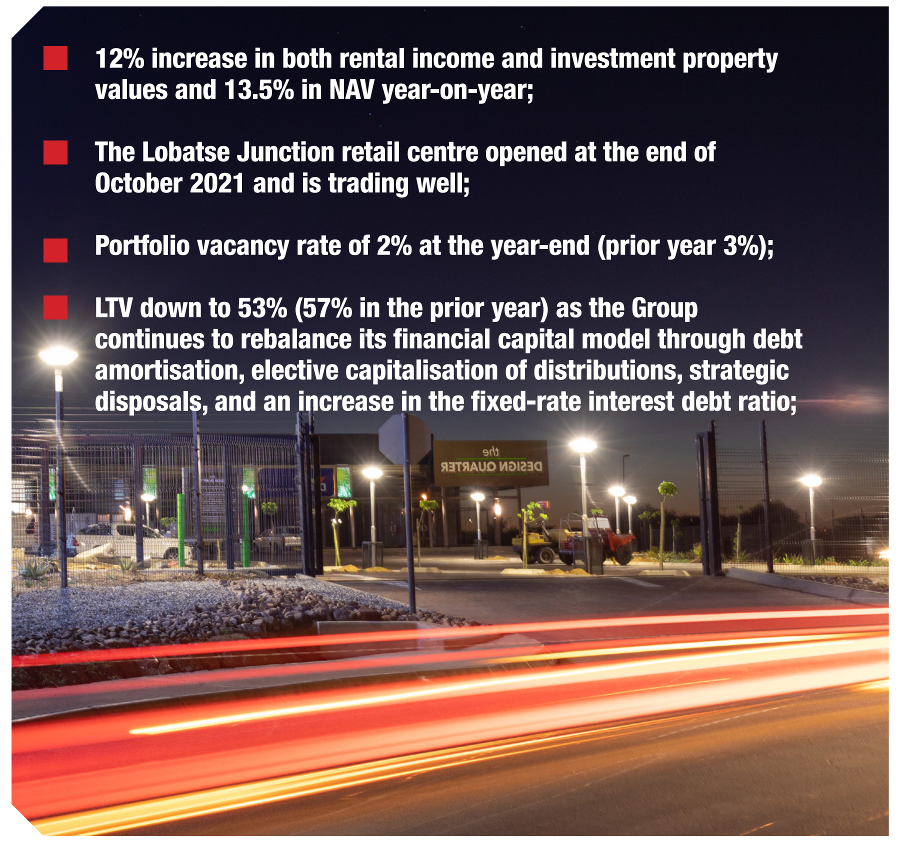
PRIME TIME

PRIMETIME PROPERTY HOLDINGS LIMITED

(Share code: PrimeTime ISIN:BW000 000 0603, Incorporated in the Republic of Botswana on 29 August 2007, Company No. BW00000877365)

ABRIDGED AUDITED CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 AUGUST 2022



ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2022

	2022 P	2021 Restated* P
Revenue	196 396 152	177 900 908
Operating expenses	(80 598 575)	(65 099 059)
Exchange differences on translating foreign denominated balances *	(1 282 919)	(1 121 925)
Profit from operations before fair value adjustment	114 514 658	111 679 924
Fair value adjustment	33 747 310	(35 455 545)
Profit from operations	148 261 968	76 224 379
Interest income	1 670 843	745 755
Interest expense	(62 602 674)	(51 587 945)
Profit before taxation	87 330 137	25 382 189
Taxation *	(21 976 586)	1 528 485
Profit for the year	65 353 551	26 910 674
Other comprehensive income/(loss)		
Items that may be subsequently classified to profit or loss		
Exchange differences on translation of foreign operations *	(9 239 293)	3 520 721
Exchange differences on translation of related party loans *	60 239 590	(6 780 750)
Income tax relating to the exchange differences on translation of related party loan *	(9 474 901)	2 235 001
Other comprehensive income/(loss)	41 525 396	(1 025 028)
Total comprehensive income for the year	106 878 947	25 885 646
Basic and Diluted Earnings per linked unit (thebe) *	29.50	13.85

