

PRIME TIME

PRIMETIME PROPERTY HOLDINGS LIMITED

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

ABRIDGED UNAUDITED ANNUAL CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 AUGUST 2024

HIGHLIGHTS

Group Rental income

↑ **7%**

Net Asset Value

↑ **4%**

LTV

↓ **Down to 48%**

Portfolio Vacancy Rate

↓ **Down to 0.7%**

- 7% increase in revenue, 4% increase in net asset value, when compared to the previous year;
- Portfolio vacancy rate improved to 0.7% from 2.5%;
- Loan to value (LTV) down to 48% from 51% at 31 August 2023;
- Group weighted average cost of debt at 8.11% compared to 8.14%;
- In 2024, sustainability initiatives focused on integrating solar energy, implementing retrospective sustainability ratings, reducing carbon footprints, and improving energy efficiency to align properties with modern environmental standards;
- Motswere, the first 5-star Green Star-rated building at Prime Plaza II, was completed in November 2023 and is now fully occupied, showcasing excellence in sustainable design and environmental performance.

The Directors have pleasure in announcing the Unaudited Financial Results for Primetime Property Holdings Limited for the year ended 31 August 2024.

STATEMENT OF FINANCIAL POSITION

as at 31 August 2024

	Unaudited 31 August 2024 BWP	Audited 31 August 2023 BWP
Assets		
Non-Current Assets		
Furniture and equipment	788,916	-
Investment property	1,787,691,427	1,715,894,944
Work in progress	41,651,966	98,682,346
Investments in subsidiaries	-	-
Rentals straight-line adjustment	44,028,460	46,107,534
Amounts due from related parties	-	-
	1,874,160,769	1,860,684,824
Current Assets		
Trade and other receivables	14,049,592	14,234,650
Tax receivable	62,583	2,156
Rentals straight-line adjustment	7,743,141	9,843,521
Cash and cash equivalents	14,667,046	23,003,203
	36,522,362	47,083,530
Total Assets	1,910,683,131	1,907,768,354
Equity and Liabilities		
Equity		
Stated capital	15,351,725	14,795,794
Debentures	355,690,573	336,135,390
Debenture interest reserve	-	3,283,270
Foreign currency translation reserves	56,894,759	66,118,444
Retained earnings	472,042,893	446,445,060
	899,979,950	866,777,958
Liabilities		
Non-Current Liabilities		
Borrowings	544,684,947	780,873,358
Lease liabilities	3,003,554	2,899,671
Deferred tax	67,528,764	58,865,473
	615,217,265	842,638,502
Current Liabilities		
Borrowings	360,753,698	150,860,033
Lease liabilities	21,385	237,641
Trade and other payables	21,052,603	21,546,019
Deferred revenue	3,238,640	2,841,852
Tax payable	28,920	2,922
Bank overdraft	6,240,177	19,629,605
Amounts due to related parties	4,150,493	3,233,822
	395,485,916	198,351,894
Total Liabilities	1,010,703,181	1,040,990,396
Total Equity and Liabilities	1,910,683,131	1,907,768,354

STATEMENT OF CASHFLOW

for the year ended 31 August 2024

	Unaudited 31 August 2024 BWP	Audited 31 August 2023 BWP
Cash flows from operating activities		
Profit before taxation	62,340,744	104,407,409
Adjustments for non-cash items:		
Foreign exchange losses/(gains) on translation of related party loan including on the expected credit losses	447,105	(4,749,459)
Fair value adjustments on revaluation of investment properties	(11,413,388)	(37,204,859)
Right-of-use asset remeasured	-	149,313
Expected credit losses on related party loan	-	-
Expected credit loss on trade receivables	2,615,509	-
Straight lining adjustments	4,099,800	-
Depreciation of furniture and equipment	13,205	-
Adjust for items which are presented separately:		
Investment income	(916,469)	(1,499,008)
Finance costs	76,366,986	75,506,912
	131,943,076	137,501,325
Cash generated from operations	131,943,076	137,501,325
Income taxes (paid)	(11,729,007)	(2,818,017)
Net cash from operating activities	120,214,069	134,683,308
Cash flows to investing activities		
Interest received	916,469	1,499,008
Purchases of investment property	(11,508,494)	(6,774,178)
Purchases of furniture and equipment	(786,601)	-
Additions to work in progress	(2,673,495)	(35,243,052)
Net cash to investing activities	(14,052,121)	(40,518,222)
Cash flows to financing activities		
Long term borrowings raised	119,000,000	35,786,321
Long term borrowings repaid	(144,271,266)	(37,283,670)
Repayment of principle portion of leases	(71,920)	(222,663)
State capital raised	555,931	-
Proceed from issues of debentures	19,555,183	-
Debenture interest paid	(22,520,211)	(27,593,612)
Interest paid on lease liabilities	(223,074)	(220,338)
Interest paid on bank borrowings and bonds	(77,167,163)	(76,753,283)
Net cash to financing activities	(105,142,520)	(106,287,245)
Total cash movement for the year	1,019,428	(12,122,159)
Cash and cash equivalents at the beginning of the year	3,373,598	18,490,975
Effects of foreign exchange	4,033,843	(2,995,218)
Cash and cash equivalents at the end of the year	8,426,869	3,373,598
Cash and cash equivalents comprise:		
Bank balances and cash	14,667,046	23,003,203
Bank overdraft	(6,240,177)	(19,629,605)
Cash and cash equivalents at the end of the year	8,426,869	3,373,598

