PRIME TIME

PrimeTime Property Holdings Limited

ANNUAL REPORT 2014

Highlights 2014

Investment property value **growth of 35%** from P544m to **P732m**

Completion of PrimeTime's investment at Prime Plaza, Barclays **on time and on budget** **100%**

Long term (more than 4 years) signed lease expiry profile improved from 29% to **53%**

Earnings per linked unit of **39.76 Thebe** – increase over prior year of **44%**

3 New properties added in year at a cost of P149m bringing total number of properties to **24**

2 Major refurbishments completed during the year and another **2** started **4**

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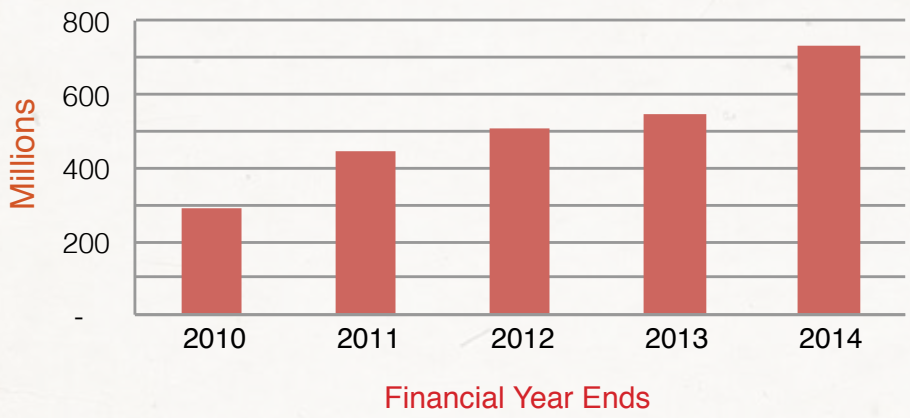
PRIMETIME PROPERTY HOLDINGS
Physical Address
Acacia , Prime Plaza
Plot 74358, CBD, Gaborone

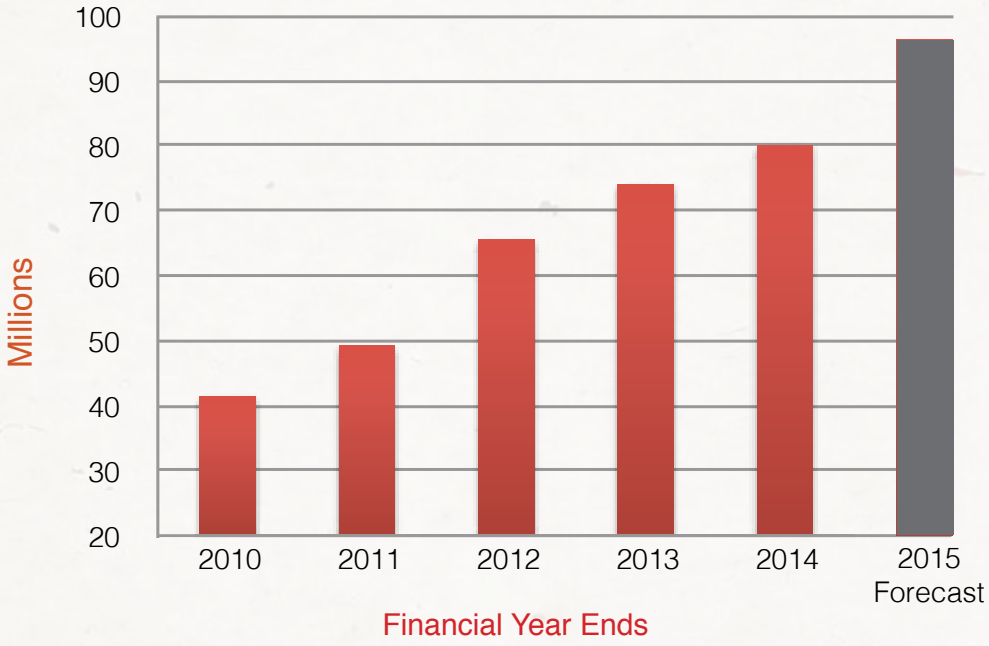
Tel: 3956080 Fax: 3900160
E-mail: info@primetime.co.bw
Website: www.primetime.co.bw

Performance Review

Market Value of Investment Property - last 5 years



Revenue excluding fair value adjustments



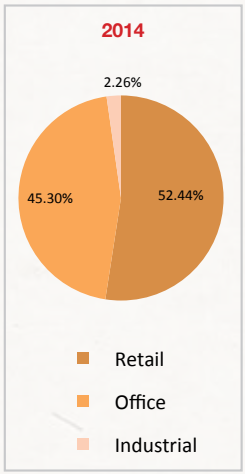
A timeless classic

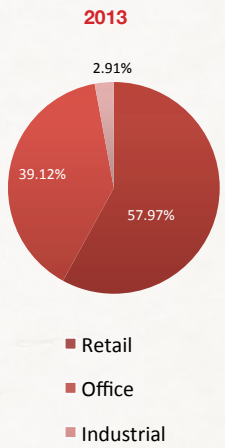
South African High Commission and Letshego Place: The "classical" architectural designs of these buildings, along the lines of legendary architect, Sir Herbert Baker provide timeless aesthetic attraction in the Main Mall and Government Enclave.

Property Segmentation

Sectoral profile by rental income for the year ended 31st August 2014

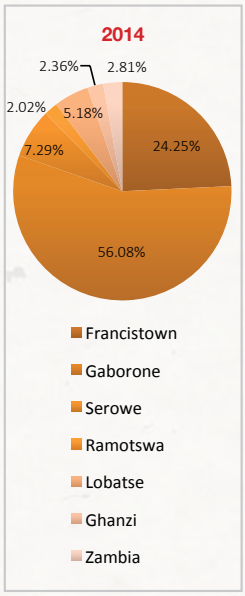
	P	%
Retail	36,882,737	52.44%
Office	31,860,058	45.30%
Industrial	1,588,984	2.26%
	70,331,779	100.00%

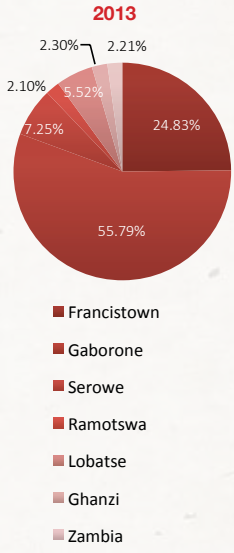




Geographical profile by rental income for the year ended 31st August 2014

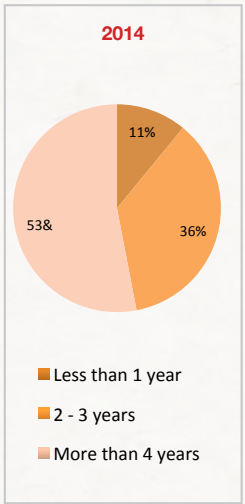
	P	%
Francistown	17,055,379	24.25%
Gaborone	39,443,712	56.08%
Serowe	5,125,706	7.29%
Ramotswa	1,423,068	2.02%
Lobatse	3,645,252	5.18%
Ghanzi	1,660,226	2.36%
Zambia	1,978,436	2.81%
	70,331,779	100.00%

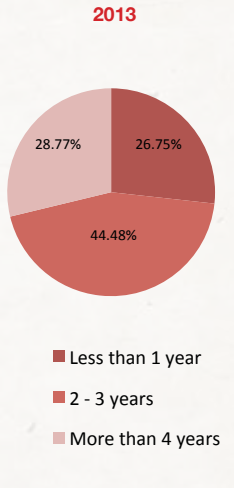




Lease expiry profile as at 31st August 2014

	%
Less than 1 year	10.93%
2 - 3 years	36.05%
More than 4 years	53.01%
	100.00%





Properties

Gaborone Properties

Barclays House - P109.1 million
Plot 74538 CBD Gaborone
Tenants: Barclays Bank

CEDA House - P40.6 million
Plot 74538, CBD, Gaborone
Tenants: CEDA

1st Floor Acacia House - P11.8 million
Plot 74538 CBD Gaborone
Tenants: R S Tilney, GIZ

Marula House - P35.2 million
Plot 74538 CBD Gaborone
Tenants: Cresta, SA Express, Stockbrokers, Arup, GIZ, Botswana Life

