# 2021 INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2021

RDC Property Group

WE OWN AND MANAGE STRATEGIC PROPERTY ASSETS THAT **ADD VALUE TO THE COMMUNITIES WE SERVE**

# CONTENTS



# HIGHLIGHTS OF THE YEAR 2021 AND FIVE YEAR OVERVIEW

## OVERVIEW OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

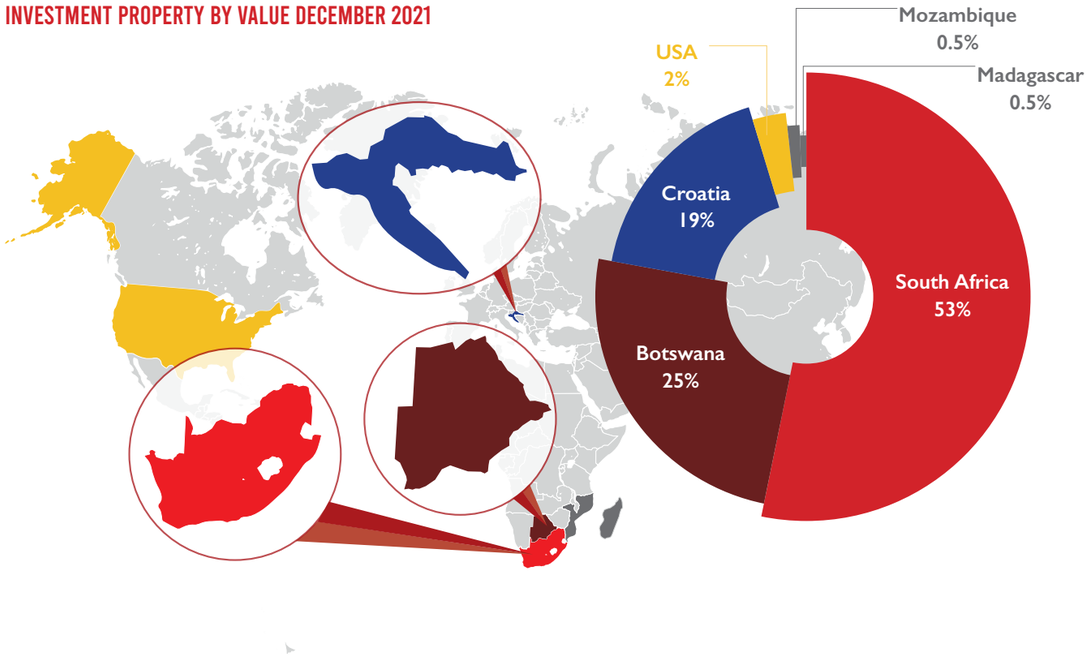
- Completion of the Tower Property Fund Limited acquisition and it's subsequent delisting from the Johannesburg Stock Exchange on 28th December 2021
- Completion of the Radisson Red acquisition and the hotel's official opening on 11th November 2021
- Re-branding and repositioning as market leader in Botswana with expanded management team and operating capacity
- Successful Rights Offer of P677 million
- Successful bonus issue of 1 for every 4 linked units in issue at the date of issue

## STRATEGY

Our long-term objective remains focused on accumulating and developing a quality portfolio of unique properties, with potential for rental and capital growth and with a diversified income stream. The four main areas of our strategy are:

- Selectively acquiring and developing strategic assets.
- Seeking out real diversification of the portfolio by Geography, Sector and Currency.
- Actively seeking to balance our portfolio growth between acquisition and development to strike a balance between capital growth and income generation.
- Accelerating yield accretive acquisitions, the positive impact of which will be felt in the years to come.

## INVESTMENT PROPERTY BY VALUE DECEMBER 2021

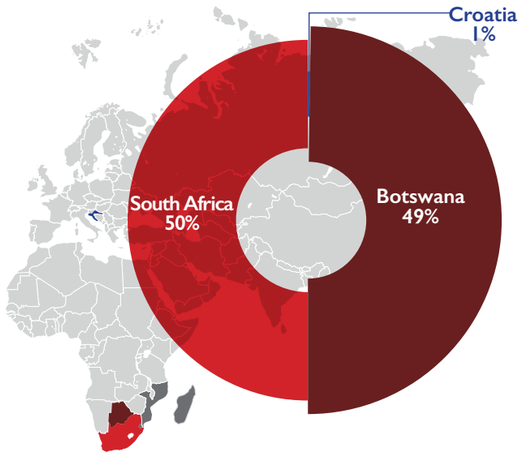





# HIGHLIGHTS OF THE YEAR 2021 AND FIVE YEAR OVERVIEW (CONTINUED)

## REVENUE BY COUNTRY

Inclusive of 3 days of revenue contribution by Tower portfolio




**PORTFOLIO VALUE UP 153% TO P5.82 BILLION**

**BARGAIN PURCHASE GAIN P577 MILLION**

## SUMMARY OF KEY METRICS

| | 2021 P'000 | 2020 P'000 | 2019 P'000 | 2018 P'000 | 2017 P'000 |
|---|---|---|---|---|---|
| Portfolio value | 5,823,921 | 2,299,123 | 2,024,491 | 1,960,404 | 1,635,396 |
| Increase | 3,524,798 | 279,040 | 64,087 | 325,008 | 398,477 |
| Increase in value % | 153.31% | 13.59% | 3.27% | 19.87% | 32.22% |
| **Financial position** | | | | | |
| Net asset value (NAV) | 2,447,686 | 1,156,823 | 1,169,406 | 1,098,923 | 1,012,031 |
| NAV per linked unit | 3.23 | 3.27 | 3.33 | 3.13 | 2.91 |
| NAV adjusted for deferred taxation | 3.45 | 3.64 | 3.13 | 3.38 | 3.13 |
| Long term debt (net of cash and cash equivalents) | 2,693,768 | 719,405 | 449,881 | 454,200 | 215,667 |
| Equity | 2,941,015 | 1,453,832 | 1,434,858 | 1,356,579 | 1,280,483 |
| Long term debt to portfolio value ratio (net of cash and cash equivalents) | 46.25% | 31.23% | 22.22% | 23.17% | 13.19% |

| | 2021 P'000 | 2020 P'000 | 2019 P'000 | 2018 Restated P'000 | 2017 Restated P'000 |
|---|---|---|---|---|---|
| Revenue | 146,562 | 131,594 | 152,481 | 146,345 | 91,241 |
| Profit from operations before fair value adjustment | 62,692 | 82,720 | 106,690 | 105,183 | 66,779 |
| Profit from operations after fair value adjustment | 115,375 | 64,259 | 191,436 | 169,687 | 160,709 |
| Profit before tax | 642,462 | 18,967 | 162,080 | 141,310 | 155,255 |
| Profit attributable to owners | 642,511 | 26,805 | 118,807 | 105,117 | 117,214 |
| Average number of linked units in issue | 391,792,630 | 352,644,215 | 350,982,285 | 350,982,285 | 347,547,222 |
| Earnings per linked unit* | 163.99 | 7.60 | 33.85 | 29.95 | 33.73 |
| Share price at year-end | 2.15 | 2.15 | 2.25 | 2.22 | 2.35 |
| Market capitalisation year-end | 1,630,200,815 | 758,185,062 | 789,710,141 | 779,180,673 | 816,735,972 |
| Distribution yield | 4.36% | 6.06% | 5.79% | 5.88% | 4.16% |
| Price earnings ratio | 1.3 | 28 | 7 | 7 | 7 |
| Earnings Yield | 76.28% | 3.54% | 15.04% | 13.49% | 14.35% |

*Inclusive of bargain purchase gain

# BOARD OF DIRECTORS

## GUIDO R. GIACHETTI
**Executive Chairman**

Guido (59) has a Civil Engineer, Masters in Business Management and Transport, AMP (Harvard Business School), IEP (INSEAD), Alumni Association (EPFL, INSEAD, HBS). As Chairman of RDC Properties Group, he has been involved in property development and investments for 31 years. He has been awarded the Order of Merit by the King of Spain and the Knights of the Order of the Star of Italy by the President. He is the Honorary Consul of Italy in Botswana, a Paul Harris fellow, and art collector and actively involved in philanthropic endeavours in the region.

## LESANG MAGANG
**Lead Independent Non-Executive Director**

Lesang (50) holds a Law Degree from Birmingham City University. Lesang was appointed as Lead Independent Non-Executive Director in 2014 and is also a Director of PAM (Property and Asset Management of RDC) and other companies. He is the Director of Phakalane Estates, a major township and property development company in Botswana. He is a Director at Botswana Investment and Trade Centre (BITC) and chairs its Projects and Investments Committee. A motivational speaker on youth development and entrepreneurship.

## GIORGIO GIACHETTI
**Non-Executive Director**

Giorgio (79) has a Civil Engineer (Master`s degree). On site experience in construction since 1968. In 1970 started investing in Botswana and developed properties, some of which are now part of the RDC properties portfolio. He is a Director of many companies in Botswana and internationally.

## KATE MAPHAGE
**Non-Executive Independent Director**

Kate (60) is an entrepreneur in the property, energy, transport and tourism industries. She joined Mascom Wireless, a mobile network, in 1998 as part of its founding shareholders and then joined its executive to set up the Human Resource division. She later moved on to head the Commercial Division in 2002, a position she held until 2007 when she retired from formal employment. Currently she is focused on adding value to companies in which she invested. Kate Maphage holds BCom and MBL degrees and has 35 years leadership experience in various industries as an executive or a board member. Kate currently serves on the boards and committees of BIHL, Botswana Life and RDC Properties Limited.



# BOARD OF DIRECTORS (CONTINUED)

## ANDREW BRADLEY
**Non-Executive Independent Director**

Andrew (59) has completed legal and business degrees and was appointed non-executive director in 2016. He is currently Chief Executive Officer of Fiscal Private Clients, a wealth management and investment company and was previously Chief Executive Officer of Old Mutual Wealth. Before joining Old Mutual, Mr. Bradley was the Chief Executive Officer of Acsis South Africa Group, which was acquired by Old Mutual. He is an Advocate of the Supreme Court of South Africa and is a Certified Financial Planner. Mr. Bradley has co-authored a number of publications in the financial services industry.

## BOGOLO J. KENEWENDO
**Non-Executive Independent Director**

Bogolo (34) is a Global economist, Managing Director of Kenewendo Advisory and former Minister of Investment, Trade and Industry in Botswana.
Bogolo is also a vocal advocate for gender equity and the protection of children's rights. She is a Chevening scholar with an MSc in International Economics from the University of Sussex (UK). Kenewendo is a member of the G7 Gender Equality Advisory Council and a WPL Special Envoy to the G7 & G20. She is also a member of United Nations Secretary-General António Guterres' High-Level Panel on Digital Cooperation and group on Financing for Development, a member of the World Economic Forum (WEF) Global Future Council on Global Public Goods in the Fourth Industrial Revolution, and a WEF Young Global Leader. She is also the co-founder and chairperson of Molaya Kgosi Trust and currently serves as a Non-Resident Fellow with the Center for Global Development.

## JACOPO PARI
**Chief Executive Officer**

Jacopo (49) has a Civil Engineering Master's degree, his career started in Accenture, the strategy and management consulting firm. This engagement enabled him to get wide exposure to large and complex corporate environment both in the EU and US few years later he joined the family construction company in Italy. This work experience, both technical and managerial was conducive to his appointment as Group General Manager for the Realestate Group of Companies in 2009. He has been involved in construction, property development, and investment in Botswana since then. He was appointed as the Chief Executive Officer for Botswana in February 2015 and he is in charge of international developments.

# BOARD APPOINTMENTS

## NICOLA MILNE
**Independent Non-Executive Director**

Nicola (48) has a BCom from the University of Cape Town and qualified as a CA(SA). After working in finance in New York and London, she joined the Old Mutual Investment Group's Property Investment team, where she fulfilled various roles, including managing the company's joint venture business in India. She was the founding CEO of the Green Building Council of South Africa (GBCSA), an NGO with the goal of transforming South Africa's property industry to sustainability. She has consulted to the GBCSA and the World Green Building Council and serves on a number of boards as an independent non-executive director.

## SIMON SUSMAN
**Independent Non-Executive Director**

Simon (72) is the Honorary President of Woolworths Holdings Limited, having joined Woolworths in 1982. Prior to his retirement, Simon served as the Chief Executive Officer of Woolworths Holdings and then Chairman over a twenty-year period until 2019. Recently he was appointed Honorary Professor of Entrepreneurship at Stellenbosch University Business School. Simon currently also chairs several local and international businesses and NGOs.

## FEDERICA GIACHETTI
**Non-Executive Director**

Federica (27) is a graduate from Boston University, Summa Cum Laude, Top Concentrator in Entrepreneurship. She has undergone training by the Institute of Directors of South Africa and completed a London School of Economics Certificate in Real Estate Finance and Economics. Federica has worked in Washington, D.C. and in Milan for a renewable energy developer and was transferred two years ago to its subsidiary in Cape Town, Red Rocket South Africa (Pty) Ltd where she leads the company's Solar Project Developments.

## MARC EDWARDS
**Executive Director – CEO Asset Management and Investments**

Marc (47) is the founding Chief Executive Officer of Tower Property Fund. He has a long history in the property industry and is well known in the South African and Croatian property industries. Marc assists certain charities and is a board member of the Ubuntu Trust, an NGO focusing on football aiming to provide opportunities to skilled players in disadvantaged communities. Marc is a director of various Tower group companies and a shareholder of Spire Property Group (Pty) Ltd. Marc's major focuses are strategy, growth and asset management.

## GARY FISHER
**Executive Director – CEO Properties and Corporate Affairs**

Gary (55) is a University of Cape Town graduate and brings three decades of property asset management experience to RDC. He was a member of JSE-listed CBS Property Group's executive team from inception in 1994 through to its disposal in 2007. He subsequently launched British Capital, a Guernsey based property investment company, and founded the Property Foundation, a non-profit property development company. Gary also served a term with the Western Cape Government as the Premier's special advisor before establishing Capitalgro Properties in 2014, a business that has since become a subsidiary of RDC.



# SENIOR MANAGEMENT

**JOANNE MABIN**

**LETSWELETSE RAMOKATE**

**UZOMA ANUGOM**

**SYLVESTER SEETSO**

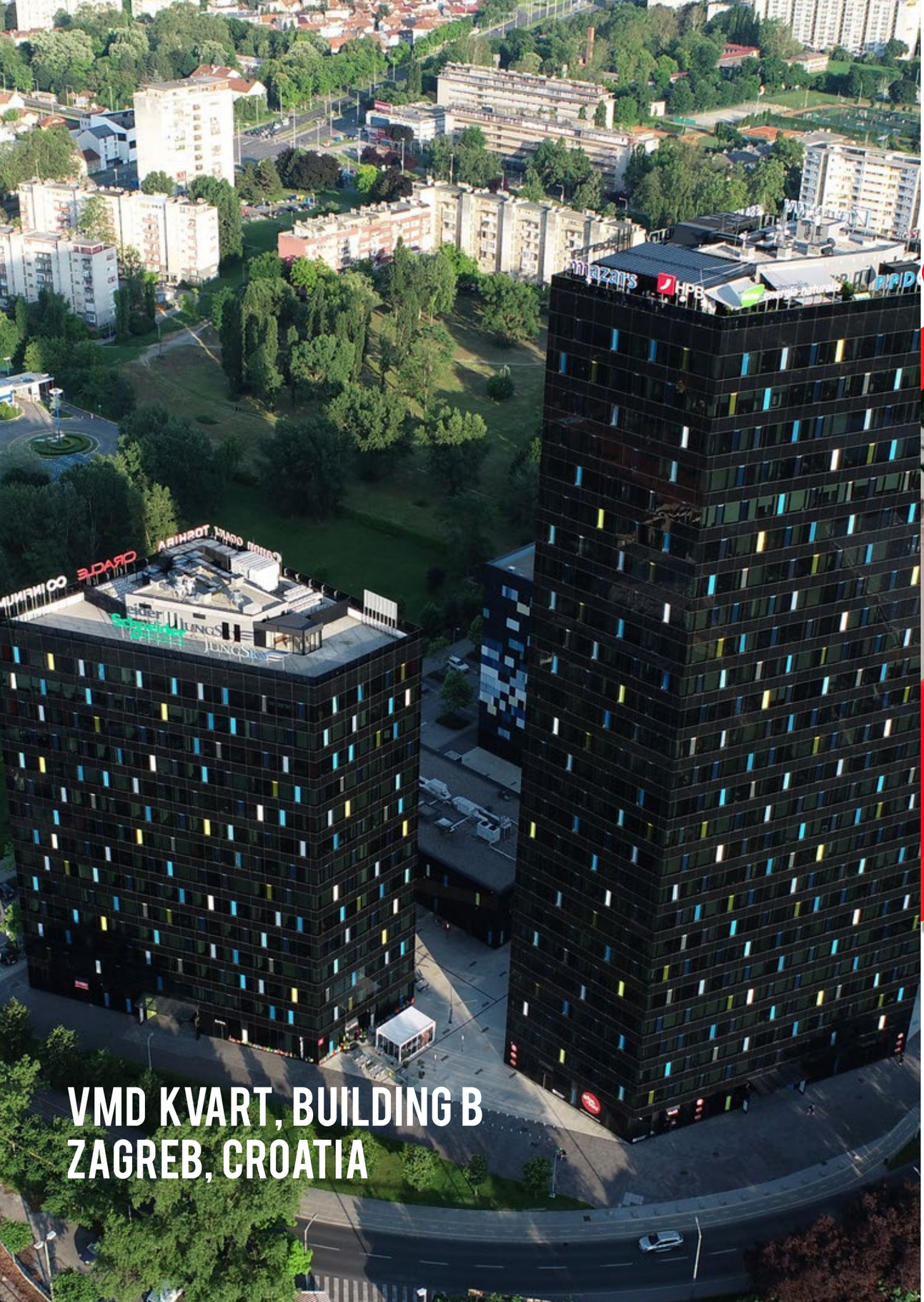
**JAMES DAY**

**CLINTON BUSH**

**ISAIAH PHETO**

**NEIL BALD**

## PROPERTY ASSET MANAGEMENT TEAM



VMD KVART, BUILDING B
ZAGREB, CROATIA

# CHAIRMAN'S STATEMENT

**GUIDO RENATO GIACHETTI**
**EXECUTIVE CHAIRMAN**

Dear Unit Holders,

I am extremely pleased to report that 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 JSE listed Tower Property Fund Limited ("Tower"), with property 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.

The business has grown from a portfolio of just over P1.1 billion in 2015 to a portfolio of P5.82 billion in 2021, with the Equity Attributable to the Owners growing by some P1.58 billion in the same period, from P927 million in 2015 to P2.45 billion in 2021. These acquisitions have established RDC as the largest BSE listed property fund by total assets. This diversification strategy has de-risked the portfolio, reducing our exposure to offices and hospitality and introducing some premium cross border retail assets as well as a number of growth opportunities in the different sub-sectors.

The portfolio diversification is a significant step towards driving long term shareholder value and creating a more resilient, stronger, and "proudly Botswana" company with a global reach.

The results presented in this report were achieved because the Group continues to pursue a clearly defined vision and strategy of being an owner of strategic assets that add value to the communities we serve.

We will continue to strive to be an exceptionally entrepreneurial group, operating internationally with a niche market focus and creating growth opportunities through our property holdings. 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.

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 P677.1 million of equity raised through a rights offer at an issue price of P2.14 per linked unit and a P304.2 million (R400.0 million) 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 P577.3 million has been recognised for the period. Prior to the rights issue, the Company carried out a bonus share issue of one share for every four shares, issued in favour of registered Unitholders.

I wish to thank all unitholders and institutional investors that supported the acquisition and in particular, Mr. Tapologo Motshubi and his team from Allan Gray for their support of the transaction. This acquisition would not have happened if it was not for the introductions made by Mr. Jonathan Bloch from Investec Wealth & Investment and the M&A execution

# CHAIRMAN'S STATEMENT (CONTINUED)

team headed by Mr. Nick Riley. A special thank you is due to our legal team, Mr. Peter Kemp (Fluxmans) and Mr. Neill Armstrong as well as my colleagues Gary Fisher, Jacopo Pari, James Day and Avishkaar Singh for their hard work and perseverance in realising this strategic and accretive acquisition. The RDC team has demonstrated that it is possible to balance the task of running the business and carrying out a transaction of such complexity. A transaction of this nature required skills in sourcing capital providers, coordinating transaction advisors, lawyers and bankers across different jurisdictions.

The business has grown from a predominantly Botswana business with a local hospitality and office focus to a business with its ten major property assets located in South Africa (Western Cape), Botswana and Croatia, representing 55% of its value.

As at 31 December 2021, the investment portfolio is 53% located in South Africa, 25% in Botswana, 19% in Croatia, 2% in USA. Unitholders will be benefitting from deeper and wider markets with strong growth prospects. The number of properties has increased from 37 to 79.

The growth in this regional and international portfolio has significantly increased the complexity of the business and demands dedicated focus in different jurisdictions. I am confident that with the commitment of the executive team we will continue to align interests of shareholders and management. The management team now includes all the members of the Tower, Capitalgro and PAM team, the joint experience of which provides the necessary diversity, skills and entrepreneurial attitude to deliver on the strategy agreed by the Board.

In 2021 the hospitality industry continued to be one of the hardest hit in the fall out of the Global Pandemic and Botswana was no different. The dedication and hard work of the employees of our hotels, supported by shareholders has protected and safeguarded the operations. We saw some green shoots towards the end of the year, but unfortunately the COVID-19 Omicron variant and the travel ban dampened our year-end. We are ready to take advantage of the rebound in the market as the bans are removed for vaccinated travellers.

RDC is concluding various agreements, following which, it should be able to acquire substantial control over David Livingstone Safari Lodge and Spa. The property is strategically located on the Zambian side of the Victoria Falls and includes 77 rooms, a spa and a conference centre. The property will be refurbished to compete 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 should be concluded in Q2 2022.

RDC believes that robust corporate governance and comprehensive disclosures serve the long-term interest of the Company and all its stakeholders. 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. As reported, the Company undertook several important initiatives. These include, among others:

- Formalizing and refining numerous policies (Communication, Risk Management, Delegation of Authority, Remuneration and Nomination, IT, Stakeholders Engagement, Compliance, Corporate Social Investment, Securities Dealing), and
- The following sub-committees have been formed: an Environmental Social & Governance Committee, an Investment Committee, a Properties Committee and a Remuneration & Nomination Committee and each with clear terms of reference;

| PROPERTY | VALUATION (P'M) | TYPE | REGION |
|---|---|---|---|
| TPR - Masa Center | 568.0 | Mixed Use | Botswana |
| Sub City Centre | 400.4 | Retail | Croatia |
| Cape Quarter Square | 386.8 | Mixed Use | South Africa |
| VMD Kvart | 361.5 | Office | Croatia |
| The Old Cape Quarter | 292.9 | Mixed Use | South Africa |
| The Edge & satellite | 273.8 | Office | South Africa |
| Radisson Red | 263.7 | Hospitality | South Africa |
| Chobe Marina Lodge | 245.0 | Hospitality | Botswana |
| Meridijan 16 | 221.5 | Retail | Croatia |
| Sunclare | 205.0 | Mixed Use | South Africa |
| **Total** | **3,218.6** | | |
| **% of Total portfolio** | **55.3%** | | |



# CHAIRMAN'S STATEMENT (CONTINUED)

- Following consultation with several significant stakeholders, a detailed announcement on director appointments was released on 22 March 2022. RDC appointments, subject to ratification by its shareholders at the next AGM, include: Mrs. Nicola Milne and Mr. Simon Susman as independent non-executives, Ms. Federica Giachetti as non-executive, Mr. Marc Edwards as CEO Asset Management and Investments and Mr. Gary Fisher as CEO Properties and Corporate Affairs.
- Mrs. Joanne Mabin was appointed Group Chief Financial Officer (Alternate to Mr. Jacopo Pari on the RDC Board).

I am pleased to report that the Company has a strong Board composition with relevant expertise ranging from sector and regional experience, company strategy and financial knowledge. The Board is able to play an oversight role in organisational changes that have an impact on operational and strategic decisions. The Board is also able to lead the value creation process by appreciating the inseparable nature of strategy, risk and opportunity, performance and sustainable developments.

During the year 2021 the company was subject to a review and audit by The Companies and Intellectual Property authority of Botswana (CIPA). We are pleased to confirm that the audit concluded that the Company complies with all CIPA requirements.

I can confirm that the Company is complying with our banking mandates and the directors do not expect this position to alter in the forthcoming twelve months. The directors have considered our forecast cash flows, the Group's gearing, the portfolio of unencumbered properties and the maturity profile of our borrowings and can confirm that the Company has adequate resources to continue for the foreseeable future.

I commend the work done by the staff and management of Property and Asset Management Limited (PAM) and Capitalgro Asset Management (CAM). I take this opportunity to thank Mrs. Joanne Mabin 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 annual financial statements for 2021. With the addition of the Tower team, the management team fully dedicated to RDC is highly entrepreneurial and diverse, comprising people from different cultures with shared values of integrity, entrepreneurship and empathy. Every day the team strives for excellence by taking full responsibility for individual tasks which are well outlined to the benefit of the team, unitholders and the community.

I would like to thank my fellow Board Members for their loyal support and the expert guidance they provided all of us. This year we have had more interaction than any other year as we were engaged in the Tower transaction and have benefitted from individual participation not only at Board meetings, but also at extensive stakeholders' presentations.

I would like to thank the Audit and Risk committee under the Chairmanship of Mr. Andrew Bradley who has made sure we continue to comply with the best practices. All Directors have declared their interests and the Board has continued its formal assessment.

The Board remains focused on seeking to maximize rental income, pursuing the diversification of the portfolio both locally and regionally and exploring alternative avenues of growth.

**G. R. Giachetti**
Executive Chairman

# CAPITALGRO CHAIRMAN'S STATEMENT

**GARY FISHER**
**CAPITALGRO CHAIRMAN**

The Company has distributed R26.2 million to shareholders for the period under review, which is marginally (2.3%) up on the prior year's distribution of R25.6 million. The distribution is equal to a nominal annual revenue return of 8.3% on shareholder loans. Included in the distribution calculation is a prudent R1.5 million adjustment for rentals billed but uncollected as at year-end.

The portfolio has continued to be hampered by vacancies, notwithstanding 25 new leases and an additional 13 renewals having been concluded during 2021. Our vacancy factor of 13.9% of Gross Lettable Area, inclusive of the committed space at Westlake, is a key metric in the portfolio's underperformance. Context is important – the South African office vacancy rate reached an all time high in Q4 2021 of 16% (SAPOA), which represents available space of 3 000 000m$^2$. Whilst ratios tell a story, the reality is that the construction boom of 2007-2017 has contributed significantly to the glut of available office space. This will correct over time – the development activity is very substantially the lowest it has been since 1995, with some 68 000m$^2$ under construction (compared to the heady heights of 3 500 000m$^2$ in 2015), almost all of which is taking place in Johannesburg. The Cape Town Metro vacancy ratio of 13.6%, whilst below the national average, nevertheless highlights the competitive nature of a tenant driven market.

