



PrimeTime Property Holdings Limited
("PrimeTime" or the "Company") Share code: PrimeTime ISIN: BW 000 000 0603
Incorporated in the Republic of Botswana on 29 August 2007
Company No. BW00000877365

PRIMETIME PROPERTY HOLDINGS LIMITED

UNAUDITED INTERIM
CONSOLIDATED FINANCIAL RESULTS 2023

HALF YEAR TRADING HIGHLIGHTS

- Contractual rental income up 7% YOY.
- Lobatse Junction has now been open for over a year, is fully occupied and trading well.
- Vacancies remain low at 2.5% across the portfolio.
- The development of our first Five Star Green rated building – Motswere at Prime Plaza Phase II in the CBD - is on schedule for completion within the current financial year.
- Our first solar panel installation, at Sebele Centre was commissioned and is already feeding surplus generation back into the BPC grid, providing a reliable and sustainable power supply for our tenants.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 28 February 2023

	Interim six months to 28-02-2023 P	Interim six months to 28-02-2022 P	Audited year to 31-08-2022 P
Revenue (Note 2)	104 918 884	97 827 451	196 396 152
Operating expenses	(41 977 889)	(40 310 906)	(80 598 575)
Exchange differences on translating foreign balances	(953 416)	(775 476)	(1 282 919)
Profit from operations before fair value adjustment	61 987 579	56 741 069	114 514 658
Fair value adjustment	-	-	33 747 310
Profit from operations	61 987 579	56 741 069	148 261 968
Interest income	637 238	771 490	1 670 843
Interest expense	(36 845 747)	(29 565 851)	(62 602 674)
Profit before taxation	25 779 070	27 946 708	87 330 137
Taxation	(3 743 243)	(3 008 926)	(21 976 586)
Profit for the period/year	22 035 827	24 937 782	65 353 551
Other comprehensive income/ (loss)			
<i>Items that may subsequently be classified to non profit or loss</i>			
Exchange differences on translation of foreign operations	(2 096 120)	(4 232 662)	(9 239 293)
Exchange differences and income tax on translation of related party loans	14 575 184	15 465 653	50 764 689
Other comprehensive income	12 479 064	11 232 991	41 525 396
Total comprehensive income for the period/year	34 514 891	36 170 773	106 878 947
Basic and diluted earnings per. linked unit (thebe)	8.90	10.19	29.50

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION as at 28 February 2023

	28-Feb-2023 P	28-Feb-2022 P	Audited 31-Aug-2022 P
ASSETS			
Non-current assets	1 793 225 153	1 652 733 981	1 761 722 962
Investment properties	1 665 214 311	1 549 968 153	1 646 579 905
Work in progress	79 903 566	45 347 634	63 439 294
Rentals straight-line adjustment	48 107 276	57 418 194	51 703 763
Current assets	54 958 505	119 630 686	61 358 991
Trade and other receivables	14 672 327	17 113 420	15 986 039
Rentals straight-line adjustment	11 173 133	8 731 398	11 313 040
Taxation receivable	1 433 668	2 350 592	6 471 665
Cash and cash equivalents	27 679 377	91 435 276	27 588 247
Total assets	1 848 183 658	1 772 364 667	1 823 081 953
EQUITY AND LIABILITIES			
Capital and reserves	832 817 178	731 985 421	798 302 287
Stated capital	14 465 197	14 242 773	14 465 197
Debentures	328 433 283	323 329 682	328 433 283
Reserves	469 445 934	382 072 038	445 501 624
Debenture interest reserve	20 472 764	12 340 928	9 902 183
Non-current liabilities	930 658 502	886 233 520	721 073 755
Deferred tax liability	51 868 843	35 196 344	48 774 995
Long term borrowings (Note 3)	875 941 317	848 283 136	669 435 952
Lease liabilities	2 848 342	2 754 040	2 862 808
Current liabilities	84 707 978	154 145 726	303 705 911
Trade and other payables	18 258 650	14 744 565	21 619 972
Amount due to related parties	2 094 632	2 867 556	4 255 041
Current portion of long-term borrowings (Note 3)	61 660 698	135 542 606	265 261 498
Lease liabilities	217 544	202 513	217 520
Deferred revenue	685 265	788 486	2 607 052
Bank overdraft	1 768 250	-	9 097 272
Tax payable	22 939	-	647 556
Total equity and liabilities	1 848 183 658	1 772 364 667	1 823 081 953

