



RDC PROPERTIES LIMITED UNAUDITED FINANCIAL RESULTS PRESENTATION

FOR THE PERIOD ENDED 30 JUNE 2023

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GOVERNANCE**

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RDC PROPERTIES LIMITED

OUR PROPERTY PORTFOLIO - 2023

DIVERSIFICATION:



- A well-diversified portfolio of 70 assets spread across geographical regions including Botswana, South Africa, Croatia, Mozambique, Madagascar, Zambia and USA.
- Sectors include office, retail, industrial, residential and hospitality
- Natural currency hedge through in-country incomes and expenses

ACHIEVEMENTS:



- Raising capital (loans/equity on the stock exchange BSE - 1st listing)
- M&A acquisition of Tower Property Fund (first REIT on the JSE)
- Using listed bonds / mixed to commercial loans
- RDC Properties – IFSC Certification as of 1st Jan 2023

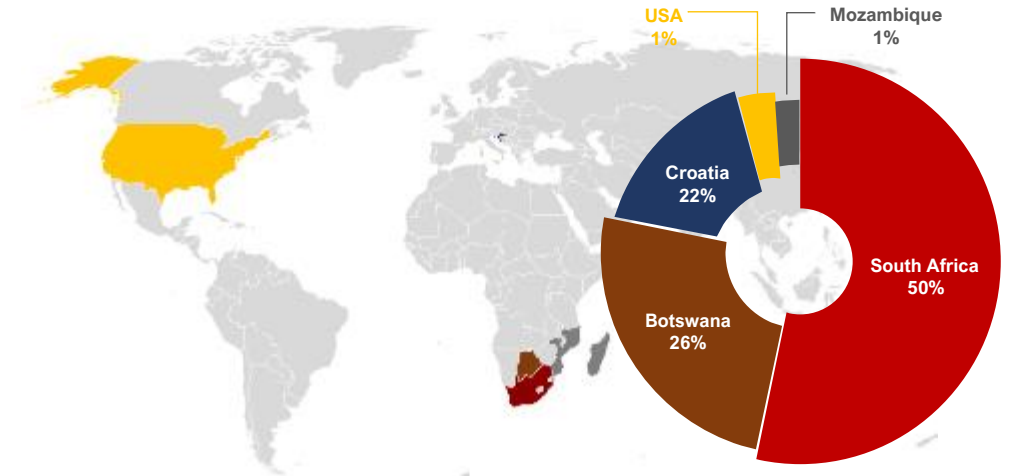
ASSET MANAGEMENT:



Dedicated asset management skills:



- M&A coordination
- Oversight of developments
- Oversight of hotel operations
- Partially internalised property management





OUR PURPOSE

“To grow **SHAREHOLDER VALUE** by **OWNING** and **MANAGING STRATEGIC PROPERTY ASSETS** that enrich the **STAKEHOLDERS** and **COMMUNITIES** we serve.”

OUR VISION

“To be the leading real estate company in Botswana, known for its **INTERNATIONAL REACH**, **EXPERTISE, INNOVATION, SUSTAINABILITY, INTEGRITY**, and **CLIENT-CENTRIC APPROACH**”.

STRATEGY GOALS – 5 YRS



1

NAV Growth per Share > Inflation plus 3 – 5%

2

Distribution in the **Upper Quartile** of the BSE Sector

3

40%-50% of revenue to be generated in **hard currency**

4

Reduction of **LTV** with a **Max 40%**

Q1 – Q2 2023

- **Challenging Macro-economic environment**, characterized by:
 - **Interest rate hikes**
 - **Inflation** remaining **high** despite fiscal interventions by central banks
- **Geopolitical tensions remain**
- **Energy Crisis in South Africa** - severe electricity shortfall has disrupted economic activity and increased operating costs for businesses

OUR RESPONSE

-  **INFLATION & INTEREST RATE RISE**
Interest rate hedges and CPI linked leases
-  **BALANCING GROWTH WITH VALUE STRATEGY**
Rethinking asset use to maximise long term return
-  **SALE OF PROPERTIES AND REDUCTION IN DEBT**
Realisation of value from the bargain purchase gain – few sales will transfer in Q3-Q4
-  **KEEPING TRUE TO OUR VALUE SYSTEM**
ESG integral to the decision making process
-  **PROTECTING VALUE FOR ALL STAKEHOLDERS**
Cash flow management and providing sustainable returns to all stakeholders



The Consolidated results for the period ending 30 June 2023 reflects the success of the Group's core investment portfolio showing strong improvement on operations and cash flow.