Of course, in markets such as this it becomes all the more important to contain expenditure, another key metric in determining a property's net operating income (NOI). Whilst we have a stabilised expenditure ratio, and managers are diligent in 'counting the pennies' through efficient service level agreements and orders management, we have exceeded our budgeted expenditure by R2.1 million (7.3%). This is detailed in note 2 relating to the Income Statement and includes R1.5 million recovered remedial work at Voortrekker Road and Caxton Street. The offsets to this overrun include lower than budgeted electricity and property management costs.

There has been some saving in finance costs due to the rollover of the R190 million ABSA facility secured by Westlake, The Regent and Equinox, at existing terms.

This facility fell due in August 2021, but has been extended until 10 April 2022 to allow ABSA to consider our application to extend the facility by some R40 million to finance the Westlake redevelopment. All in all, after adjustments, the distribution's materially lower than budgeted and is not a satisfactory outcome. It would be easy to blame circumstances, but the reality is we need to work harder to boost revenues and contain expenditure in 2022 and beyond.

Due to the fact that we externally valued the entire portfolio in December 2020, we elected not to incur the cost of doing so again, and have presented director valuations to the auditors for December 2021, which have been interrogated and accepted by them. Company policy and best practice call for the whole portfolio to be independently valued every three years, so we are well within these provisions. The portfolio has on the whole held its value with a small uplift from R964.5 million to R982.4 million. After accounting for the fair value gain, the revised net asset value per share is R6.81.



# CAPITALGRO CHAIRMAN'S STATEMENT (CONTINUED)

The main business for the forthcoming year, apart from efficient management, is completion of the Westlake Convenience Centre development and the purchase of 108 Albert Road, as previously reported. The Westlake project has been delayed by six months due to an unforeseen technicality on the zoning of the property which, after some negotiation with the City, has forced us to submit a rezoning application in order to accommodate a supermarket. We have accounted for this in the 2022 budget, and Checkers and Clicks remain committed to a 1 July 2022 opening. Increasing line-shop interest will ensure that this revitalised property will add considerable value to the CapitalGro portfolio.

The letting and completion of 108 Albert Road continues, with the property now making a striking statement in the precinct and receiving considerable interest. Once complete and fully let, the sale to CapitalGro will be triggered, and we will communicate separately with shareholders with full details of the investment and funding thereof.

**Gary Fisher**
Chairman

CAPITALGRO PROPERTIES

THE EDGE
TYGERVALLEY, WESTERN CAPE

THE OLD CAPE QUARTER
GREEN POINT, WESTERN CAPE



# TOWER PORTFOLIO REPORT

**MARC EDWARDS**
**CEO ASSET MANAGEMENT AND INVESTMENT**

Dear Shareholders,

It is a pleasure to address you as part of RDC after the successful acquisition of Tower Property Fund Limited on 28 December 2021.

2021 was a year of mixed fortunes. Tower's portfolio replicated that of the general listed real estate market in South Africa with significant volatility particularly in the office sector. Offices struggled given the "work from home" approach adopted by so many businesses during the COVID-19 pandemic. It has been interesting to note that there is a strong move back towards companies moving their staff back into the office however, an element of work from home will persist into the future.

Well located offices in Cape Town are performing well as is evidenced by our Sunclare property in Cape Town which has virtually no vacancies. Our largest issues and actual opportunities lie in the Gauteng region. Sandton has experienced its highest ever vacancies and large landlords are offering significantly discounted rentals to attract tenants to their properties. This naturally has a knock-on effect to the market as smaller tenants, previously situated in cheaper, outlying areas, not take the opportunity to move their business to a better location at historically cheap prices. This phenomenon will persist as the office market returns.

Convenience retail has fared well given the defensive nature of the asset class. People still need groceries and still need a place to meet so we have seen our food anchors and coffee shops increasing their trading densities.

Our residential rentals on our flagship Cape Quarter property in Cape Town have been particularly impressive. We have marketed these units on a rental basis to both local and foreign young professionals. Our offering of shared workspace along with residential accommodation has been very effective resulting in relatively high rental returns on the residential side and outstanding rentals on the shared workspace.

Typical office rentals in Cape Quarter are at R135/m$^2$ net however we are achieving R200/m$^2$ net rental at our Neighbourgood Shared workspace. This is a testament to the hard work of our Neighbourgood partners as well as our asset managers and signals how the new office environment may be. Employees are looking for lifestyle opportunities in their workday including gym, health and wellness, shopping, laundry services, coffee etc. resulting in the shared workspace offering being particularly attractive to young, digital nomads. In fact, if you visit our shared workspace – and we would love you to – you will notice several foreign accents belonging to businesses who have used the relatively cheap cost of Cape Town to move their business to on a short or long term basis.

Our Croatian properties have performed excellently. Our properties are fully let from an income perspective with long leases. We expect our Croatian portfolio to continue to grow and congratulate Ivan Bozac for his excellent work in this region.

All Tower staff look forward to working with our new RDC colleagues and look forward to meeting you at one of our buildings soon.

**Marc Edwards**
Executive Director – Chief Executive Officer (Asset Management and Investments)

# OPERATING AND FINANCIAL REVIEW

**JACOPO PARI**
**CHIEF EXECUTIVE OFFICER**

***"We have spoken in the past about the resilient nature of the RDC portfolio and the entrepreneurial character of the business. This set of results speaks to both these qualities as we seek to protect shareholder wealth from the most dramatic economic shock of our lifetimes and at the same time take advantage of 'once off' market opportunities".***

## BOTSWANA MACRO REVIEW

The COVID-19 pandemic continues to negatively affect all economies of the world, Botswana being no exception. Though most stringent restrictions have been lifted and COVID-19 cases have drastically reduced, economic activity remains sluggish. There is however a general mood of optimism of a quick economic recovery. The Government rolled out vaccination program has been well received with most of the adult population fully vaccinated and children above twelve also being vaccinated. This coupled with an expected improvement in economic performance attributed to the full resumption of economic activities following the end of the State of Public Emergency (SOE) at the end of September 2021 has created optimism in the business community.

The Bank of Botswana Monetary Policy Committee (MPC) decided in February 2022 to maintain the Bank Rate at 3.75%. Inflation which had been rising through the reporting period, rose from 8.7% in December 2021 to 10.6% in January 2022, remaining way above the Bank's medium-term objective range of 3 - 6%. The latest increase in inflation is explained mainly by the upward adjustment in domestic fuel prices effected on December 2021, as well as the increase in public transport fares and private school fees in January 2022. However, the MPC does not expect inflation to be persistently above the medium term of the objective range as inflation is projected to fall from the second quarter of 2022 and revert to within the objective range from the third quarter of 2022.

The Bank of Botswana Quarterly Business Expectation Survey (BES) of December 2021 shows strong optimism amongst the business community. The results suggest that firms are more optimistic about economic activity in the fourth quarter of 2021 compared to the previous quarter. In summary the report says "The optimism is evident in the anticipated improvement in employment; inventories; sales volume; exports of goods and services; and investment in vehicles and equipment, in the current survey compared to the previous one. However, firms anticipate tight access to credit across all markets."



# OPERATING AND FINANCIAL REVIEW (CONTINUED)

Projections by the Ministry of Finance and Economic Development suggest a real GDP growth of 9.7% overall in 2021 for Botswana, moderating to 4.3% and 4.2% in 2022 and 2023 respectively.

On the foreign currency side, the Pula continues its general trend of deteriorating against major currencies, dropping from rate of 0.0905 to the US Dollar in January 2021 to 0.0860 in December 2021 and dropping from 0.0661 to 0.0639 against the Pound Sterling for the same period. Against the South African Rand, the Pula fluctuated during the year, starting at 1.3797 in January 2021 and dropping to 1.331 in December 2021.

Furthermore, the property sector continues to show some resilience with the residential market showing good performance for good quality properties. Current trends revealed luxury homeowners shifting their habits from renting out their properties to taking occupation. This led to reduced stock in the market for good quality residential houses. While the hospitality sector is still recovering from the COVID-19 impact over the past two years, the office and retail sectors seems to be seeing some signs of recovery though with demand for large office spaces without any material impact on rental prices. Finally, the industrial sector still retains a good performance track record with higher demand for flexi-warehouse units currently observed within the market.

## SOUTH AFRICA MACRO REVIEW

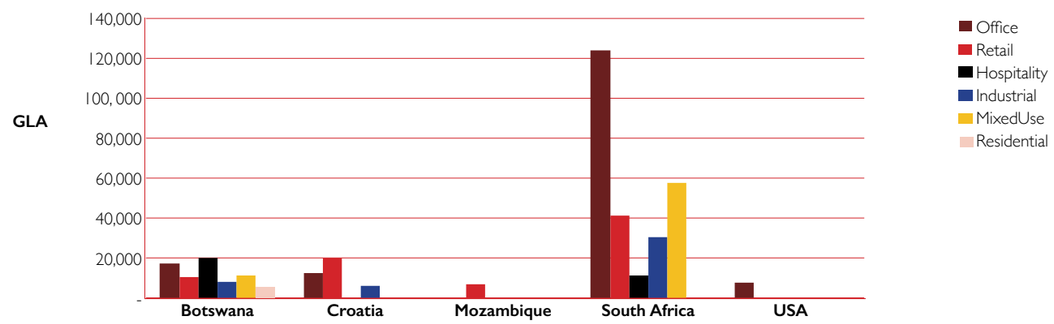
Whilst the South African property sector delivered a strong performance in 2021, it should be noted that this was preceded by a negative return and under-performance in 2020. During the pandemic the South African property sector witnessed the acceleration of key structural changes.

The office environment saw the re-emergence of the Work from Home (WFH) concept as many traditional office occupiers were forced to experiment with a version of the WFH or hybrid concept. The WFH strategy coupled with the economic impact of the pandemic has resulted in South African national office vacancies topping 16%, the highest in two decades. However, mandatory vaccination policies indicate that companies are returning to their offices. Despite the strong growth in online sales, store expansion has still been evident in most retailers' recent results. Whilst retail vacancies are also higher than pre-pandemic there remains reasonable demand for quality retail space. The office and retail supply situation appears to be much more favourable going forward, with only 68 000m$^2$ of office space currently under development (0.4% of existing stock), an all-time low compared with the height of the building boom in 2015 at more than 1 000 000m$^2$ under construction.

The formal South African property sector finished 2021 with an average discount to NAV of 20%. The RDC acquisition of Tower Property Fund on 28th December 2021 compares favourably to this at a purchase price representing a discount of some 38.5% to NAV.

Analysts believe the global diversification of many South African property companies will be of benefit going forward due to reducing reliance on a single economy. This aligns with RDC's diversification strategy and exposure to the Dollar and Euro. Whilst short term returns will remain volatile, the medium to long term is expected to see a re rate of the South African property sector as the economy gets back to a normalised trading environment and a sustainable growth rate closer to inflation.

***Gross Lettable Area (m$^2$) by region and sector***




| | Botswana | Croatia | Mozambique | South Africa | USA | Total |
|---|---|---|---|---|---|---|
| **Office** | 16,979 | 12,259 | | 123,669 | 7,383 | 160,290 |
| **Retail** | 10,363 | 20,012 | 6,765 | 41,103 | | 78,243 |
| **Hospitality** | 19,950 | | | 11,226 | | 31,176 |
| **Industrial** | 7,943 | 5,975 | | 30,076 | | 43,994 |
| **Mixed Use** | 10,955 | | | 57,580 | | 68,536 |
| **Residential** | 5,614 | | | | | 5,614 |
| **Total** | **71,804** | **38,246** | **6,765** | **263,654** | **7,383** | **387,852** |

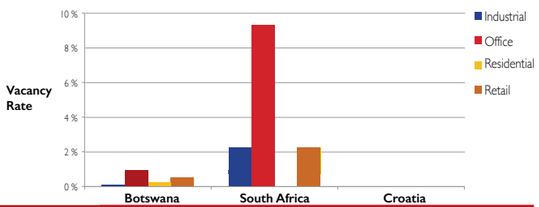
## KEY PROPERTY METRICS

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, 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 for the forthcoming period will amount 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. The hospitality revenue for the Group will dilute to 5% of the total revenue, further mitigating the portfolio risk. In total the portfolio has grown some 153% from P2.29 billion to P5.82 billion.

With the acquisition of large mixed use properties such as the Cape Quarter precinct, the sectoral split reflects a well balanced portfolio with 18% mixed use, 20% retail, 41% office, 11% industrial, 1% residential, 8% hospitality. This now comprises 387 853m$^2$ of GLA.

Vacancies are a key metric and the past year has seen an increase in vacancies in the core portfolio due to the nagging effects of the pandemic, the work from home strategies adopted by large office users and the economic slowdown. In addition, whilst the Tower portfolio arrived with negligible vacancies in its Western Cape and Croatia holdings, there are significant vacancies in the Gauteng office portfolio, a region hardest hit by effects of the pandemic. The overall vacancy rate of 12.6% is below the South African national average for offices of 16% in Q4 2021 (SAPOA), but never the less remains a key focus for management, as we go about optimising and repurposing distressed assets. It should be borne in mind that the Tower portfolio was acquired at a significant discount, which provides us with some flexibility in considering the future use of certain properties and or their disposal.

*Vacancy Rate by Sector and Region*




| | Botswana | South Africa | Croatia | Total Vacancy |
|---|---|---|---|---|
| Industrial | 0.1% | 0.9% | - | 1.0% |
| Office | 0.9% | 9.3% | - | 10.2% |
| Residential | 0.3% | - | - | 0.3% |
| Retail | 0.5% | 2.2% | - | 2.7% |
| **Total** | **1.8%** | **12.4%** | **-** | **14.2%** |

## BOTSWANA

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 P8.5 million 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 prolonged recovery. The hospitality teams are working tirelessly to contain costs, maintain standards and protect the value of these key assets, while upgrading the premises and the offerings to intercept the new travellers.

## SOUTH AFRICA

In South Africa, the Capitalgro portfolio's performance has remained solid as the portfolio distributed some R26.2 million to shareholders, representing an interest rate of 8.3% on shareholder loans. Collections stood at 92%. For further insight please refer to the Capitalgro Chairman's report. 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.

## USA

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

## MOZAMBIQUE

In Mozambique the development of phase one of the Zimpeto Shopping Centre, a Petrol Station, Convenience Shops and Line Shops, is nearly completed and phase one of the refurbishment at the new Xiquelene property is underway. The Xai Xai Shopping Centre remains a focus of the rental team as the take up of space is very slow.

## MADAGASCAR

Isalo Rock Lodge, Madagascar endured an extremely tough 2021 with borders been closed for the majority of 2021. With the lodge being almost 100% reliant on the international traveller, revenues were nothing short of disastrous. Partial closure and cost containment was put in place thereby limiting the losses that could have happened.





## 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 P677.1 million of equity raised through a rights offer at an issue price of P2.14 per linked unit and a P304.2 million (R400 million) 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 P577.3 million is recognised in the period. Prior to the rights issue, the company carried out a bonus share issue of one share for every four shares, issued in favour of registered unitholders. The focus of the management team is now the integration of the Tower portfolio.

In South Africa the portfolio includes 42 properties, of which the key buildings include: the mixed-use Cape Quarter Square (P386.8 million) and The Old Cape Quarter (P292.9 million) strategically located in De Waterkant, Western Cape, as well as the Sunclare Building (P205 million) in the key node of Claremont, Western Cape. Key retail assets bolstering the portfolio's sector diversification in South Africa include De Ville Shopping Centre (P162.6 million) Durbanville, Western Cape and Link Hills Shopping Centre (P114.8 million) in Hillcrest, KwaZulu-Natal. The portfolio includes opportunities for re-development and repurposing mainly applicable to the properties in Gauteng.

A third of the Tower portfolio, worth P1.1 billion is located in Croatia and is made up of four assets: 60% of an iconic modern twenty-five story office tower known as VMD Kvart Building (P361.5 million) in Zagreb, two convenience retail centres, Sub City Centre, Dubrovnik (P400.4 million) and Meridijan 16 Centre in Zagreb (P221.5 million) and the Yazaki Factory (P119.5 million), an industrial asset located in Zagreb. The above nine 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.

## FINANCIAL RESULTS AND HIGHLIGHTS

Grant Thornton, the Group's independent auditors, have audited the consolidated financial statements of the Group 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 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 P5.82 billion primarily due to acquisitions. 43% of the entire portfolio has been independently valued and reflects a fair value gain of P36.6 million on investment property. Rental revenue is up by 11.4% to P146.6 million, the recovery in revenue was predominantly a result of the positive impact of the acquisition of Voortrekker Road and Caxton Street in Western Cape coming in for the entire 12 month period. Only three days of comprehensive income or loss from Tower is included in the period.

Finance costs are higher by P10.3 million 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 P62.7 million from P82.7 million due to the once-off Tower transaction costs.

With the acquisition of Tower, the Group loan to value net of cash(LTV), increased to 46% equivalent to P2.69 billion 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.

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 2022 to duly registered unit holders and represents an annualised 8% dividend yield.

## STRATEGY

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.

## ACKNOWLEDGEMENTS

I wish to take this opportunity to express my gratitude to the Chairman and the Board for their support, guidance and advice during a challenging trading period and one where the additional focus required to conclude a major transaction put pressure on the entire team.

A big thank you to all our business partners for their support and to my fellow executive directors and the team without whom, clearly, none of this would be possible.

**Jacopo Pari**
Chief Executive Officer.

# OPERATING AND FINANCIAL REVIEW (CONTINUED)

## Croatian Portfolio


SUB CITY CENTRE
DUBROVNIK, CROATIA
P400 MILLION

VMD KVART, BUILDING B
ZAGREB, CROATIA
P362 MILLION


MERIDIJAN 16
ZAGREB, CROATIA
P222 MILLION


YAZAKI
ZAGREB, CROATIA
P120 MILLION



# OPERATING AND FINANCIAL REVIEW (CONTINUED)

## Other Key Properties

MASA CENTRE
GABORONE, BOTSWANA
P568 MILLION

CAPE QUARTER SQUARE
GREENPOINT, WESTERN CAPE
P387 MILLION


THE EDGE
TYGERVALLEY, WESTERN CAPE
P274 MILLION


RADISSION RED HOTEL
ROSEBANK, GAUTENG
P264 MILLION

CHOBE MARINA LODGE
KASANE, BOTSWANA
P245 MILLION

THE OLD CAPE QUARTER
GREENPOINT, WESTERN CAPE
P293 MILLION


SUNCLARE
CLAREMONT, WESTERN CAPE
R205 MILLION


DE VILLE
DURBANVILLE, WESTERN CAPE
R163 MILLION

** For details of the full portfolio please refer to the property summary on page 86*

# CSR INITIATIVES

"Owning and managing strategic property assets that add value to the communities we serve"

## NGWAPA PRIMARY SCHOOL PRIZE GIVING 2022


## SEFHARE HOSPITAL

## THE GROUP WAS THE FIRST TO AVAIL ITS HOTEL FOR QUARANTINE GUESTS DURING COVID


# DIRECTORS'REPORT

The directors present their annual report to the shareholders, together with the audited financial statements, for the year ended 31 December 2021.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

At RDC Properties Limited (the company, the fund, "RDCP") we own and manage strategic property assets that add value to the communities we serve, the portfolio was built up through property developments and acquisitions. RDCP is a variable loan stock company incorporated in Botswana and quoted publicly on the Botswana Stock Exchange. RDCP is primarily operating in Botswana, South Africa and Croatia with smaller investments in the USA, Mozambique and Madagascar. RDCP is focused on deriving its revenue from the rental of investment properties and identifying development opportunities.

The operating results and statement of financial position of the Group are set out in the accompanying financial statements.

## RESULTS FOR THE YEAR

Details of the results for the year ended 31 December 2021 are set out in the statements of comprehensive income of the financial statements on page 45.

## STATED CAPITAL

At the reporting date the company had 758,232,937 linked units in issue (2020: 353,448,157)

## BORROWING LIMITATIONS

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate. During the year, the shareholders approved by extraordinary general meeting to extend the borrowing powers of the company to 50% Loan to Value Ratio.

## DISTRIBUTION TO UNIT HOLDERS AND DISTRIBUTION POLICY

Distributions to linked unit holders are primarily in the form of debenture interest. The distribution is made bi-annually and it varies depending on the performance of the Group.

## DISTRIBUTION TO UNIT HOLDERS (THEBE)

| | Interest | Dividend | Total |
|---|---|---|---|
| **2021** | | | |
| Interim | 2.37 | 0.35 | 2.72 |
| Final | 6.52 | 0.13 | 6.65 |
| | 8.89 | 0.48 | 9.37 |
| **2020** | | | |
| Interim | 2.15 | 0.40 | 2.55 |
| Final | 3.74 | 0.07 | 3.81 |
| | 5.89 | 0.47 | 6.36 |

## DIRECTORS

There were no changes to the Board during the year under review. On 22 March 2022 new directors were appointed to the Board who are to be ratified at the next Annual General Meeting of the unit holders of the Company.

| Directors | Date Appointed |
|---|---|
| **Executive directors** | |
| G.R. Giachetti (Chairman) | 02 May 1996 |
| Jacopo Pari (CEO) | 12 September 2013 |
| **Non-executive directors** | |
| G. Giachetti | 02 May 1996 |
| L. Magang (Lead Independent Non-executive director) | 06 August 2002 |
| A. Bradley (Audit & Risk Committee Chairman) | 26 May 2016 |
| K. Maphage | 13 November 2012 |
| B.J. Kenewendo | 28 May 2020 |

## COMPANY SECRETARY

The Company Secretary is Pricewaterhouse Coopers

## INTERESTS OF DIRECTORS AND SECRETARY

The directors and secretary who held office as at 31 December 2021 had no interest, other than those shown below, in the linked units of the company.

| | Held Directly | Held Indirectly |
|---|---|---|
| G.R. Giachetti | - | 86,940,263 |
| G. Giachetti | 75,476,750 | - |
| J. Pari | 1,843,386 | - |
| L. Magang | 534,462 | - |
| K.C. Maphage | - | - |
| A. Bradley | - | - |
| B.J. Kenewendo | - | - |

No financial assistance was provided by the company for the acquisition of shares by directors.

There have been no changes in the directors' shareholding occurring between the end of the financial year and the date of the approved annual financial statements.

The directors appointed subsequent to the reporting date had no interest, other than those shown below, in the linked units of the company.

| | Held Directly | Held Indirectly |
|---|---|---|
| S. Susman | 2,447,782 | - |
| F. Giachetti | 348,972 | - |
| G. Fisher | - | - |
| J. Mabin | - | - |
| M. Edwards | - | - |

## SUBSTANTIAL HOLDINGS

The directors have been notified of the following significant interests in the ordinary share capital of the Company as at 31 December 2021

| Top 10 Unit Holders | Linked Units | % |
|---|---|---|
| BOTSWANA PUBLIC OFFICERS PENSION FUND | 276,623,339 | 36.48% |
| REALESTATE FINANCIERE SA | 169,747,025 | 22.39% |
| G GIACHETTI | 75,476,750 | 9.95% |
| ACTIVE MEMBERS AND DEFFERED PENSIONERS EQUITY FUND | 35,838,779 | 4.73% |
| ASPERA HOLDINGS LIMITED | 30,923,745 | 4.08% |
| DEBSWANA PENSION FUND | 23,416,241 | 3.09% |
| MOTOR VEHICLE ACCIDENT FUND | 21,635,865 | 2.85% |
| ALLAN GRAY EQUITY PORTFOLIO B | 17,773,698 | 2.34% |
| UNIVERSITY OF BOTSWANA DEFINED CONTRIBUTION PENSION FUND | 17,067,162 | 2.25% |
| BURS EMPLOYEE PENSION FUND | 11,523,144 | 1.52% |

| Linked Unit Band | Linked units | % | Holders | % |
|---|---|---|---|---|
| 0 -1999 | 203,185 | 0.03 | 256 | 46.38 |
| 2000 - 4999 | 239,169 | 0.03 | 74 | 13.41 |
| 5000 - 9999 | 386,958 | 0.05 | 58 | 10.51 |
| 10000 - 49999 | 1,735,889 | 0.23 | 75 | 13.59 |
| 50000 - 99999 | 1,151,180 | 0.15 | 16 | 2.90 |
| 100000 - 499999 | 7,324,842 | 0.97 | 34 | 6.16 |
| 500000 and above | 747,191,714 | 98.54 | 39 | 7.07 |
| **Totals** | **758,232,937** | **100.00** | **552** | **100.00** |

| | Holders | % |
|---|---|---|
| Non Public Shareholders | **10** | 37.27% |
| Public Shareholders | **542** | 62.73% |

## DIRECTORS' INTERESTS IN CONTRACTS

The following directors, G.R. Giachetti, G. Giachetti, J. Pari, M. Edwards, G. Fisher have a beneficial interest in a material contract to which the Company or a subsidiary was a party during the year, details of which are disclosed in the Corporate Governance Statement.

The Company has a service contract with Property and Asset Management Limited Group (PAM), details of which are disclosed in the Chairman's Statement and in the Corporate Governance report. G. R. Giachetti, G. Giachetti, L. Magang and J. Pari are directors of PAM.

One of the directors, G. Giachetti has an indirect interest in the Group's investment in a joint venture company, HMS1 Société Anonyme (HMS1).

## KEY PERFORMANCE INDICATORS (KPI'S)

The Group considers the following measures as being important indicators of the underlying performance of the business:

### Net Asset Value

The key long-term financial objective for the Group is growth in its net asset value per linked unit.

### Net Debt to Gross Property Assets

A second important financial objective of the Group is to establish and maintain an appropriate balance sheet structure that provides it with adequate funding to fulfil its medium to long term objectives while at the same time maintaining a prudent ratio of net debt to gross property assets.

### Returns from investment and development properties

A third important financial objective is to optimise returns from the Group's property portfolio. For investment properties, this is achieved by concentrated asset management and retention of tenants to maximise rental yields. For development properties, it is accomplished through yielding up potential tenancies for new developments and cost control.

## FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including interest rate, foreign currency, funding and credit risks. These financial risks are managed by the Board and reviewed by the Audit and Risk Committee, as described in Note 33 to the financial statements.





## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that the Group faces are:

Property value**:** The performance of the Group is determined principally by the values of its property assets, which, in turn, are dependent on a variety of factors applying in the markets in which RDCP operates, including:

- local economic conditions as affected by government policy, legislation, economic growth, interest rates and inflation, and
- the supply of and demand for property, and the consequent impact on rental levels.

