



# 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 2017

### ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31.01.2017 P000's	Unaudited 6 months to 31.01.2016 P000's	Audited 12 months to 31.07.2016 P000's
<b>Revenue</b>	<b>81 602</b>	77 431	159 949
Contractual lease rental	86 151	78 589	161 681
Rental straight line adjustment	(4 549)	(1 158)	(1 732)
Other income	839	876	1 878
Operating expenses	(19 840)	(18 529)	(37 982)
<b>Operating profit</b>	<b>62 601</b>	59 778	123 845
Net finance income	2 212	2 070	4 918
Finance income	2 969	2 971	6 667
Finance expense	(757)	(901)	(1 749)
<b>Net income from operations</b>	<b>64 813</b>	61 848	128 763
Investment property fair value adjustment	58 354	50 922	93 192
At fair value	53 805	49 764	91 460
Rental straight line adjustment	4 549	1 158	1 732
Financial asset fair value adjustment	602	614	2 367
Amortisation of intangible asset	(441)	(441)	(881)
Share of associate's profit	1 071	2 779	9 074
<b>Profit before taxation</b>	<b>124 399</b>	115 722	232 515
Taxation	(12 396)	(11 765)	(22 753)
<b>Profit after taxation</b>	<b>112 003</b>	103 957	209 762
Other comprehensive income			
Currency translation difference	1 416	(5 107)	(2 745)
<b>Total comprehensive income</b>	<b>113 419</b>	98 850	207 017
<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>18.53</b>	17.20	34.71
<b>Distribution per linked unit (thebe)</b>			
Interest	10.25	9.29	19.10
Dividend	0.96	0.89	1.85
<b>Total</b>	<b>11.21</b>	10.18	20.95

### ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31.01.2017 P000's	Unaudited 31.01.2016 P000's	Audited 31.07.2016 P000's
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	1 347 104	1 241 608	1 285 780
At fair value	1 369 120	1 268 649	1 312 314
Rental straight line adjustment	(22 016)	(27 041)	(26 534)
Investment in associate	27 852	20 486	26 781
Financial asset	23 923	21 568	23 321
Intangible asset	8 228	9 109	8 669
Rental straight line adjustment	20 458	24 275	24 981
	1 427 565	1 317 046	1 369 532
<b>Current assets</b>			
Trade and other receivables	99 494	103 520	91 405
Tax receivable	44	840	729
Rental straight line adjustment	1 556	2 766	1 553
Cash and cash equivalents	40 276	30 064	46 559
	141 370	137 190	140 246
<b>TOTAL ASSETS</b>	<b>1 568 935</b>	1 454 236	1 509 778
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>1 381 663</b>	1 286 699	1 268 244
<b>Non-current liabilities</b>			
Borrowings	23 526	26 374	24 859
Deferred taxation	143 249	122 481	132 223
	166 775	148 855	157 082
<b>Current liabilities</b>			
Trade and other payables	17 682	16 112	16 545
Borrowings short term portion	2 708	2 518	2 735
Distributions payable to unitholders	107	52	65 172
	20 497	18 682	84 452
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 568 935</b>	1 454 236	1 509 778

### 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 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>
<b>Audited 12 months to 31 July 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 declared	-	-	-	-	-	(126 622)	(126 622)
<b>Comprehensive income</b>							
Comprehensive income for the period	-	-	-	(2 745)	82 447	127 315	207 017
Transfer of non-distributable amounts net of related taxes	-	-	-	(2 745)	-	209 762	207 017
<b>Balance at 31 July 2016</b>	<b>8 719</b>	<b>863 105</b>	<b>871 824</b>	<b>(12 130)</b>	<b>406 742</b>	<b>1 808</b>	<b>1 268 244</b>
<b>Unaudited 6 months to 31 January 2017</b>							
Balance at 31 July 2016	8 719	863 105	871 824	(12 130)	406 742	1 808	1 268 244
<b>Transactions with owners</b>							
Distributions proposed	-	-	-	-	-	(67 753)	(67 753)
Distributions not yet declared	-	-	-	-	-	67 753	67 753
<b>Comprehensive income</b>							
Comprehensive income for the period	-	-	-	1 416	44 260	67 743	113 419
Transfer of non-distributable amounts net of related taxes	-	-	-	1 416	-	112 003	113 419
<b>Balance at 31 January 2017</b>	<b>8 719</b>	<b>863 105</b>	<b>871 824</b>	<b>(10 714)</b>	<b>451 002</b>	<b>69 551</b>	<b>1 381 663</b>

### ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months to 31.01.2017 P000's	Unaudited 6 months to 31.01.2016 P000's	Audited 12 months to 31.07.2016 P000's
<b>Net cash from operating activities</b>	<b>6 489</b>	2 012	7 605
Cash generated from operations	70 151	61 564	127 143
Net finance income	2 212	2 070	4 918
Distributions paid to linked unitholders	(65 065)	(59 912)	(121 414)
Taxation paid	(809)	(1 710)	(3 042)
<b>Net cash from investing activities</b>	<b>(11 412)</b>	(18 345)	(6 145)
Investment property improved/ rebuilt	(1 184)	(1 463)	(2 001)
Proceeds on disposal of investment property	-	2 496	2 496
Deposit in related party receivable	(10 228)	(19 378)	(7 919)
Insurance proceeds	-	-	1 279
<b>Net cash from financing activities</b>	<b>(1 360)</b>	(1 254)	(2 552)
Borrowings decreased	(1 360)	(1 254)	(2 552)
<b>Net change in cash and cash equivalents</b>	<b>(6 283)</b>	(17 587)	(1 092)
Cash and cash equivalents at beginning of the year	46 559	47 651	47 651
<b>Cash and cash equivalents at end of period</b>	<b>40 276</b>	30 064	46 559

### 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 year amounts have been reclassified to ensure consistency with the current period presentation.
- Distribution attributable to linked unitholders is reconciled to comprehensive income as follows:

	Unaudited 6 months to 31.01.2017 P000's	Unaudited 6 months to 31.01.2016 P000's	Audited 12 months to 31.07.2016 P000's
Total comprehensive income	113 419	98 850	207 017
(Deduct) / Add: Foreign currency translation difference	(1 416)	5 107	2 745
Net profit	112 003	103 957	209 762
Adjust for non-distributable items:			
Fair value adjustments net of tax	(48 100)	(41 630)	(78 691)
Amortisation adjustments	441	441	881
Share of associate's profit net of tax	(991)	(2 779)	(7 436)
Rental straight line adjustment net of tax	3 515	898	1 337
Other non-distributable tax charges	875	641	1 462
Distributable earnings for current period	67 743	61 528	127 315
Distributions	(67 753)	(61 528)	(126 622)
(Retained income utilised) / Net income retained	(10)	-	693

### COMMENTARY

#### RESULTS

Distributable income for the 6 months has increased by 10% to P67.7 million (2016: P61.5 million), resulting in a first half distribution of 11.21 thebe per linked unit (2016: 10.18 thebe).

This increase in distributable income is attributable to a 9.4% increase in net rental income before straight lining adjustments, 6.9% increase in net finance income and flat portfolio costs.

The increase in net rental income is higher than expected in view of certain turnover rental being received in the first half instead of the second half, which increased the growth from 8.2% to the recorded 9.4%. Total portfolio costs are flat as a result of the increases in recurring costs being offset by the non-recurrence of the realised exchanged loss reported last year.

Profit after tax of P112.0 million is 7.7% up on the comparable P104.0 million and includes fair value and other accounting adjustments, net of related taxes, which are treated as non-distributable. These amounts increase the net asset value of NAP.

#### PROPERTY PORTFOLIO

Directors valued the property portfolio at 31 January 2017 at P1.37 billion before rental straight line adjustments, resulting in a fair value adjustment of P53.8 million which equates to a 4.1% increase on the 2016 year end valuation. The net increase in carrying value (before straight line adjustments) after taking into account exchange movements, the costs for reinstating the Selebi Phikwe property following last year's insurance claim and capital expenditure was 4.3% while the increase on the 2016 comparative is 7.9%. Included in the costs for the reinstatement of the Selebi Phikwe property is a P40 500 development management fee payable to Naprop, a related party.

