

PRIMETIME PROPERTY HOLDINGS LIMITED
UNAUDITED INTERIM CONSOLIDATED FINANCIAL RESULTS 2020



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

HALF YEAR TRADING HIGHLIGHTS

- Contractual lease revenue for the period increased by 9% YOY
- Investment property value increased by 8% over prior year end
- Two new properties acquired in South Africa
- First building of the new Pinnacle Park development in Sethoa close to completion

SUMMARISED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 29 FEBRUARY 2020

	Interim results six months to 29-02-2020	Interim results six months to 28-02-2019 RESTATED (Note 3)	Audited results year to 31-08-2019
	Pula	Pula	Pula
Revenue			
Contractual lease revenue	78 160 379	71 707 733	144 985 569
Rentals straight line adjustment	715 681	3 576 842	7 511 980
Rental income	78 876 060	75 284 575	152 497 549
Other operating revenue	12 901 969	10 264 177	20 329 739
Operating expenses	(36 176 293)	(30 890 133)	(63 935 640)
Loss on disposal of investment property	-	(21 072)	(18 860)
Exchange differences on translating foreign balances	6 513 105	(13 118 860)	11 259 888
Ground lease straight line adjustment	-	-	907 621
Profit from operations before fair value adjustment	62 114 841	41 518 687	121 040 297
Fair value adjustment	-	-	(14 143 697)
Profit from operations	62 114 841	41 518 687	106 896 600
Interest income	1 782 248	4 671	975 859
Interest expense	(26 492 705)	(21 907 400)	(46 432 821)
Profit before taxation	37 404 384	19 615 958	61 439 638
Taxation (Note 3)	(2 711 477)	(8 031 518)	(25 472 213)
Profit for the period/year	34 692 907	11 584 440	35 967 425
Other comprehensive income/(loss)			
<i>Items that may subsequently be classified to profit or loss</i>			
Exchange differences on translating foreign operations	222 682	(1 077 212)	(6 036 064)
Other comprehensive income/(loss)	222 682	(1 077 212)	(6 036 064)
Total comprehensive income for the period/year	34 915 589	10 507 228	29 931 361
Earnings per. linked unit (thebe)	14.18	4.74	18.64
Distribution per linked unit (thebe)			
Debtore Interest per linked unit	6.32	5.23	17.90
	4 months	4 months	12 months

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2020

	29-Feb-2020	28-Feb-2019 RESTATED (Note 3)	Audited 31-Aug-2019
	Pula	Pula	Pula
ASSETS			
Non-current assets	1 622 696 668	1 426 522 526	1 498 857 086
Investment properties	1 503 113 614	1 352 306 710	1 387 629 186
Work in progress	63 867 836	18 260 697	52 299 965
Rent receivable – straight line adjustment	55 694 851	55 955 119	58 907 568
Ground lease straight-line adjustment	20 367	-	20 367
Current assets	91 821 718	32 012 960	122 202 538
Trade and other receivables	10 183 340	22 037 673	16 625 640
Rent receivable – straight line adjustment	4 086 304	2 547 284	3 739 678
Taxation receivable	2 071 208	182 881	1 791 072
Cash and cash equivalents	75 480 866	7 245 122	100 046 148
Total assets	1 714 518 386	1 458 535 486	1 621 059 624
EQUITY AND LIABILITIES			
Total equity and reserves	791 742 095	773 321 986	761 719 520
Stated capital	14 242 773	14 242 773	14 242 773
Debentures	323 329 682	323 329 682	323 329 682
Reserves	433 300 937	415 786 035	413 847 271
Debtore interest reserve	20 868 703	19 963 496	10 299 794
Non-current liabilities	727 312 542	567 747 602	686 238 208
Deferred taxation	46 087 217	40 285 796	45 999 621
Long term borrowings	681 225 325	526 574 552	640 238 587
Ground lease straight line adjustment	-	887 254	-
Current liabilities	195 463 749	117 465 898	173 101 896
Trade and other payables	22 164 378	21 702 467	28 278 391
Amount due to related parties	1 728 081	3 891 667	4 018 766
Current portion of long-term borrowings	169 522 971	69 996 465	112 025 161
Deferred revenue	2 048 319	1 719 676	3 542 315
Bank overdraft	-	15 613 160	25 179 982
Taxation payable	-	4 542 463	57 281
Total equity and liabilities	1 714 518 386	1 458 535 486	1 621 059 624

