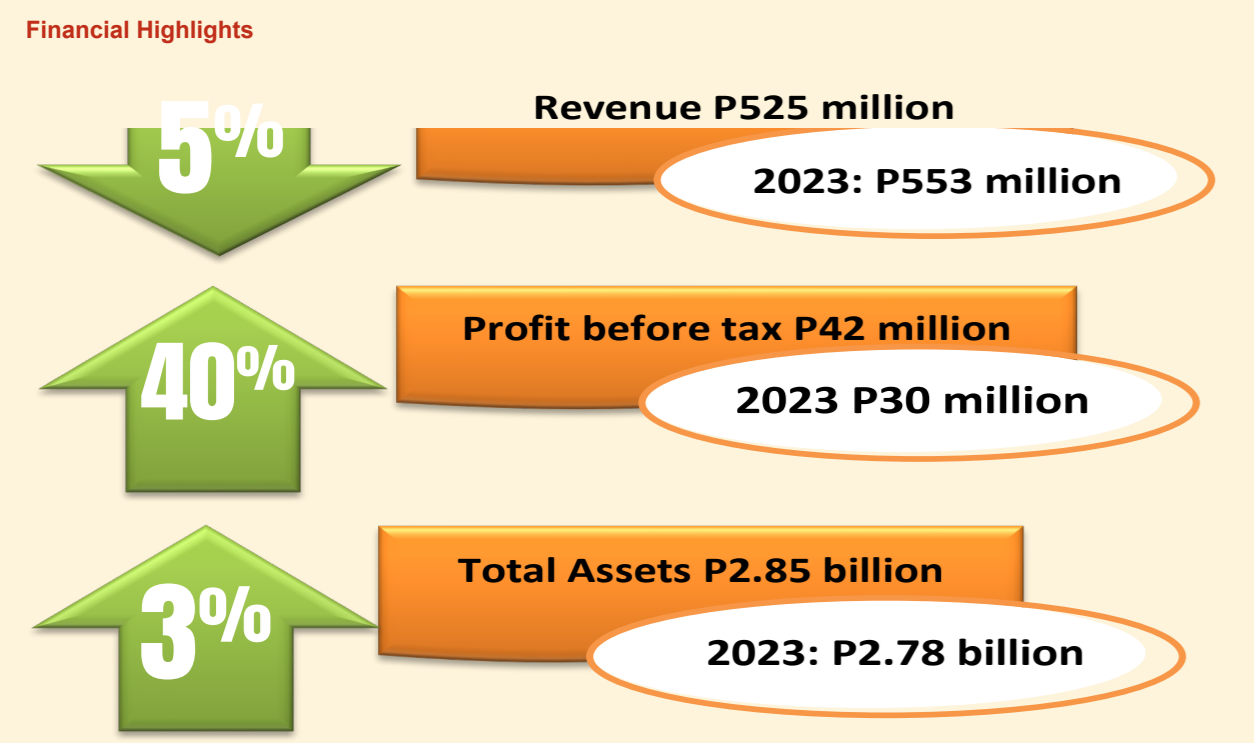




AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The Board of Botswana Housing Corporation is pleased to announce the Corporation's audited financial results for the year ended 31 March 2024. The Corporation recorded impressive results despite the challenging economic environment. Growth in rental revenue, which is the largest revenue stream for the organisation, improved margins buoyed by sales of investment properties and joint venture income underpin this performance.

Basis of preparation
The Corporation prepares its financial statements in accordance with International Financial Reporting Standards (IFRSs). These financial statements have been audited by Ernst and Young, the Corporation's auditors. The auditors issued unqualified audit opinion which is available for inspection at the Botswana Housing Corporation Head Office.



Summary of Results

BALANCE SHEET			
Total Assets	2,850	2,775	2.7%
Shareholders' Funds	250	250	0.0%
Total Debt	588	618	-4.9%
Total Equity	1,650	1,619	1.9%

INCOME STATEMENT			
Revenue	525	553	-5%
Cost of Sales	(155)	(239)	35%
Expenses	(352)	(323)	-9%
Impairment expenses	27	4	575%
Operating profit	23	13	77%
Share of Joint Venture Income	23	21	10%
Profit after tax	29	23	26%

Gross profit margin	70%	57%	13%
Net profit margin	6.0%	5.1%	1%
Debt/Equity Ratio	36%	38%	2%
Cost to income ratio	93%	98%	5%

Statement of Profit or Loss and Other Comprehensive Income

Profitability
The Corporation's profitability improved during the period under review as it posted a profit after tax of P29 million which is a 26% increase against the previous year's P23 million. Profit before income tax also increased significantly, by 40%, from P29 million in the prior year to P42 million whilst operating profit grew by 85% year on year from P13 million to P24 million. This increase in profitability was driven by sales of high margin investment properties, growth in rental revenue and income from joint ventures.