Letshego Place - P47.4 million
Plot 29, Queens Rd, Gaborone
Tenants: Letshego Holdings, Letshego Financial Services, Ernst and Young, Chamber of Mines

Capricorn House - P15.8 million
Plot 165, Pilane Rd, Gaborone
Tenants: Penrich Insurance Brokers, Bright Employee Benefits

S. African High Commission - P31.3 million
Plot 29, Queens Rd, Gaborone
Tenants: South African High Commission

AFA House - P21.7 million
Plot 67079, Fairgrounds, Gaborone
Tenants: AFA, Pula Medical Aid, BPOMAS

Independence Place - P12.6 million
Plot 203, Independence Ave, Gaborone
Tenants: Alexander Forbes

Gaborone Properties continued

Sebele Shopping Centre - P121 million
Plot 62417, Block 10, Gaborone
Tenants: Pick n Pay, Woolworths, Mukwa Interiors, Mma Bolao, PEP

South Ring Mall - P22.1 million
Plot 50423, Southring Rd, Gaborone
Tenants: Pick n Pay, Liquorama, Barclays/FNB ATMs

G4S Headquarters - P29.7 million
Plot 20584, Broadhurst, Gaborone
Tenants: G4S Security Services

DHL Broadhurst - P8.4 million
Plot 20610 Broadhurst, Gaborone
Tenants: DHL Couriers

Fei Da - P5.45 million
Plot 20610 Broadhurst, Gaborone
Tenants: Fei Da

Nswazwi Mall - P63.6 million
Plot 16177-85, Francistown
Tenants: Spar, PEP, Dunns, CB Stores, Ackermans

Mantlo House - P6.4 million
Plot 689/690, Francistown
Tenants: Ellerines, Taku

Blue Jacket Square - P22.5 million
Plot 662-666, Francistown
Tenants: Supreme Furnishers, BOCODOL, GPH

Barclays Plaza - P35.1 million
Plot 6142, Francistown
Tenants: JET Stores, Botswana Accountancy College, Debonairs, Botho College

Ghanzi, Lobatse, Ramotswa and Serowe Properties

Boiteko Junction Mall - P34.5 million
Tribal Lot 2461, Serowe
Tenants: Spar, FNB, Ellerines, Cashbuild, PEP, CB Group, Bata, JB Sports

Hillside Mall - P22.4 million
Plot 4649, Lobatse
Tenants: Choppies, Barclays, Mr Price, PEP

Ramotswa Shopping Centre - P9.3 million
Tribal Plot 3273, Ramotswa
Tenants: Choppies, CB Stores, PEP, Barclays

Ghanzi Shopping Centre - P10.1 million
Plot 29, Ghanzi
Tenants: Spar, Barclays, Ellerines, Topline

Zambia Properties

G4S Lusaka - P11.5 million
Stand No. 3144 Lusaka Zambia
(Architectural impression of planned improvement)
Tenants: G4S Security Services

G4S Kitwe - P4.7 million
Stand No. 3714 Kitwe, Zambia
Tenants: G4S Security Services

Board of Directors

Sifelani Thapelo
LL.B (University of Botswana), LL.M (University of Cambridge)
Since 2005, Sifelani has been Senior Partner at S. Thapelo Attorneys. He is a Fellow of the Cambridge Commonwealth Society and a member of various Boards in Botswana.

Cross Kgosidiile FCMA FCPA
BaC (Accounting), MsB Admin
Cross has been the Chief Executive Officer of the Motor Vehicle Accident Fund since 2005. He is a fellow of the Chartered Institute of Management Accountants and a member of various Boards in Botswana.

Sandy Kelly (Managing Director)
Pr.Eng.BSc (Civ Eng) MBA MBIDP
Sandy has been involved in property development for over 30 years. As Managing Director of Time Projects, he engineered the development of PrimeTime's initial property portfolio.

Petronella Matumo (Chairman)
HND (Shanon, Rep.of Ireland),I.H.C.I
Petronella is a hotelier by profession, and is the joint Managing Director of Private Collection (Pty) Ltd and Fine Jewellery Manufacturing (Pty) Ltd diamond jewellery retailer and manufacturing companies respectively. She has extensive business experience gained on the boards of a diverse range of companies.

Turnie Morolong
BA(UB) MBA(UB)Dip.PM
Turnie is the property director of Time Projects (Botswana) (Pty) Limited, and has been with the company for the last 9 years. He has over 16 years experience in property management.

Roger Newman
Roger has over 20 years experience in the property industry. He has been involved in an executive and shareholding capacity on numerous projects spread between South Africa, Botswana and the United Kingdom. He is currently involved in industrial, commercial and residential development and also manages a substantial property portfolio.

Chairman and M.D.'s Statement

It gives us great pleasure to present this year's annual report. Your company has produced yet another sound result in enduring and challenging economic conditions.

The portfolio increased in value to P732m from P544m last year, largely as a result of the addition of three new properties in Prime Plaza.

Our landmark achievement for the year was the completion of Barclays House in August 2014, on programmeme and within budget at a cost of P102m. Together with Marula House, which was also completed on programme in November 2013 and within budget at a cost of P33m, this makes Prime Plaza a true *Trophy* property of which we are very proud to be the owners.

Marula House, which is tenanted by blue chip companies, Cresta, SA Express, GIZ, Stockbrokers, Arup and Botswana Life, is evidence of the quality of our properties.

The country continues to struggle economically to recover from the global economic meltdown. The effect of which, as far as the Botswana property industry is concerned, is reduced disposable income, particularly in rural areas and towns outside of Gaborone. Retailers are seeing little growth which translates into minimal rental escalation.

On the positive side however, our properties continue to perform very well. We have minimal vacancies and negligible bad debts. This is due to the quality of our properties both in their development and location; the quality of our tenants and sound management practice.

Refurbishments

As a parallel strategy to growth, PrimeTime continued with its planned major refurbishment schedule during 2014. P1.8m was spent on various properties in the year, including Letshego Place which commenced in the prior year which was completed at a total cost of P2m and South Ring Mall.

Currently in progress is the refurbishment of the SA High Commission on the back of a new 5 year lease at a cost of P3.5m. At Sebele Centre, Woolworth's premises are being expanded and they have signed a new 7 year lease. Together with Pick n Pay this will consolidate Sebele Centre as the preferred convenience shopping destination in northern Gaborone.

Lease Renewals

In addition to the growth in value of the portfolio, our strategy has resulted in a vast improvement to PrimeTime's tenant profile in terms of long term leases. Those with 4 or more years unexpired at year end improved to 53% from the 29% in 2013. All are top quality tenants which should cement our performance and value in the medium to longer term. Major leases renewed during the year include: Letshego, SA High Commission, DHL, Choppies at Hillside Lobatse, Ackermans and PEP at Nswazwi Mall Francistown.

The growth in rental income from the new acquisitions and developments will only really be reflected in the coming year, 2015 with Barclays House contributing from August 2014 and the balance of Marula House having been let in the latter part of the 2014 financial year.

Revaluation of properties

The annual revaluation of the property portfolio by independent valuer, Knight Frank, including new acquisitions, showed an increase of P39m over the prior year values, about 5% increase. We believe that these

credible values are reflective of the current market. This added to new acquisitions increased the value of the portfolio by 35% from P544m to 732m.

Prospects and opportunities

The future for PrimeTime continues to be exciting. There are other prospects that we have identified both within Botswana and beyond our borders. Whilst we consider the retail market in Gaborone, particularly in the regional malls to be saturated, our convenience centres continue to perform well. Our view is that there are still some untapped markets that may present opportunities. Also, while some believe the office market is over supplied, Prime Plaza is fully let, there is very little competitive space to let in the New CBD and our niche product identifies well with the market, so we see prospects for further investment there and are actively seeking further acquisitions.

The regulatory situation in Zambia has settled down with the revocation of the statutory instruments 33 and 55, the USD being restored as the trading currency with respect to investment, funding and rental. A number of standing and development properties have been identified and the board is actively considering further investment there.

To repeat what we have stated in past reports, we think it's important for PrimeTime to diversify its investments outside of Botswana to mitigate possible negative effects of our single product economy and minimal quality new prospects in the face of considerable completion for assets by five listed funds, other institutional and private investors. Sub-Saharan Africa presents excellent opportunities as it is widely considered to be one of the world's growth regions for the next few years to come – "it's a good story out there".

