



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

AUDITED ABRIDGED FINANCIAL RESULTS

For the year ended 31 July 2016

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2016 P000's	2015 P000's
Revenue	159 949	153 039
Contractual	161 681	149 344
Rental straight line adjustment	(1 732)	3 695
Other income	1 878	1 482
Operating expenses	(37 982)	(35 585)
Operating profit	123 845	118 936
Net finance income	4 918	5 276
Finance income	6 667	7 503
Finance expense	(1 749)	(2 227)
Net income from operations	128 763	124 212
Investment property fair value adjustment	93 192	87 787
At fair value	91 460	91 482
Rental straight line adjustment	1 732	(3 695)
Financial asset fair value adjustment	2 367	1 852
Amortisation of intangible asset	(881)	(881)
Share of associate's profit	9 074	4 062
Profit before taxation	232 515	217 032
Taxation	(22 753)	(17 930)
Profit after taxation	209 762	199 102
Other comprehensive income		
Currency translation difference	(2 745)	(1 051)
Total comprehensive income	207 017	198 051
Linked units in issue	604 397 124	604 397 124
Earnings per linked unit (thebe)	34.71	32.94
Distribution per unit (thebe)		
Interest	19.10	17.66
Dividend	1.85	1.77
Total	20.95	19.43

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2016 P000's	2015 P000's
ASSETS		
Non-current assets		
Investment property	1 285 780	1 197 122
At valuation	1 312 314	1 225 449
Rental straight line adjustment	(26 534)	(28 327)
Investment in associate	26 781	17 707
Financial asset receivable	23 321	20 954
Intangible asset	8 669	9 550
Rental straight line adjustment	24 981	26 681
	1 369 532	1 272 014
Current assets		
Trade and other receivables	91 405	85 733
Tax receivable	729	537
Rental straight line adjustment	1 553	1 646
Cash and cash equivalents	46 559	47 651
	140 246	135 567
TOTAL ASSETS	1 509 778	1 407 581
EQUITY AND LIABILITIES		
Capital and reserves	1 268 244	1 187 849
Non-current liabilities		
Borrowings	24 859	27 628
Deferred taxation liabilities	132 223	112 516
	157 082	140 144
Current liabilities		
Trade and other payables	16 545	17 106
Borrowings short term portion	2 735	2 518
Distributions payable to unitholders	65 172	59 964
	84 452	79 588
TOTAL EQUITY AND LIABILITIES	1 509 778	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
Balance at 31 July 2014	8 719	863 105	871 824	(8 334)	242 642	1 100	1 107 232
Transactions with owners	-	-	-	-	-	(117 434)	(117 434)
Distributions declared	-	-	-	-	-	(117 434)	(117 434)
Comprehensive income	-	-	-	(1 051)	81 653	117 449	198 051
Comprehensive income for the period	-	-	-	(1 051)	-	199 102	198 051
Transfer of non-distributable amounts net of related taxes	-	-	-	-	81 653	(81 653)	-
Balance at 31 July 2015	8 719	863 105	871 824	(9 385)	324 295	1 115	1 187 849
Transactions with owners	-	-	-	-	-	(126 622)	(126 622)
Distributions declared	-	-	-	-	-	(126 622)	(126 622)
Comprehensive income	-	-	-	(2 745)	82 447	127 315	207 017
Comprehensive income for the period	-	-	-	(2 745)	-	209 762	207 017
Transfer of non-distributable amounts net of related taxes	-	-	-	-	82 447	(82 447)	-
Balance at 31 July 2016	8 719	863 105	871 824	(12 130)	406 742	1 808	1 268 244

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	2016 P000's	2015 P000's
Net cash flows from operating activities	7 605	(391)
Cash generated from operations	127 143	107 464
Net finance income	4 918	5 276
Distributions paid to linked unitholders	(121 414)	(112 228)
Taxation paid	(3 042)	(903)
Net cash flows from investing activities	(6 145)	5 347
Net investment property disposed/ acquired / improved	1 774	(1 396)
Deposit in related party receivable	(7 919)	6 743
Net cash flows from financing activities	(2 552)	(2 302)
Net change in cash and cash equivalents	(1 092)	2 654
Cash and cash at beginning of the year	47 651	44 997
Cash and cash equivalents at end of year	46 559	47 651

NOTES

A. 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 at fair value. The accounting policies followed in preparation of the annual financial statements are consistent with those applied in the prior year.

