NEW AFRICAN PROPERTIES

INTEGRATED ANNUAL REPORT 2022

Contents

The Integrated 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.

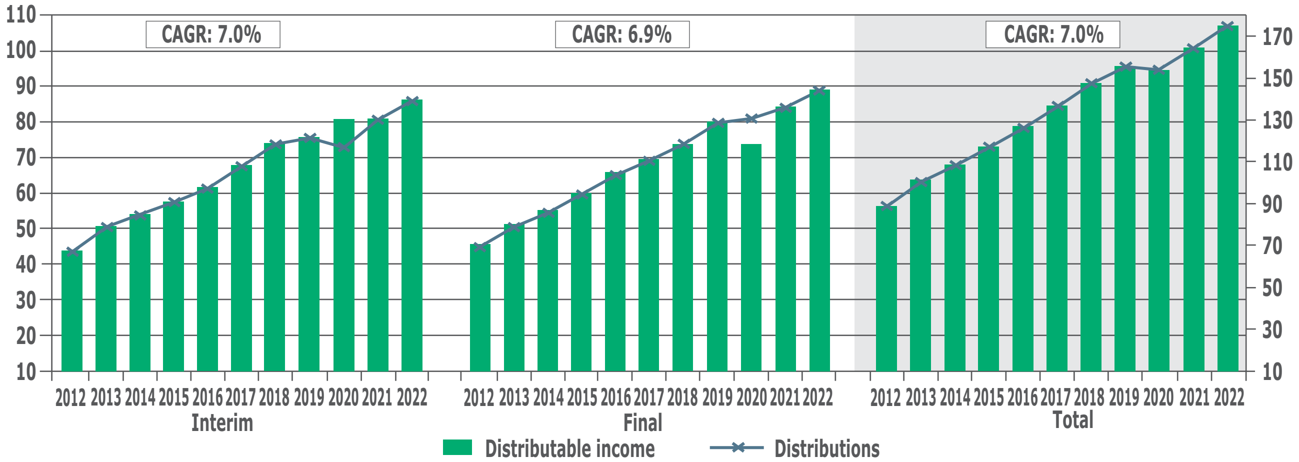
NAP overview

31 July 2022

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 67 well-established, strategically located, primarily retail properties across Botswana as well as a small portfolio of Namibian retail properties, all underpinned by quality tenants.

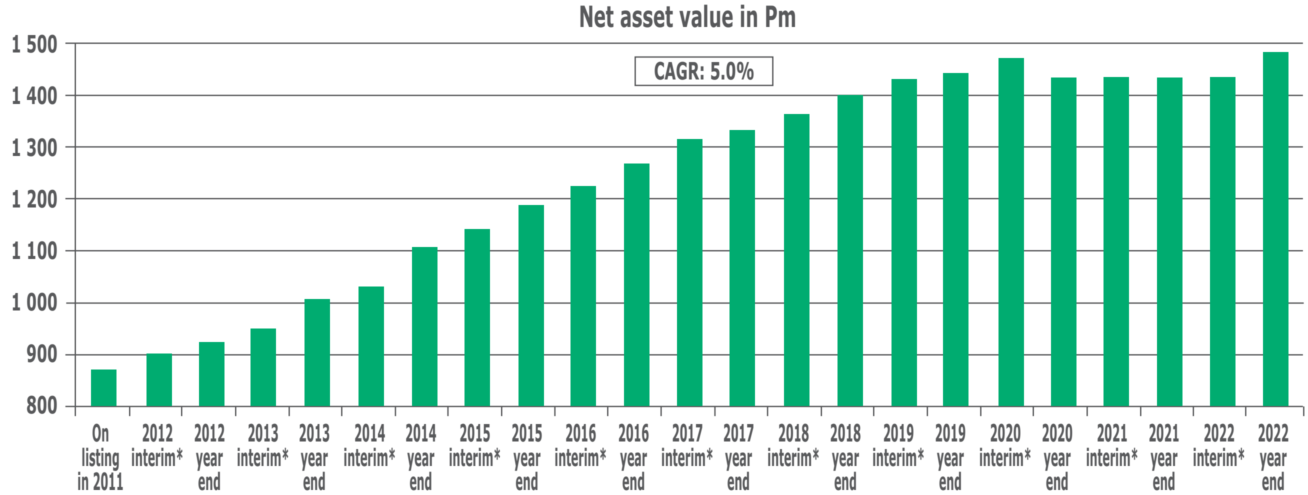
NAP has delivered a strong, consistent performance since listing on the Botswana Stock Exchange (BSE) on 28 September 2011, generating both distribution and capital growth to investors and with a market capitalisation of approximately P2.0 billion at 31 July 2022.



CAGR = Compound Annual Growth Rate

In view of the uncertainty created by Covid-19 at the 2020 financial year interim stage, that distribution was based on 90% of distributable income with the amount retained being distributed as part of the year end final distribution. This resulted in an unusual difference between the distribution and distributable income for both the interim and final periods in 2020, but not in the annual graphs.

While capital growth for investors is based on movement in the unit price the graph below summarises the net asset value since listing.



** after deducting interim distribution*

NAP overview (continued)

31 July 2022

STRATEGY

NAP owns properties attracting good rentals from quality tenants to enable a consistent distribution flow to investors. 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

	31 July 2022	31 July 2021	31 July 2020	31 July 2019	31 July 2018
INCOME					
Revenue * (P000)	**225 814**	212 911	207 111	196 759	188 030
Distributable income (P000)	**175 263**	165 226	154 498	156 040	147 834
Distributable income (tpu)	**29.00**	27.34	25.56	25.82	24.46
Increase in distributable income (%)	**6%**	7%	-1%	6%	8%
Distributions (tpu):	**29.01**	27.34	25.52	25.80	24.53
- interim	**14.26**	13.38	12.04	12.56	12.25
- final	**14.75**	13.96	13.48	13.24	12.28
Distribution growth (%)	**6%**	7%	-1%	5%	8%
Profit (P000)	**225 499**	161 518	149 323	198 730	217 272
Increase in profit (%)	**40%**	8%	-25%	-9%	9%
ASSETS					
Investment property * (Pm)	**1 545**	1 467	1 489	1 503	1 459
Borrowings (Pm)	**8**	12	15	19	22
Net asset value (Pm)	**1 483**	1 433	1 433	1 442	1 401
Change in net asset value (%)	**4%**	0%	-1%	3%	5%
GEARING					
Debt to property value (%)	**1%**	1%	1%	1%	1%
Debt fixed (%)	**0%**	0%	0%	0%	0%
UNIT STATISTICS					
Units in issue (millions)	**604**	604	604	604	604
Closing price (tpu)	**331**	325	323	324	321
Mkt cap at end of period (Pm)	**2 001**	1 964	1 952	1 958	1 940
Premium to NAV (%)	**35%**	37%	36%	36%	38%
Historic yield (%)	**8.8%**	8.4%	7.9%	8.0%	7.6%
Total return per linked unit (%)	**10.8%**	9.1%	7.6%	9.0%	7.3%
PROPERTIES					
Number of properties	**67**	64	64	64	64
Last valuation * (Pm)	**1 545**	1 467	1 489	1 503	1 459
Change in property valuation (%)	**5%**	-2%	-1%	3%	5%
GLA (000m^2)	**135**	129	129	129	129
Vacancy (by GLA)	**5.8%**	5.0%	4.6%	3.4%	3.8%

** excludes lease accounting adjustments*

Business review

for the year ended 31 July 2022

FINANCIAL RESULTS

NAP is essentially a conduit that collects rentals from tenants, incurs certain necessary expenses, and distributes the net to investors. The focus is therefore on distributable income and distributions. This excludes all fair value and other accounting adjustments and the related taxes thereon which, while being part of profits and net asset value, are not represented by cash flows.

Total distributions of 29.01 thebe per linked unit amounting to P175.3 million were declared to unitholders during the year. This represents a 6.1% increase on the comparable 27.34 thebe and P165.2 million.

The distribution growth of 6.1% was primarily attributable to a 6.5% increase in distributable net rental income.

	2022 P'000	2021 P'000	% change
Revenue*	**225 814**	212 911	+6.1%
Other income	**4 412**	3 760	+17.3%
Property costs*	**(41 530)**	(39 491)	+5.2%
Excluding impairments*	**(36 877)**	(32 825)	+12.3%
Impairments	**(4 653)**	(6 666)	-30.2%
Net rental income*	**188 696**	177 180	+6.5%
Portfolio operating expenses	**(12 431)**	(12 138)	+2.4%
Distributable operating profit	**176 265**	165 042	+6.8%
Net investment income*	**2 616**	3 516	-25.6%
Distributable profit before tax and FV adjustments	**178 881**	168 558	+6.1%
Taxation relating to distributable income	**(3 618)**	(3 332)	+8.6%
Distributable income	**175 263**	165 226	+6.1%
Number of units in issue	**604 397**	604 397	
Distributable income in tpu	**29.00**	27.34	+6.1%
Distributions declared			
Interim	**86 187**	80 868	+6.6%
Final	**89 149**	84 374	+5.7%
Total distributions	**175 336**	165 242	+6.1%
Distributions in tpu	**29.01**	27.34	+6.1%

** Before lease accounting adjustments*

The growth in distributable net rental income from the standing portfolio was below historic growth levels. Rental negotiations for both renewals and relettings were challenging, particularly in businesses where the effects of covid and the resultant restrictions were more pronounced. Conversely, property costs on the standing portfolio excluding impairments significantly exceeded the growth in rentals.

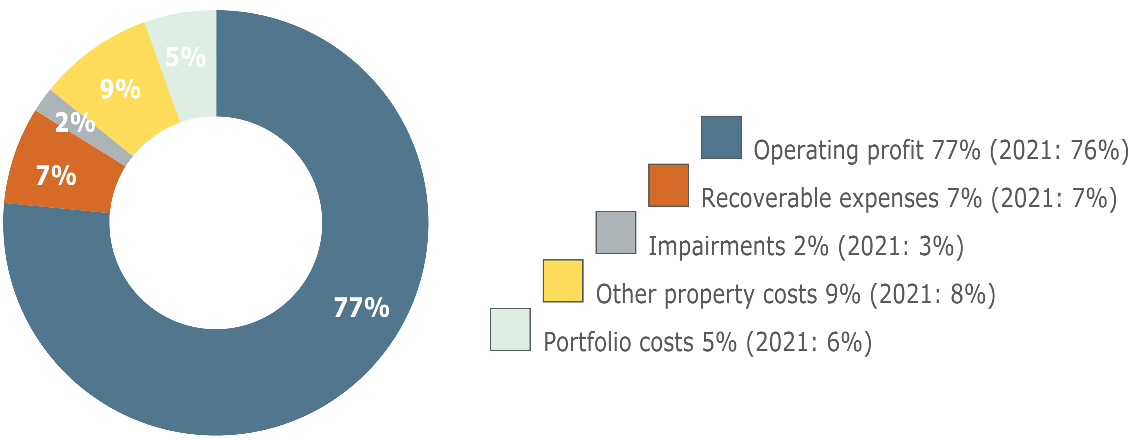
The growth on the standing portfolio net rental income has been complemented by the effects of the three new acquisitions during the year which enhanced overall returns for investors. These acquisitions are expected to further enhance distributable income in the future, in view of the investment of cash into property at higher initial yields and the expected escalating income streams over time. This investment of cash into property during the year resulted in a reduction in net investment income.

Business review (continued)
for the year ended 31 July 2022

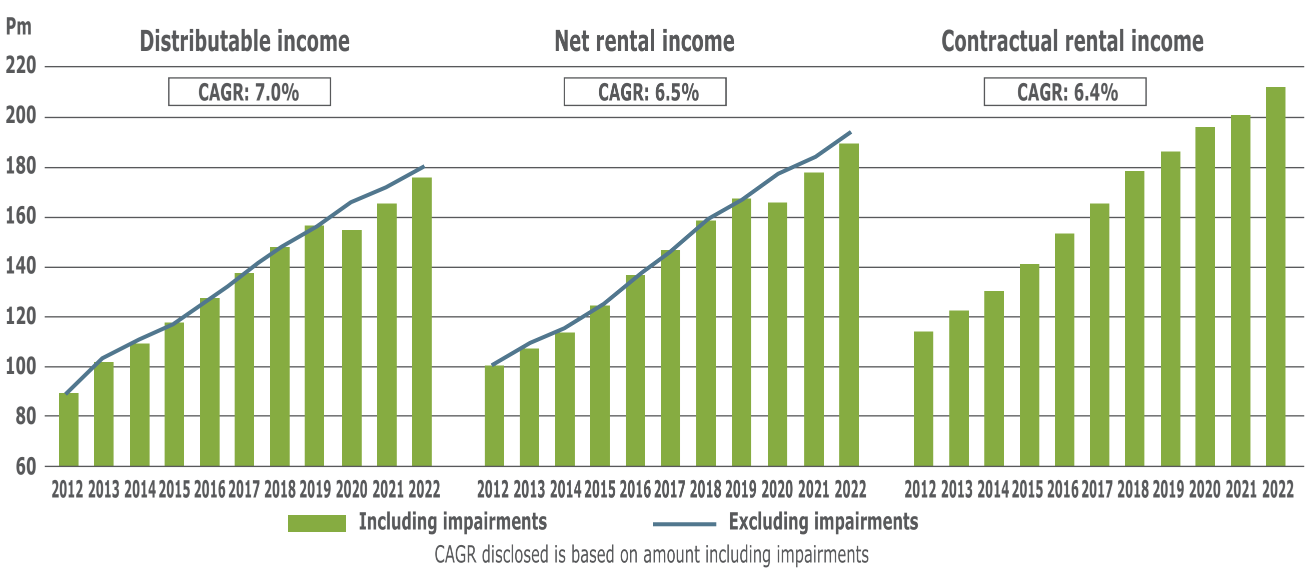
FINANCIAL RESULTS (continued)

Property costs, excluding impairments, have increased across the board. Utilities and other services with high labour components, such as security and refuse have increased by an average of 10% on the standing portfolio as a result of the current inflationary environment. The expenses of a more variable nature such as repairs and maintenance, letting commissions and tenant installations have all increased significantly in the current year and will have longer term benefits for NAP. Impairments however decreased by 30% and portfolio expenses remained fairly flat year on year. Approximately 50% of the impairment charge this year relates to one tenant. The net unimpaired arrears excluding VAT amounts to P1.4 million at year end (2021: P1.8 million).

Distributable operating profit amounted to 77% of total income, 1% above last year's 76%, with the decrease in impairments and flat portfolio costs more than offsetting the relatively higher increases in other property costs.



The graphical representation of the key line items demonstrates the impact of Covid-19 on recent years, primarily through the magnitude of impairments (the gap between the line and bar graphs) in the 2020 and 2021 financial years.



Business review (continued)

for the year ended 31 July 2022

FINANCIAL RESULTS (continued)

Profit for the year at P225.5 million was 39.6% up on last year's P161.5 million as a result of significant changes to the annual fair valuation adjustments with a full reconciliation set out below.

	2022 P'000	2021 P'000	
Distributable income is reconciled to profit and total comprehensive income for the year as follows:			
Distributable income	**175 263**	165 226	+6.1%
FV adjustments:			
- Investment property	**16 618**	(22 901)	
- Financial asset	**1 397**	(1 177)	
Share of associate's profit	**7 078**	4 111	
Amortisation of intangible asset	**(881)**	(881)	
Rent straight line adjustments	**(1 478)**	(3 374)	
IFRS 16 adjustments	**(236)**	(229)	
Tax on:			
- Investment property fair value	**(3 508)**	5 297	
- Investment property indexation	**31 599**	17 093	
- Share of associate's profit	**(708)**	(1 527)	
- Rent straight-lining	**376**	758	
- IFRS 16 adjustments	**(13)**	(12)	
- Other non distributable items	**(8)**	(866)	
Net profit after tax	**225 499**	161 518	+39.6%
Foreign exchange currency difference	**35**	3 637	
Comprehensive income	**225 534**	165 155	+36.6%

The properties have once again been independently valued with a reduction for the specific contractual arrangements relative to Riverwalk. These arrangements are set out in the annual financial statements and relate to the property, excluding the anchor tenant in the main part of the centre and the adjoining property known as Riverwalk Plaza. The Riverwalk property in the top ten property table below is reflected net of the investment in the Associate and Riverwalk Plaza, but inclusive of the property occupied by the anchor tenant. Until the exercise of the option, the value of this property is likely to decrease, while the value of NAP's investment in the Associate is likely to increase.

The carrying value of the investment property in the financial statements has further been adjusted for other balances represented by the same cash flows used to value the properties, i.e. lease accounting adjustments required by IFRS.

This year the carrying value of investment property increased by P80 million from P 1 435 million to P1 515 million while last year reflected a P19 million decrease from P1 454 million to P1 435 million (with a P23 million fair value loss in the Statement of Comprehensive Income). P63 million of this year's increase is attributable to the acquisitions, with P17 million being recognised as the fair value gain in the Statement of Comprehensive Income. This movement from a fair value loss of P23 million to a gain of P 17 million is the main driver of the 39.7% increase in profit before tax and, together with the tax indexation adjustment, the 39.6% increase in profit after tax.