*** Refer to note 6**

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2022

	Stated capital P	Debentures P	Accumulated profits P	FCTR on translation of foreign operations P	FCTR on translation of releated party loans P	Debenture interest reserve P	Total P
Balance at 1 September 2020 as previously stated *	14 242 773	323 329 682	372 218 957	(12 940 043)	2 400 566	7 682 032	706 933 967
Prior period error *	-	-	(29 732 783)	-	29 732 783	-	-
Balance at 1 September 2020 restated *	14 242 773	323 329 682	342 486 174	(12 940 043)	32 133 349	7 682 032	706 933 967
Profit for the year restated *	-	-	26 910 674	-	-	-	26 910 674
Other comprehensive income/(loss) for the year restated *	-	-	-	3 520 721	(4 545 749)	-	(1 025 028)
Total comprehensive income/(loss) for the year restated *	-	-	26 910 674	3 520 721	(4 545 749)	-	25 885 646
2020 final debenture interest paid	-	-	-	-	-	(7 682 032)	(7 682 032)
2021 interim debenture interest paid	-	-	(28 403 944)	-	-	-	(28 403 944)
2021 final proposed debenture interest	-	-	(3 264 388)	-	-	3 264 388	-
Taxation attributable to debenture interest	-	-	6 967 033	-	-	-	6 967 033
Balance at 31 August 2021 restated *	14 242 773	323 329 682	344 695 549	(9 419 322)	27 587 600	3 264 388	703 700 670
Linked units issued during the year	222 424	5 103 601	-	-	-	-	5 326 025
Profit for the year	-	-	65 353 551	-	-	-	65 353 551
Other comprehensive (loss)/ income for the year	-	-	-	(9 239 293)	50 764 689	-	41 525 396
Total comprehensive income/(loss) for the year	-	-	65 353 551	(9 239 293)	50 764 689	-	106 878 947
2021 final debenture interest paid	-	-	10 534	-	-	(3 264 388)	(3 253 854)
2022 interim debenture interest paid	-	-	(21 186 749)	-	-	-	(21 186 749)
2022 final proposed debenture interest	-	-	(9 902 183)	-	-	9 902 183	-
Taxation attributable to debenture interest	-	-	6 837 248	-	-	-	6 837 248
Balance at 31 August 2022	14 465 197	328 433 283	385 807 950	(18 658 615)	78 352 289	9 902 183	798 302 287

*** Refer to note 6**

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2022

	2022 P	2021 Restated* P
ASSETS		
Non-current assets		
Investment properties	1 646 579 905	1 421 811 751
Work in progress	63 439 294	126 925 650
Rentals straight-line adjustment	51 703 763	58 559 048
	1 761 722 962	1 607 296 449
Current assets		
Trade and other receivables	15 986 039	20 716 567
Rentals straight-line adjustment	11 313 040	9 616 256
Taxation receivable *	6 471 665	6 958 987
Cash and cash equivalents	27 588 247	27 423 013
	61 358 991	64 714 823
Investment properties held for sale	-	43 883 981
Total assets	**1 823 081 953**	**1 715 895 253**
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	14 465 197	14 242 773
Debentures	328 433 283	323 329 682
Reserves *	445 501 624	362 863 827
Debenture interest reserve	9 902 183	3 264 388
	798 302 287	703 700 670
Non-current liabilities		
Deferred taxation *	48 774 995	33 209 297
Long term borrowings	669 435 952	500 051 592
Lease liabilities	2 862 808	2 782 344
	721 073 755	536 043 233
Current liabilities		
Trade and other payables	21 619 972	17 049 728
Amount due to related parties	4 255 041	15 343 875
Current portion of long-term borrowings	265 261 498	416 702 871
Lease liabilities	217 520	202 496
Deferred revenue	2 607 052	3 060 573
Bank overdraft	9 097 272	23 763 285
Tax payable *	647 556	28 522
	303 705 911	476 151 350
Total equity and liabilities	**1 823 081 953**	**1 715 895 253**