The values of individual properties are determined by their specific usage and locations, the quality of their tenants and the rents paid by them and by their potential for alternative usage or redevelopment. Properties in the portfolio are independently valued at least every three years.

The board mitigates these risks by the employment of an expert professional management team, by adopting appropriate strategic objectives to be pursued (including sectoral and geographic diversification).

General financing**:** The current global economic environment has resulted in constraints on the availability of credit. Such financial conditions may affect the Group's ability to raise further finance on acceptable terms. However, this will not affect its ability to face future financial obligations, loan repayments and operating expenses when they fall due.

Expansion and related funding**:** The Group's ability to realise its business strategy is dependent on management's ability to source new profitable property opportunities, to exploit the development opportunities within its property portfolio and to fund these as required. The Board has mitigated these risks by the indirect appointment of a suitably qualified management team employed by PAM and by continuing to source appropriate financing arrangements to fund its plans.

Liquidity**:** Property assets are relatively illiquid. Such illiquidity will not affect the Group's ability to vary its portfolio as the location and quality of the portfolio would enable the Company to dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices.

Currency**:** The Group presents its financial information in Pula. A significant proportion of its property portfolio is located outside Botswana and, consequently, a significant part of its rental income and a significant proportion of its property assets are denominated in Rands and Croatian Kuna. The Board and management mitigates currency risk by matching the denomination of financing with income generating assets, diversifying the Groups currency exposures and by constantly considering the need for currency hedging.

## GOING CONCERN

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and statement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The World Health Organisation (WHO) officially declared COVID-19 a pandemic. Management has constantly monitored the evolution of this pandemic and it's effect on the Group and the economy. Management has been able to continue to operate and successfully execute on growth plans amidst the pandemic and is in a liquid position, holding enough cash to fund operational expenses in the immediate future. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

After considering the potential effects of COVID-19, the directors are of the opinion that the Group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the Group's annual financial statements.

## AUDITOR

In accordance with relevant section of the Companies Act, the auditor Grant Thornton, will continue in service.

Audit and Risk Committee will be evaluating the services of Grant Thornton during the current year. Grant Thornton have completed five years as auditors of the company, the audit partner is due for rotation to comply with the requirements of ethical policies that govern the audit profession.

## SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES

Information on the Group's significant subsidiaries and equity accounted investees is set out in Note 28 to the financial statements.

# DIRECTORS'REPORT (CONTINUED)

## RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

(a) the financial statements, prepared in accordance with the International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and

(b) the Chairman's statement, the Operating and Financial review, the Key risks and uncertainties and the Directors' report include fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

## ANNUAL GENERAL MEETING

Notice of the 2022 Annual General Meeting is being sent along with this Annual Report. A Form of Proxy for use at the AGM is being sent along with this Annual Report.

On behalf of the board

**G. R. Giachetti**
**Executive Chairman**

**L. Magang**
**Lead Independent Non-executive Director**

# CORPORATE GOVERNANCE STATEMENT

RDC believes that robust corporate governance and comprehensive disclosures serve the long-term interest of the Company and all its stakeholders. 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.

As reported, the Company undertook several important initiatives. These include, among others:

- Formalizing and refining numerous policies (Communication, Risk Management, Delegation of Authority, Remuneration and Nomination, IT, Stakeholders Engagement, Compliance, Corporate Social Investment, Securities Dealing), and
- The following board sub-committees have been formed with clear terms of reference: an Environmental Social & Governance Committee, an Investment Committee, a Properties Committee and a Remuneration & Nomination Committee.

RDCP conducts business with integrity and its leadership operates on strong ethical foundations. The board directs strategy and operations to build a sustainable business while considering the long- term impact on the environment. Our corporate structure, business, operations and disclosure practices have been strictly aligned to our corporate governance policies. Transparency, accountability, fairness and intensive communication with stakeholders are integral to our functioning.

The board ensures that RDCP acts as a responsible corporate citizen by adhering to corporate governance policies. The board is aware that stakeholders' perceptions affect RDCP's reputation. The Group is committed to promoting ethical business practice in all aspects of its operations. The board acts as the custodian for corporate governance.

The Group has adopted King Code (King III) as the framework for corporate governance. RDCP has applied the guidelines as entrenched in the revised Botswana Stock Exchange listing rules in so far as appropriate and practical for a company of its size. The implications of the King IV guidelines have also been considered by the directors as we believe that King IV promotes transparency and considers the challenges and realities of today's business environment.

Key: **C**=Compliant **P**=Partially compliant **U**=Under review **N**=Non-compliant **N/A**=Not applicable

| CHAPTER | PRINCIPLE | OPERATION | OUTCOME |
|---|---|---|---|
| I ETHICAL LEADERSHIP AND CORPORATTE CITIZENSHIP | 1.1 The board should provide effective leadership based on an ethical foundation. | The board has adopted the requirements of King III and considers best corporate governance practices to be critical in the delivery of their mandate. | C |
| | 1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen. | The board has adopted a holistic approach to economic, social and environmental issues in the business strategy. | C |
| | 1.3 The board should ensure that the company's ethics are managed effectively. | Covered in the code of ethics. | C |

# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

| CHAPTER | PRINCIPLE | OPERATION | OUTCOME |
|---|---|---|---|
| 2 BOARDS AND DIRECTORS | 2.1 The board should act as the focal point for and custodian of corporate governance. | Refer to principle 1.1 and 1.2 above. | C |
| | 2.2 The board should appreciate that the strategy, risk performance and sustainability are inseparable. | A strategic plan is being finalized for approval and implementation by the Board. | C |
| | 2.3 The board should provide effective leadership based on ethical foundation. | Refer to principle 1.1 above. | C |
| | 2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen. | Refer to principle 1.2 above. | C |
| | 2.5 The board should ensure that the company's ethics are managed effectively. | Refer to principle 1.3 above. | C |
| | 2.6 The board should ensure that the company has an effective and independent audit committee. | The Audit and Risk committee comprises of 3 independent Directors. Executive Directors and external Auditors only attend by invitation | C |
| | 2.7 The board should be responsible for the governance of risk. | The Audit and Risk Committee monitors the adequacy and effectiveness of the Risk Management process and report to the Board. | C |
| | 2.8 The board should be responsible for information technology (IT) governance. | The Audit and Risk Committee monitors the adequacy and effectiveness of IT Governance and report to the Board. | C |
| | 2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards. | The Group CFO is also the Compliance Officer and manages the compliance aspects to applicable laws and legislation. | C |
| | 2.10 The board should ensure that there is an effective risk-based internal audit. | There is no formal internal audit function yet as disclosed in the Directors Report. The Audit & Risk Committee reviews the need for an internal audit function every year. | C |
| | 2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation. | Refer to principle 1.1, 1.2 and 1.3 above. | C |
| | 2.12 The board should ensure the integrity of the company's integrated annual report. | The annual report is enhanced continuously in response to the changing nature of the Group and best practice. Processes to ensure integrity are in place. | C |



# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

| CHAPTER | PRINCIPLE | OPERATION | OUTCOME |
|---|---|---|---|
| 2 BOARDS AND DIRECTORS | 2.13 The board should report on the effectiveness of the company's system of controls. | Executive Management and External Auditors report on the effectiveness of internal controls to the Audit and Risk Committee which then reports to the Board. | C |
| | 2.14 The board and its directors should act in the best interest of the company. | Board members understand their fiduciary duty to act in the best interest of the company. Declaration of interests and dealings are done at every Board and Committee meeting. | C |
| | 2.15 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act. | The Board is aware of this requirement. | C |
| | 2.16 The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board. | The chairman is appointed each year by the Board. The Chairman's executive role is limited to strategy implementation and financial support to the company whilst the day-to-day management of the company is carried out by the CEO. | C |
| | 2.17 The board should appoint the chief executive officer and establish a framework for the delegation of authority. | The Board has appointed a CEO and delegation of authority is in place. | C |
| | 2.18 The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent. Six Directors are independent. | The Board comprises of 12 Directors, 8 of whom are non-executive. | C |
| | 2.19 Directors should be appointed through a formal process. | Directors are appointed through a formal process which are formalised in the Board Charter. | C |
| | 2.20 The induction of and ongoing training and development of directors should be conducted through formal processes. | Induction of and ongoing training and development of directors is conducted through a formal process which is formalised in the Board Charter. | C |
| | 2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary. | A qualified and experienced Company secretary has been appointed by the Board. | C |
| | 2.22 The evaluation of the board, its committees and individual directors should be performed every year. | Formal evaluation process was undertaken in 2021 for the Board and individual directors. | C |
| | 2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities. | The Audit and Risk Committee reports directly to the Board and guided by the Terms of Reference. | |

# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

| CHAPTER | PRINCIPLE | OPERATION | OUTCOME |
|---|---|---|---|
| 2 BOARDS AND DIRECTORS | 2.24 A governance framework should be agreed between the group and its subsidiary boards. | Covered in the Board Charter. | C |
| | 2.25 Companies should remunerate directors and executives fairly and responsibly. | Fees for non-executive directors are determined by the Board. The fees are reviewed every 5 years, the Board has constituted a remuneration and nomination committee in charge of recommendations to the board. | C |
| | 2.26 Companies should disclose the renumeration of each individual director and certain senior executives. | Directors' fees are disclosed in Integrated Annual Report. Refer to page 38. | C |
| | 2.27 Shareholders should approve the company's remuneration policy. | A remuneration policy is in place. A remuneration and nomination committee has been established to review, set and monitor the remuneration policy directly. | C |
| 3 AUDIT COMMITTEES | 3.1 The board should ensure that the company has an effective and independent audit committee. | An Audit and Risk Committee is in place. | C |
| | 3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors. | The Audit and Risk Committee comprises of 3 non-executive directors. | C |
| | 3.3 The audit committee should be chaired by an independent non-executive director. | The chairman is an independent non-executive director. | C |
| | 3.4 The audit committee should oversee integrated reporting. | The Audit and Risk Committee oversees integrated reporting. | C |
| | 3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities. | The external auditors report directly to the Audit and Risk Committee. | C |
| | 3.6 The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function. | The Audit and Risk Committee reviews the suitability of the expertise of the CFO and adequacy of the finance department on an annual basis. The results of the review are disclosed in the Integrated Annual Report. | C |
| | 3.7 The audit committee should be responsible for overseeing of internal audit. | Please refer to principle 2.10 above. | N/A |
| | 3.8 The audit committee should be an integral component of the risk management process. | The Audit and Risk Committee oversees the risk management process. | |



# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

| CHAPTER | PRINCIPLE | OPERATION | OUTCOME |
|---|---|---|---|
| 3 AUDIT COMMITTEES | 3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process. | The Audit and Risk Committee recommend the appointment of the external auditors to the board. | C |
| | 3.10 The audit committee should report to the board and shareholders on how it has discharged its duties. | The Audit and Risk Committee reports to the board. It also reports to the shareholders through the Integrated Annual Report and at the AGM. | C |
| 4 THE GOVERNANCE OF RISK | 4.1 The board should be responsible for the governance of risk. | Please refer to principle 2.7 and 3.8 above. | C |
| | 4.2 The board should determine the level of risk tolerance. | Please refer to principle 2.7 and 3.8 above. | C |
| | 4.3 The risk committee or audit committee should assist the board in carrying out its risk responsibility. | Please refer to principle 2.7 and 3.8 above. | C |
| | 4.4 The board should delegate to management the responsibility to design, implement and monitor the risk management plan. | Managements designs, implements and monitors the risk management plan. The Audit and Risk Committee evaluates the risk analysis performed and advice the Board. | C |
| | 4.5 The board should ensure that the risk assessments are performed on a continual basis. Board and audit committee are responsible for risks. | Please refer to principle 4.4 above. | C |
| | 4.6 The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating risks. | Please refer to principle 4.4 above. | C |
| | 4.7 The board should ensure that management considers and implements appropriate risk responses. | Please refer to principle 4.4 above. | C |
| | 4.8 The board should ensure continual risk monitoring by management. | Please refer to principle 4.4 above. | C |
| | 4.9 The board should receive assurance regarding the effectiveness of the risk management process. | Please refer to principle 4.4 above. | C |
| | 4.10 The board should ensure that there are in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders. | The Integrated Annual Report contains a brief review of the Group's risks. Refer to page 25. | |

# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

| CHAPTER | PRINCIPLE | OPERATION | OUTCOME |
|---|---|---|---|
| 5 THE GOVERNANCE OF INFORMATION TECHNOLOGY | 5.1 The boards should be responsible for IT governance. | The Audit and Risk Committee monitors the adequacy and effectiveness of IT governance and reports to board. | C |
| | 5.2 IT should be aligned with the performance and sustainability objectives of the company. | A formal IT policy has been finalized. | C |
| | 5.3 The board should delegate to management the responsibility for the implementation. | Please refer to principle 5.2. It is addressed in the IT Policy. | C |
| | 5.4 The board should monitor and evaluate significant IT investments and expenditure. | Please refer to principle 5.2 above. | C |
| | 5.5 IT should form an integral part of the company's risk management. | Please refer to principle 5.2 above. | C |
| | 5.6 The board should ensure that information assets are managed effectively. | Please refer to principle 5.2 above. | C |
| | 5.7 A risk committee and audit committee should assist the board in carrying out its IT responsibilities. | The Audit and Risk Committee oversees IT governance and reports to board. | C |
| 6 COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS | 6.1 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards. | Please refer to principle 1.2 and 2.9 above. | C |
| | 6.2 The board and its individual directors should have a working understanding of the applicable laws, rules, codes and standards on the company and its business. | The board comprises of competent and experienced individuals. The board also consults with the Company Secretary and other independent consultants where necessary. | C |
| | 6.3 Compliance risk should form an integral part of the company's risk management process. | Please refer to principle 3.5 above. | C |
| | 6.4 The board should delegate to management the implementation of an effective compliance framework and processes. | Management designs, implements and monitors the compliance framework as part of the risk management plan. The Audit and Risk Committee evaluate and advice the board. | C |



# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

| CHAPTER | PRINCIPLE | OPERATION | OUTCOME |
|---|---|---|---|
| 7 INTERNAL AUDIT | 7.1 The board should ensure that there is an effective risk-based internal audit. | Please refer to principle 2.10 above. | N/A |
| | 7.2 The board should follow a risk-based approach to its plan. | Please refer to principle 2.10 above. | N/A |
| | 7.3 Internal audit should produce a written assessment of the effectiveness of the company's system of control and risk management. | The Audit and Risk Committee periodically reviews the internal controls documented by management and reports to the Board. | P |
| | 7.4 The audit committee should be responsible for overseeing internal audit. | Please refer to principle 2.10 above. | N/A |
| | 7.5 Internal audit should delegate to management the implementation of an effective compliance framework and processes. | Please refer to principle 2.10 above. | N/A |
| 8 GOVERNING STAKEHOLDER RELATIONS | 8.1 The board should appreciate that stakeholder perceptions affect the company's reputation. | A formal stakeholder management policy and communications policy are in place. | C |
| | 8.2 The board should delegate to management to proactively deal with stakeholder relationships. | Please refer to principle 8.1 above. | C |
| | 8.3 The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the interest of the company. | Please refer to principle 8.1 above. | C |
| | 8.4 Companies should ensure the equitable treatment of shareholders. | Please refer to principles 2.1, 2.3, 2.4 and 2.5 above. | C |
| | 8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence. | Please refer to principle 1.2 above. | C |
| | 8.6 The board should ensure that disputes are resolved as efficiently and expeditiously as possible. | The board is kept informed of any disputes and ensures disputes are resolved expeditiously. | C |

| CHAPTER | | PRINCIPLE | OPERATION | OUTCOME |
|---|---|---|---|---|
| 9 INTEGRATED REPORTING AND DISCLOSURE | 9.1 | The board should ensure the integrity on the company's integrated annual report. | The Board ensure the integrity of the Integrated Annual report through the Audit and Risk Committee. | C |
| | 9.2 | Sustainability reporting and disclosure should be integrated with the company's financial reporting. | The Board has established and Environment, Social and Governance (ESG) committee which will be responsible for enhancing and delivering meaningful sustainability reporting. | U |
| | 9.3 | Sustainability reporting and disclosure should be independently assured. | The ESG committee will oversee the assurance or sustainability reporting. | C |

## THE BOARD

The board is the governance forum for the Group. It is responsible for setting, approving and overseeing execution of the overall strategy and policies. It monitors that management maintain internal controls for assurance effective and efficient operations and complies with the laws and regulations.

The board comprises the appropriate balance of knowledge, skills, experience, diversity and independence. The non-executive directors are individuals who objectively contribute a wide range of industry knowledge and experience to the board and are not involved in the daily operations of the group. All non-executive directors have unrestricted access to executive management at any time.

## BOARD CHARTER AND POLICIES SETTING

The board has a board charter in place to clarify its scope of authority, responsibility and functioning and to enhance its decision-making process. The board charter also outlines fiduciary duties of the directors in accordance with Section 130 of the Companies Act. The board reviews the charter annually to ensure that it is in line with recent changes in law and standards of governance practice. No significant changes were made to the charter during the reporting period.

Management, with the assistance of advisors, was tasked by the board with formalising and refining a number of policies. The following policies were completed and approved by the board: Communication, Risk Management, Delegation of Authority, Remuneration and Nomination, IT, Stakeholders Engagement, Compliance, Corporate Social Investment, Securities Dealing.

In terms of the charter, directors retain overall responsibility and accountability of the following:

- Formulating and monitoring implementation of the Group's long term business strategy;
- Identification of key risks that threaten the Group's ability to achieve its strategy;
- Approval of the Group's investment plans, budgets and forecast and all major development contracts;
- Appointment of companies providing property and asset management and project management.
- Establishing sound accounting and financial control principles;
- Review of reports submitted to the board for approval;
- Monitoring operational performance and management;
- Ensuring legislative, regulatory and governance compliance;
- Selecting, orientating and evaluating directors; and
- Managing shareholder communications and stakeholder engagement.





## BOARD COMPOSITION

For the duration of the reporting period, RDC Properties subscribed to a unitary board structure with two executive directors and five non-executive directors. To adequately respond to the needs of the growing business, the board recognised the necessity to increase the number of its members and to create a governance structure with meaningful sub-committees. With effect from 22 March 2022 the board expanded its membership to include four executive directors and eight non-executive directors in response to the expansion of the Group. Biographical details of the directors appear on page 4 of the IAR. The board composition emphasises director's independence to promote independent judgement and diverse mind-sets and opinions with relevant expertise ranging from sector and regional experience, company strategy and financial knowledge.

The board is able to play an oversight role in organizational changes that have an impact on operational and strategic decisions. The board is also able to lead the value creation process by appreciating the inseparable nature of strategy, risk and opportunity, performance and sustainable developments.

The Senior Leadership Team comprises the Executive Chairman, the CEO Operations, CEO Properties, CEO Investments and Asset Management and the CFO. This division of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers. The overall responsibility of the Executive Chairman is strategy and vision formulation with the objective of achieving a satisfactory return on investment for unit holders. The Executive Chairman consults with the lead Independent non-executive director on all matters where he might be conflicted. The Senior Leadership Team is accountable for the overall performance and day-to-day management of the company.

## TERMS OF APPOINTMENT

Non-executive directors have been invited to join the board for a three-year period, subject to re-election by unit holders as provided for in the Company's Constitution.

The board does not believe that the number of years that a person serves as a director should be limited. Directors who have served for an extended period are able to provide valuable knowledge, and experience necessary to lead the Company and be re-elected.

The following directors have been directors of the Company for more than 9 years:
G. R. Giachetti
G. Giachetti
L. Magang (Lead independent director)

The biographical details of the above three directors are set out on page 11. The independence of the lead Independent director has been assessed and discussed at the board. A declaration of interests is completed by each board member and updated at each board meeting. The board has satisfied itself that all directors listed as independent are indeed independent and have declared any interests as required. The board is satisfied with the composition of its directors.

## BOARD EVALUATION AND TRAINING

The board and individual directors' performance review was undertaken in the form of peer-to-peer reviews. The outcome of the internal evaluation was discussed with each director. The board is satisfied that the evaluation process is improving board performance and effectiveness. The induction and ongoing training of directors is conducted by means of formal processes.

## COMPANY SECRETARY

The company secretarial function is outsourced to PricewaterhouseCoopers (Pty) Ltd (PwC Botswana). Mr. Saumendu Sinha from PWC Botswana is responsible for this function. He is a Fellow Member of the Botswana Institute of Chartered Accountants with over 30 years' experience in both listed and unlisted environment. The board is satisfied that he has the competence and experience to perform the role.

The company secretary plays a critical role in the corporate governance of the Realestate Group, acting as the advisor to the board, guiding directors in areas of corporate governance, legal and statutory amendments and the effective execution of director's responsibilities and fiduciary duties. Directors have unrestricted access to the advice and services of the company secretary. The company secretary ensures that the Board and committee charters are kept up to date. Furthermore, the company secretary helps the board and the Audit and Risk Committee in the process of self-assessment.

The board confirms that the relationship between the board and the company secretary remains at arm's length. The board reviews the relationship each year and ensures that the company secretary does not take on any management or executive duties for the board.

## ORGANISATIONAL ETHICS

Effective governance is achieved by the separation of the roles of the Executive Chairman and the Senior Leadership Management Team, as this division of responsibilities ensures a balance of power and authority. The Executive Chairman has overall responsibility for vision and strategy formulation ensuring that the Group achieves a satisfactory return on investment for unit holders. He oversees the orderly operation of the board and ensures appropriate interaction between it, executive management and the Company's unit holders. The Executive Chairman consults with the Lead Independent Non-Executive Director on all matters where he might be conflicted. The Senior Leadership Team, comprising a CEO Operations, CEO Properties, CEO Investments and Asset Management and CFO is responsible for implementing the Group's strategy together with the Executive Chairman, and for delivering the strategy. The Senior Leadership Team is accountable for the Company's overall performance and day-to-day management.

The appointed directors are required to maintain high standards of ethics, integrity and values, and exercise their powers and discharge their duties honestly, in good faith and in the best interests of RDCP. The directors are accountable to the stakeholders of RDCP. The Board has established an ESG Committee which will oversee the application and adherence to the code of ethics put in place by the Board.

The conduct of the Company's operations is delegated to the executive management team, which is employed by Property and Asset Management Limited (PAM), within predefined authority limits. PAM is employed on a full-service management contract. The Company does not have its own employees. The board is ultimately responsible for the leadership and control of the Company.

The Company's Annual General Meeting affords individual unit holders the opportunity to question the Executive Chairman and members of the board. Notice of the Annual General Meeting is sent to unit holders at least 21 calendar days before the meeting. At the meeting, after each resolution has been dealt with, details are given of the number of proxies lodged, together with details of votes cast for and against each resolution.

### *Independence of Directors*

All the directors bring independent judgement to bear during performance of their duties.

In particular, the board reviewed the position of G. R. Giachetti as Executive Chairman and determined that, despite his executive role, it is confident that the effective separation of duties exists with the management team. The board has appointed Mr. L. Magang as the Lead Independent Non-Executive Director, to assist the Executive Chairman in this regard. With the assistance of the Lead Independent Non-Executive Director, the Executive Chairman executed his powers in an independent manner throughout the financial year, discharges his duties in a consistently independent manner and constructively and appropriately challenges the executive management team and the board.

### *Service contracts and letters of appointment*

The Company has a service contract with the PAM Group, details of which are disclosed in the directors' report.

G.R. Giachetti, G. Giachetti, L. Magang and J. Pari are directors of PAM and/or its subsidiaries, which entities provide property management, accounting and secretarial services to RDC. The board reviews the appointment of PAM on a regular basis to assess both competitiveness and service quality. Following the EGM held on 13 August 2021, the terms of the contract between RDC and PAM were modified and approved by the shareholders.

One of the directors, G. Giachetti has a direct interest in the Group's investment in a joint venture company, HMS1 SA.

G.R. Giachetti, G. Giachetti and J. Pari are directors of Italtswana Construction Company (ICC), which is among the engineering companies providing construction services to the Group. The appointment of ICC, for any construction contracts, is reviewed by the board on a case-by-case basis and generally after recommendation from an independently appointed consulting team managing the entire contractual process, who is in control of the negotiation, or a completely transparent tendering process.

G.R. Giachetti, G. Giachetti, L. Magang and J. Pari are directors in companies that have material leases of the group as follows:

- Lease over the Chobe Marina Lodge, Kasane, Botswana
- Lease over the Protea Hotel by Marriott, Gaborone, Botswana; which is located in the Masa Centre
- Lease over the Radisson RED Hotel, Rosebank, Johannesburg

G. Fisher has a direct interest in Capitalgro Property Management (Pty) Ltd, which provides property management services to the Capitalgro Portfolio in South Africa and is a director in a company that has a material lease over the Radisson RED Hotel, Rosebank, Johannesburg

M. Edwards has a direct interest in Spire Property Management (Pty) Ltd, which provides property management services to the South African properties of the former Tower Property Fund.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## BOARD COMMITTEES.

The board has delegated certain specific responsibilities to the Audit and Risk Committee, whilst the overall responsibility remains with the board. The board is responsible for the implementation of tasks delegated to the Audit and Risk Committee. The directors confirm that the committee has functioned according to their terms of reference. The Audit and Risk Committee is satisfied that it has fulfilled its responsibilities during the year.

### *Audit and Risk Committee*

The audit and risk committee meets three times a year and presents reports to the board.

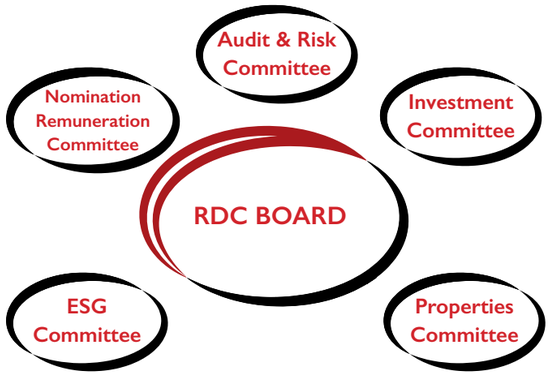
| Roles and responsibilities: | Composition: |
|---|---|
| - Maintains oversight of financial results and integrated reporting.<br>- Ensures satisfactory standards of governance, reporting and compliance.<br>- Ensures that there is an effective policy and plan for risk management.<br>- Ensures there are adequate financial and operating controls.<br>- Monitors adherence to corporate citizenship principles and ethical behavior. | Chairman: Andrew Bradley<br><br>The audit and risk committee comprises of three independent non-executive directors (Andrew Bradley, Kate Maphage and Lesang Magang). |

Subsequent to the end of the financial year and to effectively manage the expanded Group, the following sub-committees were formed: an Environmental Social & Governance Committee, an Investment Committee, a Properties Committee and a Remuneration & Nomination Committee, each with clear terms of reference approved by the board. They are set out below with a brief explanation of their mandate.

