



# 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

# AUDITED FINANCIAL RESULTS

For the year ended 31 July 2013

### ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013 P000's	2012 P000's
<b>Revenue</b>	<b>126 995</b>	115 229
Contractual lease rental	123 648	113 937
Rental straight line adjustment	3 347	1 292
Other income	2 046	1 192
Operating expenses	(27 100)	(22 409)
<b>Operating profit</b>	<b>101 941</b>	94 012
Net finance income	5 876	2 612
Finance income	9 181	7 105
Finance expense	(3 305)	(4 493)
Net income from operations	107 817	96 624
Investment property fair value adjustment	88 926	51 613
Per valuations	92 273	52 905
Rental straight line adjustment	(3 347)	(1 292)
Financial asset fair value adjustment	134	(1 699)
Amortisation of intangible asset	(881)	-
Share of associate's profit	3 045	-
<b>Profit before taxation</b>	<b>199 041</b>	146 538
Taxation	(12 123)	(2 016)
<b>Profit after taxation</b>	<b>186 918</b>	144 522
Other comprehensive income		
Currency translation difference	(3 546)	(2 266)
<b>Total comprehensive income</b>	<b>183 372</b>	142 256
<b>Linked units in issue</b>	<b>604 397 124</b>	604 397 124
<b>Earnings per linked unit (thebe)</b>	<b>30.93</b>	23.91
<b>Distribution per unit (thebe)</b>		
Interest	16.15	12.48
Dividend	0.60	2.21
- subject to withholding tax	0.60	0.46
- not subject to withholding tax	-	1.75
<b>Total</b>	<b>16.75</b>	14.69

### ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2013 P000's	2012 P000's
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment property	998 040	912 323
At valuation	1 016 441	927 462
Rental straight line adjustment	(18 401)	(15 139)
Investment in associate	7 996	4 951
Intangible asset	11 312	12 193
Financial asset	20 067	19 933
Rental straight line adjustment	17 720	14 624
	1 055 135	964 024
<b>Current assets</b>		
Trade and other receivables	97 514	29 480
Tax receivable	3 042	3 245
Rental straight line adjustment	681	515
Cash and cash equivalents	32 818	88 642
	134 055	121 882
<b>TOTAL ASSETS</b>	<b>1 189 190</b>	1 085 906
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>	1 007 430	925 294
<b>Non-current liabilities</b>		
Borrowings	32 576	34 498
Deferred taxation	76 643	67 307
	109 219	101 805
<b>Current liabilities</b>		
Trade and other payables	19 941	12 095
Borrowings short term portion	1 891	1 624
Distributions payable to unitholders	50 709	45 088
	72 541	58 807
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 189 190</b>	1 085 906

### COMMENTARY

#### RESULTS

On 26 July 2013, distribution number 4 of 8.39 thebe was declared based on the Board's estimate of total distributable income of P101 million. Actual distributable income for the year of P101.6 million is marginally ahead of this projection.

Net income from operations (before rent straight line adjustment) amounts to P104.5 million, a 10% increase on last year's P95.3 million. Net distributable income of P101.6 million has increased by 14% from last year's P89.2 million as a result of this and the reduction in taxes related to these earnings.

Profit for the year is 29% above last year as a result of the increase in distributable profits as well as higher increases in the fair value adjustments of assets. Fair value and other accounting adjustments, net of related taxes, are treated as non-distributable and do not result in cash flows.

#### PROPERTY PORTFOLIO

The investment properties were valued by Curtis Matobolo of Knight Frank at P1 061 million at a weighted average capitalisation rate of 11.19%.

The carrying value of investment property of P1 016m is lower as a result of assets reflected elsewhere in the statement of financial position and an adjustment for the nature of title in one of the properties.

Vacancies amounted to 3.6% by gross lettable area and 2.8% by rental value at year end.

#### PROSPECTS

The property portfolio continues to perform in line with management expectations and is expected to deliver distribution growth to investors flowing from rental escalations.

While it is not the intention to grow purely for the sake of growth, NAP and its asset manager continue to seek suitable investment opportunities to enhance long term sustainable growth and, with an almost ungeared portfolio, NAP is well placed to take advantage of opportunities that do arise. This is particularly challenging in the current Botswana market where the demand for investment property offering acceptable returns exceeds supply. This has been exacerbated by the fact that new development opportunities are limited in view of the economic slowdown and significant recent development in the retail and office segments, particularly in Gaborone.