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 29 FEBRUARY 2020

	29-Feb-2020	28-Feb-2019	Audited 31-Aug-2019
	Pula	Pula	Pula
Net cash flows from operating activities	54 981 468	32 891 657	100 392 631
Net cash used in investing activities	(118 780 359)	(8 707 645)	(65 334 388)
Net cash from/(used in) financing activities	67 098 829	(24 507 872)	65 998 494
Net increase/(decrease) in cash and cash equivalents for the period/year	3 299 938	(323 860)	101 056 737
Cash and cash equivalents at the beginning of the period/year	74 866 166	(6 005 311)	(6 005 311)
Effects of exchange rate on the cash held in foreign currencies	(2 685 238)	(2 038 867)	(20 185 260)
Cash and cash equivalents at the end of the period/year	75 480 866	(8 368 038)	74 866 166

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 29 FEBRUARY 2020

	Stated capital	Linked unit debentures	Accumulated profits	Foreign currency translation reserve	Debtore interest & reserve	Total
	Pula	Pula	Pula	Pula	Pula	Pula
Balance at 1 September 2018	14 242 773	323 329 682	419 078 435	(1 004 397)	7 168 265	762 814 758
Total comprehensive income/(loss) for the year	-	-	35 967 425	(6 036 064)	-	29 931 361
Debtore interest proposed	-	-	(10 299 794)	-	10 299 794	-
Debtore interest paid	-	-	(33 492 679)	-	(7 168 265)	(40 660 944)
Taxation attributable to debtore interest	-	-	9 634 344	-	-	9 634 344
Reclassification of translation differences	-	-	(4 431 125)	4 431 125	-	-
Balance at 1st September 2019	14 242 773	323 329 682	416 456 607	(2 609 336)	10 299 794	761 719 520
Total comprehensive income for the period	-	-	34 692 907	222 682	-	34 915 589
Debtore interest proposed	-	-	(15 461 923)	-	15 461 923	-
Debtore interest paid	-	-	-	-	(4 893 014)	(4 893 014)
Balance at 29 February 2020	14 242 773	323 329 682	435 687 591	(2 386 654)	20 868 703	791 742 095

EXPLANATORY NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised consolidated financial statements have been prepared applying the recognition and measurement criteria in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee, and as a minimum contain the information required by International Accounting Standard 34 - Interim Financial Reporting. The principal accounting policies applied in the interim reporting are consistent in all material respects with those adopted in the previous financial year, except for the adoption of the revisions in the standards which have not had a material impact on the consolidated financial statements. In the preparation of the consolidated summarised financial statements, the Group has applied key assumptions concerning the future and other inherent uncertainties in recording various assets and liabilities. These assumptions were applied consistently to the consolidated financial statements for the year ended 31 August 2019.

2. TAXATION

The charge for taxation comprises deferred taxation in relation to the potential liability for Capital Gains Tax on the acquisition of the properties and deferred taxation on the fair value adjustment for the period/year and withholding tax on the rental income of the foreign entities, which is a final tax.

For the interim results to 28 February 2019 provision was made for normal taxation in order to comply with the Income Tax Amendment Act 2018. This Act was later amended and the provision for normal taxation reversed in the results for the year ended 31 August 2019.

3. PRIOR PERIOD ERROR

The comparative balances to 28 February 2019 have been restated to comply with IAS 21: Effects of Changes in Foreign Currency. Certain translation differences totaling P12 948 534 were previously taken to the foreign currency translation reserve instead of recognising them in profit and loss. (Full details of the IFRS compliance requirements are included in the Notes to the separate and consolidated financial statements in the 2019 Annual Report).

4. SEGMENTAL REPORTING

The Group's business activities are concentrated in the segment of property rentals and are concentrated within the geographical

	29-Feb-2020	28-Feb-2019 RESTATED (Note 3)	Audited 31-Aug-2019
	Pula	Pula	Pula
Contractual lease revenue			
Local operations	50 310 351	47 989 933	96 325 097
Foreign operations	27 850 028	23 717 800	48 660 472
	78 160 379	71 707 733	144 985 569

Profit/(loss) for the period/year

Local operations	34 002 338	15 834 609	76 582 606
Foreign operations	690 569	(4 250 169)	(40 615 181)
	34 692 907	11 584 440	35 967 425

Non-current assets

	29-Feb-2020	28-Feb-2019 RESTATED (Note 3)	Audited 31-Aug-2019
	Pula	Pula	Pula
Investment properties			
Local operations	844 167 793	803 789 793	843 168 112
Foreign operations	658 945 821	548 516 917	544 461 074
	1 503 113 614	1 352 306 710	1 387 629 186

Work in progress

Local operations	63 867 836	18 260 697	52 299 965
Foreign operations	-	-	-
	63 867 836	18 260 697	52 299 965

Total liabilities

Local operations	739 794 990	638 137 122	725 818 170
Foreign operations	182 981 301	47 076 378	133 521 934
	922 776 291	685 213 500	859 340 104

5. INVESTMENT PROPERTY ACQUISITION

Two new properties were acquired in South Africa in this 6-month period. Riverside Junction is a mixed-use property well located in Sandton, Johannesburg. The property was acquired for R85m reflecting a 9% return and comprises Grade A offices, retail and restaurant space. PrimeTime also acquired Portion 7 of erf 597 Spartan extension 12 in the province of Gauteng for R50m. This A grade logistics warehouse is occupied by Logwin Logistics on a five-year lease and will offer a net initial return of 9.4%.

