RTO Housing Issuer (Proprietary) Limited
Annual Financial Statements
for the year ended 31 August 2025

RTO Housing Issuer (Proprietary) Limited

Annual Financial Statements for the year ended 31 August 2025

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	To issue shares, debentures, notes, bonds or other instruments (including options on shares or debentures, notes or units, and rights thereto) to noteholders who subscribe to these notes with the RTO Housing Issuer (Proprietary) Limited and which notes are listed on the Namibian Stock Exchange. These listed instruments will be repaid from cash flows that RTO Housing Issuer (Proprietary) Limited receives from RTO Housing Namibia (Proprietary) Limited.
Directors	F Hiiko J Hano-Oshike T Claassen
Registered office	No 3 Feld Street Windhoek Namibia
Postal address	P O Box 6705 Ausspannplatz Windhoek Namibia
Holding company	RTO Housing Issuer SPV Trust incorporated in Namibia
Auditor	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Ajli Alina Amuele-Eixas
Legal advisors	Dr Weder, Kauta & Hoveka Inc

RTO Housing Issuer (Proprietary) Limited

Annual Financial Statements for the year ended 31 August 2025

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act, 2004 (Act No. 28 of 2004) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS® Accounting Standards. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

In assessing the Company's ability to continue as a going concern, the directors considered the Company's forecast cash flows, the contractual Priority of Payments, the timing of settlement of its financial obligations, the subordinated funding structure and the collection and credit-risk mitigation measures implemented by management. These plans and measures are described more fully in the going concern section of the Directors' Report. Based on this assessment, the directors concluded that the going concern basis of accounting remains appropriate.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on pages 4 to 9.

The annual financial statements set out on pages 10 to 42, which have been prepared on the going concern basis, were approved and authorised for issue by the directors and were signed on their behalf by:



J Hano-Oshike



F Hiiko

08-10-2026 | 10:21 SAST

Date
Windhoek

Independent auditor’s report

To the member of RTO Housing Issuer (Proprietary) Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RTO Housing Issuer (Proprietary) Limited (the Company) as at 31 August 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of Namibia.

What we have audited

RTO Housing Issuer (Proprietary) Limited's financial statements set out on pages 10 to 42 comprise:

- the directors' report for the year ended 31 August 2025;
- the statement of financial position as at 31 August 2025;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

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

PricewaterhouseCoopers, Registered Auditors
1st Floor, PwC Building, 122 Theo-Ben Gurirab Street, Walvis Bay, Erongo Region, Republic of Namibia
P O Box 12, Walvis Bay, Erongo Region, Republic of Namibia
T: +264 (64) 21 7700, F: +264 (64) 21 7800
Country Senior Partner: Chantell N Husselmann
The Firm’s principal place of business is at 1st Floor, PwC Building, 122 Theo Ben Gurirab Street, Walvis Bay, Erongo Region, Republic of Namibia
Partners: Willem A Burger (Partner in charge: Coast), Gerrit Esterhuyse, Hans F Hashagen, Nina A Coetzer, Audrey C van Antwerpen, Riëtte Jacobs
Practice Number 9406, VAT reg no. 00203281-015

Independence

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

Our audit approach

Overview

Materiality	N$ 466,692, which represents 0.9 % of total assets.
Key audit matters	• Valuation of debt investments measured at fair value through profit or loss

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the 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.

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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the 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 Company materiality	N$ 466,692
How we determined it	0.9 % of total assets.

Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by its users. We chose 0.9% based on professional judgement, taking into account the nature of the Company, the needs of users of the financial statements and relevant qualitative considerations.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of debt investment measured at fair value through profit or loss	
Refer to the following disclosures in the financial statements relating to this matter: - *Material accounting policies 1.2, 1.3.1 and 1.3.3, and* - *Notes 3, 12 and 19.* The Company issued residential loans compliant asset-backed securities ("Loan Books") listed on the Namibian Stock Exchange, which comprises of three tranches. At 31 August 2025, the Company recognised a debt investment in RTO Housing Namibia (Proprietary) Limited of N$49.4 million, representing a significant portion of total assets of the Company and recognised a related fair-value loss of N$27.1 million in profit or loss for the year then ended. The debt investment is measured at fair value through profit or loss. This investment is classified within level 3 of the IFRS 13 – *Fair Value Measurement* ('IFRS 13') because quoted market prices are not available and the valuation relies on significant unobservable inputs. Its recoverability is linked to the performance of the underlying residential instalment claims, including expected collections, defaults and recoveries from property collateral.	Our audit addressed this key audit matter as follows: We inspected the sale and transfer agreements and other relevant contractual arrangements to evaluate the nature and unit of account of the asset recognised by the Company. We assessed whether the contractual rights and obligations arising from these arrangements supported the recognition, classification and measurement of the debt investment in accordance with IFRS 9. No material inconsistencies were noted. We evaluated the competence, capabilities and objectivity of management's valuation specialist and assessed the scope and findings of the specialist's work. We also evaluated the valuation techniques applied to the performing and non-performing exposures and assessed the relevance and reliability of the significant data and assumptions used in the valuation. No material exceptions were noted. We involved our valuation and modelling specialists to assist us in assessing the IFRS 13 fair-value measurement. Their work included evaluating the components of management's valuation, considering the treatment of performing and non-performing exposures, preparing independent amortisation schedules based on the contractual five-year term, assessing selected credit and valuation assumptions, and developing an independent fair-value range. Management's initial fair-value estimate exceeded PwC's independently developed reasonable range. Management subsequently revised the valuation to the upper bound of that range. We investigated the principal differences and evaluated the resulting revisions made by management. The revised valuation fell within our independently developed reasonable range.

The Company’s debt investment represents its contractual right to receive amounts from RTO Housing Namibia, with recoverability dependent on the performance and collateral of the underlying residential instalment claims. The fair value was determined using discounted expected cash flows for performing exposures and expected collateral recoveries for non-performing exposures.

The valuation involved significant judgement and estimation uncertainty, particularly in relation to probability of default, expected losses and recoveries, collateral values, recovery periods and discount rates. Changes in these assumptions could materially affect the fair value and the related fair-value movement recognised in profit or loss.

We considered this matter to be a matter of most significance to the current year audit due to the:

- magnitude of the investment and related loss;
- complexity of the transaction structure; and
- significant judgement involved in classifying exposures as performing or non-performing, the limited historical credit data, and the sensitivity of the valuation to probability-of-default, loss, collateral and discount-rate assumptions.

For the performing exposures, we evaluated the construction of the expected cash flows and tested the relevance and reliability of the underlying data. We assessed the survival, default and loss assumptions by comparing them with available historic portfolio experience and other supporting information. We also evaluated the tranche-specific probability-of-default information, the effect of the limited period of historical portfolio data, loss-given-default assumptions, the remaining contractual term and the components of the discount rates used to reflect a market-participant return. Based on the procedures performed, we found the significant assumptions applied in the valuation of the performing exposures to be within a reasonable range.

For the non-performing exposures, we evaluated whether the classification of exposures as non-performing was consistent with the underlying payment and default information. We assessed the use of expected collateral recoveries as the principal valuation technique and tested the relevance and reliability of the underlying collateral data. This included evaluating the residential property values, collateral haircuts, expected recovery periods and the resulting expected recovery amounts against underlying supporting documentation. We also assessed whether the different treatment of collateral between performing and non-performing exposures were consistent with the valuation methodology. Based on the procedures performed, we found the significant assumptions applied in valuing the non-performing exposures to be within a reasonable range.

We inspected the relevant contractual arrangements and assessed whether the significant contractual terms affecting expected cash flows, including the applicable interest rates, commitment fees, allocation of collections and timing of terminal settlement or recovery were reflected in the final valuation model. Based on the procedures performed, we found the contractual cash-flow assumptions applied in the valuation to be consistent with the underlying agreements.

We assessed whether the related disclosures in the financial statements appropriately describe the valuation methodology, significant assumptions and estimation uncertainty. No material exceptions were noted.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document(s) titled “RTO Housing Issuer (Proprietary) Limited Annual Financial Statements for the year ended 31 August 2025". The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the 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 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 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 financial statements

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

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

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 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
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Willem A Burger
Partner
Walvis Bay, Namibia
Date: 8 October 2026

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of RTO Housing Issuer (Proprietary) Limited for the year ended 31 August 2025.

1. Nature of business

RTO Housing Issuer (Proprietary) Limited was incorporated in Namibia with interests to issue shares, debentures, notes, bonds or other instruments (including options on shares or debentures, notes or units, and rights thereto) to noteholders who subscribe to these notes with the RTO Housing Issuer (Proprietary) Limited and which notes are listed on the Namibian Stock Exchange. These listed instruments will be repaid from cash flows that RTO Housing Issuer (Proprietary) Limited receives from RTO Housing Namibia (Proprietary) Limited. The company operates in Namibia.