Revenue
The Corporation recorded a total revenue of P525 million, 5% decrease when compared to the P553 million recorded in the prior year. The decrease in total revenue was mainly a result of a decline in sales of housing inventories, and external projects contract income with an aggregate reduction of P87 million.

Rental revenue increased by 21% to P339 million from P280 million recorded in the prior year. The increase was because of additions of new rental properties to the existing portfolio and the rental subsidy from the shareholder in lieu of rental increase. During the period under review rental revenue once again surpassed sales revenue as the major revenue stream for the Corporation. The total rental stock at the end of the reporting period was 9 855 housing units and these units are rented to individuals, corporates and government entities across the country. The Corporation is pleased with the performance of its rental stock as it is key to the financial sustainability of the business. At the end of the financial year, the Corporation recorded a vacancy rate of 1.87% on its rental portfolio. This remains within the strategic target of maintaining very low vacancy rates and maximisation of this revenue stream.

Professional fees revenue, which is revenue generated from project management services to third parties improved by 54% year on year. Government and Government owned entities being the main clients showed recovery on the back of improved government spending buoyed by growth in the local economy. On the operational side there was also an improvement in starts and delivery of the projects done on behalf of third-party clients.

Facilities Management revenue, which is revenue generated from maintenance of properties for third parties, decreased slightly from the prior year P42 million to P38 million. Despite this decline this income stream continues to perform very well in comparison to the Corporation's plans. The facilities management service is not only an income stream for BHC, but it is great value addition to our key customers who outsource their maintenance to the Corporation. Through this service our customers have benefited from effective and efficient maintenance of their housing infrastructure.

Operating Expenses
During the review period, the Corporation focused mainly on effective cost management to mitigate expenditure against high inflationary pressures and an unfavorable economic environment.

Total operating expenses for the period under review were P379 million compared to P328 million for the prior year, an increase of 9%. Employee benefits expenses, repairs and maintenance of investment properties, and other operating costs remained the major costs for the period.

Employee benefits expenses increased year on year by 8% from P142 million to P154 million on the back of inflationary adjustments, performance-based pay increase, and recruitment. Investment property repairs and maintenance expenses for the year increased by 5% to P65 million from P62 million of the prior year. The Corporation continuously assesses and maintains its properties on a five-year cycle to preserve the value of its investment properties portfolio. Other expenses went up by 16% compared to prior year from P 68 million to P77 million. The major contributors to other expenses are administration expenses, property rates, telephone expenses, information technology expenses, security, consultancy, and advertising costs.

Impairment Expenses
Impairment expenses went up during the year under review due to an increase in rental receivables impairments. Overall, the impairments increased by P23 million year on year. The corporation has put in place alternative collection strategies to reduce the rental impairments.

Share of Joint Venture Profit
The Corporation is in partnership with one of the leading property developers for two commercial properties situated in Gaborone and Francistown. The share of joint venture profit from the properties increased by 10% year on year from P21 million to P23 million during the year under review. This revenue stream contributed 54% to the profit before tax.

The healthy statement of financial position coupled with low debt/equity ratio and strong cash position lead to increased shareholder wealth. The low debt/equity ratio gives the Corporation an opportunity to raise additional project funding for planned projects.

Statement of Financial Position
The Corporation's statement of financial position is healthy with a total asset base amounting to P2.850 billion, an increase of 3% year on year. The Corporation's investment properties portfolio stood at P1.3 billion at the end of the reporting period. These properties represent 45% of the Corporation's total assets. Housing inventories, which are properties held for sale and those still under construction, closed the year at P529 million compared to P451 million in prior year, an increase of 17%. The P529 million worth of inventories is an indication of the Corporation's potential to generate more sales revenue in the coming financial year.

Housing Developments
During the period under review, 688 houses were delivered under the Self-Help Housing Agency (SHHA) scheme. In the coming financial year, 470 additional SHHA houses will be delivered across the country.

On the commercial side, the Corporation delivered 56 units in different locations in the country covering both internal and external projects. However, 375 housing units were at different stages of construction in Gaborone, Kazungula, Nata, Rakops and are expected to be delivered during the 2024-2025 financial year. The Corporation plans to start 967 housing units across the country during the 2024-2025 financial year. The planned projects are in Gaborone, Francistown, Maun, Pilane, Tati siding, Paisybe, and Lethakane.

Outlook
The financial year 2024-2025 is the last year of the two-year transitional period that started during the year under review. It's during this financial year that the Corporation will unveil its five (5) year strategy that will cover the period from April 2025 to March 2030. In the immediate term the Corporation will intensify project delivery through the implementation of the project management office. On the diversification drive, the Corporation will continue with its strategy of growing both the facilities management and professional fees to ensure continued business sustainability.

