



# 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 2016

### ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31.01.2016 P000's	Unaudited 6 months to 31.01.2015 P000's	Audited 12 months to 31.07.2015 P000's
<b>Revenue</b>	<b>73 476</b>	71 352	144 731
Contractual lease rental	74 634	69 550	141 036
Rental straight line adjustment	(1 158)	1 802	3 695
Other income	1 232	1 033	1 726
Operating expenses	(14 930)	(13 696)	(27 521)
<b>Operating profit</b>	<b>59 778</b>	58 689	118 936
Net finance income	2 070	2 181	5 276
Finance income	2 971	3 393	7 503
Finance expense	(901)	(1 212)	(2 227)
<b>Net income from operations</b>	<b>61 848</b>	60 870	124 212
Investment property fair value adjustment	50 922	34 700	87 787
At fair value	49 764	36 502	91 482
Rental straight line adjustment	1 158	(1 802)	(3 695)
Financial asset fair value adjustment	614	607	1 852
Amortisation of intangible asset	(441)	(441)	(881)
Share of associate's profit	2 779	2 244	4 062
<b>Profit before taxation</b>	<b>115 722</b>	97 980	217 032
Taxation	(11 765)	(8 582)	(17 930)
<b>Profit after taxation</b>	<b>103 957</b>	89 398	199 102
Other comprehensive income			
Currency translation difference	(5 107)	885	(1 051)
<b>Total comprehensive income</b>	<b>98 850</b>	90 283	198 051
<b>Linked units in issue</b>	<b>604 397 124</b>	604 397 124	604 397 124
<b>Earnings per linked unit (thebe)</b>	<b>17.20</b>	14.79	32.94
<b>Distribution per linked unit (thebe)</b>			
Interest	9.29	8.63	17.66
Dividend	0.89	0.88	1.77
<b>Total</b>	<b>10.18</b>	9.51	19.43

### ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31.01.2016 P000's	Unaudited 31.01.2015 P000's	Audited 31.07.2015 P000's
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	1 241 608	1 144 807	1 197 122
At fair value	1 268 649	1 171 289	1 225 449
Rental straight line adjustment	(27 041)	(26 482)	(28 327)
Investment in associate	20 486	15 888	17 707
Financial asset	21 568	19 709	20 954
Intangible asset	9 109	9 990	9 550
Rental straight line adjustment	24 275	25 471	26 681
	1 317 046	1 215 865	1 272 014
<b>Current assets</b>			
Trade and other receivables	103 520	90 257	85 733
Tax receivable	840	1 258	537
Rental straight line adjustment	2 766	1 011	1 646
Cash and cash equivalents	30 064	45 383	47 651
	137 190	137 909	135 567
<b>TOTAL ASSETS</b>	<b>1 454 236</b>	1 353 774	1 407 581
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>1 286 699</b>	1 197 515	1 187 849
<b>Non-current liabilities</b>			
Borrowings	26 374	29 053	27 628
Deferred taxation	122 481	104 769	112 516
	148 855	133 822	140 144
<b>Current liabilities</b>			
Trade and other payables	16 112	20 115	17 106
Borrowings short term portion	2 518	2 322	2 518
Distributions payable to unitholders	52	-	59 964
	18 682	22 437	79 588
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 454 236</b>	1 353 774	1 407 581

