



NEW AFRICAN PROPERTIES LTD AND ITS SUBSIDIARY

"the Group" or "New African Properties" or "NAP"
 Incorporated in the Republic of Botswana, UIN: BW00001055962 (formerly 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 2020

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2020 P000's	2019 P000's
Revenue	208 916	202 013
Contractual rental and recoveries	207 111	196 759
Rental straight line adjustment	1 805	5 254
Other income	1 911	2 167
Operating expenses	(56 324)	(44 557)
Operating profit	154 503	159 623
Net finance income	4 886	5 282
Finance income	5 884	6 309
Finance expense	(998)	(1 027)
Net income from operations	159 389	164 905
Investment property fair value adjustment	(13 266)	39 582
At fair value	(11 683)	44 836
Rental straight line adjustment	(1 805)	(5 254)
Lease accounting adjustment	222	-
Financial asset fair value adjustment	(221)	(909)
Intangible asset amortisation	(881)	(881)
Share of associate's profit	3 783	6 324
Profit before taxation	148 804	209 021
Taxation	519	(10 291)
Profit for the year	149 323	198 730
Other comprehensive income		
Currency translation difference	(4 185)	(1 321)
Total comprehensive income	145 138	197 409
Linked units in issue	604 397 124	604 397 124
Earnings per linked unit (thebe)*	24.71	32.88
Distribution per linked unit (thebe)	25.52	25.80

* Earnings per linked unit is equivalent to headline earnings per linked unit and diluted earnings per linked unit

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2020 P000's	2019 P000's
ASSETS		
Non-current assets		
Investment property	1 453 820	1 469 317
At valuation	1 489 026	1 503 037
Rental straight line adjustment	(35 428)	(33 720)
Lease accounting adjustment	222	-
Investment in associate	49 577	45 794
Financial asset receivable	24 506	24 727
Intangible asset	5 145	6 026
Rental straight line adjustment	28 829	27 395
	1 561 877	1 573 259
Current assets		
Trade and other receivables	112 321	99 943
Rental straight line adjustment - current portion	6 599	6 325
Tax receivable	2 029	1 762
Cash and cash equivalents	31 581	43 298
	152 530	151 328
	1 714 407	1 724 587
EQUITY AND LIABILITIES		
Capital and reserves		
Borrowings	1 433 283	1 442 387
Deferred taxation liabilities	11 839	15 487
	158 710	162 860
	170 549	178 347
Current liabilities		
Trade and other payables	25 295	20 400
Distributions payable to unitholders	81 761	80 247
Borrowings - current portion	3 519	3 206
	110 575	103 853
	1 714 407	1 724 587

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated 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 2018	8 719	863 105	871 824	(10 862)	538 429	1 521	1 400 912
Transactions with owners	-	-	-	-	-	(155 934)	(155 934)
Distributions declared	-	-	-	-	-	(155 934)	(155 934)
Total comprehensive income	-	-	-	(1 321)	42 690	156 040	197 409
Profit for the year	-	-	-	-	42 690	(42 690)	-
Transfer of revaluation gains net of related taxes	-	-	-	(1 321)	-	-	(1 321)
Other comprehensive income	-	-	-	(1 321)	-	-	(1 321)
Balance at 31 July 2019	8 719	863 105	871 824	(12 183)	581 119	1 627	1 442 387
Transactions with owners	-	-	-	-	-	(154 242)	(154 242)
Distributions declared	-	-	-	-	-	(154 242)	(154 242)
Total comprehensive income	-	-	-	(4 185)	(5 175)	154 498	145 138
Profit for the year	-	-	-	-	-	149 323	149 323
Transfer of revaluation gains net of related taxes	-	-	-	-	(5 175)	5 175	-
Other comprehensive income	-	-	-	(4 185)	-	-	(4 185)
Balance at 31 July 2020	8 719	863 105	871 824	(16 368)	575 944	1 883	1 433 283

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	2020 P000's	2019 P000's
Net cash flows from operating activities	(3 320)	5 063
Cash generated from operations	148 086	153 986
Net finance income	4 886	5 282
Distributions paid to linked unitholders	(152 728)	(150 022)
Taxation paid	(3 564)	(4 183)
Net cash flows from investing activities	(5 062)	1 826
Net investment in property	(2 081)	(239)
Withdrawal from / (deposit in) related party receivable	(2 981)	2 065
Net cash flows from financing activities	(3 335)	(3 152)
Net change in cash and cash equivalents	(11 717)	3 737
Cash and cash at beginning of the year	43 298	39 561
Cash and cash equivalents at end of year	31 581	43 298