The Audit Committee has reviewed and is satisfied with the appropriateness of the expertise and the experience of the Chief Financial Officer.

### *Environmental, Social and Governance (ESG) Committee*

Ensures that the Code of Ethics is up to date and that the Green Strategy and sustainability initiatives position RDC as a leader in the industry.




### *Properties Committee*

Review of property portfolio performance – quantitative (Rental /NOI Growth) / quality (relevance / tenants etc.)

### *Investment Committee*

Review of investments, sales, re-deployment, diversification, developments, capital commitments.

### *Nomination & Remuneration Committee*

Ensures that the Board is well represented and that the fees of the Directors and the Management Company is fair and within market.

The RDC Remuneration Committee comprises members that will bring their collective experience and wisdom to bear on the important matter of executive remuneration.

The Committee will be considering an appropriate reward policy that retains and motivates executives to achieve the long term interests of shareholders.

The Committee is aware of the increasing prominence given to the adoption of appropriate and transparent remuneration policies within corporate governance structures, and will ensure that industry best practice is followed in guiding the RDC Board in this respect.

Whilst the executive directors and the entire management structure is employed by the Asset Manager and its subsidiaries, the Committee will provide oversight and in particular review the recommended short and long term incentives. The Committee will also review and propose remuneration for non-executive board members so as to ensure alignment with shareholder interests.

# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## ACCOUNTABILITY AND COMPLIANCE

### *Risk Management and Internal Controls*

The board is responsible for the oversight of risk management process. The audit and risk committee reports to the board in this regard. The risk management policy was adopted to identify, assess, manage and monitor the risks to which RDC Properties is exposed.

Management has implemented systems of internal control aimed at:

- safeguarding assets and reducing the risk of loss, error, fraud and other irregularities;
- ensuring the accuracy and completeness of accounting records and reporting;
- preparing timely and reliable financial statements and information in compliance with relevant legislation;
- complying with accounting policies and practices in accordance with International Financial Reporting Standards; and
- Increasing the probability of anticipating unpredictable risk.

The Audit and Risk Committee can institute an internal audit function. However, it is currently of the view that this is not necessary as the operations are limited in terms of processes and the property management functions are outsourced. Management is of the view that risks are adequately addressed through the current internal controls (for example, external audits performed on the property management functions).
Appropriate insurance cover is taken for all material risks. Cover is reviewed each year and it is based on claims experienced and events affecting RDC Properties Limited.

### *Information Technology Governance*

Information technology (IT) governance forms an integral part of RDC Properties' risk management process. The audit and risk committee assist the board in fulfilling its responsibilities in this regard.

An IT governance framework is being formalized to ensure that information assets are managed effectively. The board monitors and evaluates significant IT Investment. External IT Specialists are contracted as and when required.

The board monitors the management of information, in particular the protection of privacy of personal information, the security of information and the process to ensure timely, accurate and relevant reporting of information.

### *Legislative Compliance*

Legislative and regulatory compliance in monitored by the Company Secretary. There were no cases of material legislative or regulatory non-compliance and no penalties or sanctions were imposed on RDC Properties or any of its directors of officers during the year.

### *Dealings in the Company Securities*

Directors, management and staff members are not permitted to transact in the company's shares in any way during closed periods and when they are in possession of unpublished price sensitive information in relation to RDCP securities. The Directors and Executive management are mandated to declare to the company secretary all personal dealings in the securities of the company and same is disclosed to shareholders. All share transactions are disclosed on X-news within the time prescribed by the Botswana Stock Exchange listings requirements.

## BOARD MEETINGS AND ATTENDANCE DURING THE FINANCIAL YEAR

| Board Membership | Board meeting | Fees paid in 2021 | Audit Comm Fees paid in 2021 |
|---|---|---|---|
| G.R. Giachetti (Executive Chairman) | 4/4 | P66,000 | - |
| G. Giachetti (*) | 4/4 | P66,000 | - |
| L. Magang | 4/4 | P66,000 | P13,500 |
| K. Maphage | 4/4 | P66,000 | P13,500 |
| J. Pari (**) | 4/4 | P66,000 | - |
| A. Bradley | 4/4 | P66,000 | P45,000 |
| B.J. Kenewendo | 4/4 | P66,000 | - |

* K. C. Maphage is also an alternate director to G. Giachetti
**J. Mabin is an alternate director to J. Pari



# ANNUAL FINANCIAL STATEMENTS




# DIRECTOR'S RESPONSIBILITY STATEMENT AND APPROVAL OF FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

## Directors' responsibility statement

The Directors are responsible for the preparation and fair presentation of the financial statements of RDC Properties Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS").

The directors are required by the Companies Act of Botswana (Companies Act, 2003) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company and Group as at the end of the financial year and the results of their 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 Group consolidated financial statements and separate financial statements.

The directors' responsibility includes: designing, implementing and maintaining 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements 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 Group 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 Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Group 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 Group and 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 based on forecasts available and cash resources. 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently auditing and reporting on the financial statements, which were examined by the external auditors and their unmodified report is presented on page 41 to 44.

***Approval of the financial statements***

The financial statements set out on pages 45 to 85 which have been prepared on the going concern basis, were approved by the board on 22 March 2022 and were signed on its behalf by

G. R. Giachetti
Executive Chairman

L. Magang
Lead Independent Non-executive Director:



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RDC PROPERTIES LIMITED

Grant Thornton

**Chartered Accountants**

**Grant Thornton**
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## Independent Auditor's Report

**To the shareholders of RDC Properties Limited**

**Opinion**

We have audited the consolidated and separate annual financial statements of RDC Properties Limited set out on pages 8 to 46, which comprise the consolidated and separate statement of financial position as at 31 December 2021, 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 2021, 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.

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RDC PROPERTIES LIMITED (CONTINUED)

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| **Valuation of the investment property**<br>The holding company and its subsidiaries owns a portfolio of retail, residential and commercial property valued P5.535 billion, disclosed under note 12 of the consolidated annual financial statements.<br><br>The valuation of the property portfolio is a significant judgment area 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.<br><br>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.<br><br>Disclosures on the investment properties are under note 12 of the consolidated annual financial statements. | We met with the directors' to discuss and understand the method of valuation, estimates and criteria used in arriving at the values.<br><br>We evaluated the appropriateness of the valuation methods used, by comparison to valuation methods used by other property companies. 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.<br><br>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.<br><br>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.<br><br>As per Group instructions provided, the component auditors assessed the integrity of the information provided to the external valuers and through audit procedures evaluated the assumptions used in the valuations.<br><br>We assessed the competence, independence and integrity of the valuers. We also assessed the competence of directors' involved in the valuation process. In addition, we discussed and reviewed their terms of engagement 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.<br><br>The valuers have included a caveat in their valuation reports with respect to the uncertainty arising from the impact of COVID-19 on the future income used in the determination of the property values.<br><br>We have assessed the reasonability of net income used in the valuation model by reviewing of the 2022 budgets and testing the reasonableness of assumptions made to take into account the effect of COVID-19 on net income on a sample basis. |
| **Recognition of revenue**<br>The Group's main source of revenue is rental income from retail, residential and commercial properties located in Botswana and overseas. The rental amount is agreed on the terms of the lease agreement signed between the Group and the tenant. Any variations to the lease agreement during the lease term are done through an addendum to the lease agreement.<br>ISA 240 requires a significant risk of misstatement due to fraud to be raised with regards to revenue recognition. To determine that revenue earned is due to transactions that have occurred and that the revenue recognition policy of Tower is in compliance with IFRS.<br><br>The recognition of revenue is done in accordance with the principles outlined in IFRS 16: Leases. | We have performed walkthroughs and test of controls on the revenue cycle to gain an understanding of when the revenue is recognised. This testing includes the verification of the lease agreement details approvals and changes to the lease terms and upload of this information to the Group's management system.<br><br>We have assessed the design effectiveness of the controls and performed controls testing on the billings done through the operating system.<br><br>We have obtained the rental income schedule from the operating system and determined that rental income has been appropriately recorded in the general ledger.<br><br>We selected a sample of lease agreements to verify that the rental has been appropriately recognised in the operating system and the operating lease asset has been computed appropriately.<br><br>We obtained the monthly schedule of rental income for each property and reviewed the variations of the rental income to budgets to identify any unusual trends.<br><br>We have reviewed the Group's credit policy on trade debtors and assessed that appropriate provision is made on overdue accounts where the recoverability of the balances was doubtful in line with the requirements of IFRS 9. |

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RDC PROPERTIES LIMITED (CONTINUED)

| | |
|---|---|
| **Acquisition of subsidiary**<br><br>RDC Group acquired a new significant subsidiary during the year. This accounting of this acquisition was considered a risk of financial statement disclosure towards non-compliance with reporting standard in relation to the accounting for the acquisition. | We tested the design and implementation of controls associated with the acquisition of shares in a subsidiary.<br><br>We reviewed the agreement relating to the aforementioned transaction; and<br><br>We reviewed the fair value of assets and liabilities taken over and were satisfied with the calculation of the same as at the acquisition date.<br><br>We reviewed the various adjustments processed by management in implementing the restructure and ensure that the adjustments passed by management and amounts recorded accord to the agreement.<br><br>Reviewed compliance with IFRS 3 towards recognition of Goodwill / Bargain Purchase. |

**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 2021", which includes the directors' responsibility and approval of the annual financial statements, as required by the Companies Act of Botswana, 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.

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.

GRANT THORNTON CHARTERED ACCOUNTANTS GABORONE

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RDC PROPERTIES LIMITED (CONTINUED)

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.

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

**Chartered Accountants**

**Aswin Vaidyanathan**

**Certified Auditor: Memb No: 19980110**

**Certified Auditor of Public Interest Entity: Cert. No. CAP 0016 2020**

**Date:** 25 MAR 2022

**Gaborone**



# STATEMENT OF COMPREHENSIVE INCOME

## For The Year Ended 31 December 2021

| | Notes | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|---|
| Revenue | | 146,562 | 131,594 | 46,148 | 45,731 |
| Contractual lease rental revenue | 2 | 145,289 | 129,828 | 45,670 | 45,828 |
| Straight line rental adjustment | | 1,273 | 1,766 | 478 | (97) |
| Operating expenses | | (85,140) | (52,007) | (22,955) | (16,859) |
| Losses arising from joint venture | | (413) | (427) | - | - |
| Share of losses in a joint venture | 3 | (413) | (427) | - | - |
| Other foreign exchange gains / (losses) | | (1,820) | 1,647 | 1,488 | (5,548) |
| Other operating income | | 3,503 | 1,913 | 125 | 1 |
| Profit from operations before fair value adjustments | | 62,692 | 82,720 | 24,806 | 23,325 |
| Surplus arising on fair valuation of investments | 10 | 16,051 | 7,486 | - | - |
| Surplus / (deficit) arising on revaluation of investment properties | 12 | 36,632 | (25,947) | 24,182 | (3,441) |
| Net valuation | | 37,905 | (24,181) | 24,660 | (3,538) |
| Adjusted for straight line rental adjustment | | (1,273) | (1,766) | (478) | 97 |
| **Profit from operations** | 4 | 115,375 | 64,259 | 48,988 | 19,884 |
| Investment income | 5 | 18,343 | 13,025 | 26,121 | 21,077 |
| Finance costs | 6 | (68,598) | (58,317) | (30,033) | (29,404) |
| Bargain Purchase Gain | 7 | 577,342 | - | - | - |
| **Profit before tax** | | 642,462 | 18,967 | 45,076 | 11,557 |
| Income tax expense | 8 | 4,920 | 3,240 | (326) | 174 |
| **Profit for the year** | | **647,382** | **22,207** | **44,750** | **11,731** |
| **Other comprehensive income** | | | | | |
| Items that may be subsequently classified to profit or loss | | | | | |
| Exchange differences on translation of foreign operations | | (8,869) | (9,067) | - | - |
| Net fair value gains on financial assets at fair value through OCI | | 13,165 | 3,862 | 5,005 | 74 |
| Gross fair value gains on financial assets at fair value through OCI | 13 | 13,165 | 3,862 | 5,005 | 74 |
| Other comprehensive income for the year | | 4,296 | (5,205) | 5,005 | 74 |
| **Total comprehensive income for the year** | | **651,678** | **17,002** | **49,755** | **11,805** |
| Profit attributable to: | | | | | |
| Owners of the company | | 629,325 | 22,212 | 44,750 | 11,731 |
| Non-controlling interests | | 18,057 | (5) | - | - |
| | | **647,382** | **22,207** | **44,750** | **11,731** |
| Total comprehensive income attributable to: | | | | | |
| Owners of the company | | 633,621 | 17,007 | 49,755 | 11,805 |
| Non-controlling interests | | 18,057 | (5) | - | - |
| | | **651,678** | **17,002** | **49,755** | **11,805** |

| | | |
|---|---|---|
| Number of linked units in issue at year end | 758,232,937 | 353,448,157 |
| Average number of linked units in issue | 391,792,630 | 352,644,215 |
| Earnings per linked unit (thebe) | 163.99 | 7.60 |
| Dilutive earnings per linked unit (thebe) | 163.99 | 7.60 |
| Earnings per linked unit is calculated based on the average number of linked units in issue and profit for the year attributable to the owners of the Company adjusted by taxation on debenture interest credited to the statement of changes in equity of: | 642,511 | 26,805 |
| **Distribution per linked unit** | | |
| Distribution per linked unit (thebe) | 9.37 | 6.37 |
| Interest per linked unit (thebe) | 8.89 | 5.89 |
| Dividend per linked unit (thebe) | 0.48 | 0.47 |

Distribution per linked unit is calculated on the number of linked units in issue at date of distribution.

| | | |
|---|---|---|
| **Other information** | | |
| Interest to dividend ratio | 18.57 | 12.43 |

# STATEMENT OF FINANCIAL POSITION

## For The Year Ended 31 December 2021

| | Notes | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current Assets** | | | | | |
| Property, plant and equipment | 9 | 37,081 | 6,489 | 2,833 | 3,207 |
| Investments | 10 | 89,340 | 68,461 | 627,552 | 92,048 |
| Investment in a joint venture | 3 | 26,408 | 27,444 | - | - |
| Long term loan receivables | 11 | - | 12,418 | 638,335 | 456,953 |
| Investment properties | 12 | 5,535,902 | 2,145,151 | 819,804 | 802,925 |
| At fair value | | 5,531,261 | 2,158,580 | 821,512 | 805,111 |
| Rental receivable - straight line rental adjustment | | 4,641 | (13,429) | (1,708) | (2,186) |
| Financial assets at fair value through OCI | 13 | 14,129 | 38,160 | 10,305 | 5,300 |
| Intangible asset | 14 | 1,000 | 1,000 | - | - |
| Trade and other receivables | 15 | 26,086 | 4,408 | - | - |
| Rental receivable - straight line rental adjustment | | (4,641) | 13,429 | 1,708 | 2,186 |
| | | **5,725,305** | **2,316,960** | **2,100,537** | **1,362,619** |
| **Current Assets** | | | | | |
| Trade and other receivables | 15 | 98,145 | 34,922 | 79,215 | 54,219 |
| Current tax assets | | 3,893 | 1,844 | 1,827 | 1,600 |
| Inventories | 16 | 99,522 | - | - | - |
| Investment Property held for sale | 17 | 26,180 | - | 10,680 | - |
| Cash and cash equivalents | 18 | 143,801 | 165,224 | 13,024 | 13,713 |
| | | 371,541 | 201,990 | 104,746 | 69,532 |
| **Total Assets** | | **6,096,846** | **2,518,950** | **2,205,283** | **1,432,151** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and Reserves** | | | | | |
| Stated capital | 19 | 1,058,199 | 329,073 | 1,058,199 | 329,073 |
| Debentures | 20 | 242,634 | 113,103 | 242,634 | 113,103 |
| Accumulated profits | 21 | 1,120,745 | 729,801 | 299,557 | 493,188 |
| Debenture interest and dividend reserve | 22 | 50,468 | 13,502 | 50,468 | 13,502 |
| Investments revaluation reserve | | 7,519 | (5,646) | (4,646) | (9,651) |
| Foreign currency translation reserve | | (31,879) | (23,010) | - | - |
| Equity attributable to owners of the parent | | 2,447,686 | 1,156,823 | 1,646,212 | 939,215 |
| Non-controlling interests | 23 | 493,329 | 297,009 | - | - |
| Total equity | | **2,941,015** | **1,453,832** | **1,646,212** | **939,215** |
| **Non-current Liabilities** | | | | | |
| Long term borrowings | 24 | 1,750,896 | 458,843 | 363,074 | 244,948 |
| Deferred tax liabilities | 25 | 168,956 | 129,624 | 42,805 | 55,684 |
| | | **1,919,852** | **588,467** | **405,879** | **300,632** |
| **Current Liabilities** | | | | | |
| Trade and other payables | 26 | 149,306 | 50,800 | 35,459 | 26,624 |
| Bank overdraft | 27 | 6,692 | 6,884 | 2,142 | 2,336 |
| Current portion of long term borrowings | 24 | 1,079,981 | 418,902 | 115,591 | 163,344 |
| Current tax liabilities | | - | 65 | - | - |
| | | **1,235,979** | **476,651** | **153,192** | **192,304** |
| **Total Equity and Liabilities** | | **6,096,846** | **2,518,950** | **2,205,283** | **1,432,151** |



# STATEMENT OF CHANGES IN EQUITY

## For The Year Ended 31 December 2021

| | Notes | Stated capital P'000 | Debentures P'000 | Accumulated profits P'000 | Investment revaluation reserve P'000 | Debenture interest and dividend reserve P'000 | Foreign currency translation reserve P'000 | Attributable to owners of the parent P'000 | Non-controlling interests P'000 | Total Equity P'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **GROUP** | | | | | | | | | | |
| **Balance at 1 January 2020** | | **324,856** | **112,314** | **727,932** | **(9,508)** | **27,755** | **(13,943)** | **1,169,406** | **265,452** | **1,434,858** |
| Capitalisation issue of linked units | 19 & 20 | 4,217 | 789 | - | - | - | - | 5,006 | - | 5,006 |
| Profit for the year | | - | - | 22,212 | - | - | - | 22,212 | (5) | 22,207 |
| Other comprehensive income for the year | | - | - | - | 3,862 | - | (9,067) | (5,205) | - | (5,205) |
| Total comprehensive income for the year | | - | - | 22,212 | 3,862 | - | (9,067) | 17,007 | (5) | 17,002 |
| Debenture interest declared and proposed | 22 | - | - | (20,879) | - | 20,879 | - | - | - | - |
| Taxation attributable to debenture interest | 8 | - | - | 4,593 | - | - | - | 4,593 | - | 4,593 |
| Debenture interest paid | | - | - | - | - | (33,679) | - | (33,679) | - | (33,679) |
| Dividends declared and proposed | 22 | - | - | (1,675) | - | 1,675 | - | - | - | - |
| Dividends paid | | - | - | - | - | (3,128) | - | (3,128) | (6,897) | (10,025) |
| Effect of decrease in controlling shareholding of subsidiary | | - | - | (2,382) | - | - | - | (2,382) | 38,459 | 36,077 |
| **Balance at 31 December 2020** | | **329,073** | **113,103** | **729,801** | **(5,646)** | **13,502** | **(23,010)** | **1,156,823** | **297,009** | **1,453,832** |
| Bonus issue of linked units | 19 & 20 | 160,819 | 28,276 | (189,095) | - | - | - | - | - | - |
| Rights offer of linked units | | 568,307 | 101,255 | - | - | - | - | 669,562 | - | 669,562 |
| Profit for the year | | - | - | 629,325 | - | - | - | 629,325 | 18,057 | 647,382 |
| Other comprehensive income for the year | | - | - | - | 13,165 | - | (8,869) | 4,296 | - | 4,296 |
| Total comprehensive income for the year | | - | - | 629,325 - | 13,165 | - | (8,869) | 633,621 | 18,057 | 651,678 |
| Debenture interest declared and proposed | 22 | - | - | (59,938) | - | 59,938 | - | - | - | - |
| Taxation attributable to debenture interest | 8 | - | - | 13,186 | - | - | - | 13,186 | - | 13,186 |
| Debenture interest paid | | - | - | - | - | (23,708) | - | (23,708) | - | (23,708) |
| Dividends declared and proposed | 22 | - | - | (2,534) | - | 2,534 | - | - | - | - |
| Dividends paid | | - | - | - | - | (1,798) | - | (1,798) | (15,130) | (16,928) |
| Non-controlling interest recognised on acquisition | | - | - | - | - | - | - | - | 193,393 | 193,393 |
| **Balance at 31 December 2021** | | **1,058,199** | **242,634** | **1,120,745** | **7,519** | **50,468** | **(31,879)** | **2,447,686** | **493,329** | **2,941,015** |
| **COMPANY** | | | | | | | | | | |
| **Balance at 1 January 2020** | | **324,856** | **112,314** | **499,418** | **(9,725)** | **27,755** | **-** | **954,618** | **-** | **954,618** |
| Capitalisation issue of linked units | 19 & 20 | 4,217 | 789 | - | - | - | - | 5,006 | - | 5,006 |
| Profit for the year | | - | - | 11,731 | - | - | - | 11,731 | - | 11,731 |
| Other comprehensive income | | - | - | - | 74 | - | - | 74 | - | 74 |
| Total comprehensive income for the year | | - | - | 11,731 | 74 | - | - | 11,805 | - | 11,805 |
| Debenture interest declared and proposed | 22 | - | - | (20,879) | - | 20,879 | - | - | - | - |
| Taxation attributable to debenture interest | 8 | - | - | 4,593 | - | - | - | 4,593 | - | 4,593 |
| Debenture interest paid | | - | - | - | - | (33,679) | - | (33,679) | - | (33,679) |
| Dividends declared and proposed | 22 | - | - | (1,675) | - | 1,675 | - | - | - | - |
| Dividends paid | | - | - | - | - | (3,128) | - | (3,128) | - | (3,128) |
| **Balance at 31 December 2020** | | **329,073** | **113,103** | **493,188** | **(9,651)** | **13,502** | **-** | **939,215** | **-** | **939,215** |
| Bonus issue of linked units | 19 & 20 | 160,819 | 28,276 | (189,095) | - | - | - | - | - | - |
| Rights offer of linked units | | 568,307 | 101,255 | - | - | - | - | 669,562 | - | 669,562 |
| Profit for the year | | - | - | 44,750 | - | - | - | 44,750 | - | 44,750 |
| Other comprehensive income | | - | - | - | 5,005 | - | - | 5,005 | - | 5,005 |
| Total comprehensive income for the year | | - | - | 44,750 | 5,005 | - | - | 49,755 | - | 49,755 |
| Debenture interest declared and proposed | 22 | - | - | (59,938) | - | 59,938 | - | - | - | - |
| Taxation attributable to debenture interest | 8 | - | - | 13,186 | - | - | - | 13,186 | - | 13,186 |
| Debenture interest paid | | - | - | - | - | (23,708) | - | (23,708) | - | (23,708) |
| Dividends declared and proposed | 22 | - | - | (2,534) | - | 2,534 | - | - | - | - |
| Dividends paid | | - | - | - | - | (1,798) | - | (1,798) | - | (1,798) |
| **Balance at 31 December 2021** | | **1,058,199** | **242,634** | **299,557** | **(4,646)** | **50,468** | **-** | **1,646,212** | **-** | **1,646,212** |

# STATEMENT OF CASH FLOWS

## For The Year Ended 31 December 2021

| | Notes | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit from operations | | 115,375 | 64,259 | 48,988 | 19,884 |
| Share of loss in a joint venture, net of foreign exchange differences | | 413 | 427 | - | - |
| Depreciation | | 2,483 | 1,399 | 381 | 627 |
| Surplus / (loss) arising on revaluation of investment properties | | (36,632) | 25,947 | (24,182) | 3,441 |
| Operating income before working capital changes | | 81,639 | 92,032 | 25,187 | 23,952 |
| Changes in working capital: | | | | | |
| - (Increase) / decrease in trade and other receivables | | (8,170) | (14,464) | (24,996) | (19,194) |
| - (Decrease) / increase in trade and other payables | | 30,791 | 15,703 | 8,834 | 14,891 |
| Taxation recovered / (paid) | 35 | (1,256) | (5,035) | (208) | 21 |
| **Net cash generated from operating activities** | | **103,004** | **88,236** | **8,817** | **19,670** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | | (26,869) | (52) | - | - |
| Payment for acquisition of a subsidiary | 7 | (927,957) | - | - | - |
| Net cash acquired from acquisition of a subsidiary | 7 | 111,819 | - | - | - |
| Investment property additions | | (383,602) | (183,543) | (2,421) | (1,994) |
| Investment income | 5 | 29,021 | 16,033 | 23,593 | 18,357 |
| Movement in investments | | 15,570 | (80,879) | (716,886) | (98,070) |
| Purchase of financial assets through OCI | | - | (30,946) | - | - |
| **Net cash used in investing activities** | | **(1,182,018)** | **(279,387)** | **(695,714)** | **(81,707)** |
| **Cash flows from financing activities** | | | | | |
| Dividend income | 5 | 2,487 | 854 | 2,528 | 2,794 |
| Issue of ordinary shares (net of costs) | | 568,307 | 4,217 | 568,307 | 4,217 |
| Issue of debentures | | 101,255 | 789 | 101,255 | 789 |
| Dividends paid | | (1,798) | (3,128) | (1,798) | (3,128) |
| Debenture interest paid | | (23,708) | (33,679) | (23,708) | (33,679) |
| Dividends paid to non-controlling interest | | (15,130) | (6,897) | - | - |
| Finance costs | 6 | (68,598) | (58,317) | (30,555) | (29,449) |
| Long term loans raised | | 532,768 | 195,879 | 70,373 | 75,976 |
| Long term loans repaid | | (16,622) | (25,960) | - | (11,773) |
| **Net cash generated from financing activities** | | **1,078,961** | **73,758** | **686,402** | **5,747** |
| **Net movement in cash and cash equivalents** | | **(53)** | **(117,392)** | **(495)** | **(56,290)** |
| Cash and cash equivalents at beginning of year | | 158,340 | 257,945 | 11,377 | 67,667 |
| Effects of exchange rates | | (21,178) | 17,787 | - | - |
| **Cash and cash equivalents at end of year** | | **137,109** | **158,340** | **10,882** | **11,377** |
| Consisting of: | | | | | |
| Cash and bank balances | | 143,801 | 165,224 | 13,024 | 13,713 |
| Bank overdraft | | (6,692) | (6,884) | (2,142) | (2,336) |
| **Cash and cash equivalents at end of year** | | **137,109** | **158,340** | **10,882** | **11,377** |



# SIGNIFICANT ACCOUNTING POLICIES

## For The Year Ended 31 December 2021

### 1.1. Presentation of financial statements

These financial statements are presented in Pula (P) as that is the currency of Botswana and the functional currency of the Group and Company's operations.