Funding remains key. At year end debt stood at P295m, which on a portfolio value of P732m is 40%. By way of equity release on unencumbered properties together with borrowing on new acquisitions, we see the prospect of further growth utilising our debt leveraged model of a further P300m in the next 18 months as our target. That should take us to over P1 billion by 2016, a debt ratio of about 60%. While this may well men a slight decline in distribution in the short and medium term, long term shareholder wealth should be enhanced.

Performance

We are pleased to report that a total distribution of 15.60 thebe per unit has been achieved for the year.

The share price performed very solidly during the year rising from about 220/5t to about 245t. There remains strong demand for our stock.

Conclusion

This very solid year is makes us proud and honoured to serve in our positions representing you, our shareholders who have supported us so well as we continually strive to make our already premier company even better. Be it in looking after our properties by way of refurbishment and taking care of our valued tenants or making careful, calculated investments in new development acquisitions, we thank you all for your support. It would be remiss of us not to thank our funders for their continued confidence as we look to them for future support of our expansion drive.

We look forward to an exciting and fruitful 2015 as we endevour to make our company the property investment vehicle of choice, now and in the future.

Petronella Matumo
Chairman

Sandy Kelly
Managing Director

Contemporary statement

Prime Plaza: Contemporary architectural designed office buildings complement the ambiance of Gaborone's New CBD. It could equally be from Johannesburg's Melrose Arch or in urban renewals such as London, Manchester or Hamburg's docklands – truly world class standards. Note the orientation of the buildings to minimise east and west sun and take advantage of the north and south natural light.

Corporate Governance

Friendly shopping

Nswazwi Mall: Positioned in the prime location at the top end of Francistown's Blue Jacket Street backing onto the bus rank, this is the city's busiest shopping centre. As pedestrian traffic traverses through the modern, yet friendly, welcoming walls en route from the bus or taxi to work they are greeted by the national retailing brands and accompanying convenience store.

The company remains committed to compliance with the Botswana Stock Exchange Code of Best Practice on Corporate Governance as well as the Code of Corporate Practices and Conduct set out in the King III Report on Corporate Governance, where relevant and practical for an organisation of its size and nature.

The directors recognise the need to apply the principles of transparency, accountability and integrity while driving the performance of the company. Ensuring that it complies with all of its contractual, statutory and regulatory obligations includes providing the stakeholders with timely, relevant and meaningful reports.

The successful operation of the company is the responsibility of the board and its ultimate aim is to build a sustainable business. The unitholders' role is to appoint the board of directors and the external auditors, and to evaluate their performance.

THE BOARD

The board is PrimeTime's highest decision-making body and is ultimately responsible for governance. It determines investment and performance criteria and ensures that the reporting to stakeholders provides them with an objective view of the company and its activities, enabling them to assess each transaction on its merits.

The board of is comprised of two executive directors and four non-executive directors. The chairman is a non-executive director whose role is separate from the managing director, providing leadership to the board in all deliberations and ensuring independent input.

Directors and committee members are provided with comprehensive information that allows them to properly discharge their responsibilities. From a variety of business disciplines, they bring a mix of skills, experience and technical expertise. All directors are subject to retirement by rotation and re-election by the company's unitholders, at least once every 3 years. The board meets at least four times a year.

Name of Director	Board meetings
P Matumo (chairman)	4 (4)
A L Kelly (managing director)	4 (4)
C Kgosidiile	3 (4)
M T Morolong	4 (4)
R P Newman	4 (4)
S Thapelo	4 (4)

DAY-TO-DAY MANAGEMENT

While the board is responsible for formulating and implementing company policy and making all strategic decisions, it has delegated the day-to-day management of the company to Time Projects (Botswana) (Pty) Limited, who have a contractual relationship as the property and asset managers. The board performs a detailed review of this management and the performance of the company at its quarterly meetings, monitoring the financial results against the business plan and budget.

The board remains sensitive to the related party transactions between PrimeTime Property Holdings Limited and Time Projects (Botswana) (Pty) Limited. All such transactions are subject to full scrutiny and approval by the non-executive board members before unitholder approval is sought. Additional meetings and/or discussions are held by the independent board members if necessary in order to facilitate this. Every effort is then made to provide unitholders with full disclosure of these transactions prior to voting.

DIRECTORS REMUNERATION FOR THE YEAR ENDED 31 AUGUST 2014

	BWP
P Matumo (chairman)	79 054
A L Kelly (managing director)	64 899
M T Morolong	64 899
C Kgosidiile	80 822
(payable to Motor Vehicle Accident Fund) *	
R P Newman	64 899
S Thapelo	61 837

**Including fees paid for attendance at Audit Committee meetings*

Directors' fees are approved by the board and PrimeTime's unitholders. Executive directors are remunerated by the external management company which is not disclosed here.

AUDIT COMMITTEE

Certain specific duties have been delegated to the audit committee, whilst overall responsibility remains with the board. The committee chairman provides the board with a written report and verbal commentary on all meetings held. The board has access to minutes of all committee meetings held.

The committee comprises one non-executive director as chairman and one independent non-executive member; both of whom have the requisite financial and commercial skills to contribute to the committee's deliberations.

The committee meets independently of the board at least twice a year. The external auditors, representatives of the management company and executive directors attend by invitation. It is involved in the planning of the statutory annual audit at which a detailed risk assessment is performed. The committee reviews the annual financial statements before publication and also receives a direct report from the auditors on the results and findings of the audit process.

The main duties of this committee are to provide the board with additional 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,
- compliance by the company with legal and regulatory requirements; and
- the independence and performance of the company's external auditors.

Considering the size and current structure of the company, a dedicated internal audit function is not required at this stage. This is reviewed by the committee on a regular basis.

MEETINGS AND ATTENDANCE

(The number in brackets represents the number of meetings held during the office of the member)

Audit committee member	Committee meetings
C Kgosidiile (chairman)	2 (2)
M Bellini	2 (2)

DIRECTORS' DEALINGS

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

COMPANY SECRETARY AND PROFESSIONAL ADVICE

The company secretary acts as the secretary of the board and attends all meetings for the year. All directors have unlimited access to the services of the company secretary, who ensures compliance with applicable procedures and legislation, and the removal of the company secretary is a matter for the board as a whole.

The directors are entitled to seek independent professional advice concerning the affairs of the company, at the company's expense.

EXTERNAL AUDITORS

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 external auditors have unrestricted access to the board and audit committee members.

Shareholders information

31 August 2014

MAJOR LINKED UNIT HOLDERS	Linked units	%
Linwood Services Limited	46,755,269	25.99%
Fnb Nominees (Pty)Ltd Re:AGRAY BPOPF 10001010	29,699,333	16.51%
Tati Company Limited	25,600,000	14.23%
Scbn(Pty) Ltd Re: Metropolitan Life Botswana	13,513,378	7.51%
Scbn (Pty) Ltd Re: AG 211/002	6,376,872	3.54%
DP Training (Pty) Ltd	6,000,000	3.34%

LINKED UNIT BAND	Linked units	%	Holders	%
0 - 1,999	710,749	0.40%	1,211	60.70%
2,000 - 4,999	791,112	0.44%	274	13.73%
5,000 - 9,999	988,654	0.55%	143	7.17%
10,000 - 49,999	5,208,963	2.90%	276	13.83%
50,000 - 99,999	2,102,449	1.17%	30	1.50%
100,000 - 499,999	8,178,161	4.55%	36	1.80%
500,000 and above	161,910,112	90.00%	25	1.25%
	179,890,200	100%	1,995	100%

Premier Convenience

Sebele Centre: Gaborone's premier convenience centre is modern, bright, clean and crisp creating a refreshing but welcoming atmosphere for shoppers and diners alike. It features excellent access off the A1. The open 'strip mall' allows customers easy access into the Pick'n Pay, Woolworths and all the other convenience shops. Both lunchtime and evening meals are enjoyed al fresco on the balcony or in the comfort of lovely international restaurants.