Q3 & Q4 2023 - FUTURE OUTLOOK

- ✓ THE RDC PORTFOLIO REMAINS WELL DIVERSIFIED ACROSS GEOGRAPHICS AND INDUSTRIES
- ✓ WE HAVE STARTED TO SEE THE HOSPITALITY MARKET IMPROVE – WITH IMPROVED OUTLOOKS GOING FORWARD
- ✓ IMPROVED CASH POSITION ALLOWS US TO TAKE OPPORTUNITIES FOR GROWTH
- ✓ IMPROVE RETURNS TO UNIT HOLDERS
- ✓ SHARE PRICE REMAINS SUBSTANTIALLY UNDERVALUED

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OUR COMMITMENT

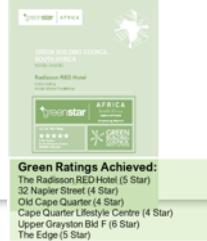


Our ESG Committee guides us in fulfilling a mission of engaging with and adding value to the communities in which we work.



ENVIRONMENT

- Measure and minimise use of potable water
- Waste management
- Use of renewable energy
- Environmentally responsible building materials
- Use of sustainable energy for our buildings



SOCIAL

- Support woman empowerment
- Support arts & culture
- Training and meaningful local partnerships



GOVERNANCE

- Fair to all stakeholders
- Robust Sub-committees
- BSE Code of Governance - recognised for excellence



Chobe Marina Lodge Supports Chobe Community Junior School

Donated essential toiletries to Chobe Community Junior School, nurturing the well-being and development of young minds.



KE DINALEDI: Art and Inspiration Night

Collaborated with local artists to celebrate and promote local artistic talent.



Ngwapa Primary School Prize Giving Ceremony

Sponsored monetary prizes for top-performing students and supported the school with educational materials and books.



Bringing Love and Hope to Sefhare Primary Hospital

Gifted Christmas presents to 50 patients at Sefhare Primary Hospital, bringing warmth, comfort, and positivity to those in need.



Ms. Kenewendo's and RDC's Generous Donations for Motopi Village

Donated computers, printers, chairs, and other essential furniture to Motopi Village Kgotla and Motopi Primary School, enhancing educational and community facilities.



Community Football Tournament by Chobe Business Community

Organized a football tournament to raise funds for the community, promoting wellness and camaraderie among staff.



Mother Pontsho Foundation

Supported the Mother Pontsho Foundation, a charity caring for 72 children in Botswana.

Donations of toiletries, food, educational supplies, clothing, and more were collected at Masa Centre in Gaborone.



Matsosangwao Traditional Dance Group, Kasane

CML is Actively engaged in the support of the Matsosangwao Traditional dance group since

2005. This local group, comprised of unemployed youth, showcases the vibrant cultural dances of Botswana.



Compassion in Action at Cape Quarter

Donated essential supplies to animal shelters, making a tangible difference in the lives of furry companions and their caregivers.



Mandela Day: Nourishing Communities

Prepared and distributed sandwiches to hungry residents in Claremont, reflecting our values of social responsibility.



Kind Heart Bench Mental Health Activation

Unveiled a bench to promote mental wellness and conversations about mental health.



Investec Cape Town Art Fair Sponsor

Sponsored the Art for Space and Space for Art Award at the Investec Cape Town Art Fair, celebrating the integration of art and space and fostering up and coming artists.



Real Estate Conference 2023 Sponsorship

Sponsoring Associate Professor – Francois Viruly to speak at the upcoming Real Estate Conference & Expo in Botswana

RDC PROPERTIES LIMITED

STRONG ESG VALUES – GOVERNANCE STRUCTURES

The retirement of two of RDC’s Independent Non-Executive Directors was formalised at the company’s AGM on 24 May 2023, along with a new appointment - Lesang Magang and Bogolo Kenewendo. The Board expressed its sincere gratitude for Mr Magang’s exceptional contribution, support and guidance over the last twenty years, and to Ms. Kenewendo for her valuable role during these transformative years of the company.

