



## **RDC PROPERTIES LIMITED**

(Incorporated in the Republic of Botswana on 18/04/1996)

(Company number: BW00000877423)

BSE Ordinary Unit Code: RDCP

("RDC" or "the Company")

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### **FIRST ANNOUNCEMENT OF THE RIGHTS OFFER TO UNITHOLDERS**

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Unitholders are advised that the Company now proceeds with the Rights Offer details of which were set out in the circular dated 14 July 2021 ("the Circular").

The terms of the Rights Offer are as follows:

The Company seeks to raise approximately BWP730,000,000, by way of a Rights Offer of 339,534,884 linked units ("the Rights Offer Linked Units"). The Rights Offer Linked Units are offered to Unitholders recorded on the register at the close of business on Friday 20 August 2021 ("the Record Date") on the basis of approximately 0.96 Rights Offer Linked Unit for every Linked Unit held, at a price of BWP2.14 per Rights Offer Linked Unit.

The Rights Offer Linked Units will, when issued and fully paid, rank *pari passu* in all respects with the linked units now in issue.

Any allocation of Rights Offer Linked Units that would result in fractional entitlements will not be issued, but will be paid out in cash for the benefit of the unitholder to whom the fraction is to be issued.

As appears from section 3.1 and 3.3.6 hereof, certain of the major Unitholders of the Company have signed irrevocable unconditional letters of commitment and undertaking in terms of which such Unitholders will subscribe for Rights Offer Linked Units that have not been subscribed for.

The Botswana Stock Exchange has given its in principle approval to the Rights Offer, and the listing of the renounceable letters of allocation and the subsequent listing Rights Offer Linked Units.

The following is the abridged version of the circular in respect of the Rights Offer dated 14 July 2021 ("the Circular"). The abridged version of the circular is to be read in conjunction with the full version of the Circular which sets out all details of and all terms and conditions pertaining to the Rights Offer.

### **DEFINITIONS AND INTERPRETATIONS**

Definitions and interpretations on page 5 of the Circular mutatis mutandis to this abridged circular.

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### **CORPORATE INFORMATION**

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<b>Board of Directors</b> Guido R Giachetti Jacopo Pari Giorgio G Giachetti Lesang Magang Andrew Bradley Bogolo Kenewendo Kate Maphage	<b>Independent Reporting Accountant</b> Grant Thornton P.O Box 1157, Gaborone
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<b>Registered Office</b> Real Estate Office Park Plot 5624, Lejara Road, Gaborone P.O. Box 40539, Gaborone	<b>Corporate Finance Advisor in respect of the acquisition in South Africa</b> Investec Bank Limited 100 Grayston Drive, Sandton, South Africa P.O. Box 785700, Sandton, 2146
<b>Transfer Secretaries and Agent</b> PricewaterhouseCoopers Advisory Services Proprietary Limited P.O Box 294 Gaborone	<b>Sponsoring Broker</b> Motswedi Securities Proprietary Limited Private Bag 00223, Gaborone
<b>Legal Advisor</b> Neill Armstrong P.O Box 45701, Riverwalk Gaborone	<b>Legal Advisor in respect of the acquisition in South Africa</b> Fluxmans 30 Jellicoe Avenue, Rosebank, Johannesburg 2196, South Africa

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## SALIENT DATES AND TIMES

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### Description

#### 2021

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Circular, in respect of Rights Offer, dispatched with circular in respect of EGM	Wednesday, 14 July
First announcement of Rights Offer with Salient Dates of Rights Offer and Abridged Circular	Monday, 16 August
<b>Record Date</b> for participation in the Rights Offer (Ex-Rights Date)	Friday, 20 August
Last date for receipt of postal registrations	Tuesday, 24 August
Renounceable Letters of allocation dispatched to Unitholders on or before	Wednesday, 25 August
Renounceable Letters of Allocation uploaded on CSDB, Notice to Unitholders on XNews	Friday, 27 August
Rights and Letters of Allocation listed on the BSE	Monday, 30 August
<b>Rights Offer opens (09:00)</b>	Monday, 30 August
Letters of Allocation and Rights Listed on BSE	Wednesday, 1 September
Last day for dealing in Letters of Allocation	Wednesday, 15 September
<b>Rights Offer closes (14:30) (Rights Offer Closing Date)</b>	Friday, 17 September
Last date for receipt of postal applications	Tuesday, 21 September
Conditional allocation	Wednesday, 22 September
Results of the Rights Offer announced	Friday, 24 September
Confirmation that the Scheme Offer is approved	Friday, 29 October
<b>In the event that the Scheme Offer is approved:</b>	
Allocation and issue of Rights Offer Linked Units	Tuesday, 2 November
Announcement of Results of Scheme Offer, allocation and issue of Rights Offer Linked Units	Tuesday, 2 November
Rights Offer Linked Units uploaded on accounts of CSDB	Wednesday and Thursday 3 and 4 November
Refunds of excess subscription monies, if any	Friday, 5 November

New Linked Units listed on the BSE (Rights Offer Finalisation Date)	Friday, 5 November
<b>In the event the Scheme Offer is not approved:</b>	
Standby General Offer made	Tuesday, 2 November
Standby General Offer finalised	Tuesday, 30 November
Allocation and issue of Rights Offer Linked Units Announced on XNews	Thursday, 2 December
Rights Offer Linked Units uploaded on CSDB	Thursday and Friday, 2 and 3 December
New Linked Units listed on the BSE (Rights Offer Finalisation Date)	Monday, 6 December
Refund of excess subscription monies made	Monday, 6 December

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**\*Note: The above dates and times are subject to change. Any such change will be published in the press.**

## 1. PURPOSE OF THE RIGHTS ISSUE

- 1.1. On 14 July 2021, the directors passed resolutions in terms of which the Company would seek to:-
  - 1.1.1. acquire all the shares in the issued share capital of Tower Property Fund not already held by the Company being 337,224,093 shares for the Offer Consideration (a price of ZAR4,00 per share less any distributions that Tower may pay to each shareholder prior to the closing date of the Scheme), resulting in a maximum purchase consideration of ZAR 1,320,176,372;
  - 1.1.2. the Company borrow an amount of ZAR400,000,000 ;
  - 1.1.3. make a Bonus Award, and issue at 88,362,043 Bonus Issue Linked Units, to Unitholders of the Company as at 20 August 2021 at P2.14 per Bonus Issue Linked Unit, on the basis of one Bonus Issue Linked Unit for every four Linked Units held;
  - 1.1.4. pursue a rights offer of 339,534,884 linked units at a price of P2.14 per linked unit to unitholders registered as such on the 20 August 2021, on the basis 0.96512 per rights issue linked units for every linked unit held;
- 1.2. The Company makes the Rights Offer in order to raise an amount of BWP730,000,000 in order to settle part of the purchase price which may become due by the Company, to shareholders of Tower Property Fund, pursuant to the Scheme Offer
- 1.3. While Section 18.2 of the Circular indicated that the proceeds of the Rights Offer shall be held in the bank account referred to in Section 16 of the Circular until such time as all of the Offer Conditions have been fulfilled, and it is apparent which of the Scheme Offer or the Standby General Offer have been accepted and the Offer Consideration payable by the Company to the shareholders of Tower is determined, and becomes due and payable, whereupon the proceeds or part thereof will be remitted to South Africa for payment to the shareholders of Tower, in order to comply with the requirements of the JSE and a guarantee to be furnished for due payment of the Offer Consideration, the proceeds of the Rights Offer shall now be paid into a bank account with a banking institution in Botswana and, provided that minimum subscription of P656,000,000 has been received, will be remitted to South Africa, to an escrow account, there to be held by an independent party, as stakeholder for the shareholders of Tower and for RDC and its Unitholders, to be released in the event that the Scheme Offer is approved and the Scheme Offer conditions are fulfilled or the Standby General Offer is implemented and completed, and an Offer Consideration is payable, failing which the monies in escrow shall be returned to Botswana and refunded to Unitholders.
- 1.4. If the Scheme Offer is approved, and the full Offer Consideration is payable by RDC to shareholders of Tower, the Rights Offer Linked Units will be allocated and issued to Unitholders.
- 1.5. In the event the Scheme Offer is not accepted, but the Standby General Offer is successful then the consideration due by RDC to shareholders of Tower will be calculated and the number of Rights Offer Linked Units available for subscription, as appropriately reduced, will be established and allocated. The Company will publish such reduced number of Rights Offer Linked Units to be proportionally allocated amongst Qualifying Unitholders, a revised ratio of entitlement as soon as practically possible, which is anticipated to be 2 December 2021.