Annual Financial Statements

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Corporate Information

PRIMETIME PROPERTY HOLDINGS LIMITED

Board of Directors
P. Matumo (Chairman)
A.L. Kelly (Managing Director)
R.P. Newman
M.T. Morolong
C. Kgosidiile
S. Thapelo

Incorporated In The Republic Of Botswana
Registration number 2007/4760
Date of Incorporation 29 August 2007

Nature of Business
The company is engaged in property investment

Physical Address
Acacia, Prime Plaza, Plot 74358 CBD, Gaborone, Botswana
Cnr of Khama Crescent Extension and PG Matante

Debenture Trust Trustee
J Hinchliffe
Unit G, Plot 129
Gaborone International Finance Park
P. O. Box 2378
Gaborone

Company Secretary
J C Jones

Registered Office
Plot 50371, Fairgrounds Office Park
P O Box 249
Gaborone

Auditor
Deloitte and Touche
Plot 64518, Fairgrounds
P O Box 778
Gaborone

Transfer Secretaries
Transaction Management Services (Proprietary) Limited t/a Corpserve Botswana Transfer Secretaries
Unit 206 , Plot 64516
Fairgrounds Close
Gaborone

Property and Asset Managers
Time Projects (Botswana) (Pty) Ltd
Plot 74358 CBD, Gaborone
P.O.Box 1395, Gaborone
Tel: 3956080 Fax: 3900160
E-mail: time@time.co.bw

DIRECTORS' REPORT

31 August 2014

The directors have pleasure in submitting to the linked unit holders their report and the audited financial statements of the company for the year ended 31 August 2014.

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 was incorporated under company number CO 2007/4760.

Stated Capital and Debentures

The stated capital of the company comprises 179 890 200 ordinary shares, with a nominal value of P4 716 210, which are linked to 179 890 200 variable rate unsecured debentures with a nominal value of P132 610 057. There have been no changes during the year.

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

The 179 890 200 linked units are listed on the Botswana Stock Exchange.

Financial Statements

The statement of financial position sets out the financial position of the company at 31 August 2014 and the statement of comprehensive income, statement of cash flows and statement of changes in equity reflect the operating results for the year ended on that date.

Linked Units Distribution Policy

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

Debenture interest (thebe)	2014	2013
Interim paid 7 March 2014 (8 March 2013)	5.17	5.60
Interim paid 22 August 2014 (30 August 2013)	7.70	8.18
Final proposed	2.73	2.64
	15.60	16.42

Administration and Management

The management of the company's properties is undertaken by Time Projects (Botswana) (Proprietary) Limited.

Directors

The following persons acted as directors of the company during the period under review:

P Matumo* (1)	(Chairman)
A L Kelly (2)	(Managing Director)
C Kgosidiile* (1)	
M T Morolong (1)	
R P Newman* (2)	
S Thapelo* (1)	

** Non-executive (1) Motswana (2) South African*

Directors' Holdings in Linked Units

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

Directors	Held Directly	Held Indirectly
A L Kelly and family	332,264	46,755,269
P Matumo	661,729	-
M T Morolong and family	6,000	-

PRIMETIME PROPERTY HOLDINGS LIMITED

DIRECTORS' STATEMENT OF RESPONSIBILITY

31 August 2014

The directors are responsible for the preparation and fair presentation of the annual financial statements of PrimeTime Property Holdings Limited, comprising the statement of financial position at 31 August 2014, and the statement of comprehensive income, the statement of changes in equity and statement 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 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 annual financial statements fairly present the state of affairs of the company 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 annual financial statements.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 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 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 is on identifying, assessing, managing and monitoring all known forms of risk across the company. 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 directors have made an assessment of the company's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.

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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Although the board are primarily responsible for the financial affairs of the company, they are supported by the company's external auditors. The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their unmodified report is presented on page 21.

Approval of annual financial statements

The annual financial statements set out on pages 22 to 43, which have been prepared on the going concern basis, were approved by the Board of Directors on 12 November 2014 and were signed on its behalf by:

DIRECTOR
Petronella Matumo

DIRECTOR
Sandy Kelly

PRIMETIME PROPERTY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

31 August 2014

TO THE MEMBERS OF PRIMETIME PROPERTY HOLDINGS LIMITED

Report on the Financial Statements

We have audited the financial statements of PrimeTime Property Holdings Limited, which comprise the statement of financial position as at 31 August 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 22 to 43.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of PrimeTime Property Holdings Limited as at 31 August 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

Deloitte and Touche Gaborone
Certified Auditors 12 November 2014
Practicing Member: M Marinelli (19900028)

PRIMETIME PROPERTY HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2014

	Notes	2014	2013
		P	P
Revenue			
Contractual lease revenue		70 331 782	65 048 360
Rentals straight line adjustment		5 607 167	4 463 656
Rental income		75 938 949	69 512 016
Other operating revenue	1	9 563 563	8 924 221
Operating expenses	2	(25 909 991)	(23 524 442)
Ground lease straight line adjustment		(55 378)	(69 564)
Profit from operations before fair value adjustment		59 537 143	54 842 231
Fair value adjustment	3	33 966 953	16 224 581
Profit from operations		93 504 096	71 066 812
Interest income	4	30 274	18 867
Interest expense	4	(16 172 737)	(13 741 195)
Profit before taxation		77 361 633	57 344 484
Taxation	6.1	(12 010 515)	(14 319 394)
Profit for the year		65 351 118	43 025 090
Other comprehensive (loss)/ income			
Items that may be subsequently classified to profit or loss			
Exchange differences on translating foreign operations		(240 536)	1 876 003
Other comprehensive (loss)/ income		(240 536)	1 876 003
Total comprehensive income for the year		65 110 582	44 901 093
Earnings per linked unit (thebe)	7	39.76	27.53
Distribution per linked unit (thebe)	5	15.60	16.42

PRIMETIME PROPERTY HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

at 31 August 2014

	Notes	2014	2013
		P	P
ASSETS			
Non-current assets			
Investment properties	8	705 686 817	522 762 337
Work in progress	10	-	59 528 156
Rentals straight-line adjustment		24 343 844	19 079 472
		730 030 661	601 369 965
Current assets			
Trade and other receivables	11	6 205 672	5 382 555
Rentals straight-line adjustment		2 994 160	2 651 362
Taxation receivable		2 238	29 781
Cash and cash equivalents		1 793 724	736 203
		10 995 794	8 799 901
Total assets		741 026 455	610 169 866
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	12	4 716 210	4 716 210
Debentures	13	132 610 057	132 610 057
Accumulated profits	14	254 899 159	211 437 080
Foreign currency translation reserve		1 635 467	1 876 003
Debenture interest reserve	15	4 911 002	4 749 101
Total equity and reserves		398 771 895	355 388 451
Non-current liabilities			
Deferred taxation	6	26 257 254	20 775 956
Long term borrowings	19	263 627 089	194 139 519
Ground lease straight line adjustment		769 692	714 313
		290 654 035	215 629 788
Current liabilities			
Trade and other payables	16	31 109 553	17 646 631
Current portion of long term borrowings	19	14 602 979	7 596 194
Deferred revenue	17	2 235 099	2 090 589
Bank overdraft		3 427 493	11 604 226
Tax payable		225 401	213 987
		51 600 525	39 151 627
Total equity and liabilities		741 026 455	610 169 866

PRIMETIME PROPERTY HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2014

	Notes	Stated capital P	Debentures P	Accumulated profits P	Foreign currency translation reserve P	Debenture interest reserve P	Total P
Balance at 1 September 2012		4 716 210	132 610 057	191 451 607	-	5 252 794	334 030 668
Total comprehensive income for the year		-	-	43 025 090	1 876 003	-	44 901 093
Debenture interest	5	-	-	(29 537 970)	-	29 537 970	-
Taxation attributable to debenture interest	6.1	-		6 498 353	-	-	6 498 353
Debenture interest paid		-	-	-	-	(30 041 663)	(30 041 663)
Balance at 31 August 2013		4 716 210	132 610 057	211 437 080	1 876 003	4 749 101	355 388 451
Total comprehensive income for the year		-	-	65 351 118	(240 536)	-	65 110 582
Debenture interest	5	-		(28 062 870)	-	28 062 870	-
Taxation attributable to debenture interest	6.1	-	-	6 173 831	-	-	6 173 831
Debenture interest paid		-	-	-		(27 900 969)	(27 900 969)
Balance at 31 August 2014		4 716 210	132 610 057	254 899 159	1 635 467	4 911 002	398 771 895