Sithabile Mathe was appointed as Independent Non-Executive Director. With 23 years of post-graduate experience in the built environment, Ms Mathe brings a new skillset to RDC’s Board. Having qualified in Architecture in Scotland in 2006, she established Moralo Designs, an Architectural Practice which offers a broad spectrum of design and project management services.

RDC’s board recognizes that **good governance and strong leadership** creates confidence for its stakeholders and is pleased to present the new board and sub-committee compositions:

At 26 September 2023	Appointment	Years	Position
Guido R Giachetti	02 May 1996	27.4	Executive Chairman of the Board
Giorgio Giachetti	02 May 1996	27.4	Non-Executive Director
Catherine K Maphage	13 Nov 2012	10.9	Non-Executive Director
Jacopo Pari	12 Sep 2013	10.1	Executive Director
Andrew JG Bradley	26 May 2016	8.4	Chair of Investment & Properties Committee Lead Independent Director
Federica EC Giachetti	22 March 2022	1.6	Chair of the ESG Committee
Gary M Fisher	22 March 2022	1.6	Executive Director
Nicola R Milne	22 March 2022	1.6	Chair of the Audit & Risk Committee
Simon N Susman	22 March 2022	1.6	Non-Executive Director
Joanne Mabin	22 March 2022	1.1	Executive Director
Sithabile Mathe	24 May 2023	0.4	Chair of the REMCO – Non-Executive Director

Composition

BOARD INDEPENDENCE



BOARD GENDER DIVERSITY



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FINANCIAL HIGHLIGHTS – 30 JUNE 2023



INVESTMENT AND PROPERTY PORTFOLIO

P5.9 billion  **1%**

(HY 2022 – P5.8 billion)

Increase in Portfolio value, despite the sale of investment properties is due to the fair-value uplifts in the prior year on the investment property portfolio



REVENUE

P273 million  **9%**

(HY 2022 – P250 million)

The current year growth is 9% is as a result of an improvement on all hospitality assets in comparison to the prior year and an increase in BWP translated rentals from Croatia.



NET ASSET VALUE PER SHARE

P4.02  **2%**

(HY 2022 – P3.96 per share)

The NAV per share attributable to shareholders increased to P4.02 and is due to the current period and second half of 2022 profits (post June 2022) capitalized.



PROFIT FROM OPERATIONS

P159 million  **12%**

(HY 2022 – P142 million)

Profit from operations are up 12% due to the growth in revenue exceeding operating costs (8%) and increased forex gains realized through the USD and EURO investments held.



DISTRIBUTION PER LINKED UNIT (THEB)

4.26 thebe  **22%**

(HY 2022 – 3.49 per linked unit)

Total distribution to unit holders is higher than prior period comparative by 22% due to strong operating results and interest rate outlook



LOAN TO VALUE

44.9% 

(HY 2022 – 46%)

Loan to value has improved due to the increase in portfolio value and a decrease in borrowings through the repayment of amortising loans.

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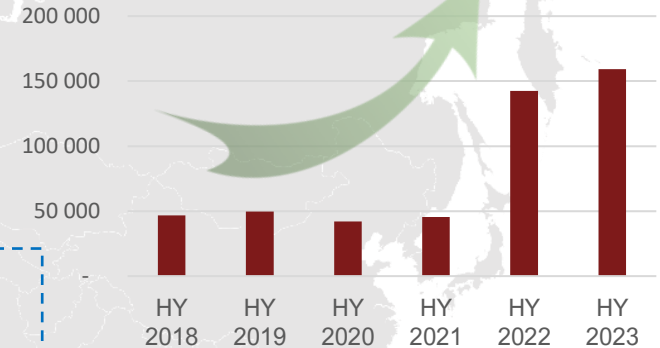
30 JUNE 2023 INTERIM RESULTS

