

RDC Properties Limited Audited Financial Results

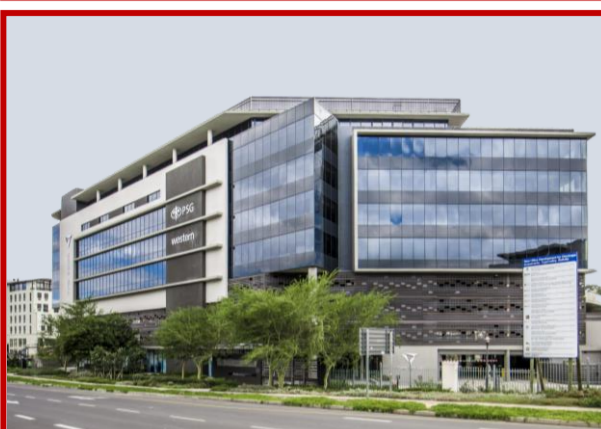
For the Financial Year Ended 31 December 2023

BOARD OF DIRECTORS:

A Bradley (South Africa) J Pari (CEO) (Italy)
 F Giachetti (Italy) K C Maphage (Botswana)
 G Fisher (South Africa) N Milne (South Africa)
 G Giachetti (Italy) S Mathe (Botswana)
 GR Giachetti (Chairman) (Italy) S Susman (South Africa)
 J Mabin (South Africa)



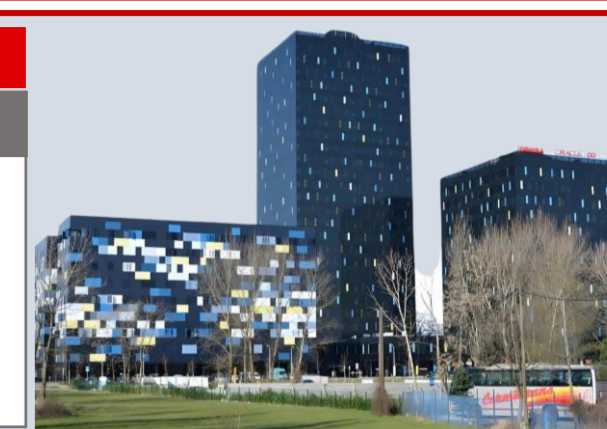
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PORTFOLIO PERFORMANCE	
INVESTMENT PORTFOLIO	LOAN TO VALUE
1.3%	43.3%
INVESTMENT AND PROPERTY PORTFOLIO INCREASED TO P6B (2022: P5.9B)	LOAN TO VALUE DECREASED TO 43.3% (2022: 45.4%)

FINANCIAL HIGHLIGHTS		
REVENUE	PROFIT FROM OPERATIONS EXCL. FV ADJUSTMENTS	CASH FROM OPERATIONS
7%	13%	18%
SOLID GROWTH IN REVENUE, DESPITE THE SALES OF NON-CORE ASSETS – REVENUE INCREASED TO P561M (2022: P525M)	PROFIT FROM OPERATIONS UP 13% TO P309M (2022: P274M)	NET CASH GENERATED FROM OPERATING ACTIVITIES INCREASED TO P295M (2022: P250M)

RETURN TO SHAREHOLDERS	
NET ASSET VALUE	DISTRIBUTION
5.3%	134%
NET ASSET VALUE PER SHARE (EXCLUDING DEFERRED TAX) OF P3.73 (2022: P3.54)	DISTRIBUTION PER SHARE HIGHER AT 8.19 THEBE (2022: 3.49 THEBE)