PRIMETIME PROPERTY HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

for the year ended 31 August 2014

	Notes	2014 P	2013 P
Cash flows from operating activities			
Profit for the year before taxation		77 361 633	57 344 484
Loss on disposal of investment property		–	137 779
Interest income	4	(30 274)	(18 867)
Interest expense	4	16 172 737	13 741 195
Fair value adjustments on revaluation of investment properties	3	(39 518 742)	(20 618 673)
Operating income before working capital changes		53 985 354	50 585 918
Increase in trade and other receivables		(1 047 297)	(3 378 526)
Increase in trade and other payables		13 487 471	2 778 688
Increase in deferred revenue		144 510	593 520
Cash generated from operations		66 570 038	50 579 600
Income taxes (paid)/refunded		(316 430)	107 453
Net cash flows from operating activities		66 253 608	50 687 053
Cash flows used in investing activities			
Interest received	4	30 274	18 867
Additions to investment properties	8	(14 399 703)	(16 801 720)
Additions to work in progress	10	(75 029 668)	(47 355 478)
Net cash flows used in investing activities		(89 399 097)	(64 138 331)
Cash flows from financing activities			
Net increase in long term borrowings		76 494 355	59 575 877
Debenture interest paid		(27 900 969)	(30 041 663)
Interest paid	4	(16 172 737)	(13 741 195)
Net cash flows from financing activities		32 420 649	15 793 019
Net increase in cash and cash equivalents for the year		9 275 160	2 341 741
Cash deficit at beginning of the year		(10 868 023)	(13 214 848)
Effects of exchange rate on the cash held in foreign currencies		(40 906)	5 084
Cash deficit at end of the year		(1 633 769)	(10 868 023)
Comprising:			
Bank balances and cash		1 793 724	736 203
Bank overdrafts		(3 427 493)	(11 604 226)
Cash deficit at end of the year		(1 633 769)	(10 868 023)

SIGNIFICANT ACCOUNTING POLICIES

31 August 2014

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 18.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Standards affecting amounts reported in the current period

In the current period, the Company has adopted the following revised Standards of the International Accounting Standards Board (the IASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 September 2013.

	Revised International Financial Reporting Standard
IFRS 7	Financial Instruments: Disclosures (Amendments related to the offsetting of assets and liabilities)
IAS 1	Presentation of Financial Statements (Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information))
IAS 16	Property, Plant and Equipment (Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment))
IAS 32	Financial Instruments: Presentation (Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions))
IAS 34	Interim Financial Reporting (Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting of segment assets))

The adoption of these standards has not had a significant impact on the Company's results.

New and revised Standards in issue but not yet effective:

	Revised International Financial Reporting Standard	Effective Date: Annual periods beginning on or after:
IFRS 7	Financial Instruments: Disclosures (Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures)	1 January 2018
IFRS 8	Operating Segments (Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments, reconciliation of segment assets))	1 July 2014
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2017

Management has not yet evaluated the effect of all the new standard, amendments and interpretations in issue but not yet effective.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards. No significant accounting judgements or estimates, other than the fair value of investment properties, were made in the application of International Financial Reporting Standards.

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:

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer credits, rebates and other similar allowances.

Rental Income

Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the term of the relevant leases. 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.

Other Operating Revenue
Other operating revenue comprises utility expenses, service levies and other costs recovered from tenants.

Interest Revenue
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.

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 company 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 (i.e. based on the expected manner as to how the properties will be recovered).

FOREIGN CURRENCY TRANSACTIONS
Transactions in currencies other than Botswana Pula, are recognised at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling on the reporting date. Profits and losses arising on foreign exchange differences are recognised in profit or loss in the period in which they arise.

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. All borrowing costs are recognised in profit or loss in the period in which they are incurred.

LEASING
Leases are classified as finance leases whenever the

terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the company'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 company's net investment outstanding in respect of the leases.

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.

The Company as Lessee

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PROVISIONS

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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. 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.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

31 August 2014

IMPAIRMENT

At the end of each reporting period, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

FINANCIAL INSTRUMENTS

Financial Assets

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Bank balances and cash are defined as cash on hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Impairment of financial assets

Trade and other receivables, which generally have 30 to 60 day terms, are recognised and carried at original invoice amount less impairment losses. Impairment losses are recognised in profit or loss when collection of the full amount is no longer probable. Impairment losses are written off as incurred.

Trade receivables are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying value and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, is recognised in profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability or an equity instrument.

Equity instruments

An equity instrument is any contract in that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments, which comprise stated capital and variable rate unsecured debentures, are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

The company's significant financial liabilities include related party balances and trade payables which have been classified as other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company'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 is recognised in profit or loss.

Gains and Losses on Subsequent Measurement of Financial Instruments

Gains and losses arising from a change in the fair value of financial instruments are included in profit or loss in the period in which the change arises.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

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 Company 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 judgment in selecting an appropriate valuation technique for the investment properties. Investment properties are valued by reference to the discounted value of the net rentals and market evidence of transaction prices for similar properties.

Trade and receivables

Management identifies impairment of trade receivables on an ongoing basis. Impairment adjustments are raised against trade receivables when the collectability is considered to be doubtful. Management believes that the impairment write-off is conservative and there are no significant trade receivables that are doubtful and have not been provided for. In determining whether a particular receivable could be doubtful, the following factors are taken into consideration e.g. age, customer current financial status, security held and disputes with customer.

NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

		2014 P	2013 P
1 OTHER OPERATING REVENUE			
Other operating revenue comprises:			
Utilities, service levies and other costs recovered from tenants		9 563 563	8 924 221
2 OPERATING EXPENSES			
Included in operating expenses are the following costs:			
Amounts paid to related parties			
Asset management fees		5 722 349	4 672 122
Property management fees		3 142 638	2 809 917
Letting fees		1 144 080	353 287
		10 009 067	7 835 326
Less: Asset management fees capitalised		(1 550 318)	(1 105 672)
		8 458 749	6 729 654
Auditors' remuneration	Audit fees - current year	357 600	333 500
	Audit fees - prior year	-	1 400
Directors' emoluments -	For services as directors	416 408	292 055
Loss on disposal of investment property		-	137 779
Professional fees		492 561	345 099
Rentals and ground leases		1 340 882	1 305 118
Rates		714 253	632 655
Trustees' fees		22 000	22 000
Utilities, service levies and other costs recovered from tenants		10 184 417	10 255 872
3 FAIR VALUE ADJUSTMENT			
Change in fair value of investment properties for the year (Note 8)		39 518 742	20 618 673
Rentals straight-line adjustment for the year (Note 8)		(5 607 167)	(4 463 656)
Ground lease straight-line adjustment (Note 8)		55 378	69 564
		33 966 953	16 224 581
4 INTEREST			
Interest expense			
- Bank borrowings		20 658 309	16 444 011
- Other		36 007	785
		20 694 316	16 444 796
Less: capitalised to work in progress (Note 10)		(4 521 579)	(2 703 601)
		16 172 737	13 741 195
Interest income			
- Bank deposits		30 274	18 867
		30 274	18 867

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
31 August 2014

	2014 P	2013 P
5 DEBENTURE INTEREST		
Interim paid 7 March 2014 - 5.17 thebe (2013: 8 March 2013 - 5.60 thebe)	9 300 323	10 073 851
Interim paid 22 August 2014 - 7.70 thebe (2013: 30 August 2013 - 8.18 thebe)	13 851 545	14 715 018
Final proposed - 2.73 thebe (2013: 2.64 thebe)	4 911 002	4 749 101
	28 062 870	29 537 970
Weighted average number of linked units in issue for the year	179 890 200	179 890 200
Distribution per linked unit (thebe)	15.60	16.42
6 TAXATION		
6.1 Company Taxation		
Normal taxation	-	-
Withholding taxation - foreign interest	225 401	213 987
Withholding taxation - foreign rental income	129 985	-
Deferred taxation	5 481 298	7 607 054
Charge for the year	5 836 684	7 821 041
Income tax expense comprises:		
Charge to statement of comprehensive income	12 010 515	14 319 394
Attributable to debenture interest credited to statement of changes in equity	(6 173 831)	(6 498 353)
	5 836 684	7 821 041
6.2 Estimated Tax Losses		
The company has estimated tax losses amounting to P6 177 229 (2013: P3 173 826) available to offset against future taxable income. Deferred taxation has been recognised on these estimated tax losses.		
6.3 Deferred Taxation		
Gains on fair value of investment property	20 055 476	17 805 729
Capital allowances	7 560 769	4 712 954
Debenture interest	-	(1 044 485)
Estimated tax losses	(1 358 991)	(698 242)
Deferred tax liability at end of the year	26 257 254	20 775 956
Deferred taxation arises as follows:		
Gains on fair value of investment property:		
Balance at beginning of the year	17 805 729	14 993 914
Movement during the year	2 249 747	2 811 815
Balance at end of the year	20 055 476	17 805 729
Capital allowances on investment property:		
Balance at beginning of the year	4 712 954	-
Movement during the year	2 847 815	4 712 954
Balance at end of the year	7 560 769	4 712 954
Debenture interest:		
Balance at beginning of the year	(1 044 485)	(1 155 298)
Arising during the year	-	(1 044 485)
Utilised during the year	1 044 485	1 155 298
Balance at end of the year	-	(1 044 485)