NOTES (continued)

B. The Company's auditors, PricewaterhouseCoopers, have issued an unqualified audit opinion of the annual financial statements on which these abridged annual financial results are based. A copy of their opinion and the full set of annual financial statements are available for inspection at the registered office of the Company. The Annual Report will be available on the Company's website and hard copies thereof will be mailed to unitholders by end of November 2016.

C. The Group's business activities are concentrated in the retail property rental segment and are primarily carried out within Botswana.

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

	2016 P000's	2015 tpu	2016 P000's	2015 tpu
Total comprehensive income	207 017	34.25	198 051	32.77
Add back: Foreign currency translation difference	2 745	0.46	1 051	0.17
Net profit	209 762	34.71	199 102	32.94
Adjust for non-distributable items:				
Fair value adjustments net of tax	(78 691)	(13.02)	(77 078)	(12.75)
Amortisation adjustments	881	0.14	881	0.14
Share of associate's profit net of tax	(7 436)	(1.23)	(4 062)	(0.67)
Rental straight line adjustment net of tax	1 337	0.22	(2 857)	(0.47)
Other non-distributable tax charges	1 462	0.24	1 463	0.24
Distributable earnings for current period	127 315	21.06	117 449	19.43
Distributions	(126 622)	(20.95)	(117 434)	(19.43)
Net income retained	693	0.11	15	-

E. Certain prior year amounts have been reclassified to ensure consistency with the current period presentation.

COMMENTARY

RESULTS

Total distributions for the year amounted to 20.95 thebe per unit, a 7.8% increase on the 2015 financial year's 19.43 thebe. The final distribution was declared on 13 July 2016 based on the Board's estimate of distributable income of P126.6 million (2015: P117.4 million). Actual distributable income for the year was P0.7m higher than this forecast. As a result actual distributable income was 8.4% up.

The impact of exchange rate movements and a realised exchange loss on receipt of the dividends from the Namibian subsidiary company have adversely impacted results by P1.3m (0.21 thebe). Without this distributable income growth would be 9.5%.

The property portfolio continues to perform well with contractual net rental income increasing by 9.4% due to increased rentals, contained expenditure and a reversal of debtor impairments. This overall growth has been marginally diluted by the Namibian based assets as a result of the decline of the Namibian dollar exchange rate. Contractual net rental income growth for the Botswana portfolio was 9.6%.

Net finance income has decreased in view of the lower interest rate environment while tax impacting distributable income is marginally higher.

Profit for the year amounted to P209.8 million (2015: P199.1 million) and includes fair value and other accounting adjustments, together with related taxes, which do not form part of distributable income. These non-distributable gains have the impact of increasing net asset value, which has increased by 6.8% to P1.3 billion (2015: P1.2 billion).

PROPERTY PORTFOLIO

Lot 1085/6 Francistown, was disposed of for its carrying value of P2.5 million during the financial year as it no longer met the investment objective of NAP. There have been no further changes in the portfolio during the year and there are no material commitments or contingent liabilities at 31 July 2016.

The properties were valued by Curtis Matobolo of Knight Frank at P1 445 million at a weighted average capitalisation rate of 9.24% (2015: P 1 329 million at 9.98%). The carrying value of investment property of P1 286 million is lower as a result of assets reflected elsewhere in the statement of financial position, an adjustment for the nature of title in one of the properties and the P1.3 million insurance proceeds in respect of one property that requires reinstatement. This resulted in fair value gains of P91.5 million (2015: P91.5 million) and a 7.1% increase in carrying values, both before rent straight lining adjustments but including exchange rate movements on the Namibian assets.