### 1.2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

### 1.3. Adoption of new and revised International Financial Reporting Standards

No new IFRS standards, interpretations and amendments have been adopted during the financial reporting period.

### International Financial Reporting Standards in issue but not yet effective

At the date of approval of these financial statements, the Group and Company have chosen not to early adopt the following applicable Standards that were in issue but not yet effective.

| International Financial Reporting Standards (IFRSs) | Effective date |
|---|---|
| **IFRS 17 Insurance Contracts** | |
| - Entity should provide relevant information that faithfully represents insurance contracts | Annual periods beginning on or after 1 January 2023 |
| **Amendment to IFRS 3 Business combinations** | |
| - Annual improvements to IFRS 2018 – 2020 cycle | Annual periods beginning on or after 1 January 2022 |
| **Amendments to IAS 16 Property, Plant and Equipment** | |
| - On proceeds before intended use | Annual periods beginning on or after 1 January 2022 |
| **Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts** | |
| - Onerous contracts - cost of fulfilling a contract | Annual periods beginning on or after 1 January 2022 |
| **Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction** | |
| - The amendments require an entity to recognise deferred tax on certain transactions (leases and decommissioning liabilities) that give rise to equal amounts of taxable and deductible temporary differences on initial recognition. | Annual periods beginning on or after 1 January 2023 |

The Group and Company expect to adopt the above for the first time in the 2022 annual financial statements. The impact of the adoption of the new standards, amendments and interpretations is not likely to be material to the Group and Company financial statements.

### 1.4. Basis of accounting

The financial statements have been prepared on the historical basis, except for the revaluation of investment properties and certain financial instruments carried at fair value. The principal accounting policies, which have been consistently followed in all material respects, are set out below.

### 1.5. Basis of consolidation

The consolidated financial statements "Group financial statements", incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. The Group's accounting policies are similar to those adopted by the Company. In the significant accounting policies, where applicable, Group also refers to Company. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial acquisition plus the non-controlling interest's share of subsequent changes in equity.

### 1.6. Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

### 1.7. Revenue recognition

Revenue arises mainly from rental income from operating leases with tenants, dividend income and interest income.

#### 1.7.1. Contractual lease rental revenue

The Group often enters into transactions involving operating leases with tenants. The transaction price for a lease contract excludes any amounts collected on behalf of third parties.





Rental income from operating leases is recognised in the statements of comprehensive income on a straight line basis over the term of 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 the straight line basis over the lease term. The change in fair value of investment properties is offset against the rental straight line adjustment in the statements of comprehensive income.

Service charges recovered comprise comprises utility expenses, service levies and other costs recovered from tenants which are recognised in the profit and loss statement on an accrual basis.

#### 1.7.2. Dividend Income

Dividend income is recognised when the shareholders' right to receive payment has been established and is measured gross of withholding tax.

#### 1.7.3. Interest

Interest is accrued on a time basis, by reference to the principal outstanding and 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 the asset's net carrying amount.

#### 1.7.4. Sale of goods

The sale of goods includes the sales of properties developed by the Group. Based on the terms of the underlying contracts, revenue is recognised when all the suspensive conditions are met and when the property is registered in the name of the customer. The outstanding amount is settled on the date of transfer.

### 1.8. Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, forms part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payment on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 - Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

**Investments in joint ventures (continued)**

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on the disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to the reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

**1.9. Interests in joint operations**

A joint venture operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operation (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.





**1.10. Financial instruments**

**1.10.1. Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**1.10.2. Classification and initial measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

**1.10.3. Subsequent measurement of financial assets**

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through other comprehensive income (FVOCI)

All FVOCI financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the Investment Revaluation Reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience to calculate the expected credit losses on an individual basis.

Write - off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**1.10.3. Subsequent measurement of financial assets (continued)**

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, bank balances and short-term deposits and are classified as financial assets measured at amortised cost. Cash and cash equivalents are measured initially at fair value and subsequently at amortised cost.

**1.10.4. Financial liabilities**
The Group's and the Company's significant financial liabilities include interest bearing loans, related companies balances and trade and other payables, which have been classified as other financial liabilities.

Interest bearing loans 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.

Related companies' loans payable comprise loans from companies owing at year-end. The financial liabilities included in this line item are classified as financial liabilities at amortised cost. They are measured initially at fair value and subsequently at amortised cost.

Derivative financial instruments are initially recognised at fair value and the fair value is re-measured at each reporting date. Derivative financial instruments comprise interest rate swaps, which are classified as at fair value through profit or loss. Gains or losses on the fair value of derivative financial instruments are recognised in profit or loss.

**1.11. Stated capital and debentures**
Stated capital and debentures issued by the Company are recorded at the proceeds received, net of direct issue costs.

Expenses incurred in the raising of capital are written off against equity if directly related to the equity raised. Indirect expenses relating to the raising of equity are expensed through profit and loss.

**1.12. Investment properties**
Investment properties are held to earn rentals and for capital appreciation. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at their fair values at each statement of financial position date. Gains or losses arising in changes to fair value of investment properties are recognised in the statements of comprehensive income in the period in which they arise. Investment property is transferred to inventory when a change in use is evidenced by the commencement of development with a view to sale.

**1.13. Property, plant and equipment**
Properties in the course of construction are reflected as capital work in progress and are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's and the Company's accounting policies. Completed properties, plant and equipment (excluding investment properties) are stated in the statements of financial position at cost less accumulated depreciation and any impairment losses. The methods of depreciation, useful lives and residual values are reviewed annually.

Depreciation is calculated on the straight line basis to write off the cost of each asset to its residual value over its estimated useful life as follows:

| | |
|---|---|
| Leasehold buildings | 20 - 50 years |
| Furniture and equipment | 2 - 10 years |
| Aircraft | 15 years |

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as difference between the sales proceeds, and the carrying amount of the asset and is recognised in the statements of comprehensive income.





**1.14. Intangible assets**
Intangible assets acquired separately are reported at cost less accumulated impairment losses. The intangible asset has been assessed as having an indefinite useful life as it relates to an indefinite license acquired to build and operate a hotel in the Central Business District. As such, the intangible asset is not amortised. The estimated useful life is reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**1.14.1. Impairment of tangible and intangible assets other than goodwill**
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal 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.

When 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.

**1.15. Inventories**
Inventories consist of properties held for development and sale and are measured at the lower of cost and net realisable value. The cost of the inventories is assigned using the specific identification method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of construction and other costs incurred in bringing the inventories to their present location and condition.

Properties transferred from investment property to inventory have an initial deemed cost equal to their fair value on the date of transfer.

When inventories are sold, the carrying amount of those inventories are recognised as an expense (cost of sales) in the period in which the related revenue is recognised.

**1.16. Taxation**
Tax expense comprises current, withholding and deferred tax.

**1.16.1. Current tax**
The charge for current tax is based on the results for the year as adjusted for items which are non assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the statements of financial position date.

### 1.16.2. Deferred tax

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax basis used for computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the rates that are expected to apply when the asset is realised or the liability settled. Deferred tax is charged or recognised in the statements of comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the asset to be recovered.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model under 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 the Group 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 Income Taxes (i.e. based on the expected manner as to how the properties will be recovered).

### 1.16.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for business combination.

### 1.17. Foreign currency

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions are recognised in the statements of comprehensive income.

Monetary assets and liabilities denominated in foreign currency are retranslated at the rates ruling on the statements of financial position date. Gains and losses arising on retranslation are dealt with in the statements of comprehensive income.

On consolidation, the assets and liabilities of the Group's operations are translated at the exchange rate prevailing at the statements of financial position date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation are recognised in the Group statement of comprehensive income in the period in which the operation is disposed of.

### 1.18. Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of that asset 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 borrowings costs eligible for capitalisation.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.19. Share-based payment equity reserve

The grant-date fair value of the scheme is recognised as an expense in the statement of profit or loss and other comprehensive income, with a corresponding increase in equity through the share-based payment reserve, over the vesting period. The amount recognised as an expense is adjusted for changes in management's estimate of the number of shares expected to vest, such that the amount ultimately recognised is based on the number of awards that vest.





### 1.20. Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

### 1.21. Operating expenditure

Tenant recoveries are recognised as they are earned, in line with the contractual rights in the leases. Recoveries of costs from lessees are recognised as revenue received from customers, and thus not offset against operating cost expenses.

### 1.22. Distributions

The company may from time to time distribute accumulated profits provided that the relevant regulatory requirements been met, notably whether the solvency and liquidity tests have been passed to the satisfaction of the directors.

### 1.23. 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.

### 1.23.1. The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group'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. Although the risks associated with rights the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term.

### 1.24. Non-Current assets held for sale

Non-current assets and disposal Groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the following criteria are met:

- management is committed to a plan to sell
- the asset is available for immediate sale
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions) -the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after sale.

### 1.25. Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. Provisions are not recognised for future operating losses.

### 1.26. Operating segments

An operating segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those other segments. The Group's primary format for segment reporting is based on geographical segments. Segment results include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 1.27. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts within the next financial year:

#### 1.27.1. Fair value of investment properties

The directors use their judgement in selecting an appropriate valuation technique for the investment properties. Investment properties are valued using a direct capitalisation method based on assumptions supported, where possible, by observable market prices. Each property is revalued by an independent accredited valuer at least every three years. The directors ensure that the reviewer selected is independent, maintains the appropriate qualification and accreditation, and has the necessary experience in the property market to which the property being valued belongs to.

In the absence of current prices in an active market, valuations that make maximum use of relevant observable inputs and minimal use of unobservable inputs are prepared. Discounted cash flow analysis is applied which is prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. Then a yield that reflects the specific risks inherent in the net cash flows is applied to the net annual cash flows to arrive at the property valuation. The valuation process also makes use of the net income method which assumes a rental stream into perpetuity and uses the capitalisation rate to account for the risk of projected market, business and financial volatility and to adjust for the sustainability of the cash flow into perpetuity. Once the capitalisation value has been calculated, further adjustments are made to the valuations relating to project costs and values. The directors confirm that there have not been any material changes to the information used and assumptions applied by the valuer.

#### 1.27.2. Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets from investment properties that are measured using the fair value model in IAS 40 - Investment Properties, the directors have reviewed that the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption set out in IAS 12 - Income Taxes, that investment properties measured using the fair value model are recovered through sale is not rebutted.

#### 1.27.3. Impairment of investments and assets

The Group and Company review the investments and assets for impairment at the end of each annual reporting period and consider if any impairment is necessary based on review of net asset value, current market value and discounted cash flows.

#### 1.27.4. Provision for doubtful debt

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

#### 1.27.5. Useful lives and residual values of property, plant and equipment

The Group and Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period.





#### 1.27.6. Recoverability of intangible asset

The Group and Company review the intangible asset for impairment at the end of each annual reporting period.

#### 1.27.7. Related party transactions

Related parties are defined as those parties that:

- directly, or indirectly through one or more intermediaries:
  - (i) control, are controlled by, or are under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - (ii) have an interest in the entity that gives them significant influence over the entity; or
- are members of the key management personnel of the entity or its parent including close members of the family.

All dealings with related parties are transacted on an arm's - length basis.

#### 1.27.8. Joint arrangements and joint operations

Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have the rights to the assets and the obligations for the liabilities relating to the arrangement. In assessing whether an arrangement constitutes a joint arrangement, the directors consider whether the arrangement is structured through a separate vehicle, the type of legal structure, the agreements with other parties that have joint control and other facts and circumstance that be relevant.

#### 1.27.9. Net realisable values of properties held as inventories

Independent valuations are performed on a regular basis for the purpose of determining the net realisable value of the properties included in inventory. As part of the preparation of the current year annual financial statements, detailed valuations were performed by an independent valuer. The comparable sales valuation method was used to determine the fair value of the properties. This method uses the recent selling values of properties in a similar location, condition and size adjusted in certain instances for unit density, usability and access. The reduction to net realisable value is accounted for in profit or loss.

#### 1.27.10. Classification between inventories and investment properties

Management uses the criteria as set out by IAS 2 (Inventories) and IAS 40 (Investment Properties) for the initial recognition and classification of inventories and investment properties. When the company decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised and does not treat it as inventory.

Management identified the portions of the properties required for intended development and sale projects and classified these portions of the properties as inventory as it is the intention of the company to develop these properties for later sale. Development and sale is not the primary business of the company.

## 2. Contractual lease rental revenue

| | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|
| Rental income | 120 953 | 112 411 | 42 819 | 43 101 |
| Service charges recovered | 24 336 | 17 417 | 2 851 | 2 727 |
| | **145 289** | **129 828** | **45 670** | **45 828** |

Revenue comprises rental income and service charges recovered from clients.
Variable lease income, not dependent on an index or rate, of P5.2m is included in the rental income above (2020: P4.5m)

## 3. Investment in a joint venture

Details of the Group's investment in a joint venture at the end of the reporting period is as follows:

| Name of joint venture | Principal activity | Place of incorporation and principal place of business | Proportion of ownership interest and voting rights held by the Group 2021 | 2020 |
|---|---|---|---|---|
| HMS1 Société Anonyme (HMS1) | Operating a lodge known as Isalo Rock lodge | Madagascar | 50% | 50% |

The above joint venture is accounted for using the equity method in these financial statements. The principle activity of the joint venture is the operation of a hospitality asset in Madagascar. This represents strategic investment of the Group, which continues to expand its footprint in the hospitality property sector.

Summarised information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS.

**Summarised statement of financial position**

| | 2021 P'000 | 2020 P'000 |
|---|---|---|
| **Current** | | |
| Cash and cash equivalents | 15 | 32 |
| Financial assets (excluding cash) | 10 207 | 9 485 |
| Total current assets | **10 222** | **9 517** |
| Other current liabilities (including trade and other payables) | (8 451) | (9 001) |
| Total current liabilities | **(8 451)** | **(9 001)** |
| **Non-current** | | |
| Investment property | 52 186 | 54 658 |
| Deferred tax asset | 504 | 471 |
| Total non-current assets | **52 690** | **55 129** |
| Long term borrowings | (1,644) | (758) |
| Total financial liabilities | **(1,644)** | **(758)** |
| **Net assets** | **52 817** | **54 887** |
| **Summarised statement of comprehensive income** | | |
| Revenue | 115 | 260 |
| Operating costs | (615) | (794) |
| Net foreign exchange (loss)/gains | - | - |
| Profit from operations | **(500)** | **(534)** |
| Finance costs | (324) | (319) |
| Profit before taxation | **(824)** | **(853)** |
| Income tax expense | (1) | - |
| Loss for the year | **(825)** | **(853)** |
| Group's loss for the year | **(413)** | **(427)** |





## 3. Investment in a joint venture (continued)

**Reconciliation of summarised financial information**

Reconciliation of the above summarised financial information to the carrying amount of the interest in joint venture recognised in the consolidated financial statements:

| | 2021 P'000 | 2020 P'000 |
|---|---|---|
| **Summarised financial information** | | |
| Opening net assets | 54,887 | 61 266 |
| Profit for the year | (825) | (853) |
| Foreign exchange differences | (1,245) | (5 526) |
| Closing net assets | **52 817** | **54 887** |
| Interest in joint venture | 50% | 50% |
| Carrying amount of the Group's interest in the joint venture | **26 408** | **27 444** |

## 4. Profit from operations

| | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|
| Auditor's remuneration - audit fee | 497 | 466 | 128 | 116 |
| Depreciation | 2 483 | 1 399 | 381 | 627 |
| Directors' emoluments - for services as directors (note 28) | 612 | 495 | 534 | 495 |
| Management and administration fee paid to related company (note 28) | 10 518 | 9 489 | 2 445 | 2 691 |
| Acquisition cost relating business combinations paid to related company (note 28) | 3 466 | - | 3 466 | - |
| Acquisition Cost relating business combinations - other | 13 177 | - | 13 177 | - |
| Lease renewal fees paid to related company (note 28) | 789 | 695 | 548 | 468 |
| Movement in provision for doubtful debt (note 15) | 7 637 | 1 795 | 1 791 | 963 |
| Repairs and maintenance on investment properties | 5 199 | 3 107 | 1 560 | 1 248 |
| Service charges paid to related company (note 28) | 4 447 | 3 916 | 4 447 | 3 916 |
| Foreign exchange (losses) / gains | (1 820) | 1 647 | 1 488 | (5 548) |
| Bargain purchase gain (note 7) | 577 342 | - | - | - |

## 5. Investment income

| | | | | |
|---|---|---|---|---|
| **Interest income from** | | | | |
| Bank balances | 2 036 | 423 | 1 852 | 174 |
| Money market | 987 | 1 369 | 262 | 1 369 |
| Overdue accounts and tenant deposits | 10 986 | 10 379 | (160) | 192 |
| Related parties and intercompany (note 28) | - | - | 21 639 | 16 548 |
| | 14 009 | 12 171 | 23 593 | 18 283 |
| Fair Value loss on level 1 financial instruments | 1 847 | - | - | - |
| Dividends received | 2 487 | 854 | 2 528 | 2 794 |
| | **18 343** | **13 025** | **26 121** | **21 077** |

## 6. Finance costs

| | | | | |
|---|---|---|---|---|
| Interest payable on | | | | |
| Bank overdraft | 385 | 343 | 303 | 113 |
| Long term borrowings | 68 213 | 57 729 | 29 730 | 29 046 |
| Other | - | 245 | - | 245 |
| | **68 598** | **58 317** | **30 033** | **29 404** |

## 7. Acquisition of Tower Property Fund Limited

The Group held a 2% interest in Tower Property Fund Limited, a property holding group listed on the Johannesburg Stock Exchange. On 28 December 2021, the Group obtained majority control of Tower Property Fund Limited by acquiring the additional 98% of Tower Property Fund Limited's share capital thereby increasing its ownership interest to 100%. With this acquisition, the Group expects to increase its market share in the South African property industry. Details of the business combination are as follows:

| | Group 2021 P'000 |
|---|---|
| Amount settled in cash | 927,957 |
| Fair-value of equity shares held | 20,244 |
| **Total fair value of consideration transferred** | **948,201** |
| **Fair-value of non-controlling interest in Tower Property Fund International** | **193,393** |
| | **1,141,594** |
| **Recognised amounts of identifiable net assets:** | |
| Investment Property | 2,965,817 |
| Property Plant and Equipment | 6,284 |
| Inventories | 100,397 |
| Trade and other receivables | 76,731 |
| Deferred taxation Liability | (54,138) |
| Tax receivable | 2,228 |
| Cash and cash equivalents | 111,819 |
| Investment Property held for sale | 15,500 |
| Other financial liabilities | (1,414,325) |
| Related Party Loans | (22,661) |
| Trade and other payables | (67,715) |
| Tax payable | (1,001) |
| **Net Identifiable assets and liabilities** | **1,718,936** |
| **Bargain purchase gain** | **577,342** |

**Consideration transferred**
The acquisition was settled in cash of P927,957,182 by acquiring the remaining 330,044,093 shares of Tower Property Fund Limited from the existing shareholders. The fair-value of the equity shares held previously were measured at its market value on the date of acquisiton at P20,243,634. Acquisition-related costs amounting to P16,642,391 have been recognised as an expense in the consolidated statement of comprehensive income, as part of other expenses.

**Previously held investment in Tower Property Fund Limited**
On the acquisition date, the Group's 2% investment in Tower Property Fund Limited, previously accounted for as an available for sale financial asset, was remeasured to fair value of P20,243,634. The previously held investment is considered part of what was given up by the Group to obtain control of Tower Property Fund Limited. Accordingly, the fair value of the investment is included in the determination of the bargain purchase gain.

**Non-controlling interest in TPF International**
The non-controling interest in TPF International is measured at its proportionate share of the net asset value of TPF International at the acquisition date.

**Tower Property Fund Limited's contribution to the Group results**
Tower Property Fund Limited has contributed P2,538,779 and P992,923 to the Group's revenues and profit respectively, from the acquisition date to 31 December 2021.





## 8. Income tax expense

| | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|
| **Normal taxation** | | | | |
| Current year expense | 1,099 | 821 | 19 | - |
| Prior years under provision | (241) | - | - | - |
| Total normal taxation | 858 | 821 | 19 | - |
| **Deferred taxation** | | | | |
| Current year (excluding capital gains tax) | (3,231) | (1,391) | (6,112) | (2,124) |
| Capital gains deferred tax | (15,733) | (7,989) | (6,767) | (2,643) |
| Prior year under provision | - | 726 | - | - |
| | **(18,106)** | **(7,833)** | **(12,860)** | **(4,767)** |
| Income tax expense comprises: | | | | |
| Charged to statement of comprehensive income | (4,920) | (3,240) | 326 | (174) |
| Attributable to debenture interest credited to statement of changes in equity | (13,186) | (4,593) | (13,186) | (4,593) |
| | **(18,106)** | **(7,833)** | **(12,860)** | **(4,767)** |
| The charge for the year can be reconciled to the profit per income statement as follows: | | | | |
| **Tax reconciliation:** | % | % | % | % |
| Tax at current rate | 22.00 | 22.00 | 22.00 | 22.00 |
| Taxation on debenture interest | (2.05) | (24.13) | (29.25) | (39.99) |
| Prior year underprovision | 0.56 | 3.67 | 8.58 | - |
| Deferred tax prior year underprovision | (0.34) | - | (4.80) | - |
| Fair value adjustment on investment properties, net of deferred capital gains tax | (3.45) | (18.14) | (27.05) | (16.23) |
| Share of profit from joint venture | (0.02) | - | - | - |
| Non-taxable income | (0.86) | (5.01) | (3.46) | (7.22) |
| Non-taxable bargain purchase gain | (19.77) | - | - | - |
| Non-deductible expenses | 0.23 | 1.53 | 5.45 | 0.19 |
| Unutilised tax losses | 0.29 | 0.01 | - | - |
| Unrecognised assessed loss set-off in current year | - | (19.75) | - | - |
| Effect of tax rate differentials | 0.58 | (1.48) | - | - |
| | **(2.83)** | **(41.30)** | **(28.53)** | **(41.25)** |

## 9. Property, plant and equipment

| Group | Leasehold buildings P'000 | Furniture & equipment P'000 | Aircraft & vehicles P'000 | Total P'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2020 | 2 270 | 9 096 | 3 093 | 14,459 |
| Additions during the year | - | 52 | - | 52 |
| As at 31 December 2020 | 2 270 | 9 148 | 3 093 | 14 511 |
| Acquisition through business combination | - | 6 284 | - | 6,284 |
| Additions during the year | - | 26 869 | - | 26,869 |
| As at 31 December 2021 | **2 270** | **42 301** | **3 093** | **47 664** |
| **Accumulated depreciation** | | | | |
| At 1 January 2020 | 1 600 | 4 254 | 676 | 6,531 |
| Charge for the year | 60 | 1 230 | 201 | 1,491 |
| As at 31 December 2020 | 1 660 | 5 484 | 877 | 8 022 |
| Charge for the year | 140 | 2 215 | 206 | 2,561 |
| As at 31 December 2021 | **1 800** | **7 699** | **1 083** | **10 582** |
| **Net book value at 31 December 2021** | **470** | **34 602** | **2 010** | **37 082** |
| **Net book value at 31 December 2020** | **610** | **3 664** | **2 216** | **6 489** |

## 9. Property, plant and equipment (continued)

**Leasehold buildings comprise the following:**
A basement parking facility at portion of Lots 1204,1138 and 8897 in Main Mall area in Gaborone, Botswana, constructed on a plot of land leased from Gaborone City Council for a period of 20 years.

| Company | Furniture & equipment P'000 | Aircraft P'000 | Total P'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2020 | 1 717 | 3 093 | 4,810 |
| Additions during the year | 71 | - | 71 |
| As at 31 December 2020 | 1,788 | 3,093 | 4,881 |
| Additions during the year | 7 | - | 7 |
| As at 31 December 2021 | **1,795** | **3,093** | **4,888** |
| **Accumulated depreciation** | | | |
| At 1 January 2020 | 375 | 672 | 1,047 |
| Charge for the year | 421 | 206 | 627 |
| As at 31 December 2020 | 796 | 878 | 1,674 |
| Charge for the year | 175 | 206 | 381 |
| As at 31 December 2021 | **971** | **1,084** | **2,055** |
| **Net book value at 31 December 2021** | **824** | **2,009** | **2,833** |
| **Net book value at 31 December 2020** | **992** | **2,215** | **3,207** |

## 10. Investments

| | Country of incorporation | Share Holding | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|---|---|
| **At cost:** | | | | | | |
| **Equity investments - Subsidiaries** | | | | | | |
| RDC Properties International Proprietary Limited | Botswana | 100% | - | - | 537 092 | 1 588 |
| Lotsane Complex Proprietary Limited | Botswana | 77% | - | - | 1 692 | 1 692 |
| Three Partners Resorts Limited | Botswana | 54% | - | - | 82 281 | 82 281 |
| Norman Kwati Matsetse Proprietary Ltd | Botswana | 100% | - | - | 4 300 | 4 300 |
| | | | **-** | **-** | **625 365** | **89 861** |
| **Joint Operation** | | | | | | |
| Propcorp Proprietary Limited | Botswana | 33% | - | - | 2 187 | 2 187 |
| | | | **-** | **-** | **2 187** | **2 187** |
| **USA Private Placement Insurance Policy** | | | | | | |
| Evergreen Private Placement Policy | | | 89 340 | 68 461 | - | - |
| | | | **89 340** | **68 461** | **-** | **-** |
| | | | **89 340** | **68 461** | **627 552** | **92 048** |

**USA Private Placement Insurance Policy**

| | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|
| **Reconciliation of fair value** | | | | |
| Opening value | 68,461 | - | - | - |
| Acquisitions during the year | - | 59,709 | - | - |
| Distributions | (1,754) | - | - | - |
| Foreign exchange gains/(losses) | 6,582 | 1,266 | - | - |
| Net increase in fair value | 16,051 | 7,486 | - | - |
| **Closing balance** | **89,340** | **68,461** | **-** | **-** |





## 10. Investments (continued)

**Joint operations**
The principle activity of the joint operation, Propcorp (Proprietary) Limited is the rental generation on a parking lot owned by the entity in Botswana. The parking lot is situated next to an investment property held by the Group and accordingly, the investment in the joint operation is strategic in nature. The following amounts are included in the Group financial statements as a result of the proportionate consolidation of Propcorp (Proprietary) Limited:

| | 2021 P'000 | 2020 P'000 |
|---|---|---|
| Non-current assets | 470 | 581 |
| Current assets | 102 | 70 |
| Current liabilities | (151) | 581 |
| Income | 154 | 191 |
| Expenses | (261) | (255) |

## 11. Long term loan receivables

| | Country of incorporation | Share Holding | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|---|---|
| **At cost:** | | | | | | |
| **Long term loans - Investments through RDC Properties International Proprietary Limited** | | | | | | |
| RDC Properties International Proprietary Limited | Botswana | 100% | - | - | 607 836 | 428 501 |
| RDC Properties Namibia Proprietary Limited | Namibia | 100% | - | - | 4 986 | 4 986 |
| RDC KMR Limited | Mauritius | 55% | - | - | 12 951 | 11 903 |
| RDC Zimpeto Limited | Mauritius | 60% | - | - | 12 562 | 11 563 |
| | | | **-** | **-** | **638 335** | **456 953** |
| **Long term loans through RDC Properties South Africa Proprietary Limited** | | | | | | |
| Castle Group (Proprietary) Limited | South Africa | 0% | - | 12 418 | - | - |
| | | | **-** | **12 418** | **638 335** | **456 953** |

Long term loans through RDC Properties International (Pty) Limited are unsecured, bear interest at rates linked to prime lending rate, and are repayable on demand.

