presented as if the business combination had been effected from the effective date. The assets and liabilities combined are accounted for prospectively, based on the carrying amounts applying the Company's accounting policies at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the net assets received. Any resulting differences are classified as equity.

2.4 Business combinations

The Group may invest in subsidiaries that hold properties but do not constitute a business. These transactions are therefore treated as asset acquisitions rather than business combinations.

For acquisitions meeting the definition of a business combination the acquisition method of accounting is used. The cost of an acquisition is measured as the aggregate of the fair value of the underlying assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is not amortised but is tested for impairment on an annual basis. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, attributable goodwill is included in the determination of the profit or loss on disposal. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in profit or loss.

2.5 Investment in associate

An associate is an entity over which the Group 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. Currently the only associate is Edco (Proprietary) Limited and the Group's interests are protected in terms of a shareholders agreement, which includes a pre-emptive right.

An investment in associate is accounted for using the equity method in the consolidated financial statements and at cost in the separate company financial statements, 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 consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

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

Losses in an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.5 Investment in associate (continued)

At each reporting date the group determines whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of associates" in profit or loss.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein. When the Group reduces its level of significant influence or loses significant influence, the Group 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.

2.6 Investment properties

Investment properties are those properties, either owned by the Group or where the Group is a lessee under a finance lease, that are held either to earn rental income or for capital appreciation, or both, and that is not occupied by companies in the consolidated Group. In addition, properties held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value which includes accrued operating lease income and other assets that are also supported by the same cash flows used in determining the value of investment property. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are assessed at every reporting date. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Direct costs relating to major capital projects are capitalised and are incurred to maintain, upgrade or refurbish properties to preserve or improve capital value. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Changes in fair values, as well as gains or losses on disposal are recorded in the statement of comprehensive income in the period in which they occur. Such gains, losses or fair value adjustments are excluded from the calculation of distributable income and are transferred to non-distributable retained income.

2.7 Intangible assets

Intangible assets other than goodwill are recognised where the entity has acquired or developed identifiable, non-monetary assets that are expected to generate future economic benefits for the entity and where the cost can be reliably measured. These assets are initially recognised at cost and subsequently carried at cost less accumulated impairment losses and, where the assets have a finite useful life, any accumulated amortisation.

Land lease rights have a finite useful life, 2026, based on the underlying contractual agreement and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the lease rights over their estimated useful lives based on the underlying lease period.

2.8 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets (continued)

The Group determines whether there is objective evidence that the investment in subsidiaries or associates is impaired at each reporting date. If this is the case the Group calculates the amount of any impairment and recognises the loss in profit and loss.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

Such impairments and reversals are excluded from the calculation of distributable income and are transferred to non-distributable retained income.

2.9 Financial instruments

2.9.1 Accounting policy applied from 1 August 2018

2.9.1.1 Investments and other financial assets

2.9.1.1.1 Classification

From 1 August 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments, other than investments in associates and subsidiaries, that are not held for trading this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.9.1.1.2 Recognition and derecognition

Financial assets are recognised on the trade date, the date on which the Group irrevocably commits to purchase the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.9.1.1.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

2.9.1.1.3.1 Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the notes to the statements of profit or loss. At present all receivables other than the Financial Asset Receivable reflected on the statements of financial position fall into this category.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

2.9.1 Accounting policy applied from 1 August 2018 (continued)

2.9.1.1 Investments and other financial assets (continued)

2.9.1.1.3 Measurement (continued)

2.9.1.1.3.2 FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as a separate line item in the consolidated statement of profit or loss. The Group currently has no assets falling in to this category.

2.9.1.1.3.3 FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises. The Financial Asset Receivable reflected on the statements of financial position falls into this category.

The Group subsequently measures all equity investments, other than the investment in subsidiaries and associates, at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in net change in fair value of financial instruments at fair value through profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. The Group presently has no assets falling into this category.

2.9.1.1.4 Impairment

From 1 August 2018, the Group assesses the expected credit losses for assets carried at amortised cost and FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's financial assets are subject to the expected credit loss model.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade 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.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible. Subsequent recoveries of amounts previously written off are credited as other income in the statement of comprehensive income.

Debt investments and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The impairment charge for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

2.9.1 Accounting policy applied from 1 August 2018 (continued)

2.9.1.1 Investments and other financial assets (continued)

2.9.1.1.5 Trade receivables

Trade receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The Group holds the trade receivables with the objective to collect the contractual cash flows.

2.9.1.1.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

2.9.1.2 Financial liabilities

The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Group opted to measure a liability at FVPL. At present Group has not elected to measure any liability at FVPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

After initial recognition, interest bearing loans and borrowings and financial liabilities included in trade and other payables, are subsequently measured at amortised cost using the effective interest method.

The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.9.1.3 Derivatives

The Group currently has no derivative financial instruments.

2.9.2 Accounting policy applied up to 31 July 2018

Non-derivative financial instruments recognised on the statement of financial position include cash and cash equivalents, trade and other receivables, assets arising from contractual rights to receive cash, interest bearing borrowings and trade and other payables. The group currently has no derivative financial instruments.

2.9.2.1 Financial assets

2.9.2.1.1 Initial recognition

Financial assets are initially measured at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Financial assets are classified into the following specific categories: 'at fair value through profit or loss', 'held to maturity investments', 'available for sale' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2.9.2.1.2 Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is held for trading or designated as such upon initial recognition.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

2.9.2 Accounting policy applied up to 31 July 2018 (continued)

2.9.2.1 Financial assets (continued)

2.9.2.1.2 Financial assets at fair value through profit or loss (continued)

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- Such designation eliminates or substantially reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS39 Financial Instruments: Recognition and measurement permits the entire combined contract to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. Such changes are excluded from the calculation of distributable income and are transferred to non-distributable retained income.

The financial asset receivable reflected as non-current assets has been designated as at fair value through profit or loss.

2.9.2.1.3 Held-to-maturity investments

Bills of exchange and other assets with fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments.

Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment losses. The Group does not currently have any held-to-maturity assets.

2.9.2.1.4 Available for sale financial assets

Gains and losses arising from changes in fair value of available for sale financial assets, other than impairment losses, are recognised directly in equity. Where the investment is disposed of the cumulative gain or loss previously recognised in equity is transferred to profit or loss. Such transfers are excluded from the calculation of distributable income and are transferred to non-distributable retained income.

The Group does not currently have any available for sale financial assets.

2.9.2.1.5 Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment.

The Group's financial assets classified as loans and receivables, include trade and other receivables and cash and cash equivalents.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

2.9.2 Accounting policy applied up to 31 July 2018 (continued)

2.9.2.1 Financial assets (continued)

2.9.2.1.6 Derecognition of financial assets

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

2.9.2.2 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

2.9.2.2.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss. Such changes in fair value are excluded from the calculation of distributable income and are transferred to non-distributable retained income.

The Group does not currently have any financial liabilities at fair value through profit or loss.

2.9.2.2.2 Financial liabilities at amortised cost

Financial liabilities at amortised cost, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate which exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

2.9.2.2.3 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Riverwalk Shopping Centre, Gaborone

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

2.11 Revenue recognition

Revenue includes rental income from properties and operating cost recoveries.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. Operating cost recoveries are recognised in the period in which the services are rendered based on individual lease terms.

2.12 Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding amount and the effective rate over the period to maturity when it is determined that such income will accrue to the Group.

2.13 Operating lease (Group is the lessor)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

When properties are leased out under an operating lease, the properties are included in the statement of financial position as investment properties. Lease income is recognised over the term of the lease on a straight-line basis and the adjustments between this and the contractual rentals are transferred to non-distributable retained income.

2.14 Interest expense

Where the Group undertakes a major development or refurbishment of its property, interest is capitalised to the cost of the property concerned during the construction period. All other interest expenses for borrowings are recognised within 'finance expense' in the statement of comprehensive income using the effective interest rate method.

2.15 Current and deferred income tax

The tax expense comprises current and deferred income tax and is recognised in the statement of comprehensive income, except where it relates to items recognised directly in other comprehensive income or equity. In those cases, the tax is also recognised in other comprehensive income or equity as applicable.

Current tax is determined at current rates on the net income for the year after taking into account income and expenditure which is not subject to tax, assessed or estimated tax losses brought forward from prior years and the tax effect of credits and charges, including depreciation, attributable to periods other than the current year.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for the following temporary differences:

- If it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss;
- Goodwill that arises on initial recognition of a business combination;
- Differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred income tax is determined using the tax rates that have been enacted as at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.15 Current and deferred income tax (continued)

The carrying value of the Group's investment property will generally be realised by capital (the consideration on the sale at the end of use). The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the statement of financial position. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Taxation on items that are not distributable is similarly excluded from the calculation of distributable income and is transferred to non-distributable retained income.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Distributions

Distributions to linked unitholders are recognised as a liability in the Group's financial statements in the period in which the distributions are approved by the Board.

2.17 Foreign currency translation

2.17.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group financial statements are presented in Pula, which is the Company's functional currency and Group's presentation currency.

2.17.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.17 Foreign currency translation (continued)

2.17.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

2.17.3.1 assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

2.17.3.2 income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

2.17.3.3 all resulting exchange differences are recognised in other comprehensive income.

2.18 Operating segments

As stated in note 29 no segmental results are reflected. This is consistent with the internal reporting to the Managing Director, the Group's chief operating decision-maker, who reviews the performance of the Group as a single economic entity.

3. ADOPTION OF NEW AND REVISED STANDARDS

3.1 Standards and amendments to existing standards and interpretations effective on or after 1 August 2018 and adopted by the Group.

Amendment/ Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 1*	Amendment: 'First time adoption of IFRS'	1 January 2018
IFRS 2	Amendment: 'Share based payment'	1 January 2018
IFRS 4	Amendment: 'Insurance contracts'	1 January 2018
IFRS 9	'Financial Instruments' (2009&2010)	1 January 2018
IFRS 15	'Revenue from contracts with customers'	1 January 2018
IFRS 15	Amendment: 'Revenue from contracts with customers'	1 January 2018
IAS 28*	'Investments in associates and joint ventures' on measuring an associate or joint venture at fair value	1 January 2018
IAS 40	Amendment: 'Investment Property' on transfers of investment property	1 January 2018
IFRIC 22	'Foreign currency transactions and advance consideration'	1 January 2018

* *part of the annual improvements project 2014-2016 issued in December 2016*

The adoption of IFRS 1, 2, 4, 15, IAS 28, IAS 40 and IFRIC 22 had no impact on the Group's financial statements.

3.1.1 Adoption of IFRS 9, Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

The adoption of IFRS 9 from 1 August 2018 resulted in changes to the accounting policies and disclosures for financial instruments but has not resulted in any change to the amounts reported in the financial statements or classification of any financial assets or financial liabilities. Both the new and old accounting policy for financial instruments are set out in note 2.9.