- 1.6. In the event of a reduced number of Rights Offer Linked Units being made available as envisaged in Section 17.3 of the Circular, the excess subscription monies received by RDC, together with interest thereon that would have accrued to the benefit of the Qualifying Unitholders in accordance with the deposit rate and other standard terms and conditions achieved by the Company in respect of the bank account in Botswana and the escrow account in South Africa shall be refunded to the subscribers of the Rights Offer Linked Units, which paid the same in response to the invitation to subscribe for Rights Offer Linked Units.
- 1.7. In the event the Offer Conditions applicable to Scheme Offer, alternatively, the Standby General Offer, are not fulfilled within by the applicable deadlines, then the proceeds of the Rights Offer, Stanbic Bank Botswana Limited together with interest thereon that will have accrued for the benefit of the Qualifying Unitholders or renounees in accordance with the deposit rate and other standard terms and conditions achieved by the Company in respect of the bank account in Botswana and the escrow account in South Africa shall be refunded to the subscribers for Rights Offer Linked Units, which paid the same, in response to the invitation to subscribe for Rights Offer Linked Units, and the allocation of issue of Rights Offer Linked Units, and the application for listing thereof, shall not proceed.
- 1.8. As previously stated RDC has engaged with key Tower shareholders and obtained a combination of irrevocable letters and in principle letters of support to vote in favour of all resolutions required to approve the Scheme Offer from shareholders holding approximately 69% of the issued shares in Tower.

## **2. RATIONALE FOR THE PROPOSED INVESTMENT AND BENEFITS TO RDC UNITHOLDERS**

### **2.1. Rebalancing and increased geographical diversification of the RDC Property Portfolio**

Historically, RDC's portfolio was principally comprised of office buildings. The Company started rebalancing its offering in order to take advantage of market segments representing additional value and enhanced growth potential. The sectoral spread of the portfolio at the end of 2020, by rental income, was Office 53%, Retail 18%, Hospitality 17%, Residential 7% and Industrial 5%.

Historically RDC's portfolio was located in Botswana. The Company commenced investments in other countries in Southern Africa and the United States of America, in order to provide Unitholders, the benefit of income and capital growth derived from a strategic geographical spread. The geographical spread of the portfolio at the end of 2020 was Botswana 62%, South Africa 32%, United States of America 3%, Mozambique 2%, Namibia 1%.

The RDC stated purpose of owning and managing strategic property assets that add value to the communities served, confirmed its resolve:

- To invest in properties that differentiate us by use, location and are sustainable for the long term;
- To continue diversifying our portfolio to remain relevant; and
- To continue adding value by investing in assets with potential upside and intrinsic value through capital appreciation and earnings growth.

### **2.2. The Proposed Investment**

The Board believes that the Proposed Investment will be value and growth accretive to Unitholders and will accelerate the strategy of geographical and sectoral diversification of the Company's portfolio.

### **2.3. Description of the Proposed Investment**

Under the terms of the Offer, the Company intends to acquire the Proposed Investment by way of the Scheme Offer of 100% of the issued shares of Tower not already owned by RDC. At present, RDC owns 7,200,000 shares, which equates to c.2.1% of shares in issue in Tower. Accordingly, RDC seeks to acquire the shares not already owned by it in Tower being 337, 224,093 Tower shares

at the Offer Consideration (ZAR 4.00 per share), resulting in a maximum purchase consideration of ZAR1, 320,176,372. If the Offer Conditions are not fulfilled, then under the terms of the Standby General Offer, RDC will offer to acquire no less than an additional 47.9% of the issued Tower shares for the equivalent Offer Consideration.

## 2.4. Description of Tower

Tower is a diversified REIT listed on the JSE with exposure to South Africa and Croatia.

Tower currently has a portfolio GAV of ZAR 4.5 billion, split between mixed use c.39% retail, c.28% Office, c.26% commercial and industrial, c.7% assets.

Tower's flagship asset is the Cape Quarter Square in South Africa (a mixed-use property of ZAR 515 million in value representing c.11.5% of the total portfolio).

Tower's assets in Croatia comprise 4 retail, office and industrial properties representing c.37% of the total portfolio.

Tower's LTV is currently 40.1%, below the average LTV across the South African listed property sector, of 43%.

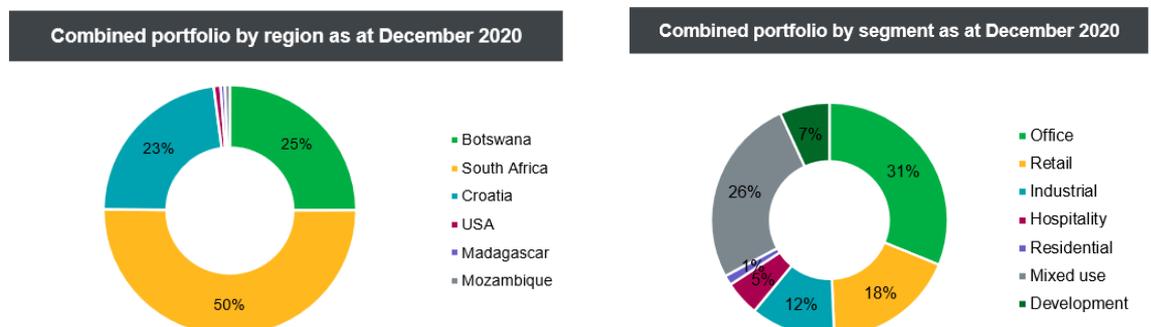
The audited financial statements for Tower for the years ended 31 May 2020, 31 May 2019 and 31 May 2018, and the unaudited financial statements for the 6 months ended 30 November 2020 are available on Tower's website at the following URL <https://www.towerpropertyfund.co.za/investors>

The Company has conducted an extensive due diligence exercise on the Tower business, and the Board is satisfied that there have not been any material changes to the operations and financial position and business of Tower since the date of its latest audited financial statements being those in respect of the year ended 31 May 2020, taking into consideration the unaudited half year results in respect of the 6 months ended 30 November 2020.

## 2.5. Benefits of Proposed Investment

The acquisition of 100% of the issued shares of Tower not already owned by RDC will increase the asset value of RDC by 142%. The acquisition will be NAV accretive to RDC. In addition, the anticipated yield of the Group after the Proposed Investment is expected to be 8% -9% which is earning accretive to the Unitholder.

The Proposed Investment will result in a significantly enhanced geographical and sectoral diversification for RDC considering Tower's exposure to South Africa and Croatia. At the conclusion of the acquisition, it is anticipated the RDC portfolio will be spread as to Botswana c. 25%, South Africa c.50% Croatia c. 23%, United States of America c. 1% Mozambique c.0.5% and Madagascar c.0.5%.



The acquisition represents a further enhanced sectoral diversification. At the conclusion of the acquisition, it is anticipated that RDC's portfolio would be spread as to office c. 31%, mixed use 26%, retail c. 18%, industrial c. 12%, developments c. 7%, hospitality c. 5%, and residential c.1%.

Pursuant to the Proposed Investment, the RDC management team will be well positioned to leverage the combined skills within the Group to take advantage of opportunities for repurposing and

disposing of the less strategic properties. The existing RDC management team will be further strengthened by the addition of the key Tower managers currently responsible for the business.

## 2.6. Funding

2.6.1. The aggregate costs of acquiring 100% of the issued shares of Tower, that is, the price payable by RDC to Tower shareholders, attributable transaction costs including fees due to transactional advisors, legal advisors, sponsoring brokers, competition commission fees and share transfer tax in South Africa, is proposed to be funded by:

2.6.1.1. long term debt funding of approx. P295million (ZAR 400 million) from a financial institution on appropriate commercial terms, the salient terms of which are set out in section 4.5 of Part B of the Circular; and

2.6.1.2. the proceeds of a Rights Offer of an amount of up to P730 000 000.

2.6.2. In the event that the Scheme Offer is not approved, and pursuant to the Standby General Offer RDC acquires 47.9% or more of the issued shares in Tower, then RDC will apply the whole of proceeds of the Rights Offer in part discharge the consideration due and payable pursuant to the Standby General Offer, as finalized and the attributable transaction costs, and borrow only so much of the long-term debt funding referred to in section 2.6.1 as is necessary to enable RDC to pay the consideration due and payable in respect of the Standby General Offer, as finalized.

