RDC Properties Limited

P.O. BOX 405391
GABORONE BOTSWANA
TEL: +267 390 1654
FAX: +267 397 3441
EMAIL: RDC@RDC.BW

WWW.RDCBW.COM

VMD BUILDINGS,
ZAGREB,
CROATIA

INTEGRATED ANNUAL REPORT 2023

FOR THE YEAR ENDED
31 DECEMBER 2023

RDC Properties Limited

OLD CAPE QUARTER,
DE WATERKANT, WESTERN CAPE,
SOUTH AFRICA

CONTENTS

INTRODUCING THE INTEGRATED ANNUAL REPORT

RDC Properties Limited ("RDC") is pleased to present our Integrated Annual Report for the financial year ended 31 December 2023. The Group continues to pursue a clearly defined vision and strategy of growing shareholder value by owning and managing strategic property assets that enrich the stakeholders and communities it serves. As a leading real estate investor in Botswana, we have diversified our portfolio in South Africa, Croatia (EU), USA, Mozambique, Madagascar and Zambia and we are committed to delivering long-term value to our linked unit holders, while contributing to the sustainable development of the communities in which we operate. Our vision is to be the leading real estate company in Botswana, known for its international reach, expertise, innovation, sustainability, integrity, and client-centric approach.

The Integrated Annual Report provides a comprehensive overview of the Group's financial performance, as well as progress in achieving its environmental, social, and governance (ESG) objectives. We believe that sustainable business practices are key to delivering value to stakeholders and building a resilient business that can adapt to changing market conditions.

In this report, we outline our strategy, which is focused on investing in income-generating properties across a range of sectors and locations, while ensuring that we operate in a responsible and sustainable manner. The report also provides detailed information on financial performance, including revenue, profit, and cash flow, as well as capital management and investment activities.

The Group is committed to transparency and accountability in all aspects of its operations and the independent auditor has expressed an unmodified opinion with respect to the Annual Financial Statements, providing assurance of the highest level of governance and internal controls. We have also integrated ESG considerations into our reporting and performance management systems, and have obtained independent assurance on our ESG data.

We believe that by investing in our people, our communities, and our properties, we can build a sustainable and profitable business that delivers long-term value to our linked unit holders, while contributing to the economic and social development of Botswana and the wider region. We hope that this report provides our stakeholders with a comprehensive understanding of the business, its performance and commitment to sustainability.

RADISSON RED
ROSEBANK, GAUTENG,
SOUTH AFRICA

1

OVERVIEW

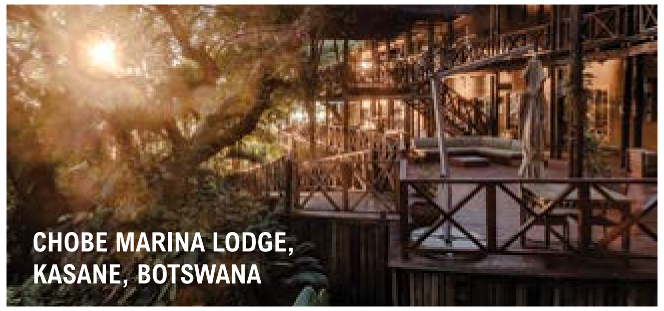
RDC AT A GLANCE

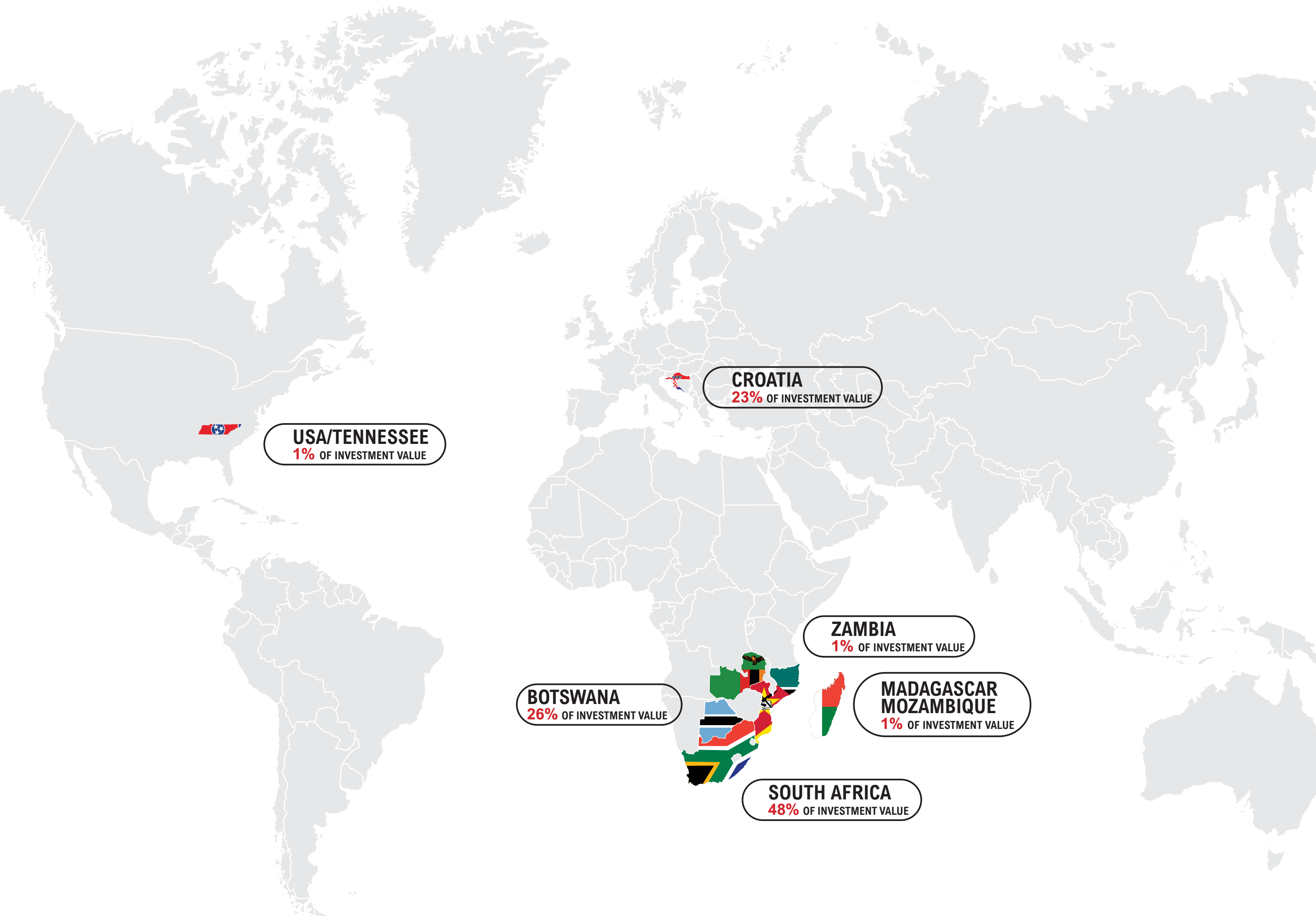
Founded in 1992, RDC Property Group is a diversified real estate investment, management, and development company headquartered in Botswana. Over time, RDC has established itself as a leading player in the country's commercial and retail property market, strategically expanding its footprint into eight countries across Africa and beyond, including South Africa, Mozambique, Zambia, Madagascar, the United States, and Croatia.

RDC boasts a comprehensive portfolio encompassing office buildings, retail centres, industrial parks, hotels, and residential developments. The company is renowned for its successful track record in delivering high-quality properties that cater to the specific needs of its tenants and customers.

RDC's strength lies in its diverse team of experienced professionals with extensive expertise in asset and property management, development and project management, and finance. As a publicly quoted company listed on the Botswana Stock Exchange, RDC holds a portfolio valued at P6 billion, of which 74% is outside of the country.

Beyond its core business, RDC demonstrates a strong commitment to sustainable and responsible practices that prioritise Environmental, Social, and Governance (ESG) factors. In its pursuit of long-term value creation, the Company recognise the importance of integrating ESG considerations into its operations, strategy, and decision-making processes. The company's vision is to be the leading real estate company in Botswana, while delivering exceptional value to all stakeholders and enriching the communities it serves.


CHOBE MARINA LODGE,
KASANE, BOTSWANA



GROUP PURPOSE

"We grow shareholder value by owning and managing strategic property assets that enrich the stakeholders and communities we serve.

RDC's purpose is to grow shareholder value by owning and managing strategic property assets that enrich the stakeholders and communities we serve. RDC's vision is to be the leading real estate company in Botswana, known for its international reach, expertise, innovation, sustainability, integrity, and client-centric approach. The Company's strategy is to focus on the development of properties that meet the needs of its clients and provide sustainable long-term returns for its linked unit holders.

KEY DRIVERS OF RDC'S STRATEGY

GROWTH THROUGH ACQUISITION

RDC prioritises strategic acquisitions to expand its property portfolio and enhance shareholder value. RDC actively seeks high-quality assets, delivering predictable and sustainable income streams while offering long-term capital appreciation potential. By focusing on key markets, RDC aims to leverage its expertise and existing footprint to maximise the success of its acquisition strategy.

GEOGRAPHIC DIVERSIFICATION

RDC has strategically extended its operations beyond Botswana, establishing a presence in diverse African markets including South Africa, Mozambique, Zambia and Madagascar. The company's international expansion extends to the United States and Croatia. This geographic diversification aims to mitigate risk, provide a natural hedge against market fluctuations, and unlock new growth opportunities across various regions.

STRONG CORPORATE GOVERNANCE

RDC prioritises the highest standards of corporate governance to ensure its long-term success and the sustainability of stakeholder value. The company's Board of Directors provides diligent leadership and oversight, and RDC adheres to best practices in accounting, financial reporting, and risk management.

DEVELOPMENT OF NEW PROPERTIES

RDC actively pursues organic growth through the development of new properties. The Company prioritises the creation of high-quality commercial and retail spaces that cater to evolving market demands and generate sustainable, long-term returns for its stakeholders, including linked unit holders. This approach allows RDC to position itself strategically and contribute to the development of thriving communities.

INNOVATION AND SUSTAINABILITY

RDC prioritises innovation and sustainability throughout its property development and management activities. The Company actively incorporates cutting-edge technologies and environmentally conscious practices into its operations. This dual focus aims to minimise RDC's environmental impact while optimising the value proposition of its properties

OUR VALUE SYSTEM

- INCLUSIVITY
- COMPETENCY
- RESPECT & EMPATHY
- ACCOUNTABILITY
- ENTREPRENEURSHIP
- INTEGRITY

RDC'S TIMELINE

1992

RealEstate Development Company Limited became the first publicly listed property and development fund in Botswana.

Portfolio Value: **P26 million**
Portfolio Listings: **4 Properties**

1993

RDC expands its operations to major centres in Botswana, Serowe and Maun.

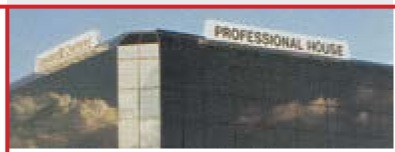
Portfolio Value: **P39 million**
Portfolio Listings: **7 Properties**

1994

Expansion of retail development offering to include the Boswa Centre, Diamond Centre in Jwaneng and Lotsane Complex in Palapye.

Portfolio Value: **P48 million**
Portfolio Listings: **10 Properties**

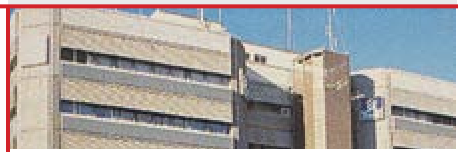
1996



Conversion to a variable rate loan stock structure and name-change to RDC Properties Limited. PAM (Property and Asset Management Company) is incorporated to manage the portfolio. RDC acquires Professional House in Gaborone, Botswana.

Portfolio Value: P67 million
Portfolio Listings: 14 Properties

1997



Adoption of a portfolio improvement strategy and expansion into Antananarivo, Madagascar. Refit of Standard House. First elective capitalisation of dividends.

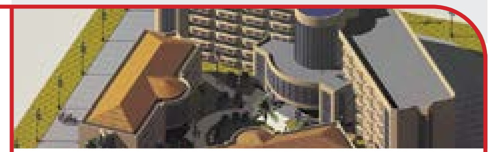
Portfolio Value: P67 million
Portfolio Listings: 14 Properties

1999

RDC launches RDC Properties Mauritius Limited and enters the industrial Segment of the property market by investing in Phakalane Industrial estate.

Portfolio Value: P83 million
Portfolio Listings: 15 Properties

2000



Investment into the Tholo office building, and the Tana Waterfront development in Madagascar.

Portfolio Value: P95 million
Portfolio Listings: 17 Properties

We continue to leverage our construction and development competencies to create efficiency and growth.

2015

Investment in the residential market by acquiring the ICC Flats. Expansion of portfolio in Namibia and Mozambique. Successfully raises P232.1 million from first rights issue.

Portfolio Value: P1 104 million
Portfolio Listings: 23 Properties

2012

Completion of works on Masa Centre in New Gaborone CBD. RDC completes first split of shares at 5:1.

Portfolio Value: P750 million
Portfolio Listings: 22 Properties

2010

Isalo Rock Lodge in Madagascar is opened to the public. RDC strategically disinvests in the Tana Waterfront in Antananarivo Madagascar.

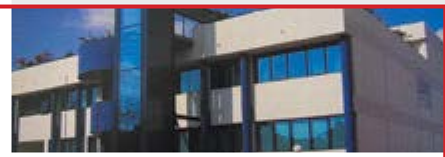
Portfolio Value: P470 million
Portfolio Listings: 22 Properties

2006

Acquisition of Isalo Rock Lodge in Isalo National Park, Madagascar. Completion of refurbishment works at Standard House.

Portfolio Value: P174 million
Portfolio Listings: 22 Properties

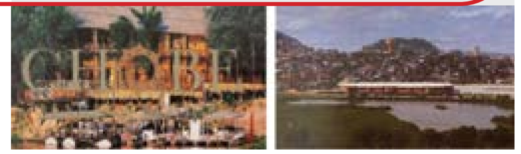
2003



RDC completes first Public-Private Partnership (PPP) with the Gaborone City Council. Acquires the EU Delegation building and enters its first Euro-denominated lease.

Portfolio Value: P131 million
Portfolio Listings: 21 Properties

2002



Official opening of the Tana Waterfront in Antananarivo, Madagascar as a joint venture investment. RDC invests in the Chobe Marina Lodge (hospitality) property and the Lodge is fully launched following completion of renovations.

Portfolio Value: P109 million
Portfolio Listings: 19 Properties

We own and manage strategic property assets that add value to the communities we serve.

2017

Acquisition of controlling stake in Capitalgro, South Africa, valued at R335 million. Investment in Nashville, Tennessee, USA.

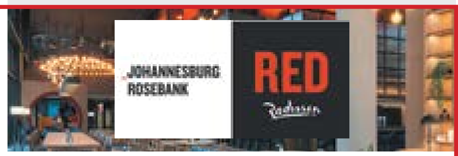
Portfolio Value: P1 627 million
Portfolio Listings: 29 Properties

2018

Capitalgro acquires The Edge Building. The Group has become active in six countries with a total portfolio GLA of 104,037m². (South Africa, Botswana, Madagascar, Mozambique, Namibia, USA)

Portfolio Value: P1 943 million
Portfolio Listings: 30 Properties

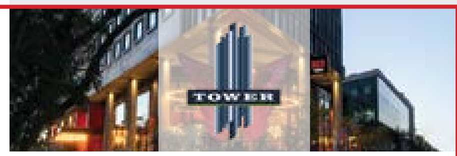
2019



Acquisition of a turnkey development – the Radisson RED Rosebank Hotel, Johannesburg. RDC enters into franchise agreement enabling the conversion of the Masa Square Hotel to a Protea by Marriott Hotel.

Portfolio Value: P2.02 billion
Portfolio Listings: 30 Properties

2021



Acquisition of Tower Property Fund Limited in South Africa. The Radisson RED Rosebank officially opens. Successful second Rights Offer of P667 million.

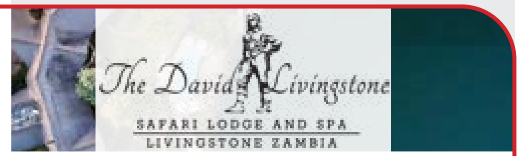
Portfolio Value: P5.8 billion
Portfolio Listings: 79 Properties

2022

RDC Properties Limited undergoes rebranding. Successful integration of the Tower Portfolio. Notwane Asset Management Company (Pty) Ltd (NAM) is registered to manage the South African portfolio as a subsidiary of PAM. Revenue more than tripled to P525 million.

Portfolio Value: P5.9 billion
Portfolio Listings: 75 Properties

2023



Acquisition of The David Livingstone Safari Lodge and Spa, Zambia.

Portfolio Value: P6.0 billion
Portfolio Listings: 72 Properties

We grow shareholder value by owning and managing strategic property assets that enrich the stakeholders and communities we serve.

HIGHLIGHTS OF 2023 AND PORTFOLIO ANALYSIS

FINANCIAL HIGHLIGHTS

REVENUE

P561 million ↑ 7%

(2022 – P525 million)

The revenue growth of 7% was fuelled by the rebound in the hospitality sector and lower vacancies in the portfolio.

TOTAL RETURN TO UNIT HOLDERS
(per linked unit)

24.9 THEBE ↑ 11.2%

(2022 – 10.5 thebe)

The increase is as a result of the increased distribution and the increase in the share price compared to the prior year.

INVESTMENT AND PROPERY PORTFOLIO

P6.0 billion ↑ 1.3%

(2022 – P5.9 billion)

Portfolio value is up 1.3% to P6 billion, despite the sale of P138 million less strategic assets during the year.

LOAN TO VALUE

43.3% ↓

(2022 – 45.4%)

As a result of strategic disposals, the Group was able to reduce its loan to value ratio from 45.4% to 43.3%

PROFIT FROM OPERATIONS

P309 million ↑ 13%

(2022 – P274 million)

By driving revenue growth and controlling costs, profit from operations before fair-value adjustments grew by 13% for the year.

NET ASSET VALUE
(per linked unit)

P3.73 ↑ 5.3%

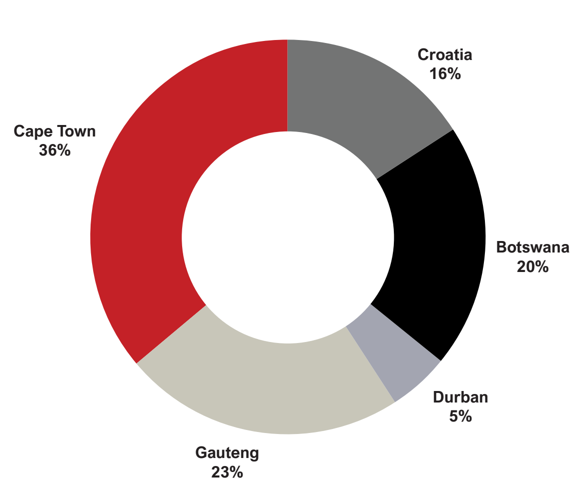
(2022 – P3.54 per linked unit)

Net asset value growth was achieved through valuation gains on properties and the investment in the David Livingstone Safari Lodge.

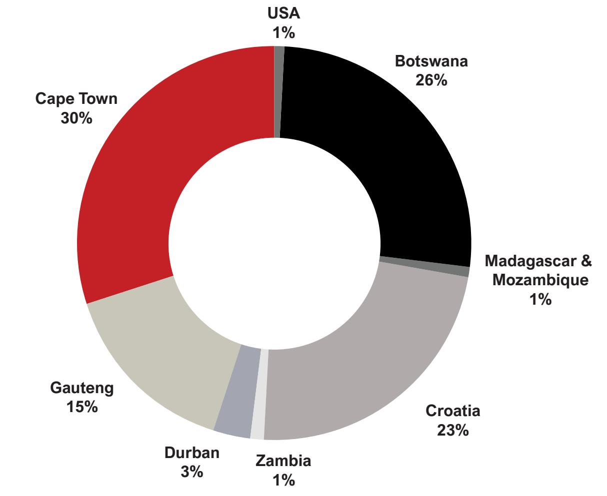
HIGHLIGHTS OF 2023 AND PORTFOLIO ANALYSIS

PORTFOLIO ANALYSIS

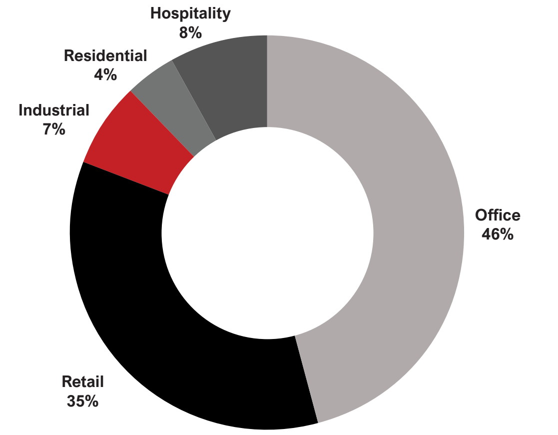
REGIONAL SPLIT BY REVENUE



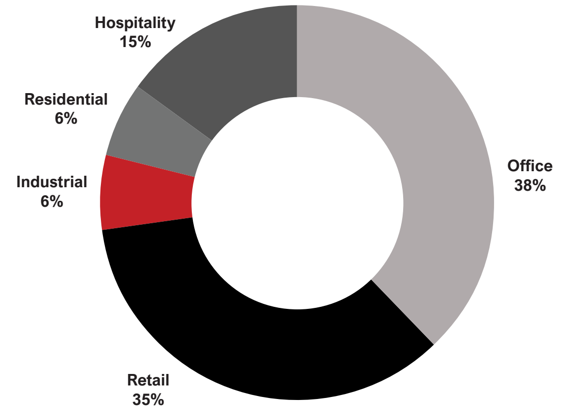
REGIONAL SPLIT BY VALUE



SECTORAL SPLIT BY REVENUE



SECTORAL SPLIT BY VALUE



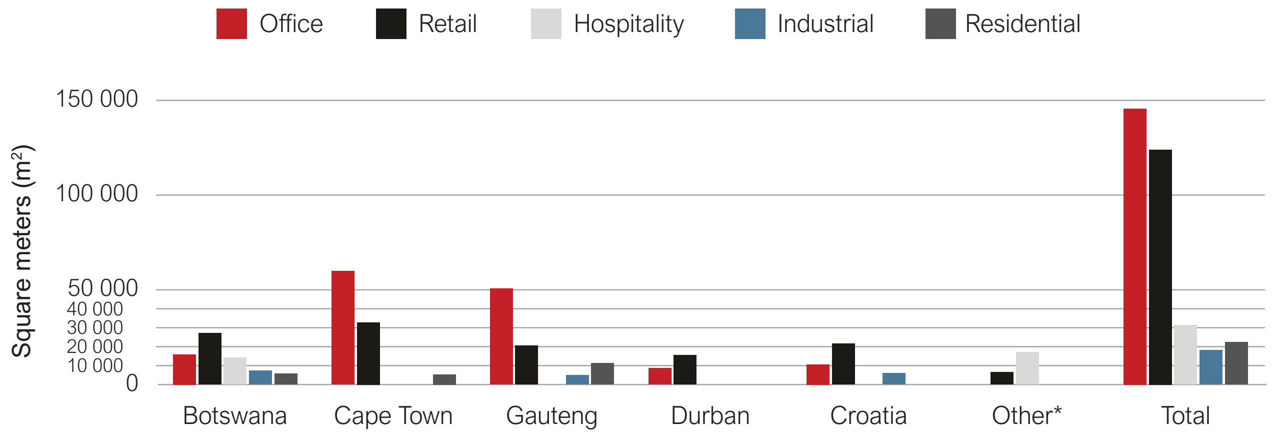
SUMMARY OF KEY METRICS

	2023 P'000	2022 P'000	2021 P'000	2020 P'000	2019 P'000
Portfolio value	**5,986,283**	5,910,111	5,823,921	2,299,123	2,024,491
Increase	**76,172**	86,190	3,524,798	279,040	64,087
Increase in value %	**1.29%**	1.48%	153.31%	13.59%	3.27%
Net asset value (NAV)	**2,609,717**	2,497,463	2,447,686	1,156,823	1,169,406
NAV attributable to shareholders per linked unit (Pula)	**3.44**	3.29	3.23	3.27	3.33
NAV adjusted for deferred taxation (Pula)	**3.73**	3.54	3.45	3.64	3.13
Long-term debt (net of cash and cash equivalents)	**2,591,494**	2,683,608	2,693,768	719,405	449,881
Total equity	**3,170,104**	3,030,197	2,941,015	1,453,832	1,434,858
Equity attributable to linked unit holders	**2,609,717**	2,497,463	2,447,686	1,156,823	1,168,406
Long-term debt to portfolio value ratio (net of cash and cash equivalents)	**43.29%**	45.41%	46.25%	31.23%	22.22%

	2023 P'000	2022 P'000	2021 P'000	2020 P'000	2019 P'000
Revenue	**561,290**	525,205	146,562	131,594	152,481
Profit from operations before fair value adjustment	**309,237**	274,069	62,692	82,720	106,690
Profit from operations after fair value adjustment	**380,406**	412,351	115,375	64,259	191,436
Profit before tax	**179,634**	208,914	65,120	18,967	162,080
Profit attributable to owners	**101,039**	137,299	51,983	26,805	118,807
Average number of linked units in issue	**758,232,937**	758,232,937	391,792,630	352,644,215	350,982,285
Earnings per linked unit	**14.23**	18.84	16.63	7.60	33.85
Market capitalisation at year-end	**1,819,759,049**	1,683,277,120	1,630,200,815	758,185,062	789,710,141
Distribution yield	**2.88%**	1.58%	4.36%	6.06%	5.79%
Price-earnings ratio	**16.9**	11.8	12.9	28	7
Earnings yield	**5.93%**	8.49%	7.74%	3.54%	15.04%
Share price at year-end (thebe)	**240**	222	215	215	225
Total return per share (thebe) (Net asset value excluding deferred tax movement and distributions declared)	**23.27**	12.18	183.67	0.22	33.12

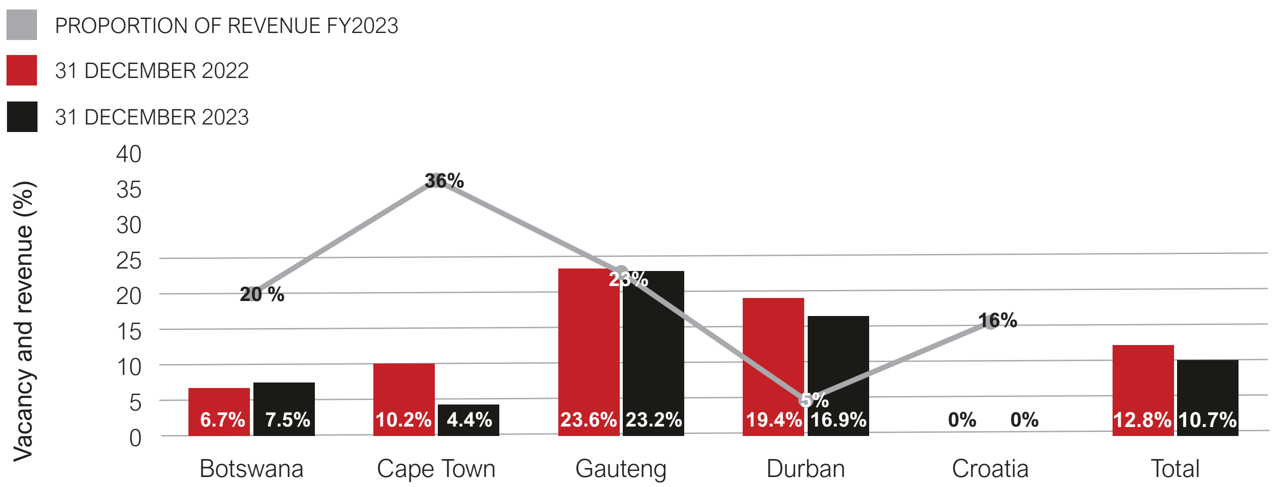
HIGHLIGHTS OF 2023 AND PORTFOLIO ANALYSIS

GROSS LETTABLE AREA (m^2) BY REGION AND SECTOR
COMBINED PORTFOLIO TOTAL OF 341,631 m^2

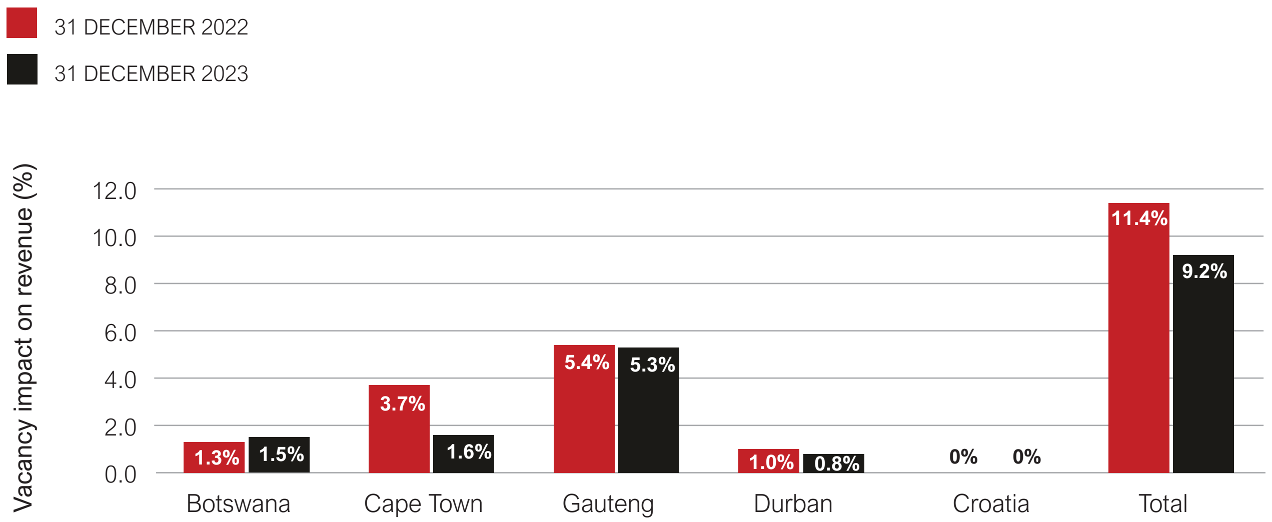


* Includes Madagascar, Zambia and Mozambique

VACANCY RATES PER REGION (GLA)
(ILLUSTRATED AGAINST PROPORTION OF REVENUE GENERATED)



VACANCY BY LOCATION (WEIGHTED BY PROPORTIONATE REVENUE)



STANDARD HOUSE,
GABORONE,
BOTSWANA

2

EXECUTIVE AND COMMITTEE REPORTS

I am pleased to report that 2023 has been a good year for RDC despite the macro-economic challenges and the material increase in lending rates by the central banks in the jurisdictions within which we operate.