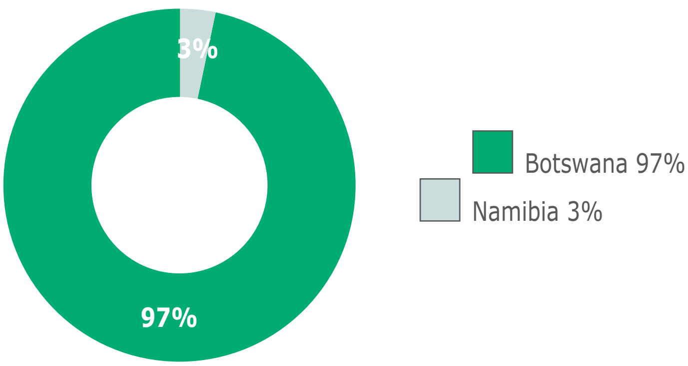
Business review (continued)

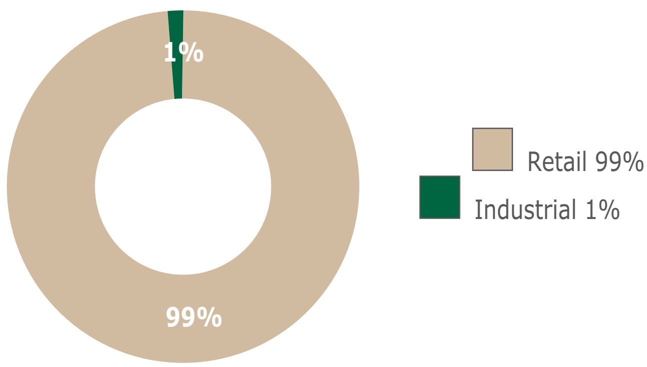
for the year ended 31 July 2022

PROPERTY PORTFOLIO

During the year three retail properties were acquired at a total cost of P63 million which was funded out of available cash, aligned with the strategic objectives of NAP. These properties are occupied by well established tenants with 92% of rentals flowing from listed and multinational tenants.

Following the acquisitions, the portfolio remains weighted to Botswana retail, with small exposures to Namibia (3%) and industrial (1%) and now comprises 60 Botswana properties and the 7 Namibian properties. The new acquisitions, being in Ghanzi, Maun and Ramotswa, increase our regional Botswana exposure outside Gaborone. They complement our existing well located property footprint, which provides valuable retail nodes for both communities and retailers across the breadth of Botswana.





Property portfolio composition based on fair value at 31 July 2022:

	Namibia Pm*	Botswana Pm*	Total Pm*	%
Sector				
Retail	44	1 480	1 524	99%
Industrial	-	21	21	1%
Total	44	1 501	1 545	100%
%	3%	97%	100%	
Number of properties	7	60	67	
GLA (m^2)	12 561	122 734	135 295	

** Fair value before rent straight line adjustment.*

Business review (continued)

for the year ended 31 July 2022

PROPERTY PORTFOLIO (continued)

The top ten properties by value comprise 77% (2021: 80%) of the total fair value of the portfolio at year end.

Property	Carrying value 31/7/2022 P'000	% of portfolio	Location	Major tenants
Riverwalk	244 911	15.9%	Gaborone	Pick & Pay, Hi Fi Corp, Pep, Nu Capital Cinemas, Ackermans, Woolworths, MrPrice, MrPriceHome, CB Stores, Bata Shoes, Nando's, Mugg & Bean, JB Sports
Kagiso Centre	191 100	12.4%	Gaborone	Pep, CB Stores, Sheet Street, Dunns, Options, Bata Shoes, JB Sports, Pharma South, Pharmacy, Cash Crusaders, WUC, Ackermans
Gaborone Shopping Centre	184 000	11.9%	Gaborone	Pep, Furnmart, CB Stores, Dodo's, JB Sports, Dunns, Grand Pharmaceutical, Skipper Bar
Riverwalk Plaza	134 600	8.7%	Gaborone	Homecorp, Spar, Tops, FNB, Incredible Connection
Mafenyatlala	125 500	8.1%	Molepolole	Spar, Kweneng District Council, FNB, Ackermans, ABSA Bank, Pep, Dunns, KFC, CB Stores, JB Sports, MrPrice, Clicks, Furnmart, Options, Legit
Kasane Mall	91 000	5.9%	Kasane	Spar, Clicks, CB Stores, Pep, Dunns, ABSA Bank, Woolworths, Local Enterprise Authority, Tops, Taku, Topline, Gridpharm Pharmacy
Mokoro Centre	59 100	3.8%	Maun	Spar, Ackermans, Pep, Dunns, Topline, Furnmart, Style, Dodo's, Taku, Beaver Canoe, The Hub, Puma Energy
Madirelo Centre	58 500	3.8%	Gaborone	CB Stores, Furnmart, Topline, Cash Crusaders, Afritec, City Furnishers
Plot 8, Station	53 000	3.4%	Gaborone	Knock Out Supermarket, CB Stores, Hungry Lion, Signed Past
Tlokweng Shopping Centre	42 400	2.7%	Tlokweng	Choppies, Furnmart, Liquorama, Pep, Chicken City
Total carrying value 2022 year end	**1 184 111**	**76.7%**		
Total carrying value 2021 year end	1 177 356	80.3%		

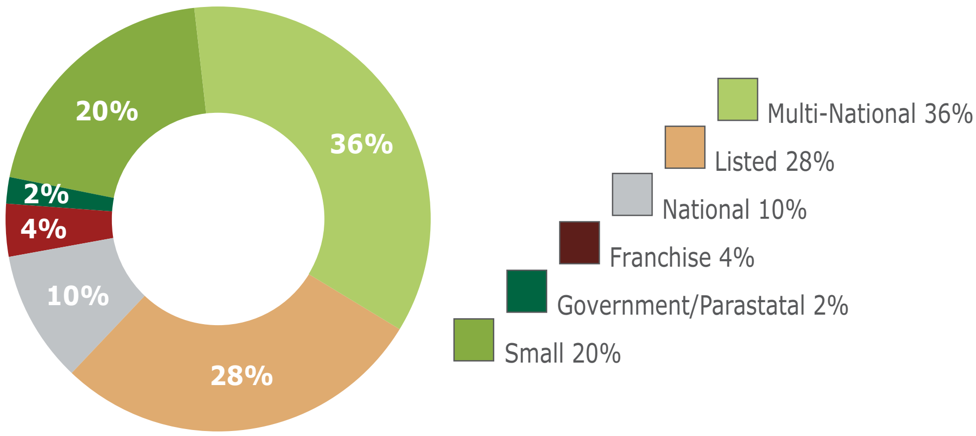
Business review (continued)

for the year ended 31 July 2022

PROPERTY PORTFOLIO (continued)

The strength and diversity of the tenant base is key to NAP's ability to deliver returns to investors.

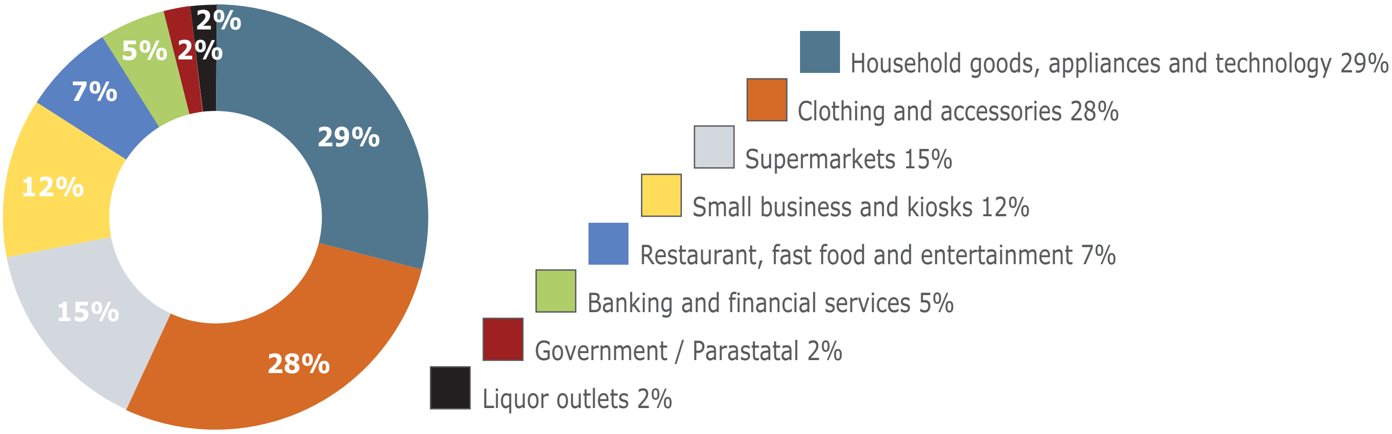
Tenant composition by rental



NAP continues to benefit from its strong tenant base with 64% of rental income (2021: 60%) flowing from listed and multinational tenants at year end. While this is a key ingredient to achieving strategic objectives, it is also important to provide opportunities for smaller tenants and entrepreneurs to participate in, and stimulate, the economy and employment. One fifth of rentals are earned from this segment.

The tenant business categorisation has remained largely unchanged this year.

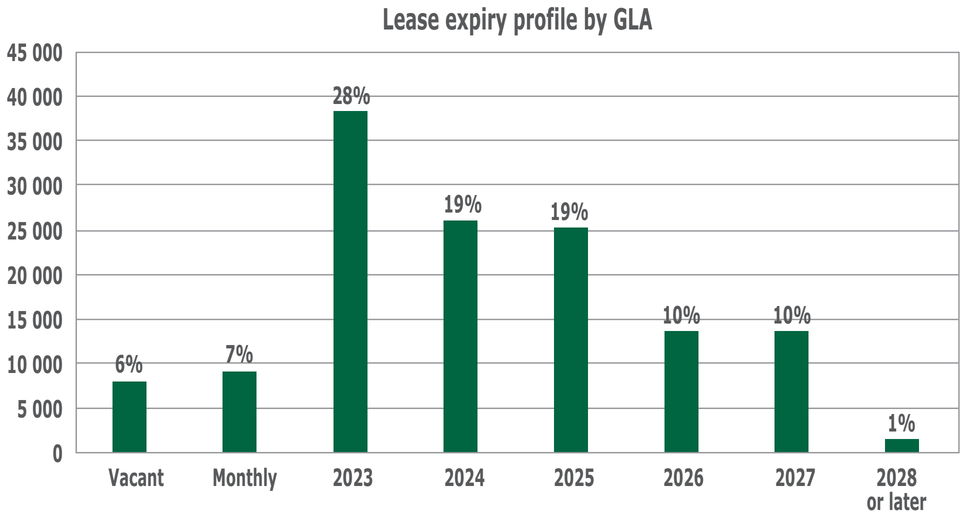
Tenant categorisation by rental



Business review (continued)

for the year ended 31 July 2022

PROPERTY PORTFOLIO (continued)



The challenges experienced with negotiating and finalising leases post lockdowns has improved in recent months which resulted in a reduction of monthly tenancies from 11% of GLA at the start of the financial year to 7% at year end. At least 75% of these are purely timing and will be closed in the short term, there are however some smaller tenants who are unlikely to renew.

The vacancies have increased from 5% at the start of the year to 6% at year end. Namibian and Selebi Phikwe vacancies comprises 25% and 21% of the year end vacancies respectively. Both of these nodes are likely to be problematic. Kasane comprised a further 16% of vacancies at 31 July, however letting activity in this area is showing improvement and a tenant installation is currently underway for a multinational retailer for 29% of this vacancy.

The duration of new leases has reduced in recent years with most tenants preferring shorter leases, particularly on renewals.

The 28% of GLA subject to leases expiring in the 2023 financial year are widely dispersed across the portfolio with a weighting towards listed and multinational tenants (65% of the expiries in the next financial year). Management's focus will remain on seeking a balance between tenant retention and the ability to collect rentals.

The negotiations on lockdown rentals, which comprise the majority of current rental arrears, are continuing and generally closed as part of lease negotiations.

RETURNS TO INVESTORS

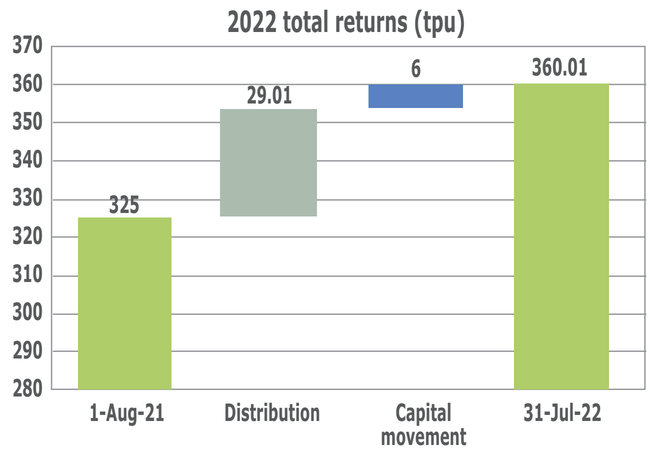
Returns to investors comprise an income return, being the distributions paid for the period, together with the capital growth. This capital growth is based on movement in unit price whereas the non distributable components of profit impact the net asset value of NAP.

The income return to investors from the 29.01 thebe distribution equates to an 8.9% return for the year on the opening unit price of 325 thebe. The total return for the year amounts to 35.01 thebe per linked unit, taking into account the 6 thebe increase in the unit price to 331 thebe at 31 July 2022, equating to a return of 10.8%.

Business review (continued)

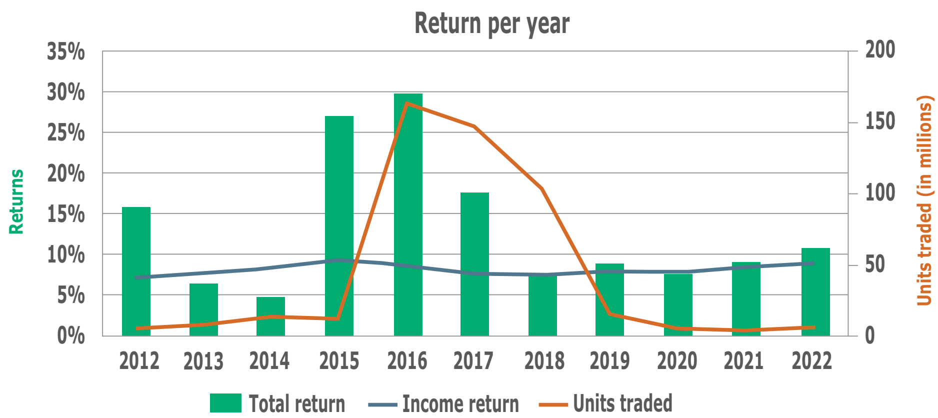
for the year ended 31 July 2022

RETURNS TO INVESTORS (continued)



The unit price movements have been the reason for the volatility in total returns since listing, while the income returns have remained fairly consistent. The unit price has typically shown only marginal changes other than when there have been sizeable trades.

The aggregate total return to investors since listing amounts to 188% (2021: 170%) on the 200 thebe listing price. Distributions contributed 122% (2021: 108%) while the increase in the unit price contributed 66% (2021: 63%). This total return equates to a compound total annual return of 10.1% since listing (2021: 10.5%).



CONCLUSION

NAP's balance sheet is sound and effectively ungeared. The investment of P63 million cash into retail property during the year is in line with the Company's strategy and should continue to enhance distributions.

The current economic environment is challenging and the high inflationary environment is resulting in expense growth exceeding embedded rental escalations and rental growth on new leases. Certain segments of the market, primarily the restaurant and entertainment sectors, are also likely to continue to face headwinds. The tourist industry is however showing signs of improvement after a prolonged challenging period and we are starting to see this in the properties in those areas.

Directors

as at 31 July 2022

John Tobias Mynhardt
Non-Executive Chairman
B.Comm (UCT)
Chairman of Board
(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 and Compliance Committee meeting by invitation
(Motswana)

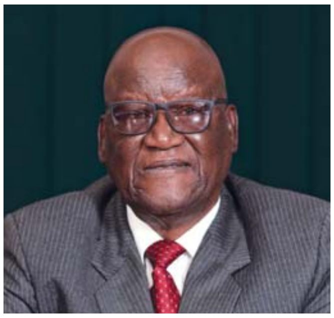
Mr. Mynhardt is the Deputy Chairman of the CBH Group, having served on the Board since his appointment as a director in 2003. He has assumed leadership of various divisions of the CBH Group which has investments in a number of industries including property, retail, tourism, hospitality, manufacturing, construction and financial services. He led the 2011 listing of NAP which represented the consolidation of the CBH Group's property interests. He was Managing Director of an associate company, the then BSE-listed Furnmart Limited, from 2009 until his appointment as Deputy Chairman in 2016. Mr. Mynhardt's early career encompassed exposure to the investment industry through a hedge fund firm in London.

