

GREEN TREE INVESTMENT COMPANY LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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GREEN TREE INVESTMENT COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

The directors present herewith their report and audited financial statements of the company for the year ended 31 March 2021.

Activities

The company carries on the business of:

- (i) As an intermediary, with back to back agreements for constructing and providing finance for developing immovable properties
- (ii) Constructing, in phases, residential apartments for sale. During the year the company disposed 26 apartments, primarily to returning graduates at concessional rates agreed with the Government of Seychelles.

Results

As shown in the statement of income on page 6, activities for the current year give the company a loss of R 16,227,054 after taxation.

Application of profits and revenue reserves

The results for the current year and losses from prior year do not permit the company to distribute dividends.

Directors and their interest in the company

The directors of the company during the period and their interest in accordance with the register maintained under Section 111 of the Companies Act 1972, were as follows:-

| | SHARES HELD | |
|------------------|-------------|----------|
| | 1 April | 31 March |
| Mr. G.M. Savy | 0 | 0 |
| Mr. P. Lablache | 0 | 0 |
| Mrs. S. Francis | 0 | 0 |
| Mr. P. Berlouis | 0 | 0 |
| Ms. A. Antat | 0 | 0 |
| Ms. A. Lebon | 0 | 0 |
| Mr. W. Confait | 0 | 0 |
| Mr. C. Lionnet | 0 | 0 |
| Mr. D. Matatiken | 0 | 0 |

All directors of the company are citizens of Seychelles.

Mr. G. M. Savy retires from the board in accordance with Articles of Association and being eligible offer himself for re-election.

No contract of significance subsisted with the company at any time during the year in which the directors had directly or indirectly, a material interest.

Statement of directors responsibilities

The directors are required to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for the period. In preparing those accounts, the directors are required to:-

prepare financial statements on the going concern basis unless it is inappropriate to assume continuance of business;

select suitable accounting policies and then apply them consistently;

GREEN TREE INVESTMENT COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

Statement of directors responsibilities (cont...)

make judgements and estimates that are reasonable and prudent; and

disclose and explain any material departures from applicable accounting standards.

The Companies Act 1972 also requires the directors to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the company and detect fraud and other irregularities.


The directors consider they have met their responsibilities as set out in the Companies Act 1972.

The financial statement are signed by the current directors of the company.

Auditors

The retiring auditors are Pool & Patel who are eligible for re-appointment.


DIRECTORS




Mr. G. M. Savy




Mr. P. Lablache



Mr. W. Confait



Mrs. S. Francis




Mr. P. Berlouis



Ms. A. Antat



Ms. A. Lebon



Mr. A. C. Lionnet



Mr. D. Matatiken

16 April 2021

INDEPENDENT AUDITOR'S REPORT

GREEN TREE INVESTMENT COMPANY LIMITED

Opinion

We have audited the financial statements of Green Tree Investment Company Limited set out on pages 5 to 12 which comprise the statement of financial position as at December 31, 2021, the statement of income, and cash flow statement for the year then ended, a five year financial summary and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium sized Entities (IFRS for SME) and requirements of the Seychelles Companies Act, 1972.

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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other responsibilities in accordance with these requirements.

In common with businesses of similar size and organization, the company's system of control is dependent upon the close involvement of management who are also major shareholders. Where independent confirmation of the completeness of the accounting records was not available, we have accepted assurances from the management that their representations and the company's records accurately reflect all the transactions undertaken during the year.

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SME's) and requirements of the Seychelles Companies Act, 1972, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Going concern consideration

To date the company has incurred losses of SCR 29.58m and does not anticipate surplus in excess of R20.0m on sale of its current inventory of 13 luxury units. Hence the company's ability to continue as a going concern is dependent upon disposing its inventory of luxury units and continued support from its parent.

If the company is not a going concern, provision would have to be made to reduce the value of assets to their estimated recoverable amounts, and for any further liabilities that may arise in a winding up. In addition, fixed assets and long term liabilities will have to be reclassified as current assets and current liabilities.

INDEPENDENT AUDITOR'S REPORT (cont...)

GREEN TREE INVESTMENT COMPANY LIMITED

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

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

We communicate with those charged with governance 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.