Guido R Giachetti
Executive Chair

Dear Unit Holders,

I am pleased to report that 2023 has been a good year for RDC despite the macro-economic challenges and the material increase in lending rates by the central banks in the jurisdictions within which we operate. The Group continues to pursue a clearly defined vision and strategy of growing shareholder value by owning and managing strategic property assets that enrich the stakeholders and communities it serves.

The world continues to face significant geopolitical challenges. The war in Gaza has created unprecedented polarisation in our societies and 2024 will be characterised by the majority of the global population going to the polls to support their preferred political party. These factors are creating uncertainty and exchange rate volatility. Fortunately, the inflationary pressures that had characterised 2022 have been controlled and we can now expect a gradual reduction in interest rates. The Bank of Botswana has maintained its monetary policy with a negative crawling peg for the Pula. In the last year our reporting currency strengthened by 3.88% against the ZAR and depreciated by 9.21% against the Euro. These factors reinforce our strategy of diversifying our portfolio to create a resilient and sustainable business, striving to be the leading real estate company in Botswana, known for its international reach and expertise.

NAV per linked unit (net of deferred taxation) grew by 5.3% to P3.73 per share (2022: P3.54), supported by conservative valuations. 59% of our properties (by value) have been independently valued.

Having such a large portfolio and a wide pool of skills in different jurisdictions has enabled us to evaluate the performance, both qualitatively and quantitatively of each asset, set in motion actions to improve the performance of key assets, dispose of non-core assets, and optimise the portfolio to align it to our purpose.

We will continue to strive to be a highly entrepreneurial Group, operating internationally within niche markets and growing by investments that are accretive and innovative.

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 reporting period saw significant increases in our cost of finance which was partially mitigated by the interest rate hedges in place.

The portfolio has increased to P6.0 billion (2022: P5.9 billion) despite the sale of P138 million 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 (vs 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 5.3% to P3.73 per share (2022: P3.54), supported by conservative valuations. 59% (by value) of our properties have been independently valued.

Management is focused on reducing debt over the medium term and growing cash flow. We are confident that striking the correct balance between growth and value assets within the portfolio will lay the foundations to strongly improve the Group's current financial metrics and enable delivery of our growth objectives, after a three-year period.

With consensus amongst our lenders that interest rates will decrease slightly in the medium-term, the Group has declared a final distribution of P20 million to the shareholders. The overall dividend paid for the year 2023 vs 2022 will have increased by 88%.

A few important steps were achieved in simplifying the corporate structure which will serve to make the Group more efficient in the years to come. Of particular importance is the reduction of the number of subsidiaries within the Tower corporate structure and obtaining IFSC registration for RDC Properties Ltd.

STRATEGY DEFINITION

Early in 2023 the board carried out a strategy review, spanning from purpose and vision to portfolio evaluation and financial indicators, through to management structure and alignment to shareholders' interests. During a two-day session the members assessed the progress on the road map prepared in 2021 following the acquisition of the Tower portfolio and defining new medium-term goals.

The board agreed that the Group's **purpose** is to "**grow shareholder value by owning and managing strategic property assets that enrich the stakeholders and communities we serve**".

The agreed **vision** is for the Group to be the leading real estate company in Botswana, known for its international reach, expertise, innovation, sustainability, integrity, and client-centric approach.

The board adopted the following **mid-term goals (over 5 years)**:

- To grow the net asset value (NAV) per share by more than inflation plus 3-5% yearly compounded.
- To reduce the Loan to value (LTV) in order to reach a maximum of 40%.
- To increase the Group's income derived from hard currency to reach 50% of total income.
- To maintain a Distribution to unit holders in the upper quartile of the BSE Sector.

CHAIR'S STATEMENT

RDC has embedded ESG into its business strategy. The framework for the ESG Group strategy is the contribution to sustainable development goals and reviewing all investments through a strong sustainability focus.

OPERATIONAL HIGHLIGHTS

Having successfully integrated the Tower portfolio in the prior year, the focus for 2023 was on property improvement and rationalisation. A process of in-depth analysis and modelling yielded a list of non-core properties for disposal. As mentioned, sale agreements have been concluded with a collective value of P138 million.

We are pleased to report a continued downward trend in overall vacancies.

It is pleasing to report an uplift in the portfolio net operating income as reflected in the increase in Group revenue by some 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 conclusion of the acquisition of the David Livingstone Safari Lodge has further strengthened the ability of the Group to leverage the sector improvement and its inhouse hospitality expertise to shareholder advantage.

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). Post year end we have concluded a sale of shares agreement to dispose of our share of the newly completed Biotechnology Hub on Albert Road 108 – Woodstock, Cape Town.

The Botswana portfolio has remained stable with currently only 7,5% of the portfolio vacant and low 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. The Cape has performed well with significant reduction in vacancies to 4,4% (2022 10,2%). The Croatian portfolio has benefitted from an extension of premises to accommodate the growth of our industrial tenant, and demand in the region continues to grow following Croatia's inclusion as a full member of the EU in January 2023. This portfolio enjoys 0% vacancy and an impressive uplift in value of P74 million to P1.35 billion.

The portfolio outlook for 2024 remains positive, with the easing of inflation and uptick in demand across all sectors. The company is evaluating interesting investment opportunities in assets in the green economy as this is a sector in which it would like to be increasing its footprint.

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 recognised with a 2023 CIfA Award for its unique design. Chobe Marina Lodge in Botswana enjoyed a trifecta of accolades. The lodge achieved 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 honoured 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 educational 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 past year, the board undertook several initiatives, including:

- In terms of succession planning, an evaluation of the board's current composition was conducted, making it possible to define the desirable skillset 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 asset manager.
- The board confirmed its satisfaction that the executive team's performance continued to enhance the company's performance in the shareholders' best interests.

CHAIR'S STATEMENT

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 remark on the executive role of the Chairman. To respond to the queries created by this situation, I proposed to the Remuneration and Nomination Committee, that I would not offer myself for nomination as Chairman during the May board meeting when the position is discussed for the year 2024. I would continue driving the strategy and chairing the executive committee in a role of Executive Vice Chair and contributing as a Director of the company.

I am pleased to report that the Company has an engaging and strong Board of Directors with relevant expertise ranging from sectoral and regional experience, to company strategy and financial knowledge.

The Audit and Risk Committee has been functioning well notwithstanding the significant growth and increase in complexity of the business. This Committee serves an important role in identifying, assessing, and managing risk from a strategic, structural, and operational perspective.

The Investment and Property Committee has been able to provide guidance and oversight on all investment and divestitures, thoroughly reviewing any new opportunities and questioning management proposals.

The Environment, Social and Governance Committee has been reviewing and engaging management in the creation of a ESG strategy. This process is a good starting point and will have a major impact on the business in the future.

The directors have considered the Group's forecast cash flows, LTV, the portfolio of unencumbered properties and the maturity profile of borrowings and can confirm that the Group has adequate resources to meet all future commitments.

I wish to thank our board members, the different chairs, and members of the sub-committees who proactively engaged management in a coordinated way to create an atmosphere of value creation across all aspects of the business.

I wish to take this opportunity to thank the management and in particular the executive team for their cohesion, cooperation, and resilience in trying times. I realise it is not easy to keep a high level of commitment and focus when the macro-economic environment is so complex, and pressure builds up from all aspect of the business. The contribution of the management team has enabled the Group to navigate a challenging economic environment and I am pleased that our business is well-placed to continue to deliver value to its linked unit holders.

G. R. Giachetti
Executive Chair

Jacopo Pari
CEO Operations and Developments

Joanne Mabin
Chief Financial Officer

Gary Fisher
CEO Properties

EXECUTIVE SUMMARY

Having successfully integrated the Tower portfolio in the prior year, the focus for 2023 was on property and portfolio improvement. A process of in-depth analysis and modelling 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. In total, some 77,000m^2 in new and renewed leases were concluded in 2023. This has been achieved without any material reversion of rental rates. The overall Group vacancy has been reduced from 12.8% in December 2022 to 10.7% in December 2023, an improvement of 16%.

It is pleasing to report an uplift in the portfolio net operating income as reflected in the increase in Group Revenue by some 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 timeous conclusion of the acquisition of the David Livingstone Safari Lodge has further strengthened the Group's ability 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 to the value of P138 million during the year. This 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 (59% (by value) of the total portfolio). During the financial year under review, the following properties were sold and transferred for a total of P138 million: The Equinox (P73 million), Research Court (P33 million), Clearview Motor Village (P29 million), one unit at The Old Cape Quarter (P2 million) and Section 14 of Coachman's Crossing Block D (P1 million).

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 the new anchor tenants (Checkers and Clicks). The Bophelong Senior Living project is in advanced planning stage with the aim of offering a premium senior living product to the Botswana market.

From a regional perspective, the Botswana portfolio has remained stable with low vacancies and tenant turnover. The RDC offices moved into new 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 KwaZulu-Natal, which has revitalised the Centre and attracted other nationals. The Cape has performed well with a significant reduction in vacancies from 10.2% to 3.8% as at end of February 2024. Given that the Cape accounts for 36% of total revenue, this reduction has a disproportionately positive impact on revenue. The Croatia portfolio has benefitted from an extension of premises to accommodate the growth of our multinational industrial tenant, Yazaki Corporation and demand in the region continues to grow following their inclusion as a full member of the EU in January 2023. This portfolio enjoys a 0% vacancy.

In terms of recognition by industry bodies, The Radisson Red in Rosebank has secured a prestigious four-star grading from the Tourism Grading Council of South Africa, solidifying its position as a leader in Johannesburg's key business district. In design excellence, the Old Cape Quarter in South Africa was recognised with a 2023 CIfA Award for its unique design. Chobe Marina Lodge in Botswana enjoyed a trifecta of accolades. The lodge achieved Green Tourism Certification for its commitment to sustainability and secured second place in the competitive "Camps and Lodges" category at the Botswana Consumer Fair. Chobe Marina Lodge was also honoured as a 2023 Travelers' Choice Award Winner for Top Hotels Worldwide by TripAdvisor.

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 first 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 educational 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.

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.

HOSPITALITY

The conclusion of the financial year ending December 2023 marks a significant upturn for our hospitality sector, signalling a positive trajectory beyond the challenges posed by the COVID-19 pandemic. As we transition into a post-pandemic era, we anticipate sustained growth in the years ahead, with 2023 establishing a new baseline for the industry performance.

Both the Protea Hotel by Marriott Gaborone Masa Square Hotel (MSH) and Chobe Marina Lodge (CML) have demonstrated remarkable revenue recovery, exceeding the pre-pandemic levels seen in 2019.

MSH's occupancy levels continue to inch towards the 2019 benchmark exceeding the Gaborone market's growth, with strong Average Daily Rates contributing to meeting performance targets for 2023. The scheduled P20 million Property Improvement Plan (PIP) will refresh the hotel's appearance and enhance its MICE (Meetings, Incentives, Conferences, and Exhibitions) offerings, alongside implementing further energy efficiency initiatives.

Our portfolio of Hospitality and Leisure products has surpassed expectations, with the Radisson Red Hotel in Rosebank, Johannesburg currently undergoing stabilisation efforts typical of new products, particularly in the fiercely competitive Johannesburg hospitality landscape. A comprehensive review of the cost structures at this unit, focusing on service level agreements and Heat, Light and Power consumptions, is currently underway and is expected to yield actionable insights in 2024.

Within the leisure segment, the corporate market has shown robust growth. However, the international leisure market (high yield) has exhibited sporadic rebounding, especially off-peak season. Strategic initiatives, including the onboarding of new international series groups, instil confidence in achieving targeted revenues by the end of 2024.

The recent conclusion of the acquisition of the David Livingstone Safari Lodge and Spa (DLSL) in Livingstone (Zambia), a 50% Joint Venture, positions us to further tap into the leisure market within the region enabling us to offer both the pristine and unique wildlife of Botswana Chobe National Park paired with the Victoria Falls world wonder to our guests. With strategic partnerships in place, ongoing coordinated participation in trade shows aims to enhance visibility for a very promising year. The scheduled USD 1 million PIP at the lodge will play a significant role in repositioning the Lodge within the market.

Excluding DLSL as it was not an integral part of the Portfolio in the prior period, hospitality rental payments to RDC totalled approximately P50 million, compared to circa P28.5 million in the prior year, with an occupancy rate of 63% versus 45%. These encouraging results have bolstered morale among our Hospitality Teams and have set the stage for ambitious budgets in the periods to come.

In summary, the hospitality sector's resurgence in 2023 underscores our commitment to adaptability and resilience in navigating evolving market dynamics. As we continue to optimise operations and capitalise on emerging opportunities, we remain poised for sustained success in the years ahead.

MOZAMBIQUE AND NAMIBIA

While our investments in Mozambique continue to call for a very prudent approach, we note, alongside prominent rating agencies, signals of a stabilising economy thanks to robust medium-term growth prospects supported by the development of liquefied natural gas.

The Xiquelene property in Maputo is living up to its potential. Leveraging on the expansion of the city towards it and the consequent sanitation of the surroundings, it is attracting new tenants and retaining historical ones, allowing the property to be refurbished accordingly. A recent market study commissioned for the convenience centre in Xai Xai (province of Gaza) is a requirement for large international anchor tenants which are still needed at the property. At Zimpeto the Petromoc – Sasol petrol station and its circa 1,000m2 ancillary line-shops is still a work in progress. As administrative and permit hurdles are being slowly overcome we look forward to reporting on its trading in the next period.

In ongoing consideration of the aforementioned, we remain focused on stabilising these properties.

The investment into Namibia over the years has been fully impaired in the RDC books. A solid prospect for the disposal of the Tsumeb land is materialising alongside the recoupment of the consideration paid for the land in Katima Muilo.

FINANCIAL REPORT

FINANCIAL PERFORMANCE

Grant Thornton, the Group's independent auditor, has audited the consolidated financial statements of the Group and has expressed an unmodified audit opinion thereon.

The Group's 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 (vs 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.

Cash generated from operating activities has increased by 18% to P295 million (2022: P250 million)

As at 31 December 2023, the Group has significantly improved its Balance Sheet in line with its strategy. It has reduced the loan to value from 45.4% to 43.3% and improved its net asset value per linked unit (net of deferred taxation) by 5.3% to P3.73 per share (2022: P3.54). The investment portfolio has increased to P6.0 billion (2022: P5.9 billion), despite sales of P138 million non-strategic assets during the year, reflecting the Group's commitment to value creation.

DEBT FINANCING

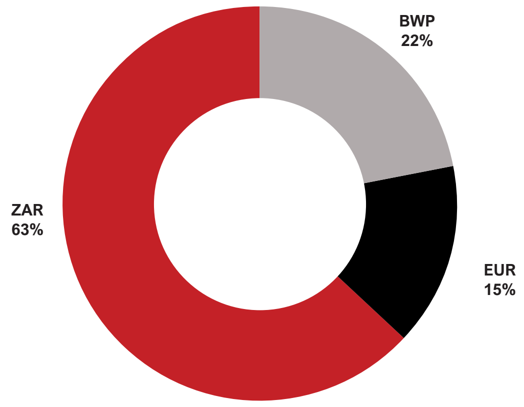
During the reporting period, the Group lowered its loan-to-value ratio from 45.4% to 43.3%. Management aims to further reduce this ratio to below 40% in the near- to medium-term.

Several loans have been successfully refinanced during the year, totalling P142 million. In December 2023, the Group renewed a P93 million fixed-rate corporate bond for tenors spread over one, three and five years, at rates fixed at 8.35%, 8.80% and 9% respectively. The Group has received a term sheet for a Euro 8.4 million loan in Croatia, The loan is for a five year tenor, amortising at 5.5% per annum and at a rate of 3-month Euribor plus 2.3%. The funds are available for drawdown until June 2024.

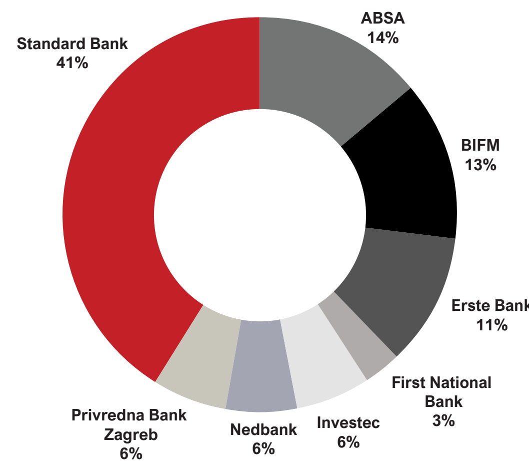
OPERATIONAL AND FINANCIAL REPORT

The Group's debt is well diversified across lenders and currency types.

TOTAL DEBT PER CURRENCY



TOTAL BANK DEBT PER BANK



INTEREST RATE HEDGING

The reporting period saw a significant increase in prime lending rates across all jurisdictions that we operate in. The Group has effectively mitigated the impact of this upward trend in interest rates, as 40% of debt is either fixed or hedged. To manage interest rate risk, our strategy is to gradually build the hedge portfolio by capitalising on opportunities when there are decreases in the yield curve. During the year under review, two new interest rate caps were taken out in South Africa for R100 million each. These will protect the Group if rates increase, but allow it to benefit from any future interest rate reductions.

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.

DISTRIBUTION

The board is pleased to declare a final distribution of P20 million for the year ended 2023. This decision reflects the prudent approach taken by the board in light of prevailing uncertainties surrounding the timing of potential decreases in interest rates. Consequently, the board has elected to retain a portion of available funds to ensure adequate liquidity for the purpose of debt settlement. The distribution will be a net dividend of 0.122 thebe per ordinary share and interest of 2.507 thebe per debenture. This dividend and interest will be payable on or about the 30 April 2024 to those linked unit holders registered at the close of business on the 18 April 2024. The ex-dividend date is therefore 16 April 2024.

Jacopo Pari
CEO Operations

Joanne Mabin
Chief Financial Officer

Gary Fisher
CEO Properties


THE DAVID LIVINGSTONE SAFARI LODGE AND SPA, LIVINGSTONE, ZAMBIA

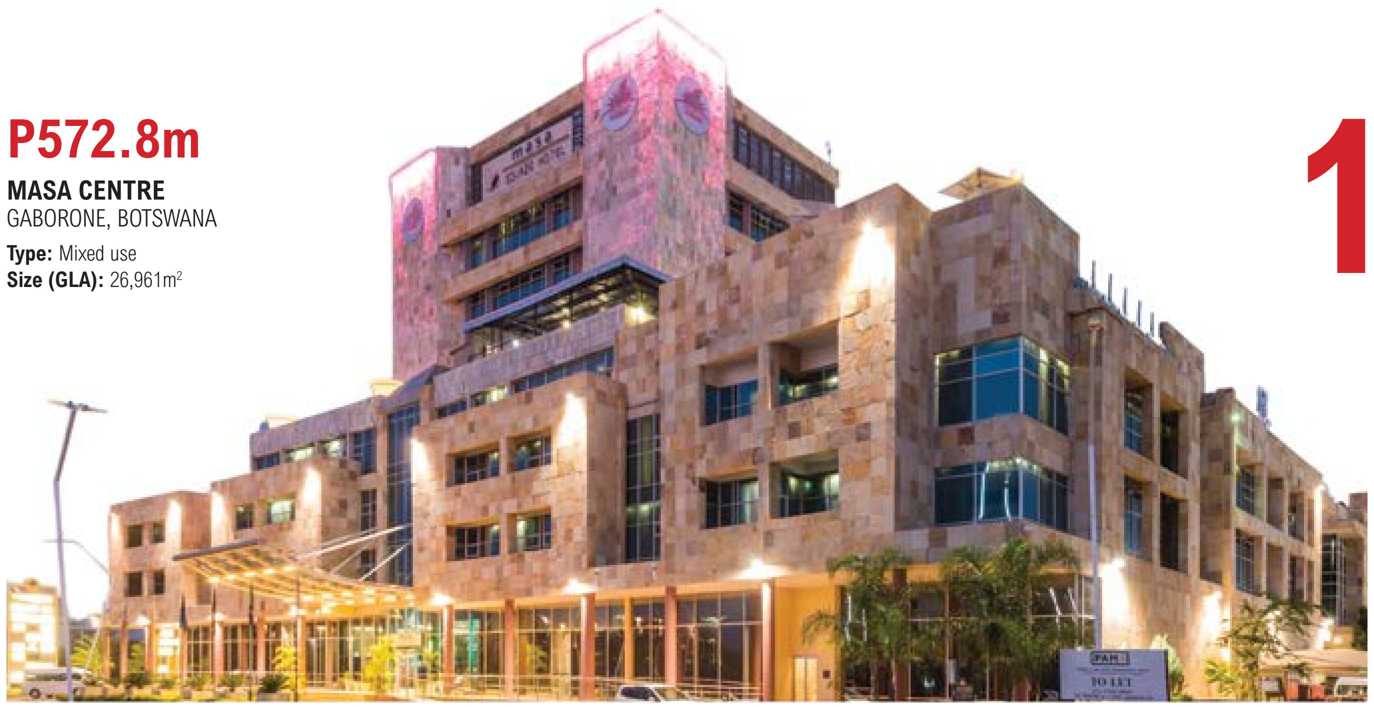
TOP 10 PROPERTIES BY VALUE

1

P572.8m

MASA CENTRE
GABORONE, BOTSWANA

Type: Mixed use
Size (GLA): 26,961m²



2

P494.0m

SUB CITY CENTRE
DUBROVNIK, CROATIA

Type: Retail
Size (GLA): 12,259m²

3

P410.1m

VMD KVART
ZAGREB, CROATIA

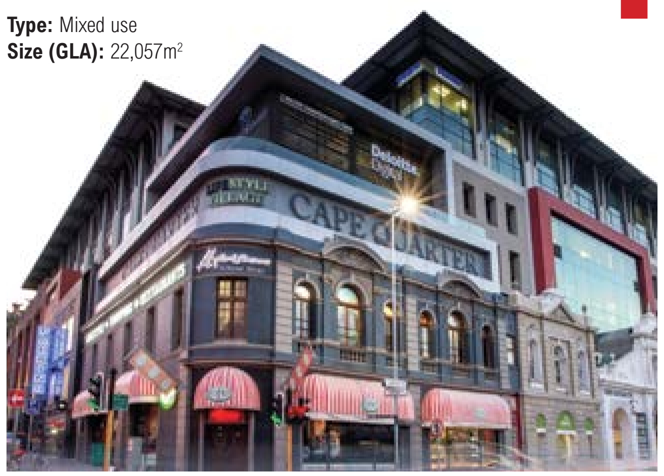
Type: Office
Size (GLA): 10,650m²

4

P382.6m

CAPE QUARTER SQUARE
GREEN POINT, WESTERN CAPE, SOUTH AFRICA

Type: Mixed use
Size (GLA): 22,057m²



5

P292.9m*

RADISSON RED
ROSEBANK, GAUTENG, SOUTH AFRICA

Type: Hospitality
Size (GLA): 11,266m²

* Value including property, plant and equipment

6

P278.1m

CHOBE MARINA LODGE
KASANE, BOTSWANA

Type: Hospitality
Size (GLA): 3,945m²

7

P269.6m

THE EDGE
TYGER FALLS, WESTERN CAPE, SOUTH AFRICA

Type: Office
Size (GLA): 11,133m²

8

P262.3m

MERIDIJAN 16
ZAGREB, CROATIA

Type: Retail
Size (GLA): 9,362m²

9

P212.1m

SUNCLARE
CLAREMONT, WESTERN CAPE, SOUTH AFRICA

Type: Office
Size (GLA):14,704m²

10

P189.5m

YAZAKI
ZAGREB, CROATIA

Type: Industrial
Size (GLA): 5,975m²

AUDIT AND RISK COMMITTEE REPORT

INTRODUCTION

The Audit and Risk Committee (the Committee) is constituted as a statutory Committee under the Board of Directors (Board) of RDC Properties Limited. The Board reports to the Company's linked unit holders.

The Committee operates within documented terms of reference which comply with all relevant legislation, regulations and governance codes.

This report is presented to the linked unit holders in compliance with the Botswana Companies Act, the Company's Constitution and any other applicable laws and regulatory provisions.

COMPOSITION

The Committee comprises three independent, non-executive members elected by the Board. The Company's Chief Executive Officers and Chief Financial Officer report to the Committee, and other members of the Board are invited to meetings from time to time.

The Committee is required to meet at least three times each year, with meetings coinciding with the key dates in the financial reporting and audit cycle. The Committee met in March, September and November 2023.

The following directors served on the Committee during the year under review:

- Nicola Milne (Chair)
- Andrew Bradley
- Lesang Magang (retired after the March meeting)
- Simon Susman (appointed from the September meeting)

ROLE AND RESPONSIBILITIES

The Committee has an independent role with accountability to the Board. In turn, the Board is accountable to the linked unit holders.

The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The responsibilities of the Committee are summarised as follows:

- Ensuring that management has created and maintains an effective financial and operational control environment in the Group.
- Ensuring that business, financial, and other risks have been identified and are being suitably managed.
- Monitoring standards of governance, reporting and compliance.
- Overseeing annual reporting and ensuring the integrity of the Integrated Annual Report.
- Reviewing and commenting on the financial statements and the other disclosures included in the Integrated Annual Report.
- Reviewing the content of the interim and final results and ensuring compliance with International Financial Reporting Standards.
- Assessing the independence of the auditors.
- Assessing the Group's ability to continue as a going concern, with focus on key performance indicators, monitoring debt covenants and cash flow analysis.
- Ensuring that effective IT policies are in place and are adhered to.

AUTHORITY

In the fulfilment of its duties as outlined in its scope of reference, the Committee has had access to all records and resources necessary, and its function has not been impaired in any way.

EXTERNAL AUDIT

The external Group auditor was reappointed by the linked unit holders at the last annual general meeting until the conclusion of the next annual general meeting to be held on 23 May 2024. Grant Thornton has been the Group auditor for the last seven years. In the current and prior periods reported in the annual financial statements, Mazars and BDO also acted as subsidiary auditors for certain entities within the Group. The Committee has reviewed and considered the inspection results by the Independent Regulatory Board for Auditors (IRBA) with regard to the appointment of the external auditors and the inspection results with regard to the designated audit partners. The Committee has also considered the internal monitoring findings of Grant Thornton and the subsidiary auditors and found them satisfactory.

The Committee has assessed the independence, expertise and objectivity of Grant Thornton and the subsidiary auditors, as well as approving the fees paid. The Committee has received confirmation from the external Group and subsidiary auditors that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence, including the stipulation that they should not own shares in RDC.

The Committee is satisfied with the external auditors and has nominated the appointment of Grant Thornton as the Group external audit firm for further approval at the annual general meeting. The Group audit partner, Mr Madhavan Venkatachary, was appointed during the prior financial year.

NON-AUDIT SERVICES

The Group has a formal policy that requires Grant Thornton and the subsidiary auditors to satisfy the Committee that the delivery of non-audit services does not compromise their independence.

During the year under review, no fees were paid to the Group's external auditors for the provision of non-audit services.

INTERNAL AUDIT

The Committee has decided to implement an internal audit function in 2024 in line with corporate governance best practice. In February 2024, the Group appointed Baker Tilly as the internal auditor. They will attend two Audit and Risk Committee meetings per year and present their reports thereat.

AUDIT AND RISK COMMITTEE REPORT

INTERNAL CONTROL

Systems of internal control are designed to manage the business risks, to achieve business objectives and to provide reasonable, but not absolute, assurance against misstatement or loss.

No material matter has come to the attention of the Board that has caused the directors to believe that the Group's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

RISK REGISTER

The Committee reviews the risk register bi-annually, to ensure that all risks are identified and mitigating actions are taken. The top ten risks identified at year-end were as follows:

RISK — HIGH	RISK — HIGH
1. LOAN COVENANTS	**2. INTEREST RATES**
RISK DESCRIPTION 1.1 Risk of not honouring a loan covenant during the term of the facility. **POTENTIAL RISK IMPACT** 1.2 Penalty interest charges. 1.3 Cancellation of facility. 1.4 Poor credit rating. 1.5 Inability to refinance expiring debt. **MITIGATING ACTION** 1.6 All loan covenants reviewed quarterly for compliance throughout the term of each facility. 1.7 All covenants are tested before making investment & financing decisions on matters that will likely affect the ratios set. 1.8 Sell low yielding assets and repay debt.	**RISK DESCRIPTION** 2.1 Rising/high interest rates result in high cost of funding and reduce profit. **POTENTIAL RISK IMPACT** 2.2 Reduction of distributable income. 2.3 Covenant breaches. 2.4 Pressure on cash flows. **MITIGATING ACTION** 2.5 Interest rates hedged, where appropriate. 2.6 Stress testing done regularly to assess the impact of potential interest rate hikes on covenants and cash flows.

