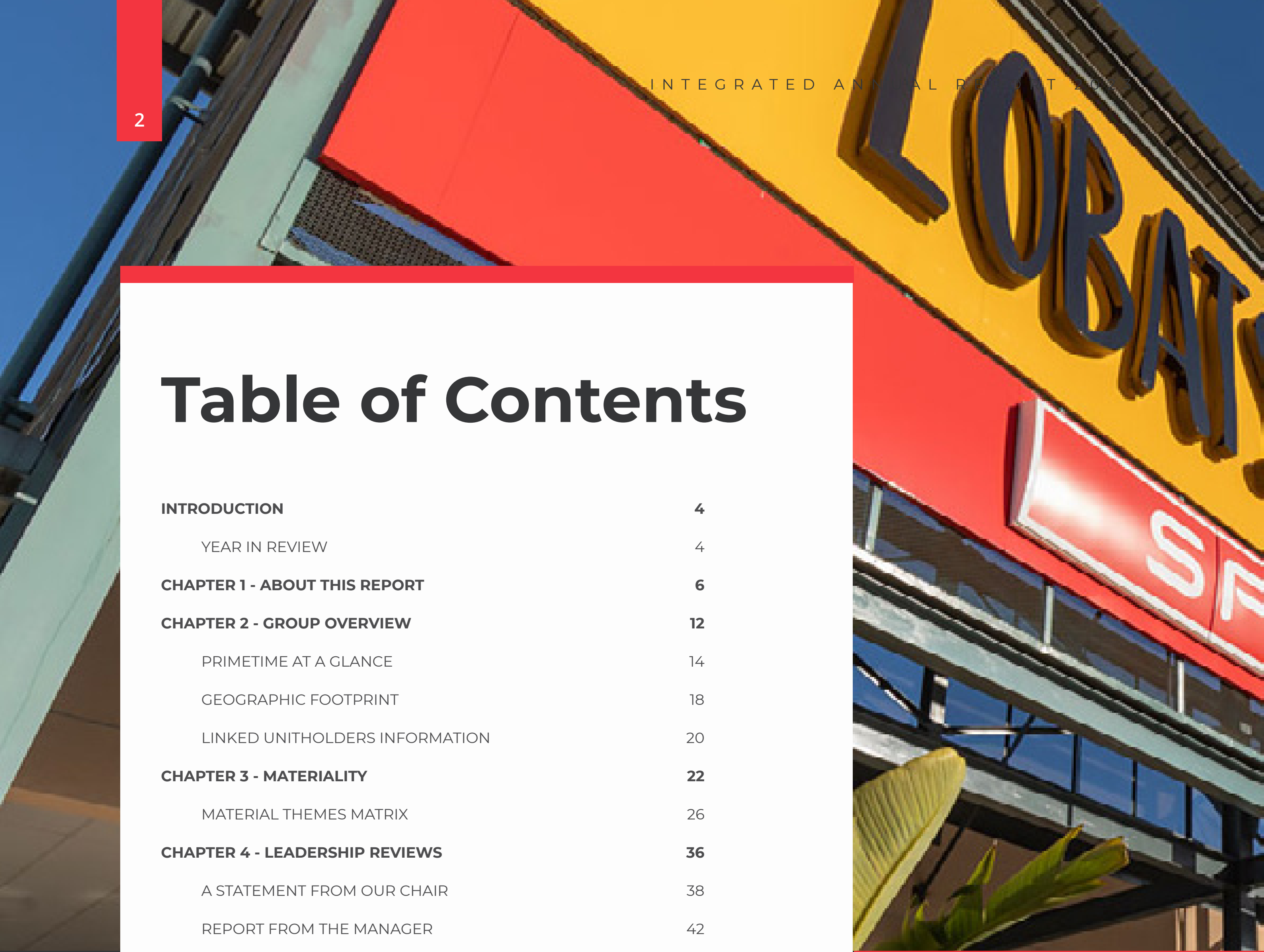
PRIME TIME

2023

INTEGRATED
# ANNUAL REPORT

REAL ESTATE INVESTMENT IN BOTSWANA, SOUTH AFRICA AND ZAMBIA



# Table of Contents

Lobatse Junction, Lobatse

# Introduction

## YEAR IN REVIEW

### Performance highlights

**FINANCIAL CAPITAL**

Reduction in LTV from 53% to 51%

**INVESTMENT CAPITAL**

The Motswere building, our new 5 Green Star accredited flagship office building at Prime Plaza II in Gaborone's CBD was close to completion at the end of the year and will be fully income producing during the 2024 financial year.

**ENVIRONMENTAL CAPITAL**

Solar PV panels installed at Sebele Centre

Motswere rated a 5-star Green Design Rated building

**SOCIAL AND RELATIONSHIP CAPITAL**

Continued support of the Boiteko Trust in Serowe.

**INTELLECTUAL CAPITAL**

Our high caliber Board which has been reconstituted over the past two years continues to provide a strong pillar of support to management.

**GOVERNANCE**

Continuation of the internal audit work program

Governance and Nomination Committee and the Compliance Officer in place for the whole year

Director peer reviews completed

## Key focus areas in 2023

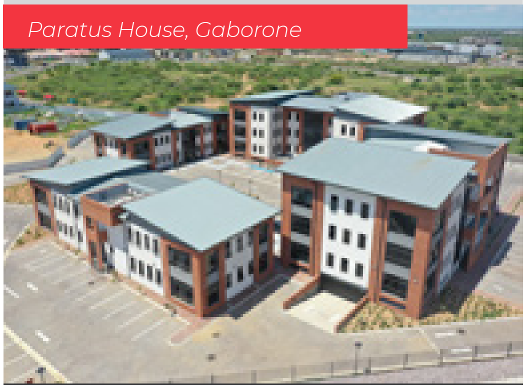
**To ensure long-term value creation we focused on:**

| | |
|---|---|
| Reducing LTV | Page 81 |
| Tenant management | Page 84 |
| Cost control | Page 80 |
| Sustainability | Page 88 |

*For more information on our focus areas and material themes, please read pages 24 to 34.*

*Pinnacle Park, Setlhoa, Gaborone*

# ABOUT THIS REPORT



Paratus House, Gaborone

Paratus House, Gaborone

## Scope and boundary

This integrated annual report (IAR) offers a comprehensive perspective on PrimeTime, outlining our strategy for preserving and creating value in the short, medium, and long term. It encompasses details about our performance, business model, strategy, key themes, principal risks and opportunities, governance, remuneration practices and prospects.

Our aim is to provide valuable information to a broad range of stakeholders, promoting transparency and openness, and enhancing their comprehension of our business.

## Reporting approach to materiality

The principle of materiality informed our preparation of this report. We consider that a matter is material if it can substantively affect our ability to create and sustain value over the short, medium, or long-term.

The Board and management are of the view that the material matters published on pages 24 to 34 of this report offer a balanced mix of information, allowing readers to assess our performance and prospects. These material matters were identified through our materiality determination workshops, risk management process, strategy deliberations and stakeholder engagements.

This report aims to disclose information about matters that substantively affect our ability to create value in the short, medium, and long-term. The following time frames for purposes of this report were agreed by our Board:

| | |
|---|---|
| Short-term | Less than one year |
| Medium term | One to three years |
| Long-term | Three to 10 years |

## Reporting frameworks

We have applied the guiding principles and content elements of the International Integrated Reporting Framework. (<IR> Framework) and considered other relevant guidelines and regulations in preparing this report.

The financial information in this report have been extracted from the Annual Financial Statements (AFS) which were prepared in accordance with the International Financial Reporting Standards (IFRS).

## Assurance

Financial aspects of this report are independently assured. The report of the independent external auditor, Ernst & Young, on the Consolidated and Separate Annual Financial statements appears on pages 158 to 162.

## Report approval

The Board recognises its duty to ensure the accuracy and completeness of this IAR. It is the Board's belief that this report addresses all material matters and offers a comprehensive outlook regarding PrimeTime's strategic plan (see page 56), aimed at fostering value creation and preservation for stakeholders in the short, medium, and long term.

The directors are of the opinion that this report substantially aligns with the <IR> Framework, presenting an accurate and transparent account of the Group's performance and strategic trajectory.

This report was prepared under the oversight of senior management of the External Property and Asset Manager and was subsequently submitted to the Audit and Risk Committee for review and endorsement before being approved unanimously by the Board for publication.

**Paul Masie**
Chair
23 January 2024

**Alexander Kelly**
Director of Time A & PM Proprietary Limited,
the External Property and Asset Manager
23 January 2024

## Request for feedback

Your feedback on the contents and presentation of this report is welcome and will assist us in improving the quality and relevance of future reports. Please send any feedback on reporting content to info@primetime.co.bw.

## Forward-looking statements

This report includes forward-looking statements concerning PrimeTime's future performance and prospects. While these statements reflect our judgments and expectations as of the report's preparation, there are inherent risks, uncertainties, and other significant factors that could lead to actual results differing materially from our expectations. If the underlying assumptions prove to be incorrect, actual outcomes may deviate from anticipated ones, potentially impacting our business and financial performance negatively.

These forward-looking statements, due to their nature, encompass both known and unknown risks, uncertainties, and other factors that may result in material differences between actual results, performance, or achievements of PrimeTime, and what is expressed or implied by these forward-looking statements.

These forward-looking statements are applicable only as of the date of this report, and PrimeTime assumes no obligation to update them in this report, except as required by legal obligations.

## How to navigate this report

### Capital inputs

The following icons are used to illustrate our capital inputs:

- Financial capital
- Natural capital
- Investment capital
- Social and relationship capital
- Intellectual capital
- Human capital

### Material themes

The following icons are used to illustrate our material themes:

- Challenging socioeconomic environment
- Environmental stewardship and sustainability
- Business resilience and continuity
- Changing work environment
- Highly competitive property market and uncertain infrastructure fundamentals
- Regulatory changes and compliance
- Portfolio mix and Group structure changes

**Strategic value drivers**

The following icons are used to illustrate the linkage to our strategic value drivers:

**Deliver value to unitholders**

**Effective capital and risk management**

**Improve returns on assets**

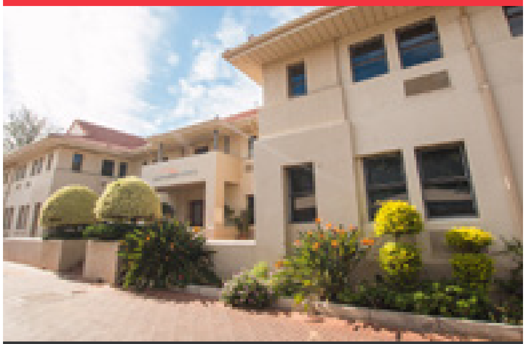
**Enhance tenant experience**

**Increase sustainability actions**

*Paratus House, Gaborone*

# GROUP OVERVIEW

*Plot 203, Independence Avenue, Gaborone*



*Motswere, Prime Plaza II, Gaborone*

## PRIMETIME AT A GLANCE

# PrimeTime is a property investment company listed on the Botswana Stock Exchange.

Since listing in 2007, PrimeTime's property portfolio has expanded to encompass 29 properties (2022: 29 properties) located in Botswana, South Africa, and Zambia, totalling 122 320m$^2$ of lettable office, retail, and industrial space (2022: 122 265m$^2$).

Despite the challenging operating environment, PrimeTime has demonstrated resilience by maintaining high occupancy rates and positioning itself favourably for future opportunities. PrimeTime is well-prepared to capitalise on these opportunities, leveraging our strong tenant base and a diversified portfolio of well-designed and appropriately sized assets. As people's needs for work, shopping and leisure activities evolve, PrimeTime's properties are well-suited to cater to these demands.

*DHL, Gaborone*

**OUR PURPOSE**

Create long-term unitholder wealth.

**OUR MISSION**

Create an African portfolio with a diversified range of assets across multiple jurisdictions to mitigate risk.

**OUR VISION**

Attract and retain the best quality tenants in the markets in which we operate, developing long-term partnerships, and creating a sustainable portfolio of properties which contributes to the benefit of local communities.

**OUR CORE VALUES**

We are committed to sustainability, good governance, ethical business practices and high-quality service delivery.

## What we do

We maximise value preservation and creation for our stakeholders by engaging in the entire property life cycle

**– from acquisition and development to leasing and property management, and finally to the disposal of non-core assets.**

### ACQUIRE
We acquire assets of exceptional quality with robust property fundamentals.

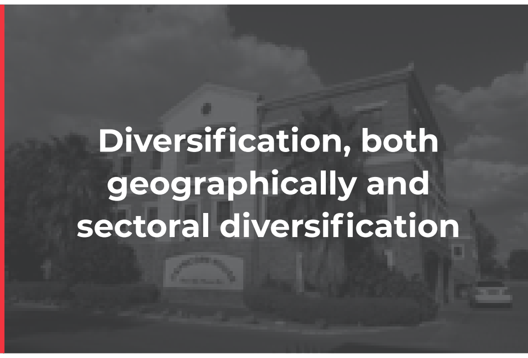
### LEASING AND PROPERTY MANAGEMENT
We meet tenants' expectations by offering secure, well-maintained buildings and delivering exceptional customer service.

PRIME TIME

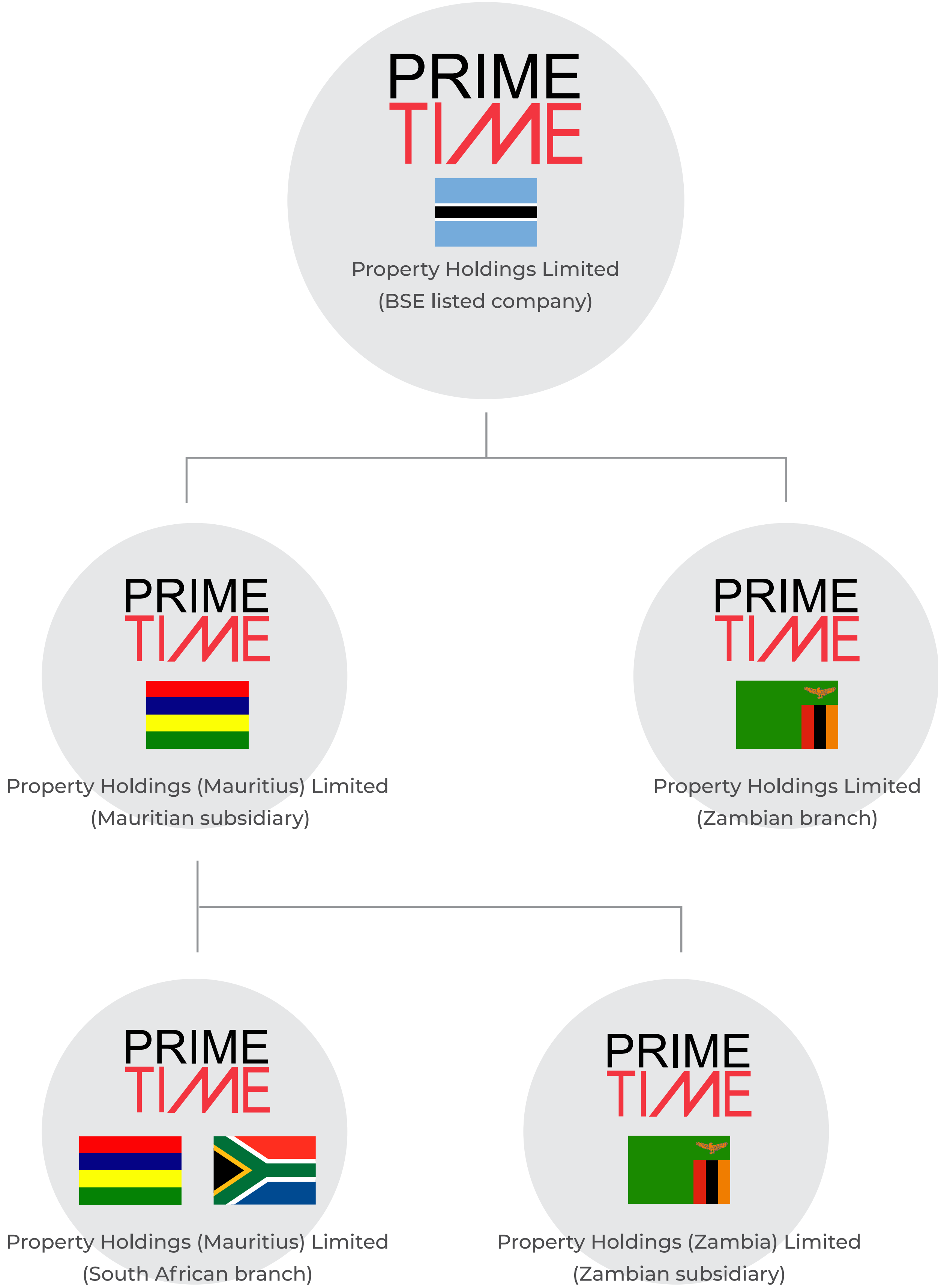
### DEVELOP
We engage in property development, renovation, and upgrading to preserve and increase the value of our existing properties.

### DISPOSAL OF NON-CORE ASSETS
We recycle capital through the disposal of non-core assets.

## What differentiates us?

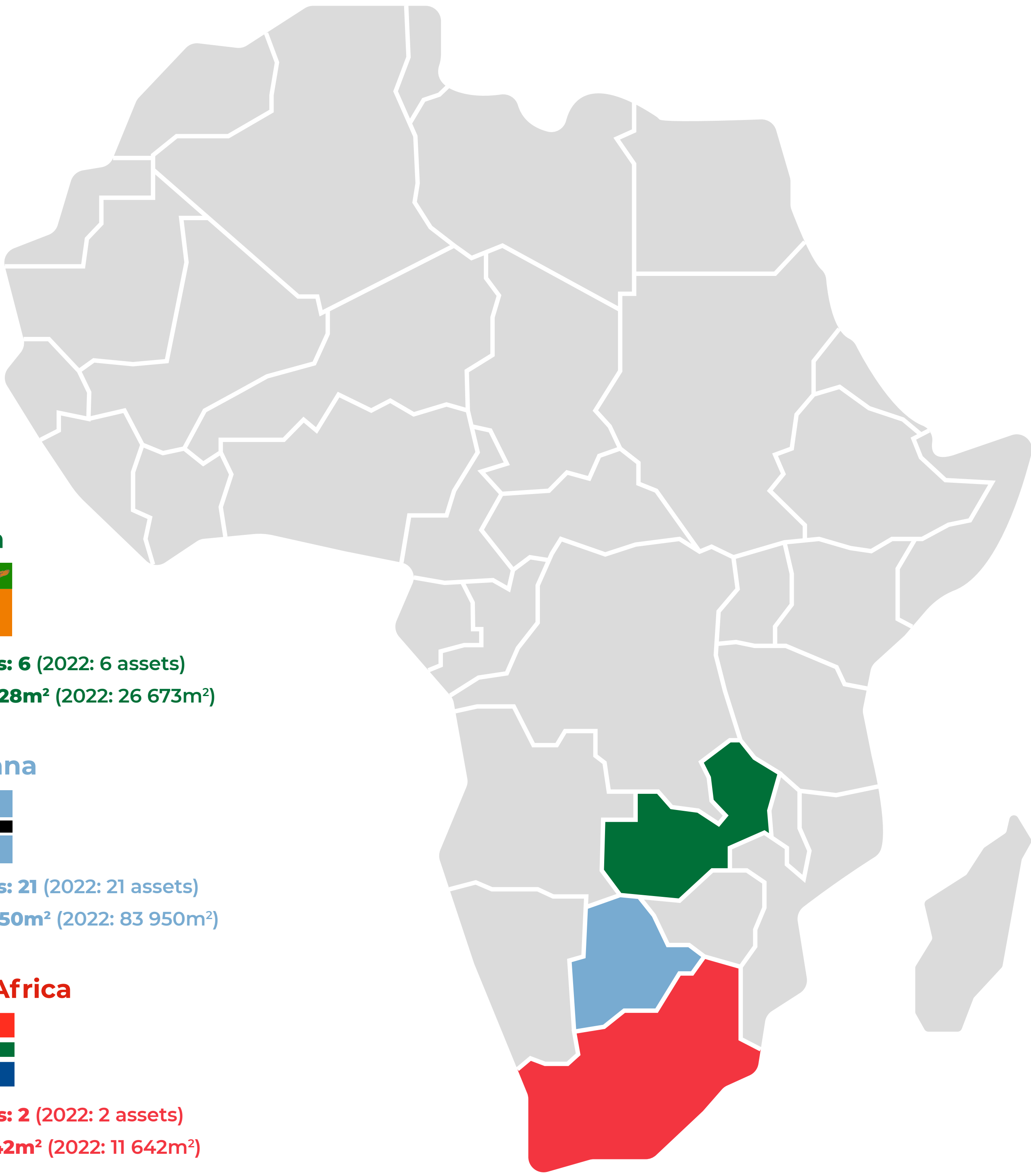

## Group structure



## Geographic footprint

**Market value: 1 772 (mil) BWP** (2022: 1 710 (mil) BWP)

**Contracted annual rental income: 182 (mil) BWP** (2022: 169 (mil) BWP)



### Zambia

**No. assets: 6** (2022: 6 assets)

**GLA: 26 728m²** (2022: 26 673m²)

### Botswana

**No. assets: 21** (2022: 21 assets)

**GLA: 83 950m²** (2022: 83 950m²)

### South Africa

**No. assets: 2** (2022: 2 assets)

**GLA: 11 642m²** (2022: 11 642m²)

## Number of assets

| | 2023 | 2022 |
|---|---|---|
| Botswana | 21 | 21 |
| Zambia | 6 | 6 |
| South Africa | 2 | 2 |

## GLA by country (m²)

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Botswana | 83 950 | 83 950 | 79 343 |
| Zambia | 26 728 | 26 673 | 26 486 |
| South Africa | 11 642 | 11 642 | 11 078 |

## Historic GLA by country

| | Botswana | Zambia | South Africa |
|---|---|---|---|
| 2008 | 49 410 | - | |
| 2009 | 49 410 | - | - |
| 2010 | 49 410 | - | - |
| 2011 | 61 485 | - | - |
| 2012 | 64 000 | - | - |
| 2013 | 64 000 | 3 226 | - |
| 2014 | 72 601 | 3 226 | - |
| 2015 | 72 601 | 3 226 | - |
| 2016 | 62 371 | 7 660 | - |
| 2017 | 71 301 | 15 160 | - |
| 2018 | 73 852 | 25 998 | - |
| 2019 | 74 921 | 25 998 | - |
| 2020 | 79 343 | 25 998 | 11 078 |
| 2021 | 79 343 | 26 486 | 11 078 |
| 2022 | 83 950 | 26 673 | 11 642 |
| 2023 | 83 950 | 26 728 | 11 642 |

## Market value of investment property and revenue

| | Market value of investment property (BWP million) | Group contractual rental income (BWP million) |
|---|---|---|
| 2008 | 236 | 25 |
| 2009 | 253 | 35 |
| 2010 | 289 | 37 |
| 2011 | 445 | 44 |
| 2012 | 505 | 57 |
| 2013 | 544 | 57 |
| 2014 | 732 | 77 |
| 2015 | 764 | 84 |
| 2016 | 837 | 87 |
| 2017 | 1 116 | 110 |
| 2018 | 1 411 | 125 |
| 2019 | 1 450 | 145 |
| 2020 | 1 562 | 149 |
| 2021 | 1 534 | 151 |
| 2022 | 1 710 | 169 |
| 2023 | 1 772 | 182 |

# LINKED UNITHOLDERS INFORMATION

*As at 31 August 2023*

| Major Linked Unitholders | Linked Units | % | Rank |
|---|---|---|---|
| BPOPF (across all asset managers) | 82 476 598 | 32.66% | 1 |
| Linwood Holdings Limited | 42 956 380 | 17.01% | 2 |
| Tati Company Limited | 22 873 846 | 9.06% | 3 |
| Debswana Pension Fund (across all asset managers) | 17 882 657 | 7.08% | 4 |
| Metropolitan Life Botswana (across all asset managers) | 14 543 384 | 5.76% | 5 |


*Logwin, Johannesburg*

| Linked Unit Band | No. Linked units | % | No of Holders | % |
|---|---|---|---|---|
| 0 -1 999 | 620 345 | 0.25% | 1 101 | 66.13% |
| 2 000 - 4 999 | 637 409 | 0.25% | 218 | 13.09% |
| 5 000 - 9 999 | 569 651 | 0.23% | 83 | 4.98% |
| 10 000 - 49 999 | 3 406 434 | 1.35% | 174 | 10.45% |
| 50 000 - 99 999 | 724 998 | 0.29% | 11 | 0.66% |
| 100 000 - 499 999 | 10 630 687 | 4.21% | 48 | 2.88% |
| 500 000 + | 235 969 679 | 93.43% | 30 | 1.80% |

As at 31 August 2023, the company had 252 559 203 linked units in issue. Of the linked units in issue, 208 951 808 linked units were held by the public, representing 82.73%. The remaining 43 607 395 linked units were held by non-public unitholders representing 17.27%. (Non-public unitholders consist of non-institutional investors who own more than 10% of the units in issue, as well as the holdings of directors and their related parties).

# MATERIALITY

Pinnacle Park, Selthoa, Gaborone


Riverside Junction, Johannesburg

# MATERIALITY DETERMINATION PROCESS

PrimeTime determines a matter material if it could significantly impact the company's ability to create and preserve value over the

**short, medium, and long-term.**

Changes to our external environment, key risks and opportunities, and trends were reviewed by the executive management team. These matters can potentially impact our performance, sustainability and legitimacy. We, therefore, ensure that we identify all material matters, both positive and negative, and respond appropriately through our strategy while taking a forward-looking view of potential impacts.

## Our materiality determination process

Management adopted the concept of double materiality by prioritising material matters based on their potential impact on both enterprise value and their effects on society, communities, and the environment. Our process of identifying material themes involved a phased approach, which consisted of the following:

### Review

Management reviewed both our external and internal environment – reviewing the socio-economic impact of our operating context, issues raised by our stakeholders and emerging property sector trends. Internal risk, strategy and Board documents were reviewed to assess our risks, strategic objectives, and business targets.

*PwC Office Park, Lusaka*

## Prioritised

Identified themes were prioritised according to their impact on our enterprise value (inward-focused financial materiality), as well as their impact on society, communities, and the environment (outward-focused impact materiality).

## Integrated

Following extensive internal debates, material themes were integrated to inform strategy and guide disclosures for our integrated reporting. The below material themes were prepared by management and approved by the Board on 9 August 2023.

## Revised PrimeTime's 2023 material themes

**Challenging socioeconomic environment**

**Environmental stewardship and sustainability**

**Business resilience and continuity**

**Changing work environment**

**Highly competitive property market and uncertain infrastructure fundamentals**

**Regulatory changes and compliance**

**Portfolio mix and Group structure changes**

# MATERIAL THEMES MATRIX

**Financial materiality focused on enterprise value creation**
(financial and operational performance)

| | | | | | |
|---|---|---|---|---|---|
| Very high | | Regulatory compliance and market conduct | Portfolio mix and Group structure changes | Business resilience and continuity | Challenging socioeconomic environment |
| | | | | The highly competitive property market and uncertain infrastructure fundamentals | |
| | | | | Changing work environment | |
| | | | | | Environmental stewardship and sustainability |
| High | | | | | |
| | High | | | | Very high |

**Impact materiality considering key stakeholder interests**
(society and environment)

| 1 Challenging socioeconomic environment | Economic |
|---|---|
| **Y-O-Y change** | = |
| **Context** | • Global economic challenges<br>• Higher inflation and interest rates<br>• Dampened business and consumer confidence impacts affordability and cost of living<br>• External economic conditions affecting returns and property values<br>• Unpredictable exchange rates and currency instability<br>• Uncertain socio-political environment impact criminality and safety<br>• Economic challenges impact tenants across all property sectors<br>• Changing disposable income<br>• Changing consumer preferences<br>• GDP growth forecast remains low at 3% (2023: 5.6%) for Botswana, 1% (2023: 0.2%) for South Africa and 4.2% (2023: 7.4%) for Zambia.  [Source: Trading Economics]. |
| **Material matters** | • Geopolitical and economic uncertainty<br>• Macroeconomic challenges<br>• Market volatility<br>• Interest rate changes<br>• Liquidity impacts<br>• Currency risk |
| **Key focus areas** | • Build resilience by effectively responding to tenant and community needs<br>• Disposal of non-core/under-performing assets<br>• Increased focus on income generation and portfolio diversification<br>• Manage currency risk<br>• Manage inflationary effects<br>• Maximise performance from the existing asset base<br>• Maintain relationships with investors and debt providers<br>• Maintain a strong balance sheet |
| **Stakeholders with an interest in this matter** | • Communities<br>• Government<br>• Tenants<br>• Unitholders |
| **Time frames** | Short to medium |
| **Outlook for this material matter** | • The business remains cautious and will ensure to retain tight control over expenses and will seek innovative ways to improve efficiencies<br>• Subdued distribution growth outlook<br>• Our balance sheet will be a key enabler to navigate the challenging operating environment |
| **Capitals impacted** | • Financial capital<br>• Manufactured capital<br>• Intellectual capital<br>• Human Capital<br>• Social and relationship capital |

| 2 Business resilience and continuity | Economic |
|---|---|
| **Y-O-Y change** | ▲ |
| **Context** | • The challenging operating environment<br>• Highly competitive landscape continues to place pressure on demand<br>• The pandemic presented PrimeTime with an opportunity to incorporate its learnings<br>• Partnerships between business and government are essential to maintain infrastructure<br>• Unit price trading at a discount to NAV<br>• High LTV ratio of approx. 51% (2022: 53%) results in limited funding options<br>• Cost control remains key in the current economic environment |
| **Material matters** | • Business expansion<br>• Development pipeline<br>• Liquidity<br>• Loan to value (LTV) and ICR<br>• NAV<br>• Occupancy levels<br>• Rights issue<br>• Unit price trading |
| **Key focus areas** | • Disposal of non-core assets<br>• Ensure bank covenants are in line with expected actuals.<br>• Formulate a strategy to grow the unit price<br>• Improve tax efficiency<br>• Increase NAV<br>• Judicious cost management and optimisation<br>• Manage bank charges and legal costs relating to maturing debt<br>• Manage the interest rate risk<br>• Reduce LTV ratio to between 45-50%<br>• Renegotiate maturing debt facilities<br>• Robust business continuity measures in place<br>• Roll debt into longer-term instruments<br>• Scheduled amortisation of debt<br>• Strengthen the balance sheet to lower LTV and increase ICR<br>• Treasury management to improve liquidity<br>• Understanding of systemic risks |

| 2 Business resilience and continuity | Economic |
|---|---|
| **Y-O-Y change** | ▲ |
| **Stakeholders with an interest in this matter** | · Regulators<br>· Suppliers<br>· Government<br>· Unitholders |
| **Time frames** | Short, medium, and long term |
| **Outlook for this material matter** | · Good governance in place, with well-understood internal lines of reporting and oversight.<br>· Continuous management oversight and engagement with relevant stakeholders ensure PrimeTime remains responsive to disruptions and quick to harness opportunities<br>· Rental levels from existing properties are forecast to escalate going forward off our low vacancies, recent rental rebasing, and latest property additions now bedded down.<br>· Our assets remain of good quality, underpinning our portfolio performance going forward<br>· Funding remains key and measures continue to be taken to restructure and reduce the Group 's overall debt rate levels |
| **Capitals impacted** | · Financial capital<br>· Manufactured capital |

*Plot 203, Gaborone*

| 3 Highly competitive property market and uncertain infrastructure fundamentals | Economic |
|---|---|
| **Y-O-Y change** | = |
| **Context** | · Trading and economic pressures have increased the competition for quality tenants<br>· Decreasing property valuations<br>· Highly competitive market continues to place pressure on tenant demand and increased competition for quality tenants<br>· Increased cost of occupancy<br>· Property fundamentals still under pressure<br>· Property fundamentals impact demand thereby pressuring vacancies, reversions, rental growth and retention rates<br>· Improved tenant cost recovery rates<br>· Refurbishment costs |
| **Material matters** | · Business model adaptability<br>· Geopolitical and economic uncertainty<br>· Portfolio strength<br>· Tenant mix<br>· Collection of rental income<br>· Net property income<br>· Rental reversions<br>· Occupancy levels<br>· Tenant churn |
| **Key focus areas** | · Avoid reliance on one tenant<br>· Collect rentals timeously and keep debtors' balances to a minimum<br>· Dispose of weaker assets and redeploy capital to assets with the stronger rental and capital growth prospects<br>· Efficiently reduce and manage variable costs<br>· Engage and collaborate proactively with tenants<br>· Focus on tenant retention strategy<br>· Improve cost efficiencies and lower our expense base<br>· Optimise tenant mix<br>· Reinvest into the core portfolio through refurbishments and maintenance<br>· Repurpose space<br>· Seek ways to diversify revenue streams |
| **Stakeholders with an interest in this matter** | · Tenants<br>· Regulators |
| **Time frames** | Short, medium and long term |
| **Outlook for this material matter** | · PrimeTime continuously defends its market position and reputation. |
| **Capitals impacted** | · Financial capital<br>· Manufactured capital |

| 4 Portfolio mix and Group structure changes | Economic |
|---|---|
| **Y-O-Y change** | = |
| **Context** | • Delivering a pipeline of yield accretive investment opportunities<br>• Disposal of non-core assets<br>• Hybrid working patterns<br>• Dampened business and consumer confidence<br>• Group structure changes<br>• Motswere building completed in November 2023 |
| **Material matters** | • Portfolio diversification<br>• Quality core assets<br>• Right-size portfolio<br>• Sectoral exposure<br>• Disposal of non-core/under-performing assets<br>• Acquisition of quality assets |
| **Key focus areas** | • Conservative treasury management<br>• Create dominant centres in secondary towns in Botswana<br>• Efficiently manage and maintain our portfolio to create and preserve value for our stakeholders<br>• Focus on property fundamentals across the business<br>• Right sizing the portfolio<br>• Seek investment/development opportunities in smaller convenience retail centres around Botswana<br>• Seek new ways to diversify revenue streams.<br>• Set annual KPIs to measure and monitor management performance metrics<br>• Maintain the value of the portfolio |
| **Stakeholders with an interest in this matter** | • Tenants<br>• Unitholders |
| **Time frames** | Short, medium and long term |
| **Outlook for this material matter** | • Botswana's economy will remain a risk in a low-growth economic environment |
| **Capitals impacted** | • Manufactured capital<br>• Human capital<br>• Intellectual capital |

| 5 Environmental stewardship and sustainability | Environmental |
|---|---|
| **Y-O-Y change** | = |
| **Context** | • Climate change strategy<br>• Build resilience for PrimeTime portfolio and surrounding communities.<br>• Reduce energy and water consumption<br>• Solar investment enables PrimeTime to immediately deliver on its green initiative with no capital outlay while generating additional income<br>• Tangible economic return from solar PV<br>• Good governance is a key driver for sustainable development and an ESG priority for investors<br>• Introduction of green leases (a first for Botswana)<br>• Five Star Green rated building, for Motswere at Prime Plaza II in the CBD<br>• Zambia experienced severe electricity supply shortages, and high cost of providing fuel-generated power<br>• South Africa experienced and continues to experience severe electricity supply shortages, and a high cost of providing fuel-generated power |
| **Material matters** | • Corporate citizenship<br>• Climate change<br>• Pollution<br>• Solar energy<br>• Energy efficiency<br>• Carbon footprint |
| **Key focus areas** | • Improve green characteristics in new developments and existing properties<br>• Integrate ESG considerations into strategy and investment decision-making<br>• Introduce solar power generation where possible<br>• Subscribe to the Green Building Standards to achieve a 5-star Green Star rating for new developments<br>• Retro green-fit existing buildings<br>• Continue to monitor developments and new risks related to climate events<br>• Contribute to sustainable economic and social outcomes |
| **Stakeholders with an interest in this matter** | • Customers<br>• Media<br>• Government<br>• Unitholders |
| **Time frames** | Short, medium and long term |
| **Outlook for this material matter** | • As we increase our understanding of ESG factors, we will be better positioned to meet new tenant requests to seek green energy funding |
| **Capitals impacted** | • Manufactured capital<br>• Financial capital<br>• Natural capital<br>• Intellectual capital |

| 6 Changing work environment | Economic |
|---|---|
| Y-O-Y change | |
| Context | · Workplace flexibility continues to impact the demand for traditional office space<br>· Flexible workspaces have changed the way office space is viewed |
| Material matters | · Hybrid office working<br>· Shifting tenant behavioural/ lifestyle changes |
| Key focus areas | · Active stakeholder and tenant engagement<br>· Seek to repurpose/ redevelop office space<br>· Strengthen relationships through increased engagement with office tenants |
| Stakeholders with an interest in this matter | · Tenant<br>· Unitholders |
| Time frames | Short, medium and long term |
| Outlook for this material matter | · We expect hybrid and work-from-home (WFH) working concepts to remain in the post-pandemic operating environment despite our observation of an increase in tenants staff returning to their office space over the last year. |
| Capitals impacted | · Manufactured capital<br>· Human capital<br>· Intellectual capital |

*Sebele Centre, Gaborone*

| 7 Regulatory compliance and market conduct | Governance |
|---|---|
| Y-O-Y change | = |
| Context | • Central Bank's monetary policy changes<br>• BSE Debt Securities listings requirements revisions<br>• Tax changes |
| Material matters | • Ethics, policies, and standards<br>• Corporate governance<br>• Stakeholder engagement<br>• BSE Listings requirements<br>• Regulatory requirements<br>• Bank of Botswana Monetary policy<br>• Tax compliance and policies<br>• Legal risks<br>• Stakeholder engagement<br>• Governance |
| Key focus areas | • Improve stakeholder communications<br>• Strengthen governance by implementing strong and stringent controls<br>• Maintain and protect our reputation |
| Stakeholders with an interest in this matter | • Communities<br>• Unitholders<br>• Customers |
| Time frames | Short to medium term |
| Outlook for this material matter | • Compliance monitoring remains an effective mechanism for business resilience |
| Capitals impacted | • Manufactured capital<br>• Financial capital<br>• Human capital<br>• Intellectual capital |

Key:

Economic | Governance | Environmental

Increased: ▼

Decreased: ▼

No change: =


Motswere, Prime Plaza II, Gaborone

# LEADERSHIP REVIEWS

Sebele Centre, Gaborone



Munali Mall, Lusaka

# A STATEMENT FROM OUR CHAIR

I am delighted to share that PrimeTime reported improvements across all key financial and sustainability metrics for the financial year ended 31 August 2023, despite an extremely challenging global economic environment. What makes these results even more significant is that we managed to unlock good value while remaining committed to our scheduled debt amortisation programme.

The financial year to 31 August 2023 was marked by pronounced economic volatility as endeavours to curb inflation globally, resulted in the implementation of stringent monetary policies and targeted fiscal stimuli. The resultant challenging operating environment was further exacerbated by persistent supply chain disruptions. mainly because of the Russia/Ukraine conflict, which prompted aggressive price adjustments and a contraction in the supply of commodities to the African continent.

The subsequent increase in food, fuel, base metals, and other commodity prices accelerated inflation, compelling a hawkish stance on interest rates by the US Federal Reserve – a trend mirrored by central banks worldwide. Consequently, Botswana witnessed a 50-basis point upswing in interest rates just before the start of the financial year, in August 2022, aligning with the Bank of Botswana's commitment to maintaining inflation within the 3% to 6% target range.

Notably, the resilience of income from diamonds served as a stabilising force, driven by heightened demand resulting from sanctions imposed on Russia. This played a pivotal role in averting potential economic distress for the local economy. Inflation which peaked at 14% in August 2022, subsided to 4.6% year-on-year in June, primarily attributed to a reduction in fuel prices.

In August 2023, inflation further decreased to 1.5%, well below the Bank of Botswana's targeted range of 3% to 6%.

For a more nuanced understanding of our overall performance, readers are encouraged to refer to the Report from Time A & PM Proprietary Limited, the External Property and Asset Manager on page 42 and the Financial Report on page 78.

## Regulatory changes

The revised Retirement Funds Act of 2022 provides for a phased approach that will see domestic fund managers increase the threshold of their investments in Botswana from the current 30% to 50% by December 2027.

Considering the size of the local market, there is limited capacity to absorb the expected surge in liquidity from this regulatory amendment. This situation, however, presents a strategic opportunity for investors looking for additional investment options.

PrimeTime, under its new structure, will provide an opportunity for these investors to take up additional shares in the Group.

## Strategy and focus areas

We remain committed to reducing the Group's borrowings and have made significant positive strides in this regard. Management is working on a debt consolidation program which will smooth the repayment profile and provide flexibility to allow PrimeTime to capitalise on opportunities as they arise. The program will reduce our interest costs and simplify the Group's borrowings.

Reducing debt through the raising of equity will accelerate our push for to a Group LTV of well below 50% and enable PrimeTime to capitalise on its landbank, unlocking latent land value and sunk costs. A capital raise is currently underway which will be utilised for the retirement of PrimeTime's most expensive debt and expanding the portfolio with more high-quality properties.

Retaining and attracting best in class tenants remains the cornerstone of our business, coupled with the requirements of our Unitholders and funders. This will facilitate the long-term wealth creation for which PrimeTime strives and the long-term sustainability of the business.

Lower valuations, particularly in Zambia from 2018/19 put pressure on our Group LTV. In addition, reduced rentals also meant less distributable profits. The new government in Zambia has garnered significant positive sentiment and we expect demand for our quality portfolio to remain strong, albeit off lower rentals.

## Governance and changes to the Board

The Board established a Governance and Nominations Committee (GNC) in the prior financial year to assist in monitoring the management of the Group's governance and compliance matters. The establishment of this committee is integral to the Group's ongoing commitment to maintaining acceptable levels of governance and compliance, as defined within King IV.

More details on the GNC's impact on governance and guidance on the Group's strategy can be found in the report from the GNC chair on pages 130 to 133 of this integrated annual report.

During the year under review, Ms Chandada Masendu-Kusane resigned as an Independent Non-Executive Director from the Board of PrimeTime with effect from 7 June 2023. The resignation was due to a conflict of interest that arose between her directorship at PrimeTime and an upcoming commitment. On behalf of the Board, I wish to thank Ms Masendu-Kusane for her contributions to the Board and wish her the best in her new endeavour.

## Integrating sustainability

PrimeTime's new sustainable building, Motswere at Prime Plaza II in the CBD, was occupied from November 2023 and is built according to Five-Star Green Star standards. The building is currently awaiting 5-Star certification from the Green Building Council.

This will be the first 5-Star Green Star-rated building in Botswana with tenants required to follow sustainability guidelines, for the building to maintain its green rating.

As part of our goal to achieve Green Building and IFC Edge (Excellence in Design for Greater Efficiencies) certification, we have embarked on a program to assess our existing buildings with the view of improving their sustainability features retrospectively, to qualify for green ratings and certification.

During the year under review, we also commissioned a solar PV system at Sebele Centre, and two further installations are planned for the 2024 financial year. In addition to introducing greener energy alternatives to the portfolio, the Group continues to promote and endorse various initiatives to reduce the consumption of electricity and water and reduce waste.

From a community outreach perspective, we continue to partner with various health and community well-being programmes. More details in this regard can be found in the Social and Relationship Capital section on page 97 of this report.

## Outlook

Although market volatility remains a risk, the Board expects a stable environment over the medium term. Elections in Botswana have historically been peaceful, and we expect voting in the next elections to continue in the same trend, with a stable political environment forecasted. The Board furthermore does not expect any significant changes in Botswana's fiscal and monetary policy. The Bank of Botswana's recent 0.25% reduction in its MPR in December 2023 indicates a potential easing in our cost of funding in the foreseeable future.

Although PrimeTime has limited exposure to imports, world market prices are impacted by the ongoing conflicts in Ukraine and the Middle East. We have already experienced construction material prices increases which have impacted our new developments such as Motswere.

Going forward, we will continue to assess real estate prospects and opportunities across the region. As a Board, we are confident that the underlying fundamentals of population growth and urbanisation in Southern Africa will continue to fuel demand for our product over the medium to longer term. The fact that we have a very good quality built and maintained portfolio of properties, stands us in good stead for achieving consistent solid returns.

We remain bullish on the medium- to longer-term prospects of the Zambian office market, despite rising interest rate impacts. PrimeTime's office portfolio in that country was fully let and contributed to increased rentals for the year. The Group believes it is well positioned to benefit from the Zambian economy that hasn't yet reached its full potential, supported by a positive longer-term political and demographic outlook and strong global demand for its resources. Hopefully an agreement on the IMF relief program will be reached in the near future.