Pool & Patel

POOL & PATEL
CHARTERED ACCOUNTANTS
16 April, 2021

GREEN TREE INVESTMENT COMPANY LIMITED

Statement of financial position

Financial statements are prepared in Seychelles Rupees

| | Note | As at 31 March | |
|-------------------------------------|------|-------------------|---------------------|
| | | 2021 | 2020 |
| Assets | | | |
| Work in progress | 11 | - | 90,087,175 |
| Lending | 9 | 37,305,600 | 55,196,892 |
| Non-current assets | | 37,305,600 | 145,284,067 |
| Lending | 9 | 17,552,846 | 15,563,203 |
| Inventory | 4 | 42,095,993 | 1,500,000 |
| Trade & other receivables | 6 | 238,400 | 2,481,306 |
| Cash at bank | | 2,537,052 | 10,817,537 |
| Current assets | | 62,424,291 | 30,362,046 |
| Total assets | | 99,729,891 | 175,646,113 |
| Liabilities | | | |
| Borrowings | 8 | 52,441,301 | 102,310,133 |
| Non-current liabilities | | 52,441,301 | 102,310,133 |
| Borrowings | 8 | 13,630,243 | 35,015,467 |
| Trade and other payables | 7 | 31,962,639 | 51,572,751 |
| Current liabilities | | 45,592,882 | 86,588,218 |
| Total liabilities | | 98,034,183 | 188,898,351 |
| Share capital | 5 | 100,000 | 100,000 |
| Retained earnings | | (29,579,292) | (13,352,238) |
| Equity loans | 10 | 31,175,000 | - |
| Equity | | 1,695,708 | (13,252,238) |
| Total liabilities and equity | | 99,729,891 | 175,646,113 |

The notes on pages 9 to 12 are an integral part of these financial statements.


Mr. G.M. Savy



Mr. P. Lablache


Mr. W. Confait


Mrs. S. Francis


Mr. F. Berlouis


Ms. A. Antat


Ms. A. Lebon


Mr. C. Lionnet


Mr. D. Matatiken

16 April 2021

GREEN TREE INVESTMENT COMPANY LIMITED

Statement of income - by nature of expense and retained earnings

Financial statements are prepared in Seychelles Rupees

| | Note | Year ended 31 March | |
|-----------------------------------|------|---------------------|---------------------|
| | | 2021 | 2020 |
| Sale of condominiums | | | |
| Income | | 53,932,088 | - |
| Cost of sales | | (69,202,547) | - |
| Commision on sales | | (431,750) | - |
| Gross loss | | (15,702,209) | - |
| Administration fees | | 600,000 | 600,000 |
| Contribution for overheads | | 360,000 | 360,000 |
| Cost of maintaining the company | | (1,004,769) | (732,664) |
| Sundry income | | 71,565 | - |
| Operating Profit / (loss) | | (15,675,413) | 227,336 |
| Bank loan interest paid | | (6,358,746) | (9,399,792) |
| Interest on fixed deposit | | 166,315 | 380,000 |
| Interest reimbursed | | 5,640,790 | 8,374,574 |
| Finance expense - net | | (551,641) | (645,218) |
| Loss before income tax | | (16,227,054) | (417,882) |
| Taxation | | - | - |
| Loss for the year | | (16,227,054) | (417,882) |
| Dividends | | - | - |
| | | (16,227,054) | (417,882) |
| Retained earnings 1 April | | (13,352,238) | (12,934,356) |
| Retained earnings 31 March | | (29,579,292) | (13,352,238) |

The notes on pages 9 to 12 are an integral part of these financial statements.

GREEN TREE INVESTMENT COMPANY LIMITED

Cash flow statement

Financial statements are prepared in Seychelles Rupees.

| | | As at 31 March | |
|---|------|---------------------|--------------------|
| | Note | 2021 | 2020 |
| Cash flows from operating activities | | | |
| Loss for the year, adjusted: | | (16,227,054) | (417,882) |
| Loss on sale of condominiums | | 15,702,209 | - |
| Finance costs - net | | 551,641 | 645,218 |
| | | 26,796 | 227,336 |
| (Increase)/decrease in debtors | 6 | 2,242,906 | (2,077,448) |
| Increase/(decrease) in realted parties liabilities | 10 | (2,342,248) | |
| Increase/(decrease) in sundry creditors | | 9,225 | 1,606,676 |
| Cash used in maintaining company | | (63,321) | (243,436) |
| Deposits and procceds from sale of apartments | | 36,223,249 | 18,303,191 |
| Interest paid | | (6,358,746) | (9,399,792) |
| Interest received | | 166,315 | 380,000 |
| Net cash generated from operating activities | | 29,967,497 | 9,039,963 |
| Cash flows from investing activities | | | |
| Lending made | | - | (1,572,073) |
| Investment in work in progress | | (19,711,365) | (27,832,840) |
| Lending repaid | 9 | 21,542,440 | 21,542,440 |
| Net cash generated from/(used) in investing activities | | 1,831,075 | (7,862,473) |
| Cash flow from financing activities | | | |
| Loans received | 10 | 31,175,000 | 18,312,431 |
| Loans repaid | 8 | (71,254,057) | (22,775,142) |
| Net cash from/(used in) financing activities | | (40,079,057) | (4,462,711) |
| Increase/(decrease) in cash and cash equivalents | | (8,280,485) | (3,285,221) |
| Cash & cash equivalent at 1 April | | 10,817,537 | 14,102,758 |
| Cash and cash equivalents 31 March | | 2,537,052 | 10,817,537 |