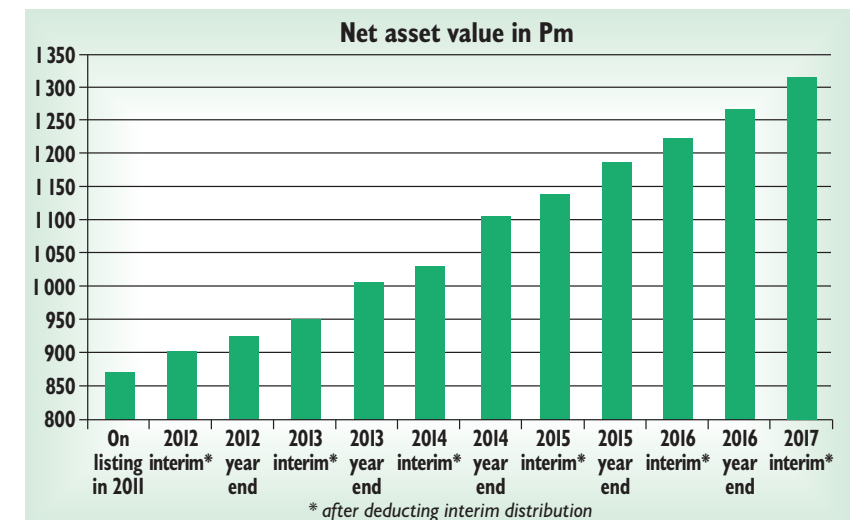
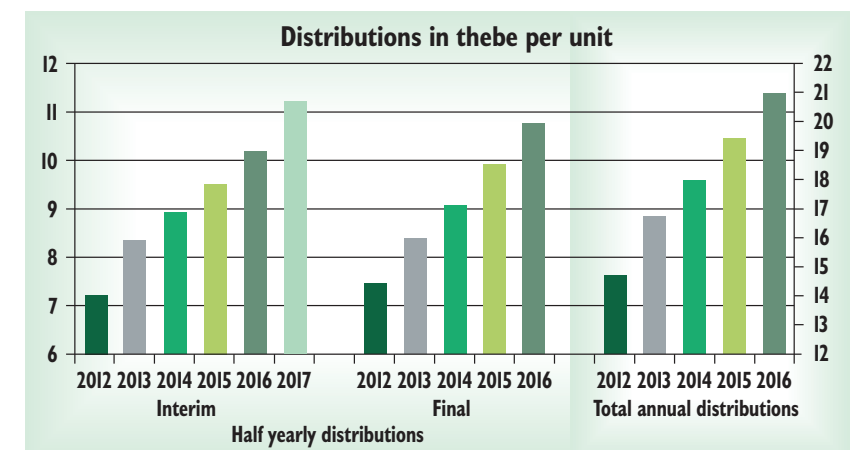
Unprovided tenant arrears amounted to P0.4 million at 31 January (P0.5 million at 31 January 2016 and P0.3 million at 31 July 2016). Total arrears attributable to tenants in Selebi Phikwe have started to increase with these tenants comprising 10% of total gross arrears at the end of January. NAP's exposure to this area has been analysed following the BCL closure in October 2016 and it comprises 2.9% of total property value, 33% of total vacancies and 3.5% of rental income at end January.

Vacancies at 1.9% of total GLA and 1.0% of rental, while increasing since the 2016 year end (1.2% and 0.7%), remain at low levels. A number of leases expiring in the current year have already been renewed at favourable rentals with the remainder under negotiation in line with the expiry profile.

Overall arrears, vacancies and lease expiries continue to reflect solid performance with some concern over the sustainability of the Selebi Phikwe properties in view of the current issues in the area.

#### 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 11 amounting to 11.21 thebe per linked unit, comprising 10.25 thebe interest and 0.96 thebe dividend, has been declared and is payable to unitholders registered on 5 May 2017. The key dates for this distribution are:

Record date to participate in distribution: 5 May 2017  
Payment: 26 May 2017

Withholding tax will be deducted at relevant rates where applicable.

#### For New African Properties Limited

J.T. Mynhardt  
Chairman  
12 April 2017

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