

31 July 2024

PrimeTime Property Holdings Limited

PRIMETIME	Current Price	Fair Value
	P 1.60	P 2.29

PUNCHING ABOVE ITS WEIGHT – SMALL FIRM, BIG VALUE

Investment Proposition

PrimeTime Property Holdings operates a diversified portfolio of thirty properties, spread across Botswana, South Africa, and Zambia. The company is currently Botswana's smallest listed property company in market capitalisation terms, despite having the fourth largest portfolio by asset value, but the company's intrinsically fully let portfolio offers professionally managed, superior quality buildings, in desirable locations at a currently attractive valuation.

Key Points

- Latest interim results have seen revenues increased by 6% compared to the prior year's interim period.
- Rental income and revenue from contracts with customers totalled P 111,207,322 compared to P 104 918 884 at the interim stage 2023.
- Pure group rental income is P 93 394 204, and NAV per linked unit improved to 347 thebe from 343 thebe at year end, and up 10% compared to the prior interim period's 315.
- The portfolio's vacancy rate improved significantly, dropping from 2.5% at year end to 0.6% at the 2024 interim, a great achievement by the company
- Profit from operations increased by 1% compared to the prior year period.
- The Group's loan-to-value (LTV) reduced from 53% in 2022, to 51% in 2023, and again to 49% at 2024 interim. The high LTV remains of concern.
- During the latest period, the company added a new building to the portfolio, completing and fully renting the Motswere building, a 5-star green building in November 2023 located in Gaborone. It is currently Botswana's only 5-star certified property in a listed portfolio.
- In February 2024, the Group successfully conducted a capital raise that netted P 20.1 m, which resulted in the issuance of 11.8 m linked units. Proceeds were applied to reducing debt. Units in issue now total 264 321 718.

Valuation

The company is undervalued at present, trading at 30% below Golden Section Capital's justified value of P 2.29 (and 34% below current NAV). Given the portfolio quality, extremely low vacancy, good locations, improving momentum, but despite being tempered by high LTV, and difficulties in the Zambian market, the company's NAV discount of 53.9% is unjustifiably low.

Downside Risks

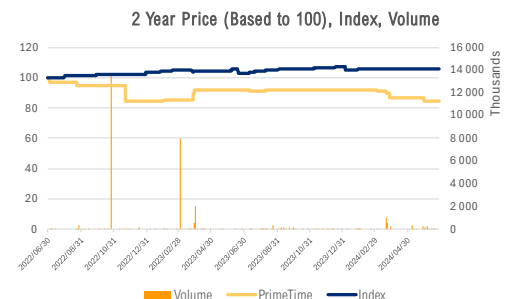
- Downside risks include political instability in South Africa and Zambia, resulting in adverse market, valuations, income, and currency movements.
- Any increases in funding costs, coupled to slower than expected interest rate decreases in all the markets PrimeTime operates in will negatively impact estimated of fair value.
- Occupational demand being weaker than anticipated could result in a decline in rents and property values, with a rise in tenant defaults and vacant space negatively affecting cash flows.
- PrimeTime's exposure to earnings from South Africa and in particular Zambia could be negatively impacted by adverse currency movements.

Golden Section Capital

Please Note: The contents of this document are confidential and subject to our Disclosure & Disclaimers

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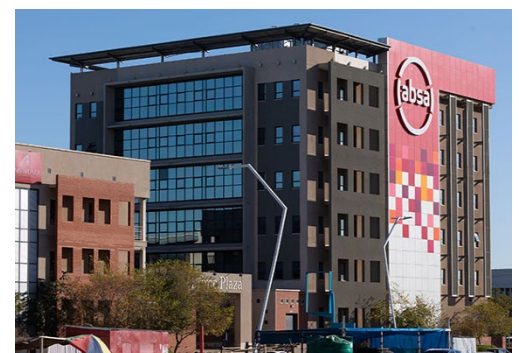
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COMPANY DATA			
Last Price	P 1.60	Shares O/S (m)	264.32
Distr. Ps (thebe)	11.57	Mkt. Cap (USD mn)	\$31.15
1 Year High	P 1.75	1 Year Low	P 1.60
PE Ratio	3.9	1 Yr. Beta	0.16
1 Yr. TR	-3.08%	Av. Daily. Vol	P 0.00
Benchmark	Botswana Property	Free Float	71.25%
NAV	P 3.47	NAV Prem/Disc	-53.89%
LTV	49.00%	Yield	7.38%
WACD	8.1%	REIT/Non-REIT	Non-REIT
VWAP (20 Day)	P 0.00	50-day SMA	P 1.63
YTD	-8.05%	Consensus B/H/S	Not Covered
BALANCE SHEET			
	2021	2022	2023
Current Assets	1 711 433 417	1 823 081 953	1 907 768 354
Fixed Assets	126 925 650	63 439 294	98 682 346
Current Liabilities	477 340 635	303 705 911	198 351 894
Long-Term Debt	308 046 004	672 298 760	783 773 029
Long and Short-Term Debt	748 714 656	946 875 050	954 500 308
FUNDAMENTAL			
	2021	2022	2023
EPS	8.85	32.95	35.91
DPS	12.94	12.66	11.57
CPS	12.71	25.32	27.50
INCOME STATEMENT			
	2021	2022	2023
Revenue	177 900 909	196 396 152	212 797 222
Total Operating Expense	51 587 945	62 602 674	75 506 912
Operating Income	77 346 304	149 544 887	174 657 978
Net Income Before Taxes	18 809 111	87 330 137	104 407 409
Net Income After Taxes	14 686 574	65 353 551	83 262 884
PROFITABILITY ANALYSIS			
	2021	2022	2023
ROE Tot Equity, %	2.1	8.7	10.0
ROA Tot Assets, %	0.9	3.7	4.5
Income Aft Tax Margin %	8.3	33.3	39.1
Revenue/Tot Assets	0.1	0.1	0.1
Long Term Debt/Equity %	44.3	84.2	90.4
Total Debt/Equity, %	107.6	118.6	110.1