RISK — MEDIUM	RISK — MEDIUM
3. CASHFLOW	**4. PROJECT FUNDING**
RISK DESCRIPTION 3.1 Cash flow under pressure as a result of high levels of loan amortisation and capital expenditure requirements in the fund. **POTENTIAL RISK IMPACT** 3.2 Delays in payment for key services may lead to interruptions of services rendered by suppliers. 3.3 Difficulties in honouring debt payments. 3.4 Distributions to shareholders can be affected by poor cash flows. **MITIGATING ACTION** 3.5 Regular cash flow forecasting done to ensure that all obligations can be met. 3.6 All capex that is not budgeted for is required to be signed off by the CEO of Properties. 3.7 Look to refinance amortising debt with interest-only debt or debt with lower amortisation rates where possible. 3.8 Sell low yielding/no growth assets and settle amortising debt.	**RISK DESCRIPTION** 4.1 The risk that expensive funding needs to be used for projects. **RISK IMPACT** 4.2 Lack of funding could hinder the company's ability to complete committed projects. 4.3 Expensive funding can also negatively impact returns to shareholders. 4.4 The potential need to use expensive mezzanine funding as a result of high gearing. **MITIGATING ACTION** 4.5 Project financing at best possible interest rates is secured for up to a maximum of 60% gearing with target maximum overall gearing of 40%. 4.6 The company has a P500 million bond programme registered with the BSE. 4.7 The company continually engages Botswana commercial banks and fund managers for facilities to be used for projects.

RISK	MEDIUM	RISK	MEDIUM
5. MACRO-ECONOMIC CLIMATE		**6. CONSTRUCTION PROJECTS**	
RISK DESCRIPTION 5.1 Risk of the group being exposed to a potentially unfavourable economic environment. **POTENTIAL RISK IMPACT** 5.2 Significant reduction in group's overall performance. 5.3 Reduction in distributions. 5.4 Negative impact on the group's covenants. **MITIGATING ACTION** 5.5 The group's geographic and sector diversification has improved with the Tower acquisition. 5.6 The group has interest rate hedges in place. 5.7 Aim to ensure the group maintains a conservative LTV ratio.		**RISK DESCRIPTION** 6.1 The risk that the late delivery of certain construction projects or developments could have a negative effect on leasing commitments and critical cash flow. **POTENTIAL RISK IMPACT** 6.2 Reputational damage to the group. 6.3 Negative impact on group cash flow and distributions. 6.4 Negative impact on covenants. **MITIGATING ACTION** 6.5 The group has limited development projects. 6.6 The group manages its cash flow very conservatively. 6.7 Remain in constant communications with potential tenants. 6.8 Effective project management and oversight on developments.	

RISK	MEDIUM	RISK	MEDIUM
7. GOVERNMENT POLICY		**8. COUNTRY RISK**	
RISK DESCRIPTION 7.1 Risk of new government policies being implemented that negatively impact the Group. **POTENTIAL RISK IMPACT** 7.2 The portfolio could face headwinds to operating in jurisdictions and further regulatory costs. 7.3 Non compliance with new regulations could result in fines, penalties or other operational losses. **MITIGATING ACTION** 7.4 Management Company has key personnel or business partners present in each jurisdiction. 7.5 Monitoring of regulations and active participation in responding to regulators and lobbying where appropriate.		**RISK DESCRIPTION** 8.1 Escalating tensions globally and high inflation means there is elevated Country risk in various jurisdictions in which the group operates. **POTENTIAL RISK IMPACT** 8.2 The company could underperform in certain jurisdictions where macroeconomic and political issues arise. **MITIGATING ACTION** 8.3 Diversification across numerous geographies, enhanced from the recent acquisitions. 8.4 Partnering with local business partners to provide on the ground knowledge and risk mitigation.	

WESTLAKE LIFESTYLE CENTRE,
WESTLAKE, WESTERN CAPE,
SOUTH AFRICA

RISK	LOW	RISK	LOW
9. POWER/DATA/TELECOM AND/OR UTILITIES		**10. SEGMENT RISK**	
RISK DESCRIPTION 9.1 The risk of continuous service interruptions from the utility suppliers and IT Service Providers. **RISK IMPACT** 9.2 Business interruptions. 9.3 Loss of business. **MITIGATING ACTION** 9.4 Back-up generators in place at most properties and serviced regularly. 9.5 Data back-ups performed weekly and tests done periodically. 9.6 Firewall security in place for data protection. 9.7 Investigation into the feasibility of alternative energy and other means of securing energy supply.		**RISK DESCRIPTION** 10.1 Over-exposure to a particular property sector or location could impact the group's overall performance if that sector or location performs negatively. **RISK IMPACT** 10.2 Significant reduction in Group's overall performance 10.3 Reduction in distributions 10.4 Negative impact on covenants **MITIGATING ACTION** 10.5 The group has a well diversified portfolio from a sector and location perspective. 10.6 The group's diversification has improved with the Tower acquisition.	

EVALUATION OF THE CHIEF FINANCIAL OFFICER

The Committee satisfied itself as to the appropriateness of the expertise and experience of the Group's Chief Financial Officer, Joanne Mabin. This is based on the qualifications, level of experience, continuing professional development and the Board's assessment of the financial knowledge of the Chief Financial Officer.

APPROVAL OF THE COMMITTEE REPORT

The Committee confirms that it has functioned in accordance with its terms of reference for the 2023 financial year.

Nicola Milne
Committee Chair

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

EXECUTIVE SUMMARY

As a leading property business listed on the Botswana Stock Exchange, RDC is committed to sustainable and responsible practices that prioritise environmental, social, and governance (ESG) factors. In its pursuit of long-term value creation, the Company recognises the importance of integrating ESG considerations into its operations, strategy, and decision-making processes.

We are committed to managing our properties in a sustainable way and have a number of initiatives in place to reduce our environmental impact. These currently include:

- A focus on energy efficiency, with 20% of our portfolio (by value) having achieved a Green Building Council SA (GBCSA) green star rating.
- The generation of energy with the support of solar on 14% of our portfolio.
- Water consumption monitoring on 15% of our portfolio.

We are also conducting a solar and sustainability audit to determine the suitability of our major assets to embrace new energy solutions.

We are committed to supporting local communities and have a number of initiatives in place to do so. These include:

- Contributions to at least 15 different charitable organisations in the past year.
- Support for the education sector, including contributions to schools in Botswana, South Africa, and Madagascar.
- Support for the art community, including contributions to the Investec Cape Town Art Fair and the Radisson RED emerging artists' promotion.

VIEW THE COMPLETE ESG STRATEGY HERE

THE ESG COMMITTEE

The Committee is delegated by the Board to oversee the establishment and ongoing implementation of the ESG strategy, as well as to review and make recommendations for the Group's environmental sustainability and social responsibility policies, and to provide governance oversight.

Operating within the context of its approved Terms of Reference and the Group's Corporate Social Investment (CSI) Policy, the Committee's main purpose is to ensure that the Group's environmental sustainability strategy, social responsibility initiatives and governance practices position the Company as a leader in the property industry, and that its objectives are effectively integrated into the business.

The Committee comprises such number of members as the Board may from time to time decide upon and should have a mix of skills and business experience suitable for the Committee's purpose. The minimum number of members is three, of which two must be non-executive directors.

The following directors served on the Committee during the year under review:

- Federica Giachetti (Chair and non-executive director)
- Bogolo Kenewendo*
- Kate Maphage (independent non-executive director)
- Nicola Milne (independent non-executive director)

Art at the Radisson Red, Rosebank, South Africa
This year's featuring artist, Tega Tafadzwa

As Bogolo Kenewendo retired from RDC's Board on 24 May 2023, she attended the March Committee meeting only. The Committee currently has three members, all of whom possess the relevant skills and experience to meaningfully contribute and enhance the Committee's performance.

The Committee met in March, September and November 2023.

During the year under review, the three members attended the Institute of Directors' ESG Masterclass for Directors series, and RDC Management attended the Green Building Council of South Africa's (GBCSA) 16th annual convention.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

SUSTAINABLE DEVELOPMENT GOALS

Making sure all our investments are appropriately planned, designed and managed for sustainability

We believe that ESG is an important part of responsible investing and that our commitment to ESG will help us to create long-term value for our stakeholders.

Underpinning our framework for ESG are the Sustainable Development Goals (United Nations).

WE HAVE DEFINED OUR LONG-TERM GOALS BY THE FOLLOWING AREAS OF MATERIALITY:

- Environmental action and awareness
- Human capital
- Customer centricity
- Diversity
- Equity and inclusion
- Community upliftment
- Ethical practice

RDC Property Group Art Collection, South Africa
Investec Art Fair involvement

As an advocate of thinking global and acting local, the RDC sustainability framework, which is aligned to the United Nations' Sustainability Development Goals, is being refined by the Committee.

By identifying areas where RDC can make a meaningful contribution to its stakeholders, the Group has embarked on a journey to focus on wider value creation. Whilst it is recognised that the impacts of this will not be immediate, the Group believes that a steady and consistent effort towards stakeholder value creation will yield long-term results. This is an evolutionary process that will be continuously monitored as part of the comprehensive sustainability strategy and commitment to global best practices.

382 Jan Smuts Avenue Craighall, Gauteng, South Africa

E – ENVIRONMENTAL

The Committee aims to review the Group's impact on the natural environment and its response to the challenge of climate change including: greenhouse gas emissions, energy consumption, generation and use of renewable energy, impact on water resources, pollution, efficient use of resources, the reduction and management of waste, and the environmental impact of the Group's supply chain.

The current status of the Group's sustainable solutions implementation includes:

- 32 Properties fitted with Water Waste monitoring technology;
- 7 properties fitted with solar PV energy generation systems;
- 6 properties with Green Star ratings from the Green Building Council of South Africa: The Radisson RED Hotel (5 Star), 32 Napier Street (4 Star), Old Cape Quarter (4 Star), Cape Quarter Lifestyle Centre (4 Star), Upper Grayston Block F (6 Star), The Edge (5 Star).

De Ville Shopping Centre, Durbanville, Western Cape

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

Together with sustainable solutions experts, Amethyst Solutions, Management has created an ESG roadmap, which includes the roll out of smart metering, energy performance compliance, carbon footprint analysis, identification of renewable energy projects and the ongoing review of findings and setting of targets.

Boitumelo Primary School, Botswana
Annual prize-giving sponsorship

Properties have been analysed for suitability for the installation of grid-tiered solar PV systems to offset on-site energy consumption. The systems will be designed, procured, installed and operated pursuant to signature of Purchase Power Agreements, the first agreement having been signed for the Westlake Shopping Centre redevelopment in Cape Town. Initial analysis of the portfolio forecasts an annual saving in energy costs of some P3 million.

S – SOCIAL

The approved CSI Policy is in line with the Group's strategy and contributes to its overall mission and vision. The Group believes that it is fundamental to improve the lives of those living in disadvantaged communities in the regions in which it operates and embraces the aim of adding value to the communities it serves.

RDC Property Group's CSI initiatives have translated into substantial donations and actions, demonstrating our unwavering dedication to creating meaningful change. Through collaborations, contributions, and targeted efforts, we aim to enrich lives, nurture talents, and uplift communities. Our commitment to social responsibility remains a cornerstone of our ethos, as we continue to inspire positive transformation and make a lasting impact.

Notable social investment initiatives this year include:

- RDC has supported the Ngwapa Primary School for many years, which has included funding for additional construction and upgrades. Committed to this ongoing support RDC presented its usual annual monetary incentive to the best performing Primary School Leaving Examination (PSLE) students.

Ngwapa Primary School, Botswana
Another proudly sponsored prize-giving

- RDC awarded prizes to the top three students of Boitumelo Primary School in Sebele for their outstanding performance in the 2021 PSLEs. This initiative aims to acknowledge and motivate students who have worked hard and made sacrifices during the challenging period of the COVID-19 pandemic.
- Since 2014, RDC has been donating funds towards Sefhare Primary Hospital's Christmas party for in-patients without family or friends. This year's event was a success, with patients receiving gifts and community representatives collaborating to cater for them. Hampers were presented to babies born on Christmas Day and New Year's Day, and guests were treated to a delicious Christmas cake and snacks.
- Recognising the needs of Motopi Village, RDC Property Group joined forces with former director Ms. Bogolo Kenewendo to make a significant impact on the community. RDC's contribution including office furniture, aims to enhance the infrastructure and functionality of the Kgotla, the village's central meeting place. Additionally, they provided essential learning resources to Motopi Primary School, donating computers, printers, a water dispenser, and chairs. This donation directly improves the educational experience for students and creates a more conducive learning environment.

Sefhare Hospital, Botswana
Donations for those in need over Christmas

- RDC donated to the Mother Pontsho Foundation and hosted the annual Carols by Candlelight event at our Masa Centre in support of raising awareness for the non-governmental charity organisation that cares for 72 children. The donations raised by RDC and the public contributed to providing those children with essential needs such as food, education, shelter and compassion.
- The RDC Group has been supporting art communities for several decades. This year, at the Investec Cape Town Art Fair, the RDC's Art for Space and Space for Art Award including a monetary contribution was given to the gallery that best interpreted and embodied the art fair's theme for the year, being "Connections".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE REPORT

Mother Pontsho Foundation Fundraiser, Botswana
Annual carols by candlelight at Masa Centre

- Another art initiative was implemented at The Radisson RED Hotel, in Rosebank, Johannesburg this year. Aspiring artists are given the opportunity to showcase their work at the hotel, with artwork in common areas updated every eight to twelve months. This year's featured artist was Tega Tafadzwa, a Zimbabwean artist whose colourful works explore immigrant experiences. This platform fosters creativity and inclusivity, aiming to expand the hotel's contemporary art collection while promoting the work of local African artists.
- One of RDC's prime properties, Chobe Marina Lodge engaged its staff to address the essential needs of the Chobe Community Junior School. The Lodge's staff and management implemented a thoughtful initiative to donate essential toiletries which directly benefit the students' learning environment and underscores the significance of collective community support. We were further honoured by the participation of Mr. Johane Chenjekwa, Land Board Chairman, in this impactful programme. Together, they presented these indispensable supplies to the school administration for distribution among students.
- This Movember, RDC Property Group's offices in Cape Town and Gaborone proudly joined the global movement of the Movember Foundation in raising critical funds and awareness for men's mental health, cancer, and suicide prevention. RDC Property Group stands firmly behind this vital cause and demonstrated their commitment by generously matching all staff donations made throughout November. Beyond financial support, the RDC team went the extra mile by growing out their moustaches throughout November, a symbolic gesture that sparked conversations and increased awareness around men's health issues.
- The Cape Town RDC team donated money and ingredients, prepared food, and handed out meals to close to 500 hungry residents in South Africa. The team dished up on site in Athlone and surrounding areas. We believe in long-term commitment to addressing the root cause of hunger in South Africa by continuing this initiative. RDC is making a meaningful impact in the communities where they operate, and setting an example for other companies to follow.

Feeding initiative in Athlone, South Africa
Over 500 hungry mouths fed

G – GOVERNANCE ASPECTS

The Committee reviews the ethical conduct of the business, including its corporate governance framework, business ethics, policies, code of conduct and the transparency of non-financial reporting. This includes setting an example and abiding to the BSE code of governance by:

- Establishing formal Board performance reviews
- Establishing sub-committees in line with best practice.

In order to adequately attend to all required governance aspects, it has been necessary for this Committee to effectively engage and cooperate with both the Audit and Risk Committee and the Remuneration and Nomination Committee.

The Botswana Accountancy Oversight Authority conducted a Corporate Governance Review of RDC during October 2023. Of the seven findings raised, all but one have been successfully resolved. The sole outstanding matter pertains to the Board Chairman not being an independent non-executive director. This matter is discussed further in the Remuneration and Nomination Committee's report on page 32.

Active monitoring of the Group's numerous policies is ongoing, to ensure they align with corporate governance best practice.

APPROVAL OF THE COMMITTEE REPORT

The Committee confirms that it has functioned in accordance with its terms of reference for the year under review.

Federica Giachetti
Committee Chair

REMUNERATION AND NOMINATION COMMITTEE REPORT

INTRODUCTION

The Remuneration and Nomination Committee met in March and November 2023.

Within the context of the approved Remuneration and Nomination Policy, the Committee assists the board to achieve its objective of ensuring that the level, composition and remuneration of board members is sufficient and reasonable to attract and retain talented individuals who can fulfil such roles, and that the Group has coherent remuneration policies. The Committee ensures that the fee structure of the management company is fair and market related, and that RDC's Lead Independent Director is appointed on the management company's board.

COMPOSITION

The Committee comprises at least three RDC directors, a majority of whom must be independent. The board decides appointments, rotations, and resignations within the Committee, having regard to the BSE Listing Rules, the Companies' Act and the Company's Constitution.

The following directors, all independent, served on the Committee during the year under review:

- Lesang Magang (Chair of the March meeting)
- Andrew Bradley
- Kate Maphage
- Sithabile Mathe (Chair of the November meeting)

Sithabile Mathe was appointed as the Committee's Chair, following Lesang Magang's retirement from RDC's board on 24 May 2023.

ROLES AND RESPONSIBILITIES

1. APPOINTMENTS AND PERFORMANCE MANAGEMENT

The Committee's responsibilities include:

- Identifying and recommending to the board, nominees for membership of the board and the re-election of retiring directors when required.
- Identifying the necessary and desirable competencies and characteristics for board membership and regularly assessing the extent to which those competencies and characteristics are represented on the board.
- Ensuring succession plans are in place to maintain an appropriate balance of skills on the board and reviewing those plans.
- Ensuring succession plans are in place with regard to the executive officers appointed by the management company.
- Recommending the removal of directors.
- Recommending measurable objectives for achieving gender diversity to the board.
- Facilitating an annual review of the performance of executive officers.
- Establishing processes for evaluating the performance of the board, board committees and directors, and reviewing the time required from non-executive directors to perform their functions.
- Ensuring that each Committee is appropriately chaired and constituted in terms of membership.

The procedure for appointing new directors is designed to ensure maximum transparency and objectivity, with each appointment being based on merit.

The Board of Directors ensures that transparency and accountability are maintained by providing the Remuneration Report for the review of linked unit holders in the Integrated Annual Report.

The Board of Directors of the management company has full discretion in determining appropriate remuneration policies and practices for management and employees under their direct governance, including the executive directors appointed by the board.

2. REMUNERATION POLICY IMPLEMENTATION

The remuneration policy focuses on the framework of remuneration applicable to the Board of Directors and the fees paid to the management company tasked with daily operations of the business.

The Committee is responsible for making recommendations to the board about:

- The remuneration framework for non-executive directors, including the allocation of directors' fees. Directors' fees are submitted for approval at the linked unit holders' annual general meeting (AGM).
- The framework for the management company's remuneration through the service level agreement. The terms of the agreement with the management company are reviewed in principle every five years. Although not yet due, a review took place during 2023.
- Whether there is any gender or other inappropriate bias in remuneration for directors.

The following fee structure was approved at the company's 2023 AGM and applied with effect from May 2022. It was the result of the Committee's comprehensive review and detailed benchmarking comparison of the remuneration of RDC's directors compared to its BSE-listed peers, which was undertaken in September 2022.

FOR THE BOARD:

P50,000 retainer per director per year.
P15,000 sitting allowance per director per meeting.

FOR THE COMMITTEES:

P3,500/hour per meeting for the Chair of the Committee.
P3,000/hour per meeting for members of the Committee.

This same fee structure has been applied for 2023, resulting in a total fee of P1,421,000 being proposed for acceptance at the company's 2024 AGM. Although this represents a 32% increase on the prior year's fee of P1,076,000, it is relevant to note that this fee structure applied for the full 2023 financial year.

The four executive directors employed by the management company (the executive team) each received a retainer and sitting allowance for their role and responsibility as directors but are not entitled to compensation for attending committee meetings.

SCHEDULE OF DIRECTORS' FEES

	Fees paid 2023			Fees paid 2022		
	Main Board	**Committees**	**Total fees paid**	**Main Board**	**Committees**	**Total fees paid**
Guido R Giachetti	**P110 000**	**–**	**110 000**	P84 000	–	P84 000
Andrew Bradley	**P110 000**	**P66 000**	**P176 000**	P84 000	P41 000	P125 000
Gary Fisher	**P110 000**	**–**	**P110 000**	P54 000	–	P54 000
Federica Giachetti	**P95 000**	**P47 250**	**P142 250**	P54 000	P60 000	P114 000
Giorgio Giachetti	**P110 000**	**–**	**P110 000**	P84 000	–	P84 000
Bogolo Kenewendo	**–**	**P13 500**	**P13 500**	P69 000	P13 000	P82 000
Joanne Mabin	**P97 500**	**–**	**P97 500**	P30 000	–	P30 000
Lesang Magang	**P65 000**	**P12 500**	**P77 500**	P84 000	P26 500	P110 500
Kate Maphage	**P110 000**	**P29 500**	**P139 500**	P84 000	P38 500	P122 500
Sithabile Mathe	**P45 000**	**P19 000**	**P64 000**	–	–	–
Jacopo Pari	**P110 000**	**–**	**P110 000**	P84 000	–	P84 000
Nicola Milne	**P110 000**	**P49 250**	**P159 250**	P54 000	P36 000	P90 000
Simon Susman	**P95 000**	**P16 500**	**P111 500**	P54 000	P24 000	P78 000
Totals	**P1 167 500**	**P253 500**	**P1 421 000**	P837 000	P239 000	P1 076 000

PROPOSED INCENTIVE SCHEME

The last report noted the management company's belief that it would be beneficial to propose a long-term RDC share incentive scheme, to create a long-term alignment. During its Strategy Retreat in May 2023, RDC's board confirmed the need to incentivise Management to achieve RDC's objectives.

The first step of the exercise has taken place, namely setting the principles and parameters in accordance with best practice. This process included industry benchmarking and engagement with PricewaterhouseCoopers. The next step, of addressing the quantum, is under investigation. It is likely that a proposal will be submitted for approval at the company's 2025 AGM, to apply for the 2024 financial year. Alternatively, an EGM of shareholders could be called.

In 2023, the management company paid a short-term cash incentive bonus based on achieving set individual performance criteria and KPIs. The bonus paid to members of the management and staff varied from zero to 2.5 x monthly salary and was awarded in December 2023.

MAJOR TASKS PERFORMED DURING THE PERIOD UNDER REVIEW

1. APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR

The retirement of two Independent Non-Executive Directors was formalised at the company's 2023 AGM, along with a new appointment. The significant contribution of Lesang Magang and Bogolo Kenewendo to the company's growth and success has been gratefully acknowledged. CVs were circulated and due process followed, resulting in Sithabile Mathe's appointment as Independent Non-Executive Director being formalised at the 2023 AGM. She brings a fresh perspective and skill set to complement the already diverse mix of experience on the board.

2. INDEPENDENCE ASSESSMENT OF MS MAPHAGE

Considering her tenure, the Committee conducted an independence assessment of Ms Maphage and confirmed its satisfaction that Ms Maphage continues to exercise objective judgment in carrying out her duties and that there was no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, would be likely to influence unduly or cause bias in her decision-making. The board subsequently accepted the Committee's recommendation that Ms Maphage should retain her position as an independent non-executive director.

3. SUCCESSION PLANNING

The Committee has adopted a forward-looking succession planning process, focusing on strategy and board composition. A full evaluation of the board's current composition has taken place, to enable an 'ideal' forward-looking board composition when considering a potential new appointment.

The four executive directors are organised as an executive team and their succession is the management company's responsibility. The current split of their executive duties provides a depth of management that mitigates the risk to the business of any departures in terms of business continuity.

The Committee is comfortable that the continuity of the executives is secure, by virtue of the way their duties and responsibilities are arranged. Furthermore, the senior management team behind the executives has been confirmed to possess the required skills and acumen to enable the day-to-day running of the business to continue in the event of an unforeseen circumstance.

REMUNERATION AND NOMINATION COMMITTEE REPORT

4. NOMINATION – SELF ASSESSMENT MATRIX AND "IDEAL" CANDIDATE

It is key to ensure that RDC's board has the expertise required to support the company's future direction. Completion of a self-assessment matrix by the non-executive directors has enabled a holistic understanding of the board's current composition, making it possible to define the desirable skillset and characteristics that a potential new member should possess. This will assist the nomination process.

Board members have been tasked with proposing the candidate that was identified as the "ideal" to complement the present board.

5. COMMITTEE COMPOSITION

The streamlining of the company's board committee structure and the aforementioned changes to the board's composition prompted an overall review which resulted in the following, effective May 2023:

- Nicola Milne remained Chair of the Audit and Risk Committee.
- Andrew Bradley remained Chair of the combined Investment and Property Committee.
- Federica Giachetti was appointed as Chair of the ESG Committee.
- Sithabile Mathe was appointed as Chair of the Remuneration and Nomination Committee.

The combined Investment and Property Committee held its first meeting during March 2023. The current committee structure is functioning efficiently and effectively, and no changes are planned.

6. CONSIDERATIONS ON THE BOARD CHAIRMAN NOT BEING AN INDEPENDENT NON-EXECUTIVE DIRECTOR

The present Chairman, Guido Giachetti, was nominated by all independent directors for a one year term at RDC's board meeting held on 24 May 2023, following the AGM.

The Chairman is appointed by the board each year, with the following responsibilities:

- Leading the board, representing the board in relationships with shareholders and other stakeholders, representing the board in relationships with the executives – orchestrating the governance system overseen by the ESG and Audit and Risk Committees.
- Regarding his executive role, the role is clearly defined and he is not involved in the day-to-day business, which is delegated to the divisional CEOs and the CFO.
- Driving strategy and vision (strategic leadership).
- Co-ordinating the executive team, as well as aspects of corporate activity.

Following the board assessment, the non-executive directors confirmed that they were more than satisfied that Guido Giachetti enables engaging and open discussion by all members of the board, and that there are no conflicts that are not clearly defined and, if so, are brought to the attention of the Lead Independent Director.

Resultant from the corporate governance review of RDC undertaken by the Botswana Accountancy Oversight Authority (BAOA) in October 2023, the issue of the Chairman not being an independent non-executive director was raised.

To respond to the BAOA's remark, Guido Giachetti proposed to the Remuneration and Nomination Committee, that he would not offer himself for nomination as Chairman for the ensuing year at the May 2024 board meeting. The Committee agreed with his suggestion that one of the independent directors be nominated as board Chair.

Should that transpire, the key responsibilities of the new Chair would be to lead the board, orchestrate the company's governance systems and represent the board in relations with the Executive Vice Chairman.

Following a review of Guido Giachetti's executive role, the Committee suggested that he would continue driving the strategy and chairing the executive committee in the role of Executive Vice Chair, and contributing as a non-independent Director of the company.

The key responsibilities of the Executive Vice Chair would be to oversee the effectiveness and performance of the Asset Management company in driving the achievement of the corporate goals, leading the executives, representing the board in relations with unit holders and other stakeholders, and proposing the corporate strategy to the board.

7. PERFORMANCE EVALUATION OF THE EXECUTIVE TEAM

In November 2023, an evaluation of the executive team was conducted via surveys which posed several questions to determine whether each of the executive directors achieved the desired specified outcomes. There was an element of self-assessment, as the questionnaires were completed by the entire board.

The Committee and the board are satisfied that the performance of the executive team continues to enhance the company's performance in the shareholders' best interests.

REMUNERATION AND NOMINATION COMMITTEE REPORT

8. REVIEW OF RDC'S CONTRACT WITH THE MANAGING COMPANY

Although the Management Agreement with Property and Asset Management Limited (PAM) is subject to a review every five years, in view of the first year of existence of the Remuneration and Nomination Committee, an exercise was undertaken to benchmark RDC against its BSE-listed peers to verify:

- The Management Agreement's relevance with the market and peers.
- The sustainability of the remuneration structure so that PAM can attract and retain the best talents to discharge its duties.

The positive outcome of this exercise confirmed that:

- The remuneration paid to PAM is fair and reasonable and is line with best practice by other counters with an external Management Contract: The fee paid is 0.5% of market cap plus debt and is therefore confirmed to be in line with market.
- There is no perceived need to change the fee percentage structure.
- The impending Short Term and Medium Term Incentives will further strengthen the ability of PAM and RDCP to attract and retain the best talent and align management with unit holders' value creation.

9. SCHEDULE OF DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

	Board	Audit and Risk Committee	Investment and Property Committee	Environmental, Social and Governance Committee	Remuneration and Nomination Committee
Guido R Giachetti	4/4	3/3	4/4	3/3	2/2
Andrew Bradley	4/4	3/3	4/4	–	2/2
Gary Fisher	4/4	3/3	4/4	3/3	–
Federica Giachetti	3/4	–	4/4	3/3	–
Giorgio Giachetti	4/4	–	–	–	–
Bogolo Kenewendo*	0/1	–	–	1/1	–
Joanne Mabin	4/4	3/3	4/4	–	2/2
Lesang Magang*	1/1	1/1	–	–	1/1
Kate Maphage	4/4	–	–	3/3	2/2
Sithabile Mathe**	3/3	–	2/2	–	1/1
Jacopo Pari	4/4	4/4	4/4	3/3	2/2
Nicola Milne	4/4	3/3	–	3/3	–
Simon Susman	3/4	1/1	–	–	–

* *Lesang Magang and Bogolo Kenewendo were directors of the company for the March 2023 meeting cycle only.*

** *Sithabile Mathe was appointed to the Board at the time of the May 2023 meeting cycle.*

APPROVAL OF THE COMMITTEE REPORT

The Committee confirms that it has functioned in accordance with its terms of reference for the year under review.

Sithabile Mathe
Committee Chair

CORPORATE GOVERNANCE REPORT

RDC conducts all business with integrity and provides effective leadership based on an ethical foundation. The Board directs strategy and operations to build a sustainable business while considering the long-term impact on the environment, society and the economy. Our corporate structure, business, operations and disclosure practices have been strictly aligned to our corporate governance policies. Transparency, accountability, fairness and intensive communication with stakeholders are integral to our functioning.

The Board ensures that RDC acts as a responsible corporate citizen by adhering to corporate governance policies. The Board is aware that stakeholders' perceptions affect RDC's reputation. The Group is committed to promoting ethical business practice in all aspects of its operations. The Board acts as the custodian for corporate governance.

The Group has adopted the King Code (King III) as the framework for corporate governance. RDC has applied the guidelines as entrenched in the revised Botswana Stock Exchange listing rules in so far as appropriate and practical for a Company of its size. The implications of the King IV guidelines have also been considered by the directors as we believe that King IV promotes transparency and considers the challenges and realities of today's business environment.