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

Ms. Tapping has over 30 years financial experience, with a significant focus on the property industry and specifically the listed real estate sector in South Africa, Namibia and 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.

Directors (continued)

as at 31 July 2022



Fact Badzile Lebala
Non-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.

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

Mr. Venkatakrishnan is a Chartered Accountant from India with about 38 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.

Management

as at 31 July 2022

Louis Mynhardt - CBH Group Executive, CA, BA (Hons) Economics

Louis Mynhardt qualified as a Chartered Accountant and is a member of the CBH Executive. Previously, Louis was part of a real estate development fund which develops, finances, and manages real estate assets across sub-Saharan Africa. Louis has served on the Boards and associated subcommittees of various investment companies. Louis completed his articles in EY's private equity transaction support group in London and Johannesburg.

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.

Hinré Smit - CBH Legal Executive, B Com LLB LLM, H Dip Co Law, M Com (Ind Psych)

Hinré Smit is admitted as attorney in the high courts of Gauteng, Western Cape and Botswana, as well as a registered Industrial Psychologist with the HPCSA. She joined CBH in 2015, and is responsible for legal advice and company secretarial functions, as well as strategic HR matters across the wider CBH Group. Previously, Hinré was responsible for business development across Africa and the Americas, investigating and setting up businesses in countries ranging from Angola to Uruguay. She is the chairperson of the CBH Group Pension Fund management committee.

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.

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.

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.

Management (continued)

as at 31 July 2022

Yagan Mukonde - Finance Manager, Nafprop, BSc (Mech Eng.), FCA, FCPA.

Mr. Mukonde graduated with a Bachelor's Degree in Mechanical Engineering from the University of Manchester. He was admitted to the membership of the Institute of Chartered Accountants in England & Wales (ICAEW), after serving articles with the Southampton office of Coopers & Lybrand - Deloitte, a predecessor firm to Pricewaterhouse-Coopers. Following qualification, Mr. Mukonde remained in public practice for a further period of four years before he moved into industry. In industry, and over the years, he worked in the areas of management accounting, financial reporting, internal auditing, corporate governance and enterprise risk management, among others. He also served as a trustee of a pension fund for a period of sixteen years, part of which time he served as the Chairman of its Finance & Investment Committee. Mr. Mukonde gained exposure to commercial property investment when he represented the equity interests of a Botswana Government - owned enterprise in two commercial properties situated in Francistown and Gaborone, when he served as a member of the committee responsible for monitoring and reviewing the operational and financial performance of the two properties. Mr. Mukonde joined Nafprop as a Financial Manager in June 2021.

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 and appreciate that strategy, risk, performance and sustainability are inseparable.

The Board has accordingly established mechanisms and policies appropriate to the operations, which include a Board Charter, Approval Framework, Public Information and Trading Policy (which also deals with Communication), Stakeholder Policy, Corporate Social Responsibility Policy and a Policy for Non-Audit Services, as well as a Risk, Audit and Compliance sub-committee 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, 67% of whom are non-executive, 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 and the Board promotes diversity in a non-discriminatory manner in considering Board composition. The Board considers that it is adequately constituted to enable it to carry out its duties and that there is an appropriate balance of power and of skills. The roles of the Managing Director and Chairman are not filled by the same person. In view of the Chairman not being an independent director the Board has appointed a Lead Independent Director, Mr. J.P. McLoughlin.

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 Messrs. T.L.J. Mynhardt and F.B Lebala retired and were re-elected at the annual general meeting held on 28 January 2022. 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 is scheduled to meet at least three times per annum and met three times during the 2022 financial year. The number of meetings required was considered by the Board and it was agreed that, taking into consideration the type and nature of the company's operations, as well as the costs in time and money of holding a board meeting, three meetings a year are effective and appropriate. Decisions required to be taken between meetings are attended to by the passing of a resolution signed by all directors, following any interaction considered necessary by individual Board members. These round robin resolutions are subsequently ratified at the following Board meeting. Where necessary an extraordinary Board meeting would be called.

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. There was full attendance for all Board meetings held during the financial year with the exception of one absence by Mr. J.T. Mynhardt.

The primary responsibilities of the Board are:

- Leadership: To exercise ethical leadership, enterprise, integrity, judgment and good corporate citizenship in directing the Group so as to achieve its strategic goals and objectives, in a manner based on accountability and responsibility.

Corporate governance (continued)

The primary responsibilities of the Board are: (continued)

- Strategy: To approve the strategic direction and budgets of the Group and ensure that the goals and objectives are aligned to those set out in the Trust Deed, appreciating that strategy, risk and sustainability are inseparable.
- Control: To retain full and effective control of the Group, its management and key service providers, reserving specific powers for the Board itself and delegating other matters with the appropriate written authority and terms of reference to Sub-Committees, Management and key service providers; and to ensure that the Group is a going concern with responsibility for all decisions that are material to this purpose.
- Governance of Risk: To manage risk, including related to information technology, with the assistance of the Risk, Audit and Compliance Committee, to ensure that the risk philosophy is appropriate to the business and that there is compliance with the policies, procedures and standards.
- Compliance: To oversee governance and compliance, with the assistance of the Risk, Audit and Compliance Committee, to strike an appropriate balance between performance and conformance.
- Stakeholder relationships: To strive for an appropriate balance between various stakeholders and that dealings with stakeholders are appropriate.
- Reporting: To formally report to linked unitholders through the annual report and announcements, with the assistance of the Risk, Audit and Compliance Committee.

The Board has established a Board sub-committee, being the Risk, Audit and Compliance Committee (RACC), whose terms of reference and authorities are clearly defined. Certain authorities have also been delegated to the external Asset and Property Manager, including to their Asset Management Committee for NAP.

The RACC is a formal committee, comprising only independent non-executive directors, and there is a separate report from this Committee. The Committee comprises of 2 independent directors which is considered adequate in view of the nature of operations, controls in place, contractual arrangements with service providers and relative costs.

The external Manager's Asset Management Committee comprises the NAP Chairman, NAP Managing Director and NAP Financial Director, who meet periodically on both a formal and informal 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 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 solely 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 and to the date of this report.

ASSESSMENT, REVIEW AND SUCCESSION PLANNING

The Board reviewed its operation and assessed its performance, concluding that it had fulfilled its primary responsibilities.

A formal evaluation is performed on the Board and RACC as a whole, the Managing Director and the Financial Director and finance function. Individual directors complete an evaluation on each of these areas as well as a self evaluation, which are then submitted to the Chairman for his consideration and an overall summary reported to the full Board.

Corporate governance (continued)

ASSESSMENT, REVIEW AND SUCCESSION PLANNING (continued)
The Board has specifically considered the attendance and performance of the directors standing for re-election and supports their re-election. The independence of independent directors was considered and it was concluded that there are no relationships or circumstances likely to affect, or appearing to affect, the director's judgment notwithstanding the length of service.

In addition, the RACC specifically considers the expertise and experience of the Financial Director, the senior financial management team and the finance function as well as the competence, qualifications, experience and independence of the Company Secretary. As part of the formal evaluation process, their conclusion on these assessments is reported to both the Board and in the RACC report included in this annual report.

Succession plans are normally a key part of sustainability considerations but the fact that NAP has no employees and the external management agreements has relevance. The Board has however considered the key roles fulfilled relative to NAP, being the NAP Managing Director and Finance Director, the Nafprop executive team (being the CEO, Finance Manager and General Manager) as well as the Independent Directors.

The NAP Managing Director and Financial Director functions are performed in terms of the Asset Management agreement and there are other resources within wider Nafprop / CBH group who could assume these positions in the same manner as the current incumbents if required. The Nafprop team, with input from the extended CBH group, would manage a temporary vacancy while pursuing recruitment processes for the key Nafprop positions and the NAP Managing Director and Finance Director would be involved in this process. Independent directors have been chosen for their business acumen and relative skills and the potential conflicts of interest would be a key consideration for any new independent.

In terms of the Board Charter, the Chairman is appointed by the Board from amongst its members on an annual basis after the AGM, failing which the existing Chairman will remain in place. The incumbent was last reappointed in April 2022.

BOARD STATEMENT

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 an approriate review of the key internal controls which cover financial, operational, technology and compliance and reported their findings to the Board;
- The RACC has adequately assessed risk and the risk management and compliance practices adopted;
- 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 King Report on Governance (King III) recognises that a "one size fits all" approach is not appropriate in view of the large degree of variation across businesses and warns that there is a danger that the Board and management may become focused on compliance at the expense of enterprise. The cost of compliance is burdensome, measured both in terms of time and direct cost. It is the Board's duty to undertake a measure of risk for reward and to try to improve the economic value of a company. If the Board has a focus on compliance, the attention on its ultimate responsibility, namely performance, may be diluted. The business of NAP, as an investment holding company, is not inherently complex and this and the external management has a bearing on NAP's application of the King III principles. The following abridged summary of King III has been considered and has been fully complied with unless otherwise noted.

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	
Board and directors	
Board appreciated that strategy, risk, performance and sustainability are inseparable	
The Board is the focal point for and the custodian of corporate governance	Note 1
The chairman of the Board is an independent non-executive director	Note 2
CEO has been appointed	Note 3
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 4
Directors are appointed through a formal process	
Formal induction and ongoing training of directors is conducted	Note 5
The Board is assisted by a competent, suitable qualified and experienced company secretary	
Regular performance evaluation of the Board, its committee and the individual directors	Note 6
Appointment of well-structured committees and an oversight of key functions	
A governance framework has been agreed between the Group and the subsidiary Board	
Risk, remuneration and nomination committees appointed as standing committees	Note 7
Directors and executives are remunerated fairly and responsibly	Note 7
Remuneration of directors and certain senior executives is disclosed	Note 7
The company's remuneration policy is approved by its unitholders	Note 7
Audit Committee	
Guided by terms of reference approved by the Board	Note 8
Members are to be suitably skilled and experienced independent, non-executive directors	
Chaired by an independent non-executive director	Note 8
Oversees integrated reporting	

King code of corporate governance (continued)

Audit Committee (continued)	
Ensure a combined assurance model is applied to optimise assurance activities.	Note 9
Satisfies itself of the expertise, resources and experience of the company's finance function	
Oversees internal audit	Note 9
Integral to the risk management process	
Recommends the appointment of the external auditors	
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	Note 10
The Board receives assurance on the effectiveness of the risk management process	
Ensure sufficient, timely, relevant, accurate and accessible risk disclosure to stakeholders	
Governance of information technology ("IT")	
The Board is responsible for IT governance	Note 11
IT is aligned with the performance and sustainability objectives of the company	Note 11
Management is responsible for the implementation of an IT governance framework	Note 11
The Board monitors and evaluates significant IT investments and expenditure	Note 11
IT is an integral part of the company's risk management	Note 11
IT assets are managed effectively	Note 11
The Audit and Risk Committee assists the Board in carrying out its IT responsibilities	Note 11
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 effect of applicable laws, rules and standards on the company and its business	
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	Note 9

King code of corporate governance (continued)

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 in the company's best interest	
Ensure equitable treatment of unitholders	
Transparent and effective communication with stakeholders	
Ensure disputes are resolved effectively, efficiently and expediously	Note 12
Integrated reporting and disclosure	
Ensure integrity of Integrated Report and obtain independent assurance	Note 13
Sustainability reporting and disclosure is integrated with the company's financial reporting	

Notes

Note 1 = The Board is scheduled to meet at least three times per annum and met three times during the current year. The number of meetings required was considered by the Board and it was agreed that, taking into consideration the type and nature of the company's operations, as well as the costs in time and money of holding a board meeting, three meetings a year are effective and appropriate. Decisions required to be taken between meetings are attended to by the passing of a resolution signed by all directors, following any interaction considered necessary by individual Board members. These round robin resolutions are subsequently ratified at the following Board meeting. Where necessary an extraordinary Board meeting would be called.

Note 2 = 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 3 = NAP has no employees or employment contracts and outsources all management functions as detailed elsewhere in this report. Mr T.L.J. Mynhardt fulfils the functions of Managing Director.

Note 4 = Independent directors comprise 33% of the Board. The Board consists of six members, with a majority of non-executives, 50% of whom are independent. 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. Comply with company constitution relating to rotation of directors, with one third of all directors retiring annually based on those longest in office and at least once every three years. The fact that executive directors do not have service contracts is relevant.

Note 5 = No new directors have been appointed since 2014. An outline of the standard induction pack is in place. 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, including changes in law, impacting NAP.

Note 6 = 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. Individual directors complete a self evaluation which is submitted to the Chairman for his consideration. The Board considers the attendance and performance of directors standing for re-election as well as the independence of independent directors.

King code of corporate governance (continued)

Notes (continued)

Note 7 = No remuneration and nomination committee has been formed as NAP has no employees and nominations will be dealt with by the Board. Directors' fees are only paid to independent directors and are detailed in notes 19 and 26 of the annual financial statements and ratified by unitholders at the AGM.

Note 8 = The RACC comprises of 2 independent directors which is considered adequate in view of the nature of operations, controls in place, contractual arrangements with service providers and relative costs. Due to the low number of unitholders attending the AGM in person and practical issues, the Chairman of the Committee has not attended the Company AGM prior to 2022, but attended remotely in January 2022.

Note 9 = Assurance is based on key service provider confirmations to RACC, the oversight of the Board and RACC and through independent assurance from parties such as the external auditors, valuers, and other professional service providers as considered necessary. RACC has not established an internal audit function in view of the alternative measures taken. RACC have identified key risk areas and have included these as standard agenda items for reporting by management and key service providers and review / monitoring by the Committee. In addition to the external audit, independent professionals are requested to review specific areas where considered appropriate. 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 10 = NAP has not appointed a Chief Risk Officer as it has no employees. Management of the business is delegated to Nafprop who report to both the designated FD and RACC, who consider whether the appropriate balance is achieved between acceptable risk levels and the cost and practicalities of achieving this.

Note 11 = 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 across numerous countries in Southern Africa. MDA has extensive reporting capabilities which allows for continuous and accurate management of tenancies, leases, income, expenditure, debt collection and financial reporting. Based on the ability to deliver the required reporting the system is considered suitable and NAP's key consideration is the safeguarding of data which is considered by RACC. As part of the NAP external audit process the key controls are assessed.

Note 12 = NAP does not have a formal Dispute Resolution Policy. However the Approval Framework and Public Information and Trading policy have relevance. In addition, Nafprop as manager has policies for dealing with disputes with employees, tenants and service providers.

Note 13 = Independent external auditors express an opinion on the financial statements. RACC reviews the full report prepared by management and recommends to Board. The Board considers that the cost of further independent assurance on other information in this report outweighs the benefit.

Risk, audit and 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, attendance and frequency of meetings:

The RACC to comprise only independent directors and to meet at least twice per annum. The Financial Director, Managing Director, Nafprop's Financial Manager and the auditors to be invited to attend but shall be excused as required by members of the Committee. The auditors to be given the opportunity to discuss any items considered necessary without the executives or management being present.

During the year three meetings were held and there was full attendance from committee members. 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 sets out the scope and responsibilities of this Committee which comprises:

- ***Financial results and reporting:***
    - Consider indicators relevant to the going concern assumption.
    - Oversee the integrated report and recommend approval to Board.
    - Recommend approval of financial results to Board.
    - Recommend approval of BSE announcements to Board.
    - Agree and recommend accounting policies to Board.
    - Consider the appropriateness and disclosure of related party transactions.
    - Reporting to Board and unitholders on proceedings of the committee and how it has discharged its duties.
- ***Compliance:***
    - Monitoring that decisions taken by Board, that affect the RACC are followed through.
    - Monitoring compliance with Trust Deed, BSE Equity Listings Requirements, Companies Act, King Code on Corporate Governance and other applicable legislation.
- ***Risk management and controls:***
    - Monitor the corporate risk assessment philosophy, strategies and processes, assess management's design, implementation, responses and monitoring of risk and consider appropriateness to the business.
    - Ensure a combined assurance model is applied to optimise assurance activities.
    - Review of internal controls and systems.
- ***External audit:***
    - Recommend appointment of auditors.
    - Be satisfied with auditor's 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.
- ***Internal audit:***
    - Consider the need for, extent of and oversee any internal audit.
- ***Assessments:***
    - Financial Director and finance function
      Assess the expertise, resources and experience of the financial director and the finance function on an annual basis and confirm that it has discharged this duty in the report to unitholders.

Risk, audit and compliance committee report (continued)

Scope and Responsibilities (continued)

- ***Assessments:*** *(continued)*
    - o Company Secretary
      Consider the competence, qualifications and experience of the Company Secretary and whether the relationship between the Board and the Company Secretary is an arms-length relationship, detailing reasons for the conclusions, on an annual basis to enable the Board to confirm it has executed this responsibility in the annual report. Where the Company Secretary is a juristic person this assessment to also consider the individuals who perform the role, the directors and shareholders.