Source: Bloomberg

Absa Head Office, Gaborone



The Company

PrimeTime is a variable loan stock company listed on the Botswana Stock Exchange. The company listed in 2007 with thirteen properties, a market capitalisation of P 193 million, and 1 337 investors on listing, and ended the first financial year with a portfolio value of P 236 million. It has grown to P1.8 billion in property and 1 660 shareholders, including several of Botswana's premier institutional investors. The Botswana Public Officers Pension Fund is the largest holder of PrimeTime units at 33.63%.

The company has a diversified high-quality portfolio of office, retail and industrial properties located in Botswana, Zambia, and South Africa.

	PrimeTime Major Linked Unitholders	Current Holding	Current Holding %
1	BPOPF	88 884 696	33.63%
2	Linwood Holdings Ltd	42 956 380	16.25%
3	Tati Company Limited	22 873 846	8.65%
4	Bifm (across all funds)	20 648 784	7.81%
5	Debswana Pension Fund (across all asset managers)	17 136 035	6.48%
6	Metropolitan Life Botswana (across all asset managers)	14 543 384	5.50%
7	Mr Clifford Lance Ian Ferreira	13 453 128	5.09%
8	Botswana Motor Vehicle Accident Fund (across all asset managers)	11 140 310	4.21%
9	D.P. Training Centre (Pty) Ltd	6 275 667	2.37%
10	Botswana United Revenue Service (across all asset managers)	2 175 248	0.82%
	Top 10 Holders	237 912 230	90.01%
	Total PrimeTime Units in Issue	264 321 718	

	Director's Holdings	Held Directly	Held Indirectly
	J Jones and family	40 019	-
	A L Kelly and family (* Linwood Holdings Ltd.)	462 132	42 956 380 *
	M T Morolong and family	114 188	-
	P Masie and family	17 138	-

Source: Company Reports, Bloomberg, Golden Section Analysis

The company has an external management structure, and the external management of the company is conducted by Time A & PM Pty Ltd (Time APM). Time APM manage the day-to-day operations of the Group. Time Developments Botswana (Pty) Ltd conduct developed and/or refurbishment.

Golden Section Capital prefers internal management teams, and should Botswana eventually establish REIT legislation it would be an opportune time for PrimeTime to internalise management as is industry best practice.

The Board is responsible for reviewing recommendations on the portfolio, matters outside board authority are made by unitholders as per Botswana Stock Exchange Listings Requirements.

The board currently consists of four Independents and three Executive members, with a gender split of two female and five men, arguably offering the potential for the company to improve gender representation, but the recent addition of Inutu Zaloumis has gone some way to improving this.

The current Executive board members are:

1. Alexander Kelly (69) – Company Management, Director of Time APM (PrimeTime Board since 2007).
2. Mmoloki Morolong (55) – Property Management, Director of Time APM (PrimeTime Board since 2007).

Independent Directors are:

1. Paul Masie (56) since 2021, independent board Chair.
2. Joanna Jones (52) since 2017.
3. Nigel Dixon-Warren (54) since 2021.
4. Massimo Marinelli (66) since 2022, the lead independent director.
5. Inutu Zaloumis (53), since 2024.

Ms. Unopa Njadingwe is the company secretary.

Board remuneration is reasonable, and there are no issues identified with governance. The company could potentially improve the board by increasing the size of the board.

A Well Diversified and Positioned Property Portfolio

PrimeTime's portfolio consists of thirty properties, spread across Botswana, South Africa, and Zambia. The company has added one new property post their last annual results in 2023.

Properties	2024 Interim	2023	2022	2021	2020	2019
Number of properties	30	29	29	30	30	27
GLA ('000 m ²)	125 053	122 320	122 265	116 907	116 687	100 919
Portfolio vacancies	0.60%	2.0%	2.0%	3.0%	5.0%	5.0%

Source: Company Reports, Golden Section Analysis

Botswana has twenty-two properties and represents 63.98% of the Group's market value and 69.32% of GLA. The most recent addition to the portfolio is the Motswere Building in Gaborone adding 2,733 m² of office space. On the negative side during 2024 the company will see the ground leases at Hillside Mall, Lobatse (Retail 4,421 m²), and Plot 165, Gaborone (Office 1,396 m²) reach their maturity and the company will lose the income from these two properties. The company forecasts that the income from the newly opened, fully tenanted Motswere will fully offset the loss of the two facilities. 2023 saw the portfolio value increase by P 35 276 936 (this will exclude the newly opened Motswere).

