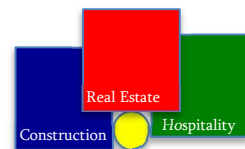




RDC PROPERTIES LIMITED
 PO Box 405391, Gaborone, Botswana
 Plot 5624, Lejara Road, Broadhurst Industrial, Gaborone, Botswana.

Registration Number 96/592 (Incorporated in the Republic of Botswana)
Directors: A Bradley**, G R Giachetti (Chairman)*, G Giachetti*, B Kenewendo,
 L Magang, K C Maphage, J Pari* (CEO)
 * Italian, ** South African



Member of the: **Realestate Group**

HIGHLIGHTS – ANNOUNCEMENT OF THE UN-AUDITED GROUP CONSOLIDATED SUMMARISED FINANCIAL RESULTS FOR THE PERIOD ENDED 30 JUNE 2021

↑ 6% INVESTMENT AND PROPERTY PORTFOLIO TO P2.4 BILLION

↑ 17% REVENUE TO P72.5M DESPITE COVID19

◆ 32% LOAN TO VALUE NET OF CASH

■ ANNOUNCEMENT OF TOWER PROPERTY FUND ACQUISITION

ABRIDGED UN-AUDITED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months Ended 30 June 2021	Six months Ended 30 June 2020	% Change
	P'000	P'000	
Revenue	72,554	62,231	17%
Operating expenses	(29,062)	(22,964)	
Other operating income	372	400	
Loss arising from joint venture	(113)	(268)	
Other foreign exchange gains	1,775	2,535	
Profit from operations	45,526	41,934	9%
Surplus arising on investments	3,485	-	
Net finance costs	(21,736)	(19,013)	
Profit before tax	27,275	22,921	
Income tax expense	-	-	
Profit for the period	27,275	22,921	19%

Total profit for the year attributable to:

Owners of the company	19,308	19,259	
Non-controlling interests	7,967	3,661	
	<u>27,275</u>	<u>22,921</u>	

Other comprehensive income

Unrealised exchange differences on translation of foreign operations	15,579	(24,484)	
Fair value loss on available for sale financial assets	6,258	(714)	
Total comprehensive income for the period	49,112	(2,277)	

Average number of linked units in issue at period end	353,448,157	353,448,157	
Earnings per linked unit (thebe)	5.47	5.47	0%

Number of linked units in issue at distribution date	441,810,009	353,448,157	
Distribution per linked unit (thebe)	2.72	2.55	7%

ABRIDGED UN-AUDITED GROUP STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	2021	2020	
	P'000	P'000	
Assets			
Property, plant and equipment	5,893	7,188	
Intangible asset	1,000	1,000	
Investments	71,699	49,556	
Available for sale investments	45,485	6,500	
Investment in a joint venture	24,674	31,850	
Investment properties	2,205,256	2,115,568	
Long-term trade receivables	26,673	6,006	
Current assets	200,185	257,622	
Total Assets	2,580,865	2,475,351	4%
Equity and Liabilities			
Equity attributable to the owners of the parent	1,190,536	1,148,313	
Non-controlling interests	300,977	293,815	
Long term borrowings	909,638	850,467	
Deferred tax liabilities	130,282	136,821	
Current liabilities	49,432	45,936	
Total Equity and Liabilities	2,580,865	2,475,351	

ABRIDGED UN-AUDITED GROUP STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months Ended 30 June 2021	Six months Ended 30 June 2020	
	P'000	P'000	
Cash flows from operating activities			
Profit from operations	45,526	41,933	
Adjustment for non-cash items	(313)	6,270	
Working capital changes	(18,347)	(16,613)	
Net finance costs paid	(27,300)	(19,013)	
Taxation paid	(568)	(4,523)	
Net cash (utilised)/generated from operating activities	(1,002)	8,054	
Additions to investment properties	(20,235)	(189,674)	
Additions to investments	-	(50,516)	
Proceeds on disposal of available for sale investments	-	-	
Share of income from joint venture	113	268	
Net loans raised	31,893	165,275	
Dividend and debenture interest	(17,464)	(25,291)	
Equity issued to minority	-	19,100	
Capitalisation issue of shares and debentures	-	5,006	
Net movement in cash and cash equivalents	(6,695)	(67,779)	
Cash and cash equivalents at beginning of the period	158,340	257,945	
Effects of exchange rates	(5,375)	7,787	
Cash and cash equivalents at end of the period	146,270	197,953	

ABRIDGED UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months Ended 30 June 2021	Six months Ended 30 June 2020	
	P'000	P'000	
Balance brought forward – previously reported	1,442,128	1,361,171	
Total distribution to the owners of the company	(13,502)	(27,755)	
Net movement attributable to the owners of the company	55,725	77,247	
Net movement attributable to non-controlling interests	7,162	31,465	
Balance at the end of the period	1,491,513	1,442,128	

Comments on the financial results – highlights & prospects

COVID 19 continues to be the single biggest Macro Economic trend effecting the Group in 2021. The impact on the economies of Botswana and South Africa continue, with extended lock downs and a slower than expected vaccine roll out. Against this backdrop, we are pleased to present the Groups' results for the half year ended 30 June 2021 which demonstrate the resilience of the portfolio and the strong base from which the Group is further diversifying through the proposed acquisition of Tower Property Fund Limited.

