The Year Review & Prospects
It is a pleasure to report that the audited financial results for the year ended 31 December 2015 again reflect solid revenue growth of 11%. Profit before tax was up 9%. The investment and property portfolio grew 16% to P11.1 million. The largest contributors to the growth in the portfolio value relate to Masa Centre and Chobe Marina Lodge, as well as the acquisition of the RDC Flats, as part of our residential diversification, in November 2015.

Of significant strategic importance for the company is the successful raising of P232.1 million from the rights issue concluded in November 2015. This has placed the company in a strong position to expand into the region with a specific focus on Mozambique, Namibia and South Africa.

We are pleased to announce that the shareholders agreement has been signed for the acquisition of a 45% stake in Bracodbol 1 (Proprietary) Limited (“BR1”), subject to regulatory approval. The company will acquire the shares in BR1 principally through a loan of R318.2 million. BR1, a South African company, will develop a large hotel in Queen Victoria Street in the heart of the Cape Town CBD. The R18.2 million loan will be advanced to fund the project. We also expect exciting prospects in Mozambique and Namibia.

Masa Centre vacancy dropped to 1% of total lettable area which is down from 10% in the previous reporting period.

Lansmore Masa Square Hotel has been under new management since April 2015 and is now trading as Masa Square Hotel. The new management company is the same that of the highly successful Chobe Marina Lodge in Kasane. The Masa Suites are almost complete and we are very excited about the offering this will bring to the market. These beautifully furnished suites will be marketed by the Masa Square Hotel and we look forward to welcoming the first guests in early April 2016. Masa Square Hotel continues to be, arguably, the most sought after business hotel in Gaborone.

Chobe Marina Lodge is also performing exceptionally well. This is due to the management team of the hotel and to the refurbishment carried out in 2014. In the previous year the refurbishment had started to bear fruit but the full effect is being seen in the current year.

We are satisfied with the demand for the newly completed Gaborone West Warehouses. Works will be starting on the RDC Flats; this will comprise 45 new flats to be added to this prime property.

As part of our objective to contribute to the improvement of the quality of life in the developing countries, we continue supporting the Ngwapa Primary School, the Sephure Hospital and many other worthy causes directly or through the Masa Center Charity events.

Basis of preparation and accounting policies
The summarised financial results have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”), and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting. In preparing the underlying financial statements from which these summarised financial results were extracted, all International Financial Reporting Standards and International Reporting Interpretations Committee interpretations issued and effective for annual periods beginning on or after 1 January 2015 have been applied. The Group’s underlying financial statements have been prepared in accordance with IFRS. The principal accounting policies are consistent in all material aspects with those adopted in the previous year.

Financial results and highlights
Revenue increased from P78.1 million in 2014 to P87.0 million in 2015, showing an increase of 11%. The surplus arising on revaluation of properties increased by 3% to P90.6 million (2014: P77.9 million). Profit before tax was up 9%. Based on these results, the company distribution increased by 9.5% to P21.3 million. The Adjusted Net Asset Value (“NAV”) stands at P5.26 per linked unit and return on equity (“ROE”) stands at 9%.

Commitments and contingent liabilities
The Group’s capital commitments of P44.6 million as at 31 December 2015 comprise the re-development of the RDC Residential Flats, completion of the Masa Suites and tenant specifications at Gaborone West Warehouses. The Group has a corporate guarantee of P47.7 million (2014: P47.7 million) in favour of Barclays Bank of Botswana Limited.

Fair value measurement
The fair value of investment property is arrived at on the basis of a valuation technique using the net income capitalisation rate for comparable properties to arrive at the market value. The fair value of property, plant and equipment is estimated at the cost of replacement. The fair value of intangible assets is based on the historical cost of the assets.

Distribution to linked unit holders
Notice is hereby given that the final dividend of 0.3640 the per share and interest of 0.2115 the per debenture has been declared. This dividend and interest will be payable on 27 May 2016 to those linked unit holders registered at the close of business on 13 May 2016.

Independent Auditor’s Report
Deloitte & Touche, the Group’s independent auditors, have audited the financial statements of the Group from which these summarised financial results have been derived, and have expressed an unmodified audit opinion on the financial statements. These audited summarised financial results comprise the audited summarised consolidated statement of financial position as at 31 December 2015, the audited summarised consolidated statement of comprehensive income, audited summarised consolidated statement of changes in equity, the summarised consolidated statement of cash flows for the year then ended. The audit report on the financial statements and the summarised consolidated financial statements are available for inspection at the Group’s registered office. For a better understanding of the Group’s financial position and the results of its operations for the year and the scope of the audit, the audited financial statements and notes are available for inspection at the Group’s registered office.

The summarised financial statements were prepared in accordance with International Standards on Auditing.