Zambia constitutes 21.37% of GLA and 31.12% of portfolio value. The Zambian properties are held through PrimeTime Property Holdings (Mauritius) Limited which was incorporated in Mauritius on 30 October 2015 and holds the 100%

shareholding in PrimeTime Property Holdings (Zambia) Limited, a company incorporated in Zambia. The properties, as with most Zambian assets, have been under pressure but active property management has seen vacancies decline and revenue has remained flat in USD rental income terms year-on-year. The concern with Zambia is the recent expiry of the Zambia / Mauritius tax treaty, as PrimeTime's investment in Zambia is structured via Mauritius. The company estimates that the treaty's expiry could result in an increased tax leakage from 5% to 20%, but this will become clearer during 2024 and the company is currently working on changing the company's domicile to address the leakage. During 2023 the Zambia portfolio was revalued upwards by P 11 418 761. Zambia's debt exposure is low at USD \$8 million against a portfolio value of USD \$42 471 000, this has helped ameliorate the impact of lending costs in Zambia that jumped from 8% to over 10% during the last financial year.

	PROPERTY	COUNTRY	CITY	SECTOR	GLA (M ²)	PROPERTY VALUE	VACANCY % AT 2023-08-31	OWNER SHIP (%)
1	Plot 67979, Fairgrounds	Botswana	Gaborone	Office	1 471	18 030 000	-	100
2	Boiteko Junction	Botswana	Serowe	Retail	7 918	71 330 000	-	100
3	Capricorn House	Botswana	Gaborone	Office	1 396	770 000	0.24	100
4	Design Quarter	Botswana	Gaborone	Retail	3 010	30 860 000	0.04	100
5	G4S	Botswana	Gaborone	Retail	2 176	28 560 000	-	100
6	Pinnacle Park	Botswana	Gaborone	Office	4 421	61 050 000	-	100
7	DHL	Botswana	Gaborone	Industrial	1 276	14 330 000	-	100
8	Plot 20610, Broadhurst	Botswana	Gaborone	Industrial	1 617	7 190 000	-	100
9	Independence Place	Botswana	Gaborone	Office	926	12 690 000	-	100
10	Plot 22	Botswana	Gaborone	Office	3 602	39 650 000	0.2	100
11	South Ring Mall	Botswana	Gaborone	Retail	2 793	43 010 000	-	100
12	Hillside Mall	Botswana	Lobatse	Retail	4 267	4 300 000	0.16	100
13	Nswazwi Mall	Botswana	Francistown	Retail	6 561	122 780 000	0.06	100
14	Pilane Crossing	Botswana	Pilane	Retail	10 225	131 320 000	-	100
15	Prime Plaza (four sections) *	Botswana	Gaborone	Office	11 116	219 170 000	-	100
16	Prime Plaza 2	Botswana	Gaborone	Office				100
17	Prime Plaza 3	Botswana	Gaborone	Office				100
18	Prime Plaza 4	Botswana	Gaborone	Office				100
19	Sebele Centre	Botswana	Gaborone	Retail	10 250	165 050 000	0.01	100
20	South African High Commission	Botswana	Gaborone	Office	2 010	31 960 000	-	100
21	Lobatse Junction	Botswana	Lobatse	Retail	8 915	118 110 000	-	100
22	Motswere PPII	Botswana	Gaborone	Office	2 733	66 540 000		100
23	Logwin	South Africa	Johannesburg	Industrial	8 043	37 389 173	-	100
24	Riverside Junction	South Africa	Johannesburg	Mixed-use	3 599	53 583 686	-	100
25	Centro Kabulonga	Zambia	Lusaka	Retail	7 555	236 466 000	0	100
26	Chirundu Mall	Zambia	Chirundu	Retail	4 741	84 679 290	0.01	100
27	G4S	Zambia	Lusaka	Industrial	2 473	23 279 670	0	100
28	G4S	Zambia	Kitwe	Industrial	1 160	5 789 340	0	100
29	Munali Mall	Zambia	Lusaka	Retail	6 097	127 161 630	0.09	100
30	PwC Office Park	Zambia	Lusaka	Office	4 702	99 804 960	0	100
TOTAL					125 053	1 854 853 749	0.60	100

*COMPRISING: ACACIA FIRST FLOOR, ABSA HQ, MARULA, AND CIPA HOUSE

Source: Company Reports, Golden Section Analysis

South Africa's two properties constitute 9.31% of GLA and 4.90% of portfolio value and the South African portfolio is externally managed by Ebbstone Asset Management. The company reports that South Africa experienced a decrease in rental income of 9% year-on-year due restructuring an existing lease at the Logwin property, but this was offset by extending said lease by 6 years. With the strong performance of the South African logistics sector, the Logwin property achieved a valuation uplift, which was offset by a lower valuation on the Bryanston Riverside mixed-use asset because of higher interest rates and downward pressure on rentals. The Riverside property is currently fitting out an additional 480 m² for EQ Fin, an existing tenant, who recently renewed for five years. The South Africa properties declined by -P 2 239 278, but we expect this to reverse as South Africa rates and economic growth improve.

COUNTRY	NUMBER OF ASSETS	GLA (M ²)	PROPERTY VALUE
BOTSWANA	22	86 683	1 186 700 000
SOUTH AFRICA	6	11 642	90 972 859
ZAMBIA	2	26 728	577 180 890
TOTAL	30	125 053	1 854 853 749

Source: Company Reports, Golden Section Analysis

Early lease reversions were managed during the year to retain tenants in a competitive market, resulting in longer leases, most notably at Logwin where a new 6-year term was negotiated which underpinned the uplift on the valuation of the property.

