



N V Properties Limited

Incorporated in the Republic of South Africa

(Registration Number: 1991/000649/06)

CTSE share code: 4NVP

ISIN: ZAE400000242

(Approved as a REIT by the CTSE)

("N V Properties")

Reviewed condensed consolidated interim financial results
for the six months ended 31 August 2024

N V Properties Limited

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Directors' Report

NATURE OF BUSINESS

N V Properties Limited presents the reviewed condensed consolidated interim financial results for the six month period ended 31 August 2024.

N V Properties Limited was incorporated and operates in South Africa.

The main business of N V Properties Limited is to invest in and develop hospitality assets. The Group develops high quality sustainable buildings underpinned by quality hotel operating and management companies, so as to achieve superior long-term returns for our shareholders.

The Group's vision is to be a leading specialised hospitality real estate investment Group committed to increasing shareholder value through the distribution of attractive dividends and long-term capital appreciation. N V Properties' strategy is to invest in hospitality assets in regional business hubs and leisure travel destinations across South Africa.

Asset management will be done by Hazak Hospitality Services (Pty) Ltd, a related party of the Group. The with Hazak Hospitality Services (Pty) Ltd has not yet been made effective and the expected effective date is the date of listing. The Cape Town Stock Exchange ('CTSE') has approved the N V Properties' listing particulars and securities for listing as a Real Estate Investment Trust ('REIT') on the CTSE Equities Market.

There has been no change in the main business activities of the Group over the period.

The preparation of these results is the responsibility of the Board of Directors.

CORPORATE ACTIVITIES

Board of Directors

The Directors are as follows:

- V Nassimov
- PM Hack
- BG Sacks (non-executive)
- RG Lander (non-executive)
- R Nassimov (non-executive)
- WC Van Der Vent (non-executive)

Company secretary

The Group's secretary is Kilgetty Statutory Services (South Africa) appointed on 15/08/2024.

Share capital and shareholders

N V Properties Limited has 1 000 000 000 authorized ordinary shares.

The following changes took place to the share capital during the period:

- N V Properties Limited increased its authorised share capital from 4 000 to 1 000 000 000 shares, effective 15 August 2024.
- N V Properties Limited converted to a Public Company effective 30 August 2024.
- N V Properties Limited issued 117 380 880 ordinary shares to Craighall Finance Limited as a share split of a initial 496 shares.
- N V Properties Limited issued 18 000 ordinary shares to the above remaining twelve shareholders at R10 per share.
- Total shares increased from 496 to 117 399 376 ordinary shares in issue at period end.

Dividends

N V Properties Limited declared no dividends during the period.

Results

The Group is pleased to present its results for the six months ended 31 August 2024 and highlights the following:

- Revenue, namely 'Rental received' has decreased by 3% from 31 August 2023 as a result of tough trading macro conditions.
 - Investment property increased in value to R2.8 billion, a 22% increase from 31 August 2023 and a 4% in the past six months.
 - Accounts receivables continues to decrease which indicates good debtor management and collection.
 - Accounts payable continues to decrease indicating the Group is paying its creditors quicker than previous periods.
 - Long-term loans have decreased, however during the post period ABSA Bank Limited and First national Bank have increased their facilities available to the Group.
- The Group has increased capital resources available in order to invest in its assets accordingly.
- The overall health of the balance sheet is showing continued improvement.

Court case

N V Properties Ltd won a court case in April 2024 against HRN Quantity Surveyors (Pty) Ltd and AON South Africa (Pty) Ltd.

A settlement amount of R10 532 343 and damages of R2 836 092, plus interest, costs of suit and counsel, and costs of expert witnesses are expected to be received by year end. This contingent asset is not recognised in the financial results due to the uncertainty of the exact amount and date of receipt.

Subsequent events

The directors are not aware of any material fact or circumstances arising between the end of the financial year and the date of this report that would require adjustments to or disclosure in the financial results.