ABRIDGED UNAUDITED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2023	Six months ended 30 June 2022	% Change	Audited year ended 31 December 2022
	P'000	P'000		P'000
Revenue	272,911	249,669	9%	525,205
Net property operating expenses	(98,829)	(94,177)		(201,634)
Net property income	174,082	155,492	12%	323,571
Other operating expenses	(26,937)	(22,612)		(54,442)
Sale of inventory	2,466	76,003		77,483
Cost of sales	(2,399)	(75,838)		(77,648)
Inventory write-down	-	-		(13,005)
Other operating income	5,166	3,669		15,541
Income arising from joint venture	20	2,664		310
Other foreign exchange gains	6,876	3,059		2,259
Profit from operations	159,274	142,437	12%	274,069
Fair value gain/(loss) on investments	(340)	2,863		1,765
Fair value gain/(loss) on investment properties	(13,191)	-		97,516
Fair value gain/(loss) on interest rate derivatives	(4,324)	26,758		39,001
Net finance costs	(111,208)	(95,680)		(203,437)
Profit before tax	30,211	76,378	(60%)	208,914
Income tax expense	(5,759)	(3,388)		(24,752)
Profit for the period	24,452	72,990	(66%)	184,162
Total profit for the period attributable to:				
Owners of the company	15,007	59,807		137,299
Non-controlling interests	9,445	13,183		46,863
	24,452	72,990		184,162
Other comprehensive income				
Exchange differences on translation of foreign operations	3,465	13,411		28,247
Fair value gain on available for sale financial assets	(1,840)	1,104		(1,104)
Total comprehensive income for the period	26,077	87,505	(70%)	211,305
Average number of linked units in issue at period end	758,232,937	758,232,937		758,232,937
Earnings per linked unit (thebe)	1.98	7.89		18.84
Number of linked units in issue at distribution date	758,232,937	758,232,937		758,232,937
Distribution per linked unit (thebe)	4.26	3.49	22%	3.50

Operational Growth

PROFIT FROM OPERATIONS



Note:

Overall profit for the period is down due to:

1. Unrealized fair value reductions (versus prior year gains) on interest rate derivatives as they moved closer to maturity and the interest rate swap curve improving. These derivatives served, and continue to serve, their intended purpose by shielding us from adverse interest rate movements (The interest rate derivatives saved the Group P9.8 million in interest for the period under review).
2. Fair value adjustments made on non-core investment properties that were reclassified as held for sale.
3. Overall increase in finance costs (P15.5 million).

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ABRIDGED UNAUDITED GROUP STATEMENT OF FINANCIAL POSITION

Assets

	Six months ended 30 June 2023	Six months ended 30 June 2022	% Change	Audited year ended 31 December 2022
	P'000	P'000		P'000
Property, plant and equipment	41,684	35,327		47,090
Intangible asset	1,000	1,000		1,000
Investments	106,679	102,790		95,413
Financial assets at fair value through OCI	8,344	12,780		10,642
Investment in a joint venture	29,207	27,579		25,746
Investment properties	5,446,284	5,600,847		5,570,144
Investment properties held for sale	80,813	19,896		-
Long-term trade receivables	30,656	10,163		36,478
Inventories	151,389	30,450		161,076
Other current assets	191,468	198,046		180,097

Total Assets

6,087,524 **6,038,878** **1%** **6,127,686**

Equity

Equity attributable to the owners of the parent	2,514,095	2,509,853		2,497,463
Non-controlling interests	534,300	494,048		532,734

Total Equity

3,048,395 **3,003,901** **3,030,197**

Liabilities

Long-term borrowings	2,714,551	2,742,688		2,763,685
Deferred tax liabilities	186,901	165,830		185,060
Current liabilities	137,677	126,459		148,744

Total Equity and Liabilities

6,087,524 **6,038,878** **1%** **6,127,686**

Cash Generation

12%



NET CASH
GENERATED
FROM OPERATING
ACTIVITIES
INCREASED TO
P145M
(HY 2022: P130M)