*** Refer to Note 6**

STATEMENTS OF CASH FLOWS

for the year ended 31 August 2022

	2022 P	2021 Restated* P
Cash flows from operating activities		
Profit for the year before taxation*	87 330 137	25 382 189
Interest income*	(1 670 843)	(745 755)
Interest expense	62 602 674	51 587 945
Fair value adjustments on revaluation of investment properties	(28 719 138)	34 349 512
Lease liabilities recognised	(12 675)	110
Operating income before working capital changes	119 530 155	110 574 001
Decrease/(increase) in trade and other receivables	4 730 528	(3 683 906)
Increase/(decrease) in trade and other payables	4 570 244	(9 016 914)
(Decrease)/increase in amounts due to related parties	(11 088 834)	9 428 212
(Increase)/decrease in deferred revenue	(453 521)	(1 371 577)
Cash generated from operations	117 288 572	105 929 816
Income taxes paid	(7 942 185)	(16 055 331)
Net cash generated from operating activities	109 346 387	89 874 485
Cash flows from/(to) investing activities		
Interest accrual received	1 670 843	745 755
Proceeds from the disposal of investment property	45 000 000	-
Additions to investment properties	(40 159 936)	(10 325 049)
Additions to work in progress	(22 375 216)	(66 415 178)
Net cash generated used in investing activities	(15 864 309)	(75 994 472)
Cash flows to financing activities		
Long term borrowings raised	207 141 309	223 079 296
Long term borrowings repaid	(190 799 104)	(178 664 112)
Repayment of principle portion of leases	(214 946)	(188 932)
Debenture interest paid	(19 114 578)	(36 085 976)
Interest paid on lease liabilities	(207 804)	(211 481)
Interest paid on all other borrowings	(60 794 089)	(52 950 843)
Net cash used in financing activities	(63 989 212)	(45 022 048)
Net increase/(decrease) in cash and cash equivalents for the year	29 492 866	(31 142 035)
Cash at beginning of the year	3 659 728	33 877 484
Effects of exchange rate	(14 661 619)	924 279
Cash balances at end of the year	18 490 975	3 659 728
Comprising:		
Bank balances and cash	27 588 247	27 423 013
Bank overdraft	(9 097 272)	(23 763 285)
Cash balances at end of the year	18 490 975	3 659 728

*** Refer to Note 6**

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The abridged consolidated financial results have been extracted from the consolidated financial statements which were prepared on the historical cost convention except for investment properties which are measured at fair value, by applying the recognition and measurement criteria in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee and effective for annual periods ended 31 August 2022. The principal accounting policies applied in the preparation of the consolidated financial statements are consistent in all material aspects with those adopted in the previous year, except for the adoption of new standards and revised standards in the current year. In the preparation of the consolidated financial statements, the Group has applied key assumptions concerning the future and other inherent uncertainties in recording various assets and liabilities. These assumptions were applied consistently to the consolidated financial statements for the year ended 31 August 2022 and are fully described in the consolidated financial statements. These assumptions are subject to ongoing review and possible amendments.

The going concern basis has been adopted in preparing the consolidated financial statements. Although there remains some economic uncertainty within the markets the Group operates in, based on their analysis the Directors are satisfied that there is a reasonable expectation that the Company and Group will be able to meet its ongoing and future commitments for at least 12 months from the date of approval of the consolidated financial statements for the year ended 31 August 2022.

After a review of the Group's cash flow forecast for the 12 months ending 30 November 2023 and the current financial position, the Directors are satisfied that the Company and Group have access to adequate resources to continue in operational existence for the next 12 months. The Directors have therefore resolved that it is appropriate for the Company and Group financial statements to be prepared on a going concern basis.

2. INDEPENDENT AUDITOR'S REPORT

Deloitte & Touche, the Group's independent auditors, have audited the consolidated financial statements of the Group from which the abridged consolidated financial results have been extracted, and have expressed an unmodified audit opinion on the consolidated financial statements. The audit report on the consolidated financial statements is available for inspection at the Group's registered office. The auditor does not report on all the information included in this report, unitholders are advised to obtain the copy of the auditor's report for the nature of the engagement performed by the auditor. 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 abridged consolidated financial statements should be read in conjunction with the audited consolidated financial statements from which these abridged consolidated financial results were derived and the audit report thereon. The audit of the consolidated financial statements was conducted in accordance with International Standards on Auditing.

