

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

PRELIMINARY UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021



Plans are in place to start developing:

**Prime Plaza II,
Boiteko Junction Ext.
and Pinnacle Park II**

**Pinnacle
Park Phase I
is now fully tenanted**

**Lobatse
Junction
retail
development**

progressed on schedule during the year, was completed within budget and opened at the end of October 2021 with full occupancy

Vacancy levels were below

3%

at the year-end (prior year 5%)

Several key leases have been regearred

supporting property values in the longer term

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2021	2021 P	2020 P
Revenue	177 900 908	179 221 129
Operating expenses	(65 099 059)	(67 890 485)
Exchange differences on translating foreign denominated balances	(7 695 003)	11 308 154
Ground lease straight line adjustment	-	(20 367)
Profit from operations before fair value adjustment	105 106 846	122 618 431
Fair value adjustment	(35 455 545)	(61 407 737)
Profit from operations	69 651 301	61 210 694
Interest income	745 755	1 656 272
Interest expense	(51 587 945)	(53 270 796)
Profit before taxation	18 809 111	9 596 170
Taxation	(4 122 537)	(23 721 235)
Profit/(loss) for the year	14 686 574	(14 125 065)
Other comprehensive income/(loss)		
<i>Items that may be subsequently classified to profit or loss</i>		
Exchange differences on translating foreign operations	3 313 050	(7 930 141)
Other comprehensive income/(loss)	3 313 050	(7 930 141)
Total comprehensive income/(loss) for the year	17 999 624	(22 055 206)
Basic Earnings per linked unit (thebe)	8.85	(2.30)
Diluted Earnings per linked unit (thebe)	8.85	(2.30)

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 August 2021	2021 P	2020 P
ASSETS		
Non-current assets		
Investment properties	1 421 811 751	1 495 493 677
Work in progress	126 925 650	60 510 472
Rentals straight-line adjustment	58 559 048	59 264 385
	1 607 296 449	1 615 268 534
Current assets		
Amount due from related parties	-	3 912
Trade and other receivables	20 716 567	17 032 661
Rentals straight-line adjustment	9 616 256	7 388 519
Taxation receivable	2 497 151	1 563 815
Cash and cash equivalents	27 423 013	33 877 484
	60 252 987	59 866 391
Investment properties held for sale	43 883 981	-
Total assets	1 711 433 417	1 675 134 925
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	14 242 773	14 242 773
Debentures	323 329 682	323 329 682
Reserves	354 977 805	361 679 480
Debenture interest reserve	3 264 388	7 682 032
	695 814 648	706 933 967
Non-current liabilities		
Deferred tax liability	35 444 298	50 337 777
Long term borrowings	500 051 592	559 000 516
Lease liabilities	2 782 344	3 052 008
	538 278 234	612 390 301
Current liabilities		
Trade and other payables	17 049 726	26 066 640
Amount due to related parties	15 343 875	5 919 575
Current portion of long-term borrowings	416 702 871	314 913 139
Lease liabilities	202 496	188 433
Deferred revenue	3 060 573	4 432 150
Bank overdraft	23 763 285	-
Tax payable	1 217 709	4 290 720
	477 340 535	355 810 657
Total equity and liabilities	1 711 433 417	1 675 134 925

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2021	Stated capital	Debentures	Accumulated profits	Foreign currency translation reserve	Debenture interest reserve	Total
	P	P	P	P	P	P
Balance at 1 September 2019	14 242 773	323 329 682	416 456 607	(2 609 336)	10 299 794	761 719 520
Total comprehensive loss for the year	-	-	(14 125 065)	(7 930 141)	-	(22 055 206)
2019 final debenture interest paid	-	-	-	-	(10 299 794)	(10 299 794)
2020 interim debenture interest paid	-	-	(30 923 846)	-	-	(30 923 846)
2020 final proposed debenture interest	-	-	(7 682 032)	-	7 682 032	-
Taxation attributable to debenture interest	-	-	8 493 293	-	-	8 493 293
Balance at 31 August 2020	14 242 773	323 329 682	372 218 957	(10 539 477)	7 682 032	706 933 967
Total comprehensive income for the year	-	-	14 686 574	3 313 050	-	17 999 624
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	14 242 773	323 329 682	362 204 232	(7 226 427)	3 264 388	695 814 648

