RDC Properties Limited

# INTEGRATED ANNUAL REPORT 2022

FOR THE YEAR ENDED
31 DECEMBER 2022


**Radisson RED Hotel**
**Rosebank, Gauteng, South Africa**

# CONTENTS

# INTRODUCING THE INTEGRATED ANNUAL REPORT

RDC Properties Limited ("RDC") is pleased to present our Integrated Annual Report for the financial year ended 31 December 2022. RDC's deep rooted purpose is to own and manage strategic property assets that add value to the communities we serve. As a leading real estate investor in Botswana, we have diversified our portfolio in South Africa, Croatia (EU), USA, Mozambique, Madagascar and Namibia and we are committed to delivering long-term value to our linked unit holders, while contributing to the sustainable development of the communities in which we operate.

The Integrated Annual Report provides a comprehensive overview of the Group's financial performance, as well as progress in achieving its environmental, social, and governance (ESG) objectives. We believe that sustainable business practices are key to delivering value to stakeholders and building a resilient business that can adapt to changing market conditions.

In this report, we outline our strategy, which is focused on investing in income-generating properties across a range of sectors and locations, while ensuring that we operate in a responsible and sustainable manner. The report also provides detailed information on financial performance, including revenue, profit, and cash flow, as well as capital management and investment activities.

The Group is committed to transparency and accountability in all aspects of its operations and the independent auditor has expressed an unmodified opinion with respect to the Annual Financial Statements, providing assurance of the highest level of governance and internal controls. We have also integrated ESG considerations into our reporting and performance management systems, and have obtained independent assurance on our ESG data.

We believe that by investing in our people, our communities, and our properties, we can build a sustainable and profitable business that delivers long-term value to our linked unit holders, while contributing to the economic and social development of Botswana and the wider region. We hope that this report provides our stakeholders with a comprehensive understanding of the business, its performance and commitment to sustainability.

# 1 Overview



**Old Cape Quarter**
Green Point, Western Cape, South Africa

# RDC AT A GLANCE

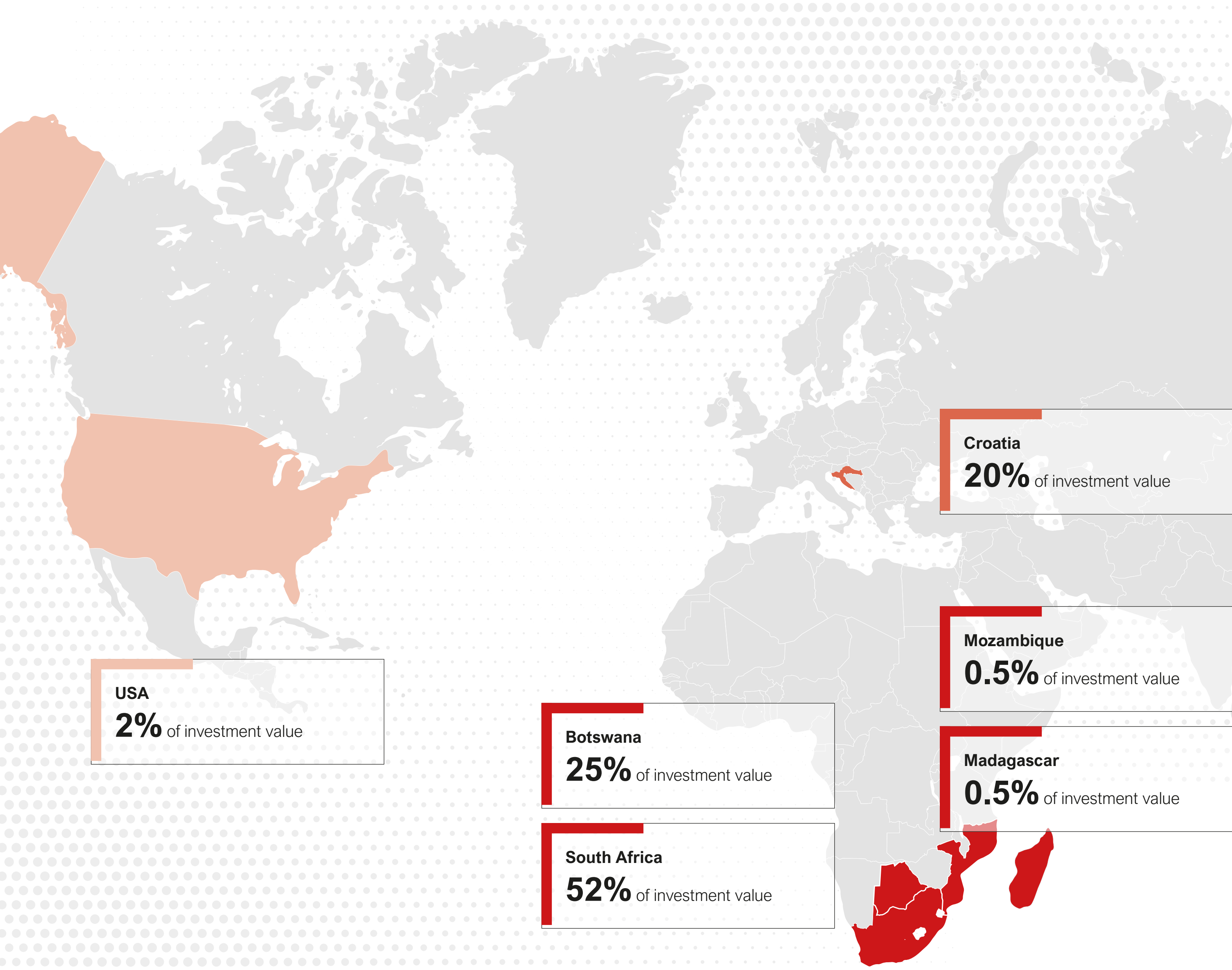
RDC is a real estate development and management company founded in 1992. The Company is based in Botswana and has grown to become one of the leading real estate companies in the country, with a focus on commercial and retail properties. RDC has over time expanded its operations to other African countries, such as South Africa, Mozambique, Madagascar, and more recently into the United States and Europe (Croatia).

The Company's portfolio consists of a mix of properties, including offices, retail centres, industrial parks, hotels, and residential buildings. RDC has a strong track record of successful property developments and management, with a reputation for delivering high-quality properties that meet the needs of its tenants and customers.

RDC has a diverse team of experienced professionals with expertise in asset and property management, development and project management and finance. The Company is publicly quoted with a listing on the Botswana Stock Exchange and has a portfolio value of **P5.9 billion**, of which **75%** is outside of the country.

RDC has a strong commitment to corporate social responsibility and has undertaken various initiatives in areas such as education, health, and community development. The Company's vision is to become the leading real estate company in Botswana by delivering exceptional value to its stakeholders and enhancing the communities in which it operates.

In recent years, RDC has expanded its portfolio through acquisitions and joint ventures, including the acquisition of JSE-listed Tower Property Fund Limited in December 2021. The Company continues to pursue growth opportunities in the real estate sector, both in Botswana and internationally.



# GROUP PURPOSE

## "We **OWN** and **MANAGE STRATEGIC PROPERTY ASSETS** that **ADD VALUE** to the **COMMUNITIES** we serve."

**RDC's purpose is to create value for its stakeholders through the development, acquisition and management of quality commercial and retail properties in Botswana, Africa and globally. The Company's strategy is to focus on the development of properties that meet the needs of its clients and provide sustainable long-term returns for its linked unit holders.**

### THE KEY DRIVERS OF RDC'S STRATEGY INCLUDE:

#### GROWTH THROUGH ACQUISITION

RDC seeks to acquire high-quality properties that provide a steady income stream and have the potential for long-term capital appreciation. The Company aims to grow its property portfolio through strategic acquisitions in key markets.

#### DEVELOPMENT OF NEW PROPERTIES

RDC also aims to develop new properties in response to market demand. The Company focuses on developing quality commercial and retail properties that meet the needs of its clients and provide sustainable long-term returns for its linked unit holders.

#### GEOGRAPHIC DIVERSIFICATION

RDC has expanded its operations beyond Botswana to other African countries, such as South Africa, Mozambique, and Madagascar, as well as the United States of America and Croatia. The Company aims to further diversify its operations geographically to reduce risk, provide a natural hedge and tap into new growth opportunities.

#### INNOVATION AND SUSTAINABILITY

RDC is committed to innovation and sustainability in its property development and management activities. The Company seeks to adopt the latest technologies and sustainable practices to reduce its environmental footprint and enhance the value of its properties.

#### STRONG CORPORATE GOVERNANCE

RDC is committed to maintaining the highest standards of corporate governance to ensure the long-term success of the Company. The Company's Board of Directors provides strong leadership and oversight, and the Company adheres to best practices in accounting, financial reporting and risk management.

### OUR VALUE SYSTEM

- INCLUSIVITY
- COMPETENCY
- RESPECT & EMPATHY
- ACCOUNTABILITY
- ENTREPRENEURSHIP
- INTEGRITY

We are a highly entrepreneurial and diverse organization attracting people from different cultures with shared values of integrity, entrepreneurship and empathy.

Every day we strive for excellence by taking full responsibility for individual tasks which are well outlined to the benefit of the team, unit holders and the community.

# RDC'S TIMELINE


**1992**

RealEstate Development Company Limited became the first publicly listed property and development fund in Botswana.

**Portfolio Value:** **P26 million**
**Portfolio Listings:** **4 Properties**


**1993**

RDC expands its operations to major centres in Botswana, Serowe and Maun.

**Portfolio Value:** **P39 million**
**Portfolio Listings:** **7 Properties**

**1994**

Expansion of retail development offering to include the Boswa Centre, Diamond Centre in Jwaneng and Lotsane Complex in Palapye.

**Portfolio Value:** **P48 million**
**Portfolio Listings:** **10 Properties**

## *We continue to leverage our construction and development*


**2012**

Completion of works on Masa Centre in New Gaborone CBD. RDC completes first split of shares at 5:1.

**Portfolio Value:** **P750 million**
**Portfolio Listings:** **22 Properties**


**2010**

Isalo Rock Lodge in Madagascar is opened to the public. RDC strategically disinvests in the Tana Waterfront in Antananarivo Madagascar.

**Portfolio Value:** **P470 million**
**Portfolio Listings:** **22 Properties**


**2006**

Acquisition of Isalo Rock Lodge in Isalo National Park, Madagascar. Completion of refurbishment works at Standard House.

**Portfolio Value:** **P174 million**
**Portfolio Listings:** **22 Properties**

## *We own and manage strategic property assets*

**2015**

Investment in the residential market by acquiring the ICC Flats. Expansion of portfolio in Namibia and Mozambique. Successfully raises P232.1 million from first rights issue.

**Portfolio Value:** **P1 104 million**
**Portfolio Listings:** **23 Properties**


**2017**

Acquisition of controlling stake in Capitalgro, South Africa, valued at R335 million. Investment in Nashville, Tennessee, USA.

**Portfolio Value:** **P1 627 million**
**Portfolio Listings:** **29 Properties**

**2018**

Capitalgro acquires The Edge Building. The Group has become active in six countries with a total portfolio GLA of 104,037m². (South Africa, Botswana, Madagascar, Mozambique, Namibia, USA)

**Portfolio Value:** **P1 943 million**
**Portfolio Listings:** **30 Properties**


**1996**

Conversion to a variable rate loan stock structure and name-change to RDC Properties Limited. PAM (Property and Asset Management Company) is incorporated to manage the portfolio. RDC acquires Professional House in Gaborone, Botswana.

**Portfolio Value:** P67 million
**Portfolio Listings:** 14 Properties

**1997**

Adoption of a portfolio improvement strategy and expansion into Antananarivo, Madagascar. Refit of Standard House. First elective capitalisation of dividends.

**Portfolio Value:** P67 million
**Portfolio Listings:** 14 Properties

**1999**

RDC launches RDC Properties Mauritius Limited and enters the industrial Segment of the property market by investing in Phakalane Industrial estate.

**Portfolio Value:** P83 million
**Portfolio Listings:** 15 Properties

## *competencies to create efficiency and growth for the portfolio.*

**2003**

RDC completes first Public-Private Partnership (PPP) with the Gaborone City Council. Acquires the EU Delegation building and enters its first Euro-denominated lease.

**Portfolio Value:** P131 million
**Portfolio Listings:** 21 Properties


**2002**

Official opening of the Tana Waterfront in Antananarivo, Madagascar as a joint venture investment. RDC invests in the Chobe Marina Lodge (hospitality) property and the Lodge is fully launched following completion of renovations.

**Portfolio Value:** P109 million
**Portfolio Listings:** 19 Properties

**2000**

Investment into the Tholo office building, and the Tana Waterfront development in Madagascar.

**Portfolio Value:** P95 million
**Portfolio Listings:** 17 Properties

## *that add value to the communities we serve.*


**2019**

Acquisition of a turnkey development – the Radisson RED Rosebank Hotel, Johannesburg. RDC enters into franchise agreement enabling the conversion of the Masa Square Hotel to a Protea by Marriott Hotel.

**Portfolio Value:** P2.02 billion
**Portfolio Listings:** 30 Properties


**2021**

Acquisition of Tower Property Fund Limited in South Africa. The Radisson RED Rosebank officially opens. Successful second Rights Offer of P667 million.

**Portfolio Value:** P5.8 billion
**Portfolio Listings:** 79 Properties


**2022**

RDC Properties Limited undergoes rebranding. Successful integration of the Tower Portfolio. Notwane Asset Management Company (Pty) Ltd (NAM) is registered to manage the South African portfolio as a subsidiary of PAM. Revenue more than tripled to P525 million.

**Portfolio Value:** P5.9 billion
**Portfolio Listings:** 75 Properties

# HIGHLIGHTS OF 2022 AND PORTFOLIO ANALYSIS

## FINANCIAL HIGHLIGHTS

### INVESTMENT AND PROPERTY PORTFOLIO

**P5.9 billion** ↑ **2%**

(2021 – P5.8 billion)

The portfolio has grown to P5.9 billion - an increase of P86.2 million despite the sale of P110 million of less-strategic assets, including the Roots Tower property in Maun.

### REVENUE

**P525 million** ↑ **258%**

(2021 – P147 million)

Full consolidation of Tower Property Fund (12 months), lower overall vacancy and positive exchange rate movements contributed to the growth in revenue

### NET ASSET VALUE PER SHARE

**P3.29** ↑ **2%**

(2021 – P3.23 per share)

Net Asset Value per share improves by 2% to P3.29 per share (2021: P3.23)

### PROFIT FOR THE PERIOD

**P184 million** ↑ **163%**

(2021 – P70 million*)

The increase in profit for the period is due to the positive impact of the acquisition of the Tower portfolio, fair-value gains on investment properties & interest rate hedges.

### EARNINGS PER SHARE

**18.84** ↑ **13%**

(2021 – 16.63 per linked unit*)

Earnings Per Share is higher at 18.84 thebe (2021: 16.63 thebe*)

### LOAN TO VALUE NET OF CASH BALANCES

**LTV RATIO: 45%** ↓ **2%**

(2021 – 46%)

The group has maintained a healthy LTV at 45% of the portfolio, a 2% change/movement in the ratio for the comparable period.

## SUMMARY OF KEY METRICS

| | 2022 P'000 | 2021 P'000 | 2020 P'000 | 2019 P'000 | 2018 P'000 |
|---|---|---|---|---|---|
| Portfolio value | **5,910,111** | 5,823,921 | 2,299,123 | 2,024,491 | 1,960,404 |
| Increase | **86,190** | 3,524,798 | 279,040 | 64,087 | 325,008 |
| Increase in value % | **1.48%** | 153.31% | 13.59% | 3.27% | 19.87% |
| Net asset value (NAV) | **2,497,463** | 2,447,686 | 1,156,823 | 1,169,406 | 1,098,923 |
| NAV per linked unit | **3.29** | 3.23 | 3.27 | 3.33 | 3.13 |
| NAV adjusted for deferred taxation | **3.54** | 3.45 | 3.64 | 3.13 | 3.38 |
| Long-term debt (net of cash and cash equivalents) | **2,683,608** | 2,693,768 | 719,405 | 449,881 | 454,200 |
| Total equity | **3,030,197** | 2,941,015 | 1,453,832 | 1,434,858 | 1,356,579 |
| Equity attributable to linked unit holders | **2,497,463** | 2,447,686 | 1,156,823 | 1,168,406 | 1,098,923 |
| Long-term debt to portfolio value ratio (net of cash and cash equivalents) | **45.41%** | 46.25% | 31.23% | 22.22% | 23.17% |

| | 2022 P'000 | 2021 P'000 | 2020 P'000 | 2019 P'000 | 2018 P'000 |
|---|---|---|---|---|---|
| Revenue | **525,205** | 146,562 | 131,594 | 152,481 | 146,345 |
| Profit from operations before fair value adjustment | **274,069** | 62,692 | 82,720 | 106,690 | 105,183 |
| Profit from operations after fair value adjustment | **412,351** | 115,375 | 64,259 | 191,436 | 169,687 |
| Profit before tax* | **208,914** | 65,120 | 18,967 | 162,080 | 141,310 |
| Profit attributable to owners* | **137,299** | 51,983 | 26,805 | 118,807 | 105,117 |
| Average number of linked units in issue | **758,232,937** | 391,792,630 | 352,644,215 | 350,982,285 | 350,982,285 |
| Earnings per linked unit* | **18.84** | 16.63 | 7.60 | 33.85 | 29.95 |
| Market capitalisation at year-end | **1,683,277,120** | 1,630,200,815 | 758,185,062 | 789,710,141 | 779,180,673 |
| Distribution yield | **1.57%** | 4.36% | 6.06% | 5.79% | 5.88% |
| Price-earnings ratio | **11.8** | 12.9 | 28 | 7 | 7 |
| Earnings yield | **8.49%** | 7.74% | 3.54% | 15.04% | 13.49% |
| Share price at year-end (thebe) | **222** | 215 | 215 | 225 | 222 |
| Total return per share (thebe) (Net asset value movement and distribution) | **12.19** | 348.89 | 0.21 | 38.81 | 40.25 |

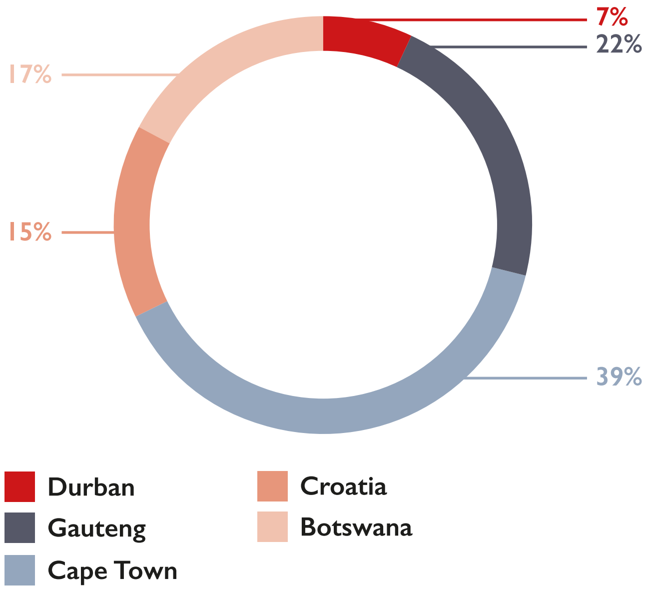
*NOTE:*

* *Excluding the bargain purchase gain on the Tower acquisition*

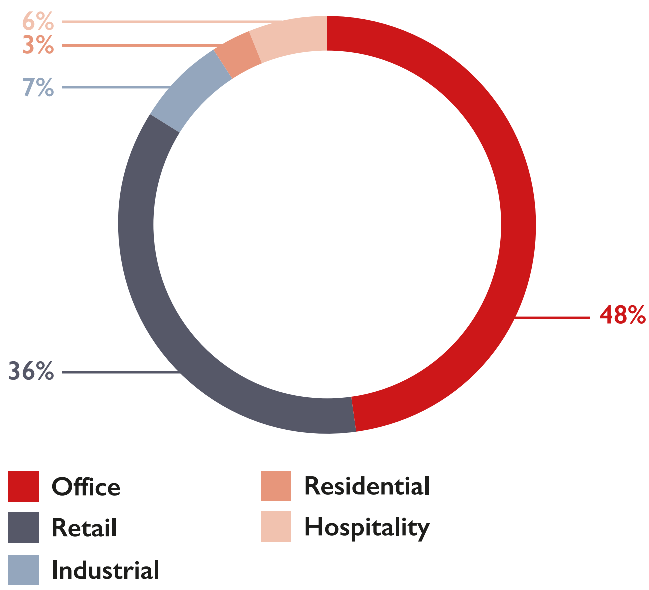
# HIGHLIGHTS OF 2022 AND PORTFOLIO ANALYSIS

## PORTFOLIO ANALYSIS

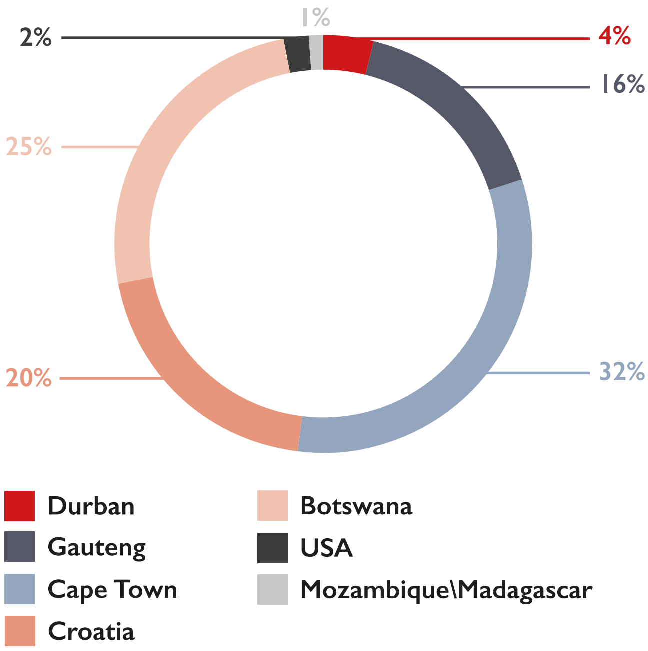
DIVERSIFICATION OF REGIONS BY REVENUE



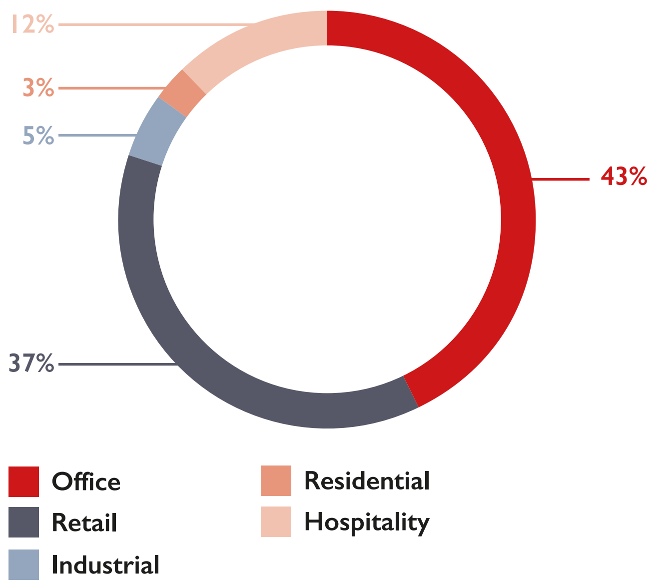

DIVERSIFICATION OF SECTORS BY REVENUE




DIVERSIFICATION OF REGIONS BY VALUE



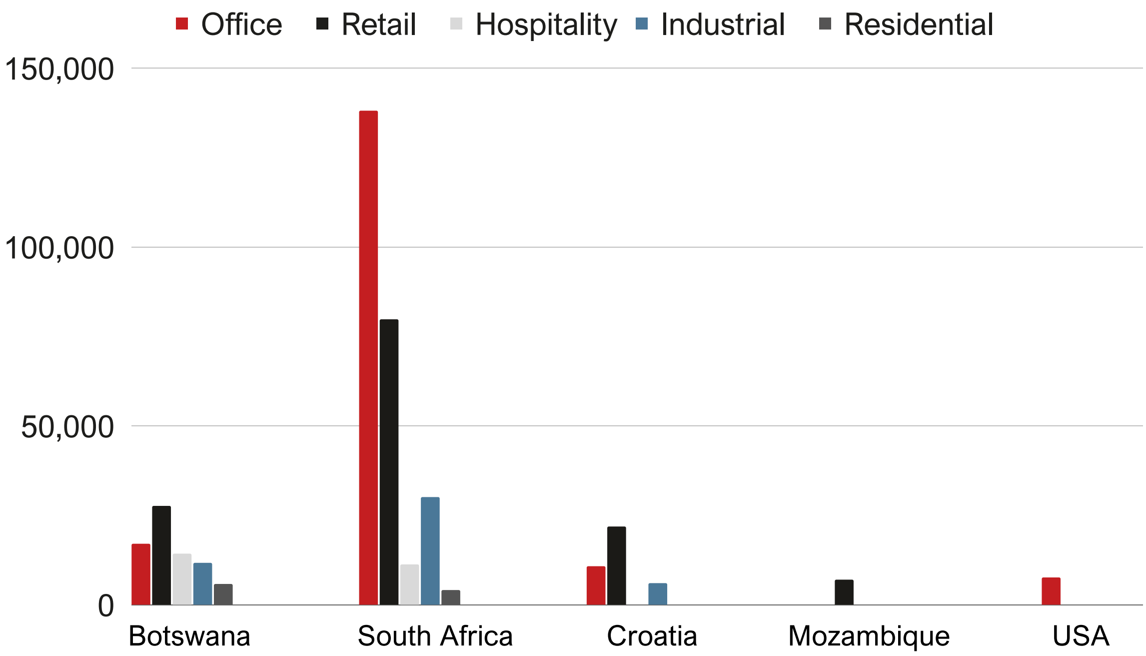

DIVERSIFICATION OF SECTORS BY VALUE



# HIGHLIGHTS OF 2022 AND PORTFOLIO ANALYSIS

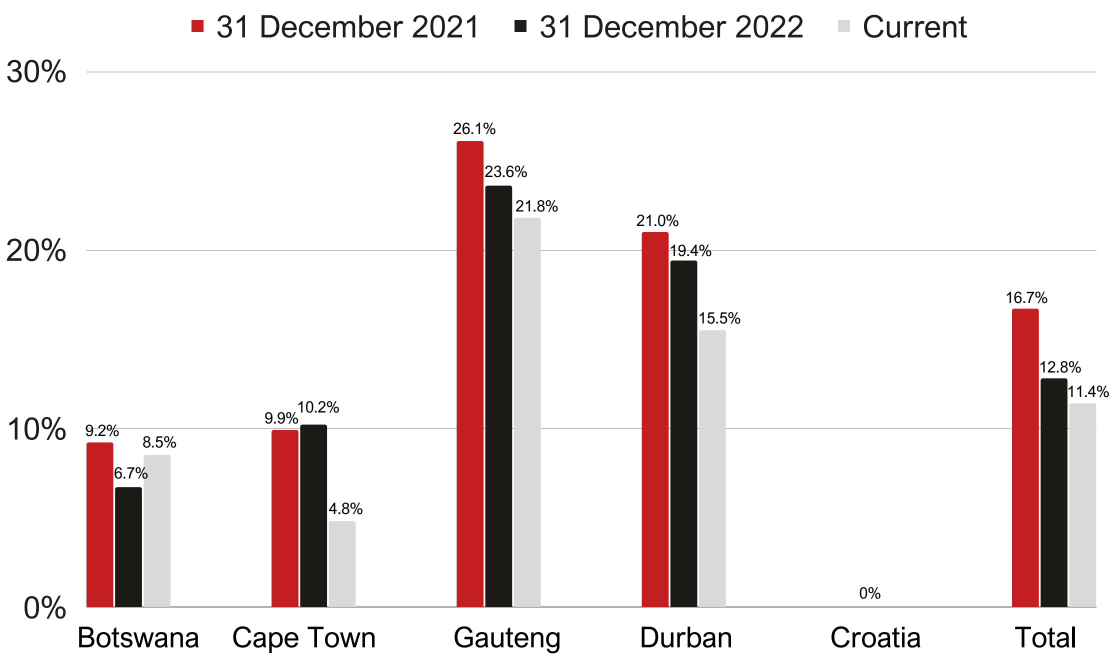
## GROSS LETTABLE AREA ($m^2$) BY REGION AND SECTOR

**COMBINED PORTFOLIO TOTAL OF 385 962$m^2$**




## VACANCY RATES PER REGION (GLA)

**THROUGH THE SYNERGIES AND SKILLS GAINED FROM THE BUSINESS AQCUISITION THE GROUP HAS BEEN ABLE TO REDUCE OVERALL VACANCIES ACROSS THE PORTFOLIO**



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# Executive and Committee Reports



**Masa Centre**
**Gaborone, Botswana**

# CHAIR'S STATEMENT

***Another solid set of financial results, due to the integration of the Tower portfolio and conversion of the acquisition gain into a tangible increase in revenue and profits, thereby creating sustainable shareholder value.***

**G. R. Giachetti**
**Executive Chair**

# CHAIR'S STATEMENT

Dear Unit Holders,

The world has faced unprecedented challenges for the past three years – a pandemic, a major war and significant inflationary pressure that have collectively created economic turmoil with a steep rise in interest rates and exchange rate volatility. I am pleased to report that the successful implementation of our strategy of diversifying our portfolio has enabled us to create a resilient and sustainable business.

