

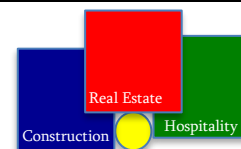


RDC PROPERTIES LIMITED
PO Box 405391, Gaborone, Botswana
Plot 5624, Lejara Road, Broadhurst Industrial, Gaborone, Botswana,

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 2020

↑ 13% INVESTMENT AND PROPERTY PORTFOLIO TO P2.2 BILLION

↓ 16% REVENUE TO P62M DESPITE COVID19

◆ 30% LOAN TO VALUE NET OF CASH

ACQUISITIONS: ASSETS IN RSA ZAR260M INVESTMENT IN USA US\$5.5M

ABRIDGED UN-AUDITED GROUP STATEMENT OF COMPREHENSIVE INCOME For the six months ended 30 June 2020	Six months Ended 30 June 2020	Six months Ended 30 June 2019	% Change
	P'000	P'000	
Revenue	62,231	73,855	(16%)
Operating expenses	(22,964)	(23,759)	
Other operating income	400	229	
(Loss)/income arising from joint venture	(268)	(173)	
Other foreign exchange (losses)/gains	2,535	(564)	
Profit from operations	41,934	49,558	(15%)
Net finance costs	(19,013)	(18,187)	
Profit before tax	22,921	31,402	
Income tax expense	-	-	
Profit for the period	22,921	31,402	(27%)
Total profit for the year attributable to:			
Owners of the company	19,259	24,383	
Non-controlling interests	3,661	7,018	
	22,921	31,402	

Average number of linked units in issue	353,448,157	350,982,285	(21%)
Earnings per linked unit (thebe)	5.47	6.95	
Number of linked units in issue at year end	353,448,157	350,982,285	(50%)
Distribution per linked unit (thebe)	2.55	5.13	

Other comprehensive income			
Unrealised exchange differences on translation of foreign operations	(24,484)	353	
Fair value loss on available for sale financial assets	(714)	(1,206)	
Total comprehensive income for the period	(2,277)	30,548	

ABRIDGED UN-AUDITED GROUP STATEMENT OF FINANCIAL POSITION As at 30 June 2020	2020	2019	
	P'000	P'000	
Assets			
Property, plant and equipment	7,188	8,714	
Intangible asset	1,000	1,000	
Investments	49,556	39,133	
Available for sale investments	6,500	12,810	
Investment in a joint venture	31,850	30,776	
Investment properties	2,115,568	1,867,227	
Long-term trade receivables	6,066	457	
Current assets	257,622	148,064	
Total Assets	2,475,351	2,108,182	17%
Equity and Liabilities			
Equity attributable to the owners of the parent	1,148,313	1,098,821	
Non-controlling interests	293,815	262,350	
Long term borrowings	850,467	553,172	
Deferred tax liabilities	136,821	118,908	
Current liabilities	45,936	74,931	
Total Equity and Liabilities	2,475,351	2,108,182	

ABRIDGED UN-AUDITED GROUP STATEMENT OF CASH FLOWS For the six months ended 30 June 2020	Six months Ended 30 June 2020	Six months Ended 30 June 2019	
	P'000	P'000	
Cash flows from operating activities			
Profit from operations	41,933	49,589	
Adjustment for non-cash items	6,270	206	
Working capital changes	(16,613)	(5,782)	
Net finance costs paid	(19,013)	(18,187)	
Taxation paid	(4,523)	(521)	
Net cash (utilised)/generated from operating activities	8,054	25,305	
Additions to investment properties	(189,674)	(12,833)	
Additions to investments	(50,516)	-	
Proceeds on disposal of available for sale investments	-	55	
Share of income from joint venture	268	173	
Net loans raised	165,275	51,417	
Dividend and debenture interest	(25,291)	(26,369)	
Equity Issued to minority	19,100	-	
Capitalisation issue of shares and debentures	5,006	-	
Net movement in cash and cash equivalents	(67,779)	37,698	
Cash and cash equivalents at beginning of the period	257,945	55,402	
Effects of exchange rates	7,787	-	
Cash and cash equivalents at end of the period	197,953	93,100	

ABRIDGED UN-AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Six months Ended 30 June 2020	Six months Ended 30 June 2019	
	P'000	P'000	
Balance brought forward – previously reported	1,361,171	1,284,357	
Total distribution to the owners of the company	(27,755)	(23,631)	
Net movement attributable to the owners of the company	77,247	77,873	
Net movement attributable to non-controlling interests	31,465	22,572	
Balance at the end of the period	1,442,128	1,361,171	

Comments on the financial results – highlights & prospects

Considering the major impact of the COVID19 on the economy of Botswana and South Africa, it is with cautious satisfaction that we present the Groups' results for the half year ended 30 June 2020 as we re-confirm the importance of having diversified the revenue stream and the geographical reach of the Group's portfolio. Despite the significant impact on the hospitality and tourism sector and the challenges faced by national lockdown's in Botswana and South Africa, the investment portfolio is up 13% to P2.2 B, the revenue is P62M, down by 16%, the profit from operations is P42M, down by 15%. Due to the financing of new projects that have not yet contributed to the revenue, in particular the Radisson Red Hotel, the profit from operations is down 27% to P23M.