The Committee addressed the items falling within its scope of responsibilities during the year, covering both holding and subsidiary company. 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 2023;
- 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 at year end or date of this report;
- Any decision to incur further 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 for the year; and
- All provisions considered necessary have been made for potentially unrecoverable debtors and assets.

Matters of judgement

The Committee reviewed all material matters of judgement included in the financial statements. This primarily related to:

- Valuations of assets carried at fair value
    - o Board appointed a qualified independent valuer
    - o Reviewed the summarised report on the external valuations
    - o Reviewed the computations and assumptions used to compute other items based on valuations
    - o Reviewed the external audit report to those charged with governance, noting the work done in this regard and their conclusion that they have reviewed management's assessment and found that the assumptions used were consistently applied and the outcome to be reasonable.
- Impairment assessment for assets not carried at fair value
    - o Reviewed the assumptions and computations used
    - o Confirmed that no issues were raised by the external auditor in the report to those charged with governance.

External auditors

- Assessment of independence and external audit quality
    - o Concluded that the external auditor was independent having considered their representations regarding independence, the total value of both audit and non-audit services as well as the controls around the provision of the latter.
    - o Considered the reporting to the Committee and audit report and were satisfied.

Risk, audit and compliance committee report (continued)

External auditors (continued)

- Formalised the policy for use of auditors for non-audit services, being:
    - Routine non-audit services (tax compliance services in Botswana and Namibia; agreed upon procedures for Namibian dividends; company secretarial services for the Namibian subsidiary and assistance in obtaining the Botswana WHT certificate) continues;
    - The financial director is authorised to approve "ad-hoc" non-audit services up to an aggregate maximum value of 10% of the prior year audit fee in any financial year; and
    - All services in excess of the above to be considered by the RACC on a round-robin basis and ratified at the next meeting.
- Mandatory Audit Firm Rotation
    - Reviewed the requirements in terms of the BSE Equity Listings Requirements and the Botswana Accounting Oversight Authority, and agreed process for appointing new auditors for the 2023 financial year.
    - Considered a summary of the responses from the request for proposals.
    - Will recommend proposed new auditor to Board, for appointment subject to unitholder approval at the next AGM.

Combined assurance model and internal audit

The Committee considered the need for internal audit taking into account a number of factors and concluded that the structures and processes in place provides risk and governance oversight and manages key risks that would otherwise be identified through an internal audit function. Some of the specific considerations included:

- The nature of the business allows for strong budgetary and monitoring controls, primarily through the format of reporting to both RACC and Board;
- The Committee conducted a review of the key internal controls which cover financial, operational, technology, compliance and risk management and reported their findings to the Board;
- Key service provider confirmations, oversight of the Board and RACC, independent assurance from parties such as the external auditors, valuers, and other professional service providers as considered necessary;
- The Committee identified key risk areas and these are included as standard agenda items for reporting by management / key service providers and review / monitoring by the Committee at each meeting;
- In addition to the external audit, independent professionals are requested to review specific areas where considered appropriate;
- The management of day-to-day activities is outsourced to Nafprop who report to the Executive Directors, RACC and the Board; and
- Executive directors review and provide input on key and subjective items but are not involved in the day to day operations.

Assessments

- The Committee has reviewed the financial reporting to Board, RACC and unitholders in addition to 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 considered the fact that the Financial Director fulfills this role on a part time basis and not as an employee. It was agreed that it would be preferable to retain the status quo and engaged with the BSE as required in this regard. The fact that the Company has no employees and outsources all functions to predominantly the Asset and Property Manager, Nafprop, has relevance. Nafprop employs a competent qualified charted accountant who manages NAP's activities on a day to day basis and reports to the NAP Financial Director on the financial aspects of NAP. NAP benefits from the separation of duties at a senior level that it would otherwise not be able to achieve to the same extent, as well as benefiting from the incumbent Financial Director's previous experience with listed property companies in multiple jurisdictions. The BSE responded that the Committee had no objections and requested NAP to inform shareholders.

Risk, audit and compliance committee report (continued)

Assessments (continued)

- 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.
- The Committee performed an ethics assessment and reviewed the ethics risk profile and concluded that the Board had acted appropriately.

Integrated annual report

Following the Committee's review of the 2022 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 2022 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 is outsourced. Technology risk is subject to the contractual relationship with the Asset and Property Manager, who 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, financial reporting risks, as well as inherent business risks in the property sector.

The investment strategy, regular budget and forecasting processes, approval framework and the routine presentation of reports to Board and RACC 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. Funding is a key factor in the consideration of any transaction.

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 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 together with the relative cost of debt and equity forms part of the strategic review and is a key part of any investment decision contemplated. The Board also reviews forecasts and cash flow projections at each meeting and directors also sign a solvency certificate at the time of each distribution declaration. 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.

The detailed operational risks are managed by the service providers and considered, together with key controls, by RACC.

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 the adequacy of these and their compliance.

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

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 are 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. It further recognises that stakeholder perceptions may impact NAP's reputation and has tasked management with dealing with stakeholders in terms of appropriate strategies and policies that are aligned with the NAP approved stakeholder policy. This policy identifies the categories of stakeholders, NAP's role, the manner of engagement, responsibilities and mechanisms for dispute resolution.

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
- Managing Director and Finance Director responsibility

Banks, funders and money market funds
- Consistent flow of funds from operating activities
- Compliance with funding obligations
- Engagement primarily through property asset manager
- Dispute resolution dealt with in terms of relevant agreements

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
- Dispute resolution in terms of Property Manager's policies and relevant agreements

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
- Dispute resolution dealt with in terms of relevant statutory / regulatory provision

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
- Dispute resolution in terms of Property Manager's polices and relevant agreements

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
- Dispute resolution in terms of Property Manager's policies

Employees are a typical stakeholder category but NAP has no employees.

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 and is encompassed in the CSR policy.

	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	• 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
Development 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 • Growth in distributable income • Growth in NAV • Supports GDP growth
Leadership capital	• Board members with relevant skills and experience • Appropriate Board composition • Property and asset manager with an established track record and required skills	• Board and subcommittee meetings • Board assessments • Consideration of Board composition • Remuneration of independent Board members • 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 and retail to the broader community	• Improvement of livelihoods within the community • Wealth creation • Sustainable business practices • Access to markets and customers
Natural environment 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. • Manage costs
Corporate 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 and relevant legislative changes • 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, including maintaining controls over the security of the Company's website. 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 and 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 2023 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 38 to 42.

The consolidated and separate annual financial statements set out on pages 43 to 83, which have been prepared on the going concern basis, were approved by the Board on 26 October 2022 and were signed on its behalf by:

JT Mynhardt
Chairman
26 October 2022

TLJ Mynhardt
Managing Director
26 October 2022

Directors' report

The Directors have pleasure in submitting their report for the year ended 31 July 2022.

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 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 2022 there were 604 397 124 (2021: 604 397 124) linked units in issue with no changes during the year.

DISTRIBUTION

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

	2022		2021	
	P'000	**thebe per linked unit**	P'000	thebe per linked unit
2022: Number 21 - declared 20 April 2022 paid 1 June 2022				
(2021: Number 19 - declared 28 April 2021 paid 2 June 2021)				
Interest	**83 407**	**13.80**	78 390	12.97
Dividends	**2 780**	**0.46**	2 478	0.41
	86 187	**14.26**	80 868	13.38
2022: Number 22 - declared 21 July 2022 paid 5 October 2022				
(2021: Number 20 - declared 27 July 2021 paid 6 October 2021)				
Interest	**86 127**	**14.25**	81 352	13.46
Dividends	**3 022**	**0.50**	3 022	0.50
	89 149	**14.75**	84 374	13.96
Total for the year	**175 336**	**29.01**	165 242	27.34

SUBSIDIARY COMPANIES

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

Directors' report (continued)

DIRECTORS' FEES

Independent directors are paid fees for meetings attended and these fees amounted to 2022: P316 500 (2021: P291 000) for the year. 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 2022 was 340 332 (2021: 340 332 linked units. Indirectly, 96 747 707 (2021: 96 747 707) 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 P8.1 million at 31 July 2022 (2021: P11.8 million).

COMPANY SECRETARY

The company secretary is DPS Consulting Services Proprietary Limited.

POST BALANCE SHEET EVENTS

There are no post balance sheet events requiring disclosure.

JT Mynhardt
Chairman
26 October 2022

TLJ Mynhardt
Managing Director
26 October 2022

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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 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

New African Properties Limited's consolidated and separate financial statements set out on pages 43 to 83 comprise:

- the consolidated and separate statements of financial position as at 31 July 2022;
- 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 • Overall group materiality: P14,833,940, which represents 1% of consolidated net assets.
	Group audit scope • The Group consists of two components being the Company, and one wholly owned subsidiary in Namibia. We performed a full scope audit on the Company, which we considered to be the only financially significant component.
	Key audit matters • Valuation of investment properties.

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.

Independent auditor's report (continued)

to the Unitholders of New African Properties Limited

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	P14,833,940
How we determined it	1% of consolidated net assets.
Rationale for the materiality benchmark applied	We chose consolidated net assets as the benchmark because, in our view, the net asset value is the benchmark against which the performance of the Group is most commonly measured by users. Although the entity is profit-orientated, its strategic focus is to deliver long term unitholder returns. Net assets are one of the main elements of the consolidated financial statements and the users are likely to be more concerned with the net assets underlying the Group with a focus on long term returns rather than short term profits. We chose 1% based on our professional judgement and after consideration of the range of quantitative materiality thresholds that we would typically apply when using net assets to compute materiality.

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 balances, transactions and disclosures 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 financially insignificant to the Group.

For the financially significant component, we performed a full scope audit. Analytical review procedures were performed on the financially insignificant component. All audit work was performed by the Group engagement team. This, together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, provided us with 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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
 	
(This key audit matter refers to both the consolidated and separate financial statements)
 	
(All figures are in P '000)
 	
As at 31 July 2022, the Group and Company recognised investment properties at carrying amounts of P1,514,711 and P1,471,566, respectively, as disclosed in Note 5, Investment Property, to the consolidated and separate financial statements.
 	
The Group and Company measure investment properties at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss. In the current year, the fair value adjustment recorded in the statement of comprehensive income in respect of investment properties for the Group and Company amounted to fair value gain of P16,618 and P16,179 respectively. Refer to Note 5, Investment Property and Note 30.5 Non- financial instruments - fair value hierarchy, to the consolidated and separate financial statements for detailed disclosures.
 	
The Group's valuation of the portfolio of properties was based on valuations carried out by an independent valuer using the investment method. For the Riverwalk property, the independent valuation assumes that standard terms and conditions with respect to title will apply to the property as a whole. Given the specific ownership structure and related contractual arrangements of the Group, the Group reduced the value determined by the independent valuer to take account of the specific ownership structure and contractual arrangements. Refer to Note 4.1, Critical accounting estimates and judgements, Investment property, to the consolidated and separate financial statements for details.
	In respect of the Group's independent valuer (the "Valuer"), we performed the following procedures:
	• Inspected the Valuer's valuation reports for statements of independence and compliance with generally accepted valuation standards, as well as for confirmation of the Valuer's affiliation with the relevant professional body;
	• Inspected underlying documents relating to the Valuer's professional certifications, experience in the industry and reputation in the field, and considered our previous experience with the expert;
	• Evaluated whether there are any matters that might have affected the Valuer's objectivity or that may have imposed scope limitations upon the work performed by the Valuer by obtaining 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.
	
	Based on our procedures performed, we noted no matters requiring further consideration.
	
	We assessed the appropriateness of the valuation methodologies used by the Valuer against the requirements of IFRS 13 - Fair value measurement and industry practice. Based on our procedures performed, we accepted the valuation methodologies used by the Valuer.
	
	On a sample basis we tested the fair values in the Valuer's valuation report by performing the following procedures:
	• compared a sample of data inputs used in the independent valuations, including net cash flows, to underlying documentation (such as tenancy schedules, rental agreements, business plans and historical performance). The data inputs used in the independent valuations were found to be consistent.
	• compared the capitalisation rates utilised in the valuations 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. Based on our procedures performed, we accepted the capitalisation rates used in the valuations.

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
Significant judgement is required to determine the fair value of investment properties. The following assumptions are key in determining the fair value: • The capitalisation and discount rate applied; and • Net cash flows. We considered the valuation of the investment properties to be a matter of most significance to our current year audit due to the following: • significant judgements made by the Group in determining the net cash flows, capitalisation and discount rate; and • the magnitude of the balance of the investment properties recorded in the consolidated and separate statements of financial position as at 31 July 2022.	With respect to the Riverwalk property, we tested the Group's calculation of the downward adjustment to the fair value calculated by the Valuer, as follows: • assessed the calculations with reference to the specific ownership structure and related contractual arrangements, which had not been taken into account by the independent valuer. We noted no matters requiring further consideration; • to assess reasonableness of data inputs used, we compared the data inputs used in the calculation, including future cash flows from net rental income to underlying documentation (such as rental agreements, business plans and historical performance), taking into account the lettable area and attributable cash flows. Our tests did not identify any exceptions; and • assessed the reasonableness of the discount rate used to calculate present value of future cash flows, by independently computing the discount rate implied by the Valuer in his independent valuation of the Riverwalk property. We compared the implied rate to the rate used by the Group and found the discount rate to be reasonable.

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 for the year ended 31 July 2022" and "New African Properties Audited Abridged Financial Results for the year ended 31 July 2022." The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information 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, 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.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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, actions taken to eliminate threats or safeguards applied.

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Firm of Certified Auditors
Practicing member: ***Kosala Wijesena*** *(CAP 0025 2022)*

28 October 2022
Gaborone

Statements of financial position

at 31 July 2022

	Notes	Group			Company		
		2022 P'000	2021 Restated P'000	2020 Restated P'000	2022 P'000	2021 Restated P'000	2020 Restated P'000
ASSETS							
Non-current assets							
Investment property	5	**1 514 711**	1 434 835	1 453 820	**1 471 566**	1 392 365	1 416 442
At fair value		**1 544 713**	1 466 546	1 489 026	**1 501 121**	1 423 126	1 450 603
Rent straight line adjustment		**(30 689)**	(32 162)	(35 428)	**(30 242)**	(31 212)	(34 383)
Lease accounting adjustment		**687**	451	222	**687**	451	222
Investment in subsidiary	6	**-**	-	-	**36 650**	36 650	35 373
Investment in associate	7	**60 766**	53 688	49 577	**4 951**	4 951	4 951
Financial asset receivable	8	**24 726**	23 329	24 506	**24 726**	23 329	24 506
Intangible asset	9	**3 383**	4 264	5 145	**3 383**	4 264	5 145
Rent straight line adjustment		**25 257**	27 594	28 829	**25 101**	26 654	28 020
Total non-current assets		**1 628 843**	1 543 710	1 561 877	**1 566 377**	1 488 213	1 514 437
Current assets							
Trade and other receivables	10	**45 542**	109 069	112 321	**48 715**	111 338	114 347
Rent straight line adjustment - current portion		**5 432**	4 568	6 599	**5 141**	4 558	6 363
Tax receivable	25	**1 415**	1 034	2 029	**1 381**	1 034	1 978
Deposits in money market funds	11	**25 060**	3 826	24 503	**25 060**	3 826	24 503
Cash and cash equivalents	11	**12 227**	33 873	7 078	**6 635**	28 268	2 476
Total current assets		**89 676**	152 370	152 530	**86 932**	149 024	149 667
TOTAL ASSETS		**1 718 519**	1 696 080	1 714 407	**1 653 309**	1 637 237	1 664 104
EQUITY AND LIABILITIES							
Equity							
Linked units	12	**871 824**	871 824	871 824	**871 824**	871 824	871 824
Foreign currency translation reserve		**(12 696)**	(12 731)	(16 368)	**-**	-	-
Retained income		**624 266**	574 103	577 827	**557 753**	513 940	520 180
Total equity		**1 483 394**	1 433 196	1 433 283	**1 429 577**	1 385 764	1 392 004
Non-current liabilities							
Borrowings	13	**4 343**	8 134	11 839	**4 343**	8 134	11 839
Deferred tax liability	14	**109 777**	137 443	158 710	**100 839**	129 123	152 116
Total non-current liabilities		**114 120**	145 577	170 549	**105 182**	137 257	163 955
Current liabilities							
Trade and other payables	15	**26 988**	28 196	25 295	**24 533**	25 252	22 865
Distributions payable	24	**89 913**	85 281	81 761	**89 913**	85 281	81 761
Taxation payable	25	**308**	147	-	**308**	-	-
Borrowings - current portion	13	**3 796**	3 683	3 519	**3 796**	3 683	3 519
Total current liabilities		**121 005**	117 307	110 575	**118 550**	114 216	108 145
TOTAL EQUITY AND LIABILITIES		**1 718 519**	1 696 080	1 714 407	**1 653 309**	1 637 237	1 664 104