3. REVENUE

Rental income and revenue from contracts with customers are, as follows:

	2022 P	2021 P
Rental income (excluding straight line adjustments)	169 031 008	151 229 935
Straight line adjustments	(5 028 172)	1 106 033
Rental income	164 002 836	152 335 968
Recovery of property expenses	32 393 316	25 564 940
Total rental income and revenue from contracts with customers	196 396 152	177 900 908

4. SEGMENTAL REPORTING

The Group's business activities are concentrated in the segment of property rentals and are based within the geographical regions of Botswana, Zambia and South Africa. The geographical segmental information is outlined below:

	2022 P	2021 Restated * P
Contractual lease revenue		
Botswana	115 841 611	104 340 281
Zambia	42 711 858	37 609 117
South Africa	10 477 538	9 280 537
	169 031 007	151 229 935
Segment profit/(loss)		
Botswana *	36 218 548	60 517 039
Zambia *	25 558 089	(35 768 216)
South Africa	3 576 914	2 161 851
	65 353 551	26 910 674
Non-current assets held for sale		
Investment properties held for sale		
Botswana	-	43 883 981
	-	43 883 981
Non-current assets		
Investment properties		
Botswana	1 032 942 062	883 012 553
Zambia	524 664 482	447 953 055
South Africa	88 973 361	90 846 145
	1 646 579 905	1 421 811 753
Work in progress		
Botswana	63 439 294	126 925 650
	63 439 294	126 925 650
Total liabilities		
Botswana	833 230 964	836 501 284
Zambia	134 718 159	118 954 873
South Africa	56 830 545	56 738 425
	1 024 779 668	1 012 194 582

*** Refer to note 6**

5. CAPITAL COMMITMENTS

Pinnacle Park Phase I, the office park at Plot 75782 Setlhoa, Gaborone was completed at the end of the 2020 financial year. As at the current year end the total estimated costs to complete the development (being remaining tenant fit-outs) was Pnil (2021: P1 205 168).

Lobatse Junction, a retail shopping centre development at Plot 14076 Lobatse, was completed during the current year. At the year end the total estimated cost to complete this development was Pnil (2021: P25 489 048).

The acquisition of Plot 54359 in the Gaborone CBD was made in 2019. The bulk earthworks commenced in the prior year and the development of the first building (of four) and basement commenced in the current year. At the year end the total estimated committed costs for these works was P44 298 221 (2021: P3 814 658).

The refurbishment of South Ring Mall, a retail shopping centre at Plot 50423 Gaborone, was completed during the year. At the year end the estimated cost to complete this work was Pnil (2021: P1 653 512).

PRIME
TIME

6 PRIOR PERIOD ERROR - RESTATED CONSOLIDATED FINANCIAL STATEMENTS

6.1 Unrealised foreign currency exchange differences

The Group incorrectly accounted for the unrealised foreign currency exchange differences arising on the amount due on a related party loan to PrimeTime Property Holdings (Mauritius) considered to be a net investment in foreign operations as per IAS 21 -The Effects of Changes in ForeignExchange Rates (IAS 21) in the Statement of Profit or Loss instead of in the Statement of Other Comprehensive Income from 1 September 2018. Other Comprehensive Income has been adjusted retrospectively to comply with IAS 21 paragraph 32.

The effect of the restatement on those financial statements is summarised below.

	2021 P	01 September 2020 P
Statement of Changes in Equity		
Accumulated Profits		
As previously reported	362 204 232	372 218 957
Impact of restatement - opening balance	(17 508 683)	(29 732 783)
As restated	344 695 549	342 486 174
Profit for the year: as previously reported	14 686 574	-
Impact of restatement - year ended 31 August 2021	6 573 078	-
Taxation impact	5 651 022	
Profit for the year: as restated	26 910 674	-
2021 interim debenture interest paid	(28 403 944)	-
2021 final proposed debenture interest	(3 264 388)	-
Taxation attributable to debenture interest	6 967 033	-
As restated	344 695 549	342 486 174
Foreign Currency Translation Reserve on Translation of Related Party Loan		
As previously reported	2 192 894	2 400 566
Impact of restatement - opening balance	29 732 783	29 732 783
Impact of restatement -year ended 31 August 2021	(6 573 078)	-
As restated (Note 6.2)	25 352 599	32 133 349