The portfolio diversification is a significant step towards driving long-term shareholder value and creating a stronger, and proudly Botswanan company with a global reach. The Group continues to pursue a clearly defined vision and strategy of being an owner of strategic assets that add value to the communities it serves.

Having such a large portfolio and a wide pool of skills has enabled us to evaluate the performance of each asset and set preliminary actions to redress underperforming assets and initiate a process of optimisation of the portfolio and alignment to our purpose.

The reporting period saw significant increases in the prime lending rate across all jurisdictions. The increase in our cost of finance was partially mitigated by the interest rate hedges in place. Management is focused on reducing debt over the medium term, improving the performance of key assets and disposing of non-core assets, as well as optimising our corporate structure and cross-border transaction flows.

We will continue to strive to be a highly entrepreneurial Group, operating internationally within niche markets and growing by investments that are accretive and innovative.

## FINANCIAL RESULTS

I am pleased to report that the Group was able to achieve another solid set of financial results for the year ended December 2022, which included the successful integration of the Tower Property Fund portfolio, acquired on 28 December 2021, and conversion of the acquisition gain into a tangible increase in revenue and profits, thereby creating sustainable unit holder value.

The Tower acquisition diversifies and strengthens our portfolio in terms of sector and location. The portfolio has increased to **P5.9** billion – an increase of **P86.2** million after the sale of **P110** million of less strategic assets, including the Roots Tower property in Maun.

Profit attributable to linked unit holders (excluding the prior year bargain purchase gain of **P577.3** million) increased by **164%** to **P137.3** million (2021: P52 million). The increase in profit attributable to linked unit holders is due to revenue growth, the positive fair value gains on investment properties and the positive fair value gains on interest rate swaps.

As at 31 December 2022, the Group reduced its LTV from **46%** to **45%**. Confidence in our strategy and management team is affirmed by the support received from our capital providers – both our bond-holders and commercial bankers, and I wish to thank them for their pro-active engagement with our finance team.

It is management's focus to further reduce debt over the medium-term and to focus on sustainable and growing cash flow. We are confident that striking the correct balance between growth and value assets within the portfolio in a three-year period will lay the foundations to strongly improve the Group's current financial metrics and enable delivery of growth objectives.

***NAV per linked unit (adjusted for deferred taxation) has grown by 2.52% to P3.54/share (2021: P3.45/share), supported by conservative valuations. Recent valuations have been underpinned by offers for several properties at book value that management is currently considering.***

The current macroeconomic environment remains challenging in both Botswana and South Africa, with consensus amongst our lenders that interest rates will remain at current levels or slightly higher in the short-term. As a result, the Group has decided to retain earnings and cash in order to reduce its interest burden and to reduce debt, as well as to fund highly accretive investments such as the recently acquired David Livingstone Safari Lodge and Spa in Zambia. The Group has therefore not declared a final distribution at year-end 2022. This conservative approach will be reconsidered in the new financial year when the interest rate trajectory is expected to decline and the offers on our assets are concluded, thereby reducing our debt and improving cash availability.

## OPERATIONS, HIGHLIGHTS AND PROSPECTS

The year in review has been a very busy and productive one for the Group and for the newly integrated management team. The management team operates from the Gaborone head office, Cape Town office and satellite offices in Johannesburg, Croatia, Madagascar and Mozambique. The management team, with its wide pool of skills, continues to closely monitor the performance of each asset and set actions to redress underperformance and initiate a process of optimisation of the portfolio. The process is a medium-term one and it is gratifying to see initial improvements in the metrics, including occupancies and the general quality of the portfolio.

The improved performance of the South African portfolio both in terms of occupancy and operating costs is a pleasing sign that PAM/NAM's (our asset manager) 'hands-on' approach to leasing and property management is starting to bear fruit.

# CHAIR'S STATEMENT

The RDC Portfolio has fared well in reducing vacancy levels across the board, from an overall **16.7%** in Q4 of 2021 to 11.4% in Q1 of 2023. Some very significant leases were concluded in the year under review, contributing to the 123,000m$^2$ of new and renewed leasing deals concluded in Botswana, South Africa and Croatia.

From a geographical performance perspective, **Botswana,** contributing 17% of rental revenue despite representing 25% of the portfolio by value, has remained relatively stable throughout the year, ending with a vacancy ratio of **6.7%**. Whilst the hospitality assets underperformed in 2022, they are currently experiencing solid forward bookings for 2023 with leisure travel forecast to reach pre-pandemic occupancies and rates. A positive sign for this portfolio in the year to come.

**South Africa,** contributing 68% of rental revenue and representing **52%** of the portfolio by value, has seen the most significant improvement. Our KZN and Cape Town portfolios have performed well with vacancies reducing by **26%** and **53%** respectively, up to Q1 of 2023. Whilst Gauteng has been by far the most challenging region, (vacancies remain above 20%) it too has shown a positive trajectory during the year. Cape Town remains a sought after investment destination and the Group is fortunate to have secured several landmark assets in the region.

**Croatia,** contributing **15%** of revenue and representing **20%** of the portfolio by value, continues to outperform all other regions, with **100%** occupancy during the period and enjoying the benefit of an appreciating Euro/Pula exchange rate. Croatia has benefited from the award of full European Union Membership (effective 1 January 2023). This has attracted investment from the rest of Europe, increasing demand for good properties such as ours.

In terms of our **USA** investments, we are pleased to report that despite the high interest rate environment that has a significant drag on the property sector, we received an offer for our rental enterprise (Research Court). We accepted the offer which closed in March 2023, resulting in an overall IRR in excess of 13% (in US$). The remaining asset in the US, The Manning development, is expected to close mid-2023. These disposals are providing even more positive returns because of the appreciation of the US$/Pula exchange rate.

The acquisition of the David Livingstone Safari Lodge concluded in April 2023. In order to best manage this operation, we have agreed the terms of a 50% joint venture with Protea Hotels Zambia (Pty) Ltd, part of the Union Gold Group, a highly reputable Zambian Group involved in the operation of a number of hotels and businesses in the country.

In 2022, the disposal of non-core assets not aligned to our purpose, was slower than anticipated and this had to be managed carefully by the team. We are pleased to report that the disposals programme has picked up momentum with several larger assets currently under offer. Once concluded these sales will reduce debt and enable the re-deployment of capital into high growth investments.

The outlook for 2023 is positive, as we expect a significant contribution from our hotels arising from the rebound in hospitality as well as the improvement in the commercial portfolio and the sale of non-strategic assets.

## AWARDS

***The Radisson RED, Rosebank Johannesburg, with its contribution to the promotion of African artists, was recognised with the hotly contested LIV award for Winner in Interior Design Brand New. The hotel has positioned itself as a dominant player within this important business node. This is significant for RDC as the revenue generated from hotel guests flows into rental revenue for the Group.***

***The newly developed Old Cape Quarter building in Greenpoint, Cape Town recently won the prestigious 'Best Heritage Development' award at the annual South African Property Owners Association (SAPOA) convention.***

## ENVIRONMENT

To adequately respond to the needs of sustainable economic growth, RDC continues to ensure that it responds to community and market needs in a sustainable way for our natural resources and the environment.

Management has been focused on the issue of energy efficiency across the portfolio, particularly considering the energy crisis in South Africa.

We are pleased to report that 29% of our portfolio (by value) has achieved a Green Building Council SA (GBCSA) green star rating whilst 10% of the portfolio generates energy with the support of solar and 15% of the portfolio is subject to water consumption monitoring. The Group is carrying out a solar and sustainability audit of all the major properties with an objective of determining the suitability of our assets to embrace new energy solutions.

# CHAIR'S STATEMENT

## SOCIAL INVESTMENT

We are pleased to confirm that we continue to support local charitable institutions and communities.

Our support for the less fortunate of the communities we operate in remains a Group focus, with contributions to at least 15 different organisations in the past year, such as the Khanyisa Empowerment Trust, a broad-based women's empowerment Group, at Radisson RED. The involvement of our associated operating companies and management companies in contributing to these communities bears testimony to the fact that our purpose of adding value to our communities is deeply rooted in our decisions and actions.

During the year we have continued to support the education sector by contributing to schools in Botswana, South Africa and Madagascar. Botswana traditional dancers also received support from us in the Chobe District. The art community in South Africa benefited from our contribution to the Investec Cape Town Art Fair and the Radisson RED emerging artists' promotion.

## GOVERNANCE AND CORPORATE STRUCTURE

The Board of RDC recognises that good governance and strong leadership create confidence for its stakeholders. During the past year the Board undertook several important initiatives including:

- A Board self-assessment, leading to the amalgamation of the property and investment sub-committees, allowing for more efficient discussion among non-executive directors on actions required to improve the portfolio.
- Having concluded the successful integration of the Tower management team, Marc Edwards (former Tower Property Fund CEO) resigned, giving way to the appointment of Joanne Mabin as an executive director (Group Chief Finance Officer).
- The appointment of Andrew Bradley as Lead Independent Director replacing Lesang Magang who served diligently in this role for many years.
- The Remuneration and Nomination Committee reviewed directors' remuneration and recommended changes which were implemented to align the Group to best practice and to the market.

After 21 years of service to the Group, Lesang Magang decided to retire from the Board. On behalf of the RDC and PAM boards and the executive team, I recognise the exceptional contribution, support and guidance received from him during these years of growth and diversification.

I acknowledge the retirement of Bogolo Kenewendo who leaves our Board due to her very important international and local commitments. Her contributions during these transformative years have been highly appreciated by all of us.

On the 23rd of March, the Board agreed to the appointment of Sithabile Mathe as a new member. I believe we will all benefit from her extensive local and international professional experience as an architect and member of various development committees.

I am pleased to report that the Company has a robust Board of Directors with relevant expertise ranging from sectoral and regional experience to company strategy and financial knowledge. The comprehensive self-assessment carried out this year confirmed overwhelmingly that all members are satisfied that the Board can lead the value creation process by appreciating the inseparable nature of strategy, risk, opportunity, performance, and sustainable development.

The Remuneration and Nomination Committee and the Board will continue to monitor the succession planning and the independence of the Board. Board succession planning and the independence of long-serving directors remains an important consideration for the Board.

I am also pleased to report that the Audit and Risk Committee has been functioning well notwithstanding the significant growth and increase in complexity of the business. This Committee serves an important role in identifying, assessing, and managing risk from a strategic, structural and operational perspective. A few important steps were achieved in simplifying the corporate structure which will serve to make the Group more efficient in the years to come. Of particular importance is the reduction of the number of subsidiaries within the Tower corporate structure and obtaining IFSC registration for RDC Properties Ltd.

The directors have considered the Group's forecast cash flows, LTV, the portfolio of unencumbered properties and the maturity profile of borrowings and can confirm that the Group has adequate resources to meet all future commitments.

The past year has been occupied with the re-engineering of the management company, re-deploying all Tower management and staff into the newly formed subsidiary of Property and Asset Management (PAM) in South Africa – Notwane Asset Management (NAM), aligning of systems and processes across countries and creating a sense of belonging within the RDC Group. The consolidation and integration of the teams has run extremely smoothly. We have been able to apply the new, combined skills of the team to the benefit of our portfolio.

I wish to thank our board members, the different chairs, and members of the sub-committees who proactively engaged management in a coordinated way to create an atmosphere of value creation across all aspects of the business.

The year has been a complex one and I would like to commend our management team for their important contribution in embracing a new organisational structure, and proactively managing the business across all regions. The contribution of the management team has enabled the Group to navigate a challenging economic environment and I am pleased that our business is well-placed to continue to deliver value to its linked unit holders.

**G. R. Giachetti**
Executive Chair

# OPERATIONAL AND FINANCIAL REPORT

**Jacopo Pari**
**CEO Operations and Developments**

**Joanne Mabin**
**Chief Financial Officer**

**Gary Fisher**
**CEO Properties**

# OPERATIONAL AND FINANCIAL REPORT

## EXECUTIVE SUMMARY

***We are pleased to report that the RDC business has proven to be resilient through a difficult trading period in 2022. This is inter alia due to the critical mass of our portfolio post the acquisition of Tower Property Fund (TPF) as well as the quality of our buildings and tenants. Another factor includes our geographical and sectorial diversification.***

It is gratifying to see the success of this intentional strategy emerge – we have strengthened our exposure to high growth nodes and precincts. We would also like to recognise the professionalism, dedication and passion of the RDC leadership and management in implementing the take-over of Tower and the subsequent repositioning of the Group.

The Net Operating Income (NOI) of the rental enterprise for the period was **P323.6** million against a budget of **P327** million. This was driven in the main by a rental income variance due to softer than expected hospitality contributions and unbudgeted vacancies in the commercial portfolio. The property expenses were kept in check despite high inflation and a generally challenging environment.

Higher than expected interest rates have increased our cost of financing, despite the mitigation of the interest rate hedges in place. In South Africa, the SARB raised the prime lending rate by a total of **3.25%** during the reporting period. The natural foreign exchange hedges however, due to multi-currency revenue streams, contributed positively to the Group's results.

Compared to the prior year NOI of P99 million, which included only three days of contribution by the Tower portfolio, our 2022 results represent a very material uplift, that has served to reposition RDC amongst its peers on the Botswana Stock Exchange.

The portfolio value at year-end has been adjusted to **P5.9** billion. This considers the new valuations, disposals of some **P110** million and the exchange rate differential and represents a marginal (1.5%) uplift on the prior year. Significantly, it signals a turning point in the cycle, where the market in the past several years has been in sharp decline, and again demonstrates the resilience of the RDC assets. Properties totalling **P173.3** million are currently under offer at book value, underpinning our property valuations.

It was a year of intensive letting activity. New and renewed leases across some 123,000m$^2$ of GLA were concluded. This compares to circa 116,000m$^2$ expiring during this very critical year of the lease cycle, where 31% of total GLA was up for renewal.

Consequently, the total vacancy rate has reduced from **16.7%** (Q4 2021) to **11.4%** (Q1 2023), with significant improvements across all regions, instilling further optimism for the year to come. The year 2023 will see only circa 22,300m$^2$ expiring and the market is materially stronger. We are also starting to see improvements to the portfolio weighted average lease expiry (WALE) thanks to several strategic long leases concluded.

The portfolio has experienced limited rental reversions in instances where rentals of long leases escalated beyond market. Our leasing team has succeeded in several key renewals securing rentals at and above market rates, which validates our hands-on management strategy.

Part of the strategy in acquiring Tower was the disposal of selected or otherwise non-core properties to support cash flow, reduce debt and re-deploy capital into high-growth assets. The disposals programme, whilst now in full swing, has taken longer than expected to implement.

It should be noted that the increase in interest rates across the jurisdictions within which we operate, and the further uncertainty cast on the economy by the effects of global geo-political tensions were not foreseeable at the time of the acquisition. All of these factors have added some pressure to disposals.

Market conditions are location-specific and vary widely from region to region. Our properties are generally in demand as seen in bids received equating book values. The Johannesburg area remains a challenge and we are exploring alternative ways to bring the properties to market. The Botswana prospects are solid and should come to fruition in 2023.

Most of the Real Estate sector faces similar and greater challenges in terms of liquidity and growth. The Group is well positioned compared to peers, which has led to our lenders' forbearance and the temporary relaxation of certain covenants.

To ensure that the executive team is always able to thoroughly evaluate the possible outcomes of disposals and acquisitions, an informative model has been developed. It allows simulating the sale of different properties (individually or in combination), simulating the use of funds (for debt or new investments) and shows the resulting financial KPIs (LTV, ICR, etc.) and the possible earnings results and distributions to linked unit holders.

The executive and non-executive directors will meet in early May 2023 to develop and refine a comprehensive and forward-looking portfolio strategy. We anticipate that this meeting will allow us to establish quantitative KPIs and engage in discussions with lenders regarding optimisation of the Group's debt.

## HOSPITALITY

Early indications are that the SADC 2023 tourism numbers will be as strong as 2019 pre-pandemic numbers, especially for leisure travel. This is good news for RDC as hospitality represents **12%** of our portfolio by value. In contrast, hospitality accounted for only **6%** of the Company's revenue during 2022, which highlights the potential for increased rental revenue from our hotel operations in 2023.

RDC is not directly involved in any of the hotel operations which are owned or participated in by the Group. RDC is insulated from the risk of operations and it receives rental proceeds, thus acting purely as landlord.

Whilst we are currently seeing a positive trajectory, rental income contributions from the hotels fell short of expectations for the year under review, due to the slower than expected return of leisure and business travel.

Chobe Marina Lodge had a slow start with fewer than expected international travellers. This impacted RDC's performance in 2022 due to the receipt by RDC of less than expected rental income. The Lodge has however generated **7.5%** greater rental income in 2022 (peak and off-peak seasons) than last year and total revenues for January 2023 were 20% greater than budget.

# OPERATIONAL AND FINANCIAL REPORT

The first full year of operations of the Radisson RED confirmed beyond any possible doubt that the location, design, and brand chosen by RDC are a perfect fit for the new hospitality landscape. We are satisfied with the 2022 results. The newly established hotel immediately made its mark in a highly competitive and slowly rebounding market.

Protea Masa Square Hotel is also showing good signs of strength in the early days of 2023. In its first month of operations, the hotel generated three times more rent than recorded per month of 2022. Occupancy is up to 60% and March seems to confirm this long-awaited upswing.

## ACQUISITIONS UPDATE

The David Livingstone Safari Lodge and Spa acquisition concluded in April 2023.

A joint steering committee has been established. The hospitality team, in coordination with Protea Hotel Zambia, the 50% JV Partners, is taking control of the operations at the Lodge according to an agreed and detailed operational take-over agenda. The key vacancies in the organogram are being filled, and African Anthology – the new sales and marketing company – is in the process of taking over from aha Hotels and Lodges.

Much has been achieved during the transition period spanning from the date of signature of the agreements to the date of fulfilment of the conditions precedent, culminating with the employment of the new general manager. The first two months of 2023 have been ‘historical’ posting the best results ever. This, coupled with a very pleasing US$1.1 million of profit achieved by the Lodge last year, without leadership and support by the management company, is really promising for the future.

## MOZAMBIQUE AND NAMIBIA

The investment in Mozambique has followed the vagaries of the country and has called for a very prudent approach. Mozambique has not really lived up to its promises, nor to the IMF forecasts for a booming economy because of Oil & Gas investments and consequent tax revenue streams.

In ongoing consideration of the aforementioned, we remain focused on stabilising what we have in hand, with a view to offloading the investments if and when the opportunities arise.

The investment into Namibia over the years has been fully impaired in the RDC books and it has long been resolved to try to exit the venture by maximising the value of the work already undertaken.

A party has expressed keen interest in buying out our interest in Tsumeb. Its development team has visited the site and confirmed it suitable for the purpose of establishing a retail centre. We are currently working with Botswana lawyers to draft a sale agreement, which, if accepted, could help in recouping part of the money invested. Our partners are playing an active role and are aware of our intention to exit and minimise the losses incurred.

## THE PROPERTY MARKET – OUTLOOK BY REGION

The South African property market has been under pressure in recent years due to slow economic growth, political instability, high unemployment, and a challenging investment climate (oversupply). However, with the gradual recovery of the economy, the property market is expected to improve in 2023.

The pandemic years continue to have an impact on the market, with remote work and hybrid work models becoming more common, leading to a shift in demand for certain types of commercial properties. However, businesses have begun to return to traditional office spaces, resulting in an increase in demand for office space. The retail sector should see a continued improvement in demand as consumer confidence and spending increase.

Despite these positive developments, the market will still face some challenges in 2023. The ongoing electricity crisis and unreliable energy supply has impacted the operations of commercial properties and the high interest rate environment has dampened investment in the market.

Overall, the Botswana commercial property market is expected to remain stable in 2023, with modest growth in some sectors. However, the market faces challenges related to increased competition, limited supply of high-quality properties, and a slow pace of economic growth.

The Croatian commercial property market is expected to continue its recovery in 2023, with moderate growth in some sectors. The market should benefit from increased foreign investment as a result of the country becoming a full member of the European Union and Shengen Community as well as improved infrastructure, particularly in the transportation sector, and the expected growth in the tourism sector.

**Chobe Marina Lodge**
**Kasane, Botswana**

# TOP 10 PROPERTIES BY VALUE

**1** **P568,000,000**

**MASA CENTRE**
GABORONE, BOTSWANA

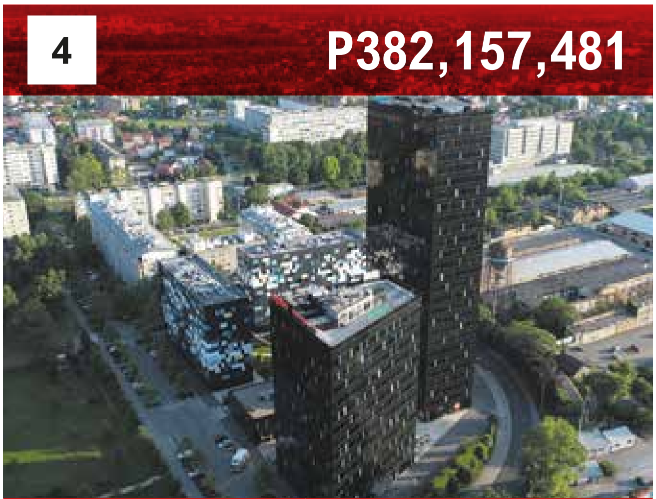
**Type:** Mixed use **Size (GLA):** 26,961m$^2$

**3** **P397,706,269**

**CAPE QUARTER**
GREEN POINT, WESTERN CAPE, SOUTH AFRICA

**Type:** Mixed use **Size (GLA):** 22,057m$^2$

**4** **P382,157,481**



**VMD KVART**
ZAGREB, CROATIA

**Type:** Office **Size (GLA):** 10,650m$^2$

**7** **P252,170,000**

**CHOBE MARINA LODGE**
KASANE, BOTSWANA

**Type:** Hospitality **Size (GLA):** 3,945m$^2$

**8** **P228,936,403**

**MERIDIJAN 16**
ZAGREB, CROATIA

**Type:** Retail **Size (GLA):** 9,362m$^2$

**2**

**P414,902,962**


**SUB CITY CENTRE**
DUBROVNIK, CROATIA

**Type:** Retail **Size (GLA):** 12,259m$^2$

**5**

**P301,950,155***

**RADISSON RED**
ROSEBANK, GAUTENG, SOUTH AFRICA

**Type:** Hospitality **Size (GLA):** 11,266m$^2$
*Value including property, plant and equipment

**6**

**P275,054,589**

**THE EDGE**
TYGER FALLS, WESTERN CAPE, SOUTH AFRICA

**Type:** Office **Size (GLA):** 11,133m$^2$

**9**

**P210,211,540**


**SUNCLARE**
CLAREMONT, WESTERN CAPE, SOUTH AFRICA

**Type:** Office **Size (GLA):** 14,704m$^2$

**10**

**P180,566,975**


**DE VILLE CENTRE**
DURBANVILLE, WESTERN CAPE, SOUTH AFRICA

**Type:** Retail **Size (GLA):** 13,530m$^2$

# OPERATIONAL AND FINANCIAL REPORT

## FINANCIAL REPORT

### FINANCIAL PERFORMANCE

Grant Thornton, the Group's independent auditor, has audited the consolidated financial statements of the Group and has expressed an unmodified audit opinion thereon.

The Group's revenue has increased by 258% to P525.2 million (2021: P146.6 million), primarily due to the inclusion of a full 12 months' worth of Tower income in the current year, compared to three days in the prior year. This significant increase highlights the Group's commitment to growth and success.

Profit from operations before fair value adjustments increased by 337% to P274.1 million (2021: P62.7 million), underpinning the robust nature of the portfolio. Profit from operations increased by 257% to P412.4 million (2021: P115.4 million).

Total comprehensive income to linked unit holders for the year ended 31 December 2022 was P164.4 million, representing a 193% increase from the prior year (P56.3 million), excluding the one-time bargain purchase gain of P577.3 million. In addition, the Group has benefited from an increase in property valuations of P97.5 million and a gain in the interest rate derivative valuations of P39 million, which further demonstrates the Group's strength and resilience in the current economic climate. Earnings per linked unit have increased by 13% to 18.84 thebe (2021:16.63 thebe, excluding the bargain purchase gain).

At year-end, the property portfolio increased by 2% in value to P5.9 billion (2021: P5.8 billion). The increase is mainly as a result of the surplus arising on the revaluation of investment property by P97.5 million and P49.1 million being spent on improvements to the portfolio. This increase is partially offset by the sales of P110 million non-core properties during the year under review. The NAV per linked unit has increased by 2% to P3.29 as at 31 December 2022 (2021: P3.23), reflecting the Group's commitment to value creation.

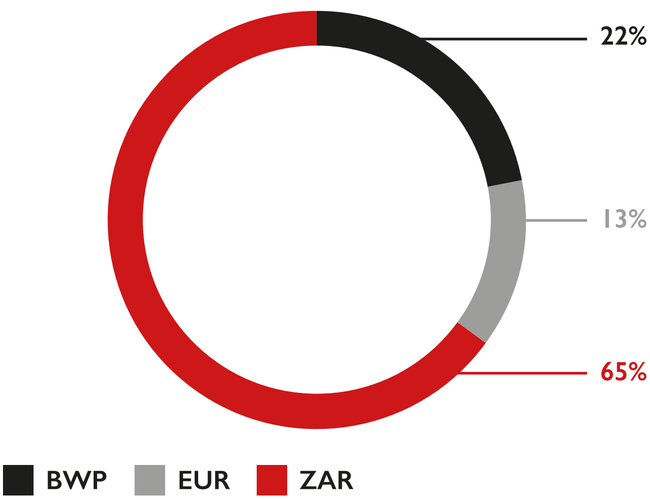
### DEBT FINANCING

During the reporting period, the Group successfully lowered its loan-to-value ratio from 46% to 45%. Management aims to further reduce this ratio to below 40% in the near- to medium-term.

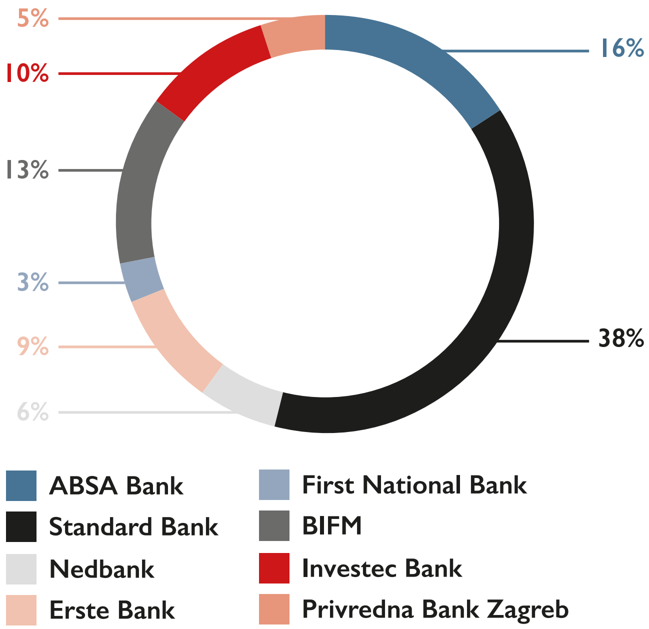
Several loans have been refinanced during the year. Three loans totalling R1 billion were refinanced with Standard Bank Limited – South Africa, with a three-year tenure at the three-month Johannesburg Interbank Agreed Rate (JIBAR) plus 1.95%. Additionally, the Group extended its P25 million loan with BIFM for another year at a fixed rate of 9%.