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Condensed Statement of Financial Position

Figures in Rands	Notes	REVIEWED 31 August 2024	AUDITED 29 February 2024	UNAUDITED 31 August 2023
ASSETS				
Non-current assets				
Plant and equipment	1	36,787,179	29,323,564	24,872,274
Investment property	2	2,829,489,292	2,721,561,552	2,328,283,794
Deferred tax asset	3	170,820,038	140,528,232	143,415,716
		<u>3,037,096,509</u>	<u>2,891,413,348</u>	<u>2,496,571,784</u>
Current assets				
Trade and other receivables	4	43,575,044	65,204,079	80,403,234
Loans to related parties	5	2,892,677	6,837,607	10,576,540
Current tax receivable		356,629	-	672,074
Cash and cash equivalents	6	10,418,076	9,243,655	7,248,289
		<u>57,242,426</u>	<u>81,285,341</u>	<u>98,900,137</u>
Total assets		<u>3,094,338,935</u>	<u>2,972,698,690</u>	<u>2,595,471,921</u>
EQUITY and LIABILITIES				
Equity				
Share capital	7	2,160,100	1,980,100	1,980,100
Retained earnings		1,049,122,904	1,022,113,832	757,563,672
		<u>1,051,283,004</u>	<u>1,024,093,932</u>	<u>759,543,772</u>
Non-current liabilities				
Long-term loans	8	385,755,809	437,084,690	438,929,021
Loans from related parties	9	1,201,477,889	1,064,919,651	1,017,824,799
Deferred tax liability	3	438,647,116	412,285,523	339,486,104
		<u>2,025,880,814</u>	<u>1,914,289,864</u>	<u>1,796,239,924</u>
Current liabilities				
Trade and other payables	10	17,175,117	33,844,017	39,688,225
Current tax payable		-	470,877	-
		<u>17,175,117</u>	<u>34,314,894</u>	<u>39,688,225</u>
Total liabilities		<u>2,043,055,931</u>	<u>1,948,604,758</u>	<u>1,835,928,149</u>
Total equity and liabilities		<u>3,094,338,935</u>	<u>2,972,698,690</u>	<u>2,595,471,921</u>

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Condensed Statement of Comprehensive Income

Figures in Rands	Notes	REVIEWED 31 August 2024	AUDITED 29 February 2024	UNAUDITED 31 August 2023
Rental received	11	89,226,510	219,606,379	92,105,414
Other income	12	2,112,354	3,236,268	225,531
Total income		91,338,864	222,842,647	92,330,945
Operating expenses		(34,262,296)	(102,582,590)	(21,570,512)
Operating profit		57,076,568	120,260,057	70,760,433
Fair value adjustments	13	65,036,071	386,303,650	-
Investment income	14	294,444	2,170,856	1,050,899
Finance costs	15	(97,244,371)	(182,512,040)	(87,017,086)
Profit/(Loss) before taxation		25,162,712	326,222,523	(15,205,754)
Taxation	16	1,846,360	(75,682,979)	-
Profit/(Loss) after taxation		27,009,072	250,539,544	(15,205,754)
Other comprehensive income for the period net of taxation		-	-	-
Total comprehensive Income/Loss for the period		27,009,072	250,539,544	(15,205,754)

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Statement of Changes in Equity

Figures in Rands

	Share Capital	Retained Earnings	Total
Balance at 31 August 2023	1,980,100	757,563,672	759,543,772
Profit / (Loss) for the period	-	264,550,160	264,550,160
At 29 February 2024	1,980,100	1,022,113,832	1,024,093,932
Profit / (Loss) for the period	-	27,009,072	27,009,072
Shares issued	180,000	-	180,000
At 31 August 2024	2,160,100	1,049,122,904	1,051,283,004

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Statement of cash flows

Figures in Rands	Notes	REVIEWED 31 August 2024	AUDITED 29 February 2024	UNAUDITED 31 August 2023
Cash flows from operating activities				
Cash generated from operations		65,011,649	168,863,180	65,502,424
Finance costs		(25,483,626)	(182,512,040)	(20,710,243)
Taxation		(1,171,555)	(672,074)	(672,074)
Investment income		294,444	2,170,856	628,177
Net cash from operating activities		38,650,912	(12,150,078)	44,748,284
Cash flows from investing activities				
Purchases of plant and equipment	1	(13,605,911)	(14,959,424)	-
Purchases of investment property	2	(32,207,073)	21,763,051	(12,636,344)
Purchases of biological assets		-	(386,366)	-
Net movement in loans to related parties	5	3,944,930	20,510,749	16,771,816
Net movement in financial assets		-	(807,417)	-
Net cash used in investing activities		(41,868,054)	26,120,593	4,135,472
Cash flows from financing activities				
Net movement in loans from related parties	9	55,720,443	117,780,244	20,339,615
Net movement in long-term loans	8	(51,328,881)	(86,890,284)	(90,745,896)
Net cash used in financing activities		4,391,562	30,889,960	(70,406,281)
Net increase in cash and cash equivalents		1,174,420	(19,527,157)	(21,522,525)
Cash and cash equivalents at beginning of year		9,243,656	28,770,814	28,770,814
Cash and cash equivalents at end of year	6	10,418,076	9,243,656	7,248,289