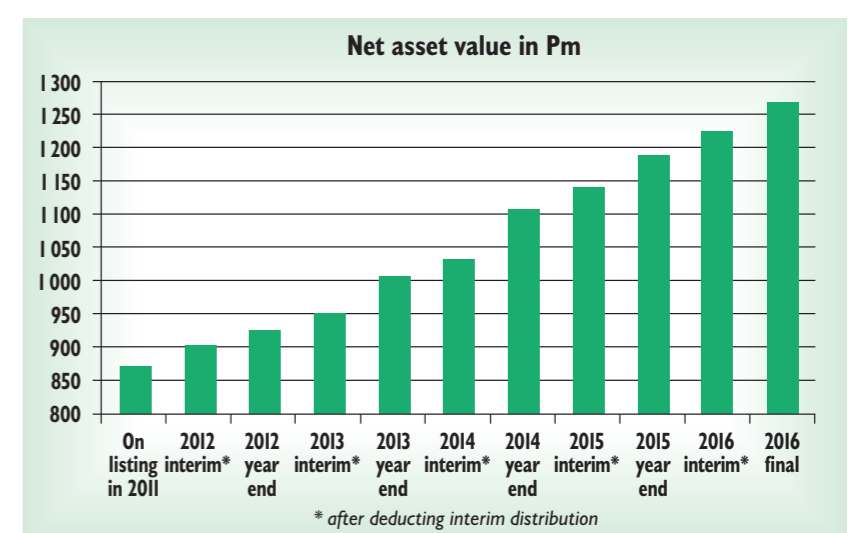
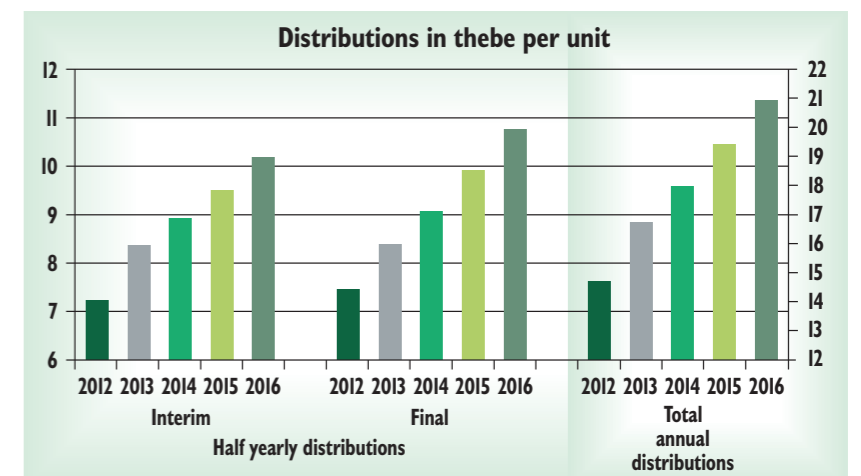
Operationally the property portfolio key indicators of vacancies, rent collections and leasing reflect solid performance.

Vacancies have remained at low levels throughout the year and amount to 1.2% of gross lettable area and 0.7% of rentals at year end (2015: 2.8% and 1.9% respectively). In addition to improving the overall vacancy level, Management has either renewed or relet 94%, by value, of leases expiring during the period with the average increase in rentals approximating standard escalation rates embedded in the leases. Of the remaining 6%, 3% relates to the property disposed of and leases still under negotiation.

Unprovided tenants arrears have reduced to P0.3 million (2015: P0.7 million) by year end, while impairment provisions of P0.3 million have been released to profit during the year.

PERFORMANCE TRENDS

Since listing on 28 September 2011, NAP has generated an income return for its investors of 45%, a total return of 91% to 31 July 2016 and continues to provide stable, growing income streams to investors while growing the underlying asset value.



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

NAP is also well positioned to fund developments and acquisitions in view of its virtually ungeared status and would benefit from the introduction of gearing.

For New African Properties Limited

J.T. Mynhardt
Chairman

26 October 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

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