Across the rest of the portfolio, the vacancy rate has remained normalised below 3% as it was at the prior year-end. In fact it was slightly improved at this interim stage with the new extension at Pilane Crossing fully let during the last few months of 2019 as well as Mr Price finally opening in time for the Xmas trade. Tenants continue to fill up the small vacant units at Munali Mall, Chirundu Mall and the Design Quarter. Major tenants renewing in this period include DHL in Gaborone on a 10-year lease, Mr Price in Lobatse for 5 years and Steers at Sebele Mall with a 5-year lease.

6. CAPITAL COMMITMENTS

Pinnacle Park, the office park at Plot 75782 Sethoa, Gaborone was in progress at the period end and the total estimated cost to complete as at 29 February 2020 was P17.2m.

A refurbishment of the Caltex filling station shop at South Ring Mall was completed during this period with an improved convenience shop offering.

7. EVENTS AFTER THE REPORTING PERIOD

Outbreak of COVID-19

On 30 January 2020, the World Health Organisation announced the outbreak of COVID-19 as a world health emergency of international concern, and on 11 March 2020 the outbreak was classified as a global pandemic. In Botswana, a National State of Emergency was declared in response to the pandemic, which created restrictions on travel and mass gatherings among other things in the country. A national lockdown was enforced from 2 April 2020, until 30 April 2020 and was subsequently extended on 28 April 2020, to come to an end on 7 May 2020. On 7 May 2020, further measures were announced which would allow for the gradual reopening of the Botswana economy in phases from 8 May 2020. The impact of the gradual re-opening will be different based on the sector and area in which businesses operate, and the spread of the outbreak post 7 May 2020. The outbreak of COVID -19 and the subsequent measures imposed by various Governments in an attempt to contain the spread of the virus, including travel and trade restrictions, social distancing measures and enforced lockdowns have caused disruption to businesses and economic activity in the country.

PROSPECTS AND OUTLOOK

With a positive first six months of trading in the current financial year, shortly thereafter the economic effects of the COVID-19 worldwide pandemic were rapidly felt in Southern Africa.

When the national lockdown commenced our commercial development at Sethoa - Pinnacle Park - was just a few weeks away from completion and at an advanced stage of tenanting. This, together with a planned refurbishment at South Ring Mall and an extension at Boteko Junction Serowe, has been put on hold. Same for the assessment of some potential properties identified for acquisition.

During the months of April and May 2020 the Group has had to give some rental discounts to tenants adversely affected by the necessary Government interventions which have restricted, and in some cases prevented, their ability to trade. The Group is dealing with these concessions to tenants on a case-by-case and month-by-month basis.

Outcomes ranging from successful virus containment with a short-term economic impact, to a prolonged global contagion resulting in a potential local or global recession are possible. At the same time, there are a number of policy and fiscal responses emerging across the globe intended to mitigate potential negative economic impacts. We are monitoring the COVID-19 outbreak and developments closely. The Group follows guidance from the World Health Organisation and abides by the requirements as activated by local governments. Contingency plans have been implemented as far as possible to mitigate the potential adverse impact on the Company's employees and operations.

On the cost and cashflow side, management is doing all it can to minimise the negative effect of the rental lost on the Group. Some cashflow relief has been obtained from several of the Group's funders and talks are still in progress with others. Operating costs are being cut where possible and a good recovery of utility charges is being maintained. Recent reductions in the LIBOR, JIBAR and Botswana prime interest rates will all impact positively on the Group's total interest cost over the next few months.

The Board would like to assure all its stakeholders that its current priority to ensure that the best interests of the Group's entire value chain - from service providers to tenants and up to funders and unitholders - are protected and can survive post COVID-19. Not only will we survive, but with continued unitholder faith and support, we will emerge stronger – we will strive to thrive.

As the events arising as a result of the Government interventions in response to COVID-19 pandemic only occurred after the reporting date, the Group considers this to be a non-adjusting post balance sheet event and accordingly the financial effects resulting from the impact of COVID-19 have not been reflected in the Group's summarised interim financial statements at 29 February 2020.

CHAIRLADY AND MANAGING DIRECTOR'S REPORT

The results for first 6 months of this financial year include some revenue from the 2 new properties acquired in South Africa, detailed above in note 5.

By order of the Board

P Matumo (Chairlady)
Gaborone, 20 May 2020

A L Kelly (Managing Director)