HIGHLIGHTS – ANNUAL FOR THE UN-AUDITED GROUP CONSOLIDATED PRELIMINARY STATEMENTS OF FINANCIAL POSITION 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**

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.

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

Total equity as at 30 June 2019 – restated: 1,284,351

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 ground on this exciting development.

The standout highlight of the last 6 months is the finalisation 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 220-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 2023), the company management will have an oversight on the development process. We are excited by the prospect of owning 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 turnkey 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 tendering of the Xai Xai development is now staring with line shops as been announced for the area. Zimpelo, Maputo, we expect to commence with the petrol station component of the planned conference 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 thee per ordinary share and interest of 5,028 thee 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
Gaborone
14 August 2019