In December 2022, the Group successfully raised P101 million through a fixed-rate corporate bond issue, which was oversubscribed. The bond was issued at a fixed rate of 8.75%. The Group did not utilise the full Investec facility provided for the acquisition of Tower Property Fund in December 2021 – R306 million was initially disbursed and in March 2022 the balance of the R400 million facility was drawn down. We have been able to deploy funding towards improvements and upgrades within the portfolio and to meet the capital repayments on our loans as well as meet the increase in the cost of debt due to the prime rate increase across all jurisdictions, whilst still achieving a reduction in the Group LTV. The Group's debt is well diversified across lenders and currency types.

TOTAL DEBT PER CURRENCY




TOTAL BANK DEBT PER BANK



# OPERATIONAL AND FINANCIAL REPORT

## INTEREST RATE HEDGING

The reporting period saw a significant increase in prime lending rates across all jurisdictions that we operate in. The Group has effectively mitigated the impact of this upward trend in interest rates, as 55% of debt is either fixed or hedged. To manage interest rate risk, our strategy is to gradually build the hedge portfolio by capitalising on opportunities when there are decreases in the yield curve.

## EXCHANGE RATE HEDGING

The Group benefits from a diversified income stream denominated in multiple currencies, which acts as a natural currency hedge. Additionally, RDC has established a further natural currency hedge by strategically investing and securing debt in the same countries where rental income is earned, and interest expense is paid in the same currency.

## DISTRIBUTION

An interim distribution of 3.50 thebe per linked unit was paid during the year. The prevailing macroeconomic conditions in Botswana and South Africa remain challenging, with analysts predicting that interest rates will remain elevated in the short term. In light of this, the Group has opted to preserve its earnings and cash reserves to alleviate the burden of external debt and fund new investments, such as the acquisition of the David Livingstone Safari Lodge and Spa in Zambia, as well as value-enhancing upgrades to our current portfolio.

Consequently, the Group has refrained from declaring a final distribution for the 2022 financial year, adopting a conservative approach. We will reassess this strategy in the new financial year, contingent on the decline in interest rate trends and the finalisation of offers on our assets, thereby reducing our exposure to expensive loans.

**Jacopo Pari**
CEO Operations

**Joanne Mabin**
Chief Financial Officer

**Gary Fisher**
CEO Properties

**Caxton Road**
**Zonnebloem, Western Cape, South Africa**

# AUDIT AND RISK COMMITTEE REPORT

## INTRODUCTION

The Audit and Risk Committee (the Committee) is constituted as a statutory Committee under the Board of Directors (Board) of RDC Properties Limited. The Board reports to the Company's linked unit holders.

The Committee operates within documented terms of reference which comply with all relevant legislation, regulations and governance codes.

This report is presented to linked unit holders in compliance with the Botswana Companies Act, the Company's Constitution and any other applicable laws and regulatory provisions.

## COMPOSITION

The Committee comprises three independent, non-executive members elected by the Board. The Company's Chief Executive Officers and Chief Financial Officer are co-opted members of the Committee, and other members of the Board are invited to meetings from time to time.

The following directors served on the Committee during the year under review and to the date of this report:

- Nicola Milne (Chair)
- Andrew Bradley
- Lesang Magang

The Committee is required to meet at least three times each year, with meetings coinciding with the key dates in the financial reporting and audit cycle.

## ROLE AND RESPONSIBILITIES

The Committee has an independent role with accountability to the Board. In turn, the Board is accountable to the linked unit holders.

The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The responsibilities of the Committee are summarised as follows:

- Ensure that management has created and maintains an effective financial and operational control environment in the Group.
- Ensure that business, financial, and other risks have been identified and are being suitably managed.
- Monitor standards of governance, reporting and compliance.
- Oversee annual reporting and ensure the integrity of the Integrated Annual Report.
- Review and comment on the financial statements and the other disclosures included in the Integrated Annual Report.
- Review the content of the interim and final results and ensure compliance with International Financial Reporting Standards.
- Assess the independence of the auditors.
- Assess the Group's ability to continue as a going concern, with focus on key performance indicators, monitoring debt covenants and cash flow analysis.
- Ensure that effective IT policies are in place and are adhered to.

## AUTHORITY

In the fulfilment of its duties as outlined in its scope of reference, the Committee has had access to all records and resources necessary, and its function has not been impaired in any way.

## EXTERNAL AUDIT

The external Group auditor was reappointed by the linked unit holders at the last annual general meeting until the conclusion of the next annual general meeting to be held on 24 May 2023. Grant Thornton has been the Group auditor for the last six years. In the current and prior periods reported in the annual financial statements, Mazars and BDO also acted as subsidiary auditors for certain entities within the Group. The Committee has reviewed and considered the inspection results by the Independent Regulatory Board for Auditors (IRBA) with regard to the appointment of the external auditors and the inspection results with regard to the designated audit partners. The Committee has also considered the internal monitoring findings as done by Grant Thornton and the subsidiary auditors and found them satisfactory.

The Committee has assessed the independence, expertise and objectivity of Grant Thornton and the subsidiary auditors, as well as approving the fees paid. The Committee has received confirmation from the external Group and subsidiary auditors that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence, including the stipulation that they should not own shares in RDC.

The Committee is satisfied with the external auditors and has nominated the appointment of Grant Thornton as the Group external audit firm for further approval at the annual general meeting. The Group audit partner, Mr Madhavan Venkatachary, was appointed during the current financial year.

## NON-AUDIT SERVICES

The Group has a formal policy that requires Grant Thornton and the subsidiary auditors to satisfy the Committee that the delivery of non-audit services does not compromise their independence.

During the year under review, non-audit services fees amounting to 3% of total audit fees were paid to the Group's external auditors. This is below the maximum threshold set by the Committee and was pre-approved by the Committee.

## INTERNAL AUDIT

Although there has not been an internal audit function to date, due to the Group's operations being limited in terms of processes, the Committee has decided to implement an internal audit function in 2023 in line with corporate governance best practice.

# AUDIT AND RISK COMMITTEE REPORT

## INTERNAL CONTROL

Systems of internal control are designed to manage the business risks, to achieve business objectives and to provide reasonable, but not absolute, assurance against misstatement or loss.

No material matter has come to the attention of the Board that has caused the directors to believe that the Group's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

## RISK REGISTER

The Committee reviews the risk register bi-annually, to ensure that all risks are identified and mitigating actions are taken. The top ten risks identified at year-end were as follows:

### RISK — HIGH

**1. LOAN COVENANTS**

#### RISK DISCUSSION

**RISK DESCRIPTION**

1.1 There is a risk of not honouring a loan covenant during the term of the facility, specifically those governing interest cover and loan to value ratios.

**RISK IMPACT**

1.2 Penalty interest charges.
1.3 Potential cancellation of facility.
1.4 Reduced credit rating.
1.5 Difficulty in refinancing expiring debt.

**MITIGATING ACTION**

1.6 All loan covenants reviewed quarterly for compliance throughout the term of each facility.
1.7 All covenants are tested before making investment & financing decisions on matters that will likely affect the ratios set.
1.8 Sell low yielding assets and repay debt.

### RISK — MEDIUM

**3. INTEREST RATES**

#### RISK DISCUSSION

**RISK DESCRIPTION**

3.1 Rising interest rates increase the cost of funding and reduce profit.

**RISK IMPACT**

3.2 Reduced distributable income.
3.3 Potential covenant breaches.
3.4 Increased pressure on cash flows.

**MITIGATING ACTION**

3.5 Interest rates hedged.
3.6 Stress testing done regularly to assess the impact of potential interest rate hikes on covenants and cash flows.

### RISK — HIGH

**2. CASH FLOW**

#### RISK DISCUSSION

**RISK DESCRIPTION**

2.1 Cash flow may be placed under pressure as a result of high levels of loan amortisation and capital expenditure requirements in the fund.

**RISK IMPACT**

2.2 Delays in payment for key services may lead to interruptions of services rendered by suppliers.
2.3 Difficulties in honouring debt payments.
2.4 Distributions to linked unit holders can be affected by poor cash flows.

**MITIGATING ACTION**

2.5 Monthly cash flow forecasting done to ensure that all obligations can be met.
2.6 All capex to be spent that is not budgeted for is required to be signed off by the CEO of Properties.
2.7 Refinance amortising debt with interest-only debt or debt with lower amortisation rates where possible.
2.8 Sell low-yielding/low growth assets and settle amortising debt.

### RISK — MEDIUM

**4. POWER/DATA/TELECOM AND/OR UTILITIES**

#### RISK DISCUSSION

**RISK DESCRIPTION**

4.1 The risk of continuous service interruptions from utility suppliers and IT Service Providers.

**RISK IMPACT**

4.2 Business interruptions.
4.3 Increase in vacancies.

**MITIGATING ACTION**

4.4 Back-up generators in place at most properties and serviced regularly.
4.5 Data back-ups performed weekly and tests done periodically.
4.6 Firewall security in place for data protection.

| RISK | MEDIUM |
|---|---|
| **5. PROJECT FUNDING** | |

## RISK DISCUSSION

**RISK DESCRIPTION**

5.1 Complex cross-jurisdictional funding procedures may result in not obtaining optimal funding for specific projects or acquisitions.

**RISK IMPACT**

5.2 Lack of funding could hinder the Company's ability to complete committed projects.
5.3 Expensive funding can also negatively impact returns to linked unit holders.
5.4 The Group needing to use expensive mezzanine funding.

**MITIGATING ACTION**

5.5 Project financing at best possible interest rates is secured for up to a maximum of 60% gearing with maximum overall gearing of 40%.
5.6 The Company has a P500 million bond programme registered with the BSE.
5.7 The Company continually engages Botswana commercial banks and fund managers for facilities to be used for projects.

| RISK | MEDIUM |
|---|---|
| **7. GOVERNMENT POLICY** | |

## RISK DISCUSSION

**RISK DESCRIPTION**

7.1 Risk of new government policies being implemented that negatively impact the Group.

**RISK IMPACT**

7.2 The portfolio could face headwinds to operating in jurisdictions and further regulatory costs.
7.3 Non-compliance with new regulations could result in fines, penalties or other operational losses.

**MITIGATING ACTION**

7.4 Management company has key personnel or business partners present in each jurisdiction.
7.5 Monitoring of regulations and active participation in responding to regulators and lobbying where appropriate.

| RISK | MEDIUM |
|---|---|
| **6. DEBTORS** | |

## RISK DISCUSSION

**RISK DESCRIPTION**

6.1 Failure by tenants to pay rental on time affects the Company's ability to honour its payment obligations as they fall due.

**RISK IMPACT**

6.2 Delays in payment for key services may lead to interruptions of services rendered by suppliers.
6.3 Difficulties in honouring debt payments and covenants.
6.4 Distributions to linked unit holders can be affected by poor cash flows.

**MITIGATING ACTION**

6.5 Internal credit controls including dedicated debtors staff and constant reviews. Daily monitoring of collections.
6.6 Use of attorneys to collect rentals where other methods have failed.
6.7 Obligations arising from lease agreements for payment of rentals are enforced to the full extent of the law.

| RISK | MEDIUM |
|---|---|
| **8. COUNTRY RISK** | |

## RISK DISCUSSION

**RISK DESCRIPTION**

8.1 Escalating tensions globally, rising inflation and long-term economic and political impact of COVID-19 means there is elevated country risk.

**RISK IMPACT**

8.2 The Company could underperform in certain jurisdictions were macroeconomic and political issues arise.

**MITIGATING ACTION**

8.3 Diversification across numerous locations, enhanced from recent acquisitions.
8.4 Partnering with local business partners to provide on the ground knowledge and risk mitigation.

# AUDIT AND RISK COMMITTEE REPORT

| RISK | MEDIUM | RISK | MEDIUM |
|---|---|---|---|
| **9. MACRO-ECONOMIC CLIMATE** | | **10. CONSTRUCTION PROJECTS** | |
| **RISK DISCUSSION** | | **RISK DISCUSSION** | |
| **RISK DESCRIPTION**<br>9.1 Risk of the Group being exposed to a potentially unfavourable economic environment.<br>**RISK IMPACT**<br>9.2 Reduction in Group's overall performance.<br>9.3 Reduction in distributions.<br>9.4 Negative impact on the Group's covenants.<br>**MITIGATING ACTION**<br>9.5 The Group has a well-diversified portfolio from a sector and location perspective.<br>9.6 The Group's diversification has improved with the Tower acquisition.<br>9.7 The Group has interest rate hedges in place.<br>9.8 Ensure the Group maintains a conservative LTV ratio. | | **RISK DESCRIPTION**<br>10.1 The risk that the late delivery of certain construction projects or developments could have a negative effect on leasing commitments and critical cash flow.<br>**RISK IMPACT**<br>10.2 Reputational damage to the Group.<br>10.3 Negative impact on Group cash flow and distributions.<br>10.4 Negative impact on covenants.<br>**MITIGATING ACTION**<br>10.5 The Group has limited development projects.<br>10.6 The Group manages its cash flow very conservatively.<br>10.7 Remain in constant communications with potential tenants. | |

## EVALUATION OF THE CHIEF FINANCIAL OFFICER

The Committee satisfied itself as to the appropriateness of the expertise and experience of the Group's Chief Financial Officer, Joanne Mabin. This is based on the qualifications, level of experience, continuing professional development and the Board's assessment of the financial knowledge of the Chief Financial Officer.

## APPROVAL OF THE COMMITTEE REPORT

The Committee confirms that it has functioned in accordance with its terms of reference for the 2022 financial year.

**Nicola Milne**
Committee Chair

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

## INTRODUCTION

The Environmental, Social and Governance (ESG) Committee (the Committee) was constituted in 2022 and held three meetings during the period under review, with its inaugural meeting taking place on 20 May 2022.

The Committee is delegated by the Board to oversee the establishment and ongoing implementation of the ESG strategy, as well as to review and make recommendations for the Group's environmental sustainability and social responsibility policies, and to provide governance oversight.

Its main purpose is to:

- represent the Board in defining the Company's ESG strategy and shorter term KPIs, as well as to oversee the measurement and performance against these targets, and to review the Company's practices and initiatives relating to ESG matters, ensuring that they remain effective and up to date.
- ensure that the Group's environmental sustainability strategy, social responsibility initiatives and governance practices position the Company as a leader in the property industry, and that its objectives are effectively integrated into the business.

## COMPOSITION

The Committee comprises such number of members as the Board may from time to time decide upon, and should have a mix of skills and business experience suitable for the Committee's purpose. The minimum number of members is three, of which two must be non-executive directors and one executive director.

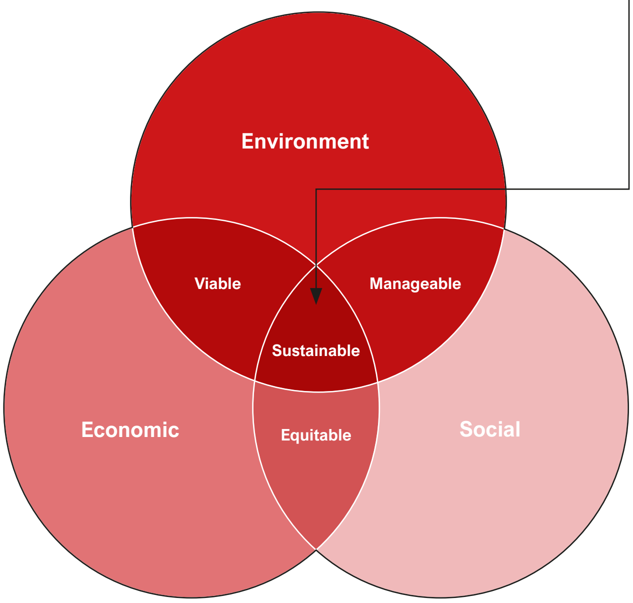
The following directors served on the Committee during the year under review:

- Bogolo Kenewendo (Chair and independent non-executive director)
- Federica Giachetti (Non-executive director)
- Nicola Milne (Independent non-executive director)
- Jacopo Pari (Executive director)

## ROLES AND RESPONSIBILITIES

### COMMITMENT TO A SUSTAINABLE WORLD

**Making sure all our investments are appropriately planned, designed and managed for sustainability**




**Objective**

- Owning appropriate assets
- Maximising financial returns whilst prioritising environmental considerations
- Contributing to the welfare of our host countries
- Empowering and educating people

**Environment**

- Measuring and minimising $CO_2$ and air emissions
- Measuring and minimising use of potable water
- Adopting waste management systems
- Procuring energy from renewable sources
- Utilising environmentally responsible materials

**Economic**

- Ensuring fairness to all stakeholders
- Promoting innovation in design
- Enabling long-term viability

**Social**

- Supporting education and health for all
- Supporting training programmes
- Promoting safety and security
- Aiding indirectly via NGOs

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

Within the context of its Terms of Reference, the Committee's scope includes:

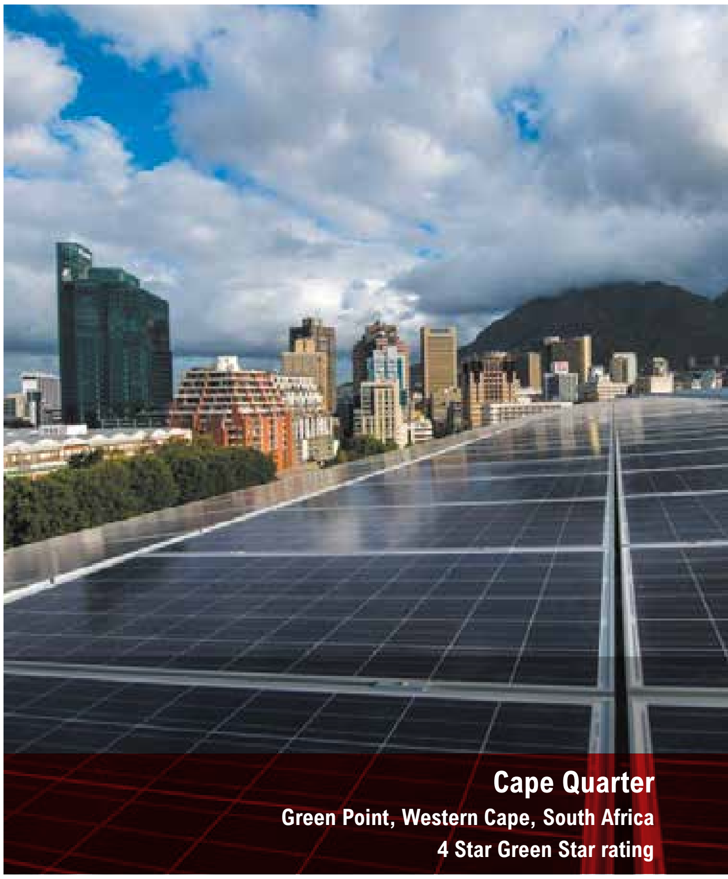
## E – ENVIRONMENTAL ASPECTS

The Committee reviews the Group's impact on the natural environment and its response to the challenge of climate change including: greenhouse gas emissions, energy consumption, generation and use of renewable energy, biodiversity and habitat, impact on water resources and deforestation, pollution, efficient use of resources, the reduction and management of waste, and the environmental impact of the Group's supply chain.

The current status of the Group's sustainable solutions implementation includes:

- **7** properties fitted with solar PV energy generation systems;
- **32** properties fitted with water waste monitoring technology;
- **6** properties with Green Star ratings from the Green Building Council of South Africa:The Radisson RED Hotel (5 Star), 32 Napier Street (4 Star), Old Cape Quarter (4 Star), Cape Quarter Lifestyle Centre (4 Star), Upper Grayston Block F (6 Star), The Edge (5 Star).

Properties across the portfolio in Botswana and South Africa, that do not currently have renewable energy solutions or water waste monitoring systems, are undergoing an extensive needs and suitability review for the implementation of such systems and/or other sustainability initiatives.



**Cape Quarter**
**Green Point, Western Cape, South Africa**
**4 Star Green Star rating**

## S – SOCIAL ASPECTS

The Committee reviews the Group's interaction with stakeholders and the communities in which it operates and the Group's role in society including ethical/responsible sourcing and labour standards of the supply chain, as well as engagement with, and contribution to, the broader community through social projects and charitable donations. This includes the following actions:

- Determining the CSI policy and strategy;
- Recommending the CSI budget to the Board for approval;
- Monitoring the implementation and outcome of CSI initiatives;
- Managing the Group's internal and external communication of its CSI initiatives, thereby demonstrating the Group's commitment to good corporate citizenship and creating awareness of the Group's role in community upliftment.


**Cape Quarter**
**Green Point, Western Cape, South Africa**
**Mental Health Happiness Bench Project Initiative**

**Radisson RED, Rosebank, Gauteng, South Africa**
**Zanele Muholi artwork launch in September 2022**
**Local Artist Feature Initiative**

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

## G – GOVERNANCE ASPECTS

The Committee reviews the ethical conduct of the business, including its corporate governance framework, business ethics, policies, code of conduct and the transparency of non-financial reporting. This includes setting an example and abiding to the BSE code of governance by:

- Establishing formal Board performance reviews
- Establishing sub-committees in line with best practice.

## DURING THE PERIOD UNDER REVIEW

## E – ENVIRONMENT ASPECTS

- The Committee has monitored the performance of the existing solar PV installations and water waste monitoring systems.
- In September, on the Committee's recommendation, the Board granted approval for an external service provider to undertake a sustainability desktop analysis for ten additional buildings identified as being potentially suitable for onsite sustainable solutions. This incorporates a strategic review of potential sustainability implementation opportunities in terms of energy and water efficiency measures and benchmarking, implementation of waste management services and auditing indoor environmental quality.
- The Committee is working on establishing further codes of practice, outlining the standards expected to be upheld at all the Group's properties.

## S – SOCIAL ASPECTS

- The Committee updated the Group's Corporate Social Investment (CSI) Policy and recommended its approval to the Board, which was granted on 29 November 2022. The CSI Policy is in line with the Group's strategy and contributes to its overall mission and vision. The Group believes that it is fundamental to improve the lives of those living in disadvantaged communities in the regions in which it operates and embraces the aim of adding value to the communities it serves.
- The Committee has overseen the Group's initiatives and work done towards empowering women, an example being through its JV Radisson RED Operating Company, in which 60% of the shares are held by a charitable B-BBEE female-owned trust, and 42% of RDC's Board is composed of women.

**Ngwapa Primary School**
Playground refurbishment


**Ngwapa Primary School**
Student sponsorship

**Chobe Marina Lodge, Kasane, Botswana**
Solar geysers and energy reduction systems
Green Hospitality certification

**Mandela Day**
Mandela Day food drive

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

Notable social investment initiatives this year include:

- RDC has supported the Ngwapa Primary School for many years, which has included funding for additional construction and upgrades. This year, in addition to its usual annual monetary incentive to the best performing Primary School Leaving Examination (PSLE) students, the RDC staff in Botswana assisted in renovating the playground for the learners to enjoy.
- RDC awarded prizes to the top three students of Boitumelo Primary School in Sebele for their outstanding performance in the 2021 PSLEs. This initiative aims to acknowledge and motivate students who have worked hard and made sacrifices during the challenging period of the COVID-19 pandemic.
- Since 2014, RDC has been donating funds towards Sefhare Primary Hospital's Christmas party for in-patients without family or friends. This year's event was a success, with 50 patients receiving gifts and community representatives collaborating to cater for them. Hampers were presented to babies born on Christmas Day and New Year's Day, and guests were treated to a delicious Christmas cake and snacks.
- Since 2014, the Masa Centre, in partnership with its tenants, members of the public and some caring organisations, has successfully led "The Masa Centre Annual Food and Clothing for Charity Campaign". Charities that have benefited from this initiative include: Anne Stine Centre for Children with Disabilities, Mother Pontsho Foundation and The Holy Cross Hospice. RDC also takes pride in having positively contributed to the improvement of the quality of life in a developing country such as Botswana.
- RDC donated to the Mother Pontsho Foundation, a non-governmental charity organisation that cares for 72 children, by providing them with essential needs such as food, education, shelter and compassion.
- The RDC Group has been supporting art communities for several decades. This year, at the Investec Cape Town Art Fair, the RDC's *Art for Space and Space for Art Award* was given to the gallery that best interpreted and embodied the art fair's theme for the year, being "Connections".
- Another art initiative was established at The Radisson RED Hotel, in Rosebank, Johannesburg, where aspiring artists are given the opportunity to showcase their work at the hotel, with artwork in common areas updated every eight to twelve months. This approach helps the hotel expand its contemporary art collection while promoting the work of local artists.
- In the spirit of Mandela Day, the Group has introduced community outreach plans, having recently hosted a feeding scheme for local communities in need. The Cape Town office staff spent their time making, packaging and distributing food. This event was supported by all staff and allowed for team building, while positively contributing to the community. It is intended to implement this regularly as an event supported by both our Gaborone and Cape Town offices.
- Hosted at one of our prime properties, Cape Quarter Square, South Africa, the Kind Heart Bench Mental Health Activation event is a social innovation project aimed to raise awareness of mental health issues, including depression, anxiety and bullying.

## G – GOVERNANCE ASPECTS

- In order to adequately attend to all required governance aspects, it has been necessary for this Committee to effectively engage and cooperate with both the Audit and Risk Committee and the Remuneration and Nomination Committee.
- The Committee conducted an annual policy review overview, following which the Board accepted the Committee's recommendation to approve the following revised policies, which had been reviewed and updated:
  - The Committee's Terms of Reference;
  - CSI Policy;
  - The Board Charter;
  - The Code of Ethics; and
  - The Conflict and Complaint Resolution Policy.
- A thorough evaluation of the Board and all Committees took place in November 2022, in conjunction with the Remuneration and Nomination Committee. The results of the multi-question surveys indicated a very pleasing overall rating of 92% (Strongly Agree), and confirmed the opinion that the members of the Board agree that the Board and Committees operate efficiently and enable fruitful deliberations. The detailed results were tabled at the board meeting held on 29 November 2022 and this exercise will next be undertaken in 2024.
- As a result of the evaluation exercise, the Property Committee was subsequently incorporated within the Investment Committee.

## APPROVAL OF THE COMMITTEE REPORT

The Committee confirms that it has functioned in accordance with its terms of reference for the year under review.

**Bogolo Kenewendo**
Committee Chair

# REMUNERATION AND NOMINATION COMMITTEE REPORT

## INTRODUCTION

The Remuneration and Nomination Committee (the Committee) was constituted in 2022 and its inaugural meeting was held on 6 September 2022.

Within the context of the approved Remuneration and Nomination Policy, the Committee assists the Board to achieve its objective of ensuring that the level, composition and remuneration of board members is sufficient and reasonable to attract and retain talented individuals who can fulfil such roles, and that the Group has coherent remuneration policies. The Committee ensures that the fee structure of the management company is fair and market related, and that a member of the RDC Board is appointed on the management company's Board.

## COMPOSITION

The Committee comprises at least three RDC directors, a majority of whom must be independent. The Board decides appointments, rotations, and resignations within the Committee, having regard to the BSE Listing Rules, the Companies' Act and the Company's Constitution.

The following directors served on the Committee during the year under review:

- Lesang Magang (Chair)
- Andrew Bradley
- Kate Maphage

## ROLES AND RESPONSIBILITIES

### 1. APPOINTMENTS AND PERFORMANCE MANAGEMENT

The Committee's responsibilities include:

- Identifying and recommending to the Board, nominees for membership of the Board and the re-election of retiring directors when required.
- Identifying the necessary and desirable competencies and characteristics for board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board.
- Ensuring succession plans are in place to maintain an appropriate balance of skills on the Board and reviewing those plans.
- Ensuring succession plans are in place with regard to the executive officers appointed by the management company.
- Recommending the removal of directors.
- Recommending measurable objectives for achieving gender diversity to the Board.
- Facilitating an annual review of the performance of executive officers.
- Establishing processes for evaluating the performance of the Board, Board committees and directors, and reviewing the time required from non-executive directors to perform their functions.
- Ensuring that each Committee is appropriately chaired and constituted in terms of membership.

The procedure for appointing new directors is designed to ensure maximum transparency and objectivity, with each appointment being based on merit.

The Board of Directors ensures that transparency and accountability are maintained by providing the Remuneration Report for the review of linked unit holders in the Integrated Annual Report.

The Board of Directors of the management company has full discretion in determining appropriate remuneration policies and practices for management and employees under their direct governance, including the executive directors appointed by the Board.