Covenant Compliance

	June 2023	December 2022
GROUP LTV	44.9%	45.4%
GROUP ICR	1.52	1.53

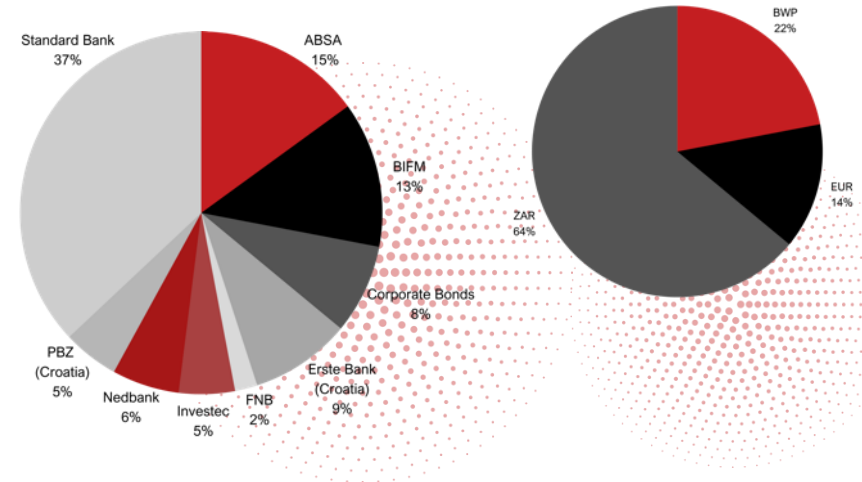
Interest rate hedging

- The reporting period saw a significant increases in prime lending rates across all jurisdictions that we operate in.
- The group has mitigated the impact of this upward trend in interest rates, through the use of interest rate swaps as hedging instruments.
- These derivatives served and continue to serve their intended purpose by shielding us from adverse interest rate movements, allowing us to secure favorable interest rates and protect our borrowing costs significantly. The interest rate derivatives saved the Group **P9.8 million** in interest for the period under review.
- To continue to manage interest rate risk, our strategy is to gradually build our hedge portfolio by capitalizing on opportunities when there are decreases in the yield curve.

Exchange Rate Hedging

- The group benefits from a diversified income stream denominated in multiple currencies, which acts as a natural currency hedge.
- Additionally, RDC has established a further natural currency hedge by strategically investing and securing debt in the same countries where rental income is earned, and interest expense is paid in the same currency.

Portfolio of borrowings by institution and currency



On the 30 June 2023, as part of the Group’s strategy to reduce the high cost of debt, in a high interest rate environment, the Group successfully concluded a R150 million term facility with SBSA, under more favorable terms, to reduce the amortizing term loan currently held with Investec. The impact of this deal is shown below and provides strong evidence of the backing by Standard Bank South Africa:

Investec Term Facility



Salient Features:

- Loan Value: R400,000,000
- Remaining Value: R331,1m (before repayment)
- Remaining Term: 30 months
- Capital Repayments: +-R56m (annualised)
- **Interest Rate: JIBAR + 3.5%**
- Bullet Payment: R200m

New Standard Bank Facility



Salient Features:

- Loan Value: R150,000,000
- Comprises a term loan facility
- Remaining Value: R150m
- Term: 36 months
- Capital Repayments: R15m year 1, R12m thereafter (annualised)
- **Interest Rate: JIBAR + 2.6%**
- Bullet Payment: Remaining Balance



Impact



Cash Impact

Due to more lenient repayment terms, the twelve-month cash outflow reduces by:

R41 million Saving



Note



Eerste Bank (Europe) has expressed interest in the Group by offering a further €8.4m loan in country at very favourable interest rates. The Group is actively considering increasing its investment in Croatia where the Group believes the property market is outperforming

RDC Properties Limited (Company) has obtained IFSC Certification, effective 1 January 2023

Background:

International Financial Service Centre (IFSC) is a worldwide phenomenon based on attracting selected companies to a certain jurisdiction for creation of employment and a value creation to the economy of that country. These IFSC incentives are meant to encourage companies to have investments outside the country and bring more capital into the country from returns made offshore.

RDC Properties International a 100% subsidiary of RDCP held the IFSC certifications and all investments offshore.