During the current year, the Company implemented its note issuance programme and acquired instalment sale claim portfolios underlying the listed notes, resulting in a substantial increase in operating activity and assets under management. These developments are consistent with the Company's stated business objectives and do not represent a change in principal activity.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with IFRS® Accounting Standards and the requirements of the Companies Act, 2004 (Act No. 28 of 2004). The accounting policies have been applied consistently compared to the prior year. Where new transactions and arrangements arose for the first time during the year, appropriate accounting policies were developed and applied in accordance with IFRS® Accounting Standards.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the directors may pass on the payment of dividends.

The directors did not recommend the declaration of a dividend for the year.

5. Directorate

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

Directors	Nationality	Changes
F Hiiko	Namibian	
ECK Ngula	Namibian	Resigned 31 March 2025
J Hano-Oshike	Namibian	
S Pokolo	Namibian	Resigned 30 April 2025
E Kafita	Namibian	Resigned 28 March 2025
T Claassen	Namibian	Appointed 27 February 2026

6. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at 31 August 2025, the company had accumulated losses of N$ 24 533 820 (2024: N$ 169 803) and that the company's total liabilities exceed its total assets by N$ 24 533 720 (2024: N$ 169 703). This is due to fair-value losses on financial assets measured at fair value through profit or loss. In assessing the Company’s ability to continue as a going concern, the directors considered the Company’s forecast cash flows for one year ending 30 September 2027, the contractual Priority of Payments, the timing of settlement of its financial obligations, the subordinated funding structure and the collection and credit-risk mitigation measures implemented by management. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Directors' Report

6. Going concern (continued)

Based on the forecast performed, management expects the Company to generate sufficient cash flows to meet its obligations as they fall due during the forecast period and concluded that the going-concern basis of preparation remains appropriate. The forecast is, however, dependent on the Company achieving the assumed level and timing of collections from its debt investment in RTO Housing Namibia (Pty) Ltd. Given the collection challenges experienced to date, there is a risk that actual collections may be lower or received later than forecast. A material shortfall or delay in collections could result in insufficient available funds to meet senior costs, interest due to noteholders and the sequential repayment of Note principal in accordance with the Priority of Payments. The timing and amount of recoveries from non-performing claims, including recoveries through substitution, legal enforcement and the realisation of property collateral, are also uncertain.

The Rent-to-Own (RTO) program was established to address the housing finance gap experienced by lower-income households who are unable to access conventional mortgage finance through the traditional banking sector. A significant proportion of this market segment is unable to meet the stringent lending requirements of commercial banks due to factors such as irregular or lower levels of income, limited or no formal credit history, affordability constraints, or an inability to satisfy the collateral and credit assessment criteria applied by conventional lenders. As a result, many otherwise creditworthy individuals are excluded from home ownership despite demonstrating the ability to make regular monthly rental payments.

The Company's objective is to provide these individuals with an alternative pathway to home ownership by offering structured financing arrangements that enable qualifying clients to acquire residential properties while progressively building equity. In fulfilling this developmental objective, the Company deliberately serves a customer base that presents a higher inherent credit risk than that typically associated with traditional residential mortgage portfolios.

Under the RTO program, clients are required to pay only the interest component of the purchase price during the five-year period. This is intended to improve the affordability of the client's monthly repayment obligations during the financial rehabilitation period, thereby allowing the client to establish a consistent repayment history, strengthen their credit profile and overall financial position. During this period, quarterly financial literacy training is offered, to further improve the client's prospects of obtaining a home loan from a commercial bank at the end of the five-year term.

The higher level of fair value losses experienced within the portfolio is therefore consistent with the nature of the Company's business model and target market, rather than being indicative of ineffective credit risk management practices.

The Company’s collection efforts resulted in cash collections that were sufficient to meet the Company’s obligations in respect of coupon interest payments due to the noteholders. Since the first tranche was listed on the Namibia Securities Exchange in November 2024, the Company has, without exception, met all bi-annual coupon interest payment obligations as they became due. Subsequent to year end, the company paid all bi-annual coupon interest payments using the collections with the most recent payment amounting to N$ 1,507,143.51 being made on 21 August 2026.

Furthermore, the liabilities currently reflected in the financials, in terms of the noteholders repayments and the NAD12 million obligation towards RTO Housing Namibia (Pty) Ltd for the subordinated loan, are only contractually due and payable six years after the first listed tranche. The subordinated loan represents a first loss layer payable in accordance with the priority of payment and the assets were acquired on the same basis post year-end. Accordingly, these obligations do not pose an immediate liquidity or cash flow risk to the Company.

Collection And Credit Risk Mitigation Measures

Management continues to monitor portfolio performance and has implemented or continues to apply measures intended to improve collections and mitigate credit losses. These measures include:

- Substitution/replacement of the agreement in terms of which a new client is contracted to replace the non-performing client. The Sale of Instalment Claims Agreement allows for such substitutions. The exiting client remains liable for any outstanding arrears and recovery procedures continue to be pursued until the outstanding amounts have been settled. RTO Housing Namibia may, but is not obligated to replace the non-performing loan assets with a new loan. RTO Issuer also needs to consent to the substitution.
- Eviction and subsequent legal action to recover arrears, as well as the forfeiture of the commitment fees, which in terms of the contract, may be applied to the arrears.
- Credit life insurance that provides for the risk of death, disability, retrenchment and loss of income of up to 6 x the monthly instalments due.
- The application assessment criteria have been enhanced to further mitigate credit risk.
- Compulsory financial literacy training offered quarterly during the five-year term.
- Intensified monitoring and follow-up of overdue accounts.
- Recovery of arrears from defaulting occupants.
- Application of commitment fees against arrears where permitted under the relevant agreements.

Directors' Report

6. Going concern (continued)

As an additional security to protect the noteholders against default by the Company, RTO Housing Namibia has registered first-ranking surety bonds in favour of the Security SPV over the underlying properties. The surety bonds are in support of the guarantee that was issued by the Security SPV to the noteholders, to guarantee repayment of the notes. In the event that the guarantee is called upon, the registered collateral may be enforced through the sale of the secured property. The proceeds arising from the sale will be applied towards the settlement of the Company's obligations towards the noteholders in accordance with the security arrangements.

The company has a facility of NAD182,566 remaining from the financial support to the aggregate amount of N$ 350,000 provided by RTO Housing Namibia (Proprietary) Limited to pay administrative expenses as and when they fall due, up until such point that the entity becomes self-sufficient. A letter of support has also been obtained from Ongos Valley Development (Pty) Ltd to the aggregate amount of N$ 10,000,000 to assist the entity with its ability to settle its obligations as they become due and continue as a going concern. Based on the support, the entity has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

7. Holding company

RTO Housing Issuer SPV Trust holds 100% (2024:100%) of the company's issued shares. RTO Housing Issuer SPV Trust is registered in Namibia.

In terms of IFRS 10 it was concluded that the ultimate holding company is Fullbright Investments (Proprietary) Limited who holds 80% in Ongos Valley Development (Proprietary) Limited, which holds 100% in RTO Housing Namibia (Proprietary) Limited, which in turn controls RTO Housing Issuer (Proprietary) Limited. This conclusion is based on the following:

- RTO Housing Namibia (Proprietary) Limited has power as it is able to direct the relevant activities that will significantly affect RTO Housing Issuer (Proprietary) Limited's returns in terms of the bond program when notes are fixed and maintaining the notes through the service agreement;
- The company is exposed to variable returns from its involvement with RTO Housing Issuer (Proprietary) Limited through the preference shares to be issued in terms of the bond program with the notes issued
- It has the ability to use its power to affect its variable returns.

The above assessment is done in terms of IFRS 10, however RTO Housing Issuer (Proprietary) Limited does have legal independence from RTO Housing Namibia (Proprietary) Limited because neither Ongos Valley Development (Proprietary Limited) nor RTO Housing Namibia (Proprietary) Limited hold shares in RTO Housing Issuer (Proprietary) limited and there is an independent board of directors governing its operations. This structure was set up in this way to create insolvency remoteness and independence within the group.

In terms of the service agreement, RTO Housing Issuer (Proprietary) Limited may terminate RTO Housing Namibia (Proprietary) Limited's appointment if certain events of default or insolvency occurs.

8. Events after the reporting period

a) Listing of Tranche 4 of financial assets at fair value through profit or loss on the Namibian Securities Exchange

Subsequent to year end, Tranche 4 was listed on the Namibian Securities Exchange in December 2025. The listing consisted of 35 properties valued at N$ 28,6 million.

b) Issued cumulative redeemable preference shares

In July 2026, the company issued 1,000 cumulative redeemable preference shares to RTO Housing Namibia with a value of N$ 0,10 (ten cents) each. A cash consideration of N$ 100 was received for the shares.

c) The Cumulative Non-Performing Loan (NPL) Trigger

The company measures the above-mentioned matrix every year-end. At the end of the reporting period, 31 August 2025, this was measured at 24% that the value of outstanding balances of claims that had become non-performing loans was N$ 14,810,790 and the nominal value of all loans issued under the programme was N$ 62,570,800. This represented 15 loans out of the total of 86 loans listed on Tranches 1 to 3.

Subsequent to year-end on 31 August 2026, this increased to 65% which is in excess of the limit of 30%. The total outstanding balance of claims that had become non-performing loans was N$ 56,082,031 compared to the nominal value of all notes issued under the programme of N$ 86,464,866. This represented 63 out of the 121 claims listed on Tranches 1 to 4.

