



NEW AFRICAN PROPERTIES

NEW AFRICAN PROPERTIES LTD AND ITS SUBSIDIARY

"the Group" or "New African Properties" or "NAP"

Incorporated in the Republic of Botswana, Company No. Co 2008/545

BSE share code: NAP

ISIN code: BW 000 000 1049

www.newafricanproperties.co.bw

UNAUDITED INTERIM FINANCIAL RESULTS

For the 6 months ended 31 January 2018

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31.01.2018 P000's	Unaudited 6 months to 31.01.2017 P000's	Audited 12 months to 31.07.2017 P000's
Revenue	94 386	81 602	175 062
Contractual	93 996	86 151	174 363
Rent straight line adjustment	390	(4 549)	699
Other income	1 286	839	1 853
Operating expenses	(21 509)	(19 840)	(40 781)
Operating profit	74 163	62 601	136 134
Net finance income	2 123	2 212	4 992
Finance income	2 764	2 969	6 447
Finance expense	(641)	(757)	(1 455)
Net income from operations	76 286	64 813	141 126
Investment property fair value adjustment	33 990	58 354	68 412
At fair value	34 380	53 805	69 111
Rent straight line adjustment	(390)	4 549	(699)
Financial asset fair value adjustment	310	602	1 169
Amortisation of intangible asset	(441)	(441)	(881)
Share of associate's profit	3 068	1 071	3 766
Profit before taxation	113 213	124 399	213 592
Taxation	(9 094)	(12 396)	(14 188)
Profit after taxation	104 119	112 003	199 404
Other comprehensive income			
Currency translation differences	1 293	1 416	1 364
Total comprehensive income	105 412	113 419	200 768
Linked units in issue	604 397 124	604 397 124	604 397 124
Earnings per linked unit (thebe)	17.23	18.53	32.99
Distribution per linked unit (thebe)			
Interest	11.18	10.25	20.71
Dividend	1.07	0.96	1.96
Total	12.25	11.21	22.67

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31.01.2018 P000's	Unaudited 31.01.2017 P000's	Audited 31.07.2017 P000's
ASSETS			
Non-current assets			
Investment property	1 394 401	1 347 104	1 357 415
At fair value	1 422 068	1 369 120	1 384 676
Less: Rent straight line adjustment	(27 667)	(22 016)	(27 261)
Investment in associate	33 615	27 852	30 547
Financial asset	24 800	23 923	24 490
Intangible asset	7 347	8 228	7 788
Rent straight line adjustment	21 233	20 458	26 124
	1 481 396	1 427 565	1 446 364
Current assets			
Trade and other receivables	103 802	99 494	96 962
Tax receivable	1 272	44	972
Rent straight line adjustment - current	6 434	1 556	1 137
Cash and cash equivalents	38 369	40 276	43 170
	149 877	141 370	142 241
TOTAL ASSETS	1 631 273	1 568 935	1 588 605
EQUITY AND LIABILITIES			
Capital and reserves	1 437 407	1 381 663	1 331 995
Non-current liabilities			
Borrowings	20 293	23 526	21 878
Deferred taxation	150 779	143 249	143 315
	171 072	166 775	165 193
Current liabilities			
Trade and other payables	19 249	17 682	19 028
Borrowings - current	3 075	2 708	2 948
Distributions payable	128	107	69 390
Taxation payable	342	-	51
	22 794	20 497	91 417
TOTAL EQUITY AND LIABILITIES	1 631 273	1 568 935	1 588 605

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital P000's	Debentures P000's	Total linked units P000's	Foreign currency translation reserve P000's	Non distributable retained income P000's	Distributable retained income P000's	Total P000's
Unaudited 6 months to 31 January 2017							
Balance at 31 July 2016	8 719	863 105	871 824	(12 130)	406 742	1 808	1 268 244
Transactions with owners							
Distributions proposed	-	-	-	-	-	(67 753)	(67 753)
Distributions not yet declared	-	-	-	-	-	67 753	67 753
Comprehensive income							
Comprehensive income for the period	-	-	-	1 416	44 260	67 743	113 419
Transfer of revaluation gains net of related taxes	-	-	-	1 416	-	112 003	113 419
Balance at 31 January 2017	8 719	863 105	871 824	(10 714)	451 002	69 551	1 381 663
Audited 12 months to 31 July 2017							
Balance at 31 July 2016	8 719	863 105	871 824	(12 130)	406 742	1 808	1 268 244
Transactions with owners							
Distributions declared	-	-	-	-	-	(137 017)	(137 017)
Comprehensive income							
Comprehensive income for the period	-	-	-	1 364	62 249	137 155	200 768
Transfer of revaluation gains net of related taxes	-	-	-	1 364	-	199 404	200 768
Balance at 31 July 2017	8 719	863 105	871 824	(10 766)	468 991	1 946	1 331 995
Unaudited 6 months to 31 January 2018							
Balance at 31 July 2017	8 719	863 105	871 824	(10 766)	468 991	1 946	1 331 995
Transactions with owners							
Distributions proposed	-	-	-	-	-	(74 039)	(74 039)
Distributions not yet declared	-	-	-	-	-	74 039	74 039
Comprehensive income							
Comprehensive income for the period	-	-	-	1 293	30 050	74 069	105 412
Transfer of revaluation gains net of related taxes	-	-	-	1 293	-	104 119	105 412
Balance at 31 January 2018	8 719	863 105	871 824	(9 473)	499 041	76 015	1 437 407