PrimeTime is also fortunate to have a land bank of exceptional quality in Botswana, which will be developed over time to add substantial value to the portfolio. There are opportunities in areas that we have strong tenant demand for such as further phases of the Prime Plaza II development in the CBD and an extension to the Boiteko Junction development in Serowe.

## With sincere gratitude

On behalf of the Board, I wish to express my sincere thanks to PrimeTime's external management team, across all their divisions. Your dedication and commitment enabled PrimeTime to excel during a challenging year.

I further wish to pay tribute to my fellow Board members for their valuable contributions, steering PrimeTime during the year.

Finally, I would like to express my gratitude to the tenants, funders, unitholders, and business partners of PrimeTime for their steadfast support during these challenging times.

**Paul Masie**
Chair
23 January 2024

# REPORT FROM TIME A & PM PROPRIETARY LIMITED, THE EXTERNAL PROPERTY AND ASSET MANAGER

Effectively managing macroeconomic challenges and achieving profit growth and returns in a high-inflation and high interest rate environment presented significant hurdles for the Group throughout the year under review.

Our property portfolio demonstrated resilience, maintaining excellent occupancy levels of 98% at the end of the financial year. Subsequently, this figure improved to 99% at the time of writing, highlighting the strength of our tenant relationships the quality of our properties and the value of our maintenance regime.

Group rental income increased by 8% year-on-year to P182 million, up from P169 million previously. PrimeTime reported a year-on-year increase of 9.0% in its Net Asset Value ("NAV") to 343 thebe per linked unit, primarily driven by higher occupancies and the strength of our occupier base.

The Group's loan-to-value (LTV) reduced from 53% in the prior financial year to 51%, in line with our strategy to amortise a targeted portion of our debt over the next few years, which was further supported by the quality of the Group's assets which retain their value.

A total distribution of 11.57 thebe per linked unit has been achieved for the financial year (FY22: 12.66 thebe per linked unit), down slightly because of higher interest rates and debt amortisation, particularly on the Group's US dollar debt in Zambia and commensurate profit flow. Debt amortisation will ease in the short-term which will support improved distribution in the coming years.

A final interest payment of 1.30 thebe per linked unit for the year ended 31 August 2023 will be paid together with an interim payment for the year ending 31 August 2024, in March 2024.

In terms of tenant mix across the Group, 30% of the rental income is from major corporates, multinationals, banks, and financial institutions, 40% from national and regional retail chains, and a further 9% from the Government and parastatal sector, including foreign missions.

This is largely unchanged from the prior year and represents a well-diversified and robust mix of over 400 tenancies across the Group.

## Operating environment

### Botswana

As referenced in the Chairman's statement, compared to developed and other African emerging markets, Botswana was relatively shielded from the impact of the Russia/Ukraine war which resulted in global supply chain constraints, high inflation, and subsequently a higher interest rate environment.

When analysing the financial results for the year under review, the impact of higher interest rates is mostly noticeable in the cost of debt which increased approximately 17% year-on-year, and the group weighted average cost of borrowing which went up from 6.9% in the prior financial year to 8.1% for the year under review. Despite Government employees receiving healthy salary increases and considerable liquidity in the system, inflation of more than 10% and high fuel costs during most of the financial year inhibited shopper's ability to spend.

The Group's portfolio in Botswana consisting of 21 properties representing 63% of the Group market value, reported a 3.14% increase in contractual lease revenue to P119 million, impacted by the rental reduction following the disposal of two properties in the prior financial year. Proceeds from these disposals were invested in the new Motswere development, which will only contribute to Group revenue in the 2024 financial year. The year saw major leases agreed with Paratus in the Fairgrounds and existing tenants GIZ and Alexander Forbes at the aforementioned Motswere building at Prime Plaza II, retaining quality tenants on a long-term basis by moving them to a flagship development while successfully attracting replacement tenants into the premises they vacated. Bayport were also secured at Plot 22, filling a long-standing void in the portfolio. Within our retail portfolio, Lobatse Junction contributed its first full year of rentals and has settled well with little tenant churn, replacing the income lost through the disposal of the Ghanzi and Ramotswa centres in 2022.

Vacancies in the Botswana portfolio were just below 3% at the financial year end and subsequently reduced to 0.5% currently.

### Zambia

In Zambia, the in-country interest cost increased dramatically by 63% during the year under review, and the cost of borrowing surged from 8% to over 10%, Our debt exposure in the country amounts to US$9 million against a portfolio value of BWP561 million (approximately US$42 million), resulting in a relatively low loan-to-value, but a high cost of debt which impacted the distribution.

The government's finalisation of an IMF debt relief package has garnered a lot of interest from investors and bodes well for medium-term stability in the market, although it will take time for these benefits to filter down as the general economy improves and foreign investor confidence grows on the back of improved governance. As an extraction-based economy, Zambia currently produces approximately 880 000 metric tonnes of copper per annum, with the stated goal to quadruple this by 2030. The country remains vulnerable to the effects of El Nino that could impact the agricultural sector and power production if inflow into Lake Kariba diminishes.
Notwithstanding these potential risks, our outlook for Zambia remains generally positive. Kwacha base interest rates increased by 1% during the year under review to counteract inflation, with rising interest rates expected to top out in the second quarter of the 2024 calendar year, before reducing.

PrimeTime's investment in Zambia is structured via Mauritius and the expiry of a tax treaty between the two countries could result in an increased tax leakage from 5% to 20%. We are currently investigating this and expect to have a solution shortly through an appropriate restructuring.

Substantial strides were made in filling vacancies, especially a longstanding vacancy at the PwC Building, resulting in a country vacancy rate of 2% by the year-end and a noteworthy 9% increase in USD rental income year-on-year. Despite several retail properties in Zambia coming under pressure, our retail portfolio in the country maintains high occupancy levels as a result of the centres becoming more established and strong service delivery, which was reflected in the filling of the vacancies at Munali, which struggled to reach full occupancy in previous years.

## South Africa

PrimeTime's two properties in South Africa comprise 5% of the Group's market value of properties. Although our intention before Covid was to build a portfolio of at least R300 million in South Africa to qualify for Real Estate Investment Trust (REIT) status, we have been unable to do so due to current capital constraints. From a property fundamentals perspective, South Africa still offers good quality properties at attractive yields of more than 10% compared to the average 8% yield achieved in Botswana.

However, considering the macro-economic challenges faced by South Africa, we are unlikely to expand our portfolio in that country at this point.  Our immediate priority is to address inefficiencies in the current tax structure.

Due to the strong performance of the logistics sector, our Logwin property achieved a valuation uplift, which was offset by a lower valuation on the Bryanston retail asset because of higher interest rates and downward pressure on rentals there at reversion.

Rental income increased by 3% and the portfolio remains fully let. Early lease reversions were managed during the year to retain tenants in a competitive market, resulting in longer leases, most notably at Logwin where a new 6-year term was negotiated which underpinned the uplift on the valuation of the property.

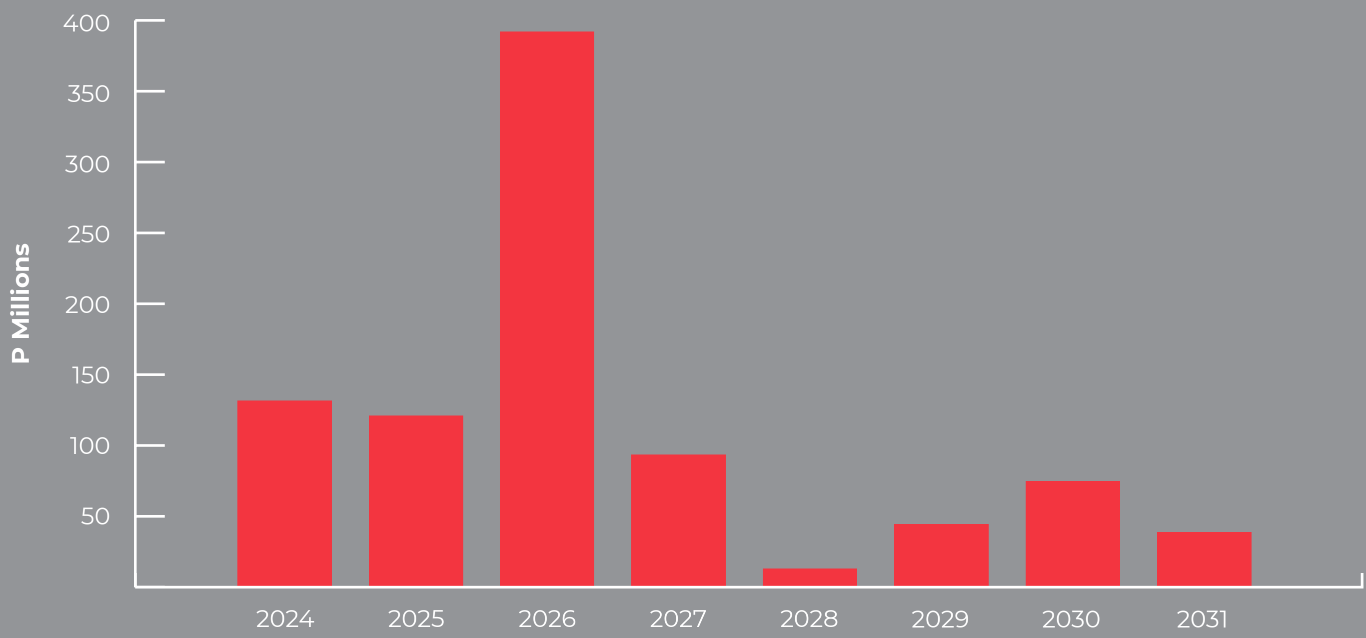
*Hillside Mall, Lobatse*

## Delivering value to unitholders

### Debt capital and funding

During the year, debt facilities of P11 million were renewed/refinanced, and debt facilities of P28 million were amortised. A further P139 million loan facilities are set to expire/amortise in the 2024 financial year.

Debt expiry profile, including scheduled amortisation




Approximately 40% of our debt at 31 August 2023 was fixed, with a portion having been fixed some time ago at relatively high interest levels. With the bulk of our debt expiring in the 2026 calendar year, we intend to refinance a portion of the current fixed debt at more competitive rates. At the time of writing, we were well advanced in negotiations with one of Botswana's major banks to refinance a significant portion of this debt over a 3, 4, or 5-year terms, although this is not expected to impact the FY24 financial results significantly.

The Bank of Botswana's issuance of a 7-year bond at an 8% interest rate is a considerable step up from the Government's previous paper issuance at below 5%. This has disrupted the financial system, as banks are grappling with the burden of high deposit costs, exacerbated by ample liquidity in the system from pension funds.

A noteworthy development is the impact of the Botswana Public Officers Pension Fund (BPOF) and the regulatory adjustment requiring all pension funds to gradually reduce offshore investments to 50% over 5 years to 2027.

We remain confident of being able to successfully refinance debt with favourable support from most financial institutions.

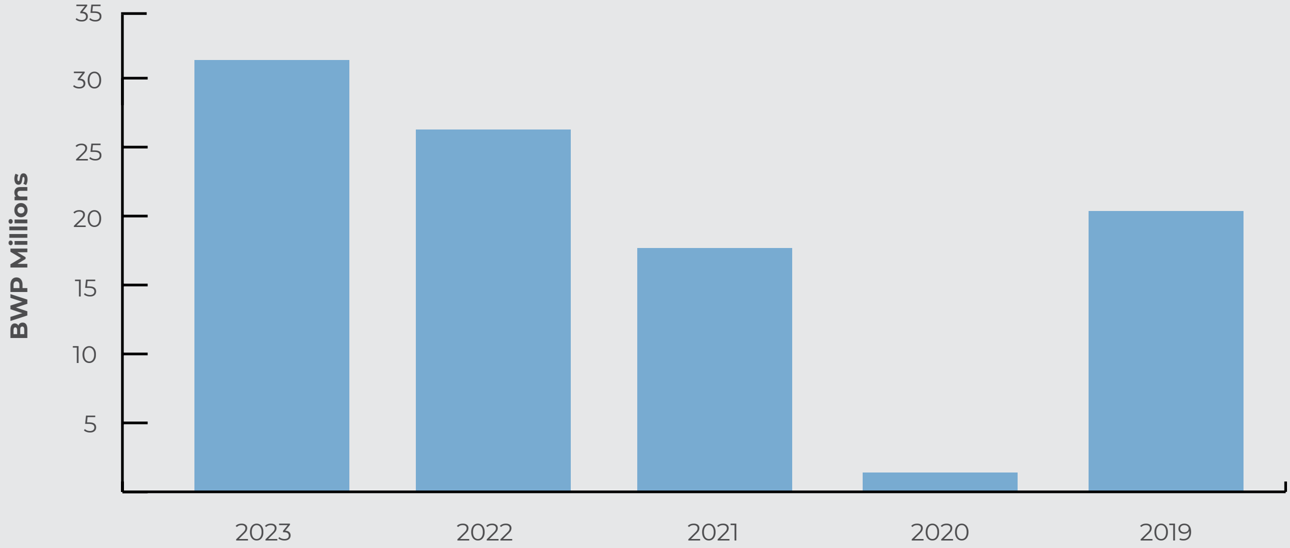
There were no asset disposals during the year under review. The uptake of the Group's offer to capitalise distribution was mixed with the first uptake receiving the support of 50% of unitholders and the second uptake at around 40% support.

## Property valuations

The total value of PrimeTime's property portfolio increased by 4% (2022: 11%), from P1.71bn to P1.77bn. The downward movement in values outside of Botswana has largely been arrested, with some rebasing in South Africa during this financial year we can expect to see an improvement in portfolio valuations going forward.

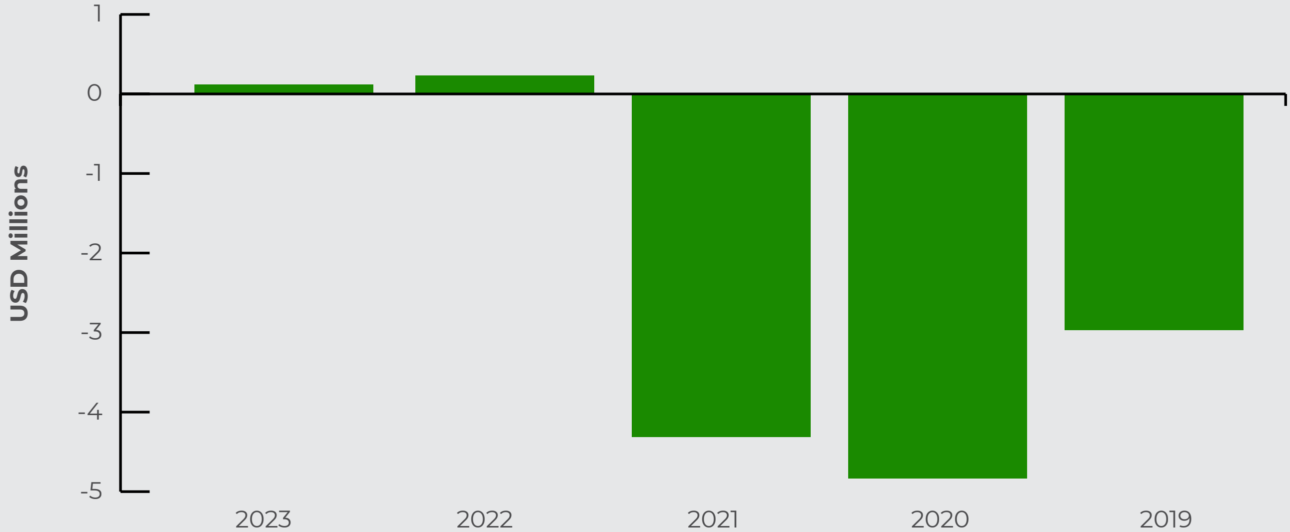
## Botswana

### Fair value adjustments



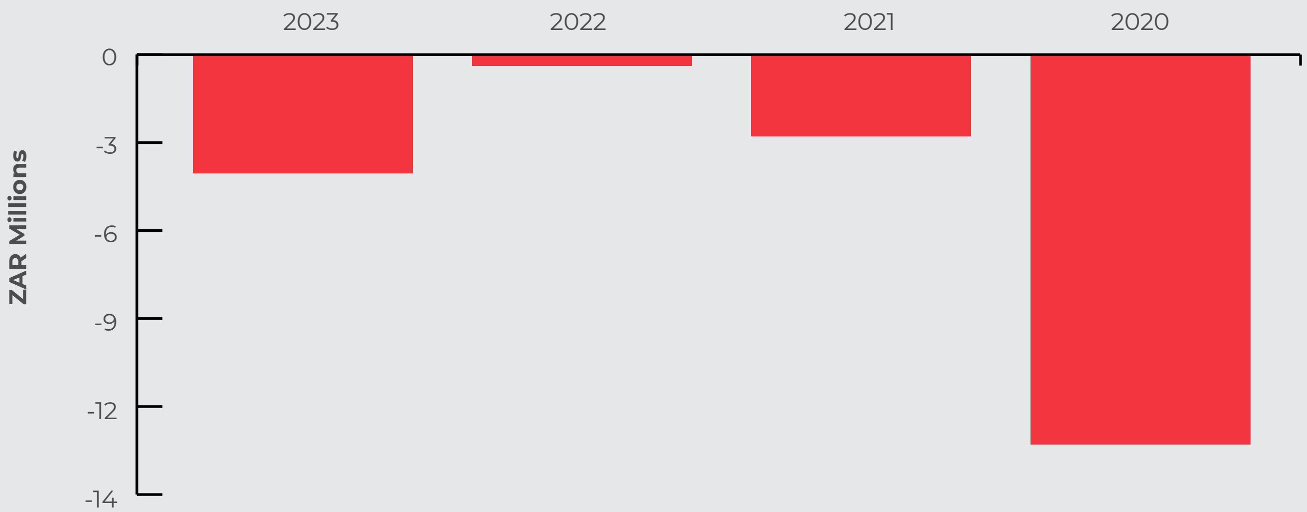

## Zambia

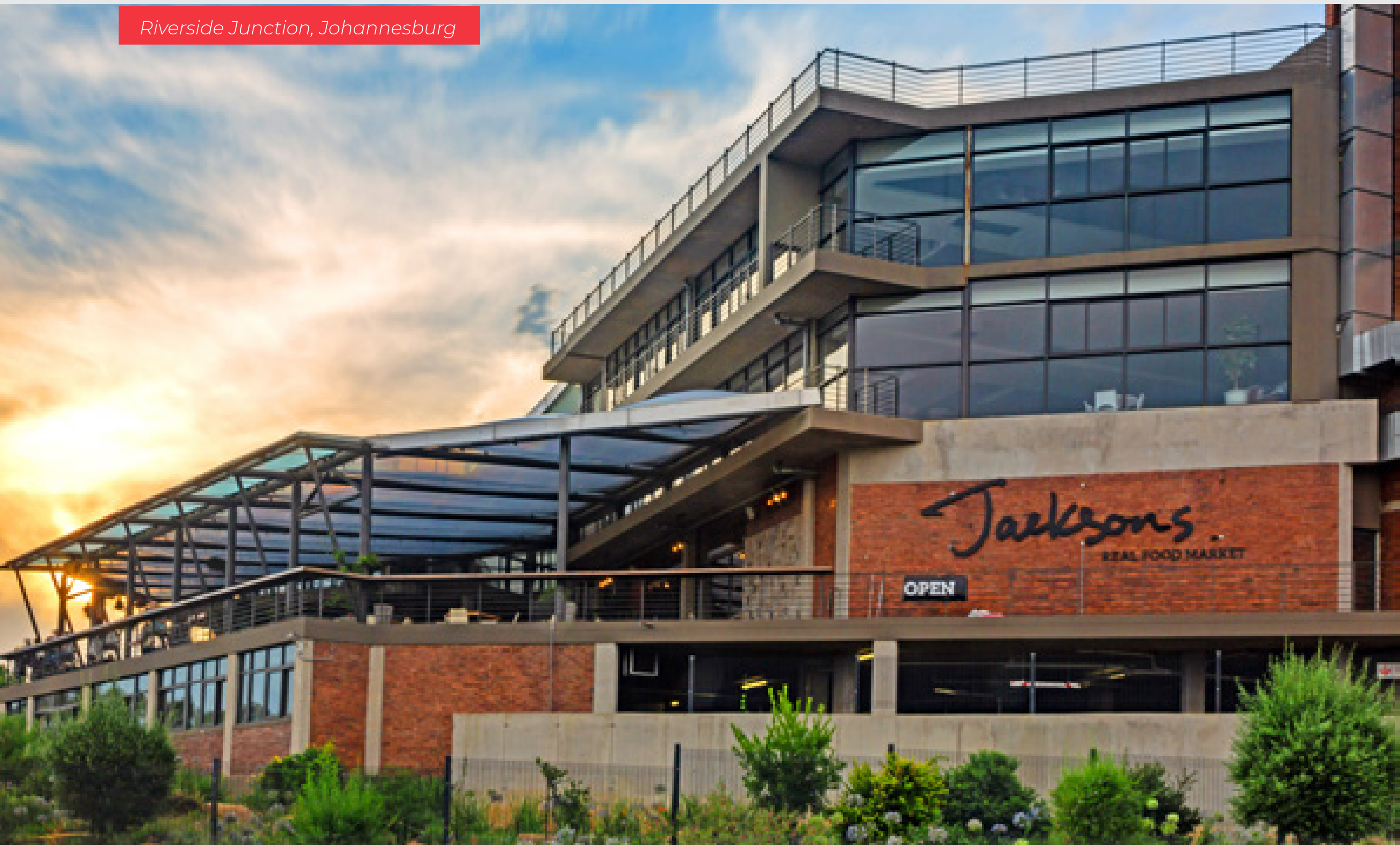
### Fair value adjustments



## South Africa

Fair value adjustments




*Riverside Junction, Johannesburg*

## Enhancing return on assets

### Property developments

As discussed in the Chairman's statement, our new building, Motswere at Prime Plaza II in the Gaborone CBD, was occupied post-financial year-end from November 2023. The asset was the first commercial 5-Star Green Star-design rated building in Botswana and is currently targeting a 5-Star as-built certification.

PrimeTime holds an attractive land bank that can be developed based on tenants' demand. This includes the remainder of Prime Plaza II, Pinnacle Park and an extension to Boiteko Junction in Serowe which is tenant demand driven. These opportunities provide an excellent platform for the next phase of PrimeTime's growth and there is substantial tenant interest in them.

## Enhancing the tenant experience

In addition to consistent maintenance, and engaging with tenants to understand their needs, we are committed to implementing more efficient power solutions that will not only provide tenants with a lower, more stable cost structure but reduce the portfolio's overall carbon footprint as well.

In this regard we have rolled out an initiative to assess existing properties for the viability of retrofitting sustainability features, including solar PV to align with sustainability standards.

PrimeTime, and its external manager, have been following environmentally sensitive practices for more than 30 years, including greywater harvesting and using water-wise indigenous landscaping. The addition of solar will differentiate the Group further in the domestic market.

The Sebele Centre is our first retrospective fitted solar installation and is making a substantial contribution to income, as well as providing a reliable power supply to tenants.

### Tenant leasing, vacancies, and renewals

PrimeTime has low vacancies across the portfolio of 2% (2022; 2%).  During the year, PrimeTime concluded 78 new leases and renewals with a total GLA of 35 000 m2, which translates to P40 million per annum in rental income. Major leases and renewals with Paratus, Shoprite and Logwin were secured during the year.

| | Botswana | Zambia | South Africa | Total |
|---|---|---|---|---|
| WALE in years | 3 years 4 months | 2 years 11 months | 3 years 7 months | |
| Vacancies (August 2023) | 3% | 2% | 0% | 2% |

## Future focus areas

PrimeTime has historically grown its portfolio from the initial P175 million at inception to the current P1.77 billion through leverage. The portfolio remains robust and well-managed with a strong independent Board.

Notwithstanding the portfolio's exceptional A-grade quality and diversity with a good spread between office and retail, recent interest rate increases across the group and the 21% contraction in the Zambian portfolio valuations since 2018 from approximately \$53m to approximately \$42m currently, provided significant challenges to future growth with limited options for capital raising.

To dispose of good assets to strengthen the balance sheet will be value-destructive and does not provide for a growth catalyst.

Restructuring PrimeTime's debt and the equity raise that is in progress will reduce borrowing costs and enable work to commence on the development pipeline, both of which will lead to improved distributions and a stronger balance sheet.

*Sebele Centre, Gaborone*

## In closing

In addition to focusing on property fundamentals, a substantial effort was invested by the Board and the external manager in finding a sustainable, long-term solution that will unlock long-term growth and value for unitholders.

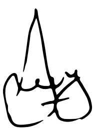
Our strong and independent board, chairman, and external management team made some hard yards over the past financial year, and I wish to single out our Asset and Finance management who have been responsible for driving our ESG compliance.

## Appreciation

I wish to pay tribute to our management team who made a significant difference in PrimeTime's financial and operational performance despite some significant challenges.

I further give gratitude to our Board for their confidence, support, wisdom and guidance throughout the year, as well as to our employees and professional teams for their unwavering dedication.

A sincere thank you goes out to PrimeTime's tenants for your partnership and continued support. To PrimeTime's unitholders, your commitment and understanding during this consolidation phase are truly appreciated. To PrimeTime's funders, your support has been instrumental, and we eagerly anticipate strengthening our relationships further.



**Alexander Kelly**
Director of Time A & PM Proprietary Limited, the external property and asset manager
23 January 2024

# MARKET CONDITIONS

## Botswana

Economic growth in Botswana slowed following the post Covid bounce of the prior financial year. Interest rates plateaued and inflationary pressures eased.

Despite the higher cost of borrowing in comparison to the recent past, demand for investment-grade property from the institutional, and other cash rich investors is still strong. Buyers include listed property funds, direct property investment from the pension funds and wealthy individuals and families. The strength of this demand in a small market with limited institutional investment grade stock has supported capital values.

In the retail sector, demand in the well-located malls remains robust with very low vacancies. This trend is also seen in burgeoning markets outside of the major urban areas where there is often still very little in the way of formalised retail provision. There is still opportunity for further development of smaller convenience centres in the Greater Gaborone area and in select towns and villages across the country in instances where a new centre can consolidate and enhance outdated and fragmented existing retail provision.

Quality offices are in short supply in Gaborone. The delivery of new stock has slowed resulting in stiff competition among occupiers for the best space. The requirement for sustainability accreditations on new buildings is now apparent and market evidence supports the additional investment required from landlords on green features to attract the best tenants. Older stock in the Main Mall is still attracting good interest if well maintained and correctly priced. In the CBD, rental growth prospects on the best space and opportunities for new developments are good.

## Zambia

The Zambian property market has been stable during the past year, though marked by mixed positive and negative sentiment. On the positive side, the market has seen an increase in demand for office space as smaller businesses take advantage of lower market rentals and are transitioning from operating in residential areas to commercial office space, typically taking up smaller units between 50 and 300 square $m^2$. There has also been growing demand for new and green office space from large corporates in Lusaka such as commercial banks, as more businesses look to exit the old CBD and move to modern office space closer to the developing commercial nodes of the city. Government spending on the upgrade of roads and airports has proved to be a catalyst for new property developments primarily in the larger towns. The completion of major road projects in Lusaka has greatly improved the flow of traffic in the capital.

On the retail side, rentals have been fairly stable and largely determined by the location of retail centres. The market has also seen an increase in home-grown high-quality retailers, as well as more local retailers buying into big brand franchises, a trend that has reduced reliance on South African retailers to fill up the larger units in shopping malls.

Of concern has been the volatility of the Zambian Kwacha as the IMF deal has taken longer than anticipated to materialise, a trend that is likely to impact USD rentals in the short to medium term. However, recent pronouncements from the government, bondholders and the IMF suggest that a deal to restructure Zambia's sovereign debt is near a conclusion, an event which is likely to have positive effect on the stability of the local currency.

Other developments such as government's recent announcements that agreements have been reached with prospective investors to recapitalise two of the country's largest copper mines in the Copperbelt will also result in a significant inflow of US Dollars into the Zambian economy, strengthen the Kwacha and slow down exchange rate driven inflation.

On the regulatory side, rental tax has remained the same at 12.5% of rental income as the final tax, and an increase in property transfer tax from 5% to 7.5% will take effect in 2024 and is expected to influence the value and volume of property transactions. The market has not seen high value transactions over the last year but has seen notable new developments in retail and hospitality, particularly in the high-end suburbs of Lusaka.

## South Africa

The South African property market continues to present challenges with limited recovery in the economy expected in the near term, and high inflation and the cost of borrowings stunting growth.

Other factors affecting the real estate market are ever increasing property rates and taxes, deteriorating municipal infrastructure, and poor service delivery. Load shedding remains problematic for properties across the various sectors, with high diesel costs contributing substantially to overall occupation costs. This, coupled with slow growth and high unemployment, has caused the South African Reserve Bank to flag muted growth for 2024 and 2025. South Africa also has elections in 2024, a cause for further concern in the market.

The office sector remains very competitive for landlords with a persistent excess supply overhanging the market, supressing growth in rentals. This 'tenants' market requires a proactive and flexible approach from landlords to ensure maximised occupancy levels and to minimise unrecoverable expenses. The focus is on cost containment and tenant retention while navigating this period.

The industrial and warehousing sector has shown resilience. However, it is still affected by the macro-economic conditions in the country. The supply chain constraints experienced in 2022 and 2023 have been resolved, assisting in logistics operators carrying less inventory during the year. Downward rental reversions are becoming less pronounced, and pockets of growth are returning to the market.

The retail sector is experiencing tough trading conditions, with load shedding and increased municipal rates and taxes being the major cost inputs. Retaining customers and product pricing is the primary focus for most retailers. There is still reasonable demand for retail space in well located shopping nodes, with solar and back up water solutions in place.

The subdued market conditions have created investment opportunities at attractive prices, often backed by a strong corporate tenant base.

# HOW WE CREATE VALUE

G4S, Gaborone


Nswazwi Mall, Francistown

# OUR INVESTMENT STRATEGY

## Strategy adoption

**How our strategic plan is developed**

The external management team formulates the Group's annual strategic plan, incorporating input and stewardship from the Board. The strategic plan is approved by the Board.

**Strategic oversight and governance**

The strategic plan undergoes continuous review and in-depth analysis during periodic strategy sessions, with the most recent one taking place in August 2022. During these sessions, the Board, the external management team, and external consultants exchange insights regarding the markets in which PrimeTime operates.

## Strategic value drivers

Our strategic value drivers facilitate an integrated decision-making approach, ensuring sustained value for our stakeholders in the short, medium, and long term. They serve as effective tools for defining strategic objectives, tracking progress, and assessing the company's and the External Property and Asset Manager's performance.

**Strategic value drivers**

The execution of our strategy is driven by our strategic values.

- **Deliver value to unitholders**
- **Effective capital and risk management**
- **Improve returns on assets**
- **Enhance tenant experience**
- **Increase sustainability actions**

*Motswere, Prime Plaza II*

# Our strategic values drive **the execution of our strategy**

| Strategic value drivers | Key focus areas |
|---|---|
| **Deliver value to unitholders** | · Improve net income<br>· Increase distribution yield for the benefit of unitholders<br>· Invest in long-term quality and growth |
| **Effective capital and risk management** | · Reduce LTV ratio to between 45-50%<br>· Renegotiate maturing debt facilities<br>· Roll debt into longer-term instruments<br>· Scheduled amortisation of debt<br>· Strengthen the balance sheet to lower LTV<br>· Acquire assets through the issuance of Linked Units<br>· Offer elective capitalisation of distributions<br>· Subject to appetite and pricing, raise additional capital through a rights issue<br>· Withhold distributions to lower LTV<br>· Efficiently reduce and manage variable costs<br>· Ensure bank covenants are in line with expected actuals<br>· Improve tax efficiency<br>· Maintain tight control of property expenses and cost of occupancy<br>· Manage bank charges and legal costs relating to maturing debt<br>· Manage the interest rate risk – increase ICR and DSCR<br>· Treasury management to improve liquidity<br>· Collect rentals timeously and keep debtors' balances to a minimum<br>· Implement CPI-linked lease escalations and focus on maximising escalations where possible<br>· Maintain diversified income streams<br>· Recycle non-core assets |


*Lobatse Junction, Lobatse*

| Material matters | Performance overview | Time frame |
|---|---|---|
| • Distributions<br>• Geopolitical and economic uncertainty<br>• Macroeconomic challenges | • Distributed P29 million in debenture interest (2022: P31.1 million)<br>• Distribution yield of 7%<br>• Market Cap P439m<br>• P3.43 NAV PLU<br>• P1.75 unit price | Short, medium, and long-term |
| • Debt and equity availability and appetite<br>• Distributions<br>• High LTV<br>• Interest rate changes<br>• Liquidity impacts<br>• Low ICR and DSCR<br>• Market volatility – inflation and interest rates<br>• Rights issue | • Interest cover ratio 1.8x on interest expensed (including and excluding interest capitalised)<br>• LTV 51% (2022: 53%) | Short to medium-term |

| Strategic value drivers | Key focus areas |
|---|---|
| **Improve returns on assets** | • Avoid excessive single-tenant exposure at a Group level<br>• Create dominant centres in secondary towns in Botswana as PrimeTime has done in Lobatse, Pilane and Serowe<br>• Dispose of non-core assets and redeploy capital to assets with stronger rentals, and<br>• capital growth prospects<br>• Explore opportunities to differentiate existing offerings. PrimeTime has limited industrial exposure and actively seeks industrial asset acquisition opportunities<br>• Extract maximum value from our portfolio by redeveloping and upgrading properties to enhance their value<br>• Focus on offices that can accommodate smaller high-end office model offering in Botswana<br>• Maximising return on assets by optimising rental returns, rebalancing tenant mix, managing costs and diversifying our offering<br>• Optimise tenant mix<br>• Reinvest into the core portfolio through refurbishments and maintenance, subject to cost-benefit analysis and lease regearing<br>• Seek investment/development opportunities in smaller convenience retail centres around Botswana |
| **Enhance tenant experience** | • Engage with tenants before the lease expiries to understand their requirements, intentions and to maximise retention rates<br>• Follow tenant demand<br>• Strengthen relationships through increased engagement with office tenants to identify tenants' long-term requirements and plan for them<br>• Understand our tenants' expectations<br>• Reduce and manage variable costs<br>• Adapt PrimeTime's offering to reflect changing work patterns and occupier requirements<br>• Be mindful of a shift toward online retailing<br>• New developments include improved disabled user access |
| **Increase sustainability actions** | • Being mindful of our impact on the environment and climate change<br>• Deepen understanding of ESG to support PrimeTime's sustainability journey<br>• Implement energy efficiency measures in new and existing buildings<br>• Improve green characteristics in new and existing developments<br>• Introduce solar power generation where possible and feasible<br>• Prioritising the behaviours of reducing, reusing, and recycling<br>• Responsible energy, water, and materials usage<br>• The adoption of clean energy and water-saving solutions<br>• Subscribe to the Green Building Standards to achieve 5-Star Green Star ratings for new developments |

| Material matters | Performance overview | Time frame |
|---|---|---|
| • Business model and adaptability<br>• Disposal of non-core assets<br>• Portfolio diversification<br>• Portfolio strength<br>• Quality core assets<br>• Sectoral exposure | • 2 732m$^2$ of WIP under development at the year end<br>• 2 200m$^2$ GLA refurbished | Short, medium, and long-term |
| • Health and safety<br>• Hybrid office working<br>• Shifting behavioural/ lifestyle changes<br>• Provide sustainability initiative which also enhances the tenant experience<br>• Tenant mix and retention | • Occupancy rate of 98% | Short, medium, and long-term |
| • Carbon footprint<br>• Climate change<br>• Corporate citizenship<br>• Sustainability | • Solar installation completed at Sebele Centre during the financial year | Short, medium, and long-term |

Considering the growth constraint - mainly lack of available capital, our immediate strategy reflects the cautious sentiment of investors in the property sector. PrimeTime will explore alternative capital raising opportunities and means to broaden the portfolio and strengthen its balance sheet for long-term wealth creation for all unitholders. PrimeTime will manage existing debt prudently and extract maximum value from our portfolio.

# OUR BUSINESS MODEL

## Our business model guides how we preserve and generate value within the framework of our operating environment.

We acknowledge the interconnectedness of the resources and capital inputs we employ, and this understanding guides our decision-making and strategic decisions. We are responsive to shifts in the availability, quality, and affordability of our inputs, thereby enabling us to sustain success and ensure long-term sustainability as a business.

| Inputs | Descriptor |
|---|---|
| **Financial capital** | • Investment through debt and equity into PrimeTime's property portfolio<br>• Debt capital: P951 million<br>• Equity capital: P351 million<br>• Portfolio value (including work in progress) P1,871 million |
| **Manufactured capital** | • PrimeTime's business operations benefit from the exceptional quality of our portfolio and strong tenant base<br>• The well-balanced geographic and sectoral diversity of the portfolio minimises the risks associated with single-tenant or asset exposure<br>• We consistently assess and optimise the portfolio, with a focus on tenant retention and value enhancement. This includes refurbishments, capital recycling into new assets, divestment of older assets, and diligent portfolio management |

*Plot 203, Independence Avenue, Gaborone*

| Activities | Outputs | Outcomes |
|---|---|---|
| - PrimeTime's growth has primarily been through debt leverage, with an equity raise in 2017, supporting a new expansion phase. This worked well for the Group during the years of strong growth in the property market. Presently PrimeTime is rebalancing its financial capital. | · Funds raised through debt and asset sales for development projects<br>· Elective capitalisation of debenture interest<br>· Amortisation of debt | · Improvement in LTV over the year:<br>- 2023: 51%<br>- (2022: 53%)<br><br>· Linked unit price:<br>- 2023: P1.75<br>- (2022: P1.80)<br><br>· NAV PLU grew by 7%:<br>- 2023: P3.43<br>- (2022: P3.22) |
| · We actively pursue growth opportunities by reinvesting capital into new acquisitions that offer robust long-term growth potential<br>· We prudently manage sectoral and geographic exposure to mitigate risks associated with concentration<br>· We prioritise the ongoing maintenance and timely refurbishment of properties, ensuring they remain in optimal condition<br>· We strategically identify and acquire/develop assets that contribute positively to yields while divesting properties identified for potential sale, streamlining our portfolio for better returns | · Diversified portfolio across three jurisdictions with over 400 leases in place<br>· High quality and diversified tenant base, including a wide variety of regional and international blue-chip organisations | · Best-in-class portfolio underpins investment property value and helps retain tenants<br>· GLA, portfolio value and enhanced customer experience<br>· PrimeTime is protected from single asset/tenant exposure |

| Inputs | Descriptor |
|---|---|
| **Natural capital** | • PrimeTime is committed to delivering environmentally sustainable and eco-friendly developments |
| **Social and relationship capital** | • PrimeTime values its relationships with all its stakeholders for the mutual long-term benefit of all parties<br>• Stakeholders include unitholders, financers, suppliers, tenants, and regulatory bodies |
| **Intellectual capital** | • PrimeTime's brand, reputation, and skills brought by the Board and external management team |

| Activities | Outputs | Outcomes |
|---|---|---|
| • We construct new developments in accordance with internationally recognised green building standards<br>• Our projects include water-efficient landscaping, energy-saving technologies, and strategic building orientation to minimise solar heat during peak hours<br>• We have integrated solar panels into our existing portfolio to harness sustainable energy sources | • The Motswere building at Prime Plaza II, completed in November 2023, will be the greenest building to be delivered in Botswana to date<br>• Solar panels were installed at Sebele Centre during the FY 2023 and a further two installations on other sites are planned for FY 2024<br>• Assessments to retro rate existing buildings will commence in FY 2024 | • More efficient buildings for our tenants and users<br>• Meeting tenants sustainability requirements down their supply chain |
| • Stakeholder engagements<br>• Sponsorship of industry events<br>• Contributions to local communities | • Distributing information through a range of channels, such as BSE X-News, social media platforms, external management meetings with investors, financiers, and tenants<br>• Supporting industry events like BOTSREAL, ZAMREAL, and API events through sponsorship<br>• Utilising PrimeTime properties for community events, which encompass activities like fun runs, blood drives, cancer awareness initiatives, and other charitable endeavors | • A good understanding of stakeholder requirements and expectations ensuring the longevity of the relationships PrimeTime has fostered<br>• Raise awareness of the PrimeTime brand<br>• Ensure the communities in which we operate see value from the presence of PrimeTime-owned properties |
| • PrimeTime is a well-recognised brand within the industry in Botswana and Zambia<br>• The strength of its Board is well recognised, and the External Property and Asset Management team are at the forefront of the industry across all of PrimeTime's jurisdictions | • Extensive and broad diversified skills help the Board determine the strategic direction of the Group and mitigate risk<br>• Identification of acquisition and disposal opportunities<br>• Tenants are attracted to well run and governed landlords | • Clear understanding of PrimeTime's strategic goals<br>• Maintain competitive advantage and attract high grade tenants |

# STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays a pivotal role in achieving our governance objectives, which include building a strong reputation, maintaining legitimacy and fostering healthy relationships. As outlined in our Stakeholder Management Policy, we prioritise consistent and transparent engagement with our stakeholders.

These efforts are instrumental in establishing trust and credibility between us and our stakeholders. Furthermore, they provide a platform for stakeholders to share their valuable experiences and expertise, which in turn informs our strategy development process.