CONSOLIDATED STATEMENTS OF CASH FLOWS for the six months ended 28 February 2023

	Interim six months to 28 February 2023 P	Interim six months to 28 February 2022 P	Audited year to 31 August 2022 P
Cashflows from operating activities	25 779 070	27 946 708	87 330 137
Profit for the period /year before taxation	(637 238)	(771 490)	(1 670 843)
Interest income	36 845 747	29 565 851	62 602 674
Interest expense	3 852 678	1 206 109	(28 719 138)
Fair value adjustments on revaluation of investment properties	-	(12 675)	(12 675)
Lease liabilities derecognised			
Operating income before working capital changes	65 840 257	57 934 503	119 530 155
Decrease in trade and other receivables	1 313 712	3 603 147	4 730 528
(Decrease)/increase in trade and other payables	(3 361 316)	(2 305 161)	4 570 244
(Decrease) in amounts due to related parties	(2 160 409)	(12 476 319)	(11 088 834)
(Decrease) in deferred revenue	(1 921 787)	(2 272 087)	(453 521)
Cash generated from operations	59 710 457	44 484 083	117 288 572
Income taxes received/(paid)	670 136	(4 328 030)	(7 942 185)
Net cash generated from operating activities	60 380 593	40 156 053	109 346 387
Cash flows from/(to) investing activities	637 238	771 490	1 670 843
Interest received	-	45 000 000	45 000 000
Proceeds from the disposal of investment property	(1 260 396)	(27 899 364)	(40 159 936)
Additions to investment properties	(16 464 272)	(4 283 557)	(22 375 216)
Additions to work in progress	(17 087 430)	13 588 569	(15 864 309)
Net cash (used in)/generated from investing activities			
Cash flows from/ (to) financing activities	15 000 000	115 978 033	207 141 309
Long term borrowings raised	(12 095 435)	(48 906 754)	(190 799 104)
Long term borrowings repaid	(14 442)	(15 612)	(214 946)
Repayment of principle portion of leases	-	-	(19 114 578)
Debenture interest paid	(99 474)	(96 721)	(207 804)
Interest paid on lease liabilities	(36 746 273)	(29 469 130)	(60 794 089)
Interest paid on all other borrowings	(33 955 624)	37 489 816	(63 989 212)
Net cash (used in)/generated from financing activities			
Net increase in cash and cash equivalents for the period/year	9 337 539	91 234 438	29 492 866
Cash balances at beginning of the period/year	18 490 975	3 659 728	3 659 728
Effects of exchange rate	(1 917 387)	(3 458 891)	(14 661 619)
Cash balances at end of the period/year	25 911 127	91 435 275	18 490 975
Comprising:			
Bank balances and cash	27 679 377	91 435 276	27 588 247
Bank overdraft	(1 768 250)	-	(9 097 272)
Cash balances at end of the period/year	25 911 127	91 435 276	18 490 975

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY for the six months ended 28 February 2023

	Stated Capital	Debentures	Accumulated profits	FCTR on translation of foreign operation	FCTR on translation of related party loan	Debenture interest reserve	Total
	P	P	P	P	P	P	P
Balance at 1 September 2021	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 debenture interest proposed	-	-	(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
Profit for the period	-	-	22 035 827	-	-	-	22 035 827
Other comprehensive (loss)/ income for the period	-	-	-	(2 096 120)	14 575 184	-	12 479 064
Total comprehensive income/(loss) for the period	-	-	22 035 827	(2 096 120)	14 575 184	-	34 514 891
2023 interim debenture interest proposed	-	-	(10 570 581)	-	-	10 570 581	-
Balance at 28 February 2023	14 465 197	328 433 283	397 273 196	(20 754 735)	92 927 473	20 472 764	832 817 178

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 applied are in terms of IFRS consistent in all material respects with those adopted in the previous financial 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.

2. REVENUE

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

	Interim six months to 28 February 2023 P	Interim six months to 28 February 2022 P	Audited year to 31 August 2022 P
Rental income (excluding straight line adjustments)	89 634 210	83 542 773	169 031 008
Straight line adjustments	(3 852 678)	(1 206 109)	(5 028 172)
Rental income	85 781 532	82 336 664	164 002 836
Recovery of property expenses	19 137 352	15 490 787	32 393 316
Total rental income and revenue from contracts with customers	104 918 884	97 827 451	196 396 152

3. LONG-TERM BORROWINGS

At the prior year end of 31 August 2022, the Group breached an interest cover covenant for which a relaxation was granted by the lender in October 2022. As this relaxation was received after the reporting period, the loans for which there was a breach totaling P217 685 238 were reclassified from non-current liabilities to current liabilities.

The Group continues to monitor its covenants and request changes and/or relaxations from its lenders where they are expected not to be met within annual financial reporting periods.