6.3 Deferred Taxation (continued)

	2014 P	2013 P
Estimated tax losses:		
Balance at beginning of the year	(698 242)	(669 714)
Arising during the year	(641 724)	(28 528)
Prior year under estimation	(19 025)	-
Balance at end of the year	(1 358 991)	(698 242)
Total deferred tax	26 257 254	20 775 956

6.4 Reconciliation of Taxation Charge

Profit before taxation	77 361 633	57 344 484
Taxation at the current tax rate of 22%	17 019 559	12 615 786
Debenture interest	(5 093 729)	(6 498 353)
Fair value adjustments	(6 444 377)	(2 208 290)
Expenses not deductible	18 870	25 754
Prior year overprovision of deferred tax expense	(19 025)	-
Deferred tax allowances in prior year	-	3 169 135
Withholding taxation - foreign income	355 386	213 987
Foreign branch losses not deductible	-	503 022
Charge for the year	5 836 684	7 821 041

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:

Profit for the year	65 351 118	43 025 090
Taxation attributable to debenture interest (Note 6.1)	6 173 831	6 498 353
Earnings for the year attributable to linked unit holders	71 524 949	49 523 443
Weighted average number of linked units in issue for the year	179 890 200	179 890 200
Earnings per linked unit (thebe)	39.76	27.53

8 INVESTMENT PROPERTIES

At fair value		
Freehold properties	204 722 852	204 722 852
Leasehold properties	500 963 965	318 039 485
Total investment properties	705 686 817	522 762 337
Reconciliation of fair value		
Balance at beginning of the year	522 762 337	487 967 569
Property additions at cost	14 399 703	16 801 720
Effect of foreign exchange movements on property additions	-	1 906 246
Property disposals at cost	-	(137 779)
Transfers from work in progress	134 557 824	-
Fair value adjustment for the year	39 518 742	20 618 673
Rentals straight-line adjustment for the year	(5 607 167)	(4 463 656)
Ground lease straight line adjustment for the year	55 378	69 564
Balance at end of the year	705 686 817	522 762 337

8 INVESTMENT PROPERTIES (continued)

The finance costs capitalised relate to interest paid on the various long term borrowings which are disclosed in note 18.

The fair values of the company's investment properties in Botswana at 31 August 2014 have been arrived at on the basis of valuations carried out at that date by Knight Frank Botswana (Proprietary) Limited, independent valuers. Knight Frank Botswana (Proprietary) Limited are members of the Real Estate Institute of Botswana and are registered in terms of the Real Estate Professionals Act 2003. 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 company's investment properties in Zambia at 31 August 2014 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 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 re-assessed the external valuation at year end and are satisfied that the values are still applicable to the properties as at that date.

Freehold properties comprise:

- Plot 203, Gaborone		
- Plot 22, Gaborone		*2
- Plots 689 and 690, Francistown		
- Plot 29, Gaborone		
- Lot 6142, Francistown		*2
- Plot 16177 - 16185, Francistown		*2
- Plots 662 - 666, Francistown		*1

Leasehold properties comprise:

- Plot 50423, Gaborone	50 year State grant from 20 October 1994	*2
- Plot 20610, Gaborone	50 year State grant from 31 January 2000	*2
- Plot 165, Gaborone	15 year Ground lease from 1 May 2005, with an option to renew for another 5 year period	*2
- Plot 67979, Gaborone	50 year State grant from 13 July 2000	*2
- Plot 29, Ghanzi	25 year Ground lease from 1 November 2001	*2
- Plot 3273, Ramotswa	50 year Tribal lease from 9 March 1998	
- Lease Area 110 MP on Plot 2461, Serowe	25 year Ground lease from 1 December 2006	*2
- Plot 4649, Lobatse	20 year Ground lease from 1 November 2004	*2
- Plot 20584, Gaborone	50 year State grant from 27 November 1998	*2
- Plot 62417, Gaborone	50 year State grant from 26 September 2005	
- Plot 74538, Gaborone	50 year state grant from 26 September 2005	*2
- Stand 3144, Lusaka	99 year state lease from 1 July 1975	
- Stand 3714, Kitwe	99 year state lease from 1 January 1968	

*1 This property is encumbered as per note 18
*2 These properties are encumbered as per note 19

9 FAIR VALUE MEASUREMENT

Assets measured at fair value

The investment properties of the company measured at fair value at the end of the reporting period fall under Level 3 - Significant unobservable inputs.

	2014 P	2013 P
Recurring fair value measurements at the end of the reporting period		
Investment properties	705 686 817	522 762 337
Reconciliation of fair value measurements categorised within Level 3 of fair value hierarchy		
Investment properties		
Opening balance	522 762 337	487 967 569
Included in profit or loss	33 966 953	16 224 581
Additions and transfers	148 957 527	16 801 720
Effect of foreign exchange movements on property additions	-	1 906 246
Disposals	-	(137 779)
Closing balance	705 686 817	522 762 337
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 period	33 966 953	16 224 581

Valuation techniques and inputs	Fair value at 31/08/2014 P	Valuation technique	Unobservable input	Range
Investment properties	705 686 817	Discounted net rentals	Capitalisation rate	8-15%

Valuation process

The valuation process has been described in Note 8.

Information about sensitivity to changes in unobservable inputs

The fair value of investment properties is a function of the unobservable inputs and the net rental generated by each property in the portfolio of the company. Significant increases (decreases) in the capitalisation rate would result in significantly lower (higher) fair value measurement. The changes are dependant on various market factors including location of property and quality and length of tenancies.

10 WORK IN PROGRESS

	2014 P	2013 P
Balance at beginning of the year	59 528 156	12 172 678
Additions	70 508 089	44 651 877
Finance costs capitalised	4 521 579	2 703 601
Transferred to investment property	(134 557 824)	-
Balance at end of the year	-	59 528 156

10 WORK IN PROGRESS (continued)

These costs are in relation to the final two - of three - buildings and the total land cost for a portion equal to 75% of Plot 74538, CDB, Gaborone, held in terms of a 50 year State Grant from 26 September 2005. The first building was completed during the year ended 31 August 2012. On 1 December 2013 the cost of the second building was transferred to investment property on completion. On 7 August 2014 the cost of the third and final building was transferred to investment property on completion.

The finance costs capitalised relate to interest incurred on the various long term borrowings as disclosed in note 19.

11 TRADE AND OTHER RECEIVABLES

	2014 P	2013 P
Trade receivables	2 673 528	2 070 949
Allowance for doubtful debts	(316 173)	(308 519)
Other receivables	3 848 317	3 620 125
	6 205 672	5 382 555

The directors consider the carrying amount of trade and other receivables to approximate their fair value. The average credit period is 30 days. No interest is charged on overdue receivables. The company has provided for past due and impaired receivables based on estimated irrecoverable amounts determined by reference to default experience.

Ageing of past due but not impaired		
60 to 90 days	77 158	39 785
Over 90 days	62 467	47 192
	139 625	86 977
Movement in the allowance for doubtful debts		
Balance at beginning of year	308 519	118 604
Amounts written off during the year	(152 170)	(2 746)
Impairment losses reversed	(54 344)	(2 679)
Impairment losses recognised during the year	214 168	195 340
Balance at end of year	316 173	308 519

12 STATED CAPITAL

	2014 Number of shares	2013 Number of shares	2014 P shares	2013 P
Fully paid ordinary shares				
Balance at the beginning and end of the year	179 890 200	179 890 200	4 716 210	4 716 210

Each Linked Unit in the company comprises one ordinary share and one variable rate unsecured debenture as per note 13, 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 pari 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
31 August 2014

13 DEBENTURES

	2014 Number of debentures	2013 Number of debentures	2014 P	2013 P
Variable rate unsecured debentures				
Balance at the beginning and end of the year	179 890 200	179 890 200	132 610 057	132 610 057

Each Linked Unit in the Company comprises one ordinary share as per note 12, 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.

All of the variable rate unsecured debentures are of the same class and rank pari passu in every respect.

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.