Our key stakeholders, what matters to them and how engagement with them is managed is set out below:

| Stakeholder | Quality of the relationship | How we engage | Objectives |
|---|---|---|---|
| **Unitholders** | · Excellent | · Presentations<br>· Regular one-on-one meetings<br>· Integrated annual reports<br>· PrimeTime website<br>· BSE X-News<br>· Mainstream media<br>· Strategy formulation questionnaires<br>· Annual general meetings | · Maintain existing investment<br>· Attract new investment<br>· Capital raising<br>· Understand current investor requirements<br>· Keep major investors appraised of market conditions and strategic objectives |
| **Debt providers: commercial banks, fund managers, pension funds and institutions** | · Very Good | · Presentations<br>· One-on-one meetings<br>· Written, electronic and verbal communications<br>· Integrated annual reports<br>· PrimeTime website<br>· BSE x-News<br>· Mainstream media<br>· Strategy formulation questionnaires<br>· Annual general meetings | · Access to funding<br>· Keep major funders appraised of market conditions and strategic objectives<br>· Renewal of facilities on maturity<br>· Understand current funder requirements |

The Governance and Nominations Committee assumes the responsibility for reviewing and providing recommendations on stakeholder management. This includes receiving routine reports on our communications efforts and contributing insights for the IAR and various other communication channels. Additionally, we have established an Alternative Dispute Resolution Policy accessible to all stakeholders. This policy serves as a mechanism for expeditious and equitable resolution of any disputes, conflicts, or disagreements that may arise during our business relationships.

| What matters to them | Key issues faced in 2023 | PrimeTime's response and actions |
|---|---|---|
| • Sustainable NAV and distributions<br>• Unit price performance<br>• Management competence<br>• Compliance with relevant Laws and Regulations. | • Unit price performance<br>• Liquidity of units available for trading<br>• Quality of earnings within the sector<br>• Sustainability of compensation for the External Property and Asset Manager<br>• Timely payment of distributions to investors<br>• Compliance with financial covenants<br>• Property valuations and their accuracy<br>• Strength of the Statement of Financial Position (SOFP) | • Regular and transparent feedback given on all matters raised<br>• External Manager's KPIs and Board and Board Committees performance monitored<br>• Engaged with institutional investors to listen to their needs and incorporated actions in the strategy formulation process |
| • Solvency<br>• Covenant compliance<br>• Adequate security<br>• Financial performance and forecasts | • Tough trading conditions impacting on cash flows<br>• Covenant compliance<br>• Removal of USD LIBOR<br>• Maturity of facilities<br>• Interest rate hikes | • Commence early communication when facilities are approaching maturity<br>• Provide consistent and transparent feedback on all raised concerns and issues<br>• Keep a close watch on Key Performance Indicators (KPIs)<br>• Maintain ongoing dialogues with funders facing covenant pressures, and, if required, request covenant relaxation<br>• Gradually reduce a portion of the debt through annual amortisation |

| Stakeholder | Quality of the relationship | How we engage | Objectives |
|---|---|---|---|
| **Tenants** | · Very Good | · One-on-one meetings<br>· Written, electronic and verbal communications<br>· Site visits<br>· PrimeTime website<br>· Social media brochures and leaflets<br>· Strategy formulation questionnaires | · Attract and retain quality tenants<br>· Understand tenants anticipated future requirements<br>· Understand current tenant requirements |
| **Shoppers at our retail properties** | · Good | · Social media<br>· Mainstream media<br>· Brochures, leaflets, adverts<br>· Events and promotions | · Understand the demographic of our shopper needs to enable us to deliver a suitable product<br>· Increase footfall at our properties |
| **Regulators, including the BSE and BAOA**<br><br>**Tax authorities - BURS, ZRA, MRA and SARS**<br><br>**Government, municipalities, city councils, land boards** | · Good | · Meetings<br>· Written, electronic and verbal communications<br>· Mainstream media<br>· PrimeTime website | · To ensure compliance with all laws and regulations<br>· To manage risk of non compliance |
| **Suppliers and service providers** | · Good | · Meetings<br>· Written, electronic and verbal communication<br>· Site visits<br>· Mainstream media | · Promotion of good relationships with our suppliers equals quality service on good term |

| What matters to them | Key issues faced in 2023 | PrimeTime's response and actions |
|---|---|---|
| • Location<br>• Quality property management<br>• Quality property structures<br>• Reliable provision of water, electricity, and ablution services<br>• Cost effective space<br>• Footfall | • Competing properties<br>• Continued rapid increase in utility costs | • Sustained dialogue regarding cost management<br>• Ensuring high-quality property management<br>• Enhancing the portfolio through ongoing improvements<br>• Addressing and discussing objections with service providers regarding costs<br>• Organising events and activities at retail malls<br>• Seeking essential information from major tenants to inform our strategic planning |
| • Safe, convenient centres<br>• Clean modern facilities<br>• Tenant mix | • Tenant sustainability<br>• Security | • Concentrated property and asset management tailored to meet consumer demands<br>• Identifying suitable tenants to occupy vacant spaces<br>• Orchestrating events and activities at retail malls |
| • Compliance<br>• Adherence to compliance and payment deadlines | • A rise in compliance demands accompanied by associated expenses.<br>• Difficulties in fulfilling BURS (Botswana Unified Revenue Service) requirements due to their system challenges<br>• Escalating utility and rate expenses<br>• Concerns regarding the reliability of electricity supply<br>• Risks associated with land tenure and ownership | • Allocate extra personnel resources as needed<br>• Partner with specialised service providers for specific tasks or expertise<br>• Foster open, transparent, and frequent communication<br>• Establish alternative backup facilities for power and water supply |
| • Repeat business from PrimeTime<br>• Referrals | • Increasing cost because of inflationary factors | • Adherence to procurement policies<br>• Engage in negotiations to secure favourable prices |

# RISK MANAGEMENT PROCESS

Risk management is an integral part of the daily operations of the Group, and we have established a formal process to **systematically identify and manage all types of risks**

## Risk appetite

Our approach to risk management is balanced and integrated, reflecting our willingness to take calculated risks in our pursuit of long-term value creation. Material risks are subject to frequent review, rigorous evaluation, and prioritization by our external management team.

| Risk | Description | Impact |
|---|---|---|
| **1. Vacancy rates rising above maximum tolerated portfolio level of 5%** | Maintaining occupancy at a minimum of 95%, through successful renewals of existing tenants, filling vacancies timeously and avoiding tenant failure where possible | · A high level of vacancies in a property can make it unattractive to new tenants<br>· Footfall impact in retail centres<br>· Negatively impacts profits and utility recovery rates, putting pressure on covenants<br>· Negatively impacts property valuations |
| **2. Changes in lifestyle** | Increase in online shopping and banking habits, and work from home policies are impacting tenant space needs | · Increased vacancies<br>· Properties become obsolete<br>· Reduced profits putting pressure on covenants<br>· Reduced property valuations |
| **3. Infrastructure failures** | Unreliable municipal capacity and city planning issues, such as road access, power supply and sanitation | · Properties become unattractive to tenants and consumers |

PrimeTime's Risk Management Policy serves as a comprehensive framework for identifying, assessing, and monitoring risks. It enhances our understanding of the inherent risks in our business, ultimately improving our decision-making processes. While risks can never be entirely eliminated, our risk identification and management processes enable us to formulate strategic plans that incorporate both risk mitigation measures and the risks we are willing to accept in pursuit of our objectives. This process also determines the residual risks, shaping our overall risk appetite.

We ensure that all significant risks are identified, assessed, and, where necessary, mitigated. These risks are reported to our Audit and Risk Committee (ARC) in a timely manner. After the committee's review, they are presented to the Board for further assessment and approval. This structured approach helps us navigate the complexities of risk management while aligning our decisions with our strategic objectives.

## Risk tolerance

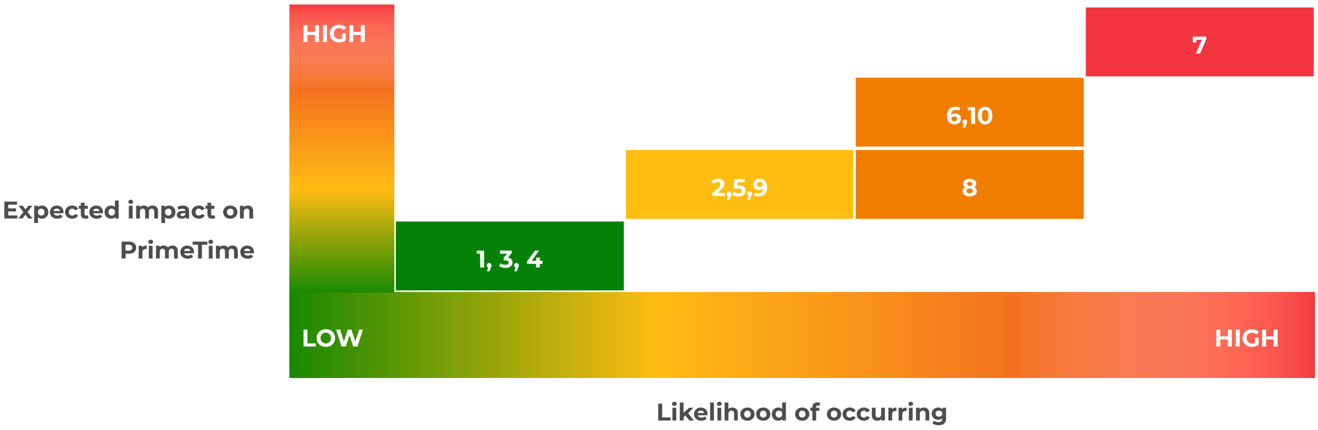
In applying the risk management process, the key risks set out below were identified. These are not the only risks facing the company but are the most material in the current environment. Risks are assessed in terms of their probability and potential impact on PrimeTime. Each risk is mapped to the strategic objective that it could impact.

| Mitigation measures | Opportunity |
|---|---|
| • Due diligence on lease initiation<br>• Early assessment of impending failure<br>• Create strong tenant demand by keeping our offering current and desirable<br>• Aligning with tenants sustainability requirements<br>• Negotiate major lease renewals 6 to 12 months in advance or more<br>• Assisting viable tenants through difficult periods | • Use our insights gained from tenant interactions to plan for future vacancies and seek replacement tenants in advance<br>• Use vacant periods to complete maintenance and refurbishment works |
| • Development planning to meet current consumer requirements<br>• Re-purpose existing spaces if appropriate and possible<br>• Monitor market trends<br>• Stay close to tenants to understand their requirements and meet them if possible | • Adapt offices to cater for hot desk and hybrid working practices<br>• Adapt retail to manage online requirements such as distribution depots and collection hubs |
| • Initiate change<br>• Provide backup for municipal supply failures<br>• Build efficiently using the latest green technologies | • Position developments to be resilient to these failures, making them more attractive to tenants<br>• Build greener with less reliance on externally generated supplies<br>• Modify existing properties with energy-efficient solutions |

| Risk | Description | Impact |
|---|---|---|
| **4. IT process failures** | Loss of data due to either inadequate internal processes or external cyber attacks | • Inability to manage the business<br>• Reduced profits<br>• Non-compliance |
| **5. Capital availability and cost** | Limited availability of debt and/ or equity funding coupled with increased costs as interest rates rise | • Funder covenants come under pressure if the company is unable to balance the mix of debt and equity capital<br>• Excessive and unreasonable funder covenants can stifle growth<br>• High LTV<br>• Higher interest costs reduce profitability<br>• Inability to develop landbank |
| **6. Foreign currency risk** | Wide fluctuations in foreign currency rates across the Group | • Fluctuations in profitability, asset and liability values when converting the results of foreign operations for consolidation reporting<br>• Impacts on Group measured covenant compliance/ breaches |
| **7. Interest rate risk** | Rising interest rates were experienced worldwide during the FY2023 | • Reduced profitability<br>• Breach of funder covenants<br>• Reduced customer spending power for our tenant base |
| **8. Inflationary effects** | Inflationary pressures worldwide due to wider macro-economic environment | • Rising costs and interest rates<br>• Lease escalations falling behind inflation resulting in net returns eroding over time |
| **9. Compliance risk** | Compliance with rapidly changing legislation and regulations, and governance practices and the cost of compliance | • Compliance and governance failures decrease stakeholder confidence<br>• Risk of penalties and sanctions due to non-compliance with legislation and regulation |
| **10. Tax risk** | Compliance with tax laws and authorities across several jurisdictions and management of changes therein | • Risk of penalties and interest due to non-compliance<br>• Failings in service delivery by authorities leading to long delays in tax refunds due and/or errors in taxpayer account management<br>• Tax leakage due to rapid changes in tax structures, tax rates and/or international treaties<br>• Increased administrative burden to manage changes and correct errors |

| Mitigation measures | Opportunity |
|---|---|
| · IT policies in place to manage all processes<br>· Build cyber awareness through ongoing training | · Utilisation of technology brings efficiencies to the business processes |
| · Maintain good relationships with funders<br>· Equity raising initiatives including capitalisation of distribution and rights issues<br>· Amortisation of a portion of the debt annually | · Explore alternative sources of capital |
| · Hedging and financial planning<br>· Matching the currency of assets, liabilities and income streams in the same jurisdiction | · Position Group and investments/debt to hedge the effects of currency fluctuations |
| · Hedge the risk by fixing interest rates on some facilities<br>· Amortisation of a portion of debt annually | · Explore alternative capital instruments |
| · Fixing interest rates on some facilities<br>· Negotiating CPI-linked rent escalation rates with tenants<br>· Building periodic 'rental reviews to market' clauses into longer leases<br>· Careful cost control including fixing cost contracts for a period, caps and collars on annual cost increases, being prepared to switch service providers to manage costs, maximising tenant cost recoveries | · The challenging economic impacts require us to manage the business more efficiently and strategise solutions<br>· Increase escalations on rentals generating income growth<br>· Increasing development costs should decrease the delivery of new stock and improve the attractiveness to occupiers of our existing product |
| · Engagement of competent management<br>· Use external advice and assistance where required<br>· Employment of Compliance Officer to oversee and monitor the governance and compliance responsibilities of the company, and report on procedures<br>· Awareness and training<br>· Continued monitoring and reporting to the Board | · Development of in-house skills to maintain the compliance framework going forward will drive the cost down<br>· Manage reputational risk<br>· Adhering to the best practice guidelines and training for the External Property and Asset Manager's staff will improve efficiencies across the business |
| · Use external advice and assistance where required<br>· Deploy resources to effect the changes and attend to resolving taxpayer accounts with the revenue authorities<br>· Awareness and training | · Regularly review the company structure to ensure it is an efficient vehicle for unitholder investment<br>· Establish a network of advisors to consult when changes occur to facilitate a rapid response |

## Residual risk after mitigating action has been taken

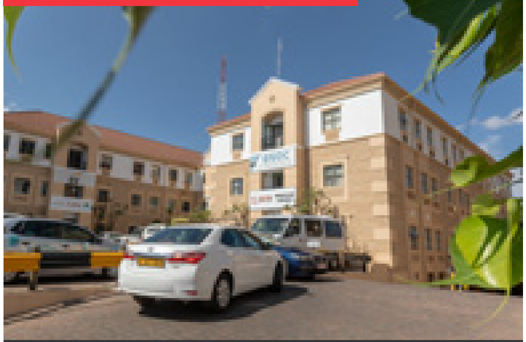



| Risk | Description | Inherent risk assessment | Residual risk after mitigation action plans |
|---|---|---|---|
| 1 | Vacancy rates rising above a maximum tolerated portfolio level of 5% | Medium low | Low |
| 2 | Changes in lifestyle | Medium high | Medium low |
| 3 | Infrastructure failure | Medium high | Low |
| 4 | IT process failures | Medium low | Low |
| 5 | Capital availability and cost | High | Medium low |
| 6 | Foreign currency risk | Medium high | Medium high |
| 7 | Interest rate risk | High | High |
| 8 | Inflammatory effects | High | Medium high |
| 9 | Compliance risk | Medium high | Medium low |
| 10 | Tax risk | High | Medium high |


*Paratus House, Gaborone*

# PERFORMANCE OVERVIEW

Plott 22, Gaborone




Plot 203, Gaborone

# FINANCIAL REPORT

## Five-year financial review

| | | August 2023 P'000 | August 2022 P'000 | August 2021 P'000 | August 2020 P'000 | August 2019 P'000 |
|---|---|---|---|---|---|---|
| 1 | **Distribution statement** | | | | | |
| | Contractual rental income | **181 759** | 169 031 | 151 230 | 149 480 | 144 985 |
| | Other operating revenue | **38 137** | 32 393 | 25 565 | 25 733 | 20 734 |
| | Recoverable costs | **(38 775)** | (36 688) | (28 353) | (30 073) | (24 485) |
| | Ground rental | **(3 996)** | (3 918) | (2 618) | (2 695) | (3 446) |
| | Other property expenses | **(24 741)** | (22 771) | (18 767) | (18 903) | (15 217) |
| | Net property income | **152 384** | 138 047 | 127 057 | 123 542 | 122 571 |
| | Administrative and corporate costs | **(14 930)** | (15 982) | (15 361) | (14 482) | (19 715) |
| | Realised forex profit/(loss) | **3 757** | (1 283) | (1 122) | (1 737) | (1 073) |
| | Net operating profit | **141 211** | 120 782 | 110 574 | 107 323 | 101 783 |
| | Net finance cost | **(74 008)** | (60 932) | (50 842) | (51 615) | (45 457) |
| | Taxation relating to distributable earnings | **(8 643)** | (9 048) | (6 398) | (10 889) | (9 559) |
| | Distributable earnings | **58 560** | 50 802 | 53 334 | 44 819 | 46 767 |
| 2 | **Summarised statement of financial position** | | | | | |
| | Non-current assets | **1 860 685** | 1 761 723 | 1 607 296 | 1 615 269 | 1 498 857 |
| | Current assets | **47 083** | 61 359 | 64 715 | 59 866 | 122 203 |
| | Non-current assets held for sale | **-** | - | 43 884 | - | - |
| | Total assets | **1 907 768** | 1 823 082 | 1 715 895 | 1 675 135 | 1 621 060 |
| | Non-current liabilities | **842 638** | 721 074 | 536 043 | 612 390 | 686 238 |
| | Current liabilities | **198 352** | 303 706 | 476 151 | 355 811 | 173 102 |
| | Total liabilities | **1 040 990** | 1 024 780 | 1 012 194 | 968 201 | 859 340 |
| | Net asset value | **866 778** | 798 302 | 703 701 | 706 934 | 761 720 |

| | | August 2023 P'000 | August 2022 P'000 | August 2021 P'000 | August 2020 P'000 | August 2019 P'000 |
|---|---|---|---|---|---|---|
| 3 | **Statistics** | | | | | |
| | Distribution (thebe) | **11.57** | 12.66 | 12.94 | 15.78 | 17.90 |
| | Closing unit price (thebe) | **175** | 180 | 235 | 285 | 295 |
| | Closing market cap (P'000) | **441 978** | 445 598 | 574 929 | 697 254 | 721 720 |
| | NAV per unit (thebe) | **343** | 322 | 288 | 289 | 311 |
| | (Discount) to NAV | **(49%)** | (44%) | (18%) | (1%) | (5%) |
| | LTV | **51%** | 53% | 57% | 54% | 52% |
| 4 | **Properties** | | | | | |
| | Number of properties | **29** | 29 | 30 | 30 | 27 |
| | GLA (000m²) | **122 320** | 122 265 | 116 907 | 116 687 | 100 919 |
| | Portfolio vacancies | **2%** | 2% | 3% | 5% | 5% |

*Pilane Crossing, Pilane*

## Distributable earnings

The distributable earnings are calculated by removing fair value adjustments, straight line adjustments, unrealised foreign exchange differences on translating foreign balances and the tax adjustments thereon, from statutory profits for the year as recorded in the Statement of Profits or Loss and Other Comprehensive Income.

The growth in contractual rental income for the year was 8%, despite the loss of income contribution from the two small properties disposed of in the prior year. The proceeds of these sales were rolled into the new Motswere building developed in the CBD, and the funds invested will become income earning in the FY2024. A few properties also took a knock from rentals being rebased during the year, but as the rent reductions were in exchange for long leases, which supports our strategy to maintain growth in the value of our properties in the medium to longer term. Occupation rates in our Zambian portfolio improved by the end of FY2023, setting a foundation for increased income expected from the region in FY2024.

Following the cost reduction measures, which were put in place in the second half on the FY2022, combined with lower vacancies throughout the year, the rate of recovery of costs from tenants was higher across the Group at 94% from a base of 85% in the prior year. Given the inflationary impacts experienced in this cost category over the past few years, this result has made a significant contribution to the bottom line.

On the administrative cost side, after the considerable efforts put into the Board and Board Committees reconstitution, and the governance and compliance framework improvements during the prior year, which came at an additional considerable cost, the costs of governance and compliance were reduced in FY2023. Several other administrative cost line items have also seen reductions year on year.

The large increase in total interest costs has had the largest negative impact on the group results this year. A small portion of this can be attributed to the funding of new property additions, which were completed halfway through the prior year, but the largest impact is attributable to rising interest rates. Regions hardest affected within the Group are Zambia and South Africa, which experienced numerous rate increases during the year. Facilities maturing in Botswana in recent years have proved more expensive to refinance, which reflects the macroeconomic pressures prevailing in the market.

## Distribution

Cash outflows from items such as loan amortisation payments and minor capitalised improvements to investment properties are deducted from distributable profits to determine the recommended distribution approved by the Board.

In recent years, the Group adopted an accelerated loan amortisation program to meet funder covenants and to strengthen the net asset value (NAV) position, and during FY2023, being the peak, P28 million of debt was amortised. Capitalised property improvements of P5 million were also funded from profits this year. These were largely refurbishments at the PwC Office Park in Zambia, Paratus House in Botswana and Logwin in South Africa- all of which resulted in new tenants or long lease renewals from existing tenants - in line with the medium-term goal of enhanced net return.

In March 2023, we again offered our unitholders the opportunity to capitalise their net debenture interest distribution. We welcomed the support of 40% of the unitholders who made the election to reinvest – an action which has assisted the company towards achieving a key strategic objective to lower LTV.

## Investment properties

Across the regions at the year-end, the South African properties experienced a small net downward adjustment in the property values of 3%, while the Zambian property values remained flat, and the Botswana properties recorded a modest uplift of 3%.

We have continued to invest into our existing land bank by developing the first (of four) building at Prime Plaza II, and considerable infrastructure and basement parking is now ready for the remaining three buildings. This development was funded partly by the remainder of the proceeds from the two property disposals made in the prior year, and a small additional facility partly drawn in the FY2023 to complete the project.

## Funding

Debt management, with debt maturity and cost at its core, remains a focus as most of PrimeTime's growth to date has been achieved using the leveraged model. The debt maturing during the financial year was refinanced and facilities maturing in the FY2024 have already been refinanced or are in the advanced stages of negotiation with funders.

The proportion of fixed interest debt year on year has increased from 37% to 41%, but with current indications that rates have peaked and may start to fall within the next 12 months, variable rated options will once again become more attractive to the Group.

## Covenants

Due to the environment of rising interest costs, which impacted on the interest cover ratios, some of the commercial bank covenants were indicating breaches at the interim reporting date. Following negotiations with all the affected banks, waivers or relaxations for the affected covenants breaches were obtained in writing before the year end.

## Balance sheet management

Management of the Group's balance sheet remains key to steering the business successfully forward. We continue to see an improvement year on year in the key indicator of LTV of 51%, which is off its highpoint of 57% in 2021. This was achieved through a combination of debt amortisation, capitalisation of distributions and enhancement of the underlying property market values. Progress has been slower than we would have liked, due to the macroeconomic challenges we faced during the past few years.

## Future prospects

The recovery of our top-line rental income is continuing. Indications are positive for FY2024 given that some of the vacancies recorded at year end have been subsequently let, and with the full occupancy in the new Motswere building, which was completed in November 2023, these will contribute positively to the rental income for FY2024.

Plans to reduce interest costs, using a debt restructure program which will be rolled out to fund debt maturities that fall due are now at an advanced stage. This debt restructure program will go towards addressing the high interest cost risk of the Group in the medium term.

Cost control will continue to receive heightened attention, and the scheduled debt amortisation will reduce over the next few years as FY2023 was its peak.

# OUR PORTFOLIO

| Botswana | Location | Sector | GLA (m²) | Vacancy as at 31 August 2023 (m² vacant as a % of GLA) | Ownership (%) |
|---|---|---|---|---|---|
| Plot 67979, Fairgrounds | Gaborone | Office | 1 471 | - | 100 |
| Boiteko Junction | Serowe | Retail | 7 918 | - | 100 |
| Capricorn House | Gaborone | Office | 1 396 | 24% | 100 |
| Design Quarter | Gaborone | Retail | 3 010 | 4% | 100 |
| G4S | Gaborone | Retail | 2 176 | - | 100 |
| Pinnacle Park | Gaborone | Office | 4 421 | - | 100 |
| DHL | Gaborone | Industrial | 1 276 | - | 100 |
| Plot 20610, Broadhurst | Gaborone | Industrial | 1 617 | - | 100 |
| Independence Place | Gaborone | Office | 926 | - | 100 |
| Plot 22 | Gaborone | Office | 3 602 | 20% | 100 |
| South Ring Mall | Gaborone | Retail | 2 793 | - | 100 |
| Hillside Mall | Lobatse | Retail | 4 267 | 16% | 100 |
| Nswazwi Mall | Francistown | Retail | 6 561 | 6% | 100 |
| Pilane Crossing | Pilane | Retail | 10 225 | - | 100 |
| Prime Plaza (four sections)* | Gaborone | Office | 11 117 | - | 100 |
| Sebele Centre | Gaborone | Retail | 10 250 | 1% | 100 |
| South African High Commission | Gaborone | Office | 2 010 | - | 100 |
| Lobatse Junction | Lobatse | Retail | 8 915 | - | 100 |

*Comprising: Acacia first floor, Absa HQ, Marula, and CIPA House


*Plot 22, Gaborone*

| **South Africa** | Location | Sector | GLA (m²) | Vacancy as at 31 August 2023 (m² vacant as a % of GLA) | Ownership (%) |
|---|---|---|---|---|---|
| Logwin | Johannesburg | Industrial | 8 043 | - | 100 |
| Riverside Junction | Johannesburg | Mixed-use | 3 599 | - | 100 |

*Riverside Junction, Johannesburg*

| **Zambia** | Location | Sector | GLA (m²) | Vacancy as at 31 August 2023 (m² vacant as a % of GLA) | Ownership (%) |
|---|---|---|---|---|---|
| Centro Kabulonga | Lusaka | Retail | 7 555 | - | 100 |
| Chirundu Mall | Chirundu | Retail | 4 741 | 1% | 100 |
| G4S | Lusaka | Industrial | 3 633 | - | 100 |
| G4S | Kitwe | Industrial | 2 473 | - | 100 |
| Munali Mall | Lusaka | Retail | 6 097 | 9% | 100 |
| PwC Office Park | Lusaka | Office | 4 702 | - | 100 |

*Munali Mall, Lusaka*

# OPERATIONAL REVIEW

## Tenants and leasing

Our tenants are the cornerstone of our business. Providing them with the right space and facilities required to be successful is essential for a long-term mutually beneficial business relationship to flourish. Without them there would be no business and therefore no distribution for unitholders.

At year-end we had over 400 leases in place across three countries, with an enviable stable of tenants many of whom we have built strong ties with over several years. The sound management of our tenants and competitive nature in securing new ones is reflected in our continued low vacancies across the Group.

### Tenant profile

PrimeTime's tenants are predominantly corporate occupiers, comprising head offices, the major regional retail brands to diplomatic missions, parastatals and donor-funded NGOs.

*Tenant profile by rental income:*

| | **2023 BWP rental income** | | **2022 BWP rental income** | | **2021 BWP rental income** | |
|---|---|---|---|---|---|---|
| Retail chains - national and regional | 72 348 240 | 40% | 67 785 350 | 40% | 57 018 607 | 38% |
| Government and parastatal | 16 341 386 | 9% | 14 655 766 | 8% | 12 001 413 | 8% |
| Major Corporates/ Multinationals | 31 371 978 | 17% | 30 028 002 | 18% | 29 932 953 | 20% |
| Others | 38 608 343 | 21% | 35 030 102 | 21% | 28 479 717 | 19% |
| Banks and financial institutions | 23 088 853 | 13% | 21 531 789 | 13% | 23 797 247 | 15% |
| | **181 758 800** | **100%** | **169 031 009** | **100%** | **151 229 936** | **100%** |

### Tenant attraction and retention

Ensuring our properties remain attractive, efficient, and well-maintained is central to attracting and retaining tenants. PrimeTime's properties comprise best in class assets which retain a high-quality spectrum of tenants, spreading risk across a broad portfolio and occupier base. Properties are kept current, incorporating sustainable features and working with tenants to meet their needs.

## Leasing

*Portfolio lease expiry profile by monthly rental:*

| | 2023 BWP monthly rental | | 2022 BWP monthly rental | | 2021 BWP monthly rental | |
|---|---|---|---|---|---|---|
| Less than 1 year | 3 507 519 | 21% | 2 129 981 | 14% | 2 057 777 | 15% |
| 2 to 4 years | 8 530 828 | 52% | 9 130 470 | 60% | 7 938 984 | 57% |
| More than 4 years | 4 352 310 | 27% | 3 853 888 | 26% | 4 040 457 | 29% |
| | **16 390 657** | **100%** | **15 114 339** | **100%** | **14 037 218** | **100%** |

A number of significant tenant leases are due for renewal in FY2024, including Absa Head Office and the South African High Commission, which is reflected in the increased portion of the Group lease expiry profile with less than one year to run.

## Vacancies

We have maintained high occupancy levels across the portfolio with vacancies totalling just 2% at year end, in line with the FY2022 year end. Post year end vacancies have fallen below 1% across the Group.

| | Vacancies at YE |
|---|---|
| 2018 | 5% |
| 2019 | 5% |
| 2020 | 5% |
| 2021 | 3% |
| 2022 | 2% |
| 2023 | 2% |

## Sectoral reviews

### Office

The Botswana market continues to see a market dichotomy between top end of the market, where space is extremely scarce, and an excess of supply in the secondary market where rents remain depressed. There is an inclination to seek to rationalise space usage among major corporates, but also to seek better quality and locations, which is presenting opportunities for new developments. Location, parking provision and sustainable development presents credentials are the major drawcards for quality tenants.

The CBD submarket is still the focus for most major corporates, while Setlhoa in the north of Gaborone provides fresh competition to the Showgrounds market as a decentralised office node.

In Zambia, many businesses still operate from residential plots around the city. The fall in office rentals over recent years has seen a shift to more formalised offices and the slow migration from outdated stock, many occupiers still reside in, to more modern premises continues. International tenants are increasingly asking for green features, either in new buildings or to be retrospectively provided in existing premises.

The supply/demand imbalance in South Africa means competition for tenants remains fierce between landlords and strong incentives are being offered on new leases and at renewals. Landlords have been forced to be creative, offering serviced office options and flexible lease terms to retain occupancy levels where possible.

### Retail

Vacancies in the best centres in Gaborone are low and demand for smaller and mid-sized units strong. Many of the regional brands are still looking for expansion opportunities on a national level and the strong stable of local retailers also provide a solid base. Regional development opportunities still exist in towns where there is a lack of modern quality retail stock, and in greater Gaborone there is still space for small local convenience retail centres in select locations.

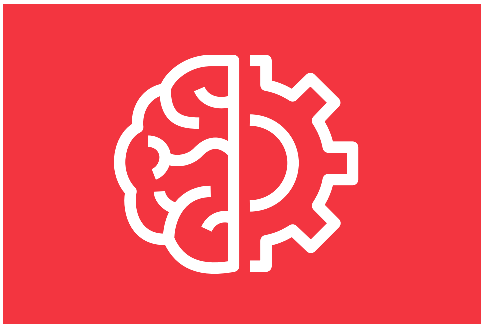
In Zambia, the devaluation of the Kwacha has placed pressure on retailers after a period of relative stability. However, rents have bottomed out and occupancy rates are improving.

Retailers in South Africa have experienced additional cost pressures as loadshedding in particular, has increased overall occupancy costs. However, there is still reasonable demand for space in the best located malls.

### Industrial

Long-let, investment grade industrial property is difficult to source in both Botswana and Zambia. In South Africa the market is more liquid with a broader and stronger tenant base. Rentals have fallen, but the quality of the tenant base means there are attractive investment opportunities in the market.

# INTELLECTUAL CAPITAL



## Technology and information

PrimeTime uses MRI Property Central, a highly regarded property management and accounting software platform widely used in the real estate sector. This cloud-based solution is fully supported and known for its effectiveness. MRI's lease-driven system offers built-in controls for tenant and property management, which seamlessly complement the accounting system. It has proven to be an invaluable tool, streamlining data organisation, and enhancing business processes. In the current year, our management company further enhanced our operations by implementing the facilities management module within MRI, automating the management of facilities and general property maintenance.

PrimeTime's external management company employs a specialist external IT solutions provider who oversees backup procedures, anti-virus protection and firewalls. In line with data protection principles, they are also responsible for:

- Ensuring all systems, services and equipment used for storing data meet acceptable security standards
- Evaluating any third-party services used to store or process data
- Performing regular checks and scans to ensure security hardware and software is functioning properly

The external management company has established Acceptable Use and Internet Usage Policies to govern the IT infrastructure and its utilisation. These policies ensure that all the employees of the management company are well-informed about the proper usage, security measures, and maintenance procedures for various technological assets, including computers, mobile devices, servers, internet connectivity, and applications.

Additionally, in alignment with its Cyber Security Policy, PrimeTime regularly conducts cybersecurity training sessions and cyber threat simulation campaigns for all the external management company staff. This proactive approach helps enhance the company's cybersecurity preparedness and ensures that employees are well-equipped to respond to potential threats effectively.

Furthermore, the company is committed to adhering to its Data Protection Policy, which emphasises the responsible collection, storage, and handling of individuals' data. The policy's core objective is to safeguard this data from unauthorised access, accidental deletion, and malicious hacking attempts, thereby maintaining the highest standards of data security and privacy.

To bolster our security measures, the external management company has implemented several key practices:

- **Strong passwords:** We enforce the use of strong passwords, which are changed regularly. Employees are reminded never to share their passwords with anyone, ensuring that access to sensitive information remains restricted
- **Non-Disclosure Agreements (NDAs):** Non-disclosure agreements are an integral part of employment contracts. This legal measure underscores the importance of confidentiality and safeguards our proprietary information
- **Regular data backups:** Maintaining a robust data backup system that operates both on and offsite. These backups are not only scheduled at regular intervals but are also routinely tested in accordance with our policy procedures. This ensures that our data can be reliably restored in case of unforeseen incidents
- **Hardware security:** Any hardware that contains sensitive data is fortified with approved endpoint security software. We also employ drive encryption to protect data at rest and maintain a strong firewall to safeguard against unauthorised access and cyber threats

By implementing these measures, we aim to maintain the highest level of security and confidentiality for our data and uphold our commitment to safeguarding the interests of our company and our clients.

# NATURAL CAPITAL – SUSTAINABILITY REPORT

Sustainability definition – "meets the needs of the present without compromising the ability of future generations to meet their own needs"

## Introduction

With most PrimeTime's portfolio stock situated in Botswana, our current steps towards sustainability are a priority in the current market.

Botswana's sustainability and sustainability reporting market is still immature, with very limited access to data, especially data on scope 2 and scope 3 emissions performance. The sustainability value chain, which includes assurance and data providers, and ESG rating consultants, is not yet developed. The country does not have local reporting standards or frameworks. As a listed property fund, PrimeTime will be subject to the future sustainability requirements of the Botswana Stock Exchange (BSE) and other legislated requirements.

Despite the limited data resources, regulatory requirements and guidance, and a developing sustainability supply chain value, PrimeTime still seeks to disclose its sustainability performance.

In view of the above, the following must be noted when engaging with the report:

- No specific reporting standard is used for compiling this report. Various reporting standards and industry reports are referenced for high-level guidance,
- This sustainability report is compiled internally and has not been reviewed or audited by a Sustainability Report Assurance provider,
- The reported operational consumption is that of tenants of PrimeTime, and in relation to the performance of the buildings they occupy - not their entire business practices,
- PrimeTime does not directly consume operational resources in the form of energy and water, nor does it directly generate operational waste, and
- The environmental performance of PrimeTime's supply chain, with respect to water, waste and energy is not included in this report but will be included in the future.

This report focuses on the following pillars:

- PrimeTime's Sustainability Strategy
- ESG Risks
- Green Building Certifications
- Renewable Energy Initiatives
- Water Consumption
- Electricity Consumption

## Sustainability strategy

| | |
|---|---|
| New Buildings | New developments will attain international best practice Green Building Certifications |
| Existing Buildings | Existing building stock will go through a phased retro-green building certification process |
| Green Leases | Green Leases will be rolled throughout the portfolio over time. New and green certified buildings will have green leases at inception. Leases of existing building stock will be renewed as Green Leases following the retro- green building certification |
| Renewable Energy Solutions | With Africa's favourable solar irradiation, PrimeTime will roll out Solar PV installation on optimally positioned buildings |
| Supply Chain Accountability | Environmental performance of service providers of PrimeTime will be required to disclose their environmental performance in the future |
| Continuous Monitoring | PrimeTime is working on system which will enable remote monitoring of water and energy consumption across all properties |

## ESG risks

ESG at a high level is another characterisation of sustainability. ESG is more specific than sustainability in that it focuses on how companies prioritise and monitor key sustainability areas through good governance structures.

ESG risks are considered when evaluating and managing PrimeTime's risks. The following ESG related risks have been identified and assessed:

| | Inherent risk pre-mitigation action plans | Residual risk post mitigation action plans |
|---|---|---|
| Climate Change Impacts | 12 | 12 |
| Pollution and Waste | 10 | 3 |
| Natural Resource Stress | 12 | 12 |
| Managing Stakeholder Expectations | 12 | 6 |
| Corporate Citizen Responsibility | 16 | 4 |

Key: High = 17+ Medium High = 10 up to 16 Medium Low = 5 up to 9 Low = up to 4

The risk level was determined by assessing the likelihood and impact of the identified risks before assessing how effectively the mitigation action plans and/or controls impact the risks. After applying the effect of the current mitigation action plans or measures, the residual risk level was established. New or additional measures, to mitigate the residual risk level further, were identified and their impact will be evaluated in the next review.

ESG risks are starting to be integrated into our strategic business decisions. This process is critical for managing the risks and requires collaboration across the organisation.

## Green building certifications

In 2022, PrimeTime resolved to only develop new green buildings going forward. Properties are our cornerstone investment, and they have a huge impact on the environment and on people. One of the best ways for PrimeTime to manage its impact on environment and people is through its developments. The first building to be developed since the above resolution is the Prime Plaza II - Motswere building, which was completed in the first quarter of FY2024. The building design has been awarded a 5 Star Green Star rating by the Green Building Council of South Africa (GBCSA). Motswere will achieve its As Built 5-Star Green Star rating in the upcoming financial year.


To achieve this design 5-Star Green Star rating, the building design includes the following sustainability features:

| | | |
|---|---|---|
| **Indoor environment quality** | Ventilation rates | Outside air is provided at a 33% higher rate than those prescribed by SANS 10400 requirements. This provides ample amounts of good quality outside air which counteracts the build-up of indoor pollutants. |
| | Daylight glare control | Glare control devices are fitted to eliminate 95% of all direct sun penetration (reduces energy consumption by HVAC system) and have a visual light transmittance of less than 10%. This so that discomfort of glare from outside is reduced. |
| | External views | The building is designed in a way that provides the occupants/ users with a visual connection to the external environment from their workstation. More than 80% of the Usable Area has a direct line of site to the outdoors. |
| | Thermal comfort | The building achieves high levels of thermal comfort- the building does not get too cold or too warm. This contributes to lower energy consumption by the HVAC system. |
| | Volatile organic compounds | The interior finishes have minimised levels of volatile organic compounds which promotes cleaner and healthier air. |

| | | |
|---|---|---|
| **Energy** | Greenhouse gas emissions | Reduced carbon emissions through a reduction in operational energy consumption, and by using solar PV. |
| | Energy sub-metering | Energy sub-meters will be installed per floor, and separately for lights and sockets to monitor the consumption of energy throughout the lifecycle of the building. This helps the building users to strategically control their energy consumption. |
| | Lighting power density | The lights specified in the design have minimal energy consumption. |
| | Lighting zoning | A lighting efficiency system that allows for lights to only be switched on only in occupied spaces. |
| | Peak energy demand reduction | The design reduces peak demand energy- which helps to eliminate the BPC penalties on maximum demand power. |

| | | |
|---|---|---|
| **Transport** | Fuel-efficient transport | The parking is designed and allocated to encourage and facilitate the use of fuel-efficient vehicles for work commuting, curbing the emission of harmful gases into the atmosphere. |
| | Cyclists' facilities | The development facilitates will encourage the use of bicycles by occupants and visitors through provision of secure bicycle storage, showers and changing facilities, and lockers for building staff, as well as a visitor bicycle parking area. This sustainability measure reduces harmful emissions, caused by vehicles, into the environment and promotes good health for building users. |

| | | |
|---|---|---|
| **Water** | Occupant water amenity | The building has sanitary fittings that reduce potable water consumption by building occupants - uses fittings with lower flow rates at optimum pressure. |
| | Water meters | Water consumption is managed and monitored through smart water sub-metering. |
| | Heat rejection Water | Heat Rejection water systems are used in HVAC systems- and some use potable water to operate. In this design, the heat rejection system does not consume water. |

| | | |
|---|---|---|
| **Materials and recycling** | Recycling waste storage | The building design includes dedicated storage area for separation and collection of waste from office consumables, with good access for all building occupants and for collection by recycling companies. |
| | Concrete | The design reduces the amount of embodied energy in concrete by replacing a portion of the Portland cement with industrial waste. |
| | Steel | The design reduces the amount of embodied energy associated with virgin steel by using steel that has a significant amount of recycled content. |

| | | |
|---|---|---|
| **Emissions** | Refrigerant/ Gaseous ODP | The design of the building only uses refrigerants that have an ozone depleting potential (ODP) of zero. |
| | Insulant ODP | The insulants used in the building have an Ozone Depleting Potential of zero. |
| | Legionella | To eliminate the risk of Legionnaires' disease (Legionellosis), no evaporative cooling towers or other evaporative cooling systems will be used in the building. |

## Existing buildings: retro-green building certifications

PrimeTime is in the process of rolling out retro-green building certifications for existing building stock using either the EDGE IFC or Green Star rating tool, depending on suitability.  The following properties have been prioritised for the first existing building green ratings in FY2024, with the intention being to roll out the initiative across the portfolio over several years in order to manage its cost:

| Property | Sector | Rating tool |
|---|---|---|
| Sebele Shopping Centre | Retail | EDGE IFC |
| Prime Plaza- Absa Building | Commercial | Green Star |

The process of having existing buildings retro certified as green involves assessing the current sustainability performance of the buildings, and thereafter any necessary improvements would need to be made to bring the building to the required standard.

## Renewable energy solutions

The use of renewable energy sources in PrimeTime's new and existing developments reflects its commitment to sustainability, and therefore a reduced carbon footprint. The table below summarises our progress in installing solar photovoltaics (PV) across our portfolio:

| Total number of buildings (including Motswere) | Properties with PV installations as at 31 August 2023 | Properties with PV installations planned for FY2024 | Buildings currently under PV performance review |
|---|---|---|---|
| 30 | 2 | 2 | 3 |

The performance of our existing PV installations during the FY2023 are summarised below:

| Property | Solar PV consumption (kWh)*1 | Fossil fuel consumption (kWh) *2 | Solar PV export to the national grid (kWh) | % of building electricity consumption generated by the solar PV | Reduction in operational greenhouse gas emissions (tonnes) |
|---|---|---|---|---|---|
| **Sebele Centre, Gaborone Botswana** | 1 115 579 | 1 973 870 | 30 792 | 37% | 1,181 |
| **Logwin, Johannesburg, South Africa** | 134 976 | 68 329 | - | 66% | 68 |
| **Totals** | **1 250 555** | **2 042 199** | **30 792** | **39%** | **1 249** |

*1 Renewable energy

*2 From state energy suppliers

### Sebele Centre, Gaborone, Botswana

The installation of solar PV at Sebele Centre Mall was completed in the FY2023 and was handed over for operation in October 2022. Pre-installation, the forecast monthly energy output of the system was estimated at 111 000 kWh. In its first year, the warmer and drier months' output exceeded this projection, and the cooler and rainier months yielded an output just below the projection. The actual output of the system was monitored from October 2022 to August 2023 and yielded a monthly average of 104,000kWh.

## Water consumption

Botswana is prone to very low rainfall and droughts. Water is therefore a scarce resource in the country. In addition to the adoption of water efficient sanitary fittings, PrimeTime recognises the need to minimise potable water consumption used for landscaping and to achieve this uses grey water for landscaping irrigation. The grey water is imported from off-site, and additionally in FY2023, we managed to reduce this in certain buildings by using on-site grey water harvesting systems for irrigation.

The table below summarises the litres of grey water used for landscaping by the Botswana portfolio:

| Property Name | FY2023 Grey Water Harvested On-Site | FY2023 Grey Water Harvested Off-Site | FY2022 Grey Water Harvested Off-Site |
|---|---|---|---|
| | Litres | Litres | Litres |
| Absa House | 523 235 | 9 660 | 532 895 |
| Acacia Floor 1 | 75 695 | 1 398 | 77 093 |
| Boiteko Junction | - | 240 000 | 240 000 |
| Capricorn House | - | 80 000 | 65 000 |
| CIPA House | 242 628 | 4 479 | 247 107 |
| Design Quarter | - | 185 000 | 135 000 |
| Independence Avenue | - | 175 000 | 175 000 |
| Marula House | 242 049 | 4 469 | 246 518 |
| Pinnacle Park | - | 475 000 | 460 000 |
| Sebele Centre | - | 465 000 | 495 000 |
| **Totals** | **1 083 607** | **1 640 006** | **2 673 613** |

*This is not measurable and has been derived from the difference in grey water imported between FY2022 and FY2023

## Electricity Consumption

The following table represents the energy consumption, by tenants, in some of PrimeTime's properties. These are properties where PrimeTime is billed directly by BPC and recovers the same from tenants. Properties where tenants are directly billed by BPC are excluded as the data is not available.

| Property Name | Gross Lettable Area | FY2023 BPC grid only consumption | | FY2022 BPC grid only consumption | |
|---|---|---|---|---|---|
| | ($m^2$) | $kWh/m^2$ | (kWh) | $kWh/m^2$ | (kWh) |
| Pilane Crossing | 10 225 | 188 | 1 926 480 | 210 | 2 143 400 |
| AFA House | 3 602 | 27 | 96 160 | 16 | 57 120 |
| Sebele Centre * | 10 250 | 214 | 2 193 870 | 325 | 3 330 000 |
| Capricorn House | 1 396 | 67 | 93 300 | 74 | 102 900 |
| Design Quarter | 3 010 | 18 | 54 339 | 20 | 59 340 |
| Independence Place | 926 | 127 | 117 300 | 130 | 120 599 |
| Pinnacle Park 1 | 4 421 | 13 | 55 890 | 16 | 70 020 |
| Lobatse Junction # | 8 915 | 227 | 2 027 238 | 112 | 997 200 |
| **Total** | **42 745** | **154** | **6 564 577** | **161** | **6 880 579** |

* Sebele Centre reduction in consumption YOY due to the installation of the Solar PV

# Lobatse Junction increased consumption YOY as it was completed during the prior year so was not fully operational for 12 months

Energy consumption data will continue to be collated, to enable PrimeTime to monitor and manage energy consumption and efficiencies where it viably can.

## Going forward

PrimeTime is committed to continue taking steps to creating a comprehensive and dynamic ESG strategy, with the dual goal of benefitting the business and the environment. Not only is PrimeTime committed to the development of an effective ESG strategy, but it is also committed to its implementation. Execution of new initiatives will unfold at a sustainable and realistic time pace, with results being measured, monitored, and reported on.