4. SEGMENTAL REPORTING

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

	Interim six months to 28 February 2023	Interim six months to 28 February 2022	Audited year to 31 August 2022
	P	P	P
Contractual lease revenue			
Botswana	59 107 207	58 470 595	115 841 611
Zambia	25 212 472	19 977 263	42 711 858
South Africa	5 314 531	5 094 915	10 477 538
	89 634 210	83 542 773	169 031 007
Profit for the year		P	
Botswana	13 842 307	15 627 881	36 218 548
Zambia	6 683 818	7 127 800	25 558 089
South Africa	1 509 702	2 182 101	3 576 914
	22 035 827	24 937 782	65 353 551
Non-current assets			
Investment properties			
Botswana	1 032 942 062	996 305 153	1 032 942 062
Zambia	546 502 077	464 441 271	524 664 482
South Africa	85 770 172	89 221 729	88 973 361
	1 665 214 311	1 549 968 153	1 646 579 905
Work in progress			
Botswana	79 903 566	45 347 634	63 439 294
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Total liabilities			
Botswana	830 366 812	860 932 719	833 230 964
Zambia	131 147 022	124 720 733	134 718 157
South Africa	53 852 646	54 725 794	56 830 545
	1 015 366 480	1 040 379 246	1 024 779 666

RESULTS ANALYSIS

As was also reported at this time last year, our top line rental income reflects several changes in the Group’s portfolio and tenant mix when making a comparison to the same period last year. In Botswana, our latest retail offering, Lobatse Junction was completed at the end of October 2021. Despite some normal tenant churn in the smaller units, the centre is performing well with full occupation. We disposed of two properties mid-way through the last financial year and by rolling the proceeds into the new development of our first Five Star Green rated building, Motswere at Prime Plaza II in the CBD, in this reporting period there has been no income generated on this capital. Given the level of interest currently being shown by potential tenants for Motswere we are confident that this will flow early in the next financial year. Our long-standing tenant, Associated Fund Administrators, moved from our Fairgrounds Building to Plot 22 on Khama Crescent and were replaced by Paratus Telecommunications, with sole occupation of the building on a 10-year lease.

In Zambia top line income has improved comparably with several vacancies being filled during the prior financial year. Unfortunately, from November 2022, the country has experienced severe electricity supply issues putting extreme pressure on tenants to meet their rent obligations and operating costs due to the high cost of providing fuel-generated power. At the mid-year point, the reliability of the power supply has improved significantly.

As widely reported in the press our South African tenants are also dealing with similar power supply issues.

Interest costs have significantly increased year on year reflecting the multiple base rates rises in all regions, as well as the holding cost of our current landbank. The Group is mitigating this where possible, with almost 40% of its debt at fixed interest rates and a scheduled amortisation program in place. Cost control remains key in the current economic environment, and we are achieving improved tenant cost recovery rates and below-inflation increases in other cost categories, where possible. Refurbishment costs continue to be incurred to fill vacancies with quality tenants, which we view as a longer-term investment given our tenant retention record.

SUSTAINABILITY

The installation of a solar PV system at Sebele Centre is already reaping benefits. In addition to being a clean and reliable energy source for our tenants, the system is providing us with a tangible economic return while reducing our reliance on grid supplied electricity by over 110,000 kWh per month in its first six months of operation. We plan to roll out further solar installations in Botswana with feasibility assessments already undertaken on several of our other properties.


Demand for space at Motswere, the first phase of the Prime Plaza II extension in the Gaborone CBD, has been exceptionally strong, justifying our decision to invest heavily in what will be the greenest commercial development in Botswana. The interest is from both local and international occupiers with excellent covenant strengths. We will be introducing green leases at the building, a first for Botswana, which will enable us to work in partnership with tenants to deliver demonstrable consumption efficiencies at the property. We are also embarking on a program of retrospectively obtaining green accreditations on older buildings in the portfolio. Given our history of delivering projects that are designed to be cognisant of the environment and climate in which they are located, many of our buildings are well positioned to achieve this. Once ratings are in place the group will be well positioned to access many of the green funding options that we are starting to see coming to the market.

PROSPECTS AND OUTLOOK

Rental levels from existing properties are forecast to escalate going forward off our low vacancies, recent rental rebasings, and latest additions now bedded down. Our assets remain of good quality, underpinning our portfolio performance going forward.

Funding remains key and measures continue to be taken to restructure and reduce the group’s overall debt ratio levels. To date these have consisted of elective capitalisation of distributions to linked unitholders, scheduled amortisation, hedging of foreign currency income to debt and increasing the maturity profile. There remains an existing landbank for development pipeline to unlock within the constraints of our debt covenants, and we would like to thank our funders and investors for their continued support in these endeavors.

By order of the Board


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