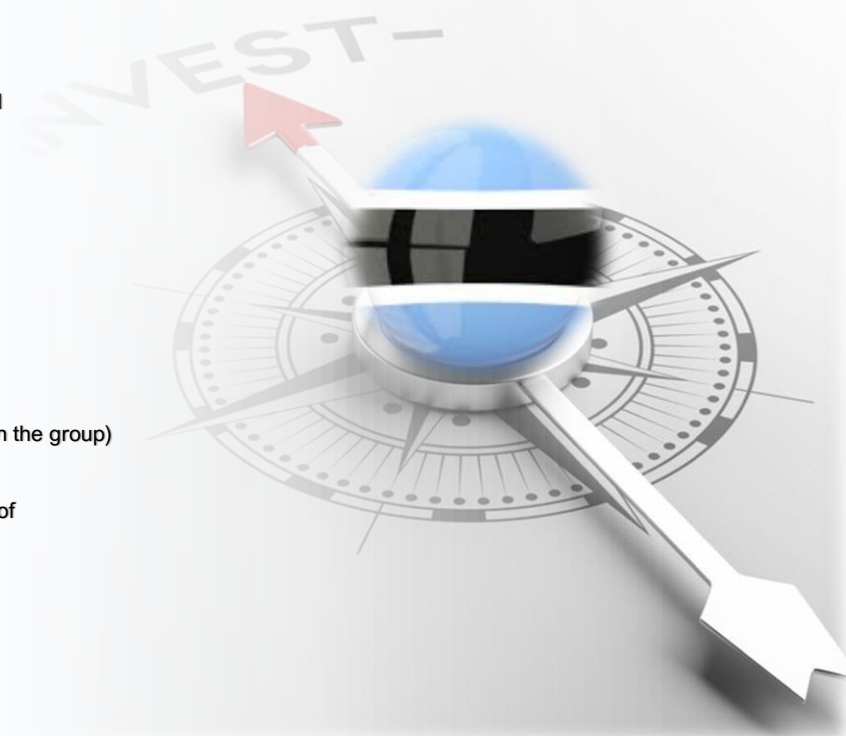
Benefits to the Company/Group:



Simplification of group structure as RDC Properties International (previous IFSC company in the group) can now be deregistered – resulting in savings on audit fees and other administrative costs.



Easier flow of funds between jurisdictions to the ultimate parent company for the purposes of distributions and other cash requirements in the group



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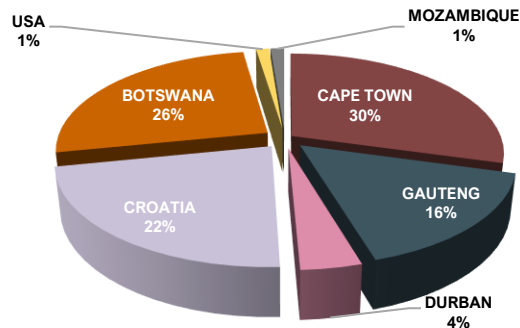
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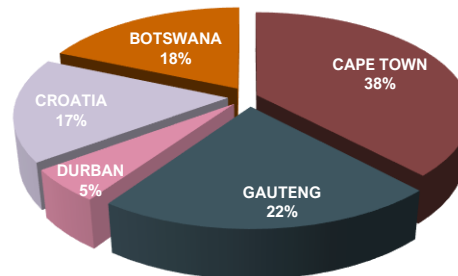
PORTFOLIO ANALYSIS – VALUE AND REVENUE

Diversification has strengthened the portfolio, both in terms of regions and sectors.