Directors' Report

8. Events after the reporting period (continued)

It is important to note that in terms of the Programme, once a loan has been classified as non-performing, it will maintain that classification for the remainder of the term, regardless of whether or not the loan has been rehabilitated, hence the 15 claims classified as non-performing on 31 August 2025 are also included on 31 August 2026.

Loans are classified as non-performing in term of the programme memorandum when a buyer's account has fallen more than three instalments in arrears, counted cumulatively. Once an account has rolled into NPL, it will retain its NPL status. The trigger event was mainly driven by the collection challenges encountered on Tranche 4. The impact of the cumulative NPL trigger event as outlined in the Programme Memorandum is as follows:

- It is an "Early Amortisation Event". The trigger is one of six listed Early Amortisation Events. Consequently, available funds remaining after payment of amounts ranking ahead of Note principal are applied towards repayment of the Notes in accordance with the priority and sequence prescribed in the Programme Memorandum.
- Stakeholder notification. The Issuer or Servicer must immediately inform the Security SPV, the Dealer/Arranger, the NSX and the Rating Agency. Before the financial statements were signed off, the company notified the programme administrator, Simonis Storm, of the trigger event on 2 October 2026. Following due review processes, all other stakeholders will be notified.
- The Revolving Period ends. The revolving period, during which spare cash could be utilised to buy new claims and no capital needs to be repaid, come to an end after the trigger event.
- The payment order changes. Payments switch permanently from Priority of Payments (One) to Priority of Payments (Two) which seeks to protect senior creditors and impacts the order of payments between costs, interest, new claims and capital repayment.
- The revolving period limited repurchase and replacement rights end. Clause 12 of the sale of instalment claims agreement permits repurchase of an Asset in Default only during the Revolving Period. Clause 15 of the agreement permits replacement only during the Revolving Period.

The trigger does not itself accelerate all Notes, activate the Guarantee or commence security enforcement. Those effects require a separate Event of Default, of which the Cumulative NPL Trigger Event is not one. An Event of Default arises from matters including failure to redeem by Legal Maturity Date, Issuer Insolvency Event as defined in the programme memorandum, unenforceability or loss of first priority of the Security Interests or Guarantee, or unlawfulness materially prejudicial to Noteholders. The trigger creates uncertainty regarding whether portfolio collections will be sufficient to cover senior costs, note interest and principal payments. Support has however been obtained from Ongos Valley Development (Pty) Ltd as outlined in the going concern disclosure above to fill the liquidity needs of the entity.

d) Voluntary Trading Halt

Subsequent to year-end, an announcement was published on 3 August 2026 regarding the extension of the publication date for the Company's audited annual financial statements for the year ended 31 August 2025 to 30 September 2026. The financial statements had not been finalised by the revised deadline of 30 September 2026.

The Company requested the Namibia Securities Exchange ("NSX") for a temporary trading halt in the Company's listed notes pending the finalisation and publication of the audited annual financial statements and this request was approved.

The Company is working to finalise the outstanding financial statements as soon as possible and will keep Noteholders informed of further developments.

The trading halt of the company's listed notes will only resume once the audited annual financial statements have been published and the NSX has confirmed the resumption of trading.

These events arose from conditions occurring only after year-end and are therefore material non-adjusting events. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

9. Secretary

Ajli Alina Amuele-Eixas was appointed as secretary on 03 February 2025.

10. Auditor

The company's auditor is PricewaterhouseCoopers.

Statement of Financial Position as at 31 August 2025

Figures in Namibia Dollar	Note(s)	2025	2024
Assets			
Non-Current Assets			
Financial assets at fair value through profit or loss	3	50 147 459	-
Current Assets			
Financial assets at fair value through profit or loss	3	1 702 346	-
Cash and cash equivalents	4	4 911	6 341
		1 707 257	**6 341**
Total Assets		**51 854 716**	**6 341**
Equity and Liabilities			
Equity			
Share capital	5	100	100
Accumulated loss		(24 533 820)	(169 803)
		(24 533 720)	**(169 703)**
Liabilities			
Non-Current Liabilities			
Subordinated loans from group companies	6	12 693 169	176 044
Financial liabilities at amortised cost	7	62 211 152	-
		74 904 321	**176 044**
Current Liabilities			
Trade and other payables	8	775 816	-
Financial liabilities at amortised cost	7	708 299	-
		1 484 115	**-**
Total Liabilities		**76 388 436**	**176 044**
Total Equity and Liabilities		**51 854 716**	**6 341**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2025	2024
Interest income	9	3 655 840	-
Interest expense	10	(2 660 937)	-
Net interest income		**994 903**	**-**
Other operating expenses	11	(704 547)	(55 102)
Operating profit/(loss) before investment income and fair value gains/losses	11	**290 356**	**(55 102)**
Dividend income	13	49 543	-
Fair value losses	12	(24 703 916)	-
Loss before taxation		**(24 364 017)**	**(55 102)**
Taxation	14	-	-
Loss for the year		**(24 364 017)**	**(55 102)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(24 364 017)**	**(55 102)**

Statement of Changes in Equity

Figures in Namibia Dollar	Share capital	Accumulated loss	Total equity
Balance at 01 September 2023	**100**	**(114 701)**	**(114 601)**
Loss for the year	-	(55 102)	(55 102)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(55 102)**	**(55 102)**
Balance at 31 August 2024	**100**	**(169 803)**	**(169 703)**
Loss for the year	-	(24 364 017)	(24 364 017)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(24 364 017)**	**(24 364 017)**
Balance at 31 August 2025	**100**	**(24 533 820)**	**(24 533 720)**
Note(s)	5		

Statement of Cash Flows

Figures in Namibia Dollar	Note(s)	2025	2024
Cash flows from operating activities			
Cash used in operations	15	(5 394)	(2 835)
Interest received	9	1 953 493	-
Interest paid	10	(1 952 637)	-
Net cash from operating activities		**(4 538)**	**(2 835)**
Cash flows from investing activities			
Cash outflow for the purchase of financial assets at fair value through profit or loss	3	(62 570 692)	-
Cash flows from financing activities			
Cash advances received on loans from group companies	6	3 000	3 500
Cash inflows from financial liabilities at amortised cost	7	62 570 800	-
Net cash from financing activities		**62 573 800**	**3 500**
Total cash movement for the year		**(1 430)**	**665**
Cash and cash equivalents at the beginning of the year		6 341	5 676
Cash and cash equivalents at the end of the year	4	**4 911**	**6 341**

Accounting Policies

1. Material accounting policies

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

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS® Accounting Standards and IFRIC interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act, 2004 (Act No. 28 of 2004).

The annual financial statements have been prepared on the historic cost convention, except for financial instruments that are measured at fair value through profit or loss, and incorporate the material accounting policies set out below. They are presented in Namibia Dollar, which is the company's functional and presentation currency.

The accounting policies have been applied consistently to all material transactions and balances recognised during the current year. Where new transactions and arrangements arose for the first time during the year, appropriate accounting policies were developed and applied in accordance with IFRS® Accounting Standards.

1.2 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Going concern

In evaluating the going concern assumption, management applied critical judgements which have been outlined in full in the Directors' Report.

Based on these judgements, management has a reasonable expectation that the entity ia able to continue operating for the foreseeable future and has prepared the AFS on a going concern basis.

Instalment sales claims derecognition in RTO Housing Namibia

During the year, the Company entered into sale and transfer arrangements with RTO Housing Namibia (Proprietary) Limited in terms of which the Company legally acquired specified rights relating to instalment sale claims originated by RTO Housing Namibia.

Management applied judgement in determining the nature and unit of account of the financial asset to be recognised by the Company. This assessment considered the legal form and economic substance of the transaction, the contractual rights transferred to the Company, the servicing arrangements, the subordinated funding provided by RTO Housing Namibia and the application of the derecognition requirements of IFRS 9 to the underlying Instalment Claims in the financial statements of RTO Housing Namibia.

RTO Housing Namibia retained exposure to variability in the cash flows of the transferred portfolio through the subordinated funding arrangement and other contractual features of the transaction. Management concluded that the underlying Instalment Claims did not qualify for derecognition in the financial statements of RTO Housing Namibia. Consequently, notwithstanding the legal sale of the Instalment Claims, the Company does not recognise the individual contractual receivables from the end users as financial assets in its own financial statements. Instead, management concluded that the Company's financial asset represents its contractual right to receive amounts from RTO Housing Namibia under the transaction arrangements.

In reaching this conclusion, management considered that:

the Company has contractual rights to receive principal, interest and other specified amounts under the sale and transfer arrangements;

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

- RTO Housing Namibia continues to collect amounts from end users in its capacity as Servicer;
- the servicing arrangement requires amounts collected on behalf of the Company to be transferred in accordance with the transaction documents;
- RTO Housing Namibia retains exposure to the performance of the underlying portfolio through its subordinated funding and the Priority of Payments; and
- the Company remains economically exposed to the credit performance of the underlying Instalment Claims, as that performance affects the amounts recoverable under the recognised debt investment.