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 August 2024

	Unaudited 31 August 2024 BWP	Audited 31 August 2023 BWP
Revenue	226,995,957	212,797,222
Exchange differences on translation of foreign balances	(447,105)	3,757,335
Expected credit losses on amounts due from related party	-	-
Expected credit losses on trade receivables	(2,615,509)	(686,136)
Operating expenses	(97,368,745)	(81,756,527)
Profit from operations before fair value adjustment	126,564,598	134,111,894
Fair value adjustment	11,226,663	44,303,419
Profit from operations	137,791,261	178,415,313
Investment income	916,469	1,499,008
Finance costs	(76,366,986)	(75,506,912)
Profit before taxation	62,340,744	104,407,409
Taxation	(21,738,097)	(21,144,525)
Profit for the year	40,602,647	83,262,884
Other comprehensive (loss)/income:		
Exchange differences on translation of foreign operations	(7,616,216)	(8,145,298)
Exchange differences on translation of related party loans	(3,237,479)	23,290,001
Exchange differences on translation of related party loans reclassified to profit or loss	-	(4,749,459)
Income tax relating to the exchange differences on translation of related party loans	1,630,010	(3,970,474)
Other comprehensive (loss)/income for the year net of taxation	(9,223,685)	6,424,770
Total comprehensive income for the year	31,378,962	89,687,654
Attributable to:		
Owners of the holding company	31,343,862	89,696,560
Earnings per linked unit		
Basic (thebe)	17.28	35.91
Diluted (thebe)	17.28	35.91

EXPLANATORY NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The abridged unaudited consolidated financial results have been extracted from the consolidated unaudited financial statements which were prepared on the historical cost convention except for investment properties which are measured at fair value, by applying the recognition and measurement criteria in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee and effective for annual periods ended 31 August 2024. The principal accounting policies applied in the preparation of the consolidated financial statements are consistent in all material aspects with those adopted in the previous year, except for the adoption of new standards and revised standards in the current year. In the preparation of the unaudited consolidated financial statements, the Group has applied key assumptions concerning the future and other inherent uncertainties in recording various assets and liabilities. These assumptions were applied consistently to the consolidated financial statements for the year ended 31 August 2024 and are fully described in the unaudited consolidated financial statements. These assumptions are subject to ongoing review and possible amendments.

The going concern basis has been adopted in preparing the consolidated financial statements. 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 2024.

After a review of the Group's cash flow forecast for the 12 months from the date of approval of the consolidated financial statements for the year ended 31 August 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.

2. AUDITORS REVIEW

The financial statements from which the financial information is set out in this announcement have not been audited by Ernst & Young, PrimeTime Property Group's independent auditor. On completion of the audit the report of the independent auditor will be available for inspection at the Group's registered office and on the Group's website in due course.