NOTES (continued)

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

	2020		2019	
	P000's	tpu	P000's	tpu
Total comprehensive income	145 138	24.01	197 409	32.66
Add back/(deduct):				
Foreign currency translation difference	4 185	0.70	1 321	0.22
Net profit	149 323	24.71	198 730	32.88
Adjust for non-distributable items:				
Fair value adjustments net of tax	10 300	1.70	(35 205)	(5.82)
Amortisation adjustments	881	0.14	881	0.14
Share of associate's profit net of tax	(3 498)	(0.58)	(5 850)	(0.97)
Rental straight line adjustment net of tax	(1 400)	(0.23)	(4 062)	(0.67)
Lease accounting adjustment net of tax	(134)	(0.02)	-	-
Other non-distributable tax charges	(974)	(0.16)	1 546	0.26
Distributable income	154 498	25.56	156 040	25.82
Distributions	(154 242)	25.52	(155 934)	(25.80)
	256	0.04	106	0.02

COMMENTARY

RESULTS

The results for the year have been impacted by COVID-19. Distributable income amounted to P154.5million, 1.0% lower than the comparative P156.0 million. Actual distributions of P154.2 million were declared for the year (2019: P155.9 million).

Impairment of debtors was the primary factor impacting distributions, with a total cost of P1 1.6 million for the year (2019: 0.2 million). Excluding this, distributable income would have increased by 6.4%.

Rental income growth, before straight lining, increased by 5.3%. This is lower than expected as a result of certain tenant failures, primarily in the take away food and restaurant sector in view of the effect of COVID-19, the delay in issue of trading licenses and therefore lease commencement for reconfigured space at Mafenyatlala, the liquidation of Payless where the liquidator opted to cancel one of the leases, and the challenges of letting vacancies in the second half of the financial year due to COVID-19 disruptions.

COMMENTARY (continued)

RESULTS (continued)

Property expenses only increased by 1.1% excluding debtor impairments. Even though utility costs increased by 11.4%, this was offset by reduced management fees and realising savings on contractual services during lockdown periods.

Net rental income showed a 1.0% dilution, primarily due to the increase in impairment provisions. Excluding these provisions net rental income grew by 5.8%. The weakening of the Namibia Dollar resulted in those properties contributing less to the Group than would otherwise have been the case.

Portfolio expenses remained at almost the same level year on year, while net interest income decreased by P0.2 million (4%) and taxes impacting distributable income decreased by P0.4 million.

Profit for the year includes various fair value and other accounting adjustments, which do not represent cash flows and are excluded from distributable income. These elements were more significantly impacted by COVID-19 in view of year end valuations calculated during this period of uncertainty. Profit for the year at P149.3 million, is 24.9% below the P198.7 million recorded in 2019.

PROPERTY PORTFOLIO

The property portfolio remains unchanged with 57 Botswana properties and 7 Namibian properties, amounting to 97% and 3% of the total value respectively. The portfolio composition is almost exclusively retail at 99% of total value.

The top 10 properties account for approximately 81% of the total portfolio valuation and are weighted towards Gaborone, with exposure to Molepolole, Kasane and Maun. The remaining properties are well located smaller properties across the footprint of Botswana and in the central and north of Namibia.

NAP has historically benefited from a strong diverse tenant base. At year end 95% (2019: 97%) of the gross lettable area was let to tenants in terms of 480 separate leases (2019: 478). The relative strength of the tenant profile can be demonstrated based on the categories of tenants, with 58% (2019: 58%) of rentals being received from listed and multinational companies and 12% (2019: 13%) from national companies at year end.

The impact of COVID-19 has demonstrated the resilience of the majority of our tenants. The categories of tenants most impacted by COVID-19 are those in the entertainment sector and those dependent on the tourism sector in Kasane, but these tenants comprise a relatively small portion of the portfolio, 6% and 1% of July 2020 rentals respectively.

