


RDC PROPERTIES LIMITED

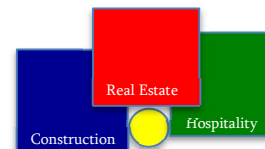
PO Box 405391, Gaborone, Botswana

Plot 5624, Lejara Road, Broadhurst Industrial, Gaborone, Botswana,

Registration Number BW 00000877423 (Incorporated in the Republic of Botswana)
Directors: A. Bradley**, B J Kenewendo, F Giachetti, G. Fisher**, G Giachetti*, G R Giachetti (Chairman)*,

J Pari*, K C Maphage, L Magang, M. Edwards**, N. Milne**, S. Susman**

* Italian, ** South African


 Member of the: **Realestate Group**
WE OWN AND MANAGE STRATEGIC PROPERTY ASSETS THAT ADD VALUE TO THE COMMUNITIES WE SERVE
HIGHLIGHTS – ANNOUNCEMENT OF THE AUDITED GROUP CONSOLIDATED SUMMARISED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

↑ **INVESTMENT AND PROPERTY PORTFOLIO UP 153% TO: P5.82Bn**
↑ **BARGAIN PURCHASE GAIN P577.3M**
↑ **ON TRACK FOR SUBSTANTIAL INCOME GROWTH AS PROPERTY ASSETS HAVE GROWN FROM 37 TO 79**

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME	2021 P'000	2020 P'000	% Change
Revenue	146,562	131,594	11.4%
Operating expenses	(85,140)	(52,007)	
Losses arising from joint venture	(413)	(427)	
Other foreign exchange (losses)/gains	(1,820)	1,647	
Other operating income	3,503	1,913	
Profit from operations	62,692	82,720	(24.2%)
Investment income	18,343	13,025	
Finance costs	(68,598)	(58,317)	
Net income from operations before fair value adjustments	12,437	37,428	
Bargain purchase gain	577,342	-	
Surplus arising on fair valuation of investments	16,051	7,486	114.4%
Surplus/(deficit) arising on revaluation of investment properties	36,632	(25,947)	241.2%
Profit before tax	642,462	18,967	
Income tax expense	4,920	3,240	51.8%
Profit for the year	647,382	22,207	2815.2%
Other comprehensive income			
<i>Items that may be subsequently classified to profit or loss</i>			
Exchange differences on translation of foreign operations	(8,869)	(9,067)	
Fair value gain/(loss) on available for sale financial assets	13,165	3,862	
Total comprehensive income for the year	651,678	17,002	3732.9%
Total comprehensive income for the year attributable to:			
Owners of the company	633,621	17,007	
Non-controlling interests	18,057	(5)	
	651,678	17,002	
Average number of linked units in issue	391,792,636	352,644,215	
Earnings per linked unit (Thebe)	163.99	7.60	
Number of linked units in issue at year end	758,233,124	353,448,157	
Distribution per linked unit (Thebe)	9.37	6.37	

The Year Review

2021 was an exceptional year for RDC. The Group executed on its growth strategy despite the extended impact of the COVID-19 pandemic. We were proud to announce the successful conclusion of the acquisition of Tower Property Fund Limited ("Tower"), with assets in South Africa and in Croatia, as well as the opening of the Radisson Red in Rosebank, Johannesburg. These acquisitions represent a significant diversification of our property portfolio both in terms of use and location. Revenues generated in Botswana will reduce to 25% of the total revenue, while South Africa will represent 50% of the total revenue, the remaining revenues will be generated in Europe and the rest of the portfolio. Unitholders will be benefitting from deeper and wider markets with strong growth prospects and a larger management team. The hospitality revenues of the Group will reduce to 5% of the total revenues with a portfolio of **P5.82bn** from **P2.29bn**. The number of properties increases from **37** to **79**.

In **Botswana**, the commercial property portfolio has been resilient, reflected in the fair value gains realised through the independent property valuations as at December 2021. Collections for the year stood at 96% including some P8.5m of rental converted to long term loans to assist tenants with liquidity and enable them to trade out of this crisis. The hospitality assets were under continued pressure and underperformed through the lockdowns and travel restrictions. The global vaccinations programs and the pent-up demand for leisure travels herald a positive outlook for the tourism industry in 2022/23. Encouragingly our key leisure asset, Chobe Marina Lodge, enjoyed good trading conditions through Q4 2021. The Protea Hotel by Marriot, Masa Square faced challenging trading conditions and a pro-longed recovery. The hospitality teams are working tirelessly to contain costs, maintain standards and protect the value of these key assets.