## 12. Investment properties

| | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|
| Freehold land and buildings at fair value | 4,410,092 | 1,055,385 | 366,110 | 345,555 |
| Leasehold land and buildings at fair value | 1,121,169 | 1,103,195 | 455,402 | 459,556 |
| | 5,531,261 | 2,158,580 | 821,512 | 805,111 |
| Straight line rental adjustment | 4,641 | (13,429) | (1,708) | (2,186) |
| | **5,535,902** | **2,145,151** | **819,804** | **802,925** |
| **Reconciliation of fair value** | | | | |
| Opening value | **2,145,151** | **1,977,609** | **802,925** | **804,372** |
| At valuation | 2,158,580 | 1,989,272 | 805,111 | 806,655 |
| Straight line rental adjustment | (13,429) | (11,663) | (2,186) | (2,283) |
| Acquisition through business combination | 2,965,817 | - | - | - |
| Transfers to available for sale | (10,680) | - | (10,680) | - |
| Additions during the year | 87,414 | 5,514 | 2,421 | 1,994 |
| Acquisitions during the year | 296,188 | 178,029 | - | - |
| Foreign currency translation reserve | 15,380 | 9,946 | - | - |
| Net increase / (decrease) in fair value | 37,905 | (24,181) | 24,660 | (3,538) |
| Straight line rental adjustment included in profit or loss | (1,273) | (1,766) | 478 | 97 |
| **Closing balance** | **5,535,902** | **2,145,151** | **819,804** | **802,925** |

**Acquisitions**

The following investment properties were acquired during the period:

- Radisson RED Hotel in Rosebank, Johannesburg, South Africa being a 222-room hotel situated on Erf 232 measuring 2 815m²; acquired on 26 July 2021
- 108 Albert Rd consisting of 3 Erven in Woodstock, Cape Town, South Africa being;
  - o Erf 14849 measuring 1 074m²; acquired on 22 November 2021
  - o Erf 11152 measuring 81m²; acquired on 22 November 2021
  - o Erf 170664 measuring 705m²; acquired on 19 November 2021
- Xiquelene, a single property located in Maputo, Mozambique under title deed No. 52735, folhas 87 do livro B/178 measuring 3 057m²; acquired on 30 March 2021

**Fair value adjustments**

For 31 December 2021, valuations of all properties were performed by either the directors or independent valuers and have resulted in a net upward revaluation of P37,905,000 (2020: P24,181,000). The Group engaged registered independent valuers, Stocker Fleetwood Bird to independently value properties in Botswana, and Mills Fitchet Magnus Penny to independently value properties South Africa. These parties are considered specialists in the real estate industry and are appropriately qualified and certified to perform valuations.

Investment properties are revalued based on an independent accredited valuers report at least every three years and are revalued annually by the Board of Directors based on a direct capitalisation model or a discounted cash flow model. The board is appropriately resourced with the necessary financial qualifications and experience to perform valuations on this basis.

For the Radisson RED Hotel, Rosebank, the directors have deemed the fair value of investment property to be cost in line with IAS 40 as the current global pandemic is an exceptional circumstance where fair value cannot be reliably determined on a continuing basis and the investment property was recently constructed. Fair value will be revised when it can be reliably determined. An independent valuation was obtained which supports this recognition and indicates a fair value range of P295,000,000 to P311,300,000.

The property rental income earned by the Group from its investment properties before straight-line adjustment is P145 289 000 (2020: P129 826 000). Direct operating expenses (including repairs and maintenance) arising from investment properties was P44 230 685 (2020: P39 996 777).

As at 31 December 2021 investment properties with a fair value of P5.107 billion (2020: 1.857 billion) are encumbered. Refer to note 24.

For contractual capital commitments to repair or enhance investment properties refer to note 30.





## 13. Financial assets at fair value though other comprehensive income (OCI)

| | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|
| Ordinary shares in listed companies | 14,129 | 38,160 | 10,305 | 5,300 |
| Opening balance | 38,160 | 7,321 | 5,300 | 5,226 |
| Acquisitions during the year | - | 30,946 | - | - |
| Disposals during the year | (37,537) | (59) | - | - |
| Fair value gains / (losses) | 13,165 | 3,862 | 5,005 | 74 |
| Foreign Exchange | 341 | (3,910) | - | - |
| Closing balance | **14,129** | **38,160** | **10,305** | **5,300** |

The Group holds investments in Letshego Holdings Limited, a financial services provider listed on the Botswana Stock Exchange, Spear Real Estate Investment Trust Limited, a property REIT listed on the JSE AltX and South African government bonds.

## 14. Intangible asset

| | | | | |
|---|---|---|---|---|
| Licence allowing right of usage | 1,000 | 1,000 | - | - |

The Group acquired an indefinite license to build and operate a hotel in the central business district in Gaborone, Botswana. The hotel was completed and started operations during 2012. The license acquired does not expire nor does it get renewed periodically. The directors have determined this to be an indefinite intangible asset and have reviewed the intangible asset for impairment and have concluded that the asset is not impaired.

## 15. Trade and other receivables

| | | | | |
|---|---|---|---|---|
| Trade receivables | 59,128 | 34,629 | 14,996 | 15,791 |
| Loss allowance | (16,379) | (9,600) | (4,737) | (5,190) |
| | 42,749 | 25,029 | 10,259 | 10,601 |
| Value added tax | 3,974 | 523 | 120 | - |
| Prepayment | 10,099 | 964 | 259 | 492 |
| Municipal deposits | 12,399 | - | - | - |
| Recovery accruals | 7,847 | - | - | - |
| Tower Treasury shares held by broker | 6,426 | - | - | - |
| Recoverable expenses | 3,612 | - | - | - |
| Settlement agreements | 1,727 | - | - | - |
| Other receivables | 12,230 | 9,828 | 2,092 | 2,290 |
| Related parties: | | | | |
| RDC Properties International Proprietary Limited | - | - | 53,376 | 27,783 |
| Property and Asset Management Limited | - | 150 | - | - |
| Norman Kwati Matsietse Proprietary Limited | - | - | 2,183 | - |
| Scenic Adventures Proprietary Limited | - | 10 | - | 10 |
| Three Partners Resorts Limited | - | - | 10,072 | 9,663 |
| Natural Mystik Propriety Limited | - | 73 | - | - |
| Antya Investments Proprietary Limited | 11 | 1 | 11 | 1 |
| RDC Zimpeto Limited | - | - | 843 | 1,024 |
| RDC KMR Limited | - | - | - | 2,355 |
| Yuagong Proprietary Limited | 23,157 | 2,752 | - | - |
| | **124,231** | **39,330** | **79,215** | **54,219** |
| Short-term portion | 98,145 | 34,922 | 79,215 | 54,219 |
| Long-term portion | 26,086 | 4,408 | - | - |
| | **124,231** | **39,330** | **79,215** | **54,219** |

All amounts are short-term, unless indicated otherwise. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Other receivables from related parties are unsecured and will be settled on a cash basis within the next 12 months.

## 15. Trade and other receivables (continued)

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected credit loss rates are based on the payment profile for sales over the past 24 months before 31 December 2021 and 31 December 2020 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customers' ability to settle the amount outstanding. The Group has identified the gross domestic product (GDP) rate of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangements amongst other things is considered an indicator of no reasonable expectation of recovery.

The tables below include disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

**GROUP**

| | Current | 30 days | 60 days | 90 days | 120 days |
|---|---|---|---|---|---|
| **2021** | | | | | |
| Expected credit loss rate | 6% | 15% | 19% | 27% | 39% |
| Gross carrying amount | 11,794 | 5,572 | 3,763 | 4,707 | 33,292 |
| Lifetime expected credit loss | 667 | 832 | 699 | 1,289 | 12,892 |
| **2020** | | | | | |
| Expected credit loss rate | 0% | 1% | 1% | 7% | 42% |
| Gross carrying amount | 3,840 | 2,360 | 2,555 | 1,525 | 24,349 |
| Lifetime expected credit loss | - | 27 | 37 | 112 | 9,424 |

**COMPANY**

| | Current | 30 days | 60 days | 90 days | 120 days |
|---|---|---|---|---|---|
| **2021** | | | | | |
| Expected credit loss rate | 0% | 6% | 12% | 18% | 45% |
| Gross carrying amount | 1,217 | 1,716 | 1,450 | 1,097 | 9,516 |
| Lifetime expected credit loss | - | 98 | 171 | 194 | 4,274 |
| **2020** | | | | | |
| Expected credit loss rate | 0% | 1% | 2% | 3% | 50% |
| Gross carrying amount | 1,039 | 1,082 | 1,459 | 740 | 11,471 |
| Lifetime expected credit loss | - | 14 | 22 | 19 | 5,135 |

**Expected credit losses reconciliation**

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 P'000 | 2021 P'000 | 2020 P'000 | 2021 P'000 |
| Balance at beginning of the year | 9,600 | 7,805 | 5,190 | 4,227 |
| Movement in the loss allowance | 6,779 | 1,795 | ( 453) | 963 |
| Balance at end of the year | **16,379** | **9,600** | **4,737** | **5,190** |





## 16. Inventories

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 P'000 | 2020 P'000 | 2021 P'000 | 2020 P'000 |
| Inventories at cost | | | | |
| Opening balance | - | - | - | - |
| Acquisition through business combination | 99,522 | - | - | - |
| Closing balance | 99,522 | - | - | - |

On acquisition, the Group recognised inventory consisting of 61 residential units, which are awaiting sale at 31 December 2021. This comprises 55 units at the Old Cape Quarter and 6 units at 16 Napier Street, both located in De Waterkant, in Cape Town. 16 units have been sold post year-end, of which 15 transferred in March 2022, and one further is expected to transfer in April (refer to note 36). The remaining units will continue to be leased on a short-term basis and actively marketed until buyers are found. The development was valued by an independent professional valuer at the end of the period (refer to note 9). This valuation takes into account the impact of Covid-19 for impairment testing purposes.

All of the company's properties are pledged as security, refer to note 24.

## 17. Investment Property Held for Sale

| | | | | |
|---|---|---|---|---|
| Opening Balance | - | - | - | - |
| Acquisition of subsidiary | 15,500 | - | - | - |
| Transfer from Investment Property | 10,680 | - | 10,680 | - |
| Closing Balance | **26,180** | **-** | **10,680** | **-** |

On acquisition, The Braides property (Johannesburg, South Africa) was recognised as investment property held for sale, with a book value of P15,500,442. Transfer of the property occurred on 4 February 2022.
The Roots Tower property (Maun, Botswana), with a book value of P10,680,000, has been reclassified as held for sale at 31 December 2021. At the date of signing the annual financial statements, the property has not yet been sold, with the sale likely to occur before 31 December 2022.

The revenue and profits pertaining to the investment properties held for sale, have not been disclosed separately in the statement of comprehensive income, as these properties do not meet the definition of a discontinued operation in terms of IFRS 5, as these assets are not a separate major line of business to the group.

## 18. Cash and cash equivalents

| | | | | |
|---|---|---|---|---|
| Bank balances | 143,753 | 157,091 | 12,976 | 5,580 |
| Money Market | 48 | 8,133 | 48 | 8,133 |
| | **143,801** | **165,224** | **13,024** | **13,713** |

Included in the Bank balances is P nil (2020: P135 446 818) of funds that were ceded to Nedbank Limited and were deployed in the acquisition of the Radisson RED Hotel.

## 19. Stated capital

Stated capital reserve comprises the fully paid ordinary share component of the linked units issued to shareholders of the Group with no par value:

| | | | | |
|---|---|---|---|---|
| Issued and fully paid | | | | |
| Opening balance 353 448 157 (2020: 350 982 285) ordinary shares | 329,073 | 324,856 | 329,073 | 324,856 |
| Capitalisation issue nil (2020: 2 465 872) ordinary shares | - | 4,217 | - | 4,217 |
| Bonus Share Issue 88 362 039 (2020: nil) ordinary shares | 160,819 | - | 160,819 | - |
| Rights Offer Share Issue 316 422 931 (2020: nil) ordinary shares | 575,890 | - | 575,890 | - |
| Closing balance 758 233 124 (2020: 353 448 157) ordinary shares | **1,065,782** | **329,073** | **1,065,782** | **329,073** |

Transaction costs totalling P7.6m (2020: P nil) have been accounted for as a deduction from the rights offer share issue above. P6.3m of the above transaction cost was paid to a related party. Refer to note 28.

## 20. Debentures

Debenture reserve comprises the variable interest debenture portion of the linked units issued to the shareholders of the Group:

| | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|
| Opening balance 353 448 157 (2020: 350 982 285) debentures | 113,103 | 112,314 | 113,103 | 112,314 |
| Capitalisation issue nil (2020: 2 465 872) debentures | - | 789 | - | 789 |
| Bonus Share Issue 88 362 039 (2020: nil) debentures | 28,276 | - | 28,276 | - |
| Rights Offer Share Issue 316 422 931 (2020: nil) debentures | 101,255 | - | 101,255 | - |
| Closing balance 758 233 124 (2020: 353 448 157) debentures | **242,634** | **113,103** | **242,634** | **113,103** |

## 21. Accumulated profits

Accumulated profits reserve comprises the accumulative retained earnings balance of the Group:

| | | | | |
|---|---|---|---|---|
| Arising from operations | 567,241 | 40,840 | 24,228 | 60,191 |
| Bonus Share Issue | (189,095) | - | (189,095) | - |
| Arising from revaluation of investment properties | 742,599 | 688,961 | 464,424 | 432,997 |
| | **1,120,745** | **729,801** | **299,557** | **493,188** |

## 22. Debenture interest and dividend reserve

Debenture interest and dividend reserve comprise the interest and dividend owing to shareholders of the Group at the period end.

| | | | | |
|---|---|---|---|---|
| Debenture interest | 49,467 | 13,237 | 49,467 | 13,237 |
| Dividends | 1,001 | 265 | 1,001 | 265 |
| | **50,468** | **13,502** | **50,468** | **13,502** |

Distributions to linked Unit holders are primarily in the form of debenture interest. The distribution, made bi-annually, varies with the operating performance of the Group and Company.

| | | | | |
|---|---|---|---|---|
| **Debenture interest** | | | | |
| Interim paid - 2.370 (2020: 2.147) thebe | 10,471 | 7,589 | 10,471 | 7,589 |
| Interim declared - 6.524 (2020: 3.745) thebe | 49,467 | 13,237 | 49,467 | 13,237 |
| Final proposed - nil (2020: nil) thebe | - | - | - | - |
| | **59,938** | **20,826** | **59,938** | **20,826** |
| **Dividends:** | | | | |
| Interim paid - 0.347 (2020: 0.399) thebe | 1,533 | 1,410 | 1,533 | 1,410 |
| Interim declared - 0.132 (2020: 0.075) thebe | 1,001 | 265 | 1,001 | 265 |
| Final proposed - nil (2020: nil) thebe | - | - | - | - |
| | **2,534** | **1,675** | **2,534** | **1,675** |

On 29 December 2021, a second interim distribution was declared. The distribution is payable on or about 27 April 2022. At year end, no final distribution has been proposed other than those paid and declared in the period.

## 23. Non-controlling interests

| | | | | |
|---|---|---|---|---|
| Opening balance | 297,009 | 265,452 | - | - |
| Subsidiary acquired during the year | 193,393 | - | - | - |
| Increase in controlling shareholding of subsidiary | - | 38,459 | - | - |
| Share of profit / (loss) for the year | 18,057 | (5) | - | - |
| Dividends for the year | (15,130) | (6,897) | - | - |
| Closing balance | **493,329** | **297,009** | **-** | **-** |





## 24. Long term borrowings

| | Interest rate at 31 December 2021 | Maturity date | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|---|---|
| **African Banking Corporation of Botswana Limited[1]** | | | | | | |
| Loan Facility | Prime - 1.5% | November 2024 | 4,770 | 6,327 | 4,770 | 6,327 |
| **First National Bank of Botswana Limited[2]** | | | | | | |
| Loan Facility - 1 | Prime Rate | January 2023 | 3,923 | 7,102 | 3,923 | 7,102 |
| Loan Facility - 2 | Prime Rate | February 2022 | 375 | 2,586 | 375 | 2,586 |
| Loan Facility - 3 | Prime - 1.5% | January 2029 | 11,508 | 12,815 | 11,508 | 12,815 |
| **ABSA Bank Botswana Limited[3]** | | | | | | |
| Three Partners Resorts Loan Facility 1 | Prime - 2.75% | May 2023 | 3,135 | 4,519 | - | - |
| Three Partners Resorts Loan Facility 2 | Prime + 1% | December 2022 | 10,622 | 14,260 | - | - |
| Three Partners Resorts Loan Facility 3 | Prime + 0.75% | December 2028 | 17,000 | - | - | - |
| **BIFM Capital Investment Fund One (Pty) Limited[4]** | | | | | | |
| Promissory Note 1 | Fixed at 10.20% | 2030 - 2034 | 76,928 | 76,928 | 76,928 | 76,928 |
| Promissory Note 2 | Fixed at 9.45% | 2025 - 2034 | 64,941 | 64,941 | - | - |
| **Botswana Insurance Fund Management Limited[5]** | | | | | | |
| Promissory Note | Fixed at 8% | 2031 - 2035 | 50,000 | 50,000 | 50,000 | 50,000 |
| Commercial Paper | Bank Rate + 1.83% | December 2021 | - | 150,760 | - | 150,760 |
| Commercial Paper | Fixed at 9% | 2031 - 2035 | 125,000 | - | 125,000 | - |
| Commercial Paper | Bank Rate + 3.25% | December 2022 | 25,000 | 0 | 25,000 | 0 |
| **Stanbic Bank of Botswana[6]** | | | | | | |
| Revolving Credit Facility | Fixed at 5.75% | December 2022 | 6,503 | - | 6,503 | - |
| **LGT Bank Limited** | | | | | | |
| Lombard Loan Facility | Fixed at 3.48% | February 2021 | - | 3,346 | - | 3,346 |
| **Investec Bank Limited[7]** | | | | | | |
| Term Loan Facility | 3 Month JIBAR + 3.5% | December 2025 | 225,435 | - | - | - |
| **Nedbank South Africa Limited[8]** | | | | | | |
| Term Loan Facility | 3 Month JIBAR + 2.22% | July 2031 | 149,815 | - | - | - |
| **ABSA Bank Limited - South Africa[9]** | | | | | | |
| Mortgage bond Facility 1 | Prime (RSA) - 1.25% | April 2022 | 140,749 | 140,592 | - | - |
| Mortgage bond Facility A, B and C | Prime | June 2024 | 121,003 | 108,086 | - | - |
| ABSA Bank Limited - Mortgage bond Facility B | Prime - 1% | June 2024 | - | - | - | - |
| ABSA Bank Limited - Mortgage bond Facility C | Prime - 1% | June 2024 | - | - | - | - |
| Mortgage bond Facility 2 | Prime (RSA) - 0.83% | March 2023 | 120,038 | 119,903 | - | - |

## 24. Long term borrowings (continued)

| | Interest rate at 31 December 2021 | Interest date | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|---|---|
| **First National Bank Limited - South Africa[10]** | | | | | | |
| Development Loan Facility | Prime (RSA) + 2% | May 2032 | 37,253 | - | - | - |
| VAT loan Facility | Prime (RSA) + 2% | June 2022 | 4,429 | - | - | - |
| Term Loan Facility | Prime (RSA) + 0.5% | November 2022 | 3,772 | - | - | - |
| **Standard Bank Limited - South Africa[11]** | | | | | | |
| Standard Bank Loan 1 | 3m JIBAR + 1.80% | January 2022 | 344,343 | - | - | - |
| Standard Bank Loan 2 | 3m JIBAR + 1.85% | July 2022 | 87,448 | - | - | - |
| Standard Bank Loan 3 | 3m JIBAR + 1.80% | March 2024 | 213,429 | - | - | - |
| Standard Bank Loan 4 - Euro Denominated | 3m EURIBOR + 2.5% | June 2023 | 51,820 | - | - | - |
| Standard Bank Loan 5 | 3m JIBAR + 2.42% | July 2022 | 353,671 | - | - | - |
| **Privredna Banka Zagreb - Croatia[12]** | | | | | | |
| Loan Facility - Euro Denominated | Fixed at 3.5% | December 2025 | 121,757 | - | - | - |
| **Erste Bank Group - Croatia[13]** | | | | | | |
| Loan Facility 1 - Euro Denominated | Fixed at 2.35% | February 2025 | 180,256 | - | - | - |
| Loan Facility 2 - Euro Denominated | Fixed at 2.35% | February 2025 | 45,886 | - | - | - |
| **Total bank debt owed** | | | **2,600,809** | **762,165** | **304,007** | **309,864** |
| **RDC Properties Listed Notes:** | | | | | | |
| RDCP001 Listed Unsecured Senior Notes | Bank rate + 3.00% | March 2026 | 47,385 | 47,378 | 47,385 | 47,378 |
| RDCP002 Listed Unsecured Senior Notes | Bank rate + 3.00% | March 2027 | 40,202 | 40,202 | 40,202 | 40,202 |
| RDCP003 Listed Unsecured Senior Notes | Bank rate + 2.20% | March 2024 | 12,014 | 12,014 | 12,014 | 12,014 |
| RDCP004 Listed Unsecured Senior Notes | Bank rate + 3.75% | December 2022 | 75,335 | - | 75,335 | - |
| **Total Listed Notes** | | | **174,936** | **99,594** | **174,936** | **99,594** |
| Balance of debt origination costs being amortised | | | (10,349) | (1,867) | (279) | (1,166) |
| **Loans from related parties** | | | | | | |
| Loan from KMR Projectos | 3 Month Libor + 5% | On Demand | 12,118 | 9,783 | - | - |
| Loan from JHK Investimentos | 3 Month Libor + 5% | On Demand | 11,481 | 8,068 | - | - |
| Loan from Panache Properties Proprietary Limited | Interest Free | On Demand | 5,905 | - | - | - |
| Loan from VMD Grupa d.o.o. | Fixed at 13.3% | December 2025 | 22,872 | - | - | - |
| Interest rate derivatives at fair value through profit or loss | | | 13,105 | - | - | - |
| **Total current and long term borrowings** | | | **2,830,876** | **877,745** | **478,664** | **408,292** |
| Current portion of long term borrowings | | | 1,079,981 | 418,902 | 115,591 | 163,344 |
| Long term borrowings | | | 1,750,896 | 458,843 | 363,073 | 244,948 |
| **Total current and long term borrowings** | | | **2,830,877** | **877,745** | **478,664** | **408,292** |





## 24. Long term borrowings (continued)

1. The loan facility is secured by a mortgage bond over Lot 22018, Gaborone, Botswana.
2. The loan facilities 1,2,3 are secured by mortgage bonds over Lot 50369 (a portion of Lot 50354), Gaborone, Botswana and Lot 914 - Kasane, Botswana.
3. The loan facilities 1,2,3 are secured by mortgage bonds over Lot 54353, Central Business District, Gaborone, Botswana.
4. The promissory note 1 is secured as mortgage bonds over Lots 1124 to 1130, Exension 3, Gaborone, Botswana. Promissory note 2 is secured against Lot 54353, Central Business District, Gaborone, Botswana
5. The promissory notes and commercial papers are secured by mortgage bonds over investment Lots 1124 to 1130, Lots 1116, 1117, 1840, Extension 3 Gaborone, Botswana, as well as, Lease Area No. 4 - AO, Kasane.
6. The revolving credit facility is secured a mortgage bond over Lot 758, Gaborone Botswana.
7. The term loan is secured by mortgage bonds over Lots 2258, 3761, 5422, 5435, 21306, 22107, 22018, 50068, 80055, Gaborone, Botswana and a guarantee from the Group and the Company.
8. The loan is secured by a mortgage bond over erf 232, Johannesburg, South Africa.
9. The loans are secured by mortgage bonds over erven 491, 1158, 39227, 13047, 39224, 38794, 39215, 39651, 39037, 8132, 178287, 23831, Cape Town, South Africa.
10. The loans are secured by mortgage bonds over erven 14849, 11152, 14849, 170664, Cape Town, South Africa.
11. These loan facilities are secured by mortgage bonds over the South African domiciled Properties of the Tower Property Fund Limited Group.
12. The loan facility is secured by a mortgage bond over land registry file number: 25703, Zagreb, Croatia.
13. The loan facilities are secured by mortgage bonds over land registry file number: 1548, Dubrovnik, Croatia and land registry file number: 24671, Zagreb, Croatia.

**Breach of covenants**

As at 31 December 2021, the Group was in breach of two loan covenants on the Standard Bank portfolio of loans (Standard Bank loans 1 to 5). The loan to value (LTV) ratio of the South African debt-secured properties was 51.5% at year end, in breach of the agreed loan covenant of 50%. The interest cover ratio for the South African portfolio was 1.7 at year end, in breach of the agreed loan covenant of two times. During the period between the reporting date and the publication of these financial statements, the Group has been in negotiation with Standard Bank regarding the renegotiation of the terms. Standard Bank has not recalled the loans and has instead set forth refinancing proposals which are being reviewed by management.

**Undrawn borrowing facilities**

As at year end, the Group had undrawn facilities comprising:

| | 2021 P'000 | 2020 P'000 |
|---|---|---|
| Funds held in access facilities | 85 929 280 | 24 210 216 |
| Undrawn term loans | 74 382 935 | - |

The undrawn facilities as at 31 December 2021 relate to P69 382 935 from Investec Bank Limited and P5,000,000 from FNB Botswana.

