ACQUISITION OF A CONTROLLING STAKE IN CAPITALGRO (PROPRIETARY) LIMITED AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Introduction

Unitholders of RDC Properties Limited (“the Company”) are referred to the cautionary announcement released on 07 August 2017, and the renewal of the cautionary announcement on the following dates:

• 25 August 2017;
• 14 September 2017;
• 05 October 2017; and
• 26 October 2017;

regarding the proposed acquisition of a stake in a foreign commercial property portfolio.

The Board of Directors of the Company is pleased to inform Unitholders that the Company has concluded an agreement to purchase a 34.85% controlling stake in the issued share capital of Capitalgro (Proprietary) Limited (“Capitalgro”), a company incorporated in the Republic of South Africa.

In terms of the agreement the Company will acquire the 34.85% controlling stake for the consideration of R50.9 million, effective 15 November 2017.

2. Acquisition of controlling stake in Capitalgro

2.1. Nature of Capitalgro’s business and management

Capitalgro is a property loan stock company registered in South Africa, and structured to hold commercial property for the benefit of its shareholders. Capitalgro provides investors with a stable income which is distributed six monthly in arrears, and capital growth as determined by the increasing asset value of the portfolio.

Capitalgro has a focus on properties in the Western Cape. It owns four properties in the Cape Town area: a shopping centre in Westlake, two commercial properties in Sea Point and sectional title commercial space in Tygervalley. As at 28 February 2017 the Capitalgro property portfolio was valued at R321.5 million.
Capitalgro is managed by an independent company called Capitalgro Asset Management (Pty) Ltd, which serves as the asset manager. The executive directors of the asset manager are experienced property professionals and have a broad knowledge of the local market.

The Chairman of RDC Properties Limited will be joining the Board of Capitalgro with immediate effect.

2.2. Rationale for the acquisition

The Company has over the past few years embarked on a regional expansion strategy, which includes identifying local partners. Acquiring a controlling stake in a yield-enhancing portfolio in South Africa, with a strong management team, fits into this plan. The already established Capitalgro portfolio is expected to immediately increase the distribution yield of the Company.

This is the Company’s first major step in growing its presence outside the Botswana borders. Acquiring this stake in the Capitalgro portfolio is an exciting opportunity to grow the Capitalgro portfolio and continue to diversify the Company’s geographical presence and to cement its presence in South Africa. The participation of the Company will considerably strengthen Capitalgro as Capitalgro is seeking to grow through the acquisition of new investment properties.

3. Withdrawal of Cautionary

Further to the cautionary announcement dated on 07 August 2017, and the renewal of the cautionary announcement on the following dates:

- 25 August 2017;
- 14 September 2017;
- 05 October 2017; and
- 26 October 2017.

Unitholders are advised that they no longer need to exercise caution when dealing in the Company’s securities.

By order of the Board
PricewaterhouseCoopers (Pty) Limited
Company Secretary

13 November 2017