SECTOR	GLA (M ²)	PROPERTY VALUE
INDUSTRIAL	14 569	87 978 183
MIXED-USE	3 599	53 583 686
OFFICE	32 377	549 664 960
RETAIL	74 508	1 163 626 920
TOTAL	125 053	1 854 853 749

Source: Company Reports, Golden Section Analysis

Portfolio Vacancies are Exceptionally Low

The group has an exceptionally good level of occupancy and has seen vacancies steadily dropping despite tough operating environments. Botswana saw vacancies reduce from 3% to 0.5%, Zambia dropped to 0.3% from 2%, and South Africa has zero vacancies. Zambia's positive move was as a result of filling a longstanding vacancy at the PwC Office Park, and the filling of the vacancies at Munali Shopping Centre in Lusaka.

	TOTAL	BOTSWANA	RSA	ZAMBIA
VACANCY BY GEOGRAPHY	0.60%	0.70%	0%	0.3%

Source: Company Reports, Golden Section Analysis

High Quality Tenants in a Superior Portfolio

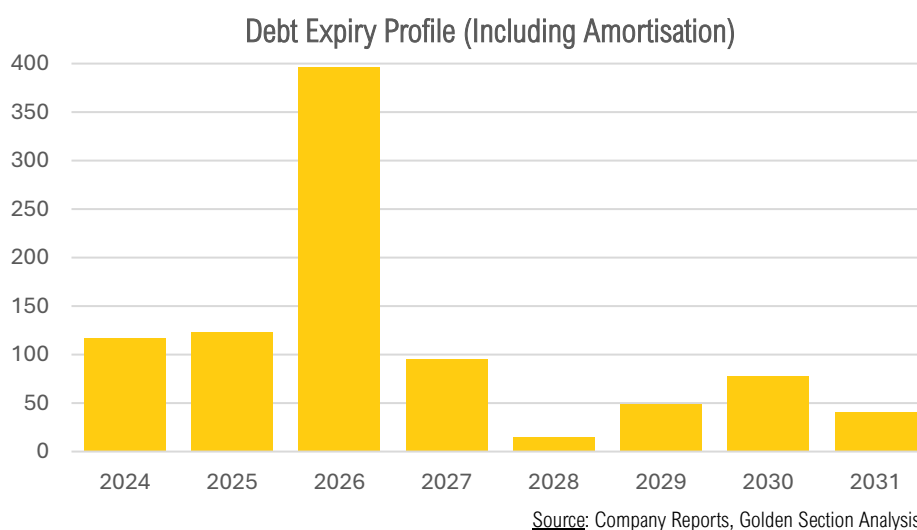
The majority of company tenants are multinationals and regionals, with 30% of the rental income from major corporates, multinationals, banks, and financial institutions, 40% from national and regional retail chains, and 9% from the Government and parastatal sector (including foreign diplomatic missions, for example the South African high commission in Gaborone). The lease duration profile is acceptable with 54.8% of the company’s leases having an expiry profile of longer than one year to five years, and 18.3% having leases longer than five years. Geographically the Weighted Average Lease Expiry (WALE) profile in Botswana is three years and four months, Zambia two years and eleven months, and South Africa three years and seven months.

Group Debt is the Primary Concern

The Group’s loan-to-value (LTV) reduced from 53% in 2022, to 51% in 2023, and again to 49% at 2024 interim. While the declines are on a pleasing trajectory, they are still 9% above what we would consider to be the optimal range of debt for a listed property company (of 35% to 40%). In February 2024, the Group raised P 20.1m net proceeds from a Capital raise, which resulted in the issuance of 11.8m linked units. The proceeds from the capital raise were applied to reducing existing debt. The group’s strategy to control debt appears to be paying dividends, and we hope to see LTV continue to decline significantly.

While the Bank of Botswana’s cutting of 25 bps of its benchmark rate and bringing it down to 2.15% is positive, debt costs remain a significant drag on PrimeTime’s costs. 2023 saw the cost of debt increase by approximately 17% year-on-year mainly driven by Zambia and South Africa, and the group Weighted Average Cost of Debt (WACD) went up from 6.9% to 8.1%.

The company has approximately 40% of its debt fixed, and the bulk of debt will expire in the 2026 this should result in more attractive debt costs and improved fixed-rate rates. P139 million loan facilities are set to expire/amortise in the 2024 financial year.



Solid Group Income and NAV Growth

In 2023 group rental income increased by 7.53% to P181 758 800, up from P169 031 008 in 2022. PrimeTime reported a year-on-year increase of 8.57% in its overall Net Asset Value (NAV), but only 6.52% increase to 343 thebe per linked unit due to the issuing of new shares due to the capital raise in 2023 as mentioned previously. The 2024 interim results saw group rental income at P 93 394 204, and NAV per linked unit improve slightly to 347 thebe

PrimeTime's distributions have been on a steady trajectory post 2020's negative impacts. The current yield of 7.23% is attractive but is arguably inflated by a too depressed current (P 1.60) share price and should be closer to a 5% to 6% yield range going forward.

At year end 2023 a total distribution of 11.57 thebe per linked unit was declared down from 2022's 12.66 thebe per linked unit. The 2024 interim results saw an interim interest distribution of 3.01 thebe declared.