**Interest-rate derivatives**

| Consist of the following contracts: | Base currency | Nominal value P'000 | Fixed rate of swap | Expiry |
|---|---|---|---|---|
| Interest Rate Swap Contract 1 - Standard Bank Limited SA | ZAR | 147,623 | 7.57% | August 2023 |
| Interest Rate Swap Contract 2 - Standard Bank Limited SA | ZAR | 221,435 | 7.30% | August 2024 |
| Interest Rate Swap Contract 3 - Standard Bank Limited SA | ZAR | 442,870 | 4.60% | July 2023 |
| Interest Rate Swap Contract 4 - Erste & Steiermarkische Bank | EUR | 180,256 | -0.20% | February 2025 |
| Interest Rate Swap Contract 5 - Erste & Steiermarkische Bank | EUR | 45,886 | -0.20% | February 2025 |
| | | **1,038,070** | | |

**Mortgages with bankers, against which no obligation existed as at 31 December 2021**

Mortgages on the below-mentioned properties were registered as security for loans in prior years. As at the 31 December 2021, the loans were fully repaid and therefore the facilities could be cancelled.

## 24. Long term borrowings (continued)

**Value of mortgages with no liability**

| Property | 2021 P | 2020 P |
|---|---|---|
| Lot 443, Serowe | 216 800 | 216 800 |
| Lot 194, Maun | 780 000 | 780 000 |
| Lots 680 and 292, Serowe | 2 460 000 | 2 460 000 |
| Lot 914, Kasane | 1 500 000 | 1 500 000 |
| Lot 50369, Gaborone | - | 8 000 000 |
| | **4 956 800** | **12 956 800** |

## 25. Deferred tax liabilities

| | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|
| **Temporary differences arising on:** | | | | |
| Plant and equipment | 623 | 701 | 623 | 701 |
| Investment properties - capital allowances claimed to date | 99,792 | 45,253 | 16,295 | 15,343 |
| Investment properties - capital gains tax on fair value | 100,726 | 88,612 | 35,800 | 42,566 |
| Capital gains tax on fair value gains on financial assets through OCI | - | 21 | - | - |
| Unrealised gains | - | (1,240) | - | (1,240) |
| Operating Lease Asset | 5,289 | 1,988 | - | - |
| Expected credit loss allowance | (2,027) | - | (1,042) | - |
| Prepayments | 2,360 | - | - | - |
| Deferred income | (3,231) | 1 | (874) | - |
| Municipal provisions | (3,547) | - | - | - |
| Provision for leave pay | (156) | - | - | - |
| Fair value of financial instruments | (2,591) | - | 1,101 | - |
| Tax losses | (28,355) | (5,712) | (9,098) | (1,686) |
| Capitalised borrowing costs | 73 | - | - | - |
| | **168 956** | **129 624** | **42 805** | **55 684** |
| **Reconciliation of movement** | | | | |
| **Opening balance** | **129,624** | **138 747** | **55,684** | **60 451** |
| Acquisition of Tower Property Fund Limited | 58,562 | - | - | - |
| Foreign currency translation reserve | (266) | (469) | - | - |
| Charge to profit or loss - current year (excluding capital gains tax) | (1,068) | (1,391) | (3,949) | (2,124) |
| Charge to profit or loss - capital gains tax on fair value of investment property | (15,733) | (7,989) | (6,767) | (2,643) |
| Charge to profit or loss - prior year adjustment | (2,163) | 726 | (2,163) | - |
| Closing balance | **168 956** | **129 624** | **42 805** | **55 684** |

**Tax losses**

The tax losses, if unutilised, will fall away as follows:

| Financial year | Group P'000 | Company P'000 |
|---|---|---|
| 2025 | 4 612 | - |
| 2026 | 52 071 | 41 352 |
| | **56 683** | **41 352** |
| Tax losses that will not fall away: | 131 581 | - |
| Total tax losses | **188 264** | **41 352** |

The Directors have evaluated the profitability trends of the Group and Company and have determined that at the current level of operations, the Group and Company will make adequate taxable profits in the future against which the assessed losses will be utilised before they expire.





## 26. Trade and other payables

| | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|
| Trade payables | 12 115 | 4 805 | 2 619 | 2 437 |
| Accrued expenses | 46 472 | 8 370 | 10 190 | 310 |
| Security deposits | 26 985 | 8 426 | 3 233 | 3 060 |
| Advance rental received | 15 402 | 7 541 | 3 974 | 4 644 |
| VAT payable | - | - | - | 182 |
| Unpaid dividends | 7 236 | - | - | - |
| Retention liability on property development | 4 300 | - | - | - |
| Other payables | 23 816 | 8 758 | 2 325 | 2 542 |
| Related parties: | | | | |
| Property and Asset Management Limited | 175 | - | 314 | 549 |
| Italtswana Construction Company Proprietary Limited | 10 108 | 4 300 | 10 108 | 4 300 |
| David & Dorcas Magang Family Trust | 309 | 309 | 309 | 309 |
| Realestate Financier SA | 2 384 | 2 288 | 2 384 | 2 288 |
| Sunnyside Proprietary Limited | 4 | 6 003 | 3 | 6 003 |
| | **149 306** | **50 800** | **35 459** | **26 624** |

The average credit period for the Group and Company is 30 days for trade payables.
The directors believe the fair value of the trade and other payables approximate their carrying amounts. Other payables to related parties are unsecured and will be settled on a cash basis within the next 12 months.

## 27. Bank facilities

In addition to the loans described in note 24, the Group has the following banking facilities, secured as per note 12:

| | | | | |
|---|---|---|---|---|
| **Stanbic Bank Botswana Limited** | | | | |
| A bank overdraft totalling P6 000 000 (2020: P6 000 000) | 2 142 | 2 336 | 2 142 | 2 336 |
| The unused facility is P3 858 000 (2020: P3 664 000) | | | | |
| **Barclays Bank of Botswana Limited** | | | | |
| A bank overdraft totalling P5 000 000 (2020: P5 000 000) | 4 550 | 4 548 | - | - |
| The unused facility is P450 000 (2020: P452 000) | | | | |
| **Total Bank overdraft** | **6 692** | **6 884** | **2 142** | **2 336** |

## 28. Related party transactions

**Relationships**

| **Subsidiaries** | | % 2021 | % 2020 |
|---|---|---|---|
| **Botswana** | Three Partners Resorts Limited | 53.75% | 53.75% |
| | RDC Properties International Proprietary Limited | 100.00% | 100.00% |
| | Lotsane Complex Proprietary Limited | 76.67% | 76.67% |
| | Propcorp Proprietary Limited | 33.33% | 33.33% |
| | Norman Kwati Matetse Proprietary Limited | 100.00% | 100.00% |
| **South Africa** | RDC Properties South Africa Proprietary Limited | 100.00% | 100.00% |
| | RDC Erf 232 Rosebank Proprietary Limited | 100.00% | 100.00% |
| | Capitalgro Proprietary Limited | 61.11% | 61.11% |
| | 108 Albert Rd Proprietary Limited | 50.00% | 50.00% |
| | City Square Trading 522 Proprietary Limited | 100.00% | - |
| | Cross Atlantic Properties 162 Proprietary Limited | 100.00% | - |
| | De Ville Shopping Centre Proprietary Limited | 100.00% | - |
| | HTP Holdings Proprietary Limited | 100.00% | - |
| | Lexshell 492 Investments Proprietary Limited | 100.00% | - |
| | Link Hills Shopping Centre Proprietary Limited | 100.00% | - |
| | Lucky Bean Property Investments Proprietary Limited | 100.00% | - |
| | Micawber 219 (RF) Proprietary Limited | 100.00% | - |
| | Plenty Properties 118 Proprietary Limited | 100.00% | - |
| | Tower Asset Managers Proprietary Ltd | 100.00% | - |
| | Turquoise Moon Trading 258 Proprietary Limited | 100.00% | - |
| | Tower International Treasury Proprietary Limited | 100.00% | - |
| | Tower Property Fund Proprietary Limited | 100.00% | - |
| | The Cape Quarter Property Company Proprietary Limited | 100.00% | - |
| **Croatia** | Sub Dubrovnik d.o.o. | 74.00% | - |
| | Tower Europe Retail d.o.o. | 74.00% | - |
| | Tower Industrial d.o.o. | 74.00% | - |
| | Tower Europe d.o.o. | 59.00% | - |
| **Mauritius** | RDC Mauritius | 100.00% | 100.00% |
| | TPF International Limited | 74.00% | - |
| | RDC-KMR Limited | 55.00% | 55.00% |
| | RDC Zimpeto Limited | 60.00% | 60.00% |
| **Mozambique** | RDC Xiquelene, Lda | 100.00% | 100.00% |
| | Xai-Xai Newco, Lda | 33.00% | 33.00% |
| | Zimpeto Shopping Centre, Lda | 60.00% | 60.00% |
| **Madagascar** | HMS1 Société Anonyme | 50.00% | 50.00% |
| **Namibia** | RDC Properties (Namibia) Proprietary Limited | 100.00% | 100.00% |
| | RDC Property Development (Namibia) Proprietary Limited | 70.31% | 70.31% |

All related parties in addition to those listed in note 10 and the directors of the Company, are companies with common shareholding and control, except for the David & Dorcas Magang Family Trust which is a related party through a director of the Company. Receivables relating to related parties are disclosed in note 15.

Payables relating to related parties are disclosed in note 26.

The following trading transactions were carried out with related parties. These transactions were made on terms equivalent to those that prevail in arm's length transactions, where such transactions can be substantiated:





## 28. Related party transactions

| | Group 2021 P'000 | Group 2020 P'000 | Company 2021 P'000 | Company 2020 P'000 |
|---|---|---|---|---|
| **Interest income (note 5)** | | | | |
| Yuagong Proprietary Limited | 1,852 | 172 | 1,852 | 172 |
| RDC Properties International Proprietary Limited | - | - | 21,639 | 16,548 |
| | **1,852** | **172** | **23,491** | **16,720** |
| **Property and Asset Management Limited** | | | | |
| Management and administration (note 4) | 10,518 | 9,489 | 2,445 | 2,691 |
| Lease renewal fees (note 4) | 789 | 695 | 548 | 468 |
| Service charges (note 4) | 4,447 | 3,916 | 4,447 | 3,916 |
| Rights Offer - Share Issue Costs (note 19) | 6,311 | - | 6,311 | - |
| Acquisition cost relating business combinations (note 4) | 3,466 | - | 3,466 | - |

Management and administration fees are calculated on a fixed percentage of net rental income after taking bad debts into consideration. Lease renewal fees are calculated on a commercial basis. Service charges are calculated as a fixed percentage of the market capitalisation of the Group on the last trading day of the month. All related party transactions are at arm's length.

| | | | | |
|---|---|---|---|---|
| **Directors' emoluments** | | | | |
| For services as directors | 612 | 495 | 534 | 495 |

## 29. Operating lease arrangements

**The Company and Group as lessor**

Operating leases receivable by the Company as a lessor relate to the investment properties owned by the Company with lease terms between 1 and 23 years. At the statement of financial position date, the Group had contracted with tenants for the following future minimum lease payments:

| | | | | |
|---|---|---|---|---|
| Within one year | 309,268 | 96,623 | 24,468 | 27,799 |
| In the second to fifth years inclusive | 679,617 | 175,646 | 35,718 | 28,535 |
| After five years | 238,400 | 21,687 | 1,920 | 2,665 |
| | **1,227,285** | **293,956** | **62,106** | **58,999** |

## 30. Capital commitments

| | | | | |
|---|---|---|---|---|
| Authorised and contracted | 48,279 | 156,183 | - | - |
| Authorised but not contracted | 208,571 | 180,117 | - | 115,700 |
| | **256,850** | **336,300** | **-** | **115,700** |

The Group has approved the following projects for which contracts have been signed:
- Property improvement plan of the new branded Protea Hotel by Mariott Gaborone Masa Square (P40 000 000)
- The development of the commercial building 108 Albert Road Cape Town, South Africa R11 217 000 (2020: R13 200 000).

The Group has approved the following projects for which contracts have not yet been signed:
- The proposed construction of Retirement Homes in Tlokweng, Botswana (estimated P120 000 000)
- US$5,500,000 for the acquisition of the David Livingstone Safari Lodge and Spa in Zambia

The projects will be funded through cash resources and borrowings.

## 31. Contingent liabilities

The Company has given a corporate guarantee of P47 700 000 in favour of Absa Bank Botswana Limited, a Deed of Cession of Rentals dated 03 November 2010 over Plot 54353, Gaborone, and has issued a corporate guarantee in favour of Investec Bank Limited. Both are for facilities held by Group companies.

The Company has two pending legal cases with past tenants, for which a total is being claimed from the Company of P1 072 146. The Company and its legal advisors are of the opinion that these cases can be defended. As at 31 December 2021, no further court proceedings have commenced on these.

## 32. Segmental reporting

The Group's primary business activities are concentrated in the segment of property rentals and are predominantly concentrated within the geographical region of Southern Africa and the Group is expanding within this region and abroad, primarily in Croatia, South East Europe. The geographical segmental information is outlined below.

| | GROUP (P'000s) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Botswana | South Africa | Namibia | Mozambique | USA | Croatia | Madagascar | Total |
| **At 31 December 2021** | | | | | | | | |
| **SEGMENT ASSETS** | | | | | | | | |
| Investments | - | - | - | - | 89,340 | - | - | 89,340 |
| Investment properties | 1,431,051 | 2,934,936 | 75 | 62,313 | - | 1,102,886 | - | 5,531,261 |
| Investment in a joint venture | - | - | - | - | - | - | 26,408 | 26,408 |
| Inventories | - | 99,522 | - | - | - | - | - | 99,522 |
| Investment Property held for sale | 10,680 | 15,500 | - | - | - | - | - | 26,180 |
| Financial assets through OCI | 10,306 | 3,823 | - | - | - | - | - | 14,129 |
| Trade and other receivables | 53,226 | 67,301 | 181 | 619 | - | 2,904 | - | 124,231 |
| Current tax assets/(liability ) | 2,248 | 3,041 | - | 45 | - | (1,441) | - | 3,893 |
| Cash and cash equivalents | 19,173 | 64,144 | 13 | 2,384 | - | 58,087 | - | 143,801 |
| Property, plant and equipment | 5,429 | 31,652 | - | - | - | - | - | 37,081 |
| **Total segment assets** | **1,532,113** | **3,219,919** | **269** | **65,361** | **89,340** | **1,162,436** | **26,408** | **6,095,846** |
| Intangible asset | | | | | | | | 1,000 |
| **Consolidated total assets** | | | | | | | | **6,096,846** |

| | Botswana | South Africa | Namibia | Mozambique | USA | Croatia | Madagascar | Total |
|---|---|---|---|---|---|---|---|---|
| **At 31 December 2021** | | | | | | | | |
| **SEGMENT LIABILITIES** | | | | | | | | |
| Trade and other payables | (21,142) | 142,946 | 38 | (2,844) | - | 30,308 | - | 149,306 |
| Borrowings | 597,891 | 1,865,269 | - | - | - | 367,717 | - | 2,830,877 |
| Deferred lax liabilities | 90,247 | 11,543 | - | - | - | 67,166 | - | 168,956 |
| **Total segment liabilities** | **666,996** | **2,019,758** | **38** | **(2,844)** | **-** | **465,191** | **-** | **3,149,139** |
| Bank overdraft | | | | | | | | 6,692 |
| **Consolidated total liabilities** | | | | | | | | **3,155,831** |

| | GROUP (P'000s) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Botswana | South Africa | Namibia | Mozambique | USA | Croatia | Madagascar | Total |
| **At 31 December 2020** | | | | | | | | |
| **SEGMENT ASSETS** | | | | | | | | |
| Investments | - | - | - | - | 68,461 | - | - | 68,461 |
| Long term loan receivables | - | 12,418 | - | - | - | - | - | 12,418 |
| Investment properties | 1,410,771 | 711,922 | 1,772 | 34,115 | - | - | - | 2,158,580 |
| Investment in a joint venture | - | - | - | - | - | - | 27,444 | 27,444 |
| Financial assets through OCI | 20,336 | 17,824 | - | - | - | - | - | 38,160 |
| Trade and other receivables | 23,758 | 15,122 | 332 | 118 | - | - | - | 39,330 |
| Current tax assets | 1,844 | - | - | - | - | - | - | 1,844 |
| Cash and cash equivalents | 40,768 | 123,730 | 37 | 689 | - | - | - | 165,224 |
| **Total segment assets** | **1,497,477** | **881,016** | **2,141** | **34,922** | **68,461** | **-** | **27,444** | **2,511,461** |
| Property, plant and equipment | | | | | | | | 6,489 |
| Intangible asset | | | | | | | | 1,000 |
| **Consolidated total assets** | | | | | | | | **2,518,950** |

| | Botswana | South Africa | Namibia | Mozambique | USA | Croatia | Madagascar | Total |
|---|---|---|---|---|---|---|---|---|
| **At 31 December 2020** | | | | | | | | |
| **SEGMENT LIABILITIES** | | | | | | | | |
| Trade and other payables | 34,064 | 15,026 | 926 | 784 | - | - | - | 50,800 |
| Current tax liabilities | - | 86 | - | (21) | - | - | - | 65 |
| Borrowings | 491,930 | 367,963 | - | 17,852 | - | - | - | 877,745 |
| Deferred lax liabilities | 110,922 | 18,702 | - | - | - | - | - | 129,624 |
| **Total segment liabilities** | **636,916** | **401,777** | **926** | **18,615** | **-** | **-** | **-** | **1,058,234** |
| Bank overdraft | | | | | | | | 6,884 |
| **Consolidated total liabilities** | | | | | | | | **1,065,118** |





## 32. Segmental reporting (continued)

| | GROUP (P'000s) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Botswana | South Africa | Namibia | Mozambique | USA | Croatia | Madagascar | Total |
| **At 31 December 2021** | | | | | | | | |
| **SEGMENT REVENUES AND RESULTS** | | | | | | | | |
| Contractual lease rental revenue | 72,169 | 73,753 | - | - | - | 640 | - | 146,562 |
| Operating expenses | (51,905) | (30,508) | (1,979) | (686) | - | (62) | - | (85,140) |
| Income arising from joint venture | - | - | - | - | - | - | (413) | (413) |
| Other foreign exchange gains / (losses) | (11,088) | 21 | 5 | 3,747 | 5,482 | 13 | - | (1,820) |
| Other operating income | 2,361 | 20 | - | 1,122 | - | - | - | 3,503 |
| Surplus arising on fair value of investments | - | - | - | - | 16,051 | - | - | 16,051 |
| Surplus arising on revaluation of properties | 30,373 | 6,259 | - | - | - | - | - | 36,632 |
| Investment income / (loss) | 41,812 | (3,300) | 1 | - | - | (20,170) | - | 18,343 |
| Finance costs | (39,427) | (28,773) | - | (284) | - | (114) | - | (68,598) |
| Bargain Purchase Gain | 577,342 | - | - | - | - | - | - | 577,342 |
| **Profit before tax** | **621,637** | **17,473** | **(1,973)** | **3,899** | **21,533** | **(19,693)** | **(413)** | **642,462** |
| Income tax income / (expense) | 6,826 | (1,878) | - | - | - | (28) | - | 4,920 |
| **Profit for the year** | **628,463** | **15,594** | **(1,973)** | **3,899** | **21,533** | **(19,721)** | **(413)** | **647,382** |

| | GROUP (P'000s) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Botswana | South Africa | Namibia | Mozambique | USA | Croatia | Madagascar | Total |
| **31 December 2020** | | | | | | | | |
| **SEGMENT REVENUES AND RESULTS** | | | | | | | | |
| Contractual lease rental revenue | 71,882 | 57,946 | - | - | - | - | - | 129,828 |
| Operating expenses | (26,731) | (23,008) | (1,658) | (610) | - | - | - | (52,007) |
| Income arising from joint venture | - | - | - | - | - | - | (427) | (427) |
| Other foreign exchange gains / (losses) | 11,208 | (17) | (90) | (3,446) | (6,008) | - | - | 1,647 |
| Other operating income | 1,963 | (50) | - | - | - | - | - | 1,913 |
| Surplus arising on fair value of investments | - | - | - | - | 7,486 | - | - | 7,486 |
| Surplus arising on revaluation of properties | (19,583) | (4,598) | - | - | - | - | - | (24,181) |
| Investment income / (loss) | 2,966 | 10,059 | - | - | - | - | - | 13,025 |
| Finance costs | (36,569) | (21,437) | - | (311) | - | - | - | (58,317) |
| **Profit before tax** | **5,136** | **18,895** | **(1,748)** | **(4,367)** | **1,478** | **-** | **(427)** | **18,967** |
| Income tax (expense) / income | | | | | | | | 3,240 |
| **Profit for the year** | | | | | | | | **22,207** |

## 33. Financial risk management

### *Capital risk management*

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt which includes the long-term borrowings disclosed in note 24, cash and cash equivalents and equity attributable to equity holders of the parent Company, which comprises of stated capital, debentures and accumulated profits as disclosed in notes 19, 20 and 21 respectively.

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised below. The main types of risks are currency risk, credit risk, liquidity risk and interest rate risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

### *Risk management objectives and policies*

The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write option.

## 33. Financial risk management (continued)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 P'000 | 2020 P'000 | 2021 P'000 | 2020 P'000 |
| **Financial assets** | | | | | |
| Fair value through profit and loss | | | | | |
| Investments | | 89 340 | 68 461 | 627 552 | 92 048 |
| Fair value through other comprehensive income | | | | | |
| Investments | | 14 129 | 38 160 | - | - |
| Long term loan receivables | | - | 12 418 | - | - |
| Trade and other receivables * | | 110 158 | 37 843 | 78 836 | 53 727 |
| Cash and cash equivalents | | 143 801 | 165 224 | 13,024 | 13 713 |
| **Financial liabilities at amortised cost** | | | | | |
| Long term borrowings | - at floating interest rate | 2 136 734 | 682 530 | 220 233 | 213 077 |
| Long term borrowings | - at fixed interest rate | 694 143 | 195 215 | 258 431 | 195 215 |
| Trade and other payables ** | | 133 904 | 43 259 | 31 485 | 21 980 |
| Bank overdraft | | 6 692 | 6 884 | 2 142 | 2 336 |
| | | **2 971 473** | **927 888** | **512 291** | **432 608** |

*The prior year financial assets have been restated to exclude value added tax and prepayments.
**The prior year financial liabilities have been restated to exclude advance rental received.

**Currency risk**

The Group undertakes transactions denominated in the following foreign currencies: South African Rand, Mozambican Metical, Malagasy Ariary, Euro, Croatian Kuna, and US dollar. Consequently, exposures to exchange rate fluctuations arise. Financial instruments that are sensitive to currency risks are mainly trade receivables, group loans to foreign operations, cash and cash equivalents and foreign currency-related debt.

To mitigate the Group's exposure to foreign currency risk, non-Pula cash flows are monitored in accordance with the Group's risk management policies. The Group's risk management procedures distinguish short-term foreign currency cash flows (due within six months) from longer-term cash flows (due after six months). The amounts to be paid and received in a specific currency are expected to largely offset one another, and no further hedging activity is undertaken.

**Foreign currency sensitivity analysis**

The following table details the Group's sensitivity to a 10% increase and 10% decrease in the Pula against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to the board and represents the board's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes receivables from tenants who are billed in a currency other than the functional of the Group. A 10% strengthening of the Pula would decrease the profit and equity and a 10% weakening of the Pula would have an equal but opposite effect on the profit and equity.

| | Group's Net Exposure Asset/(Liability) P'000 | IAS21 Exchange Rate (Foreign Currency:Pula) P'000 | 10% strengthening of Pula Net Gain/(loss) P'000 |
|---|---|---|---|
| **2021** | | | |
| United States Dollar (USD) | 64,774 | 11.7371 | (6 477) |
| South Africa Rand (ZAR) | (1,875,988) | 0.7381 | 187 599 |
| Namibian Dollar (NAD) | 232 | 0.7381 | ( 23) |
| Mozambican metical (MZN) | 114 | 0.1831 | ( 11) |
| Euro (EUR) | (349,880) | 13.2802 | 34 988 |
| Croatian Kuna (HRK) | 26,378 | 1.7714 | (2 638) |
| **2020** | | | |
| United States Dollar (USD) | 92 463 | 10.7875 | 9 246 |
| South Africa Rand (ZAR) | (213 886) | 0.7374 | (21 389) |
| Namibian Dollar (NAD) | (557) | 0.7374 | (56) |
| Mozambican metical (MZN) | (17 809) | 0.1653 | (1 781) |





## 33. Financial risk management (continued)

**Credit Risk**

The Group's credit risk is primarily attributable to its trade and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.
The Group has adopted a policy of only dealing with creditworthy counterparties. The amounts presented in the statements of financial position are net of allowances for lifetime expected credit losses estimated by management based on the expected credit loss model. Refer to note 15.
The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

**Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management of the Group aims to maintain flexibility in funding by keeping committed credit lines available.

**Maturity Analysis for Financial Liabilities**

| Group | Within one year P'000 | In the second to fifth years inclusive P'000 | After five years P'000 |
|---|---|---|---|
| **2021** | | | |
| Trade and other payables | 149,306 | - | - |
| Bank overdraft | 6,692 | - | - |
| Current portion of long term borrowings | 1,079,981 | - | - |
| Non-current portion of long term borrowings | - | 1,243,189 | 507,707 |
| | 1,235,979 | 1,243,189 | 507,707 |
| **2020** | | | |
| Trade and other payables | 50 800 | - | - |
| Bank overdraft | 6 884 | - | - |
| Current portion of long term borrowings | 418 902 | - | - |
| Non-current portion of long term borrowings | - | 179 394 | 279 449 |
| Current tax liabilities | 65 | - | - |
| | 476 651 | 179 394 | 279 449 |

**Maturity Analysis for Financial Liabilities**

| Company | Within one year P'000 | In the second to fifth years inclusive P'000 | After five years P'000 |
|---|---|---|---|
| **2021** | | | |
| Trade and other payables | 35,459 | - | - |
| Bank overdraft | 2,142 | - | - |
| Current portion of long term borrowings | 115,591 | - | - |
| Non-current portion of long term borrowings | - | 59,436 | 303,638 |
| | 153,192 | 59,436 | 303,638 |
| **2020** | | | |
| Trade and other payables | 26,624 | - | - |
| Bank overdraft | 2,336 | - | - |
| Current portion of long term borrowings | 163,344 | - | - |
| Non-current portion of long term borrowings | - | 30,440 | 214,508 |
| | 192,304 | 30,440 | 214,508 |

**Interest rate risk**

Interest rate risk is the possible loss in the value resulting from an unexpected and adverse movement in interest rates. Entities in the Group are exposed to interest rate risk because they borrow funds at both the fixed and floating interest rates. The Group entities manage interest rate risk maintaining an appropriate mix between fixed and floating rate borrowings and by basing the interest rate on financial assets and liabilities around the prime lending rate. Financial instruments that are sensitive to interest rate risks, comprise bank balances, loans and advances, related party balances and long term borrowings.