The Corporation will continue to increase its footprint across the country by implementing the Government's low-income housing programme such as the Self-Help Housing Agency (SHHA). These projects are undertaken with a focus on sustainable development as a social responsibility to maintain a habitable future Botswana.

By order of the Board,

 Nkaelang Matenge
 General Manager
 28 June 2024

 Moemedi Gabana
 Board Chairman

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2024

	2024 P'000	2023 P'000
Revenue and rental income	525,199	553,072
Cost of sale of housing inventories	(12,249)	(26,454)
Cost of sale of construction and management contracts	(142,502)	(212,628)
Gross profit	370,448	313,990
Repairs and maintenance	(65,235)	(62,111)
Employee benefit expenses	(153,663)	(142,842)
Depreciation and amortisation	(44,073)	(41,461)
Other expenses	(88,975)	(77,014)
Impairment expenses	(26,620)	(4,216)
Other income	7,910	2,240
Gains from sale of investment properties	23,924	24,505
Operating profit	23,716	13,091
Finance income	11,587	13,700
Finance costs	(15,761)	(17,371)
Net finance costs	(4,174)	(3,671)
Share of profit or loss in equity accounted joint ventures for the year	22,835	20,817
Profit before taxation	42,377	30,237
Taxation	(13,203)	(7,164)
Profit for the year	29,174	23,073
Total comprehensive income for the year	29,174	23,073

STATEMENT OF FINANCIAL POSITION

as at 31 March 2024

	2024 P'000	2023 P'000
Assets		
Non-current assets		
Investment properties	1,273,623	1,309,022
Property, plant and equipment	48,313	50,612
Intangible assets	5,041	7,368
Investments in joint ventures	21,156	17,633
Right of use asset	12,493	3,578
Trade and other receivables	23,419	21,030
Deferred tax asset	2,854	4,390
Total non-current assets	1,386,899	1,413,633
Current assets		
Housing inventories	528,639	451,125
Taxation refundable	9,967	5,221
Trade and other receivables	109,956	29,639
Cash and cash equivalents	815,221	875,859
Total current assets	1,463,783	1,361,844
Total assets	2,850,682	2,775,477
Equity and liabilities		
Capital and reserves		
Irredeemable capital	250,000	250,000
Retained earnings	1,398,376	1,369,203
Total equity	1,648,376	1,619,203
Non-current liabilities		
Long term deferred government revenue grant	11,414	15,885
Long term borrowings	536,928	562,150
Long term lease liabilities	3,501	3,366
Total non-current liabilities	551,842	581,401
Current liabilities		
Trade and other payables	113,125	99,826
Short term portion of lease liabilities	8,915	3,308
Contract liabilities	457,274	404,924
Deferred income	19,098	13,742
Short term portion of deferred government revenue grant	4,473	5,107
Short term portion of borrowings	34,694	34,968
Customer deposits	12,885	12,999
Total current liabilities	650,464	574,874
Total equity and liabilities	2,850,682	2,775,477

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

	Irredeemable capital P'000	Retained earnings P'000	Total P'000
Balance as at 01 April 2022	250,000	1,346,128	1,596,128
Comprehensive income			
Profit for the year	-	23,073	23,073
Total comprehensive income		23,073	23,073
Balance as at 31 March 2023	250,000	1,369,202	1,619,202
Balance as at 01 April 2023	250,000	1,369,202	1,619,202
Comprehensive income			
Profit for the year	-	29,174	29,174
Total comprehensive income		29,174	29,174
Balance as at 31 March 2024	250,000	1,398,376	1,648,376

STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

	2024 P'000	2023 P'000
Cash flows from operating activities		
Net cash utilised in operating activities	(33,549)	(56,573)
Taxation paid	(13,866)	(9,210)
With-holding tax paid	(2,930)	(2,738)
Taxation refund	383	7,018
Net cash utilised in operating activities	(49,962)	(61,503)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,900)	(7,070)
Proceeds from sale of investment properties	36,299	43,200
Proceeds from sale of property, plant and equipment	2,897	197
Dividends from joint ventures	19,313	18,675
Interest received	11,587	13,700
Net cash generated from investing activities	65,216	68,702
Cash flows from financing activities		
Repayment of long term borrowings	(30,770)	(30,770)
Lease payments - principal	(8,977)	(5,672)
Lease payments - interest	(1,332)	(554)
Interest paid	(34,813)	(33,844)
Net cash utilised in financing activities	(75,892)	(70,840)
Net decrease in cash and cash equivalents	(60,638)	(63,641)
Cash and cash equivalents at beginning of year	875,859	939,500
Cash and cash equivalents at end of year	815,221	875,859

