

PRIMETIME PROPERTY HOLDINGS LIMITED
UNAUDITED INTERIM CONSOLIDATED FINANCIAL RESULTS 2019

PrimeTime Property Holdings Limited
Incorporated in the Republic of Botswana on 29 August 2007, Company No. 2007/4760

HALF YEAR TRADING HIGHLIGHTS

- **Contractual lease revenue for the period increased by 19%**
- **The developments at Chirundu and Munalu in Zambia, and the Design Quarter at Setlhoah which were opened in the prior financial year are now contributing to profits**
- **New Pinnacle Park development in Setlhoah financed and building work commenced**

SUMMARISED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 28 FEBRUARY 2019

	Interim results six months to 28-02-2019 Pula	Interim results six months to 29-02-2018 Pula	Audited results year to 31-08-2018 Pula
Revenue			
Contractual lease revenue	71 707 733	60 281 558	125 111 041
Rentals straight line adjustment	3 576 842	4 390 541	7 834 938
Rental income	75 284 575	64 672 099	132 945 979
Other operating revenue	10 264 177	8 391 899	16 994 345
Operating expenses	(30 890 133)	(24 018 172)	(48 852 313)
(Loss)/profit on disposal of investment property	(21 072)	-	1 048 287
Profit on disposal of subsidiary	-	-	3 000
Other gains	-	-	548 269
Exchange differences on translating foreign balances	(170 326)	88 207	(562 912)
Ground lease straight line adjustment	-	-	(8 892)
Profit from operations before fair value adjustment	54 467 221	49 134 033	102 115 763
Fair value adjustment	-	-	84 909 009
Profit from operations	54 467 221	49 134 033	187 024 772
Interest income	4 671	82 934	125 031
Interest expense	(21 907 400)	(19 502 868)	(39 503 875)
Profit before taxation	32 564 492	29 714 099	147 645 928
Taxation (Note 1)	(8 031 518)	(3 057 346)	(19 222 285)
Profit for the period/year	24 532 974	26 656 753	128 423 643
Other comprehensive (loss)/income			
<i>Items that may subsequently be classified to profit or loss</i>			
Exchange differences on translating foreign operations	(14 025 746)	(30 410 637)	(21 424 242)
Other comprehensive loss	(14 025 746)	(30 410 637)	(21 424 242)
Total comprehensive income/(expense) for the period/year	10 507 228	(3 753 884)	106 999 401
Earnings per. Linked Unit (thebe)	10.03	10.90	56.21
Distribution per linked unit (thebe)			
	5.23	5.55	16.88
Debt interest per linked unit	4 months	4 months	12 months

Note 1: 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.

With effect from 1 September 2018 provision has been made for normal taxation in order to comply with the Income Tax Amendment Act 2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2019

	28-Feb-2019 Pula	29-Feb-2018 Pula	Audited 31-Aug-2018 Pula
ASSETS			
Non-current assets	1 426 522 526	1 254 440 383	1 426 484 943
Investment properties	1 352 306 710	1 051 975 927	1 357 006 115
Work in progress	18 260 697	153 707 648	16 714 466
Rent receivable – straight line adjustment	55 955 119	48 756 808	52 764 362
Current assets	32 012 960	42 657 904	38 440 739
Trade and other receivables	22 037 673	17 696 431	25 020 433
Rent receivable – straight line adjustment	2 547 284	2 756 245	2 282 588
Taxation receivable	182 881	127 014	257 656
Cash and cash equivalents	7 245 122	22 078 214	10 880 062
Total assets	1 458 535 486	1 297 098 287	1 464 925 682
EQUITY AND LIABILITIES			
Total equity and reserves	773 321 986	685 471 948	762 814 758
Stated capital	14 242 773	14 242 773	14 242 773
Debt interest reserve	323 329 682	323 329 682	323 329 682
Accumulated profits	431 374 750	369 585 760	419 637 007
Foreign currency translation reserve	(15 588 715)	(43 631 433)	(1 562 969)
Debt interest reserve	19 963 496	21 945 166	7 168 265
Non-current liabilities	567 747 602	446 411 749	531 616 982
Deferred taxation	40 285 796	34 975 799	39 720 830
Long term borrowings	526 574 552	410 557 588	491 008 898
Ground lease straight line adjustment	887 254	878 362	887 254
Current liabilities	117 465 898	165 214 590	170 493 942
Trade and other payables	21 702 467	29 111 444	32 355 904
Amount due to related parties	3 891 667	1 445 121	8 895 087
Current portion of long-term borrowings	69 996 465	124 514 545	108 162 591
Deferred revenue	1 719 676	660 645	4 194 987
Bank overdraft	15 613 160	9 374 427	16 885 373
Taxation payable	4 542 463	108 408	-
	1 458 535 486	1 297 098 287	1 464 925 682