The categorisation of financial instruments both before and from 1 August 2018, the date of adoption of IFRS 9, are:

3. ADOPTION OF NEW AND REVISED STANDARDS (continued)

3.1 Standards and amendments to existing standards and interpretations effective on or after 1 August 2018 and adopted by the Group. (continued)

3.1.1 Adoption of IFRS 9, Financial instruments (continued)

	Previous (IAS 39)	New (IFRS 9)
Financial asset receivable	FVPL	FVPL
Trade and receivables	Amortised cost	Amortised cost
Cash and cash equivalents	Amortised cost	Amortised cost
Borrowings	Amortised cost	Amortised cost
Trade and other payables	Amortised cost	Amortised cost
Distributions payables	Amortised cost	Amortised cost

The Group has the following financial assets that are subject to IFRS9's new expected credit loss model:

- Trade receivables
- Related part receivable
- Dividends receivable
- Other receivables
- Cash and cash equivalents

From 1 August 2018 the Group assessed the expected credit losses on a forward looking basis. For trade receivables the simplified approach has been used which requires the lifetime expected losses to be recognised on original recognition of the receivable. The impact of this is insignificant and has not required any adjustment to retained earnings or equity on 1 August 2018. Note 10 provides details on the calculation of the impairment provision. The expected lifetime credit losses on the remaining financial assets are immaterial.

3.2 New standards, amendments and interpretations issued, but not yet effective and not early adopted.

The following new and amended standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 August 2019 and are may be relevant to the Group:

Amendment/ Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 3	Amendment: 'Business combination' - definition of a business	1 January 2020
IFRS 10 & IAS 28	Amendment: 'Consolidated financial statements' and 'Investments in associates and joint ventures' on sale or contribution of assets	Postponed (initially 1 January 2016)
IFRS 16	'Leases'	1 January 2019
IAS 1 and IAS 8	Amendment: 'Presentation of financial statements' and 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	1 January 2020
IAS 12^	Amendment: 'Income taxes'	1 January 2019
IAS 28	Amendment: 'Investments in associates and joint ventures'	1 January 2019
IFRIC 23	'Uncertainty over income tax treatments'	1 January 2019

^ *part of the annual improvements project 2015-2017 issued in December 2017*

- Amendment to IFRS 3 - 'Business combination'

  The amendment deals with the requirements to access whether a transaction meets the definition of a business combination. The amendment clarifies the definition of a business, as well as provides additional illustrative examples, including those relevant to the property industry. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property, or a group of similar properties. There will be no impact on transition since the amendments are effective for business combinations for which the acquisition date is on or after the transition date.

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3. ADOPTION OF NEW AND REVISED STANDARDS (continued)

3.2 New standards, amendments and interpretations issued, but not yet effective and not early adopted. (continued)

- Amendments to IFRS 10 - 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures' on sale or contribution of assets

  The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. There will be no impact on transition.

- IFRS 16 - 'Leases'

  This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

  Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

  For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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.

  The Group is in the process of assessing the impact of this statement.

- Amendment to IAS 1 and IAS 8 - 'Presentation of financial statements' and 'Accounting policies, changes in accounting estimates and errors' on the definition of material

  These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRS use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; clarify the explanation of the definition of material; and incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provided financial information about a specific reporting entity". The Group does not expect there to be any impact as a result of these amendments.

- Amendment to IAS 12 - 'Income taxes'

  The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. The Group does not expect there to be any impact as a result of this amendment.

- Amendment to IAS 28 - 'Investments in associates and joint ventures'

  The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. This amendment will not impact the Group.

- IFRIC 23 - 'Uncertainty over income tax treatments'

  This IFRIC provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. The Group does not expect there to be any impact as a result of this interpretation.

3. ADOPTION OF NEW AND REVISED STANDARDS (continued)

3.2 New standards, amendments and interpretations issued, but not yet effective and not early adopted. (continued)

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group or Company.

The following new and amended standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 August 2019 but are not expected to be relevant to the Group:

Amendment/ Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 3 ^	Amendment: 'Business combination'	1 January 2019
IFRS 9	Amendment: 'Financial instruments' on prepayment features with negative compensations and modification of financial liabilities	1 January 2019
IFRS 11 ^	Amendment: 'Joint arrangements'	1 January 2019
IFRS 17	'Insurance Contracts'	1 January 2021
IAS 19	Amendments: 'Employee benefits'	1 January 2019
IAS 23 ^	Amendment: 'Borrowing costs'	1 January 2019

^ *part of the annual improvements project 2015-2017 issued in December 2017*

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In arriving at the amounts at which assets and liabilities are measured in the financial statements, the Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

4.1 Investment property

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information the Group determines the estimated fair value and has utilised an independent expert in making this assessment.

The valuation basis used is market value, which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In calculating the market value the investment method has been adopted. The key assumptions underlying the investment method are net cash flows and the capitalisation rate used. These are unobservable inputs and accordingly result in the valuations being classed as level 3 in terms of the fair value hierarchy.

Net cash flows were based on rentals and relevant expenditure taking cognisance of existing tenancies, operating expense budgets and specific market circumstances relative to these. A 10% change in the net cash flows would have the estimated impact of P171 million for Group and P166 million for Company (2018: P164 million for the Group and P159 million for the Company) on the carrying value of the investment property.

The capitalisation rate has been determined based on a relevant long bond yield adjusted for the relevant risks applicable to each property including asset class, sector, location, building, leasehold / freehold and tenancy. The weighted average capitalisation rate is 9.01% (2018: 8.93%) and a 1% upward shift in this rate would reduce the aggregate independent valuation by an estimated P171 million for Group and P169 million for Company (2018: P165 million for Group and P164 million for Company), while a 1% downward shift in capitalisation rate would increase the valuations by an estimated P213 million for Group and P212 million for Company (2018: P207 million for Group and P206 million for Company).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Investment property (continued)

There are inter-relationships between unobservable inputs. To avoid double counting or omitting the effects of risk factors, capitalisation rates reflect assumptions that are consistent with those inherent in the cash flows.

The value of one property has been reduced by the directors to take into account specific contractual arrangements:

- NAP's Associate (Edco) holds the Government lease on part of the Riverwalk property and sub-let this portion to NAP until 2026. The portion of the property occupied by the anchor tenant is held directly by NAP under the Government lease.
- NAP also has the option to increase the holding in the Associate between 2024 and 2029.
- NAP obtains an annual independent valuation for Riverwalk, which assumes that standard terms and conditions with respect to title apply to the property as a whole. Given the specific ownership structure and related contractual arrangements, the directors reduce the value of this property to take account of these factors.
- The resultant fair value of the investment in the Riverwalk property is accounted for in investment property and in investment in associate.
- The total value of this investment is calculated by discounting the expected cash flows to NAP from the property, assuming outflows from the exercise of the option (in 2026) and using the implied discount rate from the independent valuation.
- The fair value of Edco's investment in Riverwalk is calculated as the present value of expected cash flows to Edco and using the same implied discount rate. NAP equity accounts for its 26% interest in this fair value (after allowing for deferred income tax).
- The investment property portion of NAP's investment in Riverwalk is represented by the total value of the investment minus the carrying value of the investment in the associate.

The current discount rate used for calculating the value of NAP's investment in Riverwalk is 15.5% (2018: 15.5%). A 1% downward shift in the discount rate would increase the carrying value by approximately P35 million (2018: P34 million) and a 1% upward shift would decrease the carrying value by approximately P28 million (2018: P28 million), while a 10% change in the lump sum payment would have an estimated P11.1 million (2018: P9.9 million) impact on the carrying value of investment property.

4.2 Financial asset

The financial asset arises from the right to receive 63% of the rental income from an investment property in terms of a cession. The asset has been valued by discounting the projected income streams at 14.25% (2018: 14.25%). These assumptions are unobservable inputs and therefore considered level 3 in terms of the fair value hierarchy.

A 1% downward shift in the discount rate would increase the carrying value by approximately P1.7 million (2018: P2.0 million) and a 1% upward shift would decrease the carrying value by approximately at P1.6 million (2018: P1.8 million), while a 10% change in the cash flows would have an estimated P2.5 million (2018: P2.6 million) impact on the carrying value.

4.3 Associate

The Associate's financial statements are prepared on the historical cost basis based on a 30 June year end. To comply with the group's accounting policies, this investment is equity accounted based on the Directors' fair value of the only underlying asset which has been determined by discounting the expected cash flows from operations at the Group's year end using a discount rate of 15.5% (2018: 15.5%) and the related deferred tax liability. These assumptions are unobservable inputs and therefore considered level 3 in terms of the fair value hierarchy.

A 1% downward shift in the discount rate would increase the carrying value of the investment in the associate by approximately P12.2 million (2018: P11.4) and a 1% upward shift would decrease the carrying value by approximately P9.4 million (2018: P8.8 million).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

4.4 Income taxes

The Group is subject to tax in two jurisdictions, Botswana and Namibia. Certain estimates are required in determining the provision for income taxes and where the final tax is different from the amounts estimated such differences will impact the current and deferred taxation provisions.

The principal assumption that has a material effect on these financial statements is the tax that will be payable on the future disposal of investment properties. Following the adoption of IAS 12 for investment property, it is assumed that capital gains will be taxed using the applicable capital gains tax rate and calculations, and not the corporate tax rates. For Botswana properties this is based on normal company tax rates being applied to the difference between the selling price and the indexed adjusted cost, while in Namibia it means that no tax is payable. The Group has provided for tax on fair value gains on this basis. In the event that the tax regulations are amended before the disposal of properties, the actual liability that would arise could be very different.

For the 2019 financial year there is a further tax uncertainty that could have a material effect of these financial statements. On the 7th December 2018, The Income Tax (Amendment) Act No. 38 of 2018 (the 2018 Amendment) was a passed which repealed section 41(1)(k) and replaced it with section 41A. These sections limit the deduction of interest for income tax purposes, however section 41(1)(k) provided an exception for VRLS companies such as NAP, while section 41A did not. The commencement date for 2018 Amendment is 1st July 2019. NAP initiated engagement with the relevant stakeholders to investigate avenues for reinstating the VRLS exemption and on 8th August 2019 The Income Tax (Amendment) Act No. 18 of 2019 (the 2019 Amendment) was promulgated, inter alia reinstating the VRLS exemption. The 2019 Amendment was however silent with regards to the commencement date. The Ministry of Finance and Economic Development has confirmed that the 2019 Amendment will be effective from 1st July 2019 and that the Attorney General's Chambers has been requested to draft the Commencement Order for publication in the Government Gazette.

5 INVESTMENT PROPERTY

	Group		Company	
	2019 P'000	2018 P'000	**2019 P'000**	2018 P'000
Opening balances	**1 430 853**	1 357 415	**1 384 337**	1 312 226
At fair value	**1 459 348**	1 384 676	**1 412 122**	1 338 907
Rent straight line adjustment	**(28 495)**	(27 261)	**(27 785)**	(26 681)
Subsequent additions and improvements at cost	**239**	1 703	**239**	1 703
Fair value adjustment	**39 582**	71 936	**38 386**	70 408
At fair value	**44 836**	73 172	**43 276**	71 512
Rent straight line adjustment	**(5 254)**	(1 236)	**(4 890)**	(1 104)
Effect of translation to presentation currency	**(1 357)**	(201)	**-**	-
At fair value	**(1 386)**	(203)	**-**	-
Rent straight line adjustment	**29**	2	**-**	-
Total valuation at end of year				
At fair value	**1 503 037**	1 459 348	**1 455 637**	1 412 122
Rent straight line adjustment	**(33 720)**	(28 495)	**(32 675)**	(27 785)
Net carrying value at end of year	**1 469 317**	1 430 853	**1 422 962**	1 384 337

The investment property acquired at listing was settled primarily by the issue of linked units to the vendors.