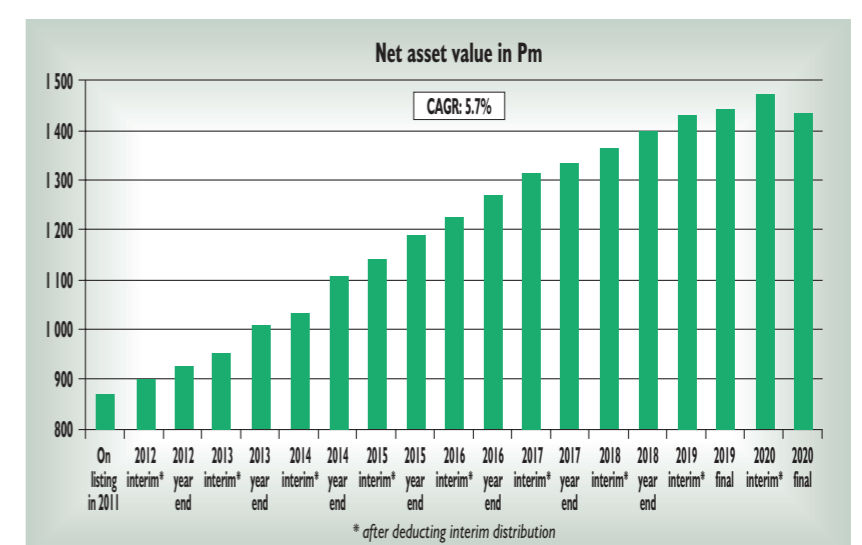
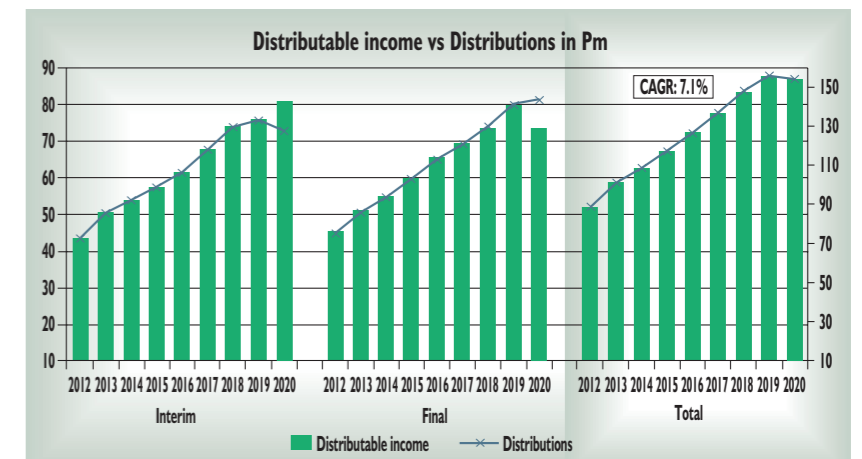
Total unimpairment tenant arrears, net of VAT, at the year end amounts to P5.4 million (2019: P0.2 million), which equates to 31% of the average monthly turnover for the year. These amounts are primarily attributable to outstanding lockdown rentals on which we continue to engage with tenants.

The vacancy level at 5% and monthly leases at 4% of gross lettable area have increased from last year (2019: 3% and 2%). Tenants occupying 15% of leases that expired during the 2020 financial year vacated and while the majority was relet, the balance contributed to the overall increase in vacancies.

Selebi Phikwe accounts for 30% of the total vacant area at year end and a further 20% relates to two vacancies in small industrial properties in Francistown. Of the remaining 50% there is a weighting to Madirelo (14%) as a result of the liquidation of Payless, and the balance is spread across a number of properties and is mainly transitional in nature. The majority of the monthly tenancies are due to delays in finalising negotiations but where the tenant has indicated that they will renew.

The properties have once again been independently valued, with directors reducing this as a result of assets reflected elsewhere in the statement of financial position and an adjustment for the nature of the title in one of the properties. The net impact of the fair valuation of investment properties, before adjustments for lease accounting, results in an P11.7 million charge to profit for the year. The carrying value of the portfolio, before lease accounting adjustments, has decreased in value by P14.0 million, with the Namibian properties accounting for 64% of this as a result of a decline in Namibia property values, exacerbated by the relative weakness of the Namibia Dollar.

PERFORMANCE TRENDS



CAGR = compound annual growth rate

While COVID-19 has had an impact on the results for the 2020 financial year, the impact on distributions has been limited and distributions equated to a 7.9% income return on the opening unit price.

There is still uncertainty over the duration and extent of the impact of COVID-19 globally and in Botswana and the potential impact on NAP is uncertain.

NAP's balance sheet is sound and the Group is able to meet its commitments as they become due in the ensuing year. With a low gearing level NAP remains well positioned to acquire properties where they become available.

For New African Properties Limited

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