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 August 2021	2021 P	2020 P
Net cash generated from operating activities	83 301 298	112 370 405
Net cash used in investing activities	(75 994 472)	(158 810 315)
Net cash (used in)/generated from financing activities	(45 088 717)	30 395 913
Net decrease in cash and cash equivalents for the year	(37 781 891)	(16 043 997)
Net cash at the beginning of the year	33 877 484	74 866 165
Net effects of exchange rate on the cash held in foreign currencies	7 564 135	(24 944 684)
Cash balances at end of the year	3 659 728	33 877 484

EXPLANATORY NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised consolidated financial statements have been prepared applying the recognition and measurement criteria in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee, and as a minimum contain the information required by International Accounting Standard 34 - Interim Financial Reporting. The principal accounting policies are in terms of IFRS 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 summarised 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 2021.

2. REVENUE

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

	2021 P	2020 P
Rental income (excluding straight line adjustments)	151 229 935	149 480 099
Straight line adjustments	1 106 033	4 007 265
Rental income	152 335 968	153 487 364
Recovery of property expenses	25 564 940	25 733 765
Total rental income and revenue from contracts with customers	177 900 908	179 221 129

3. 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:

	2021 P	2020 P
Contractual lease revenue		
Botswana	104 340 281	96 967 757
Zambia	37 609 117	46 333 026
South Africa	9 280 537	6 179 316
	151 229 935	149 480 099
Segment profit/(loss)		
Botswana	67 954 746	63 972 681
Zambia	(53 465 814)	(70 506 786)
South Africa	197 642	(7 590 960)
	14 686 574	(14 125 065)
Current assets		
<i>Investment properties held for sale</i>		
Botswana	43 883 981	-
Zambia	-	-
South Africa	-	-
	43 883 981	-
Non-current assets		
<i>Investment properties</i>		
Botswana	883 012 553	900 834 078
Zambia	447 953 054	511 158 497
South Africa	90 846 144	83 501 102
	1 421 811 751	1 495 493 677
Work in progress		
Botswana	126 925 650	60 510 472
Zambia	-	-
South Africa	-	-
	126 925 650	60 510 472
Total liabilities		
Botswana	839 925 471	785 930 699
Zambia	118 954 873	132 574 392
South Africa	56 738 425	49 695 867
	1 015 618 769	968 200 958

4. CAPITAL COMMITMENTS

Pinnacle Park Phase I, the office park at Plot 75782 Setlhoa, Gaborone was completed at the end of the prior year. At the current year end the total estimated costs to complete the development (being remaining tenant fit-outs) was P1 205 168. At the prior year end the total estimated cost to complete the development was P4 571 070.

Lobatse Junction, a retail shopping centre development at Plot 14076 Lobatse was commenced during the prior year. At the year end the total estimated cost to complete this development was P25 489 048. At the prior year end the total estimated cost to complete the development was P78 958 068.

The acquisition of Plot 54359 in the Gaborone CBD was made in 2019. Some initial consultants fees were incurred during the prior year and the bulk earthworks commenced in the current year. At the year end the total estimated cost of committed fees for these initial works was P3 814 658 (2020: P258 493).

A refurbishment of South Ring Mall, a retail shopping centre at Plot 50423 Gaborone, commenced in the last quarter of the financial year. Estimated to complete by the end of December 2021, at the year end the estimated cost to complete this work was P1 653 512.

PERFORMANCE & RESULTS

As it was for 2020, 2021 has also been a testing year for PrimeTime with the management of the pandemic still affecting certain sectors of the economy. We continued to assist impacted tenants navigate their way through trade restrictions and/or the tougher economic conditions, but we believe we are starting to see the green shoots of recovery coming through. Our overall strategy throughout the last two years - that of working together with our tenants and other stakeholders to support the survival of all - is reflected in our low vacancy levels of below 3%, the property improvements made during the year and the successful opening of our new Lobatse Junction retail centre post year end which has received tremendous support from tenants and consumers.

PROPERTY PORTFOLIO

Our portfolio in Botswana, consisting of 22 properties representing 64% of the Group market value, saw a reasonable uplift in value at year end. Pinnacle Park Phase I in Setlhoa, which was completed at the end of the prior year, has experienced strong tenant demand and we have achieved a quality tenant base made up of parastatals, mining companies and some smaller professional tenants such as engineers and software consultants. There were challenges along the way such as delays in fit-outs exacerbated by labour and supply chain issues due to the lockdowns, but full occupancy was reached with the final unit let post year end.