In **South Africa**, the Capitalgro portfolio's performance has remained solid as the portfolio distributed some R26.2m to shareholders, representing an interest rate of 8.3% on shareholder loans. Collections stood at 92%. The iconic Radisson Red Hotel in Rosebank opened its doors in Q3 2021 and with its trendy offering and niche art focus, it has become the place to be in Rosebank. The initial trading results are encouraging considering the market conditions. The development of the Biotechnology hub in Woodstock is expected to be completed in Q2 2022.

The Group's **United States** investments continue to perform exceptionally well, reflected in the P16.1m uplift in the period.

In **Mozambique** the development of phase one of Zimpeto is nearly completed and phase one of the refurbishment at the new Xiquelene property is underway. The Xai Xai shopping center remains a focus of the rental team as the take up of space is very slow.

Tower transaction

The Tower acquisition was concluded the **28th December 2021** with the de-listing of the company from the JSE. The acquisition was funded by way of P677.1m of equity raised through a rights offer at an issue price of P2.14 per linked unit and a P304.2m (R400.0m) term debt facility raised with Investec Bank Limited. The acquisition at R3.776 per share was at a **38.5%** discount to the last reported **NAV** of Tower which represents significant value for the Group. A bargain purchase gain of **P577,3m** is recognised in the period. Prior to the rights issue, the company carried out a bonus share issue of 1 share for every 4 shares, issued in favour of registered unitholders. We wish to thank all unitholders that supported the acquisition and the management for their hard work and perseverance in realising this strategic accretive acquisition for RDC. The focus of the management team is now the integration of the Tower portfolio.

In **South Africa** the portfolio includes 42 buildings, of which the key buildings include: the mixed-use Cape Quarter Square (P386.8m) and the Old Cape Quarter Piazza (P206.4m) strategically located in De Waterkant, Cape Town, as well as the Sunclare Building (P205.0m) in the key node of Claremont, Cape Town. Key retail assets bolstering the portfolio's sector diversification in South Africa include Deville Shopping Centre (P162.6m) Durbanville, Cape Town and the Link Hills Shopping Centre (P114.8m) in Hillcrest, Durban. The portfolio includes opportunities for re-development and repurposing mainly applicable to the properties in Johannesburg

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2021 P'000	2020 P'000
Assets		
Property, plant and equipment	37,081	6,489
Intangible asset	1,000	1,000
Investments & loans	89,340	80,879
Investment in a joint venture	26,408	27,444
Investment properties	5,535,902	2,145,151
Rental receivable - straight line rental adjustment	(4,641)	13,429
Financial assets held through OCI	14,129	38,160
Long-term trade receivables	26,086	4,408
Inventories	99,522	-
Other current assets	272,019	201,990
Total Assets	6,096,846	2,518,950
Equity and Liabilities		
Equity attributable to the owners of the parent	2,447,686	1,156,823
Non-controlling interests	493,329	297,009
Long term borrowings (current & non-current portions)	2,830,877	887,745
Deferred tax liabilities	168,956	129,624
Current liabilities	155,998	57,749
Total Equity and Liabilities	6,096,846	2,518,950
SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS	2021 P'000	2020 P'000
Net cash generated from operating activities	103,004	88,236
Net cash used in investing activities	(1,182,018)	(279,387)
Net cash generated from financing activities	1,078,961	73,758
Net movement in cash and cash equivalents	(53)	(117,392)
Cash and cash equivalents at beginning of year	158,340	257,945
Effects of exchange rates	(21,178)	17,787
Cash and cash equivalents at end of year	137,109	158,340
SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	2021 P'000	2020 P'000
Balance brought forward	1,453,832	1,434,858
Total comprehensive income for the year	651,678	17,002
Debt interest paid	(23,708)	(33,679)
Taxation attributable to debenture interest	13,186	4,593
Dividends paid	(16,928)	(10,025)
Capitalisation issue of linked units	-	5,006
Rights offer share issue	669,562	-
Effect of increase in controlling shareholding of subsidiary	-	36,077
Non-controlling Interest recognised on acquisition of subsidiary	193,393	-
Balance at the end of the period	2,941,015	1,453,832

Tower transaction (Continued)

A third of the Tower portfolio, worth **P1.1bn** is located in **Croatia** and is made up of 4 assets: 60% of an iconic modern 25 story office tower known as VMD Kwart Building (P361.5m) in Zagreb, two convenience retail centres, the Dubrovnik Sub City Centre (P400.3m) and the Meridijan 16 Centre in Zagreb (P221.5m) and the Yazaki Factory (P119.5m), an industrial asset located in Zagreb. The above 9 key assets represent 73% of the Tower Portfolio.