Statement of Profit or Loss	
Exchange differences on translating foreign balances:	
As previously reported	(7 695 003)
Impact of restatement	6 573 078
As restated	(1 121 925)
Statement of Other Comprehensive Income/(Loss)	
Exchange differences on translation of related party loans:	
As previously reported	-
Impact of restatement	6 573 078
As restated (Note 6.2)	6 573 078

Earnings per linked unit	**2021**
As previously reported:	
Basic (thebe)	8.85
Diluted (thebe)	8.85
As restated:	
Basic (thebe)	13.85
Diluted (thebe)	13.85

6.2 Impairment of related party loan

In the prior two years, the impairment of the related party loan due from PrimeTime Property Holdings (Mauritius) Limited to PrimeTime Property Holdings Limited had not been accounted for. The error has been adjusted for retrospectively.

The effect of the restatement on those financial statements is summarised below.

Foreign Currency Translation Reserve on Translation of Related Party Loan	
As restated after impact of unrealised currency exchange differences (Note 6.1)	25 352 599
Impact of impairment of related party loan	2 235 001
As restated	27 587 600
Statement of Profit or Loss	
Tax credit/(charge) as previously reported	(4 122 537)
Impact of restatement of related party loan and interest income	5 651 022
As restated	1 528 485
Statement of Other Comprehensive Income/(Loss)	
Impact of restatement of unrealised currency exchange differences (Note 6.1)	6 573 078
Impact of restatement of related party loan	207 672
As restated	6 780 750
Exchange differences on translating foreign operations:	
As previously reported restated after impact of restatement of unrealised currency exchange differences (Note 6.1)	3 313 050
Impact of impairment of related party loan	207 672
As restated	3 520 722
Deferred tax relating to the exchange differences on translation of related party loan:	
As previously reported	-
Impact of impairment of related party balance	2 235 001
As restated	2 235 001
Statement of Financial Position	
Current assets	
Taxation receivable: As previously reported	2 497 151
Impact of restatement	4 461 836
As restated	6 958 987
Current liabilities	
Taxation payable : As previously reported	1 217 709
Impact of restatement	(1 189 187)
As restated	28 522
Non-current liabilities	
Deferred taxation: As previously reported	35 444 298
Impact of restatement	(2 235 001)
As restated	33 209 297

PERFORMANCE & RESULTS

2022 was another challenging year due to rising interest rates and inflation, volatile exchange rates, political instability, and increased energy and food prices caused by the war in Ukraine.

Driving income growth and managing costs in such a difficult operating environment is tough. The property sector is still in recovery from the pandemic's aftershocks which constrained economic growth, dampening consumer and business confidence. It will take some time for the sector to fully recover. Our property portfolio has, however, proven its resilience and defensiveness despite these current headwinds.

Thankfully, we have experienced a return to normality since COVID-19 restrictions were lifted, thereby enabling us to remove all tenant rental concessions, which, along with lease regears helped PrimeTime retain its tenants and achieve excellent occupancy levels amidst tough trading conditions. Our projections indicate a return to income growth off a re-based platform.

PROPERTY PORTFOLIO

Our portfolio in Botswana, consisting of 21 properties representing 64% of the Group market value, saw a reasonable uplift in value of 9% at the year end. Rental income was up 11% on the prior year and vacancies were just 2% by the end of the year.

Lobatse Junction shopping centre was 100% let when it opened in October 2021. Valued at P114 million it comprises 9 000m² and 39 tenants with SPAR as its anchor tenant plus a good spread of national retailers. We completed the long-planned refurbishment of South Ring Mall in Gaborone at a cost of P2.9 million, forming part of our ongoing commitment to maintain and enhance the attractiveness of our assets to ensure long term tenant retention.

Our two properties in South Africa have traded well. At 6% of the Group market value, they returned a flat performance year on year in terms of valuation, and indications are we can expect to see an improvement in income going forward.