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Selected Explanatory Notes to the Interim Financial Results

The condensed consolidated interim financial statements for the six months ended 31 August 2024 have been prepared in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The accounting policies applied by the Group in these reviewed condensed consolidated financial statements are consistent with those applied in the consolidated annual financial statements for the year ended 29 February 2024. There are no new accounting standards implemented by the Group in these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements have been prepared under the supervision of Pinchas Hack CA (SA), the N V Group Chief Financial Officer.

The financial results presented have been reviewed by the Group's independent external auditors, Birch Chartered Accountants Inc. Based on the Reporting Accountant's review, nothing has come to their attention that causes them to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, with the above mentioned regulations. A copy of the auditor's review report is available for inspection at the registered office of the Company.

The condensed consolidated interim financial statements were authorised for issue by the Group's board of directors on 15 November 2024.

Figures in rands

1. Plant and Equipment

Reconciliation of the cost of Plant and Equipment to 31 August 2024

Plant and Equipment

Opening balance 1 March 2024	Net Additions and Disposals	Closing balance 31 Aug 2024
132,815,396	13,605,910	146,421,306

Reconciliation of accumulated depreciation of Plant and Equipment to 31 August 2024

Plant and Equipment

Opening balance 1 March 2024	Depreciation	Closing balance 31 Aug 2024
103,491,831	6,142,296	109,634,127

Carrying value at 31 August 2024

29,323,564	7,463,614	36,787,179
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Reconciliation of the cost of Plant and Equipment to 29 February 2024

Plant and Equipment

Opening balance 1 March 2023	Net Additions and Disposals	Closing balance 29 Feb 2024
115,319,835	17,495,561	132,815,396

Reconciliation of accumulated depreciation of Plant and Equipment to 29 February 2024

Plant and Equipment

Opening balance 1 March 2023	Depreciation	Closing balance 29 Feb 2024
90,440,435	13,051,396	103,491,831

Carrying value at 29 February 2024

24,879,400	4,444,165	29,323,564
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Reconciliation of the cost of Plant and Equipment to 31 August 2023

Plant and Equipment

Opening balance 1 March 2023	Net Additions and Disposals	Closing balance 31 Aug 2023
115,319,835	7,050,330	122,370,165

Reconciliation of accumulated depreciation of Plant and Equipment to 31 August 2023

Plant and Equipment

Opening balance 1 March 2023	Depreciation	Closing balance 31 Aug 2023
90,440,435	4,532,737	97,497,891

Carrying value at 31 August 2023

24,879,400		24,872,274
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Selected Explanatory Notes to the Interim Financial Results

Figures in Rands

2. Investment Property

Reconciliation of investment property to 31 August 2024

Investment property

Opening balance 1 March 2024	Additions	Fair value adjustments	Closing balance 31 Aug 2024
2,721,561,552	32,207,073	75,720,667	2,829,489,292

Reconciliation of investment property to 29 February 2024

Investment property

Opening balance 1 March 2023	Additions	Fair value adjustments	Closing balance 29 Feb 2024
2,315,647,450	21,763,051	384,151,051	2,721,561,552

Reconciliation of investment property to 31 August 2023

Investment property

Opening balance 1 March 2023	Additions	Fair value adjustments	Closing balance 29 Feb 2024
2,315,647,450	12,636,344	-	2,328,283,794

31 August 2024 29 February 2024 31 August 2023

Pledged as security

Carrying value of assets pledged as security for long-term loans in note 8:

Premier Hotel - The Regent	175,805,562	174,589,607	148,143,513
Premier Hotel - East London and the International Convention Centre	760,415,955	751,999,999	544,403,458
Premier Hotel Midrand	134,000,000	134,000,000	185,310,660
Premier Hotel Cape Town	328,422,185	320,000,000	119,864,368
Premier Hotel Cutty Sark	111,466,782	112,000,000	91,638,631
Premier Resort Knysna	119,985,969	119,823,200	160,281,910
Premier Hotel Umhlanga	357,206,835	356,999,999	271,058,646
Premier Hotel The Richards	92,315,945	90,000,000	47,504,499
	2,079,619,233	2,059,412,805	1,568,205,685

3. Deferred tax

Deferred tax asset

Arising as a result of temporary differences on:

Doubtful debt provision

Tax losses available for set off against future taxable income

Total deferred tax asset

-	8,778	-
170,820,038	140,519,454	143,415,716
170,820,038	140,528,232	143,415,716

Deferred tax liability

Arising as a result of temporary differences on:

Investment property

Total deferred tax liability

(438,647,116)	(412,285,523)	(339,486,104)
(438,647,116)	(412,285,523)	(339,486,104)

Deferred tax asset

Deferred tax liability

Total net deferred tax liability

170,820,038	140,528,232	143,415,716
(438,647,116)	(412,285,523)	(339,486,104)
(267,827,078)	(271,757,291)	(196,070,388)

4. Trade and other receivables

Trade debtors

Deposits

Doubtful debt provision

Other receivables

Prepayments

35,765,609	54,744,074	48,689,475
1,938,460	1,447,680	1,620,268
-	(42,329)	(54,855)
5,842,268	8,217,815	28,878,561
28,707	836,839	1,269,784
43,575,044	65,204,079	80,403,234

All trade debtors are considered to be performing.

5. Loans to related parties

Bentiglo (Pty) Ltd

Buntiflo (Pty) Ltd

Splendid Hotels and Lodges (Pty) Ltd

Faircity Hotels (Pty) Ltd

Netcopath (Pty) Ltd

Splendid Inns (Pty) Ltd

Zitoscape (Pty) Ltd

Premier Hotel Roodevalley (Pty) Ltd

Premier Hotel Sani Pass (Pty) Ltd

-	726,022	448,878
-	3,216,450	3,034,279
-	1,794,475	1,343,195
480,000	300,000	-
475,000	475,000	-
264,768	264,768	615,000
60,892	60,892	560,892
300,000	-	1,264,250
1,312,017	-	3,310,047
2,892,677	6,837,607	10,576,540

The above loans are unsecured, bear no interest and are repayable on demand.

Splendid Hotels & Lodges (Pty) Ltd was purchased by N V Properties Limited, including the above loan balance on 1 March 2024 for R100.

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Figures in Rands	31 August 2024	29 February 2024	31 August 2023
6. Cash and cash equivalents			
Cash at bank	10,418,076	9,243,655	7,248,289
7. Share capital			
Authorised			
Ordinary shares	1,000,000,000	4,000	4,000
Reconciliation of number of shares issued			
Opening balance	496	496	496
Issue of share - ordinary shares	117,398,880	-	-
	<u>117,399,376</u>	<u>496</u>	<u>496</u>
Issued			
117,399,376 Ordinary shares	2,160,100	496	496
Share premium	-	1,979,604	1,979,604
	<u>2,160,100</u>	<u>1,980,100</u>	<u>1,980,100</u>
8. Long term loans			
Non-current			
ABSA Bank Limited	350,258,710	402,081,899	394,534,851
The loans are secured over investment property note 2, bears interest at rates linked to the prime interest rate and are repayable in monthly instalments.			
First National Bank	33,279,370	36,997,670	40,784,354
The loans are secured over investment property in note 2, bear interest at rates linked to the prime interest rate and are repayable in monthly instalments.			
GBS Mutual Bank mortgage bond	1,255,529	1,796,589	2,308,016
The loan is secured over investment property in note 2, bears interest at a rate linked to the prime interest rate and is repayable in monthly instalments.			
Brookfield Investments 161 (Pty) Ltd	962,200	1,132,000	1,301,800
The loan is unsecured, interest free and is repayable in 40 monthly instalments.			
	<u>385,755,809</u>	<u>437,084,690</u>	<u>438,929,021</u>