Prospects and New Developments

The Westlake Lifestyle Centre, owned by Capitalgro, will undergo a redevelopment as a convenience centre anchored by Checkers and Clicks on long term leases. This will substantially improve its trading and value.

RDC is concluding various agreements, following which, it should be able to acquire a substantial control over David Livingstone Safari Lodge and Spa. The property is strategically located on the Zambian side of the Victoria Falls, it includes 77 rooms, a SPA and a conference centre. The property will be refurbished to comply with international standards. The investment by the company will include a cession by DBSA (Development Bank of South Africa) of the loan due to it by the present owners at a substantial discount and a capital restructure to enable RDC to acquire a controlling stake in the business. The transaction is not yet concluded and will be subject to regulatory approvals.

Strategy and Team focus

Following the unprecedented growth of the business, the immediate focus of management is the portfolio optimisation and asset improvement. Management has been tasked with reducing gearing over the medium term, improving the performance of key assets, disposing of non-core assets as well as optimising the corporate structure and cross border transaction flows.

Financial results and highlights

The audited financial statements of the Group for the year ended 31 December 2021 reflect the acquisition of Tower on 28 December 2021 and the addition of its assets to the Group portfolio. The Statement of Comprehensive Income reflects the performance of the RDC portfolio without Tower's revenue.

The investment and property portfolio is up **153%** to **P5.82bn** primarily due to acquisitions. 43% of the entire portfolio has been independently valued which reflects in a fair value gain of P36.6m on investment property. Rental revenue is up by 11.4% to P146.6m, the recovery in revenue was predominantly a result of the positive impact of the acquisition of Voortrekker Rd and Caxton St in Cape Town. Only three days of comprehensive income or loss from Tower is included in the period.

Finance costs are higher by P10.3m primarily due to the drawdown of Nedbank facility to finance the Radisson hotel and the impact of the Rand Pula exchange rate. Despite higher revenues, the profit from operations is down by 24.2% to P62.7m from P82.7m due to the once-off Tower transaction costs.

Financial results and highlights (continued)

With the acquisition of Tower, the Group LTV (Loan to value net of cash), increases to **46%** equivalent to **P2.69bn** of long term borrowings. The Group increased its maximum gearing threshold with the approval of shareholders at the EGM held on the 13 August 2021.

Corporate Governance and Directors

To adequately respond to the needs of the growing business, the RDC Board has recognised the necessity to increase the number of its members and to create a governance structure with meaningful sub-committees. The following sub-committees have been formed: an Environmental Social & Governance Committee, an Investment Committee, a Properties Committee and a Remuneration & Nomination Committee. A detailed announcement on director appointments was released on 22 March 2022. The following non-executive Directors were appointed: Ms Nicola Milne, Mr Simon Susman, Ms Federica Giachetti; The following executive Directors were appointed: Mr Marc Edwards (CEO Asset Management and Investments), Mr Gary Fisher (CEO Properties and Corporate Affairs).

Ms Joanne Mabin has been Nominated Group CFO and Alternate to Mr Jacopo Pari to the Board. We take this opportunity to thank Joanne and her team for a seamless audit of the whole new Group and Mr James Day, the outgoing CFO, for his contribution to the Group during the Tower transaction and carrying out to finality the AFS for 2021.

Basis of preparation and accounting policies

The summarised financial results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and contain the information required by IAS 34, Interim Financial Reporting. In preparing the underlying financial statements from which these summarised financial results were extracted, all IFRS and International Reporting Interpretations Committee interpretations issued and effective for annual periods beginning on or after 1 January 2021 have been applied. The Group's underlying consolidated financial statements have been prepared in accordance with IFRS. The principal accounting policies are consistent in all material aspects with those adopted in the previous year.

Distribution to linked unit holders

As declared on 31 December 2021, a dividend of 0.132 thebe per ordinary share and interest of 6.524 thebe per debenture has been declared. This dividend and interest will be payable on or about the 27 April 2021 to those linked unit holders registered at the close of business on 15 April 2022. The ex-dividend date is therefore 13 April 2022.

Independent Auditor's Report

Grant Thornton, the Group's independent auditors, have audited the consolidated financial statements of the Group from which these summarised financial results have been derived, and have expressed an unmodified audit opinion on the consolidated financial statements. Tower year end was changed following their de-listing to align with RDC's year end, and the newly acquired business was audited by their appointed auditors, Mazars. The full set of financial statements including the audit report and the summarised consolidated financial statements are available for inspection at the Group's registered office.

By order of the Board

G R Giachetti, Executive Chairman
Gaborone, 25 March 2022