The recognised financial asset is measured at fair value through profit or loss. In determining its fair value and presenting the related credit-risk disclosures, management has therefore taken into account the expected cash flows, credit risk, collateral and other risk characteristics of the underlying Instalment Claims. The carrying amount of the financial asset and significant assumption applied at the reporting date is disclosed in note 3.

Classification of the debt investment in RTO Housing Namibia (SPPI assessment)

Management has made the judgement that the contractual cash flows arising from the Instalment Claims Purchased RTO Housing Namibia do not meet the 'solely payments of principal and interest' criterion. This judgement is based on an analysis of the contractual terms of the underlying deeds of sale, including the discretionary interest rate escalation mechanism, the components of the monthly instalment, the prepayment and early settlement provisions, and the commitment fee mechanics. The conclusion that the SPPI criterion is not met results in the mandatory classification of the receivable amounts purchased from RTO Housing Namibia at fair value through profit or loss, regardless of the Company's business model. The entity is exposed to the same terms as the underlying assets held by RTO Housing Namibia.

Key sources of estimation uncertainty

Fair value of the Instalment Claims

The fair value of the Instalment Claims is a Level 3 measurement and involves the use of significant unobservable inputs. The most significant unobservable inputs are the discount or hurdle rate, the probability of default and loss given default term structure, the collateral market value and the collateral haircut. Changes in these inputs would result in a different fair value measurement. Quantitative sensitivity disclosures are provided in the financial instruments note 3.

The uncertainty will be reassessed as actual collections, defaults, settlements, collateral recoveries and other performance information become available. The debt investment will be remeasured at each reporting date, with changes in fair value recognised in profit or loss.

1.3 Financial instruments

1.3.1) Financial assets — Classification and measurement

1.3.1.1) Initial recognition

Financial assets are recognised on the trade date, being the date on which the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. For financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset are added to the initial fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as they are incurred.

1.3.1.2) Classification

On initial recognition, the Company classifies its financial assets in one of the following measurement categories: (i) amortised cost; (ii) fair value through other comprehensive income (FVOCI); or (iii) fair value through profit or loss (FVTPL). The classification depends on (a) the Company's business model for managing the financial asset; and (b) whether the contractual cash flows of the financial asset represent solely payments of principal and interest on the principal amount outstanding (the 'SPPI' criterion).

Accounting Policies

1.3.1.3) Instalment Claims — measurement basis

The instalment sale claims acquired by the Company from RTO Housing Namibia (Proprietary) Limited under the Sale of Instalment Claims Agreement, which arise from the underlying Deeds of Sale concluded between RTO Housing Namibia and the end users of the rent-to-own housing programme (the 'Instalment Claims'), are classified and measured at fair value through profit or loss. FVTPL is applied as the mandatory classification because the contractual cash flows of the Instalment Claims do not represent solely payments of principal and interest on the principal amount outstanding. Specifically, the interest rate escalation mechanism is discretionary and is not linked to a market benchmark, inflation index or other observable input, and the contractual cash flows include components that are not consistent with a basic lending arrangement. Accordingly, the SPPI criterion is not met and FVTPL classification applies irrespective of the business model.

1.3.1.4) Subsequent measurement

The Instalment Claims are subsequently measured at fair value at each reporting date, with all changes in fair value (including credit-related changes) recognised in profit or loss in the period in which they arise. No separate expected credit loss allowance is recognised, as the effect of credit risk is captured within the fair value measurement.

1.3.1.5) Business model assessment

The Company's business model in respect of the Instalment Claims is to hold the financial assets in order to collect contractual cash flows over the life of the rent-to-own programme. The business model assessment does not, however, determine the classification of the Instalment Claims, as the SPPI criterion is not met and fair value through profit or loss therefore applies on a mandatory basis.

1.3.1.6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank held in the Company's ring-fenced collections account and transaction account, including amounts held subject to the approval of the Administrator under the Priority of Payments. Cash and cash equivalents are measured at amortised cost. Given the short-term nature of these balances and the high credit quality of the counterparty banks, the carrying amount approximates fair value and the expected credit loss is not material.

Cash on hand consists of petty cash balances held. Petty cash is measured at face value which approximates fair value.

1.3.2) Financial liabilities — Classification and measurement

1.3.2.1) Initial recognition

Financial liabilities are recognised on the date on which the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of the financial liability are deducted from the initial fair value.

1.3.2.2) Classification

Financial liabilities are classified as subsequently measured at amortised cost using the effective interest method, unless held for trading or irrevocably designated at fair value through profit or loss on initial recognition. Management has not designated any financial liabilities at fair value through profit or loss.

1.3.2.3) Notes issued — amortised cost

The Notes issued by the Company under the programme listed on the Namibia Securities Exchange are classified and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss over the expected life of the instrument. Management has not elected the fair value option under IFRS 9.4.2.2(a) on the Notes. An accounting mismatch consequently arises between the Instalment Claims (mandatorily measured at fair value through profit or loss) and the Notes (measured at amortised cost). This mismatch and the resulting profit or loss volatility are accepted by management and disclosed in the financial instruments note.

1.3.2.4) Subordinated loan

The subordinated loan advanced by RTO Housing Namibia to the Company under the Subordinated Loan Agreement is classified and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss over the expected life of the instrument. The subordinated loan ranks behind the Notes in the Priority of Payments and is repayable only to the extent that surplus cash is available after all senior creditors have been satisfied.

Accounting Policies

1.3.2.5) Trade and other payables

Trade and other payables are classified and subsequently measured at amortised cost. Due to their short-term nature, the carrying amount approximates fair value.

1.3.3) Fair value measurement

1.3.3.1) Definition

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1.3.3.2) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

1.3.3.3) Transfers between levels

There were no transfers between fair value hierarchy levels during the reporting period.

1.3.4) Derecognition

1.3.4.1) Financial assets

A financial asset (or, where applicable, a part of a financial asset) is derecognised when:

- the contractual rights to receive cash flows from the financial asset have expired; or
- the Company has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss.

1.3.4.2) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Accounting Policies

1.3.5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only where there is a currently enforceable legal right to offset the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Instalment Claims and the Notes are not offset, as the contractual cash flows arising from the Instalment Claims are receivable from the end users and the contractual cash flows on the Notes are payable to the noteholders. These are different counterparties and there is no legally enforceable right of set-off between these balances.

In all other cases, financial instruments are not offset.

The remaining other financial assets are a money market investment held for commitments fees and this is not offset with other financial liabilities.

1.3.6) Comparative information

The financial assets (Instalment Claims) and financial liabilities (Notes and Subordinated Loan) are presented in these annual financial statements for the first time in the current reporting period (year ended 31 August 2025). No comparative information for these line items is presented as they were not recognised in the prior period financial statements.

The accounting policies set out above will be applied consistently in future reporting periods.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate is applied. The normal tax rate is applied when the expected recovery is through use. A combination of these rates is applied if the recovery is expected to be partly through use and sale.

Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The review by management has not resulted in the reduction of the deferred tax assets.

Tax expenses

The income tax expense consists of current and deferred tax and is recognised in profit or loss.

Accounting Policies

1.5 Share capital and equity

Initial recognition

Equity instruments are recognised when the Company issues such instruments and are recorded at the proceeds received, net of direct issue costs. Preference shares are assessed in accordance with IAS 32 to determine whether they contain characteristics of equity or financial liabilities.

Classification

Ordinary shares are classified as equity. Preference shares are classified as equity if they evidence a residual interest in the net assets of the Company after deducting all liabilities and contain no contractual obligation to deliver cash or another financial asset. Preference shares that contain a contractual obligation to deliver cash or another financial asset are classified as financial liabilities.

Initial measurement

Share capital is measured at the fair value of the consideration received, net of any transaction costs directly attributable to the issue of the equity instruments. Where preference shares are classified as financial liabilities, they are initially measured at fair value, net of transaction costs.

Subsequent measurement

Ordinary shares are carried at their nominal value with the premium recorded in share premium. Equity-classified preference shares are not remeasured subsequently. Liability-classified preference shares are subsequently measured at amortised cost using the effective interest method, with finance costs recognised in profit or loss.

1.6 Provisions and contingencies

The company recognises provisions in circumstances where it has a present obligation resulting from past events, which can be measured reliably and for which it is probable that the company will be required to settle the obligation.

There is always a degree of estimation uncertainty involved with provisions as they are measured at management's best estimate of the amount which will be required to settle the obligation. When the effect of discounting is material, the provision is measured at the present value of such amounts.

Contingent assets and contingent liabilities are not recognised.

1.7 Interest income

Revenue for the company is the interest earned on the financial assets purchased. The company classifies the financial assets as measured at fair value through profit or loss (FVTPL) in accordance with IFRS 9 Financial Instruments.

Interest income arising on these financial assets is recognised in profit or loss using the interest rate stipulated in the purchase agreement of 9.3%. Because the assets are measured at fair value, changes in fair value (including both realised and unrealised gains or losses) are also recognised directly in profit or loss.