The company has previously offered unit holders a reinvestment option, and March 2023, saw 40% of the unitholders elect to reinvest.

Share Performance Has Lagged

On a one-year view basis, PrimeTime has lagged the Botswanan listed property peer group. We use a market cap weight approach to construct a Botswana Listed Property sector benchmark. In Total Return terms PrimeTime has returned -3.08% compared to the Sector's 8.05%.

	SHARE RETURN	TOTAL RETURN	SHARES TRADED 1 YEAR	AVERAGE PER DAY
FAR PROPERTIES	-24.69%	-20.97%	2 955 678	10 481
LETLOLE LA RONA	-7.74%	-0.69%	29 110 398	103 228
NEW AFRICAN PROPERTIES LIMITED	7.78%	16.89%	11 817 963	41 908
PRIMETIME PROPERTY	-8.57%	-3.08%	4 880 037	17 305
RDC PROPERTIES LIMITED	6.67%	7.84%	6 628 621	23 506
TURNSTAR HOLDINGS	6.04%	22.65%	34 778 402	123 328
SECTOR INDEX	0.84%	8.05%	90 171 099	319 756

Source: Bloomberg, Golden Section Analysis

The share, as with most of Botswana's listed property companies has low liquidity. On a rolling one-year period from June 2023 to June 2024, 4 880 037 shares were traded, an average of 17 305 per day (but the reality is that only 59 days saw trades during the period).

Valuation

Golden Section Capital utilises an equally weighted model consisting of Justified Net Asset Value (JNAV), Dividend Discount (DDM), and Discounted Cash Flow (DCF) methods to arrive at our one year forward valuation.

Our justified NAV component utilises our views on a company's earnings quality, balance sheet, competitive advantages, management, ESG and other factors to arrive at what we view to be the justified NAV discount, or premium, of a particular company. Our DDM and DCF use 5-year forward forecasts to arrive at our justified values. We use a Market Risk Premium of 6.35%, a Risk-Free Rate of 5.09%, and a Long-Run Growth assumption of 5%.

GOLDEN SECTION CAPITAL FUNDAMENTAL ANALYSIS MODEL

	Justified NAV Premium/Discount	Value	Premium to Current Price	Weight	Weighted Value
① NAV Model	-22.5%	2.66	66.3%	33.3%	0.89
② DDM Model		2.08	30.0%	33.3%	0.69
③ DCF Model		2.12	32.5%	33.3%	0.71
			42.29%	100%	2.29

Our one year forward justified price for PrimeTime is P 2.29 per unit, giving a potential upside of 42.29%. We envisage lower debt costs over the upcoming year, continued revenue growth, and lower general expenses as the company continues with its cost cutting initiatives. We also expect improved trading conditions in South Africa post the recent elections there, an improving outlook for rate cuts, and improved economic growth to drive better returns. We envisage improvements in Zambia taking a while longer to manifest, but the improvement in letting since FY 2023 and the low debt levels should see trading improvements coming through, but these will depend on political stability and growth in the country. The rate cuts in Botswana and generally more favourable economic conditions should deliver solid growth for the company.

Downside risks include political instability in South Africa and Zambia, resulting in adverse market, valuations, income, and currency movements. Continued low trading levels could also result in pricing asymmetries continuing. Any increases in funding costs, coupled to slower than expected interest rate decreases in all the markets PrimeTime operates in will negatively impact our estimate of fair value.

In our view PrimeTime is currently undervalued, the P 2.29 justified price will see the company returning to the share price it last held in December 2021. The company currently offers compelling value through a solid portfolio, well managed buildings, experienced management, and is positively positioned for future growth.

The Potential RDC Offer

On Friday 21 June 2024, RDC Properties Limited announced a “Potential general offer to PrimeTime Property Holdings limited unit holders.”

The key aspects were as follows:

1. A unit for unit general offer by RDC to all PrimeTime unitholders, to acquire in aggregate, at least 50% + 1 of the issued linked PrimeTime units;
2. PrimeTime unitholders may elect to swap all or part of their PrimeTime units for RDC units;
3. On the basis that not all PrimeTime units tendered through a general offer are accepted by RDC, all PrimeTime units will be accepted on a pro rata basis;
4. The proposed unit for unit swap ratio is 0.68750 RDC units for every 1 PrimeTime unit, implying an RDC price per unit of P2.40 (based on the spot price as at close of business on 20 June 2024) and a PrimeTime price per unit of P1.65 (vs the spot price of P1.60 as at close of business on 20 June 2024), through the issuance of new RDC units;
5. The waiver of the requirement for RDC to make a mandatory offer to PrimeTime unitholders;
6. A bonus unit issue by RDC in the ratio of 1 new RDC unit for every 4 units held ahead of the closing of the potential general offer; and
7. The retention of the PrimeTime listing on the Botswana Stock Exchange (“BSE”).

In addressing certain of the key issues of this potential offer, we address key aspects as follows:

1. A unit for unit general offer by RDC to all PrimeTime unitholders, to acquire in aggregate, at least 50% + 1 of the issued linked PrimeTime units;

In order to meet the minimum 50% +1 threshold, RDC will require 132 160 859 PrimeTime Units to be tendered. Of the major holders this would require BPOPF, Debswana, MVA Fund, Bifm and BURS to subscribe to tender their units.