Sustainability, and particularly climate change, is the defining issue of our time.

# SOCIAL AND RELATIONSHIP CAPITAL

## Corporate social investment

Our CSI initiatives are wholly directed towards the **communities in which we operate.**

### Boiteko Trust

PrimeTime has formed a partnership with the Boiteko Trust based in Serowe, in the form of a ground lease over the land on which the Boiteko Junction Mall has been developed. The income generated from the ground rentals received allows the Trust to promote self-employment and community development. Over the years the Trust has supported small local business in the horticultural, ceramic, paint and cleaning product production industries, and has built housing for single mothers, donated equipment to schools and to orphanages.

Currently, the Trust has set aside a piece of land to develop a small community park. The main entrance buildings are funded by the NEF (National Environment Fund), and the Trust will undertake further developments using the income generated from the Boiteko Junction Mall.

To create financial sustainability for the community park and employment for the community, a swimming pool - where patrons will pay a nominal fee to use - is part of the park developments. The company also allows the free use of Boiteko Junction Mall for the Trust to host its regular market days.

## Health and community wellbeing

The company supports a wide range of health and community well-being initiatives by allowing events to be hosted at its properties. Some of those hosted during the year are listed below:

| **Pilane Crossing Mall, Pilane, Botswana** | |
|---|---|
| World Economics Day Commemoration: Waste Literacy | The activity included stalls for beneficiaries that specialise in recycled products, home economics demonstrations on how to recycle food leftovers, offcuts of sewing materials and cut boxes to make new products and dishes. |
| World Blood Donation Day 2023 | Hosted Ministry of Health and Botswana Blood Transfusion Services to launch the 2023 blood donation cycling tour campaign. The initiative was a build-up activity toward World Blood Donor Day. |
| World Environmental Day | Hosted Champs Botswana to carry a clean-up campaign under the theme; beat plastic pollution. The initiative was to raise awareness, sensitize individuals, communities and companies on environmental pollution caused by plastics and to provide environmentally sustainable solutions that can eliminate plastic pollution. |

*Pilane Crossing Blood Donation Day 2023*

*Pilane Crossing World Economics Day – Waste Literacy*

| **Lobatse Junction Mall, Lobatse, Botswana** | |
|---|---|
| FNBB Nationwide Blood Donation Drive | Initiative by FNBB to collect blood donations from the public to remedy the shortage of donor blood at the country's blood bank. |
| World No Tobacco Day Activation | Initiative by the Ministry of Health to teach the public about tobacco dangers, and to promote healthier lifestyles through avoidance of habit-forming substances. |
| Sir Ketumile Masire Teaching Hospital Health Outreach Programme & Activation | Health outreach and activation. The public was educated on non-communicable diseases such as diabetes and high blood pressure, and how to prevent them. |

| **Kabulonga Centro Mall, Lusaka, Zambia** | |
|---|---|
| Dr Bell's clinic health drive | Free diabetes and blood pressure health checks. |
| Zambia Women's Federation fundraiser | Monthly fundraising activities to support widows and orphaned children. |
| Albinism Association of Zambia | Monthly sensitisation campaign against discrimination of people with albinism. |

| **Chirundu Mall, Chirundu, Zambia** | |
|---|---|
| Chirundu District Arts premier | Premiere of first locally produced movie in the district, promotion of local arts and culture. |
| Chirundu District Council public health awareness campaign | Various community sensitisation events on new developments happening in the district, and public health awareness. |

## HUMAN CAPITAL

**PrimeTime does not employ any staff.** All day-to-day operations are managed by Time A & PM Proprietary Limited, and by Ebbstone Asset Management Limited for its South African properties. View profiles details of the external management teams from page 116.

# CORPORATE GOVERNANCE

Sebele Centre, Gaborone



Kabulonga Mall, Lusaka

## Our approach to governance

**PrimeTime's Board acknowledges the fundamental importance of good governance and robust leadership in creating value for our unitholders and instilling confidence within our wider stakeholder community.**

The Group has adopted King IV as its preferred framework for corporate governance and its appropriate application and interpretation is a continual process, with cognisance to the size and structure of the Group. PrimeTime's Board governs the whole Group; all its subsidiaries are wholly owned and adhere to the same governance framework. PrimeTime Group is comprised of the following entities:

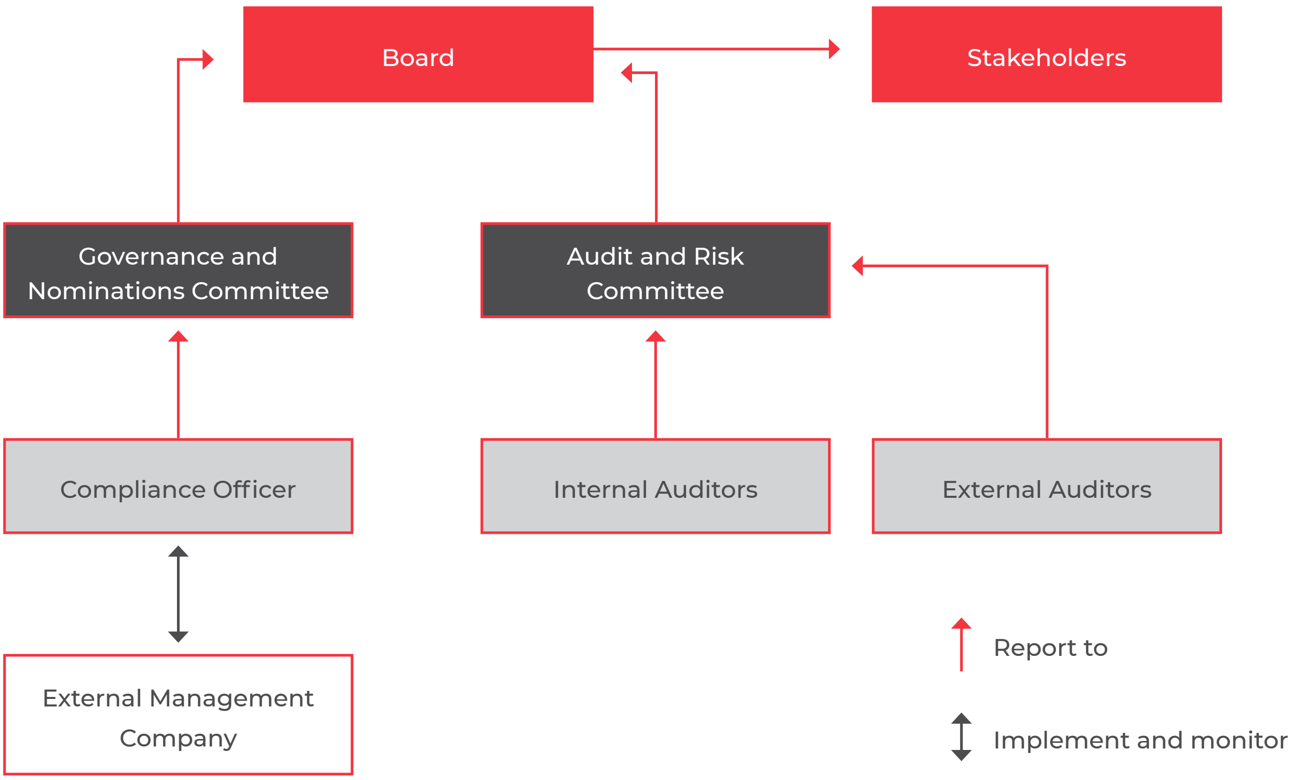
| Group Entity | Relationship | Domicile |
|---|---|---|
| PrimeTime Property Holdings Limited | BSE listed parent company which prepares consolidated financial statements | Botswana |
| PrimeTime Property Holdings (Mauritius) Limited | 100% owned subsidiary of PrimeTime Property Holdings Limited | Mauritius |
| PrimeTime Property Holdings (Mauritius) Limited South African branch | South African branch of PrimeTime Property Holdings (Mauritius) Limited | South Africa |
| PrimeTime Property Holdings (Zambia) Limited | 100% owned subsidiary of PrimeTime Property Holdings (Mauritius) Limited | Zambia |
| PrimeTime Property Holdings Limited Zambian branch | Zambian branch of PrimeTime Property Holdings Limited | Zambia |

In 2021, the Group appointed BDO Proprietary Limited (BDO) to assist in formalising certain policies and procedures recommended in King IV, and their deliverables in 2022 specifically referenced the findings highlighted during the Botswana Accounting Oversight Authority (BAOA)'s corporate governance audit conducted in 2021. By the end of FY2023, 98% of actions recommended as areas for improvement by BAOA were completed, and the remaining action item is currently at an advanced stage of completion.

The Institute of Directors of South Africa (IoDSA) conducted a peer-to-peer evaluation of the Board and its Committees. The objective of the review was to reflect the member's individual views and comments on the overall performance per member in specific governance areas. The key areas of assessment were ethical characteristics, contribution, technical competencies. The assessment was questionnaire based and the results showed that the board members had confidence in each other's abilities and competencies.

The combined effect of all the above actions has ensured that the company maintains acceptable standards of corporate governance.

## Governance structure





*Munali Mall, Lusaka*

# THE BOARD OF DIRECTORS

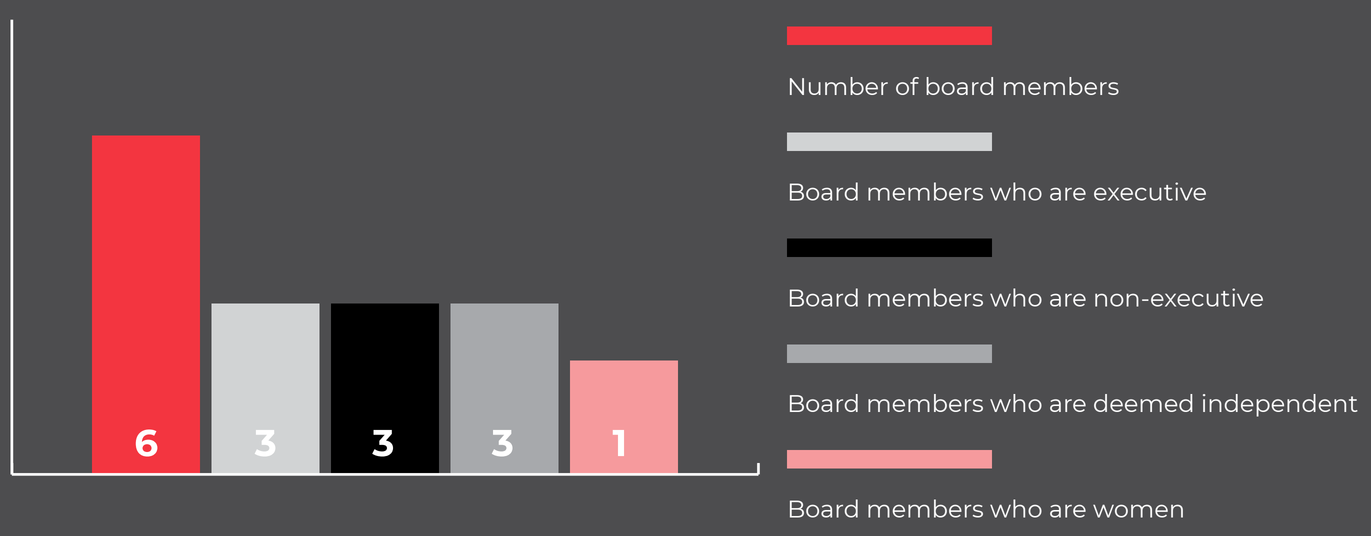
The Board operates within the defined framework of its formal Board Charter and its focus is to ensure that the company continues to implement acceptable standards of corporate governance. Ethical leadership when driving the business of the company and strategy fosters unitholder confidence, by creating value for unitholders while at the same time considering their expectations and interests.

The Board has adopted King IV as the company's framework for corporate governance and leads the company towards effective compliance.  During the financial year, the Board, through its committees, has made considerable strides in building onto the set principles of corporate governance. The conduct of the Board has set the tone with ethical conduct that has encouraged the company's stakeholders and the External Management Company. The ethical leadership is characterised by competence, integrity, responsibility, fairness, and transparency.

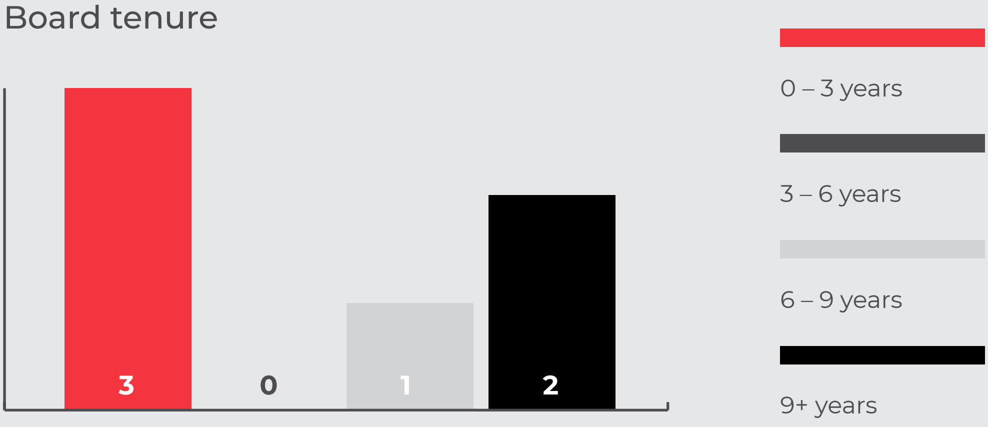
As the custodian of corporate governance, the Board monitors the relationships between the Board and the External Management Company, as well as between the Board and the Unitholders. The Board has the responsibility to provide constructive guidance to the management team with respects to the operation of the business, development, and implementation of company strategy.

The Board is composed of members who have the required skills, qualifications, and experience to be able to attend to matters that affect the company's overall strategic objectives.  Following the resignation of Chanda Masendu-Kusane in June 2023, the Board is in the process of recruiting an additional independent director in order to restore the ratio of independent directors to non-independent directors to 4:3.

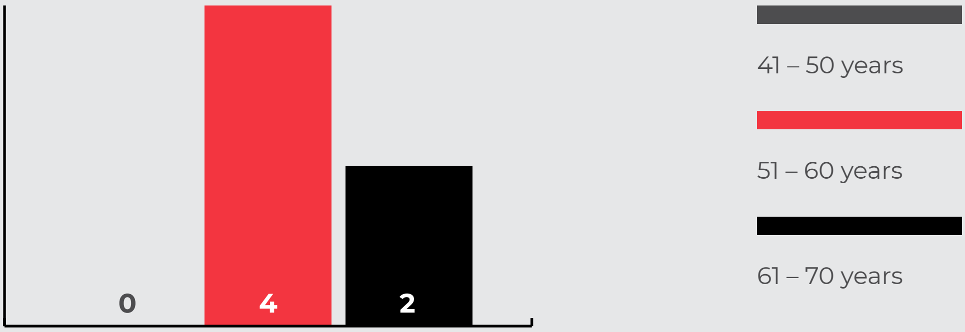
## Board composition as at 30 November 2023



## Board tenure

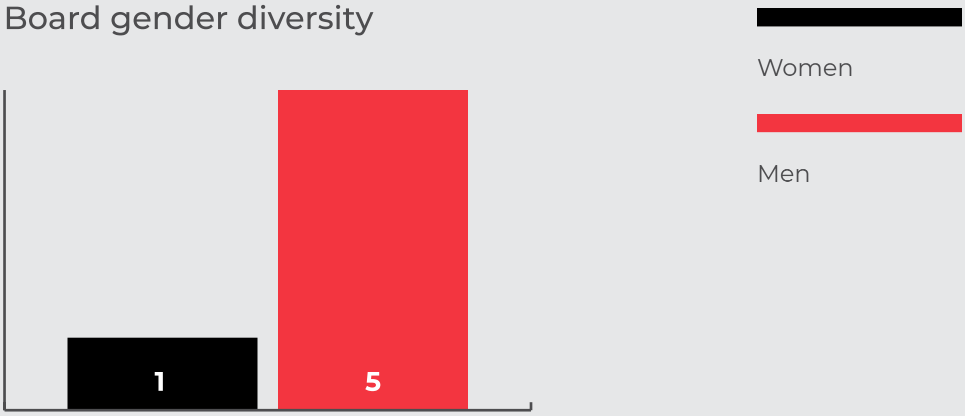



## Board age




## Board independence


## Board gender diversity



# BOARD OF DIRECTORS

## Joanna (Jo) Jones (52)

*Non-independent*

BA Hons (Accounting and Finance), FCA (UK), FCA (Bots)

Jo has been the Finance Director of the external management company since 2007 and is responsible for the financial management of the PrimeTime group. Having qualified as a chartered accountant in the UK, she moved to Botswana in 1998 as an auditor with PricewaterhouseCoopers. Leaving audit in 2000, she accumulated a wide range of experience in different industries and areas of financial management before specialising in real estate. She sits on the board of other private companies in the property sector.

| Length of Service * (in years) | Prescribed officer? | Date of appointment |
|---|---|---|
| 6.5 | Yes | 1 June 2017 |

## Alexander (Sandy) Kelly (69)

*Non-independent*

Pr. Eng BSc (Civ Eng,) MBA, MBIDP

Following an early career in South Africa in construction, Sandy moved to Botswana in 1988 and was instrumental in developing PrimeTime's initial portfolio and its successful listing on the BSE in December 2007. Since then, he has led the team that has built up PrimeTime's portfolio to where it is today and is a director of the external management company with overall responsibility for managing PrimeTime. Sandy is also a director of several of PrimeTime's subsidiaries and sits on the board of other private companies in the property and tourism sectors, and property companies in the UK where he has indirect interests.

| Length of Service * (in years) | Prescribed officer? | Date of appointment |
|---|---|---|
| 16.2 | Yes | 6 September 2007 |

## Mmoloki ("Turnie") Morolong (55)

*Non-independent*

BA (UB), MBA (UB), Dip. PM REIB

Turnie has been with the external management company since 2005 and was appointed director of the property management division in 2007. He has gained vast experience in property management having been in the industry for more than 20 years and is responsible for the day-to-day management of all the properties in PrimeTime's portfolio. Turnie is a director of several of PrimeTime's subsidiaries and sits on the board of other private companies in the property sector.

| Length of Service * (in years) | Prescribed officer? | Date of appointment |
|---|---|---|
| 16.2 | Yes | 6 September 2007 |


*Munali Mall, Lusaka*

# BOARD OF DIRECTORS

- ARC chair

## Nigel Dixon-Warren (54)

*Independent*

FCCA (UK), FCA (Bots)

Nigel is an accountant by profession with over 30 years' experience. He spent almost 25 years with KPMG, the last 19 of which were as a Partner/Senior Partner in Botswana. Nigel now heads up a private consultancy specialising in corporate finance, business planning and tax. He has held several voluntary positions in the Botswana business community over the years and contributed to the development of the accounting profession. Having already served in various roles for the Botswana Institute of Chartered Accountants he remains actively involved as a member of their Tax Committee.

| Length of Service * (in years) | Prescribed officer? | Date of appointment |
|---|---|---|
| 2.0 | No | 22 November 2021 |

- Lead independent director
- ARC member
- GNC chair

## Massimo (Max) Marinelli (66)

*Independent*

B-Compt, Hons B-Compt (Accounting Sciences), CA (SA), FCA (Bots)

Max is a chartered accountant with over 40 years' experience in South Africa and Botswana. He served 31 years as a partner/managing partner at Deloitte Botswana until his retirement in 2020. His commercial knowledge is extensive across a wide range of industries, and his experience ranging from audit, tax, corporate finance services and financial advisory services. Over 34 years he of his contribution to the development of the accounting profession he served as a former Council Member and President of the Botswana Institute of Accountants and currently continues to serve on the Disciplinary Committee of the Institute. He also holds several directorships, including as an Independent Non-Executive Director of First National Bank of Botswana Limited and a member of the Board of Governors of The Mokolodi Wildlife Foundation, as well as on a number of real estate owning companies.

| Length of Service * (in years) | Prescribed officer? | Date of appointment |
|---|---|---|
| 1.8 | No | 1 February 2022 |

- **Board chair**
- **GNC member**

## Paul Masie (56)

*Independent*

BA (Economics)

Paul has over 30 years' experience in the financial services industry, retiring as the CEO of Alexander Forbes Botswana in 2018. He has worked extensively throughout SADC, East and West African countries in the retirement funds and insurance industries, including emerging markets. He remains Chairman of the Alexander Forbes Botswana Group Holdings Proprietary Limited and serves as a director to several companies in the Alexander Forbes Group and has several other private board positions.

| Length of Service * (in years) | Prescribed officer? | Date of appointment |
|---|---|---|
| 2.5 | No | 5 May 2021 |

*Length of service as at 30 November 2023


*Absa Head Office, Prime Plaza, Gaborone*

## Board skills

In line with King IV requirements, the Board ensures that it has arrangements for delegation within its own structures to ensure independent judgement and the effective discharge of its duties. The succession planning process by the GNC identifies any material skills gaps which cannot be managed through skills provided by the compliance officer, other senior External Management Company staff and other service providers, resulting in recommendations to the Board to address them.

The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity, and independence. The table below summarises the core skills set of PrimeTime's Board.

| |
|---|
| **Financial capital** |
| Financial accounting, reporting and taxation |
| Funding |
| **Investment capital** |
| Property development and acquisition |
| **Environmental capital** |
| Sustainability |
| **Social and relationship capital** |
| Corporate and social responsibility |
| Stakeholder relationships |
| Marketing |
| **Intellectual capital** |
| Technology and information |
| Asset management |
| Property management |
| **Governance and compliance** |
| Risk and opportunity |
| Corporate governance |

## Board committees

| Audit and Risk committee | Governance and Nomination committee |
|---|---|
| Nigel Dixon-Warren (Chair)<br>Max Marinelli | Max Marinelli (Chair)<br>Paul Masie |

| Jo Jones | Sandy Kelly | Turnie Morolong | Max Marinelli | Paul Masie | Nigel Dixon-Warren |
|---|---|---|---|---|---|
| ✓ | | | ✓ | | ✓ |
| ✓ | ✓ | | ✓ | ✓ | ✓ |
| ✓ | ✓ | ✓ | ✓ | | |
| ✓ | ✓ | | ✓ | | ✓ |
| | ✓ | ✓ | ✓ | | ✓ |
| ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | ✓ | | | | |
| | | | | | ✓ |
| ✓ | ✓ | | ✓ | ✓ | ✓ |
| ✓ | ✓ | ✓ | ✓ | | |
| ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

## Board meetings and attendance during the financial year

Board meetings are held quarterly with other ad hoc meetings held as required. Additional meetings have been held by the independent directors during the year to deal with matters including Board composition, compliance, and related party transactions.

| Name | Board – quarterly and ad-hoc | Additional independent directors' meetings | Annual general meeting | Attendance |
|---|---|---|---|---|
| **Executive directors** | | | | |
| J Jones | 4 (4) | N/A | 1 (1) | 100% |
| A Kelly | 4 (4) | N/A | 1 (1) | 100% |
| M Morolong | 4 (4) | N/A | 1(1) | 100% |
| **Independent non-executive directors** | | | | |
| N Dixon-Warren | 4 (4) | 7 | 1 (1) | 100% |
| M Marinelli | 4 (4) | 10 | 1 (1) | 100% |
| C Masendu-Kusane | 3 (3) | 1 | 1 (1) | 100% |
| P Masie | 4 (4) | 6 | 1 (1) | 100% |

*The number in brackets represents the number of meetings held during the office of the member.*

### The Chair of the Board

The Chair of the Board is elected to the position by the members of the Board. He possesses the required expertise and experience to provide firm and objective leadership to the Board in discharging its governance role and responsibilities.

The function and role of the Chair are separate from those of the executive directors. He is an independent member and is not involved in the day-to-day running of the company.

To avoid any one director having unfettered powers of decision-making, Board members must attend all scheduled and ad-hoc Board meetings, and resolutions should be preferably passed by unanimous vote. If unavoidable and directors make a prior apology, the Chair shall consult with the absent members by telephone or other means.

## The lead independent director (LID)

The Board has appointed a LID, to lead in the absence of the Chair, to provide a sounding Board for the Chair and to act as an intermediary between the Chair and other members of the Board if necessary. The LID is available to Unitholders, where contact through the normal channels has failed to resolve concerns, or where such contact is appropriate. The LID will chair discussions and decision-making by the Board on matters where the Chair has a conflict of interest and lead the performance appraisal of the Chair.

## Executive directors

The Board appoints non-independent directors who represent the External Management Company, and to whom some functions of the Board will be delegated. These non-independent Directors have the responsibility for managing the day-to-day business and operations of the company.

## Board changes

During the financial year, the Chair received a resignation letter from one of the independent non-executive directors, Ms. Chanda Masendu-Kusane. The resignation was due to a conflict of interest that arose between her directorship at the Company and an employment opportunity that she received. Unitholders and stakeholders were accordingly informed of the resignation through the BSE's x-News.

Naturally, the composition of the Board has been a key area of attention during the financial year following the resignation. The Governance and Nominations Committee initiated the company Succession Plan and endeavoured to identify a suitable candidate to fill the vacant role. The Committee relied on input from the Board to ensure that a suitable candidate is identified who will fit seamlessly into the Board.

When considering the potential candidate, the Committee considered a range of criteria, including required skills and experience, as well as the promotion of gender and age diversity. This will ensure that the board composition continues to include well skilled, qualified, and experienced independent directors who are a value add to the company.

The process for the appointment of an independent non-executive director to fill the independent non-executive director vacancy, which is well advanced, will be communicated through the BSE's x-News in due course.

## Board diversity

The Board believes that a combination of culture, demographics, skills, experience, race, age, gender, educational and professional background are important for providing a range of perspectives to overcome challenges, improve business performance, and support good decision-making.

## Board appointment process

The GNC leads the process for Board appointments and makes recommendations to the Board. It is responsible for identifying candidates of suitable quality and background essential for a high-performing Board, ensuring that there is a diversity of skills, experiences, and backgrounds. Before candidates are approached, the essential and desirable competencies to meet the company's current business requirements are identified.

## Succession planning

The GNC provides input and support on succession planning during its deliberations, considering the challenges and opportunities facing the company and the skills and expertise needed on the Board in the future. The committee satisfies itself that processes and plans are in place for orderly succession, for appointments to the Board and to the external management. A robust Succession Plan is in place that will ensure the continuity of Board duties. Having considered the reliance on the Executive Non-independent directors and senior staff of the External Management Company, the Board is in the process of drafting of a management Succession Plan for the senior staff of the External Management Company.

Independent non-executive directors may serve for a period longer than nine years provided that, after an annual independence assessment by the Board, there are no relationships or circumstances likely to affect, or appearing to affect, the director's judgement.

## Rotation of directors

At every AGM at least one third of the directors shall retire from office and be eligible for re-election.

## Director development

The company ensures its directors receive appropriate continued professional development (CPD), according to individual requirements and changes in its compliance universe. During the year, the company provided the following external training courses to directors:

- International Financial Reporting Standards update 2023
- Integrated Reporting Update 2023

## Directors' dealings

The Group operates a policy of prohibiting dealings by directors and management in periods immediately preceding the announcement of its interim and year-end financial results, and any period when the Group is trading under a cautionary announcement.

## Conflicts of interest

Each Board member is required to complete a disclosure form before every Board meeting, to assist in avoiding and managing any potential conflicts of interest. Directors are additionally required to promptly notify the Board when they determine that any additional actual, potential, or perceived conflict of interest with their duties to the company arises in-between meetings.

Steps are then taken, such as avoiding deliberation on, resolution of, or voting on certain issues, if it is determined that such steps are necessary to protect the integrity of the company and avoid the breach of directors' duties of care and loyalty to it.

## Performance self-assessment

A formal Board and committee composition and individual board and committee member peer evaluation assessment was performed during the year.

The assessment involved each Board member completing a specific questionnaire where they rated the performance of each of their peers on a scale of 1-5, where 1 is poor and 5 is excellent. The results thereof reflected the members' individual views and comments on the overall performance per member in specific governance areas. The assessment process commenced in June 2023 and the final report was issued in September 2023.

The report noted that the overall Board average score across the specific governance areas was 3.5 - 4.4 (good) to 4.5 - 5.0 (excellent). This showed that members have confidence in each other and believe that each member contributes positively in areas of governance, ethics and good practice.

The following areas for improvement for the Board were noted:

- The skills mix needs to be diversified more to avoid "group think" considering the size of the Board and preponderance of finance skills, and
- There may be a need to give attention to gender diversity on the Board.

In conclusion and based on the questionnaire responses received, and review of governance supporting documentation, the Board and committees have established the necessary structures and processes for an effective Board.

## Company and meeting secretary

Ms. Unopa Njadingwe is the company secretary. Unopa is a qualified attorney with experience in litigation, compliance and company secretarial work, and possesses the required qualifications to carry out company secretarial duties as stipulated under Section 162 of the Botswana Companies Act, Chapter 42:01.

Unopa attends all committee, Board, annual and extraordinary meetings of the company and plays a critical role in and is the custodian of all the corporate governance processes of the Group, acting as an advisor to the Board, guiding individual directors and committees in areas such as corporate governance, updates on legal and statutory amendments and the effective execution of directors' responsibilities and fiduciary duties.

During the year, the GNC scheduled and assessed the competency of the company secretary and were satisfied with the quality and effectiveness of the work performed, and her independence.

# THE EXTERNAL MANAGEMENT COMPANY

## Related party transactions with the external management company

The Board remains sensitive to the related party transactions between the Group and the external management company - Time A & PM Proprietary Limited ("Time A & PM"). Time A & PM manage the day-to-day operations of the Group and provides services when investment properties are being developed and/or refurbished. All such transactions are subject to scrutiny and assessment by the audit and risk committee before a recommendation is made to the independent Board members. The independent Board members then review and approve

## The external management team

| Based in Botswana: |
|---|
| **Joanna (Jo) Jones**<br>Finance Director<br>Time A & PM<br>*BA Hons (Accounting and Finance), FCA (UK), FCA (Bots)* |
| **Alexander (Sandy) Kelly**<br>Director<br>Time A & PM<br>*Pr. Eng. BSc (Civ Eng) MBA MBIDP* |
| **Mmoloki (Turnie) Morolong**<br>Property Director<br>Time A & PM<br>*BA (UB) MBA (UB) Dip. PM* |
| **Joe Simpson**<br>Asset & Property Director<br>Time A & PM<br>*BA (Hons), PGDBES* |

before unitholder approval, where required under the Botswana Stock Exchange Listings Requirements, is sought. Additional meetings and/or discussions are held by the audit and risk committee and independent Board members, if necessary, to facilitate this process. Where necessary, the independent Board members seek external relevant technical advise should it be required in their deliberations.

Where Unitholder approval is required, they are provided with full disclosure of these transactions in a circular prior to voting, and the linked units held by the related parties are not entitled to vote.

| | |
|---|---|
| Jo has been with the management company since 2007 and is responsible for the financial management of the PrimeTime group. Having qualified as a chartered accountant in the UK, she moved to Botswana in 1998 as an auditor with PricewaterhouseCoopers. Leaving audit in 2000, she accumulated a wide range of experience in different industries and areas of financial management before specialising in real estate. | Skills:<br>See Board skills matrix on pages 110-111 |
| Following an early career in South Africa in construction, Sandy came to Botswana in 1988 to set up the original Time Projects company in the country. He was instrumental in developing PrimeTime's initial portfolio and its successful listing on the BSE in December 2007. Sandy stood down from his role as Managing Director of the management company in 2020 but remains as a director providing guidance from his wealth of experience to the rest of the management team. | Skills:<br>See Board skills matrix on pages 110-111 |
| Turnie has been with the management company since 2005 and was promoted to Director in 2007. Turnie has also sat on the PrimeTime Board since inception. He has gained vast experience in property management attained more than 20-years in various capacities. He is responsible for the day-to-day management of all the properties in the PrimeTime group portfolio. | Skills:<br>See Board skills matrix on pages 110-111 |
| Joe joined the management company in 2014 and became a director in 2020. He has worked for over 20-years in the real estate field, in a range of roles and jurisdictions. His main role for PrimeTime is in assessing, negotiating, and facilitating property acquisitions and disposals, sourcing finance, managing the larger lease renewals, maintenance projects and managing the group strategy formulation and implementation processes. | Skills:<br>Funding<br>Property development and acquisition<br>Sustainability<br>Stakeholder relationships<br>Asset management<br>Property management<br>Risk and opportunity |

## Based in Botswana:

**John Kelly**
Asset and Property Administrator
Time A & PM
*BSc (Hons) (Real Estate) (UP)*

**Merapelo Mopaki**
Property & Maintenance Manager
Time A & PM
*Certificate in Real Estate*

**Unopa Njadingwe**
Compliance Officer and Board Secretary
Time A & PM
*LLB (UB)*

**Wananani Nyasulu**
Group Finance Manager
Time A & PM
*ACCA Part Qualified*

**Kagiso Sebetso**
Green Building Manager and Property Sales Manager
Time A & PM
*BSc Hons Construction Management, MSc Real Estate, Green Star Accredited Professional, EDGE Expert*
*GMC Renewable Energy Management and Finance, Solar Photovoltaics*

| | |
|---|---|
| After completing his Honours in Real Estate from the University of Pretoria, John joined the management company in 2018 after gaining experience in the property broking field. John's roles in the company are sourcing of tenants, lease negotiations and administration as well as facilities/ property management. | Skills:<br>Stakeholder relationships<br>Asset management<br>Property management<br>Project management |
| Merapelo has been with the management company since 2013. He holds a certificate in Real Estate and has extensive experience in the Botswana property industry, working all over the country. Merapelo is a key player in the servicing and utility provision to PrimeTime's Botswana properties, as well as working on improvement projects and providing tenant liaison. | Skills:<br>Stakeholder relationships<br>Property management |
| With a bachelor's degree in Law (LLB) obtained from the University of Botswana, Unopa joined the management company in July 2022 from the non-banking financial sector where she was a Legal and Compliance Officer. Before joining the corporate world in 2020, she was a litigation attorney specialising in recoveries, company law, commercial law, employment law and family law since 2014. In her current role as Compliance Officer, Unopa will ensure compliance with relevant legislation and regulations, to mitigate against legal risk and strengthen the corporate governance within the group. She also acts as the board and committee meetings secretary. | Skills:<br>Stakeholder relationships<br>Risk and opportunity<br>Corporate governance |
| Wani has worked her way up from a Property Administrator, where she started with the management company in 2008 to her current role where she is second in command to the Finance Director for the PrimeTime Group. With a career spanning over 20 years in the property and accounting sectors, she is a part qualified accountant with 1 module left to complete. | Skills:<br>Financial accounting, reporting and taxation<br>Stakeholder relationships<br>Property management |
| Kagiso is the Green Building Specialist on all development projects targeting Green Star and EDGE Certifications. She a is Green Star Accredited Professional for New Buildings, Existing Buildings and Net Zero Buildings. She is currently involved in facilitating green building design, construction and operations as well as the administration of Solar PV installations. Kagiso's journey with the management company started in 2009. | Skills:<br>Sustainability<br>Asset management<br>Property management |

## Based in Zambia:

**Musonda Banda**
Assistant Finance Manager
Time Projects Property (Zambia) Limited
*B.COMM, CPA*

**Moonga Kachemba**
Senior Financial Accountant
Time Projects Property (Zambia) Limited
*AZICA, CIMA*

**Julien Matoka**
Property Manager
Time Projects Property (Zambia) Limited
*BSc (Hon) PS*

## Based in South Africa:

**Andrew Glencross**
Director
Ebbstone Asset Managers
*B(Tech) Real Estate, N Dip Prop Valuation, N Dip Prop Economics and Finance, Registered Valuer*

**Neil Jackson**
Director
Ebbstone Asset Managers
*Property Development and Investment (UCT)*

| | |
|---|---|
| Musonda joined the management company in Zambia as Assistant Finance Manager in 2017. He has over 10 years' experience in property management and accounting, with responsibility for the tenant and lease administration function in Zambia. He previously worked in lease administration and centre management at The ORS Group and JLL in Western Australia. | Skills:<br>Financial accounting, reporting and taxation<br>Stakeholder relationships<br>Property management |
| Moonga has over 10 years' experience in Financial Accounting and Tax. He joined the management company in Zambia as senior Financial Accountant in 2018. Before joining, Moonga gained experience in audit firms and then as a senior management for a mining company. Moonga is responsible for the accounting function in Zambia. | Skills:<br>Financial accounting, reporting and taxation<br>Stakeholder relationships |
| Julien spearheads our Property Management services in Zambia. Over the past eight years, Julien has acquired vast experience in property management in Zambia and Namibia. Julien is certified in Project Management Practices and Principles by the University of Stellenbosch. Since his appointment in 2017, he has been responsible for the day-to-day management of all the properties under the PrimeTime portfolio in Zambia. | Skills:<br>Stakeholder relationships<br>Property management |

| | |
|---|---|
| Andrew has over 25 years' experience in real estate investment, asset management, developments, and property finance at a senior executive and board level. As well as working in various capacities for several listed funds, Andrew also has extensive valuation and banking experience. | Skills:<br>Funding<br>Property development and acquisition<br>Stakeholder relationships<br>Asset management<br>Property management |
| Neil joined JHI Real Estate in 1990 and ended his career there as a senior executive in 2003. He spent 13 years working in various roles throughout the organisation, including commercial leasing and investment, corporate advisory, town planning and account management. | Skills:<br>Funding<br>Property development and acquisition<br>Stakeholder relationships<br>Asset management<br>Property management |

# COMMITTEE REPORTS

## AUDIT AND RISK COMMITTEE REPORT

The formal committee charter sets out its roles and responsibilities as well as the requirements for its composition and meeting procedures. The Board is satisfied that the committee members have recent and relevant financial and industry experience – see page 106 for the members directorate profiles and skills. Certain duties have been delegated to this committee, on which it reports to the Board after every meeting held and makes recommendations. Overall responsibility for decision-making and approvals remains with the Board. The implementation of recommendations made by this committee enhances the Group 's transparency and accountability.

The committee meets independently of the Board together with the external auditors, internal auditors, representatives of the external management company and executive directors by invitation, at least twice a year. The invitees join meetings when appropriate to contribute relevant insights and information.

The committee is involved in both the planning and finalisation stages of the annual external audit. It reviews the consolidated annual financial statements before publication and receives a direct report from the auditors on the results and findings of the audit process. The internal auditors also attend the two scheduled committee meetings each year and report on the findings of their work performed since the last meeting held. At every meeting, the committee meets with both the internal and external auditors without any members of the external management company nor the executive directors being present.

The committee also oversees the risk management processes in accordance with the Risk Management Policy. The risk register is updated and reviewed at least semi-annually and on recommendation from the committee is then tabled at Board level for their review and approval.

In accordance with the BSE Listings Requirements, all related party transactions are reviewed by this committee before they are recommended to the Board for their review and subsequent approval. Should the committee not be quorate then an independent fair and reasonable report is required for such transactions.

The other duties of this committee are to provide the Board with assurance on the following:

- The accuracy and reliability of the annual financial statements,
- That appropriate financial and operating controls are in place,
- That significant operating and financial risks have been identified, evaluated, and mitigated,
- Ensure an adequate whistleblowing process is in place,
- Consideration of the appropriateness of the expertise and experience of the finance director of the external management company,
- The independence and performance of the Group's internal and external auditors.

The committee has considered and satisfied itself as to the appropriateness of the capability and experience of the Finance Director of the external management company and the wider finance function including internal controls as provided to the Group.

### External auditor

Ernst & Young were appointed as external auditors for FY2023, with Francois Roos as the lead audit partner. This was their first assignment year, following a selective tender process in the prior year with the unitholders approving their appointment at the AGM held on 22 February 2023.

## External audit

At the start of the audit, Ernst & Young presented their audit plan which identified six key areas of audit focus, one of which was considered a key audit matter, which they expected to be of most significance during their audit. They outlined the expected level of complexity or management judgement to each and identified whether there is a significant risk or a fraud risk attached to each as follows:

| Key audit matter | Level of complexity or management judgement and risk identification | Description | ARC recommendation |
|---|---|---|---|
| **Valuation of investment properties** | High<br>Significant risk<br>Fraud risk | The Group 's Investment property is valued annually and included in the statement of financial position at open market value.<br>Investment property comprise the majority of the Group's assets and form the basis of the Group's operations.<br>The valuation of the Group's and Company's investment property portfolio is inherently subjective due to the estimates used in determining the property fair values, such as the capitalisation rates and forecasted rentals and property expenses. Among other factors, the individual nature of the properties, their location and expected future rentals for those properties, taking cognisance of the tenants occupying the properties, also affect the valuation of the investment properties.<br>Management is required to apply significant assumptions and judgements in determining the fair value of the investment properties. As a result, we have identified the valuation of investment properties as a potential fraud risk. The key inputs into the fair value models which are subject to significant management estimates include market rentals, market yields, vacancy rates, the creditworthiness of tenants, as well as discount and capitalisation rates used in determining the discounted cash flows of the properties. Inaccurate and inappropriate assumptions may give rise to a material misstatement of the Group and Company's financial results and position. | The committee assessed and concluded that the Group's policy and procedures for valuing investment property are adequate and that their carrying value in the financial statements is fairly disclosed. |

| Other key areas | Level of complexity or management judgement and risk identification | Description | ARC recommendation |
|---|---|---|---|
| **Revenue recognition** | Medium<br>Significant risk<br>Fraud risk | Revenue remains the driver of the Group's and Company's profitability.<br><br>International Standards on Auditing include a presumption that auditors will generally identify one or more fraud risks related to revenue recognition.<br><br>The Group's main source of revenue is rental income from retail and commercial properties located in Botswana, Zambia and South Africa. The rental amounts are governed per the terms and conditions contained in the underlying lease agreements signed between the respective company and the tenant. Any variations to the lease agreement during the lease term are executed through an addendum to the lease agreement.<br><br>The fraud risk associated with the Group and Company's revenue is therefore specific to manual adjustments processed to the general ledger in recognising revenue for the year and the reconciliation of the rental management system to the general ledger. | The committee assessed and concluded that the Group's policy and procedures for identifying and recognising revenue are adequate and that the amounts included in the financial statements are fairly disclosed. |
| **Covenants on borrowings** | High<br>Significant risk | The Group was in a net current liability position and has a history of covenant breaches for which the Group was unable to obtain "Letters of no intent" from borrowers before the Group's reporting date.<br><br>This resulted in increased disclosures in the Group's financial statements, explaining the nature of the covenant breaches and the impact on the Group's going concern assessment. | The committee assessed and concluded that letters of no intent for all expected covenant breaches were obtained from borrowers before the Group reporting date for the FY 2023. |

| Other key areas | Level of complexity or management judgement and risk identification | Description | ARC recommendation |
|---|---|---|---|
| **Income and deferred tax recognition** | Medium<br>Significant risk | The Group operates in several jurisdictions, each with its own income tax legislation and regulations.<br><br>Income tax expense comprises taxation payable or refundable based on the current year's results and deferred tax assets and liabilities related to the future tax consequences of events that have been recognised in the Group's financial statements.<br><br>The Group evaluates its income tax positions to determine whether they meet the more-likely-than-not threshold to be recognised in the financial statements and measures a recognised tax position at the largest amount that is more likely than not of being realised upon ultimate settlement with the relevant tax authority. The Group accrues interest, and penalties, if necessary, related to its balance of unrecognised tax positions.<br><br>Estimating the realisation of deferred tax assets require significant judgement, including the timing of reversals and the availability of future profits against which tax deductions represented by the deferred tax assets can be offset. | The committee assessed and concluded that the Group's policy and procedures for identifying and recognising revenue are adequate and that the amounts included in the financial statements are fairly disclosed. |

| Key audit matter | Level of complexity or management judgement and risk identification | Description | ARC recommendation |
|---|---|---|---|
| **Expected credit losses** | Medium | The estimation of credit losses is inherently uncertain and is subject to significant judgement and estimates. Furthermore, models used to determine credit<br><br>impairments are complex, and certain inputs used in the models are not fully observable.<br><br>Any model and data deficiencies are compensated for by applying overlays to the outputs.<br><br>The expected credit loss models require the application of forward-looking information in determining key inputs such as economic variables that affect the output of the model. Forward-looking information inherently involves judgement and estimates supported by historical experience and analysis.<br><br>Given the combination of inherent subjectivity in the preparation of the excepted credit loss models, and the judgement and estimates involved in determining the inputs into the models, we considered the calculation of the expected credit losses in accordance with IFRS 9 as an audit focus area. | The committee assessed and concluded that the Group's policy and procedures for identifying and recognising expected credit losses are adequate and that the amounts included in the financial statements are fairly disclosed. |
| **Consolidation process (internal control and processes over financial reporting)** | Medium | The Group comprises several components operating in different countries, resulting in a complex consolidation process to determine the Group's financial results and position at a specific reporting date.<br><br>Volatility within the geographical regions in which the Group operates results in fluctuating financial results and foreign currency reserve calculations. | The committee assessed and concluded that the Group's policy and procedures for the consolidation process are adequate and that the amounts included in the financial statements are fairly disclosed. |

The external auditors are responsible for the independent review and the expression of an opinion on the reasonableness of the financial statements based on the audit. The committee has evaluated the independence and effectiveness of Ernst & Young as PrimeTime's external auditors and is satisfied that the external auditor is independent of the Group. In addition, the committee was satisfied with the quality of their audit work and the effectiveness of Francois Roos as the lead audit partner.