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FOR THE YEAR ENDED 31 AUGUST 2024

3. REVENUE

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

	Unaudited 31 August 2024 BWP	Audited 31 August 2023 BWP
Rental income (excluding straight line adjustments)	189,114,135	181,758,800
Straight line adjustments	(4,099,800)	(7,098,560)
Rental income	185,014,335	174,660,240
Recovery of property expenses	41,981,622	38,136,982
Total rental income and revenue from contracts with customers	226,995,957	212,797,222

4. SEGMENTAL REPORTING

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

	Unaudited 31 August 2024 BWP	Audited 31 August 2023 BWP
Contractual lease revenue		
Botswana	127 493 491	119 604 349
Zambia	52 055 679	51 697 849
South Africa	9 564 965	10 456 602
	189 114 135	181 758 800
Segment profit		
Botswana	48 154 898	68 863 466
Zambia	13 695 430	34 538 651
South Africa	490 416	1 005 290
	62 340 744	104 407 407
Non-current assets		
Investment properties		
Botswana	1 164 385 139	1 069 468 617
Zambia	535 956 050	561 120 824
South Africa	87 350 238	85 305 503
	1 787 691 427	1 715 894 944
Work in progress		
Botswana	41 651 966	98 682 346
	41 651 966	98 682 346
Total liabilities		
Botswana	858 526 555	861 539 932
Zambia	104 728 723	128 603 839
South Africa	47 447 903	50 846 625
	1 010 703 181	1 040 990 396

5. CAPITAL COMMITMENTS

The Motswere Building in Gaborone CBD, completed on 10 November 2023 at a cost of P69.6 million, has been capitalized as investment property. Outstanding capital commitments total P1.59 million (2023: P11.27 million) for further improvements.

PERFORMANCE AND RESULTS

The Group navigated significant challenges during the financial year ended 31 August 2024, driven by macroeconomic pressures and elevated business costs from electricity shortages in South Africa and Zambia. Botswana experienced eased interest rates and moderating inflation, contributing to a comparatively stable operating environment. Additional non-recurring expenses arose from property costs and corporate actions which included a withdrawn action to acquire a property portfolio and a potential unsolicited takeover bid, requiring enhanced governance and compliance and the costs associated with these actions.

The property sector has largely normalized in the post-COVID era, with office occupiers predominantly returning to in-office work and the retail sector demonstrating resilience. The Group's management strategy prioritises individual tenant assessments, supporting the retention of high-quality tenants through fair and mutually beneficial terms. Despite broader macro-economic challenges, the Group's property portfolio demonstrated resilience, achieving improved and market leading occupancy levels compared to the prior year. This reflects the strength of tenant relationships and the high quality of the Group's assets.

Revenue grew by 7%, showcasing the Group's ability to sustain stable rental income. However, an increase in operating costs and a relative decline in fair value gains to P11.2 million from P44.3 million in the previous year contributed to a 40% reduction in Profit Before Taxation to P62.3 million as compared to the prior year. These valuation gains are non-distributable line items and do not affect the distribution of profits to linked unitholders. The reduction follows an uplift in valuation gains in the prior year, which had benefited from recovery from the COVID-19 years.

Operating expenses increased by 19% to P97.4 million, driven by higher property and maintenance costs, inflationary pressures, and non-recurring costs.

Expected credit losses rose by P1.9 million year-on-year, reflecting the economic pressures impacting tenant financial health. Tighter financial conditions necessitated increased provisioning to mitigate credit risk.

Fair value gains in the Botswana portfolio were partially offset by valuation declines in Zambia and marginal declines in South Africa. Despite this, the Group demonstrated resilience, achieving revenue growth and maintaining consistent cash flows.

STATEMENT OF CHANGES IN EQUITY

for the period year 31 August 2024

Group	Stated Capital	FCTR on translation of foreign operations	FCTR on translation of related party loan	Debentures	Debenture interest reserve	Retained earnings	Total equity
	BWP	BWP	BWP	BWP	BWP	BWP	BWP
Balance at 01 September 2022	14,465,197	(18,658,615)	78,352,289	328,433,283	9,902,183	385,807,950	798,302,287
Profit for the year	-	-	-	-	-	83,262,884	83,262,884
Other comprehensive income	-	(8,145,298)	14,570,068	-	-	-	6,424,770
Linked units issued during the year	330,597	-	-	7,702,107	-	-	8,032,704
2022 final debenture interest paid	-	-	-	-	(9,902,183)	-	(9,902,183)
2023 interim debenture interest paid	-	-	-	-	-	(25,724,133)	(25,724,133)
2023 final proposed debenture interest	-	-	-	-	3,283,270	(3,283,270)	-
Taxation attributable to debenture interest	-	-	-	-	-	6,381,629	6,381,629
Balance at 31 August 2023	14,795,794	(26,803,913)	92,922,357	336,135,390	3,283,270	446,445,060	866,777,958
Profit for the year	-	-	-	-	-	40,602,647	40,602,647
Other comprehensive income	-	(7,616,216)	-	-	-	-	(7,616,216)
Linked units issued during the year	555,931	-	-	19,555,183	-	-	20,111,114
2023 final debenture interest paid	-	-	-	-	(3,283,270)	-	(3,283,270)
2024 interim debenture interest paid	-	-	-	-	-	(19,236,941)	(19,236,941)
Other comprehensive income	-	-	(1,607,469)	-	-	-	(1,607,469)
Taxation attributable to debenture interest	-	-	-	-	-	4,232,127	4,232,127
Balance at 31 August 2024	15,351,725	(34,420,129)	91,314,888	355,690,573	-	472,042,893	899,979,950