OUTCOME: C = Compliant P = Partially compliant U = Under review N = Non-compliant N/A = Not applicable

1. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

	PRINCIPLE	OPERATION	
1.1	The Board should provide effective leadership based on an ethical foundation.	The Board has adopted the requirements of King III and considers best corporate governance practices to be critical in the delivery of its mandate.	C
1.2	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	The Board has adopted a holistic approach to economic, social and environmental issues in the business strategy.	C
1.3	The Board should ensure that the Company's ethics are managed effectively.	Covered in the Code of Ethics.	C

2. BOARDS AND DIRECTORS

	PRINCIPLE	OPERATION	
2.1	The Board should act as the focal point for and custodian of corporate governance.	Refer to principle 1.1 and 1.2 above.	C
2.2	The Board should appreciate that the strategy, risk performance and sustainability are inseparable.	The Board has risk and sustainability policies in place.	C
2.3	The Board should provide effective leadership based on an ethical foundation.	Refer to principle 1.1 above.	C
2.4	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	Refer to principle 1.2 above.	C
2.5	The Board should ensure that the Company's ethics are managed effectively.	Refer to principle 1.3 above.	C
2.6	The Board should ensure that the Company has an effective and independent Audit Committee.	The Audit and Risk Committee comprises three independent directors. Executive directors and external auditors only attend by invitation.	C
2.7	The Board should be responsible for the governance of risk.	The Audit and Risk Committee monitors the adequacy and effectiveness of the risk management process and reports to the Board.	C
2.8	The Board should be responsible for information technology (IT) governance.	The Audit and Risk Committee monitors the adequacy and effectiveness of IT governance and reports to the Board.	C
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The Group CFO is also the Compliance Officer and manages the compliance aspects to applicable laws and legislation.	C
2.10	The Board should ensure that there is an effective risk-based internal audit.	The Audit and Risk Committee has appointed Baker Tilly to perform the internal audit function going forward.	C

CORPORATE GOVERNANCE REPORT

2. BOARDS AND DIRECTORS continued

	PRINCIPLE	OPERATION	
2.11	The Board should appreciate that stakeholders' perceptions affect the Company's reputation.	Refer to principle 1.1, 1.2 and 1.3 above.	C
2.12	The Board should ensure the integrity of the Company's Integrated Annual Report.	The annual report is enhanced continuously in response to the changing nature of the Group and best practice. Processes to ensure integrity are in place.	C
2.13	The Board should report on the effectiveness of the Company's system of controls.	Executive management and external auditors report on the effectiveness of internal controls to the Audit and Risk Committee which then reports to the Board. The internal auditors will also report to the Audit and Risk Committee on the internal controls going forward.	C
2.14	The Board and its directors should act in the best interest of the Company.	Board members understand their fiduciary duty to act in the best interest of the Company. Declaration of interests and dealings are done at every board and committee meeting.	C
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Act.	The Board is aware of this requirement.	C
2.16	The Board should elect a Chair of the Board who is an independent non-executive director. The CEO of the Company should not also fulfil the role of Chair of the Board.	This matter is under review. Refer to item 6 on page 32 of this report, where considerations on the Board Chairman not being an independent non-executive director are discussed.	U
2.17	The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority.	The Board has appointed two CEOs and delegation of authority is in place.	C
2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent. Six directors are independent.	The Board comprises of 11 directors, 7 of whom are non-executive, and 5 of whom are independent.	C
2.19	Directors should be appointed through a formal process.	Directors are appointed through a formal process which is formalised in the Board Charter.	C
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	Induction of and ongoing training and development of directors is conducted through a formal process which is formalised in the Board Charter.	C
2.21	The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.	A qualified and experienced Company Secretary has been appointed by the Board.	C
2.22	The evaluation of the Board, its Committees and individual directors should be performed every year.	A formal evaluation process was undertaken in 2022 for the Board, Committees and individual directors.	C
2.23	The Board should delegate certain functions to well-structured Committees but without abdicating its own responsibilities.	The four Committees report directly to the Board and are guided by their respective Terms of Reference.	C
2.24	A governance framework should be agreed between the Group and its subsidiary boards.	Covered in the Board Charter.	C
2.25	Companies should remunerate directors and executives fairly and responsibly.	Fees for non-executive directors are determined by the Board. The fees are reviewed every five years, the Board has constituted a Remuneration and Nomination Committee in charge of recommendations to the Board.	C
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	Directors' fees are disclosed in the Remuneration and Nomination Committee Report. Refer to page 31.	C
2.27	Linked unit holders should approve the Company's remuneration policy.	A remuneration policy is in place. A Remuneration and Nomination Committee has been established to review, set and monitor the remuneration policy directly.	C

3. AUDIT COMMITTEES

	PRINCIPLE	OPERATION	
3.1	The Board should ensure that the Company has an effective and independent Audit Committee.	The Audit and Risk Committee comprises of three independent non-executive directors.	C
3.2	Audit Committee members should be suitably skilled and experienced independent non-executive directors.	The Audit and Risk Committee comprises of three suitably skilled and experienced independent non-executive directors	C
3.3	The Audit Committee should be chaired by an independent non-executive director.	The Chair is an independent non-executive director.	C
3.4	The Audit Committee should oversee integrated reporting.	The Audit and Risk Committee oversees integrated reporting.	C
3.5	The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	The external auditors report directly to the Audit and Risk Committee.	C
3.6	The Audit Committee should satisfy itself of the expertise, resources and experience of the Company's finance function.	The Audit and Risk Committee reviews the suitability of the expertise of the CFO and adequacy of the finance department on an annual basis. The results of the review are disclosed in the Integrated Annual Report.	C
3.7	The Audit Committee should be responsible for overseeing of internal audit.	Please refer to principle 2.10 above.	C
3.8	The Audit Committee should be an integral component of the risk management process.	The Audit and Risk Committee oversees the risk management process.	C
3.9	The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	The Audit and Risk Committee recommends the appointment of the external auditors to the Board.	C
3.10	The Audit Committee should report to the Board and linked unit holders on how it has discharged its duties.	The Audit and Risk Committee reports to the Board. It also reports to the linked unit holders through the Integrated Annual Report and at the AGM.	C

4. THE GOVERNANCE OF RISK

4.1	The Board should be responsible for the governance of risk.	Please refer to principle 2.7 and 3.8 above.	C
4.2	The Board should determine the level of risk tolerance.	Please refer to principle 2.7 and 3.8 above.	C
4.3	The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibility.	Please refer to principle 2.7 and 3.8 above.	C
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	Managements designs, implements and monitors the risk management plan. The Audit and Risk Committee evaluates the risk analysis performed and advises the Board.	C
4.5	The Board should ensure that the risk assessments are performed on a continual basis. The Board and Audit Committee are responsible for risk assessments.	Please refer to principle 4.4 above.	C
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating risks.	Please refer to principle 4.4 above.	C
4.7	The Board should ensure that management considers and implements appropriate risk responses.	Please refer to principle 4.4 above.	C
4.8	The Board should ensure continual risk monitoring by management.	Please refer to principle 4.4 above.	C
4.9	The Board should receive assurance regarding the effectiveness of the risk management process.	Please refer to principle 4.4 above.	C
4.10	The Board should ensure that complete, timely, relevant, accurate and accessible risk disclosure to stakeholders is in place.	The Audit and Risk Committee Report contains the Group's risk register. Refer to page 23.	C

CORPORATE GOVERNANCE REPORT

5. THE GOVERNANCE OF INFORMATION TECHNOLOGY

	PRINCIPLE	OPERATION	
5.1	The Board should be responsible for IT governance.	The Audit and Risk Committee monitors the adequacy and effectiveness of IT governance and reports to Board.	C
5.2	IT should be aligned with the performance and sustainability objectives of the Company.	A formal IT policy has been approved.	C
5.3	The Board should delegate to management the responsibility for the implementation of IT governance.	Please refer to principle 5.2. It is addressed in the IT policy.	C
5.4	The Board should monitor and evaluate significant IT investments and expenditure.	Please refer to principle 5.2 above.	C
5.5	IT should form an integral part of the Company's risk management.	Please refer to principle 5.2 above.	C
5.6	The Board should ensure that information assets are managed effectively.	Please refer to principle 5.2 above.	C
5.7	A Risk Committee and Audit Committee should assist the Board in carrying out its IT responsibilities.	The Audit and Risk Committee oversees IT governance and reports to Board.	C

6. COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Please refer to principle 1.2 and 2.9 above.	C
6.2	The Board and its individual directors should have a working understanding of the applicable laws, rules, codes and standards on the Company and its business.	The Board comprises of competent and experienced individuals. The Board also consults with the Company Secretary and other independent consultants where necessary.	C
6.3	Compliance risk should form an integral part of the Company's risk management process.	Please refer to principle 3.5 above.	C
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	Management designs, implements and monitors the compliance framework as part of the risk management plan. The Audit and Risk Committee evaluate and advise the Board.	C

7. INTERNAL AUDIT

7.1	The Board should ensure that there is an effective risk-based internal audit.	Please refer to principle 2.10 above.	C
7.2	The Board should follow a risk-based approach to its plan.	Please refer to principle 2.10 above.	C
7.3	Internal audit should produce a written assessment of the effectiveness of the Company's system of control and risk management.	The internal auditor will produce a written report of the effectiveness of the Company's system of control and risk management and present it to the Audit and Risk Committee bi-annually	C
7.4	The Audit Committee should be responsible for overseeing internal audit.	Please refer to principle 2.10 above.	C
7.5	Internal audit should delegate to management the implementation of an effective compliance framework and processes.	Please refer to principle 2.10 above.	C

8. GOVERNING STAKEHOLDER RELATIONS

	PRINCIPLE	OPERATION	
8.1	The Board should appreciate that stakeholder perceptions affect the Company's reputation.	A formal stakeholder management and communications policies are in place.	C
8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	Please refer to principle 8.1 above.	C
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder Groupings, in the interest of the Company.	Please refer to principle 8.1 above.	C
8.4	Companies should ensure the equitable treatment of linked unit holders.	Please refer to principles 2.1, 2.3, 2.4 and 2.5 above.	C
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Please refer to principle 1.2 above.	C
8.6	The Board should ensure that disputes are resolved as efficiently and expeditiously as possible.	The Board is kept informed of any disputes and ensures disputes are resolved expeditiously.	C

9. INTEGRATED REPORTING AND DISCLOSURE

9.1	The Board should ensure the integrity of the Company's Integrated Annual Report.	The Board ensures the integrity of the Integrated Annual Report through the Audit and Risk Committee.	C
9.2	Sustainability reporting and disclosure should be integrated with the Company's financial reporting.	The Board has established an Environmental, Social and Governance (ESG) Committee which is responsible for enhancing and delivering meaningful sustainability reporting.	U
9.3	Sustainability reporting and disclosure should be independently assured.	The ESG Committee oversees the assurance of sustainability reporting.	C

THE BOARD

The Board is the governance forum for the Group. It is responsible for setting, approving and overseeing execution of the overall strategy and policies. It monitors that management maintains internal controls for assurance of effective and efficient operations and complies with laws and regulations.

The Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence. The non-executive directors are individuals who objectively contribute a wide range of industry knowledge and experience to the Board and are not involved in the daily operations of the Group. All non-executive directors have unrestricted access to executive management at any time.

BOARD CHARTER

The Board's scope of authority, responsibility and functioning is detailed in a formal charter. The Board charter also outlines fiduciary duties of the directors in accordance with Section 130 of the Companies Act. The Board reviews the charter annually to ensure that it is in line with recent changes in law and standards of governance practice. Annual review of the Board Charter, in consultation with PricewaterhouseCoopers, identified some updates required to ensure that the document continued to align with best practice corporate governance principles. The revised version was approved on 5 December 2023.

In terms of the charter, directors retain overall responsibility and accountability of the following:

- Formulating and monitoring implementation of the Group's long-term business strategy;
- Identifying key risks that threaten the Group's ability to achieve its strategy;
- Understanding the strategic importance of IT and placing IT governance on the board's agenda;
- Approving the Group's investment plans, budgets and forecasts and all major development contracts;
- Appointing companies providing property and asset management and project management;
- Establishing sound accounting and financial control principles;
- Reviewing reports submitted to the Board for approval;
- Monitoring operational performance and management;
- Ensuring legislative, regulatory and governance compliance;
- Selecting, orientating and evaluating directors; and
- Managing communication with linked unit holders and stakeholder engagement.

BOARD COMPOSITION

RDC subscribes to a unitary Board structure. The board's complement has reduced from twelve to eleven with the retirement of Lesang Magang and Bogolo Kenewendo, and the appointment of Sithabile Mathe as ratified by the linked unit holders at the AGM of 24 May 2023. There are currently four executive directors, two non-executive directors and five independent non-executive directors.

Biographical details of the directors appear on page 44. The Board composition emphasises directors' independence to promote independent judgement and diverse mind-sets and opinions with relevant expertise ranging from sector and regional experience, company strategy and financial knowledge.

The Board is able to play an oversight role in organisational changes that have an impact on operational and strategic decisions. The Board is also able to lead the value creation process by appreciating the inseparable nature of strategy, risk and opportunity, performance and sustainable developments.

The senior leadership team comprises the Executive Chair, the CEO Operations and Developments, CEO Properties and the CFO. This division of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers. The overall responsibility of the Executive Chair is strategy and vision formulation with the objective of achieving a satisfactory return on investment for unit holders. The Executive Chair consults with the Lead Independent Non-Executive Director on all matters where he might be conflicted. The senior leadership team is accountable for the overall performance and day-to-day management of the Company.

TERMS OF APPOINTMENT

Non-executive directors have been invited to join the Board for a three-year period, subject to re-election by unit holders as provided for in the Company's Constitution.

The Board does not believe that the number of years that a person serves as a director should be limited. Directors who have served for an extended period are able to provide valuable knowledge, and experience necessary to lead the Company and be re-elected.

The following directors have been directors of the Company for more than nine years:

- Guido Giachetti
- Giorgio Giachetti
- Kate Maphage
- Jacopo Pari

The biographical details of these four directors are set out on page 44. The independence of the Lead Independent Director, and any director serving for more than 9 years, has been assessed and discussed at the Board. A declaration of interests is completed by each board member and updated at each board meeting. The Board has satisfied itself that all directors listed as independent are indeed independent and have declared any interests as required. The Board is satisfied with the composition of its directors.

BOARD EVALUATION AND TRAINING

An evaluation of the four executive directors' performance was undertaken during 2023, which yielded positive results. An evaluation of the Board and all directors will take place during 2024. The Board is satisfied that the evaluation process is improving Board performance and effectiveness. The induction and ongoing training of directors is conducted by means of formal processes.

COMPANY SECRETARY

The company secretarial function is outsourced to PricewaterhouseCoopers (Pty) Ltd (PwC Botswana). Mr Saumendu Sinha from PwC Botswana is responsible for this function. He is a Fellow Member of the Botswana Institute of Chartered Accountants with over 30 years' relevant experience in both the listed and unlisted sectors. He additionally provides a valuable depth of knowledge and understanding of the compliance environment (both CIPA and BSE). In reviewing the Company Secretary's performance for the year, items considered include the quality and timely completion of specific engagements, as well as the response time to queries or clarifications sought by different stakeholders. The Board is satisfied with Saumendu Sinha's performance and that he possesses the desired qualifications, experience, skills and competence to fulfill this role.

The Company Secretary plays a critical role in the corporate governance of the Realestate Group, acting as the advisor to the Board, guiding directors in areas of corporate governance, legal and statutory amendments and the effective execution of directors' responsibilities and fiduciary duties. Directors have unrestricted access to the advice and services of the Company Secretary. The Company Secretary ensures that the Board and Committee charters are kept up to date. Furthermore, the Company secretary helps the Board and its Committees in the process of self-assessment.

The Company Secretary is assisted by an Internal Company Secretary. Having undertaken tertiary studies through The London Chamber of Commerce & Industry and The Chartered Governance Institute of Southern Africa, Ms Lucy Caplan brings over 30 years of corporate secretarial experience to RDC. As a team, Saumendu Sinha and Lucy Caplan ensure that the company adheres to best practice corporate governance standards in all aspects of its operations.

The Board confirms that the relationship between the Board and the Company Secretary remains at arm's length. The Board reviews the relationship each year and ensures that the Company Secretary does not take on any management or executive duties for the Board.

ORGANISATIONAL ETHICS

Effective governance is achieved by the separation of the roles of the Executive Chair and the senior leadership team, as this division ensures a balance of power and authority. The Executive Chair has overall responsibility for vision and strategy formulation, ensuring that the Group achieves a satisfactory return on investment for unit holders. He oversees the orderly operation of the Board and ensures appropriate interaction between it, executive management and the Company's unit holders. The Executive Chair consults with the Lead Independent Non-Executive Director on all matters where he might be conflicted. The senior leadership team, comprising the CEO Operations and Developments, CEO Properties and CFO, is responsible for implementing the Group's strategy together with the Executive Chair, and for delivering the strategy. The senior leadership team is accountable for the Company's overall performance and day-to-day management.

The appointed directors are required to maintain high standards of ethics, integrity and values, and exercise their powers and discharge their duties honestly, in good faith and in the best interests of RDC. The directors are accountable to the stakeholders of RDC. The Board has established an ESG Committee which oversees the application and adherence to the Code of Ethics put in place by the Board.

The conduct of the Company's operations is delegated to the executive management team, which is employed by Property and Asset Management Limited (PAM) and Notwane Asset Management (Pty) Limited (NAM), a 100% subsidiary of PAM operating in South Africa, within predefined authority limits. PAM is employed on a full-service management contract. The Company does not have its own employees. The Board is ultimately responsible for the leadership and control of the Company. As of 1 January 2024, six staff members were directly employed in RDC Properties, There is no cost implication for the Group as all direct costs of these staff will be offset against the fees paid to PAM.

The Company's annual general meeting affords individual unit holders the opportunity to question the Executive Chair and members of the Board. Notice of the annual general meeting is sent to unit holders at least 21 calendar days before the meeting. At the meeting, after each resolution has been dealt with, details are given of the number of proxies lodged, together with details of votes cast for and against each resolution.

INDEPENDENCE OF DIRECTORS

All the directors bring independent judgement to bear during performance of their duties.

In particular, the Board reviewed the position of Guido Giachetti as Executive Chair and determined that, despite his executive role, it is confident that the effective separation of duties exists with the management team. With the assistance of the Lead Independent Non-Executive Director, the Executive Chair executed his powers in an independent manner throughout the financial year, discharging his duties in a consistently independent manner and constructively and appropriately challenges the executive management team and the Board.

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

The Company has a service contract with PAM, details of which are disclosed in the Directors' Report.

Guido Giachetti, Giorgio Giachetti, Andrew Bradley, Jacopo Pari, Joanne Mabin and Gary Fisher are directors of PAM and/or its subsidiaries, which entities provide property management, accounting and secretarial services to RDC. The Board reviews the appointment of PAM on a regular basis to assess both competitiveness and service quality. An exercise undertaken during 2023 to benchmark the RDC/ PAM Management Agreement against its BSE-listed peers yielded a positive outcome, as detailed on page 33.

One of the directors, Giorgio Giachetti has a direct interest in the Group's investment in a joint venture company, HMS1 SA.

Guido Giachetti, Giorgio Giachetti and Jacopo Pari are directors of Italtswana Construction Company (ICC), which is among the engineering companies providing construction services to the Group. The appointment of ICC for any construction contracts, is reviewed by the Board on a case-by-case basis and generally after recommendation from an independently appointed consulting team managing the entire contractual process, who is in control of the negotiation, or a completely transparent tendering process.

Guido Giachetti, Giorgio Giachetti, Joanne Mabin and Jacopo Pari are directors in companies that have material leases of the Group as follows:

- Lease over Chobe Marina Lodge, Kasane, Botswana.
- Lease over the Protea Hotel by Marriott, Gaborone, Botswana, which is located in the Masa Centre.
- Lease over the Radisson RED Hotel, Rosebank, Johannesburg.

Gary Fisher has a direct interest in Capitalgro Property Management (Pty) Ltd, which provides property management services to the Capitalgro Portfolio in South Africa.

BOARD COMMITTEES

The Board has delegated certain specific responsibilities to five Committees to assist in it meeting its oversight responsibilities. The Board is responsible for the implementation of tasks delegated to the Committees. The directors confirm that the Committees have functioned according to their terms of reference. Each Committee is satisfied that it has fulfilled its responsibilities during the year. In March 2023 the Investment Committee and Property Committees were merged.

AUDIT AND RISK COMMITTEE

ROLES AND RESPONSIBILITIES

- Maintains oversight of financial results and integrated reporting.
- Ensures satisfactory standards of governance, reporting and compliance.
- Ensures that there is an effective policy and plan for risk management.
- Ensures there are adequate financial and operating controls.
- Assists the Board in discharging its IT responsibilities.

Refer to the Committee's report on page 22.

CHAIR

Nicola Milne

COMPOSITION

Three independent non-executive directors:
Nicola Milne, Andrew Bradley and Simon Susman

REMUNERATION AND NOMINATION COMMITTEE

ROLES AND RESPONSIBILITIES

- Ensures that the Board is well represented and that the fees of the directors, executive officers and management company are fair and within market.
- Maintains oversight of the relationship with the management company in terms of the service level agreement.
- Oversees the procedure for appointing new directors and ensures that succession plans are in place.
- Facilitates evaluations of the performance of the Board, Board committees and directors.

Refer to the Committee's report on page 30.

CHAIR

Sithabile Mathe

COMPOSITION

Three independent non-executive directors:
Sithabile Mathe, Andrew Bradley and Kate Maphage

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

ROLES AND RESPONSIBILITIES

- Sets ESG KPIs and targets against which the Group's performance can be measured.
- Oversees the CSI programme.
- Establishes and monitors ESG policies and codes of practice, ensuring that operations are conducted in line with the Group's overall mission and vision of owning and managing strategic property assets that add value to the communities it serves.
- Monitors adherence to corporate citizenship principles and ethical behaviour, and provides guidance for the Group's investments to be appropriately planned, designed and managed for sustainability.

Refer to the Committee's report on page 26.

CHAIR

Federica Giachetti

COMPOSITION

Two independent non-executive directors:
Kate Maphage and Nicola Milne

One non-executive director: Federica Giachetti

INVESTMENT AND PROPERTY COMMITTEE

ROLES AND RESPONSIBILITIES

- Monitors the establishment of criteria and targets for investments and their effective implementation.
- Targets strategic property assets that differentiate the Company by use and location, and which must be sustainable for the long term.
- Ensures that the agreed objectives are effectively integrated into the business in accordance with the Group's purpose of owning and managing strategic property assets that add value to the communities it serves.
- Make recommendations to the Board regarding the Group's property portfolio strategy and its investments/disposals, developments and re-purposing strategy;
- Assists the asset managers in reviewing internal and external valuations;
- Aims to ensure that RDC's property assets position the company as a property industry leader in its countries of operation.

CHAIR

Andrew Bradley

COMPOSITION

Two independent non-executive directors:
Andrew Bradley and Sithabile Mathe

One non-executive director: Federica Giachetti
And one executive member: Guido Giachetti

ACCOUNTABILITY AND COMPLIANCE

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for overseeing the risk management process. The Audit and Risk Committee reports to the Board in this regard. The risk management policy was adopted to identify, assess, manage and monitor the risks to which RDC is exposed.

Management has implemented systems of internal control aimed at:

- safeguarding assets and reducing the risk of loss, error, fraud and other irregularities;
- ensuring the accuracy and completeness of accounting records and reporting;
- preparing timely and reliable financial statements and information in compliance with relevant legislation;
- complying with accounting policies and practices in accordance with International Financial Reporting Standards; and
- increasing the probability of anticipating unpredictable risk.

The Audit and Risk Committee appointed Baker Tilly as the internal auditor in February 2024. Their planning work will commence shortly, using a risk-based methodology. Thereafter, they will commence with detailed reviews, the finding of which will be presented to the Audit and Risk Committee on a semi-annual basis.

The objective of the internal auditor is to bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Their details objectives are as follows:

- Effectiveness and efficiency of all operations
- Reliability and integrity of operational and financial information
- Compliance with applicable laws, regulations, contracts, policies and procedures
- Safeguarding assets

Appropriate insurance cover is taken for all material risks. Cover is reviewed each year and it is based on claims experienced and events affecting the Group.

INFORMATION TECHNOLOGY GOVERNANCE

Information technology (IT) governance forms an integral part of RDC's risk management process. The Audit and Risk Committee assists the Board in fulfilling its responsibilities in this regard.

An IT governance framework is being formalised to ensure that information assets are managed effectively. The Board monitors and evaluates significant IT Investments. External IT specialists are contracted as and when required.

The Board monitors the management of information, is particular the protection of privacy of personal information, the security of information and the process to ensure timely, accurate and relevant reporting of information.

LEGISLATIVE COMPLIANCE

Legislative and regulatory compliance is monitored by the Company Secretary. There were no cases of material legislative or regulatory non-compliance and no penalties or sanctions were imposed on RDC Properties Limited or any of its directors or officers during the year.

DEALINGS IN THE COMPANY SECURITIES

Directors, management and staff members are not permitted to transact in the Company's shares in any way during closed periods and when they are in possession of unpublished price sensitive information in relation to RDC securities. The directors and executive management are mandated to declare to the Company Secretary all personal dealings in the securities of the Company and same is disclosed to linked unit holders. All share transactions are disclosed on X-news within the time prescribed by the Botswana Stock Exchange listings requirements.

THE EDGE,
TYGER FALLS,
WESTERN CAPE,
SOUTH AFRICA

3

BOARD OF DIRECTORS AND ASSET MANAGEMENT TEAM

BOARD OF DIRECTORS

GUIDO R. GIACHETTI
EXECUTIVE CHAIR
Appointed: 02 May 1996

Guido (61) Civil Engineer, Masters in Business Management and Transport, an AMP (Harvard Business School), an IEP (INSEAD) and is a member of various Alumni Associations (EPFL, INSEAD, HBS). He has been involved in property development and investments for 33 years. He has been awarded the Order of Merit by the King of Spain and the Knights of the Order of the Star of Italy by the President. In 2023 he was recognised as Businessman of the Year by the Italian-South African Chamber of Commerce. He is the Honorary Consul of Italy in Botswana, a Paul Harris fellow, an art collector and is actively involved in philanthropic endeavours in the region.

GARY FISHER
EXECUTIVE DIRECTOR/CHIEF EXECUTIVE OFFICER: PROPERTIES
Appointed: 22 March 2022

Gary (58) is a University of Cape Town graduate and employs his three decades of property asset management experience as a member of the executive team at RDC. He was a founder of JSE-listed CBS Property Group's in 1994. He subsequently launched British Capital, a Guernsey-based property investment company, and founded The Property Foundation, a non-profit property development company. Gary also served a term with the Western Cape Government as the Premier's special advisor before assisting to establish Capitalgro Properties in 2014, a business that has since become a subsidiary of RDC.

JACOPO PARI
EXECUTIVE DIRECTOR/CHIEF EXECUTIVE OFFICER: OPERATIONS AND DEVELOPMENTS
Appointed: 12 September 2013

Jacopo (50), has a Civil Engineer Master's degree. His career started in Accenture, the strategy and management consulting firm. This engagement enabled him to gain wide exposure to large and complex corporate environments both in the EU and US. A few years later he joined the family construction company in Italy. This work experience, both technical and managerial, was conducive to his appointment as Group General Manager for the Realestate Group of Companies in 2009. He has been involved in construction, property development, operations and investment in Botswana since then. He was appointed as RDC's Chief Executive Officer for Botswana in February 2015, and is in charge of the Company's operations and developments.

JOANNE MABIN
EXECUTIVE DIRECTOR/CHIEF FINANCIAL OFFICER
Appointed: 21 September 2022

Joanne (44) qualified as a Chartered Accountant in 2004, after which she spent seven years working in the UK at Rowan Asset Management and M&G Investments Limited, where she was responsible for the financial management and reporting for several property and infrastructure funds. After returning to South Africa, Joanne joined Old Mutual Investment Group where she was responsible for the financial reporting of their African infrastructure funds. She joined Tower Property Fund in 2014 as the Chief Financial Officer. In 2021, Tower Property Fund was acquired by RDC Properties Limited where she was appointed as the Group Chief Financial Officer.

ANDREW BRADLEY
LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: 26 May 2016

Andrew (61) holds BCom and LLB Degrees, as well an AMP from Harvard Business School. He is currently CEO of Fiscal Private Clients and was previously CEO of Old Mutual Wealth. Before joining Old Mutual, Andrew was the CEO of Acsis South Africa Group, an independent asset consulting and financial planning Company, which he founded and Old Mutual acquired. He is an Advocate of the Supreme Court of South Africa, a Certified Financial Planner and has co-authored a number of publications in the financial services industry. Andrew has served on various boards, including the South African Savings Institute, the Financial Planning Institute of South Africa and the Nelson Mandela Metropolitan University Business School.

FEDERICA GIACHETTI
NON-EXECUTIVE DIRECTOR
Appointed: 22 March 2022

Federica (29) is a graduate from Boston University, Summa Cum Laude, Top Concentrator in Entrepreneurship. She has undergone training by the Institute of Directors of South Africa and recently completed a London School of Economics Certificate in Real Estate Finance and Economics. Federica has worked in Washington, D.C. and in Milan for a renewable energy developer and was transferred three years ago to its subsidiary in Cape Town (Red Rocket South Africa) where she led the Company's Solar Project Developments. She is currently pursuing an MBA at INSEAD Business School.

GIORGIO GIACHETTI
NON-EXECUTIVE DIRECTOR
Appointed: 02 May 1996

Giorgio (81) has a Civil Engineer Master's degree and on-site experience in construction since 1968. In 1970 he started investing in Botswana and developed properties, some of which now form part of RDC's property portfolio. He is a director of many companies in Botswana and internationally.

KATE MAPHAGE
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: 13 November 2012

Kate (62) is an entrepreneur in the property, energy, transport and tourism industries. She holds BCom and MBL degrees and has 35 years of leadership experience in various industries as an executive or a board member. She joined Mascom Wireless, a mobile network, in 1998 as part of its founding shareholders and then joined its executive to establish the Human Resource division. In 2022 she moved on to head the Commercial Division, a position she held until 2007 when she retired from formal employment. Kate is currently focused on adding value to companies in which she is invested. She also serves on the boards and Committees of BIHL and Botswana Life.