Accordingly, the total impact of these instruments on the statement of profit or loss comprises:

- Interest income recognised separately under revenue (note 9); and
- Fair value changes recognised under net gains/(losses) on financial instruments at fair value through profit or loss (note 12).

1.8 Borrowing costs

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

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Supplier finance arrangements - amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The company has adopted the amendment for the first time in the 2025 annual financial statements.

The impact of the amendment is not material.

Non-current liabilities with covenants - amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The company has adopted the amendment for the first time in the 2025 annual financial statements.

The impact of the amendment is not material.

Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The company has adopted the amendment for the first time in the 2025 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company’s accounting periods beginning on or after 01 September 2025 or later periods:

Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures

Amendments were made to this disclosure-based Standard, resulting in further changes to the disclosures required of subsidiaries qualifying under IFRS 19. The amendments to IFRS 19 become effective concurrently with the original Standard.

The effective date of the amendment is for years beginning on or after 01 January 2027.

The company expects to adopt the amendment for the first time in the 2028 annual financial statements.

Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

This is a new standard which may be applied by subsidiaries which do not have public accountability. It is a disclosure only standard and provides for reduced disclosures for qualifying subsidiaries to apply, while still remaining compliant with the recognition, measurement and presentation requirements of IFRS Accounting Standards. The reduced disclosures provided in IFRS 19 may be applied by the subsidiary in their consolidated, separate or individual financial statements, provided that the ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. A subsidiary has public accountability, and may not apply IFRS 19, if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market, or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

The effective date of the standard is for years beginning on or after 01 January 2027.

The company expects to adopt the standard for the first time in the 2028 annual financial statements.

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

IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and sub totals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the standard is for years beginning on or after 01 January 2027.

The company expects to adopt the standard for the first time in the 2028 annual financial statements.

The company is in the process of assessing the impact of IFRS 18 on its financial statements, particularly regarding the reclassification and presentation of line items in the statement of profit or loss and disclosures of management-defined performance measures. The impact of the new standard is not yet known or reasonably estimable.

Amendments to IFRS 7 Financial Instruments: Disclosures

Annual Improvements to IFRS Accounting Standards - Volume 11 - Gain or loss on derecognition - Amendment to delete an obsolete reference that remained in IFRS 7 after the publication of IFRS 13 Fair Value Measurement, as well as to improve consistency of wording of the requirements of IFRS 7 with IFRS 13 concepts regarding disclosure of a gain or loss on derecognition.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The company expects to adopt the amendment for the first time in the 2027 annual financial statements.

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

Amendments to IFRS 9 Financial Instruments

Annual Improvements to IFRS Accounting Standards - Volume 11 - Derecognition of lease liabilities. The amendment clarifies that if a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss in profit or loss.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The company expects to adopt the amendment for the first time in the 2027 annual financial statements.

Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

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

Amendments to IAS 7 Statement of Cash Flows

Annual Improvements to IFRS Accounting Standards - Volume 11 - Cost method - Amendment to replace the term 'cost method' with 'at cost' following the earlier removal of the definition of cost method from IFRS Accounting Standards.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The company expects to adopt the amendment for the first time in the 2027 annual financial statements.

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

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The company expects to adopt the amendment for the first time in the 2027 annual financial statements.

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

Lack of exchangeability - amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 01 January 2025.

The company expects to adopt the amendment for the first time in the 2026 annual financial statements.

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

Figures in Namibia Dollar	2025	2024

3. Financial assets at fair value through profit or loss

Financial assets held by the company which are measured at fair value, are as follows:		
Other financial assets at fair value through profit or loss - funds held in trust	2 446 227	-
Debt investments at fair value through profit or loss	49 403 578	-
	51 849 805	**-**
Mandatorily at fair value through profit or loss:		
Unit trusts - funds held in trust	2 446 227	-
RTO Housing Namibia (Proprietary) Limited - Loan book Tranche 1	9 968 723	-
RTO Housing Namibia (Proprietary) Limited - Loan book Tranche 2	28 487 415	-
RTO Housing Namibia (Proprietary) Limited - Loan book Tranche 3	10 947 440	-
	51 849 805	**-**
Split between non-current and current portions		
Non-current assets	50 147 459	-
Current assets	1 702 346	-
	51 849 805	**-**

A. Nature of the debt investments at fair value through profit or loss

The loan books disclosed represents the fair value of amounts owed to the company by RTO Housing Namibia.

These loan books refer to asset-backed residential loans, which did not achieve derecognition from RTO Housing Issuer's statement of financial position, in terms of the derecognition principles set out in IFRS 9, following the legal sale of such loans by RTO Housing Namibia to the company.

Under IFRS 9, because RTO Housing Namibia has retained substantially all the risks and rewards of ownership of this loan portfolio (specifically via providing a subordinated first-loss loan and retaining the residual excess spread), the loans do not qualify for derecognition from the perspective of RTO Housing Namibia.

As a result, the transaction has been presented, for accounting purposes, as a debt investment in RTO Housing Namibia as opposed to the residential loans themselves.

The unit of account from an IFRS perspective is the net loan to RTO Housing Namibia representing advances and collections received by RTO Housing Namibia from the legally sold loan books.

RTO Housing Issuer is however contractually exposed to the credit risk of the individual residential loans and has incorporated these elements to the determination of the fair value of the loans as well as the credit risk disclosures made underneath.

Risk exposure

The investments held by the company expose it to credit risk. Refer below and to note 19 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

Fair value hierarchy classification

The entire loan portfolio is measured at fair value through profit or loss. All measurements are categorised as Level 3 of the IFRS 13 fair value hierarchy, as the valuation relies on significant unobservable inputs (credit-loss assumptions and entity-specific discount/hurdle rates). There are no Level 1 or Level 2 measurements.

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

The fair value of the performing portion of the portfolio is determined using a discounted cash flow technique. The expected cash flows are adjusted for survival/default and discounted using the South African zero swap curve plus a K-factor. Non-performing loans are based on collateral recovery with an additional workout-period risk-premium adjustment. The fair value of the non-performing portion of the portfolio is determined as the expected recovery from the underlying residential property collateral, applying a 70% recovery rate to the collateral market value and a 30% collateral haircut reflecting the cost of funding and capital over the expected recovery period.

Class of financial asset	Level 1	Level 2	Level 3	Total fair value
Performing loan book	-	-	37 575 236	37 575 236
Non-performing loan book	-	-	11 828 342	11 828 342
Total financial assets at FVTPL	**-**	**-**	**49 403 578**	**49 403 578**

Valuation technique and significant unobservable inputs

Quantitative information about the significant unobservable inputs used in the Level 3 fair value measurements [IFRS 13.93(d)].

Asset class	Valuation technique	Unobservable input	Minimum	Maximum	Base	Relationship to fair value
Performing book						
	Discounted cash flow	Discount / hurdle rate	15.25 %	24.44 %	15.25 %	Higher rate - lower fair value
		Probability of default (hazard term structure)	By risk grade	RW01–RW03		Higher PD / LGD - lower fair value
Non-performing book						
	Collateral recovery (net realisable value)	Collateral haircut	30.00 %	30.00 %	30.00 %	Higher haircut - lower fair value
		Recovery rate on collateral	70.00 %	70.00 %	70.00 %	Higher recovery - higher fair value

Risk Grade and Description

Risk grade	Description	Payments past due (months)
RW01	High quality / performing	0
RW02	Standard / performing	1
RW03	Sub-standard / watchlist	2
RW04	Non-performing	3
RW05	Non-performing / default	>3

Sensitivity – Non-performing book (collateral recovery)

NPL collateral market value (total)	18 165 240
Base collateral haircut	30.00 %
Reasonably possible haircut shift (± pp)	10.00 %
Reasonably possible collateral-value shift (±)	10.00 %

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

Collateral haircut sensitivity

Scenario	Haircut		NPL fair value	Change vs base (N$)	Change vs base (%)
Upside – haircut lower	20.00	%	14 532 192	2 703 851	22.9 %
Base case	30.00	%	11 828 341	-	- %
Downside – haircut higher	40.00	%	10 899 144	(929 197)	(7.9)%

Collateral market value sensitivity

Scenario	Collateral chg	Collateral MV (adj)	NPL fair value	Change vs base (N$)	Change vs base (%)
Upside – collateral higher	+10.0%	19 981 764	13 987 235	1 271 567	10.0 %
Base case	- %	18 165 240	12 715 668	-	- %
Downside – collateral lower	-10.0%	16 348 716	11 444 101	(1 271 567)	(10.0)%

Sensitivity – Performing book (discount / hurdle rate)

Scenario	Hurdle rate		Performing FV	Change vs base (N$)	Change vs base (%)
Base case – minimum	15.25	%	37 575 236	-	- %
Average metrics	19.19	%	34 600 559	(2 974 677)	(7.90)%
Maximum metrics	24.44	%	30 582 456	(6 992 780)	(18.60)%

Fair value interest rate risk sensitivity analysis for financial assets at fair value through profit or loss

The Company's exposure to interest rate risk arises primarily from its investment in interest-bearing debt instruments measured at fair value. Changes in market interest rates may affect the fair value of these investments and consequently impact the Company's profit or loss and net asset value. Reasonable changes in market interest rates have been incorporated in the discount rate sensitivity disclosed above.