GREEN TREE INVESTMENT COMPANY LIMITED

FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees '000

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-----------|----------|----------|---------|---------|
| Statement of financial position | | | | | |
| Share capital | | | | | |
| Authorised | 100 | 100 | 100 | 100 | 100 |
| Issued and fully paid | 100 | 100 | 100 | 100 | 100 |
| Retained earnings | (29,579) | (13,352) | (12,934) | 432 | (568) |
| Borrowings | 137,325 | 137,325 | 141,788 | 129,364 | 136,173 |
| Net assets employed | 107,846 | 124,073 | 128,954 | 129,896 | 135,705 |
| Statement of income | | | | | |
| Turnover | 54,000.00 | 0 | 14,510 | 1,845 | 1,389 |
| Profit/(loss) before taxation | (16,227) | (418) | (13,366) | 518 | (111) |
| Taxation | - | - | - | 482 | 2 |
| | (16,227) | (418) | (13,366) | 1,000 | (109) |
| Dividends | - | - | - | - | - |
| | (16,227) | (418) | (13,366) | 1,000 | (109) |
| Retained earnings - 1 April | (13,352) | (12,934) | 432 | (568) | (459) |
| Retained earnings - 31 March | (29,579) | (13,352) | (12,934) | 432 | (568) |

GREEN TREE INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

1 Reporting entity

Green Tree Investment Company Limited is a limited liability company incorporated and domiciled in the Seychelles. The address of the company's registered office is Maison La Rosiere, Mahe, Seychelles.

The company carries on the business of:

- (i) Acting as an intermediary, with back to back agreement for constructing and providing finance for developing immovable properties.
- (ii) Constructing and disposing, in phases, residential apartments for sale.

2 Summary of significant accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below.

2.1 Basis of presentation

The statements of Green Tree Investment Company Limited are prepared in accordance with the requirements of the Seychelles Companies Act, 1972 and the International Financial reporting Standard for Small and Medium-sized Entities (IFRS for SME's). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS for SME's requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. Areas involving a high degree of judgement and where assumptions and estimations are significant to the financial statements are disclosed in the notes.

2.2 Functional and reporting currency

The financial statements are presented in the Seychelles Rupee, which is the reporting currency under the Companies Act, 1972.

2.3 Going concern

The financial statements are been prepared on the basis of the company being a going concern on the assumption that the shareholders will continue to fund working capital requirements, and will not demand repayment of their dues for a period of at least one year from the date of these financial statements.

If the company ceases to be a going concern, provision would have to be made to reduce the value of assets to their estimated recoverable amounts, and for any further liabilities that may arise in a winding up. In addition, fixed assets and long term liabilities will have to be reclassified as current assets and current liabilities.

2.4 Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the company has become party to the contractual provision of the financial instruments. Except where stated separately, the carrying amounts of the company's financial instruments approximate their fair value.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

Lendings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method.

Payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier. Other liabilities are stated at original debt less principal repayments and amortizations.

GREEN TREE INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.3 Financial instruments (cont...)

Loans and borrowing

After initial recognition, interest-bearing lendings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Impairment and uncollectibility of financial assets

The carrying amounts of the financial assets is reviewed by the directors periodically to determine whether it is in excess of its market or recoverable amount in the statement of financial position. If there is any evidence of other than a temporary impairment in the carrying amount of an asset, it is written down to its fair value or recoverable amount and the loss recognised in the income statement.

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised and;
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Financial assets and liabilities are recognised on the statement of financial position when the company has become party to the contractual provision of the financial instruments. Except where stated separately, the carrying amounts of the company's financial instruments approximate their fair value.

2.5 Inventories

Inventory of completed apartments is stated at the lower of cost or net realisable value.

2.6 Revenue recognition

In relation to the rendering of services, revenue is recognised as it accrues on a monthly basis.

In relation to sale of apartments, revenue is recognised upon formal sign off and handover of completed apartments.

2.7 Comparatives

Where necessary comparatives figures have been adjusted to conform to changes in presentation in the current year.