BOARD OF DIRECTORS

NICOLA MILNE
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: 22 March 2022

Nicola (49) has a BCom from the University of Cape Town and qualified as a CA(SA). After working in finance in New York and London, she joined the Old Mutual Investment Group's Property Investment team, where she fulfilled various roles, including managing the Company's joint venture business in India. She was the founding CEO of the Green Building Council of South Africa (GBCSA), an NGO with the goal of transforming South Africa's property industry to sustainability. She has consulted to the GBCSA and the World Green Building Council and serves on a number of boards as an independent non-executive director.

SIMON SUSMAN
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: 22 March 2022

Simon (74) is the Honorary President of Woolworths Holdings Limited, having joined Woolworths in 1982. Prior to his retirement, Simon served as the Chief Executive Officer of Woolworths Holdings and then Chairman over a twenty year period until 2019. He has been appointed Honorary Professor of Entrepreneurship at Stellenbosch University Business School, and currently chairs several local and international businesses and NGOs.

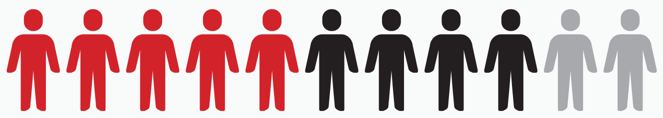
SITHABILE MATHE
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: 24 May 2023

Sithabile (50) holds a post graduate degree in Architecture from Glasgow, Scotland. She has 24 years of experience in the built environment. In 2006, she established Moralo Designs, an Architectural Practice which now offers Urban Design, Architectural Design, Landscape Design, Interior Design and Project Management services. Ms Mathe is registered with 4 professional bodies. She is the former Chairperson of the Architect's Registration Council of Botswana, the former Chairperson of the Botswana Housing Corporation Board and the former Treasurer on the Architects Association of Botswana Executive Committee. She is also a former Council Member for the Commonwealth Association of Architects (CAA) as Vice President Africa Region and a former Chair of CAA Validation.

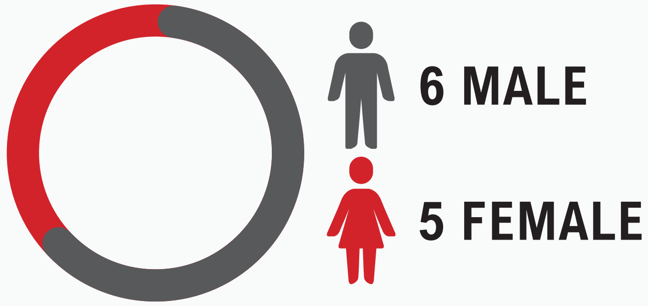
The retirement of Lesang Magang and Bogolo Kenewendo as independent non-executive directors was formalised at the company's Annual General Meeting held on 24 May 2023. Their significant contribution to the company's growth and success is gratefully acknowledged.

BOARD COMPOSITION

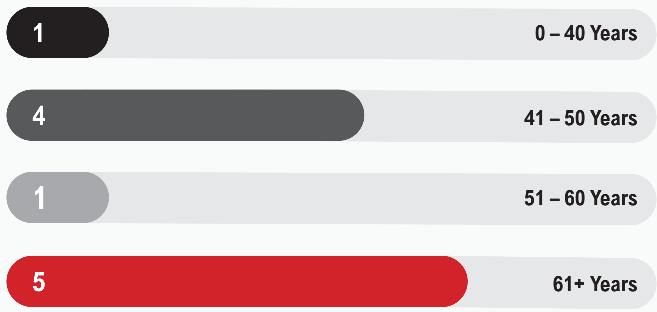
Board independence



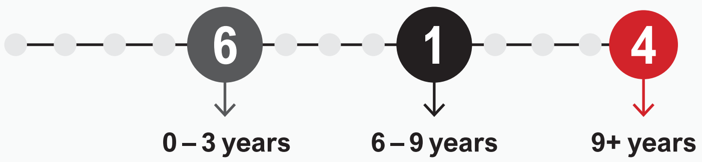
Board gender diversity



Board age



Board tenure



MANAGEMENT TEAM

The asset management services for the RDC Group are provided by Property Asset Management Pty Ltd (PAM) in Botswana, and Notwane Asset Management Pty Ltd (NAM) in South Africa. The majority of the RDC staff are employed by one or the other of these two entities, inclusive of the executive directors. This contractual arrangement has been approved by RDC unit holders. The RDC hospitality team is employed by the relevant operating company responsible for the operations and management of our hotel enterprises, being Radisson RED, Masa Protea Marriott, Chobe Marina Lodge and David Livingstone Safari Lodge. In addition, where required, centre and building managers are employed directly by the respective rental enterprise. The Croatian asset manager is employed by the Mauritian joint venture holding company.

The asset manager appoints the property manager within each region. In Botswana, property management services are also the responsibility of PAM, in line with the Company's hands-on approach to property management. The Capitalgro portfolio in Cape Town is likewise managed 'in-house' by Capitalgro Property Management. The former Tower portfolio in South Africa continues to be managed by Spire Property Solutions, under revised terms and direct supervision by NAM.

SENIOR MANAGEMENT

AVISHKAAR SINGH
GROUP FINANCIAL CONTROLLER

CLINTON BUSH
DEVELOPMENT DIRECTOR – South Africa

DOUGLAS TITLEY
GROUP FINANCIAL MANAGER

IVAN BOZAC
COUNTRY MANAGER – Croatia

JASON KATZ
ASSET MANAGER – South Africa

LETSWELETSE RAMOKATE
COUNTRY MANAGER – Botswana

MATTHEW DE SOUSA
GROUP FINANCIAL MANAGER

NEIL BALD
CHIEF OPERATING OFFICER HOSPITALITY – South Africa

SHAHEEN ADAMS
DIRECTOR OF CAPITALGRO SUBSIDIARY

SLYVESTER SEETSO
FINANCIAL MANAGER – Botswana

UZOMA ANUGOM
CHIEF OPERATING OFFICER – Botswana

HOSPITALITY TEAM

AGRIPA MBULAWA
GENERAL MANAGER
PROTEA HOTEL BY MARRIOTT, Gaborone, Botswana

ANDREW KAMANGA
CHIEF OPERATING OFFICER
PROTEA HOTEL BY MARRIOTT, Gaborone, Botswana

BERNARD MAGANO
GENERAL MANAGER
CHOBE MARINA LODGE, Kasane, Botswana

CHRIS STANDER
GENERAL MANAGER
DAVID LIVINGSTONE SAFARI LODGE AND SPA, Zambia

ISAIAH PHETO
HOSPITALITY FINANCE MANAGER
Botswana and South Africa

MICHAEL DELANEY
GENERAL MANAGER
RADISSON RED HOTEL, Rosebank, South Africa

SCHALK ENSLIN
REGIONAL OPERATIONS MANAGER: HOSPITALITY
Kasane, Botswana

SEVERIN BESABOTSY
RESIDENT MANAGER
ISALO ROCK LODGE, Madagascar

CROATIA PROPERTY MANAGER

KRISTIJAN BOSKOVIC

MANAGEMENT TEAM

BOTSWANA TEAM

ADMIRE NDUBIWA
DEBT RECOVERY OFFICER

BAOKAMEDI NTENEGI
MAINTENANCE STAFF – PAINTER

GAEBOLOKE LETLHARE
MESSENGER

GIVEN MABINA
HUMAN RESOURCE MANAGER

GOGAISA KELATLHILWE
ACCOUNTANT

GORATA MACHAI
MASA CENTRE MANAGER

GORATA NELSON
JUNIOR ACCOUNTANT

JACKSON ADAM
MAINTENANCE COORDINATOR

JONATHAN NTATIWA
YARD COORDINATOR

KABELO OABILE
ELECTRICIAN

KABO TSHUKUDU
SENIOR ACCOUNTANT

KATLEGO SENYATSO
EXECUTIVE SECRETARY

KEDIBONYE SEDIMO
PROCUREMENT OFFICER

KITSO SEGALO
ACCOUNTANT

KOPANO MATLHARE
MAINTENANCE FOREMAN – ELECTRICIAN

LORATO MATLHABE
JUNIOR ACCOUNTANT

NONOFO OTSOGILE
MAINTENANCE COORDINATOR

PUSETSO RASEOKAMO
PROPERTY MANAGER

SELAKI MAOLOGA
CLEANER

SEWELO MGUNI
IT TECHNICIAN

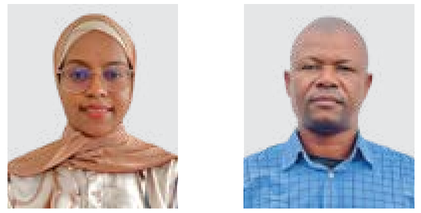
TEBO G TSIMA
ASSISTANT PROPERTY MANAGER

TEBOGO MOMPATI
RECEPTIONIST

THUSO KAMATO
PROPERTY MANAGER

TSHOLOFELO MOLEFE
JUNIOR ACCOUNTANT

MOZAMBIQUE TEAM



CAMILA TAMELE
ADMINISTRATIVE ASSISTANT

ELIAS MUIOCHA
INFRASTRUCTURE MANAGER AND SUPERVISOR

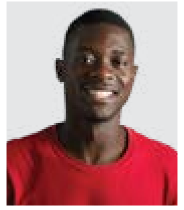
MANAGEMENT TEAM

SOUTH AFRICA TEAM


AMBER-ROSE BAILEY
JUNIOR PROPERTY MANAGER
CAPITALGRO

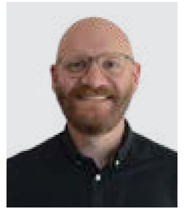

DONOVAN GELDENHUYS
BUILDING MANAGER
CAPE QUARTER

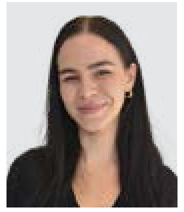

EMILE PLAATJIES
CENTRE MANAGER
DE VILLE SHOPPING CENTRE


FABITO MICANHELA
JUNIOR HANDYMAN
CAPE QUARTER

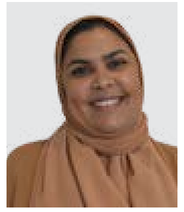

GRACE MKANDAWIRE
OFFICE CLEANER


JOSIE SALIJENE
OFFICE CLEANER


JURGEN BORNMAN
FACILITIES MANAGER
CAPITALGRO

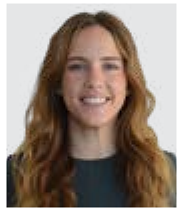

KATE ANNE EMSLIE
MARKETING MANAGER


LEONARD GIURICICH
DEVELOPMENT MANAGER


LIEZEL EMKIE
PROPERTY ADMINISTRATOR
CAPITALGRO

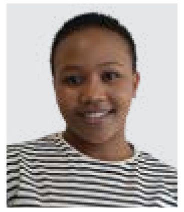

LUCY CAPLAN
INTERNAL COMPANY SECRETARY

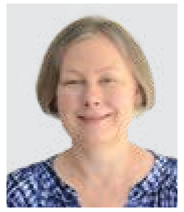

MANDISA ZWEDALA
HANDYMAN
CAPE QUARTER


MEGAN HODGKINSON
INTERIOR DESIGNER AND DESIGN COORDINATOR


MUSTAPHA PECK
MAINTENANCE MANAGER
CAPITALGRO


NAWAHL BEDFORD
OFFICE MANAGER

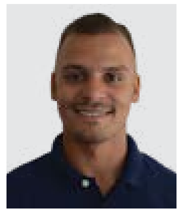

NONTANDO MANYONGO
LEASING ADMINISTRATOR
CAPITALGRO


RACHEL RAMSDEN
FINANCIAL CONTROLLER
CAPITALGRO


SHANNON CLARKE
CENTRE MANAGER
CAPE QUARTER

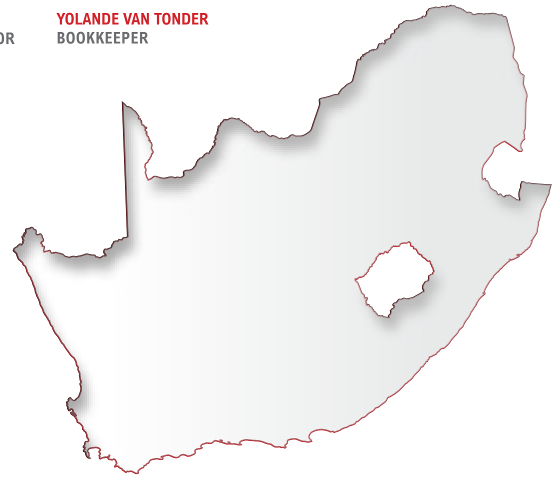

SKYELA MASTERS
FRONT OF HOUSE


THABISO DICHUTI
BUILDING MANAGER
EVAGOLD SHOPPING CENTRE


THAFIER OSMAN
ADMINISTRATION


YAZEED OMAR
ACCOUNTS ADMINISTRATOR


YOLANDE VAN TONDER
BOOKKEEPER



DIRECTORS' REPORT

Guido R Giachetti
Executive Chair

Andrew Bradley
Lead Independent Non-executive Director

The directors present their annual report to the linked unit holders, together with the Audited Financial Statements, for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

At RDC, we own and manage strategic property assets that add value to the communities we serve. The portfolio was built up through property developments and acquisitions. RDC is a variable loan stock company incorporated in Botswana and quoted publicly on the Botswana Stock Exchange. RDC is primarily operating in Botswana, South Africa and Croatia, with smaller investments in the USA, Mozambique and Madagascar. RDC is focused on deriving its revenue from the rental of investment properties and identifying development opportunities.

The operating results and statement of financial position of the Group are set out in the accompanying financial statements.

RESULTS FOR THE YEAR

Details of the results for the year ended 31 December 2023 are set out in the statements of comprehensive income of the financial statements on page 58.

STATED CAPITAL

At the reporting date the Company had 758 232 937 linked units in issue (2022: 758,232,937).

BORROWING LIMITATIONS

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate.

DISTRIBUTION TO UNIT HOLDERS AND DISTRIBUTION POLICY

Distributions to linked unit holders are primarily in the form of debenture interest. The distribution is made bi-annually and it varies depending on the performance of the Group.

DISTRIBUTION TO UNIT HOLDERS (THEBE)

	Interest	Dividend	Total
2023			
Interim	4.13	0.14	
Final (Declared)	2.51	0.13	
	6.64	0.27	
2022			
Interim	3.34	0.16	3.50
Final	–	–	–
	3.34	0.16	3.50

DIRECTORS

The following changes to the board’s composition took place during 2023:

Directors	Date resigned	Date appointed
Executive directors		
Guido R. Giachetti (Chair)		02 May 1996
Jacopo Pari (CEO – Operations and developments)		12 September 2013
Gary Fisher (CEO – Properties)		22 March 2022
Joanne Mabin (CFO)*		21 September 2022
Non-executive directors		
Giorgio Giachetti		2 May 1996
Andrew Bradley		26 May 2016
Lesang Magang	24 May 2023	
Kate Maphage		13 November 2012
Bogolo Kenewendo	24 May 2023	
Federica Giachetti		22 March 2022
Nicole Milne		22 March 2022
Simon Susman		22 March 2022
Sithabile Mathe		24 May 2023

COMPANY SECRETARY

The Company Secretary is PricewaterhouseCoopers, assisted by the internal company secretary – Lucy Caplan.

INTERESTS OF DIRECTORS AND SECRETARY

The directors and secretary who held office as at 31 December 2023 had no interest, other than those shown below, in the linked units of the Company.

	Held directly	Held indirectly
Guido R Giachetti		86,448,622
Giorgio Giachetti	75,476,750	
Jacopo Pari	1,850,000	
Simon Susman	2,462,006	
Federica Giachetti	348,973	

No financial assistance was provided by the Company for the acquisition of shares by directors.

There have been no changes in the directors’ shareholding occurring between the end of the financial year and the date of the approved annual financial statements.

DIRECTORS’ REPORT

SUBSTANTIAL HOLDINGS

The directors have been notified of the following significant interests in the ordinary share capital of the Company as at 31 December 2023

Top 10 Unit Holders	Linked Units	%
SCBN (PTY) LTD RE: BOTSWANA PUBLIC OFFICERS PENSION FUND	200,541,548	26.45
REALESTATE FINANCIERE SA	169,797,025	22.39
FNB BOTSWANA NOMINEES RE: BOTSWANA PUBLIC PENSION FUND VUNANI	93,855,489	12.38
GIORGIO GIACHETTI	75,476,750	9.95
FNB BOTSWANA NOMINEES RE: BIFM – ACT MEM & DP EQ	44,097,944	5.82
ASPERA HOLDINGS LIMITED	31,057,081	4.10
STANBIC NOMINEES BOTSWANA RE: DEBSWANA PENSION FUND	23,416,241	3.09
FNB BOTSWANA NOMINEES RE: MOTOR VEHICLE FUND	21,635,865	2.85
SCBN (PTY) LTD RE: AG 028922700004	17,067,162	2.25
STANBIC NOMINEES BOTSWANA RE: BURS EMPLOYEE PENSION FUND	11,523,144	1.52
Totals	688,468,249	90.8

Linked Unit Band	Linked Units	%	Holders	%
0 – 1,999	210,062	0.03	267	46.11
2,000 – 4,999	223,349	0.03	71	12.26
5,000 – 9,999	429,519	0.06	64	11.05
10,000 – 49,999	1,764,820	0.23	74	12.78
50,000 – 99,999	1,361,476	0.18	19	3.28
100,000 – 499,999	9,645,934	1.27	42	7.25
500,000 and above	744,597,777	98.20	42	7.25
Totals	758,232,937	100.00	579	100.00

	Holders	%
Non-public linked unit holders	9	37.23
Public linked unit holders	569	62.77

DIRECTORS’ INTERESTS IN CONTRACTS

The following directors, G.R. Giachetti, G. Giachetti, J. Pari, G. Fisher have a beneficial interest in a material contract to which the Company or a subsidiary was a party during the year, details of which are disclosed in the Corporate Governance Statement.

The Company has a service contract with Property and Asset Management Limited Group (PAM), details of which are disclosed in the Corporate Governance Statement. G. R. Giachetti, G. Giachetti, J. Pari, A. Bradley and J. Mabin are directors of PAM.

One of the directors, G. Giachetti has an indirect interest in the Group’s investment in a joint venture company, HMS1 Société Anonyme (HMS1).

KEY PERFORMANCE INDICATORS (KPIs)

The Group considers the following measures as being important indicators of the underlying performance of the business:

NET ASSET VALUE

The key long-term financial objective for the Group is growth in net asset value per linked unit.

NET DEBT TO GROSS PROPERTY ASSETS

A second important financial objective of the Group is to establish and maintain an appropriate balance sheet structure that facilitates adequate funding to fulfil its medium- to long-term objectives while at the same time maintaining a prudent ratio of net debt to gross property assets.

RETURNS FROM INVESTMENT AND DEVELOPMENT PROPERTIES

A third important financial objective is to optimise returns from the Group’s property portfolio. For investment properties, this is achieved by concentrated asset management and retention of tenants to maximise rental yields. For development properties, it is accomplished through yielding up potential tenancies for new developments and cost control.

FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks including interest rate, foreign currency, funding and credit risks. These financial risks are managed by the Board and reviewed by the Audit and Risk Committee, as described in Note 33 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that the Group faces are:

Property value: The performance of the Group is determined principally by the values of its property assets, which, in turn, are dependent on a variety of factors applying in the markets in which RDC operates, including:

- local economic conditions as affected by government policy, legislation, economic growth, interest rates and inflation; and
- the supply of and demand for property, and the consequent impact on rental levels.

The values of individual properties are determined by their specific usage and locations, the quality of their tenants and the rents paid by them and by their potential for alternative usage or redevelopment. Properties in the portfolio are independently valued at least every three years.

The Board mitigates these risks by the employment of an expert professional management team and by adopting appropriate strategic objectives to be pursued (including sectoral and geographic diversification).

DIRECTORS' REPORT

General financing: The current global economic environment has resulted in constraints on the availability of credit. Such financial conditions may affect the Group's ability to raise further finance on acceptable terms. However, this will not affect its ability to face future financial obligations, loan repayments and operating expenses when they fall due.

Expansion and related funding: The Group's ability to realise its business strategy is dependent on management's ability to source new profitable property opportunities, to exploit development opportunities within its property portfolio and to fund these as required. The Board has mitigated these risks by the indirect appointment of a suitably qualified management team employed by PAM and by continuing to source appropriate financing arrangements to fund its plans.

Liquidity: Property assets are relatively illiquid. Such illiquidity will not affect the Group's ability to vary its portfolio as the location and quality thereof enables disposal or liquidation of parts of the portfolio in a timely manner and at satisfactory prices.

Currency: The Group presents its financial information in Pula. A significant proportion of its property portfolio is located outside Botswana and, consequently, a significant part of its rental income and a significant proportion of its property assets are denominated in foreign currencies – notably South African Rands and Euros. The Board and management mitigates currency risk by matching the denomination of financing with income-generating assets, diversifying the Group's currency exposures and by constantly considering the need for currency hedging.

GOING CONCERN

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets, liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Management has been able to continue to operate and successfully execute growth plans and is in a liquid position, holding enough cash to fund operational expenses in the immediate future. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are of the opinion that the Group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the Group's annual financial statements.

AUDITOR

In accordance with relevant section of the Companies Act, the auditor Grant Thornton, will continue in service.

The Audit and Risk Committee will be evaluating the services of Grant Thornton during the current year. Grant Thornton has completed six years as auditor of the Company. The audit partner has been rotated in the 2022 financial year to comply with the requirements of ethical policies that govern the audit profession.

SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES

Information on the Group's significant subsidiaries and equity accounted investees is set out in Note 28 to the financial statements.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge:

(a) the financial statements, prepared in accordance with the International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and

(b) the Chair's statement, the Operating and Financial review, the principal risks and uncertainties and the Directors' Report include fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

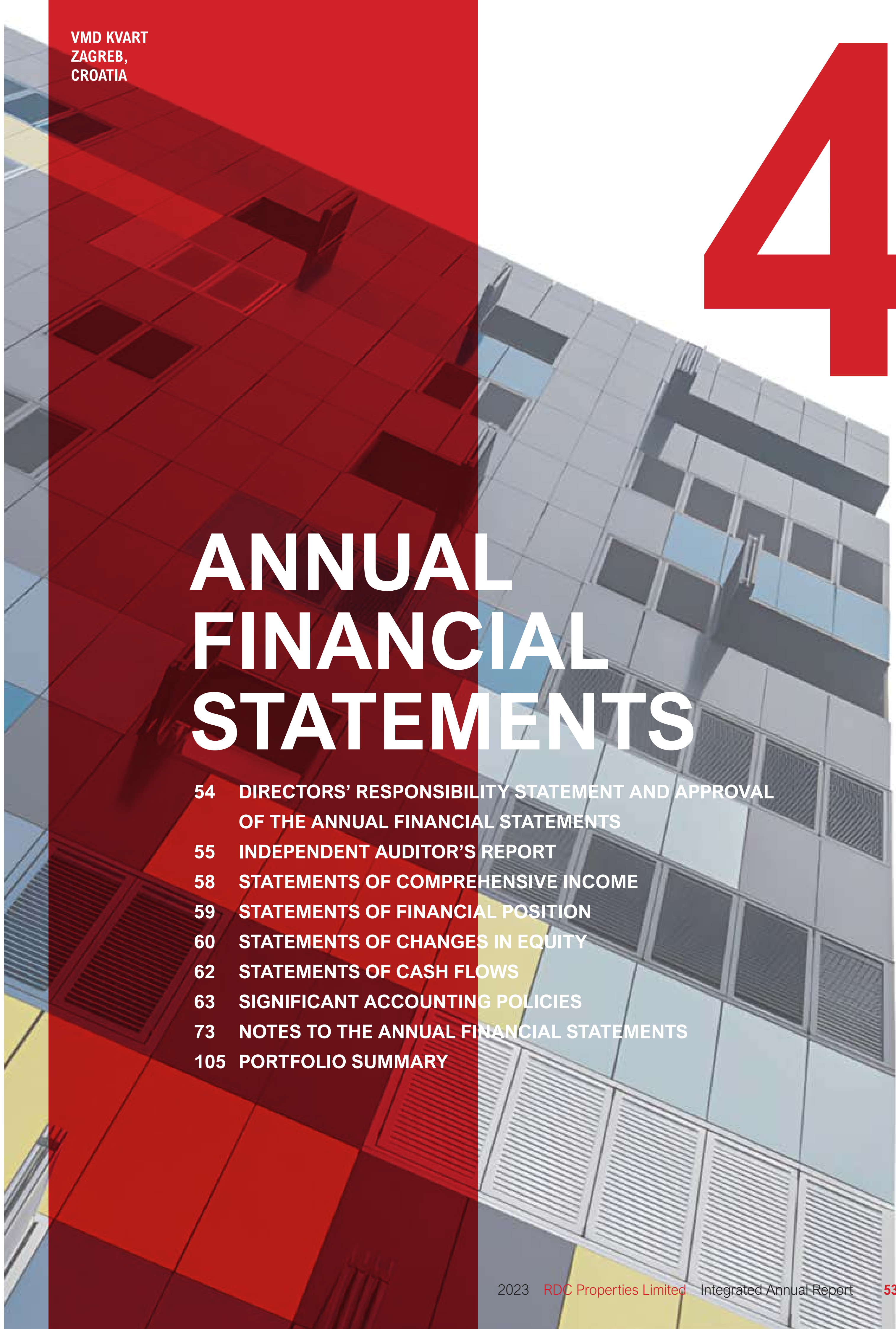
ANNUAL GENERAL MEETING

Notice of the 2024 annual general meeting is being sent along with this Annual Report. A Form of Proxy for use at the AGM is being sent along with this Annual Report.

On behalf of the Board

G. R. Giachetti
Executive Chair

A. Bradley
Lead Independent Non-executive Director



VMD KVART
ZAGREB,
CROATIA

4

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the annual financial statements of RDC Properties Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS").

The directors are required by the Companies Act of Botswana (CH 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company and Group as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the Group consolidated annual financial statements and separate annual financial statements.

The directors' responsibilities include: designing, implementing and maintaining internal control as is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The directors' responsibilities also include maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these annual financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors have assessed the Group and Company's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead, based on forecasts available and cash resources. The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently auditing and reporting on the annual financial statements, which were examined by the external auditors and their unmodified report is presented on pages 55 to 57.

Approval of the annual financial statements

The annual financial statements set out on pages 58 to 104, which have been prepared on the going concern basis, were approved by the board on 20 March 2024 and were signed on its behalf by:

G.R. Giachetti
Executive Chairman

A. Bradley
Lead Independent Director

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of RDC Properties Limited

Opinion

We have audited the consolidated and separate annual financial statements of RDC Properties Limited set out on pages 53 to 104, which comprise the consolidated and separate statement of financial position as at 31 December 2023, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements give a true and fair view of, the consolidated and separate financial position of RDC Properties Limited as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the annual financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and the report below is not intended to constitute separate opinions on those key audit matters.

Key audit matter	How the matter was addressed in our audit
Valuation of the investment property The Group owns a portfolio of retail, residential and commercial property valued at P5.43 billion, disclosed under note 12 of the consolidated annual financial statements. The valuation of these property portfolios requires significant judgement and is underpinned by assumptions including estimated future rentals and yields. The values of these properties are determined using valuation experts in the field of real estate valuations. For the purpose of our audit, we identified the valuation of investment property as a key audit matter due to the significance of the balance to the separate and consolidated financial statements as a whole and the estimates and judgements associated with determining the fair value. Disclosures on the investment properties are under note 12 of the consolidated annual financial statements.	We met with the management experts to discuss and understand the method of valuation, estimates and criteria used in arriving at the values. We evaluated the appropriateness of the valuation methods used, by comparison to valuation methods used by other similar companies with property portfolio. We found the models (discounted cashflow and net income model) to be appropriate and the capitalisation rates were comparable to market rates and those used in the prior year. We tested a selection of data inputs underpinning the investment property valuation, including rental income, tenancy schedules and capitalisation rates, against appropriate supporting documentation, to assess the accuracy, reliability and completeness thereof. As per Group instructions provided, the component auditors assessed the integrity of the information provided to the valuers and management experts and through audit procedures evaluated the assumptions used in the valuations. We also performed an independent assessment of property values using discounted cash flows, net income, comparable market values and determination of cap rates for few properties and compared it against what was determined by the management experts. The values arrived at by the management experts were deemed reasonable as it was with the range of acceptable variations. We assessed the competence, independence and integrity of the management experts both, external and internal who were involved in the valuations. Wherever applicable, the audit engagement teams discussed and reviewed the terms of engagement with external valuers to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approaches they used are consistent with IFRS and industry norms. We have assessed the reasonability of net income used in the valuation model by reviewing of the budgets for the succeeding 12 months budgets and testing the reasonableness of assumptions made to consider. From our independent audit, the property values recorded appear to be reasonable and supported by appropriate judgements and estimates.

Other Information

The directors are responsible for the other information. The other information comprises the directors' responsibility and approval of the annual financial statements, as required by the Companies Act (CAP 42:01), which we obtained prior to the date of this auditor's report and the Integrated Annual Report which is expected to be made available to us after the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial Statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Consolidated and Separate Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the subsidiaries or business activities within the Group to express an opinion on the consolidated and separate annual financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated and separate annual financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton.