### 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
<b>Unaudited 6 months to 31 January 2015</b>							
Balance at 31 July 2014	8 719	863 105	871 824	(8 334)	242 642	1 100	1 107 232
<b>Transactions with owners</b>							
Distributions proposed	-	-	-	-	-	(57 478)	(57 478)
Distributions not yet declared	-	-	-	-	-	57 478	57 478
<b>Comprehensive income</b>							
Comprehensive income for the period	-	-	-	885	31 962	57 436	90 283
Transfer of non-distributable amounts net of related taxes	-	-	-	885	-	(89 398)	90 283
<b>Balance at 31 January 2015</b>	<b>8 719</b>	<b>863 105</b>	<b>871 824</b>	<b>(7 449)</b>	<b>274 604</b>	<b>58 536</b>	<b>1 197 515</b>
<b>Audited 12 months to 31 July 2015</b>							
Balance at 31 July 2014	8 719	863 105	871 824	(8 334)	242 642	1 100	1 107 232
<b>Transactions with owners</b>							
Distributions declared	-	-	-	-	-	(117 434)	(117 434)
<b>Comprehensive income</b>							
Comprehensive income for the period	-	-	-	(1 051)	81 653	117 449	198 051
Transfer of non-distributable amounts net of related taxes	-	-	-	(1 051)	-	199 102	198 051
<b>Balance at 31 July 2015</b>	<b>8 719</b>	<b>863 105</b>	<b>871 824</b>	<b>(9 385)</b>	<b>324 295</b>	<b>1 115</b>	<b>1 187 849</b>
<b>Unaudited 6 months to 31 January 2016</b>							
Balance at 31 July 2015	8 719	863 105	871 824	(9 385)	324 295	1 115	1 187 849
<b>Transactions with owners</b>							
Distributions proposed	-	-	-	-	-	(61 528)	(61 528)
Distributions not yet declared	-	-	-	-	-	61 528	61 528
<b>Comprehensive income</b>							
Comprehensive income for the period	-	-	-	(5 107)	42 429	61 528	98 850
Transfer of non-distributable amounts net of related taxes	-	-	-	(5 107)	-	103 957	98 850
<b>Balance at 31 January 2016</b>	<b>8 719</b>	<b>863 105</b>	<b>871 824</b>	<b>(14 492)</b>	<b>366 724</b>	<b>62 643</b>	<b>1 286 699</b>

### ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months to 31.01.2016 P000's	Unaudited 6 months to 31.01.2015 P000's	Audited 12 months to 31.07.2015 P000's
<b>Net cash from operating activities</b>	<b>2 012</b>	4 930	(391)
Cash generated from operations	61 564	57 683	107 464
Net finance income	2 070	2 181	5 276
Distributions paid to linked unitholders	(59 912)	(54 758)	(112 228)
Taxation paid	(1 710)	(176)	(903)
<b>Net cash from investing activities</b>	<b>(18 345)</b>	(3 471)	5 347
Investment property acquired / improved	(1 463)	(54)	(1 396)
Proceeds on disposal of investment property	2 496	-	-
Deposit in related party receivable	(19 378)	(3 417)	6 743
<b>Net cash from financing activities</b>	<b>(1 254)</b>	(1 073)	(2 302)
Borrowings decreased	(1 254)	(1 073)	(2 302)
<b>Net change in cash and cash equivalents</b>	<b>(17 587)</b>	386	2 654
Cash and cash equivalents at beginning of the year	47 651	44 997	44 997
<b>Cash and cash equivalents at end of period</b>	<b>30 064</b>	45 383	47 651

### 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.
- Distribution attributable to linked unitholders is reconciled to comprehensive income as follows:

	Unaudited 6 months to 31.01.2016 P000's	tpu	Unaudited 6 months to 31.01.2015 P000's	tpu	Audited 12 months to 31.07.2015 P000's	tpu
Total comprehensive income	98 850	16.36	90 283	14.93	198 051	32.77
Add back: Foreign currency translation difference	5 107	0.84	(885)	(0.14)	1 051	0.17
Net profit	103 957	17.20	89 398	14.79	199 102	32.94
Adjust for non-distributable items:						
Fair value adjustments net of tax	(41 630)	(6.89)	(29 462)	(4.88)	(77 078)	(12.75)
Amortisation adjustments	441	0.07	441	0.07	881	0.14
Share of associate's net profit	(2 779)	(0.46)	(2 244)	(0.37)	(4 062)	(0.67)
Rental straight line adjustment net of tax	898	0.15	(1 387)	(0.23)	(2 857)	(0.47)
Other non-distributable tax charges	641	0.11	690	0.12	1 463	0.24
Distributable earnings for current period	61 528	10.18	57 436	9.50	117 449	19.43
Distributions	(61 528)	(10.18)	(57 478)	(9.51)	(117 434)	(19.43)
Net income retained / (Retained income utilised)	-	-	(42)	(0.01)	15	-

### COMMENTARY

#### RESULTS

Profit after tax of P104.0 million is 16.3% up on the comparable P89.4 million. This includes fair value and other accounting adjustments that, net of related taxes, are treated as non-distributable and have the effect of increasing the net asset value of NAP.

Distributable income for the 6 months to 31 January 2016 amounts to P61.5 million or 10.18 thebe per linked unit, a 7% increase on last year's interim distribution of 9.51 thebe. The impact of exchange rate movements and a realised exchange loss on receipt of dividends from the Namibian subsidiary company have adversely impacted results by P1.3 million (0.21 thebe) in the current period. Without the impact of exchange rate movements distributable income growth would have been 8% instead of the 7% achieved.