The investment properties were independently valued at an aggregate P1 709 million for Group and P1 661 million for Company as at 31 July 2019 (2018: P1 642 million for Group and P1 595 million for Company) by Curtis Matobolo of Knight Frank (Pty) Ltd. He holds recognised relevant professional qualifications, is a member of the Royal Institute of Chartered Surveyors (RICS) and the Real Estate Institute of Botswana and has relevant experience for the investment properties valued.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS » (continued)

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5 INVESTMENT PROPERTY (continued)

The properties were valued in accordance with Statement of Asset Valuation Practice and Guidance Notes prepared by the RICS (The Red Book) on an open market basis using an adapted discounted cash flow approach at capitalisation rates ranging from 7.35% to 16.0% (2018: 7.25% to 16.5%) and a weighted average rate of 9.01% (2018: 8.93%), assuming that the properties are not subject to any adverse easements, restrictive covenants or undue provisions that would otherwise depress the values.

The independently determined fair values totalling P1 709 million (2018: P1 642 million) have been reduced by the directors to account for the impact of the restrictive lease covenants pertaining to one of the Group's properties.

Investment property valued at P122 million (2018: P117 million) is used as security for the bank borrowings referred to in note 13.

No interest was capitalised to investment property during the year (2018: nil).

There are no commitments at year end.

	Group		Company	
	2019 P'000	2018 P'000	**2019 P'000**	2018 P'000
Operating income attributable to the investment property amounts to:				
Revenue	**202 013**	189 266	**192 840**	180 402
Rent straight line adjustment	**(5 254)**	(1 236)	**(4 890)**	(1 104)
Contractual revenue earned from investment property	**196 759**	188 030	**187 950**	179 298
Other income	**2 167**	2 282	**7 935**	7 911
Property costs	**(32 265)**	(31 882)	**(31 765)**	(31 361)
Recoverable expenses	**(14 926)**	(14 033)	**(14 605)**	(13 688)
Other property expenses	**(17 339)**	(17 849)	**(17 160)**	(17 673)
Net rental income excluding rent straight line adjustment	**166 661**	158 430	**164 120**	155 848
And to reconcile to statement of comprehensive income:				
Add : Straight line adjustment	**5 254**	1 236	**4 890**	1 104
Net rental income per statement of comprehensive income	**171 915**	159 666	**169 010**	156 952

6 INVESTMENT IN SUBSIDIARY

Total investment in shares and loans at cost comprise:

	% holding	Investment in shares P'000	Investment in loans P'000	Total investment P'000
Company				
2019				
New African Properties (Namibia) (Proprietary) Limited	100%	**36 650**	**-**	**36 650**
2018				
New African Properties (Namibia) (Proprietary) Limited	100%	36 650	-	36 650

This wholly owned subsidiary is carried at cost in the company financial statements and its assets, liabilities and results included in the consolidated financial statements. The subsidiary owns investment properties in Namibia.

The subsidiary is based in Namibia and is accordingly subject to local exchange control regulations which impose certain restrictions on transferring funds from the country. Normal dividends are however permitted.

		% holdings	Group 2019 P'000	Group 2018 P'000	Company 2019 P'000	Company 2018 P'000
7	**INVESTMENT IN ASSOCIATE**					
	Acquired at cost	26%	**4 951**	4 951	**4 951**	4 951
	Share of associate's profit post acquisition		**40 843**	34 519	**-**	-
	Opening balance		**34 519**	25 596	**-**	-
	Current period		**6 324**	8 923	**-**	-
			45 794	39 470	**4 951**	4 951

This investment was acquired on 4 June 2012.

The Botswana based associate company holds the unencumbered lease rights to certain plots after the expiry of an existing lease, is not expected to generate cash flows until that time, has earned no revenue since acquisition and has no liabilities. No dividends have been declared or received since acquisition.

A change in the operations of the company would be considered an impairment indicator and there have been no impairment indicators since the last impairment test as at 31 July 2012 when it was tested by discounting the projected future income streams at a discount rate of 16.5%. No impairment is considered necessary at this time.

New African Properties Ltd has an option to increase its holding in the Associate to 80% between 2024 and 2029. Such option is exercisable at open market value.

		Group 2019 P'000	Group 2018 P'000	Company 2019 P'000	Company 2018 P'000
8	**FINANCIAL ASSET RECEIVABLE**				
	Opening balance	**25 636**	24 490	**25 636**	24 490
	Fair value adjustment	**(909)**	1 146	**(909)**	1 146
	Carrying value	**24 727**	25 636	**24 727**	25 636

This asset comprises the right to receive 63% of the rental income from an investment property comprising a shopping mall in Gaborone until 2037 in terms of a cession agreement with Mynco (Pty) Ltd and is effectively secured over the underlying asset.

The asset is carried at fair value as determined by directors based on the estimated future cash flows to the company discounted at 14.25% (2018: 14.25%) and is within level 3 of the fair value hierarchy.

		Group 2019 P'000	Group 2018 P'000	Company 2019 P'000	Company 2018 P'000
9	**INTANGIBLE ASSET**				
	Land lease rights				
	Acquired	**12 193**	12 193	**12 193**	12 193
	Amortisation	**(6 167)**	(5 286)	**(6 167)**	(5 286)
	Opening balance	**(5 286)**	(4 405)	**(5 286)**	(4 405)
	Current period	**(881)**	(881)	**(881)**	(881)
		6 026	6 907	**6 026**	6 907

The land lease right arises from contractual rights acquired by the Group which allow future cost and operational efficiencies.

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	Group		Company	
	2019	2018	**2019**	2018
	P'000	P'000	**P'000**	P'000

9 INTANGIBLE ASSET (continued)

There have been no impairment indicators since the last impairment test as at 31 July 2012 when it was tested by discounting the projected future income streams at a discount rate of 16.5%. No impairment is considered necessary at this time.

10 TRADE AND OTHER RECEIVABLES

	Group 2019 P'000	Group 2018 P'000	Company 2019 P'000	Company 2018 P'000
Trade receivables net of impairment	**793**	346	**761**	339
Trade receivables	**5 221**	4 613	**5 012**	4 432
Less: impairment	**(4 428)**	(4 267)	**(4 251)**	(4 093)
Prepayments	**2 006**	2 048	**2 006**	2 048
Related party receivables	**96 310**	98 375	**96 310**	98 375
Dividends receivable	**-**	-	**2 587**	2 530
Other receivables	**834**	813	**832**	812
	99 943	101 582	**102 496**	104 104

Financial assets comprising trade and other receivables are measured at amortised cost.

From 1 August 2018 the Group assessed the expected credit losses on a forward looking basis. For trade receivables the simplified approach has been used which requires the lifetime expected losses to be recognised on original recognition of the receivable. The impairment provision as at 31 July 2019 and 1 August 2018 was determined as set out below for trade receivables.

	Up to 30 days overdue P'000	31 to 60 days overdue P'000	61 to 90 days overdue P'000	>90 days overdue P'000	Total overdue P'000
Group					
31 July 2019					
Expected loss rate	**8.7%**	**50.2%**	**74.2%**	**99.5%**	**84.8%**
Gross carrying amount - trade receivables	**633**	**280**	**221**	**4 087**	**5 221**
Impairment provision	**(55)**	**(141)**	**(164)**	**(4 068)**	**(4 428)**
1 August 2018					
Expected loss rate	9.5%	35.2%	86.9%	100.0%	90.6%
Gross carrying amount - trade receivables	368	122	153	3 970	4 613
Impairment provision at 1 August 2018 under IFRS 9	(35)	(43)	(133)	(3 970)	(4 181)
Difference to IAS39 model used in 2018	(114)	(108)	49	87	(86)
Impairment provision at 31 July 2018 under IAS 39	(149)	(151)	(84)	(3 883)	(4 267)

10 TRADE AND OTHER RECEIVABLES (continued)

	Up to 30 days overdue P'000	31 to 60 days overdue P'000	61 to 90 days overdue P'000	>90 days overdue P'000	Total overdue P'000
Company					
31 July 2019					
Expected loss rate	8.5%	49.6%	74.1%	99.5%	84.8%
Gross carrying amount - trade receivables	601	270	220	3 921	5 012
Impairment provision	(51)	(134)	(163)	(3 903)	(4 251)
1 August 2018					
Expected loss rate	9.5%	35.0%	87.8%	100.0%	90.6%
Gross carrying amount - trade receivables	358	117	147	3 810	4 432
Impairment provision at 1 August 2018 under IFRS 9	(34)	(41)	(129)	(3 810)	(4 014)
Difference to IAS39 model used in 2018	(102)	(104)	51	76	(79)
Impairment provision at 31 July 2018 under IAS 39	(136)	(145)	(78)	(3 734)	(4 093)

The difference between the IAS39 and IFRS 9 models at 1 August 2018 is immaterial and no adjustment has been made to opening retained income.

Movements in accumulated impairment losses are accounted for in the statement of comprehensive income under property costs and are summarised as follows:

	Group		Company	
	2019 P'000	2018 P'000	2019 P'000	2018 P'000
Trade receivable impairment:				
Opening balance	4 267	3 888	4 093	3 724
Net movement in impairments charged to the income statement	161	379	158	369
Additional impairment during the year	721	661	713	649
Reversal of previous impairments	(560)	(282)	(555)	(280)
Effect of translation to presentation currency	-	-	-	-
Balance at end of year	4 428	4 267	4 251	4 093

The impairment provision above excludes VAT which is included in the arrears amount above. The impairment amount including VAT is set out below.

	Group 2019	Group 2018	Company 2019	Company 2018
Impairment	4 428	4 267	4 251	4 093
Add: VAT	536	517	510	491
Impairment including VAT	4 964	4 784	4 761	4 584

NOTES TO THE ANNUAL FINANCIAL STATEMENTS » (continued)

31 July 2019

	Group		Company	
	2019	2018	**2019**	2018
	P'000	P'000	**P'000**	P'000
10 TRADE AND OTHER RECEIVABLES (continued)				
Related party receivables comprise:				
Cash Bazaar Holdings (Proprietary) Limited	**96 310**	98 375	**96 310**	98 375

The Cash Bazaar Holdings (Proprietary) Limited related party receivable has been in existence since before listing. It is secured by NAP linked units based on a 1.33 times cover (2018: 1.33 times cover) and certain warranties, is repayable on demand with 3 months' notice and bears interest at 1.5% below prime lending rate, repayable half yearly and there are no arrear amounts at year end (2018: nil). The Group also has the right to offset amounts due to the related party against this loan. The receivable is considered to have low credit risk and the expected credit loss is expected to be immaterial.

While dividends receivable and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The expected lifetime credit losses on the remaining financial assets are immaterial.

The Board considers that material credit risk exposure has been adequately provided for on all trade and other receivables.

11 CASH AND CASH EQUIVALENTS

	Group 2019 P'000	Group 2018 P'000	Company 2019 P'000	Company 2018 P'000
Current account - Barclays Bank	**62**	2 276	**62**	2 276
- First National Bank	**25**	71	**-**	-
Call account - Bank Gaborone	**22**	22	**22**	22
- Bank ABC	**78**	78	**78**	78
- Barclays	**6 932**	5 755	**6 932**	5 755
- First National Bank	**5 209**	5 715	**-**	-
Stanlib Botswana Money Market Fund	**30 970**	25 644	**30 970**	25 644
Total	**43 298**	39 561	**38 064**	33 775

Cash and cash equivalents are measured at amortised cost.