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2019

	28-Feb-2019 Pula	28-Feb-2018 Pula	Audited 31-Aug-2018 Pula
Net cash flows from operating activities	32 891 657	37 888 564	99 422 888
Net cash used in investing activities	(8 707 645)	(34 471 047)	(86 215 857)
Net cash (used in)/from financing activities	(24 507 872)	(31 207 892)	(38 472 554)
Net decrease in cash and cash equivalents for the period	(323 860)	(27 790 375)	(25 265 523)
Cash and cash equivalents at the beginning of the period	(6 005 311)	49 840 681	49 840 681
Effects of exchange rate on the cash held in foreign currencies	(2 038 867)	(9 346 519)	(30 580 469)
Cash and cash equivalents and the end of the period	(8 368 038)	12 703 787	(6 005 311)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 28 FEBRUARY 2019

	Stated capital Pula	Linked unit debt interest Pula	Accumulated profits Pula	Foreign currency translation reserve Pula	Debt interest & reserve Pula	Total Pula
Balance at 1 September 2017	14 242 773	323 329 682	323 425 051	19 861 273	8 367 053	689 225 832
Total comprehensive income/(loss) for the year	-	-	128 423 643	(21 424 242)	-	106 999 401
Debt interest	-	-	(41 297 035)	-	41 297 035	-
Taxation attributable to debt interest	-	-	9 085 348	-	-	9 085 348
Debt interest paid	-	-	-	-	(42 495 823)	(42 495 823)
Balance at 1st September 2018	14 242 773	323 329 682	419 637 007	(1 562 969)	7 168 265	762 814 758
Total comprehensive income/(loss) for the period	-	-	24 532 974	(14 025 746)	-	10 507 228
Debt interest	-	-	(12 795 231)	-	12 795 231	-
Balance at 28 February 2019	14 242 773	323 329 682	431 374 750	(15 588 715)	19 963 496	773 321 986

SEGMENTAL REPORTING

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

	28-Feb-2019 Pula	28-Feb-2018 Pula	Audited 31-Aug-2018 Pula
Contractual lease revenue			
Local operations	47 989 933	45 294 380	91 739 393
Foreign operations	23 717 800	14 987 178	33 371 648
	71 707 733	60 281 558	125 111 041
Non-current assets			
<i>Investment properties</i>			
Local operations	803 789 793	770 245 358	798 709 235
Foreign operations	548 516 917	281 730 569	558 296 880
	1 352 306 710	1 051 975 927	1 357 006 115
<i>Work in progress</i>			
Local operations	18 260 697	30 086 475	16 714 466
Foreign operations	-	123 621 173	-
	18 260 697	153 707 648	16 714 466
Total liabilities			
Local operations	638 137 122	559 285 842	634 203 862
Foreign operations	47 076 378	52 340 497	67 907 062
	685 213 500	611 626 339	702 110 924

COMMENTS

The results for first 6 months of this financial year include revenues from the 3 new developments completed in the prior financial year and are the main contributors to the 19% increase in rental income. Chirundu Mall in Chirundu, Zambia opened at the end of April 2018. Munalu Mall in Lusaka and the Design Quarter at Setlhoah in Gaborone were both completed right at the end of the last financial year in August 2018, with space steadily being taken up in this reporting period.

Across the rest of the portfolio, the vacancy rate has diminished since the last year end. At Pilane Crossing Exact and Options have signed leases with Exact opening for trade just before Christmas. The final tenant at PwC Office Park Lusaka took occupation at the end of 2018 following the extensive refurbishment made to the property. Major tenants renewing include Letshego at Letshego Place, the South African High Commission plus PEP and Ackermans at Nswazwi Mall, Francistown.

The combined effect of the above has been to normalise the Group's vacancy rate back down to 3% from just over 5% where it stood at the last year end, and should reduce further as Munalu, Chirundu and Design Quarter complete their respective lettings.

Included in this years' major refurbishment and maintenance plans are completion of the Pilane Crossing extension which is well underway and 50% let. The road widening project in Setlhoah is complete improving the accessibility of both Sebele Centre and the Design Quarter.

The ground lease extension agreements at both Boiteko Junction in Serowe and our retail centre in Ghanzi are scheduled to complete in the next few months.

PROSPECTS AND OUTLOOK

Our immediate investment property pipeline is a commercial development at Setlhoah, Pinnacle Park. With an estimated build cost for Phase 1 of P30m (excluding land, already acquired) finance has already been secured and the construction is underway with completion scheduled for March 2020.

Elsewhere we continue to assess other opportunities outside of our existing geographical bases and expect to make investments in the very near future.

In the bigger picture, we cannot talk about the Group's future prospects without highlighting the effect on our investors of the recently introduced Income Tax Amendment Act 2018. As advised in the recent interest payment announcement made in February 2019, this Act limits the deduction of net interest expense in calculating taxable income and will result in the Company suffering income tax on its profits prior to their distribution as debt interest. The Act was passed in December 2018 however it retrospectively affects PrimeTime's current financial period commencing 1 September 2018 as no transitional provisions for its implementation have been imparted.

The Board is currently assessing what options are available to the Group to protect the unitholders interests in this regard, as well as working actively with the listed property sector to find a workable long-term solution.

Estimates of the taxation payable have been made in these interim financials and the provisional tax payable of P4.5m for the period has been provided for. The interest distribution already paid for the 4 months to 31 December 2018 was adjusted for the tax cost.

By order of the Board



**P Matumo
(Chairlady)
Gaborone, 7 May 2019**



**A L Kelly
(Managing Director)**