The Year Review & Prospects

In challenging local market conditions, I am pleased to report a very good set of results and great progress in our effort to diversify our income stream. The audited financial results for the year ended 31 December 2017 reflect revenue growth of 9% and net income from operations before fair value adjustments was up 16%. The investment and property portfolio grew 31% to P1.6 billion. The largest contributor to the growth in the portfolio value relates to the successful acquisition of a controlling stake in Capitalgro (Proprietary) Limited ("Capitalgro"), South Africa.

The growth in revenue is largely due to the performance of Chobe Marina Lodge (rental revenue linked to turnover of the Lodge), improved performance of Standard Chartered House and the contribution of Capitalgro since the acquisition on 15 November 2017.

R59.9 million was invested in Capitalgro to secure a 34.85% controlling stake in the issued share capital of this South African company. Acquiring this stake in Capitalgro is an exciting opportunity to grow the Capitalgro portfolio and to continue to cement RDC’s presence in South Africa with stable, predictable and low risk income streams. Post-year-end, through our support, Capitalgro purchased “The Edge” building. This is a state of the art nine-storey commercial building located in Tygervalley, Cape Town. RDC’s further R120 million investment into Capitalgro, for Capitalgro the purchase of The Edge, results in a 63% stake in this company. Capitalgro is managed by a team solely mandated to grow the Capitalgro portfolio and the members are experienced property professionals with a broad knowledge of the local market. This aspect clearly broadens RDC’s ability to control and further grow in the region.

As a consequence of our investment in Capitalgro, we were offered the opportunity to secure a foothold in the USA market. RDC acquired shares in a development company in Nashville, Tennessee with an investment of US$3 million. The strategic intent of this investment is to be able to grow a small portfolio in an exciting area of the USA and an opportunity to create a relatively small but important currency hedge to the Pula.

In line with our strategy of providing a balance of yielding properties and carrying out developments, we have continued to seek opportunities with considerable value enhancing projects, in particular we have been focusing in the tourism and hospitality sector as we feel this will partly hedge the exposure to regional currencies. We are working on the details of a partnership that could see us involved in the development and joint ownership of a substantial number of lodges in Namibia. These projects, in addition to the convenient centres that RDC will soon be building would significantly increase the footprint in Namibia.

The Xai Xai Shopping development in Mozambique is progressing well with anchor tenant fit out to commence in Q2 2018. Construction for the other new build development in Maputo (Zimpeto suburb) has commenced. Other opportunities are under review.

The development of the new 45 residential apartments at the ICC Flats property in Gabarone is progressing well and should be completed Q3 2018, on track and within budget.

In line with our commitment to meaningfully contribute to the social upliftment of the communities within which we operate, we have been actively pursuing the vision of creating a retirement offering in Botswana. We are in line with the framework concepts and the measurement assets of business on 15 November 2017, the Group's financial position and the results of its operations for the year and the scope of the audit, the audited summarised financial results should be read in conjunction with the audited consolidated financial statements from which the summarised financial results were derived and the audit report thereon. The audit of the summarised consolidated financial statements was conducted in accordance with International Standards on Auditing.

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. These audited summarised financial results constitute a summarised consolidated statement of financial position as at 31 December 2017, the audited summarised consolidated statement of comprehensive income, audited summarised consolidated statement of changes in equity and audited summarised consolidated statement of cash flows for the year then ended. 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. For a better understanding of the Group’s financial position and the results of its operations for the year and the scope of the audit, the audited summarised financial results should be read in conjunction with the audited consolidated financial statements from which the summarised financial results were derived and the audit report thereon. The audit of the summarised consolidated financial statements was conducted in accordance with International Standards on Auditing.

By order of the Board

G R Giachetti, Executive Chairman

Gaborone

28 March 2018