### 2.6.3. Salient Terms of the Acquisition of the Proposed Investment

The salient terms of the acquisition by RDC of the Proposed Investment are as follows: -

2.6.3.1. RDC, having obtained the requisite approvals of its Unitholders at the EGM will make its Offer for its Proposed Investment in Tower by way of a Scheme Offer (being a scheme of arrangement as contemplated under the applicable provisions of the Companies Act (South Africa) and separately, but concurrently with the Scheme Offer, RDC will make the Standby General Offer for the Offer Consideration and subject to the Offer Conditions such that, post implementation, RDC will hold no less than 51% of all of the issued shares of Tower.

2.6.3.2. The Scheme Offer requires that: -

2.6.3.2.1. by no later than the date agreed by Tower which is anticipated to be 30 September 2021, RDC issue a firm intention to make an offer to Tower by way of the scheme of arrangement;

2.6.3.2.2. Tower is required to issue a circular approved under the JSE Listings Requirements and by the Takeover Regulation Panel under the applicable provisions of the Companies Act (South Africa) advising of, and proposing the Scheme Offer to the Tower shareholders in accordance with the terms and conditions of Scheme Offer and the Offer Conditions . The circular will also give notice of and from the a meeting of shareholders of Tower to approve, by special resolution, the other terms of the Scheme Offer and the Offer Conditions (“Scheme Meeting”);

2.6.3.3. If the Scheme Offer is approved by the requisite majority of Tower shareholders at the Scheme Meeting and if the Offer Conditions are fulfilled, then the Scheme Offer and the subject thereof will become binding on RDC and the Tower shareholders.

2.6.3.4. It is anticipated that the Scheme Meeting to consider the Scheme Offer will be held by 30 October 2021, by which date RDC will know if the Scheme Offer has been approved by Tower shareholders alternatively, whether it should proceed with the Standby General Offer.

- 2.6.3.5. If the Scheme Offer is accepted then RDC will be obliged to effect payment of the aggregate Offer Consideration , of a maximum of ZAR1,320,176,372.
- 2.6.3.6. If the Scheme Offer is not approved, then upon finalisation of the Standby General Offer which is anticipated to be 30 November 2021, RDC will be obliged to pay the Offer Consideration per Tower share, acquired by RDC pursuant to the Standby General Offer.
- 2.6.3.7. If the Scheme Offer Conditions have been fulfilled, the Company will then allocate and issue the Rights Offer Linked Units to subscribers and to list same on the BSE, which is anticipated to be on or before 5 November 2021.
- 2.6.3.8. Alternatively, if the Scheme Offer is not approved, and the Standby General Offer is implemented and finalised , then the Company will allocate and issue the Rights Offer Linked Units to subscribers and list same on the BSE, which is anticipated to be completed on or before 6 December 2021.
- 2.6.3.9. All these dates in respect of the Scheme Offer and approval thereof, and in respect of the Standby General Offer and implementation thereof set out above are subject to agreement with Tower and the JSE, hence the dates set forth in this section 2.6 are subject to change. Any change will be notified to Unitholders by announcement on Xnews.

## **2.7. Support for the Scheme Offer**

RDC has engaged with key Tower Shareholders and obtained a combination of irrevocable letters of principle support to vote in favour of all resolutions required to approve the Scheme Offer, from shareholders holding approximately 69% of the issued shares in Tower.

## **2.8. Director's Interests**

None of the directors have any interest in Tower or in the Proposed Investment save in so far as the directors may hold, directly or indirectly, Linked Units in the Company.

## **2.9. Constitution of Tower**

It is the intention of RDC, having acquired 100% of the issued shares in Tower, or a majority thereof sufficient to pass the appropriate resolutions, upon the delisting of Tower from the JSE, to cause the constitution of Tower to be amended as appropriate, in light of the laws of South Africa, to comply with the requirements of a constitution of a subsidiary of a company the linked units of which are listed on the BSE, to comply with Appendix C Section 6.9 (b) of the BSE Listing Requirements.

# **3. DETAILS OF THE RIGHTS OFFER AND ACTION TO BE TAKEN BY UNITHOLDERS**

## **3.1. Introduction**

On 13 August 2021, Unitholders of the Company passed the appropriate resolutions increasing the stated capital and debenture capital of the Company to enable the Rights Offer, and approve the Rights Offer.

The Company proposes a Rights Offer of up to 341,121,495 Rights Offer Linked Units at the Rights Offer price of P2.14 per Rights Offer Linked Unit, to raise up to P 730 million to fund the Proposed Investment set out in Sections 2.2, 2.3, 2.4, 2.5 and 2.6 hereof.

Section 3.2 headed "Action Required by Unitholders in respect of the Rights Offer", appearing below, sets out action to be taken by Unitholders in relation to the Rights Offer. In addition, Unitholders are referred to paragraph in section 19.6 of the Circular, which details the procedures for the acceptance, payment, renunciation and sale of Rights.

This Circular incorporates Revised Listing Particulars and is issued in compliance with the Listings Requirements.

The Company has received irrevocable commitments and undertakings from Unitholders to follow their Respective Rights to subscribe for their respective Ratio of Entitlements to Rights Offer Linked Units, and to take up further Rights Offer Linked Units in the event that all the Rights Offer Linked Units are not subscribed for by Qualifying Unitholders at the closing date of the Rights Offer, with the result that the Company is assured that 91.84% of the rights, and Rights Offer Linked Units will be subscribed for thereby being assured of raising at least P670.4 million pursuant to the Rights Offer.

Allan Gray Botswana Limited has issued an irrevocable unconditional commitment to take up a further 141,517,785 Rights Offer Linked Units, in the event that all Rights Offer Linked Units are not subscribed for by Qualifying Unitholders or renounees as at the closing of the Rights Offer.

### 3.2. ACTION REQUIRED BY UNITHOLDERS IN RESPECT OF THE RIGHTS OFFER

If you are in any doubt as to what action you should take, you should consult your accountant, broker, banker, CSDP, legal advisor or other professional advisor immediately. If you have disposed of all of your Linked Units, this Circular should be forwarded to the purchaser to whom, or the agent, broker or banker through whom you disposed of such Linked Units.

The Rights that are represented by renounceable Letters of Allocation will be valuable and may be sold on the BSE. Letters of Allocation can, however, only be traded in Dematerialised form and, accordingly, all Letters of Allocation will be issued in Dematerialised form.

The electronic record for Unitholders is being maintained by the Transfer Agent. For all Unitholders' instructions on how to take up or sell or renounce the Rights represented by the Letters of Allocation are set out in section 19.6 on page 23 of the Circular.

**Rights Offer Linked Units shall be issued in Dematerialised form:** Those Unitholders applying for Linked Units will have their CSDB accounts credited with the Linked Units they have been allocated in terms of the Rights Offer.

The procedure for acceptance, renunciation and payment pursuant to the Rights Offer is set out in section 19.6 of the Circular. To take up your entitlement in whole or in part and/or renounce your Rights, all Unitholders must lodge their renounceable Letter of Allocation in accordance with the instructions set out in the Form of Instruction, together with a bank guaranteed cheque, cash, bank stamped deposit slip or other form of remittance for the full amount payable on acceptance, by post or by hand so as to reach the office of the Transfer Agent by not later than 17h00 on 17 September 2021 (the Rights Offer Closing Date):

**By hand to:**

RDC Properties Limited – Rights Offer  
c/o PWC  
Att: Annah Kgakgamatso  
Plot 50371  
Fairground Office Park  
Gaborone, Botswana

**By mail to:**

RDC Properties Limited – Rights Offer  
c/o PWC  
Att: Annah Kgakgamatso  
P.O. Box 294  
Gaborone, Botswana

Payment can be made via EFT, or in the form of cash or a bank guaranteed cheque, is to be deposited into the following bank account:

Bank: Stanbic Bank Botswana Limited  
Account name: RDC Properties Limited  
Account Number: 9060004716901  
Branch name: Fairgrounds  
Branch number: 064967  
Account type: Call Account  
Swift code: SBICBWGX

When paying you are to use and quote your unique reference number (printed on the Letter of Allocation and Form of Instruction) as a reference. If a Qualifying Unitholder has a CSDB account he should also inform his/her broker or CSDB of his/her acceptance or renunciation of the Rights.