There were no material control weaknesses identified during the audit process. Matters identified were housekeeping of nature and included in their management report.

There were no material adjusted or unadjusted audit differences identified during the audit process. No material disclosure differences were identified throughout their review of the Group's financial statements.

Following a review of the annual financial statements and based on processes carried out by the external auditors and assurances obtained, the committee recommended the annual financial statements for the year ended 31 August 2023 to the Board for approval.

## Internal audit

BDO Services Proprietary Limited were appointed by PrimeTime to perform internal audit services for the Group in July 2021 and their 3-year approved detailed programme commenced in 2022. They attend all ARC semi-annual meetings and present their reports thereat. Their reports are reviewed by the committee and following any agreed amendments are recommended to the Board for approval. The committee subsequently receives monitoring reports from the compliance officer that all corrective actions agreed to by management have been completed.

The committee examines and discusses with the internal auditor the appropriateness of internal controls. The committee is satisfied that the internal auditor has the necessary skills and resources to address the risks faced by the Group and will continuously evaluate and review the Group 's internal audit function.

## Private meetings

The committee met with both the internal and external auditors without the external management company and executive directors being present at each of its meetings held during the year. This allows matters or concerns to be discussed privately on a confidential basis.

## Committee composition

The committee is comprised of at least three independent non-executive directors appointed by the Board, who have relevant experience in financial and risk matters.

One of the members, Chanda Masendu-Kusane, resigned from the Board during the year due to a conflict of interest with an upcoming appointment. The selection process to identify an additional independent non-executive director who can be join this committee is in progress. The remaining two members provided a solid combined skill set of financial and risk expertise, and all meetings held during the year were quorate in terms of the Audit and Risk Committee Charter.

## Meetings and attendance during the financial year

The committee meets at least twice a year for the external audit planning and finalisation. No additional meetings were attended by committee members during the year.

| Audit and Risk Committee member | External audit planning & finalisation meetings* | Additional meetings* | Attendance | Date of appointment to/retirement from the committee during the financial year |
|---|---|---|---|---|
| N Dixon-Warren (Chair) | 2 (2) | 0 (0) | 100% | # |
| M Marinelli | 2 (2) | 0 (0) | 100% | # |
| C Masendu-Kusane | 1 (1) | 0 (0) | 100% | Resigned from the Board 7 June 2023 |

* The number in brackets represents the number of meetings held during the office of the member.

# A committee member for the whole financial year

## Performance during the 2023 financial year

Key focus areas addressed by the committee during the 2022 financial year:

- Oversight of the transition of the new external auditor appointment,
- Review of the Risk Register – including increased coverage of AML and Sustainability risks,
- Reviewed and recommended the Corporate Citizen, AML, Data Protection and Whistleblowing Policies for approval by the Board (through the Governance and Nominations Committee),
- Review and recommendation for approval by the Board of the following internal audit reports:
    - IT general controls review – overall rating 'Satisfactory with room for improvement',
    - Corporate Governance Review - overall rating 'Generally conforms',
- Appointment of a Whistleblowing service provider,
- Recommendation of the introduction of KYC software by management to reduce AML risks,
- Met with the external and internal auditors independently from the external management and executive directors at both of the meetings held during the year.

## Key focus areas for FY2024

The committee's key focus areas for the next financial year include the following:

- Recruit an additional committee member,
- Ongoing monitoring of the Group 's achievement of its strategic objectives with continuing focus on improvements in the capital position,
- Consider capital raising and restructuring opportunities and monitor ongoing compliance with lender covenants,
- Complete the review of the Group structure to maximise efficiencies and minimise cost structures,
- Finalise the Internal Audit Charter,
- Monitor progress against the Internal Audit Plan, receive and review planned reports for the 2024 FY including:
    - FIA Compliance Review,
    - Asset Management,
    - Contract management (third-party service providers), and
    - Business continuity review,
- Continuous monitoring of current strategic risks and any additional risks that may materialise during the year,
- Continue to meet with the external assurance providers in the absence of the Manager,
- All members to attend ESG reporting training.

## Approval

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, for the reporting period.

On behalf of the Audit and Risk Committee

**Nigel Dixon-Warren**
Chairman of Committee
23 January 2024

*Riverside Junction, Johannesburg*

# GOVERNANCE AND NOMINATIONS COMMITTEE REPORT

## Role and mandate

The Governance and Nominations Committee Charter sets out its roles and responsibilities as well as the requirements for its composition and meeting procedures. Certain duties have been delegated to this committee, on which it reports to the Board after every meeting held and makes recommendations. Overall responsibility for decision making and approvals remains with the Board.

The main duties of the committee are as follows:

*Governance duties. To review and make recommendations on:*

- General governance matters, including
  - The group governance framework
  - The strategic planning process
  - The risk management process
  - The Code of Conduct and Ethics
  - The compliance universe
- IT governance
- Stakeholder management
- Performance, qualifications, experience, and independence of both the Company Secretary and the Transfer Secretary through an annual assessment,
- External management company performance

*Nomination duties. To review and make recommendations on:*

- Board composition and appointments
- Directors' remuneration
- Succession planning
- Lead independent director appointments
- Board and committee performance evaluations

## Committee composition

The committee is comprised of at least three independent non-executive directors appointed by the Board, who have relevant experience in governance matters.

One of the members, Ms. Chanda Masendu-Kusane, resigned from the Board during the year due to a conflict of interest with an upcoming appointment. The selection process to identify an additional independent non-executive director who can be join this committee is in progress. The remaining two members provided a solid combined skill set of governance and compliance expertise, and all meetings held during the year were quorate in terms of the Governance and Nominations Committee Charter.

The committee meets independently of the Board at least twice a year, together with the compliance officer. Members of the External Management Company and non-independent directors may join by invitation, to contribute relevant insights and information, but do not vote in the meetings.

## Meetings and attendance during the financial year

| Governance and Nominations Committee member | Scheduled semi-annual meetings* | Additional meetings* | Attendance | Date of appointment to/retirement from the committee during the financial year |
|---|---|---|---|---|
| M Marinelli (Chair) | 2 (2) | 1(1) | 100% | # |
| C Masendu-Kusane | 2 (2) | 0(0) | 100% | Resigned from the Board 7 June 2023 |
| P Masie | 2 (2) | 1(1) | 100% | # |

* The number in brackets represents the number of meetings held during the office of the member.

# A committee member for the whole financial year

## Performance during the 2023 financial year

The GNC met three times during the financial year. The GNC Charter requires the Committee to hold a minimum of 2 scheduled meeting per annum, which were held on 19 October 2022 and 19 April 2023. An additional meeting was held on 20 July 2023, to consider potential candidates to fill the vacancy created by the resignation of Ms. Chanda Masendu-Kusane.

Key focus areas addressed by the committee during the 2023 financial year:
Following the findings highlighted during the Botswana Accounting Oversight Authority (BAOA)'s corporate governance audit conducted in 2021, and the review of the Group's governance framework and structure conducted by BDO Proprietary Limited (BDO) in 2022, to assist the company in formalising certain policies and procedures recommended in King IV, the Company issued a number of Policies and updated its Board and committee Charters, which form the Group's governance frameworks and compliance universe in terms of King IV.

The GNC conducted its annual review of its Charters and Policies, which resulted in updates and changes recommended to and adopted by the Board. The Committee reviewed and recommended the following new Policies for adoption to the Board:

- Data Protection Policy
- PrimeTime Tenant Management Policy
- Corporate Citizen Policy
- Social Media Policy
- Whistleblowing Policy
- AML Policy
- Company Code of Ethics and Conduct
- Disciplinary Action Policy

A focused awareness by the staff of the External Management Company, around PrimeTime's policies and procedures, and training was carried out during the year.

During the year the Company became a corporate member of the Institute of Directors of South Africa (IoDSA), which gives the company and the individual board members access to best governance practices, training programs, regular updates on best practice, and access to governance experts to support the Board, should it be required.

The Institute of Directors of South Africa (IoDSA) conducted a peer-to-peer evaluation of the Board and its Committees during the year, which reviewed the overall individual performance of Directors on the Board and Board Committees, in the key areas of ethics, contribution to the Board and Board committees, and their skills and technical competencies. The results of the assessment revealed that the Board members have confidence in each other's abilities and competencies. The overall individual scores out of a maximum of 5, were achieved in the following areas:

- Board integrity, competence, responsibility, accountability, fairness, transparency, courage – range 4.4 to 4.9
- Personal and social competencies – 4.8
- Self-awareness, self-management, social awareness, relationship management – 4.4 to 4.6
- Fiduciary duties/roles and responsibilities – 4.6
- Board members fulfilment of roles and responsibilities – 4.4 to 4.8
- Technical competencies – 4.3 to 4.9
- Contribution to the Board – 4.3 to 4.7
- Audit and Risk Committee – 4.5
- Governance and Nominations Committee - 5

Based on the assessment of the individual director's skills, a focused training program has been put in place.

A strategy session was held on 10 August 2022, which resulted in the review of the Group's strategy, and a review of the performance indicators and targets for the External Management Company to action. Progress made and the External Manager's performance in addressing these targets, are reviewed at the GNC at its bi-annual scheduled meetings and reported to the Board. The inputs and results form part of the annual Board's assessment of the ongoing performance of the External Management Company.

A review of the Board Succession Plan was conducted during the year.

## Key focus areas for FY2024

The focus for FY 2024 is as follows:

- Finalising the recruitment of the vacancy on the GNC, ARC and the Board for an Independent Non-executive director
- Continuous focus on upholding strong corporate governance structures and processes and adherence to compliance with Laws and Regulations, and Covenants
- Carry out a Code of Ethics & Business Conduct Assessment, directed to the employee base of the External Management Company, to assess their understanding and awareness of PrimeTime's Policies and Governance structures, and to measure a baseline of how these are taking seed, shaping their progress, and the staff's understanding and internal confidence, and attitudes to Ethics and Governance in general
- Regular engagement by the Independent Non-executive Directors with stakeholders, Asset Managers and other Institutional Investors
- Carry out a review of the PrimeTime's Constitution

## Approval

The GNC has conducted its work in accordance with the written terms of reference contained in the Charter approved by the Board.

On behalf of the Governance and Nominations Committee

**Max Marinelli**

Chairman of Committee

23 January 2024

*G4S, Gaborone*

# REMUNERATION REVIEW

Design Quarter, Setlhoa, Gaborone



Pilane Crossing, Pilane

## Our approach to remuneration

The remuneration policy is reviewed by the GNC annually before it is recommended for approval by the Board. It is tabled every year for unitholder approval at the AGM.

### Part I: Background statement

The director's remuneration policy is to set an appropriate level of remuneration to attract and retain the services of suitably qualified and experienced directors, in line with the Group 's long-term strategy.

An appropriate hourly rate is set and then used as a basis for setting all meeting sitting fees and retainers. To remunerate individuals fairly for their time commitment, a higher weighting is applied to the Board and committee chairs.

### Part II: Remuneration policy

All directors are remunerated in the form of:

- Meeting sitting fees payable for each Board or committee meeting held,
- Annual retainers for Board and committee members. These remunerate for the time spent on tasks outside of meetings which include meeting preparation, reviewing and approving minutes, CPD, personal declarations and approvals.
- Where ad hoc meetings are held or additional work is required outside of the routine meeting and retainer schedules, the approved hourly rate is applied to time spent. A benchmarking exercise to comparable professional fees in Botswana is performed annually to determine a fair market-related hourly rate. Ad hoc hours worked are submitted for approval by the GNC Chair before payment.

No incentive or bonus schemes are in place.

With the exclusion of the Board member meeting sitting fees and retainers, no ad hoc fees are paid to the Executive Directors, as they are remunerated by the External Management Company. The remuneration paid to the Executive Directors by the External Management Company is not disclosed in this report. Fees paid to the External Management Company are fully disclosed in the related party note to the financial statements.

### Part III: Implementation report

Following the annual review of the Directors remuneration, the GNC recommended and the Board approved no change to the hourly rate, sitting fees and annual retainer rates from FY2022.

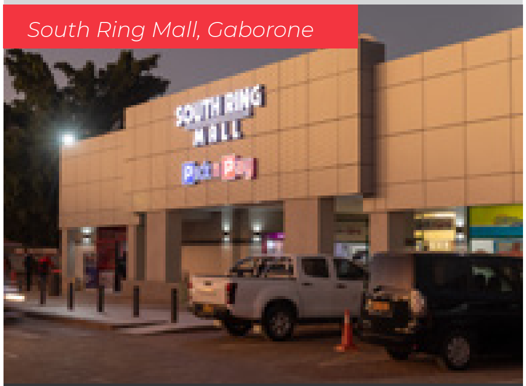
| **Fees for the FY 2023:** | **BWP** | | **BWP** |
|---|---|---|---|
| Hourly rate | 4 000 | **Annual retainers** | |
| **Sitting fee per. meeting** | | Board chair | 48 000 |
| Board chair per Board meeting | 24 000 | Director | 32 000 |
| Director per Board meeting | 16 000 | Lead independent director | 16 000 |
| Committee chair per committee meeting | 18 000 | Committee chair | 24 000 |
| Committee member sitting fee | 12 000 | Committee member | 16 000 |


*Boiteko Junction, Serowe*

## Directors remuneration for the year ended 31 August 2023

| Director | BWP |
|---|---:|
| **Executive directors for Board sitting fees and director retainers** | |
| J Jones | 96 000 |
| A Kelly | 96 000 |
| M Morolong | 96 000 |
| **Independent directors for Board and committee sitting fees, Board and committee retainers and ad hoc work** | |
| N Dixon-Warren | 287 367 |
| M Marinelli | 316 389 |
| C Masendu-Kusane | 156 904 |
| P Masie | 238 395 |
| **TOTAL** | **P1 287 055** |

# KING IV COMPLIANCE UPDATE




South Ring Mall, Gaborone


Centro Kabulonga, Lusaka

## Outcome: Ethical culture through leadership, ethics and corporate citizenship

| Principle | Description |
|---|---|
| **1. Leadership** | The board should lead ethically and effectively. |
| **2. Organisational Ethics** | The board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture. |
| **3. Responsible Corporate Citizenship** | The board should ensure that the organisation is and is seen to be a responsible corporate citizen. |

*Prime Plaza, Gaborone*

| King IV recommended practices<br>The board should: | Continued compliance actions |
| --- | --- |
| • Cultivate and perform collectively and individually with integrity and accountability<br>• Provide leadership that results in achievement of strategy over time<br>• Be held accountable for leadership | • The Company Code of Ethics and Business Conduct was updated, reviewed by the GNC, and approved by the Board<br>• A Disciplinary Action Policy was drafted, reviewed by the GNC and approved by the Board<br>• An external Board and Committee peer assessment process was completed in September 2023 with the final report noting both good practices and areas for improvement |
| • Set the direction for ethics in the Group<br>• Approve codes of conduct and ethics<br>• Ensure stakeholders can be made familiar with the codes<br>• Delegate the implementation of the codes to management<br>• Disclose how ethics are being managed | • All codes and charters are regularly reviewed, amended, and approved by the Board as the Group evolves<br>• Appointment of executive directors ensures external management company buy-in<br>• The compliance officer is rolling out external management company staff training on all Group codes and policies<br>• The compliance officer reports back to the GNC on ethics performance semi-annually |
| • Set the direction for good corporate citizenship<br>• Oversee and monitor the Group 's status as a good corporate citizen<br>• Disclose how corporate citizenship is managed | • The Group continues to offer support to initiatives aimed at informing the public about health issues<br>• Community development initiatives through the Boiteko Trust at Serowe continue to increase<br>• The compliance officer reports back to the GNC on CSR activities semi-annually |

*South Ring Mall, Gaborone*

## Outcome: Good performance through strategy, performance and reporting

| Principle | Description |
|---|---|
| **4. Strategy and performance** | The board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process. |
| **5. Reporting** | The board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects. |

## Outcome: Effective control through governing structures and delegation

| Principle | Description |
|---|---|
| **6. Primary roles and responsibilities of the governing body** | The Board should serve as the focal point and custodian of corporate governance in the organisation. |
| **7. Composition of the governing body** | The Board should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively. |

| **King IV recommended practices**<br>**The board should:** | **Continued compliance actions** |
|---|---|
| · Steer and set direction, purpose and strategy<br>· Delegate to management the formulation and approval of strategy<br>· Approve managements' policies and operational plans and delegate implementation to them<br>· Oversee strategy implementation and ongoing assessment<br>· Be alert to the organisation's general viability, liquidity and going concern status | · A strategic plan is in place and being monitored by the Board quarterly<br>· Board review of operational and financial performance on a quarterly basis is established and ongoing<br>· Focus on liquidity and debt level management is ongoing |
| · Set the direction for the organisations reporting<br>· Ensure that the various reports are compliant with legal reporting requirements<br>· Ensure that an integrated annual report is issued<br>· Oversees the publication and access by stakeholders of all reports on its website or other appropriate media/platform | · Public announcements are published on the BSE's X-News platform<br>· All public announcements and reports are included on our website www.primetime.co.bw<br>· The compliance officer reports back to the GNC on stakeholder engagements and media activity semi-annually |

| **King IV recommended practices**<br>**The board should:** | **Continued compliance actions** |
|---|---|
| · Exercise its leadership role<br>· Disclose number of meetings and attendance thereof | · All codes, charters and policies are regularly reviewed, amended, and approved by the Board as the compliance universe evolves<br>· Full disclosure of meetings by the Board and all committees is included in the governance section of this report] |
| Have processes and procedures around:<br>· Composition of the governing body<br>· Nomination, election, and appointment<br>· Independence and conflicts<br>· Chair of the Board | · The GNC is responsible to review, consider, assess, and make recommendations to the Board on its composition. See the report from the GNC chair on pages 130 to 133<br>· All members complete a declaration of interests form at every Board meeting. If a conflict exists that member is recused from discussions and voting thereon<br>· Independent members serving for more than nine years are assessed annually for independence and approved by the Board to continue to hold office |

## Outcome: Effective control through governing structures and delegation *(continued)*

| Principle | Description |
|---|---|
| **8. Committees of the Board** | The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties. |
| **9. Evaluation of the performance of the governing body** | The Board should ensure that the evaluation of its own performance and that of its individual members support continued improvement in its performance and effectiveness. |
| **10. Appointment and delegation to management** | The Board should ensure that the appointment of and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities. |

| **King IV recommended practices**<br>**The board should:** | **Continued compliance actions** |
|---|---|
| · Determine which committees are required, that they have formal terms of reference, a defined purpose with the resources to function effectively<br>· Ensure that any members and/or management can attend committee meetings<br>· Remain accountable with committees reporting back<br>· Disclose details of committees<br>· Consider establishing an audit committee if it issues audited financial statements<br>· Consider allocating oversight of risk governance to a dedicated committee or another appropriate committee. | · The Board has established an audit and risk committee. See pages 122 to 129 for the report from the ARC chair<br>· The Board has an established governance and nominations committee. See pages 130 to 133 for the report from the GNC chair |
| · Take responsibility for performance evaluations<br>· Have evaluations facilitated externally at least every two years | · A Board and Committee peer assessment process was completed by an independent external consultant in September 2023 with the final report noting both good practices and areas for improvement<br>· In the prior year a Board assessment process was completed by an independent external consultant<br>· The frequency and format of evaluations are considered annually by the GNC for recommendation to the Board |
| · Delegate of certain powers and matters to suitably competent management and monitor them<br>· Ensure that it has access to professional and independent guidance on legal and corporate governance matters | · The Board remains responsible for formulating and implementing Group policy and making all strategic decisions, however it has delegated the day-to-day management of the Group to the external management company as detailed on pages 116 to 121<br>· Professional experts are appointed to advise on legal and governance matters when required |

## Outcome: Effective control through governing structures and delegation *(continued)*

| Principle | Description |
|---|---|
| **11. Risk governance** | The Board should govern risk in a way that supports the organisation in setting and achieving strategic objectives. |
| **12. Technology and information governance** | The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives. |
| **13. Compliance governance** | The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation's being ethical and a good corporate citizen |

| King IV recommended practices<br>The board should: | Continued compliance actions |
|---|---|
| • Set the approach for risk governance and treat risk as an integral part of decision-making and adherence to all duties<br>• Delegate and oversee risk management implementation to management<br>• Consider receiving independent assurance on the effectiveness of risk management | • A Risk Management Policy is in place which defines the risk management process<br>• The detailed risk register is reviewed and updated at least semi-annually, and more frequently if new risks are identified<br>• The register is tabled at all scheduled ARC meetings and then escalated to the Board for review and approval<br>• The Board ensures that mitigating action is executed by the executive directors<br>• See pages 70 to 75 for details of key risks |
| • Set the approach and approve the policy for technology and information governance<br>• Delegate and oversee effective technology and information implementation to management<br>• Consider receiving independent assurance on the effectiveness of technology and information management | • The external management company has technology and information policies in place and has SLAs with independent external service providers who administer their systems<br>• Findings by the internal auditor on technology and information controls were actioned by management, who reports progress and completion to the ARC and GNC and ultimately to the Board<br>• See page 87 for more information on technology and governance |
| • Direct the governance of compliance to all relevant legislation and approve a policy thereon<br>• Delegate and oversee effective compliance implementation to management | • A Compliance Policy is in place which defines the compliance universe and PrimeTime's approach to compliance, enabling an effective compliance framework and processes to be established<br>• The GNC assists the Board in monitoring the management of the Group's compliance. See the report from the GNC chair on pages 130 to 133<br>• A compliance officer is in place |

## Outcome: Effective control through governing structures and delegation *(continued)*

| Principle | Description |
|---|---|
| **14. Remuneration governance** | The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term. |
| **15. Assurance** | The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports. |

## Outcome: Legitimacy through stakeholder inclusivity

| Principle | Description |
|---|---|
| **16. Stakeholders** | In the execution of its governance role and responsibilities, the board should adopt a stakeholder inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time. |

| King IV recommended practices<br>The board should: | Continued compliance actions |
|---|---|
| Have processes and procedures around:<br>· Remuneration policy<br>· Remuneration report<br>· Voting on remuneration | · The Group does not have any employees as it is managed by an external management company<br>· The remuneration policy for directors' fees is reviewed by the GNC annually for recommendation to the Board for approval<br>· The remuneration policy is tabled annually for unitholder approval at the AGM - See pages 136 to 137 for disclosures on the remuneration policy |
| Have processes and procedures around:<br>· Combined assurance services<br>· Assurance of external reports<br>· Internal audit | · The ARC report at pages 122 to 129 discloses information on the management of the external and internal auditors<br>· The ARC meets with both the internal and external auditors without management being present, at least once a year |

| King IV recommended practices The Board should: | Continued compliance actions |
|---|---|
| Have processes and procedures around:<br>· Stakeholder relationships<br>· Unitholder relationships<br>· Relationships within a Group of companies | · Members of the Board and the external lead audit partner avail themselves at every AGM<br>· The Board ensures that minority interests are protected when decision-making<br>· The executive directors regularly engage with stakeholders. These engagements are reported to the Board through the GNC<br>· The company's website www.primetime.co.bw and the BSE's x-News are used to disseminate information<br>· A Stakeholder Management Policy and an Alternative Dispute Resolution Policy are in place<br>· See pages 66 to 69 for further details on stakeholder engagement |

# ANNUAL FINANCIAL STATEMENTS

Plot 22, Gaborone



Boiteko Junction, Serowe

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023**

# CORPORATE INFORMATION

**INCORPORATED IN THE REPUBLIC OF BOTSWANA**
Registration number BW00000877365
Date of Incorporation 29 August 2007

**NATURE OF BUSINESS**
The Group and Company is engaged in property investment.

**PHYSICAL ADDRESS**
Acacia
Prime Plaza
Plot 74538 CBD
Cnr of Khama Crescent Extension and PG Matante
Gaborone

**DEBENTURE TRUST TRUSTEE**
J Hinchliffe
Unit G, Plot 129
Kgale Mews
P. O. Box 2378
Gaborone

**COMPANY SECRETARY**
Unopa Tutu Njadingwe

**REGISTERED OFFICE**
Acacia
Prime Plaza
Plot 74538 CBD
Cnr of Khama Crescent Extension and PG Matante
Gaborone

P O Box 1395
Gaborone

**AUDITORS**
Ernst & Young
2nd Floor, Plot 22, Khama Crescent
P O Box 41015
Gaborone

**TRANSFER SECRETARIES**
Transaction Management Services Proprietary Limited
t/a Corpserve Botswana Transfer Secretaries
Unit 206
Plot 64516
Fairgrounds Close
Gaborone

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**PRIMETIME PROPERTY HOLDINGS LIMITED**
**SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023**

# DIRECTORS' REPORT

The Directors have pleasure in submitting to the linked unitholders their report and the audited financial statements of PrimeTime Property Holdings Limited ("Company") and its subsidiaries (the "Group" or "Consolidated") for the year ended 31 August 2023.

## Nature of Business

The Company is a variable rate loan stock public company and derives its revenue primarily from the rental of investment properties. The company's registration number is BW00000877365.

## Stated Capital and Debentures

At 31 August 2023 the stated capital of the Company comprised 252 559 203 ordinary shares (31 August 2022: 247 554 581 ordinary shares), with a nominal value of P14 795 794 (31 August 2022: P14 465 197), which are linked to 252 559 203 (31 August 2022: 247 554 581) variable rate unsecured debentures with a nominal value of P336 135 390 (31 August 2022: P328 433 283 ).

Each linked unit comprises an ordinary share and one variable rate unsecured debenture, which are indivisible.

The 252 559 203 linked units are listed on the Botswana Stock Exchange.

## Financial Statements

The statements of financial position set out the financial position of the Company and Group at 31 August 2023 and the statements of profit or loss and other comprehensive income, statements of cash flows and statements of changes in equity reflect the operating results for the year ended on that date.

## Linked Units Distribution Policy

Distributions to linked unit holders are primarily in the form of debenture interest. The following distributions were made/proposed during the year:

| **Debenture interest (thebe)** | **2023** | **2022** |
|---|---|---|
| Interim paid 31 March 2023 (31 March 2022) | 4,27 | 3,71 |
| Interim paid 31 August 2023 (19 August 2022) | 6,00 | 4,95 |
| Total interim declared and paid for the year | 10,27 | 8,66 |
| **Proposed as at year end** | | |
| Final proposed | 1,30 | 4,00 |
| | 11,57 | 12,66 |

## Administration and Management

The management of the Company's properties is undertaken by a related party, Time A & PM Proprietary Limited (2022: Time A & PM Proprietary Limited).

With effect from 1 September 2021, following an internal reorganisation within Time Projects (Botswana) Proprietary Limited with no change in beneficial ownership, the Company agreed for all rights and interests in management contracts with Time Projects (Botswana) Limited to be ceded to Time A & PM Proprietary Limited.

## Directors

The following persons acted as Directors of the Company during the period under review and up to the date of approval of these financial statements:

- P Masie* (1) (Chairman)
- A L Kelly (2)
- J Jones (3)
- M T Morolong (1)
- C L Masendu-Kusane* (1) Resigned 7 June 2023
- N Dixon-Warren * (1)
- M Marinelli* (4)

**Non-executive (1) Motswana (2) South African (3) British (4) Italian*

## Directors' Holdings in Linked Units

The number of linked units held directly and indirectly by Directors at the year end is as follows:

| Director | Held directly 2023 | Held indirectly 2023 | Held directly 2022 | Held indirectly 2022 |
|---|---|---|---|---|
| j Jones and family | 40 019 | - | 38 261 | - |
| A L Kelly and family | 462 132 | 42 956 380 | 462 132 | 41 019 415 |
| M T Morolong and family | 114 188 | - | 109 172 | - |
| P Masie and family | 17 138 | - | 16 385 | - |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE FINANCIAL STATEMENTS**
**31 AUGUST 2023**

## Directors' statement of responsibility

The directors are responsible for the preparation and fair presentation of the financial statements of PrimeTime Property Holdings Limited, comprising the separate and consolidated statements of financial position as at 31 August 2023, and the separate and consolidated statements of profit or loss and other comprehensive income, the separate and consolidated statements of changes in equity, and the separate and consolidated statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS").

The directors are required by the Companies Act of Botswana (CAP 42:01), to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company and Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the financial statements. Their unmodified opinion is presented on pages 158 to 163.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and Group and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company and Group is on identifying, assessing, managing and monitoring all known forms of risk across the Company and Group. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The going concern basis has been adopted in preparing the financial statements. After taking into the net current liability position of the Company and Group, the directors have reviewed the cash flow forecasts, the cash at bank and borrowing facilities available and have concluded that there is no material uncertainty on the Company and Group's ability to continue as a going concern. Detailed considerations made have been disclosed in Note 32 to the financial statements.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

**Approval of the financial statements**

The separate and consolidated financial statements set out on pages 164 to 253, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 November 2023 and were signed on its behalf by:

**Paul Masie**
Director

**Jo Jones**
Director

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**AUDITOR'S REPORT**
**31 AUGUST 2023**

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Firm of Chartered Accountants
2nd Floor
Plot 22, Khama Crescent
PO Box 41015
Gaborone, Botswana

Tel: +267 397 4078 / 365 4000
Fax: +267 397 4079
Email: eybotswana@za.ey.com
Partnership registered in Botswana
www.ey.com

# Independent auditor's report

**To the shareholders of PrimeTime Property Holdings Limited**

**Report on the audit of the consolidated and separate financial statements**

*Opinion*

We have audited the consolidated and separate financial statements of PrimeTime Property Holdings Limited ('the Company') and its subsidiaries ('the Group') set out on pages 164 to 253, which comprise of the consolidated and separate statements of financial position as at 31 August 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 31 August 2023, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01).

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matters applies equally to the audit of the consolidated and separate financial statements.

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| The Group's investment property portfolios comprise of office, retail and industrial use properties located in Botswana, South Africa and Zambia. The Group's investment property portfolios are valued at BWP 1.716 billion (2022: BWP1.647 billion) and the Company's investment portfolio is valued at BWP1.098 billion (2022: P1.060 billion) as at 31 August 2023.<br><br>The fair values of these investment property portfolios are determined by management using an income capitalisation method. The income capitalisation method involves the application of a capitalisation rate to the net operating income of each investment property. The fair values derived from the income capitalisation method are then compared to transaction prices realised from the sale of similar properties in the same geographical area.<br><br>The Group and Company use external independent valuation specialists to value their investment properties annually. The valuation process followed by the external independent valuation specialists includes the physical inspection of each property on a five-year rotational basis. | Our procedures included, amongst others:<br>• We obtained an understanding of the valuation process and methodology used to determine the fair values of the investment properties through discussions with the independent valuation specialists and management.<br>• We evaluated the external valuation specialists' competence, capabilities and objectivity with reference to their qualifications and industry experience.<br>• With the support of our internal valuation specialists, we:<br>- Assessed the application of the income capitalisation method for property valuations performed by the external independent valuation specialists and considered if it is in line with International Valuation Standards ("IVS") and valuation practise. Our assessment included assessing if the methodology adheres to the fundamental concepts and principles of valuation outlined in the IVS, including fairness, transparency and consistency. We further evaluated if the methodology considers relevant market evidence in order to adhere to IVS market requirements for gathering, analysing, and applying market data in the valuation process. |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**AUDITOR'S REPORT**
**31 AUGUST 2023**

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| Estimating the capitalisation rate applied to the net operating income to determine the fair value of the investment properties is subjective in nature and involves significant assumptions distinctive to each geographical region including a risk-free rate adjusted for interest rates, inflation rates and a risk factor determined based on the anticipated future growth prospects, vacancy rates, tenant quality, nature and location of each property.<br><br>The estimation of these inputs is further complicated by uncertain economic and market conditions in each geographical region reflected in volatility observed in inflation and interest rates.<br><br>We have identified the valuation of the Group and Company's investment property portfolios to be a key audit matter due to the valuation method being inherently judgmental because of the subjective inputs applied in determining the capitalisation rate for each property across different regions and the significance of the investment property portfolios to the Group and Company's total assets.<br><br>The disclosures associated with the valuation of the Group and Company's investment properties, including the fair value adjustments, are set out in the consolidated and separate financial statements in the following notes:<br>• Significant accounting policies – Investment properties<br>• Critical accounting judgements and key sources of estimation uncertainty – Fair value of investment properties<br>• Note 3 – Fair value adjustment<br>• Note 8 – Investment properties<br>• Note 9 – Fair value measurement | - Evaluated the transaction prices realised from the sale of similar properties, used to support the fair values of investment properties, by comparing the external source of these transaction prices to publicly available information.<br>- Independently recomputed a capitalisation rate for each property by assessing the economic market conditions in Zambia, South Africa and Botswana including vacancy rates, rental growth rates, risk-free rates, interest rates and inflation rates. We also considered the risks specific to each geographic region, to obtain an understanding of how these risks can impact property values. We compared our calculated capitalisation rates to the rates used by the external independent valuation specialists for reasonableness.<br>- Evaluated the mathematical accuracy of the valuation method by recalculating the net operating income and applying the capitalisation rate to the net operating income for each property to determine the fair value per property.<br>• We assessed the appropriateness of the disclosures included in the consolidated and separate financial statements relating to investment properties and fair value adjustments against the requirements of IAS 40 – Investment property and IFRS 13 – Fair value measurement. |

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*Other Matter*

The consolidated and separate financial statements of PrimeTime Property Holdings Limited for the year ended 31 August 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 November 2022.

*Other Information*

The directors are responsible for the other information. The other information comprises the other information included in the 102-page document titled "PrimeTime Property Holdings Limited Separate and Consolidated Financial Statements 31 August 2023" which includes the Corporate Information, Directors' Report and the Directors' Statement of Responsibility and Approval of the Financial Statements, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Consolidated and Separate Financial Statements*

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01) and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting processes.

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**AUDITOR'S REPORT**
**31 AUGUST 2023**

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*Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures on the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst + Young

**Ernst & Young**
Firm of Certified Auditors
Practising member: Francois J Roos (CAP 0013 2023)
Gaborone

30 November 2023

## PRIMETIME PROPERTY HOLDINGS LIMITED
## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 AUGUST 2023

| | | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|---|
| | **Notes** | **2023** | **2022** | **2023** | **2022** |
| | | **P** | **P** | **P** | **P** |
| Revenue | 1 | 144 846 314 | 137 427 437 | 212 797 222 | 196 396 152 |
| Operating expenses | 2 | (56 272 968) | (55 954 906) | (81 756 527) | (80 290 976) |
| Exchange differences on translating foreign balances | 18,1 | 24 296 568 | 56 672 177 | 3 757 335 | (1 282 919) |
| Expected credit losses on trade receivables [1] | 14 | ( 204 175) | ( 260 561) | ( 686 136) | ( 307 599) |
| Expected credit losses on inter-company loans | 13 | (22 229 615) | 12 041 974 | - | - |
| **Profit from operations before fair value adjustment** | | 90 436 124 | 149 926 121 | 134 111 894 | 114 514 658 |
| Fair value adjustment | 3 | 41 984 641 | 29 500 861 | 44 303 419 | 33 747 310 |
| **Profit from operations** | | 132 420 765 | 179 426 982 | 178 415 313 | 148 261 968 |
| Interest income | 4 | 37 373 988 | 905 637 | 1 499 008 | 1 670 843 |
| Interest expense | 4 | (59 705 827) | (52 795 700) | (75 506 912) | (62 602 674) |
| **Profit before taxation** | | 110 088 926 | 127 536 919 | 104 407 409 | 87 330 137 |
| Taxation | 6,1 | (16 808 388) | (23 331 904) | (21 144 525) | (21 976 586) |
| **Profit for the year** | | 93 280 538 | 104 205 015 | 83 262 884 | 65 353 551 |

| | Notes | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|---|
| | | **2023** | **2022** | **2023** | **2022** |
| | | **P** | **P** | **P** | **P** |
| **Other comprehensive income/(loss)** | | | | | |
| *Items that may be subsequently classified to profit or loss* | | | | | |
| Exchange differences on translation of foreign operations | 18,2 | (3 583 978) | 2 690 605 | (8 145 298) | (9 239 293) |
| Exchange differences on translation of related party loans | 18,3 | - | - | 23 290 001 | 60 239 590 |
| Exchange differences on translation of related party loans reclassified to profit or loss | 18,3 | - | - | (4 749 459) | - |
| Income tax relating to the exchange differences on translation of related party loans | 18,3 | - | - | (3 970 474) | (9 474 901) |
| Other comprehensive income/(loss) | | (3 583 978) | 2 690 605 | 6 424 770 | 41 525 396 |
| **Total comprehensive income for the year** | | 89 696 560 | 106 895 620 | 89 687 655 | 106 878 947 |

| | | | | | |
|---|---|---|---|---|---|
| **Attributable to** | | | | | |
| Owners of the holding company | | | | 89 687 655 | 106 878 947 |

| | | | | | |
|---|---|---|---|---|---|
| **Earnings per linked unit *** | | | | | |
| Basic (thebe)* | 7 | | | 35,91 | 29,50 |
| Diluted (thebe)* | 7 | | | 35,91 | 29,50 |

[1] In the current reporting period the 'expected credit losses' has been disaggregated from operating expenses and shown separately with comparatives being restated

## PRIMETIME PROPERTY HOLDINGS LIMITED
## STATEMENTS OF FINANCIAL POSITION
## AS AT 31 AUGUST 2023

| | Notes | COMPANY 2023 | COMPANY 2022 |
|---|---|---|---|
| | | P | P |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment properties | 8 | 1 097 871 427 | 1 059 560 962 |
| Work in progress | 10 | 98 682 346 | 63 439 294 |
| Investment in subsidiary | 11 | 1 020 | 1 020 |
| Amounts due from related party | 13 | 475 489 167 | 444 657 554 |
| Rentals straight-line adjustment | 8 | 42 810 584 | 46 029 469 |
| | | 1 714 854 545 | 1 613 688 299 |
| **CURRENT ASSETS** | | | |
| Trade and other receivables | 14 | 9 477 240 | 8 937 181 |
| Rentals straight-line adjustment | 8 | 7 880 802 | 7 978 473 |
| Taxation receivable | | 998 | 5 895 721 |
| Cash and cash equivalents | 15 | 3 770 360 | 4 994 488 |
| | | 21 129 400 | 27 805 863 |
| | | | |
| **TOTAL ASSETS** | | 1 735 983 945 | 1 641 494 162 |

| CONSOLIDATED | |
|---|---|
| 2023 | 2022 |
| P | P |
| | |
| | |
| 1 715 894 944 | 1 646 579 905 |
| 98 682 346 | 63 439 294 |
| - | - |
| - | - |
| 46 107 534 | 51 703 763 |
| 1 860 684 824 | 1 761 722 962 |
| | |
| 14 234 650 | 15 986 039 |
| 9 843 521 | 11 313 040 |
| 2 156 | 6 471 665 |
| 23 003 203 | 27 588 247 |
| 47 083 530 | 61 358 991 |
| | |
| 1 907 768 354 | 1 823 081 953 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**

## STATEMENTS OF FINANCIAL POSITION

**AS AT 31 AUGUST 2023** *(continued)*

| | | COMPANY | |
|---|---|---|---|
| | **Notes** | **2023** | **2022** |
| | | **P** | **P** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Stated capital | 16 | 14 795 794 | 14 465 197 |
| Debentures | 17 | 336 135 390 | 328 433 283 |
| Reserves | 18 | 512 772 473 | 445 701 687 |
| Debenture interest reserve | 19 | 3 283 270 | 9 902 183 |
| Total equity and reserves | | 866 986 927 | 798 502 350 |
| | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred taxation | 6 | 58 865 473 | 48 774 995 |
| Borrowings | 22 | 633 652 568 | 617 926 664 |
| Lease liabilities | 23 | 481 926 | 461 645 |
| | | 692 999 967 | 667 163 304 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 20 | 13 397 082 | 13 832 433 |
| Amounts due to related parties | 21 | 2 301 896 | 2 126 575 |
| Borrowings | 22 | 138 060 537 | 147 696 855 |
| Lease liabilities | 23 | 237 200 | 216 952 |
| Deferred revenue | 24 | 2 370 730 | 2 220 186 |
| Bank overdraft | 25 | 19 629 605 | 9 097 272 |
| Tax payable | | - | 638 235 |
| | | 175 997 050 | 175 828 508 |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | 1 735 983 944 | 1 641 494 162 |

| CONSOLIDATED | |
|---|---|
| 2023 | 2022 |
| P | P |
| | |
| | |
| 14 795 794 | 14 465 197 |
| 336 135 390 | 328 433 283 |
| 512 563 504 | 445 501 624 |
| 3 283 270 | 9 902 183 |
| 866 777 958 | 798 302 287 |
| | |
| | |
| 58 865 473 | 48 774 995 |
| 780 873 358 | 669 435 952 |
| 2 899 671 | 2 862 808 |
| 842 638 502 | 721 073 755 |
| | |
| 21 546 019 | 21 619 972 |
| 3 233 822 | 4 255 041 |
| 150 860 033 | 265 261 498 |
| 237 641 | 217 520 |
| 2 841 852 | 2 607 052 |
| 19 629 605 | 9 097 272 |
| 2 922 | 647 556 |
| 198 351 894 | 303 705 911 |
| | |
| 1 907 768 354 | 1 823 081 953 |

## PRIMETIME PROPERTY HOLDINGS LIMITED
## STATEMENTS OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 AUGUST 2023

| | Notes | STATED CAPITAL | DEBENTURES | RETAINED EARNINGS |
|---|---|---|---|---|
| | | P | P | P |
| **COMPANY** | | | | |
| **Balance at 1 September 2021** | | 14 242 773 | 323 329 682 | 372 437 644 |
| Linked units issued during the year | 16,17 | 222 424 | 5 103 601 | - |
| Profit for the year | | - | - | 104 205 015 |
| Other comprehensive income for the year | | - | - | - |
| **Total comprehensive income for the year** | | - | - | 104 205 015 |
| 2021 final debenture interest paid | 5 | - | - | 10 534 |
| 2022 interim debenture interest paid | 5 | - | - | (21 186 749) |
| 2022 final proposed debenture interest | 5 | - | - | (9 902 183) |
| Taxation attributable to debenture interest | 6,1 | - | - | 6 837 248 |
| **Balance at 31 August 2022** | | 14 465 197 | 328 433 283 | 452 401 509 |
| Linked units issued during the year | 16,17 | 330 597 | 7 702 107 | - |
| Profit for the year | | - | - | 93 280 538 |
| Other comprehensive income for the year | | - | - | - |
| **Total comprehensive income for the year** | | - | - | 93 280 538 |
| 2022 final debenture interest paid | 5 | - | - | - |
| 2023 interim debenture interest paid | 5 | - | - | (25 724 133) |
| 2023 final proposed debenture interest | 5 | - | - | (3 283 270) |
| Taxation attributable to debenture interest | 6,1 | - | - | 6 381 629 |
| **Balance at 31 August 2023** | | 14 795 794 | 336 135 390 | 523 056 273 |

| FCTR ON TRANSLATION OF FOREIGN OPERATIONS | FCTR ON TRANSLATION OF RELATED PARTY LOAN | DEBENTURE INTEREST RESERVE | TOTAL |
|---|---|---|---|
| P | P | P | P |
| | | | |
| (9 390 427) | - | 3 264 388 | 703 884 060 |
| - | - | - | 5 326 025 |
| - | - | - | 104 205 015 |
| 2 690 605 | - | - | 2 690 605 |
| 2 690 605 | - | - | 106 895 620 |
| - | - | (3 264 388) | (3 253 854) |
| - | - | - | (21 186 749) |
| - | - | 9 902 183 | - |
| - | - | - | 6 837 248 |
| (6 699 822) | - | 9 902 183 | 798 502 350 |
| - | - | - | 8 032 704 |
| - | - | - | 93 280 538 |
| (3 583 978) | - | - | (3 583 978) |
| (3 583 978) | - | - | 89 696 560 |
| - | - | (9 902 183) | (9 902 183) |
| - | - | - | (25 724 133) |
| - | - | 3 283 270 | - |
| - | - | - | 6 381 629 |
| (10 283 800) | - | 3 283 270 | 866 986 927 |

