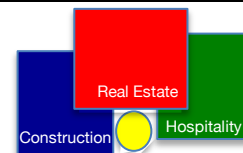


**RDC PROPERTIES LIMITED**

PO Box 405391, Gaborone, Botswana  
 Plot 5624, Lejara Road, Broadhurst Industrial, Gaborone, Botswana,  
**Registration Number 96/592 (Incorporated in the Republic of Botswana)**  
**Directors:** G R Giachetti (Chairman)\*, G Giachetti\*, K Jefferis, L Magang,  
 K C Maphage, J Pari\*, A. Bradley\*\*  
 \* Italian, \*\* South African

Member of the: **Realestate Group****HIGHLIGHTS – ANNOUNCEMENT OF THE AUDITED GROUP CONSOLIDATED SUMMARISED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019****↑3%****INVESTMENT AND PROPERTY PORTFOLIO TO P2.02 BILLION****↑4%****REVENUE TO P152,5M****◆20%****LOAN TO VALUE NET OF CASH****↑12%****EARNINGS PER LINKED UNIT****SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**

	2019 P'000 Audited	2018 P'000 Restated	% Change
<b>Revenue</b>	<b>152,481</b>	<b>146,345</b>	<b>4%</b>
Operating expenses	(50,986)	(45,158)	
Income arising from joint venture	1,089	463	
Other foreign exchange gains	827	2,579	
Other operating income	3,279	954	
Investment income	19,348	11,451	
Finance costs	(48,704)	(39,828)	
<b>Net income from operations before fair value adjustments</b>	<b>77,334</b>	<b>76,806</b>	<b>1%</b>
Surplus arising on revaluation of properties	84,746	64,504	
<b>Profit before tax</b>	<b>162,080</b>	<b>141,310</b>	<b>15%</b>
Income tax expense	(34,547)	(18,237)	
<b>Profit for the year</b>	<b>127,533</b>	<b>123,073</b>	<b>4%</b>

**Other comprehensive income***Items that may be subsequently classified to profit or loss*

Exchange differences on translation of foreign operations	5	(10,381)	
Fair value loss on available for sale financial assets	(6,697)	(2,043)	
<b>Total comprehensive income for the year</b>	<b>120,841</b>	<b>110,649</b>	<b>9%</b>

**Total comprehensive income for the year attributable to:**

Owners of the company	102,560	83,449	23%
Non-controlling interests	18,281	27,200	
	<b>120,841</b>	<b>110,649</b>	

<b>Average number of linked units in issue</b>	<b>350,982,285</b>	<b>348,121,301</b>	
<b>Earnings per linked unit (thebe)</b>	<b>33.85</b>	<b>30.20</b>	<b>12%</b>

<b>Number of linked units in issue at year end</b>	<b>350,982,285</b>	<b>350,982,285</b>	
<b>Distribution per linked unit (thebe)</b>	<b>13.03</b>	<b>13.06</b>	

**SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	2019 P'000 Audited	2018 P'000 Restated	2017 P'000 Restated
<b>Assets</b>			
Property, plant and equipment	7,928	9,586	8,943
Intangible asset	1,000	1,000	1,000
Investments	-	37,557	30,784
Investment in a joint venture	30,633	30,951	30,353
Investment properties	1,977,609	1,867,260	1,546,736
Rental receivable - straight line rental adjustment	11,230	10,506	8,662
Available for sale investments	7,321	14,050	17,580
Long-term trade receivables	945	568	130
Current assets	291,106	102,320	138,079
<b>Total Assets</b>	<b>2,327,772</b>	<b>2,073,798</b>	<b>1,781,924</b>

**Equity and Liabilities**

Equity attributable to the owners of the parent	1,169,406	1,098,923	1,012,031
Non-controlling interests	265,452	257,656	268,452
Long term borrowings	668,197	509,602	323,625
Deferred tax liabilities	138,747	118,743	110,985
Current liabilities	85,970	88,874	66,831
<b>Total Equity and Liabilities</b>	<b>2,327,772</b>	<b>2,073,798</b>	<b>1,781,924</b>

**SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS**

	2019 P'000 Audited	2018 P'000 Audited
Net cash generated from operating activities	94,381	118,418
Net cash generated from/(used in) investing activities	35,787	(255,282)
Net cash generated from financing activities	71,338	90,001
<b>Net movement in cash and cash equivalents</b>	<b>201,506</b>	<b>(46,863)</b>
Cash and cash equivalents at beginning of year	55,402	107,958
Effects of exchange rates	1,037	(5,693)
<b>Cash and cash equivalents at end of year</b>	<b>257,945</b>	<b>55,402</b>

**SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	2019 P'000 Audited	2018 P'000 Audited
Balance brought forward	1,356,579	1,280,483
Total comprehensive income for the year	120,841	110,649
Debtenture interest paid	(38,098)	(37,444)
Taxation attributable to debtenture interest	9,555	9,244
Dividends paid	(14,019)	(17,368)
Capitalisation issue of linked units	-	6,972
Effect of increase in controlling shareholding of subsidiary	-	4,043
Acquisition of subsidiary	<b>1,434,858</b>	<b>1,356,579</b>

**The Year Review & Prospects (continued)**

The company remains in a strong surplus capital position since its rental income is well diversified in terms of economic sectors, geography and has a very low overall level of borrowing, net of cash (20% LTV). Having modelled a few scenarios, we are confident that we shall remain well in excess of any covenants by our lenders. In our properties more exposed to the hospitality sector, we will try to take this opportunity to implement the property improvement plans which had been delayed or postponed because of occupancies, hopefully taking advantage of any rebound in the market.