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Figures in Rands	31 August 2024	29 February 2024	31 August 2023
9. Loans from related parties			
Craighall Finance Incorporated			
Craighall Finance Incorporated	1,062,726,349	970,117,281	910,390,593
The loans are unsecured, bear interest at rates linked to the prime interest rate and cannot be repaid without the approval of ABSA Bank Limited.			
Other related parties			
Premier Hotels and Resorts (Pty) Ltd	70,796,980	32,091,618	55,990,019
Sorpen Property Holdings (Pty) Ltd	50,510,791	54,010,752	44,469,785
Samuel Nassimov Family Trust	6,974,269	-	-
Premier Hotel Umhlanga (Pty) Ltd	5,590,500	6,200,000	5,000,056
Splendid Inn by Premier Umhlanga (Pty) Ltd	4,879,000	2,500,000	1,974,346
	<u>138,751,540</u>	<u>94,802,370</u>	<u>107,434,206</u>
	<u>1,201,477,889</u>	<u>1,064,919,651</u>	<u>1,017,824,799</u>
The loans are unsecured, bear no interest and are repayable on demand.			
10. Trade and other payables			
Trade creditors	8,134,910	29,213,014	20,085,957
Other payables	8,040,236	168,139	12,205,448
VAT	885,482	3,999,461	7,223,153
Accrued expenses	114,489	463,403	173,666
	<u>17,175,117</u>	<u>33,844,017</u>	<u>39,688,225</u>
11. Rental received			
Fixed Rental	58,449,033	128,518,776	58,232,323
Variable rental	17,300,000	61,727,659	20,538,090
Rental pool units	13,477,477	29,359,944	13,335,001
	<u>89,226,510</u>	<u>219,606,379</u>	<u>92,105,414</u>
12. Other Income			
Insurance	1,264,624	1,737,764	181,497
Miscellaneous income	847,730	1,498,504	44,034
	<u>2,112,354</u>	<u>3,236,268</u>	<u>225,531</u>
13. Fair value adjustments			
Biological assets	-	2,152,598	-
Investment property	75,720,667	384,151,052	-
Goodwill write-off on purchase of Splendid Hotels & Lodges (Pty) Ltd land	(10,684,596)	-	-
	<u>65,036,071</u>	<u>386,303,650</u>	<u>-</u>

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Selected Explanatory Notes to the Interim Financial Results

Figures in Rands	31 August 2024	29 February 2024	31 August 2023
14. Investment income			
Bank	270,101	1,267,220	614,959
Related parties	-	842,418	422,722
Other interest received	24,343	61,218	13,218
	<u>294,444</u>	<u>2,170,856</u>	<u>1,050,899</u>
15. Finance Costs			
Bank	25,482,727	74,293,481	38,306,158
Craighall Finance Incorporated	68,065,848	74,075,804	45,987,296
Related parties	3,694,897	32,523,457	2,723,632
South African Revenue Service	899	1,619,298	-
	<u>97,244,371</u>	<u>182,512,040</u>	<u>87,017,086</u>
16. Taxation			
South African income tax - current year	-	1,142,951	-
South African deferred tax - current year	1,846,360	74,540,028	-
	<u>1,846,360</u>	<u>75,682,979</u>	<u>-</u>
No provision has been made for tax as N V Properties (Pty) Ltd and its subsidiaries (the 'Group') have no taxable income and are running at a loss. Additionally, N V Properties Limited has been approved as a REIT for income tax purposes as of Listing date and will be granted a tax deduction, subject to various limitations, for distributions made by it.			
17. Operating profit			
Operating profit for the period is stated after charging (crediting) the following, amongst other:			
Auditor's remuneration			
Audit fees	248,341	189,993	13,230
Remuneration, other than employees			
Consulting fees	6,365,580	3,769,137	454,377
Legal fees	754,510	1,037,109	314,530
Employee costs			
Salaries, wages, bonuses and other benefits	2,321,743	3,603,877	1,813,966
Depreciation			
Depreciation of property, plant and equipment	6,142,296	10,515,261	4,532,738
Other			
Levies	487,809	4,360,659	2,137,099
Listing fees	455,000	-	-
Municipal expenses	1,287,156	3,507,084	537,860
Rates and taxes	6,223,159	10,151,912	5,180,639
Travel	1,266,778	362,470	280,381