

HIGHLIGHTS – ANNOUNCEMENT OF THE UN-AUDITED GROUP CONSOLIDATED SUMMARISED FINANCIAL RESULTS FOR THE PERIOD ENDED 30 JUNE 2019

↗ 4% INVESTMENT AND PROPERTY PORTFOLIO TO P1.96 BILLION

↗ 12% REVENUE TO P74M

↗ 6% PROFIT FROM OPERATIONS

ANNOUNCEMENT OF RADISSON RED HOTEL DEVELOPMENT IN GAUTENG, RSA

ABRIDGED UN-AUDITED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

Six months Ended 30 June 2019

Six months Ended 30 June 2018

% Change

P'000

P'000

Revenue

Operating expenses

Other operating income

(Loss)/income arising from joint venture

Other foreign exchange (losses)/gains

Profit from operations

Net finance costs

Profit before tax

Income tax expense

Profit for the period

Other comprehensive income

Exchange differences on translation of foreign operations

Fair value loss on available for sale financial assets

Total comprehensive income for the period

Total comprehensive income for the year attributable to:

Owners of the company

Non-controlling interests

Average number of linked units in issue

Earnings per linked unit (thebe)

Number of linked units in issue at year end

Distribution per linked unit (thebe)

ABRIDGED UN-AUDITED GROUP STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

2019

2018 Restated

Assets

Property, plant and equipment

Intangible asset

Investments

Available for sale investments

Investment in a joint venture

Investment properties

Long-term trade receivables

Current assets

Total Assets

P'000

Equity and Liabilities

Equity attributable to the owners of the parent

Non-controlling interests

Long term borrowings

Deferred tax liabilities

Current liabilities

Total Equity and Liabilities

1,098,821

262,350

553,172

118,908

74,931

2,108,182

1,974,707

7%

ABRIDGED UN-AUDITED GROUP STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

Six months Ended 30 June 2019

Six months Ended 30 June 2018

Cash flows from operating activities

Profit from operations

Adjustment for non cash items

Working capital changes

Net finance costs paid

Dividend and debenture interest

Taxation paid

Net cash (utilised)/generated from operating activities

Additions to investment properties

Proceeds on disposal of available for sale investments

Share of income from joint venture

Net loans raised

Net movement in cash and cash equivalents

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of the period

P'000

P'000

ABRIDGED UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months Ended 30 June 2019

Six months Ended 30 June 2018

Balance brought forward – previously reported

Adjustments to total comprehensive income for the year

Balance brought forward - restated (note 1)

Total distribution to the owners of the company

Net movement attributable to the owners of the company

Net movement attributable to non-controlling interests

Balance at the end of the period

P'000

P'000

1,286,700

(2,343)

1,284,357

23,631

77,873

22,572

1,361,171

1,110,833

(21,550)

1,110,833

135,055

60,019

1,284,357

Note 1 - Restatement

The results for the six months ended 30 June 2018 have been restated due to the following items that were corrected in the second half of 2018 before the finalisation of the audited results for the year ended 31 December 2018:

	P'000
Total equity previously reported as at 30 June 2018	1,286,700
Interest incorrectly capitalised to investment property, reversed and expensed in 2 nd half of 2018	(1,734)
Adjustment to current assets due to net rental income corrections in 2 nd half of 2018	(700)
Adjustment to current liabilities due to net rental income corrections in 2 nd half of 2018	91
Total equity as at 30 June 2019 – restated	1,284,357

Comments on the financial results – highlights & prospects

It is a pleasure to present the company's results for the half year ended 30 June 2019. Despite difficult trading environments, revenue has increased by 12% over the comparative period, resulting in a 6% increase in profit from operations.

As a welcome addition to our **Botswana** portfolio we are pleased to inform you that the retirement and frail care / step down development being envisaged in Tlokweng has obtained the building & planning approval and therefore we anticipate the company to soon break grounds on this exciting development.

The standout highlight of the last 6 months is the finalization of the sale and development agreement for the acquisition of a hotel in Rosebank, Johannesburg on a turnkey basis with a well-known developer Intaprop. On or about 01 February 2021, the company, subject to regulatory and final funding approvals, will be **acquiring a fully operational 222-bed Hotel branded as Radisson RED** on Oxford Road in the heart of Rosebank's CBD. The total cost of the land, development, inclusive of furniture, fittings, operating equipment is in excess of R400 million. The developer will be paid on transfer of the property anticipated to be after the opening of the hotel (earliest 01 February 2021), the company management will have an oversight on the development process. We are excited by the prospect of owing a Radisson RED branded property, as it is arguably one of the prime operators worldwide and well known in RSA. The design with its contemporary feel intends to put "a twist on the normal to make it unforgettable", and by being in a perfect location we are confident that it matches the company's strategy of investing in prime properties and contributing to the improvement of the quality of life in developing countries.

Our portfolio of properties in Cape Town, held through our 63% stake in Capitalgro, has performed exceptionally well been resilient under tough market conditions in **South Africa**. In rand terms Capitalgro had a 29% increase in profit before tax over the comparative period. The redevelopment and construction of a 5-storey office block in the vibrant and growing Woodstock corridor is still in the planning phase as we await City of Cape Town building approvals. Our participation in the development company is on a 50-50 basis. A 'turn-key' rental enterprise will be sold to Capitalgro upon completion end-2020.

Our development in the **United States** is proving positive as we expect pay-outs shortly. We are reviewing other investments in the United States since we want to retain some US Dollar exposure as hedge to the local currencies.

We are still awaiting the finalization of the land acquisitions of our properties in **Namibia** before starting the developments. No progress to report.

The economy in **Mozambique** is still experiencing difficulties however the outlook is much improved as the "go ahead" to exploit the large finds in the oil and gas sector as been announced. It is believed that a positive effect will be felt as the works progress and more substantially once the gas fields are in operation. The tenanting of the Xai Xai development is now staring with line shops having expressed interest in this unique centre for the area. In Zimpeto, Maputo, we expect to commence with the petrol station component of the planned convenience centre.

Basis of preparation and accounting policies

The summarised financial results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and contain the information required by IAS 34, Interim Financial Reporting. In preparing the underlying financial statements from which these summarised financial results were extracted, all IFRS and International Reporting Interpretations Committee interpretations issued and effective for annual periods beginning on or after 1 January 2019 have been applied. The Group's underlying consolidated financial statements have been prepared in accordance with IFRS. The principal accounting policies are consistent in all material aspects with those adopted in the previous year.

Update on Income Tax Amendment Act 2018

A Bill entitled 'The Income Tax (Amendment) Act, 2019' was published in an Extraordinary Government Gazette on 26 July 2019. The bill sought to amend the Income Tax Act and exempt variable rate loan stock companies, such as RDC Properties, from the section 41A interest deduction limitation. We have assumed no tax impact on our results.

Distribution to linked unit holders

Notice is hereby given that an interim dividend of 0.101 thebe per ordinary share and interest of 5.028 thebe per debenture has been declared on 13 August 2019. This dividend and interest will be payable on or about 30 October 2019 to those linked unit holders registered at the close of business on 18 October 2019. The ex-dividend date is therefore 16 October 2019.

By order of the Board

G R Giachetti, Executive Chairman

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14 August 2019