Unfortunately, as a consequence of the downgrading of the South African credit rating and the economic impact of COVID 19, during Q2, the ZAR suffered a substantial devaluation. As at end of June 2020 the Group has recognized an unrealized translation difference on its foreign operations in total comprehensive income, equal to P24m. Fortunately, the ZAR has strengthened slightly since June 2020 and we hope this trend will continue as the South African economy opens up.

The focus of management has been on cash preservation and active management in support of tenants. A capitalisation option was approved for the Dec 19 final distribution which generated P5m of additional cash reserves to support the Group. During the period, the Group successfully issued two further medium-term notes, of 7 year and 4 year tenor respectively, as part of its corporate bond programme during March 2020, totalling P52.2m. Long term debt to portfolio value ratio, net of cash & cash equivalents, is now at 29.5%.

As a welcome addition to our Botswana portfolio we are pleased to inform you that the Masa Centre now includes the Protea by Marriott Hotel Masa Square Gaborone. As the hotel was built to very high international standard the cost of conversion to a Protea by Marriott has been limited. We expect more property improvements to take place as soon as the outlook for business travel improves. The design of the new foyer and the rooms is underway.

Our portfolio of properties in Cape Town, South Africa, held through our stake in Capitalgro, has been resilient under tough market conditions. The impact of the national lock down on the portfolio has been to a large extent offset by the significant decrease in variable finance costs due to declining interest rates. Most significantly, two new assets were acquired in the portfolio during the period which have increased the portfolio to 7 properties within the Cape Town area and a total property value of R970m. The Voortrekker Rd call centre was transferred in March 2020 while the Caxton Rd office property was transferred in May 2020, the acquisitions are financed through a combination of loan facilities from ABSA and vendor finance. Capitalgro issued shares under a rights offer which RDC followed in full to maintain its ownership stake at 61.1%. The lockdown caused few delays on the Group developments. We anticipate The Radisson Red Rosebank Johannesburg to open in June 2021 while the 108 Albert Rd in Cape Town should be completed by May 2021.

In the United States the Group has re-invested the proceeds from the City Lights Project into two new projects: one is the Research Court in Atlanta, Georgia consisting of a tenanted office park of two buildings valued in excess of US\$10m, our equity of US\$2.0m, represents 60% stake and provide a minimum net yield of 8%. The second investment, called The Manning, is a high-end residential development in Nashville, Tennessee. The company has a minority stake in the project and the total investment is of US\$3.5m on a preferred return basis. The Group continues to enjoy the benefit of the Crossgate management team and is increasing USD exposure as an effective means to offset the currency risk associated with operations in South Africa.

In Mozambique the Group has identified an opportunity for the acquisition of a small retail building requiring substantial renovations in Xiquelene, a busy commercial hub in Maputo. The building, in its present state has been independently valued at US\$1.7m. In order to mitigate the development risks, the redevelopment is carried out as a turnkey by the Group related party company Realestate Group Service Limitada and with the employment of a third-party construction company. The development held by RDC Xiquelene Lda is owned by RDC Mauritius, the final cost to the Group for the refurbished and stabilised building is expected to be US\$1.9m and will be calculated on a gross yield of 17.5%.The transfer and construction should start this year, with a construction period of circa 8 months and revenues expected to start flowing in from the Q3 next year.

Directors

Dr Keith Jefferis has resigned from the Board to take up a Senior Position in MFED, we take the opportunity to congratulate him on his appointment and thank him for his significant contribution over the years. The Board is pleased to announce that the Board appointed Ms Bogolo Kenewendo as a non-executive, independent Director on the Board, effective the 28th of May 2020.

Unfortunately, with the appointment of Mr. John Hinchliffe as Chairman of BIFM, it was felt that this would create a potential conflict of interest with his role as audit committee Chairman, BIFM being a substantial investor and loan provider to the Group. The Board, at its meeting of the 15th of September 2020, thanked Mr. John Hinchliffe for his guidance and detail advice to this important sub-committee and nominated Andrew Bradley, a non-executive independent member of the Board to take up the position of Chairman on the Risk and Audit Committee.

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 2020 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 0.399 thebe per ordinary share and interest of 2.147 thebe per debenture has been declared on the 15th of September 2020. This dividend and interest will be payable on or about the 28th of October 2020 to those linked unit holders registered at the close of business on the 16th of October 2020. The ex-dividend date is therefore 14th of October 2020. This is in addition to the P7.5m final distribution for 2019 which will be paid on the 28th of October 2020.

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