PROPERTY PORTFOLIO (Continued)

Lobatse Junction, which is included in work in progress at year-end, reached practical completion soon thereafter and opened on 21st October 2021. Anchored by Spar, the centre is fully let and trading well. We fully appreciate the efforts of our developer, external management team and tenants whose collaboration has resulted in this achievement - a new landmark for the town. It was very rewarding to experience the positive reaction from the residents, the Lobatse Council, Mayor and Cabinet Ministers who attended the official opening.

Across the rest of the Botswana portfolio, the end section of Sebele Centre was fitted out to a high standard with the welcome addition of Rhapsody's Restaurant and Grip, a new sports shop, thereby rendering the centre fully let. And the long-planned South Ring Mall refurbishment, which commenced in July 2021, is on track to be completed in December 2021. This P2.5 million renovation of the exterior and walkways, will refresh the look and feel of the centre and bring it more in line with PrimeTime's recent retail developments.

Our two properties in South Africa, acquired in the last financial year, have contributed positively during the year. While their values are yet to recover from the downturn experienced last year, management believe they have now bottomed out at 6% of the total Group portfolio.

The six properties in Zambia which make up 30% of the Group market value at year-end, saw a further contraction on valuation. The sentiment in the country post-elections held in August 2021 is positive. While we acknowledge that there is still a tough period of trading ahead, we retain sight of the longer-term potential indicated by the demographics and position of our properties. The remaining vacancies in our retail malls continue to fill with Chirundu now at full occupancy. We completed the addition of a cash centre to our G4S Lusaka property during the year - at a cost of USD450k. This has been rentalised at over 12% with a 10-year USD lease.

In terms of tenant mix, across the group 35% of the rental income is from major corporates, multinationals and commercial banks, 38% from established retail chains and a further 8% from the Government and parastatal sector - including foreign missions. This is a well-diversified and robust mix of tenants - now totalling 340 across the Group.

PROSPECTS & OPPORTUNITIES

With our strategic focus still set on tenant management, property maintenance, sectoral and geographical diversification - there are further openings for the Group to enhance its core asset base at this juncture. With Lobatse Junction now complete, management's immediate focus is to transform its current landbank into completed developments.

Bulk earthworks on the new plot in the Gaborone CBD - which is adjacent to Prime Plaza - were in progress at the year-end and plans for the first building thereon have been approved by council with the bonus of having been awarded the first 5-star green design rating in the country. This development will kick-off with the proceeds of the two property disposals already in an advanced stage and has an estimated cost of P65 million;

The planned extension at Boiteko Junction in Serowe at an estimated cost of P60m in order to satisfy the strong tenant demand in the area and secure our footprint in the retail sector there;

The success we have had in securing tenants at Pinnacle Park Phase I augurs well for future phases. There is still a hectare of the site to develop which could ultimately see Pinnacle Park double in size from the 4,400 sqm already completed. We are searching for pre-commitments for the second phase, but given the attractiveness of this kind of office development in an undersupplied location and demonstrable demand, we will be looking to progress the second phase in the near future;

In Zambia, having completed the cash centre for G4S in Lusaka there is an additional requirement under negotiation for office space, which can be developed at an estimated current cost of USD130k which will also be rentalised in USD on a long lease.

PUBLICATION OF AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

Delays have been experienced in finalising some of the Group's Investment Property valuations. This has impacted on final approvals and audit processes being completed. The Board wishes to inform unitholders that the audited consolidated financial statements for the year ended 31 August 2021 are expected to be published on or before 7 December 2021.

DISTRIBUTION TO LINKED UNITHOLDERS

Given the volatile operating conditions still experienced during this financial year the Board again resolved to retain some of the available profits, after prioritising the smaller additions to properties capitalised over the year and servicing all of its amortising debt. This will ensure that it is adequately resourced to trade comfortably through the coming months.

A total distribution of 12.94 thebe per linked unit has been achieved for the year. A final interest payment of 1.33 thebe for the year ended 31 August 2021 will be paid together with an interim payment for the year ended 31 August 2022, in March 2022. A notice pertaining to this will be published in the press early in 2022.

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 Matumo (Chairlady)
Gaborone, 30 November 2021