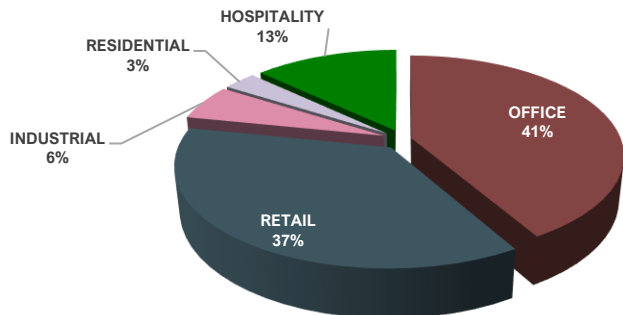
Value by Region – June 2023



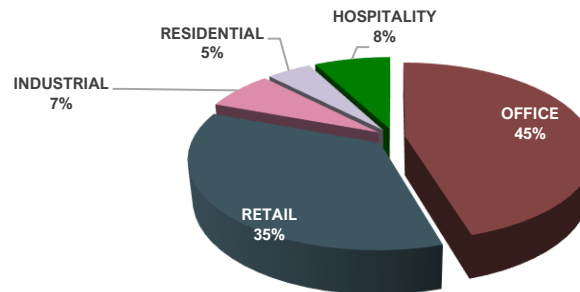
Revenue by Region – June 2023



Value by Sector – June 2023



Revenue by Sector – June 2023

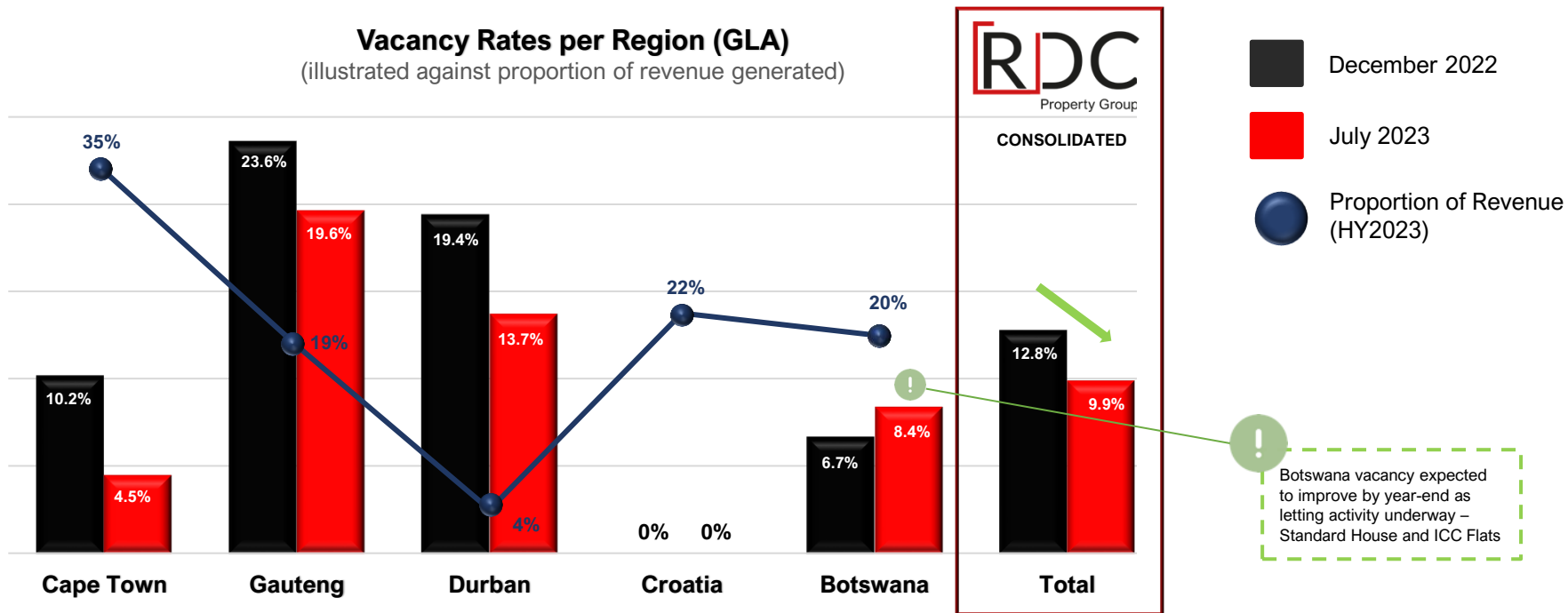


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PORTFOLIO ANALYSIS – VACANCY ANALYSIS

By combining in-house and external letting expertise, the Group has been able to reduce overall vacancies since December 2022

Vacancy Rates per Region (GLA)
(illustrated against proportion of revenue generated)



New and renewed leases representing **58,282m2** have been concluded during the period, which highlights the renewed interest in the sector and the team's ability to close deals and convert them to long term sustainable rental revenue.

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PROSPECTS – DISPOSAL STRATEGY

Strategic sales of non-core, underperforming assets will provide cash for redeployment into capex and to reduce debt.