4. The proposed unit for unit swap ratio is 0.68750 RDC units for every 1 PrimeTime unit, implying an RDC price per unit of P2.40 (based on the spot price as at close of business on 20 June 2024) and a PrimeTime price per unit of P1.65 (vs the spot price of P1.60 as at close of business on 20 June 2024), through the issuance of new RDC units;

The swap ratio of 0.68750 is only a 3.12% premium to PrimeTime’s last traded price, an unattractive premium considering the unjustified high NAV discount and PrimeTime’s Golden Section Capital justified price of P 2.29. The swap ratio will see PrimeTime units converting into 181 721 181 RDC units

5. The waiver of the requirement for RDC to make a mandatory offer to PrimeTime unitholders;

The potential waiver is highly problematic, it potentially prejudices minority holders, and having the Botswana Stock Exchange waive one of its key listing requirements does not cast the exchange in a favourable light. This potential development should be strenuously opposed. In addition, the exchange allowing RDC to approach certain minority shareholders is unequal access to discussions and information by other shareholders and can be viewed as not providing all shareholders with equal opportunity or access which can be considered problematic.

But it is unclear as to whether the Botswana Stock Exchange (BSE) has already provided a waiver on a mandatory offer, also if a waiver to the guidelines the BSE acknowledges of the South African Takeover Regulation Panel's (TRP) Guideline 1/2013 has been granted. The guideline recognises the need by a company to approach minority shareholders in order to obtain their views on a proposed offer. But this can only occur after issuing a cautionary, and prior to making an offer. The guideline further clarifies that the discussions may only be made to a maximum of five shareholders, each holding a minimum of 5%, or more, of the shares subject to the offer. Furthermore, prior to information being discussed the involved shareholders must acknowledge that they will not disclose any information or use it for their anyone's benefit. Being a guideline, it is not legally binding, but does constitute best practice.

Our view is that the BSE and all listed companies should always err on the side of best practice, maximum market integrity, and the protection of minority investors.

6. A bonus unit issue by RDC in the ratio of 1 new RDC unit for every 4 units held ahead of the closing of the potential general offer;

The proposed bonus unit issue by RDC will see RDC issuing 189 558 234 shares to existing RDC holders. This will result in RDC's units in issue potentially totalling 1 129 512 353 (should RDC acquire all PrimeTime units). The bonus issue is significant, as without it PrimeTime holders would have 19.33% in a potentially merged company (MergeCo), but by increasing RDC's units ahead of the proposed deal PrimeTime Holders will only hold 16.09% of the MergeCo. Should RDC persist with the bonus offer, in order for PrimeTime holders to not be prejudiced, and maintain 19.33% of the MergeCo, the exchange ratio should be 0.859375 indicating a PrimeTime price of P 2.06 a premium to last closing of 28.75%. Should all PrimeTime shares be acquired by RDC it would imply a purchase price of P 436 130 835 versus the company's NAV of P 917 230 084.

MergeCo - With Bonus Units			MergeCo - Without Bonus Units		
Existing Units	758 232 937	67.13%	Existing Units	758 232 937	80.67%
Bonus Units	189 558 234	16.78%	-	-	-
New RDC Units pre deal	947 791 171	83.91%	-	-	-
New RDC Units for PrimeTime	181 721 181	16.09%	New RDC Units for PrimeTime	181 721 181	19.33%
MergeCo Units	1 129 512 352	100%	MergeCo Units	939 954 118	100%

7. The retention of the PrimeTime listing on the Botswana Stock Exchange ("BSE").

The stated intention by RDC to obtain all PrimeTime units at a maximum, or 50% + 1 at a minimum, and then still maintain PrimeTime's listing on the Botswana Stock Exchange makes no corporate sense. The already low trading liquidity of PrimeTime will likely decline further resulting in continuing trading and price discovery issues. The costs of maintaining two listing when owning the majority of PrimeTime units, ranging from corporate, to legal, to listing makes little financial rationale.

RDC has not indicated yet whether it intends to keep two management teams, corporate property teams, and so on. Maintaining two listings would result in inflated costs for the merged entity. This statement should be looked at cynically as it is opposed to best practice in mergers and acquisitions and seems a ploy to initially get regulatory and existing unit holder approval before a future delisting of PrimeTime.

In its current form we find no compelling reason to believe that RDC's potential offer will add value to PrimeTime Holders.