Future developments and acquisitions will be funded through a combination of cash, debt and equity, as appropriate at the time. From a long term perspective the Board considers it appropriate to increase the debt level in the portfolio to provide the positive effects of gearing over time. The current challenge to this is the limited availability of property and, as a result, the likely yields relative to the cost of debt in the short term.

For New African Properties Limited

**J.T. Mynhardt**  
Chairman

17 October 2013

**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#, S. Venkatakrishnan\*, S. Visvanathan\*  
# South African, \* Indian

### 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>2012</b>							
<b>Transactions with owners</b>							
Net issue of linked units	8 719	863 105	871 824	-	-	(88 786)	783 038
Distributions declared	-	-	-	-	-	(88 786)	(88 786)
<b>Comprehensive income</b>							
Comprehensive income for the period	-	-	-	(2 266)	55 321	89 201	142 256
Transfer of non-distributable amounts net of related taxes	-	-	-	-	55 321	(55 321)	-
<b>Balance at 31 July 2012</b>	<b>8 719</b>	<b>863 105</b>	<b>871 824</b>	<b>(2 266)</b>	<b>55 321</b>	<b>415</b>	<b>925 294</b>
<b>2013</b>							
<b>Transactions with owners</b>							
Net issue of linked units	-	-	-	-	-	(101 236)	(101 236)
Distributions declared	-	-	-	-	-	(101 236)	(101 236)
<b>Comprehensive income</b>							
Comprehensive income for the period	-	-	-	(3 546)	85 268	101 650	183 372
Transfer of non-distributable amounts net of related taxes	-	-	-	-	85 268	(85 268)	-
<b>Balance at 31 July 2013</b>	<b>8 719</b>	<b>863 105</b>	<b>871 824</b>	<b>(5 812)</b>	<b>140 589</b>	<b>829</b>	<b>1 007 430</b>

### ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	2013 P000's	2012 P000's
<b>Net cash from operating activities</b>	<b>12 954</b>	30 128
Cash generated from operations	104 986	78 871
Net finance income	5 876	2 612
Distributions paid to linked unitholders	(95 615)	(43 698)
Taxation paid	(2 293)	(7 657)
<b>Net cash used in investing activities</b>	<b>(67 123)</b>	(69 485)
Investment property acquired / improved	(572)	(534)
Investment in subsidiary, acquisition and amalgamation	-	(26 905)
Investment in associate and intangible asset	-	(17 144)
Deposit in related party receivable	(66 551)	(24 902)
<b>Net cash from financing activities</b>	<b>(1 655)</b>	127 999
Linked units issued for cash (net of costs)	-	134 750
Borrowings increased	(1 655)	(6 751)
<b>Net change in cash and cash equivalents</b>	<b>(55 824)</b>	88 642
Cash and cash at beginning of the year	88 642	-
<b>Cash and cash equivalents at end of year</b>	<b>32 818</b>	88 642

### NOTES

- The abridged financial results have been extracted from the audited annual financial statements, which have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the measurement of investment properties and certain financial assets and financial liabilities at fair value. The accounting policies followed in preparation of the annual financial statements are consistent with those applied in the prior year.
- The Group's business activities are concentrated in the retail property rental segment and are primarily carried out within Botswana.
- There are no contingent liabilities or commitments at 31 July 2013.
- Distribution attributable to linked unitholders is reconciled to comprehensive income as follows:

	2013		2012	
	P000's	tpu	P000's	tpu
Total comprehensive income	183 372	30.34	142 256	23.54
Add back: Foreign currency translation difference	3 546	0.59	2 266	0.37
Net profit	186 918	30.93	144 522	23.91
Adjust for non-distributable items:				
Fair value adjustments net of tax	(80 527)	(13.32)	(54 434)	(9.01)
Amortisation adjustments	881	0.14	-	-
Share of associate's net profit	(3 045)	(0.50)	-	-
Rental straight line adjustment net of tax	(2 577)	(0.43)	(887)	(0.15)
Distributable earnings for current period	101 650	16.82	89 201	14.76
Distributions	(101 236)	(16.75)	(88 786)	(14.69)
Net income retained	414	0.07	415	0.07