	Group		Company	
	2019 P'000	2018 P'000	**2019 P'000**	2018 P'000
12 LINKED UNITS				
604 397 124 Linked units in issue	**871 824**	871 824	**871 824**	871 824

Each linked unit comprises one ordinary share indivisibly linked to one unsecured variable rate debenture.

Stated capital comprises 604 397 124 linked units, each comprising one ordinary share of no par value indivisibly linked to one variable rate unsecured debenture.

Linked units equivalent to 15% of the number of linked units in issue at any time are under the control of the Directors for allotment and issue for the acquisition of immovable property until the next annual general meeting, at which meeting the authority will sought to be renewed until the following annual general meeting.

In terms of the Trust Deed governing the Debentures:

- The debentures are only redeemable at the instance of the Company, after approval by resolution of the Board, and with the written consent of the creditors of the Company or at the discretion of the Trustee following certain events specified in the Trust Deed. In the event that they are to be redeemed, the amount payable for every debenture shall be the higher of 99/100 of the three month average weighted traded price of a linked unit on the BSE or the issue price of P1.98.
- The interest payable on debentures shall be determined by and in the sole discretion of the Company's Directors. Notwithstanding this, the Company is obliged to distribute at least 80% of monies available after the payment of approved capital expenditure, repayment of capital and interest due on third party debt, provision for replacement repair and refurbishment of assets and operating costs, as interest on the debentures.

	Group		Company	
	2019 P'000	2018 P'000	**2019 P'000**	2018 P'000
13 BORROWINGS				
Bank Gaborone Limited, comprising:				
Non-current portion	**15 487**	18 735	**15 487**	18 735
Current portion	**3 206**	3 110	**3 206**	3 110
	18 693	21 845	**18 693**	21 845

This loan is secured by a mortgage bond for P40 million registered over Tribal Lot 39, Molepolole in the Bakwena Tribal Territory, which is classified as investment property in note 5 and valued at P122 million at the date of this report (2018: P117 million).

The loan is repayable in monthly installments, currently amounting to P360 725, until August 2024 and incurs interest at 1.5% below prime lending rate, 5.0% at year (2018: 5.0%). The capital portion repayable over the next 12 months has been reflected as a current liability.

The Group is exposed to floating interest rates on this liability.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS » (continued)

31 July 2019

		Group		Company	
		2019 P'000	2018 P'000	2019 P'000	2018 P'000
13	**BORROWINGS** (continued)				
	The interest on this facility for the next 12 months at the current rate amounts to	948	1 124	948	1 124
	A 1% increase in the prime lending rate would have the impact of increasing this by	175	207	175	207
	Movement in borrowings:				
	Balance at the beginning of the year	21 845	24 826	21 845	24 826
	Repayment of borrowings	(3 152)	(2 981)	(3 152)	(2 981)
	Balance at the end of the year	18 693	21 845	18 693	21 845

The Group has no other debt facilities in place at this time.

The Company's borrowing capacity is limited to 70% of the value of the assets of the Company or such other sum as the Company may, by ordinary resolution, in general meeting determine. Directors are authorised to secure the repayment of or raise any such sum by mortgage or charge upon the whole or any part of the property and assets of the Company.

		Group 2019 P'000	Group 2018 P'000	Company 2019 P'000	Company 2018 P'000
14	**DEFERRED TAX LIABILITY**				
	Fair value gains on investment property (after indexed cost adjustment)	126 520	123 052	126 520	123 052
	Building allowances claimed	25 983	26 069	22 492	22 492
	Rent straight line adjustment	7 523	6 339	7 189	6 113
	Share of associate's profit	3 062	2 588	-	-
	Prepaid expenses/ income received in advance	(186)	(164)	-	-
	Impairment of receivables	(42)	(42)	-	-
	Tax loss utilised	-	(1 546)	-	(1 546)
	Total deferred tax liability	162 860	156 296	156 201	150 111
	And the movement for the year comprises:				
	Opening balances	156 296	143 315	150 111	137 900
	Current year charge	6 670	12 997	6 090	12 211
	Effect of translation to presentation currency	(106)	(16)	-	-
	Balance at end of year	162 860	156 296	156 201	150 111

There are no estimated tax losses for either the Group or Company (2018: P7.0 million for Group and Company).

		Group 2019 P'000	Group 2018 P'000	Company 2019 P'000	Company 2018 P'000
15	**TRADE AND OTHER PAYABLES**				
	Tenant deposits	7 705	7 073	7 328	6 717
	Trade payables	1 248	1 635	934	1 045
	Rent received in advance	3 570	2 509	3 366	2 347
	Accruals and provisions	4 417	5 764	4 404	5 769
	Related party payable	1 536	1 582	-	-
	VAT	1 924	1 753	1 713	1 544
		20 400	20 316	17 745	17 422

	Group		Company	
	2019	2018	2019	2018
	P'000	P'000	P'000	P'000
16 REVENUE				
Contractual rental	185 672	177 887	176 965	169 242
- Basic	185 626	177 802	176 919	169 157
- Turnover	46	85	46	85
Rent straight line adjustment	5 254	1 236	4 890	1 104
Rental income	190 926	179 123	181 855	170 346
Operating cost recoveries	11 087	10 143	10 985	10 056
	202 013	189 266	192 840	180 402

The period of leases under which the Group leases out its investment property generally ranges from three to five years.

The future minimum contractual rentals receivable under non-cancellable operating leases are as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
Within next year	170 440	149 887	162 321	147 266
Between 1 and 5 years	338 930	322 175	326 764	316 110
Later than 5 years	33 768	52 876	33 768	52 876
	543 138	524 938	522 853	516 252

Of this P33.7 million for Group and P32.7 million for Company (2018: P28.5 million for Group and P27.8 million for Company) has been recognised as a receivable in view of the adjustment to straight line rentals over the period of leases.

	Group 2019	Group 2018	Company 2019	Company 2018
17 OTHER INCOME				
Dividends from subsidiary companies	-	-	5 771	5 629
Promotion and advertising income	1 015	953	1 015	953
Tenant contribution to marketing	672	601	672	601
Sundry income	480	728	477	728
	2 167	2 282	7 935	7 911
18 PROPERTY COSTS				
Recoverable costs:				
Cleaning & refuse	(4 025)	(3 871)	(3 940)	(3 793)
Rates	(1 565)	(1 311)	(1 365)	(1 079)
Security	(2 367)	(2 352)	(2 367)	(2 352)
Utilities	(6 969)	(6 499)	(6 933)	(6 464)
Recoverable expenses	(14 926)	(14 033)	(14 605)	(13 688)
Other property costs:				
Impairment of trade receivables	(161)	(379)	(158)	(369)
Letting commission	(1 963)	(2 160)	(1 963)	(2 160)
Property management fee	(9 362)	(8 978)	(9 362)	(8 978)
Repairs and maintenance	(1 837)	(1 973)	(1 801)	(1 941)
Tenant installations	(387)	(1 130)	(387)	(1 130)
Other property expenses	(3 629)	(3 229)	(3 489)	(3 095)
Total property costs	(32 265)	(31 882)	(31 765)	(31 361)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS » (continued)

31 July 2019

	Group		Company	
	2019 P'000	2018 P'000	2019 P'000	2018 P'000
19 OTHER EXPENSES				
Asset management fee	(9 878)	(9 797)	(9 878)	(9 797)
Fees paid to auditors	(581)	(609)	(548)	(546)
Audit fee current year	(522)	(550)	(522)	(520)
Other services	(59)	(59)	(26)	(26)
Directors' fees	(275)	(147)	(275)	(147)
Transaction related costs	-	(466)	-	(466)
Other portfolio expenses	(1 558)	(1 268)	(1 525)	(1 258)
	(12 292)	(12 287)	(12 226)	(12 214)
20 FINANCE INCOME				
Banks and money market investments	1 253	1 480	990	1 215
Tenants	355	325	351	314
Related party	4 701	4 625	4 701	4 625
	6 309	6 430	6 042	6 154
21 FINANCE EXPENSE				
Bank borrowings	(1 022)	(1 205)	(1 022)	(1 205)
Other	(5)	-	-	-
	(1 027)	(1 205)	(1 022)	(1 205)
22 TAXATION				
Botswana current taxation				
Current year	(885)	(844)	(885)	(844)
Namibian current taxation				
Current year	(2 736)	(2 615)	-	-
Total current taxation	(3 621)	(3 459)	(885)	(844)

Gaborone Shopping Centre, Gaborone

	Group		Company	
	2019	2018	**2019**	2018
	P'000	P'000	**P'000**	P'000
22 TAXATION (continued)				
Botswana deferred taxation				
Current year	**(6 564)**	(12 879)	**(6 090)**	(12 211)
Namibia deferred taxation				
Current year	**(106)**	(118)	**-**	-
Total deferred taxation	**(6 670)**	(12 997)	**(6 090)**	(12 211)
Total taxation	**(10 291)**	(16 456)	**(6 975)**	(13 055)
Attributable to:				
Distributable income	**(3 611)**	(3 534)	**(885)**	(844)
Fair value adjustments	**(3 468)**	(10 187)	**(3 468)**	(10 187)
Other capital deductions	**(1 546)**	(1 782)	**(1 546)**	(1 782)
Rental straight line adjustments	**(1 192)**	(285)	**(1 076)**	(242)
Share of associate's profit	**(474)**	(668)	**-**	-
	(10 291)	(16 456)	**(6 975)**	(13 055)

	Group		Company	
	2019	2018	**2019**	2018
Reconciliation of the effective and statutory tax rate:				
Effective tax rate	**4.9%**	7.0%	**3.5%**	5.9%
Adjusted for:				
Fair value and other adjustments - net difference	**2.4%**	2.4%	**2.3%**	2.4%
Interest on debentures allowed for tax purposes	**15.2%**	12.5%	**16.0%**	13.5%
Share of associate's profit	**0.4%**	0.5%	**-**	-
Dividend income	**-**	-	**0.6%**	0.6%
Tax on dividends	**(0.4%)**	-	**(0.4%)**	(0.4%)
Effect of difference in country tax rates	**(0.5%)**	(0.4%)	**-**	-
Statutory tax rate in Botswana	**22.0%**	22.0%	**22.0%**	22.0%

23 BASIC AND DILUTED HEADLINE EARNINGS PER UNIT ATTRIBUTABLE TO LINKED UNITHOLDERS

The basic headline earnings per share is calculated by dividing the net profit by the weighted number of linked units in issue during the year.