Statements of comprehensive income

for the year ended 31 July 2022

		Group		Company	
	Notes	**2022 P'000**	2021 P'000	**2022 P'000**	2021 P'000
Revenue	16	**224 336**	209 537	**214 554**	200 496
Contractual rental and recoveries		**225 814**	212 911	**215 524**	203 667
Rent straight line adjustment		**(1 478)**	(3 374)	**(970)**	(3 171)
Other income	17	**4 412**	3 760	**11 116**	9 216
Property costs	18	**(41 558)**	(39 521)	**(40 996)**	(38 772)
Impairment of trade receivables		**(4 653)**	(6 666)	**(4 632)**	(6 365)
Other property costs		**(36 905)**	(32 855)	**(36 364)**	(32 407)
Net rental income		**187 190**	173 776	**184 674**	170 940
Other expenses	19	**(12 431)**	(12 138)	**(12 219)**	(12 041)
		174 759	161 638	**172 455**	158 899
Net finance income		**2 408**	3 317	**2 360**	3 300
Finance income	20	**3 062**	4 076	**3 003**	4 029
Finance expense	21	**(654)**	(759)	**(643)**	(729)
		177 167	164 955	**174 815**	162 199
Investment property fair value adjustment	5	**16 618**	(22 901)	**16 179**	(24 077)
At fair value		**14 904**	(26 504)	**14 973**	(27 477)
Rent straight line adjustment		**1 478**	3 374	**970**	3 171
Lease accounting adjustment		**236**	229	**236**	229
Investment in subsidiary impairment	6	**-**	-	**-**	1 277
Financial asset receivable fair value adjustment	8	**1 397**	(1 177)	**1 397**	(1 177)
Intangible asset amortisation	9	**(881)**	(881)	**(881)**	(881)
		194 301	139 996	**191 510**	137 341
Share of associate's profit	7	**7 078**	4 111	**-**	-
Profit before taxation		**201 379**	144 107	**191 510**	137 341
Taxation	22	**24 120**	17 411	**27 639**	21 661
Profit for the year attributable to linked unitholders		**225 499**	161 518	**219 149**	159 002
Other comprehensive income					
Items that may subsequently be reclassified to profit or loss					
Currency translation differences		**35**	3 637	**-**	-
Comprehensive income for the year attributable to linked unitholders		**225 534**	165 155	**219 149**	159 002
Units in issue at end of year		**604 397 124**	604 397 124	**604 397 124**	604 397 124
		Thebe	Thebe		
Basic and diluted earnings per unit attributable to linked unitholders	23	**37.31**	26.72		

Statements of changes in equity

for the year ended 31 July 2022

	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							
2021							
Balance at beginning of year	8 719	863 105	871 824	(16 368)	575 944	1 883	1 433 283
Transactions with owners							
Distributions declared (note 24)							
Number 19 - declared 28 April 2021	-	-	-	-	-	(80 868)	(80 868)
Number 20 - declared 27 July 2021	-	-	-	-	-	(84 374)	(84 374)
Total transactions with owners	-	-	-	-	-	(165 242)	(165 242)
Comprehensive income							
Profit for the year	-	-	-	-	-	161 518	161 518
Transfer of revaluation losses net of related taxes	-	-	-	-	(3 708)	3 708	-
Other comprehensive income	-	-	-	3 637	-	-	3 637
Total comprehensive income	-	-	-	3 637	(3 708)	165 226	165 155
Balance at end of year	8 719	863 105	871 824	(12 731)	572 236	1 867	1 433 196
2022							
Balance at beginning of year	**8 719**	**863 105**	**871 824**	**(12 731)**	**572 236**	**1 867**	**1 433 196**
Transactions with owners							
Distributions declared (note 24)							
Number 21 - declared 20 April 2022	**-**	**-**	**-**	**-**	**-**	**(86 187)**	**(86 187)**
Number 22 - declared 21 July 2022	**-**	**-**	**-**	**-**	**-**	**(89 149)**	**(89 149)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(175 336)**	**(175 336)**
Comprehensive income							
Profit for the year	**-**	**-**	**-**	**-**	**-**	**225 499**	**225 499**
Transfer of revaluation gains net of related taxes	**-**	**-**	**-**	**-**	**50 236**	**(50 236)**	**-**
Other comprehensive income	**-**	**-**	**-**	**35**	**-**	**-**	**35**
Total comprehensive income	**-**	**-**	**-**	**35**	**50 236**	**175 263**	**225 534**
Balance at end of year	**8 719**	**863 105**	**871 824**	**(12 696)**	**622 472**	**1 794**	**1 483 394**

Statements of changes in equity (continued)

for the year ended 31 July 2022

	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							
2021							
Balance at beginning of year	8 719	863 105	871 824	-	518 760	1 420	1 392 004
Transactions with owners							
Distributions declared (note 24)							
Number 19 - declared 28 April 2021	-	-	-	-	-	(80 868)	(80 868)
Number 20 - declared 27 July 2021	-	-	-	-	-	(84 374)	(84 374)
Total transactions with owners	-	-	-	-	-	(165 242)	(165 242)
Comprehensive income							
Profit for the year	-	-	-	-	-	159 002	159 002
Transfer of revaluation losses net of related taxes	-	-	-	-	(5 945)	5 945	-
Total comprehensive income	-	-	-	-	(5 945)	164 947	159 002
Balance at end of year	8 719	863 105	871 824	-	512 815	1 125	1 385 764
2022							
Balance at beginning of year	**8 719**	**863 105**	**871 824**	**-**	**512 815**	**1 125**	**1 385 764**
Transactions with owners							
Distributions declared (note 24)							
Number 21 - declared 20 April 2022	**-**	**-**	**-**	**-**	**-**	**(86 187)**	**(86 187)**
Number 22 - declared 21 July 2022	**-**	**-**	**-**	**-**	**-**	**(89 149)**	**(89 149)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(175 336)**	**(175 336)**
Comprehensive income							
Profit for the year	**-**	**-**	**-**	**-**	**-**	**219 149**	**219 149**
Transfer of revaluation gains net of related taxes	**-**	**-**	**-**	**-**	**43 773**	**(43 773)**	**-**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**43 773**	**175 376**	**219 149**
Balance at end of year	**8 719**	**863 105**	**871 824**	**-**	**556 588**	**1 165**	**1 429 577**

Statements of cash flows

for the year ended 31 July 2022

	Notes	Group 2022 P'000	Group 2021 Restated P'000	Company 2022 P'000	Company 2021 Restated P'000
Cash flows from operating activities					
Profit before taxation		**201 379**	144 107	**191 510**	137 341
Adjustments for:					
Net finance income		**(2 408)**	(3 317)	**(2 360)**	(3 300)
Dividend income	17	**-**	-	**(6 451)**	(5 485)
Fair value and amortisation adjustments		**(17 134)**	24 959	**(16 695)**	26 135
Impairment of investment in subsidiary	6	**-**	-	**-**	(1 277)
Share of associate's profit	7	**(7 078)**	(4 111)	**-**	-
Rent straight line adjustment		**1 478**	3 374	**970**	3 171
Changes in working capital					
Trade and other receivables		**286**	3 584	**75**	3 428
Trade and other payables		**(1 208)**	2 901	**(719)**	2 387
Currency translation difference		**(187)**	(52)	**-**	-
Cash generated from operations		**175 128**	171 445	**166 330**	162 400
Finance expense		**(654)**	(759)	**(643)**	(729)
Finance income		**3 062**	4 076	**3 003**	4 029
Dividends received		**-**	-	**5 758**	5 398
Distributions paid to linked unitholders	24	**(170 704)**	(161 722)	**(170 704)**	(161 722)
Taxation paid	25	**(3 785)**	(3 049)	**(684)**	(388)
Net cash flows from operating activities		**3 047**	9 991	**3 060**	8 988
Cash flows from investing activities					
Investment property acquired / improved	5	**(63 022)**	-	**(63 022)**	-
Movement in related party receivable	10	**63 241**	(332)	**63 241**	(332)
Deposits		**(83 200)**	(51 114)	**(83 200)**	(51 114)
Withdrawals		**146 441**	50 782	**146 441**	50 782
Movement in deposit in money market funds		**(21 234)**	20 677	**(21 234)**	20 677
Deposits		**(80 234)**	(73 123)	**(80 234)**	(73 123)
Withdrawals		**59 000**	93 800	**59 000**	93 800
Net cash flows from investing activities		**(21 015)**	20 345	**(21 015)**	20 345
Cash flows from financing activities					
Borrowings decreased	13	**(3 678)**	(3 541)	**(3 678)**	(3 541)
Net cash flows from financing activities		**(3 678)**	(3 541)	**(3 678)**	(3 541)
Net change in cash and cash equivalents		**(21 646)**	26 795	**(21 633)**	25 792
Cash and cash equivalents at beginning of year		**33 873**	7 078	**28 268**	2 476
Cash and cash equivalents at end of year	11	**12 227**	33 873	**6 635**	28 268

Notes to the annual financial statements

31 July 2022

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 26 October 2022.

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.

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.

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.

Notes to the annual financial statements (continued)

31 July 2022

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.4 Business combinations (continued)

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.

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.

Notes to the annual financial statements (continued)

31 July 2022

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.6 Investment properties (continued)

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 adjusted for 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 (until 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.

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.

Notes to the annual financial statements (continued)

31 July 2022

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments

2.9.1 Investments and other financial assets

2.9.1.1 Classification

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.

2.9.1.2 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.

2.9.1.3 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:

2.9.1.3.1 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 either finance income or other 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.

2.9.1.3.2 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.

Notes to the annual financial statements (continued)

31 July 2022

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

2.9.1 Investments and other financial assets *(continued)*

2.9.1.3 Measurement (continued)

2.9.1.3.3 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.

2.9.1.4 Impairment

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.

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.

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. Trade receivables primarily comprise rentals payable monthly in advance. Any rentals not paid within 30 days of when they fall due are considered to be in default. 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 and other receivables are written off when there is no reasonable expectation of recovery once approved in terms of the Board mandate. 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.

2.9.1.5 Trade receivables

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

Notes to the annual financial statements (continued)

31 July 2022

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

2.9.1 Investments and other financial assets (continued)

2.9.1.6 Deposits in money market instruments

These deposits are highly liquid, available on demand and readily convertible to cash and cash equivalents with an insignificant risk of change in value.

2.9.1.7 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 current liabilities in the statements of financial position.

2.9.2 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, less (in the case of a financial liability that is not at FVPL) transaction costs that are directly attributable to issuing the financial liability.

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.

After initial recognition, 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. The Group accordingly measures interest bearing loans, borrowings and financial liabilities included in trade and other payables at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

2.9.3 Derivatives

The Group currently has no derivative financial instruments.

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 and fixed operating cost recoveries from operating leases are recognised in income on a straight-line basis over the lease term. Variable 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 using the effective interest rate method.

Interest from tenants on arrears is recognised within "other income" and comprises part of "net rental income" in the statement of comprehensive income and as part of cash flows from operations in the statement of cash flows. Other interest income, arising from investing activities, is recognised within 'finance income' in the statement of comprehensive income and separately disclosed in the cash flow statement as part of net cash flows from operating activities.

Notes to the annual financial statements (continued)

31 July 2022

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.13 Dividend income

Dividend income is recognised when the right to receive payment has been established. Dividends from the subsidiary are recognised in other income.

2.14 Other income

Other income is recognised when the right to receive payment has been established. It comprises dividends, promotion and advertising income, tenant market contributions, interest on tenant arrears, legal fee recoveries, fuel rebates and forex gains on foreign dividend receipts earned on an ad hoc basis.

2.15 Leases

2.15.1 As 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.

2.15.2 As lessee

Liabilities arising from a lease are initially measured on a net present value basis calculated by discounting the expected future payments, net of any incentives, at the Group's incremental borrowing rate. Lease payments are thereafter allocated between principal, which reduces the liability, and finance costs which are recognised within 'finance expense' in the statement of comprehensive income.

A right of use asset is recognised based on the initial measurement of the lease liability together with any lease payments made, net of lease incentives received, before the commencement date and any initial direct costs and restoration costs. Right of use assets are amortised on a straight-line basis in the statement of comprehensive income over the lease term.

The lease liability is reassessed for any subsequent change in rentals or lease terms, with a corresponding adjustment to the right of use asset. Changes in the borrowing rate are not adjusted for after initial recognition.

The adjustments between the contractual rentals, the finance expense on the lease liability and the amortisation of the right of use asset are transferred to non-distributable retained income.

The Group has elected to exclude immaterial leases from the above treatment.

2.16 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.

2.17 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.

Notes to the annual financial statements (continued)

31 July 2022

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.17 Current and deferred income tax (continued)

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.

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.

2.18 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.

2.19 Foreign currency translation

2.19.1 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.

2.19.2 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.

Notes to the annual financial statements (continued)

31 July 2022

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.19 Foreign currency translation (continued)

2.19.2 Transactions and balances (continued)

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.

2.19.3 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:

2.19.3.1 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;

2.19.3.2 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

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

2.20 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 in the current financial year for the first time.

Amendment/ Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 9, IAS 39, IFRS 7, IFRS 4 IFRS 16	Amendments addressing issues that arose from the implementation of the reform of an interest rate benchmark: 'Financial Instruments', 'Financial Instruments: Recognition and Measurement', 'Financial Instruments: Disclosures', 'Insurance Contracts' and 'Leases'	1 January 2021
IFRS 16	Amendment: 'Leases' Covid 19 Related Rent Concessions Amendment applicable to lessees	1 April 2021

These amendments had no impact on the Group's financial statements.

Notes to the annual financial statements (continued)

31 July 2022

3. ADOPTION OF NEW AND REVISED STANDARDS (continued)

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 2022. None of these are expected to have a material impact on the Group or Company.

Amendment/ Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 1, IFRS 9, IFRS 16, IAS 41^	Narrow scope amendments: 'First time adoption of IFRS', 'Financial instruments', 'Leases' and 'Agriculture'	1 January 2022
IFRS 3, IAS 16, IAS 37	Narrow scope amendments: 'Business Combinations', 'Property, Plant and Equipment' : Proceeds before Intended Use and 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
IFRS 17	'Insurance Contracts' and amendments	1 January 2023
IAS 1	Amendment: 'Presentation of Financial Statements' on classification of Liabilities as Current and Non-current	1 January 2023
IAS1, Practice statement 2, IAS 8	Narrow scope amendments: 'Presentation of Financial Statements', Practice statement 2, 'Accounting policies, Changes in Accounting Estimates and Errors'	1 January 2023
IAS 12	Amendment: 'Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction'	1 January 2023

^ *part of the annual improvements cycle 2018 - 2020*

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 P183 million for Group and P179 million for Company (2021: P171 million for Group and P167 million for Company) on the aggregate independent valuation.

Notes to the annual financial statements (continued)

31 July 2022

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Investment property (continued)

The capitalisation rate has been determined based on a relevant long bond yield, adjusted for property as an asset class as well as individual property specific factors such as sector, location, building, leasehold / freehold and tenancy. A 1% upward shift in the capitalisation rate would reduce the aggregate independent valuation by an estimated P180 million for Group and P179 million for Company (2021: P171 million for Group and P170 million for Company), while a 1% downward shift in capitalisation rate would increase the valuations by an estimated P224 million for Group and P224 million for Company (2021: P214 million for Group and P214 million for Company).

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 and not through Edco.
- NAP also has the option to increase the holding in the Associate between 2024 and 2029, based on the fair value of the Associate's shares. This being determined by taking into account the value of the Deeds of Grant and leases as well as any liabilities.
- 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, assuming the exercise of the option.
- 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 property 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 determined from the independent valuation and projected cash flows for the property.
- 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 15.1% (2021: 15.3%). A 1% downward shift in the discount rate would increase the carrying value by approximately P32 million (2021: P31 million) and a 1% upward shift would decrease the carrying value by approximately P26 million (2021: P25 million), while a 10% change in the lump sum payment would have an estimated P15 million (2021: P14 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 14.0% (2021: 14.0%). 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 P1.5 million (2021: P1.5 million) and a 1% upward shift would decrease the carrying value by approximately at P1.4 million (2021: P1.3 million), while a 10% change in the cash flows would have an estimated P2.5 million (2021: P2.3 million) impact on the carrying value.

Notes to the annual financial statements (continued)

31 July 2022

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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 valued by discounting the expected cash flows from operations at the Group's year end using a discounted rate of 15.1% (2021: 15.3%) 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 P12.4 million (2021: P12.1 million) and a 1% upward shift would decrease the carrying value by approximately P9.8 million (2021: P9.5 million).

4.4 Lease liabilities

Lease liabilities are recognised based on the net present value of the expected future payments, net of any incentives, discounted at the Group's incremental borrowing rate.

The future lease payments are based on expected payments over the period of the lease, including expected extensions, using current contractual escalation rates. In view of the long-term nature of the leases one renewal has been assumed for all leases. A 1% change in the projected lease payments would impact both the lease liability and right of use asset by P0.03 million (2021: P0.03 million) for both Group and Company.