Net rental income has increased by 7.6% for the period. The majority of the portfolio is Botswana based and continues to show strong net rental growth at 8.3%. The growth on the Namibian net rental income for the period has been muted by one-off increases in expenditure as well as the impact of the decline in the Namibian dollar exchange rate.

The NAP unit price has increased by 11.6% during the period and this has resulted in increased portfolio costs. Investment income has decreased in view of the reduction in interest rates and dilutes the overall distribution growth.

#### PROPERTY PORTFOLIO

One small property was disposed of for its carrying value of P2.5 million during the period as it no longer met the investment objective of NAP.

Directors valued the property portfolio at 31 January 2016 at a net P1.27 billion before rental straight line adjustments, resulting in a fair value adjustment of P49.8 million which equates to a 4.1% increase on the 2015 year end valuation. The net increase in carrying value (before straight line adjustments) after taking into account exchange movements, the disposal and capital expenditure was 3.5%.

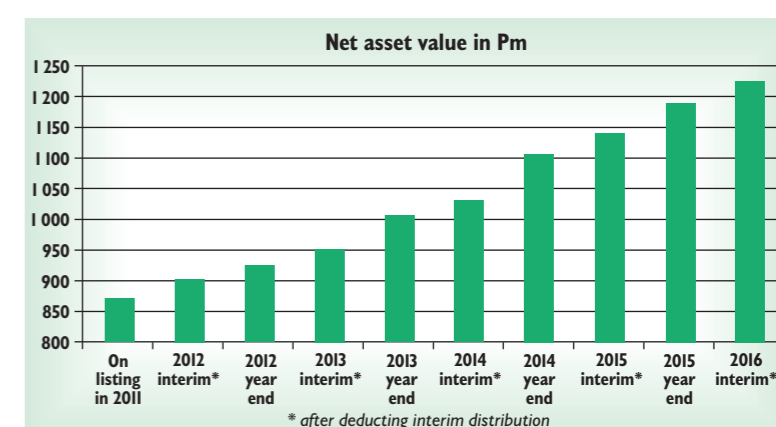
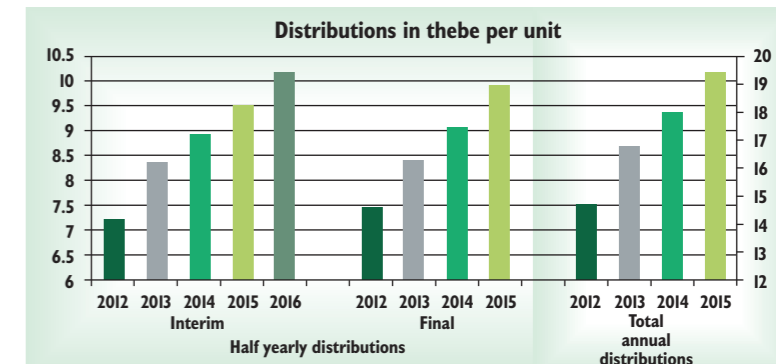
Three of the key factors impacting property performance are vacancies, rent collections and lease expiries and all three of these continue to demonstrate positive signs.

Vacancies at the end of January represent 1.5% of gross lettable area which is an improvement on the 2.8% at the start of the current financial year. Management has either renewed or relet 89%, by value, of the leases expiring during the period with the average increase in rentals exceeding standard escalation rates embedded in the leases and are confident about the remaining lease expiries for the current financial year.

Unprovided tenant arrears continue to decrease and amount to P0.5 million, while impairment provisions have reduced by P0.4 million during the period.

#### PERFORMANCE TRENDS

NAP continues to provide stable, growing income streams to investors while growing the underlying net asset value.



The contractual property net rental growth continues to be sound and the board remains confident of achieving distribution growth approximating rental escalations.

#### DISTRIBUTION DECLARATION

Distribution number 9 amounting to 10.18 thebe per linked unit, comprising 9.29 thebe interest and 0.89 thebe dividend, has been declared and is payable to unitholders registered on 6 May 2016. The key dates for this distribution are:

Record date to participate in distribution	6 May 2016
Payment	27 May 2016

Withholding tax will be deducted at relevant rates where applicable.

#### For New African Properties Limited

J.T. Mynhardt  
Chairman  
15 April 2016

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. Lebala, J.P. McLoughlin#, L.C. Tapping# (Chief Financial Officer), S. Venkatakrishnan\*  
# South African, \* Indian