	Group 2019	Group 2018	Company 2019	Company 2018
Profit for the year attributable to linked unitholders (P'000)	**198 730**	217 272	**191 425**	207 305
Weighted average number of linked units	**604 397 124**	604 397 124	**604 397 124**	604 397 124
Earnings per linked unit in thebe	**32.88**	35.95	**31.67**	34.30

There are no dilutive ordinary shares and the diluted headline earnings per linked unit is therefore the same as the earnings per linked unit.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS » (continued)

31 July 2019

	2019 P'000	2018 P'000	2019 thebe per linked unit	2018 thebe per linked unit
24 DISTRIBUTIONS PAID TO LINKED UNITHOLDERS				
Distributions per linked unit are based on the linked units in issue on the respective declaration date.				
Group and Company				
2019: Number 15 - declared 11 April 2019, paid 17 May 2019 (2018: Number 13 - declared 23 April 2018, paid 25 May 2018)				
Interest	69 989	67 572	11.58	11.18
Dividends	5 923	6 467	0.98	1.07
	75 912	74 039	12.56	12.25
2019: Number 16 - declared 25 July 2019, paid 30 August 2019 (2018: Number 14 - declared 25 July 2018, paid 31 August 2018)				
Interest	74 039	67 753	12.25	11.21
Dividends	5 983	6 467	0.99	1.07
	80 022	74 220	13.24	12.28
Total distribution declared	155 934	148 259	25.80	24.53
Amounts unpaid at beginning of year	74 335	69 390	12.30	11.48
Amounts unpaid at end of year	(80 247)	(74 335)	(13.28)	(12.30)
Not yet payable	(80 022)	(74 220)	(13.24)	(12.28)
Unclaimed distributions	(225)	(115)	(0.04)	(0.02)
Distributions paid to linked unitholders	150 022	143 314	24.82	23.71

	Group 2018 P'000	Group 2017 P'000	Company 2018 P'000	Company 2017 P'000
25 TAXATION PAID				
Receivable at beginning of year	1 463	972	1 463	972
Payable at beginning of year	(263)	(51)	-	-
Charged during the year	(3 621)	(3 459)	(885)	(844)
Receivable at year end	(1 762)	(1 463)	(1 721)	(1 463)
Payable at year end	-	263	-	-
	(4 183)	(3 738)	(1 143)	(1 335)

26 RELATED PARTY TRANSACTIONS

Other related parties with whom transactions have occurred, and their relationships with the Group, are:

Afritec (Proprietary) Limited	Related through common directors
Cash Bazaar (Proprietary) Limited	Related through common directors
Cash Bazaar Holdings (Proprietary) Limited	Related through common directors
Furnmart Limited	Related through common directors
Hunters Africa (Proprietary) Limited	Related through common directors
Mynco (Proprietary) Limited	Related through common directors
Nafprop (Proprietary) Limited	Related through common directors and management contracts
New African Properties (Namibia) (Proprietary) Limited	NAP subsidiary
Directors	Company officers
Linked unitholders	Linked unitholders

		Group		Company	
		2019 P'000	2018 P'000	2019 P'000	2018 P'000
26 RELATED PARTY TRANSACTIONS (continued)					
Nature of transaction and party	**Terms**				
Rental (contractual)		43 194	40 245	40 391	37 539
Afritec (Proprietary) Limited	Lease	716	509	716	509
Cash Bazaar (Proprietary) Limited	Lease	14 119	13 199	14 119	13 199
Furnmart Limited	Lease	25 466	23 790	22 663	21 084
Hunters Africa (Proprietary) Limited	Lease	430	399	430	399
Mynco (Proprietary) Limited	Cession	2 463	2 348	2 463	2 348
Operating cost recoveries		961	893	901	842
Afritec (Proprietary) Limited	Lease	38	22	38	22
Cash Bazaar (Proprietary) Limited	Lease	300	273	300	273
Furnmart Limited	Lease	614	588	554	537
Hunters Africa (Proprietary) Limited	Lease	9	10	9	10
Interest received - Cash Bazaar Holdings (Proprietary) Limited	Linked to prime	4 701	4 625	4 701	4 625
Asset management fee - Nafprop (Proprietary) Limited	Contract	(9 878)	(9 797)	(9 878)	(9 797)
Property management fee - Nafprop (Proprietary) Limited	Contract	(9 362)	(8 978)	(9 362)	(8 978)
Leasing fees - Nafprop (Proprietary) Limited	Contract	(1 963)	(2 160)	(1 963)	(2 160)
Directors' fees to independent directors	Board approved	(275)	(147)	(275)	(147)
Distributions - Linked unitholders	Board approved	(155 934)	(148 259)	(155 934)	(148 259)
Dividends received					
New African Properties (Namibia) (Proprietary) Limited	Board approved	-	-	5 771	5 629

NOTES TO THE ANNUAL FINANCIAL STATEMENTS » (continued)

31 July 2019

	Notes	Group 2019 P'000	Group 2018 P'000	Company 2019 P'000	Company 2018 P'000
26 RELATED PARTY TRANSACTIONS (continued)					
And the following balances exist at the balance sheet date:					
Nature of transaction and party					
Financial asset receivable - Mynco (Proprietary) Limited	8	**24 727**	25 636	**24 727**	25 636
Related party receivables					
Cash Bazaar Holdings (Proprietary) Limited	10	**96 310**	98 375	**96 310**	98 375
Dividends receivable					
New African Properties (Namibia) (Proprietary) Limited		**-**	-	**2 587**	2 530
Related party payables	15				
Cash Bazaar Holdings (Proprietary) Limited		**(1 536)**	(1 582)	**-**	-
Distribution payable - Linked unitholders	24	**(80 247)**	(74 335)	**(80 247)**	(74 335)

27 CONTINGENCIES AND COMMITMENTS

There are no material contingent liabilities or commitments at the date of the statement of financial position.

28 SUBSEQUENT EVENTS

There are no material subsequent events occurring between the year end and the date of these financial statements.

29 SEGMENT RESULTS

The portfolio comprises 64 properties, predominantly retail and Botswana based, with a small exposure to Namibian retail (3%) and Botswana industrial (1%). Certain Botswana retail properties have a small office component but properties are categorised based on primary use.

No segmental results are reflected as the Group's business activities are concentrated on one segment, namely retail property primarily situated in Botswana, and the Board considers results on an aggregate basis. The Management report elsewhere in this document reflects the geographic and sectoral allocation of the portfolio which supports the immaterial nature of the other segments.

30 FINANCIAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY

In the normal course of operations the Group is exposed to strategic and business risk, financial risk, regulatory and compliance risk. This note deals with the major elements of financial risk which arise from financial instruments to which the Group is exposed during or at the end of the financial reporting period. Financial risk comprises market risk (incorporating interest, currency and other price risk), credit risk and liquidity risk. The primary objective of risk management is to gain an understanding of the risk the Group is exposed to, establish acceptable tolerance levels and manage the risks to ensure they stay within the tolerable levels.

30.1 Financials Risks

30.1.1 Market risk

This is the risk that the fair value or future cash flows will fluctuate because of changes in market prices. The Group's market risk on financial instruments arises primarily from interest bearing assets and liabilities and foreign exchange movements with respect to the Namibian subsidiary company.

30 FINANCIAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY (continued)

30.1 Financials Risks (continued)

30.1.1 Market risk (continued)

All sensitivities in these financial statements are based on the change of one factor with all others remaining constant which is unlikely to occur in practice.

30.1.1.1 Interest rate

In view of the Group's limited interest-bearing assets and liabilities, the operating cash flows are substantially independent of changes in market interest rates.

The Board considers that the current debt level is sufficiently low to allow all debt to be at floating rates and that this would be reconsidered when the external borrowings exceed 10% of the value of investment property. The impact, on Group and Company, of a 1% increase in the interest rate applicable to external borrowings for the next 12 months is P0.2 million (2018: P0.2 million).

Assets on which interest is earned include trade receivables, related party receivables and cash and cash equivalents. The balance of trade receivables is low and the impact of interest rate changes on these amounts is negligible. The balances on related party receivables and cash and cash equivalents at the year end and the impact of a 1% change in interest rate on these balances is set out below:

					Impact of 1% change			
	Group		**Company**		**Group**		**Company**	
	2019 P'000	2018 P'000	**2019 P'000**	2018 P'000	**2019 P'000**	2018 P'000	**2019 P'000**	2018 P'000
Related party receivables	**96 310**	98 375	**96 310**	98 375	**963**	984	**963**	984
Cash and cash equivalents	**43 298**	39 561	**38 064**	33 775	**433**	396	**381**	338

The Group has no exposure to fixed rate financial instruments (2018: no exposure) and therefore has no exposure to fair value interest rate risk (2018: no exposure).

30.1.1.2 Foreign exchange risk

The Group owns a Namibian subsidiary company which holds investment property in Namibia and the Group is accordingly exposed to foreign exchange translation risk in respect of assets and liabilities that are not in the Group's functional currency which is the Botswana Pula. The relevant exchange rate is the South African Rand and Botswana Pula rate in view of the Namibian Dollar being linked to the Rand. In view of the size of these assets relative to the overall portfolio the Board does not consider it necessary to enter into foreign exchange hedges. The Group is not exposed to fair value risk arising from foreign exchange.

The net assets subject to foreign exchange translation risk, converted at a rate of 1.3260 (2018: 1.2874) Rand to the Pula, at the reporting date comprise:

	Group		Company		Impact of a 10% increase Group		Impact of a 10% increase Company	
	2019 P'000	2018 P'000	2019 P'000	2018 P'000	2019 P'000	2018 P'000	2019 P'000	2018 P'000
30.1 Financials Risks (continued)								
30.1.1 Market risk (continued)								
30.1.1.2 Foreign exchange risk (continued)								
Investment property	**46 355**	46 515	**-**	-	**(4 214)**	(4 229)	**-**	-
Cash and cash equivalents	**5 234**	5 786	**-**	-	**(476)**	(526)	**-**	-
All other receivables	**1 119**	716	**-**	-	**(102)**	(65)	**-**	-
Trade and other payables	**(5 249)**	(5 698)	**-**	-	**477**	518	**-**	-
Deferred taxation	**(3 597)**	(3 597)	**-**	-	**327**	327	**-**	-
	43 862	43 722	**-**	-	**(3 988)**	(3 975)	**-**	-
Reconciled to Investment in subsidiary:								
Net assets per above	**43 862**	43 722						
Less: post acquisition reserves	**(19 395)**	(17 934)						
Add: cumulative foreign exchange translation difference	**12 183**	10 862						
	36 650	36 650						

30.1.1.3 Price risk

The Group's exposure to price risk is primarily related to non-financial assets, namely its investment in investment property. Refer to note 4 in this regard.

30.1.2 Credit risk

Credit risk is the risk that a counterparty may cause financial loss to the Group by failing to discharge an obligation. The Group's financial assets that are subject to credit risk are primarily cash and cash equivalents and trade and other receivables. The Group's maximum exposure to credit risk at the year end was:

	Group		Company	
	2019 P'000	2018 P'000	2019 P'000	2018 P'000
Trade and other receivables	**99 943**	101 582	**102 496**	104 104
Cash and cash equivalents	**43 298**	39 561	**38 064**	33 775
	143 241	141 143	**140 560**	137 879
Trade and other receivables includes primarily related party receivables and comprises:				
Related party receivables	**96 310**	98 375	**96 310**	98 375
Prepayments	**2 006**	2 048	**2 006**	2 048
Dividends receivable	**-**	-	**2 587**	2 530
Trade receivables net of impairment	**793**	346	**761**	339
Other receivables	**834**	813	**832**	812
	99 943	101 582	**102 496**	104 104

The Cash Bazaar Holdings (Proprietary) Limited related party receivable is payable on 3 months' notice and is secured by NAP linked units based on a 1.33 times cover (2018: 1.33 times cover). The Group also has the right to offset amounts due to the related party against the loan and the creditor has provided certain warranties to the Group.

30.1 Financials Risks (continued)

30.1.2 Credit risk (continued)

Credit risk with respect to trade receivables is minimised by the diverse tenant base. Credit checks are performed prior to concluding leases and arrear rentals are actively managed. In addition, deposits of P8.4 million for Group and P8.0 million for Company are held (2018: P7.7 million for Group and P7.4 million for Company) and may be withheld by the Group if receivables due from the tenant are not settled.