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months to 31.01.2018 P000's	Unaudited 6 months to 31.01.2017 P000's	Audited 12 months to 31.07.2017 P000's
Net cash from operating activities	2 707	6 489	7 673
Cash generated from operations	71 586	70 151	138 885
Net finance income	2 123	2 212	4 992
Distributions paid to linked unitholders	(69 262)	(65 065)	(132 799)
Taxation paid	(1 740)	(809)	(3 405)
Net cash from investing activities	(6 050)	(11 412)	(8 294)
Net investment in property	(1 718)	(1 184)	(1 764)
Deposit in related party receivable	(4 332)	(10 228)	(6 530)
Net cash from financing activities	(1 458)	(1 360)	(2 768)
Borrowings decreased	(1 458)	(1 360)	(2 768)
Net change in cash and cash equivalents	(4 801)	(6 283)	(3 389)
Cash and cash equivalents at beginning of the year	43 170	46 559	46 559
Cash and cash equivalents at end of period	38 369	40 276	43 170

NOTES

- The accounting policies are consistent with those used in the previous financial year.
- The Group's business activities are concentrated in the retail property rental segment and are primarily carried out within Botswana.
- Certain prior period amounts have been reclassified to ensure consistency.
- Distribution attributable to linked unitholders is reconciled to comprehensive income as follows:

	Unaudited 6 months to 31.01.2018 P000's	Unaudited 6 months to 31.01.2017 P000's	Audited 12 months to 31.07.2017 P000's
Total comprehensive income	105 412	113 419	200 768
Deduct: Foreign currency translation difference	(1 293)	(1 416)	(1 364)
Net profit	104 119	112 003	199 404
Adjust for non-distributable items:			
Fair value adjustments net of tax	(28 437)	(48 100)	(60 689)
Amortisation adjustments	441	441	881
Share of associate's profit net of tax	(2 838)	(991)	(3 484)
Rent straight line adjustment net of tax	(298)	3 515	(592)
Other non-distributable tax charges	1 082	875	1 635
Distributable earnings for current period	74 069	67 743	137 155
Distributions	(74 039)	(67 753)	(137 017)
Net income retained / (retained income utilised)	30	(10)	138

COMMENTARY

RESULTS

Distributable income for the 6 months amounted to P74.1 million which equates to 12.25 thebe per linked unit, a 9.3% increase on the comparable period (2017: P67.7 million or 11.21 thebe).

The growth in distributable income is attributable to a 10.4% increase in net rental income, reduced by the impact of lower net investment income and increased portfolio costs and tax. The net rental income growth included an amount relating to a prior period following the finalisation of a contractual rent review that was outstanding at last year end. Excluding this, net rental income grew by 8.3%.

Profit exceeds distributable income by P30.1 million as a result of the after tax increase in property valuations and other accounting adjustments. These fair value gains and other accounting adjustments are non cash-flow items, do not impact distributions and result in an increase in net asset value. The net value of these items is less than reported last year, which results in a P7.9 million decrease in profit.

PROPERTY PORTFOLIO

There has been no change to the portfolio during the period under review, which comprises predominantly Botswana retail assets with a wide geographical footprint and a weighting to Gaborone. The 2017 year end announcement and annual report referred to a conditional agreement for the acquisition of a property. On 4 December unitholders were advised that the transaction was not proceeding and the cautionary was withdrawn.