Sensitivity – Performing book (PD)

Credit risk assumptions incorporated into the valuation were derived from tranche-specific historical probability of default data.

The resulting 12-month TTC probabilities of default utilised in the estimation process for the performing book (RW1-3) ranged from approximately 5% to 98% depending on the risk grade and tranche allocation.

These assumptions were used in conjunction with LGD assumptions to derive the credit spread applied in the valuation.

The fair values of the portfolio are influenced by credit spreads, which incorporate both the probability of default (PD) and loss given default (LGD), adjusted for collateral values.

Management performed a sensitivity analysis by applying a 10% upward and downward shift to the PD assumptions to assess the impact of changes in default rates on fair value.

The analysis indicated that an increase in PD by 10% results in a reduction in fair value, while a decrease in PD by 10% leads to a corresponding increase. In certain cases, the sensitivity pushed exposures from the performing book into non-performing status (PD = 100%).

The PD’s were determined per Tranche using 12-months of historical data. A summary of the Through-the-cycle (TTC) 12-month PDs per Tranche (for the performing book) are shown below:

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

BASE CASE			
RISK GRADE	**TRANCHE 1 - PD**	**TRANCHE 2 - PD**	**TRANCHE 3 - PD**
1	5.12 %	5.06 %	13.83 %
2	53.36 %	33.14 %	97.20 %
3	97.24 %	86.74 %	98.45 %

Performing Book - PD UP			
RISK GRADE	**TRANCHE 1 - PD**	**TRANCHE 2 - PD**	**TRANCHE 3 - PD**
1	5.63 %	5.57 %	15.21 %
2	58.70 %	36.45 %	100.00 %
3	100.00 %	95.41 %	100.00 %

Performing Book - PD DOWN			
RISK GRADE	**TRANCHE 1 - PD**	**TRANCHE 2 - PD**	**TRANCHE 3 - PD**
1	4.61 %	4.55 %	12.45 %
2	48.02 %	29.83 %	87.48 %
3	87.52 %	78.07 %	88.61 %

Effect on the performing-book fair value of re-running the fair value calculation by at flexing the PD term structure by 10% up and down

The fair values are impacted by the credit spreads, which are built up of both the PD & LGDs (taking into account the collateral values).

Scenario	PD chg	Performing FV	Change vs base (N$)	Change vs base (%
Base case		37 575 236		
PD - up 10%	10.0 %	36 557 723	(1 017 513)	(2.7)%
PD - down 10%	-10.0 %	39 418 362	1 843 126	5.0 %

Concentrations of credit risk

By geography
All loans are concentrated in Windhoek, Namibia (100%) - single geographic exposure within the Ongos Valley development.

By product
All loans are residential rent-to-own instalment sale claims with a 5-year tenor - single product concentration.

Collateral held and other credit enhancements

The underlying residential properties securing the instalment sale receivables remain subject to the security structure established under the transaction documents. Legal title to the properties is not transferred to the Issuer upon acquisition of the instalment sale claims. The Issuer's rights are derived from its ownership of the receivables and the contractual rights assigned to it under the sale of claims arrangements.

In terms of the transaction structure, RTO Housing Namibia has granted the Company a Special Power of Attorney enabling the RTO Housing Issuer, subject to the terms of the programme documents and the prior consent of the Security SPV where required, to effect transfer to third-party purchasers and to enter into instalment sale arrangements in respect of the underlying properties. These rights provide the Issuer with the ability to realise and manage the underlying security supporting the receivables portfolio.

Collateral is valued at market value with a forced sale value (FSV) haircut of 30% (i.e., 70% recovery rate). The Security SPV holds first-priority security over the units in favour of secured noteholders.

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

Class	Market value of collateral	FSV (70%)
Performing — Tranche 1	12 001 400	8 400 980
Performing — Tranche 2	27 410 709	19 187 496
Performing — Tranche 3	17 512 280	12 258 596
Non-performing	18 165 240	12 715 668
Total	**75 089 629**	**52 562 740**

Maximum exposure to credit risk

Class	Gross max exposure	Collateral held (FSV)	Net exposure after collateral	Note
Performing loan book	37 575 236	39 847 072	(2 271 836)	
— Tranche 1 (performing)	9 593 023	8 400 980	1 192 043	Linked to T1 Risk Grade Analysis
— Tranche 2 (performing)	19 252 020	19 187 496	64 524	Linked to T2 Risk Grade Analysis
— Tranche 3 (performing)	8 730 193	12 258 596	(3 528 403)	T3 collateral
Non-performing loan book (NPL)	11 828 342	12 715 668	(887 326)	FSV of NPL collateral
Total	**49 403 578**	**52 562 740**	**(3 159 162)**	

Credit quality of financial assets by risk grade

Risk Grade	Description	Tranche 1 exposure	Tranche 2 exposure	Tranche 3 exposure	Total exposure	% of book
RW01	High quality / performing	7 608 500	17 519 770	16 688 180	41 816 450	55.0 %
RW02	Standard / performing	3 185 839	5 557 419	831 432	9 574 690	12.6 %
RW03	Sub-standard / watchlist	1 226 898	4 407 268	-	5 634 166	7.4 %
RW04	Non-performing	-	1 690 963	2 504 321	4 195 284	5.5 %
RW05	Non-performing / default	597 512	13 202 374	1 019 782	14 819 668	19.5 %
Total		**12 618 749**	**42 377 794**	**21 043 715**	**76 040 258**	**100.0 %**

B. Unit trusts - funds held in trust

The unit trusts are funds held in trust. This represent the mandatory commitment fee that each client pays upon enrolling in the programme and also forms part of the bond listing program. The commitment fees are calculated as 3.2% of the purchase price of the residential property. These funds are held in a ring-fenced investment account and can only be utilised should the client be in default.

Basis of measurement

Unit Trust investments are measured at fair value in accordance with IFRS 13 Fair Value Measurement. Fair value is determined using the market approach, based on the published Net Asset Value (NAV) per unit as provided by the fund manager at the reporting date.

Fair value hierarchy

The company classifies fair value measurements using a hierarchy that reflects the significance of inputs used in determining fair values:

Unit Trusts are classified as Level 2.

Valuation technique

The fair value of Unit Trusts is determined using the published NAV per unit, which represents the underlying market value of the fund’s portfolio. No adjustments or alternative valuation techniques were applied.

Figures in Namibia Dollar	2025	2024

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

Management reviews the NAV reports provided by fund managers at each reporting date and assesses whether observable market inputs remain valid.

Sensitivity analysis

Management has considered the potential impact of changes in market conditions on the fair value of the Unit Trust investments. A reasonably possible change of 5% in the published Net Asset Value (NAV) per unit at the reporting date would result in a corresponding increase or decrease in the carrying amount of the investment. An upward movement of 5% would increase both profit or loss and equity by approximately N$ 122 311, while a downward movement of 5% would reduce profit or loss and equity by approximately N$ 122 311.

Transfers between levels

There were no transfers between Level 1, Level 2, or Level 3 during the year.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	100	100
Bank balances	4 811	6 241
	4 911	**6 341**

The fair value of cash and cash equivalents approximates their carrying amounts.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of bank balances, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings of counterparties:

Credit rating		
Nedbank Namibia Limited - BB- (Fitch ratings)	4 811	6 241

Risk exposure

Refer to note 19 Financial instruments and financial risk management for details of risk management for cash and cash equivalents.

5. Share capital

Authorised		
10 000 Ordinary shares of N$1 each	10 000	10 000
Issued		
100 Ordinary shares of N$1 each	100	100

Figures in Namibia Dollar	2025	2024

6. Subordinated loans from group companies

RTO Housing Namibia (Proprietary) Limited	167 434	164 434
The loan is unsecured and interest free. The lender has subordinated its claim in favour of the Company's other creditors. The subordination remains in force until it is reported in a subsequent set of annual financial statements that the Company's assets, fairly valued, exceed its liabilities. While the subordination remains effective, repayment of the subordinated amount may not be demanded or accepted by the lender..		
RTO Housing Namibia (Proprietary) Limited	12 514 125	-
The loan forms part of the subordinated credit enhancement provided by RTO Housing Namibia (Proprietary) Limited. Repayment of the loan is contingent upon the availability of funds and compliance with the Priority of Payments established under the note programme. In accordance with the contractual arrangement, no interest accrued or was charged in respect of the loan during the current financial year.		
Ongos Valley Development (Proprietary) Limited	11 610	11 610
The loan is unsecured and interest free. The lender has subordinated its claim in favour of the Company's other creditors. The subordination remains in force until it is reported in a subsequent set of annual financial statements that the Company's assets, fairly valued, exceed its liabilities. While the subordination remains effective, repayment of the subordinated amount may not be demanded or accepted by the lender.		
	12 693 169	**176 044**

Split between non-current and current portions

Non-current liabilities	12 693 169	176 044

Exposure to liquidity risk

Refer to note 19 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Fair value of loans from group companies

The fair value of loans from group companies have been outlined underneath:

- RTO Housing Namibia (Proprietary) Limited - administrative: 68,707
- RTO Housing Namibia (Proprietary) Limited - asset financing: 338,839
- Ongos Valley Development (Proprietary) Limited: 4,764

The fair value of the subordinated loan forming part of the program agreements for the acquisition of debt investments was estimated using probability-weighted cash-flow scenarios. The valuation reflects the Priority of Payments, the residual nature of amounts available after higher-ranking creditors, conditional interest, limited recourse, expected principal recovery, timing of repayment and a market-participant discount rate. The measurement is Level 3 and is subject to significant estimation uncertainty.