The Group benefited from both the strengthening rand and acquisitions resulting in a 6% increase in the investment portfolio to P2.35B. Revenue is P72.5M, an increase of 17% mainly due to the positive impact of the acquisitions in Capitalgro which have been held for the full period compared with the prior period and the resultant profit from operations of P45M has increased by 9%, despite the reduced impact of foreign exchange. The surplus arising on investments relates to the Groups USA assets. Returns on Research Court are cash backed while the Manning will be realised on completion. The profit for the period is therefore up by 19%, demonstrating as mentioned, the resilience of the RDC portfolio and robustness of the diversification strategy.

As a welcome addition to our Hospitality portfolio in South Africa, the Radisson RED Hotel Rosebank, Johannesburg has been completed and has opened its doors to widespread accolade from the sector. The property was acquired by the group post the reporting date in July 2021. The 222-room hotel is in a pre-opening stage with full operation to commence from October 2021. The project was completed on budget at R405M, the property is funded in part by a loan from Nedbank of R200m. The value of the hotel is expected to increase substantially when assessed by an independent valuer at year end.

In Botswana the commercial, retail, industrial and residential portfolio has performed largely in line with budget. The leasing activity is taking traction, with some 40 leases being either renewed or entered afresh in the period. The hospitality, leisure and entertainment sector along with our food retailers are still seeing a depressed trading environment and have not yet experienced the much anticipated and needed rebound. We expect to see a pick up as soon as the State of Public Emergency and its restrictions are lifted and a normalization in Q2/Q3 2022. These results are underpinned by strong collection numbers as the tenants most affected by the restrictions have agreed to a restructuring of their debt.

The Capitalgro portfolio in Cape Town has performed in line with expectations with some reduction in revenue largely relating to the transitional negative effect on rentals caused by the Westlake Lifestyle Centre redevelopment project. This project will see the conversion of the property to a convenience centre anchored by a high-spec, new generation Checkers retail store. Letting activity has shown some recovery with 18 new leases and renewals concluded in the period, significantly amongst them is PSG who is the anchor office tenant of the Edge Property.

The 108 Albert Rd Joint Venture development is nearing completion and the building, whilst not yet fully let, has attracted several quality bio-tech tenants. A R70m term facility has been signed with FNB which will allow for both the completion of the project and for the Group to release working capital invested to date. The JV is also working to secure a smaller adjacent property to ensure the availability of parking for the primary property.

In the United States the Group completed the second tranche of The Manning in July 2020, completing the Group's investment program for the USA. The Research Court Asset continues to perform well with low vacancy and strong demand underpinning an 8% yield, realised monthly. The Manning development continues with US\$81.5m of sales committed and only 11 units remaining, and the project remains on target with an expected realisation date of Mid-2022.

On the 30th of March 2021 the Group completed the acquisition of the Xiquelene property in Maputo, Mozambique for a consideration of circa P14m. We have obtained all the relevant authorizations from the local authorities and we should be in a position to start the phased refurbishment, amounting to circa P7m worth of investment in the short term. The development of the phase 1 Zimpeto property continues with the petrol station and line shops due for completion by the end of 2021. Xai Xai Shopping Centre is starting to attract Line Shop tenants, but the business environment in Mozambique is subdued due to the terroristic threat in the north of the Country as well as the economic effects of the pandemic.

From a Group debt perspective, the term debt to portfolio value ratio, net of cash & cash equivalents, is now at 32.4%. The recovering of the rand in relation to June 2020 has resulted in an unrealized translation difference of P16m, a reversal of the prior years impact of the Rands sudden devaluation.

Tower Property Fund Limited Acquisition Update

There have been several cautionary announcements published on the BSE and the JSE with respect to the proposed acquisition by the Group via a scheme of arrangement or general offer, of the shares in Tower Property Fund Limited, a JSE listed REIT of circa R4,2bn in total asset value. The transaction has respective (RDCP and Tower) shareholder support by way of irrevocable letters of commitment to vote in favour of the proposed offer, and will be funded by way of a rights issue to raise the required equity of R885m and Rand denominated debt of R400m to meet the offer price of R1,285m including costs. Tower has a quality portfolio of 42 properties spread across Cape Town, Johannesburg, Durban and Croatia in Eastern Europe. The deal is expected to be Net Asset Value and earnings accretive for RDCP shareholders and will usher in a new growth era for the business.

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 1st of January 2021 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.

Distribution to linked unit holders

Notice is hereby given that an interim dividend of 0.347 thebe per ordinary share and interest of 2.370 thebe per debenture has been declared on the 14th of September 2021. The number of linked units in issue has increased post the reporting period from 353 448 157 linked units to 441 810 009 linked units due to the bonus issue. The distribution is 33% higher at P12m for the period and the distribution per unit is 20% lower due to impact of new units in issue. This dividend and interest will be payable on or about the 6th of October 2021 to those linked unit holders registered at the close of business on the 24th of September 2021. The ex-dividend date is therefore 22nd of September 2021.

By order of the Board
G R Giachetti, Executive Chairman
 Gaborone
 14 September 2020