ABRIDGED AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December 2023	For the year ended 31 December 2022	% Change
	P'000	P'000	
Revenue			
Contractual rental income	563 807	525 556	
Straight-line lease accrual	(2 517)	(351)	
	561 290	525 205	7%
Net property operating expenses	(216 560)	(201 634)	
Net property income	344 730	323 571	7%
Other operating expenses	(51 698)	(54 442)	
Gains arising from joint ventures	536	310	
Other foreign exchange (losses)/gains	(922)	2 259	
Other operating income	10 379	15 541	
Sales revenue	2 465	77 483	
Cost of sales	(2 398)	(77 648)	
Inventory net realizable value adjustment	6 145	(13 005)	
Profit from operations before fair value adjustments	309 237	274 069	13%
(Loss)/gain arising on fair valuation of investments	(19 712)	1 765	
(Loss)/gain arising on fair valuation of interest rate derivatives	(16 040)	39 001	
Gain arising on revaluation of investment properties	106 921	97 516	
Profit from operations	380 406	412 351	(8%)
Investment Income	14 048	8 791	
Finance costs	(241 617)	(212 228)	
Bargain purchase gain	26 797	-	
Profit before tax	179 634	208 914	(14%)
Income tax expense	(46 288)	(24 752)	
Profit for the year from continuing operations	133 346	184 162	(28%)
Discontinued Operations:			
Loss for the period from discontinued operations	(4 146)	-	
Profit for the period	129 200	184 162	(30%)
Other comprehensive income			
Items that may be subsequently be classified to profit or loss:			
Exchange differences on translation of foreign operations	28 659	28 247	
Share of joint venture other comprehensive income for the period	25 780	-	
Fair value gain/(loss) on available for sale financial assets	-	(1 104)	
Total comprehensive income for the period	183 639	211 305	(13%)
Profit attributable to			
Owners of the company	101 039	137 299	
Non-controlling interest	28 161	46 863	
	129 200	184 162	(30%)
Total comprehensive income for the year attributable to:			
Owners of the company	155 478	164 442	
Non-controlling interest	28 161	46 863	
	183 639	211 305	(13%)
Average number of linked units in issue at period end	758 232 937	758 232 937	
Earnings per linked unit (thebe)	14.23	18.84	
Number of linked units in issue at distribution date	758 232 937	758 232 937	
Distribution per linked unit (thebe)	8.19	3.49	134%

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	For the year ended 31 December 2023	For the year ended 31 December 2022	% Change
	P'000	P'000	
Assets			
Property, plant and equipment	38 570	47 090	
Intangible asset	1 000	1 000	
Investments & loans	69 815	95 413	
Investment in joint ventures	102 063	25 746	
Investment properties	5 429 077	5 575 136	
Rental receivable – straight line rental adjustment	(7 509)	(4 992)	
Available for sale investments	10 421	10 642	
Long term trade receivables	26 340	36 478	
Inventories	158 943	161 076	
Non-current assets held for sale	184 903	-	
Other current assets	194 551	180 097	
Total Assets	6 208 174	6 127 686	1%
Equity and Liabilities			
Equity attributable to the owners of the parent	2 609 717	2 497 463	
Non-controlling interests	560 387	532 734	
Long-term borrowings – current and non-current	2 601 895	2 763 685	
Deferred tax liabilities	216 022	185 060	
Non-current liabilities held for sale	62 705	-	
Current liabilities	157 448	148 744	
Total Equity and Liabilities	6 208 174	6 127 686	1%
ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS			
For the year ended 31 December 2023		For the year ended 31 December 2022	
	P'000	P'000	% Change
Net cash generated from operating activities	295 246	250,485	18%
Net cash generated from investing activities	111 731	90,185	24%
Net cash utilised in financing activities	(394 107)	(372 411)	(6%)
Net movement in cash and cash equivalents	12,870	(31 741)	
Cash and cash equivalents at beginning of the year	80,077	137 109	
Effects of exchange rates	(19 841)	(25 291)	
Cash and cash equivalents at the end of the year	73 106	80 077	(9%)

FINANCIAL RESULTS

I am pleased to report that for the year ended 31 December 2023, the Group was able to achieve another solid set of financial results. The Group's well diversified portfolio in terms of sector and location has enabled it to perform well in this challenging macro-economic environment. The portfolio has increased to **P6.0 billion** (2022: P5.9 billion) despite the sale of **P138 million** of less strategic assets during the year.

Revenue increased by 7% to P561 million (2022: P525 million). The solidity of the portfolio is once again demonstrated by the **Profit from operations before fair value adjustments** increasing by **13% to P309 million** (2022: P274 million). Profit before tax has decreased by 14% due to unrealised fair value reductions (versus prior year gains) on interest rate derivatives as they move closer to maturity and the interest rate swap curve improves (P55 million). These derivatives served, and continue to serve, their intended purpose by shielding us from adverse interest rate movements, allowing us to protect our borrowing costs. The interest rate derivatives **saved the Group P16.8 million in interest** for the year.

As at 31 December 2023, the Group has significantly improved its Balance Sheet in line with its strategy. It has reduced its **LTV from 45% to 43%** and improved its **NAV per linked unit** (net of deferred taxation) by **5% to P3.73 per share** (2022: P3.54).

OPERATIONS, HIGHLIGHTS AND PROSPECTS

Having successfully integrated the Tower portfolio in the prior year, the focus for 2023 was on property improvement and rationalization. A process of in-depth analysis and modeling yielded a list of non-core properties for disposal. Sale agreements for a total of 12 properties have been concluded. Sales receipts to date have been employed in the reduction of debt and contributed to the improvement in the Group Loan to Value ratio.