The fair values of other subordinated interest-free group-company loans were estimated by discounting the expected repayment amounts using market rates for comparable related-party subordinated funding. The estimated maturity reflects contractual subordination and the enforceability of demand features. The measurement is Level 3 and is subject to significant estimation uncertainty.

Figures in Namibia Dollar	2025	2024

7. Financial liabilities at amortised cost

At amortised cost		
Debt securities issued - Namibia Securities Exchange	62 919 451	-

The financial liability is made up of three tranche listings, Tranche One (1) Issue of N$10,482,200 Senior, limited recourse, secured, registered, fixed rate class A Notes due 1 November 2030, Tranche Two (2) Issue of N$35,462,200 Senior, limited recourse, secured, registered, fixed rate class A Notes due 21 February 2031 and Tranche Three (3) Issue of N$ 16,626,400 Senior, limited recourse, secured, registered, fixed rate class A Notes due 10 June 2031. All issued under its N$ 2,000,000,000 Sale on Instalments Asset Backed Domestic Medium Term Note Programme at the Namibia Securities Exchange.

The notes carry interest at 8.5% simple interest rate per annum payable semi-annually in arrears.

Covenants

- A cumulative NPL Trigger Event may occur where the aggregate outstanding balance of all Claims that have rolled into NPL at any time during the Programme exceeds 30% of the nominal value of all Notes issued under the Programme;
- The company must submit audited financial statements within 3 months after year end. The company has not complied with this requirement and has been granted extension to submit its financial statements.

At year-end, the company was in full compliance with all covenant requirements, and no breaches were identified.

Subsequent to year-end, the cumulative NPL Trigger Event occurred which has been outlined in the Directors' Report under the Subsequent Events disclosure. The Directors have assessed the impact of this breach and provided further detail in that section.

Split between non-current and current portions

Non-current liabilities	62 211 152	-
Current liabilities	708 299	-
	62 919 451	**-**

Exposure to liquidity risk

Refer to note 19 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

The financial liability is a fixed-rate note carried at amortised cost. Therefore, a change in market interest rates at the reporting date would not affect profit or loss or equity, and no numerical interest rate sensitivity analysis is presented for these financial liabilities.

Fair value of financial liabilities at amortised cost

The fair value of financial liabilities at amortised cost amounts to NAD 44,677,154.

The fair value of the financial liabilities measured at amortised cost is classified within Level 3 of the fair value hierarchy. Fair value was determined using an income approach based on assumptions that market participants would use in pricing the liabilities. The valuation incorporates the Company's credit risk, market-based funding and pricing assumptions and the recoverable value of the underlying financial assets securing the liabilities. The Company's credit risk was assessed using a finance company rating methodology, while the underlying financial assets were considered in determining the value of the security supporting the liabilities.

Figures in Namibia Dollar	2025	2024

8. Trade and other payables

Financial instruments:		
Trade payables	314 663	-
Accrued audit fees	420 859	-
Accrued service fees - related parties	40 294	-
	775 816	**-**

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

At amortised cost	775 816	-

Fair value of trade and other payables

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

9. Interest income

Interest income (trading)	3 655 840	-

Interest income comprises the return earned on the debt investment in RTO Housing Namibia (Proprietary) Limited. The return is determined by reference to interest charged on the underlying instalment sale claims at 9.3% of the respective property purchase prices.

The contractual interest rate applicable to the underlying instalment sale arrangements was 9.3% per annum at the reporting date. The contractual terms permit the prevailing interest rate to be increased annually by up to 8%, subject to a maximum interest rate of 11% per annum.

Accordingly, an 8% increase in the current rate would increase the interest rate from 9.3% to approximately 10.04% per annum. Any subsequent increases would remain subject to the overall contractual cap of 11% per annum.

10. Interest expense

Financial liability at amortised cost	2 660 937	-

11. Operating profit/(loss) before investment income and fair value gains/losses

Operating profit/(loss) before investment income and fair value gains/losses for the year is stated after charging/(crediting) the following, amongst others:

Auditor's remuneration - external		
Audit fees	420 859	50 157
Remuneration, other than to employees		
Administrative and managerial services	238 075	-
Secretarial services	-	2 110
	238 075	**2 110**

Figures in Namibia Dollar	2025	2024

11. Operating profit/(loss) before investment income and fair value gains/losses (continued)

Expenses by nature

The selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Audit fees	420 859	50 157
Annual duties	-	2 110
Bank charges	5 319	2 835
Administrative fees	238 075	-
Service fees	40 294	-
	704 547	**55 102**

12. Fair value losses

Fair value losses		
Financial assets mandatorily at fair value through profit or loss	(24 703 916)	-

13. Dividend income

Other financial assets at fair value through profit or loss - funds held in trust		
Dividend income	49 543	-

Dividends received are recognised as income in profit or loss when the right to receive payment is established.

14. Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(24 364 017)	(55 102)
Tax at the applicable tax rate of 31% (2024: 32%)	(7 552 845)	(14 878)
Tax effect of adjustments on taxable income		
Dividends received	(15 358)	-
Non-deductible expenses	12 655	14 878
Tax effect of unrecognised deferred tax assets related to deductible temporary differences	7 658 213	-
Transaction costs capitalised to financial liabilities	(102 665)	-
	-	**-**

The income tax rate of 32% in 2024 was reduced to 31% in 2025.

Unused tax losses for which no deferred tax asset has been recognised	145 922	-

Figures in Namibia Dollar	2025	2024

15. Cash used in operations

Loss before taxation	(24 364 017)	(55 102)
Adjustments for non-cash items:		
Fair value losses	24 703 916	-
Non cash movements relating to subordinated loans from group companies	-	52 267
Non cash movements relating to financial assets at fair value through profit or loss	(76 663)	-
Dividend income reinvested	(49 543)	-
Adjust for items which are presented separately:		
Interest income	(3 655 840)	-
Interest expense	2 660 937	-
Changes in working capital:		
Increase in trade and other payables	775 816	-
	(5 394)	**(2 835)**

16. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2025

	Opening balance	Interest expense accrued	Assets financed through loan[#]	IFRS 9 - Transaction costs deducted from initial fair value	Total non-cash movements	Cash flows*	Closing balance
Financial liabilities at amortised cost	-	2 660 937	-	(359 649)	2 301 288	60 618 163	62 919 451
Loans from group companies	176 044	-	12 514 125	-	12 514 125	3 000	12 693 169
Total liabilities from financing activities	**176 044**	**2 660 937**	**12 514 125**	**(359 649)**	**14 815 413**	**60 621 163**	**75 612 620**

Reconciliation of liabilities arising from financing activities - 2024

	Opening balance	Other non-cash movements	Total non-cash movements	Cash flows*	Closing balance
Loans from group companies	120 277	52 267	52 267	3 500	176 044
Total liabilities from financing activities	**120 277**	**52 267**	**52 267**	**3 500**	**176 044**

[#]As disclosed in Note 6, the loan forms part of the subordinated credit enhancement provided by RTO Housing Namibia (Proprietary) Limited. The acquisition of the financial asset was funded in part from the N$12,514,125 subordinated loan. The transaction did not involve a cash flow and has therefore not been included in the non-cash adjustments within Note 15 or in the statement of cash flows. The transaction is disclosed as a non-cash financing movement in above. Refer to notes 3 and 6 for further information.

***Cash flows**

Company cash flows are further analysed as follows:

	2025			2024		
	Cash inflows	**Cash outflows**	**Total**	**Cash inflows**	**Cash outflows**	**Total**
Financial liabilities at amortised cost	62 570 800	(1 952 637)	60 618 163	-	-	-
Loans from group companies	3 000	-	3 000	3 500	-	3 500
Total	**62 573 800**	**(1 952 637)**	**60 621 163**	**3 500**	**-**	**3 500**

Figures in Namibia Dollar	2025	2024

17. Related parties

Relationships	
Ultimate holding company	Fullbright Investments (Proprietary) Limited, which holds 80% in Ongos Valley Development (Proprietary) Limited
Intermediate controlling entity	Ongos Valley Development (Proprietary) Limited which holds 100% in RTO Housing Namibia (Proprietary) Limited, which in turn controls RTO Housing Issuer (Proprietary) Limited
Holding company	RTO Housing Issuer SPV Trust
Immediate controlling entity	RTO Housing Namibia (Proprietary) Limited
Directors	Refer to the directors' report

Related party balances

Loan accounts - Owing (to) by related parties

Refer to notes 3 and 6 for disclosure of balances with related parties.