14 ACCUMULATED PROFITS

	2014 P	2013 P
Balance at the beginning of the year	211 437 080	191 451 607
Retained from normal operations during the year	6 193 084	2 178 615
Arising from fair value adjustments on revaluation of investment properties	37 268 995	17 806 858
Balance at the end of the year	254 899 159	211 437 080

The accumulated profits from normal operations amounts to P18 233 676 (2013: P12 040 592).

15 DEBENTURE INTEREST RESERVE

	2014 P	2013 P
Debenture interest reserve balance at the end of the year	4 911 002	4 749 101

The final debenture interest proposed, as per note 5, is held in the debenture interest reserve pending payment. The debenture interest will be ratified at the forthcoming Annual General Meeting.

16 TRADE AND OTHER PAYABLES

	2014 P	2013 P
Trade payables	7 281 123	7 411 223
Refundable deposits held for tenants	2 059 606	2 158 463
Related party balances:	19 807 931	4 836 313
Time Projects (Botswana) (Proprietary) Limited	19 644 128	4 733 945
Directors' fees	163 803	102 368
Other payables	1 960 893	3 240 632
	31 109 553	17 646 631

16 TRADE AND OTHER PAYABLES (continued)

The average credit period on purchases is 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.

17 DEFERRED REVENUE

	2014 P	2013 P
Rentals received in respect of future periods invoiced in advance	2 235 099	2 090 589

18 BANKING FACILITIES AND GUARANTEES

At the reporting date, the company has a general short term banking overdraft facility with Stanbic Bank Botswana Limited of P17 000 000 (2013: P17 000 000). The facility is payable on demand, and attracts interest at the rate of 2% per annum below the bank prime lending rate, currently 9% (2013: 9.5%).

The Company has guarantees of P693 254 (2013: P693 254) issued by Stanbic Bank Botswana Limited to third parties. These guarantees carry a commission charge of 0.55% per quarter of a year.

The bank has also provided to the company a facility for forward exchange contracts up to USD1 000 000 (2013: USD 1 000 000) and a spot foreign currency dealing facility of USD1 000 000 (2013: USD1 000 000). At 31 August 2014 there were no open forward exchange contracts or spot foreign currency dealings.

These facilities are secured by First and Second Continuing Covering Mortgage Bonds totalling P20 100 000 (2013: P20 100 000) over Plots 662-666 Blue Jacket Square, Francistown, a cession and pledge of the call account limited to P99 000 and a cession of material damage policy.

19 LONG TERM BORROWINGS

	2014 P	2013 P
Secured		
The African Banking Corporation of Botswana Limited	23 853 549	26 380 379
Bank Gaborone Limited	9 000 000	-
Barclays Bank of Botswana Limited	71 145 612	-
BIFM Capital Investment Fund Two (Pty) Limited Floating Rate Promissory Notes	15 713 150	15 713 150
BIFM Capital Investment Fund Two (Pty) Limited Fixed Rate Promissory Notes	52 394 619	52 394 619
BIFM Capital Investment Fund One (Pty) Limited Fixed Rate Term Loan	65 000 000	61 000 000
First National Bank of Botswana Limited	41 123 138	46 247 565
	278 230 068	201 735 713
Less: Portion repayable within one year disclosed as a current liability		
	14 602 979	7 596 194
African Banking Corporation of Botswana Limited	2 738 078	2 531 285
BIFM Capital Investment Fund Two (Pty) Limited Floating Rate Promissory Notes	1 964 144	-
BIFM Capital Investment Fund Two (Pty) Limited Fixed Rate Promissory Notes	4 366 218	-
First National Bank of Botswana Limited	5 534 539	5 064 909
Total long term portion of borrowings	263 627 089	194 139 519

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
31 August 2014

19 LONG TERM BORROWINGS (continued)

Terms and conditions of long term borrowings

Facility	Period and repayment	Interest rate	Security
The African Banking Corporation of Botswana Limited facility of P20 250 000	Period of 10 years, repayable at P260 153 per month	Bears interest at a variable rate of 1.75% below current prime rate of 9% (2013: 9.5%).	Secured by a first ranking mortgage bond over Plot 20584, Western Bypass, Gaborone for P22 500 000, a cession of insurance covering Plot 20584 Western Bypass, Gaborone, and a cession of rentals over Plot 20584 Western Bypass, Gaborone.
BIFM Capital Investment Fund Two (Pty) Limited Floating Rate Promissory Notes of P15 000 000 plus accrued interest to 31 October 2011	The notes were fully drawn-down between 31 January 2011 and 31 August 2011. Interest accrued on the notes during the 'Interest Holiday Period', which period expired on 31 October 2011. Thereafter, interest only is payable quarterly in arrears commencing on 31 January 2012. The capital portion of the notes is redeemable in 24 equal tranches on quarterly redemption dates commencing on 31 January 2015.	Bears interest at a floating rate of 222 basis points above the 91-day Bank of Botswana Certificate rate prevailing, and as published by the Bank of Botswana, 3 months prior to a given interest payment date, currently 3.28%.	Secured by first continuing covering mortgage bonds, a cession of insurance and a cession of rentals over the following properties: Plot 50423 Gaborone, Plot 67979 Gaborone and Plots 16177, 16179, 16180, 16181, 16182, 16183 and 16185 Francistown.
BIFM Capital Investment Fund Two (Pty) Limited Fixed Rate Promissory Notes of P50 000 000 plus accrued interest to 31 October 2011	The notes were fully drawn-down between 31 January 2011 and 31 August 2011. Interest accrued on the notes during the 'Interest Holiday Period', which period expired on 31 October 2011. Thereafter, interest only is payable half yearly in arrears commencing on 30 April 2012. The capital portion of the notes is redeemable in 12 equal tranches on half yearly redemption dates commencing on 30 April 2015.	Bears interest at a fixed rate of 10.3%.	Secured by first continuing covering mortgage bonds, a cession of insurance and a cession of rentals over the following properties: Plot 50423 Gaborone, Plot 67979 Gaborone and Plots 16177, 16179, 16180, 16181, 16182, 16183 and 16185 Francistown.
First National Bank of Botswana Limited of P50 000 000	This loan was drawn in 2 tranches. P20 000 000 was drawn in October 2010 and P30 000 000 was drawn in December 2010. The term of the loan is 10 years per draw-down, with a capital moratorium for the first 24 months interest only to be serviced. Thereafter, the capital is repayable in 96 equal monthly instalments.	Bears interest at a variable rate of 2% below current prime rate of 9% (2013: 9.5%).	Secured by first covering mortgage bonds and a cession of rentals over the following properties: Plot 6142, Francistown and Lease Area 110 MP on Plot 2461, Serowe.
The African Banking Corporation of Botswana Limited facility of P10 000 000	The term of the loan is 10 years with an initial 6 month interest-only period which ended in November 2012. Thereafter, the capital is repayable in 114 equal monthly instalments.	Bears interest at a variable rate of 1.75% below current prime rate of 9% (2013: 9.5%).	Secured by a first ranking mortgage bond over Plot 165, Main Mall, Gaborone for P13 000 000, a cession of insurance covering Plot 165 Main Mall, Gaborone and a cession of rentals over Plot 165 Main Mall, Gaborone.
BIFM Capital Investment Fund One (Pty) Limited Fixed Rate Term Loan of P65 000 000	Interest only is payable half yearly in arrears commencing on 31 May 2013. The capital portion of the notes is redeemable in 6 tranches on half yearly redemption dates commencing on 31 May 2025.	Bears interest at a fixed rate of 9.65%.	Secured by first continuing covering mortgage bonds, a cession of insurance and a cession of rentals over the following properties: Plot 4649 Lobatse, Plot 20610 Gaborone, Plot 29 Ghanzi and Plot 22 Gaborone.
Bank Gaborone Limited facility of P9 000 000	The term of the loan is 15 years with an initial 3 year interest-only period which will end in August 2016. Thereafter, the capital is repayable in 144 equal monthly instalments.	Bears interest at a variable rate of 1% below current prime rate of 9%.	Secured by a continuing sectional title covering mortgage bond and a cession of insurance over commercial section 4 of Lot 74538, CBD, Gaborone (known as first floor Acacia Building, Prime Plaza).

19 LONG TERM BORROWINGS (continued)

Facility	Period and repayment	Interest rate	Security
Barclays Bank of Botswana Limited facility of P75 000 000	P 71 145 612 of the loan was drawn by 31 August 2014. The term of the loan is 12 years with an initial 2 year interest-only period which will end in August 2015. Thereafter, the capital is repayable in 120 equal monthly instalments.	Bears interest at a variable rate of 2.75% below current prime rate of 9%.	Secured by first covering mortgage bonds, 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.