The incremental borrowing rate used to discount the projected rentals is based on indicative borrowing rates on retail properties at the time the liability is recognised. A 1% increase in this rate would decrease both the lease liability and right of use asset by P0.4million (2021: P0.4 million) and a 1% decrease would increase them by P0.5 million (2021: P0.6 million) for both Group and Company.

IFRS 16 allows immaterial leases to be excluded and the Group has elected to apply this exemption. Materiality for this purpose is based on the net present value of the lease liability and has been set at P0.5 million for individual leases, subject to an aggregate limit for all individually immaterial leases of 0.5% of Group net asset value. This exemption will not be applied for all upfront lease payments.

4.5 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.

Notes to the annual financial statements (continued)

31 July 2022

	Group		Company	
	2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
5 INVESTMENT PROPERTY				
Opening balances	**1 434 835**	1 453 820	**1 392 365**	1 416 442
At fair value	**1 466 546**	1 489 026	**1 423 126**	1 450 603
Rent straight line adjustment	**(32 162)**	(35 428)	**(31 212)**	(34 383)
Lease accounting adjustment	**451**	222	**451**	222
Subsequent additions and improvements at cost	**63 022**	-	**63 022**	-
Fair value adjustment	**16 618**	(22 901)	**16 179**	(24 077)
At fair value	**14 904**	(26 504)	**14 973**	(27 477)
Rent straight line adjustment	**1 478**	3 374	**970**	3 171
Lease accounting adjustment	**236**	229	**236**	229
Effect of translation to presentation currency	**236**	3 916	**-**	-
At fair value	**241**	4 024	**-**	-
Rent straight line adjustment	**(5)**	(108)	**-**	-
Total valuation at end of year				
At fair value	**1 544 713**	1 466 546	**1 501 121**	1 423 126
Rent straight line adjustment	**(30 689)**	(32 162)	**(30 242)**	(31 212)
Lease accounting adjustment	**687**	451	**687**	451
Net carrying value at end of year	**1 514 711**	1 434 835	**1 471 566**	1 392 365

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 P 1 833 million for Group and P 1 789 million for Company as at 31 July 2022 (2021: P 1 713 million for Group and P 1 669 million for Company) by Curtis Matobolo. 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.

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 between 7.4% and 18.4% (2021: 7.3% and 17.7%) 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 833 million (2021: P1 713 million) have been reduced by the directors to account for the impact of the specific contractual arrangements pertaining to one of the Group's properties and to avoid double accounting in view of the investment in the Associate, with the resultant fair value recognised under investment property being P1 545 million (2021: P1 467 million) for Group and P1 501 million (2021: P1 423 million) for Company.

Investment property valued at P126 million (2021: P123 million) is used as security for the bank borrowings referred to in note 13.

No interest was capitalised to investment property during the year (2021: nil).

There were no capital commitments at the year end.

Notes to the annual financial statements (continued)

31 July 2022

5 INVESTMENT PROPERTY (continued)

	Group		Company	
	2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
Operating income attributable to the investment property amounts to:				
Revenue	**224 336**	209 537	**214 554**	200 496
Rent straight line adjustment	**1 478**	3 374	**970**	3 171
Contractual revenue earned from investment property	**225 814**	212 911	**215 524**	203 667
Other income	**4 412**	3 760	**11 116**	9 216
Property costs	**(41 558)**	(39 521)	**(40 996)**	(38 772)
Recoverable expenses	**(16 909)**	(15 618)	**(16 516)**	(15 305)
Other property expenses	**(24 649)**	(23 903)	**(24 480)**	(23 467)
Net rental income excluding rent straight line adjustment	**188 668**	177 150	**185 644**	174 111
And to reconcile to statement of comprehensive income:				
Add : Straight line adjustment	**(1 478)**	(3 374)	**(970)**	(3 171)
Net rental income per statement of comprehensive income	**187 190**	173 776	**184 674**	170 940

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				
2022				
New African Properties (Namibia) (Proprietary) Limited	100%			
At cost		**36 650**	**-**	**36 650**
Carrying value		**36 650**	**-**	**36 650**
2021				
New African Properties (Namibia) (Proprietary) Limited	100%			
At cost		36 650	-	36 650
Impairment		-	-	-
Opening balance		(1 277)	-	(1 277)
Current period		1 277	-	1 277
Carrying value		36 650	-	36 650

This wholly owned subsidiary is carried at cost less impairment in the company financial statements and its assets, liabilities and results included in the consolidated financial statements. The investment is impaired when the Pula equivalent net asset value of the subsidiary is less than cost and subsequently reversed when the net asset value of the subsidiary increases. The subsidiary owns investment properties in Namibia. Note 30.1.1.2 sets out the net asset value of the subsidiary at year end.

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 with routine Bank of Namibia approvals. The assets and liabilities of the subsidiary that are included in the consolidated statement of financial position are set out in note 30.1.1.2.

Notes to the annual financial statements (continued)

31 July 2022

		% holdings	Group 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 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		**55 815**	48 737	**-**	-
	Opening balance		**48 737**	44 626	**-**	-
	Current period		**7 078**	4 111	**-**	-
			60 766	53 688	**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 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 P'000
8	**FINANCIAL ASSET RECEIVABLE**				
	Opening balance	**23 329**	24 506	**23 329**	24 506
	Fair value adjustment	**1 397**	(1 177)	**1 397**	(1 177)
	Carrying value	**24 726**	23 329	**24 726**	23 329

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 Proprietary Limited 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 14.0% (2021:14.0%) and is within level 3 of the fair value hierarchy.

Notes to the annual financial statements (continued)

31 July 2022

		Group		Company	
		2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
9	**INTANGIBLE ASSET**				
	Land lease rights				
	Acquired	**12 193**	12 193	**12 193**	12 193
	Amortisation	**(8 810)**	(7 929)	**(8 810)**	(7 929)
	Opening balance	**(7 929)**	(7 048)	**(7 929)**	(7 048)
	Current period	**(881)**	(881)	**(881)**	(881)
		3 383	4 264	**3 383**	4 264

The land lease right arises from contractual rights acquired by the Group on acquisition of the investment in the Associate in the 2012 financial year which allow future cost and operational efficiencies. This asset is amortised over the useful life which extends until 2026.

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.

		Group		Company	
		2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
10	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables net of impairment	**3 880**	4 268	**3 693**	4 158
	Trade receivables	**28 047**	25 233	**27 051**	24 339
	Less: impairment	**(24 167)**	(20 965)	**(23 358)**	(20 181)
	Prepayments	**735**	326	**735**	326
	Related party receivables	**36 382**	99 623	**36 382**	99 623
	Dividends receivable	**-**	-	**3 080**	2 387
	Right of use asset	**3 538**	3 642	**3 538**	3 642
	Other receivables	**1 007**	1 210	**1 287**	1 202
		45 542	109 069	**48 715**	111 338

Financial assets comprising trade and other receivables are measured at amortised cost less an impairment provision based on expected credit losses.

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 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. The impairment provision was determined as set out below for trade receivables.

Notes to the annual financial statements (continued)

31 July 2022

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
Group					
2022					
Total gross trade receivables	**1 984**	**1 285**	**1 112**	**23 666**	**28 047**
Less: Considered for specific impairment	**1 133**	**1 038**	**941**	**23 167**	**26 279**
Balance considered for general impairment	**851**	**247**	**171**	**499**	**1 768**
Expected loss rate for general impairment	**13.5%**	**32.0%**	**45.6%**	**88.4%**	**40.3%**
General impairment	**(115)**	**(79)**	**(78)**	**(441)**	**(713)**
Specific impairment	**(1 012)**	**(932)**	**(843)**	**(20 667)**	**(23 454)**
Total impairment	**(1 127)**	**(1 011)**	**(921)**	**(21 108)**	**(24 167)**
2021					
Total gross trade receivables	1 976	1 155	1 095	21 007	25 233
Less: Considered for specific impairment	1 295	962	927	20 374	23 558
Balance considered for general impairment	681	193	168	633	1 675
Expected loss rate for general impairment	27.7%	53.8%	69.1%	96.7%	60.9%
General impairment	(189)	(104)	(116)	(611)	(1 020)
Specific impairment	(1 109)	(848)	(821)	(17 167)	(19 945)
Total impairment	(1 298)	(952)	(937)	(17 778)	(20 965)
Company					
2022					
Total gross trade receivables	**1 944**	**1 252**	**1 081**	**22 774**	**27 051**
Less: Considered for specific impairment	**1 101**	**1 011**	**916**	**22 316**	**25 344**
Balance considered for general impairment	**843**	**241**	**165**	**458**	**1 707**
Expected loss rate for general impairment	**13.4%**	**31.5%**	**44.8%**	**88.9%**	**39.3%**
General impairment	**(113)**	**(76)**	**(74)**	**(407)**	**(670)**
Specific impairment	**(988)**	**(908)**	**(822)**	**(19 970)**	**(22 688)**
Total impairment	**(1 101)**	**(984)**	**(896)**	**(20 377)**	**(23 358)**
2021					
Total gross trade receivables	1 897	1 140	1 090	20 212	24 339
Less: Considered for specific impairment	1 216	947	922	19 582	22 667
Balance considered for general impairment	681	193	168	630	1 672
Expected loss rate	27.7%	53.8%	69.1%	94.9%	60.2%
General impairment	(189)	(104)	(116)	(598)	(1 007)
Specific impairment	(1 040)	(835)	(816)	(16 483)	(19 174)
Total impairment	(1 229)	(939)	(932)	(17 081)	(20 181)

Notes to the annual financial statements (continued)

31 July 2022

10 TRADE AND OTHER RECEIVABLES (continued)

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

	Group		Company	
	2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
Trade receivable impairment:				
Opening balance	**20 965**	14 254	**20 181**	13 816
Net movement in impairments charged to the income statement	**4 653**	6 666	**4 632**	6 365
Write-Offs	**(1 455)**	-	**(1 455)**	-
Effect of translation to presentation currency	**4**	45	**-**	-
Balance at end of year	**24 167**	20 965	**23 358**	20 181
The impairment provision above excludes VAT which is included in the arrears amount above. The impairment amount including VAT is set out below.				
Trade receivable	**28 047**	25 233	**27 051**	24 339
Less: VAT included	**(2 478)**	(2 506)	**(2 355)**	(2 405)
Trade receivable excluding VAT	**25 569**	22 727	**24 696**	21 934
Impairment	**(24 167)**	(20 965)	**(23 358)**	(20 181)
Unimpaired excluding VAT	**1 402**	1 762	**1 338**	1 753
Related party receivables comprise:				
Cash Bazaar Holdings Proprietary Limited	**36 382**	99 623	**36 382**	99 623

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 (2021: 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 (2021: nil). NAP 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 immaterial loss.

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.

Notes to the annual financial statements (continued)

31 July 2022

		Group		Company	
		2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
11	**CASH AND CASH EQUIVALENTS AND DEPOSITS IN MARKET FUNDS**				
	Current account - ABSA Bank	**860**	151	**860**	151
	- First National Bank	**1 262**	1 358	**-**	-
	Call account - Bank Gaborone	**22**	22	**22**	22
	- Access Bank	**78**	78	**78**	78
	- ABSA Bank	**5 675**	28 017	**5 675**	28 017
	- First National Bank	**4 330**	4 247	**-**	-
	Total cash and cash equivalents	**12 227**	33 873	**6 635**	28 268
	Vunani Money Market Fund	**25 060**	3 826	**25 060**	3 826
	Total deposits in money market funds	**25 060**	3 826	**25 060**	3 826
	Cash and cash equivalents and deposits in money market funds are measured at amortised cost.				
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. Linked units are considered as equity as there is no obligation to transfer cash or assets to settle the linked unit.

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

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 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 P'000
13	**BORROWINGS**				
	Bank Gaborone Limited comprising:				
	Non-current portion	**4 343**	8 134	**4 343**	8 134
	Current portion	**3 796**	3 683	**3 796**	3 683
		8 139	11 817	**8 139**	11 817

Notes to the annual financial statements (continued)

31 July 2022

		Group		Company	
		2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
13	**BORROWINGS** (continued)				
	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 P126 million (2021: P123 million).				
	The loan is repayable in monthly instalments, currently amounting to P344,452 until August 2024 and incurs interest at 1.5% below prime lending rate, 4.76% at year end (July 2021: 3.75%). 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.				
	The interest on this facility for the next 12 months at the current rate amounts to	**338**	380	**338**	380
	A 1% increase in the prime lending rate would have the impact of increasing this by	**65**	102	**65**	102
	Movement in borrowings:				
	Balance at the beginning of the year	**11 817**	15 358	**11 817**	15 358
	Repayment of borrowings	**(3 678)**	(3 541)	**(3 678)**	(3 541)
	Balance at the end of the year	**8 139**	11 817	**8 139**	11 817
	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.				
14	**DEFERRED TAX LIABILITY**				
	Fair value gains on investment property (after indexed cost adjustment)	**72 852**	100 943	**72 852**	100 943
	Building allowances claimed	**26 061**	26 024	**22 492**	22 492
	Rent straight line adjustment	**6 790**	7 165	**6 653**	6 867
	Share of associate's profit	**5 582**	4 874	**-**	-
	Prepaid expenses/ income received in advance	**(430)**	(488)	**(274)**	(287)
	Impairment of receivables	**(194)**	(183)	**-**	-
	Tax loss	**(884)**	(892)	**(884)**	(892)
	Total deferred tax liability	**109 777**	137 443	**100 839**	129 123

Notes to the annual financial statements (continued)

31 July 2022

		Group		Company	
		2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
14	**DEFERRED TAX LIABILITY** (continued)				
	And the movement for the year comprises:				
	Opening balances	**137 443**	158 710	**129 123**	152 116
	Current year charge	**(27 685)**	(21 602)	**(28 284)**	(22 993)
	Effect of translation to presentation currency	**19**	335	**-**	-
	Balance at end of year	**109 777**	137 443	**100 839**	129 123
	The Company and Group have estimated tax losses carried forward of P4.0million (2021:P4.1 million), which has been utilised to reduce the deferred tax liability.				
15	**TRADE AND OTHER PAYABLES**				
	Related party payable	**1 499**	1 491	**-**	-
	Lease liability	**2 920**	2 788	**2 920**	2 788
	Tenant deposits	**8 809**	8 668	**8 385**	8 189
	Trade payables	**643**	2 721	**557**	2 353
	Rent received in advance	**2 493**	2 587	**2 433**	2 441
	Accruals	**8 089**	7 568	**7 939**	7 352
	VAT	**2 535**	2 373	**2 299**	2 129
		26 988	28 196	**24 533**	25 252
16	**REVENUE**				
	Contractual rental	**211 529**	200 384	**201 354**	191 256
	- Basic	**211 452**	200 384	**201 277**	191 256
	- Turnover	**77**	-	**77**	-
	Rent straight line adjustment	**(1 478)**	(3 374)	**(970)**	(3 171)
	Rental income	**210 051**	197 010	**200 384**	188 085
	Operating cost recoveries	**14 285**	12 527	**14 170**	12 411
		224 336	209 537	**214 554**	200 496
	The Investment properties are leased to tenants under operating leases with rentals payable monthly. These rentals are recognised in income on a straight line basis over the lease term.				
	The undiscounted future minimum contractual rentals receivable under non-cancellable operating leases are as follows:				
	Within 1 year	**195 527**	173 665	**190 074**	161 343
	Between 1 and 2 years	**129 528**	126 233	**127 577**	121 214
	Between 2 and 3 years	**80 340**	74 690	**79 502**	73 302
	Between 3 and 4 years	**49 859**	39 219	**49 563**	38 656
	Between 4 and 5 years	**25 307**	37 313	**28 823**	36 816
	Later than 5 years	**3 516**	17 498	**3 516**	17 498

Of this P30.7 million for Group and P30.2 million for Company (2021: P32.2 million for Group and P31.2 million) has been recognised as a receivable in view of the adjustment to straight line rentals over the lease period.