If a Qualifying Unitholder chooses to sell his Letter of Allocation by signing the Form of Instruction, the Qualifying Unitholder must lodge the Form of Instruction with their broker for the letters to be traded on the BSE.

Should you have any queries in this regard please contact the Transfer Agent on +267 370 9818, attention Mr Saumendu Sinha.

### **3.3. PARTICULARS OF THE RIGHTS OFFER**

#### **3.3.1. Issue Price of Linked Units**

The issue price of Linked Units represents a discount of c. 18% to the NAV per Linked Unit in RDC after the finalisation of the Bonus Issue and the issue of Bonus Issue Linked Units. The issue price has been determined with reference to a weighted average price over a period of 90//180 days to exclude the impact of short-term fluctuations in the price of issued Linked Units in RDC.

#### **3.3.2. Terms of the Rights Offer**

RDC is seeking to raise a maximum of P730,000,000 and a minimum of P656,000,000, through the issue of up to 341,121,495 Rights Offer Linked Units at the Rights Offer Price of P2.14 per Linked Unit.

Qualifying Unitholders have the right to subscribe for the Ratio of Entitlement. The Rights Offer will be undertaken after the Bonus Issue and therefore the number of Linked Units as at Record Date will include the Bonus Issue Linked units. In this context, RDC will offer to Qualifying Unitholders a total of 341,121,495 Rights Offer Linked Units for subscription by way of exercise of Rights, upon the terms and conditions set out in this Circular and which will also be set out in the Form of Instruction.

Qualifying Unitholders recorded in the Register of Unitholders at the close of business on the Record Date, will be entitled to participate in the Rights Offer and will receive Letters of Allocation.

The Form of Instruction will specify the number of Rights to which a Qualifying Unitholder is entitled, determined by the Ratio of Entitlement and containing details of the procedure for acceptance and/or sale and/or renunciation of all or part of the Rights to which Qualifying Unitholders are entitled.

Qualifying Unitholders will be advised on their Form of Instruction of the number of Rights to which they are entitled as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those Rights.

The Rights Offer Price is payable in full, in Pula (see section 17 of the Circular for payment terms) by Qualifying Unitholders or renounces, on acceptance of the Rights Offer. The Rights Offer Linked Units will, upon allotment and issue, rank *pari passu* with all other existing Linked Units in terms of both voting rights and distributions. There are no convertibility or redemption provisions relating to the Rights Offer Linked Units.

The Letters of Allocation are negotiable and will be listed on the BSE on Monday, 30 August 2021.

Under the terms of the Rights Offer, excess applications are permitted.

All Linked Units offered are of the same class and will rank *pari passu* in all respects with all the other issued Linked Units of the Company. There are no convertibility or redemption provisions relating to the issued Linked Units.

In the event the Proposed Investment does not proceed, the Rights Offer will not proceed and Rights Offer Linked Units will not be allocated and issued and subscription monies and interest shall be refunded.

### 3.3.3. **Dematerialisation**

The Rights that are represented by Letters of Allocation are valuable and may be traded on the BSE. Letters of Allocation can, however, only be traded in Dematerialised form and, accordingly, all Letters of Allocation have been issued in Dematerialised form. In order to trade their Letters of Allocation, Qualifying Unitholders should complete the Form of Instruction and send it to their broker. The broker will then endeavour to procure the sale of the Rights on the BSE on behalf of the Unitholders and will remit the proceeds in accordance with the payment instructions reflected in this Form of Instruction, net of brokerage charges and associated expenses.

Qualifying Unitholders holding Dematerialised Linked Units will have their accounts automatically credited with their Rights, in accordance with Annexure 3 of this Circular.

### 3.3.4. **Fractions**

The number of Rights to which Unitholders will become entitled will be determined by the Ratio of Entitlement. Only whole numbers of Rights Offer Linked Units will be issued and Unitholders will be entitled to subscribe for rounded numbers of Linked Units once the Ratio of Entitlement has been applied. Fractional entitlements of 0.5 or greater will be rounded up and fractional entitlements of less than 0.5 will be rounded down.

Qualifying Unitholders who do not have a CSDB account should contact their broker to open a CSDB account to be able to deposit and trade their Letters of Allocation.

### 3.3.5. **Procedures for acceptance, payment, renunciation and sale of Rights**

The Renounceable Letters of Allocation and Form of Instruction that is sent to all Qualifying Unitholders will set out the number of Rights Offer Linked Units which have been allocated to you and for which you are entitled to subscribe. The Form of Instruction will also contain full details regarding acceptance, payment and registration.

If you do not wish to subscribe for any of the Rights Offer Linked Units offered in terms of the Rights Offer you may sell your rights by signing the Form of Instruction and lodging the completed Form of Instruction with your broker. The Rights may then be negotiated and sold on the BSE.

To take up your full entitlement, you as a Unitholder must lodge your Form of Instruction in accordance with instructions in the Form of Instruction, together proof of payment by EFT ,or bank stamped deposit slip or with payment by bank guaranteed cheque or cash for the full amount payable on presentation. Forms of Instruction with proof of payment or payment are be delivered by post or by hand so as to reach the office of the Transfer Agent by Friday, 17 September 2021 (the Rights Offer Closing Date):

**By hand to:**

RDC Properties Limited – Rights Offer  
c/o PWC  
Att: Annah Kgakgamatso  
Plot 50371  
Fairground Office Park  
Gaborone, Botswana

**By mail to:**

RDC Properties Limited – Rights Offer  
c/o PWC  
Att: Annah Kgakgamatso  
P.O. Box 294  
Gaborone, Botswana

Payment can be made via EFT, or in the form of cash or a bank guaranteed cheque to be deposited into the following bank account:

Bank:	Stanbic Bank Botswana Limited
Account name	RDC Properties Limited
Account Number:	9060004716901

Branch name: Fairgrounds  
 Branch number: 064967  
 Account type: Call Account  
 Swift code: SBICBWGX

When paying you are to use your unique reference number (printed on the Letter of Allocation and Form of Instruction) as a reference.

Acceptances of the Rights Offer are irrevocable and may not be withdrawn.

Cheques must be in Pula drawn on a bank in Botswana, made payable to “RDC Limited – Rights Offer” and not crossed “not negotiable”. Any person returning a Form of Instruction with a remittance in the form of a bank guaranteed cheque warrants that the cheque will be cleared on first presentation. For entitlements exceeding P500,000 payment must be enacted via EFT transfer to the above account, using their unique reference number as noted on the Form of Instruction. Direct deposits may also be made by Qualifying Unitholders into the same account with the Qualifying Unitholders using the unique reference number noted on the Form of Instruction.

If a Qualifying Unitholder has a CSDB account he should also inform his/her broker of his/her acceptance of the Rights.

If payment in full is not received by Friday, 17 September 2021, the provisional allotment may be deemed to have been declined and may be cancelled. Notwithstanding the above, RDC may, at its discretion, elect to accept applications received after such date to take-up Rights Offer Linked Units.

### 3.3.6. Unitholders have committed to take up their Rights

The following Unitholders have committed irrevocably to follow their rights: -

Name of Unitholder	Number of Units held (after the bonus issue)	The commitment of Linked Units to be taken up	% of Rights Offer Shares be taken up
1. Realestate Financiere SA	141,775,000	28,000,000	8.21 %
2. Giorgio Giachetti	71,490,044	3,700,000	1.08%
3. Aspera Holdings	17,462,500	13,428,790	3.95 %
4. Jacopo Pari	1,040,228	803,159	0.24 %
5. Allan Gray Botswana Limited	120,900,464	93,347,205	27.36 %
6. Botswana Insurance Fund Management (BIFM)	32,393,776	25,011,223	7.33 %
7. African Alliance	1,918,036	1,480,915	0.43 %
8. Kgori Capital	1,431,665	1,105,388	0.32 %
9. Vunani Capital	992,223	760,095	0.22 %
<b>TOTAL:</b>			<b>49.15 %</b>
Further Irrevocable unconditional commitments			42.69 %
<b>TOTAL:</b>			<b>91.84 %</b>

In addition Allan Gray Botswana Limited has issued an irrevocable unconditional commitment to take up a further 141,517,785 (41.49%) Rights Offer Linked Units, in the event that all the Rights Offer Linked Units are not subscribed for, by Qualifying Unitholders, at the closing date of the Rights Offer.