The downward movement in the Zambian property values experienced over the last few years has been arrested with our property portfolio there showing a marginal appreciation year on year. The six properties in Zambia make up 30% of the Group market value at year-end, including the addition of 187m² of office space to our G4S cash centre in Lusaka, Zambia, at a cost of $135 000 to meet the tenant requirement. Significant progress was made in filling most of the vacant space, achieving a country vacancy rate of just 3% by the year end which has further reduced post year end.

In terms of tenant mix, across the group 31% of the rental income is from major corporates, multinationals, banks, and financial institutions, 40% from established retail chains and a further 9% from the Government and parastatal sector – including foreign missions. This is a well-diversified and robust mix of tenants – exceeding 400 in number across the Group.

Sustainability planning has put PrimeTime at the forefront of green building technology and initiatives. In August 2022 we commenced the installation of our first solar PV project at our Sebele Centre property as a transition towards clean energy, reduced generator reliance and potentially lower occupancy costs. The adoption of internationally recognised green building standards on all future developments has translated into PrimeTime delivering new product to meet the needs and requirements of the modern corporate occupier. Our current Prime Plaza II development received a five-star green design rating and demonstrates our commitment to incorporating green building technologies into our portfolio.

PROSPECTS & OPPORTUNITIES

During the year, we disposed of our Ghanzi and Ramotswa retail properties for a combined consideration of P45 million. The funds raised have been redeployed into our Prime Plaza II Motswere Building development, which is progressing well. We expect the first building to be completed in August 2023 and are in advanced negotiations with potential occupiers for the building, which offers a new level of tenant experience in the Botswana market.

It is encouraging that Zambia has shown a marked improvement following the change in government in August 2021. While it will take time for the economy to reach its full potential, the positive strides already made have improved business confidence. Our Zambian assets have demonstrated solid, long-term property fundamentals – starting with the stability of their market values at year end and the current reduced vacant space which, in turn will convert into increased income. This will be tempered however, by increased interest rates in the short/medium term.

Our strategic pillar of growth will be achieved by gradually building out our development pipeline, adding yield accretive assets and disposing of properties expected to show diminishing returns, where necessary. This must be balanced with our commitment to stabilising our debt to value ratio in the short to medium term and achieving income growth. As part of the efforts to rebalance the Group's debt to equity ratio, during the year our unitholders were offered an elective capitalisation option on the second interim debenture interest payment. It is encouraging to report that almost 50% of our unitholders elected for linked units at a total value of P5.3m.

We understand that by improving the quality of our offering and balancing the needs of our tenants with the requirements of our unitholders and funders, we can ensure the relevance and sustainability of our investments. Despite challenges in all the markets we operate in, the board remains confident that PrimeTime's quality portfolio is well-positioned to deliver long term value for stakeholders.

Going forward, we continue to assess prospects and believe there are still good opportunities in the property space across the region. With prices depressed in many markets, we should be able to capitalise on countercyclical investment opportunities. The underlying fundamentals of population growth and urbanisation in our markets will continue to fuel demand for our product in the medium to longer term.

Any reference to future financial performance included in this announcement, has not been reviewed, audited, or reported on by the Group's auditors.

DISTRIBUTION TO LINKED UNITHOLDERS

The Group is continuing with its strategy of amortising a targeted portion of its debt finance over the next few years as a hedge against rising interest rates and to ensure it performs within acceptable covenant limits. Smaller additions to properties continue to be funded from profits. While these actions are impacting on current distribution levels the board firmly believes that their benefits will be enjoyed by our investors in the longer term.

A total distribution of 12.66 thebe per linked unit has been achieved for the year. A final interest payment of 4.00 thebe for the year ended 31 August 2022 will be paid together with an interim payment for the year ended 31 August 2023, in March 2023. A notice pertaining to this will be published in the press early in 2023.

UNCLAIMED INTEREST

The Directors wish to bring to the attention of unitholders that there are unclaimed interest payments in the Group's records, due to cheques issued becoming stale or accounts used for bank transfers having been closed. Unitholders are requested to contact the Transfer Secretaries to claim their outstanding interest payments.

By order of the Board

P Masie (Chairman)
Gaborone,
30 November 2022