Notes to the annual financial statements (continued)

31 July 2022

		Group 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 P'000
17	**OTHER INCOME**				
	Dividends from subsidiary company		-	**6 451**	5 485
	Promotion and advertising income	**780**	711	**780**	711
	Tenant contribution to marketing	**549**	601	**549**	601
	Interest on tenant arrears	**2 774**	1 985	**2 716**	1 956
	Sundry income	**309**	463	**620**	463
		4 412	3 760	**11 116**	9 216
18	**PROPERTY COSTS**				
	Recoverable costs:				
	Cleaning & refuse	**(4 182)**	(3 821)	**(4 077)**	(3 740)
	Rates	**(1 406)**	(1 564)	**(1 201)**	(1 373)
	Security	**(2 418)**	(2 167)	**(2 418)**	(2 167)
	Utilities	**(8 903)**	(8 066)	**(8 820)**	(8 025)
	Recoverable expenses	**(16 909)**	(15 618)	**(16 516)**	(15 305)
	Other property costs:				
	Impairment of trade receivables	**(4 653)**	(6 666)	**(4 632)**	(6 365)
	Insurance	**(891)**	(854)	**(775)**	(761)
	Leasing fees	**(2 558)**	(2 262)	**(2 558)**	(2 248)
	Property management fee	**(10 797)**	(10 257)	**(10 797)**	(10 257)
	Repairs and maintenance	**(3 031)**	(1 576)	**(2 999)**	(1 549)
	Right of use asset amortisation	**(104)**	(104)	**(104)**	(104)
	Tenant installations	**(431)**	(41)	**(431)**	(41)
	Variable lease payments	**(1 041)**	(907)	**(1 041)**	(907)
	Other property expenses	**(1 143)**	(1 236)	**(1 143)**	(1 235)
	Total property costs	**(41 558)**	(39 521)	**(40 996)**	(38 772)
19	**OTHER EXPENSES**				
	Asset management fee	**(9 929)**	(9 805)	**(9 929)**	(9 805)
	Fees paid to auditors	**(770)**	(677)	**(633)**	(600)
	- Audit fee current year	**(617)**	(609)	**(518)**	(566)
	- Other services	**(153)**	(68)	**(115)**	(34)
	Directors' fees	**(317)**	(291)	**(317)**	(291)
	Other portfolio expenses	**(1 415)**	(1 365)	**(1 340)**	(1 345)
		(12 431)	(12 138)	**(12 219)**	(12 041)
20	**FINANCE INCOME**				
	Banks and money market investments	**449**	616	**390**	569
	Related party	**2 613**	3 460	**2 613**	3 460
		3 062	4 076	**3 003**	4 029
21	**FINANCE EXPENSE**				
	Bank borrowings	**(435)**	(530)	**(435)**	(530)
	Lease liabilities	**(208)**	(199)	**(208)**	(199)
	Other	**(11)**	(30)	**-**	-
		(654)	(759)	**(643)**	(729)
22	**TAXATION**				
	Botswana current taxation				
	Current year	**(645)**	(548)	**(645)**	(548)
	Prior year	**-**	(784)	**-**	(784)
	Namibian current taxation				
	Current year	**(2 920)**	(2 859)	**-**	-
	Total current taxation	**(3 565)**	(4 191)	**(645)**	(1 332)

Notes to the annual financial statements (continued)

31 July 2022

	Group		Company	
	2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
22 TAXATION (continued)				
Botswana deferred taxation				
Current year	**27 577**	21 466	**28 284**	22 993
Namibia deferred taxation				
Current year	**108**	136	**-**	-
Total deferred taxation	**27 685**	21 602	**28 284**	22 993
Total taxation	**24 120**	17 411	**27 639**	21 661
Attributable to:				
Distributable income	**(3 618)**	(3 332)	**(645)**	(548)
Fair value adjustments	**28 091**	22 390	**28 091**	22 390
Fair value	**(3 508)**	5 297	**(3 508)**	5 297
Indexation	**31 599**	17 093	**31 599**	17 093
Share of associates profit	**(708)**	(1 527)	**-**	-
Rental straight line adjustments	**376**	758	**214**	697
IFRS 16 adjustment	**(13)**	(12)	**(13)**	(12)
Other tax charges	**(8)**	(866)	**(8)**	(866)
	24 120	17 411	**27 639**	21 661

	Group		Company	
	2022	2021	**2022**	2021
Reconciliation of the effective and statutory tax rate:				
Effective tax rate	**(12.0%)**	(12.1%)	**(14.4%)**	(15.8%)
Adjusted for:				
Fair value and other adjustments - net difference	**15.8%**	11.8%	**16.5%**	12.1%
Interest on debentures allowed for tax purposes	**18.5%**	24.3%	**19.5%**	25.6%
Share of associate's profit	**0.4%**	(0.4%)	**-**	-
Non-deductible expenses	**-**	-	**-**	0.2%
Dividend income	**-**	-	**0.7%**	0.9%
Tax on dividends	**(0.3%)**	(0.4%)	**(0.3%)**	(0.4%)
Other tax charges	**-**	(0.5%)	**-**	(0.6%)
Effect of difference in country tax rates	**(0.4%)**	(0.7%)	**-**	-
Statutory tax rate in Botswana	**22.0%**	22.0%	**22.0%**	22.0%

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

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

	Group 2022	Group 2021
Profit for the year attributable to linked unitholders (P'000)	**225 499**	161 518
Weighted average number of linked units	**604 397 124**	604 397 124
Earnings per linked unit in thebe	**37.31**	26.72

There are no dilutive linked units 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 2022

	2022 P'000	2021 P'000	2022 thebe per linked unit	2021 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				
2022: Number 21 - declared 20 April 2022 paid 1 June 2022 (2021: Number 19 - declared 28 April 2021 paid 2 June 2021)				
Interest	**83 407**	78 390	**13.80**	12.97
Dividends	**2 780**	2 478	**0.46**	0.41
	86 187	80 868	**14.26**	13.38
2022: Number 22 - declared 21 July 2022 paid 5 October 2022 (2021: Number 20 - declared 27 July 2021 paid 6 October 2021)				
Interest	**86 127**	81 352	**14.25**	13.46
Dividends	**3 022**	3 022	**0.50**	0.50
	89 149	84 374	**14.75**	13.96
Total distribution declared	**175 336**	165 242	**29.01**	27.34
Amounts unpaid at beginning of year	**85 281**	81 761	**14.11**	13.53
Amounts unpaid at end of year	**(89 913)**	(85 281)	**(14.88)**	(14.11)
Not yet payable	**(89 149)**	(84 374)	**(14.75)**	(13.96)
Unclaimed distributions	**(764)**	(907)	**(0.13)**	(0.15)
Distributions paid to linked unitholders	**170 704**	161 722	**28.24**	26.76

	Group		Company	
	2022 P'000	2021 P'000	2022 P'000	2021 P'000
25 TAXATION PAID				
Receivable at beginning of year	**1 034**	2 029	**1 034**	1 978
Payable at beginning of year	**(147)**	-	**-**	-
Charged during the year	**(3 565)**	(4 191)	**(645)**	(1 332)
Receivable at year end	**(1 415)**	(1 034)	**(1 381)**	(1 034)
Payable at year end	**308**	147	**308**	-
	(3 785)	(3 049)	**(684)**	(388)

26 RELATED PARTY TRANSACTIONS

Related parties with whom transactions have occurred and their relationships with the Group are:

Afritec Proprietary Limited	Related through common directors
Cash Bazaar Holdings Proprietary Limited	Related through unitholding and 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

Notes to the annual financial statements (continued)

31 July 2022

	Terms	Notes	Group 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 P'000
26 RELATED PARTY TRANSACTIONS (continued)						
Nature of transaction and party						
Rental (contractual)			**34 945**	33 073	**31 511**	29 860
Afritec Proprietary Limited	Lease		**901**	835	**901**	835
Furnmart Limited	Lease		**30 674**	29 091	**27 240**	25 878
Hunters Africa Proprietary Limited	Lease		**390**	361	**390**	361
Mynco Proprietary Limited	Cession		**2 980**	2 786	**2 980**	2 786
Operating cost recoveries			**648**	618	**589**	559
Afritec Proprietary Limited	Lease		**48**	44	**48**	44
Furnmart Limited	Lease		**594**	569	**535**	510
Hunters Africa Proprietary Limited	Lease		**6**	5	**6**	5
Other income - shared service recovery	Board approved		**-**	-	**311**	-
New African Properties (Namibia) (Proprietary) Limited						
Interest received						
Cash Bazaar Holdings Proprietary Limited	Linked to prime		**2 613**	3 460	**2 613**	3 460
Asset management fee						
Nafprop Proprietary Limited	Contract		**(9 929)**	(9 805)	**(9 929)**	(9 805)
Property management fee						
Nafprop Proprietary Limited	Contract		**(10 797)**	(10 257)	**(10 797)**	(10 257)
Leasing fees						
Nafprop Proprietary Limited	Contract		**(2 558)**	(2 248)	**(2 558)**	(2 248)
Directors' fees to independent directors	Board approved		**(317)**	(291)	**(317)**	(291)
JP Mc Loughlin			**(193)**	(180)	**(193)**	(180)
S Venkatakrishnan			**(124)**	(111)	**(124)**	(111)
Distributions - Linked unitholders	Board approved		**(175 336)**	(165 242)	**(175 336)**	(165 242)
Dividends received						
New African Properties (Namibia) (Proprietary) Limited	Board approved		**-**	-	**6 451**	5 485
And the following balances exist at the balance sheet date:						
Nature of transaction and party						
Financial asset receivable - Mynco Proprietary Limited		8	**24 726**	23 329	**24 726**	23 329
Related party receivables						
Cash Bazaar Holdings Proprietary Limited		10	**36 382**	99 623	**36 382**	99 623

Notes to the annual financial statements (continued)

31 July 2022

	Notes	Group 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 P'000
26 RELATED PARTY TRANSACTIONS (continued)					
Nature of transaction and party (continued)					
Related party trade receivables					
Furnmart Limited		**3 533**	3 548	**3 223**	3 240
Other receivables		**21**	-	**332**	-
Mynco Proprietary Limited		**21**	-	**21**	-
New African Properties (Namibia) Proprietary Limited		**-**	-	**311**	-
Dividends receivable					
New African Properties (Namibia) (Proprietary) Limited	10	**-**	-	**3 080**	2 387
Related party payable					
Cash Bazaar Holdings Proprietary Limited	15	**(1 499)**	(1 491)	**-**	-
Related party trade payable					
Nafprop Proprietary Limited		**-**	(417)	**-**	(417)
Distribution payable - Linked unitholders	24	**89 913**	(85 281)	**89 913**	(85 281)

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 67 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.

Notes to the annual financial statements (continued)

31 July 2022

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

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.

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 P0.1 million (2021: P0.1 million).

Assets on which interest is earned include trade receivables, the related party receivable, deposits in money market funds and cash and cash equivalents. The balances on each of these 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	
	2022 P'000	2021 P'000	**2022 P'000**	2021 P'000	**2022 P'000**	2021 P'000	**2022 P'000**	2021 P'000
Trade receivable	**28 047**	25 233	**27 051**	24 339	**280**	252	**271**	243
Related party receivable	**36 382**	99 623	**36 382**	99 623	**364**	996	**364**	996
Deposits in money market funds	**25 060**	3 826	**25 060**	3 826	**251**	38	**251**	38
Cash and cash equivalents	**12 227**	33 873	**6 635**	28 268	**122**	338	**66**	283

The Group has no exposure to fixed rate financial instruments (2021: no exposure) and therefore has no exposure to fair value interest rate risk (2021: 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 1.3161 (2021: 1.323) Rand to the Pula, at the reporting date comprise:

Notes to the annual financial statements (continued)
31 July 2022

	Group 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 P'000	Impact of a 10% increase Group 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 P'000
30.1 Financials Risks (continued)								
30.1.1 Market risk *(continued)*								
30.1.1.2 Foreign exchange risk (continued)								
Investment property	**43 145**	42 470	**-**	-	**(3 922)**	(3 861)	**-**	-
Cash and cash equivalents	**5 592**	5 605	**-**	-	**(508)**	(510)	**-**	-
All other receivables	**354**	1 068	**-**	-	**(30)**	(97)	**-**	-
Trade and other payables	**(5 535)**	(5 478)	**-**	-	**503**	498	**-**	-
Deferred taxation	**(3 356)**	(3 446)	**-**	-	**305**	313	**-**	-
	40 200	40 219		-	**(3 652)**	(3 657)	**-**	-
Reconciled to Investment in subsidiary:								
Net assets per above			**40 200**	40 219				
Less: post acquisition reserves			**(16 246)**	(16 300)				
Add: cumulative foreign exchange translation difference			**12 696**	12 731				
Carrying value of investment			**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 5 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 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 P'000
Financial asset receivable	**24 726**	23 329	**24 726**	23 329
Trade and other receivables	**41 269**	105 101	**44 442**	107 370
Deposits in money market funds	**25 060**	3 826	**25 060**	3 826
Cash and cash equivalents	**12 227**	33 873	**6 635**	28 268
	103 282	166 129	**100 863**	162 793
Trade and other receivables includes primarily the related party receivable and comprises:				
Related party receivable	**36 382**	99 623	**36 382**	99 623
Dividends receivable	**-**	-	**3 080**	2 387
Trade receivables net of impairment	**3 880**	4 268	**3 693**	4 158
Other receivables	**1 007**	1 210	**1 287**	1 202
	41 269	105 101	**44 442**	107 370

Notes to the annual financial statements (continued)

31 July 2022

30.1 Financials Risks (continued)

30.1.2 Credit risk (continued)

The financial asset receivable is carried at fair value based on a discounted cash flow projection. Actual amounts receivable every 6 months are based on rentals actually collected by the counterparty during the period. Thereafter the 6 monthly payment to NAP is receivable from Mynco Proprietary Limited, with no default to date and no indicators of any change in circumstances. The asset is carried at fair value and therefore the risk for NAP is more of a fair value risk than a credit risk and this is dealt with in note 30.4.

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 (2021: 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.

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 P8.8 million for Group and P8.4 million for Company (2021: P8.7 million for Group and P8.2 million for Company) are held 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 and deposits in money market funds is minimised by only investing cash resources with reputable financial institutions, but they are not externally rated. The balances at the various institutions are detailed in note 11. The banks in Botswana and Namibia are not typically rated but the Group only invests with well established financial institutions with a solid track record, many of which are subsidiaries of South African rated banks.

The deposit in the money market fund is in the Vunani Money Market Fund, which is similarly not rated, but governed and regulated by the Non-Bank Financial Institutions Regulatory Authority and the Collective Investments Undertaking Act.

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					
2022					
Assets					
Financial asset receivable[1]	717	2 269	13 992	54 511	71 489
Trade and other receivables[2]	19 082	22 187	-	-	41 269
Deposits in money market funds	25 060	-	-	-	25 060
Cash and cash equivalents	12 227	-	-	-	12 227
Liabilities					
Borrowings[3]	929	2 866	4 343	-	8 138
Interest on borrowings[3]	104	234	134	-	472
Trade and other payables[2]	19 040	78	338	11 443	30 899
Distributions payable	89 913	-	-	-	89 913

Notes to the annual financial statements (continued)

31 July 2022

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
Group (continued)					
2021					
Assets					
Financial asset receivable[1]	676	2 053	12 631	56 683	72 043
Trade and other receivables[2]	18 912	86 189	-	-	105 101
Deposits in money market funds	3 826	-	-	-	3 826
Cash and cash equivalents	33 873	-	-	-	33 873
Liabilities					
Borrowings[3]	907	2 777	8 133	-	11 817
Interest on borrowings[3]	109	272	334	-	715
Trade and other payables[2]	20 448	76	328	11 531	32 383
Distributions payable	85 281	-	-	-	85 281
Company					
2022					
Assets					
Financial asset receivable[1]	**717**	**2 269**	**13 992**	**54 511**	**71 489**
Trade and other receivables[2]	**22 255**	**22 187**	**-**	**-**	**44 442**
Deposits in money market funds	**25 060**	**-**	**-**	**-**	**25 060**
Cash and cash equivalents	**6 635**	**-**	**-**	**-**	**6 635**
Liabilities					
Borrowings[3]	**929**	**2 866**	**4 343**	**-**	**8 138**
Interest on borrowings[3]	**104**	**234**	**134**	**-**	**472**
Trade and other payables[2]	**16 881**	**78**	**338**	**11 443**	**28 740**
Distributions payable	**89 913**	**-**	**-**	**-**	**89 913**
2021					
Assets					
Financial asset receivable[1]	676	2 053	12 631	56 683	72 043
Trade and other receivables[2]	21 181	86 189	-	-	107 370
Deposits in money market funds	3 826	-	-	-	3 826
Cash and cash equivalents	28 268	-	-	-	28 268
Liabilities					
Borrowings[3]	907	2 777	8 133	-	11 817
Interest on borrowings[3]	109	272	334	-	715
Trade and other payables[2]	17 894	76	328	11 531	29 829
Distributions payable	85 281	-	-	-	85 281

[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 and non-financial instruments, but includes interest
[3] based on expected cash flows which are split between capital and interest

Notes to the annual financial statements (continued)

31 July 2022

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, the related party receivable 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.