A key metric in property improvement is vacancy analysis. We are pleased to report a continued downward trend in overall vacancies, with the vacancy ratio edging into single digits in Q4 2023 – last achieved pre-covid. In total, approximately 77,000 square meters in new and renewed leases were concluded in 2023. This has been achieved without any material reversions of rental rates.

It is pleasing to report an uplift in the portfolio net operating income as reflected in the increase in Group revenue by 7% on the prior year, and this trend is set to continue into 2024 as the forecast property contribution strengthens. A major contributor to this has been the predicted rebound in the hospitality sector, with our hospitality assets showing significant growth in cashflow and rental contribution to the Group. The timely conclusion of the acquisition of the David Livingstone Safari Lodge has further strengthened the ability of the Group to leverage the sector improvement and RDC's in-house hospitality expertise, to shareholder advantage.

The uplift in portfolio value of some P107 million (gain on revaluation of investment properties) is satisfactory when considering that this includes the sale of properties during the year and demonstrates value protection, a key asset management function. As required by policy, most of the SA portfolio was valued externally for the year ended December 2023. In terms of development projects, the redevelopment of the Westlake Shopping Centre in Cape Town is proceeding well with the relaunch of the Centre scheduled for Q3 2024 with new anchor tenants (Checkers and Clicks).

From a regional perspective, the Botswana portfolio has remained stable with low vacancies and tenant turnover. The RDC offices moved into premises at Masa Square from their long-time location in Broadhurst - Masa remaining the single largest asset in the RDC portfolio. Within the SA portfolio, Gauteng significantly outperformed expectations due to strong leasing activity. In addition, a review of all service level agreements and management contracts has netted operational cost savings. A material lease was concluded for a food anchor at Link Hills Shopping Centre in KZN, which has revitalized the Centre and attracted other nationals. The Cape has performed well with a significant reduction in vacancies both in the Tower (2.9%) and Capitalgro (3.9%) portfolios, now well below the market average. The Croatian portfolio has benefited from an extension of premises to accommodate the growth of our industrial tenant, and demand in the region continues to grow following their inclusion as a full member of the EU in January 2023. This portfolio enjoys 0% vacancy and experienced an uplift in value of P74 million.

The outlook for 2024 remains positive, with the easing of inflation and uptick in demand across all sectors. The RDC team continues to function within a healthy and robust governance environment where the Company's values guide all decisions and functions.

AWARDS

The Radisson Red Rosebank in Johannesburg has secured a prestigious four-star grading from the Tourism Grading Council of South Africa (TGCSA), solidifying its position as a leader in the city's key business district. In design excellence, the Old Cape Quarter in South Africa was recognized with a 2023 CIFA Award for its unique design. Chobe Marina Lodge in Botswana enjoyed a trifecta of accolades. The lodge achieved the Green Tourism Certification for its commitment to sustainability and secured second place in the competitive "Camps and Lodges" category at the Botswana Consumer Fair. Adding to this impressive feat, Chobe Marina Lodge was also honored as a 2023 Travelers' Choice Award Winner for Top Hotels Worldwide by TripAdvisor, placing it among the global hospitality elite.

SUSTAINABILITY

The Company's commitment to its ESG mandate continues to ensure that RDC is an active and committed corporate citizen. The groundwork has been laid to measure and reduce the portfolio's carbon footprint. Aside from the existing solar assets, a portfolio wide study has identified properties with the greatest potential for return on investment, and RDC's 1st Power Purchase Agreement was recently concluded, paving the way to introducing clean energy at scale and at a reduced cost.

The Company's commitment to social upliftment has included the donation of resources and time to various education institutions, support of a local hospital and numerous community projects within RDC's areas of operation, often driven by PAM/NAM staff. RDC also supports the arts through the opportunity for emerging artists to showcase at the Radisson Red Hotel, and sponsorship of the Investec Art Fair.

DIRECTORS AND GOVERNANCE

The board of RDC recognises that good governance and strong leadership creates confidence for its stakeholders. During the last year, the board undertook several important initiatives, among which:

- Sthabile Mathe's appointment as an independent non-executive director was formalised at the AGM in May 2023, along with the retirement of Lesang Magang and Bogolo Keneuwendo as independent non-executive directors. Ms Mathe brings a fresh perspective and skill set to complement the already diverse mix of experience on the board.
- Considering her tenure, an independence assessment of Kate Maphage was conducted, and the Board confirmed its satisfaction that she should retain her position as an independent non-executive director.
- In terms of succession planning, an evaluation of the board's current composition was conducted, making it possible to define the desirable skill set and characteristics necessary to ensure that the board has the expertise required to support the company's future direction.
- An exercise to benchmark the company's Management Agreement with Property and Asset Management Limited (PAM) confirmed that the fee paid to PAM was fair and reasonable and in line with best practice by other property counters that have an external Management Contract.
- The Board confirmed its satisfaction that the executive team's performance continued to enhance the company's performance in the shareholders' best interests. Following a thorough evaluation, the votes awarded to the four individual executives varied from 85% to 99% satisfaction, with an average of 95%.
- The robustness of the company's governance processes is further confirmed by the outcome of the BAOA's governance review of the company, which took place in October 2023. The sole outstanding finding is the comment on the executive role of the Chairman, this aspect is being addressed by the REMCO.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised financial results have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 2023 have been applied. The Group's underlying consolidated annual financial statements have also been prepared in accordance with IFRS. The principal accounting policies are consistent in all material respects with those of the previous year.