Amounts included in trade payable regarding related parties		
RTO Housing Namibia (Proprietary) Limited	40 294	-

Related party transactions

Interest received from related parties		
RTO Housing Namibia (Proprietary) Limited	(3 655 840)	-
Service fees paid to related parties		
RTO Housing Namibia (Proprietary) Limited	40 294	-

18. Directors emoluments

No emoluments were paid to the directors or key management by RTO Housing Issuer (Pty) Ltd during the year.

The following directors' fees were paid to the company's directors by RTO Housing Namibia.

2025

	Fees paid	Total
RTO Issuer Trust		
N P Uzera	6 560	6 560
K Altman	6 560	6 560
	13 120	**13 120**

Figures in Namibia Dollar	2025	2024

18. Directors emoluments (continued)

RTO Issuer board

J Hano-Oshike	8 200	8 200
S Pokolo	6 560	6 560
E Kafita	5 040	5 040
E Kafita	6 560	6 560
	26 360	**26 360**
	39 480	**39 480**

19. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2025

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total
Financial assets through profit or loss	3	51 849 805	-	51 849 805
Cash and cash equivalents	4	-	4 911	4 911
		51 849 805	**4 911**	**51 854 716**

2024

	Note(s)	Amortised cost	Total
Cash and cash equivalents	4	6 341	6 341

Categories of financial liabilities

2025

	Note(s)	Amortised cost	Total
Trade and other payables	8	775 816	775 816
Loans from group companies	6	12 693 169	12 693 169
Financial liabilities at amortised cost	7	62 919 451	62 919 451
		76 388 436	**76 388 436**

2024

	Note(s)	Amortised cost	Total
Loans from group companies	6	176 044	176 044

Capital risk management

The Company is exposed to capital risk through adverse credit performance of the underlying receivables portfolio, reductions in collateral recoveries, changes in fair value assumptions and restrictions imposed by the contractual priority-of-payments mechanism. The Company monitors portfolio performance, arrears, defaults, collateral coverage, fair value measures and compliance with programme covenants on an ongoing basis.

19. Financial instruments and risk management (continued)

The Company manages its capital to ensure that it maintains sufficient resources to support the asset-backed note programme and absorb losses arising from the underlying portfolio of instalment-sale receivables. Capital comprises share capital, retained earnings and subordinated funding.

The Company's objectives when managing capital are:

- to maintain sufficient capital to support the asset-backed note programme;
- to absorb losses arising from the underlying receivables portfolio;
- to maintain compliance with contractual obligations under the programme documents;
- to protect noteholders and other creditors through maintenance of the subordinated support structure; and
- to support the Company's going-concern status.

Refer also to the going concern disclosure in the Directors' Report for further details of the plans implemented by management as part of the company's capital risk management practices.

To date, the Company has, without exception, met all bi-annual coupon interest payment obligations as they became due. The company is not otherwise subject to regulatory or other externally imposed capital requirements

Financial risk management

Overview

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

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

Credit risk

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

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit profiles are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

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

The credit risk of the cash and cash equivalents and unit trusts is considered to be low as the company deals with well-established financial institutions with high credit ratings.

The credit risk of the instalment claims acquired from RTO Housing Namibia is considered to be high given that the program targets individuals who would ideally not qualify for mortgage loans from the banking institutions.

As part of the determination of the fair value of the instalment claims book, the loan book was split between performing and non-performing loans. The credit quality of the financial assets was assessed by risk grade grading the loans from high quality performing loans down to non-performing/ default loans. Further disclosure is included in note 3.

To mitigate the credit risk, the company holds the underlying property as collateral and has other credit enhancements in place. Further disclosure of the credit enhancements in place is outlined in the Directors report, note 6, Going Concern under collection and credit risk mitigation measures.

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

19. Financial instruments and risk management (continued)

		2025			2024		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Financial assets at fair value through profit or loss	3	49 403 578	-	49 403 578	-	-	-
Cash and cash equivalents	4	4 911	-	4 911	6 341	-	6 341
		49 408 489	**-**	**49 408 489**	**6 341**	**-**	**6 341**

Liquidity risk

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

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and loans from group companies. Loans from group companies have been subordinated in favour of other creditors until the company's assets fairly valued exceed the liabilities fairly valued.

During the year, the company became operational and listed 3 tranches on the Namibian Securities Exchange with bi-annual interest coupon payments due. Management implemented liquidity management policies to ensure avalailability of suffucient cashflows to meet obligations as they fell due.

The table below presents the maturity profile of the undiscounted contractual cash flows of the Company's non-derivative financial assets and financial liabilities. For the financial assets, the amounts represent the cash flows contractually receivable under the underlying instalment sale arrangements and do not reflect expected defaults, collection shortfalls, delays in receipt, collateral recovery assumptions or other credit-related adjustments incorporated into the fair value measurement of the debt investments. The amounts therefore differ materially from the carrying amounts of the related financial instruments.

2025

		1 year	2 to 4 years	5 to 6 years	Total	Carrying amount
Assets						
Financial assets at fair value through profit or loss	3	7 303 837	21 927 597	86 894 296	116 125 730	49 403 578
Financial assets at FVTPL - unit trusts	3	-	-	2 446 227	2 446 227	2 446 227
Cash and cash equivalents	4	4 911	-	-	4 911	4 911
Liabilities						
Trade and other payables	8	(775 816)	-	-	(775 816)	(775 816)
Loans from group companies	6	-	-	(12 693 169)	(12 693 169)	(12 693 169)
Financial liabilities at amortised cost	7	(3 517 418)	(15 856 741)	(72 261 255)	(91 635 414)	(62 919 451)
		3 015 514	**6 070 856**	**4 386 099**	**13 472 469**	**(24 533 720)**

During the year ended 31 August 2026, actual cashflows received per tranche were as follows:

a)	Tranche 1	N$ 1,037,873
b)	Tranche 2	N$ 3,171,684
c)	Tranche 3	N$ 1,714,757
d)	**Total**	**N$ 5,924,314**

The actual cashflows received amounting to N$ 5,924,314 fell short of the expected contractual cashflows amounting to N$ 7,070,935.

19. Financial instruments and risk management (continued)

The shortfall in actual cashflows compared to the expected contractual cashflows and the collection challenges experienced on Tranche 4 which was listed in December 2025 resulted in the Cumulative NPL trigger event which impacts the liquidity risk of the entity post year-end. Further details have been disclosed under Subsequent events note 8 (c) in the Directors report.

2024

		Less than 1 year	3 to 5 years	Total	Carrying amount
Assets					
Cash and cash equivalents	4	6 341	-	6 341	6 341
Liabilities					
Loans from group companies	6	-	(176 044)	(176 044)	(176 044)
		6 341	**(176 044)**	**(169 703)**	**(169 703)**

The current brackets are considered relevant because they provide stakeholders with a clear view of the company's ability to meet financing costs and capital obligations as they fall due. This presentation highlights both the recurring nature of interest commitments and the scheduled repayment of principal.

Foreign currency risk

The company is not exposed to foreign currency risk.

Interest rate risk

The instalment claims acquired from RTO Housing Namibia are classified as financial assets at fair value through profit and loss. These assets expose the group to fair value interest rate risk.

Financial liabilities have a bi-annual coupon payment charged at 8.5% per annum. The interest rate is fixed for the term period of 5 years thus the company is not exposed to cash flow interest rate risk for the financial liabilities.

The company is exposed to interest rate risk through its financial assets and liabilities. Interest rate risk arises from the possibility that changes in market interest rates will affect future fair value of financial instruments.

Details of interest rate risk exposure are contained in the relevant notes throughout these financial statements.

Price risk

The instalment claims acquired from RTO Housing Namibia are classified as financial assets at fair value through profit and loss. These assets expose the group to price risk. This includes the value of the property as well as market return assumption included in the determination of the fair value.

The Company is exposed to price risk through its investment in unit trusts held in the ring-fenced investment account. The fair value of the investment is determined by reference to the published net asset value per unit and may fluctuate as a result of changes in the market value of the underlying investments held by the fund.

The Company monitors the published net asset value and the performance of the underlying investment portfolio. The use of the funds is restricted in accordance with the programme arrangements.

Refer to note 3 for the valuation methodology, significant unobservable inputs and quantitative sensitivity analyses.

Detailed Income Statement

Figures in Namibia Dollar	Note(s)	2025	2024
Interest income			
Interest received (trading)		3 655 840	-
Interest expense			
Financial liability at amortised cost		(2 660 937)	-
Net interest income		**994 903**	**-**
Other operating expenses			
Administration and management fees		(238 075)	-
Annual duties		-	(2 110)
Auditor's remuneration - external audit fees	11	(420 859)	(50 157)
Bank charges		(5 319)	(2 835)
Service fees		(40 294)	-
		(704 547)	**(55 102)**
Operating profit (loss)	11	**290 356**	**(55 102)**
Investment income	13	49 543	-
Other non-operating losses			
Fair value losses		(24 703 916)	-
Loss before taxation		**(24 364 017)**	**(55 102)**
Taxation	14	-	-
Loss for the year		**(24 364 017)**	**(55 102)**

The supplementary information presented does not form part of the annual financial statements and is unaudited