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, the related party receivable as well as liquid deposits in money market funds while 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	
	2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
The gearing ratios as at the year end were as follows:				
Net debt	**-**	-		
Borrowings	**8 139**	11 817		
Cash and cash equivalents	**(12 227)**	(33 813)		
Deposit in money market funds	**(25 060)**	(3 826)		
Related party receivable	**(36 382)**	(99 623)		
Investment property at fair value	**1 544 713**	1 466 546		
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	**8 139**	11 817	**8 139**	11 817
Total assets	**1 718 519**	1 696 080	**1 653 309**	1 636 237
Gearing ratio	**0%**	1%	**0%**	1%

Notes to the annual financial statements (continued)

31 July 2022

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					
2022					
Assets					
Investment in property	-	-	-	1 514 711	1 514 711
Investment in associate	-	-	-	60 766	60 766
Financial asset receivable	24 726	-	-	-	24 726
Intangible asset	-	-	-	3 383	3 383
Rent straight line adjustment	-	-	-	30 689	30 689
Trade and other receivables	-	41 269	-	4 273	45 542
Tax receivable	-	-	-	1 415	1 415
Deposits in money market funds	-	25 060	-	-	25 060
Cash and cash equivalents	-	12 227	-	-	12 227
Total assets	24 726	78 556	-	1 615 237	1 718 519
Liabilities					
Borrowings	-	-	8 139	-	8 139
Deferred tax liability	-	-	-	109 777	109 777
Trade and other payables	-	-	19 040	7 948	26 988
Distributions payable	-	-	89 913	-	89 913
Tax payable	-	-	-	308	308
Total liabilities	-	-	117 092	118 033	235 125
2021					
Assets					
Investment in property	-	-	-	1 434 835	1 434 835
Investment in associate	-	-	-	53 688	53 688
Financial asset receivable	23 329	-	-	-	23 329
Intangible asset	-	-	-	4 264	4 264
Rent straight line adjustment	-	-	-	32 162	32 162
Trade and other receivables	-	105 101	-	3 968	109 069
Tax receivable	-	-	-	1 034	1 034
Deposits in money market funds	-	3 826	-	-	3 826
Cash and cash equivalents	-	33 873	-	-	33 873
Total assets	23 329	142 800	-	1 529 951	1 696 080
Liabilities					
Borrowings	-	-	11 817	-	11 817
Deferred tax liability	-	-	-	137 443	137 443
Trade and other payables	-	-	20 448	7 748	28 196
Distributions payable	-	-	85 281	-	85 281
Taxation payable	-	-	-	147	147
Total liabilities	-	-	117 546	145 338	262 884

Notes to the annual financial statements (continued)

31 July 2022

30.3 Categories of financial instruments (continued)

	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					
2022					
Assets					
Investment in property	-	-	-	1 471 566	1 471 566
Investment in subsidiary	-	-	-	36 650	36 650
Investment in associate	-	-	-	4 951	4 951
Financial asset receivable	24 726	-	-	-	24 726
Intangible asset	-	-	-	3 383	3 383
Rent straight line adjustment	-	-	-	30 242	30 242
Trade and other receivables	-	44 442	-	4 273	48 715
Tax receivable	-	-	-	1 381	1 381
Deposits in money market funds	-	25 060	-	-	25 060
Cash and cash equivalents	-	6 635	-	-	6 635
Total assets	24 726	76 137	-	1 552 446	1 653 309
Liabilities					
Borrowings	-	-	8 139	-	8 139
Deferred tax liability	-	-	-	100 839	100 839
Trade and other payables	-	-	16 881	7 652	24 533
Distributions payable	-	-	89 913	-	89 913
Tax payable	-	-	-	308	308
Total liabilities	-	-	114 913	108 799	223 732
2021					
Assets					
Investment in property	-	-	-	1 392 365	1 392 365
Investment in subsidiary	-	-	-	36 650	36 650
Investment in associate	-	-	-	4 951	4 951
Financial asset receivable	23 329	-	-	-	23 329
Intangible asset	-	-	-	4 264	4 264
Rent straight line adjustment	-	-	-	31 212	31 212
Trade and other receivables	-	107 370	-	3 968	111 338
Tax receivable	-	-	-	1 034	1 034
Deposits in money market funds	-	3 826	-	-	3 826
Cash and cash equivalents	-	28 268	-	-	28 268
Total assets	23 329	139 464	-	1 474 444	1 637 237
Liabilities					
Borrowings	-	-	11 817	-	11 817
Deferred tax liability	-	-	-	129 123	129 123
Trade and other payables	-	-	17 894	7 358	25 252
Distributions payable	-	-	85 281	-	85 281
Total liabilities	-	-	114 992	136 481	251 473

Notes to the annual financial statements (continued)

31 July 2022

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.

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
2022						
Financial asset receivable	**-**	**-**	**24 726**	**-**	**-**	**24 726**
2021						
Financial asset receivable	-	-	23 329	-	-	23 329

There have been no transfers between any of the hierarchy levels during the year (2021: Nil).

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

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	
	2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
Opening balance	**23 329**	24 506	**23 329**	24 506
Fair value adjustment recognised in profit and loss	**1 397**	(1 177)	**1 397**	(1 177)
Closing balance	**24 726**	23 329	**24 726**	23 329

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.

Notes to the annual financial statements (continued)

31 July 2022

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

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.

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
2022						
Investment property	**-**	**-**	**1 514 711**	**-**	**-**	**1 471 566**
2021						
Investment property	-	-	1 434 835	-	-	1 392 365

There have been no transfers between any of the hierarchy levels during the year (2021: 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	
	2022 P'000	2021 P'000	**2022 P'000**	2021 P'000
Opening balance	**1 434 835**	1 453 820	**1 392 365**	1 416 442
Fair value adjustment recognised in profit and loss	**16 618**	(22 901)	**16 179**	(24 077)
Capital expenditure	**63 022**	-	**63 022**	-
Foreign currency gains reflected under other comprehensive income	**236**	3 916	**-**	-
Closing balance	**1 514 711**	1 434 835	**1 471 566**	1 392 365

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 15.1% (2021: 15.3%) 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 P364 million (2021: P329 million) less deferred taxation of P80 million (2021: P72 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.

Notes to the annual financial statements (continued)

31 July 2022

31 Reclassification and restatement of prior year

The definition of cash and cash equivlents was updated from the prior period due to a change in the technical interpretation of IAS 7, despite there being no change to the standard itself.

The comparative numbers in the statements of financial position and cash flows have been reclassified to reflect cash and cash equivalents consistently with the current year. These reclassifications have no impact on previously reported profits.

The reclassification relates to the deposit in a money market fund previously included in cash and cash equivalents, which is now reflected separately under current assets, as it no longer meets the technical definition of cash and cash equivalents.

The deposit in the money market fund is managed as part of the Group's cash resources, is available on two working days notice and funds are withdrawn as required for operational cash flows.

The reclassification has no impact on the actual liquidity of the Group as it merely relates to the IAS 7 definition of cash and cash equivalents and not the way the asset is managed or operated.

The impact of this reclassification on the restated numbers is:

	Group		Company	
	2021 P'000	2020 P'000	**2021 P'000**	2020 P'000
Statements of Financial Position - restatement of 2020 and 2021 balances				
Deposit in money market fund	**3 826**	24 503	**3 826**	24 503
Previously reported	**-**	-	**-**	-
Now reported	**3 826**	24 503	**3 826**	24 503
Cash and cash equivalents	**(3 826)**	(24 503)	**(3 826)**	(24 503)
Previously reported	**37 699**	31 581	**32 094**	26 979
Now reported	**33 873**	7 078	**28 268**	2 476
Statements of cash flows - restatement of 2021 financial year cash flows				
Net cash flows from investing activities	**20 677**		**20 677**	
Previously reported	**(332)**		**(332)**	
Now reported	**20 345**		**20 345**	
Net change in cash and cash equivalents	**20 677**		**20 677**	
Previously reported	**6 118**		**5 115**	
Now reported	**26 795**		**25 792**	
Cash and cash equivalents at beginning of year	**(24 503)**		**(24 503)**	
Previously reported	**31 581**		**26 979**	
Now reported	**7 078**		**2 476**	
Cash and cash equivalents at end of year	**(3 826)**		**(3 826)**	
Previously reported	**37 699**		**32 094**	
Now reported	**33 873**		**28 268**	

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
The sum of net rental income, portfolio expenses, net finance interest and taxes related to these items. It excludes items of a capital nature (being primarily fair value adjustments and gains / losses on disposal), other accounting entries such as rent straight line and lease accounting adjustments, and taxes on these 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 Proprietary Limited, for a period of 25 years, by way of cession granted by Mynco Proprietary Limited 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.

FVPL
Fair value through profit and loss is 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 are 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.

N$
Namibian Dollars, the legal tender of Namibia.

Terms and definitions (continued)

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 2022

The following summarises the unitholders:

Category	Number of unitholders		Number of units held		% of units held	
	2022	2021	2022	2021	2022	2021
Unitholders by size of holding:						
1 - 500	**665**	665	**158 722**	159 320	**-**	-
500 - 1 000	**103**	108	**82 337**	86 351	**-**	-
1 001 - 5 000	**205**	209	**503 842**	513 240	**0.1%**	0.1%
5 001 - 10 000	**42**	41	**285 650**	282 761	**0.1%**	0.1%
10 001 - 100 000	**156**	91	**27 877 225**	2 511 389	**4.6%**	0.4%
Over 100 000	**38**	108	**575 489 448**	600 844 063	**95.2%**	99.4%
Total	**1 209**	1 222	**604 397 124**	604 397 124	**100.0%**	100.0%
Unitholders by classification:						
Body corporates / trusts	**29**	27	**97 413 883**	97 405 501	**16.1%**	16.1%
Insurance companies, pension / equity funds	**96**	101	**476 671 188**	476 139 849	**78.9%**	78.8%
Individuals	**1 084**	1 094	**30 312 053**	30 851 774	**5.0%**	5.1%
Total	**1 209**	1 222	**604 397 124**	604 397 124	**100.0%**	100.0%
Public	**1 205**	1 218	**507 309 085**	507 309 085	**83.9%**	83.9%
Non-public						
Directors' interests (including associates)*	**4**	4	**97 088 039**	97 088 039	**16.1%**	16.1%
Total	**1 209**	1 222	**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:

SCBN Pty Ltd RE: BPOPF Local Equities Active Portfolio CO Allan Gray Botswana	**1**	-	**119 032 618**	-	**19.7%**	-
FNB Nominees Pty Ltd RE: AGray BPOPF	**-**	1	**-**	157 690 186	**-**	26.1%
Cash Bazaar Holdings Pty Ltd	**1**	1	**96 234 242**	96 234 242	**15.9%**	15.9%
Stanbic Nominees Botswana RE: DPF	**1**	1	**87 456 295**	87 456 295	**14.5%**	14.5%
FNB Botswana Nominees RE: BIFM - ACT MEM & DP EQ	**1**	1	**70 432 763**	47 624 171	**11.7%**	7.9%
FNBB Nominees Vunani BPOPF	**1**	-	**47 539 022**	-	**7.9%**	-
Total	**5**	4	**420 694 940**	389 004 894	**69.7%**	64.4%

Unitholder analysis (continued)

as at 31 July 2022

2022

Month	Closing mkt cap Pm	High P	Low P	Closing # P	Volume traded	Value traded P	Number of trades	Average trade value P
Aug-21	1 964	3.25	3.25	3.25	131 000	425 750	2	212 875
Sep-21	1 964	3.25	3.25	3.25	532 270	1 729 878	11	157 262
Oct-21	1 970	3.26	3.25	3.26	550 019	1 790 031	23	77 827
Nov-21	1 970	3.26	3.25	3.26	1 260 354	4 107 479	14	293,391
Dec-21	1 970	3.26	3.25	3.26	1 427 973	4 653 917	8	581 740
Jan-22	1 982	3.28	3.28	3.28	42 915	140 761	5	28 152
Feb-22	1 982	3.28	3.28	3.28	78 871	258 697	4	64 674
Mar-22	1 982	3.28	3.28	3.28	35 651	116 935	12	9 745
Apr-22	1 976	3.28	3.27	3.27	610 821	1 997 436	9	221 937
May-22	1 976	3.27	3.27	3.27	388 326	1 269 826	12	105 819
Jun-22	1 976	3.27	3.27	3.27	81 053	265 043	6	44 174
Jul-22	2 001	3.30	3.27	3.31	409 289	1 348 224	3	449 408
Annual	2 001	3.30	3.25	3.31	5 548 542	18 103 977	109	166 092

Number of units traded as a % of total units in issue 0.9%

2021

Month	Closing mkt cap Pm	High P	Low P	Closing # P	Volume traded	Value traded P	Number of trades	Average trade value P
Aug-20	1 952	3.23	3.23	3.23	157 000	507 110	4	126 778
Sep-20	1 934	3.20	3.20	3.20	160 000	512 000	2	256 000
Oct-20	1 934	3.20	3.20	3.20	4 729	15 133	1	15 133
Nov-20	1 934	3.20	3.19	3.20	597 151	1 910 603	20	95 530
Dec-20	1 940	3.21	3.20	3.21	41 720	133 569	6	22 262
Jan-21	1 940	3.21	3.21	3.21	451 120	1 448 095	12	120 675
Feb-21	1 940	3.21	3.21	3.21	218 665	701 915	17	41 289
Mar-21	1 940	3.21	3.21	3.22	121 691	390 628	7	55 804
Apr-21	1 946	3.25	3.22	3.25	2 138 841	6 947 096	19	365 637
May-21	1 964	3.26	3.24	3.24	43 084	140 087	7	20 012
Jun-21	1 958	3.25	3.24	3.25	358 194	1 161 480	11	105 589
Jul-21	1 964	3.25	3.25	3.25	100 000	325 000	1	325 000
Annual	1 964	3.26	3.19	3.25	4 392 195	14 192 716	107	132 642

Number of units traded as a % of total units in issue 0.7%

 # 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, UIN BW00001055962 (Previously 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 2022 financial year will be held at Nafprop offices, Cash Bazaar Holdings, Plot 20573/4, Block 3, Gaborone, at 08h00 on Friday, the 27th day of January 2023.

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 2022."

2.2 Resolution number 2:

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

- Number 21 - declared 20 April 2022, paid 1 June 2022, 14.26thebe per unit
- Number 22 - declared 21 July 2022, paid 5 October 2022, 14.75 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. The Board having found their attendance and performance satisfactory, supports their re-election. Abridged Curriculum Vitae's of these directors are set out on page 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 paid to independent directors for the year ended 31 July 2022 as set out on pages 37,69 and 72 of the annual report."

2.5 Resolution number 5:

"To appoint Grant Thornton as auditors for the ensuing year."

2.6 Resolution number 6:

"To approve the auditor's remuneration for the year ended 31 July 2022."

Notice of annual general meeting (continued)

2.7 Resolution number 7:
"To delay payment of distributions to all certificated unitholders until such time as they have dematerialised their units."

The reason for this resolution is to act as incentive for certificated unitholders to dematerialise, thus enabling the Company to comply with the BSE Equity Listings Requirements, which requires the shares/units of all listed entities to be dematerialised, as well as the recently amended Companies Act that requires the Company to know the identity and residential addresses of the beneficial owners of its shares/units. This will also assist the relevant specified parties to comply with their obligations in terms of the Financial Intelligence Act. Once unitholders have dematerialised their holdings they will, on application, be paid any outstanding distributions.

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 20 December 2022

DPS Consulting Services Proprietary Limited
Company Secretary
Registered office:
Plot 28892 (portion of Plot 50370), Twin Towers, West Wing-First Floor, Fairgrounds, Gaborone

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, 23rd January 2023, 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, 27th January 2023, 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	Appoint Grant Thornton as auditors for the ensuing year			
6	Approve the auditor's remuneration for the year ended 31 July 2022			
7	Delay payment of distributions to certificated unitholders.			

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 28892 (portion of Plot 50370), Twin Towers, West Wing-First Floor, Fairgrounds, Gaborone
Email address for submission of proxy forms: mpho@dpsconsultancy.com

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. BW0000 1055962
BSE share code: NAP
ISIN code: BW 000 000 1049
www.newafricanproperties.co.bw

Managing Director
Tobias Mynhardt
Cash Bazaar Holdings
Plot 20573/4, Block 3, Gaborone
Private Bag 115, Gaborone
Tel: +267 367 0501
Fax: +267 397 4734

Company Secretary and registered office
DPS Consulting Services Proprietary Limited
Plot 28892 (Portion of Plot 50370), Twin Towers, West Wing-First Floor, Fairgrounds, Gaborone
P.O. Box 1453, Gaborone
Tel: +267 316 2062
mpho@dpsconsultancy.com

Property and Asset Manager
Nafprop Proprietary Limited
Plot 20573/4, Block 3, Gaborone
Private Bag 115, Gaborone
Tel: +267 391 3051
Fax: +267 397 2598
Email address: Info@nafprop.co.bw

Auditors
PricewaterhouseCoopers
Plot 50371, Fairground Office Park, Gaborone
P.O. Box 294, Gaborone
Tel: +267 370 9700

Bankers
ABSA Bank Botswana Ltd
Plot 74358, Building 4, Prime Plaza, New CBD
P.O. Box 478, Gaborone
Tel: +267 363 3904
Fax: +267 397 1373

Financial Director
Lauren Tapping
Cash Bazaar Holdings
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Fax: +267 397 4734

Share Register Support Services
Grant Thornton Capital Security Services Proprietary Limited
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Fax: +267 397 2357
Email: aparna.vijay@bw.gt.com

Trustee
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Fax: +267 395 2478
Email: jy@dss.co.bw

Sponsors
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NEW AFRICAN PROPERTIES

INTEGRATED ANNUAL REPORT

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