20 FINANCIAL RISK MANAGEMENT

	2014 P	2013 P
Categories of Financial Instruments		
Financial assets		
Receivables (including related party balances and cash and cash equivalents)	5 867 833	2 823 709
Financial liabilities		
Payables (including related party balances)	311 430 897	230 254 476

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 company 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 company's overall strategy remains unchanged from 2013.

The capital structure of the company 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.

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 company 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.

20 FINANCIAL RISK MANAGEMENT (continued)

Market Risk
The company'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 enters into transactions denominated in foreign currencies. At 31 August 2014 the company had P9 079 monetary liabilities in foreign currencies, which would expose it to fluctuations in foreign currency exchange rates (2013: P830 696). At 31 August 2014 the company had P490 341 monetary assets denominated in foreign currencies (2013: P128 796).

If exchange rates had been 5% higher/lower and all other variables were held constant, the company's profit would have increased/decreased by P267 408 (2013: P41 011).

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.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the company's profit and comprehensive income would have decreased/increased by P526 202 (2013: P491 731).

Credit Risk
At the reporting date there were no significant concentrations of credit risk for receivables. The carrying amount reflected above represents the company's maximum exposure to credit risk for receivables.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the directors. The company 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.

	Less than one year P	One to five years P	More than 5 years P
2014			
Non-interest bearing	29 773 337	-	-
Variable interest rate instruments	13 664 255	81 606 140	68 992 548
Fixed interest rate	4 366 218	30 563 528	82 464 873
	47 803 810	112 169 668	151 457 421
2013			
Non-interest bearing	16 914 538	-	-
Variable interest rate instruments	19 200 421	46 657 688	34 087 211
Fixed interest rate	-	30 563 528	82 831 091
	36 114 959	77 221 216	116 918 302

21 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. The shareholders of Time Projects (Botswana) (Proprietary) Limited owned 29.92% of the issued linked units of the Company at 31 August 2014 and 31 August 2013.

During the year, the company entered into the following trading transactions with related parties and had the following balances owed to related parties:

	Purchases of services	Debenture interest paid (gross)	Purchases of Investment Property and Work in Progress	Directors fees	Amounts owed to related parties
2014	P	P	P	P	P
Time Projects (Botswana) (Proprietary) Limited	10 009 068	-	72 304 234	-	19 644 128
Linwood Services Limited *(A L Kelly has a beneficial interest in Linwood Services Limited)*	-	7 251 742	-	-	-
Key management personnel / directors:					
Alexander Lees Kelly and family	-	51 534	-	64 899	24 488
Mmoloki Turnie Morolong and family	-	931	-	64 899	24 488
C Kgosidiile *(Payable to Motor Vehicle Accident Fund)*	-	-	-	80 822	34 288
Petronella Matumo	-	102 634	-	79 054	31 565
R P Newman	-	-	-	64 899	24 488
S Thapelo	-	-	-	61 837	24 488
2013					
Time Projects (Botswana) (Proprietary) Limited	7 835 326	-	43 039 499	-	4 733 946
Linwood Services Limited *(A L Kelly has a beneficial interest in Linwood Services Limited)*	-	7 808 130	-	-	-
Key management personnel / directors:					
Alexander Lees Kelly and family	-	55 488	-	48 071	15 304
Mmoloki Turnie Morolong and family	-	1 002	-	48 071	15 304
C Kgosidiile *(Payable to Motor Vehicle Accident Fund)*	-	-	-	54 194	21 427
Petronella Matumo	-	110 509	-	51 247	19 727
R P Newman	-	-	-	42 401	15 304
S Thapelo	-	-	-	48 071	15 304

The purchase of services from Time Projects (Botswana) (Proprietary) Limited includes asset management fees, property management fees and letting fees.

The amounts owed to related parties are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised during the year for bad or doubtful debts in respect of any amounts owed by related parties.

22 OPERATING LEASE ARRANGEMENTS

The company as a lessor

Operating leases receivable by the company as a lessor relate to the investment properties owned by the company with lease terms of between 1 and 29 years. The lessees do not have an option to purchase the properties at the expiry of the lease period.

The property rental income earned by the company from its investment properties, all of which are leased out under operating leases, before the rentals straight-line adjustment amounts to P70 331 782 (2013: P65 048 360), as reflected in the statement of comprehensive income. Direct operating expenses arising on the investment properties for the year amounted to P5 900 232 (2013: P4 760 406).

At the reporting date the company had contracted with tenants for the following future minimum lease payments:

	2014 P	2013 P
Not longer than 1 year	77 542 861	58 665 823
Longer than 1 year and not longer than 5 years	203 741 710	116 729 110
Longer than 5 years	255 537 702	191 895 058
	536 822 273	367 289 991

The company as a lessee

Operating leases payable by the company as a lessee relate to the rental of land over certain leasehold properties as per note 8, on which the company has erected buildings, with lease terms of between 15 and 25 years.

The rental expense incurred by the company in respect of the above operating ground leases amounts to:

Minimum lease payments	599 520	594 823
Contingent rentals	741 362	710 295
	1 340 882	1 305 118

At the reporting date the estimated minimum lease commitments by the company to lessors amounts to:

Not longer than 1 year	614 840	599 520
Longer than 1 year and not longer than 5 years	2 008 541	2 101 998
Longer than 5 years	4 038 325	4 559 707
	6 661 706	7 261 225

23 EVENTS AFTER THE REPORTING PERIOD

No events have occurred between the end of the reporting period and the date of approval of the financial statements which will materially affect these financial statements.

24 CAPITAL COMMITMENTS

There were no capital commitments at the year end.

25 OPERATING SEGMENTS

The company's primary business activities are concentrated in the segment of property rentals and are predominantly concentrated within the geographical region of Botswana. There are future plans to expand into the region beyond the two Zambian properties acquired during the year, which do not form a significant segment and for the purpose of segmental reporting have been combined with the Botswana property segment.

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 Acacia Building, Prime Plaza, Plot 74538, Corner of Khama Crescent Extension and PG Matante, CBD, Gaborone, Botswana at 16h30 on Monday 23 February 2015, 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 2014.

3. Ordinary Resolution 2:
   To approve the interim interest payment of 5.17 thebe per. linked unit declared on 5 February 2014 and paid on 7 March 2014, as authorised and recommended by the directors.

4. Ordinary Resolution 3
   To approve the interim interest payment of 7.70 thebe per. linked unit declared on 25 July 2014 and paid on 22 August 2014, as authorised and recommended by the Directors.

5. Ordinary Resolution 4
   To approve the final interest payment of 2.73 thebe per. linked unit declared on 12 November 2014 and due to be paid in March 2015, as authorised and recommended by the Directors.

6. Ordinary Resolution 5
   To re-elect the following director of the company: Alexander Lees Kelly who retires by rotation in terms of clause 20.9.1 of the Constitution and, being eligible, offers himself for re-election.

7. Ordinary Resolution 6
   To re-elect the following director of the company: Mmoloki Turnie Morolong who retires by rotation in terms of clause 20.9.1 of the Constitution and, being eligible, offers himself for re-election.

8. Ordinary Resolution 7
   To approve the remuneration of the Directors for the year ended 31 August 2014. For the chairman an annual retainer fee of P43 530 and a sitting allowance of P9 800 per meeting. For the other directors an annual retainer fee of P29 375 and a sitting allowance of P9 800 per meeting.

9. Ordinary Resolution 8
   To appoint Deloitte and Touche auditors for the ensuing year and to fix their remuneration.

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, not later than 15h00 on Wednesday 18 February 2015.

By Order of the Board

Petronella Matumo
Chairman of the Board of Directors

8 December 2014
Gaborone

PRIMETIME PROPERTY HOLDINGS LIMITED

PROXY FORM

For completion by Unitholders

PLEASE READ THE ACCOMPANYING NOTES BEFORE COMPLETING THIS FORM

For use at the annual general meeting of unitholders of the Company to be held at Acacia Building, Prime Plaza, Plot 54358, Corner of Khama Crescent Extension and PG Matante, CBD, Gaborone, Botswana at **16h30 on Monday 23 February 2015.**

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 chairman 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			

Signed at_____on _____2015

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 overleaf.

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, not later than **15h00 on Wednesday 18 February 2015.**
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.

Rocktop Design Studio

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