Similar irrevocable unconditional commitments are in place for a further 4,098,131 Rights Offer Linked Units (1.20%) in the event that all the Rights Offer Linked Units are not subscribed for, by Qualifying Unitholders, at the closing date of the Rights Offer.

After due and careful enquiry of the financial condition of the entities which are providing the irrevocable unconditional commitments in respect of the subscription of Linked Units, the directors are satisfied of the ability of those institutions which provided such irrevocable unconditional letters, of their ability to fully perform and comply with the obligations of each, as set out in the relevant irrevocable and unconditional letter of commitment.

### 3.3.7. **Underwriting**

The minimum subscription required by the Company to fulfil its obligations pursuant to the Scheme Offer is P656,000,000 which minimum subscription is the subject of unconditional irrevocable letters of undertaking from institutional Unitholders. As a result the BSE has waived the requirement that the subscription for Rights Offer Linked Units be underwritten.

### 3.3.8. **Major Unitholders**

Based on the commitments in section 3.3.6 above the Directors believe that Unitholders with beneficial interests greater than 5% before or after the Bonus Issue and Rights Offer shall be:

Before Bonus Issue and Rights Offer			After Bonus Issue and before Rights Offer		After Bonus Issue and Rights Offer (assuming no Unit Holders take up their Rights as per irrevocable undertakings)	
	Number of Units	Percentage Holding	Number of Units	Percentage Holding	Number of Units	Percentage Holding
Allan Gray Botswana Limited	96,720,371	27.36%	120,900,464	27.36%	214,247,669	27.36%
Realestate Financiere SA	113,420,000	32.09%	141,775,000	32.09%	169,775,000	21.68%
Giorgio Giachetti	57,192,035	16.18%	71,490,044	16.18%	75,190,044	9.60%
BIFM	25,915,021	7.33%	32,393,776	7.33%	57,404,999	7.33%
<b>Total</b>		<b>82.96%</b>		<b>82.96%</b>		<b>80.03%</b>

In the event that Allan Gray Botswana Limited takes up Rights Offer Linked Units which are not subscribed for by Qualifying Unitholders or their renounees, then the interest of the Botswana Public Officers Pension Fund in RDC will increase, accordingly.

### 3.3.9. **Minimum subscription**

With the loan of ZAR400,000,000, secured, the minimum subscription required by the Company in respect of the Rights Offer is P656,000,000. That minimum subscription is assured in terms of the irrevocable unconditional letters of commitment received by the Company from institutional Unitholders. The Company is therefore assured that the minimum subscription under the Rights Offer will be subscribed for.

### 3.3.10. **Mandatory Offer to Unitholders other than Botswana Public Officers Pension Fund**

The interest of the Botswana Public Officers Pension Fund may, as a result of the Rights Offer and its obligations in respect thereof, increase beyond an interest of 35% of the voting securities in RDC. The BSE has granted exemption to RDC and the Botswana Public Officers Pension Fund from the requirement, in such an event, to make an offer to Unitholders in RDC other than the Botswana Public Officers Pension Fund.

### 3.4. BSE LISTINGS

The Listing Committee of the BSE has granted separate listings for:

- the Letters of Allocation in respect of up to 341,121,495 Linked Units to be issued pursuant to the Rights Offer, from the commencement of trade on the BSE on Monday, 30 August 2021; and
- 341,121,495 Linked Units to be issued pursuant to the Rights Offer, from the commencement of trade on the BSE on Friday, 5 November 2021 or alternatively Monday, 6 December 2021.

### 3.5. FOREIGN UNITHOLDERS

- 3.5.1. Any Unitholder resident outside Botswana who receives the Rights Offer Circular (“Circular”) and form of instruction, should obtain advice as to whether any governmental and/or any other legal consent is required and/or any other formality must be observed to enable such a subscription to be made in terms of such form of instruction.
- 3.5.2. The Rights Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and the Circular and form of instruction should not be forwarded or transmitted by the recipient thereof to any person in any territory other than where it is lawful to make such an offer.
- 3.5.3. The Rights Offer Linked Units have not been and will not be registered under the Securities Act of the United States of America. Accordingly, the Rights Offer Shares may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States or to, or for the account or benefit of, United States persons, except pursuant to exemptions. The Circular and the accompanying documents are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States. The Circular does not constitute an offer of any securities for sale in the United States or to United States persons. The Rights Offer contained in the Circular does not constitute an offer in the District of Columbia, the United States, the Dominion of Canada, the Commonwealth of Australia, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Non-qualifying unitholders should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the Rights Offer, or trade their entitlement. Unitholders holding Linked Units on behalf of persons who are non-qualifying Unitholders are responsible for ensuring that taking up the Rights Offer, or trading in their entitlements under that offer, do not breach regulations in the relevant international jurisdictions.
- 3.5.4. To the extent that non-qualifying Unitholders are not entitled to participate in the Rights Offer as a result of the aforementioned restrictions, the allocated rights in respect of such non-qualifying Unitholders shall lapse.

## 4. PROCEDURES

### 4.1. Letters of Allocation

In respect of those Unitholders who hold Dematerialized Linked Units on the CSDB there are no forms to complete for Renounceable of Letters of Allocation and Instruction as the CSDB account of such Unitholder will be credited with a new security to be known as “RDC Rights”- each one representing the right to subscribe for one Offer Linked Unit to be issued in terms of the Rights Issue at the Offer Price. A Unitholder is entitled to sell all or part of its rights to Offer Linked Units and instruction in this regard must be provided to the Unitholder’s stockbroker who will act on behalf of the Unitholder accordingly.

### 4.2. Excess Units

- 4.2.1. Unitholders are invited to apply for additional Offer Linked Units over and above their entitlement. Unitholders (or their Renounees) wishing to apply for additional Offer Units over and above their entitlement must complete the Renounceable Letter of Allocation and

Instruction in accordance with the instructions provided therein and lodge it with proof of payment of the subscription price with the Transfer Agent by no later than 17 September 2021.

- 4.2.2. The Company will publish an announcement in the press or Xnews on or about 24 September 2021 providing details of the results of the Rights Offer and the conditional allocation of Excess Linked Units if any, for which applications were made.
- 4.2.3. Any refund payments in respect of unsuccessful applications for Excess Linked Units by Unitholders (or their renounees) will be made on or about 5 November 2021.

#### 4.3. **Renunciation and Splitting**

- 4.3.1. Unitholders who hold Linked Units in Dematerialised Form are not required to complete any forms for splitting.
- 4.3.2. Their CSDB accounts will be credited with a new security to be known as “RDC Rights”- each one representing the right to subscribe for one new Offer Linked Unit to be issued in terms of the Rights Issue at the Offer Price. Unitholders entitled to and wishing to sell part or all of their RDC Rights must instruct their stockbrokers to do so on their behalf, causing the appropriate entries to be made in respect of the RDC Rights and, if necessary, an additional Renounceable Letter of Allocation and Instruction to be applied for and to be delivered to the Unitholder, before 15 September 2021.

#### 4.4. **Lapse of Renounceable Letters of Allocation**

If Unitholders fail to instruct the Transfer Agent as to what action they intend to take or fail to comply with the procedures as set out herein, within the timelines stipulated, their Renounceable Letters of Allocation and Instruction will lapse and such Unitholders will not be entitled to any payment/indemnification under the terms of the Rights Offer.

#### 4.5. **Payment procedure**

- 4.5.1. Payment of the total subscription price payable in respect of the Offer Linked Units applied for must be received by no later than 17 September 2021. This payment can be made by way of:
  - 4.5.1.1. direct deposit;
  - 4.5.1.2. electronic funds transfer; or
  - 4.5.1.3. cheque payments
  - 4.5.1.4. into the bank account stipulated in paragraph 3.3.7. The Unitholders CSDB account number must be used as the identifying reference number of such payment.
- 4.5.2. Unitholders are required to ensure that their payments are correctly referenced.
- 4.5.3. Should the payment of the subscription price not be reflected in the bank account stipulated in paragraph 3.3.7 by 17 September 2021, or payment made without including the Unitholders CSDB account number referred to in the Renounceable Letter of Allocation and Instruction, the Company may, in its sole discretion, and without prejudice to any rights that the Company may have, regard the Renounceable Letter of Allocation and Instruction as null and void or take such steps in regard thereto as the Company deems fit.
- 4.5.4. Documentary proof of payment of the total subscription price payable in respect of the Offer Linked Units applied for, together with a properly completed Renounceable Letter of Allocation and Instruction, must be lodged by Unitholders (or their renounees) with the Transfer Agent, at either of the following addresses:

**By hand:**  
PricewaterhouseCoopers (Pty) Limited  
Plot 50371 Fairgrounds Office Park  
Gaborone

**By post:**  
PricewaterhouseCoopers (Pty) Limited  
P.O Box 294 Gaborone

**By email:**  
[dolly.mmereki@pwc.com](mailto:dolly.mmereki@pwc.com)

to be received by no later than 17 September 2021.