Appendix: Balance Sheet

	PrimeTime Property Holdings				
	2020	2021	2022	2023	2024 H1
BALANCE SHEET DATA					
Cash	33 877 484	27 423 013	27 588 247	23 003 203	25 776 354
Marketable Securities etc.	-	-	-	-	-
Accounts Receivable - Trade	17 032 661	20 716 567	15 986 039	14 234 650	11 845 880
Straight Line Adjustment	7 388 519	9 616 256	11 313 040	9 843 521	8 703 045
Taxation Receivable	1 563 815	6 958 987	6 471 665	2 156	39 533
Other Current Assets	3 912	-	-	-	-
Current Assets	59 866 391	64 714 823	61 358 991	47 083 530	46 364 812
Investment in Subsidiary	-	-	-	-	-
Investment Properties	1 495 493 677	1 421 811 751	1 646 579 905	1 715 894 944	1 795 246 819
Accumulated Depreciation	-	-	-	-	-
Straight Line Adjustment	59 264 385	58 559 048	51 703 763	46 107 534	44 947 868
Goodwill and Nonamort. Intangibles	-	-	-	-	-
Work in Progress	60 510 472	126 925 650	63 439 294	98 682 346	40 766 227
Property Held for Sale	-	43 883 981	-	-	-
Amounts Due from Related Party	-	-	-	-	-
TOTAL ASSETS	1 675 134 925	1 715 895 253	1 823 081 953	1 907 768 354	1 927 325 726
Accounts Payable - Trade	26 066 640	17 049 728	21 619 972	21 546 019	16 712 469
Due to Related Parties	5 919 575	15 343 875	4 255 041	3 233 822	2 193 799
Overdraft	0	23 763 285	9 097 272	19 629 605	0
Borrowings	314 913 139	416 702 871	265 261 498	150 860 033	87 449 028
Current Lease Liabilities	188 433	202 496	217 520	237 641	121 204
Deferred Revenue	4 432 150	3 060 573	2 607 052	2 841 852	948 579
Tax Payable	4 290 720	28 522	647 556	2 922	43 151
Current Liabilities	355 810 657	476 151 350	303 705 911	198 351 894	107 468 230
Long Term Debt	559 000 516	500 051 592	669 435 952	780 873 358	838 669 881
Deferred Taxes	50 337 777	33 209 297	48 774 995	58 865 473	60 827 772
Lease Liabilities	3 052 008	2 782 344	2 862 808	2 899 671	3 129 759
Other Non-Current Liabilities	-	-	-	-	-
TOTAL LIABILITIES	968 200 958	1 012 194 583	1 024 779 666	1 040 990 396	1 010 095 642
Minority Interest in Subsidiaries	-	-	-	-	-
Debentures	323 329 682	323 329 682	328 433 283	336 135 390	355 690 573
Common Stock + Paid in Capital	14 242 773	14 242 773	14 465 197	14 795 794	15 351 725
Retained Earnings / Reserves	361 679 480	362 863 827	445 501 624	512 563 504	534 795 519
Accum. Other Comprehensive Income	-	-	-	-	-
Debenture Interest Reserve	7 682 032	3 264 388	9 902 183	3 283 270	11 392 267
Treasury Stock	-	-	-	-	-
SHAREHOLDERS' EQUITY	706 933 967	703 700 670	798 302 287	866 777 958	917 230 084
TOTAL LIABILITIES AND EQUITIES	1 675 134 925	1 715 895 253	1 823 081 953	1 907 768 354	1 927 325 726
SUPPLEMENTAL DATA					
Cash	33 877 484	27 423 013	27 588 247	23 003 203	25 776 354
Overdraft	0	-23 763 285	-9 097 272	-19 629 605	0
Cash at End of Year	33 877 484	3 659 728	18 490 975	3 373 598	25 776 354
Change in Cash Position	N/A	-30 217 756	14 831 247	-15 117 377	22 402 756
Weighted average number of linked units	244 650 684	244 650 684	244 754 110	249 666 120	264 321 718
Earnings per linked unit (thebe)	-2.30	13.85	29.50	35.91	8.26
Distribution per linked unit (thebe)	15.78	12.94	12.66	11.57	3.01
Market Price per Share (pula)	2.85	2.35	1.80	1.74	1.60
Market Capitalisation (pula)	697 254 449	574 929 107	440 557 398	434 419 049	422 914 749
NAV	706 933 967	703 700 670	798 302 287	866 777 958	917 230 084
NAV per unit (thebe)	289	288	322	343	347
Premium / Discount to NAV	-1.38%	-18.40%	-44.10%	-49.27%	-53.89%
LTV	54%	57%	54%	51%	49%

Source: Company Reports, Bloomberg, Golden Section Analysis

Appendix: Income Statement

PrimeTime Property Holdings					
	2020	2021	2022	2023	2024 H1
INCOME STATEMENT DATA					
Revenues	179 221 129	177 900 908	196 396 152	212 797 222	111 207 322
Cost of Goods Sold	-67 890 485	-65 099 059	-80 290 976	-81 756 527	-47 566 401
Gross Profit	111 330 644	112 801 849	116 105 176	131 040 695	63 640 921
Exchange Differences	11 308 154	-1 121 925	-1 282 919	3 757 335	-163 522
Credit Losses			-307 599	-686 136	-452 510
Other Operating Expenses	-20 367				
Operating Profit	122 618 431	111 679 924	114 514 658	134 111 894	63 024 889
Interest Income	1 656 272	745 755	1 670 843	1 499 008	342 190
Interest Expense	-53 270 796	-51 587 945	-62 602 674	-75 506 912	-38 231 416
Unusual Income, Gains or FV Adjustment	-61 407 737	-35 455 545	33 747 310	44 303 419	-342 886
Income before Tax	9 596 170	25 382 189	87 330 137	104 407 409	24 792 777
Income Tax Expense	-23 721 235	1 528 485	-21 976 586	-21 144 525	-3 771 546
NET INCOME	-14 125 065	26 910 674	65 353 551	83 262 884	21 021 231
Other Comprehensive Income Items	-7 930 141	-1 025 028	41 525 396	6 424 770	9 319 781
COMPREHENSIVE INCOME	-22 055 206	25 885 646	106 878 947	89 687 654	30 341 012