## PRIMETIME PROPERTY HOLDINGS LIMITED
## STATEMENTS OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 AUGUST 2023 *(continued)*

| | Notes | STATED CAPITAL | DEBENTURES | RETAINED EARNINGS |
|---|---|---|---|---|
| | | P | P | P |
| **CONSOLIDATED** | | | | |
| **Balance at 1 September 2021** | | 14 242 773 | 323 329 682 | 344 695 549 |
| Linked units issued during the year | 16,17 | 222 424 | 5 103 601 | - |
| Profit for the year | | - | - | 65 353 551 |
| Other comprehensive loss for the year | | - | - | - |
| **Other comprehensive income/ (loss) for the year** | | - | - | 65 353 551 |
| 2021 final debenture interest paid | | - | - | 10 534 |
| 2022 interim debenture interest paid | 5 | - | - | (21 186 749) |
| 2022 final proposed debenture interest | 5 | - | - | (9 902 183) |
| Taxation attributable to debenture interest | 6,1 | - | - | 6 837 248 |
| **Balance at 31 August 2022** | | 14 465 197 | 328 433 283 | 385 807 950 |
| Linked units issued during the year | 16,17 | 330 597 | 7 702 107 | - |
| Profit for the year | | - | - | 83 262 884 |
| Other comprehensive income/(loss) for the year | | - | - | - |
| **Other comprehensive income/ (loss) for the year** | | - | - | 83 262 884 |
| 2022 final debenture interest paid | 5 | - | - | - |
| 2023 interim debenture interest paid | 5 | - | - | (25 724 133) |
| 2023 final proposed debenture interest | 5 | - | - | (3 283 270) |
| Taxation attributable to debenture interest | 6,1 | - | - | 6 381 629 |
| **Balance at 31 August 2023** | | 14 795 794 | 336 135 390 | 446 445 060 |

| FCTR ON TRANSLATION OF FOREIGN OPERATIONS | FCTR ON TRANSLATION OF RELATED PARTY LOAN | DEBENTURE INTEREST RESERVE | TOTAL |
|---|---|---|---|
| P | P | P | P |
| | | | |
| (9 419 322) | 27 587 600 | 3 264 388 | 703 700 670 |
| - | - | - | 5 326 025 |
| - | - | - | 65 353 551 |
| (9 239 293) | 50 764 689 | - | 41 525 396 |
| (9 239 293) | 50 764 689 | - | 106 878 947 |
| - | - | (3 264 388) | (3 253 854) |
| - | - | - | (21 186 749) |
| - | - | 9 902 183 | - |
| - | - | - | 6 837 248 |
| (18 658 615) | 78 352 289 | 9 902 183 | 798 302 287 |
| - | - | - | 8 032 704 |
| - | - | - | 83 262 884 |
| (8 145 298) | 14 570 068 | - | 6 424 770 |
| (8 145 298) | 14 570 068 | - | 89 687 654 |
| - | - | (9 902 183) | (9 902 183) |
| - | - | - | (25 724 133) |
| - | - | 3 283 270 | - |
| - | - | - | 6 381 629 |
| (26 803 913) | 92 922 357 | 3 283 270 | 866 777 958 |

## PRIMETIME PROPERTY HOLDINGS LIMITED
## STATEMENTS OF CASH FLOWS
## FOR THE YEAR ENDED 31 AUGUST 2023

| | | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|---|
| | Notes | 2023 | 2022 | 2023 | 2022 |
| | | P | P | P | P |
| **Cash flows from operating activities** | | | | | |
| Profit for the year before taxation | | 110 088 926 | 127 536 919 | 104 407 409 | 87 330 137 |
| Interest income | 4 | (37 373 988) | ( 905 637) | (1 499 008) | (1 670 843) |
| Interest expense | 4 | 59 705 827 | 52 795 700 | 75 506 912 | 62 602 674 |
| Foreign exchange (gains)/losses on translation of related party loan including on the expected credit losses | 13 | (24 063 479) | (57 423 644) | (4 749 459) | - |
| Fair value adjustments on revaluation of investment properties | 3 | (38 668 086) | (26 366 019) | (37 204 859) | (28 719 138) |
| Right-of-use asset remeasured | 3 | 260 333 | - | 149 313 | - |
| Lease liabilities derecognised on disposal of investment property | 23 | - | ( 12 675) | - | ( 12 675) |
| Expected credit losses on inter-company loans | 13 | 22 229 615 | (12 041 974) | - | - |
| Operating income before working capital changes | | 92 179 148 | 83 582 670 | 136 610 308 | 119 530 155 |
| (Increase)/decrease in trade and other receivables | | ( 540 059) | 2 146 493 | 1 751 389 | 4 730 528 |
| (Decrease)/increase in trade and other payables | | ( 435 351) | 2 154 848 | ( 73 953) | 4 570 244 |
| Increase/(decrease) in amounts due to related parties | | 175 321 | (12 630 244) | (1 021 219) | (11 088 834) |
| Increase/(decrease) in deferred revenue | | 150 544 | ( 141 053) | 234 800 | ( 453 521) |
| Cash generated from operations | | 91 529 603 | 75 112 714 | 137 501 325 | 117 288 572 |
| Income taxes received/(paid) | 6,3 | 4 920 207 | ( 134 194) | (2 818 017) | (7 942 185) |
| Net cash generated from operating activities | | 96 449 810 | 74 978 520 | 134 683 308 | 109 346 387 |

| | | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|---|
| | Notes | 2023 | 2022 | 2023 | 2022 |
| | | P | P | P | P |
| **Cash flows from/(to) investing activities** | | | | | |
| Interest accrual received | | 8 376 240 | 15 803 432 | 1 499 008 | 1 670 843 |
| Proceeds from the disposal of investment property | 12 | - | 45 000 000 | - | 45 000 000 |
| Additions to investment properties | 8 | ( 989 286) | (36 462 747) | (6 774 178) | (40 159 936) |
| Additions to work in progress | 10 | (35 243 052) | (22 375 216) | (35 243 052) | (22 375 216) |
| Net cash generated from/(used in) investing activities | | (27 856 098) | 1 965 469 | (40 518 222) | (15 864 309) |
| | | | | | |
| **Cash flows to financing activities** | | | | | |
| Long term borrowings raised | | 35 786 321 | 201 672 473 | 35 786 321 | 207 141 309 |
| Long term borrowings repaid | | (28 554 285) | (189 067 858) | (37 283 670) | (190 799 104) |
| Repayment of principle portion of leases | 23 | ( 218 554) | ( 201 902) | ( 222 663) | ( 214 946) |
| Debenture interest paid | 5,1 | (27 593 612) | (19 114 578) | (27 593 612) | (19 114 578) |
| Interest paid on lease liabilities | 4 | ( 49 483) | ( 54 757) | ( 220 338) | ( 207 804) |
| Interest paid on all other borrowings | | (60 798 795) | (51 344 259) | (76 753 283) | (60 794 089) |
| Net cash used in financing activities | | (81 428 408) | (58 110 881) | (106 287 245) | (63 989 212) |

## PRIMETIME PROPERTY HOLDINGS LIMITED
## STATEMENTS OF CASH FLOWS
## FOR THE YEAR ENDED 31 AUGUST 2023 *(continued)*

| | | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|---|
| | Notes | 2023 | 2022 | 2023 | 2022 |
| | | P | P | P | P |
| **Net increase/(decrease) in cash and cash equivalents for the year** | | (12 834 697) | 18 833 108 | (12 122 159) | 29 492 866 |
| Cash at beginning of the year | | (4 102 784) | (22 478 902) | 18 490 975 | 3 659 728 |
| Effects of exchange rate | | 1 078 236 | ( 456 990) | (2 995 218) | (14 661 619) |
| Cash balances at end of the year | | (15 859 245) | (4 102 784) | 3 373 598 | 18 490 975 |
| | | | | | |
| **Comprising:** | | | | | |
| Bank balances and cash | | 3 770 360 | 4 994 488 | 23 003 203 | 27 588 247 |
| Bank overdraft | | (19 629 605) | (9 097 272) | (19 629 605) | (9 097 272) |
| Cash balances at end of the year | | (15 859 245) | (4 102 784) | 3 373 598 | 18 490 975 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**SIGNIFICANT ACCOUNTING POLICIES**
**31 AUGUST 2023**

## General Information

PrimeTime Property Holdings Limited is a limited company incorporated in the Republic of Botswana. The company is listed on the Botswana Stock Exchange. The address of its registered office, principal place of business and principal activities are disclosed under the Corporate Information on page 152.

## Adoption Of New And Revised Accounting Standards

**Standards and interpretations effective in the current year**

In the current year, the Group adopted all of the applicable new and revised Standards and Interpretations of the International Accounting Standards Board (the IASB) and the IFRS Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 September 2022. There have been no significant changes to the financial results of the entity arising from the adoption of the revised standards and new interpretations.

**New/Revised International Financial Reporting Standards adopted in the current year**

**Changes in accounting policies and disclosures**

The accounting policies adopted and methods of measurement followed are consistent with those of the previous financial year.

There were new and amendments to standards and interpretations which are applicable for the first time in the current year, but either not relevant or do not have an impact on the separate and consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The new standards and amendments effective for the first time in the current year are detailed below:
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous.
IFRS 3 - Business Combinations - Reference to the Conceptual Framework.
IFRS 9 - Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards (fees in the '10 per cent' test for derecognition of financial liabilities).

**New and revised Standards in issue but not yet effective**

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards and amendments that have been issued but are not yet effective:

IAS 1 - Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective January 01, 2024)
IAS 1 - Presentation of Financial Statements – Amendments regarding the disclosure of accounting policies (effective January 01, 2023)
IAS 7 - Statement of Cash Flows - Amendments regarding Supplier Finance Arrangements (effective January 01, 2024)
IAS 8 - Accounting Policies, Change in Accounting Estimates and Errors – Amendments regarding the definition of accounting estimates (effective January 01, 2023)

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**SIGNIFICANT ACCOUNTING POLICIES**
**31 AUGUST 2023** *(continued)*

IAS 12 - Income Taxes – Amendments regarding deferred tax related to assets and liabilities arising from a single transaction (effective January 01, 2023)
IAS 21 - The Effects of Changes in Foreign Exchange Rates - Amendments regarding lack of exchangeability (effective January 01,2025)
IFRS 7 - Financial Instruments: Disclosures - Amendments regarding Supplier Finance Arrangements (effective January 01, 2024)

An assessment was made and the Directors do not expect these to have any significant impact on the financial statements of the Company in future periods.

**Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent**
The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

**Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies**
The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - amendments regarding Supplier Finance Arrangement**

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments provide some transition reliefs regarding comparative and quantitative information as at the beginning of the annual reporting period and interim disclosures.

**Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IAS-Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

**Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**SIGNIFICANT ACCOUNTING POLICIES**
**31 AUGUST 2023** *(continued)*

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises.

A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities.
- Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

**IAS 21 - The Effects of Changes in Foreign Exchange Rates - Amendments regarding lack of exchangeability**

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

## Statement Of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

## Basis Of Preparation

The financial statements have been prepared on the historical cost basis as modified by the revaluation of investment properties. The financial statements are based on the following principal accounting policies:

## Income

**Revenue Recognition**

Revenue from the letting of investment property comprises gross rental income and recoveries of fixed operating costs, net of value added tax. Rental income is accounted for in terms of IFRS 16 Leases and recognised in profit or loss on a straight-line basis over the term of the lease.

Recoveries of costs from lessees are accounted for as non-lease components in terms of IFRS 15 Revenue from Contracts with Customers. Recoveries are levied monthly in arrears as a result of the Group recovering costs of providing the tenant with services as determined by the lease agreement. Management considers the terms of the lease agreement and its customary business practices to determine the transaction price. The Group satisfies the performance obligation for the services over time and recognises revenue over time. The Group therefore recognises revenue from the services as they are provided. Revenue is recognised based on the actual services consumed during the reporting period as a proportion of the total services provided.

Non-contractual revenue is accounted for in terms of IFRS 15. The group satisfies the performance obligations at a point in time and recognises revenue when it satisfies the performance obligation.

**Interest income**

Interest earned on amounts invested is recognised on an accrual basis using the effective interest method.

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Taxation

**Current Tax**

The charge for current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by reporting date.

**Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. In principle deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**SIGNIFICANT ACCOUNTING POLICIES**
**31 AUGUST 2023** *(continued)*

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model in accordance with IAS 40 - Investment Property, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of an entity whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 - Income Taxes (i.e. based on the expected manner as to how the properties will be recovered).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## Operating Profit

Operating profit included in profit or loss represents the net property income earned from investment property, adjusted for other operating expenses and income.

## Basis Of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 August each year. Control is achieved when the Company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

**Initial recognition in the consolidated financial statements**

Subsidiaries acquired are accounted for by applying the acquisition method of accounting to business combinations. The excess/(shortage) of the sum of the consideration transferred, the value of non-controlling interest, the fair value of any existing interest, and the fair value of identifiable net assets, is recognised as goodwill or a gain on bargain purchase. Transaction costs are included in operating expenses within profit or loss when incurred.

**Intercompany transactions and balances**

Intercompany transactions are all eliminated on consolidation, including unrealised gains. Unrealised losses on transactions between Group entities are also eliminated unless the transaction provides evidence of impairment of the transferred asset, in which case the transferred asset will be tested for impairment in accordance with the Group's impairment policies.

**Impairment**

In the consolidated financial statements the individual assets of the subsidiary and goodwill are tested for impairment in terms of IAS 36.

## Foreign Currency Transactions

The Group's consolidated financial statements are presented in Botswana Pula, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income ("OCI") until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively) and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On consolidation, the assets and liabilities of foreign operations are translated into Botswana Pula at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**SIGNIFICANT ACCOUNTING POLICIES**
**31 AUGUST 2023** *(continued)*

## Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing costs not directly attributable the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

## Leasing

**The Group as lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate determined as its weighted average cost of debt.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments less any lease incentives where applicable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under

a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets of properties classified as investment properties are measured at fair value in line with the provisions of IAS 40.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Operating expenses' in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

**The Group as lessor**

The Group enters into lease agreements as a lessor with respect to some of its properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

## Investment Properties

Investment properties, which are properties held to earn rentals and capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Investment property is valued on an annual basis and adjusted to fair value as at year end. Costs incurred for additions to investment properties in the interim period between the fair value measurements are capitalised to the carrying value of such investment properties at cost. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Any gain or loss arising on derecognition of investment property is included in profit or loss in the period in which the investment property is derecognised.

The change in fair value of investment properties is offset against the rental straight-line adjustment and ground lease straight line adjustment in profit or loss.

## Work in progress

Properties in the course of construction or development for use as investment properties are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy.

## Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

**Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**Classification of financial liabilities**

- Amortised cost; or
- Mandatorily at fair value through profit or loss. This applies to contingent consideration in a business combination or to liabilities which are held for trading; or
- Designated at fair value through profit or loss. This classification option can be applied when it eliminates or significantly reduces an accounting mismatch;
- the liability forms part of a group of financial instruments managed on a fair value basis; or
- it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss.

Note 26 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

**Trade and Other Receivables**

**Classification**

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest and the Group's business model is to collect the contractual cash flows on trade and other receivables.

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**31 AUGUST 2023** *(continued)*

***Recognition and measurement***

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable initially, minus principal repayments and adjusted for any loss allowance.

***Impairment***

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date. The Group measures the loss allowance for balances receivable at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

***Measurement and recognition of expected credit losses***

The Group always recognises lifetime ECL for lease and other receivables . The Group makes use of provision matrices as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrices are based on historic credit loss experience. The loss allowance is calculated on an individual receivables category based on the ageing and  profile of the counterparties. In measuring the ECL, the Group considers both quantitative and qualitative information that is reasonable and supportable based on historical information that is available without undue cost or effort.

The impact of forward-looking macro-economic changes on the trade receivables at any point is likely to be insignificant given the short tenor of the Group's trade receivables. The impact of any forecast macro-economic changes on default rates would therefore only impacts trade receivables that originated in the future. A key assumption that the Group has therefore made, is that any forecasted macro-economic changes are unlikely to affect the default behaviour of the current trade receivables. The ECL has therefore been calculated only with reference to probability of default used to calculate the lifetime ECL (i.e. no adjustments have been made for any forward-looking information).

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 14).

***Write off policy***

The Group writes off a receivable when there is information indicating that there is no realistic prospect of recovery, e.g. when the balance due from a counterparty is too small to follow up (cost benefit analysis) and balance is now long over-due or when efforts to collect from a funder have proved unsuccessful. Receivables written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

***Credit risk***

Details of credit risk are included in the financial instruments and risk management note (note 26).

***Cash and cash equivalents***

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost.

## Trade and Other Payables

***Classification***

Trade and other payables (note 20), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

***Recognition and measurement***

They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

## Derecognition

***Financial assets***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

***Financial liabilities***

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## Related Party Transactions

Related parties are defined as those parties:

(a) directly, or indirectly through one or more intermediaries, if the party:
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or

(b) that are members of the key management personnel of the entity, including close members of the family.

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## Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Key sources of estimation uncertainty**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions made in the preparation of these consolidated financial statements are discussed below:

**Fair value of investment properties**

The directors use their judgement in selecting an appropriate valuation technique for the investment properties. Independent experts are engaged on a yearly basis to value the Group's portfolio of properties. The independent valuers perform full valuations on the properties on a five year rotational cycle, in between the full valuations, the properties are subjected to desktop valuations. Investment properties are valued by reference to the discounted value of the net rentals and market evidence of transaction prices for similar properties.

In calculating the market value of the investment property the Net Income Approach method has been adopted. The key assumptions underlying the investment method are net cash flows and the capitalisation rate used. These are unobservable inputs and accordingly results in the valuation being classified as Level 3 in terms of the fair value hierarchy. Net cash flows are based on rentals and relevant expenditure taking cognisance of existing tenancies operating expenses and specific circumstances relative to these. There are inter-relationships between unobservable units. To avoid double counting or omitting the effects of risk factors, capitalisation rates reflect assumptions that are consistent with those inherent in the cash flows refer to note 9 for sensitivity analysis performed for the key inputs.

**Expected credit loss on trade and other receivables**

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables and other receivables and the provision rates are based on days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables is disclosed in Note 14.

The Group's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assessments. The Group has provided bespoke support on a case-by-case basis to tenants which include rent discounts, rent-free periods and other arrangements reflecting the position of each customer. The Group's assessments of the position of each customer including their assessment of expected insolvency filings or company voluntary arrangements, are based on assumptions and as a result, the value of the provisions for impairment of the Group's trade receivables are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate.

**Utilisation of unused tax losses**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023**

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **1. REVENUE** | **P** | **P** | **P** | **P** |
| Rental income and revenue from contracts with customers are, as follows: | | | | |
| Rental income (excluding straight line adjustments) | 122 597 503 | 118 350 837 | 181 758 800 | 169 031 008 |
| Straight line adjustments | (3 316 555) | (3 134 842) | (7 098 560) | (5 028 172) |
| Rental income | 119 280 948 | 115 215 995 | 174 660 240 | 164 002 836 |
| Recovery of property expenses | 25 565 366 | 22 211 442 | 38 136 982 | 32 393 316 |
| Total rental income and revenue from contracts with customers | 144 846 314 | 137 427 437 | 212 797 222 | 196 396 152 |

Note 29 contains further disaggregation of the Group's contractual rental income from tenants based on geography.

**2. OPERATING EXPENSES**

Included in operating expenses are the following costs:

| | | | | |
|---|---|---|---|---|
| **Amounts paid to related parties** | | | | |
| Asset management fees | 7 732 582 | 8 650 564 | 8 974 562 | 9 901 944 |
| Property management fees | 5 958 532 | 5 648 876 | 8 794 368 | 8 081 764 |
| Letting fees | 683 815 | 405 889 | 1 161 588 | 582 070 |
| | 14 374 929 | 14 705 329 | 18 930 518 | 18 565 777 |
| Less: Asset management fees capitalised | ( 587 944) | (1 227 496) | (587 944) | (1 227 496) |
| | 13 786 985 | 13 477 833 | 18 342 574 | 17 338 281 |

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **2. OPERATING EXPENSES (CONT.)** | **2023** | **2022** | **2023** | **2022** |
| **Directors emoluments** | **P** | **P** | **P** | **P** |
| For services as Directors | 1 287 055 | 1 827 808 | 1 287 055 | 1 827 808 |
| Less: Directors' emoluments deferred | (225 200) | - | ( 225 200) | - |
| | 1 061 855 | 1 827 808 | 1 061 855 | 1 827 808 |
| Auditor's remuneration | | | | |
| Audit fees - current year | 538 193 | 750 589 | 907 459 | 1 076 566 |
| - prior year | 289 858 | 30 373 | 289 858 | 86 455 |
| Investment property disposal costs | - | 1 239 454 | - | 1 239 454 |
| Professional fees | 827 443 | 727 946 | 1 112 392 | 1 261 658 |
| Rates | 654 515 | 627 674 | 2 858 103 | 2 837 077 |
| Trustees' fees | 53 800 | 54 310 | 53 800 | 54 310 |
| Utilities, service levies and other property costs | 27 095 738 | 26 144 236 | 38 774 845 | 36 688 116 |
| Variable lease payments not included in the measurement of lease liabilities | 2 533 217 | 2 626 360 | 3 996 121 | 3 918 311 |

**3. FAIR VALUE ADJUSTMENT**

| | | | | |
|---|---|---|---|---|
| Change in fair value of investment properties for the year | 38 928 419 | 26 366 019 | 37 354 172 | 28 719 138 |
| Remeasurement of right-of-use asset (Note 8) | ( 260 333) | - | ( 149 313) | - |
| | 38 668 086 | 26 366 019 | 37 204 859 | 28 719 138 |
| Rentals straight-line adjustment for the year | 3 316 555 | 3 134 842 | 7 098 560 | 5 028 172 |
| | 41 984 641 | 29 500 861 | 44 303 419 | 33 747 310 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**

## NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

**31 AUGUST 2023** *(continued)*

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **4. INTEREST** | **P** | **P** | **P** | **P** |
| Interest income - effective interest method | | | | |
| - Bank deposits | 51 064 | 867 966 | 1 227 267 | 1 616 501 |
| - Money held in trust | - | - | 268 682 | - |
| - Related party | 37 322 924 | 26 215 348 | - | - |
| - Waiver of related party interest | - | (26 215 348) | - | - |
| - Other | - | 37 671 | 3 059 | 54 342 |
| | 37 373 988 | 905 637 | 1 499 008 | 1 670 843 |
| Interest expense - effective interest method | | | | |
| - Bank borrowings and bonds | 60 718 247 | 56 346 092 | 76 344 448 | 65 264 125 |
| - Related parties (Note 27) | - | 53 187 | - | - |
| - Interest on lease liabilities | 49 483 | 54 757 | 220 338 | 207 804 |
| - Other | - | 57 | 4 029 | 8 317 |
| | 60 767 730 | 56 454 093 | 76 568 815 | 65 480 246 |
| Less: capitalised to work in progress (Note 10) | (1 061 903) | (2 877 572) | (1 061 903) | (2 877 572) |
| Less: capitalised to investment property (Note 9) | - | ( 780 821) | - | ( 780 821) |
| | 59 705 827 | 52 795 700 | 75 506 912 | 62 602 674 |

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **5. DEBENTURE INTEREST** | **P** | **P** | **P** | **P** |
| Interim paid 31 March 2023 - 4.27 thebe | | | | |
| (2022: 31 March 2022 - 3.71 thebe ) | 10 570 581 | 9 076 540 | 10 570 581 | 9 076 540 |
| Interim paid 31 August 2023 - 6.00 thebe | | | | |
| (2022: 19 August 2022 - 4.95 thebe ) | 15 153 552 | 12 110 209 | 15 153 552 | 12 110 209 |
| Total declared and paid for the year | 25 724 133 | 21 186 749 | 25 724 133 | 21 186 749 |
| **Proposed debenture interest (in debenture reserve)** | | | | |
| Final proposed - 1.30 thebe (2022: 4.00 thebe) | 3 283 270 | 9 902 183 | 3 283 270 | 9 902 183 |
| Prior year accrual adjustment | - | ( 10 534) | - | ( 10 534) |
| **Total paid and proposed interest for the year** | 29 007 403 | 31 078 398 | 29 007 403 | 31 078 398 |
| | | | | |
| Weighted average number of linked units in issue for the year | 249 666 120 | 244 754 110 | 249 666 120 | 244 754 110 |
| | | | | |
| **Distribution per linked unit (thebe)** | 11,57 | 12,66 | 11,57 | 12,66 |
| | | | | |
| **5.1 Debenture interest paid** | | | | |
| Debenture interest payable | 35 626 316 | 24 440 603 | 35 626 316 | 24 440 603 |
| Capitalised as stated capital (note 16) | ( 330 597) | ( 222 424) | ( 330 597) | ( 222 424) |
| Capitalised as debentures (note 17) | (7 702 107) | (5 103 601) | (7 702 107) | (5 103 601) |
| Debenture interest paid | 27 593 612 | 19 114 578 | 27 593 612 | 19 114 578 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **6. TAXATION** | **P** | **P** | **P** | **P** |
| **6.1 Company Taxation** | | | | |
| Withholding taxation | | | | |
| - foreign interest | - | 17 048 | 6 315 | 33 124 |
| - foreign rental income | 336 281 | 293 385 | 6 324 641 | 5 165 477 |
| - dividend income | - | - | 1 042 642 | 1 314 423 |
| - foreign profits remitted | - | 618 525 | - | 618 525 |
| | | | | |
| Normal taxation | | | | |
| - current year* | - | - | 1 303 482 | 1 506 667 |
| - prior year | - | - | ( 34 188) | 410 325 |
| Deferred taxation | | | | |
| - current year* | 10 090 478 | 15 565 698 | 10 090 478 | 15 565 698 |
| Charge/(credit) for the year | 10 426 759 | 16 494 656 | 18 733 370 | 24 614 239 |
| | | | | |
| Income tax expense comprises: | | | | |
| Charge/(credit) to statement of comprehensive income | 16 808 388 | 23 331 904 | 21 144 525 | 21 976 586 |
| Attributable to debenture interest credited to statement of changes in equity | (6 381 629) | (6 837 248) | (6 381 629) | (6 837 248) |
| Attributable to exchange differences classified to other comprehensive income | - | - | 3 970 474 | 9 474 901 |
| | 10 426 759 | 16 494 656 | 18 733 370 | 24 614 239 |

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **6.2 Deferred Taxation** | | | | |
| Gains on fair value of investment property | - | - | - | - |
| Capital allowances and other deferred taxes | 47 655 099 | 41 535 095 | 47 655 099 | 41 535 095 |
| Unrealised foreign exchange movements | 11 210 374 | 7 239 900 | 11 210 374 | 7 239 900 |
| Deferred tax liability at end of the year | 58 865 473 | 48 774 995 | 58 865 473 | 48 774 995 |
| | | | | |
| Deferred taxation arises as follows: | | | | |
| Gains on fair value of investment property: | | | | |
| Balance at beginning of the year | - | 3 152 548 | - | 3 152 548 |
| Movement during the year | - | (3 152 548) | - | (3 152 548) |
| Balance at end of the year | - | - | - | - |
| | | | | |
| Capital allowances on investment property and other deferred taxes: | | | | |
| Balance at beginning of the year | 41 535 095 | 32 291 750 | 41 535 095 | 32 291 750 |
| Movement during the year | 6 120 004 | 9 243 345 | 6 120 004 | 9 243 345 |
| Balance at end of the year | 47 655 099 | 41 535 095 | 47 655 099 | 41 535 095 |
| | | | | |
| Unrealised foreign exchange gains: | | | | |
| Balance at beginning of the year | 7 239 900 | (2 235 001) | 7 239 900 | (2 235 001) |
| Arising during the year | 3 970 474 | 9 474 901 | 3 970 474 | 9 474 901 |
| Balance at end of the year | 11 210 374 | 7 239 900 | 11 210 374 | 7 239 900 |
| | | | | |
| Total deferred tax | 58 865 473 | 48 774 995 | 58 865 473 | 48 774 995 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

## 6. TAXATION (CONT.)

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **6.3 Income taxes (received)/paid** | P | P | P | P |
| | | | | |
| Opening tax payable/(receivable) | (5 257 486) | (6 052 250) | (5 824 109) | (6 930 465) |
| Charge for the year | 336 281 | 928 958 | 8 642 892 | 9 048 541 |
| Closing tax receivable | 998 | 5 257 486 | (766) | 5 824 109 |
| Income tax (received)/paid | (4 920 207) | 134 194 | 2 818 017 | 7 942 185 |

### 6.4 Tax Losses in the Company

PrimeTime Property Holdings Limited has tax losses for which no deferred tax asset has been recognised due to the variable rate loan stock status of the company. The losses for which no deferred tax asset has been recognised in the company amount to P35 330 297 (2022: P41 897 157). The tax losses expire as follows:

| Amount of loss | Year of origination | Year of expiry |
|---|---|---|
| P | | |
| 16 565 518 | 2022 | 2027 |
| 19 852 858 | 2021 | 2026 |
| 36 418 376 | | |

**Additionally in the group:**

PrimeTime Property Holdings (Mauritius) Limited has tax losses for which no deferred tax asset has been recognised as the company is unlikely to generate sufficient taxable profits to utilise the losses before they expire. The losses for which no deferred tax asset has been recognised in PrimeTime Property Holdings (Mauritius) Limited amount to P86 438 001 (2022: P61 044 149). The tax losses expire as follows:

| Amount of loss | Year of origination | Year of expiry |
|---|---|---|
| P | | |
| 30 393 551 | 2023 | 2028 |
| 52 172 391 | 2020 | 2025 |
| 3 872 059 | 2019 | 2024 |
| 86 438 001 | | |

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Reconciliation of taxation charge** | | | | |
| Profit before taxation* | 110 088 926 | 127 536 919 | 104 407 409 | 87 330 137 |
| Tax at the domestic rates applicable to profits in the country concerned | 24 219 564 | 28 058 122 | 33 176 832 | 32 348 790 |
| Debenture interest paid | (7 837 790) | (5 376 933) | (7 837 790) | (5 376 933) |
| Fair value adjustments | (7 001 227) | (5 009 766) | (7 067 965) | (7 604 879) |
| Loss on disposal of investment property | - | 272 680 | - | 272 680 |
| Foreign exchange losses/(gains) | (1 323 491) | (3 158 301) | ( 493 172) | ( 804 419) |
| Expenses not deductible | 123 978 | 4 968 | 154 085 | 100 274 |
| Deferred and prepaid items taxable | ( 10 193) | ( 175 838) | ( 10 493) | ( 195 701) |
| Lease liabilities | ( 48 082) | ( 44 415) | ( 48 082) | ( 44 415) |
| Effect of (lower)/higher tax on foreign components | - | - | (8 638 176) | (5 249 623) |
| Withholding taxation - foreign income | - | 635 573 | 1 042 642 | 1 949 996 |
| Prior year (over)/under provision | - | - | ( 34 188) | 410 325 |
| Tax asset not recognised | (1 205 332) | 3 644 414 | 3 256 914 | 3 644 414 |
| Exempt income | - | - | 625 585 | ( 1 747) |
| Withholding taxation - rent | 336 281 | 293 386 | 6 324 641 | 5 165 477 |
| Effects of impairment of related party loan | 4 890 514 | (2 649 234) | - | - |
| Foreign business profit before taxation, to be taxed on repatriation | (1 717 463) | - | (1 717 463) | - |
| Charge for the year | 10 426 759 | 16 494 656 | 18 733 370 | 24 614 239 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

### 7. EARNINGS PER LINKED UNIT

The earnings and weighted average number of linked units used in the calculation of earnings per linked unit are as follows:

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| Profit for the year | 93 280 538 | 104 205 015 | 83 262 884 | 65 353 551 |
| Taxation attributable to debenture interest (Note 6.1) | 6 381 629 | 6 837 248 | 6 381 629 | 6 837 248 |
| Earnings for the year attributable to linked unitholders | 99 662 167 | 111 042 263 | 89 644 513 | 72 190 799 |
| Weighted average number of linked units in issue for the year - basic and diluted | 249 666 120 | 244 754 110 | 249 666 120 | 244 754 110 |
| Earnings per linked unit (thebe) - basic and diluted | | | 35,91 | 29,50 |

| **8. INVESTMENT PROPERTIES** | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| **At fair value** | | | | |
| Freehold properties | 204 203 195 | 194 353 801 | 289 508 698 | 283 327 164 |
| Leasehold properties | 893 668 232 | 865 207 161 | 1 426 386 246 | 1 363 252 741 |
| Total investment properties | 1 097 871 427 | 1 059 560 962 | 1 715 894 944 | 1 646 579 905 |
| | | | | |
| **Reconciliation of fair value** | | | | |
| Balance at beginning of the year | 1 059 560 962 | 904 587 222 | 1 646 579 905 | 1 421 811 751 |
| Property additions at cost | 989 286 | 36 462 747 | 6 774 178 | 40 159 936 |
| Transfers from work in progress (Note 10) | - | 85 861 572 | - | 85 861 572 |
| Fair value adjustment for the year (Note 3) | 41 984 641 | 29 500 861 | 44 303 419 | 33 747 310 |
| Foreign exchange translation | (4 923 795) | 3 148 560 | 18 088 129 | 64 999 336 |
| Remeasurement of right-of-use asset | 260 333 | - | 149 313 | - |
| Balance at end of the year | 1 097 871 427 | 1 059 560 962 | 1 715 894 944 | 1 646 579 905 |

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | P | P | P | P |
| **Valuation of investment property** | 1 148 562 813 | 1 113 568 904 | 1 771 845 999 | 1 709 596 708 |
| Rentals straight-line adjustment long term portion | (42 810 584) | (46 029 469) | (46 107 534) | (51 703 763) |
| Rentals straight-line adjustment short term portion | (7 880 802) | (7 978 473) | (9 843 521) | (11 313 040) |
| Investment properties | 1 097 871 427 | 1 059 560 962 | 1 715 894 944 | 1 646 579 905 |

**Right-of-use assets**

Investment properties include properties on land held as right-of-use assets, as well as properties that are owned by the Group. At 31 August 2023 these leases contain a non-cancellable remaining lease term of 22 to 78 years in the company (2022: 23 to 79 years) and 22 to 90 years in the group (2022: 23 to 91 years).

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

### 8. INVESTMENT PROPERTIES (CONT.)

| Reconciliation of carrying amount | | Owned property | Right-of-use assets | Total |
|---|---|---|---|---|
| ***Company*** | | P | P | P |
| Balance as 1 September 2021 | | 886 991 914 | 17 595 308 | 904 587 222 |
| Acquisitions and transfers from work in progress | | 122 324 319 | - | 122 324 319 |
| Net change in fair value | | 29 117 104 | 3 532 317 | 32 649 421 |
| Balance as 1 September 2022 | | 1 038 433 337 | 21 127 625 | 1 059 560 962 |
| Acquisitions and transfers from work in progress | | 989 286 | 260 333 | 1 249 619 |
| Net change in fair value | | 37 138 398 | ( 77 552) | 37 060 846 |
| Balance as 31 August 2023 | | 1 076 561 021 | 21 310 406 | 1 097 871 427 |
| ***Group*** | | | | |
| Balance as 1 September 2021 | | 1 374 940 587 | 46 871 164 | 1 421 811 751 |
| Acquisitions and transfers from work in progress | | 126 021 508 | - | 126 021 508 |
| Net change in fair value | | 89 833 499 | 8 913 147 | 98 746 646 |
| Balance as 1 September 2022 | | 1 590 795 594 | 55 784 311 | 1 646 579 905 |
| Acquisitions and transfers from work in progress | | 6 774 178 | 149 313 | 6 923 491 |
| Net change in fair value | | 59 757 437 | 2 634 111 | 62 391 548 |
| Balance as 31 August 2023 | | 1 657 327 209 | 58 567 735 | 1 715 894 944 |

The fair values of the company's investment properties in Botswana at 31 August 2023 have been arrived at on the basis of valuations carried out at that date by Riberry Proprietary Limited, independent valuers. Riberry Proprietary Limited are members of the Real Estate Institute of Botswana and are registered in terms of the Real Estate Professionals Act 2003. The principal valuer holds a recognised and relevant professional qualification and has recent experience in the locations and categories of the investment properties valued. The valuations conform to International Valuation Standards, and were determined by reference to the discounted value of the net rentals and market evidence of transaction prices for similar properties.

The fair values of the group's investment properties in Zambia at 31 August 2023 have been arrived at on the basis of valuations carried out at that date by Knight Frank (Zambia) Limited, independent valuers. Knight

Frank (Zambia) Limited are members of both the Surveyors Institute of Zambia (SIZ) and the Zambia Institute of Estate Agents (ZIEA). The principal valuer holds a recognised and relevant professional qualification and has recent experience in the locations and category of the investment properties valued. The valuations conform to International Valuation Standards, and were determined by reference to the discounted value of the net rentals and market evidence of transaction prices for similar properties.

The fair values of the group's investment properties in South Africa at 31 August 2023 have been arrived at on the basis of valuations carried out at that date by Knight Frank Gauteng (Pty) Limited, independent valuers. Knight Frank Gauteng (Pty) Limited valuers are members of the South African Council for the Property Valuers Profession and are registered in terms of the Property Valuers Profession Act 2020. The principal valuer also has recent experience in the locations and category of the investment properties valued. The valuations conform to International Valuation Standards, and were determined by reference to the discounted value of the net rentals and market evidence of transaction prices for similar properties.

The Directors assessed the external valuation performed at year end as reasonable. Capital commitments relating to investment properties are disclosed in Note 30. These have been contracted for. Revenue earned from the investment properties is disclosed as Rental Income on the face of the statement of profit or loss and other comprehensive income and the related expenses are disclosed in Note 2.

| | | |
|---|---|---|
| Freehold properties comprise: | | |
| - Plot 203, Gaborone | | *1 |
| - Plot 22, Gaborone | | *1 |
| - Plot 29, Gaborone | | *2 |
| - Plot 16177 - 16185, Francistown | | *1 |
| - Plot 29, Ghanzi | | *3 |
| | | |
| Leasehold properties comprise: | | |
| - Plot 50423, Gaborone | 50 year State grant from 20 October 1994 | *1 |
| - Plot 20610, Gaborone | 50 year State grant from 31 January 2000 | *1 |
| - Plot 165, Gaborone | 15 year Ground lease from 1 May 2005, with an option to renew for another 5 year period which was taken | |
| - Plot 67979, Gaborone | 50 year State grant from 13 July 2000 | *1 |
| - Plot 3273, Ramotswa | 50 year Tribal lease from 9 March 1998 | *3 |
| - Lease Area 110 MP on Plot 2461, Serowe | 25 year Ground lease from 1 December 2006, extended from 1 December 2030 for a period of 21 years. | |
| - Plot 4649, Lobatse | 20 year Ground lease from 1 November 2004 | *1 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

## 8. INVESTMENT PROPERTIES (CONT.)

| | | |
|---|---|---|
| - Plot 20584, Gaborone | 50 year State grant from 27 November 1998 | *1 |
| - Plot 62417, Gaborone | 50 year State grant from 26 September 2005 | *1 |
| - Plot 74538, Gaborone | 50 year state grant from 26 September 2005 | *1 |
| - Tribal Lot 439, Pilane | Notarial deed of cession and delegation from Amatrix Developments (Proprietary) Limited of a 50 year lease from 18th December 2008 registered at the Deeds Office on 14th October 2016 | *1 |
| - Plot 75749, Gaborone | 50 year state grant from 26 September 2002 | *1 |
| - Plot 75782, Gaborone | 50 year state grant from 26 September 2002 | *1 |
| - Lot 14076, Lobatse | Notarial deed of cession and delegation from Weavers Ascent (Proprietary) Limited of a 30 year lease from 21st October 2021 registered at the Deeds Office on 3rd February 2021, with an option to renew for another 30 years | *1 |
| - Stand 3144, Lusaka | 99 year state lease from 1 July 1975 | *1 |
| - Stand 3714, Kitwe | 99 year state lease from 1 January 1968 | *1 |
| | | |
| **Additionally in the Group:** | | |
| *Freehold properties comprise:* | | |
| Portion 7 of Erf 597 Spartan Extension 12, Ekurhuleni | | *1 |
| Erf 1618 Bryanston, City of Johannesburg | | *1 |
| | | |
| Leasehold properties comprise: | | |
| Subdivision D part of Stand No. 2374, Lusaka | Ceded lease agreement from the Agricultural and Commercial Society of Zambia for 50 years from 2004. | *1 |
| Subdivision 6 of Farm No. 377a, Lusaka | Renewable lease agreement with the Zambian Diocesan Trustees for 35 years from 8 April 2015. | *1 |
| Stand No. 1001, Chirundu | 99 year state lease held under a Certificate of Title from 1 May 2014 | |
| Subdivision 8 of Subdivision E of farm No. 609, Lusaka. | 100 year state lease held under a Certificate of Title from 1 July 1975 | *1 |

*1 These properties are encumbered as per Note 22

*2 This property is encumbered as per Note 25

*3 These properties were disposed of during the current year

## 9. FAIR VALUE MEASUREMENT

### Assets measured at fair value - investment properties

The investment properties of the Company and Group measured at fair value at the end of the reporting period are categorised under Level 3 - Significant unobservable inputs.

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **Recurring fair value measurements at the end of the reporting period** | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| Investment properties | 1 097 871 427 | 1 059 560 962 | 1 715 894 944 | 1 646 579 905 |
| | | | | |
| **Reconciliation of fair value measurements categorised within Level 3 of fair value hierarchy** | | | | |
| | | | | |
| **Investment properties** | | | | |
| Opening balance | 1 059 560 962 | 904 587 222 | 1 646 579 905 | 1 421 811 751 |
| Fair value adjustment: | | | | |
| - Included in profit or loss on owned properties | 42 062 193 | 25 968 544 | 41 669 308 | 24 834 163 |
| - Included in profit or loss on right of use assets | ( 77 552) | 3 532 317 | 2 634 111 | 8 913 147 |
| Foreign exchange translation | (4 923 795) | 3 148 560 | 18 088 129 | 64 999 336 |
| Additions and transfers from WIP | 989 286 | 121 543 498 | 6 774 178 | 125 240 687 |
| Finance costs capitalised (Note 4) | - | 780 821 | - | 780 821 |
| Remeasurement of right-of-use asset | 260 333 | - | 149 313 | - |
| Closing balance | 1 097 871 427 | 1 059 560 962 | 1 715 894 944 | 1 646 579 905 |
| | | | | |
| Gains and losses arising from fair valuation of investment properties are shown as a separate line in the statement of comprehensive income as follows: | | | | |
| Total gains for the year | 41 984 641 | 29 500 861 | 44 303 419 | 33 747 310 |

Finance costs are capitalised by reference to the group weighted average cost of borrowings during the year. In the current year, the Group's weighted average cost of borrowings was 8.14% (2022: 6.92%).

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### 9. FAIR VALUE MEASUREMENT (CONT.)

| Valuation techniques and inputs [1] | Direct capitalisation Fair value | Discounted cash flow Fair value | Total Fair value |
|---|---|---|---|
| **COMPANY as at 31 August 2023** | **P** | **P** | **P** |
| Botswana | 1 069 468 616 | - | 1 069 468 616 |
| Zambia | 28 402 811 | - | 28 402 811 |
| | 1 097 871 427 | - | 1 097 871 427 |
| **COMPANY as at 31 August 2022** | | | |
| Botswana | 1 025 876 005 | 7 066 056 | 1 032 942 061 |
| Zambia | - | 26 618 901 | 26 618 901 |
| | 1 025 876 005 | 33 684 957 | 1 059 560 962 |
| **CONSOLIDATED as at 31 August 2023** | | | |
| Botswana | 1 069 468 616 | - | 1 069 468 616 |
| Zambia | 28 402 811 | 532 718 014 | 561 120 825 |
| South Africa | - | 85 305 503 | 85 305 503 |
| | 1 097 871 427 | 618 023 517 | 1 715 894 944 |
| **CONSOLIDATED as at 31 August 2022** | | | |
| Botswana | 1 025 876 005 | 7 066 056 | 1 032 942 061 |
| Zambia | - | 524 664 481 | 524 664 481 |
| South Africa | - | 88 973 363 | 88 973 363 |
| | 1 025 876 005 | 620 703 900 | 1 646 579 905 |

**Valuation process**

The valuation process has been described in Note 8.