Grant Thornton
Firm of Certified Auditors
Practicing member: Madhavan Venkatachary (CAP 0017 2024)

21 March 2024
Gaborone

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

		Group		Company	
	Notes	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Continuing Operations:					
Revenue					
Contractual lease rental revenue	2	**563,807**	525,556	**64,695**	53,602
Straight-line rental adjustment		**(2,517)**	(351)	**828**	(288)
		561,290	525,205	**65,523**	53,314
Net property operating expenses		**(216,560)**	(201,634)	**(14,326)**	(11,951)
Net Property Income		**344,730**	323,571	**51,197**	41,363
Revenue from the sale of inventory	2	**2,465**	77,483	**–**	–
Cost of sales	16	**(2,398)**	(77,648)	**–**	–
Gross Profit from operations		**344,797**	323,406	**51,197**	41,363
Other operating expenses		**(51,698)**	(54,442)	**(23,352)**	(11,347)
Gains from joint venture	3	**536**	310	**–**	–
Other foreign exchange (losses)/gains		**(922)**	2,259	**(12,517)**	24,538
Other operating income		**10,379**	15,541	**94**	3,015
Inventory Adjustment	16	**6,145**	(13,005)	**–**	–
Profit from operations before fair value adjustments		**309,237**	274,069	**15,422**	57,569
(Loss)/gain arising on fair valuation of investments	10	**(19,712)**	1,765	**–**	–
(Loss)/gain arising on fair valuation of interest rate derivatives	24	**(16,040)**	39,001	**–**	–
Gain arising on revaluation of investment properties	12	**106,921**	97,516	**40,082**	13,475
Net valuation		**104,404**	97,165	**40,910**	13,187
Adjusted for straight line rental adjustment		**2,517**	351	**(828)**	288
Profit from operations	4	**380,406**	412,351	**55,504**	71,044
Investment income	5	**14,048**	8,791	**89,973**	40,161
Finance costs	6	**(241,617)**	(212,228)	**(44,980)**	(41,819)
Bargain purchase gain	7	**26,797**	–	**–**	–
Profit before tax		**179,634**	208,914	**100,497**	69,386
Income tax expense	8	**(46,288)**	(24,752)	**(15,699)**	3,116
Profit for the year from continuing operations		**133,346**	184,162	**84,798**	72,502
Discontinued Operations:					
Loss for the year from discontinued operations	36	**(4 146)**	–	**–**	–
Profit for the year		**129,200**	184,162	**84,798**	72,502
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations		**28,659**	28,247	**–**	–
Share of Joint venture OCI for the year	3	**25,780**	–	**–**	–
Net fair value losses on financial assets at fair value		**–**	(1,104)	**–**	(1,104)
Gross fair value losses on financial assets at fair value	13	**–**	(1,104)	**–**	(1,104)
Other comprehensive income/(loss) for the year		**54,439**	27,143	**–**	(1,104)
Total comprehensive income for the year		**183,639**	211,305	**84,798**	71,398
Profit attributable to:					
Owners of the company		**101,039**	137,299	**84,798**	72,502
Non-controlling interests		**28,161**	46,863	**–**	–
		129,200	184,162	**84,798**	72,502
Total comprehensive income attributable to:					
Owners of the company		**155,478**	164,442	**84,798**	71,398
Non-controlling interests		**28,161**	46,863	**–**	–
		183,639	211,305	**84,798**	71,398
Number of linked units in issue at year-end	19	**758,232,937**	758,232,937		
Average number of linked units in issue	19	**758,232,937**	758,232,937		
Earnings per linked unit (thebe)		**14.23**	18.84		
Dilutive earnings per linked unit (thebe)		**14.23**	18.84		
Earnings per linked unit is based on the average number of linked units in issue and profit for the year attributable to the owners of the Company, adjusted or taxation on debenture interest credited to the Statement of Changes in Equity of:		**107,925**	142,865		
Distribution per linked unit					
Distribution per linked unit (thebe)		**6.90**	3.50		
Interest per linked unit (thebe)		**6.64**	3.34		
Dividend per linked unit (thebe)		**0.27**	0.16		
Distribution per linked unit is calculated on the number of linked units in issue at date of distribution.					
Other information					
Interest to dividend ratio		**25.00**	21.12		

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2023

		Group		Company	
	Notes	2023 P'000	2022 P'000	2023 P'000	2022 P'000
ASSETS					
Non-current Assets					
Property, plant and equipment	9	**38,570**	47,090	**3,225**	3,564
Investments	10	**46,753**	95,413	**595,802**	598,680
Investments in joint ventures	3	**102,063**	25,746	**–**	–
Long-term loan receivables	11	**23,062**	–	**652,291**	658,878
Investment properties	12	**5,429,077**	5,575,136	**850,264**	833,777
At fair value		**5,421,568**	5,570,144	**853,928**	835,773
Rental receivable – straight-line rental adjustment		**7,509**	4,992	**(3,664)**	(1,996)
Financial assets at fair value through other comprehensive income	13	**10,421**	10,642	**9,201**	9,201
Intangible asset	14	**1,000**	1,000	**–**	–
Trade and other receivables	15	**26,340**	36,478	**–**	–
Rental receivable – straight line rental adjustment		**(7,509)**	(4,992)	**3,664**	1,996
		5,669,777	5,786,513	**2,114,447**	2,106,096
Current Assets					
Trade and other receivables	15	**112,686**	90,336	**127,578**	106,269
Current tax assets		**166**	3,578	**284**	1,746
Inventories	16	**158,943**	161,076	**–**	–
Investment property held for sale	17	**99,738**	–	**24,000**	–
Cash and cash equivalents	18	**81,699**	86,183	**3,739**	1,474
Non-current assets classified as held for sale – Disposal Group	36	**85,165**	–	**–**	–
		538,397	341,173	**155,601**	109,489
Total Assets		**6,208,174**	6,127,686	**2,270,048**	2,215,585
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	19	**1,058,199**	1,058,199	**1,058,199**	1,058,199
Debentures	20	**242,634**	242,634	**242,634**	242,634
Accumulated profits	21	**1,269,448**	1,193,847	**410,485**	351,125
Debenture interest and dividend reserve	22	**–**	–	**–**	–
Investments revaluation reserve		**6,415**	6,415	**(5,750)**	(5,750)
Joint Venture Share of OCI Reserve		**25,780**	–	**–**	–
Foreign currency translation reserve		**7,241**	(3,632)	**–**	–
Equity attributable to owners of the parent		**2,609,717**	2,497,463	**1,705,568**	1,646,208
Non-controlling interests	23	**560,387**	532,734	**–**	–
Total equity		**3,170,104**	3,030,197	**1,705,568**	1,646,208
Non-current Liabilities					
Long-term borrowings	24	**2,520,452**	2,369,095	**443,510**	365,321
Deferred tax liabilities	25	**216,022**	185,060	**42,936**	34,122
		2,736,474	2,554,155	**486,446**	399,443
Current Liabilities					
Trade and other payables	26	**144,978**	142,638	**20,396**	23,128
Bank overdraft	27	**8,593**	6,106	**6,000**	2,192
Current tax liabilities		**3,877**	–	**–**	–
Current portion of long-term borrowings	24	**81,443**	394,590	**51,638**	144,614
Liabilities directly associated with non-current assets classified as held for sale	36	**62,705**	–	**–**	–
		301,596	543,334	**78,034**	169,934
Total Equity and Liabilities		**6,208,174**	6,127,686	**2,270,048**	2,215,585

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Notes	Stated capital P'000	Debentures P'000	Accumulated profits P'000	Investment revaluation reserve P'000	Joint Venture Share of OCI P'000	Debenture interest and dividend reserve P'000	Foreign currency translation reserve P'000	Attributable to owners of the parent P'000	Non-controlling interests P'000	Total Equity P'000
GROUP											
Balance at 1 January 2022		1,058,199	242,634	1,120,745	7,519	–	50,468	(31,879)	2,447,686	493,329	2,941,015
Profit for the year		–	–	137,299	–	–	–	–	137,299	46,863	184,162
IFRS 3 – Business Combination Adjustment		–	–	(43,263)	–	–	–	–	(43,263)	9,689	(33,574)
Other comprehensive income for the year		–	–	–	(1,104)	–	–	28,247	27,143	–	27,143
Total comprehensive income for the year		–	–	94,036	(1,104)	–	–	28,247	121,179	56,552	177,731
Debenture interest declared and proposed	22	–	–	(25,302)	–	–	25,302	–	–	–	–
Taxation attributable to debenture interest	8	–	–	5,566	–	–	–	–	5,566	–	5,566
Debenture interest paid		–	–	–	–	–	(74,769)	–	(74,769)	–	(74,769)
Dividends declared and proposed	22	–	–	(1,198)	–	–	1,198	–	–	–	–
Dividends paid		–	–	–	–	–	(2,199)	–	(2,199)	(17,147)	(19,346)
Balance at 31 December 2022		**1,058,199**	**242,634**	**1,193,847**	**6,415**	**–**	**–**	**(3,632)**	**2,497,463**	**532,734**	**3,030,197**
Profit for the year		**–**	**–**	**101,039**	**–**	**–**	**–**	**–**	**101,039**	**28,161**	**129,200**
IFRS 3 – Business Combination Adjustment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other comprehensive income for the year		**–**	**–**	**–**	**–**	**25,780**	**–**	**28,659**	**54,439**	**–**	**54,439**
Total comprehensive income for the year		**–**	**–**	**101,039**	**–**	**25,780**	**–**	**28,659**	**155,478**	**28,161**	**183,639**
Debenture interest declared and proposed	22	**–**	**–**	**(31,300)**	**–**	**–**	**31,300**	**–**	**–**	**–**	**–**
Reclassification on equity		**–**	**–**	**–**	**–**	**–**	**–**	**(17,786)**	**(17,786)**	**17,786**	**–**
Taxation attributable to debenture interest	8	**–**	**–**	**6,886**	**–**	**–**	**–**	**–**	**6,886**	**–**	**6,886**
Debenture interest paid		**–**	**–**	**–**	**–**	**–**	**(31,300)**	**–**	**(31,300)**	**–**	**(31,300)**
Dividends declared and proposed	22	**–**	**–**	**(1,024)**	**–**	**–**	**1,024**	**–**	**–**	**–**	**–**
Dividends paid		**–**	**–**	**–**	**–**	**–**	**(1,024)**	**–**	**(1,024)**	**(18,294)**	**(19,318)**
Balance at 31 December 2023		**1,058,199**	**242,634**	**1,269,448**	**6,415**	**25,780**	**–**	**7,241**	**2,609,717**	**560,387**	**3,170,104**
COMPANY											
Balance at 1 January 2022		1,058,199	242,634	299,557	(4,646)	–	50,468	–	1,646,212	–	1,646,212
Profit for the year		–	–	72,502	–	–	–	–	72,502	–	72,502
Other comprehensive income		–	–	–	(1,104)	–	–	–	(1,104)	–	(1,104)
Total comprehensive income for the year		–	–	72,502	(1,104)	–	–	–	71,398	–	71,398
Debenture interest declared and proposed	22	–	–	(25,302)	–	–	25,302	–	–	–	–
Taxation attributable to debenture interest	8	–	–	5,566	–	–	–	–	5,566	–	5,566
Debenture interest paid		–	–	–	–	–	(74,769)	–	(74,769)	–	(74,769)
Dividends declared and proposed	22	–	–	(1,198)	–	–	1,198	–	–	–	–
Dividends paid		–	–	–	–	–	(2,199)	–	(2,199)	–	(2,199)
Balance at 31 December 2022		**1,058,199**	**242,634**	**351,125**	**(5,750)**	**–**	**–**	**–**	**1,646,208**	**–**	**1,646,208**
Profit for the year		**–**	**–**	**84,798**	**–**	**–**	**–**	**–**	**84,798**	**–**	**84,798**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year		**–**	**–**	**84,798**	**–**	**–**	**–**	**–**	**84,798**	**–**	**84,798**
Debenture interest declared and proposed	22	**–**	**–**	**(31,300)**	**–**	**–**	**31,300**	**–**	**–**	**–**	**–**
Taxation attributable to debenture interest	8	**–**	**–**	**6,886**	**–**	**–**	**–**	**–**	**6,886**	**–**	**6,886**
Debenture interest paid		**–**	**–**	**–**	**–**	**–**	**(31,300)**	**–**	**(31,300)**	**–**	**(31,300)**
Dividends declared and proposed	22	**–**	**–**	**(1,024)**	**–**	**–**	**1,024**	**–**	**–**	**–**	**–**
Dividends paid		**–**	**–**	**–**	**–**	**–**	**(1,024)**	**–**	**(1,024)**	**–**	**(1,024)**
Balance at 31 December 2023		**1,058,199**	**242,634**	**410,485**	**(5,750)**	**–**	**–**	**–**	**1,705,568**	**–**	**1,705,568**

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2023

	Notes	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Cash flows from operating activities					
Profit from operations		**380,406**	412,351	**55,504**	71,044
Share of income in a joint venture, net of foreign exchange differences		**(536)**	(310)	**–**	–
Depreciation		**7,165**	8,308	**509**	655
Contingent liability recognised on business combination	26	**–**	(32,291)	**–**	–
(Surplus)/Deficit from adjustment to net realisable value – inventory		**(6,145)**	13,005	**–**	–
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)	**(40,082)**	(13,475)
Operating income before working capital changes		**290,009**	264,546	**15,931**	58,224
Changes in working capital:					
– (Increase)/decrease in trade and other receivables		**12,212**	2,583	**(22,977)**	(27,054)
– Decrease in trade and other payables		**(177)**	(7,019)	**5,823**	(12,034)
Taxation recovered/(paid)	35	**(6,798)**	(9,625)	**3,213**	81
Net cash generated from/(utilised in) operating activities		**295,246**	250,485	**1,990**	19,217
Cash flows from investing activities					
Purchase of property, plant and equipment		**(976)**	(2,241)	**(170)**	(1,386)
Acquisition of interest in a joint venture		**(1,362)**	–	**–**	–
Investment property additions	12	**(29,659)**	(40,744)	**(1,245)**	(1,092)
Investment income		**12,902**	6,563	**49,297**	37,673
Net movement in investments		**25,819**	(2,586)	**–**	8,329
Sale of financial assets	13	**–**	2,025	**–**	–
Sales of inventory	16	**2,374**	76,355	**–**	–
Disposals of investment property not held for sale	12	**102,633**	24,633	**–**	–
Sale of investment properties previously held for sale		**–**	26,180	**–**	10,680
Net cash generated from investing activities		**111,731**	90,185	**47,882**	54,204
Cash flows from financing activities					
Dividend income	5	**1,146**	1,124	**40,676**	2,488
Dividends paid		**(1,024)**	(2,199)	**(1,024)**	(2,199)
Debenture interest paid		**(31,300)**	(74,769)	**(31,300)**	(74,769)
Dividends paid to non-controlling interest		**(18,294)**	(17,147)	**–**	–
Finance costs	6	**(241,617)**	(212,228)	**(44,980)**	(41,819)
Long-term loans raised		**274,830**	489,814	**118,611**	113,293
Long-term loans repaid		**(377,848)**	(557,006)	**(133,398)**	(82,015)
Net cash utilised in financing activities		**(394,107)**	(372,411)	**(51,415)**	(85,021)
Net movement in cash and cash equivalents		**12,870**	(31,741)	**(1,543)**	(11,600)
Cash and cash equivalents at beginning of year		**80,077**	137,109	**(718)**	10,882
Effects of exchange rates		**(19,841)**	(25,291)	**–**	–
Cash and cash equivalents at end of year		**73,106**	80,077	**(2,261)**	(718)
Consisting of:					
Cash and bank balances		**81,699**	86,183	**3,739**	1,474
Bank overdraft		**(8,593)**	(6,106)	**(6,000)**	(2,192)
Cash and cash equivalents at end of year		**73,106**	80,077	**(2,261)**	(718)

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 December 2023

1.1. Presentation of financial statements

These financial statements are presented in Pula (P) as that is the currency of Botswana and the functional currency of the Group and Company's operations.

1.2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

1.3. Adoption of new and revised International Financial Reporting Standards

The following new IFRS standards, interpretations and amendments have been adopted during the financial reporting period:

- IFRS 17 Insurance Contracts – Amendments
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

None of these new IFRS standards, interpretations and amendments have had a material impact on the Group or Company.

International Financial Reporting Standards in issue but not yet effective

At the date of approval of these financial statements, the Group and Company have chosen not to early adopt the following applicable Standards that were in issue but not yet effective.

Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1)	Annual reporting periods beginning on or after 1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	Annual reporting periods beginning on or after 1 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	Annual reporting periods beginning on or after 1 January 2024

The Group and Company expect to adopt the above for the first time in the 2024 annual financial statements. The impact of the adoption of the new standards, amendments and interpretations is not likely to be material to the Group and Company financial statements.

1.4. Basis of accounting

The financial statements have been prepared on the historical basis, except for the revaluation of investment properties and certain financial instruments carried at fair value. The principal accounting policies, which have been consistently followed in all material respects, are set out below.

1.5. Basis of consolidation

The consolidated financial statements "Group financial statements", incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. The Group's accounting policies are similar to those adopted by the Company. In the significant accounting policies, where applicable, Group also refers to Company. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

1.5. Basis of consolidation continued

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non- controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial acquisition plus the non-controlling interest's share of subsequent changes in equity.

1.6. Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

1.7. Revenue recognition

Revenue arises mainly from rental income from operating leases with tenants, dividend income and interest income. Other revenue arises from the sale of inventories (properties acquired or developed for the purpose of sale).

1.7.1. Contractual lease rental revenue

The Group often enters into transactions involving operating leases with tenants. The transaction price for a lease contract excludes any amounts collected on behalf of third parties.

Rental income from operating leases is recognised in the statements of comprehensive income on a straight-line basis over the term of relevant leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on the straight-line basis over the lease term. The change in fair value of investment properties is offset against the rental straight-line adjustment in the statements of comprehensive income.

Service charges recovered comprise comprises utility expenses, service levies and other costs recovered from tenants which are recognised in the profit and loss statement on an accrual basis.

1.7.2. Dividend Income

Dividend income is recognised when the shareholders' right to receive payment has been established and is measured gross of withholding tax.

1.7.3. Interest

Interest is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

1.7.4. Sale of inventories

The sale of inventories includes the sales of properties developed by the Group. Based on the terms of the underlying contracts, revenue is recognised when all the suspensive conditions are met and when the property is registered in the name of the customer. The outstanding amount is settled on the date of transfer.

1.8. Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, forms part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payment on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 – Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on the disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to the reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

1.9. Interests in joint operations

A joint venture operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operation (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

1.10. Financial instruments

1.10.1. Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1.10.2. Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

1.10.3. Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets through profit or loss (FVTPL)

Financial instruments measured at fair value through profit or loss are subsequently measured at fair value at the reporting date, with changes in fair value recognised in the profit or loss for the period in which they arise. Fair value is determined based on a valuation technique – discounted cash flow analysis or capitalisation rate model. Gains and losses arising from changes in fair value of financial instruments measured at fair value through profit or loss are recognised in the statement of profit or loss in the period in which they occur. These gains and losses include both realised and unrealised amounts.

1.10. Financial instruments continued

1.10.3. Subsequent measurement of financial assets continued

Financial assets at fair value through other comprehensive income (FVOCI)

All FVOCI financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the investment revaluation reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience to calculate the expected credit losses on an individual basis.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short-term deposits and are classified as financial assets measured at amortised cost. Cash and cash equivalents are measured initially at fair value and subsequently at amortised cost.

1.10.4. Financial liabilities

The Group's and the Company's significant financial liabilities include interest bearing loans, derivative financial instruments, related companies' loans payable, and trade and other payables, which have been classified as other financial liabilities.

Interest bearing loans are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Related companies' loans payable comprises loans from companies owing at year-end. The financial liabilities included in this line item are classified as financial liabilities at amortised cost. They are measured initially at fair value and subsequently at amortised cost.

Derivative financial instruments are initially recognised at fair value and the fair value is re-measured at each reporting date. Derivative financial instruments comprise interest rate swaps, which are classified as at fair value through profit or loss. Gains or losses on the fair value of derivative financial instruments are recognised in profit or loss.

1.11. Stated capital and debentures

Stated capital and debentures issued by the Company are recorded at the proceeds received, net of direct issue costs.

Expenses incurred in the raising of capital are written off against equity if directly related to the equity raised. Indirect expenses relating to the raising of equity are expensed through profit and loss.

1.12. Investment properties

Investment properties are held to earn rentals and for capital appreciation. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at their fair values at each statement of financial position date. Gains or losses arising in changes to fair value of investment properties are recognised in the statements of comprehensive income in the period in which they arise. Investment property is transferred to inventory when a change in use is evidenced by the commencement of development with a view to sale.

1.13. Property, plant and equipment

Properties in the course of construction are reflected as capital work in progress and are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's and the Company's accounting policies. Completed properties, plant and equipment (excluding investment properties) are stated in the statements of financial position at cost less accumulated depreciation and any impairment losses. The methods of depreciation, useful lives and residual values are reviewed annually.

Depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold buildings	20 – 50 years
Furniture and equipment	2 – 10 years
Aircraft	15 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as difference between the sales proceeds, and the carrying amount of the asset and is recognised in the statements of comprehensive income.

1.14. Intangible assets

Intangible assets acquired separately are reported at cost less accumulated impairment losses. The intangible asset has been assessed as having an indefinite useful life as it relates to an indefinite licence acquired to build and operate a hotel in the Central Business District of Gaborone. As such, the intangible asset is not amortised. The estimated useful life is reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1.14.1. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.15. Inventories

Inventories consist of properties held for development and sale and are measured at the lower of cost and net realisable value. The cost of the inventories is assigned using the specific identification method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of construction and other costs incurred in bringing the inventories to their present location and condition.

Properties transferred from investment property to inventory have an initial deemed cost equal to their fair value on the date of transfer.

When inventories are sold, the carrying amount of those inventories are recognised as an expense (cost of sales) in the period in which the related revenue is recognised.

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2023

1.16. Taxation

Tax expense comprises current, withholding taxes paid in a foreign country and deferred tax.

1.16.1. Current tax

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the statements of financial position date.

1.16.2. Deferred tax

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax basis used for computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the rates that are expected to apply when the asset is realised, or the liability settled. Deferred tax is charged or recognised in the statements of comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the asset to be recovered.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model under IAS 40 Investment Property, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 Income Taxes (i.e. based on the expected manner as to how the properties will be recovered).

1.16.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for business combination.

1.17. Foreign currency

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions are recognised in the statements of comprehensive income.

Monetary assets and liabilities denominated in foreign currency are retranslated at the rates ruling on the statements of financial position date. Gains and losses arising on retranslation are dealt with in the statements of comprehensive income.

On consolidation, the assets and liabilities of the Group's operations are translated at the exchange rate prevailing at the statements of financial position date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation are recognised in the Group statement of comprehensive income in the period in which the operation is disposed of.

1.18. Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of that asset until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

1.19. Share-based payment equity reserve

The grant-date fair value of the scheme is recognised as an expense in the statement of profit or loss and other comprehensive income, with a corresponding increase in equity through the share-based payment reserve, over the vesting period. The amount recognised as an expense is adjusted for changes in management's estimate of the number of shares expected to vest, such that the amount ultimately recognised is based on the number of awards that vest.

1.20. Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

1.21. Operating expenditure

Tenant recoveries are recognised as they are earned, in line with the contractual rights in the leases. Recoveries of costs from lessees are recognised as revenue received from customers, and thus not offset against operating cost expenses.

1.22. Distributions

The company may from time to time distribute accumulated profits provided that the relevant regulatory requirements been met, notably whether the solvency and liquidity tests have been passed to the satisfaction of the directors.

1.23. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1.23.1. The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Although the risks associated with rights the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term.

1.24. Non-Current assets held for sale

Non-current assets and disposal Groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the following criteria are met:

- management is committed to a plan to sell.
- the asset is available for immediate sale.
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions) -the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after sale.

1.25. Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event.
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. Provisions are not recognised for future operating losses.

1.26. Operating segments

An operating segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those other segments. The Group's primary format for segment reporting is based on geographical segments. Segment results include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

1.27. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts within the next financial year:

1.27.1. Fair value of investment properties

The directors use their judgement in selecting an appropriate valuation technique for the investment properties. Investment properties are valued using a direct capitalisation method based on assumptions supported, where possible, by observable market prices. Each property is revalued by an independent accredited valuer at least every three years. The directors ensure that the reviewer selected is independent, maintains the appropriate qualification and accreditation, and has the necessary experience in the property market to which the property being valued belongs to.

In the absence of current prices in an active market, valuations that make maximum use of relevant observable inputs and minimal use of unobservable inputs are prepared. Discounted cash flow analysis is applied which is prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. Then a yield that reflects the specific risks inherent in the net cash flows is applied to the net annual cash flows to arrive at the property valuation. The valuation process also makes use of the net income method which assumes a rental stream into perpetuity and uses the capitalisation rate to account for the risk of projected market, business and financial volatility and to adjust for the sustainability of the cash flow into perpetuity. Once the capitalisation value has been calculated, further adjustments are made to the valuations relating to project costs and values. The directors confirm that there have not been any material changes to the information used and assumptions applied by the valuer.

1.27.2. Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets from investment properties that are measured using the fair value model in IAS 40 – Investment Properties, the directors have reviewed that the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption set out in IAS 12 – Income Taxes, that investment properties measured using the fair value model are recovered through sale is not rebutted.

1.27.3. Impairment of investments and assets

The Group and Company review the investments and assets for impairment at the end of each annual reporting period and consider if any impairment is necessary based on review of net asset value, current market value and discounted cash flows.

1.27.4. Provision for doubtful debt

The Group makes use of a simplified approach in accounting for trade and other receivables, and related companies' receivable loans and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

1.27.5. Useful lives and residual values of property, plant and equipment

The Group and Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period.

1.27. Critical accounting judgements and key sources of estimation uncertainty continued

1.27.6. Recoverability of intangible asset

The Group and Company review the intangible asset for impairment at the end of each annual reporting period.

1.27.7. Related party transactions

Related parties are defined as those parties that:

- directly, or indirectly through one or more intermediaries:
  (i) control, are controlled by, or are under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries).
  (ii) have an interest in the entity that gives them significant influence over the entity; or
- are members of the key management personnel of the entity or its parent including close members of the family.

All dealings with related parties are transacted on an arm's length basis.

1.27.8. Joint arrangements and joint operations

Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have the rights to the assets and the obligations for the liabilities relating to the arrangement. In assessing whether an arrangement constitutes a joint arrangement, the directors consider whether the arrangement is structured through a separate vehicle, the type of legal structure, the agreements with other parties that have joint control and other facts and circumstance that be relevant.

1.27.9. Net realisable values of properties held as inventories

Independent valuations are performed on a regular basis for the purpose of determining the net realisable value of the properties included in inventory. As part of the preparation of the current year annual financial statements, detailed valuations were performed by an independent valuer. The comparable sales valuation method was used to determine the fair value of the properties. This method uses the recent selling values of properties in a similar location, condition and size adjusted in certain instances for unit density, usability and access. The reduction to net realisable value is accounted for in profit or loss.

1.27.10. Classification between inventories and investment properties

Management uses the criteria as set out by IAS 2 (Inventories) and IAS 40 (Investment Properties) for the initial recognition and classification of inventories and investment properties. When the company decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised and does not treat it as inventory.

Management identified the portions of the properties required for intended development and sale projects and classified these portions of the properties as inventory as it is the intention of the company to develop these properties for later sale. Development and sale is not the primary business of the company.

2. Revenue

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Contractual lease rental revenue comprises:				
Rental income	**442,640**	403,390	**61,677**	50,839
Service charges recovered	**121,167**	122,166	**3,018**	2,763
	563,807	525,556	**64,695**	53,602

Variable lease income, not dependent on an index or rate, of P47.0 million is included in the rental income above (2022: P17.6 million).

Other Revenue comprises:

Revenue from the sale of inventory	**2,465**	77,483	**–**	–

Revenue from sale of inventory relates to sales of apartment units held at the Old Cape Quarter and Napier Street properties in the De Waterkant district of Cape Town, South Africa. During the current financial year, one unit was sold for total proceeds of P2,465,451 (2022: 18 units for P77,483,000).

Revenue recognised at a point in time:				
Service charges recovered	**121,167**	122,166	**3,018**	2,763
Revenue from the sale of inventory	**2,465**	77,483	**–**	–

The group meets all performance obligations at the point in time when either services are rendered or developed units are sold.

3. Investments in joint ventures

Details of the Group's investment in a joint venture at the end of the reporting period is as follows:

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group 2023	2022
HMS1 Société Anonyme (HMS1)	Operating a lodge known as Isalo Rock lodge	Madagascar	**50%**	50%
David Livingstone Safari Lodge & Spa Limited	Operating as a hotel in Zambia	Zambia	**50%**	–

The above joint ventures are accounted for using the equity method in these annual financial statements.

The principal activities of the joint ventures are the operations of hospitality assets in Madagascar and Zambia. This represents a strategic investment of the Group, which continues to expand its footprint in the hospitality sector.

Summarised information in respect of the Group's joint ventures are set out below. The summarised financial information below represents amounts shown in the joint venture's annual financial statements prepared in accordance with IFRS.