### 2. REMUNERATION POLICY IMPLEMENTATION

The remuneration policy focuses on the framework of remuneration applicable to the Board of Directors and the fees paid to the management company tasked with daily operations of the business.

The Committee is responsible for making recommendations to the Board about:

- The remuneration framework for non-executive directors, including the allocation of directors' fees. Directors' fees are submitted for approval at the linked unit holders' annual general meeting (AGM).
- The remuneration framework for the management company's remuneration through the service level agreement. The terms of the agreement with the management company are reviewed in principle every five years. The last review took place in 2021.
- Whether there is any gender or other inappropriate bias in remuneration for directors.

The Committee has been made aware that in 2022 the staff and management of the management company received a short-term cash incentive as a performance bonus. The management company believes that, to create a long-term alignment, it would be beneficial to propose a long-term RDC share incentive scheme. The executives have been tasked with working out a proposal that aligns incentives with tangible performance targets. The proposal will be subject to appropriate acceptance by linked unit holders.

## MAJOR TASKS PERFORMED DURING THE PERIOD UNDER REVIEW

1. In September 2022, the Committee undertook a comprehensive review and detailed benchmarking comparison of the remuneration of RDC's directors compared to its BSE-listed peers. As a result, the Board accepted the Committee's recommendation for the following new fee structure, which results in the total fee of P1,076,000 proposed for acceptance by linked unit holders at the AGM:

   - The retainer has been increased from P30,000 to P50,000 per director per year.
   - The sitting allowance has been increased from P9,000 to P15,000 per director per meeting.
   - Committee fees have been agreed as follows and the maximum meeting duration should not exceed three hours:
     - P3,500/hour per meeting for the Chair of the Committee.
     - P3,000/hour per meeting for members of the Committee.
   - In line with the principle that RDC does not employ any staff or management, the directors employed by the management company (executive directors) will receive a retainer and sitting allowance for their role and responsibility as directors. They are not, however, entitled to compensation for attending committee meetings.

# REMUNERATION AND NOMINATION COMMITTEE REPORT

The size, complexity and geographical exposure of the portfolio has increased significantly, as has the revenue, and the Group's governance structures have been enhanced by the creation of four new Committees and the appointment of new members to the Board. The increase in directors' annual remuneration from P534,000 in 2021 to P1,076,000 in 2022 is justified given the increase in the number of directors to twelve, from seven the previous year.

Schedule of directors' fees:

| | Fees paid 2022 | | | Fees paid 2021 | | |
|---|---|---|---|---|---|---|
| | Main Board | Sub-Committees | Total fees paid | Main Board | Sub-Committees | Total fees paid |
| Guido R Giachetti | **P84 000** | **–** | **P84 000** | P66 000 | – | P66 000 |
| Gary Fisher | **P54 000** | **–** | **P54 000** | – | – | – |
| Joanne Mabin | **P30 000** | **–** | **P30 000** | – | – | – |
| Jacopo Pari | **P84 000** | **–** | **P84 000** | P66 000 | – | P66 000 |
| Andrew Bradley | **P84 000** | **P41 000** | **P125 000** | P66 000 | P45 000 | P111 000 |
| Federica Giachetti | **P54 000** | **P60 000** | **P114 000** | – | – | – |
| Giorgio Giachetti | **P84 000** | **–** | **P84 000** | P66 000 | – | P66 000 |
| Bogolo J Kenewendo | **P69 000** | **P13 000** | **P82 000** | P66 000 | – | P66 000 |
| Lesang Magang | **P84 000** | **P26 500** | **P110 500** | P66 000 | P13 500 | P79 500 |
| Kate Maphage | **P84 000** | **P38 500** | **P122 500** | P66 000 | P13 500 | P79 500 |
| Nicola Milne | **P54 000** | **P36 000** | **P90 000** | – | – | – |
| Simon Susman | **P54 000** | **P24 000** | **P78 000** | – | – | – |
| Marc Edwards | **P18 000** | **–** | **P18 000** | – | – | – |
| **Totals** | **P837 000** | **P239 000** | **P1 076 000** | **P462 000** | **P72 000** | **P534 000** |

2. The Board accepted the Committee's recommendation to appoint Andrew Bradley as Lead Independent Director, in place of Lesang Magang, effective 21 September 2022.
3. In November 2022, a thorough evaluation of the Board and all Committees took place, in conjunction with the ESG Committee. The results of the multi-question surveys indicated a very pleasing overall rating of 92% (strongly agree), and confirmed the opinion that the members of the Board agree that the Board and Committees operate efficiently and enable fruitful deliberations. The detailed results were tabled at the board meeting held on 29 November 2022 and this exercise will next be undertaken in 2024.
4. Following the evaluation of the Board committees, it was agreed that the Property Committee ought to be incorporated within the Investment Committee, and the new 'Investment and Property Committee' held its first meeting on 8 March 2023. This has resulted in more efficient discussions and deliberations by the joint committee.
5. Mr Magang, having served the Board since 2002, has decided not to present himself for re-election and will therefore retire on 24 May 2023. The Board recognises the significant contribution, dedication and leadership of Mr Magang as a Lead Independent Director during more than 20 years of growth and transformation.
6. Ms Kenewendo's time has become increasingly constrained by very important matters related to her international and local assignments. She has decided not to present herself for re-election and will therefore retire on 24 May 2023. The Board recognises the significant contribution and guidance provided by Ms Kenewendo during the last three transformative years for the Company.
7. Having identified Ms Sithabile Mathe as a suitable candidate, the Committee recommended her appointment as an independent non-executive director to the Board. This recommendation was accepted by the Board and will be presented to linked unit holders for approval at the AGM. Ms Mathe has 23 years of post-graduate experience in the built environment, working with both the design and implementation of projects. She qualified in Architecture in Glasgow, Scotland. In 2006, she established Moralo Designs, an Architectural Practice which now offers Urban Design, Architectural Design, Landscape Design, Interior Design and Project Management services. Ms Mathe is registered with four professional bodies. She is the former Chair of the Architect's Registration Council of Botswana, the former Chair of the Botswana Housing Corporation Board and the former Treasurer on the Architects Association of Botswana Executive Committee. She is also a former Council Member for the Commonwealth Association of Architects (CAA) as Vice President Africa Region, and the immediate past Chair of CAA Validation.

# REMUNERATION AND NOMINATION COMMITTEE REPORT

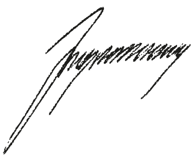
8. Schedule of directors' attendance at board and committee meetings:

| | Board | Audit and Risk Committee | Investment Committee | Property Committee | Environmental, Social and Governance Committee | Remuneration and Nomination Committee |
|---|---|---|---|---|---|---|
| Guido R Giachetti | 4/4 | 3/3 | 3/3 | | 3/3 | 1/1 |
| Gary Fisher | 4/4 | 3/3 | 3/3 | 3/3 | 3/3 | |
| Joanne Mabin | 2/2* | 3/3 | 3/3 | 3/3 | | 1/1 |
| Jacopo Pari | 4/4 | 3/3 | 3/3 | 3/3 | 3/3 | 1/1 |
| Andrew Bradley | 4/4 | 2/3 | 2/3 | | | 1/1 |
| Federica Giachetti | 4/4 | | 3/3 | 3/3 | 3/3 | |
| Giorgio Giachetti | 3/4 | | | | | |
| Bogolo Kenewendo | 3/4 | | 0/3 | | 1/3 | |
| Lesang Magang | 4/4 | 3/3 | | | | 1/1 |
| Kate Maphage | 4/4 | 1/1** | | 3/3 | | 1/1 |
| Nicola Milne | 4/4 | 2/2*** | | | 3/3 | |
| Simon Susman | 4/4 | | 3/3 | 3/3 | | |
| Marc Edwards**** | 2/2 | | 1/1 | 1/1 | | |

* *Ms Mabin was appointed as an executive director on 21 September 2022*
** *Ms Maphage was a member of the Audit and Risk Committee for the March 2022 meeting only, before moving across to become Chair of the Property Committee*
*** *Ms Milne was not a member of the Audit and Risk Committee for the March 2022 meeting, her appointment only being effective from 21 September 2022*
**** *Mr Edwards resigned on 21 September 2022*

## APPROVAL OF THE COMMITTEE REPORT

The Committee confirms that it has functioned in accordance with its terms of reference for the year under review.



**Lesang Magang**
Committee Chair

# CORPORATE GOVERNANCE REPORT

RDC conducts all business with integrity and provides effective leadership based on an ethical foundation. The Board directs strategy and operations to build a sustainable business while considering the long-term impact on the environment, society and the economy. 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 RDC acts as a responsible corporate citizen by adhering to corporate governance policies. The Board is aware that stakeholders' perceptions affect RDC'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 the King Code (King III) as the framework for corporate governance. RDC 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.

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

## 1. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

| PRINCIPLE | | OPERATION | |
|---|---|---|---|
| 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 its 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 |

## 2. BOARDS AND DIRECTORS

| PRINCIPLE | | OPERATION | |
|---|---|---|---|
| 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. | The Board has risk and sustainability policies in place. | C |
| 2.3 | The Board should provide effective leadership based on an 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 three 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 reports to the Board. | C |

## 2. BOARDS AND DIRECTORS continued

| | PRINCIPLE | OPERATION | |
|---|---|---|---|
| 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 reports 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 and Risk Committee has decided to appoint an internal audit function going forwards. | 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 |
| 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 Chair of the Board who is an independent non-executive director. The CEO of the Company should not also fulfil the role of Chair of the Board. | The Chair is appointed each year by the Board. The Chair'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 two CEOs. | C |
| 2.17 | The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority. | The Board has appointed two CEOs 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, and six of whom are independent. | C |
| 2.19 | Directors should be appointed through a formal process. | Directors are appointed through a formal process which is 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. | A formal evaluation process was undertaken in 2022 for the Board, Committees and individual directors. | C |
| 2.23 | The Board should delegate certain functions to well-structured Committees but without abdicating its own responsibilities. | The four Committees report directly to the Board and are guided by their respective Terms of Reference. | C |

# CORPORATE GOVERNANCE REPORT

## 2. BOARDS AND DIRECTORS continued

| PRINCIPLE | | OPERATION | |
|---|---|---|---|
| 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 five 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 33. | C |
| 2.27 | Linked unit holders 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

| PRINCIPLE | | OPERATION | |
|---|---|---|---|
| 3.1 | The Board should ensure that the Company has an effective and independent Audit Committee. | The Audit and Risk Committee comprises of three independent non-executive directors. | C |
| 3.2 | Audit Committee members should be suitably skilled and experienced independent non-executive directors. | The Audit and Risk Committee comprises of three suitably skilled and experienced independent non-executive directors | C |
| 3.3 | The Audit Committee should be chaired by an independent non-executive director. | The Chair 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. | C |
| 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 recommends the appointment of the external auditors to the Board. | C |
| 3.10 | The Audit Committee should report to the Board and linked unit holders on how it has discharged its duties. | The Audit and Risk Committee reports to the Board. It also reports to the linked unit holders through the Integrated Annual Report and at the AGM. | C |

# CORPORATE GOVERNANCE REPORT

## 4. THE GOVERNANCE OF RISK

| PRINCIPLE | | OPERATION | |
|---|---|---|---|
| 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 advises the Board. | C |
| 4.5 | The Board should ensure that the risk assessments are performed on a continual basis. The Board and Audit Committee are responsible for risk assessments. | 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 complete, timely, relevant, accurate and accessible risk disclosure to stakeholders is in place. | The Integrated Annual Report contains the Group's risk register. Refer to page 25. | C |

## 5. THE GOVERNANCE OF INFORMATION TECHNOLOGY

| PRINCIPLE | | OPERATION | |
|---|---|---|---|
| 5.1 | The Board 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 approved. | C |
| 5.3 | The Board should delegate to management the responsibility for the implementation of IT governance. | 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 |

# CORPORATE GOVERNANCE REPORT

## 6. COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

| PRINCIPLE | | OPERATION | |
|---|---|---|---|
| 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 advise the Board. | C |

## 7. INTERNAL AUDIT

| PRINCIPLE | | OPERATION | |
|---|---|---|---|
| 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

| PRINCIPLE | | OPERATION | |
|---|---|---|---|
| 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 linked unit holders. | 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 |

## 9. INTEGRATED REPORTING AND DISCLOSURE

| | PRINCIPLE | OPERATION | |
|---|---|---|---|
| 9.1 | The Board should ensure the integrity of the Company's Integrated Annual Report. | The Board ensures 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 an Environmental, Social and Governance (ESG) Committee which is responsible for enhancing and delivering meaningful sustainability reporting. | C |
| 9.3 | Sustainability reporting and disclosure should be independently assured. | The ESG Committee oversees 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 maintains internal controls for assurance of effective and efficient operations and complies with 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

The Board of Directors‘ scope of authority, responsibility and functioning is detailed in a formal charter. 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.

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 forecasts 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 communication with linked unit holders and stakeholder engagement.

# BOARD COMPOSITION

RDC subscribed to a unitary Board structure with two executive directors and five non-executive directors until 22 March 2022. Thereafter the Board was increased 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 46 of the IAR. On 21 September 2022, Marc Edwards resigned as director and Joanne Mabin was appointed as director. The Board composition emphasises directors' 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 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.

The senior leadership team comprises the Executive Chair, the CEO Operations, CEO Properties 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 Chair is strategy and vision formulation with the objective of achieving a satisfactory return on investment for unit holders. The Executive Chair 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.

L. Magang and B. Kenewendo will retire by rotation at the upcoming AGM. The appointment of S Mathe is proposed by the directors, subject to ratification by the linked unit holders at the AGM. See page 33 for her biographical details.

# CORPORATE GOVERNANCE REPORT

## 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 nine years:

G. R. Giachetti
G. Giachetti
L. Magang (Lead Independent Director) until 20 September 2022.

The biographical details of the above three directors are set out on page 46. 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 the 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 directors' 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 Chair and the Senior Leadership Management Team, as this division of Chair ensures a balance of power and authority. The Executive Chair 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 Chair consults with the Lead Independent Non-Executive Director on all matters where he might be conflicted. The senior leadership team, comprising the CEO Operations, CEO Properties and CFO, is responsible for implementing the Group's strategy together with the Executive Chair, 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 RDC. The directors are accountable to the stakeholders of RDC. 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 Chair 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.

# CORPORATE GOVERNANCE REPORT

## 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 Chair and determined that, despite his executive role, it is confident that the effective separation of duties exists with the management team. With the assistance of the Lead Independent Non-Executive Director, the Executive Chair 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. Mr L. Magang was replaced by Mr A Bradley as the Lead Independent Non-Executive Director on 21 September 2022.

## 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, A. Bradley 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.

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, J. Mabin 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 Limited.

## BOARD COMMITTEES

The Board has delegated certain specific responsibilities to five Committees to assist in it meeting its oversight responsibilities. The Board is responsible for the implementation of tasks delegated to the Committees. The directors confirm that the Committees have functioned according to their terms of reference. Each Committee is satisfied that it has fulfilled its responsibilities during the year. Post year-end the Investment Committee and Property Committees were merged with Andrew Bradley being appointed as Chair and Kate Maphage replaced Bogolo Kenewendo as Chair of the ESG Committee.

### AUDIT AND RISK COMMITTEE

**ROLES AND RESPONSIBILITIES**

- Maintains oversight of financial results and integrated reporting.
- Ensures satisfactory standards of governance, reporting and compliance.
- Ensures that there is an effective policy and plan for risk management.
- Ensures there are adequate financial and operating controls.
- Assists the Board in discharging its IT responsibilities.

Refer to the audit and risk committee report on page 24

**CHAIR**

Nicola Milne

**COMPOSITION**

Three independent non-executive directors:
Nicola Milne, Andrew Bradley and Lesang Magang

# CORPORATE GOVERNANCE REPORT

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

**ROLES AND RESPONSIBILITIES**

- Sets ESG KPIs and targets against which the Group's performance can be measured.
- Oversees the CSI programme.
- Establishes and monitors ESG policies and codes of practice, ensuring that operations are conducted in line with the Group's overall mission and vision of owning and managing strategic property assets that add value to the communities it serves.
- Monitors adherence to corporate citizenship principles and ethical behaviour, and provides guidance for the Group's investments to be appropriately planned, designed and managed for sustainability.

Refer to the Environmental, Social and Governance Report on page 28.

**CHAIR**

Bogolo Kenewendo

**COMPOSITION**

Two independent non-executive directors:
Bogolo Kenewendo and Nicola Milne

One non-executive director: Federica Giachetti

And one executive director: Jacopo Pari

## PROPERTY COMMITTEE

**ROLES AND RESPONSIBILITIES**

- Monitors that the Company's property assets are efficiently managed to maximise their income potential and uphold the quality of the portfolio.
- Oversees the establishment of portfolio performance targets for the properties, and monitors their effective implementation.
- Aims to ensure that RDC's property assets position the Company as a property industry leader in its countries of operation.
- Oversees that the necessary skills are in place to best secure long-term leases with good escalations and strong counterparties.
- Monitors capital expenditure and the performance of the properties against deliverables and budgets.
- Regularly reviews the performance of the property portfolio, both in quantitative and qualitative aspects.
- Assists the asset managers in reviewing internal and external valuation.

**CHAIR**

Kate Maphage

**COMPOSITION**

Three independent non-executive directors:
Andrew Bradley, Kate Maphage and Lesang Magang

And one executive director: Gary Fisher

## INVESTMENT COMMITTEE

**ROLES AND RESPONSIBILITIES**

- Oversees the Company's investment and disposal strategy, including repurposing of existing assets, with the aim of positioning RDC as a property industry leader in its countries of operation.
- Monitors the establishment of criteria and targets for investments and their effective implementation.
- Targets strategic property assets that differentiate the Company by use and location, and which must be sustainable for the long term.
- Ensures that the agreed objectives are effectively integrated into the business in accordance with the Group's purpose of owning and managing strategic property assets that add value to the communities it serves.

**CHAIR**

Andrew Bradley

**COMPOSITION**

Two independent non-executive directors:
Andrew Bradley and Bogolo Kenewendo

One non-executive director: Federica Giachetti

And two executive members:
Guido Giachetti and Clinton Bush

## REMUNERATION AND NOMINATION COMMITTEE

**ROLES AND RESPONSIBILITIES**

- Ensures that the Board is well represented and that the fees of the directors, executive officers and management company are fair and within market.
- Maintains oversight of the relationship with the management company in terms of the service level agreement.
- Oversees the procedure for appointing new directors and ensures that succession plans are in place.
- Facilitates evaluations of the performance of the Board, Board committees and directors.

Refer to the Remuneration and Nomination Committee Report on page 32.

**CHAIR**

Lesang Magang

**COMPOSITION**

Three independent non-executive directors:
Andrew Bradley, Kate Maphage and Lesang Magang

# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND COMPLIANCE

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for overseeing the 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 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 the Group.

### INFORMATION TECHNOLOGY GOVERNANCE

Information technology (IT) governance forms an integral part of RDC's risk management process. The Audit and Risk Committee assists the Board in fulfilling its responsibilities in this regard.

An IT governance framework is being formalised to ensure that information assets are managed effectively. The Board monitors and evaluates significant IT Investments. External IT specialists are contracted as and when required.

The Board monitors the management of information, is 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 is 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 Limited or any of its directors or 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 RDC 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 linked unit holders. All share transactions are disclosed on X-news within the time prescribed by the Botswana Stock Exchange listings requirements.

# 3

# Board of Directors and Asset Management Team



**Sunclare Building**
**Claremont, Western Cape, South Africa**

# BOARD OF DIRECTORS

**GUIDO R. GIACHETTI**
**EXECUTIVE CHAIR**
Appointed: 02 May 1996

Guido (60) has a Civil Engineer Master's in Business Management and Transport, an AMP (Harvard Business School), an IEP (INSEAD) and is a member of various Alumni Associations (EPFL, INSEAD, HBS). As Chair of RDC Properties Limited, he has been involved in property development and investments for 32 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, an art collector and is actively involved in philanthropic endeavours in the region.

**ANDREW BRADLEY**
**LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR**
Appointed: 26 May 2016

Andrew (60) holds BCom and LLB Degrees, as well an AMP from Harvard Business School. 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, Andrew was the Chief Executive Officer of Acsis South Africa Group, an independent asset consulting and financial planning Company, which he founded and Old Mutual acquired. He is an Advocate of the Supreme Court of South Africa, a Certified Financial Planner and has co-authored a number of publications in the financial services industry. During his career he has served on various boards, including the South African Savings Institute (SASI), the Financial Planning Institute of South Africa (FPI) and the Nelson Mandela Metropolitan University Business School.

**GARY FISHER**
**EXECUTIVE DIRECTOR/CHIEF EXECUTIVE OFFICER: PROPERTIES**
Appointed: 22 March 2022

Gary (57) 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 assisting to establish Capitalgro Properties in 2014, a business that has since become a subsidiary of RDC.

**FEDERICA GIACHETTI**
**NON-EXECUTIVE DIRECTOR**
Appointed: 22 March 2022

Federica (28) 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 recently 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 three years ago to its subsidiary in Cape Town (Red Rocket South Africa) where she led the Company's Solar Project Developments. She will be pursuing a Master of Business Administration in 2023.

**JOANNE MABIN**
**EXECUTIVE DIRECTOR/CHIEF FINANCIAL OFFICER**
Appointed: 21 September 2022

Joanne (43) qualified as a Chartered Accountant in 2004, after which she spent seven years working in the UK at Rowan Asset Management and M&G Investments Limited, where she was responsible for the financial management and reporting for several property and infrastructure funds. After returning to South Africa, Joanne joined Old Mutual Investment Group where she was responsible for the financial reporting of their African infrastructure funds. She joined Tower Property Fund in 2014 as the Chief Financial Officer. In 2021, Tower Property Fund was acquired by RDC Properties Limited where she was appointed as the Group Chief Financial Officer.

**LESANG MAGANG**
**INDEPENDENT NON-EXECUTIVE DIRECTOR**
Appointed: 06 August 2002 | Retiring: 24 May 2023

Lesang (51) holds a Law Degree from Birmingham City University. He served as RDC's Lead Independent Non-Executive Director from 2014 until 2022 and is also a Director of PAM (Property and Asset Management of RDC) and other Group companies. He is a Director of Phakalane Estates Group of companies, a major township and property development Company in Botswana, and was previously a Director of Botswana Investment and Trade Centre (BITC), where he chaired its Projects and Investments Committee. Lesang is a motivational speaker on youth development and entrepreneurship.

**JACOPO PARI**
**EXECUTIVE DIRECTOR/CHIEF EXECUTIVE OFFICER: OPERATIONS AND DEVELOPMENTS**
Appointed: 12 September 2013

Jacopo Pari (49) has a Civil Engineer Master's degree. His career started in Accenture, the strategy and management consulting firm. This engagement enabled him to gain wide exposure to large and complex corporate environments both in the EU and US. A 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 RDC's Chief Executive Officer for Botswana in February 2015, and is in charge of the Company's international development.

**KATE MAPHAGE**
**INDEPENDENT NON-EXECUTIVE DIRECTOR**
Appointed: 13 November 2012

Kate (61) is an entrepreneur in the property, energy, transport and tourism industries. She holds BCom and MBL degrees and has 35 years of leadership experience in various industries in executive and non-executive board positions. She joined Mascom Wireless, a mobile network, in 1998 as one of its founding shareholders and then joined its executive to establish the human resources division. In 2002 she moved on to head the Commercial Division, a position she held until 2007 when she retired from formal employment. Kate is currently focused on adding value to companies in which she has invested. She also serves on the boards and committees of BIHL and Botswana Life.

**GIORGIO GIACHETTI**
**NON-EXECUTIVE DIRECTOR**
Appointed: 02 May 1996

Giorgio (80) has a Civil Engineer Master`s degree and on-site experience in construction since 1968. In 1970 he started investing in Botswana and developed properties, some of which now form part of RDC's property portfolio. He is a director of many companies in Botswana and internationally.

**NICOLA MILNE**
**INDEPENDENT NON-EXECUTIVE DIRECTOR**
Appointed: 22 March 2022

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.

# BOARD OF DIRECTORS

**BOGOLO KENEWENDO**
**INDEPENDENT NON-EXECUTIVE DIRECTOR**
Appointed: 28 May 2020 | Retiring: 24 May 2023

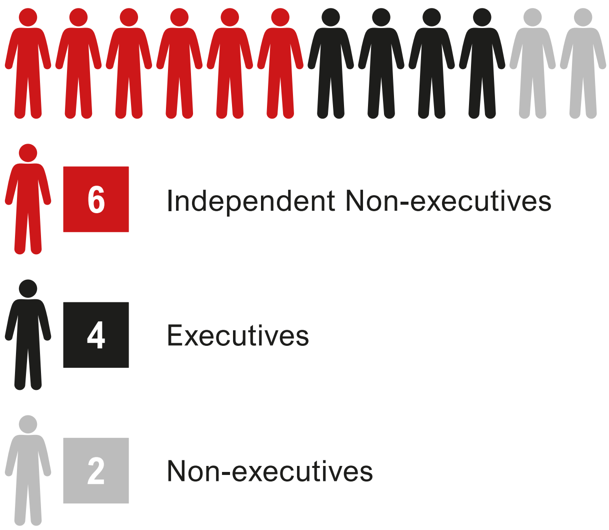
Bogolo (35) is a Global Economist, Strategic Advisor and former Minister of Investment, Trade and Industry in Botswana. Kenewendo is also a vocal advocate for gender equity and the protection of children's rights. She is a Chevening scholar with an MSc in International Economics from the University of 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 Trade and Investment, and a WEF Young Global Leader. She is also the co-founder and chair of Molaya Kgosi Trust and currently serves as a Non-Resident Fellow with the Center for Global Development. She is frequently named among Africa's Most Influential people by various publications. In 2022 she was named among Time 100 Next Honorees highlighting 100 emerging leaders from around the world who are shaping the future and defining the next generation of leadership.

**SIMON SUSMAN**
**INDEPENDENT NON-EXECUTIVE DIRECTOR**
Appointed: 22 March 2022

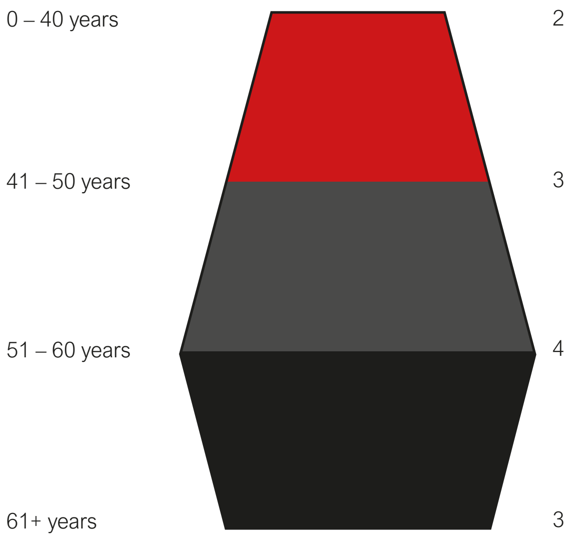
Simon Susman (73) is the Honorary President of Woolworths Holdings Limited, having joined Woolworths in 1982. Prior to his retirement, Simon served as the Chief Executive Officer of Woolworths Holdings and then Chair over a twenty year period until 2019. He has been appointed Honorary Professor of Entrepreneurship at Stellenbosch University Business School, and currently chairs several local and international businesses and NGOs.