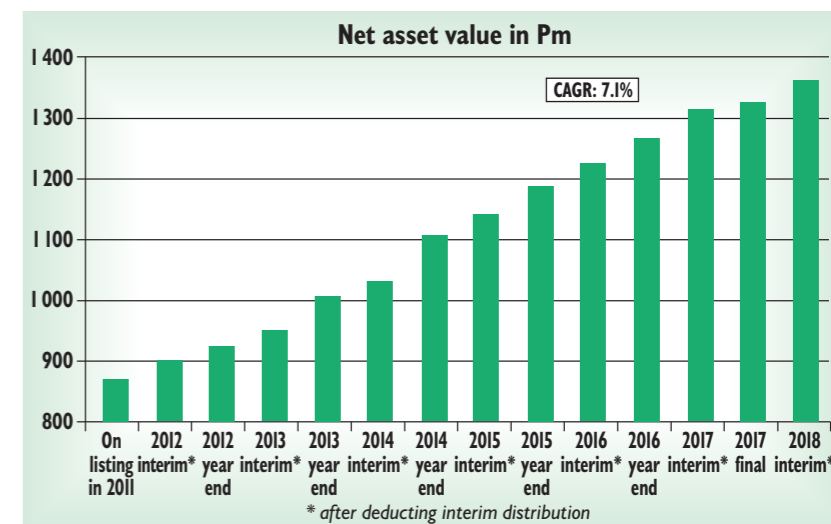
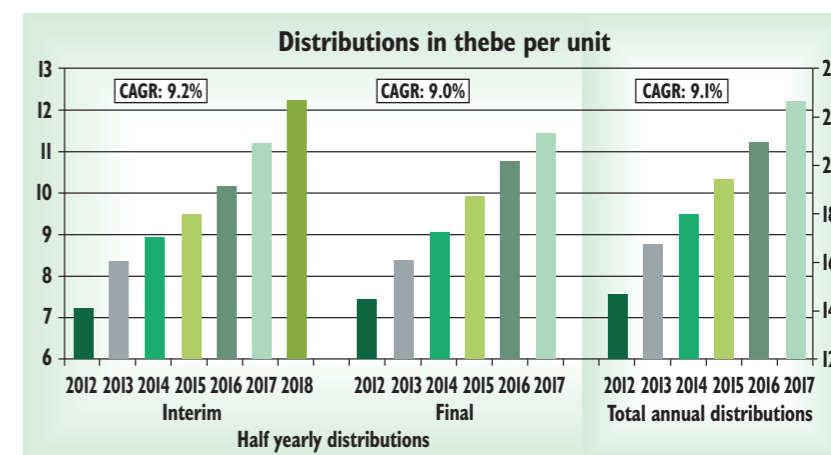
The directors valued the portfolio at 31 January 2018 at P1.4 billion before rental straight line adjustments which results in a P34.4 million fair value gain for the period.

Vacancies have improved during the period to 2.5% of gross lettable area from the 3.2% last reported. 47% of total vacancies are attributable to Selebi Phikwe, with a 36% increase in vacancies in this area over the period. Excluding Selebi Phikwe the vacancy level is 1.4%. 31% of the leases expiring this financial year expired in the first half, with the balance due in the second half and weighted towards year end.

Tenant arrears have increased by a net P0.1m since year end with net tenant arrears amounting to P0.5 million at 31 January after a P0.4 million charge to distributable income (2017: P0.2 million).

PERFORMANCE TRENDS

NAP has established a track record for delivering consistent performance since listing in 2011. Investors have received stable and increasing distributions, demonstrating the quality of earnings that originate with rentals earned from a strong tenant base occupying a portfolio of predominantly Botswana retail properties.



The impact of prior period rental income included in these results may have some impact on comparable growth to be reported in the short term. Management remains confident of achieving real distribution growth on an annual basis.

DISTRIBUTION DECLARATION

Distribution number 13 amounting to 12.25 thebe per linked unit, comprising 11.18 thebe interest and 1.07 thebe dividend, has been declared and is payable to unitholders registered on 11 May 2018. The key dates for this distribution are:

Record date to participate in distribution: 11 May 2018
Payment: 25 May 2018

Withholding tax will be deducted at relevant rates where applicable.

For New African Properties Limited

J.T. Mynhardt
Chairman
23 April 2018

T.L.J. Mynhardt
Managing Director

Transfer Secretaries
Grant Thornton Business Services (Pty) Ltd
Plot 50370 Acumen Park
Gaborone, Botswana
(PO Box 1157, Gaborone, Botswana)

Company Secretary
DPS Consulting Services (Pty) Ltd
Plot 50371, Fairground Office Park
Gaborone, Botswana
(PO Box 1453, Gaborone, Botswana)

Directors: J.T. Mynhardt (Chairman), T.L.J. Mynhardt (Managing Director), F.B. Lebalu, J.P. McLoughlin#, L.C. Tapping# (Chief Financial Officer), S. Venkatakrisnan*
South African, * Indian