4.5.5. The making of payment will constitute an irrevocable offer to subscribe by the Unitholder (or renounee) of the Offer Linked Units the subject of the Renounceable Letter of Allocation and Form of Instruction, upon terms set out in the Circular and in such Letter.

## 5. OTHER INFORMATION

### 5.1. Historical Financial Information of RDC

The Audited Annual Financial Statements and Annual Reports of RDC for the financial years ending 31 December 2020, 2019 and 2018 are available on the Company's website [www.rdcbw.com](http://www.rdcbw.com) and on Xnews.

### 5.2. Profit forecast of RDC

The unaudited profit forecast for RDC for the financial year ended 31 December 2021 is shown below.

The unaudited profit forecast is the responsibility of RDC's directors and has been prepared for illustrative purposes only, to provide information on the effect of the Bonus Issue, the Rights Offer and the Proposed Investment, and the funding of the Proposed Investment by way of long-term debt had the transactions been effective from 01 January 2021.

The unaudited forecast may not fairly present the financial position, changes in equity and results of operations and cashflow of RDC in the financial year ended 31 December 2021.

#### Statement of Comprehensive Income

	<b>12 Months Ending 31 December 2021 P'000</b>
	<i>Unaudited Profit Forecast</i>
<b>Revenue</b>	<b>529,408</b>
Contractual lease rental revenue	529,408
Straight line rental adjustment	-
Operating expenses	(214,666)
Income/(loss) arising from joint venture	1,942
Gain on bargain purchase	757,485
Net foreign exchange gains/(losses)	-
<b>Profit from operations before fair value adjustments</b>	<b>1,074,169</b>

Surplus arising on fair value of investments	-	
Surplus arising on revaluation of properties	-	
Net valuation	-	
Adjusted for straight line rental adjustment	-	
<b>Profit from operations</b>	<b>1,074,169</b>	
Investment income	16,986	
Net finance costs	(151,182)	
<b>Profit before tax</b>	<b>939,973</b>	
Income tax expense/(credit)	(18,273)	
<b>Profit for the year</b>	<b>921,700</b>	
<b><i>Other comprehensive income</i></b>		
Exchange differences on translation of foreign operations	7,492	
Net Fair value gains on available for sale financial instruments	4,371	
	<b>11,683</b>	
<b>Total comprehensive income for the year</b>	<b>933,563</b>	
Profit attributable to:		
Owners of the company	895,481	
Non-controlling interests	27,055	
<b>Exceptional items</b>		
Once off gain on bargain purchase	(757,485)	
Adjusted Earnings attributable to the owners of the company	<b>137,996</b>	
Average number of linked units in issue	782,931,691	
Adjusted Earnings per linked unit (thebe)	17.63	
Adjusted Diluted Earnings per linked unit (thebe)	17.63	
Adjusted Headline Earnings per linked unit (thebe)	17.63	
Average number of linked units in issue - before Bonus Issue	694,569,652	
Adjusted Earnings per linked unit (thebe) – before Bonus Issue	19.9	
Distribution Range (%)	75% of Earnings	6.9%
	90% of Earnings	8.3%

### Assumptions

The profit forecast has been prepared in terms of International Financial Reporting Standards (IFRS) and the accounting policies of the Company and should be read in conjunction with Independent Reporting Accountant's Report in annexure 2 to the Circular

The profit forecast is based on the following assumptions:

1. The profit forecast has been prepared on the assumption that there will be no significant circumstances, in addition to the ones already known to Management, that will affect the Company's operations and which are outside of the control of the directors, apart from those market indicators such as foreign

exchange, interest, inflation rates and financial market movements.

2. The profit forecast for Tower is based on the unaudited interim results for the six months ended 30 November 2020, historical annual reports and other publicly available information.
3. Rental income for the Company earned from the properties has been calculated based upon the lease agreements in place, in conjunction with the escalations stated in the lease agreements and an assumption on vacancies and lease renewals.
4. No straight-line rental income adjustments in terms of International Financial Reporting Standard 16 Leases have been made.
5. Current economic conditions and the impact of COVID prevail throughout the period and there is no further downturn in the property markets.
6. All expenses relating to the Bonus Issue and Rights Offer have been expensed in accordance with the International Financial Reporting Standards.
7. Expenses have been calculated based on service contracts already in place and expected expenses based on past experience and general market conditions.
8. The net foreign exchange gains/(losses) are assumed to be nil for the year. The foreign exchange rates as at the Last Practicable Date were used to translate the forecast into the RDC Group's presentation currency.
9. The interest and repayment of term loans have been calculated with reference to the loan agreements entered into for the respective loans. Finance costs on borrowings have been calculated based on the terms and conditions applicable thereto.
10. A conservative approach has been taken assuming that the market conditions remain stable for the changes in the fair value of the property portfolio.
11. No fair value adjustment have been recognized as the valuations of investments and investment properties are not expected to be materially different from those reported in the 31 December 2020 audited figures of the Company. and the unaudited interim results of Tower for the six months ended 30 November 2020.
12. Tax has been calculated at 22% on the increase in the fair value of the properties, which is assumed to be nil per point 11 above. The assumption for the company is that a VRLS pays minimal income tax due to the provisions in the Income Tax Act related to VRLS specifically. It is assumed that the company will pay capital gains taxes on the proceeds on sale of the properties. It has been assumed that there is no tax payable on the Bonus Issue.

The profit forecast has been reported on by the Reporting Accountant, whose report is included as Annexure 2 to the Circular.

### 5.3. Pro forma statement of financial position of RDC

The pro forma statement of financial position is the responsibility of RDC's directors. The pro forma statement of financial position set out below is presented for illustrative purposes only, to provide information about how the Bonus Issue and Rights Offer and the Proposed Investment may affect the financial position of RDC at 01 January 2021 had the transactions been effective from 01 January 2021. Because of the nature of the pro forma statement of financial position it may not give a realistic picture of RDC's financial position after the transaction.

The pro forma financial information has been prepared in terms of International Financial Reporting Standards (IFRS) and the accounting policies of the Company and should be read in conjunction with Independent Reporting Accountant's Report in Annexure 2.

	<b>30 December 2020 P'000</b>	<b>P'000</b>		<b>01 January 2021 P'000</b>
<b>ASSETS</b>	<b>Audited Annual Results</b>	<b>Published Adjustments</b>	<b>Notes</b>	<b>Adjusted</b>
<b>Non-current Assets</b>				
Property, plant and equipment	6,489	93		6,582
Investments	68,461	-	6	68,461
Investment in a joint venture	27,444	-		27,444
Long-term loan receivable	12,418	-		12,418
Investment properties	2,145,151	3,121,781	6	5,266,932
At fair value	2,158,580	3,163,939		5,322,519
Rental receivable - straight line rental adjustment	(13,429)	(42,158)		55,587
Intangible asset	1,000	-		1,000
Available-for-sale investments	38,160	(14,229)		23,931
Trade and other receivables	4,408	-		4,408
Rental receivable - straight line rental adjustment	13,429	42,158		55,587
	<b>2,316,960</b>	<b>3,149,803</b>		<b>5,466,763</b>
<b>Current Assets</b>				
Inventories	-	63,946		63,946
Trade and other receivables	34,922	108,597		143,519
Current tax assets	1,844	-		1,844
Cash and cash equivalents	165,224	106,004		271,228
Investment property held for sale	-	58,962		58,962
	<b>201,990</b>	<b>337,509</b>	<b>3</b>	<b>539,499</b>
<b>Total Assets</b>	<b>2,518,950</b>	<b>3,487,313</b>		<b>6,006,263</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Stated capital	329,073	773,082		1,102,155
Debentures	113,103	137,435		250,538
Accumulated profits	729,801	556,828		1,286,629
Debenture interest and dividend reserve	13,502	-		13,502
Investment revaluation reserve	(5,646)	(637)		(6,283)
Foreign currency transaction reserve	(23,010)	-		(23,010)
Equity attributable to owners of the parent	1,156,823	1,466,707	1	2,623,530
Non-controlling interest	297,009	219,848		516,857
<b>Total Equity</b>	<b>1,453,832</b>	<b>1,686,556</b>		<b>3,140,388</b>
<b>Non-current liabilities</b>				
Long term borrowings	458,843	1,772,868		2,181,711
Loan payable to non-controlling interest	-	23,200		23,200