## BOARD COMPOSITION

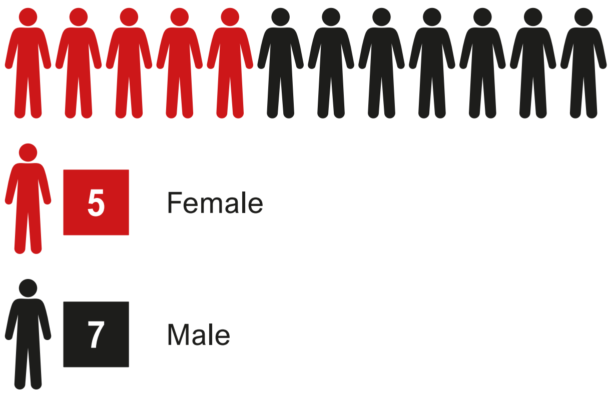
### Board independence



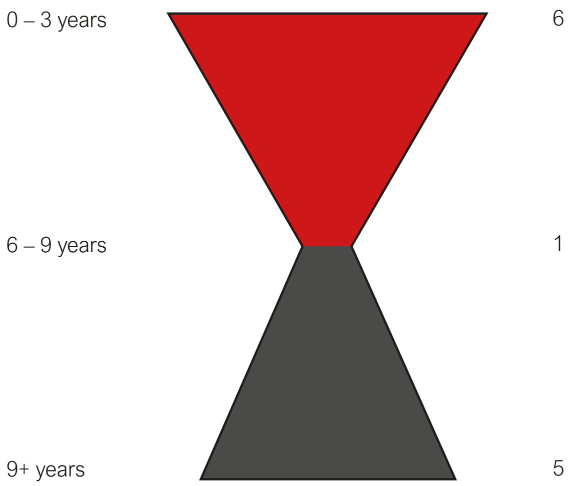

### Board age




### Board gender diversity




### Board tenure



# MANAGEMENT TEAM

The asset management services for the RDC Group are provided by Property Asset Management Pty Ltd (PAM) in Botswana, and Notwane Asset Management Pty Ltd (NAM) in South Africa. The majority of the RDC staff are employed by one or the other of these two entities, inclusive of the executive directors. This contractual arrangement has been approved by RDC unit-holders. The RDC hospitality team is employed by the relevant operating company responsible for the operations and management of our hotel enterprises, being Radisson RED, Masa Protea Marriott and Chobe Marina Lodge. In addition, where required, centre and building managers are employed directly by the respective rental enterprise. The Croatian asset manager is employed by the Mauritian joint venture holding company.

The asset manager appoints the property manager within each region. In Botswana, property management services are also the responsibility of PAM, in line with the Company's hands-on approach to property management. The Capitalgro portfolio in Cape Town is likewise managed 'in-house' by Capitalgro Property Management. The former Tower portfolio in South Africa continues to be managed by Spire Property Solutions, under revised terms and direct supervision by NAM.

## SENIOR MANAGEMENT

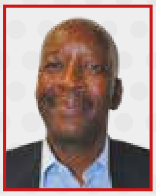
**AVISHKAAR SINGH**
GROUP FINANCIAL CONTROLLER – SOUTH AFRICA

**BRUCE ROGERSON**
ASSET MANAGER – SOUTH AFRICA

**CLINTON BUSH**
DEVELOPMENT DIRECTOR – SOUTH AFRICA

**IVAN BOZAC**
ASSET MANAGER - CROATIA

**JASON KATZ**
ASSET MANAGER – SOUTH AFRICA



**LETSWELETSE RAMOKATE**
COUNTRY MANAGER – BOTSWANA

**NEIL BALD**
CHIEF OPERATING OFFICER HOSPITALITY – SOUTH AFRICA

**UZOMA ANUGOM**
CHIEF OPERATING OFFICER – BOTSWANA

**SLYVESTER SEETSO**
FINANCE MANAGER

**DOUGLAS TITLEY**
FINANCIAL MANAGER

**MATTHEW DE SOUSA**
GROUP FINANCIAL ACCOUNTANT

## HOSPITALITY TEAM

**ANDREW KAMANGA**
GENERAL MANAGER
PROTEA HOTEL BY MARRIOTT, GABORONE, BOTSWANA

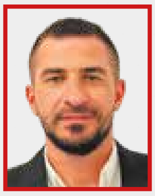
**BERNARD MAGANO**
GENERAL MANAGER
CHOBE MARINA LODGE, KASANE, BOTSWANA

**CARLY DE JONG**
GENERAL MANAGER
RADISSON RED HOTEL, ROSEBANK, SOUTH AFRICA

**ISAIAH PHETO**
HOSPITALITY FINANCE MANAGER
BOTSWANA AND SOUTH AFRICA

**SEVERIN BESABOTSY**
RESIDENT MANAGER
ISALO ROCK LODGE, MADAGASCAR

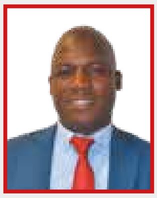
## CROATIA PROPERTY MANAGER

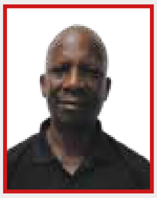


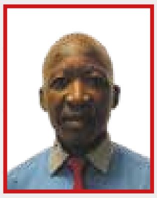
**KRISTIJAN BOSKOVIC**

# MANAGEMENT TEAM

## BOTSWANA TEAM


**ADMIRE NDUBIWA**
DEBT RECOVERY OFFICER

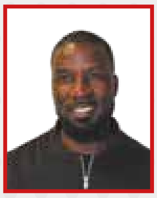

**BAOKAMEDI NTENEGI**
MAINTENANCE STAFF - PAINTER

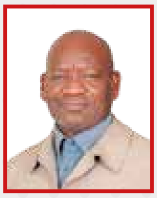

**GAEBOLOKE LETLHARE**
MESSENGER


**GIVEN MABINA**
HUMAN RESOURCE MANAGER

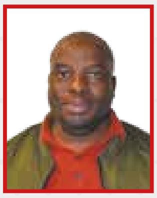

**GOGAISA KELATLHILWE**
ACCOUNTANT


**GORATA NELSON**
JUNIOR ACCOUNTANT


**JONATHAN NTATIWA**
YARD COORDINATOR


**JACKSON ADAM**
MAINTENANCE COORDINATOR


**KABELO OABILE**
ELECTRICIAN


**KABO TSHUKUDU**
SENIOR ACCOUNTANT

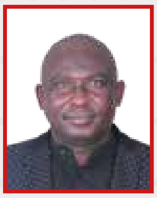

**KEDIBONYE SEDIMO**
PROCUREMENT OFFICER


**KITSO SEGALO**
JUNIOR ACCOUNTANT


**KOPANO MATLHARE**
MAINTENANCE FOREMAN – ELECTRICIAN


**LORATO MATLHABE**
JUNIOR ACCOUNTANT


**MESSIAH JACKSON**
PERSONAL ASSISTANT


**NONOFO OTSOGILE**
MAINTENANCE COORDINATOR


**PATIENCE KGAODI**
LEASING AND RELATIONSHIPS OFFICER


**PRINCESS MOREBODI**
CENTRE MANAGER


**PUSETSO RASEOKAMO**
PROPERTY MANAGER


**SELAKI MAOLOGA**
CLEANER

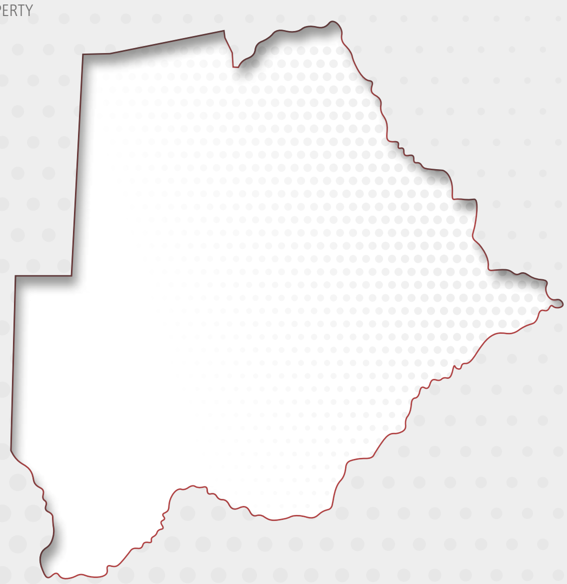

**SEWELO MGUNI**
IT TECHNICIAN


**TEBO G TSIMA**
ASSISTANT PROPERTY MANAGER


**TEBOGO MOMPATI**
RECEPTIONIST


**THUSO KAMATO**
PROPERTY MANAGER


**TSHOLOFELO MOLEFE**
JUNIOR ACCOUNTANT



# MANAGEMENT TEAM

## SOUTH AFRICA TEAM

**AMBER-ROSE BAILEY**
JUNIOR PROPERTY MANAGER
CAPITALGRO

**DONOVAN GELDENHUYS**
BUILDING MANAGER
CAPE QUARTER

**EMILE PLAATJIES**
CENTRE MANAGER
DE VILLE SHOPPING CENTRE

**HELEN VARCOE**
LEASING MANAGER

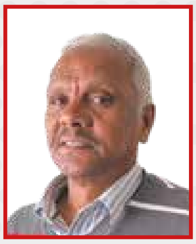
**JURGEN BORNMAN**
FACILITIES MANAGER
CAPITALGRO

**LIEZEL EMKIE**
PROPERTY ADMINISTRATOR
CAPITALGRO

**LUCY CAPLAN**
INTERNAL COMPANY SECRETARY

**MEGAN HODGKINSON**
INTERIOR DESIGNER AND DESIGN COORDINATOR

**MICHELLE POSTMA**
JUNIOR INTERIOR DESIGNER



**MUSTAPHA PECK**
MAINTENANCE MANAGER
CAPITALGRO

**NAWAHL BEDFORD**
OFFICE MANAGER

**NONTANDO MANYONGO**
LEASING ADMINISTRATOR
CAPITALGRO

**RACHEL RAMSDEN**
FINANCIAL CONTROLLER
CAPITALGRO

**SHAHEEN ADAMS**
SENIOR PROPERTY MANAGER
CAPITALGRO

**SHANNON CLARKE**
CENTRE MANAGER
CAPE QUARTER

**THABISO DICHUTI**
BUILDING MANAGER
EVAGOLD SHOPPING CENTRE

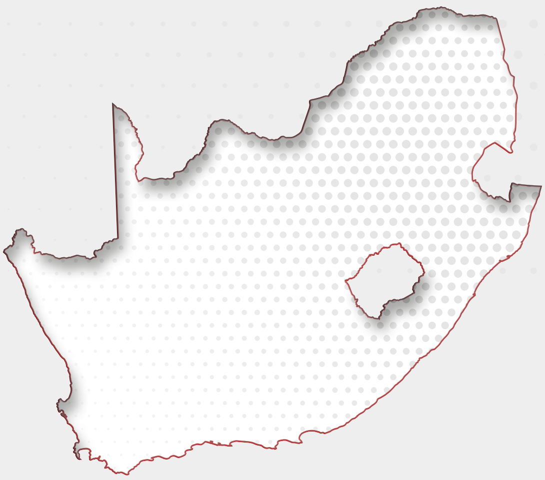
**THAFIER OSMAN**
FRONT OF HOUSE

**YAZEED OMAR**
ACCOUNTS ADMINISTRATOR

**YOLANDE VAN TONDER**
BOOKKEEPER

**LWANDILE ZWEDALA**
JUNIOR HANDYMAN
CAPE QUARTER

**MANDISA ZWEDALA**
HANDYMAN
CAPE QUARTER



# DIRECTORS' REPORT

**G. R. Giachetti**
**Executive Chair**

**A. Bradley**
**Lead Independent Non-executive Director**

# DIRECTORS' REPORT

The directors present their annual report to the linked unit holders, together with the Audited Financial Statements, for the year ended 31 December 2022.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

At RDC, 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. RDC is a variable loan stock company incorporated in Botswana and quoted publicly on the Botswana Stock Exchange. RDC is primarily operating in Botswana, South Africa and Croatia with smaller investments in the USA, Mozambique and Madagascar. RDC 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 2022 are set out in the statements of comprehensive income of the financial statements on page 61.

## STATED CAPITAL

At the reporting date the Company had 758,232,937 linked units in issue (2021: 758,232,937).

## 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.

## 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 |
|---|---|---|---|
| **2022** | | | |
| Interim | 3.34 | 0.16 | 3.50 |
| Final | – | – | – |
| | 3.34 | 0.16 | 3.50 |
| **2021** | | | |
| Interim | 2.37 | 0.35 | 2.72 |
| Final | 6.52 | 0.13 | 6.65 |
| | 8.89 | 0.48 | 9.37 |

## DIRECTORS

The changes to the Board during the year under review have been stipulated below.

| Directors | Date Resigned | Date Appointed |
|---|---|---|
| **Executive directors** | | |
| Guido R. Giachetti (Chair) | | 02 May 1996 |
| Jacopo Pari (CEO – Operations and developments) | | 12 September 2013 |
| Gary Fisher (CEO – Properties) | | 22 March 2022 |
| Joanne Mabin (CFO)* | | 21 September 2022 |
| Marc Edwards (CEO – Investments) | 21 September 2022 | 22 March 2022 |

* *Joanne Mabin was appointed initially as an alternate director on 22 March 2022. On 21 September 2022 she was appointed as an executive director*

| Directors | Date Appointed |
|---|---|
| **Non-executive directors** | |
| Giorgio Giachetti | 02 May 1996 |
| Lesang Magang (Chair of the Remuneration and Nomination Committee) | 06 August 2002 |
| Andrew Bradley (Lead Independent Director and Chair of the Investment Committee) | 26 May 2016 |
| Kate Maphage (Chair of the Property Committee) | 13 November 2012 |
| Bogolo J Kenewendo (Chair of the ESG Committee) | 28 May 2020 |
| Federica Giachetti | 22 March 2022 |
| Nicola Milne (Chair of the Audit and Risk Committee) | 22 March 2022 |
| Simon Susman | 22 March 2022 |

## COMPANY SECRETARY

The Company Secretary is PricewaterhouseCoopers, assisted by the internal company secretary – Lucy Caplan.

## INTERESTS OF DIRECTORS AND SECRETARY

The directors and secretary who held office as at 31 December 2022 had no interest, other than those shown below, in the linked units of the Company.

| | Held Directly | Held Indirectly |
|---|---|---|
| G.R. Giachetti | – | 86,448,622 |
| G. Giachetti | 75,476,750 | – |
| J. Pari | 1,850,000 | – |
| L. Magang | 495,797 | – |
| S. Susman | 2,462,006 | – |
| F. Giachetti | 348,973 | – |

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.

## SUBSTANTIAL HOLDINGS

The directors have been notified of the following significant interests in the ordinary share capital of the Company as at 31 December 2022

| Top 10 Unit Holders | Linked Units | % |
|---|---|---|
| Botswana Public Officers Pension Fund | 200,541,548 | 26.45% |
| Realestate Financiere SA | 169,797,025 | 22.39% |
| Vunani Botswana Public Pension Fund | 93,855,489 | 12.38% |
| Giorgio Giachetti | 75,476,750 | 9.95% |
| FNB Botswana Nominees & DP EQ FNB Botswana & DP EQ | 44,097,944 | 5.82% |
| Aspera Holdings Limited | 31,057,081 | 4.10% |
| Debswana Pension Fund | 23,416,241 | 3.09% |
| Motor Vehicle Accident Fund | 21,635,865 | 2.85% |
| SCBN (Pty) Ltd | 17,067,162 | 2.25% |
| **Totals** | **676,945,105** | **89.28%** |

| Linked Unit Band | Linked Units | % | Holders | % |
|---|---|---|---|---|
| 0 – 1,999 | 209,333 | 0.03 | 262 | 47.12 |
| 2,000 – 4,999 | 226,037 | 0.03 | 71 | 12.77 |
| 5,000 – 9,999 | 384,693 | 0.05 | 58 | 10.43 |
| 10,000 – 49,999 | 1,762,274 | 0.23 | 77 | 13.85 |
| 50,000 – 99,999 | 8,951,464 | 1.18 | 51 | 9.17 |
| 100,000 – 499,999 | 32,264,200 | 4.26 | 23 | 4.14 |
| 500,000 and above | 714,434,936 | 94.22 | 14 | 2.52 |
| **Totals** | **758,232,937** | **100.00** | **556** | **100.00** |

| | Holders | % |
|---|---|---|
| Non-public linked unit holders | 10 | 37.29% |
| Public linked unit holders | 546 | 62.71% |

## DIRECTORS' INTERESTS IN CONTRACTS

The following directors, G.R. Giachetti, G. Giachetti, J. Pari, 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 Chair's Statement and in the Corporate Governance Statement. 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 (KPIs)

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 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 facilitates 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 RDC 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.

# DIRECTORS' REPORT

The Board mitigates these risks by the employment of an expert professional management team and 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 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 thereof enables disposal or liquidation of parts of the 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 foreign currencies – notably South African Rands and Croatian Kuna. The Board and management mitigates currency risk by matching the denomination of financing with income-generating assets, diversifying the Group's 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 realisation of assets, 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 its effect on the Group and the economy. Management has been able to continue to operate and successfully execute 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.

The Audit and Risk Committee will be evaluating the services of Grant Thornton during the current year. Grant Thornton has completed six years as auditor of the Company. The audit partner has been rotated in the current year 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.

## RESPONSIBILITY STATEMENT

We confirm that, 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 Chair's statement, the Operating and Financial review, the principal 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 2023 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 Chair

**A. Bradley**
Lead Independent
Non-executive Director

# 4

# Annual Financial Statements



**Coachman's Crossing**
**Bryanston, Gauteng, South Africa**

# DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

## Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the annual financial statements of RDC Properties Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the 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 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 annual 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 annual financial statements and separate annual financial statements.

The directors' responsibility includes: designing, implementing and maintaining internal controls as is necessary to enable the preparation of annual 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 annual 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 annual 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 respects is above reproach. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the Group. 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.

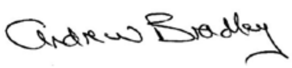
The directors have made an assessment of the Group and Company's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead, based on forecasts available and cash resources. The directors are of the opinion, based on the information 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 annual 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 annual financial statements, which were examined by the external auditors and their unmodified report is presented on page 57.

## Approval of the annual financial statements

The annual financial statements set out on pages 61 to 104, which have been prepared on the going concern basis, were approved by the Board on 23 March 2023 and were signed on its behalf by:

**G.R. Giachetti**
*Executive Chair*



**A. Bradley**
*Lead Independent Director*

# INDEPENDENT AUDITOR’S REPORT

## To the Unitholders of RDC Properties Limited

## Opinion

We have audited the consolidated and separate annual financial statements of RDC Properties Limited set out on pages 61 to 104, which comprise the consolidated and separate statement of financial position as at 31 December 2022, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

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

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the audit of the consolidated and separate annual financial statements section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

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

# INDEPENDENT AUDITOR'S REPORT

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| **Valuation of the investment property**<br>The Group owns a portfolio of retail, residential and commercial property valued P5.575 billion, disclosed under note 12 of the consolidated annual financial statements.<br><br>The valuation of these property portfolios requires significant judgement and is underpinned by assumptions including estimated future rentals and yields. The values of these properties are determined using valuation experts in the field of real estate valuations.<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 management experts 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 similar companies with property portfolio. We found the models (discounted cashflow and net income model) to be appropriate and the capitalisation rates were comparable to market rates and those used in the prior year.<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 valuers and management experts and through audit procedures evaluated the assumptions used in the valuations.<br><br>We also performed an independent assessment of property values using discounted cash flows, net income, comparable market values and determination of cap rates for few properties and compared it against what was determined by the management experts.<br><br>The values arrived at by the management experts were deemed reasonable as it was with the range of acceptable variations.<br><br>We assessed the competence, independence and integrity of the management experts both, external and internal who were involved in the valuations.<br><br>Wherever applicable, the audit engagement teams discussed and reviewed the terms of engagement with external valuers to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approaches they used are consistent with IFRS and industry norms.<br><br>We have assessed the reasonability of net income used in the valuation model by reviewing of the budgets for the succeeding 12 months budgets and testing the reasonableness of assumptions made to consider.<br><br>From our independent audit, the property values recorded appear to be reasonable and supported by appropriate judgements and estimates. |

# INDEPENDENT AUDITOR'S REPORT

## Other Information

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

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

## Responsibilities of the directors for the consolidated and separate annual financial statements

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

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.

# INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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

**Grant Thornton**
**Firm of Certified Auditors**
**Practicing member: Madhavan Venkatachary (CAP 0017 2023)**

**Date: 24 MAR 2023**
**Gaborone**

# STATEMENTS OF COMPREHENSIVE INCOME

## for the year ended 31 December 2022

| | Notes | Group 2022 P'000 | Group 2021 P'000 | Company 2022 P'000 | Company 2021 P'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Contractual lease rental revenue | 2 | **525,556** | 145,289 | **53,602** | 45,670 |
| Straight-line rental adjustment | | **(351)** | 1,273 | **(288)** | 478 |
| | | **525,205** | 146,562 | **53,314** | 46,148 |
| Net property operating expenses | | **(201,634)** | (47,083) | **(11,951)** | (8,813) |
| **Net Property Income** | | **323,571** | 99,479 | **41,363** | 37,335 |
| Revenue from the sale of inventory | 2 | **77,483** | – | **–** | – |
| Cost of sales | 16 | **(77,648)** | – | **–** | – |
| **Gross Profit from operations** | | **323,406** | 99,479 | **41,363** | 37,335 |
| Other operating expenses | | **(54,442)** | (38,057) | **(11,347)** | (14,142) |
| Gains/(losses) from joint venture | 3 | **310** | (413) | **–** | – |
| Other foreign exchange gains/(losses) | | **2,259** | (1,820) | **24,538** | 1,488 |
| Other operating income | | **15,541** | 3,503 | **3,015** | 125 |
| Inventory write-down | 16 | **(13,005)** | – | **–** | – |
| **Profit from operations before fair value adjustments** | | **274,069** | 62,692 | **57,569** | 24,806 |
| Surplus arising on fair valuation of investments | 10 | **1,765** | 16,051 | **–** | – |
| Surplus arising on fair valuation of interest rate derivatives | 24 | **39,001** | – | **–** | – |
| Surplus arising on revaluation of investment properties | 12 | **97,516** | 36,632 | **13,475** | 24,182 |
| Net valuation | | **97,165** | 37,905 | **13,187** | 24,660 |
| Adjusted for straight-line rental adjustment | | **351** | (1,273) | **288** | (478) |
| **Profit from operations** | 4 | **412,351** | 115,375 | **71,044** | 48,988 |
| Investment income | 5 | **8,791** | 18,343 | **40,161** | 26,121 |
| Finance costs | 6 | **(212,228)** | (68,598) | **(41,819)** | (30,033) |
| Bargain purchase gain | 7 | **–** | 577,342 | **–** | – |
| **Profit before tax** | | **208,914** | 642,462 | **69,386** | 45,076 |
| Income tax expense | 8 | **(24,752)** | 4,920 | **3,116** | (326) |
| **Profit for the year** | | **184,162** | 647,382 | **72,502** | 44,750 |
| **Other comprehensive income** | | | | | |
| *Items that may be subsequently reclassified to profit or loss* | | | | | |
| Exchange differences on translation of foreign operations | | **28,247** | (8,869) | **–** | – |
| Net fair value gains on financial assets at fair value | | **(1,104)** | 13,165 | **(1,104)** | 5,005 |
| Gross fair value gains on financial assets at fair value | 13 | **(1,104)** | 13,165 | **(1,104)** | 5,005 |
| Other comprehensive income/(loss) for the year | | **27,143** | 4,296 | **(1,104)** | 5,005 |
| **Total comprehensive income for the year** | | **211,305** | 651,678 | **71,398** | 49,755 |
| Profit attributable to: | | | | | |
| Owners of the Company | | **137,299** | 629,325 | **72,502** | 44,750 |
| Non-controlling interests | | **46,863** | 18,057 | **–** | – |
| | | **184,162** | 647,382 | **72,502** | 44,750 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | **164,442** | 633,621 | **71,398** | 49,755 |
| Non-controlling interests | | **46,863** | 18,057 | **–** | – |
| | | **211,305** | 651,678 | **71,398** | 49,755 |
| Number of linked units in issue at year-end | | **758,232,937** | 758,232,937 | | |
| Average number of linked units in issue | | **758,232,937** | 391,792,630 | | |
| Earnings per linked unit (thebe) | | **18.84** | 163.99 | | |
| Dilutive earnings per linked unit (thebe) | | **18.84** | 163.99 | | |
| 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 statement of change in equity of: | | **142,865** | 642,511 | | |
| **Distribution per linked unit** | | | | | |
| Distribution per linked unit (thebe) | | **3.50** | 9.37 | | |
| Interest per linked unit (thebe) | | **3.34** | 8.89 | | |
| Dividend per linked unit (thebe) | | **0.16** | 0.48 | | |
| Distribution per linked unit is calculated on the number of linked units in issue at date of distribution. | | | | | |
| **Other information** | | | | | |
| Interest to dividend ratio | | **21.12** | 18.57 | | |

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

| | Notes | Group 2022 P'000 | Group 2021 P'000 | Company 2022 P'000 | Company 2021 P'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current Assets** | | | | | |
| Property, plant and equipment | 9 | **47,090** | 37,081 | **3,564** | 2,833 |
| Investments | 10 | **95,413** | 89,340 | **598,680** | 627,552 |
| Investment in a joint venture | 3 | **25,746** | 26,408 | **–** | – |
| Long-term loan receivables | 11 | **–** | – | **658,878** | 638,335 |
| Investment properties | 12 | **5,575,136** | 5,535,902 | **833,777** | 819,804 |
| At fair value | | **5,570,144** | 5,531,261 | **835,773** | 821,512 |
| Rental receivable – straight-line rental adjustment | | **4,992** | 4,641 | **(1,996)** | (1,708) |
| Financial assets at fair value through other comprehensive income | 13 | **10,642** | 14,129 | **9,201** | 10,305 |
| Intangible asset | 14 | **1,000** | 1,000 | **–** | – |
| Trade and other receivables | 15 | **36,478** | 26,086 | **–** | – |
| Rental receivable – straight-line rental adjustment | | **(4,992)** | (4,641) | **1,996** | 1,708 |
| | | **5,786,513** | 5,725,305 | **2,106,096** | 2,100,537 |
| **Current Assets** | | | | | |
| Trade and other receivables | 15 | **90,336** | 98,145 | **106,269** | 79,215 |
| Current tax assets | | **3,578** | 3,893 | **1,746** | 1,827 |
| Inventories | 16 | **161,076** | 99,522 | **–** | – |
| Investment property held for sale | 17 | **–** | 26,180 | **–** | 10,680 |
| Cash and cash equivalents | 18 | **86,183** | 143,801 | **1,474** | 13,024 |
| | | **341,173** | 371,541 | **109,489** | 104,746 |
| **Total Assets** | | **6,127,686** | 6,096,846 | **2,215,585** | 2,205,283 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and Reserves** | | | | | |
| Stated capital | 19 | **1,058,199** | 1,058,199 | **1,058,199** | 1,058,199 |
| Debentures | 20 | **242,634** | 242,634 | **242,634** | 242,634 |
| Accumulated profits | 21 | **1,193,847** | 1,120,745 | **351,125** | 299,557 |
| Debenture interest and dividend reserve | 22 | **–** | 50,468 | **–** | 50,468 |
| Investments revaluation reserve | | **6,415** | 7,519 | **(5,750)** | (4,646) |
| Foreign currency translation reserve | | **(3,632)** | (31,879) | **–** | – |
| Equity attributable to owners of the parent | | **2,497,463** | 2,447,686 | **1,646,208** | 1,646,212 |
| Non-controlling interests | 23 | **532,734** | 493,329 | **–** | – |
| Total equity | | **3,030,197** | 2,941,015 | **1,646,208** | 1,646,212 |
| **Non-current Liabilities** | | | | | |
| Long-term borrowings | 24 | **2,369,095** | 1,750,896 | **365,321** | 363,074 |
| Deferred tax liabilities | 25 | **185,060** | 168,956 | **34,122** | 42,805 |
| | | **2,554,155** | 1,919,852 | **399,443** | 405,879 |
| **Current Liabilities** | | | | | |
| Trade and other payables | 26 | **142,638** | 149,306 | **23,128** | 35,459 |
| Bank overdraft | 27 | **6,106** | 6,692 | **2,192** | 2,142 |
| Current portion of long-term borrowings | 24 | **394,590** | 1,079,981 | **144,614** | 115,591 |
| | | **543,334** | 1,235,979 | **169,934** | 153,192 |
| **Total Equity and Liabilities** | | **6,127,686** | 6,096,846 | **2,215,585** | 2,205,283 |