DISTRIBUTION TO LINKED UNIT HOLDERS

For the financial year ended 31 December 2023, the Board has declared a final distribution of P29.76 million to the shareholders. The distribution will be a dividend of 0.122 thebe per ordinary share and interest of 3.794 thebe per debenture. This dividend and interest will be payable on or about the 24 April 2024 to those linked unit holders registered at the close of business on the 12 April 2024. The ex-dividend date is therefore 10 April 2024.

INDEPENDENT AUDITOR'S REPORT

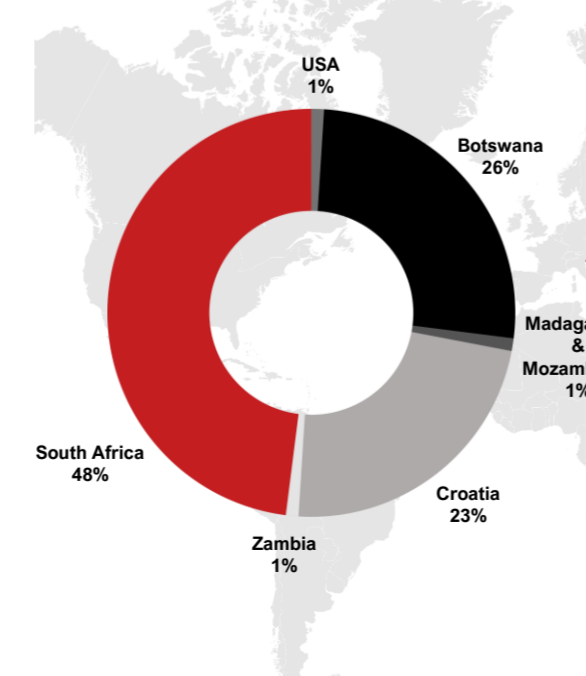
Grant Thornton, the Group's independent auditors, have audited the consolidated annual financial statements of the Group from which these summarised financial results have been derived, and have expressed an unmodified audit opinion on the consolidated annual financial statements. The full set of consolidated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

By order of the Board
 G R Giachetti, Executive Chairman
 Gaborone
 20 March 2024

Key Operational Information: Segmental Analysis

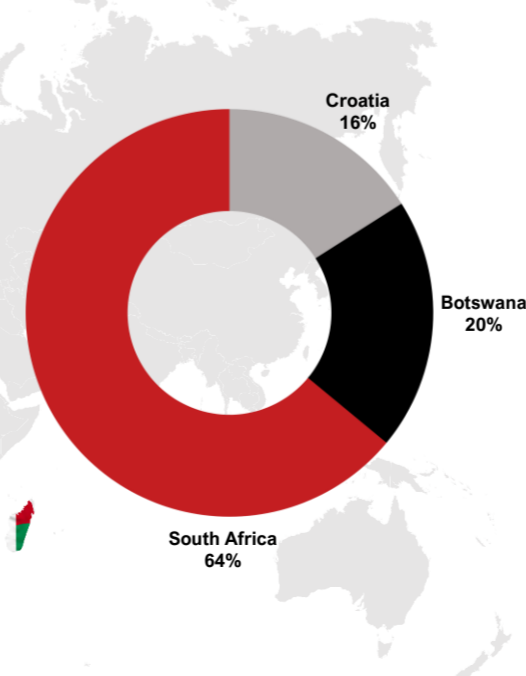
Portfolio Value by Region

Total value of **P6.0B**
 Split into the following regions:



Revenue by Region

Total revenue: **P564M split:**



SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the year ended 31 December 2023	For the year ended 31 December 2022	% Change
	P'000	P'000	
Balance brought forward	3,030,197	2 941 015	
Total comprehensive income for the year	183,639	177 731	
Debt interest paid	(31 300)	(74 769)	
Taxation attributable to debenture interest	6 886	5 566	
Dividends paid	(19 318)	(19 349)	
Balance at the end of the period	3 170 104	3 030 197	5%