A detailed analysis of these receivables is set out in note 10.

Credit risk attached to the Group's cash and cash equivalents is minimised by only investing cash resources with reputable financial institutions. The balances at the various institutions are detailed in note 11.

30.1.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations as they become due in the ordinary course of business at a reasonable cost. The Group's liquidity risk is managed by the Group's asset managers on a daily basis with formal cash flow reporting to the Board at each meeting.

The maturity profile of financial instruments is set out in the table below based on the earliest likely settlement:

	Less than 3 months P'000	Between 3 months and 1 year P'000	Between 1 and 5 years P'000	After 5 years P'000	Total P'000
Group					
2019					
Assets					
Financial asset receivable[1]	621	1 986	12 557	66 242	81 406
Trade and other receivables[2]	14 368	83 569	-	-	97 937
Cash and cash equivalents	43 298	-	-	-	43 298
Liabilities					
Borrowings[3]	780	2 426	15 128	359	18 693
Interest on borrowings[3]	302	820	2 187	2	3 311
Trade and other payables[2]	14 906	-	-	-	14 906
Distributions payable	80 247	-	-	-	80 247
Group					
2018					
Assets					
Financial asset receivable[1]	605	1 892	12 028	84 574	99 099
Trade and other receivables[2]	12 977	86 557	-	-	99 534
Cash and cash equivalents	39 561	-	-	-	39 561
Liabilities					
Borrowings[3]	759	2 351	14 293	4 442	21 845
Interest on borrowings[3]	299	825	2 642	144	3 910
Trade and other payables[2]	16 054	-	-	-	16 054
Distributions payable	74 335	-	-	-	74 335

NOTES TO THE ANNUAL FINANCIAL STATEMENTS » (continued)

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30.1 Financials Risks (continued)

30.1.3 Liquidity risk (continued)

	Less than 3 months P'000	Between 3 months and 1 year P'000	Between 1 and 5 years P'000	After 5 years P'000	Total P'000
Company					
2019					
Assets					
Financial asset receivable[1]	**621**	**1 986**	**12 557**	**66 242**	**81 406**
Trade and other receivables[2]	**16 919**	**83 571**	**-**	**-**	**100 490**
Cash and cash equivalents	**38 064**	**-**	**-**	**-**	**38 064**
Liabilities					
Borrowings[3]	**780**	**2 426**	**15 128**	**359**	**18 693**
Interest on borrowings[3]	**302**	**820**	**2 187**	**2**	**3 311**
Trade and other payables[2]	**12 666**	**-**	**-**	**-**	**12 666**
Distributions payable	**80 247**	**-**	**-**	**-**	**80 247**
Company					
2018					
Assets					
Financial asset receivable[1]	605	1 892	12 028	84 574	99 099
Trade and other receivables[2]	15 499	86 557	-	-	102 056
Cash and cash equivalents	33 775	-	-	-	33 775
Liabilities					
Borrowings[3]	759	2 351	14 293	4 442	21 845
Interest on borrowings[3]	299	825	2 642	144	3 910
Trade and other payables[2]	13 531	-	-	-	13 531
Distributions payable	74 335	-	-	-	74 335

[1] based on expected cash flows and not carrying value
[2] excludes prepayments and income received in advance which will not impact future cash flows
[3] based on expected cash flows which are split between capital and interest

30.2 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for linked unitholders and benefits for other stakeholders while maintaining an optimal capital structure which reduces the cost of capital.

The capital structure of the Group comprises linked units, being an ordinary share linked to a debenture, external long term borrowings, related party receivables and cash and cash equivalents as set out in notes 12, 13, 10 and 11 respectively.

The company is a variable loan stock company and as such its distributions are governed by the Trust Deed, details of which are set out in note 12. Loan stock companies are typically funded through a combination of linked units and long term debt.

30.2 Capital risk management (continued)

The Group has a business planning cycle that runs on an annual basis with updates as appropriate. The planning process identifies the funding opportunities available to the Group and the expected cost of each as part of this process. Any specific transaction is also considered together with the relative funding considerations. The Group monitors capital on the basis of the gearing ratio, both in absolute terms and based on net debt, at a Group level. This ratio is calculated as the debt or net debt over the total investment property value. Net debt is calculated as total borrowings less cash and cash equivalents as well as related party receivables and the total property value is the investment property at fair value plus any assets designated as Property, Plant & Equipment or Held for sale.

The Group's borrowings are currently low and the Board anticipates increasing this when suitable investment opportunities arise.

	Group		Company	
	2019 P'000	2018 P'000	**2019 P'000**	2018 P'000
The gearing ratios as at the year end were as follows:				
Net debt	**-**	-		
Borrowings	**18 693**	21 845		
Cash and cash equivalents	**(43 298)**	(39 561)		
Related party receivables	**(96 310)**	(98 375)		
Investment property at fair value	**1 503 037**	1 459 348		
Gearing ratios:				
Debt to property value	**1%**	1%		
Net debt to property value	**n/a**	n/a		
The company's borrowing capacity is limited to 70% of the value of the assets of the Company, or such other sum as the Company may by ordinary resolution in general meeting determine, in terms of its Constitution.				
At the year end the gearing ratio on this basis was:				
Borrowings	**18 693**	21 845	**18 693**	21 845
Total assets	**1 724 587**	1 673 967	**1 670 272**	1 625 608
Gearing ratio	**1%**	1%	**1%**	1%

Shopping Centres adjacent to Gaborone Station

NOTES TO THE ANNUAL FINANCIAL STATEMENTS » (continued)

31 July 2019

30.3 Categories of financial instruments

The financial instruments are categorised and reconciled to the statement of financial position as follows:

	Financial assets at fair value through profit & loss P'000	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Non-financial assets & liabilities P'000	Total per statement of financial position P'000
Group					
2019					
Assets					
Investment in property	-	-	-	1 469 317	1 469 317
Investment in associate	-	-	-	45 794	45 794
Financial asset receivable	24 727	-	-	-	24 727
Intangible asset	-	-	-	6 026	6 026
Rent straight line adjustment	-	-	-	33 720	33 720
Trade and other receivables	-	97 937	-	2 006	99 943
Tax receivable	-	-	-	1 762	1 762
Cash and cash equivalents	-	43 298	-	-	43 298
Total assets	24 727	141 235	-	1 558 625	1 724 587
Liabilities					
Borrowings	-	-	18 693	-	18 693
Deferred tax liability	-	-	-	162 860	162 860
Trade and other payables	-	-	14 906	5 494	20 400
Distributions payable	-	-	80 247	-	80 247
Total liabilities	-	-	113 846	168 354	282 200

	Financial instruments			Non- financial assets & liabilities	Total per statement of financial position
	At fair value through profit & loss P'000	Loans & receivables P'000	Financial liabilities at amortised cost P'000	P'000	P'000
Group					
2018					
Assets					
Investment in property	-	-	-	1 430 853	1 430 853
Investment in associate	-	-	-	39 470	39 470
Financial asset receivable	25 636	-	-	-	25 636
Intangible asset	-	-	-	6 907	6 907
Rent straight line adjustment	-	-	-	28 495	28 495
Trade and other receivables	-	99 534	-	2 048	101 582
Tax receivable	-	-	-	1 463	1 463
Cash and cash equivalents	-	39 561	-	-	39 561
Total assets	25 636	139 095	-	1 509 236	1 673 967

30.3 Categories of financial instruments (continued)

	Financial instruments			Non- financial assets & liabilities	Total per statement of financial position
	At fair value through profit & loss P'000	Loans & receivables P'000	Financial liabilities at amortised cost P'000	P'000	P'000
Group (continued)					
2018 (continued)					
Liabilities					
Borrowings	-	-	21 845	-	21 845
Deferred tax liability	-	-	-	156 296	156 296
Trade and other payables	-	-	16 054	4 262	20 316
Distributions payable	-	-	74 335	-	74 335
Tax payable	-	-	-	263	263
Total liabilities	-	-	112 234	160 821	273 055

	Financial assets at fair value through profit & loss P'000	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Non-financial assets & liabilities P'000	Total per statement of financial position P'000
Company					
2019					
Assets					
Investment in property	-	-	-	1 422 962	1 422 962
Investment in subsidiary	-	-	-	36 650	36 650
Investment in associate	-	-	-	4 951	4 951
Financial asset receivable	24 727	-	-	-	24 727
Intangible asset	-	-	-	6 026	6 026
Rent straight line adjustment	-	-	-	32 675	32 675
Trade and other receivables	-	100 490	-	2 006	102 496
Tax receivable	-	-	-	1 721	1 721
Cash and cash equivalents	38 064	-	-	-	38 064
Total assets	62 791	100 490	-	1 506 991	1 670 272
Liabilities					
Borrowings	-	-	18 693	-	18 693
Deferred tax liability	-	-	-	156 201	156 201
Trade and other payables	-	-	12 666	5 079	17 745
Distributions payable	-	-	80 247	-	80 247
Total liabilities	-	-	111 606	161 280	272 886

NOTES TO THE ANNUAL FINANCIAL STATEMENTS » (continued)

31 July 2019

30.3 Categories of financial instruments (continued)

	Financial instruments			Non- financial assets & liabilities	Total per statement of financial position
	At fair value through profit & loss P'000	Loans & receivables P'000	Financial liabilities at amortised cost P'000	P'000	P'000
Company (continued)					
2018					
Assets					
Investment in property	-	-	-	1 384 337	1 384 337
Investment in subsidiary	-	-	-	36 650	36 650
Investment in associate	-	-	-	4 951	4 951
Financial asset receivable	25 636	-	-	-	25 636
Intangible asset	-	-	-	6 907	6 907
Rent straight line adjustment	-	-	-	27 785	27 785
Trade and other receivables	-	102 056	-	2 048	104 104
Tax receivable	-	-	-	1 463	1 463
Cash and cash equivalents	-	33 775	-	-	33 775
Total assets	25 636	135 831	-	1 464 141	1 625 608
Liabilities					
Borrowings	-	-	21 845	-	21 845
Deferred tax liability	-	-	-	150 111	150 111
Trade and other payables	-	-	13 531	3 891	17 422
Distributions payable	-	-	74 335	-	74 335
Total liabilities	-	-	109 711	154 002	263 713

30.4 Financial instruments - fair value hierarchy

This analysis categorises the financial instruments carried at fair value through profit and loss into different levels based on the level of subjectivity applied in determining the inputs used in the determination of fair value. This assessment is determined based on the lowest level of input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input into the fair value measurement in its entirety requires judgment, considering the factors specific to the asset or liability. If a fair value uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.

The fair value hierarchy is measured as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: inputs for the asset or liability that are not based on observable market data, that is unobservable inputs.

30.4 Financial instruments - fair value hierarchy (continued)

The Group's financial assets and liabilities carried at fair value as at the year end were classified as follows:

	Group			Company		
	Level 1 P'000	Level 2 P'000	Level 3 P'000	Level 1 P'000	Level 2 P'000	Level 3 P'000
2019						
Financial asset receivable	**-**	**-**	**24 727**	**-**	**-**	**24 727**
Cash and cash equivalents	**43 298**	**-**	**-**	**38 064**	**-**	**-**
2018						
Financial asset receivable	-	-	25 636	-	-	25 636
Cash and cash equivalents	39 561	-	-	33 775	-	-

There have been no transfers between any of the hierarchy levels during the year (2018: Nil).