3. Investments in joint ventures continued

HMS1 Societe Anonyme (HMS1) – Financial Information

	2023 P'000	2022 P'000
Summarised statement of financial position		
Current		
Cash and cash equivalents	**25**	13
Financial assets (excluding cash)	**13,853**	11,242
Total current assets	**13,878**	11,255
Other current liabilities (including trade and other payables)	**(9,410)**	(8,731)
Total current liabilities	**(9,410)**	(8,731)
Non-current		
Investment property	**51,676**	50,076
Deferred tax asset	**2,403**	488
Total non-current assets	**54,079**	50,564
Long-term borrowings	**(1,611)**	(1,596)
Total financial liabilities	**(1,611)**	(1,596)
Net assets	**56,936**	51,492
Summarised statement of comprehensive income		
Revenue	**3,138**	1,433
Operating costs	**(876)**	(806)
Profit from operations	**2,285**	627
Finance costs	**–**	–
Profit before taxation	**2,285**	627
Income tax expense	**(17)**	(7)
Profit for the year	**2,268**	620
Group's share of profit for the year	**1,134**	310

3. Investments in joint ventures continued

David Livingstone Safari Lodge & Spa Limited – Financial Information

	2023 P'000
Summarised statement of financial position	
(Note: The joint venture was acquired in September 2023 and therefore no comparatives are provided)	
Current Assets	
Inventory – consumables	**1,090**
Inventory – operating equipment	**707**
Bank and cash/overdraft	**14,176**
Trade and other receivables	**1,141**
Total current assets	**17,114**
Current Liabilities	
Trade and other payables	**(6,143)**
Total current liabilities	**(6,143)**
Non-current	
Property, plant and equipment	**182,946**
Total non-current assets	**182,946**
Long-term borrowings	**(46,725)**
Total financial liabilities	**(46,725)**
Net assets	**147,192**
Summarised statement of comprehensive income	
Revenue	**14,016**
Operating costs	**(12,032)**
Net foreign exchange (loss)/gains	**63**
Profit/(loss) from operations	**2,047**
Finance costs	**(3,246)**
Profit/(loss) for the year	**(1,199)**
Other Comprehensive income	
Revaluation gain on property, plant and equipment	**51,560**
Total Comprehensive Income	**50,362**
Group's share of profit/(loss) for the year	**(599)**
Group's share of other comprehensive income	**25,780**

Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount of the interest in joint ventures recognised in the consolidated financial statements:

	2023 P'000	2022 P'000
Summarised financial information		
Opening net assets	**51,492**	52,817
Acquisition of Joint Venture (refer note 7)	**48,833**	–
Bargain purchase gain	**53,593**	–
Profit/(loss) for the year	**1,069**	620
Share of OCI	**51,560**	–
Foreign exchange differences	**(2,424)**	(1,945)
Closing net assets	**204,123**	51,492
Interest in joint ventures	**50%**	50%
Carrying amount of the Group's interest in joint ventures	**102,063**	25,746

4. Profit from operations

Profit from operations is stated after taking into account the following:

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Auditor's remuneration – audit fee	**1,635**	1,425	**480**	365
Depreciation	**7,165**	8,308	**509**	655
Directors' emoluments – for services as directors (note 28)	**2,867**	3,368	**1,421**	1,076
Management and administration fee paid to related company (note 28)	**23,497**	22,390	**3,380**	3,094
Acquisition cost relating to business combinations	**557**	–	**557**	–
Lease renewal fees paid to related company (note 28)	**6,404**	7,151	**468**	693
Movement in expected credit losses (note 15)	**(819)**	6,166	**2,236**	144
Inventory Adjustment (net realisable value)	**(6,145)**	13,005	**–**	–
Repairs and maintenance on investment properties	**18,219**	15,444	**1,912**	1,845
Service charges paid to related company (note 28)	**9,341**	8,602	**9,341**	8,602
Foreign exchange gains/(losses)	**(922)**	2,259	**(12,517)**	24,538
Bargain purchase gain (note 7)	**26,797**	–	**–**	–

5. Investment income

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Bank balances	**6,529**	6,059	**2,166**	1,433
Money market	**8**	59	**8**	59
Overdue accounts and tenant deposits	**866**	1,549	**17**	33
Related parties and intercompany (note 28)	**5,499**	–	**47,106**	36,148
	12,902	7,667	**49,297**	37,673
Dividends received	**1,146**	1,124	**40,676**	2,488
	14,048	8,791	**89,973**	40,161

6. Finance costs

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Interest payable on:				
Bank overdraft	**589**	881	**500**	703
Long-term borrowings	**231,031**	205,431	**43,744**	40,090
Other	**9,997**	5,916	**736**	1,026
	241,617	212,228	**44,980**	41,819

7. Acquisition of a 50% shareholding in David Livingstone Safari Lodge (Pty) Ltd

In September 2023, the Group acquired 50% of the shares and voting interest in David Livingstone Safari Lodge (Pty) Ltd ("David Livingstone"). The Group did not acquire control of the investee and accordingly has accounted for the acquisition as an acquisition of a joint venture.

The acquisition, in partnership with the Protea Hotels Zambia (the remaining 50% shareholder), will enable the Group to strengthen its geographical and sectoral diversification.

The acquisition was part of a three-step process, comprising:

1. RDC Properties International (Pty) Ltd ("RDCPI") acquired the loan claim against David Livingstone from the Development Bank of South Africa. This was executed on 4 April 2023, and did not result in joint control. The claim was acquired for USD 2,500,000, with Protea Hotels Zambia acquiring their share.
2. RDCPI acquired a promissory note against David Livingstone held by the BOABAB Trust. This was executed on 12 September 2023 and did not result in joint control. The promissory note was acquired by both RDCPI and Protea Hotels Zambia, at 50% each, totalling USD 400,000.
3. Lastly the share capital of David Livingstone was acquired on 12 September 2023, by RDCPI and Protea Hotels Zambia, at 50% each. This gave both parties joint control. The shares were acquired for a total of USD 200,000, with RDCPI and PHZ each acquiring USD 100,000. There is further contingent consideration payable by both parties amounting to USD 200,000 each.

7. Acquisition of a 50% shareholding in David Livingstone Safari Lodge (Pty) Ltd continued

A. Consideration transferred:

The following table summarises the acquisition date fair values of each major class of consideration transferred.

Stated in thousands of Botswana Pula:	Group 2023 50%
Amount settled in cash for shares	**1,362**
Contingent consideration in exchange for shares	**2,725**
Intercompany loans settled as part of acquisition (50%)	**20,329**
Total fair value of consideration transferred	**24,416**

Contingent Consideration:

The Group and Protea Hotels Zambia Limited have agreed to pay the selling shareholders the remaining consideration of USD 200,000 each, 180 days from the closing date (being the date of sale of shares).

This second tranche payment, being a total of USD 400,000 will be reduced by:

1. Any amounts in excess of USD 182,000 owed by the David Livingstone Safari Lodge to any trade or other creditor of David Livingstone Safari Lodge at the closing date and;
2. Any amount in excess of USD 100,000 owed by David Livingstone Safari Lodge to the Zambian Revenue Authority, in respect of any VAT, taxes, duties and other imposts at the closing date.

The Group has included USD 200,000 as contingent consideration related to the acquisition which represents its fair-value at the date of acquisition.

B. Acquisition related costs:

The Group incurred acquisition-related costs of BWP 557,000 on legal fees and due diligence costs. These costs have been included in 'administrative expenses' – refer to note 4.

C. Recognised amounts of identifiable net assets of the investee:

The following table summarises the recognised amounts of assets and liabilities of the investee:

Stated in thousands of Botswana Pula:	Group 2023 100%	Group 2023 50% (RDC Share)
Property, plant and equipment	**136,463**	**68,232**
Inventory – consumables	**926**	**463**
Inventory – operating equipment	**1,170**	**585**
Bank and cash/overdraft	**10,907**	**5,454**
Trade and other receivables	**1,984**	**992**
Long term borrowings (excluding RDC Share)	**(40,659)**	**(20,329)**
Trade and other payables	**(8,366)**	**(4,183)**
Net identifiable assets and liabilities	**102,425**	**51,213**
Bargain purchase gain		**26,797**

8. Income tax expense

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Normal taxation				
Current year expense	**11,530**	9,940	**–**	–
Prior year under provision	**431**	–	**–**	–
Total normal taxation	**11,961**	9,940	**–**	–
Deferred taxation				
Current year (excluding capital gains tax)	**(903)**	15,372	**(352)**	6,189
Capital gains deferred tax	**36,820**	(12,964)	**9,071**	(14,696)
Prior year under provision	**(8,476)**	6,838	**94**	(175)
	39,402	19,186	**8,813**	(8,682)
Income tax expense comprises:				
Charged to statement of comprehensive income	**46,288**	24,752	**15,699**	(3,116)
Attributable to debenture interest credited to statement of changes in equity	**(6,886)**	(5,566)	**(6,886)**	(5,566)
	39,402	19,186	**8,813**	(8,682)

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	%	%	%	%
Tax rate reconciliation:				
Tax at current rate	**22.00**	22.00	**22.00**	22.00
Taxation on debenture interest	**(3.83)**	(2.66)	**(6.85)**	(8.02)
Prior year underprovision/(overprovision)	**0.22**	0.61	**–**	(1.01)
Deferred tax prior year underprovision	**(3.39)**	–	**0.17**	–
Fair value adjustment on investment properties, net of deferred capital gains tax	**1.44**	(16.55)	**0.62**	(21.18)
Sale of investment properties	**–**	(1.27)	**–**	(3.82)
Share of profit from joint venture	**(0.07)**	0.03	**–**	–
Non-taxable income	**(4.98)**	(0.17)	**(8.90)**	(0.48)
Non-taxable bargain purchase gain	**(3.28)**	–	**–**	–
Non-deductible expenses	**2.43**	0.36	**1.73**	–
Unutilised tax losses	**8.01**	1.71	**–**	–
Unrecognised assessed loss set-off in current year	**(3.28)**	–	**–**	–
Withholding taxes paid in a foreign country	**1.49**	1.91	**–**	–
Substantively enacted tax rate change in South Africa	**–**	(0.39)	**–**	–
Other	**0.64**	–	**–**	–
Effect of tax rate differentials	**4.53**	3.60	**–**	–
	21.93	9.18	**8.77**	(12.51)

9. Property, plant and equipment

	Leasehold buildings P'000	Furniture, equipment P'000	Aircraft & vehicles P'000	Total P'000
Group				
Cost				
At 1 January 2022	2,270	42,300	3,093	47,663
Acquisition through business combination	–	2,241	–	2,241
Additions during the year	–	16,098	–	16,098
Transfers from investment property	–	(22)	–	(22)
As at 31 December 2022	2,270	60,617	3,093	65,980
Additions during the year	–	976	–	976
Foreign Currency Translation Reserve	–	(1,227)	–	(1,227)
As at 31 December 2023	2,270	60,366	3,093	65,729
Accumulated depreciation				
At 1 January 2022	1,800	7,699	1,083	10,582
Charge for the year	111	7,991	206	8,308
As at 31 December 2022	1,911	15,690	1,289	18 890
Charge for the year	111	6,848	206	7,165
Foreign Currency Translation Reserve	–	1,104	–	1,104
As at 31 December 2023	2,022	23,642	1,495	27,159
Net book value at 31 December 2023	**248**	**36,724**	**1,598**	**38,570**
Net book value at 31 December 2022	359	44,927	1,804	47,090

Leasehold buildings comprise the following:

A basement parking facility at portion of Lots 1204,1138 and 8897 in Main Mall area in Gaborone, Botswana, constructed on a plot of land leased from Gaborone City Council for a period of 20 years.

	Furniture, equipment P'000	Aircraft P'000	Total P'000
Company			
Cost			
At 1 January 2022	1,795	3,093	4,888
Additions during the year	1,386	–	1,386
As at 31 December 2022	3,181	3,093	6,274
Additions during the year	170	–	170
As at 31 December 2023	3,351	3,093	6,444
Accumulated depreciation			
At 1 January 2022	971	1,084	2,055
Charge for the year	449	206	655
As at 31 December 2022	1,420	1,290	2,710
Charge for the year	303	206	509
As at 31 December 2023	1,723	1,496	3,219
Net book value at 31 December 2023	**1,628**	**1,597**	**3,225**
Net book value at 31 December 2022	1,761	1,803	3,564

10. Investments

	Country of incorporation	Share holding	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
At cost:						
Equity investments – Subsidiaries						
RDC Properties International (Proprietary) Limited	Botswana	100%	**–**	–	**505,342**	508,220
Lotsane Complex (Proprietary) Limited	Botswana	77%	**–**	–	**1,692**	1,692
Three Partners Resorts Limited	Botswana	54%	**–**	–	**82,281**	82,281
Bophelong Senior Living (Pty) Ltd	Botswana	100%	**–**	–	**4,300**	4,300
			–	–	**593,615**	596,493
Joint Operation						
Propcorp (Proprietary) Limited	Botswana	33%	**–**	–	**2,187**	2,187
			–	–	**2,187**	2,187
USA Private Placement Insurance Policy						
Evergreen Private Placement Policy			**46,753**	95,413	**–**	–
			46,753	95,413	**–**	–
			46,753	95,413	**595,802**	598,680
USA Private Placement Insurance Policy						
Reconciliation of fair value						
Opening value			**95,413**	89,340	**–**	–
Distributions			**(32,709)**	(1,271)	**–**	–
Foreign exchange gains			**3,761**	5,579	**–**	–
Net (decrease)/increase in fair value			**(19,712)**	1,765	**–**	–
Closing balance			**46,753**	95,413	**–**	–

Joint Operations:

The principal activity of the joint operation, Propcorp (Proprietary) Limited is rental generation on a parking lot in Botswana. The parking lot is situated next to an investment property held by the Group and therefore the investment in the joint operation is strategic in nature.

The following amounts are included in the Group annual financial statements as a result of the proportionate consolidation of Propcorp (Proprietary) Limited:

	2023 P'000	2022 P'000
Non-current assets	**248**	359
Current assets	**186**	126
Current liabilities	**(206)**	(95)
Income	**220**	168
Expenses	**(315)**	(265)

11. Long term loan receivables

	Country of incorporation	Share holding	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
At cost:						
Long-term loans – Investments through RDC Properties International (Proprietary) Limited						
RDC Properties International (Proprietary) Limited	Botswana	100%	**–**	–	**615,915**	626,109
RDC Properties Namibia (Proprietary) Limited	Namibia	100%	**–**	–	**4,986**	4,986
RDC-KMR Limited	Mauritius	55%	**–**	–	**15,966**	14,093
RDC Zimpeto Limited	Mauritius	60%	**–**	–	**15,424**	13,690
David Livingstone Safari Lodge & Spa (Pty) Ltd	Zambia	50%	**23,062**	–		
			23,062	–	**652,291**	658,878

Long-term loans – investments through RDC Properties International (Propriety) Limited are unsecured. The interest rate on these loans are agreed between parties from time to time and range between 0% to South African Prime Rate/LIBOR Rate plus 2%. The payment terms on the loans are that they are repayable on demand. However these loans will not be recalled in the next 12 months.

12. Investment properties

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Freehold land and buildings at fair value	**4,239,049**	4,434,670	**312,206**	367,719
Leasehold land and buildings at fair value	**1,182,519**	1,135,474	**541,722**	468,054
	5,421,568	5,570,144	**853,928**	835,773
Straight-line rental adjustment	**7,509**	4,992	**(3,664)**	(1,996)
	5,429,077	5,575,136	**850,264**	833,777
Reconciliation of fair value				
Opening value	**5,575,136**	5,535,902	**833,777**	819,804
At valuation	**5,589,838**	5,550,604	**835,485**	821,512
Straight-line rental adjustment	**(14,702)**	(14,702)	**(1,708)**	(1,708)
Acquisition through business combination	**–**	–	**–**	–
Transfers to available for sale	**(83,585)**	–	**(24,000)**	–
Transfers to discontinued operations	**(99,738)**	–	**–**	–
Transfers to inventory	**–**	(144,134)	**–**	–
Transfers to property, plant and equipment	**–**	(16,098)	**–**	–
Additions during the year	**29,659**	40,744	**1,245**	1,092
Disposals during the year	**(102,633)**	(24,633)	**–**	–
Foreign currency translation reserve	**3,317**	85,839	**–**	–
Net increase in fair value	**104,404**	97,165	**40,910**	13,169
Straight-line rental adjustment included in profit or loss	**2,517**	351	**(828)**	(288)
Straight-line prior year adjustment	**–**	–	**(840)**	–
Closing balance	**5,429,077**	5,575,136	**850,264**	833,777

12. Investment properties continued

Fair value adjustments

For the year ended 31 December 2023, valuations of all properties were performed by either the directors or independent valuers and have resulted in a net upward revaluation of P104,404,000 (2022: P97,165,000).

The Group engaged registered independent valuers, Stocker Fleetwood Bird to independently value properties in Botswana, and Mills Fitchet Magnus Penny to independently value properties in South Africa. These parties are considered specialists in the real estate industry and are appropriately qualified and certified to perform valuations.

Investment properties are revalued based on an independent accredited valuers report at least every three years and are revalued annually by the Board of Directors based on a direct capitalisation model or a discounted cash flow model. The board is appropriately resourced with the necessary financial qualifications and experience to perform valuations on this basis.

The property rental income earned by the Group from its investment properties before the straight-line adjustment is P563,807,000 (2022: P525,556,000).

Direct operating expenses (including repairs and maintenance) arising from investment properties was P216,560,000 (2022: P201,634,000).

As at 31 December 2023 Investment properties with a fair value of P5.397 billion (2022: P5.137 billion) are encumbered. Refer to note 24.

For contractual capital commitments to repair or enhance investment properties refer to note 30.

13. Financial assets at fair value though other comprehensive income (OCI)

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Investments in financial instruments (equity and debt):	**10,421**	10,642	**9,201**	9,201
Opening balance	**10,642**	14,129	**9,201**	10,305
Disposals during the year	**–**	(2,025)	**–**	–
Fair value losses	**–**	(1,104)	**–**	(1,104)
Foreign currency translation reserve	**(221)**	(358)		–
Closing balance	**10,421**	10,642	**9,201**	9,201

The Group holds investments in Letshego Holdings Limited, a financial services provider listed on the Botswana Stock Exchange, Spear Real Estate Investment Trust Limited, a property REIT listed on the JSE AltX and South African government bonds.

14. Intangible asset

Licence allowing right of usage	**1,000**	1,000	**–**	–

The Group acquired an indefinite licence to build and operate a hotel in the central business district in Gaborone, Botswana. The hotel was completed and started operations during 2012. The licence acquired does not expire, nor does it get renewed periodically. The directors have determined this to be an indefinite intangible asset and have reviewed the intangible asset for impairment and have concluded that the asset is not impaired.

15. Trade and other receivables

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Trade receivables	**80,290**	72,649	**17 917**	15,478
Allowance for doubtful debts	**(21,726)**	(22,545)	**(7,117)**	(4,881)
	58,564	50,104	**10,800**	10,597
Value added tax	**336**	2,366	**(536)**	(320)
Prepayment	**10,561**	3,990	**198**	156
Municipal deposits	**7,386**	7,008	**–**	–
Recovery accruals	**10,061**	–	**–**	–
Other receivables	**25,089**	26,416	**(87)**	(583)
Related parties:				
RDC Properties International (Proprietary) Limited	**–**	–	**83,135**	59,623
Italtswana Construction Company (Proprietary) Limited	**–**	86	**–**	86
Property & Asset Management Limited	**687**	572	**653**	648
Bophelong Senior Living (Pty) Ltd	**–**	–	**2,257**	2,231
Chobe Marina Lodge (Proprietary) Limited	**–**	2,958	**–**	2,958
Three Partners Resorts Limited	**–**	–	**31,150**	30,864
Antya Investments (Proprietary) Limited	**2**	2	**2**	2
Yuagong (Proprietary) Limited	**26,340**	33,312	**–**	–
Propcorp (Proprietary) Limited	**–**	–	**5**	–
Lotsane Complex (Proprietary) Limited	**–**	–	**1**	7
	139,026	126,814	**127,578**	106,269
Short-term portion	**112,686**	90,336	**127,578**	106,269
Long-term portion	**26,340**	36,478	**–**	–
	139,026	126,814	**127,578**	106,269

All amounts are short-term, unless indicated otherwise. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Other receivables from related parties are unsecured and will be settled on a cash basis within the next 12 months.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and performed per individual subsidiary that is consolidated on a consistent basis.

The expected credit loss rates are based on the payment profile for rental over the past 24 months before 31 December 2023 and 31 December 2022 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the economy. The Group has identified the gross domestic product (GDP) rate of the countries in which the customers are domiciled to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangements amongst others is considered an indicator of no reasonable expectation of recovery.

15. Trade and other receivables continued

The tables below include disclosures relating to credit risk exposure and analysis relating to expected credit losses.

	Group – P000's				
	Current	30 days	60 days	90 days	120 days and more
Group					
2023					
Expected credit loss rate	**5%**	**14%**	**27%**	**20%**	**35%**
Gross carrying amount	**12,086**	**7,903**	**3,177**	**3,992**	**53,132**
Lifetime expected credit losses	**647**	**1,068**	**854**	**810**	**18,347**
2022					
Expected credit loss rate	8%	30%	31%	34%	39%
Gross carrying amount	14,233	7,451	4,798	4,418	41,749
Lifetime expected credit losses	1,161	2,249	1,482	1,510	16,143
Company					
2023					
Expected credit loss rate	**7%**	**22%**	**29%**	**35%**	**50%**
Gross carrying amount	**2,840**	**1,248**	**817**	**675**	**12,337**
Lifetime expected credit loss	**199**	**277**	**238**	**234**	**6,169**
2022					
Expected credit loss rate	15%	23%	30%	35%	35%
Gross carrying amount	2,093	1,087	875	516	10,907
Lifetime expected credit loss	318	251	262	183	3,867

Expected credit losses reconciliation

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Movement in expected credit losses				
Balance at beginning of the year	**22,545**	16,379	**4,881**	4,737
Movement in expected credit losses	**(819)**	6,166	**2,236**	144
Balance at end of the year	**21,726**	22,545	**7,117**	4,881

16. Inventories

Inventories at cost				
Opening balance	**161,076**	99,522	**–**	–
IFRS 3 – Business Combination Adjustment	**–**	145,400	**–**	–
Additions	**24**	133		
Sales	**(2,398)**	(77,648)	**–**	–
Adjustment to lower of cost and net realisable value	**6,145**	(13,005)	**–**	–
Foreign currency reserve adjustment	**(5 904)**	6,674	**–**	–
Closing balance	**158,943**	161,076	**–**	–

At year end, three units remain unsold of the company's inventory units at 32 Napier Street, with one being sold in the current year. 39 units remain at the Old Cape Quarter property, of which four were sold during 2023 but had not yet transferred by 31 December 2023. The units are classified as inventory as these units are leased to tenants and actively marketed until buyers are found. At year end, due to selling prices achieved, the inventory value was written up to the lower of cost and net realisable value. All of the company's properties are pledged as security, refer to note 24.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

17. Investment property held for sale

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Opening Balance	**–**	26,180	**–**	10,680
Sales during the period	**–**	(26,180)	**–**	(10,680)
Transfer from Investment Property	**99,738**	–	**24,000**	–
Closing Balance	**99,738**	–	**24,000**	–

At year end, the following properties were reclassified to held for sale: Pep Serowe (P5,000,000), Phakalane Warehouse (P19,000,000) within the RDC Properties Limited company, and Constantia View Office Park (P23,116,000), Isando (P26,342,000) and Kuit Street (P26,280,000) within the wider group. All of these properties have been sold to buyers, and awaited finalisation of the transfer process at the year end date.

18. Cash and cash equivalents

Bank balances	**81,699**	86,181	**3,739**	1,472
Money Market	**–**	2	**–**	2
	81,699	86,183	**3,739**	1,474

19. Stated capital

The stated capital reserve comprises the fully paid ordinary share component of the linked units issued to shareholders of the Group with no par value:

Issued and fully paid				
Opening balance 758,232,937 (2022: 758,232,937) ordinary shares	**1,058,199**	1,058,199	**1,058,199**	1,058,199
Closing balance 758,232,937 (2022: 758,232,937) ordinary shares	**1,058,199**	1,058,199	**1,058,199**	1,058,199

20. Debentures

The debenture reserve comprises the variable interest debenture portion of the linked units issued to the shareholders of the Group:

Opening balance 758,233,937 (2022: 758,233,937) ordinary shares	**242,634**	242,634	**242,634**	242,634
Closing balance 758,233,937 (2022: 758,233,937) ordinary shares	**242,634**	242,634	**242,634**	242,634

21. Accumulated profits

The accumulated profits reserve comprises the accumulative retained earnings balance of the Group:

Arising from operations	**538,231**	530,214	**75,434**	47,913
Bonus Share Issue	**(189,095)**	(189,095)	**(189,095)**	(189,095)
Arising from revaluation of investment properties	**920,312**	852,728	**524,146**	492,307
	1,269,448	1,193,847	**410,485**	351,125

22. Debenture interest and dividend reserve

The debenture interest and dividend reserve comprise the interest and dividends owing to shareholders of the Group at the end of the year.

No balances outstanding in respect of debenture interest and dividends owing to shareholders as at 31 December 2023 and 31 December 2022.

The distribution, made bi-annually, varies with the operating performance of the Group and Company.

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Debenture interest				
Interim paid – 4.128 (2022: 3.337) thebe	**31,300**	25,302	**31,300**	25,302
Interim declared – nil (2022: nil) thebe	**–**	–	**–**	–
	31,300	25,302	**31,300**	25,302
Final proposed – 2.507 (2022: nil) thebe	**19,009**	–	**19,009**	–
Total debenture interest for the year (Declared and Proposed)	**50,309**	–	**50,309**	–
Dividends:				
Interim paid – 0.135 (2022: 0.158) thebe	**1,024**	1,533	**1,024**	1,198
Interim declared – nil (2022: nil) thebe	**–**	1,001	**–**	–
	1,024	2,534	**1,024**	1,198
Final proposed – 0.130 (2022: nil) thebe	**989**	–	**989**	–
Total dividends for the year (Declared and Proposed)	**2,013**	–	**2,013**	–

At year end, a final distribution of P20,000,000 has been proposed and declared for the period.

23. Non-controlling interests

Opening balance	**532,734**	493,329	**–**	–
Subsidiary acquired during the year	**–**	–	**–**	–
Increase in controlling shareholding of subsidiary	**–**	–	**–**	–
Bargain Purchase Adjustment	**–**	9,689		
Share of profit for the year	**28,161**	46,863	**–**	–
FCTR Reclassification	**17,786**	–		
Dividends for the year	**(18,294)**	(17,147)	**–**	–
Closing balance	**560,387**	532,734	**–**	–

24. Long term borrowings

	Interest rate at 31 December 2023	Maturity date	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
First National Bank of Botswana Limited[1]						
Loan Facility – 1	Prime Rate	January 2023	**–**	578	**–**	578
Loan Facility – 3	Prime Rate	January 2029	**8,762**	10,162	**8,762**	10,162
Loan Facility – 4	Prime +1.25%	March 2027	**3,553**	4,448	**3,553**	4,448
Access Bank[2]						
Loan Facility 1	Prime +1.75%	January 2025	**2,723**	5,024	**2,723**	5,024
Loan Facility 2	Prime Rate	November 2024	**1,486**	3,164	**1,486**	3,164
ABSA Bank Botswana Limited[3]						
Three Partners Resorts Loan Facility 2	Prime + 1%	May 2023	**–**	2,804	**–**	–
Three Partners Resorts Loan Facility 3	Prime + 0.75%	December 2028	**14,090**	17,000	**–**	–
BIFM Capital Investment Fund One (Pty) Limited[4]						
Promissory Note 1	Fixed at 10.20%	September 2034	**76,928**	76,928	**76,928**	76,928
Promissory Note 2	Fixed at 9.45%	September 2034	**64,941**	64,941	**–**	–
Botswana Insurance Fund Management Limited[5]						
Promissory Note	Fixed at 8%	December 2035	**50,000**	50,000	**50,000**	50,000
Unlisted bond	Fixed at 9%	June 2036	**125,000**	125,000	**125,000**	125,000
Commercial Paper	Fixed at 9%	December 2023	**–**	25,166	**–**	25,166
Stanbic Bank of Botswana[6]						
Revolving Credit Facility	Prime + 0.75%	September 2024	**10,006**	10,006	**10,006**	10,006
Investec Bank Limited[7]						
Term Loan Facility	3 Month JIBAR + 3.5%	December 2025	**69,705**	201,129	**–**	–
Revolving Credit Facility	Prime + 0.28%	December 2025	**66,899**	41,638	**–**	–
Nedbank South Africa Limited[8]						
Term Loan Facility	3 Month JIBAR + 2.22%	July 2031	**146,253**	151,960	**–**	–
ABSA Bank Limited – South Africa[9]						
Mortgage bond Facility 1	Prime (RSA) - 1%	June 2025	**96,272**	143,062	**–**	–
Mortgage bond Facility A, B and C	Prime (RSA) - 1%	June 2024	**85,513**	133,815	**–**	–
Mortgage bond Facility 2	Prime (RSA) - 1%	September 2026	**118,146**	121,979	**–**	–
Mortgage bond Facility 3	Prime (RSA) - 1%	November 2025	**18,233**	–	**–**	–
First National Bank Limited – South Africa[10]						
Development Loan Facility	Prime (RSA) + 2%	February 2023	**–**	50,682	**–**	–
VAT loan Facility	Prime (RSA) + 2%	February 2023	**–**	328	**–**	–
Term Loan Facility	Prime (RSA) - 0.5%	November 2028	**53,719**	3,543	**–**	–
Standard Bank Limited – South Africa[11]						
Standard Bank Loan 1	3m JIBAR + 1.95%	May 2025	**631,331**	655,458	**–**	–
Standard Bank Loan 2	3m JIBAR + 1.95%	May 2025	**76,124**	61,464	**–**	–
Standard Bank Loan 3	3m JIBAR + 1.80%	November 2024	**212,608**	228,234	**–**	–
Standard Bank Loan 4	3m JIBAR + 2.60%	June 2026	**78,542**	–	**–**	–
Chrysalis Capital Fund[12]						
Loan Facility	Prime (RSA) - 1%	May 2025	**5,724**	–	**–**	–
Privredna Banka Zagreb – Croatia[13]						
Loan Facility – Euro Denominated	3m EURIBOR + 3.5%	December 2025	**135,866**	125,042	**–**	–
Erste Bank Group – Croatia[14]						
Loan Facility 1 – Euro Denominated	Fixed at 2.50%	February 2025	**201,144**	185,120	**–**	–
Loan Facility 2 – Euro Denominated	Fixed at 2.50%	February 2025	**51,204**	47,125	**–**	–
Total bank debt owed			**2,404,772**	2,545,800	**278,458**	310,476

24. Long term borrowings continued

	Interest rate at 31 December 2023	Maturity date	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
RDC Properties Listed Notes:						
RDCP001 Listed Unsecured Senior Notes	MoPR + 5.61%	March 2026	**47,371**	47,371	**47,371**	47,371
RDCP002 Listed Unsecured Senior Notes	MoPR + 5.61%	March 2027	**40,212**	40,214	**40,212**	40,214
RDCP003 Listed Unsecured Senior Notes	MoPR + 4.81%	March 2024	**12,017**	12,017	**12,017**	12,017
RDCP005 Listed Unsecured Senior Notes	Fixed at 8.75%	December 2023	**–**	101,131	**–**	101,131
RDCP006 Listed Unsecured Senior Notes	Fixed at 8.8%	December 2026	**25,163**	–	**25,163**	–
RDCP007 Listed Unsecured Senior Notes	Fixed at 8.35%	December 2024	**23,105**	–	**23,105**	–
RDCP008 Listed Unsecured Senior Notes	Fixed at 8.80%	December 2026	**20,096**	–	**20,096**	–
RDCP009 Listed Unsecured Senior Notes	Fixed at 9%	December 2028	**50,247**	–	**50,247**	–
Total Listed Notes			**218,211**	200,733	**218,211**	200,733
Balance of debt origination costs being amortised			**(9,069)**	(11,066)	**(1,521)**	(1,274)
Loans from related parties						
Loan from KMR Projectos LDA	3 Month Libor + 2.5%	On Demand	**12,593**	12,013	**–**	–
Loan from JHK Investimentos LDA	3 Month Libor + 2.5%	On Demand	**14,134**	13,131	**–**	–
Loan from Castle Group (Pty) Ltd	Interest Free	On Demand	**5,881**	6,071	**–**	–
Loan from VMD Grupa d.o.o.	Fixed at 19.99%	December 2025	**25,522**	23,489	**–**	–
Interest rate derivatives at fair value through profit or loss*			**(11,377)**	(26,486)	**–**	–
Transfers to discontinued operations			**(58,772)**	–	**–**	–
Total current and long term borrowings			**2,601,895**	2,763,685	**495,148**	509,935
Current-portion of long term borrowings			**81,443**	394,590	**51,638**	144,614
Long-term borrowings			**2,520,452**	2,369,095	**443,510**	365,321
Total current and long term borrowings			**2,601,895**	2,763,685	**495,148**	509,935

1. The loan facilities 1,3,4 are secured as mortgage bonds over investment property (note 12) – Lot 50369 – Gaborone, Botswana
2. The loan facilities 1 and 2 are secured as a mortgage bond over investment property (note 12) – Lot 50669 – Gaborone, Botswana
3. The loan facilities 2 and 3 are secured as mortgage bonds over investment property (note 12) – Lot 54353, Central Business District, Gaborone, Botswana
4. The RDC promissory notes are secured as mortgage bonds over investment properties (note 12) – Lots 1124 to 1130, Extension 3, Gaborone, Botswana. The Three Partner Resorts promissory notes are secured against Lot 54353, Central Business District, Gaborone, Botswana.
5. The RDC promissory notes and unlisted bond are secured as mortgage bonds over investment properties (note 12) – Lots 1124 to 1130, Lots 1116, 1117, 1840, Extension 3 Gaborone, Botswana, as well as, Lease Area No. 4 – AO, Kasane
6. The Stanbic Revolving Credit Facility is secured over investment property (note 12) – Lot 758, Gaborone Botswana
7. The term loan is secured by mortgage bonds over Lots 2558, 3761, 5422, 5423, 21306, 22017, 22018, 50668, 80055, Gaborone, Botswana and guarantees from RDC Properties Limited, RDC Mauritius, RDC Properties International, Lucky Bean Property Investments and Tower Property Fund. The shares and related rights of the borrower's investments in subsidiaries – Lucky Bean Property Investments, Tower Property Fund and RDC Properties International (Pty) Ltd are pledged and ceded to Investec.
8. The loan is secured by a mortgage bond over erf 232, Johannesburg, South Africa
9. The loans are secured by mortgage bonds over erven 491, 1158, 39227, 13047, 39224, 38794, 39215, 39651, 39037, 8132, 178287, 23831, Cape Town, South Africa.
10. The loans are secured by mortgage bonds over erven 14849, 11152, 14849, 170664, Cape Town, South Africa
11. These loan facilities are secured by mortgage bonds over the South African domiciled Properties of the Tower Property Fund Limited Group.
12. This loan facility is secured by a security cession agreement with Capitalgro (Pty) Ltd.
13. The loan facility is secured by a mortgage bond over land registry file number: 25703, Zagreb, Croatia
14. The loan facilities are secured by mortgage bonds over land registry file number: 1548, Dubrovnik, Croatia and land registry file number: 24671, Zagreb, Croatia

24. Long term borrowings continued

Breach of covenants

As at 31 December 2023, the Group was in breach of the following loan covenants:

- BIFM Promissory Note – the group achieved an interest cover ratio (ICR) of 1.42 in breach of the required 1.75x.
- Investec Term Loan Facility – the group achieved an interest cover ratio (ICR) of 1.42, in breach of the required 1.5x.