In **Botswana**, the local market remained challenging, however the ICC Flats contributed very positively to the rentals and uptake was very pleasing, at the end of the year the occupancy was 97% with strong rentals. In Q4, we received the approval from the authorities for the building of the first retirement offering in Gaborone, the legal framework is now being put in place - we are waiting the final tenders for the construction works to start. The land was acquired before the end of February 2020. We have the pleasure of confirming that after a protracted tendering, Three Partners Resorts Ltd entered a franchise agreement enabling the conversion of the Masa Square Hotel to a **Protea by Marriott Hotel**; the effective date should be the 1<sup>st</sup> April 2020. This will enable the hotel to benefit from arguably the largest loyalty program in the world; a substantial property improvement plan will need to be implemented. A conditional license to operate a casino in the Masa Centre was issued to an operator in December 2019, we expect this operation to start contributing positively to the centre within the end of the year and consolidate the entertainment offering of the centre.

In **South Africa**, the Capitalgro portfolio continues to ensure strong rental income streams and the total return as at end of the year is 9.92% despite an increase on the vacancy rate. The portfolio was valued at R714 million year-end up from R691M, representing a capital appreciation of 3%. The development in **Woodstock, Albert Road 108**, was delayed by planning and building permits. We expect works to be completed by Q1 2021. The building is likely to become the first biotechnology hub for the Cape Town. We are pleased to confirm that Capitalgro management concluded a thorough due diligence investigation into the affairs of both the **Capita buildings**, Voortrekker Road 65 & 69 Maitland and the **Rhino Africa building**, on 9 Caxton Street, Woodstock and procured the necessary approvals from the Competition Commission to proceed with the transaction. The purchase price will be settled through a combination of cash paid to the seller and Capitalgro shares, effective date will be in Q1 2020. The cash was raised through a successful Capitalgro rights issue and mortgage bond debt by ABSA. Both acquisitions will result in enhanced yield for the portfolio. The lease covenants are underpinned by substantial, financially secure businesses. In the later part of 2019, we concluded development and financing agreements for the new **Radisson Red Rosebank** - Johannesburg, an extraordinary 222 bedroom hotel in the heart of the most vibrant and multi-cultural district of the city. The new building is situated along the bustling Oxford road, just a short walk from the Gautrain Station; the perfect location for what we hope will become one of the neighbourhood's landmarks - marking the start of the city's "Art Mile". The new Hotel should be opening in Q2 of next year, we are extremely fortunate that this hotel is not opening during these difficult times. It is anticipated that it will be a substantial contributor to the company rental income from 2022.

The company is very pleased of the extraordinary performance of its investment in the **United States of America**. We confirm a gross return of USD 1,56M from USD 3M investment. This equates to a pre-tax USD return of more than 52% in two years. Net of taxes and transaction costs the company received USD 4.1M equating to close to 40% return in Pula. This investment has proven to be an efficient currency hedge and its performance is due to a well selected Management team operating in the specific market. The company is pleased to confirm that it is considering further investments in the USA with the same Management team.

Unfortunately in **Namibia**, we are still awaiting the finalization of the land acquisitions.

In **Mozambique** there are signs of an improved economic climate, and we are starting to conclude tenancies for the Xai Xai convenience centre, we have managed to negotiate the payment of some rentals from Choppies Enterprises. The petrol station works have started on the Zimpeto (Maputo) site and we expect the works to start contributing by Q1 2021.

**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.

**Financial results and highlights**

The audited financial statements of the Group for the year ended 31 December 2019, reflect a good year with a strong set of financial results. We are particularly satisfied in view of the contribution of our diversification drive, underpinned by the strength of our investment in Capitalgro, despite difficult conditions in the region. **The investment and property portfolio is up 3% to P2.02 billion**, with Botswana representing 70% of this value and South Africa 26%. **Rental revenue is up 4% to P152.5 million**, with 65% earned in Botswana and 35% in South Africa. As a result, **profit before tax is up 15%**. With the adoption of IFRS 16 Leases, a restatement to the prior periods was required which resulted in revenue in 2018 decreasing by P9.7M and the surplus arising on the revaluation of properties increasing by the same amount, the net effect being zero on earnings per share.

**Directors**

There has been no change to the Board of Directors.

**Distribution to linked unit holders**

Notice is hereby given that a final dividend of 0.072 thebe per ordinary share and interest of 2.065 thebe per debtenture has been declared on 23 March 2019. This dividend and interest will be payable on or about 28 October 2020 to those linked unit holders registered at the close of business on 16 October 2020. The ex-dividend date is therefore 14 October 2020.

**Independent Auditor's Report**

Grant Thornton, the Group's independent auditors, have audited the consolidated financial statements of the Group from which these summarised financial results have been derived, and have expressed an unmodified audit opinion on the consolidated financial statements. The full set of financial statements including the audit report and the summarised consolidated financial statements are available for inspection at the Group's registered office.

**By order of the Board**  
**G R Giachetti, Executive Chairman**  
 Gaborone, 26 March 2020

**The Year Review & Prospects**

It is a pleasure to present to you a solid set of results for the year 2019 and a strong pipeline of upcoming projects. The year 2019 is a year in which we confirmed that our investments in both USA and RSA have been outperforming our other geographies. We identified new opportunities both in Botswana and abroad giving us a strong footing for the years ahead.

Unfortunately, like all of you, we were taken by surprise and we have been addressing the complex and evolving challenges created by the coronavirus (COVID-19). Things are going to be tough; this is a time for considered and calm action, building on the measures being implemented by our government and making sure the company continues to uphold its ethical and community focused values and is able to service its financial obligations. Our teams are particularly close to our customers and in our buildings we are going to be enforcing measures as suggested by WHO to ensure that we do our part as a responsible corporate citizen to help arrest and control the spread of this pandemic.