Level 1 financial assets include only cash and cash equivalents that are based on actual values invested at the relevant financial institutions.

There are no level 2 financial assets carried at fair value.

Level 3 financial assets comprise the receivable more fully described in note 8. The significant inputs used in determining this value are set out in note 4.

Movements in level 3 financial instruments carried at fair value comprise:

	Group		Company	
	2019 P'000	2018 P'000	**2019 P'000**	2018 P'000
Opening balance	**25 636**	24 490	**25 636**	24 490
Fair value adjustment recognised in profit and loss	**(909)**	1 146	**(909)**	1 146
Closing balance	**24 727**	25 636	**24 727**	25 636

30.5 Non-financial instruments - fair value hierarchy

This analysis categorises the non-financial instruments carried at fair value into different levels based on the level of subjectivity applied in determining the inputs used in the determination of fair value. This assessment is determined based on the lowest level of input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input into the fair value measurement in its entirety requires judgment, considering the factors specific to the asset or liability. If a fair value uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.

The fair value hierarchy is measured as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: inputs for the asset or liability that are not based on observable market data, that is unobservable inputs.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS » (continued)

31 July 2019

30.5 Non-financial instruments - fair value hierarchy (continued)

The Group's non-financial assets and liabilities carried at fair value as at the year end were classified as follows:

	Group			Company		
	Level 1 P'000	Level 2 P'000	Level 3 P'000	Level 1 P'000	Level 2 P'000	Level 3 P'000
2019						
Investment property	-	-	1 469 317	-	-	1 422 962
2018						
Investment property	-	-	1 430 853	-	-	1 384 337

There have been no transfers between any of the hierarchy levels during the year (2018: Nil).

No non-financial assets carried at fair value are classified as level 1 or 2.

Level 3 non-financial assets comprise the investment property portfolio more fully described in note 5. The significant inputs used in determining this value are set out in that note and note 4.

Movements in level 3 non-financial instruments carried at fair value comprise:

	Group		Company	
	2019 P'000	2018 P'000	2019 P'000	2018 P'000
Opening balance	1 430 853	1 357 415	1 384 337	1 312 226
Fair value adjustment recognised in profit and loss	39 582	71 936	38 386	70 408
Capital expenditure	239	1 703	239	1 703
Foreign currency gains / (losses) reflected under other comprehensive income	(1 357)	(201)	-	-
Closing balance	1 469 317	1 430 853	1 422 962	1 384 337

In addition to the investment property disclosed as such in these financial statements, the group equity accounts for its associate which owns an investment property accounted for at fair value. This property asset is also classified as a level 3 hierarchy and is valued based on a 15.5% (2018: 15.50%) discount rate.

The value of the investment in the associate is based on the Group's share of the net asset value of the company, comprising investment property with a value of P290 million (2018: P259 million) less deferred taxation of P64 million (2018: P57 million). The movement in this net asset value comprises both profit and total comprehensive income of the associate for the year and has been equity accounted.

TERMS AND DEFINITIONS »

AGM
Annual General Meeting of Linked Unitholders.

Amalgamations, acquisitions, assignment, purchase and receivable
The method of acquisition of the portfolio and related assets on listing, which included the short and long form amalgamation of companies, acquisition of properties, purchase of shares, assignment of rights and obligations and cession of the right to receive the income, all with effect from the effective date of 1 August 2011, and subsequently the amalgamation of wholly owned subsidiary Riverwalk (Proprietary) Limited and NAP on 1 August 2012.

Bps
Basis points expressed as a hundredth of a percentage.

BSE
The Botswana Stock Exchange as established by the Botswana Stock Exchange Act Cap 56:08.

Capitalisation (cap) rates
The rate at which the annual net income from an investment is capitalised to ascertain its capital value at a given date.

CAGR
Compound annual growth rate is a useful measure of growth over multiple time periods. It can be thought of as the growth rate from the initial value to the ending / current value assuming that the investment has been compounding over the time period at a constant rate.

Capital return
The movement in unit price as a percentage of the opening unit price.

CBH
Cash Bazaar Holdings (Proprietary) Limited, a company registered in the Republic of Botswana.

Company, Holding Company or NAP
New African Properties Limited.

CSDB
Central Securities Depository Company of Botswana Limited.

Debentures
Variable rate unsecured debentures in the debenture capital of the Company, each of which is indivisibly linked to an ordinary share, together making up a Linked Unit.

Discount / Premium to NAV
The difference between the price at which units are trading on the BSE and the NAV, divided by the NAV.

Distributable income
Net income from rentals, after portfolio expenses and net interest, but excluding items of a capital nature (being primarily fair value adjustments and gains / losses on disposal), other accounting entries such as rent straight line adjustments, and taxes on those excluded amounts.

Distribution
Payments to linked unitholders twice per annum based on the distributable income and determined by the Board. These distributions comprise dividends on shares and interest on debentures. It is the income return on linked units.

Financial asset receivable
The right to receive a portion of the income derived by Mynco (Pty) Ltd, for a period of 25 years, by way of cession granted by Mynco (Pty) Ltd to the Company.

TERMS AND DEFINITIONS » (continued)

Financial year
The financial year ending 31 July annually.

Forward yield
Expected income for the following 12 months divided by the current price / value, expressed as a percentage.

Furnmart
Furnmart Limited, a company incorporated in Botswana and listed on the BSE, and a company related to CBH.

FVPL
Fair value through profit and loss, a measurement category for financial assets in terms of IFRS. Assets categorised as FVPL are measured at fair value with movements in fair value being reflected in the Statement of Comprehensive Income and included in profit or loss but excluded from distributable income.

FVOCI
Fair value through Other Comprehensive income, a measurement category for financial assets in terms of IFRS. Assets categorised as FVOCI are measured at fair value with movements in fair value being reflected in the Statement of Comprehensive Income under other comprehensive income and are excluded from the determination of profit or loss and distributable income.

Group
NAP and its subsidiary companies, currently New African Properties (Namibia) (Pty) Ltd.

GLA
Gross Lettable Area.

Historic yield
Distributions for the previous 12 months divided by the current trading price on any given day, expressed as a percentage.

IFRS
International Financial Reporting Standards

Income / distribution yield
Distributions for a 12 month period divided by the unit price at the start of the 12 month period, expressed as a percentage.

Interest cover
The number of times that distributable earnings before interest paid, tax and distributions covers the interest expense.

Linked unit
One Ordinary share indivisibly linked to one Debenture of the Company, being the equity structure of the Company.

Linked unitholders
Holders, from time to time, of Linked Units.

m^2
A unit of measure, the area of a square the sides of which measure exactly one metre.

Nafprop
Nafprop (Proprietary) Limited, a company incorporated in Botswana, a subsidiary of CBH. NAP's asset and property manager.

Net asset value (NAV)
The value of all assets less all liabilities, also equal to total unitholders' funds. Also expressed as NAV per linked unit by dividing NAV by the number of linked units.

TERMS AND DEFINITIONS » (continued)

N$
Namibian Dollars, the legal tender of Namibia.

Ordinary share
Ordinary share of no par value in the stated capital of the Company, which together with one indivisibly linked Debenture make up a Linked Unit in the Company.

PLS / VLS / VRLS
Property loan stock / variable rate loan stock company, being a company registered as such and having a linked unit equity structure and investing in immovable property.

Property portfolio
The properties owned by the Company, either directly or indirectly through subsidiary companies.

Pula or P
The legal tender of Botswana, the reporting currency for the Group.

Shares
Ordinary shares of no par value in the stated share capital of the Company, each of which is indivisibly linked to one Debenture.

Straight line adjustment
The accounting adjustment required to smooth escalating income streams from leases over the period of each lease. This adjustment is required in terms of IFRS and is included in profit but not in the calculation of distributable income which is based on the cash flows inherent in the leases.

Tenant retention
The square metres (m^2) renewed on expiry expressed as a percentage of the total m^2 that expired during the period.

Thebe or t
The legal tender of Botswana, representing one hundredth of a Pula.

Total return/s
The income distribution plus the movement in the linked unit price as a percentage of the opening unit price, ignoring any reinvestment of income.

tpu
Thebe per linked unit.

Trust Deed
The trust deed relating to the Debentures entered into between the Company and J Y Stevens, as trustee for Linked Unitholders.

Trustee
Party to the Debenture Trust Deed, and acts on behalf of debenture holders in terms of the Deed.

Vacancy factor
Unoccupied space (excluding where vacant due to development) relative to total space, either calculated using GLA or rental income.

WHT
Withholding tax, being a tax deducted at the source of an income stream for direct payment to the revenue authority.

UNITHOLDER ANALYSIS »

as at 31 July 2019

The following summarises the unitholders:

Category	Number of unitholders 2019	2018	Number of units held 2019	2018	% of units held 2019	2018
Unitholders by size of holding:						
1 - 500	**667**	671	**160 298**	161 136	**-**	-
500 - 1 000	**108**	111	**86 392**	88 985	**-**	-
1 001 - 5 000	**215**	224	**527 829**	551 262	**0.1%**	0.1%
5 001 - 10 000	**45**	50	**327 021**	384 271	**0.1%**	0.1%
10 001 - 100 000	**102**	107	**3 017 516**	3 190 841	**0.5%**	0.5%
Over 100 000	**96**	98	**600 278 068**	600 020 629	**99.3%**	99.3%
Total	**1 233**	1 261	**604 397 124**	604 397 124	**100.0%**	100.0%
Unitholders by classification:						
Body corporates / trusts	**30**	30	**97 380 034**	97 310 524	**16.1%**	16.1%
Insurance companies, pension / equity funds	**96**	100	**475 064 583**	474 540 919	**78.6%**	78.5%
Individuals	**1 107**	1 131	**31 952 507**	32 545 681	**5.3%**	5.4%
Total	**1 233**	1 261	**604 397 124**	604 397 124	**100.0%**	100.0%
Public	**1 231**	1 259	**507 822 550**	507 822 550	**84.0%**	84.0%
Non-public						
Directors' interests (including associates)*	**2**	2	**96 574 574**	96 574 574	**16.0%**	16.0%
Total	**1 233**	1 261	**604 397 124**	604 397 124	**100.0%**	100.0%

** Some of these holdings are also non-public by virtue of the person holding 10% or more of the linked units*

Registered unitholders holding more than 5% at the respective year end:

FNB Nominees (Pty) Ltd RE: AGray BPOPF	**1**	1	**119 032 618**	120 067 868	**19.7%**	19.9%
Cash Bazaar Holdings (Pty) Ltd	**1**	1	**96 234 242**	96 234 242	**15.9%**	15.9%
Debswana Pension Fund	**1**	1	**87 456 295**	87 456 295	**14.5%**	14.5%
FNB Nominees (Pty) Ltd RE: AABPOPF Equity	**1**	-	**38 657 568**	-	**6.4%**	-
FNBB Nominees (Pty) Ltd RE: AG BPOPF Equity Port B	**1**	1	**38 516 105**	42 966 105	**6.4%**	7.1%
Total	**5**	4	**379 896 828**	346 724 510	**62.9%**	57.4%

as at 31 July 2019

2019

Month	Closing mkt cap Pm	High P	Low P	Closing # P	Volume traded	Value traded P	Number of trades	Average trade value P
Aug-18	1 946	3.22	3.21	3.22	11 339	36 457	8	4 557
Sep-18	1 958	3.24	3.23	3.24	175 846	568 251	10	56 825
Oct-18	1 958	3.24	3.24	3.24	338 052	1 095 288	16	68 456
Nov-18	1 958	3.24	3.24	3.24	604 036	1 957 077	29	67 485
Dec-18	1 964	3.25	3.24	3.25	1 044 658	3 395 012	12	282 918
Jan-19	1 958	3.25	3.24	3.24	4 612	14 974	3	4 991
Feb-19	1 952	3.24	3.23	3.23	9 508 278	30 711 874	24	1 279 661
Mar-19	1 952	3.23	3.23	3.23	122 416	395 404	9	43 934
Apr-19	1 952	3.23	3.23	3.23	975 639	3 151 314	29	108 666
May-19	1 952	3.23	3.23	3.23	671 538	2 169 068	14	154 933
Jun-19	1 958	3.24	3.23	3.24	138 124	447 091	7	63 870
Jul-19	1 958	3.24	3.24	3.24	2 173 316	7 041 544	21	335 312
Annual		3.25	3.21	3.24	15 767 854	50 983 354	182	280 128