# STATEMENTS OF CHANGES IN EQUITY

## for the year ended 31 December 2022

| | 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 2021** | | 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** |
| Profit for the year | | – | – | 137,299 | – | – | – | 137,299 | 46,863 | **184,162** |
| IFRS 3 – Business Combination Adjustment | | – | – | (43,263) | – | – | – | (43,263) | 9,689 | **(33,574)** |
| Other comprehensive income for the year | | – | – | – | (1,104) | – | 28,247 | 27,143 | – | **27,143** |
| Total comprehensive income for the year | | – | – | 94,036 | (1,104) | – | 28,247 | 121,179 | 56,552 | **177,731** |
| Debenture interest declared and proposed | 22 | – | – | (25,302) | – | 25,302 | – | – | – | **–** |
| Taxation attributable to debenture interest | 8 | – | – | 5,566 | – | – | – | 5,566 | – | **5,566** |
| Debenture interest paid | | – | – | – | – | (74,769) | – | (74,769) | – | **(74,769)** |
| Dividends declared and proposed | 22 | – | – | (1,198) | – | 1,198 | – | – | – | **–** |
| Dividends paid | | – | – | – | – | (2,199) | – | (2,199) | (17,147) | **(19,346)** |
| **Balance at 31 December 2022** | | 1,058,199 | 242,634 | 1,193,847 | 6,415 | – | (3,632) | 2,497,463 | 532,734 | **3,030,197** |
| **COMPANY** | | | | | | | | | | |
| **Balance at 1 January 2021** | | 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** |
| Profit for the year | | – | – | 72,502 | – | – | – | 72,502 | – | **72,502** |
| Other comprehensive income | | – | – | – | (1,104) | – | – | (1,104) | – | **(1,104)** |
| Total comprehensive income for the year | | – | – | 72,502 | (1,104) | – | – | 71,398 | – | **71,398** |
| Debenture interest declared and proposed | 22 | – | – | (25,302) | – | 25,302 | – | – | – | **–** |
| Taxation attributable to debenture interest | 8 | – | – | 5,566 | – | – | – | 5,566 | – | **5,566** |
| Debenture interest paid | | – | – | – | – | (74,769) | – | (74,769) | – | **(74,769)** |
| Dividends declared and proposed | 22 | – | – | (1,198) | – | 1,198 | – | – | – | **–** |
| Dividends paid | | – | – | – | – | (2,199) | – | (2,199) | – | **(2,199)** |
| **Balance at 31 December 2022** | | 1,058,199 | 242,634 | 351,125 | (5,750) | – | – | 1,646,208 | – | **1,646,208** |

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2022

| | Notes | Group 2022 P'000 | Group 2021 P'000 | Company 2022 P'000 | Company 2021 P'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit from operations | | **412,351** | 115,375 | **71,044** | 48,988 |
| Share of loss/(income) in a joint venture, net of foreign exchange differences | | **(310)** | 413 | **–** | – |
| Depreciation | | **8,308** | 2,483 | **655** | 381 |
| Contingent liability recognised on business combination | 26 | **(32,291)** | – | **–** | – |
| Inventory write-downs | | **13,005** | – | **–** | – |
| Surplus arising on fair valuation of interest rate derivatives | | **(39,001)** | – | **–** | – |
| Surplus arising on revaluation of investment properties | | **(97,516)** | (36,632) | **(13,475)** | (24,182) |
| Operating income before working capital changes | | **264,546** | 81,639 | **58,224** | 25,187 |
| Changes in working capital: | | | | | |
| – (Increase)/decrease in trade and other receivables | | **2,583** | (8,170) | **(27,054)** | (24,996) |
| – (Decrease)/increase in trade and other payables | | **(7,019)** | 30,791 | **(12,034)** | 8,834 |
| Taxation recovered/(paid) | 35 | **(9,625)** | (1,256) | **81** | (208) |
| **Net cash generated from operating activities** | | **250,485** | 103,004 | **19,217** | 8,817 |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | | **(2,241)** | (26,869) | **(1,386)** | – |
| Payment for acquisition of a subsidiary | 7 | **–** | (927,957) | **–** | – |
| Net cash acquired from acquisition of a subsidiary | 7 | **–** | 111,819 | **–** | – |
| Investment property additions | 12 | **(40,744)** | (383,602) | **(1,092)** | (2,421) |
| Investment income | | **6,563** | 29,021 | **37,673** | 23,593 |
| Movement in investments | | **(2,586)** | 15,570 | **8,329** | (716,886) |
| Sale of financial assets | 13 | **2,025** | – | **–** | – |
| Net movement in inventory | 16 | **76,355** | – | **–** | – |
| Disposals of investment property not held for sale | 12 | **24,633** | – | **–** | – |
| Sale of investment properties previously held for sale | | **26,180** | – | **10,680** | – |
| **Net cash generated from/(used in) investing activities** | | **90,185** | (1,182,018) | **54,204** | (695,714) |
| **Cash flows from financing activities** | | | | | |
| Dividend income | 5 | **1,124** | 2,487 | **2,488** | 2,528 |
| Issue of ordinary shares (net of costs) | | **–** | 568,307 | **–** | 568,307 |
| Issue of debentures | | **–** | 101,255 | **–** | 101,255 |
| Dividends paid | | **(2,199)** | (1,798) | **(2,199)** | (1,798) |
| Debenture interest paid | | **(74,769)** | (23,708) | **(74,769)** | (23,708) |
| Dividends paid to non-controlling interest | | **(17,147)** | (15,130) | **–** | – |
| Finance costs | 6 | **(212,228)** | (68,598) | **(41,819)** | (30,555) |
| Long-term loans raised | | **489,814** | 532,768 | **113,293** | 70,373 |
| Long-term loans repaid | | **(557,006)** | (16,622) | **(82,015)** | – |
| **Net cash generated from financing activities** | | **(372,411)** | 1,078,961 | **(85,021)** | 686,402 |
| **Net movement in cash and cash equivalents** | | **(31,741)** | (53) | **(11,600)** | (495) |
| Cash and cash equivalents at beginning of year | | **137,109** | 158,340 | **10,882** | 11,377 |
| Effects of exchange rates | | **(26,451)** | (21,178) | **–** | – |
| **Cash and cash equivalents at end of year** | | **80,077** | 137,109 | **(718)** | 10,882 |
| Consisting of: | | | | | |
| Cash and bank balances | | **86,183** | 143,801 | **1,474** | 13,024 |
| Bank overdraft | | **(6,106)** | (6,692) | **(2,192)** | (2,142) |
| **Cash and cash equivalents at end of year** | | **80,077** | 137,109 | **(718)** | 10,882 |

# SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 December 2022

## 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

The following new IFRS standards, interpretations and amendments have been adopted during the financial reporting period:

- Reference to the Conceptual Framework (Amendments to IFRS 3);
- COVID-19-related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16);
- Property, plant and Equipment: Proceeds before Intended Use (Amendment to IAS 16);
- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS37).

None of these new IFRS standards, interpretations and amendments have had a material impact on the Group or Company.

### 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 – Amendments* | Annual reporting periods beginning on or after 1 January 2023 |
| *Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1)* | Annual reporting periods beginning on or after 1 January 2024 |
| *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* | Annual reporting periods beginning on or after 1 January 2023 |
| *Definition of Accounting Estimates (Amendments to IAS 8)* | Annual reporting periods beginning on or after 1 January 2023 |
| *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* | Annual reporting periods beginning on or after 1 January 2023 |
| *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)* | Annual reporting periods beginning on or after 1 January 2024 |
| *Non-current Liabilities with Covenants (Amendments to IAS 1)* | Annual reporting periods beginning on or after 1 January 2024 |

The Group and Company expect to adopt the above for the first time in the 2023 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 linked unit holders' 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 linked unit holders 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. Other revenue arises from the sale of inventories (properties acquired or developed for the purpose of sale).

### 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 linked unit holders' 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 inventories

The sale of inventories 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.

## 1.8. 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 Group 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.

*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. Financial instruments continued

### 1.10.4. Financial liabilities

The Group's and the Company's significant financial liabilities include interest bearing loans, derivative financial instruments, related companies' loans payable, 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 comprises 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 remeasured 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 licence acquired to build and operate a hotel in the Central Business District of Gaborone. 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. Intangible assets continued

### 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 taxes paid in a foreign country 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.

## 1.16. Taxation continued

### 1.16.2. Deferred tax continued

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.

# SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 December 2022

## 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 related companies' receivable loans 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.

# SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 December 2022

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

### 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. Revenue

| | Group 2022 P'000 | Group 2021 P'000 | Company 2022 P'000 | Company 2021 P'000 |
|---|---|---|---|---|
| Contractual lease rental revenue comprises: | | | | |
| Rental income | **403,390** | 120,953 | **50,839** | 42,819 |
| Service charges recovered | **122,166** | 24,336 | **2,763** | 2,851 |
| | **525,556** | 145,289 | **53,602** | 45,670 |

Variable lease income, not dependent on an index or rate, of P17.6 million is included in the rental income above (2021: P5.2 million).

Other revenue comprises:

| | | | | |
|---|---|---|---|---|
| Revenue from the sale of inventory | **77,483** | – | **–** | – |

On acquisition of Tower Property Fund Limited in 2021, the Group recognised inventory consisting of 61 residential units, at the Old Cape Quarter and Napier Street properties located in the De Waterkant district of Cape Town, South Africa. During the current financial year (2022), 18 units were sold for a selling price of P77,483,000 (2021: P nil).

| | | | | |
|---|---|---|---|---|
| **Revenue recognised at a point in time** | | | | |
| Service charged recovered | **122,166** | 24,336 | **2,763** | 2,851 |
| Revenue from the sale of inventory | **77,483** | (413) | **–** | – |

The Group meets all performance obligations at the point in time when either services are rendered or developed units are sold.

## 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 2022 | 2021 |
|---|---|---|---|---|
| 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 a 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

## 3. Investment in a joint venture continued

| | 2022 P'000 | 2021 P'000 |
|---|---|---|
| **Summarised statement of financial position** | | |
| **Current** | | |
| Cash and cash equivalents | **13** | 15 |
| Financial assets (excluding cash) | **11,242** | 10,207 |
| Total current assets | **11,255** | 10,222 |
| Other current liabilities (including trade and other payables) | **(8,731)** | (8,451) |
| Total current liabilities | **(8,731)** | (8,451) |
| **Non-current** | | |
| Investment property | **50,076** | 52,186 |
| Deferred tax asset | **488** | 504 |
| Total non-current assets | **50,564** | 52,690 |
| Long-term borrowings | **(1,596)** | (1,644) |
| Total financial liabilities | **(1,596)** | (1,644) |
| **Net assets** | **51,492** | 52,817 |
| **Summarised statement of comprehensive income** | | |
| Revenue | **1,433** | 115 |
| Operating costs | **(806)** | (615) |
| Profit/(loss) from operations | **627** | (500) |
| Finance costs | **–** | (324) |
| Profit/(loss) before taxation | **627** | (824) |
| Income tax expense | **(7)** | (1) |
| Profit/(loss) for the year | **620** | (825) |
| Group's profit/(loss) for the year | **310** | (413) |
| **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 | | |
| **Summarised financial information** | | |
| Opening net assets | **52,817** | 54,887 |
| Profit/(loss) for the year | **620** | (825) |
| Foreign exchange differences | **(1,945)** | (1,245) |
| Closing net assets | **51,492** | 52,817 |
| Interest in joint venture | **50%** | 50% |
| Carrying amount of the Group's interest in the joint venture | **25,746** | 26,408 |

## 4. Profit from operations

Profit from operations is stated after taking into account the following:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 P'000** | **2021 P'000** | **2022 P'000** | **2021 P'000** |
| Auditor's remuneration – audit fee | **1,931** | 497 | **138** | 128 |
| Depreciation | **8,308** | 2,483 | **655** | 381 |
| Directors' emoluments – for services as directors (note 28) | **3,368** | 612 | **1,076** | 534 |
| Management and administration fee paid to related company (note 28) | **22,390** | 10,518 | **3,094** | 2,445 |
| 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) | **7,151** | 789 | **693** | 548 |
| Movement in expected credit losses (note 15) | **6,166** | 6,779 | **144** | (453) |
| Inventory write-down (net realisable value) | **13,005** | – | **–** | – |
| Repairs and maintenance on investment properties | **15,444** | 5,199 | **1,845** | 1,560 |
| Service charges paid to related company (note 28) | **8,602** | 4,447 | **8,602** | 4,447 |
| Foreign exchange gains/(losses) | **2,259** | (1,820) | **24,538** | 1,488 |
| Bargain purchase gain (note 7) | **–** | 577,342 | **–** | – |

## 5. Investment income

| | | | | |
|---|---|---|---|---|
| Bank balances | **6,059** | 2,036 | **1,433** | 1,852 |
| Money market | **59** | 987 | **59** | 262 |
| Overdue accounts and tenant deposits | **1,549** | 10,986 | **33** | (160) |
| Related parties and intercompany (note 28) | **–** | – | **36,148** | 21,639 |
| | **7,667** | 14,009 | **37,673** | 23,593 |
| Fair value gain on level 1 financial instruments | **–** | 1,847 | **–** | – |
| Dividends received | **1,124** | 2,487 | **2,488** | 2,528 |
| | **8,791** | 18,343 | **40,161** | 26,121 |

## 6. Finance costs

| | | | | |
|---|---|---|---|---|
| **Interest payable on:** | | | | |
| Bank overdraft | **881** | 385 | **703** | 303 |
| Long-term borrowings | **205,431** | 68,213 | **40,090** | 29,730 |
| Other | **5,916** | – | **1,026** | – |
| | **212,228** | 68,598 | **41,819** | 30,033 |

## 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 increased its market share in South Africa and gained exposure to the Croatian property market. Details of the business combination are as follows:

| | Group | |
|---|---|---|
| | **2022 P'000** | **2021 P'000** |
| Amount settled in cash | **927,957** | 927,957 |
| Fair value of equity shares held | **20,244** | 20,244 |
| **Total fair value of consideration transferred** | **948,201** | 948,201 |
| Fair value of non-controlling interest in TPF International | **193,393** | 193,393 |
| At acquisition adjustment to non-controlling interest | **9,689** | – |
| **Adjusted fair value of non-controlling interest in TPF International** | **203,082** | 193,393 |
| | **1,151,283** | 1,141,594 |
| **Recognised amounts of identifiable net assets:** | | |
| Investment property | **2,820,417** | 2,965,817 |
| Property plant and equipment | **6,284** | 6,284 |
| Inventories | **245,797** | 100,397 |
| Trade and other receivables | **74,776** | 76,731 |
| Deferred taxation liability | **(54,138)** | (54,138) |
| Tax receivable | **2,542** | 2,228 |
| Cash and cash equivalents | **111,819** | 111,819 |
| Investment property held for sale | **15,500** | 15,500 |
| Other financial liabilities | **(1,414,325)** | (1,414,325) |
| Contingent liability | **(31,933)** | – |
| Related party loans | **(22,661)** | (22,661) |
| Trade and other payables | **(67,715)** | (67,715) |
| Tax payable | **(1,001)** | (1,001) |
| **Net identifiable assets and liabilities** | **1,685,362** | 1,718,936 |
| **Bargain purchase gain** | **534,078** | 577,342 |

### Measurement period adjustment

During the measurement period, new information was obtained about facts and circumstances that existed as at the acquisition date. This related to:

1. An additional tax assessment issued by SARS to Tower International Treasury (Pty) Ltd which is still in the process of a formal dispute. At the date of these Annual Financial Statements, the outcome of the case is still undecided and therefore the Group has provided for and recognised a contingent liability based on the SARS assessment;
2. A write-off of a debtor which existed at acquisition date and which formed part of the settlement executed prior to the acquisition date and;
3. A consolidation adjustment entry of the non-controlling interest in TPF International that existed at acquisition date:
4. The split between inventories and investment properties acquired as at the acquisition date was amended. Inventories acquired was increased by P145,400,000 and investment properties reduced by P145,400,000. The rationale for the revised split was due to the estimated provisional basis for cost allocation applied at the acquisition date. The revised split which was recalculated during the measurement period, provides more accurate information regarding the cost of the development of the properties held as inventory.

These items have reduced the bargain purchase gain that had been recognised in the 2021 financial year. This adjustment is reflected as a movement in accumulated profits in the statement of changes in equity.

### 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 linked unit holders. The fair value of the equity shares held previously were measured at its market value on the date of acquisition 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 Limited

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

## 8. Income tax expense

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 P'000** | **2021 P'000** | **2022 P'000** | **2021 P'000** |
| **Normal taxation** | | | | |
| Current year expense | **9,940** | 1,099 | **–** | 19 |
| Prior year under provision | **–** | (241) | **–** | – |
| Total normal taxation | **9,940** | 858 | **–** | 19 |
| **Deferred taxation** | | | | |
| Current year (excluding capital gains tax) | **15,372** | (3,231) | **6,189** | (6,112) |
| Capital gains deferred tax | **(12,964)** | (15,733) | **(14,696)** | (6,767) |
| Prior year under provision | **6,838** | – | **(175)** | – |
| | **19,186** | (18,106) | **(8,682)** | (12,860) |
| Income tax expense comprises: | | | | |
| Charged to statement of comprehensive income | **24,752** | (4,920) | **(3,116)** | 326 |
| Attributable to debenture interest credited to statement of changes in equity | **(5,566)** | (13,186) | **(5,566)** | (13,186) |
| | **19,186** | (18,106) | **(8,682)** | (12,860) |

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **%** | **%** | **%** | **%** |
| **Tax rate reconciliation:** | | | | |
| Tax at current rate | **22.00** | 22.00 | **22.00** | 22.00 |
| Taxation on debenture interest | **(2.66)** | (2.05) | **(8.02)** | (29.25) |
| Prior year underprovision/(overprovision) | **0.61** | 0.56 | **(1.01)** | 8.58 |
| Deferred tax prior year underprovision | **–** | (0.34) | **–** | (4.80) |
| Fair value adjustment on investment properties, net of deferred capital gains tax | **(16.55)** | (3.45) | **(21.18)** | (27.05) |
| Sale of investment properties | **(1.27)** | – | **(3.82)** | – |
| Share of profit from joint venture | **0.03** | (0.02) | **–** | – |
| Non-taxable income | **(0.17)** | (0.86) | **(0.48)** | (3.46) |
| Non-taxable bargain purchase gain | **–** | (19.77) | **–** | – |
| Non-deductible expenses | **0.36** | 0.23 | **–** | 5.45 |
| Unutilised tax losses | **1.71** | 0.29 | **–** | – |
| Withholding taxes paid in a foreign country | **1.91** | – | **–** | – |
| Substantively enacted tax rate change in South Africa | **(0.39)** | – | **–** | – |
| Effect of tax rate differentials | **3.60** | 0.58 | **–** | – |
| | **9.18** | (2.83) | **(12.51)** | (28.53) |

## 9. Property, plant and equipment

| | Leasehold buildings P’000 | Furniture, equipment P’000 | Aircraft & vehicles P’000 | Total P’000 |
|---|---|---|---|---|
| **Group** | | | | |
| **Cost** | | | | |
| At 1 January 2021 | 2,270 | 9,147 | 3,093 | 14,510 |
| Acquisition through business combination | – | 6,284 | – | 6,284 |
| Additions during the year | – | 26,869 | – | 26,869 |
| As at 31 December 2021 | 2,270 | 42,300 | 3,093 | 47,663 |
| Additions during the year | – | 2,241 | – | 2,241 |
| Transfers from investment property | – | 16,098 | – | 16,098 |
| Write-offs during the year | – | (22) | – | (22) |
| As at 31 December 2022 | 2,270 | 60,617 | 3,093 | 65,980 |
| **Accumulated depreciation** | | | | |
| At 1 January 2021 | 1,660 | 5,484 | 877 | 8,021 |
| Charge for the year | 140 | 2,215 | 206 | 2,561 |
| As at 31 December 2021 | 1,800 | 7,699 | 1,083 | 10,582 |
| Charge for the year | 111 | 7,991 | 206 | 8,308 |
| As at 31 December 2022 | 1,911 | 15,690 | 1,289 | 18,890 |
| **Net book value at 31 December 2022** | **359** | **44,927** | **1,804** | **47,090** |
| **Net book value at 31 December 2021** | 470 | 34,601 | 2,010 | 37,081 |

**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.

| | Furniture & equipment P’000 | Aircraft P’000 | Total P’000 |
|---|---|---|---|
| **Company** | | | |
| **Cost** | | | |
| At 1 January 2021 | 1,788 | 3,093 | 4,881 |
| Additions during the year | 7 | – | 7 |
| As at 31 December 2021 | 1,795 | 3,093 | 4,888 |
| Additions during the year | 1,386 | – | 1,386 |
| As at 31 December 2022 | 3,181 | 3,093 | 6,274 |
| **Accumulated depreciation** | | | |
| At 1 January 2021 | 796 | 878 | 1,674 |
| Charge for the year | 175 | 206 | 381 |
| As at 31 December 2021 | 971 | 1,084 | 2,055 |
| Charge for the year | 449 | 206 | 655 |
| As at 31 December 2022 | 1,420 | 1,290 | 2,710 |
| **Net book value at 31 December 2022** | **1,761** | **1,803** | **3,564** |
| **Net book value at 31 December 2021** | 824 | 2,009 | 2,833 |

## 10. Investments

| | Country of incorporation | Share holding | Group 2022 P'000 | Group 2021 P'000 | Company 2022 P'000 | Company 2021 P'000 |
|---|---|---|---|---|---|---|
| **At cost:** | | | | | | |
| **Equity investments – Subsidiaries** | | | | | | |
| RDC Properties International (Proprietary) Limited | Botswana | 100% | **–** | – | **508,220** | 537,092 |
| Lotsane Complex (Proprietary) Limited | Botswana | 77% | **–** | – | **1,692** | 1,692 |
| Three Partners Resorts Limited | Botswana | 54% | **–** | – | **82,281** | 82,281 |
| Norman Kwati Matsetse (Proprietary) Limited | Botswana | 100% | **–** | – | **4, 300** | 4,300 |
| | | | **–** | – | **596,493** | 625,365 |
| **Joint Operation** | | | | | | |
| Propcorp (Proprietary) Limited | Botswana | 33% | **–** | – | **2,187** | 2,187 |
| | | | **–** | – | **2,187** | 2,187 |
| **USA Private Placement Insurance Policy** | | | | | | |
| Evergreen Private Placement Policy | | | **95,413** | 89,340 | **–** | – |
| | | | **95,413** | 89,340 | **–** | – |
| | | | **95,413** | 89,340 | **598,680** | 627,552 |
| **USA Private Placement Insurance Policy** | | | | | | |
| **Reconciliation of fair value** | | | | | | |
| Opening value | | | **89,340** | 68,461 | **–** | – |
| Distributions | | | **(1,271)** | (1,754) | **–** | – |
| Foreign exchange gains | | | **5,579** | 6,582 | **–** | – |
| Net increase in fair value | | | **1,765** | 16,051 | **–** | – |
| **Closing balance** | | | **95,413** | 89,340 | **–** | – |

### 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:

| | 2022 P'000 | 2021 P'000 |
|---|---|---|
| Non-current assets | **359** | 470 |
| Current assets | **126** | 102 |
| Current liabilities | **(95)** | (151) |
| Income | **168** | 154 |
| Expense | **(265)** | (261) |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

## 11. Long-term loan receivables

| | Country of incorporation | Share holding | Group 2022 P'000 | Group 2021 P'000 | Company 2022 P'000 | Company 2021 P'000 |
|---|---|---|---|---|---|---|
| **At cost:** | | | | | | |
| **Long-term loans – Investments through RDC Properties International (Proprietary) Limited*** | | | | | | |
| RDC Properties International (Proprietary) Limited | Botswana | 100% | **–** | – | **626,109** | 607,836 |
| RDC Properties Namibia (Proprietary) Limited | Namibia | 100% | **–** | – | **4,986** | 4,986 |
| RDC-KMR Limited | Mauritius | 55% | **–** | – | **14,093** | 12,951 |
| RDC Zimpeto Limited | Mauritius | 60% | **–** | – | **13,690** | 12,562 |
| | | | **–** | – | **658,878** | 638,335 |

* *Long-term loans – investments through RDC Properties International (Propriety) Limited are unsecured, bear interest at rates linked to the prime lending rate and are repayable on demand, however these loans will not be recalled in the upcoming 12-month period*

## 12. Investment properties

| | Group 2022 P'000 | Group 2021 P'000 | Company 2022 P'000 | Company 2021 P'000 |
|---|---|---|---|---|
| Freehold land and buildings at fair value | **4,434,670** | 4,410,092 | **367,719** | 366,110 |
| Leasehold land and buildings at fair value | **1,135,474** | 1,121,169 | **468,054** | 455,402 |
| | **5,570,144** | 5,531,261 | **835,773** | 821,512 |
| Straight-line rental adjustment | **4,992** | 4,641 | **(1,996)** | (1,708) |
| | **5,575,136** | 5,535,902 | **833,777** | 819,804 |
| **Reconciliation of fair value** | | | | |
| Opening value | **5,535,902** | 2,145,151 | **819,804** | 802,925 |
| At valuation | **5,550,604** | 2,158,580 | **821,512** | 805,111 |
| Straight-line rental adjustment | **(14,702)** | (13,429) | **(1,708)** | (2,186) |
| Acquisition through business combination | **–** | 2,965,817 | **–** | – |
| Transfers to available for sale | **–** | (10,680) | **–** | (10,680) |
| Transfers to inventory | **(144,134)** | | | |
| Transfers to property, plant and equipment | **(16,098)** | | | |
| Additions during the year | **40,744** | 87,414 | **1,092** | 2,421 |
| Acquisitions during the year | **–** | 296,188 | **–** | – |
| Disposals during the year | **(24,633)** | | | |
| Foreign currency translation reserve | **85,839** | 15,380 | **–** | – |
| Net increase in fair value | **97,165** | 37,905 | **13,169** | 24,660 |
| Straight-line rental adjustment included in profit or loss | **351** | (1,273) | **(288)** | 478 |
| **Closing balance** | **5,575,136** | 5,535,902 | **833,777** | 819,804 |

## 12. Investment properties continued

### Fair value adjustments

For the year ended 31 December 2022, valuations of all properties were performed by either the directors or independent valuers and have resulted in a net upward revaluation of P97,165,000 (2021: P37,905,000). The Group engaged registered independent valuers, Stocker Fleetwood Bird to independently value properties in Botswana, and Mills Fitchet Magnus Penny to independently value properties in 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.

The property rental income earned by the Group from its investment properties before the straight-line adjustment is P525,556,000 (2021: P145,289,000). Direct operating expenses (including repairs and maintenance) arising from investment properties was P201,634,000 (2021: P47,083,000).

As at 31 December 2022 Investment properties with a fair value of P5.137 billion (2021: P5.107 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 | | Company | |
|---|---|---|---|---|
| | **2022 P’000** | **2021 P’000** | **2022 P’000** | **2021 P’000** |
| Ordinary shares in listed companies | **10,642** | 14,129 | **9,201** | 10,305 |
| Opening balance | **14,129** | 38,160 | **10,305** | 5,300 |
| Disposals during the year | **(2,025)** | (37,537) | **–** | – |
| Fair value gains/(losses) | **(1,104)** | 13,165 | **(1,104)** | 5,005 |
| Foreign currency translation reserve | **(358)** | 341 | | – |
| Closing balance | **10,642** | 14,129 | **9,201** | 10,305 |

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 licence to build and operate a hotel in the central business district in Gaborone, Botswana. The hotel was completed and started operations during 2012. The licence 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

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 P'000** | **2021 P'000** | **2022 P'000** | **2021 P'000** |
| Trade receivables | **72,649** | 59,128 | **15,478** | 14,996 |
| Allowance for doubtful debts | **(22,545)** | (16,379) | **(4,881)** | (4,737) |
| | **50,104** | 42,749 | **10,597** | 10,259 |
| Value added tax | **2,366** | 3,974 | **(320)** | 120 |
| Prepayment | **3,990** | 10,099 | **156** | 259 |
| Municipal deposits | **7,008** | 12,399 | **–** | – |
| Recovery accruals | **–** | 7,847 | **–** | – |
| Tower Treasury shares held by broker | **–** | 6,426 | **–** | – |
| Recoverable expenses | **–** | 3,612 | **–** | – |
| Settlement agreements | **–** | 1,727 | **–** | – |
| Other receivables | **26,416** | 12,230 | **(583)** | 2,092 |
| **Related parties:** | | | | |
| RDC Properties International (Proprietary) Limited | **–** | – | **59,623** | 53,376 |
| Italtswana Construction Company (Proprietary) Limited | **86** | | **86** | |
| Property & Asset Management Limited | **572** | – | **648** | – |
| Norman Kwati Matstese (Proprietary) Limited | **–** | – | **2,231** | 2,183 |
| Chobe Marina Lodge (Proprietary) Limited | **2,958** | – | **2,958** | – |
| Dirwe (Proprietary) Limited | **–** | – | **–** | – |
| Scenic Adventures (Proprietary) Limited | **–** | – | **–** | – |
| Three Partners Resorts Limited | **–** | – | **30,864** | 10,072 |
| Natural Mystik (Proprietary) Limited | **–** | – | **–** | – |
| Antya Investments (Proprietary) Limited | **2** | 11 | **2** | 11 |
| RDC Zimpeto Limited | **–** | – | **–** | 843 |
| Yuagong (Proprietary) Limited | **33,312** | 23,157 | **–** | – |
| Propcorp (Proprietary) Limited | **–** | – | **–** | – |
| Lotsane Complex (Proprietary) Limited | **–** | – | **7** | – |
| | **126,814** | 124,231 | **106,269** | 79,215 |
| Short-term portion | **90,336** | 98,145 | **106,269** | 79,215 |
| Long-term portion | **36,478** | 26,086 | **–** | – |
| | **126,814** | 124,231 | **106,269** | 79,215 |

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.