[1] In the current period  to provide more transparent disclosures increased discloslosures were included by country segments on the valuation techniques and sensitivities with the comparative information provided.

| Unobservable input: | Unobservable input: | Unobservable input: |
|---|---|---|
| **Capitalisation Rate** | **Actual rentals per m²** | **Market rentals per m²** |
| 7% to 25% | P59 to P187 | P60 to P153 |
| 11% to 13% | P55 to P130 | P101 to P135 |
| | | |
| | | |
| 7.5% to 14% | P55 to P181 | P55 to P150 |
| 11% to 13% | P47 to P100 | P86 to P100 |
| | | |
| | | |
| 7% to 25% | P59 to P187 | P60 to P153 |
| 11% to 13% | P55 to P262 | P101 to P261 |
| 13.5% to 14% | P42 to P121 | P38 to P102 |
| | | |
| | | |
| 7.5% to 14% | P55 to P181 | P55 to P150 |
| 10% to 13% | P47 to P226 | P86 to P262 |
| 13.5% to 14% | P49 to P119 | P39 to P111 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
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## 9. FAIR VALUE MEASUREMENT (CONT.)

### Information about sensitivity to changes in unobservable inputs

The fair value of investment properties is a function of the unobservable inputs in the valuation process. Significant changes in the unobservable inputs would result in significant changes in the fair value measurement of the investment properties. Property occupancy rates have a direct impact on the income for the Group and Company, and capitalisation rates and discount rates, net income and vacancy rates have a direct impact on the property values for the Group and Company.

We estimated the impact of a change in the following significant unobservable inputs would result in a change in the independent valuer's valuation as follows:

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **A decrease of 0.5% in the capitalisation and discount rate** | **P** | **P** | **P** | **P** |
| Botswana | 58 955 789 | 57 207 895 | 58 955 789 | 57 207 895 |
| Zambia | 1 494 885 | 1 400 995 | 29 751 374 | 28 008 879 |
| South Africa | - | - | 4 547 889 | 4 770 808 |
| | 60 450 674 | 58 608 890 | 93 255 052 | 89 987 582 |
| **An increase of 0.5% in the capitalisation and discount rate** | | | | |
| Botswana | ( 53 340 952) | ( 51 759 524) | ( 53 340 952) | ( 51 759 524) |
| Zambia | ( 1 352 515) | ( 1 267 567) | ( 26 917 910) | ( 25 341 331) |
| South Africa | - | - | ( 4 114 757) | ( 4 316 446) |
| | ( 54 693 467) | ( 53 027 091) | ( 84 373 619) | ( 81 417 301) |
| **A decrease of 5% in the estimated rental value** | | | | |
| Botswana | ( 56 008 000) | ( 54 347 500) | ( 56 008 000) | ( 54 347 500) |
| Zambia | ( 1 420 140) | ( 1 330 945) | ( 28 263 805) | ( 26 608 397) |
| South Africa | - | - | ( 4 320 494) | ( 4 532 268) |
| | ( 57 428 140) | ( 55 678 445) | ( 88 592 299) | ( 85 488 165) |
| **An increase of 5% in the estimated rental value** | | | | |
| Botswana | 56 008 000 | 54 347 500 | 56 008 000 | 54 347 500 |
| Zambia | 1 420 140 | 1 330 945 | 28 263 805 | 26 608 397 |
| South Africa | - | - | 4 320 494 | 4 532 268 |
| | 57 428 140 | 55 678 445 | 88 592 299 | 85 488 165 |

[1] In the current period to provide more transparent disclosures increased discloslosures were included by country segments on the valuation techniques and sensitivities with the comparative information provided.

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **10. WORK IN PROGRESS** | | | | |
| Balance at beginning of the year | 63 439 294 | 126 925 650 | 63 439 294 | 126 925 650 |
| Transferred to investment property (Note 8) | - | (85 861 572) | - | (85 861 572) |
| Total additions for the year | 35 243 052 | 22 375 216 | 35 243 052 | 22 375 216 |
| Additions | 34 181 149 | 19 497 644 | 34 181 149 | 19 497 644 |
| Finance costs capitalised (Note 4) | 1 061 903 | 2 877 572 | 1 061 903 | 2 877 572 |
| | | | | |
| Balance at end of the year | 98 682 346 | 63 439 294 | 98 682 346 | 63 439 294 |

Finance costs are capitalised by reference to the group weighted average cost of borrowings during the year. In the current year, the Group's weighted average cost of borrowings was 8.14% (2022: 6.92%).

This work in progress is in relation to:

a) Serviced land value for Phase II Plot 75782 Setlhoa, a commercial office park.

b) Plot 54359 in the Gaborone CBD was purchased in the year ended 31 August 2019. The bulk earthworks commenced in the prior year and the development of the first of four buildings has commenced in the current year. It was completed in October 2023 and the first tenants took occupation on 1 November 2023.

c) The development of a retail shopping centre at Plot 14076 Lobatse was completed during the prior year and the work in progress cost was transferred to Investment Property in that year (Note 8).

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

| | | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|---|
| **11. INVESTMENT IN SUBSIDIARY** | **Proportion of ownership interest %** | **2023** | **2022** | **2023** | **2022** |
| | | **P** | **P** | **P** | **P** |
| PrimeTime Property Holdings (Mauritius) Limited | 100 | 1 020 | 1 020 | - | - |

PrimeTime Property Holdings (Mauritius) Limited ("PrimeTime Mauritius"), is the intermediary holding company and also owns investment properties. PrimeTime Mauritius was incorporated in Mauritius on 30 October 2015 and holds the 100% shareholding in PrimeTime Property Holdings (Zambia) Limited, a company incorporated in Zambia.

Bank guarantees provided to group companies are disclosed in Note 22. Transactions and balances with this subsidiary are disclosed in Note 27.

The investment properties held for sale comprised two retail properties situated in Botswana for which a sale agreement was reached with an independent unrelated third party in the prior year. The properties were transferred in December 2021 and January 2022.

The disposal of the properties is in line with the Group's long term strategic objectives. The proceeds from their disposal is being reinvested into the new development on Plot 54359 Gaborone (Note 10) as part of the completion of the Group's existing Botswana pipeline.

| 13. AMOUNTS DUE FROM RELATED PARTY LOAN | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **PrimeTime Property Holdings Mauritius) Limited (Note 27)** | P | P | P | P |
| Related party loan | 593 550 765 | 540 007 393 | - | - |
| Expected credit losses on related party loan | (118 061 598) | (95 349 839) | - | - |
| Net related paarty loan | 475 489 167 | 444 657 554 | - | - |
| **Reconciliation of opening and closing balances:** | | | | |
| Opening balance 1 September | 444 657 554 | 390 089 732 | - | - |
| Interest charged | 37 322 924 | 26 215 348 | - | - |
| Interest waived | - | ( 26 215 348) | - | - |
| Repayments made | (8 325 175) | (14 897 796) | - | - |
| Movement in expected credit losses on related party loan | (22 229 615) | 12 041 974 | - | - |
| Foreign exchange gains: | 24 063 479 | 57 423 644 | - | - |
| Foreign exchange gains arising on the loan (note 18.1) [1] | 24 545 623 | 56 438 912 | - | - |
| Foreign exchange (losses)/gains arising on the allowance for credit losses (note 18.1) [2] | ( 482 144) | 984 732 | - | - |
| Closing balance 31 August | 475 489 167 | 444 657 554 | - | - |
| **Movement in the allowance for credit losses** | **Stage 3** | **Stage 3** | | |
| Balance at beginning of year | 95 349 839 | 108 376 545 | - | - |
| Impairment losses remeasurement | 22 229 615 | (12 041 974) | - | - |
| Foreign exchange losses/(gains) (note 18.1) | 482 144 | ( 984 732) | - | - |
| Balance at end of the year | 118 061 598 | 95 349 839 | - | - |

The loan to PrimeTime Property Holdings (Mauritius) Limited is denominated in USD, has no fixed repayment terms and accrues interest at the Group's weighted average cost of borrowings of 8.14% (2022: 6.92%). The interest income on the loan was waived fully effective 1 September 2020 to 31 August 2022.

This loan has been classified as Stage 3 under IFRS 9 levels of impairment and an analysis is performed at each reporting date using the fair value model to measure expected credit losses. Interest on this loan is calculated based on the gross carrying value less the expected credit loss. The calculation reflects the information that is available at the reporting date and the carrying amounts of the balances receivable approximate their fair values as as at the reporting dates.

**PRIMETIME PROPERTY HOLDINGS LIMITED**

**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**

**31 AUGUST 2023** *(continued)*

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **14. TRADE AND OTHER RECEIVABLES** | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| Trade receivables | 3 028 820 | 3 189 554 | 4 269 398 | 4 910 196 |
| Expected credit losses on trade receivables | ( 514 061) | ( 480 848) | ( 780 667) | (1 137 829) |
| Net trade receivables | 2 514 759 | 2 708 706 | 3 488 731 | 3 772 367 |
| Other receivables | 6 962 481 | 6 228 475 | 10 745 919 | 12 213 672 |
| | 9 477 240 | 8 937 181 | 14 234 650 | 15 986 039 |

Other receivables comprise prepayments and value added tax (VAT) receivable.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The directors consider the carrying amount of trade and other receivables to approximate their fair value. The average credit period is 30 days (2022: 30 days). No interest is charged on overdue receivables.

[1] In the current reporting period the 'exchange gains/(losses)' has been disclosed seperately to show 'Exchange differences arising on the loan' and 'Exchange differences arising on credit losses' separately with comparatives being restated.

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Ageing of past due** | P | P | P | P |
| Up to 30 days (current) | 827 417 | 1 202 545 | 1 101 596 | 1 668 857 |
| 30 to 60 days | 384 764 | 489 757 | 689 393 | 675 217 |
| 60 to 90 days | 191 302 | 214 913 | 456 342 | 264 803 |
| 90 to 120 days | 121 824 | 316 716 | 295 110 | 366 154 |
| 120+ days | 1 503 513 | 965 623 | 1 726 957 | 1 935 165 |
| | 3 028 820 | 3 189 554 | 4 269 398 | 4 910 196 |
| **Movement in the allowance for credit losses** | | | | |
| Balance at beginning of year | 480 848 | 523 579 | 1 137 829 | 1 198 016 |
| Amounts written off during the year | ( 170 962) | ( 303 292) | (1 056 972) | ( 453 574) |
| Impairment losses remeasurement | 204 175 | 260 561 | 686 136 | 307 599 |
| Foreign exchange translation reserve | - | - | 13 674 | 85 788 |
| Balance at end of the year | 514 061 | 480 848 | 780 667 | 1 137 829 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses and the provision rates are based on days past due. The calculation reflects the information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, rent and other trade receivables are written-off if the Group has exhausted all means of collection without success and are no longer subject to enforcement activity.

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **15. CASH AND CASH EQUIVALENTS** | 2023 | 2022 | 2023 | 2022 |
| | P | P | P | P |
| Bank balances | 3 497 149 | 4 738 029 | 22 729 992 | 27 331 788 |
| Short-term investments | 273 211 | 256 459 | 273 211 | 256 459 |
| Unrestricted cash and cash equivalents | 3 770 360 | 4 994 488 | 23 003 203 | 27 588 247 |

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**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**

**31 AUGUST 2023** *(continued)*

| | COMPANY & CONSOLIDATED | | COMPANY & CONSOLIDATED | |
|---|---|---|---|---|
| **16. STATED CAPITAL** | **2023** | **2022** | **2023** | **2022** |
| | **NUMBER OF UNITS** | **NUMBER OF UNITS** | **P** | **P** |
| Fully paid linked units | | | | |
| Balance at the beginning of the year | 247 554 581 | 244 650 684 | 14 465 197 | 14 242 773 |
| Issued on 31 March 2023 (19 August 2022) | 5 004 622 | 2 903 897 | 330 597 | 222 424 |
| Balance at the end of the year | 252 559 203 | 247 554 581 | 14 795 794 | 14 465 197 |

During the year, the company offered its unitholders an elective capitalisation of net debenture interest declared payable on 31 March 2023. As a result of elections made, 5 004 622 linked units were issued on 31 March 2023.

During the prior year, the company offered its unitholders an elective capitalisation of net debenture interest declared payable on 19 August 2022. As a result of elections made, 2 903 897 linked units were issued on 19 August 2022.

Each Linked Unit in the company comprises one linked ordinary share of no par value and one variable rate unsecured debenture as per Note 17, which are indivisibly linked. It is not possible to trade with the shares or the variable rate unsecured debentures separately from one another.

The linked units are listed on the Botswana Stock Exchange. All of the issued shares are of the same class and rank pair passu in every respect.

In accordance with the Constitution, at any general meeting, every shareholder present in person or by authorised representative or proxy shall have one vote on a show of hands and on a poll, every member present in person, by authorised representative or by proxy shall have one vote for every share held.

| 17. DEBENTURES | COMPANY & CONSOLIDATED | | COMPANY & CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | NUMBER OF UNITS | NUMBER OF UNITS | P | P |
| Variable rate unsecured debentures | | | | |
| Balance at the beginning of the year | 247 554 581 | 244 650 684 | 328 433 283 | 323 329 682 |
| Issued on 31 March 2023 (19 August 2022) | 5 004 622 | 2 903 897 | 7 702 107 | 5 103 601 |
| Balance at the end of the year | 252 559 203 | 247 554 581 | 336 135 390 | 328 433 283 |

During the year, the company offered its unitholders an elective capitalisation of net debenture interest declared payable on 31 March 2023. As a result of elections made, 5 004 622 linked units were issued on 31 March 2023.

During the prior year, the company offered its unitholders an elective capitalisation of net debenture interest declared payable on 19 August 2022. As a result of elections made, 2 903 897 linked units were issued on 19 August 2022.

Each Linked Unit in the Company comprises one ordinary share of no par value as per Note 16, and one variable rate unsecured debenture, which are indivisibly linked. It is not possible to trade with the shares or the variable rate unsecured debentures separately from one another. The debentures carry interest at a variable rate recommended by the Board annually and ratified by the unitholders at the annual general meeting. The company normally distributes at least 80% of monies available after the payment of approved capital expenditure, repayment of capital and interest due on third party debt, provision for replacement, repair and refurbishment of assets and operating costs, as interest on the debentures.

All of the variable rate unsecured debentures are of the same class and rank pari passu in every respect. They can be repaid pursuant to a special resolution of the linked unitholders and with the written consent of the creditors of the company. The debentures are governed in terms of a Trust Deed entered into between the company and John Hinchliffe, as the Trustee for the debenture holders and these are regarded as equity.

| 18. RESERVES | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | P | P | P | P |
| Retained earnings | 523 056 273 | 452 401 509 | 446 445 060 | 385 807 950 |
| Foreign Currency Translation Reserve on Translation of Foreign Operations | (10 283 800) | (6 699 822) | (26 803 913) | (18 658 615) |
| Foreign Currency Translation Reserve on Translation of Related Party Loan | - | - | 92 922 357 | 78 352 289 |
| | 512 772 473 | 445 701 687 | 512 563 504 | 445 501 624 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**

**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**

**31 AUGUST 2023** *(continued)*

**18. RESERVES (CONT.)**

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **18.1 Retained earnings** | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| Balance at the beginning of the year | 452 401 507 | 372 437 644 | 385 807 950 | 344 695 549 |
| Retained from normal operations during the year before realised exchange differences on translating foreign loan | 29 919 727 | (18 268 853) | 19 674 915 | 10 523 634 |
| Arising from realised exchange differences on translating foreign balances | 233 089 | ( 751 467) | 3 757 335 | (1 282 919) |
| Retained from normal operations during the year | 30 152 816 | (19 020 320) | 23 432 250 | 9 240 715 |
| Arising from impairment of related party loan | (22 229 615) | 12 041 974 | - | - |
| Arising from fair value adjustments on revaluation of owned investment properties | 38 745 638 | 25 986 250 | 34 570 749 | 22 958 539 |
| Arising from fair value adjustments on revaluation of right of use investment properties | ( 77 552) | 3 532 317 | 2 634 111 | 8 913 147 |
| Arising from unrealised foreign currency exchange differences arising on related party loan | 24 545 623 | 56 438 912 | - | - |
| Arising from unrealised foreign currency exchange differences arising on expected credit losses of the related party loan (note 13) | ( 482 144) | 984 732 | - | - |
| Balance at the end of the year | 523 056 273 | 452 401 507 | 446 445 060 | 385 807 950 |

The retained earnings from normal operations amounts to P97 672 633 (2022: P67 519 819) in the Company and P66 076 639 (2022: P47 393 849) in the Group.

Gains and losses arising from foreign exchange differences are shown as a separate line in the statement of comprehensive income as follows:

| | | | | |
|---|---|---|---|---|
| Arising from realised exchange differences on translating foreign balances | 233 089 | (751 467) | 3 757 335 | ( 1 282 919) |
| Arising from unrealised foreign currency exchange differences arising on related party loan | 24 545 623 | 56 438 912 | - | - |
| Arising from unrealised foreign currency exchange differences arising on expected credit losses of the related party loan (note 13) | (482 144) | 984 732 | - | - |
| | 24 296 568 | 56 672 177 | 3 757 335 | ( 1 282 919) |

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **18.2 Foreign Currency Translation Reserve on Translation of foreign operations** | P | P | P | P |
| Balance at the beginning of the year | (6 699 822) | (9 390 427) | (18 658 615) | (9 419 322) |
| Other comprehensive (loss)/income for the year | ( 3 583 978) | 2 690 605 | (8 145 298) | (9 239 293) |
| Balance at the end of the year | (10 283 800) | (6 699 822) | (26 803 913) | (18 658 615) |

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the investment is disposed of. These differences arise on the consolidation of foreign-currency denominated operations and do not have any tax impact.

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **18.3 Foreign Currency Translation Reserve on translation of related party loan** | P | P | P | P |
| Balance at the beginning of the year | - | - | 78 352 289 | 27 587 600 |
| Exchange differences on translation of related party loan | - | - | 23 290 001 | 60 239 590 |
| Exchange differences on translation of related party loans reclassified to profit or loss on settlement | - | - | (4 749 459) | - |
| Deferred tax relating to the exchange differences on translation of related party loan | - | - | (3 970 474) | (9 474 901) |
| Balance at the end of the year | - | - | 92 922 357 | 78 352 289 |

These amounts relate to exchange differences arising on the translation of the related party loans which in substance forms part of the net investment is recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the loan is settled.

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **19. DEBENTURE INTEREST RESERVE** | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| Debenture interest reserve balance at the end of the year | 3 283 270 | 9 902 183 | 3 283 270 | 9 902 183 |

Debenture interest is recognised against equity and a corresponding liability is recognised when it has been appropriately approved by the directors.

A debenture interest reserve is maintained as at year end for debenture interest that will be paid out of retained earnings as at the reporting date but pending approval by the Board of Directors.

The debenture interest will be ratified at the forthcoming Annual General Meeting.

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **20. TRADE AND OTHER PAYABLES** | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| Trade payables | 4 569 511 | 6 324 619 | 6 047 015 | 6 766 077 |
| Refundable deposits held for tenants | 3 311 448 | 3 205 250 | 5 270 714 | 5 151 951 |
| Other payables | 5 516 123 | 4 302 564 | 10 228 290 | 9 701 944 |
| | 13 397 082 | 13 832 433 | 21 546 019 | 21 619 972 |

The average credit period on purchases is 30 days (2022: 30 days). No interest is charged on trade payables. The Directors consider the carrying amount of trade and other payables to approximate their fair value. Other payables comprises of withholding taxes, Value Added Tax and sundry accruals.

| 21. AMOUNTS DUE TO RELATED PARTIES | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| Time A & PM Proprietary Limited (Note 27) | 1 803 446 | 1 632 507 | 1 803 446 | 1 632 507 |
| Time Projects Property (Zambia) Limited (Note 27) | 18 305 | 16 079 | 254 427 | 244 356 |
| Solar Saver Botswana Proprietary Limited (Note 27) | 73 945 | - | 73 945 | - |
| Ebbstone Asset Management Limited (Note 27) | - | - | 695 804 | 1 900 189 |
| Directors' fees | 406 200 | 477 989 | 406 200 | 477 989 |
| | 2 301 896 | 2 126 575 | 3 233 822 | 4 255 041 |

These balances have no fixed terms and are interest free as they are trading balances incurred in the normal course of business.

The carrying amounts of the balances payable approximate their fair values as at the reporting dates.

**PRIMETIME PROPERTY HOLDINGS LIMITED**

**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**

**31 AUGUST 2023** *(continued)*

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **22. LONG TERM BORROWINGS** | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| Absa Bank of Botswana Limited loan | 66 239 694 | 66 173 321 | 66 239 694 | 66 173 321 |
| Absa Bank of Botswana Limited loan | 45 000 000 | 45 000 000 | 45 000 000 | 45 000 000 |
| BIFM Capital Investment Fund One Proprietary Limited Fixed Rate Term Loan | 66 581 014 | 66 581 014 | 66 581 014 | 66 581 014 |
| Botswana Development Corporation Limited loan | 4 489 912 | 17 366 663 | 4 489 912 | 17 366 663 |
| Botswana Insurance Fund Management Limited term loan facility on behalf of client managed funds | 100 539 599 | 100 482 640 | 100 539 599 | 100 482 640 |
| Botswana Insurance Fund Management P30m facility | 19 775 156 | - | 19 775 156 | - |
| First Capital Bank Limited loan | 69 894 400 | 69 894 400 | 69 894 400 | 69 894 400 |
| First National Bank Botswana Limited acting through its RMB Botswana Division P160m loan | 152 881 951 | 157 115 602 | 152 881 951 | 157 115 602 |
| PT024 Listed unsecured senior notes | 60 140 397 | 60 140 397 | 60 140 397 | 60 140 397 |
| PT026 Listed unsecured senior notes | 71 639 726 | 71 639 726 | 71 639 726 | 71 639 726 |
| PTCP13 Unlisted unsecured commercial paper | - | 10 696 915 | - | 10 696 915 |
| PTCP24 Unlisted unsecured commercial paper | 16 011 164 | | 16 011 164 | |
| PTCP30 Unlisted unsecured commercial paper | 41 351 825 | 41 096 986 | 41 351 825 | 41 096 986 |
| Stanbic Bank Botswana Limited term loan | 49 897 096 | 49 828 536 | 49 897 096 | 49 828 536 |
| First National Bank Zambia Limited | 7 271 171 | 9 607 319 | 7 271 171 | 9 607 319 |
| | - | - | - | - |
| **Additionally in the Group:** | - | - | - | - |
| Absa Bank Zambia PLC | - | - | 112 453 036 | 116 705 638 |
| Absa Bank Limited (South Africa) | - | - | 47 567 250 | 52 368 293 |
| | 771 713 105 | 765 623 519 | 931 733 391 | 934 697 450 |
| Less: Portion repayable within one year disclosed as a current liability | 138 060 537 | 147 696 855 | 150 860 033 | 265 261 498 |

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | P | P | P | P |
| Absa Bank of Botswana Limited loan | - | 66 173 321 | - | 66 173 321 |
| Absa Bank of Botswana Limited term loan | 45 000 000 | 45 000 000 | 45 000 000 | 45 000 000 |
| BIFM Capital Investment Fund One Proprietary Limited Fixed Rate Term Loan | 1 581 014 | 1 581 014 | 1 581 014 | 1 581 014 |
| Botswana Development Corporation Limited loan | 4 489 913 | 12 919 095 | 4 489 912 | 12 919 095 |
| Botswana Insurance Fund Management Limited term loan facility on behalf of client managed funds | 1 539 599 | 1 482 640 | 1 539 599 | 1 482 640 |
| Botswana Insurance Fund Management P30m facility | 18 959 | - | 18 959 | - |
| First National Bank Botswana Limited acting through its RMB Botswana Division P160m loan | 5 388 167 | 5 048 855 | 5 388 167 | 5 048 855 |
| PT024 Listed unsecured senior notes | 60 140 397 | 1 140 397 | 60 140 397 | 1 140 397 |
| PT026 Listed unsecured senior notes | 1 639 726 | 1 639 726 | 1 639 726 | 1 639 726 |
| PTCP13 Unlisted unsecured commercial paper | - | 10 696 915 | - | 10 696 915 |
| PTCP24 Unlisted unsecured commercial paper | 16 011 164 | - | 16 011 164 | - |
| PTCP30 Unlisted unsecured commercial paper | 1 351 825 | 1 096 986 | 1 351 825 | 1 096 986 |
| First National Bank Zambia Limited | 899 773 | 917 906 | 899 773 | 917 906 |
| Absa Bank Zambia PLC | - | - | 11 637 760 | 116 705 638 |
| Absa Bank Limited (South Africa) | - | - | 1 161 737 | 859 005 |
| Total long term portion of borrowings | 633 652 568 | 617 926 664 | 780 873 358 | 669 435 952 |

## PRIMETIME PROPERTY HOLDINGS LIMITED
## NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
**31 AUGUST 2023** *(continued)*

### 22. LONG TERM BORROWINGS (CONT.)

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| **Reconciliation of opening and closing balances:**[1] | | | | |
| Opening balance as at 1 September | 765 623 519 | 751 622 220 | 934 697 450 | 916 754 463 |
| Borrowings raised | 35 786 321 | 201 672 473 | 35 786 321 | 207 141 309 |
| Borrowings repaid | ( 28 554 285) | ( 189 067 858) | (37 283 670) | ( 190 799 104) |
| Movement in interest payable accrual | ( 1 142 450) | 1 396 684 | (1 466 710) | 1 600 782 |
| Closing balance as at 31 August | 771 713 105 | 765 623 519 | 931 733 391 | 934 697 450 |

| | | | | |
|---|---|---|---|---|
| Short term portion | 138 060 537 | 147 696 855 | 150 860 033 | 265 261 498 |
| Long term portion | 633 652 568 | 617 926 664 | 780 873 358 | 669 435 952 |
| | 771 713 105 | 765 623 519 | 931 733 391 | 934 697 450 |

[1] Additional disclosures were included in the current period on the reconciliation of opening and closing balances of the borrowings with comparatives provided.

| Facility | Period and repayment | Interest rate | Security |
|---|---|---|---|
| Absa Bank of Botswana Limited facility of P66 439 211 | This facility was renewed when it matured on 31 August 2021, with an extension of the final repayment date granted to 31 August 2026. In the prior year it was classified in the statement of financial position as repayable within one year due to a covenant breach which existed at the year end, for which a condonation for the year ended 31 August 2022 was confirmed in writing by the bank in October 2022. | Bore interest at a variable rate of 150 basis points below the current prime rate until 28 April 2022 when the Bank of Botswana switched the anchor policy rate to the Monetary Policy Rate (MoPR). Since 28 April 2022 the variable rate is 261 basis points above the current MoPR of 2.65%. (2022: 2.65%). | Secured by first covering mortgage bonds for P146 400 000, a cession of insurance and a cession of rentals over Prime Plaza 2, Prime Plaza 3 and Prime Plaza 4 situated on Lot 74538, CBD, Gaborone. |
| Absa Bank of Botswana Limited P45 000 000 term loan which was fully drawn on 28 January 2019. | The facility is for a 5 year period and is repayable with a bullet on 23 November 2023. In the prior year it was classified in the statement of financial position as repayable within one year due to a covenant breach which existed at the year end, for which a condonation for the year ended 31 August 2022 was confirmed in writing by the bank in October 2022. | Bore interest at a variable rate of 60 basis points above the current prime rate until 28 April 2022 when the Bank of Botswana switched the anchor policy rate to the Monetary Policy Rate (MoPR). Since 28 April 2022 the variable rate is 471 basis points above the current MoPR of 2.65%. (2022: 2.65%). | No additional security required to the existing security held by Absa Bank Botswana Limited as disclosed above. |
| BIFM Capital Investment Fund One (Proprietary) Limited Fixed Rate Term Loan of P65 000 000 | Interest is serviced half yearly from 31 May 2013. The capital portion of the notes is redeemable in 6 equal half yearly tranches from 31 May 2025. | Bears interest at a fixed rate of 9.65%. | Secured by mortgage bonds for P105 710 000, a cession of insurance and a cession of rentals over the following properties: Plot 4649 Lobatse, Plot 20610 Gaborone, Plot 203 Gaborone, Plot 22 Gaborone and Section 4 of the Scheme Prime Plaza on Lot 74538 Gaborone. |
| Botswana Development Corporation Limited term loan of P25 000 000 | This is a 30 month facility. The facility was interest only for the first 6 months and during this period the interest was accrued not serviced. Thereafter the facility (including the interest rolled up in the first 6 months) is repayable in 24 equal monthly instalments. The loan was drawn on 2nd July 2021 and the first instalment paid in January 2022. | Bore interest at a variable rate of the current prime rate until 28 April 2022 when the Bank of Botswana switched the anchor policy rate to the Monetary Policy Rate (MoPR). Since 28 April 2022 the variable rate is 411 basis points above the current MoPR of 2.65%. (2022: 2.65%). | None |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

## 22. LONG TERM BORROWINGS (CONT.)

### Terms and conditions of long term borrowings

| Facility | Period and repayment | Interest rate | Security |
|---|---|---|---|
| Botswana Insurance Fund Management Limited on behalf of client managed funds term loan facility of P99 000 000 | This is a 10 year facility which was fully drawn in June 2021. It is repayable at the end of years 8 to 10 as follows:<br>P25 000 000 on 30 June 2029<br>P35 000 000 on 30 June 2030<br>P39 000 000 on 30 June 2031 | Bore interest at a variable rate of 375 basis points above the current Bank of Botswana (BOB) rate until 28 April 2022 when the BOB switched the anchor policy rate to the Monetary Policy Rate (MoPR). Since 28 April 2022 the variable rate is 636 basis points above the current MoPR of 2.65%. (2022 MoPR: 2.65%). | Secured by first continuing covering mortgage bonds for P123 750 000, a cession of insurance and a cession of rentals over the following properties: Plot 50423 Gaborone and Plots 16177, 16179, 16180, 16181, 16182, 16183 and 16185 Francistown. |
| Botswana Insurance Fund Management Limited on behalf of client managed funds term loan facility of P30 000 000 | This is a five year facility. The loan can be drawn down over a period of 6 months from 21 August 2023. The first drawdown was made on 28 August 2023. Once fully drawn, the loan is interest only for a period of 5 years repayable with a bullet. | Bears interest at a fixed rate of 8.65%. | Secured by mortgage bonds for P46 390 000, a cession of insurance and a cession of rentals over the following properties: Plot 50423 Gaborone and Plots 16177, 16179, 16180, 16181, 16182, 16183 and 16185 Francistown and Section 4 of the Scheme Prime Plaza on Lot 74538 Gaborone. |
| First Capital Bank Limited - long term facility of P70 000 000 | This is a five year interest only facility repayable with a bullet on 28 February 2026. | Bore interest at a variable rate of 100 basis points above the current prime rate until 28 April 2022 when the Bank of Botswana switched the anchor policy rate to the Monetary Policy Rate (MoPR). Since 28 April 2022 the variable rate is 511 basis points above the current MoPR of 2.65%. (2022: 2.65%). | First continuing surety covering mortgage bond over for P75 400 000, a cession of insurance and of rentals over Lot 14076 Lobatse. Power of attorney and resolution to register mortgage bonds over Lot 2461 Serowe during the initial 2 year period while Lot 14076 is under construction. |
| First National Bank Botswana Limited acting through its RMB Botswana Division facility of P160 230 000 | Period of 4 years from 19 October 2021. The interest is serviced monthly and P18 730 000 of the capital is repayable over the term of the loan. The residual of P141 500 000 is repayable by a bullet payment on 18 October 2025. | Bears interest at a fixed rate of 6.5%. | Secured by collective first covering mortgage bonds totalling P230 949 596, a cession of insurance and of rentals over Plot 62417 Gaborone, Plot 75749 Gaborone, Plot 67979 Gaborone, Plot 75782 Setlhoa Village and Plot 20584 Gaborone. |

| Facility | Period and repayment | Interest rate | Security |
|---|---|---|---|
| PT024 Listed unsecured senior notes issued on 10 June 2016 P49 000 000 with an additional P10 000 000 issued on 10 December 2016. | The notes mature on 10 June 2024 with a bullet payment. | Bear interest at a fixed rate of 8.5%. | None |
| PT026 Listed unsecured senior notes issued on 29 November 2016 P70 000 000. | The notes mature on 29 November 2026 with a bullet payment. | Bear interest at a fixed rate of 9%. | None |
| PTCP13 unlisted notes issued on 17 July 2020 for P10 610 000. | The notes matured on 17 July 2023 and were settled with a bullet payment. Interest was serviced half yearly. | Bore interest at a variable rate of 125 basis points above the current prime rate until 28 April 2022 when the Bank of Botswana switched the anchor policy rate to the Monetary Policy Rate (MoPR). Since 28 April 2022 the variable rate is 536 basis points above the current MoPR of 2.65%. (2022: 2.65%). | None |
| PTCP24 unlisted notes issued on 16 December 2022 for P15 000 000. | The notes mature on 15 December 2023 with a bullet payment. Interest will be serviced on maturity. | Bear interest at a fixed rate of 9.5%. | None |
| PTCP30 unlisted notes issued on 3 April 2020 for P40 000 000. | The notes mature on 3 April 2030 with a bullet payment. Interest is serviced half yearly. | Bore interest at a variable rate of 275 basis points above the Bank of Botswana (BOB) rate until 28 April 2022 when the Bank of Botswana switched the anchor policy rate to the Monetary Policy Rate (MoPR). Since 28 April 2022 the variable rate is 536 basis points above the current MoPR of 2.65%. (2022: 2.65%). | None |

## PRIMETIME PROPERTY HOLDINGS LIMITED
## NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
**31 AUGUST 2023** *(continued)*

### 22. LONG TERM BORROWINGS (CONT.)
### Terms and conditions of long term borrowings

| Facility | Period and repayment | Interest rate | Security |
|---|---|---|---|
| Stanbic Bank Botswana term loan | This is a 3 year facility fully repayable on 16 April 2025. | Prior to maturity it bore interest at a variable rate of the current prime rate (2021: 5.25%). From 14 April 2022 and 1 March 2023 it bore interest at a variable rate of current prime plus 50 basis points until 28 April 2022 when the Bank of Botswana switched the anchor policy rate to the Monetary Policy Rate (MoPR). Since 28 April 2022 the variable rate is 461 basis points above the current MoPR of 2.65% (2022: 2.65%). | Secured by a first covering mortgage bond for P36 000 000 and a cession of insurance and a of rentals over Plot 439 Pilane. |
| | | Between March 2023 and February 2024, should the group LTV ratio be above 55% the margin will increase by 75bps. | |
| | | Between March 2024 and the final maturity date, should the group LTV ratio be between 50% and 55% the margin will increase by 75bps and should the group LTV be above 55% the margin will increase by 100bps. | |
| First National Bank Zambia Limited ZMW13 000 000 facility | The loan was drawn in November 2021 and is fully repayable in equal monthly instalments over 7 years until October 2028. | Bears interest at a variable rate of 1000 basis points above the Zambian MPR rate of 9%. | Secured by a first legal mortgage over S/D 3144, Mukwa Road, Heavy Industrial Area, Lusaka for ZMW13 000 000, assignment of specific debt being G4S rental income, assignment of the insurance policies with the bank noted as first loss payee and an irrevocable unconditional corporate guarantee by PrimeTime Property Holdings Limited for ZMW13 000 000. |

| Facility | Period and repayment | Interest rate | Security |
|---|---|---|---|
| **Additionally in the Group** | | | |
| Absa Bank Zambia PLC facility for USD8 000 000. | This is a 5 year facility from 1 September 2021 and is interest only until 30 April 2024. Twenty eight capital instalments of USD 80 000 will be repayable monthly from May 2024 with a bullet payment of USD 5 760 000 payable on expiry of the facility on 31 August 2026. In the prior year it was classified in the statement of financial position as repayable within one year due to a covenant breach which existed at the year end, for which a condonation for the year ended 31 August 2022 was confirmed in writing by the bank in October 2022. | From 1 September 2021 it bore interest at a variable rate of 480 basis point above the 3 month USD LIBOR rate. Due to the upcoming discontinuance of the USD LIBOR rate as a benchmark, with effect from 28 June 2022 the facility bears interest at a variable rate of 502 basis points above the 3 month USD SOFR rate of 5.4039% (2022: 2.9467%). | Unlimited corporate guarantee from PrimeTime Property Holdings Limited. Cash flow shortfall undertaking from PrimeTime Property Holdings Limited. A cession of insurance and assignment of rentals receivable over both Subdivision D part of Stand No. 2374 Thabo Mbeki Road, Mass Media, Lusaka, Zambia and Kabulonga Centro, Subdivision 6 of Farm No. 377a, Bishops Road, Lusaka. Assignment of the rights and interests in the lease from ZDT in respect of Kabulonga Centro. |
| Absa Bank Zambia PLC facility for USD4 000 000 | By sixty equal monthly repayments commencing 30 April 2019. In the prior year it was classified in the statement of financial position as repayable within one year due to a covenant breach which existed at the year end, for which a condonation for the year ended 31 August 2022 was confirmed in writing by the bank in October 2022. | Bore interest at a variable rate of 470 basis points above the 3 month USD LIBOR rate. Due to the upcoming discontinuance of the USD LIBOR rate as a benchmark, with effect from 17 February 2023 the facility bears interest at a variable rate of 482 basis points above the 3 month USD SOFR rate of 5.4039% (2022: LIBOR 3.14414%). | Unlimited corporate guarantee from PrimeTime Property Holdings Limited. Cash flow shortfall undertaking from PrimeTime Property Holdings Limited. A cession of insurance and assignment of rentals receivable over both Subdivision D part of Stand No. 2374 Thabo Mbeki Road, Mass Media, Lusaka, Zambia and Kabulonga Centro, Subdivision 6 of Farm No. 377a, Bishops Road, Lusaka. Assignment of the rights and interests in the lease from ZDT in respect of Kabulonga Centro. |

**PRIMETIME PROPERTY HOLDINGS LIMITED**

**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**

**31 AUGUST 2023** *(continued)*

## 22. LONG TERM BORROWINGS (CONT.)

### Terms and conditions of long term borrowings

| Facility | Period and repayment | Interest rate | Security |
|---|---|---|---|
| **Additionally in the Group** | | | |
| Absa Bank Limited (South Africa) facility for R25 425 318 | This is a 5 year facility repayable by a single bullet on 16 December 2024. R1 000 000 of this loan was voluntarily prepaid on 11 April 2023. | Bears interest at a variable rate of 225 basis points above the 3 month JIBAR rate of 8.358% (2022: 5.767%). Interest is serviced and the rate resets quarterly. | Secured by a continuing covering mortgage bond for R46 400 000, a cession of insurance and a cession of rentals over Portion 7 of Erf 597 Spartan Extension 12, Ekurhuleni. Limited guarantee by PrimeTime Property Holdings Limited for R25 000 000. Cross default with the R45 144 113 facility below. |
| Absa Bank Limited (South Africa) facility for R45 144 113 | This is a 5 year facility repayable by a single bullet on 16 December 2024. The following voluntarily prepayments of the loan have been made: R1 000 000 on 22 November 2021, R3 000 000 on 5 June 2023 and R6 500 000 on September 2023. | Bears interest at a variable rate of 225 basis points above the 3 month JIBAR rate of 8.358% (2022: 5.767%). Interest is serviced and the rate resets quarterly. | Secured by a continuing covering mortgage bond for R85 000 000, a cession of insurance and a cession of rentals over Erf 1618 Bryanston, City of Johannesburg. Limited guarantee by PrimeTime Property Holdings Limited for R45 200 000. Cross default with the R25 425 318 facility above. |

| 23. LEASE LIABILITIES | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| Balance as 1 September | 678 597 | 892 210 | 3 080 328 | 2 984 840 |
| Remeasurement | 260 333 | - | 149 313 | - |
| Derecognition on disposal | - | ( 12 675) | - | ( 12 675) |
| Repayments made during the year | ( 268 037) | ( 256 659) | ( 443 001) | ( 422 750) |
| Interest expensed | 49 483 | 54 757 | 220 338 | 207 804 |
| Foreign exchange translation reserve | ( 1 251) | 964 | 130 334 | 323 109 |
| Balance as 31 August | 719 125 | 678 597 | 3 137 312 | 3 080 328 |
| Due within one year | ( 237 200) | ( 216 952) | ( 237 641) | ( 217 520) |
| Due after one year: | 481 926 | 461 645 | 2 899 671 | 2 862 808 |
| Due in 1-5 years | 78 030 | 285 762 | 80 149 | 288 495 |
| Due more than 5 years | 403 896 | 175 883 | 2 819 522 | 2 574 313 |

| 23. LEASE LIABILITIES (CONT) | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| **Reconciliation of opening and closing balances:** [1] | | | | |
| Opening balance as at 1 September | 678 597 | 892 210 | 3 080 328 | 2 984 840 |
| Lease liabilities remeasured | 260 333 | - | 149 313 | - |
| Lease liabilities derecognised on disposal | - | ( 12 675) | - | ( 12 675) |
| Lease liabilities repaid | ( 218 554) | ( 201 902) | ( 222 663) | ( 214 946) |
| Foreign exchange translation reserve | ( 1 251) | 964 | 130 334 | 323 109 |
| Closing balance as at 31 August | 719 125 | 678 597 | 3 137 312 | 3 080 328 |

The following are the amounts recognised in profit or loss in relation to leases:

| | | | | |
|---|---|---|---|---|
| Interest expense on lease liabilities | 49 483 | 54 757 | 220 338 | 207 804 |
| Fair value adjustment on ROU (included in fair value adjustment) | ( 77 552) | 3 532 317 | 2 634 111 | 8 913 147 |
| Variable lease payments (included in operating expenses) | 2 533 217 | 2 626 360 | 3 996 121 | 3 918 311 |
| Total amount recognised in profit or loss | 2 505 148 | 6 213 434 | 6 850 570 | 13 039 262 |

The Company and Group have base contracts that contain variable payments calculated by reference to rental income on subject properties. The variable lease payments are presented in the line item "operating expenses" on the statement of profit or loss.

The Company and Group have certain lease contracts that have extension/renewal clauses. The extensions are negotiated by management pursuant to aligning leases to the Company and Group's business needs. Management exercise significant judgement in determining whether the extension options are reasonably certain to be exercised.

For right-of-use assets that are classified as investment property, the Group expects to make use of the full lease terms which typically vary between 5 and 94 years.

**PRIMETIME PROPERTY HOLDINGS LIMITED**

**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**

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| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **24. DEFERRED REVENUE** | **2023** | **2022** | **2023** | **2022** |
| Rentals received in respect of future periods invoiced in advance | 2 370 730 | 2 220 186 | 2 841 852 | 2 607 052 |

### 25. BANKING FACILITIES AND GUARANTEES

At the reporting date, the company has a general short term banking overdraft facility with Stanbic Bank Botswana Limited of P32 000 000 (2022: P32 000 000). The facility is payable on demand, and attracts interest at the rate of 311 basis points above the current MoPR of 2.65% per annum (2022: 2.65%).

At 31 August 2023 the unused facility was P12 370 395 (2022: P22 902 728).

The Company has guarantees of P321 570 (2022: P321 570) issued by Stanbic Bank Botswana Limited to third parties. These guarantees carry a commission charge of 0.55% per quarter of a year.

Stanbic Bank Botswana Limited has also provided to the company a facility for forward exchange contracts up to USD 1 000 000 (2022: USD 1 000 000) and a spot foreign currency dealing facility of USD1 000 000 (2022: USD 1 000 000). At 31 August 2023 there were no open forward exchange contracts or spot foreign currency dealings.

These facilities are secured by First Continuing Covering Mortgage Bond for P31 300 000 over Plot 29 Gaborone (2022: P31 300 000), a cession of insurance and a cession of rentals.

[1] Additional disclosures were included in the current period on the reconciliation of opening and closing balances of the lease liabilities with comparatives provided.

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **26. FINANCIAL RISK MANAGEMENT** | **2023** | **2022** | **2023** | **2022** |
| **Categories of Financial Instruments** | **P** | **P** | **P** | **P** |
| **Financial assets** | | | | |
| Loans and receivables (including cash and cash equivalents) at amortised cost: | | | | |
| Trade and other receivables | 9 477 240 | 8 937 181 | 14 234 650 | 15 986 039 |
| Cash and cash equivalents | 3 770 360 | 4 994 488 | 23 003 203 | 27 588 247 |
| Less: VAT receivable, prepayments and deposits as out of scope of IFRS 9 | (6 962 481) | (5 576 332) | (10 778 348) | (7 079 802) |
| | 6 285 119 | 8 355 337 | 26 459 505 | 36 494 484 |
| | | | | |
| Loans and receivables at fair value through profit and loss: | | | | |
| Amounts due from related party | 475 489 167 | 444 657 554 | - | - |
| Total financial assets | 481 774 286 | 453 012 891 | 26 459 505 | 36 494 484 |

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **Financial liabilities** | **2023** | **2022** | **2023** | **2022** |
| Loans and other payables at amortised cost: | **P** | **P** | **P** | **P** |
| Long term borrowings | 771 713 105 | 765 623 519 | 931 733 391 | 934 697 450 |
| Lease liabilities | 719 126 | 678 597 | 3 137 312 | 3 080 328 |
| Trade and other payables | 13 397 082 | 13 832 433 | 21 546 019 | 21 619 972 |
| Amounts due to related parties | 2 301 896 | 2 126 575 | 3 233 822 | 4 255 041 |
| Bank overdraft | 19 629 605 | 9 097 272 | 19 629 605 | 9 097 272 |
| Less: VAT and withholding tax payable | (1 597 325) | (1 177 982) | (3 770 093) | (3 125 733) |
| Total financial liabilities | 806 163 488 | 790 180 414 | 975 510 056 | 969 624 330 |

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements represent their fair values.

