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## Independent Auditor's Report

### To the Unitholders of RDC Properties Limited

#### Opinion

We have audited the consolidated and separate annual financial statements of RDC Properties Limited set out on pages 9 to 46, which comprise the consolidated and separate statement of financial position as at 31 December 2022, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

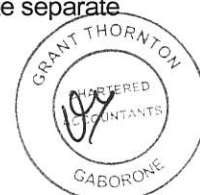
In our opinion, the consolidated and separate annual financial statements give a true and fair view of, the consolidated and separate financial position of RDC Properties Limited as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated and separate annual financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and the report below is not intended to constitute separate opinions on those key audit matters.

**Partners**

Kalyanaraman Vijay (Managing), Aswin Vaidyanathan\*, Madhavan Venkatachary\*, Anthony Quashie, Sunny K Mulakulam\*,  
Aparna Vijay\* (\*Indian)

## Independent Auditor's Report (Contd..)

Key audit matter	How the matter was addressed in our audit
<p><b>Valuation of the investment property</b></p> <p>The Group owns a portfolio of retail, residential and commercial property valued P5.575 billion, disclosed under note 12 of the consolidated annual financial statements.</p> <p>The valuation of these property portfolios requires significant judgement and is underpinned by assumptions including estimated future rentals and yields. The values of these properties are determined using valuation experts in the field of real estate valuations.</p> <p>For the purpose of our audit, we identified the valuation of investment property as a key audit matter due to the significance of the balance to the separate and consolidated financial statements as a whole and the estimates and judgements associated with determining the fair value.</p> <p>Disclosures on the investment properties are under note 12 of the consolidated annual financial statements.</p>	<p>We met with the management experts to discuss and understand the method of valuation, estimates and criteria used in arriving at the values.</p> <p>We evaluated the appropriateness of the valuation methods used, by comparison to valuation methods used by other similar companies with property portfolio. . We found the models (discounted cashflow and net income model) to be appropriate and the capitalisation rates were comparable to market rates and those used in the prior year.</p> <p>We tested a selection of data inputs underpinning the investment property valuation, including rental income, tenancy schedules and capitalisation rates, against appropriate supporting documentation, to assess the accuracy, reliability and completeness thereof.</p> <p>For those investment properties under construction, we assessed that the fair value of these assets closely approximate the value of the work in progress reflected in the financials and there was no indications of any impairment as at the year-end.</p> <p>As per Group instructions provided, the component auditors assessed the integrity of the information provided to the valuers and management experts and through audit procedures evaluated the assumptions used in the valuations.</p> <p>We also performed an independent assessment of property values using discounted cash flows, net income, comparable market values and determination of cap rates for few properties and compared it against what was determined by the management experts. The values arrived at by the management experts were deemed reasonable as it was with the range of acceptable variations.</p> <p>We assessed the competence, independence and integrity of the management experts both, external and internal who were involved in the valuations.</p>



## Independent Auditor's Report (Contd..)

	<p>Wherever applicable, the audit engagement teams discussed and reviewed the terms of engagement with external valuers to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approaches they used are consistent with IFRS and industry norms.</p> <p>We have assessed the reasonability of net income used in the valuation model by reviewing of the budgets for the succeeding 12 months budgets and testing the reasonableness of assumptions made to consider.</p> <p>From our independent audit, the property values recorded appear to be reasonable and supported by appropriate judgements and estimates.</p>
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### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "RDC Properties Limited Integrated Annual Report 31 December 2022", which includes the directors' responsibility and approval of the annual financial statements, as required by the Companies Act (CAP 42:01), which we obtained prior to the date of this auditor's report and the Annual Report which is expected to be made available to us after the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the Consolidated and Separate Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual 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 consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.



## Independent Auditor's Report (Contd..)

In preparing the consolidated and separate annual financial Statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's responsibilities for the audit of the Consolidated and Separate Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and /or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the subsidiaries or business activities within the Group to express an opinion on the consolidated and separate annual financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.





## Independent Auditor's Report (Contd..)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated and separate annual financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Grant Thornton*

Grant Thornton

Firm of Certified Auditors

Practicing member : Madhavan Venkatachary (CAP 0017 2023)

24 MAR 2023

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