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 2022 and 31 December 2021 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 economy. 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 according 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 others is considered an indicator of no reasonable expectation of recovery.

## 15. Trade and other receivables continued

The tables below include disclosures relating to credit risk exposure and analysis relating to expected credit losses.

| | Group – P'000s | | | | |
|---|---|---|---|---|---|
| | Current | 30 days | 60 days | 90 days | 120 days and more |
| **Group** | | | | | |
| **2022** | | | | | |
| Expected credit loss rate | **8%** | **30%** | **31%** | **34%** | **39%** |
| Gross carrying amount | **14,233** | **7,451** | **4,798** | **4,418** | **41,749** |
| Lifetime expected credit losses | **1,161** | **2,249** | **1,482** | **1,510** | **16,143** |
| **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 losses | 667 | 832 | 699 | 1,289 | 12,892 |
| **Company** | | | | | |
| **2022** | | | | | |
| Expected credit loss rate | **15%** | **23%** | **30%** | **35%** | **35%** |
| Gross carrying amount | **2,093** | **1,087** | **875** | **516** | **10,907** |
| Lifetime expected credit losses | **318** | **251** | **262** | **183** | **3,867** |
| **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 losses | – | 98 | 171 | 194 | 4,274 |

### Expected credit losses reconciliation

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 P'000 | 2021 P'000 | 2022 P'000 | 2021 P'000 |
| **Movement in expected credit losses** | | | | |
| Balance at beginning of the year | **16,379** | 9,600 | **4,737** | 5,190 |
| Movement in expected credit losses | **6,166** | 6,779 | **144** | (453) |
| Balance at end of the year | **22,545** | 16,379 | **4,881** | 4,737 |

## 16. Inventories

| | | | | |
|---|---|---|---|---|
| Inventories at cost | | | | |
| Opening balance | **99,522** | – | **–** | – |
| IFRS 3 – Business Combination Adjustment (Refer to note 7) | **145,400** | – | **–** | – |
| Additions | **133** | – | **–** | – |
| Sales | **(77,648)** | – | **–** | – |
| Inventory write-down | **(13,005)** | – | **–** | – |
| Acquisition through business combination | **–** | 99,522 | **–** | – |
| Foreign currency reserve adjustment | **6,673** | – | **–** | – |
| **Closing balance** | **161,076** | 99,522 | **–** | – |

On acquisition of Tower Property Fund Limited in 2021, the Group recognised inventory consisting of 61 residential units, at the Old Cape Quarter and Napier Street properties located in the De Waterkant district of Cape Town, South Africa. 18 units were sold in 2022 with a cost price of P77,648,000, with one further unit expected to transfer post-year-end. In line with IAS2, to recognise inventory at the lower of cost or net realisable value, the remaining units held for sale were written down to the net realisable value giving rise to an inventory write-down of P13,005,000 for the period. The remaining units will continue to be leased on a short-term basis and actively marketed until buyers are found.

All of the Company's inventories are pledged as security, refer to note 24.

## 17. Investment property held for sale

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 P'000 | 2021 P'000 | 2022 P'000 | 2021 P'000 |
| Opening Balance | **26,180** | – | **10,680** | – |
| Acquisition of subsidiary | **–** | 15,500 | **–** | – |
| Sales during the period | **(26,180)** | – | **(10,680)** | – |
| Transfer from investment property | **–** | 10,680 | **–** | 10,680 |
| Closing Balance | **–** | 26,180 | **–** | 10,680 |

The Braides property was recognised as investment property held for sale at 31 December 2021, and transferred on the 4th of February 2022 for its book value of P15,500,442. The Roots Tower property which was classified as held for sale at 31 December 2021 was sold on 1 September 2022 for P10,637,250. As at 31 December 2022 none of the Group's properties met the classification criteria for being classified as held for sale.

## 18. Cash and cash equivalents

| | | | | |
|---|---|---|---|---|
| Bank balances | **86,181** | 143,753 | **1,472** | 12,976 |
| Money Market | **2** | 48 | **2** | 48 |
| | **86,183** | 143,801 | **1,474** | 13,024 |

## 19. Stated capital

The stated capital reserve comprises the fully paid ordinary share component of the linked units issued to linked unit holders of the Group with no par value:

| | | | | |
|---|---|---|---|---|
| Issued and fully paid | | | | |
| Opening balance 758,232,937 (2021: 353,448,157) ordinary shares | **1,058,199** | 329,073 | **1,058,199** | 329,073 |
| Bonus Share Issue nil (2021: 88,361,852) ordinary shares | **–** | 160,819 | **–** | 160,819 |
| Rights Offer Share Issue nil (2021: 316,422,928) ordinary shares | **–** | 575,890 | **–** | 575,890 |
| Transaction Costs Capitalised | **–** | (7,583) | **–** | (7,583) |
| Closing balance 758,232,937 (2021: 758,232,937) ordinary shares | **1,058,199** | 1,058,199 | **1,058,199** | 1,058,199 |

Transaction costs totalling P nil (2021: P7.6 million) have been accounted for as a deduction from the rights offer share issue above. P6.3 million of the above transaction cost was paid to a related party. Refer to note 28.

## 20. Debentures

The debenture reserve comprises the variable interest debenture portion of the linked units issued to the linked unit holders of the Group:

| | | | | |
|---|---|---|---|---|
| Opening balance 758,232,937 (2021: 353,448,157) ordinary shares | **242,634** | 113,103 | **242,634** | 113,103 |
| Bonus Share Issue nil (2021: 88,361,852) ordinary shares | **–** | 28,276 | **–** | 28,276 |
| Rights Offer Share Issue nil (2021: 316,422,928) ordinary shares | **–** | 101,255 | **–** | 101,255 |
| Closing balance 758,232,937 (2021: 758,232,937) ordinary shares | **242,634** | 242,634 | **242,634** | 242,634 |

## 21. Accumulated profits

The accumulated profits reserve comprises the accumulative retained earnings balance of the Group:

| | | | | |
|---|---|---|---|---|
| Arising from operations | **530,214** | 567,241 | **47,913** | 24,228 |
| Bonus Share Issue | **(189,095)** | (189,095) | **(189,095)** | (189,095) |
| Arising from revaluation of investment properties | **852,728** | 742,599 | **492,307** | 464,424 |
| | **1,193,847** | 1,120,745 | **351,125** | 299,557 |

## 22. Debenture interest and dividend reserve

The debenture interest and dividend reserve comprise the interest and dividends owing to linked unit holders of the Group at the end of the year.

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 P'000** | **2021 P'000** | **2022 P'000** | **2021 P'000** |
| Debenture interest | – | 49,467 | – | 49,467 |
| Dividends | – | 1,001 | – | 1,001 |
| | – | 50,468 | – | 50,468 |

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.

| | Group 2022 P'000 | Group 2021 P'000 | Company 2022 P'000 | Company 2021 P'000 |
|---|---|---|---|---|
| **Debenture interest** | | | | |
| Interim paid – 3.337 (2021: 2.370) thebe | **25,302** | 10,471 | **25,302** | 10,471 |
| Interim declared – nil (2021: 6.524) thebe | – | 49,467 | – | 49,467 |
| Final proposed – nil (2021: nil) thebe | – | – | – | – |
| | **25,302** | 59,938 | **25,302** | 59,938 |
| **Dividends:** | | | | |
| Interim paid – 0.158 (2021: 0.347) thebe | **1,198** | 1,533 | **1,198** | 1,533 |
| Interim declared – nil (2021: 0.132) thebe | – | 1,001 | – | 1,001 |
| Final proposed – nil (2021: nil) thebe | – | – | – | – |
| | **1,198** | 2,534 | **1,198** | 2,534 |

At year-end, no final distribution has been proposed other than those paid and declared in the period.

## 23. Non-controlling interests

| | Group 2022 P'000 | Group 2021 P'000 | Company 2022 P'000 | Company 2021 P'000 |
|---|---|---|---|---|
| Opening balance | **493,329** | 297,009 | – | – |
| Subsidiary acquired during the year | – | 193,393 | – | – |
| Bargain Purchase Adjustment | **9,689** | | – | – |
| Share of profit for the year | **46,863** | 18,057 | – | – |
| Dividends for the year | **(17,147)** | (15,130) | – | – |
| Closing balance | **532,734** | 493,329 | – | – |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

## 24. Long-term borrowings

| | Interest rate at 31 December 2022 | Maturity date | Group 2022 P'000 | Group 2021 P'000 | Company 2022 P'000 | Company 2021 P'000 |
|---|---|---|---|---|---|---|
| **First National Bank of Botswana Limited**[1] | | | | | | |
| Loan Facility – 1 | Prime Rate | January 2023 | **578** | 3,923 | **578** | 3,923 |
| Loan Facility – 2 | Prime Rate | February 2022 | **–** | 375 | **–** | 375 |
| Loan Facility – 3 | Prime Rate | January 2029 | **10,162** | 11,508 | **10,162** | 11,508 |
| Loan Facility – 4 | Prime +1.25% | March 2027 | **4,448** | – | **4,448** | – |
| **Access Bank**[2] | | | | | | |
| Loan Facility 1 | Prime +1.75% | January 2025 | **5,024** | – | **5,024** | – |
| Loan Facility 2 | Prime Rate | November 2024 | **3,164** | 4,770 | **3,164** | 4,770 |
| **ABSA Bank Botswana Limited**[3] | | | | | | |
| Three Partners Resorts Loan Facility 1 | Prime - 2.75% | December 2022 | **–** | 3,135 | **–** | – |
| Three Partners Resorts Loan Facility 2 | Prime + 1.00% | May 2023 | **2,804** | 10,622 | **–** | – |
| Three Partners Resorts Loan Facility 3 | Prime + 0.75% | December 2028 | **17,000** | 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 8.00% | 2031 – 2035 | **50,000** | 50,000 | **50,000** | 50,000 |
| Unlisted bond | Fixed at 9.00% | 2031 – 2035 | **125,000** | 125,000 | **125,000** | 125,000 |
| Commercial Paper | Fixed at 9.00% | December 2023 | **25,166** | 25,000 | **25,166** | 25,000 |
| **Stanbic Bank of Botswana**[6] | | | | | | |
| Revolving Credit Facility | Prime + 0.75% | September 2024 | **10,006** | 6,503 | **10,006** | 6,503 |
| **Investec Bank Limited**[7] | | | | | | |
| Term Loan Facility | 3 Month JIBAR + 3.50% | December 2025 | **201,129** | 225,435 | **–** | – |
| Revolving Credit Facility | Prime + 0.28% | December 2025 | **41,638** | – | **–** | – |
| **Nedbank South Africa Limited**[8] | | | | | | |
| Term Loan Facility | 3 Month JIBAR + 2.22% | July 2031 | **151,960** | 149,815 | **–** | – |
| **ABSA Bank Limited – South Africa**[9] | | | | | | |
| Mortgage bond Facility 1 | Prime (RSA) - 1.00% | June 2025 | **143,062** | 140,749 | **–** | – |
| Mortgage bond Facility A, B and C | Prime (RSA) - 1.00% | June 2024 | **133,815** | 121,003 | **–** | – |
| Mortgage bond Facility 2 | Prime (RSA) - 0.83% | May 2023 | **121,979** | 120,038 | **–** | – |
| **First National Bank Limited – South Africa**[10] | | | | | | |
| Development Loan Facility | Prime (RSA) + 2.00% | May 2023 | **50,682** | 37,253 | **–** | – |
| VAT loan Facility | Prime (RSA) + 2.00% | May 2023 | **328** | 4,429 | **–** | – |
| Term Loan Facility | Prime (RSA) + 0.50% | May 2023 | **3,543** | 3,772 | **–** | – |

## 24. Long-term borrowings continued

| | Interest rate at 31 December 2023 | Maturity date | Group 2022 P'000 | Group 2021 P'000 | Company 2022 P'000 | Company 2021 P'000 |
|---|---|---|---|---|---|---|
| **Standard Bank Limited – South Africa**[11] | | | | | | |
| Standard Bank Loan 1 | 3m JIBAR + 1.95% | May 2025 | **655,458** | 344,343 | **–** | – |
| Standard Bank Loan 2 | 3m JIBAR + 1.95% | May 2025 | **61,464** | 87,448 | **–** | – |
| Standard Bank Loan 3 | 3m JIBAR + 1.80% | November 2024 | **228,234** | 213,429 | **–** | – |
| Standard Bank Loan 4 – Euro Denominated | 3m EURIBOR + 2.50% | 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 | 3m EURIBOR + 3.50% | December 2025 | **125,042** | 121,757 | **–** | – |
| **Erste Bank Group – Croatia**[13] | | | | | | |
| Loan Facility 1 – Euro Denominated | Fixed at 2.50% | February 2025 | **185,120** | 180,256 | **–** | – |
| Loan Facility 2 – Euro Denominated | Fixed at 2.50% | February 2025 | **47,125** | 45,886 | **–** | – |
| **Total bank debt owed** | | | **2,545,800** | 2,600,809 | **310,476** | 304,007 |
| **RDC Properties Listed Notes:** | | | | | | |
| RDCP001 Listed Unsecured Senior Notes | MoPR + 5.61% | March 2026 | **47,371** | 47,385 | **47,371** | 47,385 |
| RDCP002 Listed Unsecured Senior Notes | MoPR + 5.61% | March 2027 | **40,214** | 40,202 | **40,214** | 40,202 |
| RDCP003 Listed Unsecured Senior Notes | MoPR + 4.81% | March 2024 | **12,017** | 12,014 | **12,017** | 12,014 |
| RDCP004 Listed Unsecured Senior Notes | Fixed at 7.40% | December 2022 | **–** | 75,335 | **–** | 75,335 |
| RDCP005 Listed Unsecured Senior Notes | Fixed at 8.75% | December 2023 | **101,131** | – | **101,131** | – |
| **Total Listed Notes** | | | **200,733** | 174,936 | **200,733** | 174,936 |
| Balance of debt origination costs being amortised | | | **(11,066)** | (10,349) | **(1,274)** | (278) |
| **Loans from related parties** | | | | | | |
| Loan from KMR Projectos | 3 Month Libor + 2.50% | On Demand | **12,013** | 12,118 | **–** | – |
| Loan from JHK Investimentos | 3 Month Libor + 2.50% | On Demand | **13,131** | 11,481 | **–** | – |
| Loan from Panache Properties (Proprietary) Limited | Interest Free | On Demand | | 5,905 | **–** | – |
| Loan from The Castle Group (Proprietary) Limited | Interest Free | On Demand | **6,071** | – | **–** | – |
| Loan from VMD Grupa d.o.o. | Fixed at 12.79% | December 2025 | **23,489** | 22,872 | **–** | – |
| Interest rate derivatives at fair value through profit or loss* | | | **(26,486)** | 13,105 | **–** | – |
| **Total current and long-term borrowings** | | | **2,763,685** | 2,830,877 | **509,935** | 478,665 |
| Current portion of long-term borrowings | | | **394,590** | 1,079,981 | **144,614** | 115,591 |
| Long-term borrowings | | | **2,369,095** | 1,750,896 | **365,321** | 363,074 |
| **Total current and long-term borrowings** | | | **2,763,685** | 2,830,877 | **509,935** | 478,665 |

## 24. Long-term borrowings continued

1. The loan facilities 1, 2 and 3 are secured as mortgage bonds over investment property (note 12) – Lot 50369 – Gaborone, Botswana.
2. The loan facilities 1 and 2 are secured as a mortgage bond over investment property (note 12) – Lot 50669 – Gaborone, Botswana.
3. The loan facilities 1, 2 and 3 are secured as mortgage bonds over investment property (note 12) – Lot 54353, Central Business District, Gaborone, Botswana.
4. The RDC promissory notes are secured as mortgage bonds over investment properties (note 12) – Lots 1124 to 1130, Extension 3, Gaborone, Botswana. The Three Partner Resorts promissory notes are secured against Lot 54353, Central Business District, Gaborone, Botswana.
5. The RDC promissory notes and unlisted bond are secured as mortgage bonds over investment properties (note 12) – Lots 1124 to 1130, Lots 1116, 1117, 1840, Extension 3 Gaborone, Botswana, as well as, Lease Area No. 4 – AO, Kasane.
6. The Stanbic Revolving Credit Facility is secured over investment property (note 12) – 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 2022, the Group was in breach of the following loan covenants:

- BIFM Promissory Note – the Group achieved an interest cover ratio (ICR) of 1.5 in breach of the required 1.75x.
- Investec Term Loan Facility – the Group achieved an interest cover ratio (ICR) of 1.5, in breach of the required 2x.

During the period between the reporting date and the publication of these financial statements, the Group has been in negotiation with the relevant banks regarding condonation of the breaches. None of the banks have recalled the loans nor implemented penalties.

### * Interest rate derivatives

As at year-end, the Group had the following interest rate derivatives. The percentage of total bank debt hedged by interest rate derivatives was 42% at the end of the year. The fair value measurement of the interest rate derivatives gave rise to fair value gains for the period of P39,001,000 (2021: P nil).

| 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 | 150,591 | 7.57% | August 2023 |
| Interest Rate Swap Contract 2 – Standard Bank Limited SA | ZAR | 225,887 | 7.30% | August 2024 |
| Interest Rate Swap Contract 3 – Standard Bank Limited SA | ZAR | 451,773 | 4.60% | July 2023 |
| Interest Rate Swap Contract 4 – Erste & Steiermärkische Bank | EUR | 185,120 | (0.20%) | February 2025 |
| Interest Rate Swap Contract 5 – Erste & Steiermärkische Bank | EUR | 47,125 | (0.20%) | February 2025 |
| | | 1,060,496 | | |

## 24. Long-term borrowings continued

**Mortgages with bankers, against which no obligation existed as at 31 December 2022:**

Mortgages on the below mentioned properties were registered as security for loans in prior years. As at 31 December 2022, the loans were fully repaid and therefore the facilities could be cancelled.

### Value of mortgages with no liability

| | 2022 P | 2021 P |
|---|---|---|
| **Property** | | |
| 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 | | Company | |
|---|---|---|---|---|
| | 2022 P'000 | 2021 P'000 | 2022 P'000 | 2021 P'000 |
| **Deferred tax liabilities** | | | | |
| **Temporary differences arising on:** | | | | |
| Plant and equipment | **739** | 623 | **739** | 623 |
| Investment properties – capital allowances claimed to date | **122,979** | 99,792 | **16,439** | 16,295 |
| Investment properties – capital gains tax on fair value | **89,068** | 100,726 | **21,104** | 35,800 |
| Capital gains tax on fair value gains on financial assets through OCI | **2,719** | – | **–** | – |
| Unrealised gains | **5,929** | – | **5,929** | – |
| Operating lease asset | **–** | 5,289 | **–** | – |
| Expected credit loss allowance | **(1,042)** | (2,027) | **(1,042)** | (1,042) |
| Prepayments | **24** | 2,360 | **–** | – |
| Deferred income | **(867)** | (3,231) | **(874)** | (874) |
| Municipal provisions | **(415)** | (3,547) | **–** | – |
| Income received in advance | **(235)** | | **–** | |
| Provision for leave pay | **(7)** | (156) | **–** | – |
| Fair value of financial instruments | **–** | (2,591) | **–** | 1,101 |
| Tax losses | **(34,046)** | (28,355) | **–** | (9,098) |
| Capitalised borrowing costs | **–** | 73 | **(8,173)** | – |
| Other | **214** | – | **–** | 0 |
| | **185,060** | 168,956 | **34,122** | 42,805 |
| **Reconciliation of movement** | | | | |
| **Opening balance** | **168,956** | 129,624 | **42,805** | 55,684 |
| Acquisition of Tower Property Fund Limited | **–** | 58,562 | **–** | – |
| Foreign currency translation reserve | **1,293** | (266) | **–** | – |
| Charge to profit or loss – current year (excluding capital gains tax) | **20,938** | (1,068) | **6,013** | (3,949) |
| Charge to profit or loss – capital gains tax on fair value of investment property | **(12,964)** | (15,733) | **(14,696)** | (6,767) |
| Charge to profit or loss – prior year adjustment | **6,837** | (2,163) | **–** | (2,163) |
| Closing balance | **185,060** | 168,956 | **34,122** | 42,805 |

## 25. Deferred tax liabilities continued

### Tax losses

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

| | Group P'000 | Company P'000 |
|---|---|---|
| **Financial year** | | |
| 2025 | 4,612 | – |
| 2026 | 49,676 | 37,147 |
| 2027 | 825 | – |
| | 55,113 | 37,147 |
| Tax losses that will not fall away: | 191,604 | – |
| Total tax losses | 246,717 | 37,147 |

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 for which the assessed losses will be utilised before they expire.

## 26. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 P'000 | 2021 P'000 | 2022 P'000 | 2021 P'000 |
| Trade payables | **8,452** | 12,115 | **63** | 2,619 |
| Accrued expenses | **36,068** | 46,472 | **8,956** | 10,190 |
| Security deposits | **29,219** | 26,985 | **3,401** | 3,233 |
| Advance rental received | **18,784** | 15,402 | **4,012** | 3,974 |
| VAT payable | **(535)** | – | **–** | – |
| Unpaid dividends and interest | **3,238** | 7,236 | **–** | – |
| Retention liability on property development | **352** | 4,300 | **352** | – |
| Contingent liability recognised on business combination | **32,291** | | | |
| Other payables | **14,187** | 23,816 | **5,762** | 2,325 |
| **Related parties:** | | | | |
| Property & Asset Management Limited | **–** | 175 | **–** | 314 |
| Italtswana Construction Company (Proprietary) Limited | **–** | 10,108 | **–** | 10,108 |
| David & Dorcas Magang Family Trust | **551** | 309 | **551** | 309 |
| Realestate Financier SA | **–** | 2,384 | **–** | 2,384 |
| Sunnyside (Proprietary) Limited | **–** | 4 | **–** | 3 |
| Chobe Financial Corporation | **31** | – | **31** | – |
| | **142,638** | 149,306 | **23,128** | 35,459 |

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:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 P'000 | 2021 P'000 | 2022 P'000 | 2021 P'000 |
| **Stanbic Bank Botswana Limited** | | | | |
| A bank overdraft totalling P6,000,000 (2021: P6,000,000) The unused facility is P3,808,000 (2021: P3,858,000) | **2,192** | 2,142 | **2,192** | 2,142 |
| **Barclays Bank of Botswana Limited** | | | | |
| A bank overdraft totalling P5,000,000 (2021: P5,000,000) The unused facility is P1,086,000 (2021: P450,000) | **3,914** | 4,550 | **–** | – |
| **Bank overdraft** | **6,106** | 6,692 | **2,192** | 2,142 |

## 28. Related party transactions

### Relationships

| | | 2022 % | 2021 % |
|---|---|---|---|
| **Subsidiaries** | | | |
| **Botswana** | Three Partners Resorts Limited | **53.75** | 53.75 |
| | RDC Properties International (Proprietary) Limited | **100** | 100 |
| | Lotsane Complex (Proprietary) Limited | **76.67** | 76.67 |
| | Propcorp (Proprietary) Limited | **33.33** | 33.33 |
| | Norman Kwati Matetse (Proprietary) Limited | **100** | 100 |
| **South Africa** | RDC Properties South Africa (Proprietary) Limited | **100** | 100 |
| | RDC Erf 232 Rosebank (Proprietary) Limited | **100** | 100 |
| | Capitalgro (Proprietary) Limited | **61.11** | 61.11 |
| | 108 Albert Rd (Proprietary) Limited | **50** | 50 |
| | City Square Trading 522 (Proprietary) Limited | **100** | 100 |
| | Cross Atlantic Properties 162 (Proprietary) Limited | **100** | 100 |
| | De Ville Shopping Centre (Proprietary) Limited | **100** | 100 |
| | HTP Holdings (Proprietary) Limited | **100** | 100 |
| | Lexshell 492 Investments (Proprietary) Limited | **100** | 100 |
| | Link Hills Shopping Centre (Proprietary) Limited | **100** | 100 |
| | Lucky Bean Property Investments (Proprietary) Limited | **100** | 100 |
| | Micawber 219 (RF) (Proprietary) Limited | **100** | 100 |
| | Plenty Properties 118 (Proprietary) Limited | **100** | 100 |
| | Tower Asset Managers (Proprietary) Limited | **100** | 100 |
| | Turquoise Moon Trading 258 (Proprietary) Limited | **100** | 100 |
| | Tower International Treasury (Proprietary) Limited | **100** | 100 |
| | Tower Property Fund (Proprietary) Limited | **100** | 100 |
| | The Cape Quarter Property Company (Proprietary) Limited | **100** | 100 |
| **Croatia** | Sub Dubrovnik d.o.o. | **74** | 74 |
| | Tower Europe Retail d.o.o. | **74** | 74 |
| | Tower Industrial d.o.o. | **74** | 74 |
| | Tower Europe d.o.o. | **59** | 59 |
| **Mauritius** | RDC Mauritius | **100** | 100 |
| | TPF International Limited | **74** | 74 |
| | RDC-KMR Limited | **55** | 55 |
| | RDC Zimpeto Limited | **60** | 60 |
| **Mozambique** | RDC Xiquelene, Lda | **100** | 100 |
| | Xai-Xai Newco, Lda | **33** | 33 |
| | Zimpeto Shopping Centre, Lda | **60** | 60 |
| **Madagascar** | HMS1 Société Anonyme | **50** | 50 |
| **Namibia** | RDC Properties (Namibia) (Proprietary) Limited | **100** | 100 |
| | 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.

## 28. Related party transactions continued

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:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 P'000 | 2021 P'000 | 2022 P'000 | 2021 P'000 |
| **Interest income (note 5)** | | | | |
| Yuagong (Proprietary) Limited | **2,114** | 1,852 | **1,725** | 1,852 |
| RDC Properties International (Proprietary) Limited | **–** | – | **36,148** | 21,639 |
| | **2,114** | 1,852 | **37,873** | 23,491 |
| **Payments made to Property & Asset Management Limited:** | | | | |
| Management and administration expenses (note 4) | **22,390** | 10,518 | **3,094** | 2,445 |
| Lease renewal fees (note 4) | **7,151** | 789 | **693** | 548 |
| Service charges (note 4) | **8,602** | 4,447 | **8,602** | 4,447 |
| 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 (note 4)** | | | | |
| For services as directors | **3,368** | 612 | **1,076** | 534 |

## 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 | **308,595** | 309,268 | **21,768** | 24,468 |
| In the second to fifth years inclusive | **647,663** | 679,617 | **25,983** | 35,718 |
| After five years | **171,099** | 238,400 | **7,520** | 1,920 |
| | **1,127,358** | 1,227,285 | **55,271** | 62,106 |

## 30. Capital commitments

| | | | | |
|---|---|---|---|---|
| Authorised and contracted | **58,602** | 48,279 | **–** | – |
| Authorised but not contracted | **9,129** | 208,571 | **–** | – |
| | **67,731** | 256,850 | **–** | – |

The Board of Directors of the Company have approved the following projects for which contracts have been signed:

- US$3.5 million for the acquisition of the David Livingstone Safari Lodge and Spa in Zambia (P45 million);
- EUR560,000 extension to the Yazaki building in Croatia (P7.2 million);
- Improvements across the Tower SA and Capitalgro portfolios (P6.3 million).

The Board of Directors of the Company have approved the following projects for which contracts have not yet been signed:

- Further improvements to the Tower SA and Capitalgro portfolios (P502,000);
- Improvements to the Botswana property portfolio (P8.6 million).

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.

In line with IFRS 3, the Group has recognised a contingent liability arising from the prior year business combination (refer to note 7 and note 26). The contingent liability pertains to an additional tax assessment issued by SARS to Tower International Treasury (Pty) Ltd for tax years 2019 and 2020, which is still in the process of a formal dispute.