Properties unconditional at 30 June 2023

Property	Location	FV at December 2022 (BWP)	Consideration paid by RDC at Tower acquisition (BWP)	Gross sale value (BWP)
Kuit Street	Johannesburg, SA	29,289,725	19,035,000	25,607,000
Isando	Johannesburg, SA	33,382,069	22,804,000	25,391,000
Clearview Motor Village	Johannesburg, SA	30,168,079	18,642,000	29,450,000
Coachman's Crossing Block D (Sec. 14)	Johannesburg, SA	1,164,703	639,000	1,239,000
		94,004,577	61,120,000	81,687,000

Economic Value Realisation: Bargain Purchase Gain:

RDC recognized bargain purchase gain on the acquisition of Tower Property Fund in 2021 totaling P534 million. The sale of properties is a means of realizing the economic value thereof, as the bargain purchase gain indicates assets acquired at a discount to fair-value.



Economic value realized through the sale of properties

Properties unconditional post 30 June 2023

Property	Location	FV at December 2022 (BWP)	Consideration paid by RDC at Tower acquisition (BWP)	Gross sale value (BWP)
Equinox Property	Cape Town, SA	71,110,000	Not applicable	71,757,000
Constantia View	Johannesburg, SA	26,233,000	23,552,038	22,482,000



David Livingstone Safari Lodge Zambia

The **acquisition of the David Livingstone Safari Lodge and Spa is now complete** and as of the **31st of August** we have full and legal control of the entity. The inaugural Board meeting will address, among various matters, the establishment of the optimal corporate structure, the operating & capex budget, refinancing of the acquisition, and the property improvement plan. The operating results of the Lodge for the reporting period have been satisfactory confirming the envisaged **substantial value creation** of this complex acquisition.



Westlake Development - Cape Town, South Africa

Extensive demolition works and white-boxing of the existing ground retail premises were **completed** in the lead up to the project receiving its land use management approval in April 2023. Approval of the **technical building plan** is expected by **mid-October 2023**, with construction commencing immediately thereupon. **All anchor and line shop tenants** remain committed to their leases which are now likely to commence **Q2/Q3 2024**.



Sale of 108 Albert Road Shares

Our JV partner has recently tabled an **offer to buy out RDC's 50% interest** in the property-owning entity. Following RDC's acquisition of Tower in December 2021, and considering the micro dynamics of the node, this property is **no longer considered to be core**. Following an in-depth analysis, the Board granted approval to enter into a Sale Agreement, which is currently conditional pending finance. The consideration paid by our JV partner for the shares would repay **the capital that RDC originally invested, at a premium to WACC**.



Senior living - Botswana

An upmarket senior living development. A **detailed feasibility is being finalised**. The development will cater for the needs of seniors holistically providing a professionally managed facility with independent and assisted living facilities, as well as a sub-acute and frail care centres each with 34 beds. The development will include ancillary services such as dining/restaurant, gym, swimming pool, library, etc. Discussions with an **operator with extensive experience** in operating similar facilities in South Africa are at an **advanced stage**.



Upcoming plans to invest in Sustainability & hospitality in strategic areas



Tripadvisor® 2023 Travelers' Choice® Award Winner

Chobe Marina Lodge has been honored as one of the top 10% of hotels worldwide by Tripadvisor, earning the Travelers' Choice award for 2023.



CHOBE MARINA LODGE – GREEN TOURISM AWARD

The lodge received its Green Tourism Certification for its sustainable practices such as energy-efficient lighting, water conservation, and waste management.



'Best Hotel' Travel and Tourism Award Winner

Protea Hotel by Marriott Gaborone Masa Square, received the 'Best Hotel' award at the Inaugural Botswana Travel & Tourism Awards 2022. The recognition highlights the hotel's contributions to the tourism sector.



2022 Architects Category Winner

Old Cape Quarter was awarded the 2022 Architects Category Winner at the 21st Construction World's Best Projects awards. The award recognises excellence in the building and design sectors.



South African Property Owners Association 2022 Heritage Award

Old Cape Quarter Development was awarded the SAPOA 2022 Heritage Award. SAPOA's awards commend innovative projects enhancing South Africa's built environment..



ITALCHAM: BUSINESS PERSON OF THE YEAR

Executive Chairman, Guido Giachetti, received the Business Person of the Year award at the 2023 Italian-South African Chamber of Trade and Industries' Business Excellence Awards.

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