Deferred tax liabilities	129,624	-	129,624
	<b>588,467</b>	<b>1,746,067</b>	<b>2,334,534</b>
<b>Current Liabilities</b>			
Trade and other payables	50,800	40,479	91,279
Bank overdraft	6,884	(6,884)	-
Current portion of long-term borrowings	418,902	7,584	426,486
Current tax liabilities	65	13,510	13,575
	<b>476,651</b>	<b>54,690</b>	<b>531,341</b>
<b>Total Equity and Liabilities</b>	<b>2,518,950</b>	<b>3,487,313</b>	<b>6,006,263</b>
Number of linked units in issue	353,448,157	429,483,535	782,931,691
NAV per linked unit	3.27		3.35

#### Notes and assumptions made

<b>1. Equity attributable to owners of the Company</b>	<b>P'000</b>
<b>Before adjustments</b>	1,156,823
- Issue of shares and debentures as a result of the Bonus Offer	189,095
- Effect of the Bonus Issue out of accumulated profits	(189,095)
- Issue of shares and debentures as a result of the Rights Offer	730,000
- Estimated costs of the Bonus Issue and Rights Offer	(8,578)
- Estimated cost of the Proposed Investment expensed	(19,208)
<b>Adjusted equity attributable to owners of the Company</b>	<b>1,859,037</b>
- Estimated bargain purchase gain on acquisition of the Proposed Investment	757,485
- Estimated gain and reclassification of existing shares in Tower	7,008
<b>Adjusted equity attributable to owners of the Company</b>	<b>2,623,530</b>

The issue of shares and debenture is as a result of the Bonus Issue of 88,362,039 linked units and the Rights Offer for the right to subscribe for approximately 341,121,495 linked units. The nominal value of a debenture is P0.32.

Further adjustments have been made to the equity attributable to the owners of the Company which relate to the effect of the Bonus Issue out of accumulated profits and the estimated once-off costs of P 27.8 million relating to the Bonus Issue and Rights Offer.

<b>Current assets</b>	<b>P'000</b>
<b>Before adjustments</b>	<b>201,990</b>
- Proceeds from the Rights Offer	730,000
- Reclassification of the bank overdraft as a result of the cash raised from the Rights Offer	(6,884)
- Estimated costs of the Bonus Issue and Rights Offer expensed	(8,578)
- Estimated costs of the Proposed Investment Expenses	(19,208)
- Proceeds of new bank debt raised	294,963
- Estimated costs of the Proposed Investment Expenses	(1,002,123)
- Estimated current assets acquired	349,339
<b>Adjusted current assets</b>	<b>539,499</b>

3. The adjustments to current assets are as a result of cash raised from the Rights Offer, the estimated once-off costs of P27,8 million relating to the Bonus Issue and Rights Offer and Proposed Investment and the net effect

of the acquisition of the Proposed Investment. It has been assumed that there is no tax payable on the Bonus Issue.

4. The balance sheet of Tower has been extracted from the latest half year report of Tower Property Fund as at 30 November 2020. No material events have taken place to substantially change the figures as at 01 January 2021.
5. There are no subsequent events which require adjustment to the pro forma financial information.
6. No fair value adjustment have been recognized as the valuations of investments and investment properties are not expected to be materially different from those reported in the 31 December 2020 audited figures of the Company. and the unaudited interim results of Tower for the six months ended 30 November 2020.
7. The foreign exchange rate as at the 01 January 2021 were used to translate the forecast into the RDC Group's presentation currency.

The pro forma statement of financial position has been reported on by the Reporting Accountant, whose report is included as Annexure 1 to the Circular.

#### **5.4. WORKING CAPITAL STATEMENT**

The directors of RDC are of the opinion that after the Bonus Issue, Rights Issue, Proposed Investment and the borrowing made in respect of part of the Proposed Investment, taking into account available cash resources, that the working capital of RDC will be sufficient for present requirements i.e. the Company's cash requirements over the next 12 months from the date of issue of the Circular.

#### **5.5. ADEQUACY OF INTERNAL CONTROLS**

The directors are of the opinion that (which opinion is concurred with by the audit committee of the board) that adequate internal controls in respect of the financial, operational and compliance risks of the Company and its subsidiaries are in place.

#### **5.6. INTELLECTUAL PROPERTY**

The Company has no patents, trademarks, industrial or intellectual property upon which the operations of the Group are dependent, and which are significant to the successful business of the Group and fundamental to the profitability of the Group.

#### **5.7. EMPLOYEES**

- 5.7.1. As at the Last Practicable Date the RDC Group has no employees.
- 5.7.2. Tower currently employs 14 persons.
- 5.7.3. After the acquisition of the Proposed Investment, the employees of Tower will be employed by a subsidiary of PAM in South Africa to give effect to the PAM Management Agreement, that will apply to both Tower and RDC's existing South African assets.

#### **5.8. REMITTANCES**

- 5.8.1. There are currently no restrictions in the remittance by RDC of participations in profits or of interest, or of capital in respect of linked units, outside of Botswana.
- 5.8.2. The Company has not encountered any restrictions with regard to profit or capital, receivable by the Company, from countries outside of Botswana, to Botswana and will have obtained as part of the fulfillment of the Offer Conditions the approval of all applicable regulatory authorities to the Proposed Investment.

#### **5.9. DIRECTORS' REMUNERATION**

The amounts paid to the Directors during the financial year ended 31 December 2020 are given below:

<b>Director</b>	<b>Pula</b>
<i>Executive Directors:</i>	
Guido R Giachetti (Chairman)	66,000
Jacopo Pari	66,000
<i>Non-Executive Directors:</i>	
Giorgio G Giachetti	57,000
Lesang Magang	69,500
Andrew Bradley	71,000
Kate Maphage	69,500
Bogolo Kenewendo	18,000
Keith Jeffries ( <i>during the financial year ended 31 December 2020</i> )	48,000
<b>Total</b>	<b><u>465,000</u></b>

There will be no change in the remuneration receivable by any of the Directors as a result of the Bonus Issue or the Rights Offer.

The Company is managed by PAM. G. R. Giachetti, G. Giachetti, L. Magang and J. Pari are directors of PAM, which provides property management, accounting and secretarial services to RDC. The appointment of PAM is reviewed by the Board on a regular basis.

#### 5.10. STATED CAPITAL AND DEBENTURE CAPITAL

The stated capital of RDC before and after the Bonus Issue and Rights Offer (assuming allocation of all the Rights Offer Linked Units) is as follows:

<b>Before the Bonus Issue and Rights Offer</b>	<b>P'000</b>
353 448 157 Ordinary Shares	329,023
353 448 157 Debentures	113,103
	<b>441,176</b>
<b>After the Bonus Issue</b>	
441 810 196 Ordinary Shares	489,892
441 810 196 Debentures	141,379
	<b>631,271</b>
<b>After the Rights Offer</b>	
781,345,080 Ordinary Shares	1,110,733
781,345,080 Debentures	250,030
	<b>1,361,271</b>

#### 5.11. TRADING HISTORY OF LINKED UNITS

The recent trading history of Linked Units on the BSE is set out in Annexure 4 of the Circular.

#### 5.12. RELATED PARTY TRANSACTIONS

Aside from interest charged and received to related parties (please refer to Borrowings and Loans Receivable in Annexures 6 and 7 of the Circular and property management services from PAM (an entity of which G.R Giachetti, G. Giachetti, L. Magang and J. Pari are mutual directors, and certain Unitholders of the Company hold shares), related party transactions consist of a turnkey agreement

for the acquisition of a property asset in Mozambique from Kali International DMCC for c. P 19.4 million (USD 1.8 million). Save for the aforesaid, there have been no other transactions entered into by RDC with any related parties which have not been approved by Unitholders.

**5.13. MATERIAL CHANGES**

Other than in the normal course of business or as set out elsewhere in this Circular and the Revised Listing Particulars, there have been no material changes in the financial or trading position of the Company since the publication of the audited financial statements for the year ended 31 December 2020.