## 33. Financial risk management (continued)

**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both financial assets and liabilities at the end of the reporting period. For the floating interest rate financial assets and liabilities, the analysis is prepared assuming the amount of the asset or liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used by the Directors when reporting interest rate risk management, as it represents a reasonable possible change in the interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the effect of the profit for the year for the Group and Company, would have been as follows:

| | Amount of asset / (liability) P'000 | Change in interest rate % | Increase / (decrease) in profit before tax P'000 |
|---|---|---|---|
| **Group** | | | |
| **31 December 2021** | | | |
| ***Financial assets*** | | | |
| Cash and cash equivalents | 143,801 | 0.5% | 719 |
| ***Financial liabilities*** | | | |
| Long term borrowings at floating interest rate | (2,136,734) | 0.5% | (10,684) |
| Bank overdraft | (6 692) | 0.5% | (33) |
| | | | (9,998) |
| **31 December 2020** | | | |
| ***Financial assets*** | | | |
| Cash and cash equivalents | 165 224 | 0.5% | 826 |
| ***Financial liabilities*** | | | |
| Long term borrowings at floating interest rate | (682 530) | 0.5% | (3 413) |
| Bank overdraft | (6 884) | 0.5% | (34) |
| | | | (2 621) |

| | Amount of asset / (liability) P'000 | Change in interest rate % | Increase / (decrease) in profit before tax P'000 |
|---|---|---|---|
| **Company** | | | |
| **31 December 2021** | | | |
| ***Financial assets*** | | | |
| Cash and bank balances | 13,024 | 0.5% | 65 |
| ***Financial liabilities*** | | | |
| Long term borrowings - at floating interest rate | (220,233) | 0.5% | (1,101) |
| Bank overdraft | (2,142) | 0.5% | (11) |
| | | | (1,047) |
| **31 December 2020** | | | |
| ***Financial assets*** | | | |
| Cash and bank balances | 13 713 | 0.5% | 69 |
| ***Financial liabilities*** | | | |
| Long term borrowings - at floating interest rate | (213 077) | 0.5% | (1 065) |
| Bank overdraft | (2 336) | 0.5% | (12) |
| | | | (1 008) |





## 33. Financial risk management (continued)

**Price Risk**
The Group and Company are exposed to equity securities and government bond price risk because of investments held and classified on the consolidated statement of financial position as financial assets through other comprehensive income (OCI).

The Group and Company are not exposed to commodity price risk. To manage its price risk arising from investments in equity securities and government bonds, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group and Company.

**Price sensitivity analysis**
If the base prices of the equity securities and government bonds held (refer to note 13) increased by 10%, other comprehensive income and equity for the Group and Company would increase by P1.4m and P1m, respectively. IF the base prices of the equity securities and government bonds decreased by 10%, this would have an equal but opposite effect on the other comprehensive income and equity.

## 34. Fair value measurement

**Assets measured at fair value**
Some of the Group\s financial assets are measured at fair value at the end of each reporting period. Below is the information about how fair values in the financial assets are determined (in particular, the valuation techniques and inputs used).

**Recurring measurement at the end of the reporting period**

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 P'000 | 2020 P'000 | 2021 P'000 | 2020 P'000 |
| Investment properties | 5,535,902 | 2,145,151 | 819,804 | 802,925 |
| USA Private Placement Insurance Policy | 89,340 | 68,461 | - | - |
| | 5,625,242 | 2,213,612 | 819,804 | 802,925 |
| **Reconciliation of fair value measurements categorised within Level 3 of fair value hierarchy** | | | | |
| **Investment properties** | | | | |
| Opening value | 2,145,151 | 1,977,609 | 802,925 | 804,372 |
| Total gains for the period included in profit or loss (after straight line adjustment) | 36,632 | (25,947) | 24,182 | (3,441) |
| Acquisition of subsidiary | 2,965,817 | - | - | - |
| Additions, acquisitions and transfers | 388,302 | 193,489 | (7,303) | 1,994 |
| Closing balance | **5,535,902** | **2,145,151** | **819,804** | **802,925** |
| Gains and losses arising from the fair valuation of the investmentproperties are shown as a separate line in the statement of comprehensive income as follows: | | | | |
| Total gains for the period included in profit or loss (after straight line adjustment) | 36,632 | (25,947) | 24,182 | (3,441) |
| **USA Private Placement Insurance policy** | | | | |
| Opening value | 68,461 | - | - | - |
| Additions, acquisitions and transfers | - | 59,709 | - | - |
| Distributions | (1,754) | - | - | - |
| Foreign currency translation | 6,582 | 1,266 | - | - |
| Total fair-value gains for the period included in profit or loss | 16,051 | 7,486 | - | - |
| Closing balance | 89,340 | 68,461 | - | - |
| Total gains for the period included in profit or loss | 16,051 | 7,486 | - | - |
| **Financial Assets through Other Comprehensive Income** | 14,129 | 38,160 | 10,305 | 5,300 |
| **Reconciliation of fair value measurements categorised within Level 1 of fair value hierarchy** | | | | |
| **Financial Assets through Other Comprehensive Income** | | | | |
| Opening value | 38,160 | 7,321 | 5,300 | 5,226 |
| Additions | - | 30,946 | - | - |
| Disposals | (37,537) | (59) | - | - |
| Total Gains / (losses) for the period included in other comprehensive income | 13,165 | 3,862 | 5,005 | 74 |
| Foreign Exchange | 341 | (3,910) | - | - |
| Closing balance | **14,129** | **38,160** | **10,305** | **5,300** |

## 34. Fair value measurement (continued)

**Quantitative information about fair value measurements using the key inputs**

| | Fair value at 31 December 2021 | Fair value hierarchy | Valuation technique | Key inputs | Range |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Investment properties | 5,535,902 | Level 3 | Direct capitalisation | Capitalisation rate | 7%-11% |
| Available for sale investments | 14,129 | Level 1 | Quoted prices | Quoted prices in active markets | - |
| USA Private Placement Insurance Policy | 89,340 | Level 3 | Direct capitalisation | Capitalisation rate | 7% - 8% |
| **Company** | | | | | |
| Investment properties | 819,804 | Level 3 | Direct capitalisation | Capitalisation rate | 7%-11% |
| Available for sale investments | 10,305 | Level 1 | Quoted prices | Quoted prices in active markets | - |

| | Fair value at 31 December 2020 | Fair value hierarchy | Valuation technique | Key inputs | Range |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Investment properties | 2,145,151 | Level 3 | Direct capitalisation | Capitalisation rate | 7%-11% |
| Financial Assets through OCI | 38,160 | Level 1 | Quoted prices | Quoted prices in active markets | - |
| USA Private Placement Insurance Policy | 68,461 | Level 3 | Direct capitalisation | Capitalisation rate | 7%-8% |
| **Company** | | | | | |
| Investment properties | 802,925 | Level 3 | Direct capitalisation | Capitalisation rate | 7%-11% |
| Available for sale investments | 5,300 | Level 1 | Quoted prices | Quoted prices in active markets | - |

**Information about the sensitivity to changes in unobservable inputs**
The significant unobservable inputs used in the fair value measurement of the investment properties are the capitalisation rates. Significant increases / decreases in the capitalisation rates would result in significantly lower / higher fair value measurement. The changes to capitalisation rates are dependent on various market factors including location of properties, interest rates, length of leases and quality of tenants.

## 35. Tax Paid

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 P'000 | 2020 P'000 | 2021 P'000 | 2020 P'000 |
| Opening balance | 1,779 | (2,435) | 1,600 | 1,621 |
| Current tax expense | 858 | (821) | 19 | - |
| Closing balance | 3,893 | 1,779 | 1,827 | 1,600 |
| Tax paid | **(1,256)** | **(5,035)** | **(208)** | **21** |





## 36. Events after the reporting period

During the period between reporting date and date of approval of these financial statements:

- The Tower portfolio of companies was in negotiation with Standard Bank regarding the refinancing of three loans which are due in 2022, with a total value of P743.8m. The company has been given options by Standard Bank and intends to proceed with a new maturity date on these loans of an additional three years from current maturity. The interest rate will be the 3-month JIBAR plus 1.95%. As indicated in note 24, the loans were in breach of covenants at the end of December 2021. However Standard Bank has not recalled the loans and has instead set forth refinancing proposals which are under scrutiny by management.
- 16 residential units at the Old Cape Quarter (classified as inventory) have been sold representing P25.9m of the balance of inventory reported at year end in note 16. On 3rd March 2022, 15 of these units transferred to buyers for a total selling price including VAT of P80m. One further unit is expected to transfer during April 2022 at a selling price including VAT of P4m.
- A term loan was entered into and drawn for P7m. The loan has a tenor of 36 months, incurs interest at prime plus 1.75% and was secured by a first covering mortgage bond over Plot 50669 Gaborone.
- The Braides property, which was held for sale at the end of the reporting period, transferred to the buyer at book value on 4 February 2022. Refer to note 17.
- A dissenting shareholder with regard to the acquisition of 1.3% of the Tower Property Fund Limited by RDC Properties Limited was settled in February 2022 at the original offer price, totalling P12.3m.
- The group had further concluded the sale of the following investment properties held at 31 December 2021:
  - Coachmans Crossing Unit C Block D - selling price of P1.6m and net proceeds after commission of P1.5m.
  - 10 A Cleveland (Johannesburg, South Africa) - the agreement was signed on the 17 March 2022, with a selling price of P3.8m, and net proceeds after commission of P3.7m.
  - Woodlands Drive Office Park (Johannesburg, South Africa) – the agreement was signed on 15 March 2022, with a selling price of P6.4m, and net proceeds after commission of P6.4m.

## 37. Going concern assessment and COVID-19

The annual financial statements for the Group and the Company have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**COVID-19 pandemic**
The Covid-19 pandemic has affected the business of the Group during the period and may continue to do so due to measures taken by various governments in response to infection rates. The possibility of future rental concessions and vacancies as a result of economic casualties among tenants must be considered when applying the going concern assumption. Management has considered the impacts of the Covid-19 pandemic in its assessment of going concern.

Looting in the Gauteng region in South Africa during the period led to damage to one property. Insurance for repairs and lost income has been claimed and is being received, and the damage has been largely rectified to allow tenants back to continue trading. This event has not caused a material doubt as to the ability of the company to continue as a going concern.

## 38. Headline earnings reconciliation

| | Group | |
|---|---|---|
| | 2021 P'000 | 2020 P'000 |
| Profit attributable to ordinary equity holders of the parent entity | 629,325 | 22,212 |
| Add: Taxation on debenture interest credited to the statement of changes in equity | 13,186 | 4,593 |
| **IAS 33 earnings** | **642,511** | **26,805** |
| Less IFRS 3 - Bargain purchase gain on acquisition of subsidiary | (577,342) | - |
| Less IAS28 - Equity Accounting of share of Joint venture losses | 413 | 427 |
| Less IAS40 - Change in fair-value of investment properties[1] | (36,632) | 25,947 |
| Total tax effects of adjustments | 8,084 | (5,338) |
| Total non-controlling interest effects of adjustments | 3,858 | (7,214) |
| **Headline Earnings** | **40,892** | **40,626** |
| Weighted average number of shares in issue | 391,792,630 | 352,644,215 |
| Headline earnings per share | 10.44 | 11.52 |
| Diluted headline earnings per share | 10.44 | 11.52 |

1. These are the gross amounts, before taking account of the related tax on non-controlling interest.

# PROPERTY SUMMARY

## For The Year Ended 31 December 2021

| Property Name | Location of Property | Sector | Valuation Pula |
|---|---|---|---|
| **BOTSWANA** | | | |
| Chobe Marina Lodge | Lease Area No. 4-AO, Kasane, | Hospitality | 245,000,000 |
| Phakalane Warehouses* | Lot 21306 Phakalane Industrial | Industrial | 18,380,000 |
| Gaborone West Warehouses* | Lots 22017/18, Gaborone Industrial | Industrial | 51,180,000 |
| Masa Centre* | Lot 54353, Gaborone, | Mixed Use | 568,000,000 |
| Broadhurst Business Centre | Lease area 234KO on Lot 1 0211 in Gaborone Offices | Office | 22,125,000 |
| Roots Tower Building* | Lot 208 Maun Notarial Deed of Lease 72/81 of 14/3/96 Retail & Offices | Office | 10,680,000 |
| European Delegation | Lot 758, Gaborone Offices | Office | 40,032,000 |
| Chobe Commercial Centre* | Lot 914 Kasane in Chobe Admin District Retail & Offices | Office | 10,260,000 |
| Standard House | Lots 1 124 to 1 130 in Gaborone Ext. 3 | Office | 139,132,000 |
| Tholo A & B and Phase II* | Lots 50668/69 & 50369 Gaborone | Office | 75,370,000 |
| ICC Flats* | Lot 80055 & 2558 extention 9 in Gaborone, | Residential | 134,800,000 |
| Lotsane Complex* | Lot 1707 Palapye Retail | Retail | 36,500,000 |
| Tsodilo Centre* | Lot 194 Maun Retail | Retail | 5,760,000 |
| Diamond Mall* | Lot 3761 Jwaneng<br>Lot 5422 Jwaneng<br>Lot 5423 Jwaneng | Retail | 25,520,000 |
| Pep House* | Lot 443 Serowe Retail | Retail | 5,380,000 |
| Standard Serowe* | Lot 679 Serowe Retail & Offices | Retail | 4,900,000 |
| Boswa Enterprises* | Lot 680 & 692 Serowe Agreement of Lease No 258/96 of 18/7/96 | Retail | 9,100,000 |
| Mebala Center | Lots 1 116/117 & 1840 in Gaborone Ext. 3 Retail | Retail | 34,140,000 |
| Mole Mall | Molepolole | Land | 433,000 |
| Norman Kwati Matsetse | Gaborone | Land | 6,460,996 |
| **SOUTH AFRICA** | | | |
| Radission RED Hotel* | Erf 232 Rosebank, Johannesburg | Hospitality | 263,712,477 |
| Isando | Erf 235, 431 & 434, Kempton Park, Isando | Industrial | 34,303,600 |
| 320 Kuit Street | Erf 60, Waltloo, Pretoria | Industrial | 28,633,906 |
| Route 21* | Erf 925, Irene Ext 30 | Industrial | 36,905,816 |
| 10 A Cleveland Road | Remaining Extent of Erf 173, Cleveland Ext 5, Johannesburg | Industrial | 3,943,756 |
| 32 Napier Street | Erf 10114, Green Point, Cape Town | Mixed Use | 2,559,430 |
| The Regent | Erf 1158, Sea Point, Cape Town | Mixed Use | 92,633,599 |
| Westlake | Erf 13047, Constantia, Cape Town | Mixed Use | 72,272,792 |
| Old Cape Quarter | Erf 168 985, Green Point, Cape Town | Mixed Use | 206,362,425 |
| Cape Quarter Square* | Erf 173 320, Green Point, Cape Town | Mixed Use | 386,772,955 |
| Musgrave Road* | Portion 12 (of 1) of Erf 2242, Portion 34 (of 33) of Erf 2242 and remaining extent of Erf 2242, Durban | Mixed Use | 36,167,700 |
| De Ville | Remainder of Erf 2011, Durbanville, Cape Town | Mixed Use | 162,591,313 |
| 108 Albert Rd | Erf 14849, Erf 11152 and Erf 170664, Woodstock, Cape Town | Office | 77,208,482 |
| Whitby Manor* | Erf 2669 and 2670, Noordwyk Ext 61, Midrand | Office | 10,333,629 |
| The Edge | Erf 39224, 38794, 39215, 39651 and 39037, Tyger Falls, Cape Town | Office | 273,767,346 |
| Tygerlake | Erf 39227, Tyger Valley, Cape Town | Office | 10,776,498 |
| The Equinox | Erf 491, Sea Point, Cape Town | Office | 71,892,530 |
| 382 Jan Smuts Avenue* | Erf 5 Craighall Park and Erf 224 Craighall, Johannesburg | Office | 39,784,470 |
| 31 Beacon Road | Erf 55, Florida North, Johannesburg | Office | 37,859,463 |
| Willowvale | Erf 567, Willowbrook Ext 27, Ruimsig, Johannesburg | Office | 13,376,144 |
| Waterford Office Park* | Erf 735 and 736, Maroeladal, Fourways, Johannesburg | Office | 6,273,989 |



# PROPERTY SUMMARY (CONTINUED)

## For The Year Ended 31 December 2021

| Property Name | Location of Property | Sector | Valuation Pula |
|---|---|---|---|
| **SOUTH AFRICA (continued)** | | | |
| Caxton Rd | Erf 8132, Zonnebloem, Cape Town | Office | 138,249,188 |
| 308 Kent Rd | Erf 954, Ferndale, Randburg, Johannesburg | Office | 39,101,927 |
| 6 - 8 Sturdee Avenue* | Erven 195 and 196, Rosebank, Johannesburg | Office | 70,121,051 |
| 3 River Road | Holding 346, Geldenhuys Estate Small Holding and Erven 439 and 1804, Bedfordview Ext 62 and Erf 1312, Bedfordview Ext 279, Johannesburg | Office | 15,091,526 |
| Coachmans Crossing C | Portion 1 of erf 20, Lyme Park, Bryanston, Johannesburg | Office | 9,430,174 |
| Hanover Square | Portions 18 and 19 of Erf 77, Edenvale, Johannesburg | Office | 16,499,114 |
| Clifton Place | Remainder of portion 49 of Erf 2242, Durban | Office | 72,630,647 |
| The Braides* | Remaining Extent of Erf 792, Gallo Manor, Johannesburg | Office | 15,500,443 |
| Sunclare | Sections 1, 2, 3, 4, 7, 8, 9 and 10 of SS Sunclare, Erf 140700, Claremont, Cape Town | Office | 204,994,095 |
| Constantia View Office Estate* | Sections 1, 2, 4, 5 and 6 SS, Constantia View Office Estate, Portion 1 of Erf 458, Quellerina Ext 4, Johannesburg | Office | 35,429,584 |
| Viscount Road Office Park* | Sections 1, 6 to 9 and 15 to 20 SS, Bedfordview, Johannesburg | Office | 18,932,684 |
| Upper Grayston Block A, B, D, E & F | Sections 13 to 21 SS, Upper Grayston 1, Sections 3, 4, 5, 7, and 8 SS, Upper Grayston 2, Upper Grayston 3, Upper Grayston 4 | Office | 70,785,972 |
| Coachmans Crossing D | Sections 14, 15 and 16 SS, Coachmans Crossing, Phase 4, Bryanston, Johannesburg | Office | 2,936,227 |
| Woodlands Drive Office Park* | Sections 2, 3, 4 and 6 SS, Woodlands Drive Office Park, Woodmead, Johannesburg | Office | 4,871,568 |
| St Andrews Office Park* | Sections 5 to 12 SS, Bedfordview, Johannesburg | Office | 10,702,687 |
| Voortrekker Rd | Erf 17827 and Erf 23831, Maitland, Cape Town | Office | 65,544,730 |
| Link Hills Shopping Centre* | Erf 1024, Hillcrest | Retail | 114,777,089 |
| Clearview Motor Village | Erf 12 Florida Glen, Erf 478, Erf 454, Erf 15, 16 and 17, Florida Glen Ext 7, Johannesburg | Retail | 28,043,992 |
| Evagold shopping centre* | Erf 12291, Evaton West, Extension 11 | Retail | 87,097,727 |
| Shoprite Modimolle* | Erf 3259, Nylstroom Ext 2, Modimolle | Retail | 49,453,794 |
| Old Cape Quarter and Napier St | Green Point, Cape Town | Inventory | 99,522,000 |
| **CROATIA** | | | |
| Yazaki Factory | Slavonska Avenue 26/6, 26/18, Zagreb | Industrial | 119,470,952 |
| VMD Kvart, Building B * | Condominium ownership of 15 of the 26 floors, situated at Strojarska Cesta 20, Zagreb | Office | 361,514,999 |
| Sub City Centre | Dr Franjo Tudman Promenade 2A, 20207 Mlini, Srebreno, Zupa Dubrovacka (Dubrovnik) | Retail | 400,364,519 |
| Meridijan 16 | Gracanska 208 Street, 10000, Zagreb | Retail | 221,535,451 |
| **USA** | | | |
| Manning Development | Nashville, Tenessee | Development | 52,934,718 |
| Research court | Suwanee, Georgia | Office | 36,384,977 |
| **MOZAMBIQUE** | | | |
| Xiquelene | Maputo, Mozambique | Retail | 15,485,585 |
| XaiXai | Xai Xai, Mozambique | Retail | 21,508,089 |
| Zimpeto | Maputo, Mozambique | Retail | 24,647,255 |

** Independently valued in the period ending 31 December 2021*

# NOTES



# NOTICE OF MEETING

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Company will be held virtually on 24 May 2022 At 09:00 hrs for the following business:

## Agenda

1. To read the notice convening the meeting.

## Ordinary resolutions

2. To receive, consider and approve the Annual Report in respect of the year ended 31 December 2021.
3. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2021.
4. To approve the distribution as recommended by the directors
5. To approve the payment of for directors' emoluments (fees and expenses) for the year ended 31 December 2021.
6. To elect Mr. G R Giachetti by rotation in terms of Article 17.1 of the Constitution and being eligible offers himself for re-election. Refer to page 4 for his biographical information and summary curriculum vitae.
7. To elect Mr. L Magang by rotation in terms of Article 17.1 of the Constitution and being eligible offers himself for re- election. Refer to page 4 for his biographical information and summary curriculum vitae.
8. To elect Ms. C K Maphage by rotation in terms of Article 17.1 of the Constitution and being eligible offers herself for re-election. Refer to page 4 for her biographical information and summary curriculum vitae.
9. To elect Mr. G Giachetti by rotation in terms of Article 17.1 of the Constitution and being eligible offers himself for re- election. Refer to page 4 for his biographical information and summary curriculum vitae.
10. To appoint Mr. M G Edwards in terms of Article 23.1 of the Constitution. Refer to page 6 for his biographical information and summary curriculum vitae.
11. To appoint Ms. F E C Giachetti in terms of Article 23.1 of the Constitution. Refer to page 6 for her biographical information and summary curriculum vitae.
12. To appoint Mr. G M Fisher in terms of Article 23.1 of the Constitution. Refer to page 6 for his biographical information and summary curriculum vitae.
13. To appoint Ms. N R Milne in terms of Article 23.1 of the Constitution. Refer to page 6 for her biographical information and summary curriculum vitae.
14. To appoint Mr. S N Susman in terms of Article 23.1 of the Constitution. Refer to page 6 for his biographical information and summary curriculum vitae.
15. To approve the remuneration of the Auditors for the year ended 31 December 2021.
16. To appoint Auditors for the ensuing year
17. To take questions posed by shareholders to the director and management.

A member entitled to attend and vote, may appoint a proxy to attend and vote for him/her on his/her behalf, and such proxy need not also be a member of the company. The instrument appointing such a proxy must be emailed to dolly.mmereki@pwc.com not less than 48 hours before the meeting i.e. before 09:00 hrs on Friday 20 May 2022.

By order of the Board
PricewaterhouseCoopers (Pty) Limited
Company Secretaries
05 April 2022
Registered Office:
Plot 50371 Fairground Office Park
P O Box 294
Gaborone

# FORM OF PROXY

The Twenty Sixth Annual General Meeting of members to be held on 24 May 2022 virtually.

I/We ..... of. ..... being a member/members of the above named Company do hereby appoint:

..... of..... or failing that person the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the said Annual General Meeting of the Company and vote as follows on the resolution to be proposed at the meeting

| Ordinary Business | For | Against | Abstain |
|---|---|---|---|
| Ordinary Resolution No. 1 (Agenda item 2) | | | |
| Ordinary Resolution No. 2 (Agenda item 3) | | | |
| Ordinary Resolution No. 3 (Agenda item 4) | | | |
| Ordinary Resolution No. 4 (Agenda item 5) | | | |
| Ordinary Resolution No. 5 (Agenda item 6) | | | |
| Ordinary Resolution No. 6 (Agenda item 7) | | | |
| Ordinary Resolution No. 7 (Agenda item 8) | | | |
| Ordinary Resolution No. 8 (Agenda item 9) | | | |
| Ordinary Resolution No. 3 (Agenda item 10) | | | |
| Ordinary Resolution No. 4 (Agenda item 11) | | | |
| Ordinary Resolution No. 5 (Agenda item 12) | | | |
| Ordinary Resolution No. 6 (Agenda item 13) | | | |
| Ordinary Resolution No. 7 (Agenda item 14) | | | |
| Ordinary Resolution No. 8 (Agenda item 15) | | | |
| Ordinary Resolution No. 8 (Agenda item 16) | | | |

In the event any instruction in respect of any resolution is left blank or unclear, the proxy will vote as he/she deems fit.

A member entitled to attend and vote may appoint a proxy to attend and vote for him/her on his/her behalf and such proxy need not also be a member of the Company. The instrument appointing such a proxy must be emailed to dolly.mmereki@pwc.com not less than 48 hours before the meeting i.e. before 09:00hrs on Friday 20th May 2022.

Signed this.....day

of.....2022

Signature .....



**Incorporation Information**
Company Number BW00000877423
Date of incorporation 18/04/1996

**Investor relations**
Registered Office Investors requiring further information on the group are invited to contact:

Ms. Joanne Mabin
RDC Properties Limited,
Plot 5624, Lejara Road
Broadhurst Industrial
Gaborone, Botswana

**Electronic communications**
Unit holders are informed that RDCP has received formal approval by the Botswana Stock Exchange to distribute all shareholder communication electronically except where documents are specifically requested in written form.

**Secretaries/Transfer Secretaries**
Pricewaterhouse Coopers (Pty) Ltd
Plot 50371 Fairground Office Park
P O Box 294, Gaborone, Botswana

**Independent Auditor**
Grant Thornton
Plot 50370, Acumen Park, Fairground
P O Box 1157, Gaborone, Botswana

**Property Managers/Asset Managers**
Property and Asset Management Limited
P O Box 405391, Gaborone, Botswana

**Bankers**
ABSA Bank Botswana Limited
The ABSA Bank of South Africa
Access Bank Botswana Limited
African Banking Corporation of Botswana Limited
Erste & Steiermarkische Bank
First National Bank of Botswana Limited
First National Bank of South Africa
Nedbank of South Africa
Privredna Banka Zagreb
Stanbic Bank Botswana Limited
Standard Bank of South Africa
Standard Bank (Mauritius) Limited
The Mauritius Commercial Bank Limited
Investec Bank Limited

**Legal Advisors**
Neill Armstrong Attorneys
P O Box 45701,
Riverwalk, Gaborone

**Stockbrokers**
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