3 Profit/(loss) for the year

| | 2021 | 2020 |
|--|--------|--------|
| Profit/(Loss) for the year has been arrived at after charging: | | |
| Audit fees | 53,000 | 48,500 |

4 Inventory

| | 2021 | 2019 |
|-------------------------------|------------|-----------|
| Apartments available for sale | 42,095,993 | 1,500,000 |

5 Authorised & issued capital

| | 2021 | 2020 |
|--|---------|---------|
| Authorised, issued and fully paid 1,000 shares of R 100 each | 100,000 | 100,000 |

6 Trade and other receivables

| | 2021 | 2020 |
|----------------------------------|---------|-----------|
| Lending instalment outstanding | - | 2,156,484 |
| Sundry receivables & prepayments | 238,400 | 324,822 |
| Total | 238,400 | 2,481,306 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

7 Trade and other payables

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Related parties (note 10) | 13,002,620 | 15,344,867 |
| Refundable advances | 15,460,185 | 15,460,185 |
| Accruals | 2,403,082 | 2,393,857 |
| CSR Tax payable | 70,650 | 70,650 |
| Deposits received for purchase of condominiums | 1,026,102 | 18,303,192 |
| Total | 31,962,639 | 51,572,751 |

8 Borrowings

| | 2021 | 2020 |
|--------------------|-------------------|-------------------|
| Non current | | |
| Bank loans | 52,441,301 | 102,310,133 |
| Current | | |
| Bank loans | 13,630,243 | 14,439,355 |
| Bank overdraft | 0 | 20,576,112 |
| | 13,630,243 | 35,015,467 |

8.1 Repayments

| | 2021 | 2020 |
|---|-------------------|--------------------|
| Repayable within 1 year | 13,630,243 | 35,015,467 |
| Repayable later than 1 year and no later than 5 years | 52,441,301 | 102,310,133 |
| Total | 66,071,544 | 137,325,600 |

The banking facilities are secured by first line charges on the leasehold properties title V18455 for SCR 104,580,505 and title V1270 for SCR 4,696,332, corporate guarantee of IDC for SCR 109,300,000, assignment of proceeds from Ministry of Finance, Trade & Investment (MOF) by the company with confirmation of MOF to be included in the national budget.

During the year the company repaid its overdrafts of permanent nature through borrowing from related parties and sales of apartments.

9 Lending**9.1 Projects constructed and financed**

Projects constructed and converted to lending under a financial lease are as follows:

| | |
|--|-------------------------------------|
| Anticipated duration of lease remaining | 34 months |
| Commencement date | Dec, 2015 |
| Monthly rental (subject to change in loan interest rates) | 1,795,203 |
| Implicit interest rate for 2020/2021 - 1 April 2020 to 1 August 2021 | 9.50% |
| | - 1 September 2020 to 31 March 2021 |
| Gross investment in lease | 155,499,108 |
| Fair value of lease on commencement date | 111,569,183 |
| Unearned finance income at 31 March 2020 | 7,182,712 |

9.2 Repayments

The future minimum discounted repayments at 31 March 2020, under a non cancellable financial lease, are as follows:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Repayable within 1 year | 17,552,845 | 15,563,203 |
| Repayable later than 1 year and no later than 5 years | 37,305,600 | 55,196,892 |
| Total | 54,858,445 | 70,760,095 |

GREEN TREE INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

9 Lending/Repayments (cont...)

The lending is subject to interest which mirrors the rate on borrowings. (1 April to 31 August 2020 - 9.5%; 1 September 2020 to 31 March 2021 - 8.5 %).

As security, the company hold leasehold rights over land where a project is situate, which is surrendered at no cost upon repayment of the lending.

10 Related parties and transactions

These relate to shareholders, directors and senior management of the company and the companies of which they are principal owners or directors. Pricing policies and terms of these transactions are considered by the Directors to have been conducted at an arms length unless stated otherwise below.

10.1 Parent and other controlling interests

The company is a wholly owned subsidiary of Green Island Construction Company Limited with the ultimate parent being Island Development Company Limited, both incorporated in the Seychelles.

10.2 Year end balances

| | 2021 | 2020 |
|----------------------------|-------------------|----------|
| Equity loans | | |
| Loan from ultimate parent | 21,000,000 | 0 |
| Loan from immediate parent | 10,175,000 | 0 |
| | 31,175,000 | 0 |

There are no specific repayment terms for loans from the parent companies, which are made free of interest.

| | | |
|---|-------------------|-------------------|
| Current liabilities | | |
| Due to ultimate parent | 444,445 | 0 |
| Due to parent company for construction activities | 12,558,175 | 15,344,867 |
| | 13,002,620 | 15,344,867 |

10.3 Services provided by parent company

| | 2021 | 2020 |
|-------------------------------|-------------------|-------------------|
| Construction work done | 15,613,020 | 27,832,839 |

10.4 Directors emoluments, pensions or compensation

No payments were made in the period for directors emoluments, pensions or compensation.

11 Commitments

The company had no capital commitments at 31 March 2021, either contracted or approved by the directors but not contracted.

12 Contingencies

The company awaits confirmation on the applicable treatment of finance lease revenues and future rents in terms of Business, Value Added, Withholding and Corporate Social Responsibility Taxes. The company is of the opinion that the financial statements include provisions for all potential liabilities.