**5.14. INTERRUPTION IN BUSINESS**

There has been no interruption in the business of the Group, in the 12 months preceding the Last Practicable Date which had a significant effect on the business' financial performance or financial position of the Company.

**5.15. BORROWINGS**

5.15.1. Following the passing of the ordinary resolution extending the borrowing powers of the Directors at the EGM, , the Directors may raise or borrow, for the purposes of the Company's business, such sum of money as, in aggregate at any time, do not exceed (55%) of the value of the fixed assets of the Company (as determined from time to time) or such other percentage of such value as the Company may, by ordinary resolution, in general meeting determine.

5.15.2. Details of the borrowings, made by the Company, as at the Last Practicable Date, and any security offered in respect thereof are set out in annexure 6 of the Circular.

**5.16. LOANS MADE AND SECURITY FURNISHED FOR AND ON BEHALF OF DIRECTORS OR MANAGER**

As at the Last Practicable Date no loans have been made and no security furnished in respect of debts of a director or a manager in the Group.

**5.17. SIGNIFICANT CHANGES IN ASSETS**

There have been no significant changes in the nature of any property or assets of the Group, since date of the last audited annual financial statements of the group in respect of the year ended 31 December 2020, other than the acquisition of the Radisson RED Hotel Johannesburg, Rosebank, South Africa for c. P 308 million and which is expected to transfer on 26 July 2021.

**5.18. MATERIAL CONTRACTS**

The Company has not entered into any material agreements during the 12 months preceding the Last Practicable Date.

**5.19. LITIGATION STATEMENT**

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which Directors are aware) that may have or have had, during the 12-month period preceding the Last Practicable Date, a material effect on the financial position of the Company.

**5.20. ISSUED SHARES OF NET PROFIT AND/OR LOSSES OF ANY SUBSIDIARY**

The share of net profit and/or losses of subsidiaries is set out in section 48 of the Circular.

**5.21. DIRECTORS**

In terms of the Constitution of the Company: -

- 5.21.1. directors may not vote on proposals or transactions, in which a director is interested;
- 5.21.2. a director may not vote on an issue of remuneration for himself; disinterested directors may vote on remuneration and benefits to be awarded to a board member;
- 5.21.3. one third of the directors on board, are to retire at each annual general meeting of the Company, and may subject to not having reached the age of retirement, offer themselves for re-election;
- 5.21.4. there is no qualification for appointment as a director.

## **5.22. DISTRIBUTION POLICY**

- 5.22.1. The distribution policy of the Company is to calculate the distributable income for the period under review, and generally to distribute between 75%-90% of distributable income, depending on the development projects active at the time. However 2020 was an exception, and due to the impact of the Covid 19 pandemic, this policy could not be implemented. As the portfolio becomes larger, the impact of development projects will be minimized and the distribution will be more predictable.
- 5.22.2. In terms of the Constitution, any distribution payable in respect of a Linked Unit shall bear no interest and, if it remains unclaimed for a period of 3 years from date of declaration, shall be forfeited and retained by the Company.

## **5.23. EXPERT INTEREST**

Grant Thornton, a firm of certified public accountants, practising in Botswana, which firm is also the auditor to the Company, was mandated to provide Assurance Reports, as Reporting Accountants, in respect of the pro forma financial information and profit forecast of RDC, for the year ended 31 December 2021. Grant Thornton has no shareholding in the Company nor in any of its subsidiaries, and does not, to the best knowledge of the directors have any right (legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in the Company or any of its subsidiaries. The reports of Grant Thornton, as Reporting Accountants appear as annexures 1 and 2 to the Circular.

## **5.24. ADVISORS' INTEREST**

The Transaction Advisor does not currently hold any Linked Units in RDC. None of the other advisors have an interest in any Linked Units as at the Last Practicable Date.

## **5.25. CORPORATE GOVERNANCE STATEMENT**

A statement, in respect of corporate governance, adopted by the Company and its subsidiaries is set forth in section 53 of the Circular.

## **5.26. TRADING AND PROSPECTS**

- 5.26.1. The trend of the business of the Group, since the date to which the latest audited financial accounts of RDC were made up, 31 December 2020, has been positive in a challenging market. The portfolio has contained vacancies to well below average with high tenant retention through the Covid-19 pandemic. The business has been resilient as a result of its strategy of greater diversification and a "hands-on" management team. The management team is a core strength of the Group. Senior management, both in Botswana and South Africa, has maintained a measured and collaborative approach, keeping particularly close to the Group tenants, financing partners and other stakeholders. The hospitality industry in the region continues to be the hardest hit in the fall-out of the Covid-19 pandemic and the effect will still be strongly felt in 2021. With the rapid roll out of vaccinations of the major source markets, and the anticipated regional vaccinations, it is expected that the pent up demand for in person experiences, will contribute positively to the rebound of the sector in 2022. The effect of our regional and sectoral diversification continues to prove positive

through our USA investments performing strongly and the South African portfolio (Capitalgro), continuing to contribute solidly to the results of the Group.

5.26.2. With regard to the financial and trading prospects of the Group in respect of the current financial year to 31 December 2021: -

5.26.2.1. The Board holds the view that a regional strategy will result in a mitigation of risk by way of geographical spread and will enable RDC to take advantage of opportunities in economies that are at different stages in their development.

5.26.2.2. As part of its strategy to generate capital appreciation and income growth, and to offer Unitholders superior geographic diversification, through becoming a significant regional presence, RDC seeks to pursue the Proposed Investment; the Proposed Investment represents an attractive and unique investment proposition for RDC where sufficient distribution and yield accretion can be accessed for Unitholders, as of completion of the Proposed Investment, in latter half of the year, as described in Part A of the Circular.

5.26.2.3. The Company therefore believes it has good future prospects, if the Proposed Investment is concluded and its desired strategy is achieved.

5.26.3. With regard to the financial and trading prospects of the Group current financial year, reference is made to the profit forecast set forth in Section 5.2.

#### 5.27. **CONSENTS**

The Transaction Advisor, Sponsoring Broker, Legal Advisor and Reporting Accountants have consented in writing to act in their capacities and to their names being stated in the Circular and have not withdrawn their consent prior to the publication of the Circular.

#### 5.28. **COSTS**

The total costs, expenses and provisions which are expected and have been provided for in connection with the Bonus Issue and the Rights Offer and the Proposed Investment total some P31,685,000 the details of which are set out in section 56 of the Circular.

#### 5.29. **COMMISSIONS, DISCOUNT AND BROKERAGE**

No special commissions, discounts, brokerages, or other special terms have been granted within two years immediately preceding the date of issue of this Circular, in connection with any sale of capital of the Company or Group.

#### 5.30. **PARTICULARS OF SIGNIFICANT PROPERTIES**

The particulars of location, size and tenure of the principal establishments of the Group, which account for more than 10% of the net turnover are set out in annexure 9 of the Circular.

#### 5.31. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of RDC from date of opening of the Rights Offer to date of closing thereof:

- a signed copy of the Circular, including the Revised Listing Particulars;
- the audited annual financial statements of RDC for the years ended 31 December 2020, 31 December 2019 and 31 December 2018;
- the Constitution;
- the Reporting Accountants Limited Assurance report on the unaudited *pro forma* statement of financial position;
- the Reporting Accountants report on the profit forecast of RDC;

- Letters of commitment from major unitholders;
- the Management Agreement between the Company and Property and Asset Management Limited;
- Letters of consent from the Transaction Advisor, Legal Advisor, Sponsoring Broker, Reporting Accountant and Transfer Agent.

### 5.32. DIRECTORS RESPONSIBILITY STATEMENT

- 5.32.1. The Directors, whose names are given on page 1 collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts, and that this abridged circular contains all information required by law.
- 5.32.2. The Directors confirm that the Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company and of the rights attaching to the Linked Units to which the Circular relates.

Signed by, or on behalf, of each of the Directors, in terms of a power of attorney granted by such Directors at Gaborone, Botswana.

(signed) G R Giachetti (*Chairman*)

(signed) Lesang Magang  
(*Lead independent director*)

### BY ORDER OF THE BOARD

**Corporate Advisor in respect of the transaction in South Africa**



**Sponsoring Broker**



**Transfer Agent**



**Independent Reporting Accountant**



**Legal Advisor**



**Legal Advisor in respect of the acquisition in South Africa**