Delivering on the Group's strategic objectives, the Loan-to-Value (LTV) ratio decreased from 51% to 48%, driven by a debt settlement program and a BWP 20.1 million capital raise. Additionally, the Weighted Average Cost of Debt (WACD) improved from 8.14% to 8.11% during the year and further reduced to 7.8% at year-end, driven by easing interest rates and successful debt restructuring, reinforcing the Group's commitment to financial prudence, sustainable growth, and enhancing returns for unitholders. The Group remains committed to operational excellence and enhancing portfolio value through strategic investments and proactive asset management, positioning itself for sustainable long-term growth. Identified strategic disposals will generate proceeds to be reinvested in growth opportunities and unlocking underutilised land potential.

PROPERTY PORTFOLIO

Tenant diversification continues to support the Group's stability, with 30% of rental income sourced from major corporates and financial institutions, 40% from regional retail chains, and 9% from government entities.

Botswana Portfolio

The Botswana portfolio, which represents 65% of the Group's investment property portfolio, increased in value by 8%, driven primarily by the addition of the Motswere building at Prime Plaza II in the Gaborone CBD. Rental income grew by 7%, supported by contractual escalations and the commencement of income from Motswere. The portfolio's vacancy rate improved significantly, decreasing from 2% to 0.7%.

South Africa Portfolio

Representing 5% of the Group's portfolio, the South Africa portfolio experienced a 1% decline in valuation, driven by prevailing property market dynamics. Rental income decreased by 9%, reflecting the impact of lease adjustments designed to secure long-term agreements and ensure the sustainability of Groups investments in the market. Vacancies at the year end in South Africa were at 1.2%. This was based on a slightly larger footprint following the expansion of Riverside Junction to accommodate an existing tenant's expansion requirements, positioning the portfolio for future rental opportunities.

Zambia Portfolio

Contributing 30% of the Group's market value, Zambia experienced a 3% valuation decline due to market challenges and the depreciation of the Kwacha against the US Dollar. Letting of previously vacant spaces reduced the vacancy rate to 0.3%, down from 2%, while rental income grew by 1% which was offset by rising costs. Electricity shortages due to the ongoing drought added cost pressures which management are taking action to provide long-term solutions for.

PROSPECTS & OPPORTUNITIES

The Motswere Building at Prime Plaza II, completed during the year, marks a significant milestone in sustainable development. As a green-certified building, it sets a new standard for Botswana, seamlessly integrating modern design with environmentally conscious practices. Encouraged by this progress, the Group is excited to plan the remaining phases of Prime Plaza II, building on this success.

In Zambia, operational improvements are ongoing, but increased funding and business costs, including the impact of an electricity crisis, with interest rates doubling over the past three years, have tempered performance. The Group is actively managing short- to medium-term challenges and implementing measures to enhance efficiencies, while remaining optimistic about significant growth potential driven by long-term political stability, demographic trends, and strong global demand for natural resources. In Botswana, the high-quality landbank presents significant potential for future developments in the Group's core market, forming a

key focus for the medium term. The Group is prioritising the management of debt-to-value ratios through selective property disposals and reinvestment into high-yield assets, supporting sustainable growth and long-term value creation.

DISTRIBUTION TO LINKED UNITHOLDERS

The Group remains committed to debt reduction as a strategy to enhance long-term distributions to unitholders and ensure compliance with covenant limits. Property additions and refurbishments are being funded directly from profits. While this approach may temporarily impact distribution levels, the Board is confident it will yield significant long-term benefits for investors.

A total distribution of 7.22 thebe per linked unit was declared for the year. A final interest payment will be determined and announced upon the issuance of the audited financial results.

UNCLAIMED INTEREST

The Directors remind unitholders of unclaimed interest payments. Unitholders are urged to contact the Transfer Secretaries to recover any outstanding payments.

By order of the Board



P Masie (Chairman)
Gaborone, 29 November 2024