## 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. The geographical segmental information is outlined below:

| | Group (P'000) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Botswana** | **South Africa** | **Namibia** | **Mozambique** | **USA** | **Croatia** | **Madagascar** | **Total** |
| **At 31 December 2022** | | | | | | | | |
| **SEGMENT ASSETS** | | | | | | | | |
| Investments | – | – | – | – | **95,413** | – | – | **95,413** |
| Investment properties at fair value | **1,444,739** | **2,895,128** | – | **64,765** | – | **1,170,504** | – | **5,575,136** |
| Investment in a joint venture | – | – | – | – | – | – | **25,746** | **25,746** |
| Inventories | – | **161,076** | – | – | – | – | – | **161,076** |
| Rental receivable – straight-line rental adjustment | **4,798** | **(9,790)** | – | – | – | – | – | **(4,992)** |
| Available-for-sale investments carried at fair value | **9,201** | **1,441** | – | – | – | – | – | **10,642** |
| Trade and other receivables | **56,279** | **63,763** | **184** | **4,041** | – | **2,547** | – | **126,814** |
| Current tax assets | **1,760** | **1,678** | – | **140** | – | – | – | **3,578** |
| Cash and cash equivalents | **3,054** | **44,571** | **12** | **1,326** | – | **37,220** | – | **86,183** |
| Property, plant and equipment | **5,525** | **41,565** | – | – | – | – | – | **47,090** |
| **Total segment assets** | **1,525,356** | **3,199,432** | **196** | **70,272** | **95,413** | **1,210,271** | **25,746** | **6,126,686** |
| Intangible asset | | | | | | | | **1,000** |
| **Consolidated total assets** | | | | | | | | **6,127,686** |
| **At 31 December 2022** | | | | | | | | |
| **SEGMENT LIABILITIES** | | | | | | | | |
| Trade and other payables | **(26,919)** | **166,771** | – | **560** | – | **2,226** | – | **142,638** |
| Borrowings | **614,151** | **1,787,363** | – | – | – | **362,171** | – | **2,763,685** |
| Deferred tax liabilities | **69,662** | **33,856** | – | – | – | **81,542** | – | **185,060** |
| **Total segment liabilities** | **656,894** | **1,987,990** | – | **560** | – | **445,939** | – | **3,091,383** |
| Bank overdraft | | | | | | | | **6,106** |
| **Consolidated total liabilities** | | | | | | | | **3,097,489** |

## 32. Segmental reporting continued

| | Group (P'000) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Botswana | South Africa | Namibia | Mozambique | USA | Croatia | Madagascar | Total |
| **At 31 December 2021** | | | | | | | | |
| **SEGMENT ASSETS** | | | | | | | | |
| Investments | – | – | – | – | 89,340 | – | – | 89,340 |
| Investment properties | 1,435,692 | 2,934,936 | 75 | 62,313 | – | 1,102,886 | – | 5,535,902 |
| 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 |
| Rental receivable – straight-line rental adjustment | (4,641) | – | – | – | – | – | – | (4,641) |
| Financial assets through other comprehensive income | 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 |
| **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 tax 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 |
| **At 31 December 2022** | | | | | | | | |
| **SEGMENT REVENUES AND RESULTS** | | | | | | | | |
| Contractual lease rental revenue | **89,342** | **356,198** | **–** | **–** | **–** | **79,665** | **–** | **525,205** |
| Operating expenses | **(48,029)** | **(211,304)** | **(46)** | **(680)** | **–** | **(9,022)** | **–** | **(269,081)** |
| Income arising from joint venture (net of forex gains) | **–** | **–** | **–** | **–** | **–** | **–** | **310** | **310** |
| Other foreign exchange gains/(losses) | **1,062** | **3,643** | **98** | **(284)** | **–** | **(2,260)** | **–** | **2,259** |
| Other operating income | **11,589** | **2,901** | **–** | **1,051** | **–** | **–** | **–** | **15,541** |
| Surplus arising on fair value of investments | **–** | **–** | **–** | **–** | **1,765** | **–** | **–** | **1,765** |
| Surplus arising on fair value of interest rate derivatives | **–** | **23,585** | **–** | **–** | **–** | **15,416** | **–** | **39,001** |
| Surplus arising on revaluation of properties | **16,415** | **41,063** | **–** | **–** | **–** | **40,038** | **–** | **97,516** |
| Sales revenue | **–** | **77,483** | **–** | **–** | **–** | **–** | **–** | **77,483** |
| Cost of sales | **–** | **(77,648)** | **–** | **–** | **–** | **–** | **–** | **(77,648)** |
| Investment income | **4,945** | **3,846** | **–** | **–** | **–** | **–** | **–** | **8,791** |
| Finance costs | **(50,966)** | **(146,592)** | **–** | **(774)** | **–** | **(13,896)** | **–** | **(212,228)** |
| **Profit/(loss) before tax** | **24,358** | **73,175** | **52** | **(687)** | **1,765** | **109,941** | **310** | **208,914** |
| Income tax income/(expense) | **15,987** | **(22,736)** | **–** | **–** | **–** | **(18,003)** | **–** | **(24,752)** |
| **Profit/(loss) for the year** | **40,345** | **50,439** | **52** | **(687)** | **1,765** | **91,938** | **310** | **184,162** |

## 32. Segmental reporting continued

| | Group (P'000) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 (net of forex gains) | – | – | – | – | – | – | (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 | (3,299) | 1 | – | – | (20,170) | – | 18,343 |
| Finance costs | (39,427) | (28,773) | – | (284) | – | (114) | – | (68,598) |
| Bargain purchase gain | 577,342 | – | – | – | – | – | – | 577,342 |
| **Profit/(loss) before tax** | 621,637 | 17,473 | (1,973) | 3,899 | 21,533 | (19,693) | (413) | 642,462 |
| Income tax income/(expense) | 6,826 | (1,879) | – | – | – | (28) | – | 4,920 |
| **Profit/(loss) for the year** | 628,463 | 15,594 | (1,973) | 3,899 | 21,533 | (19,721) | (413) | 647,382 |

## 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 linked unit holders 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, which comprises 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 options.

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 P'000 | 2021 P'000 | 2022 P'000 | 2021 P'000 |
| **Financial assets** | | | | |
| Fair value through profit and loss | | | | |
| Investments | **95,413** | 89,340 | **598,680** | 627,552 |
| Fair value through other comprehensive income | | | | |
| Investments | **10,642** | 14,129 | **9,201** | 10,305 |
| Long-term loan receivables | **–** | – | **658,878** | 638,335 |
| Trade and other receivables | **120,458** | 110,158 | **106,433** | 78,836 |
| Cash and cash equivalents | **86,183** | 143,801 | **1,474** | 13,024 |
| **Financial liabilities at amortised cost** | | | | |
| Long-term borrowings – at floating interest rate | **2,064,785** | 2,136,734 | **131,710** | 220,233 |
| Long-term borrowings – at fixed interest rate | **698,900** | 694,143 | **378,225** | 258,431 |
| Trade and other payables | **123,854** | 133,904 | **19,116** | 31,485 |
| Bank overdraft | **6,106** | 6,692 | **2,192** | 2,142 |
| | **2,893,645** | 2,971,473 | **531,243** | 512,291 |

## 33. Financial risk management continued

### 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, exposure 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 (including trade and other receivables, trade and other payables and long-term loan receivable and payables) 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 currency 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 |
|---|---|---|---|
| **2022** | | | |
| United States Dollar (US$) | **68,708** | **12.7714** | **(6,871)** |
| South Africa Rand (ZAR) | **(1,844,086)** | **0.7530** | **184,409** |
| Namibian Dollar (NAD) | **196** | **0.7530** | **(20)** |
| Mozambican Metical (MZN) | **4,947** | **0.1992** | **(495)** |
| Euro (EUR) | **(362,221)** | **13.6054** | **36,222** |
| Croatian Kuna (HRK) | **33,631** | **1.8150** | **(3,363)** |
| **2021** | | | |
| United States Dollar (US$) | 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) |

### 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.

## 33. Financial risk management continued

### 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:

| | Within one year P'000 | In the second to fifth years inclusive P'000 | After five years P'000 |
|---|---|---|---|
| **Group** | | | |
| **2022** | | | |
| Trade and other payables | **142,638** | **–** | **–** |
| Bank overdraft | **6,106** | **–** | **–** |
| Current portion of long-term borrowings | **394,590** | **–** | **–** |
| Non-current portion of long-term borrowings | **–** | **1,847,149** | **521,946** |
| | **543,334** | **1,847,149** | **521,946** |
| **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 |
| **Company** | | | |
| **2022** | | | |
| Trade and other payables | **23,128** | **–** | **–** |
| Bank overdraft | **2,192** | **–** | **–** |
| Current portion of long-term borrowings | **144,614** | **–** | **–** |
| Non-current portion of long-term borrowings | **–** | **63,017** | **302,304** |
| | **169,934** | **63,017** | **302,304** |
| **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 |

### 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 fixed and floating interest rates. The Group entities manage interest rate risk by 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 % | (Decrease)/ increase in profit before tax P'000 |
|---|---|---|---|
| **Group** | | | |
| **31 December 2022** | | | |
| ***Financial assets*** | | | |
| Cash and cash equivalents | **86,183** | **0.5%** | **431** |
| ***Financial liabilities*** | | | |
| Long-term borrowings at floating interest rate | **(2,064,785)** | **0.5%** | **(10,324)** |
| Bank overdraft | **(6,106)** | **0.5%** | **(31)** |
| | | | **(9,924)** |
| **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) |
| **Company** | | | |
| **31 December 2022** | | | |
| ***Financial assets*** | | | |
| Cash and bank balances | **1,474** | **0.5%** | **7** |
| ***Financial liabilities*** | | | |
| Long-term borrowings – at floating interest rate | **(131,710)** | **0.5%** | **(659)** |
| Bank overdraft | **(2,192)** | **0.5%** | **(11)** |
| | | | **(663)** |
| **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) |

### 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 P1.1 million, 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 summarised information about how fair values of financial assets are determined (in particular, the valuation techniques and inputs used). For further detail on the fair valuation of investment property, refer note 11.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 P'000** | **2021 P'000** | **2022 P'000** | **2021 P'000** |
| Investment properties | **5,575,136** | 5,535,902 | **833,777** | 802,925 |
| USA Private Placement Insurance Policy | **95,413** | 89,340 | **–** | – |
| | **5,670,549** | 5,625,242 | **833,777** | 802,925 |

### Reconciliation of fair value measurements categorised within Level 3 of fair value hierarchy

| | | | | |
|---|---|---|---|---|
| **Investment properties** | | | | |
| Opening value | **5,535,902** | 2,145,151 | **819,804** | 802,925 |
| Total gains for the period included in profit or loss (after straight-line adjustment) | **97,516** | 36,632 | **12,881** | 24,182 |
| Acquisition of subsidiary | **–** | 2,965,817 | **–** | – |
| Additions, acquisitions and transfers | **(58,282)** | 388,302 | **1,092** | (7,303) |
| Closing balance | **5,575,136** | 5,535,902 | **833,777** | 819,804 |
| Gains and losses arising from the fair valuation of investment properties 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) | **97,516** | 36,632 | **12,881** | 24,182 |
| **USA Private Placement Insurance Policy** | | | | |
| Opening value | **89,340** | 68,461 | **–** | – |
| Additions, acquisitions and transfers | **–** | – | **–** | – |
| Distributions | **(1,271)** | (1,754) | **–** | – |
| Foreign currency translation | **5,579** | 6,582 | **–** | – |
| Total fair value gains for the period included in profit or loss | **1,765** | 16,051 | **–** | – |
| Closing balance | **95,413** | 89,340 | **–** | – |
| Total gains for the period included in profit or loss | **1,765** | 16,051 | **–** | – |
| **Financial assets through OCI** | **10,642** | 14,129 | **9,201** | 10,305 |

### Reconciliation of fair value measurements categorised within Level 1 of fair value hierarchy

| | | | | |
|---|---|---|---|---|
| **Financial Assets through OCI** | | | | |
| Opening value | **14,129** | 38,160 | **10,305** | 5,300 |
| Additions | **–** | – | **–** | – |
| Disposals | **(2,025)** | (37,537) | **–** | – |
| Total gains/(losses) for the period included in other comprehensive income | **(1,104)** | 13,165 | **(1,104)** | 5,005 |
| Foreign exchange | **(358)** | 341 | **–** | – |
| Closing balance | **10,642** | 14,129 | **9,201** | 10,305 |

## 34. Fair value measurement continued

### Quantitative information about fair value measurements using key inputs

| | Fair value at 31 Dec 2022 | Fair value hierarchy | Valuation technique | Key inputs | Range | Sensitivity to +1% of key input | Sensitivity to -1% of key input |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| Investment properties | **4,191,662** | Level 3 | Direct capitalisation | Capitalisation rate | 7% – 11% | **(476,524)** | **624,550** |
| | **1,272,004** | | Discounted cash flow | Discount rate | 13% – 16% | **(136,212)** | **172,975** |
| | | | | Growth rate | 4% – 5% | **208,823** | **(164,392)** |
| | **111,470** | | Market price | Price comparison | – | **1,115** | **(1,115)** |
| | **5,575,136** | | | | | | |
| Financial assets through OCI | **10,642** | Level 1 | Quoted prices | Quoted prices in active markets | – | | |
| USA Private Placement Insurance Policy | **95,413** | Level 3 | Direct capitalisation | Capitalisation rate | 7% – 8% | **9,234** | **12,197** |
| **Company** | | | | | | | |
| Investment properties | **833,777** | Level 3 | Direct capitalisation | Capitalisation rate | 6% – 11% | **(95,505)** | **125,077** |
| Financial assets through OCI | **9,201** | Level 1 | Quoted prices | Quoted prices in active markets | – | | |

| | Fair value at 31 Dec 2021 | | Valuation technique | Key inputs | Range |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Investment properties | 5,535,902 | Level 3 | Direct capitalisation | Capitalisation rate | 7% – 11% |
| Financial assets through OCI | 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% |
| Financial assets through OCI | 10,305 | 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 investment properties are the capitalisation rates, discount rates and growth rates. Significant increases/decreases in these rates would result in significantly lower/higher fair value measurement. The changes to these 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 | |
|---|---|---|---|---|
| | **2022 P'000** | **2021 P'000** | **2022 P'000** | **2021 P'000** |
| Opening balance | **3,893** | 1,779 | **1,827** | 1,600 |
| Current tax expense | **9,940** | 858 | **–** | 19 |
| Closing balance | **3,578** | 3,893 | **1,746** | 1,827 |
| Tax paid | **(9,625)** | (1,256) | **81** | (208) |

## 36. Events after the reporting period

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

- RDC Group, through its subsidiary Tower Property Fund sold unit 403 at Napier Street along with one storeroom for R3,913,000 including VAT. Expected transfer date is the end of March 2023.
- The subsidiaries under Lucky Bean Property Investments (Pty) Ltd (all wholly owned subsidiaries of the Group) have undergone a restructure process commencing 1 January 2023. The effect of the restructure has no material impact to the Group from a financial perspective, with the end result being that all wholly owned subsidiaries are transferring their properties held to the parent company Tower Property Fund (Pty) Ltd.

No other events are noted after the reporting period date to the approval date of these financial statements.

## 37. Going concern assessment

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.

## 38. Headline earnings reconciliation

| | Group | |
|---|---|---|
| | **2022 P'000** | **2021 P'000** |
| **Headline earnings reconciliation** | | |
| Profit attributable to ordinary equity holders of the parent entity | **137,299** | 629,325 |
| Add: Taxation on debenture interest credited to the statement of changes in equity | **5,566** | 13,186 |
| **IAS 33 earnings** | **142,865** | 642,511 |
| Less IFRS 3 – Bargain purchase gain on acquisition of subsidiary | **–** | (577,342) |
| Less IAS28 – Equity Accounting of share of Joint venture losses | **(310)** | 413 |
| Less IAS40 – Change in fair-value of investment properties[1] | **(97,516)** | (36,632) |
| Less: FV gain on derivatives | **(39,001)** | – |
| Less: Inventory write down (Note 4) | **13,005** | – |
| Total tax effects of adjustments | **25,753** | 8,084 |
| Total non-controlling interest effects of adjustments | **18,282** | 3,858 |
| **Headline Earnings** | **63,079** | 40,892 |
| Weighted average number of shares in issue | **758,232,937** | 391,792,630 |
| **Headline earnings per share** | **8.32** | 10.44 |
| **Diluted headline earnings per share** | **8.32** | 10.44 |

[1] *These are the gross amounts, before taking account of the related tax an non-controlling interest*

# PORTFOLIO SUMMARY

for the year ended 31 December 2022

| Property Name | Location | Sector | Valuation Pula |
|---|---|---|---|
| **BOTSWANA** | | | |
| Masa Centre | Lot 54353, Gaborone | Mixed use | **568,000,000** |
| Chobe Marina Lodge | Lease Area No. 4-AO, Kasane | Hospitality | **252,170,000** |
| Standard House | Lots 1 124 to 1 130 in Gaborone Ext. 3 | Office | **139,377,304** |
| ICC Flats | Lot 80055 & 2558 extension 9, Gaborone | Residential | **134,863,000** |
| Gaborone West Warehouses | Lots 22017/18, Gaborone | Industrial | **51,180,000** |
| European Union | Lot 758, Gaborone Offices | Office | **40,572,195** |
| RDC Tholo | Plot 50369 Gaborone | Office | **38,160,000** |
| Lotsane | Lot 1707 Palapye Retail | Retail | **36,500,000** |
| Mebala Centre | Lots 1 116/117 & 1840, Gaborone Ext. 3 | Retail | **34,140,000** |
| Diamond Mall | Lots 3761, 5422 and 5423, Jwaneng | Retail | **28,022,200** |
| Broadhurst Business Center | Lease area 234KO on Lot 1 0211 in Gaborone Offices | Office | **22,240,000** |
| RDC Tsuma | Plot 50669, Gabarone | Office | **19,670,000** |
| Phakalane Warehouse | Lot 21306 Phakalane | Industrial | **18,616,700** |
| RDC Mpingo | Plot 50668, Gabarone | Office | **17,555,588** |
| Chobe Commercial centre | Lot 914 Kasane in Chobe Admin District Retail & Offices | Office | **11,487,300** |
| Boswa Enterprises | Lot 680 & 692 Serowe Agreement of Lease No 258/96 of 18/7/96 | Retail | **9,100,000** |
| Norman Kwati Matsetse | Gaborone | Land | **6,460,996** |
| Tsodilo Centre | Lot 194 Maun Retail | Retail | **5,760,000** |
| PEP Serowe | Lot 443 Serowe Retail | Retail | **5,380,000** |
| Standard Serowe | Lot 679 Serowe Retail & Offices | Retail | **5,050,800** |
| Mole Mall | Molepolole | Land | **433,000** |
| **SOUTH AFRICA** | | | |
| Cape Quarter Square | Erf 173 320, Green Point, Cape Town | Mixed use | **397,706,269** |
| The Edge | Erf 39224, 38794, 39215, 39651 and 39037, Tyger Falls, Cape Town | Office | **275,054,589** |
| Radisson Red Hotel | Erf 232 Rosebank, Johannesburg | Hospitality | **265,731,272*** |
| Sunclare | Sections 1, 2, 3, 4, 7, 8, 9 and 10 of SS Sunclare, Erf 140700, Claremont, Cape Town | Office | **210,211,540** |
| De Ville | Remainder of Erf 2011, Durbanville, Cape Town | Mixed use | **180,566,975** |
| Voortrekker Road | Erf 17827 and Erf 23831, Maitland, Cape Town | Office | **152,096,981** |
| Old Cape Quarter - units | Green Point, Cape Town | Residential | **151,055,938** |
| Link Hills | Erf 1024, Hillcrest | Retail | **117,479,692** |
| The Regent | Erf 1158, Sea Point, Cape Town | Mixed use | **94,420,601** |
| Upper Grayston Blocks A, B, D, E & F | 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 | **89,907,040** |
| 108 Albert Road & Frere Street | Erf 14849, Erf 11152 and Erf 170664, Woodstock, Cape Town | Office | **86,982,310** |
| Old Cape Quarter - Commercial | Erf 168 985, Green Point, Cape Town | Mixed use | **82,937,781** |
| Evagold shopping centre | Erf 12291, Evaton West, Extension 11 | Retail | **78,006,056** |
| Westlake Lifestyle Centre | Erf 13047, Constantia, Cape Town | Mixed use | **75,112,422** |
| The Equinox | Erf 491, Sea Point, Cape Town | Office | **74,542,580** |
| Clifton Place | Remainder of portion 49 of Erf 2242, Durban | Office | **74,466,605** |
| Caxton Street | Erf 8132, Zonnebloem, Cape Town | Office | **73,940,215** |
| 6-8 Sturdee Avenue | Erven 195 and 196, Rosebank, Johannesburg | Office | **71,717,095** |
| Sparrow Shopping Centre | Erf 3259, Nylstroom Ext 2, Modimolle | Retail | **51,829,503** |
| 382 Jan Smuts | Erf 5 Craighall Park and Erf 224 Craighall, Johannesburg | Office | **40,664,337** |
| 308 Kent Avenue | Erf 954, Ferndale, Randburg, Johannesburg | Office | **39,955,037** |
| 31 Beacon Road | Erf 55, Florida North, Johannesburg | Office | **38,782,870** |
| Route 21 | Erf 925, Irene Ext 30 | Industrial | **37,778,736** |
| Isando | Erf 235, 431 & 434, Kempton Park, Isando | Industrial | **35,059,307** |

# PORTFOLIO SUMMARY

## for the year ended 31 December 2022

| Property Name | Location | Sector | Valuation Pula |
|---|---|---|---|
| **SOUTH AFRICA** continued | | | |
| Clearview Motor Village | Erf 12 Florida Glen, Erf 478, Erf 454, Erf 15, 16 and 17, Florida Glen Ext 7, Johannesburg | Retail | **31,798,664** |
| 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 | **30,982,262** |
| Kuit Street | Erf 60, Waltloo, Pretoria | Industrial | **30,752,308** |
| Constantia View Office Park | Sections 1, 2, 4, 5 and 6 SS, Constantia View Office Estate, Portion 1 of Erf 458, Quellerina Ext 4, Johannesburg | Office | **28,086,847** |
| 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 | **22,713,665** |
| Viscount Road Office Park | Sections 1, 6 to 9 and 15 to 20 SS, Bedfordview, Johannesburg | Office | **19,452,888** |
| Hanover Square | Portions 18 and 19 of Erf 77, Edenvale, Johannesburg | Office | **16,845,869** |
| St Andrew Office Park | Sections 5 to 12 SS, Bedfordview, Johannesburg | Office | **14,992,108** |
| Willowvale | Erf 567, Willowbrook Ext 27, Ruimsig, Johannesburg | Office | **13,777,982** |
| Tyger Lake | Erf 39227, Tyger Valley, Cape Town | Office | **11,444,921** |
| Whitby Manor | Erf 2669 and 2670, Noordwyk Ext 61, Midrand | Office | **10,541,375** |
| 32 Napier Street - Units | Green Point, Cape Town | Residential | **10,020,547** |
| Coachmans Crossing Block C | Portion 1 of erf 20, Lyme Park, Bryanston, Johannesburg | Office | **9,654,883** |
| Waterford Office Park | Erf 735 and 736, Maroeladal, Fourways, Johannesburg | Office | **6,435,596** |
| 32 Napier Street - Commercial | Erf 10114, Green Point, Cape Town | Retail | **1,762,706** |
| Coachmans Crossing Block D | Sections 14, 15 and 16 SS, Coachmans Crossing, Phase 4, Bryanston, Johannesburg | Office | **1,226,821** |
| **CROATIA** | | | |
| Sub City | Dr Franjo Tudman Promenade 2A, 20207 Mlini, Srebreno, Zupa Dubrovacka (Dubrovnik) | Retail | **414,902,962** |
| VMD | Condominium ownership of 15 of the 26 floors, situated at Strojarska Cesta 20, Zagreb | Office | **382,157,481** |
| Meridijan | Gracanska 208 Street, 10000, Zagreb | Retail | **228,936,403** |
| Yazaki | Slavonska Avenue 26/6, 26/18, Zagreb | Industrial | **144,506,875** |
| **MOZAMBIQUE** | | | |
| Zimpeto | Maputo, Mozambique | Retail | **28,200,843** |
| XaiXai | Xai Xai, Mozambique | Retail | **23,108,896** |
| RDC XQL | Maputo, Mozambique | Retail | **13,164,266** |
| **USA** | | | |
| The Manning | Nashville, Tennessee | Development | **60,853,000** |
| Research Court | Suwanee, Georgia | Office | **34,560,000** |
| **MADAGASCAR** | | | |
| Isalo Lodge | | Hospitality | **25,746,000** |

* *Excluding property, plant and equipment.*

# 5

# Notice of the Annual General Meeting and Form of Proxy



**32 Napier Street**
**Green Point, Western Cape, South Africa**

# NOTES

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Seventh annual general meeting of the Company will be held virtually on 24 May 2023 at 09h00 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 2022.
3. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2022.
4. To approve the distribution as recommended by the directors.
5. To approve the payment of P1,076,000 for directors' emoluments (fees and expenses) for the year ended 31 December 2022.
6. To elect Mr J Pari who retires by rotation in terms of Article 17.1 of the Constitution and, being eligible, offers himself for re-election. Refer to page 46 for his biographical information and summary curriculum vitae.
7. To elect Mr AJG Bradley who retires by rotation in terms of Article 17.1 of the Constitution and, being eligible, offers himself for re-election. Refer to page 46 for his biographical information and summary curriculum vitae.
8. It is noted that Ms BJ Kenewendo, who is due for re-election in terms of Article 17.1 of the Constitution, has opted to retire at the conclusion of this AGM.
9. It is noted that Mr L Magang, who is due for re-election in terms of Article 17.1 of the Constitution, has opted to retire at the conclusion of this AGM.
10. To confirm the appointment of Ms J Mabin in terms of Article 23.1 of the Constitution, who was appointed during the course of the last financial year.
11. To elect Ms S Mathe in place of the retiring directors in terms of Article 14.8 of the Constitution. Refer to page 33 for her biographical information and summary curriculum vitae.
12. To approve the remuneration of the Auditors for the year ended 31 December 2022.
13. To appoint Auditors for the ensuing year.
14. To respond to any questions posed by unit holders of the Company to the Board or senior management, which may be appropriate for an annual general meeting.

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 09h00 on Monday 22 May 2023.

By order of the Board
PricewaterhouseCoopers Pty Limited
Company Secretaries

26 April 2023

Registered Office:
Plot 64289, Tlokweng Road, Gaborone
P O Box 294
Gaborone

# FORM OF PROXY

The Twenty Seventh annual general meeting of members to be held on 24 May 2023 virtually.

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

________________________________________________ of _________________________________________________________ or failing that person the Chair 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 10) | | | |
| Ordinary Resolution No. 8 (Agenda item 11) | | | |
| Ordinary Resolution No. 9 (Agenda item 12) | | | |
| Ordinary Resolution No. 10 (Agenda item 13) | | | |

In the event that 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 09h00 on Monday 22 May 2023.

Signed this _______________________________________________ day of __________________________________________________________2023

Signature _________________________________________________

# NOTES

# NOTES

# GENERAL INFORMATION

## Nature of business

The Group and Company is engaged in the business of leasing its investment property to earn rentals.

## Directors

Andrew Bradley
Bogolo J Kenewendo
Federica Giachetti
Gary Fisher
Giorgio Giachetti
Guido R Giachetti
Jacopo Pari
Joanne Mabin (Appointed as director 21 September 2022)
Kate Maphage
Lesang Magang
Nicola Milne
Simon Susman
Marc Edwards (Resigned 21 September 2022)

## Secretary

PricewaterhouseCoopers (Pty) Ltd

## Internal company secretary

Lucy Caplan

## Registered office

Plot 50371
Fairgrounds Office Park, Gaborone

## Business address

**Botswana**
Realestate Office Park
Plot 5624
Lejara Road
Broadhurst, Gaborone

**South Africa**
6th Floor
Sunclare Building
Claremont
Cape Town

**Croatia**
Meridijan Building
Ulica Grada Vukovara 269F
10000 Zagreb
Croatia

## Postal address

P O Box 405391
Gaborone

## Independent auditors

Grant Thornton
Chartered Accountants
A Botswana member firm of Grant Thornton International Limited

## Bankers

ABSA Bank Botswana Limited
The ABSA Bank of South Africa
Access Bank Botswana Limited
African Banking Corporation of Botswana Limited
Erste & Steiermärkische 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

# 17350

RDC Properties Limited

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