**Capital Risk Management**

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2022.

The capital structure of the Group consists of cash and cash equivalents, interest bearing borrowings and equity, comprising stated capital, variable rate unsecured debentures and accumulated profits as disclosed in the statement of financial position. The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. No changes were made in the objectives, policies or processes during the years ended 31 August 2023 and 31 August 2022.

The Group monitors capital primarily using a loan-to-value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. The Group's short-term strategy is to keep its average loan-to-value ratio lower than 55% and to reduce it further in the medium term to below 50%.

Banking covenants vary according to each loan agreement, but typically require that the loan-to-value ratio does not exceed 60%.

In order to achieve this overall objective, the Group's management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings and where they have occurred waivers have been obtained (Refer to Note 32).

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
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## 26. FINANCIAL RISK MANAGEMENT (CONT.)

| | CONSOLIDATED | |
|---|---|---|
| | **2023** | **2022** |
| | **P** | **P** |
| Interest bearing loans and borrowings (Note 22) | 931 733 391 | 934 697 450 |
| Bank overdraft | 19 629 605 | 9 097 272 |
| | 951 362 996 | 943 794 722 |
| | | |
| Investment properties (Note 8) | 1 715 894 944 | 1 646 579 905 |
| Rentals straight-line adjustment (long -term) | 46 107 534 | 51 703 763 |
| Rental straight-line adjustment (short-term) | 9 843 521 | 11 313 040 |
| External valuation of completed investment property (Note 8) | 1 771 845 999 | 1 709 596 708 |
| | | |
| Investment property under development at cost (Note 10) | 98 682 346 | 63 439 294 |
| Total valuation of investment property | 1 870 528 345 | 1 773 036 002 |
| | | |
| Loan to value ratio | 51% | 53% |

### Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the Significant Accounting Policies in the financial statements.

### Financial Risk Management Objectives

The Directors monitor and manage the financial risks relating to the operations of the Group through analysis of exposures by degree and magnitude of each risk. These risks include market risk (including currency risk and interest rate risk) and credit risk.

### Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as described below.

**Foreign Currency Risk**

In the normal course of business, the Company and Group enters into transactions denominated in foreign currencies. At 31 August 2023 the Company had P7 394 594 and the Group had P177 212 288 of monetary liabilities denominated in foreign currencies, which would expose it to fluctuations in foreign currency exchange rates (2022: Company P9 714 121 and Group P189 544 902). At 31 August 2023 the Company had P476 354 164 and the Group had P24 811 149 of monetary assets denominated in foreign currencies (2022: Company P446 339 978and Group P31 339 858 ).

If exchange rates had been 5% higher/lower and all other variables were held constant, the Company's profits would have increased/decreased by P2 239 665 and the Group's profit would have increased/decreased by P1 394 478 (2022: Company P19 223 and Group P1 037 739 ).

There is no foreign currency risk to the Group's equity as it is all denominated in Botswana Pula.

The Group manages its foreign currency risk as follows:

- By ensuring the currency denomination of assets and liabilities are matched. For example bank borrowings, investment properties and income streams are maintained in the same currency;
- In Zambia which operates on a dual currency system of United States Dollars and the Zambian Kwacha, adequate income streams are maintained to cover outflows in the same currency. In addition varying escalation rates are included in leases, aligning this to their respective currency denomination;
- Maintaining multi-currency bank accounts in the different geographical regions the Group operates in to allow conversions to be made when exchange rates are optimal;
- Careful monitoring of the exchange rate movements and booking rates through our commercial bankers to secure the most preferential rates on conversion.

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| **The Group foreign currency exposure is as follows:** | | | | |
| **Monetary assets** | **2023** | **2022** | **2023** | **2022** |
| United Stated Dollar (USD) | 35 757 597 | 35 297 905 | 519 961 | 364 328 |
| Zambian Kwacha (ZMW) | 330 327 | 262 694 | 5 470 490 | 5 905 742 |
| South African Rand (ZAR) | - | - | 20 114 009 | 29 301 694 |
| | | | | |
| **Monetary liabilities** | | | | |
| United Stated Dollar (USD) | 7 811 | 7 563 | 8 853 838 | 9 630 606 |
| Zambian Kwacha (ZMW) | 11 011 904 | 12 134 491 | 12 913 259 | 13 724 254 |
| South African Rand (ZAR) | - | - | 71 614 079 | 107 897 135 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

**26. FINANCIAL RISK MANAGEMENT (CONT.)**

**Interest Rate Risk**

Fluctuations in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks.

The Company's exposure to long term borrowings with a fixed interest rate is P387 029 409 (2022: P355 476 739) and variable interest rate is P384 683 696 (2022: P410 146 780). The Group's exposure to long term borrowing with a fixed interest rate is P387 029 409 (2022: P355 476 739) and the variable interest rate is P544 703 982 (2022: P579 220 711). If the variable interest rates had been 0.5% higher/lower and all other variables were held constant, the Company's profit and comprehensive income would have increased/decreased by P397 540 and Group's profit and comprehensive income and equity would have decreased/increased by P2 603 950 (2022: Company P1 707 326 and Group P2 408 467).

**Credit Risk - trade receivables**

At the reporting date there were no significant concentrations of credit risk for receivables. The carrying amount reflected in Note 14 represents the Group's maximum exposure to credit risk for receivables.

***Significant increase in credit risk***

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased or expected significant deterioration in the financial instrument's external (if available) or internal credit rating has occurred:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

***Definition of default***

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any deposits held by the Group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 120 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

***Credit-impaired financial assets***

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of tenant;
(b) a breach of contract, such as a default or past due event (see above); or
(c) it is becoming probable that the tenant will enter bankruptcy or other financial reorganisation.

***Credit risk management***

The Group manages its credit risk as follows:

- Performing due diligence and KYC procedures on new tenants;
- Operating effective rent collection and overdue debt collection procedures, which include regular review
- and follow-up of overdue amounts by senior management;
- Use of debt collection agents, legal recourse and eviction plans for defaulting tenants where required;
- Ensuring our properties are well positioned, maintained and tenanted for retention (of tenants); and Maintaining a core of blue chip tenants.

**Credit Risk – related party loan**

At the reporting date the carrying amount disclosed in Note 13 represents the Company's maximum exposure to credit risk for related party loans. The loans are unsecured.

**PRIMETIME PROPERTY HOLDINGS LIMITED**
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### 26. FINANCIAL RISK MANAGEMENT (CONT.)

***Significant increase in credit risk***

In assessing whether the credit risk on this financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industry in which the Group operates, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased or expected significant deterioration in the financial instrument's external (if available) or internal credit rating has occurred:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the related party's ability to meet its debt obligation;
- An actual or expected significant deterioration in the operating results of the related party;
- Significant increases in credit risk on other financial instruments of the related party;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the related party that results in a significant decrease in the related party's ability to meet its debt obligations.

This loan has been classified as Stage 3 under IFRS 9 levels of impairment since initial recognition and an analysis is performed at each reporting date using the fair value model to measure expected credit losses, which are taken through profit and loss.

***Credit risk management***

The Company manages its related party loan credit risk as follows:

- Through the asset and property management teams of our related party by ensuring the properties the related party is invested into:
  - Are well positioned, maintained and tenanted for retention (of tenants);
  - Operates effective rent collection and overdue debt collection procedures, which include regular review and follow-up of overdue amounts by senior management; and
  - Maintaining a core of high quality tenants.
- Overseeing day-to-day management of its operations, including inter alia governance, compliance and operations.

***Liquidity risk management***

Ultimate responsibility for liquidity risk management rests with the Directors. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below details the remaining contractual maturity for financial liabilities with agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company may be required to pay.

| Company[1] | Less than one year | One to five years | More than 5 years | Total |
|---|---|---|---|---|
| **2023** | **P** | **P** | **P** | **P** |
| *Non-interest bearing* | 14 101 651 | - | - | 14 101 651 |
| Trade and other payables | 11 799 755 | - | - | 11 799 755 |
| Amounts due to related parties | 2 301 896 | - | - | 2 301 896 |
| | | | | |
| *Variable interest rate instruments* | 100 013 188 | 261 341 315 | 162 813 977 | 524 168 479 |
| Bank overdraft | 19 629 605 | - | - | 19 629 605 |
| Borrowings | 80 099 221 | 261 123 870 | 162 065 114 | 503 288 205 |
| Lease liabilities | 284 361 | 217 445 | 748 863 | 1 250 669 |
| | | | | |
| *Fixed interest rate instruments* | 113 907 152 | 342 763 045 | 19 756 197 | 476 426 394 |
| Borrowings | 113 907 152 | 342 763 045 | 19 756 197 | 476 426 394 |
| | 228 021 990 | 604 104 360 | 182 570 174 | 1 014 696 524 |
| | | | | |
| **2022** | | | | |
| *Non-interest bearing* | 14 781 027 | - | - | 14 781 027 |
| Trade and other payables | 12 654 452 | - | - | 12 654 452 |
| Amounts due to related parties | 2 126 575 | - | - | 2 126 575 |
| | | | | |
| *Variable interest rate instruments* | 178 624 711 | 210 468 427 | 151 759 539 | 540 852 678 |
| Bank overdraft | 9 097 272 | - | - | 9 097 272 |
| Borrowings | 169 271 040 | 210 122 831 | 151 455 644 | 530 849 515 |
| Lease liabilities | 256 399 | 345 597 | 303 895 | 905 891 |
| | | | | |
| *Fixed interest rate instruments* | 37 507 546 | 415 160 653 | 11 094 688 | 463 762 887 |
| Borrowings | 37 507 546 | 415 160 653 | 11 094 688 | 463 762 887 |
| | 230 913 285 | 625 629 080 | 162 854 227 | 1 019 396 592 |

[1] The non-interest bearing, variable rate instruments and fixed interest rate instruments were dissaggregated into the respective financial liabilities with comparatives.

**PRIMETIME PROPERTY HOLDINGS LIMITED**

## NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

**31 AUGUST 2023** *(continued)*

### 26. FINANCIAL RISK MANAGEMENT (CONT.)

| Consolidated [1] | Less than one year | One to five years | More than 5 years | Total |
|---|---|---|---|---|
| **2023** | **P** | **P** | **P** | **P** |
| *Non-interest bearing* | 21 009 748 | - | - | 21 009 748 |
| Trade and other payables | 17 775 926 | - | - | 17 775 926 |
| Amounts due to related parties | 3 233 822 | - | - | 3 233 822 |
| | | | | |
| *Variable interest rate instruments* | 129 263 476 | 429 480 572 | 176 109 248 | 734 853 297 |
| Bank overdraft | 19 629 605 | - | - | 19 629 605 |
| Borrowings | 109 174 562 | 428 563 333 | 162 065 114 | 699 803 009 |
| Lease liabilities | 459 310 | 917 238 | 14 044 135 | 15 420 682 |
| | | | | |
| *Fixed interest rate instruments* | 113 907 152 | 342 763 045 | 19 756 197 | 476 426 394 |
| Borrowings | 113 907 152 | 342 763 045 | 19 756 197 | 476 426 394 |
| | 264 180 376 | 772 243 617 | 195 865 446 | 1 232 289 439 |
| | | | | |
| **2022** | | | | |
| *Non-interest bearing* | 22 749 282 | - | - | 22 749 282 |
| Trade and other payables | 18 494 241 | - | - | 18 494 241 |
| Amounts due to related parties | 4 255 041 | - | - | 4 255 041 |
| | | | | |
| *Variable interest rate instruments* | 309 578 126 | 289 920 294 | 164 268 631 | 763 767 051 |
| Bank overdraft | 9 097 272 | - | - | 9 097 272 |
| Borrowings | 300 061 987 | 288 924 826 | 151 455 644 | 740 442 456 |
| Lease liabilities | 418 867 | 995 469 | 12 812 986 | 14 227 322 |
| | | | | |
| *Fixed interest rate instruments* | 37 507 546 | 415 160 653 | 11 094 688 | 463 762 887 |
| Borrowings | 37 507 546 | 415 160 653 | 11 094 688 | 463 762 887 |
| | 369 834 954 | 705 080 947 | 175 363 318 | 1 250 279 219 |

[1] The non-interest bearing, variable rate instruments and fixed interest rate instruments were dissaggregated into the respective financial liabilities with comparatives.

## 27. RELATED PARTY TRANSACTIONS

**Trading transactions**

The Company has entered into a Property Management Agreement and an Asset Management Agreement with Time Projects (Botswana) Proprietary Limited (2022: Time Projects (Botswana) Proprietary Limited). With effect from 1 September 2021, following an internal reorganisation within Time Projects (Botswana) Proprietary Limited with no change in beneficial ownership, the Company agreed for all rights and interests in these contracts to be ceded to Time A & PM Proprietary Limited and Time Developments Proprietary Limited. The shareholders of Time A & PM Proprietary Limited and Time Developments Proprietary Limited owned 17.26% of the issued linked units of the Company at 31 August 2023 (2022: 16.82%).

Time Projects (Botswana) Proprietary Limited has a 100% owned Zambian registered subsidiary company, Time Projects Property (Zambia) Limited, which assists with the property and asset management function in Zambia.

The Company has entered into a Property Management Agreement and an Asset Management Agreement with Ebbstone Asset Managers Limited, to manage its assets in South Africa. Shareholders with a beneficial interest in 93.8% of Time Projects (Botswana) Proprietary Limited, Time A & PM Proprietary Limited and Time Developments Proprietary Limited owned 25% of the issued shares of Ebbstone Asset Management Limited at 31 August 2023 (2022: 25%).

The Company has entered into a Lease Agreement which commenced during the year with Solar Saver Botswana Proprietary Limited, to rent a customised photovoltaic solar and battery hybrid system. Shareholders with a beneficial interest in 100% of Time Projects (Botswana) Proprietary Limited, Time A & PM Proprietary Limited and Time Developments Proprietary Limited owned 25% of the issued shares of Solar Saver Botswana Proprietary Limited at 31 August 2023.

[1] The non-interest bearing, variable rate instruments and fixed interest rate instruments were dissaggregated into the respective financial liabilities with comparatives.

## PRIMETIME PROPERTY HOLDINGS LIMITED
## NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
**31 AUGUST 2023** *(continued)*

### 27. RELATED PARTY TRANSACTIONS (CONT)

During the year, the Company and Group entered into the following trading transactions with related parties and had the following balances owed to related parties:

| 2023 | Purchases of Services | Debenture Interest Paid (gross) | Interest Income |
|---|---|---|---|
| **Company** | **P** | **P** | **P** |
| PrimeTime Property Holdings (Mauritius) Limited (Note 13) | - | - | 37 322 924 |
| Time A & PM Proprietary Limited (Note 21) | 14 173 129 | - | - |
| Time Projects Property (Zambia) Limited (Note 21) | 201 800 | - | - |
| Time Developments Proprietary Limited (Note 21) | - | - | - |
| Solar Saver Botswana Proprietary Limited | 851 435 | - | - |
| Linwood Holdings Limited | - | 5 969 688 | - |

(A L Kelly has a beneficial interest in Linwood Holdings Limited)

| **Key management personnel/Directors:** | | | |
|---|---|---|---|
| N Dixon-Warren | - | - | - |
| J Jones and family | - | 5 565 | - |
| A Kelly and family | - | 65 946 | - |
| M Marinelli | - | - | - |
| C Masendu-Kusane | - | - | - |
| P Masie | - | 2 383 | - |
| M Morolong and family | - | 15 880 | - |

| Rent Received | Purchases of Investment Property & Work in Progress | Interest Expense (gross) | Consultancy Fees | Directors Fees | Amounts owed (by) / to Related Parties |
|---|---|---|---|---|---|
| P | P | P | P | P | P |
| - | - | - | - | - | (475 489 167) |
| - | - | - | - | - | 1 803 446 |
| - | - | - | - | - | 18 305 |
| - | 2 864 332 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | |
| - | - | - | - | 287 367 | 100 400 |
| - | - | - | - | 96 000 | 32 000 |
| - | - | - | - | 96 000 | 32 000 |
| - | - | - | - | 316 389 | 123 400 |
| - | - | - | - | 156 904 | - |
| - | - | - | - | 238 395 | 90 400 |
| - | - | - | - | 96 000 | 32 000 |

## PRIMETIME PROPERTY HOLDINGS LIMITED
## NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS
**31 AUGUST 2023** *(continued)*

### 27. RELATED PARTY TRANSACTIONS (CONT.)

| 2023 | Purchases of Services | Debenture Interest Paid (gross) | Interest Income |
|---|---|---|---|
| **Consolidated** | **P** | **P** | **P** |
| Time A & PM Proprietary Limited (Note 21) | 14 173 129 | - | - |
| Time Projects Property (Zambia) Limited (Note 21) | 3 349 948 | - | - |
| Time Developments Proprietary Limited (Note 21) | - | - | - |
| Ebbstone Asset Management Limited (Note 21) | 1 407 441 | - | - |
| Solar Saver Botswana Proprietary Limited | | - | |
| Linwood Holdings Limited | - | 5 969 688 | - |

(A L Kelly has a beneficial interest in Linwood Holdings Limited)

| | | | |
|---|---|---|---|
| **Key management personnel/Directors:** | | | |
| N Dixon-Warren | - | - | - |
| J Jones and family | - | 5 565 | - |
| A Kelly and family | - | 65 946 | - |
| M Marinelli | - | - | - |
| C Masendu-Kusane | - | - | - |
| P Masie | - | 2 383 | - |
| M Morolong and family | - | 15 880 | - |

| Rent Received | Purchases of Investment Property & Work in Progress | Interest Expense (gross) | Consultancy Fees | Directors Fees | Amounts owed (by) / to Related Parties |
|---|---|---|---|---|---|
| P | P | P | P | P | P |
| - | - | - | - | - | 1 803 446 |
| 155 095 | - | - | - | - | 254 427 |
| - | - | - | - | - | - |
| - | 2 864 332 | - | - | - | 695 804 |
| | - | - | - | - | |
| - | - | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| - | - | - | - | 287 367 | 100 400 |
| - | - | - | - | 96 000 | 32 000 |
| - | - | - | - | 96 000 | 32 000 |
| - | - | - | - | 316 389 | 123 400 |
| - | - | - | - | 156 904 | - |
| - | - | - | - | 238 395 | 90 400 |
| - | - | - | - | 96 000 | 32 000 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**

**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**

**31 AUGUST 2023** *(continued)*

### 27. RELATED PARTY TRANSACTIONS (CONT.)

| 2022 | Purchases of Services | Debenture Interest Paid (gross) | Interest Income |
|---|---|---|---|
| **Company** | **P** | **P** | **P** |
| PrimeTime Property Holdings (Mauritius) Limited (Note 13) | - | - | - |
| Time Projects (Botswana) Proprietary Limited (Note 21) | - | - | - |
| Time A & PM Proprietary Limited (Note 21) | 14 518 482 | - | - |
| Time Projects Property (Zambia) Limited (Note 21) | 186 847 | - | - |
| Time Developments Proprietary Limited (Note 21) | - | - | - |
| PrimeTime Property Holdings (Zambia) Limited (note 21) | - | - | - |
| Linwood Holdings Limited | - | 3 998 868 | - |

(A L Kelly has a beneficial interest in Linwood Holdings Limited)

| **Key management personnel/Directors:** | | | |
|---|---|---|---|
| N Dixon-Warren | - | - | - |
| J Jones and family | - | 3 732 | - |
| A Kelly and family | - | 45 085 | - |
| C Kgosidiile | - | - | - |
| M Marinelli | - | - | - |
| C Masendu-Kusane | - | - | - |
| P Masie | - | 1 598 | - |
| P Matumo | - | 33 351 | - |
| M Morolong and family | - | 5 652 | - |

| Rent Received | Purchases of Investment Property & Work in Progress | Interest Expense (gross) | Consultancy Fees | Directors Fees | Amounts owed (by) / to Related Parties |
|---|---|---|---|---|---|
| P | P | P | P | P | P |
| - | - | - | - | - | 444 657 554 |
| - | 4 570 994 | - | - | - | - |
| - | - | - | - | | 1 632 507 |
| - | 227 822 | - | - | - | 16 079 |
| - | 22 512 527 | - | - | | |
| - | - | 53 187 | - | - | 1 451 413 |
| - | - | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| - | - | - | 136 000 | 184 928 | 86 027 |
| - | - | - | - | 130 880 | 52 000 |
| - | - | - | - | 130 880 | 52 000 |
| - | - | - | - | 264 390 | - |
| - | - | - | 26 880 | 156 548 | 87 962 |
| - | - | - | - | 173 976 | 75 989 |
| - | - | - | - | 225 440 | 72 011 |
| - | - | - | - | 267 005 | - |
| - | - | - | - | 130 880 | 52 000 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

**27. RELATED PARTY TRANSACTIONS (CONT.)**

| 2022 | Purchases of Services | Debenture Interest Paid (gross) | Interest Income |
|---|---|---|---|
| **Consolidated** | **P** | **P** | **P** |
| Time Projects (Botswana) Proprietary Limited (Note 21) | - | - | - |
| Time A & PM Proprietary Limited (Note 21) | 14 518 482 | - | - |
| Time Projects Property (Zambia) Limited (Note 21) | 2 734 217 | - | - |
| Time Developments Proprietary Limited (Note 21) | - | - | - |
| Time Projects Property (Zambia) Limited (Note 13) | - | - | - |
| Ebbstone Asset Management Limited (Note 21) | 1 313 078 | - | - |
| Linwood Holdings Limited | - | 3 998 868 | - |

(A L Kelly has a beneficial interest in Linwood Holdings Limited)

| **Key management personnel/Directors:** | | | |
|---|---|---|---|
| N Dixon-Warren | - | - | - |
| J Jones and family | - | 3 732 | - |
| A Kelly and family | - | 45 085 | - |
| C Kgosidiile | - | - | - |
| M Marinelli | - | - | - |
| C Masendu-Kusane | - | - | - |
| P Masie | - | 1 598 | - |
| P Matumo | - | 33 351 | - |
| M Morolong and family | - | 5 652 | - |

| Rent Received | Purchases of Investment Property & Work in Progress | Interest Expense (gross) | Consultancy Fees | Directors Fees | Amounts owed (by) / to Related Parties |
|---|---|---|---|---|---|
| P | P | P | P | P | P |
| - | 4 570 994 | - | - | - | - |
| - | - | - | - | - | 1 632 507 |
| 133 691 | 227 822 | | - | | 244 356 |
| - | 22 512 527 | - | - | - | - |
| - | - | | - | | - |
| - | - | - | - | - | 1 900 189 |
| - | - | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| - | - | - | 136 000 | 184 928 | 86 027 |
| - | - | - | - | 130 880 | 52 000 |
| - | - | - | - | 130 880 | 52 000 |
| - | - | - | - | 264 390 | - |
| - | - | - | 26 880 | 156 548 | 87 962 |
| - | - | - | - | 173 976 | 75 989 |
| - | - | - | - | 225 440 | 72 011 |
| - | - | - | - | 267 005 | - |
| - | - | - | - | 130 880 | 52 000 |

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

## 28. LEASE ARRANGEMENTS

### The Company and Group as a lessor

Operating leases receivable by the Company and Group as a lessor relate to the investment properties owned by the Company and Group with lease terms of between 1 and 30 years. The lessees do not have an option to purchase the properties at the expiry of the lease period.

### Company

The property rental income earned by the Company from its investment properties, all of which are income generating and leased out under operating leases, before the rentals straight-line adjustment amounts to P122 597 503 (2022:P118 350 837 ), as reflected in the statement of comprehensive income. Direct operating expenses arising on the investment properties for the year amounted to P10 820 150 (2022: P9 885 793).

### Group

The property rental income earned by the Group from its investment properties, all of which are income generating and leased out under operating leases, before the rentals straight-line adjustment amounts to P181 758 800 (2022: P169 031 008), as reflected in the statement of comprehensive income. Direct operating expenses arising on the investment properties for the year amounted to P19 076 121 (2022: P18 123 615).

At the reporting date the Company had contracted with tenants for the following future minimum lease payments:

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **P** | **P** | **P** | **P** |
| Not longer than 1 year | 116 282 639 | 114 703 354 | 171 849 724 | 168 110 649 |
| Longer than 1 year and not longer than 5 years | 216 590 135 | 254 890 791 | 349 782 709 | 339 301 608 |
| Longer than 5 years | 112 260 704 | 129 572 060 | 116 483 025 | 135 534 651 |
| | 445 133 478 | 499 166 205 | 638 115 458 | 642 946 908 |

**The Company and Group as a lessee**

Operating leases payable by the Company and Group as a lessee relate to the rental of land over certain leasehold properties as per Note 8, on which the Company and Group has erected buildings, with lease terms remaining of between 1 and 60 years in the Company, and 1 and 90 years in the Group.

The lease payments made by the Company and Group in respect of the above operating ground leases amount to:

| | | | | |
|---|---|---|---|---|
| Turnover linked payments | 2 533 217 | 2 626 360 | 3 996 121 | 3 918 311 |
| | 2 533 217 | 2 626 360 | 3 996 121 | 3 918 311 |

At the reporting date the estimated undiscounted minimum lease commitments to lessors amounts to:

| | | | | |
|---|---|---|---|---|
| Not longer than 1 year | 284 361 | 256 399 | 459 310 | 418 868 |
| Longer than 1 year and not longer than 5 years | 217 445 | 345 597 | 917 240 | 995 472 |
| Longer than 5 years | 748 863 | 310 772 | 14 044 169 | 12 819 994 |
| | 1 250 669 | 912 768 | 15 420 719 | 14 234 334 |

Some lease payments have been recognised under right of use assets (Note 8) and the related lease liability recognised as per Note 23.

**PRIMETIME PROPERTY HOLDINGS LIMITED**

**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**

**31 AUGUST 2023** *(continued)*

### 29. SEGMENT INFORMATION

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

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **Contractual lease revenue (Note 1)** | **P** | **P** | **P** | **P** |
| Botswana | 119 604 349 | 115 841 611 | 119 604 349 | 115 841 611 |
| Zambia | 2 993 154 | 2 509 226 | 51 697 849 | 42 711 858 |
| South Africa | - | - | 10 456 602 | 10 477 538 |
| | 122 597 503 | 118 350 837 | 181 758 800 | 169 031 008 |
| **Realised exchange differences on translating foreign balances** | | | | |
| Botswana | 120 602 | 943 010 | 5 858 582 | 191 543 |
| Zambia | 112 487 | ( 943 010) | ( 905 246) | (1 231 721) |
| South Africa | - | - | (1 196 001) | ( 242 741) |
| | 233 089 | | 3 757 335 | (1 282 919) |
| **Unrealised foreign currency exchange differences arising on the related party loan including expected credit losses** | | | | |
| Botswana | 24 296 568 | 56 672 177 | - | - |
| Zambia | - | - | - | - |
| South Africa | - | - | - | - |
| | 24 296 568 | 56 672 177 | - | - |
| **Fair value adjustment** | | | | |
| Botswana | 35 276 936 | 29 400 496 | 35 276 936 | 29 400 496 |
| Zambia | 6 707 705 | 100 365 | 11 418 761 | 4 628 330 |
| South Africa | - | - | (2 392 278) | ( 281 516) |
| | 41 984 641 | 29 500 861 | 44 303 419 | 33 747 310 |
| **Interest income** | | | | |
| Botswana | 37 373 988 | 905 637 | 51 064 | 905 637 |
| Zambia | - | - | 31 679 | 9 237 |
| South Africa | - | - | 1 416 265 | 755 969 |
| | 37 373 988 | 905 637 | 1 499 008 | 1 670 843 |
| **Interest expense** | | | | |
| Botswana | 102 282 273 | 127 627 999 | 68 863 466 | 58 162 381 |
| Zambia | 7 806 652 | ( 91 080) | 34 538 651 | 24 135 775 |
| South Africa | - | - | 1 005 290 | 5 031 981 |
| | 110 088 925 | 127 536 919 | 104 407 407 | 87 330 137 |

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | P | P | P | P |
| **Profit before taxation** | | | | |
| Botswana | 102 282 273 | 127 627 999 | 68 863 466 | 58 162 381 |
| Zambia | 7 806 652 | ( 91 080) | 34 538 651 | 24 135 775 |
| South Africa | - | - | 1 005 290 | 5 031 981 |
| | 110 088 925 | 127 536 919 | 104 407 407 | 87 330 137 |
| **Taxation charge for the year (Note 6.1)** | | | | |
| Botswana | 10 090 478 | 16 201 271 | 10 090 478 | 16 201 271 |
| Zambia | 336 281 | 293 385 | 7 373 598 | 6 895 853 |
| South Africa | - | - | 1 269 294 | 1 517 115 |
| | 10 426 759 | 16 494 656 | 18 733 370 | 24 614 239 |
| **Non current assets** | | | | |
| *Additions to investment properties (Note 8)* | | | | |
| Botswana | 989 286 | 34 667 441 | 989 286 | 34 667 441 |
| Zambia | - | 1 795 306 | 3 089 670 | 5 432 013 |
| South Africa | - | - | 2 695 222 | 60 482 |
| | 989 286 | 36 462 747 | 6 774 178 | 40 159 936 |
| *Investment properties* | | | | |
| Botswana | 1 069 468 617 | 1 032 942 062 | 1 069 468 617 | 1 032 942 062 |
| Zambia | 28 402 811 | 26 618 901 | 561 120 824 | 524 664 482 |
| South Africa | - | - | 85 305 503 | 88 973 361 |
| | 1 097 871 428 | 1 059 560 963 | 1 715 894 944 | 1 646 579 905 |
| *Work in progress* | | | | |
| Botswana | 98 682 346 | 63 439 294 | 98 682 346 | 63 439 294 |
| | 98 682 346 | 63 439 294 | 98 682 346 | 63 439 294 |
| **Total assets** | | | | |
| Botswana | 1 706 525 133 | 1 707 453 448 | 1 231 034 950 | 1 168 305 091 |
| Zambia | 29 458 811 | 28 530 496 | 575 951 435 | 541 803 204 |
| South Africa | - | - | 100 781 969 | 112 973 658 |
| | 1 735 983 944 | 1 735 983 944 | 1 907 768 354 | 1 823 081 953 |
| **Total liabilities** [2] | | | | |
| Botswana | 861 558 237 | 832 576 651 | 861 539 932 | 832 576 651 |
| Zambia | 7 438 781 | 10 415 161 | 128 603 839 | 135 329 617 |
| South Africa | - | - | 50 846 625 | 56 873 398 |
| | 868 997 018 | 842 991 812 | 1 040 990 396 | 1 024 779 666 |

[1] The segment reporting for the current year has been expanded to include 'Realised and unrealised exchange gains or losses', 'Fair value adjustments'', 'Interest expense', 'Interest income','Profit before tax in place of after tax', 'tax charge', 'Additions to Properties' and 'Total assets' by country segment with comparatives included.

[2] The total liabilities were corrected resulting in an impact of (P654 313) for Botswana, P611 458 for Zambia and P42 853 for South Africa.

**PRIMETIME PROPERTY HOLDINGS LIMITED**
**NOTES TO THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS**
**31 AUGUST 2023** *(continued)*

## 29. SEGMENT INFORMATION (CONT.)

The Company and Group have a single tenant which accounts for 10% or more of its revenue as follows:

| | COMPANY | | CONSOLIDATED | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **Contractual lease revenue from a single tenant**[1] | **P** | **P** | **P** | **P** |
| Botswana | 16 431 891 | 15 672 426 | 16 431 891 | 15 672 426 |
| Zambia | - | - | 1 054 885 | 1 032 930 |
| South Africa | - | - | - | - |
| | 16 431 891 | 842 991 812 | 17 486 776 | 16 705 356 |

## 30. CAPITAL COMMITMENTS

**Company and Group as disclosed under Note 10**

The acquisition of Plot 54359 in the Gaborone CBD was made in 2019. The bulk earthworks commenced in the year ending 31 August 2021 and the development of the first building (of four) and the basement for the whole development commenced in the prior year. At the year end the total estimated cost of committed fees for these works was P11 265 748 (2022: P44 298 221).

## 31. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end the Directors approved a final debenture interest pay-out of 1.30 thebe per linked unit.

On 21 September 2023 the company issued a cautionary announcement through the Botswana Stock Exchange regarding potential transactions of an acquisition from a related party and a capital raise. The cautionary notice was renewed on 20 October 2023 and on 20 November 2023.

No events have occurred between the end of the reporting period and the date of approval of the consolidated and separate financial statements which will materially affect the separate and consolidated financial statements.

## 32. GOING CONCERN

At year end, the Group's current liabilities exceeded the current assets by P151 268 364 (2022: P242 346 920) and in the Company by P154 867 651 (2022: P148 022 645). The current liabilities exceeded the current assets as a result of loan facilities which mature in the 2024 financial year amounting to Group P119 000 000 (2022: P10 610 000) and Company P119 000 000 (2022: P10 610 000) and the loans for which there was a breach in the Group interest cover covenants amounting to Group Pnil (2022: P217 685 238) and Company Pnil (2022: P111 173 321), being classified under current liabilities. Subsequent to the prior year end a relaxation was granted by the lender in respect of the breach of the covenant referred to above. The loans classified as current liabilities and the related assets pledged as security are disclosed in detail in Note 22.

[1] Contractual lease revenue from a single tenant has been included as part of the segmental note with comparatives provided

**32. GOING CONCERN (CONT.)**

Given the net current liability position, current market conditions, the Directors continue to assess the impacts on the business in particular focusing on the appropriateness of adopting the going concern basis in preparing the separate and consolidated financial statements for the year ended 31 August 2023. The Group and Company's going concern assessment covers the period of at least 12 months from the date of authorisation of these separate and consolidated financial statements (the "going concern period"). In determining the ongoing impact, the Group's assessment has included the following key considerations:

- The Company and Group's rental income has normalised, and several long term vacancies have been filled during the year or soon thereafter;
- The benefits of the Company and Group's diversified portfolio, which is characterised by a high concentration of large low risk blue chip tenants, and a low concentration risk in any one property, tenant or geographical location;
- The property in work in progress at the year end was completed in November 2023 and is let or under offer, with tenants taking occupation during November 2023; and
- That inflation and interest rates have largely peaked.

To address the Company and Group's net liability position and funding requirements, the Directors have taken the following measures:

- The Company and Group has prepared detailed cash flow forecasts and has made the following significant judgements:
  - The Group vacancy levels (which were 2% at 31 August 2023) in its properties will remain at similar levels for the next 12 months;
  - The Group will continue to obtain new lines of credit to extinguish maturing debt.
- The Company and Group continue to meet all of its interest and capital repayments, including those due since 31 August 2023 to the date of authorisation of these financial statements.
- The Group continues to use a blend of short- and long-term debt in order to efficiently manage its cashflow requirements for the developments currently in progress. Once developments are complete these then become viable for longer term funding.

The Group continues to monitor the interest and debt cover position closely, taking mitigating actions within its control and continuing to seek cover covenant relaxations if required. The Directors are confident the Group's lenders will continue to view the Group as a secure customer throughout the going concern period.

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 2023.

After a review of the Group's cash flow forecast for the 12 months ending 30 November 2024 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 be prepared on a going concern basis.

# PRIMETIME PROPERTY HOLDINGS LIMITED
# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of unitholders of the company will be held at Cresta Lodge, Gaborone at 15h00 on Wednesday 21 February 2024, for the purpose of transacting the following business and considering and if deemed fit, passing, with or without modification, the following resolutions:

## AGENDA

### Ordinary Business

1. **To read the notice convening the meeting.**

2. **Ordinary Resolution 1**
   To receive, consider, and adopt the audited financial statements for the year ended 31 August 2023.

3. **Ordinary Resolution 2**
   To approve the interim interest payment of 4.27 thebe per. linked unit declared on 24 February 2023 and paid on 31 March 2023, as authorised, and recommended by the Directors.

4. **Ordinary Resolution 3**
   To approve the interim interest payment of 6.00 thebe per. linked unit declared on 8 August 2023 and paid on 31 August 2023, as authorised, and recommended by the Directors.

5. **Ordinary Resolution 4**
   To approve the final interest payment of 1.30 thebe per. linked unit declared on 30 November 2023 and due to be paid on or around 29 March 2024, as authorised and recommended by the Directors.

6. **Ordinary Resolution 5**
   To re-elect the following director of the company:
   Mmoloki Morolong who retires by rotation in terms of clause 20.9.1 of the Constitution and, being eligible, offers himself for re-election. A Directors profile for Mmoloki Morolong is included on page 107 of the Integrated Annual Report for the year ended 31 August 2023.

7. **Ordinary Resolution 6**
   To re-elect the following director of the company:
   Nigel Dixon-Warren who retires by rotation in terms of clause 20.9.1 of the Constitution and, being eligible, offers himself for re-election. A Directors profile for Nigel Dixon-Warren is included on page 108 of the Integrated Annual Report for the year ended 31 August 2023.

8. **Ordinary Resolution 7**
   To approve the remuneration of the Directors for the year ended 31 August 2023 as detailed on pages 136 to 137 of the Integrated Annual Report for the year ended 31 August 2023.

9. **Ordinary Resolution 8**

   To approve the reappointment of Ernst & Young as the independent registered auditors of the company for the ensuing year.

10. **Ordinary Resolution 9**

    To approve the Auditors remuneration for the prior years' audit as reflected in Note 2 of the Financial Statements for the year ended 31 August 2023 (on page 193 of the Integrated Annual Report) and to fix the remuneration for the ensuing year.

## Voting and proxies

All unitholders entitled to vote will be entitled to attend and vote at the annual general meeting.

A unitholder who is present in person, or by authorised representative or by proxy shall have one vote on a show of hands and have one vote for every ordinary share held on a poll.

Each unitholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies (none of whom need be a unitholder of the company) to attend, speak and subject to the Constitution of the company vote in his/her/its stead.

The form of proxy for the annual general meeting, which sets out the relevant instructions for its completion, is annexed hereto.

In order to be effective, a duly completed form of proxy must be received by the Company Secretary, at Acacia Building, Prime Plaza, Plot 74538, Corner of Khama Crescent Extension and PG Matante, CBD, P. O. Box 1395, Gaborone, Botswana, (or by email to mariette@time.co.bw) not later than 15h00 on Friday 16 February 2024.

**By Order of the Board**

**Unopa Njadingwe**
Company Secretary
29 January 2024
Gaborone

# PROXY FORM FOR COMPLETION BY UNITHOLDERS

## PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS FORM

For use at the annual general meeting of unitholders of the Company to be held at venue to be confirmed at 15h00 on Wednesday 21 February 2024.

**I/We**

(Name/s in block letters)

**Of**

(Address)

**Appoint** (see note 2):

1. or failing him/her
2. or failing him/her
3. the chaiman of the meeting,

as my/our proxy to act for me/us at the general meeting which will be held to consider the ordinary business, and to vote for or against the resolutions and/or abstain from voting in respect of the Linked Units registered in my/our name in accordance with the following instructions (see note 2):

| Number of Linked units: | | | |
|---|---|---|---|
| | For | Against | Abstain |
| 1. Ordinary Resolution 1 | | | |
| 2. Ordinary Resolution 2 | | | |
| 3. Ordinary Resolution 3 | | | |
| 4. Ordinary Resolution 4 | | | |
| 5. Ordinary Resolution 5 | | | |
| 6. Ordinary Resolution 6 | | | |
| 7. Ordinary Resolution 7 | | | |
| 8. Ordinary Resolution 8 | | | |
| 9. Ordinary Resolution 9 | | | |

Signed at on 2023

Signature

Assisted by (where applicable)

Each unitholder is entitled to appoint one or more proxies (who need not be member/s of the company) to attend, speak and vote in place of that unitholder at the general meeting.

**Please read the notes on the next page.**

## NOTES

1. A unitholder must insert the names of two alternative proxies of the unitholder's choice in the space provided, with or without deleting "chairman of the annual general meeting". The person whose name appears first on the form of proxy, and whose name has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.

2. A unitholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the unitholder in the appropriate space provided. Failure to comply herewith will be deemed to authorise the proxy to vote at the general meeting as he/she deems fit in respect of the unitholder's votes exercisable thereat, but where the proxy is the chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution. A unitholder or his/her proxy is obliged to use all the votes exercisable by the unitholder or by his/her proxy.

3. Forms of proxy must be lodged at or posted to the Company Secretary, at Acacia Building, Prime Plaza, Plot 74538, Corner of Khama Crescent Extension and PG Matante, CBD, P.O. Box 1395, Gaborone, Botswana, (or by email to mariette@time.co.bw), not later than 15h00 on Friday 16 February 2024.

4. The completion and lodging of this form will not preclude the relevant unitholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such unitholder wish to do so.

5. The chairman of the general meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he is satisfied as to the manner in which the unitholder concerned wishes to vote.

6. An instrument of proxy shall be valid for the general meeting as well as for any adjournment thereof, unless the contrary is stated thereon.

7. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the unitholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the linked units in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the company not less than one hour before the commencement of the general meeting or adjourned general meeting at which the proxy is to be used.

8. The authority of a person signing the form of proxy under a power of attorney or on behalf of a company must be attached to the form of proxy, unless the authority or full power of attorney has already been registered by the company or the Transfer Secretaries.

9. Where linked units are held jointly, all joint unitholders must sign.

10. A minor must be assisted by his/her guardian, unless relevant documents establishing his/her legal capacity are produced or have been registered by the company.

# APPENDICES

## Key terminology

| | |
|---|---|
| **AFS** | Annual financial statements |
| **AGM** | Annual general meeting |
| **AML** | Anti-money laundering |
| **ARC** | Audit and risk committee |
| **BAOA** | Botswana Accountancy Oversight Authority |
| **Board** | Board of directors of PrimeTime Property Holdings Limited |
| **BPC** | Botswana Power Corporation |
| **BPOPF** | Botswana Public Officers Pension Fund |
| **BSE** | The Botswana Stock Exchange |
| **BURS** | Botswana Unified Revenue Service |
| **BWP/P** | Botswana Pula |
| **Chair** | Chairperson of the Board of directors |
| **DSCR** | Debt Service Cover Ratio |
| **EBIT** | Earnings before interest and tax |
| **ESG** | Environmental, social and governance |
| **FY** | Financial year |
| **GCR** | GCR rating |
| **GDP** | Gross domestic product |
| **GLA** | Gross lettable area, measured in square metres |
| **GNC** | Governance and nomination committee |
| **IAR** | Integrated Annual Report |
| **ICR** | Interest cover ratio |
| **IFRS** | International Financial Reporting Standards |
| **IIRC** | International Integrated Reporting Council |
| **IMF** | International Monetary Fund |
| **IT** | Information technology |

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| **KPI** | Key performance indicator |
| **kWh** | A kilowatt hour |
| **KYC** | Know your client procedures |
| **LIBOR** | London Inter-Bank Offered Rate |
| **LID** | Lead independent director |
| **LTV** | Loan to value ratio |
| **MRI** | MRI Property Central - a property management and accounting software platform |
| **NAV** | Net asset value |
| **next year/FY2024** | The year ended 31 August 2024 |
| **PrimeTime or Group** | PrimeTime Property Holdings Limited, its subsidiaries and branches |
| **REIT** | Real estate investment trust |
| **SA** | South Africa |
| **SARS** | South African Revenue Service |
| **SOFP** | Statement of Financial Position |
| **the previous year/ FY2022** | The year ended 31 August 2022 |
| **the year/the year under review/this year/FY2023** | The year ended 31 August 2023 |
| **Time A & PM** | Time A & PM Proprietary Limited, the external management company |
| **USD/$** | United States Dollar |
| **WACD** | Weighted average cost of debt |
| **WALE** | Weighted average lease expiry |
| **ZRA** | Zambia Revenue Authority |

**PrimeTime Property Holdings Limited**
Acacia, Prime Plaza,Plot 74538 CBD, Gaborone
PO Box 1395, Gaborone
Tel: (+267) 395 6080

**www.primetime.co.bw**

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