Source: Company Reports, Golden Section Analysis

Appendix: Cash Flows

PrimeTime Property Holdings					
	2020	2021	2022	2023	2024 H1
STATEMENT OF CASH FLOWS DATA					
Net Income	9 596 170	25 382 189	87 330 137	104 407 409	24 792 777
Depreciation and Amortization					
Interest Income	-1 656 272	-745 755	-1 670 843	-1 499 008	-342 190
Interest Expense	53 270 796	51 587 945	62 602 674	75 506 912	38 231 416
(Incr.) Decrease in Accts. Receivable - Trade	-407 021	-3 683 906	4 730 528	1 751 389	2 388 770
(Incr.) Decrease in Accts. Payable - Trade	-1 729 439	-9 016 914	4 570 244	-73 953	-4 833 550
(Incr.) Decr. in Other Curr. Assets Properties	57 420 840	34 349 512	-28 719 138	-37 204 859	2 697 886
Incr. (Decr.) in Acct. Payable - Forex				-4 749 459	
Incr. (Decr.) in Other Current Liabilities Related Parties	1 414 585	9 428 212	-11 088 834	-1 021 219	-1 040 023
Incr. (Decr.) in Other Current Liabilities Deferred Revenue	889 835	-1 371 577	-453 521	234 800	-1 893 273
Incr. (Decr.) in Other Non-Current Lease Liabilities		110	-12 675		
Incr. (Decr.) in Other Non-Current Liabilities				149 313	
Income Tax Paid	-6 429 090	-16 055 331	-7 942 185	-2 818 017	-3 768 693
NET CF FROM OPERATIONS	112 370 405	89 874 485	109 346 387	134 683 308	56 233 120
Interest Received	1 656 272	745 755	1 670 843	1 499 008	342 190
Disposal of Property			45 000 000		
Property Acquired	-94 611 360	-10 325 049	-40 159 936	-6 774 178	-8 322 055
Additions to Work in Progress	-65 855 227	-66 415 178	-22 375 216	-35 243 052	
NET CF FROM INVESTING ACTIVITIES	-158 810 315	-75 994 472	-15 864 309	-40 518 222	-7 979 865
Increase in ST Borrowing	-51 995 240	-52 950 843	-60 794 089	-76 753 283	-38 117 716
Decrease in ST Borrowing	3 333 502				
Increase in LT Borrowing	218 029 491	223 079 296	207 141 309	35 786 321	60 000 000
Decrease in LT Borrowing	-97 429 329	-178 664 112	-190 799 104	-37 283 670	-65 614 482
Issue of Capital Stock					20 111 114
Debenture Interest Paid	-41 223 640	-36 085 976	-19 114 578	-27 593 612	
Repay Principle Portion of Leases	-93 061	-188 932	-214 946	-222 663	-116 802
Interest on Lease Liabilities	-225 810	-211 481	-207 804	-220 338	-113 702
NET CF FROM FINANCING ACTIVITIES	30 395 913	-45 022 048	-63 989 212	-106 287 245	-23 851 588
Effects of exchange rate changes on cash	-24 944 684	924 279	-14 661 619	-2 995 218	-1 998 911
NET CHANGE IN CASH	-40 988 681	-30 217 756	14 831 247	-15 117 377	22 402 756

Source: Company Reports, Golden Section Analysis

Appendix: Company Timeline

December 2007	Listed on the BSE, a 13-property portfolio born out of Time Projects with an initial market capitalisation of P193 million.
May 2008	Acquisition of three properties in Francistown for BWP75m paid with the issue of 25.6m linked units plus cash raised on the IPO.
February 2010	Unitholders authorised the Directors to raise debt capital for the acquisition of property up to a limit of 66% of the value of the assets (including acquisitions).
August 2010	Acquisition of 75% of a Gaborone CBD plot for P6.5m – later to become Prime Plaza.
February 2011	Acquisition of Plot 20584 Gaborone from G4S Security Services on a sale and leaseback basis.
June 2011	Completion of the Sebele Centre retail development for BWP100m.
March 2012	PrimeTime Property Holdings Limited (Zambia Branch) registered in Zambia.
August 2012	First building at Prime Plaza – CEDA House - completed.
December 2012	Acquisition of two properties in Zambia from G4S Secure Solutions. PrimeTime's first additions to the portfolio outside of Botswana.
October 2013	Purchased the first floor of Acacia House, Prime Plaza for BWP12m.
November 2013	Second building at Prime Plaza – Morula House – completed.
August 2014	New 5,600 sqm HQ for Barclays Bank of Botswana at Prime Plaza completed.
June 2015	Unitholders approved the development of Pilane Crossing, adding up to 9,000 sqm of retail to the portfolio.
October 2015	PrimeTime Property Holdings (Mauritius) Limited incorporated in Mauritius.
November 2015	PrimeTime Property Holdings (Zambia) Limited incorporated in Zambia.
December 2015	Sale of Blue Jacket Square and Barclays Plaza in Francistown for BWP71m.
March 2016	Acquisition of over 4,000 sqm of offices at PWC Office Park Lusaka, Zambia.
January 2017	Acquisition of Centro Kabulonga, Lusaka for \$17.3 million.
June 2017	P201 million raised through a rights issue.
August 2018	Design Quarter (Gaborone) and Munali Mall (Lusaka) complete.
June 2019	Portfolio surpasses 100,000sqm of lettable area.
October 2019	First South African acquisition made, Riverside Junction in Johannesburg.
August 2020	Pinnacle Park, Gaborone completes.
November 2023	The Motswere building at Prime Plaza II completed.

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