Number of units traded as a % of total units in issue 2.61%

2018

Month	Closing mkt cap Pm	High P	Low P	Closing # P	Volume traded	Value traded P	Number of trades	Average trade value P
Aug-17	1 940	3.22	3.21	3.21	3 412 644	10 954 891	48	228 227
Sep-17	1 940	3.21	3.21	3.21	6 986 708	22 427 333	39	575 060
Oct-17	1 940	3.21	3.21	3.21	42 750	137 228	14	9 802
Nov-17	1 940	3.21	3.21	3.21	915 826	2 939 801	14	209 986
Dec-17	1 940	3.22	3.21	3.21	483 510	1 552 067	26	59 695
Jan-18	1 940	3.21	3.21	3.21	4 077	13 087	6	2 181
Feb-18	1 922	3.21	3.15	3.18	2 672 738	8 503 614	18	472 423
Mar-18	1 922	3.18	3.18	3.18	66 271	210 742	14	15 053
Apr-18	1 928	3.19	3.19	3.19	66 618	211 881	5	42 376
May-18	1 934	3.23	3.20	3.20	30 807	99 061	13	7 620
Jun-18	1 940	3.23	3.21	3.21	87 962 799	282 360 922	19	14 861 101
Jul-18	1 940	3.21	3.21	3.21	354 330	1 137 399	6	189 567
Annual		3.23	3.15	3.21	102 999 078	330 548 026	222	1 488 955

Number of units traded as a % of total units in issue 17.04%

 # the closing value is based on the BSE report for trades that take place on the last day of the month while all other information is based on the record date per the Transfer Secretary records. At times the closing price is therefore outside the minimum to maximum range for a specific month.

NOTICE OF ANNUAL GENERAL MEETING »

NEW AFRICAN PROPERTIES LIMITED
"the Company" or "New African Properties" or "NAP"
Incorporated in the Republic of Botswana, Company No. Co 2008/545
BSE share code: NAP
ISIN code: BW 000 000 1049

NOTICE TO ALL LINKED UNITHOLDERS

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company for the 2019 financial year will be held in the Nafprop Boardroom, Cash Bazaar Holdings, Plot 20573/4, Block 3, Gaborone, at 08h00 on Friday, the 17th day of January 2020.

AGENDA

1. Notice convening the meeting.

2. Ordinary resolutions:

2.1 Resolution number 1:

"To consider and adopt the annual financial statements and integrated annual report, including the report of the auditors, for the year ended 31 July 2019."

2.2 Resolution number 2:

"To consider and ratify the distributions declared for the year, comprising:

- Number 15 - declared 11 April 2019, paid 17 May 2019 12.56 thebe per unit
- Number 16 - declared 25 July 2019, paid 30 August 2019 13.24 thebe per unit."

2.3 Resolution number 3:

"To re-elect retiring directors and confirm new directors in accordance with the Company's Constitution. Motions for re-election will be moved individually.

In terms of the Constitution at least one-third of the directors shall retire at each meeting, with all directors who have held office for three years since last election or appointment being required to retire. Accordingly, Mr. J.T. Mynhardt and Ms. L.C. Tapping being eligible, offer themselves for re-election. Abridged Curriculum Vitae's of these directors are set out on page 13 and 14 of this annual report."

Should any unitholder wish to propose another candidate for election as director ("the Candidate"), the procedures are governed by clause 20.9.3 of the Company's Constitution. This provides that no person not being a retiring Director shall be eligible for election to the office of the director at any Annual General Meeting unless the member intending to propose him has, at least five days before the meeting, left at the registered office of the Company a notice in writing, duly signed signifying the intention of such member to propose the Candidate and the consent of the Candidate to assume the office of director.

2.4 Resolution number 4:

"To consider and ratify the directors' fees payable to independent directors for the year ended 31 July 2019 as set out on pages 39 and 72 of the annual report."

2.5 Resolution number 5:

"(a) To reappoint PricewaterhouseCoopers as auditors of the Company for the ensuing year"; and
"(b) to approve their remuneration for the year ended 31 July 2019."
These motions will be moved individually.

2.6 Resolution number 6:

"To approve the distribution of all communication by the Company to unitholders, including the annual report, all notices of meetings and circulars, by electronic means including but not limited to email."

This, with the objective of reducing costs, improving efficiency and limiting the impact on the environment. Unitholders are accordingly requested to provide the Transfer Secretaries, in the case of certificated holders, or their brokers, in the case of dematerialised holders, with their email addresses and cell phone numbers.

2.7 Resolution number 7:

"To place linked units equal to an aggregate of 15% of the number of linked units in issue at any time, currently 90 659 568 units, under the control of the directors for allotment and issue for the acquisition of immovable property until the next annual general meeting, at which meeting such authority will be sought to be renewed until the next annual general meeting, or for 15 months from the date on which this resolution was passed, whichever period is the shorter, subject to the following limitations in respect of each of the two resolutions below. It is specifically recorded that this preamble is applicable to each of the resolutions under 2.7 (a) and (b) and that the 15% limit referred to above is the aggregate limit for all issues under these two subsections of resolution 7 which will be voted on individually.

(a) Issue for the acquisition of immovable property:

i. The BSE to be consulted and determines that the issue is for a bona fide acquisition or amalgamation / merger.

(b) Issue for the acquisition of immovable property by way of a vendor consideration placing:

The minimum placing price is the lower of:

i. a 10% discount to the 30 business day weighted average ruling price prior to the date that the placing is authorised by the directors; or

ii. a 10% discount to the 3 business day weighted average ruling price prior to the date of the placing;
provided that these limits may be exceeded with specific approval by special resolution, approved by 75% of all unitholders present in person or by proxy in general meeting, where any vendor and its associates or other party participating in the placing is excluded from voting."

3. To transact any other business which may be transacted at an annual general meeting.

4. To respond to any questions from unitholders.

5. Close the meeting.

NOTE:

Any member who is entitled to attend and vote at a general meeting is entitled to appoint one or more persons as a proxy to attend, speak and vote in his / her stead and the proxy so appointed need not be a member of the Company. Proxy forms must be deposited at the registered office of the Company not less than 24 (twenty-four) hours before the time fixed for the meeting.

By order of the Board

Dated this 13 November 2019

DPS Consulting Services (Pty) Ltd
Company Secretary
Registered office:
Plot 50371, Fairground Office Park, Gaborone
Fax +267 397 3901

PROXY FORM »

NEW AFRICAN PROPERTIES LIMITED
"the Company" or "New African Properties" or "NAP"

I/ We ____

Of ____

Being the registered holder/s of ___________________ linked units in the Company, at the close of business on Monday, 13th January 2020, hereby appoint:

___________________________________ of ___________________________________;
Or failing him / her

___________________________________ of ___________________________________;
Or failing him / her
the Chairman of the meeting
as my / our proxy to attend, speak and vote for me / us on my / our behalf at the annual general meeting of the company to be held at 08h00 on Friday, 17th January 2020, and at any adjournment thereof and to vote for or against the resolutions or to abstain from voting in respect of the units registered in my / our name/s, in accordance with the following instructions:

Resolution number	Detail	In favour	Against	Abstain
1	Consider and adopt the annual financial statements			
2	Consider and ratify the distributions declared for the year			
3	To re-elect retiring directors and confirm new directors (a) J.T. Mynhardt			
	(b) L.C. Tapping			
4	Consider and ratify the directors' fees payable to independent directors			
5	(a) Reappoint PricewaterhouseCoopers as auditors of the Company for the ensuing year, and			
	(b) Approve their remuneration			
6	Approve distribution of communications by electronic means			
7	Place linked units equal to an aggregate of 15% of the number of linked units in issue at any time under the control of the directors - all subject to the full wording in the notice: (a) Issue for the acquisition of immovable property			
	(b) Issue for the acquisition of immovable property by way of a vendor consideration placing			

PROXY FORM » (continued)

Signed this ______________________________ day of ______________________________

Full name: ____

Signature: ____

Assisted by (Guardian): ____

A member who is entitled to attend and vote at a general meeting is entitled to appoint one or more persons as a proxy to attend, speak and vote in his / her stead and the proxy so appointed need not be a member of the Company.

Registered office:
Plot 50371 Fairground Office Park, Gaborone
Fax +267 397 3901

INSTRUCTIONS ON SIGNING AND LODGING THIS PROXY FORM

1. This must be deposited at the Registered Office of the Company not less than 24 (twenty-four) hours before the time of the scheduled meeting.
2. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled. Any alteration or correction made on this form must be signed, not initialled, by the signatory / signatories.
3. The Chairman of the meeting shall be entitled to decline to accept the authority of the signatory:
   a. Under a power of attorney; or
   b. On behalf of a company or any other entity;

   unless such power of attorney or authority is deposited at the registered office of the company not less than 24 (twenty-four) hours before the scheduled time for the meeting.
4. The authority of a person signing a Proxy in a representative capacity must be attached to the Proxy form unless the authority has previously been recorded by the Secretary.
5. The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his proxy in the blank space(s) provided for that purpose.
6. When there are joint holders of units and if more than one such joint holder is present in person or represented by proxy, then the person whose name stands first in the register in respect of such units, or his / her Proxy, as the case may be, shall alone be entitled to vote in respect thereof.
7. The completion and lodging of this Proxy shall not preclude the signatory from attending the meeting and speaking and voting in person thereat to the exclusion of any Proxy appointed in terms hereof should such signatory wish to do so.
8. The Chairman of the meeting may reject or accept any Proxy form which is completed and / or submitted other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.
9. If the unitholding is not indicated on the Proxy form, the Proxy will be deemed to be authorised to vote the total unitholding.
10. A minor or any other person under legal incapacity must be assisted by his / her parent or guardian, as applicable, unless relevant documents establishing his / her capacity are produced or have previously been registered.

CORPORATE INFORMATION AND ADMINISTRATION »

NEW AFRICAN PROPERTIES LTD

"the Company" or "New African Properties" or "NAP"
Incorporated in the Republic of Botswana, Company No. Co 2008/545
BSE share code: NAP
ISIN code: BW 000 000 1049
www.newafricanproperties.co.bw

Managing Director
Tobias Mynhardt
Cash Bazaar Holdings
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Tel: +267 367 0501
Fax: +267 397 4734

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Fax: +267 397 3901

Property and Asset Manager
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NEW AFRICAN PROPERTIES

INTEGRATED ANNUAL REPORT 2019

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