During the period between the reporting date and the publication of these annual financial statements, the Group has been in negotiation with the relevant banks regarding condonation of the breaches. None of the banks have recalled the loans nor implemented penalties.

* Interest-rate derivatives

As at year end, the Group had the following interest rate derivatives. The percentage of total bank debt hedged by interest-rate derivatives was 26% (2022: 42%) at the end of the year. The fair-value measurement of the interest rate derivatives gave rise to fair-value losses for the period of P16,040,000 (2022: P39,001,000 gain).

Consist of the following contracts:	Base currency	Nominal value P'000	Fixed/capped rate of derivative	Expiry
Interest Rate Swap Contract 1 – Standard Bank Limited SA	ZAR	217,454	7.30%	August 2024
Interest Rate Cap Contract 2 – Standard Bank Limited SA	ZAR	72,485	8.33%	August 2024
Interest Rate Cap Contract 3 – Standard Bank Limited SA	ZAR	72,485	8.21%	November 2024
Interest Rate Swap Contract 4 – Erste & Steiermärkische Bank	EUR	201,144	(0.20%)	February 2025
Interest Rate Swap Contract 5 – Erste & Steiermärkische Bank	EUR	51,204	(0.20%)	February 2025
		614,772		

Mortgages with bankers, against which no obligation existed as at 31 December 2023:

Mortgages on the below mentioned properties were registered as security for loans in prior years. As at 31 December 2023, the loans were fully repaid and therefore the facilities could be cancelled.

Value of mortgages with no liability

	2023 P	2022 P
Property		
Lot 443, Serowe	**216,800**	216,800
Lot 194, Maun	**780,000**	780,000
Lots 680 and 292, Serowe	**2,460,000**	2,460,000
Lot 914, Kasane	**1,500,000**	1,500,000
	4,956,800	4,956,800

25. Deferred tax liabilities

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Temporary differences arising on:				
Property, plant and equipment	**594**	739	**594**	739
Investment properties – capital allowances claimed to date	**125,132**	122,979	**17,889**	16,439
Investment properties – capital gains tax on fair value	**109,873**	89,068	**30,591**	21,104
Capital gains tax on fair value gains on financial assets through OCI	**1,585**	2,719	**–**	–
Unrealised gains	**858**	5,929	**858**	5,929
Expected credit loss allowance	**(857)**	(1,042)	**(857)**	(1,042)
Prepayments	**122**	24	**–**	–
Deferred income	**(931)**	(867)	**(931)**	(874)
Municipal provisions	**–**	(415)	**–**	–
Income received in advance	**(55)**	(235)	**–**	–
Provision for leave pay	**–**	(7)	**–**	–
Tax losses	**(20,346)**	(34,046)	**–**	–
Capitalised borrowing costs	**–**	–	**(5,208)**	(8,173)
Other	**47**	214	**–**	0
	216,022	185,060	**42,936**	34,122

Reconciliation of movement

	Group 2023	Group 2022	Company 2023	Company 2022
Opening balance	**185,060**	168 956	**34,122**	42,805
Foreign currency translation reserve	**(3,365)**	1,293	**–**	–
Charge to profit or loss – current year (excluding capital gains tax)	**5,983**	20,938	**(674)**	6,013
Charge to profit or loss – capital gains tax on fair value of investment property	**36,820**	(12,964)	**9,488**	(14,696)
Charge to profit or loss – prior year adjustment	**(8,476)**	6,837	**–**	–
Closing balance	**216,022**	185,060	**42,936**	34,122

Tax losses

The tax losses, if unutilised, will fall away as follows:

	Group P'000	Company P'000
Financial year		
2028	24,914	23,672
	24,914	23,672
Tax losses that will not fall away:	163,643	–
Total tax losses	188,557	23,672

The Directors have evaluated the profitability trends of the Group and Company and have determined that at the current level of operations, the Group and Company will make adequate taxable profits in the future against which the assessed losses will be utilised before they expire.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2023

26. Trade and other payables

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Trade payables	**14,681**	8,452	**2,118**	63
Accrued expenses	**28,932**	36,068	**5,675**	8,956
Security deposits	**29,494**	29,219	**3,638**	3,401
Advance rental received	**13,902**	18,784	**4,231**	4,012
VAT payable	**(454)**	(535)	**(416)**	–
Unpaid dividends and interest	**8,389**	3,238	**698**	–
Retention liability on property development	**352**	352	**352**	352
Contingent liability recognised on business combination	**32,291**	32,291	**–**	–
Other payables	**13,003**	14,187	**(289)**	5,762
Related parties:				
Italtswana Construction Company (Proprietary) Limited	**4,224**	–	**4,224**	–
David & Dorcas Magang Family Trust	**–**	551	**–**	551
Chobe Marina Lodge	**164**	–	**165**	–
Chobe Financial Corporation	**–**	31	**–**	31
	144,978	142,638	**20,396**	23,128

The average credit period for the Group and Company is 30 days for trade payables.

The directors believe the fair value of the trade and other payables approximate their carrying amounts. Other payables to related parties are unsecured and will be settled on a cash basis within the next 12 months.

27. Bank facilities

In addition to the loans described in note 24, the Group has the following banking facilities, secured as per note 12:

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Stanbic Bank Botswana Limited				
A bank overdraft totalling P6,000,000 (2022: P6,000,000) The unused facility is P Nil (2022: P3,808,000)	**6,000**	2,192	**6,000**	2,192
Barclays Bank of Botswana Limited				
A bank overdraft totalling P5,000,000 (2022: P5,000,000) The unused facility is P2,407,000 (2022: P1,086,000)	**2,593**	3,914	**–**	–
Bank overdraft	**8,593**	6,106	**6,000**	2,192

28. Related party transactions

Relationships

		2023 %	2022 %
Botswana	Three Partners Resorts Limited	**53.75**	53.75
	RDC Properties International (Proprietary) Limited	**100**	100
	Lotsane Complex (Proprietary) Limited	**76.67**	76.67
	Propcorp (Proprietary) Limited	**33.33**	33.33
	Bophelong Senior Living (Pty) Ltd	**100**	100
South Africa	RDC Properties South Africa (Proprietary) Limited	**100**	100
	RDC Erf 232 Rosebank (Proprietary) Limited	**100**	100
	Capitalgro (Proprietary) Limited	**61.11**	61.11
	108 Albert Rd (Proprietary) Limited	**50**	50
	Lexshell 492 Investments (Proprietary) Limited	**100**	100
	Lucky Bean Property Investments (Proprietary) Limited	**100**	100
	Micawber 219 (RF) (Proprietary) Limited	**100**	100
	Tower International Treasury (Proprietary) Limited	**100**	100
	Tower Property Fund (Proprietary) Limited	**100**	100
Croatia	Sub Dubrovnik d.o.o.	**74**	74
	Tower Europe Retail d.o.o.	**74**	74
	Tower Industrial d.o.o.	**74**	74
	Tower Europe d.o.o.	**59**	59
Mauritius	RDC Mauritius	**100**	100
	TPF International Limited	**74**	74
	RDC-KMR Limited	**55**	55
	RDC Zimpeto Limited	**60**	60
Mozambique	RDC Xiquelene, Lda	**100**	100
	Xai-Xai Newco, Lda	**33**	33
	Zimpeto Shopping Centre, Lda	**60**	60
Madagascar	HMS1 Société Anonyme	**50**	50
Namibia	RDC Properties (Namibia) (Proprietary) Limited	**100**	100
	RDC Property Development (Namibia) (Proprietary) Limited	**70.31**	70.31
Zambia	David Livingstone Safari Lodge and Spa Limited	**50**	0

All related parties in addition to those listed in note 10, are companies with common shareholding and control, except for the David & Dorcas Magang Family Trust which is a related party through a director of the Company. Receivables relating to related parties are disclosed in note 15.

Payables relating to related parties are disclosed in note 26.

The following trading transactions were carried out with related parties. These transactions were made on terms equivalent to those that prevail in arm's length transactions, where such transactions can be substantiated:

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Interest income (note 5)				
David Livingstone Safari Lodge and Spa Limited	**5,499**	–	**–**	–
RDC Properties International (Proprietary) Limited	**–**	–	**47,106**	36,148
	5,499	–	**47,106**	37,873
Payments made to Property & Asset Management Limited:				
Management and administration expenses (note 4)	**23,497**	22,390	**3,380**	3,094
Lease renewal fees (note 4)	**6,404**	7,151	**468**	693
Service charges (note 4)	**9,341**	8,602	**9,341**	8,602

The property management fees are calculated as a fixed percentage of the market capitalisation of the Group and outstanding long term debt balance, on the last trading day of the month. All related party transactions are at arm's length.

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Directors' emoluments (note 4)				
For services as directors	**2,867**	3,368	**1,421**	1,076

29. Operating lease arrangements

The Company and Group as lessor

Operating leases receivable by the Company as a lessor relate to the investment properties owned by the Company with lease terms between 1 and 20 years.

At the statement of financial position date, the Group had contracted with tenants for the following future minimum lease payments:

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Within one year	**316,083**	308,595	**24,631**	21,768
In the second to fifth years inclusive	**653,379**	647,663	**22,642**	25,983
After five years	**113,885**	171,100	**6,174**	7,520
	1,083,347	1,127,358	**53,447**	55,271

30. Capital commitments

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Authorised and contracted	**31,623**	58,602	**2,115**	–
Authorised but not contracted	**35,901**	9,129	**6,529**	–
	67,524	67,731	**8,644**	–

The Board of Directors of the Company have approved the following projects for which contracts have been signed:

- P28 million for the contract costs of the Westlake development in Cape Town
- P1.2 million for improvements and installations across the South African portfolio
- P2.4 million for improvements and installations in the Botswana portfolio

The Board of Directors of the Company have authorised the following projects for which contracts have not yet been signed:

- P4.4 million further costs related to the Westlake development
- P24.2 million further improvements and installations across the South African portfolio
- P 7.3 million Improvements to the Botswana property portfolio

These projects will be funded through cash resources and borrowings.

31. Contingent liabilities

In line with IFRS 3, in 2021, the group recognised a contingent liability arising from the business combination of Tower Property Fund Limited. The contingent liability pertains to an additional tax assessment issued by SARS to Tower International Treasury (Pty) Ltd for tax years 2019 and 2020, which is still in the process of a formal dispute. The value of the contingent liability is P32,291,445. Refer to note 26 – Trade and Other Payables.

32. Segmental reporting

The Group's primary business activities are concentrated in the segment of property rentals and are predominantly concentrated within the geographical region of South Africa, Botswana and Croatia. The geographical segment information is outlined below:

	Group (P'000s)					Group (P'000s)			
	Botswana	**South Africa**	**Namibia**	**Mozambique**	**USA**	**Croatia**	**Zambia**	**Madagascar**	**Total**
At 31 December 2023									
SEGMENT ASSETS									
Investments	–	–	–	–	46,753	–	–	–	46,753
Long term loan receivables	23,062	–	–	–	–	–	–	–	23,062
Investment properties at fair-value	1,469,710	2,535,425	–	68,043	–	1,355,899	–	–	5,429,077
Investments in joint ventures	–	–	–	–	–	–	73,595	28,468	102,063
Inventories	–	158,943	–	–	–	–	–	–	158,943
Investment Property held for sale	24,000	75,738	–	–	–	–	–	–	99,738
Rental receivable – straight line rental adjustment	4,657	(12,166)	–	–	–	–	–	–	(7,509)
Financial assets at fair value through other comprehensive income	9,201	1,220	–	–	–	–	–	–	10,421
Trade and other receivables	75,846	56,383	177	4,528	–	2,092	–	–	139,026
Current tax assets	166	–	–	–	–	–	–	–	166
Cash and cash equivalents	7,142	42,179	12	1,605	–	30,761	–	–	81,699
Property, plant and equipment	4,695	33,875	–	–	–	–	–	–	38,570
Non-current assets classified as held for sale – Disposal Group	–	85,165	–	–	–	–	–	–	85,165
Total segment assets	1,618,479	2,976,762	189	74,176	46,753	1,388,752	73,595	28,468	6,207,174
Intangible asset									1,000
Consolidated total assets									6,208,174
At 31 December 2023									
SEGMENT LIABILITIES									
Trade and other payables	(25,927)	164,437	1,052	2,549	–	2,867	–	–	144,978
Borrowings	601,025	1,598,014	–	–	–	402,856	–	–	2,601,895
Current tax liability	(185)	(334)	–	(247)	–	4,643	–	–	3,877
Deferred Tax Liabilities	83,993	23,707	–	–	–	108,322	–	–	216,022
Liabilities directly associated with non-current assets classified as held for sale	–	62,705	–	–	–	–	–	–	62,705
Total segment liabilities	658,906	1,848,529	1,052	2,302	–	518,688	–	–	3,029,477
Bank overdraft									8,593
Consolidated total liabilities									3,038,070

	Group (P'000s)					Group (P'000s)		
	Botswana	**South Africa**	**Namibia**	**Mozambique**	**USA**	**Croatia**	**Madagascar**	**Total**
At 31 December 2022								
SEGMENT ASSETS								
Investments	–	–	–	–	95,413	–	–	95,413
Investment properties	1,444,739	2,895,128	–	64,765	–	1,170,504	–	5,575,136
Investment in a joint venture	–	–	–	–	–	–	25,746	25,746
Inventories	–	161,076	–	–	–	–	–	161,076
Rental receivable – straight-line rental adjustment	4,798	(9,790)	–	–	–	–	–	(4,992)
Financial assets through other comprehensive income	9,201	1,441	–	–	–	–	–	10,642
Trade and other receivables	56,279	63,763	184	4,041	–	2,547	–	126,814
Current tax assets/(liability)	1,760	1,678	–	140	–	–	–	3,578
Cash and cash equivalents	3,054	44,571	12	1,326	–	37,220	–	86,183
Property, plant and equipment	5,525	41,565	–	–	–	–	–	47,090
Total segment assets	1,525,356	3,199,432	196	70,272	95,413	1,210,271	25,746	6,126,686
Intangible asset								1,000
Consolidated total assets								6,127,686
At 31 December 2022								
SEGMENT LIABILITIES								
Trade and other payables	(26,919)	166,771	–	560	–	2,226	–	142,638
Borrowings	614,151	1,787,363	–	–	–	362,171	–	2,763,685
Deferred tax liabilities	69,662	33,856	–	–	–	81,542	–	185,060
Total segment liabilities	656,894	1,987,990	–	560	–	445,939	–	3,091,383
Bank overdraft								6,106
Consolidated total liabilities								3,097,489

32. Segmental reporting continued

	Group (P'000s)			Group (P'000s)					
	Botswana	South Africa	Namibia	Mozambique	USA	Croatia	Zambia	Madagascar	Total
At 31 December 2023									
SEGMENT REVENUES AND RESULTS									
Contractual lease rental revenue	109,503	358,489	–	–	–	93,298	–	–	561,290
Operating expenses	(47,414)	(208,848)	(36)	(1,507)	–	(10,453)	–	–	(268,258)
Income/(loss) arising from joint venture (net of forex gains)	–	–	–	–	–	–	(599)	1,135	536
Other foreign exchange gains/(losses)	(3,214)	(677)	(182)	3,151	–	–	–	–	(922)
Other operating income	5,316	4,680	–	383	–	–	–	–	10,379
Inventory Adjustment	–	6,145	–	–	–	–	–	–	6,145
Loss arising on fair value of investments	–	–	–	–	(19,712)	–	–	–	(19,712)
Loss arising on fair value of interest rate derivatives	–	(7,812)	–	–	–	(8,228)	–		(16,040)
Gain/(loss) arising on revaluation of properties	49,963	(17,896)	–	(891)	–	75,745	–	–	106,921
Sales revenue	–	2,465	–	–	–	–	–	–	2,465
Cost of sales	–	(2,398)	–	–	–	–	–	–	(2,398)
Investment income	10,695	4,946	–	–	–	12	(1,605)	–	14,048
Finance costs	(52,862)	(166,319)	–	(1,539)	–	(20,897)	–	–	(241,617)
Bargain Purchase Gain	–	–	–	–	–	–	26,797	–	26,797
Profit/(loss) before tax	71,987	(27,225)	(218)	(403)	(19,712)	129,477	24,593	1,135	179,634
Income tax income/(expense)	(25,032)	6,158	–	–	–	(27,414)	–	–	(46,288)
Profit/(loss) for the year from continuing operations	46,956	(21,067)	(218)	(403)	(19,712)	102,063	24,593	1,135	133,346
Loss for the year from discontinued operations	–	(4,146)	–	–	–	–	–	–	(4,146)
Profit/(loss) for the year	46,956	(25,213)	(218)	(403)	(19,712)	102,063	24,593	1,135	129,200

	Group (P'000s)			Group (P'000s)				
	Botswana	South Africa	Namibia	Mozambique	USA	Croatia	Madagascar	Total
At 31 December 2022								
SEGMENT REVENUES AND RESULTS								
Contractual lease rental revenue	89,342	356,198	–	–	–	79,665	–	525,205
Operating expenses	(48,029)	(211,304)	(46)	(680)	–	(9,022)	–	(269,081)
Income arising from joint venture (net of forex gains)	–	–	–	–	–	–	310	310
Other foreign exchange gains/(losses)	1,062	3,643	98	(284)	–	(2,260)	–	2,259
Other operating income	11,589	2,901	–	1,051	–	–	–	15,541
Gain arising on fair value of investments	–	–	–	–	1,765	–	–	1,765
Gain arising on fair value of interest rate derivatives		23,585				15,416		39,001
Gain arising on revaluation of properties	16,415	41,063	–	–	–	40,038	–	97,516
Sales revenue	–	77,483	–	–	–	–	–	77,483
Cost of sales	–	(77,648)	–	–	–	–	–	(77,648)
Investment income	4,945	3,846	–	–	–	–	–	8,791
Finance costs	(50,966)	(146,592)	–	(774)	–	(13,896)	–	(212,229)
Profit/(loss) before tax	24,358	73,175	52	(687)	1,765	109,941	310	208,914
Income tax income/(expense)	15,987	(22,736)	–	–	–	(18,003)	–	(24,752)
Profit/(loss) for the year	40,345	50,439	52	(687)	1,765	91,938	310	184,162

33. Financial risk management

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt which includes the long-term borrowings disclosed in note 24, cash and cash equivalents and equity attributable to equity holders of the parent, which comprises stated capital, debentures and accumulated profits as disclosed in notes 19, 20 and 21 respectively.

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised below. The main types of risks are currency risk, credit risk, liquidity risk and interest rate risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

33. Financial risk management continued

Risk management objectives and policies

The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options.

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Categories of financial instruments				
Financial assets				
Fair value through profit and loss				
Investments*	**46,753**	95,413	**–**	–
Ordinary shares in listed companies	**10,421**	10,642	**9,201**	9,201
Long term loan receivables	**23,062**	–	**652,291**	658,878
Trade and other receivables	**128,129**	120,458	**127,916**	106,433
Cash and cash equivalents	**81,699**	86,183	**3,739**	1,474
Financial liabilities at amortised cost				
Long term borrowings – at floating interest rate	**1,888,545**	2,064,785	**124,609**	131,710
Long term borrowings – at fixed interest rate	**713,350**	698,900	**370,539**	378,225
Trade and other payables	**131,530**	123,854	**16,581**	19,116
Bank overdraft	**8,593**	6,106	**6,000**	2,192
	2,742,018	2,893,645	**517,729**	531,243

* *Please note that the prior year disclosure of financial assets at the company level has been corrected to exclude the investments in subsidiaries as per note 10 – these do not meet the definition of financial assets.*

Currency risk

The Group undertakes transactions denominated in the following foreign currencies: South African Rand, Mozambican Metical, Malagasy Ariary, Euro, Croatian Kuna, and US dollar. Consequently, exposure to exchange rate fluctuations arise. Financial instruments that are sensitive to currency risks are mainly trade receivables, group loans to foreign operations, cash and cash equivalents and foreign currency-related debt.

To mitigate the Group's exposure to foreign currency risk, non-Pula cash flows are monitored in accordance with the Group's risk management policies. The Group's risk management procedures distinguish short-term foreign currency cash flows (due within six months) from longer-term cash flows (due after six months). The amounts to be paid and received in a specific currency are expected to largely offset one another, and no further hedging activity is undertaken.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and 10% decrease in the Pula against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to the board and represents the board's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items (including trade and other receivables, trade and other payables and long term loan receivable and payables) and adjusts their translation at the period-end for a 10% change in foreign currency rates. The sensitivity analysis includes receivables from tenants who are billed in a currency other than the functional currency of the Group.

A 10% strengthening of the Pula would decrease the profit and equity and a 10% weakening of the Pula would have an equal but opposite effect on the profit and equity.

	Group's Net Exposure Asset/(Liability) P'000	IAS21 Exchange Rate (Foreign Currency: Pula) P'000	10% strengthening of Pula Net Gain/(loss) P'000
2023			
United States Dollar (USD)	**46,713**	**13.4228**	**(4,671)**
South Africa Rand (ZAR)	**(1,725,040)**	**0.7248**	**172,504**
Namibian Dollar (NAD)	**(863)**	**0.7248**	**86**
Mozambican Metical (MZN)	**3,831**	**0.2122**	**(383)**
Euro (EUR)	**(377,513)**	**14.8588**	**37,751**
2022			
United States Dollar (USD)	**68,708**	12.7714	**(6,871)**
South Africa Rand (ZAR)	**(1,844,086)**	0.7530	**184,409**
Namibian Dollar (NAD)	**196**	0.7530	**(20)**
Mozambican Metical (MZN)	**4,947**	0.1992	**(495)**
Euro (EUR)	**(362,221)**	13.6054	**36,222**
Croatian Kuna (HRK)	**33,631**	1.8150	**(3,363)**

33. Financial risk management continued

Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has adopted a policy of only dealing with creditworthy counterparties. The amounts presented in the statements of financial position are net of allowances for lifetime expected credit losses estimated by management based on the expected credit loss model. Refer to note 15.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management of the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Maturity analysis for financial liabilities:

	Within one year P'000	In the second to fifth years inclusive P'000	After five years P'000
Group			
2023			
Trade and other payables	**131,530**	**–**	**–**
Bank overdraft	**8,593**	**–**	**–**
Current portion of long term borrowings	**81,443**	**–**	**–**
Non-current portion of long term borrowings	**–**	**2,048,568**	**471,884**
	221,566	**2,048,568**	**471,884**
2022			
Trade and other payables*	123,854	–	–
Bank overdraft	6,106	–	–
Current portion of long term borrowings	394,590	–	–
Non-current portion of long term borrowings	–	1,847,149	521,946
	524,550	1,847,149	521,946
Company			
2023			
Trade and other payables	**16,581**	**–**	**–**
Bank overdraft	**6,000**	**–**	**–**
Current portion of long term borrowings	**51,638**	**–**	**–**
Non-current portion of long term borrowings	**–**	**182,820**	**260,690**
	74,219	**182,820**	**260,690**
2022			
Trade and other payables*	19,116	–	–
Bank overdraft	2,192	–	–
Current portion of long term borrowings	144,614	–	–
Non-current portion of long term borrowings	–	63,017	302,304
	165,922	63,017	302,304

* *Please note that prior year disclosure has been restated to exclude advance rental received.*

Interest rate risk

Interest rate risk is the possible loss in the value resulting from an unexpected and adverse movement in interest rates. Entities in the Group are exposed to interest rate risk because they borrow funds at both fixed and floating interest rates. The Group entities manage interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings and by basing the interest rate on financial assets and liabilities around the prime lending rate. Financial instruments that are sensitive to interest rate risks comprise bank balances, loans and advances, related party balances and long-term borrowings.

33. Financial risk management continued

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both financial assets and liabilities at the end of the reporting period. For the floating interest rate financial assets and liabilities, the analysis is prepared assuming the amount of the asset or liability outstanding at the end of the reporting period was outstanding for the whole year. A 50-basis point increase or decrease is used by the directors when reporting interest rate risk management, as it represents a reasonable possible change in the interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the effect of the profit for the year for the Group and Company, would have been as follows:

	Amount of asset/(liability) P'000	Change in interest rate P'000	(Decrease)/ increase in profit before tax P'000
Group			
31 December 2023			
Financial assets			
Cash and cash equivalents	**81,699**	**0.5%**	**408**
Financial liabilities			
Long term borrowings at floating interest rate	**(1,888,545)**	**0.5%**	**(9,443)**
Bank overdraft	**(8,593)**	**0.5%**	**(43)**
			(9,078)
31 December 2022			
Financial assets			
Cash and cash equivalents	86,183	0.5%	431
Financial liabilities			
Long term borrowings – at floating interest rate	(2,064,785)	0.5%	(10,324)
Bank overdraft	(6,106)	0.5%	(31)
			(9,924)
Company			
31 December 2023			
Financial assets			
Cash and bank balances	**3,739**	**0.5%**	**19**
Financial liabilities			
Long term borrowings – at floating interest rate	**(124,609)**	**0.5%**	**(623)**
Bank overdraft	**(6,000)**	**0.5%**	**(30)**
			(634)
31 December 2022			
Financial assets			
Cash and bank balances	1,474	0.5%	7
Financial liabilities			
Long term borrowings – at floating interest rate	(131,710)	0.5%	(659)
Bank overdraft	(2,192)	0.5%	(11)
			(663)

Price Risk

The Group and Company are exposed to equity securities and government bond price risk because of investments held and classified on the consolidated statement of financial position as financial assets through other comprehensive income (OCI).

The Group and Company are not exposed to commodity price risk. To manage its price risk arising from investments in equity securities and government bonds, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group and Company.

Price sensitivity analysis

If the base prices of the equity securities and government bonds held (refer to note 13) increased by 10%, other comprehensive income and equity for the Group and Company would increase by P1,042,00 million and P920,000 (2022: P1,100,000 and P900,000), respectively. If the base prices of the equity securities and government bonds decreased by 10%, this would have an equal but opposite effect on the other comprehensive income and equity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2023

34. Fair value measurement

Assets measured at fair value

Some of the Group's financial assets are measured at fair value at the end of each reporting period. Below is the summarised information about how fair values of financial assets are determined (in particular, the valuation techniques and inputs used). For further detail on the fair valuation of Investment Property, refer note 11.

Recurring measurement at the end of the reporting period

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Recurring measurement at the end of the reporting period				
Investment properties	**5,429,077**	5,575,136	**850,264**	833,777
Investment properties held for sale	**99,738**	–	**24,000**	–
Investment properties within Disposal Group	**83,585**	–	**–**	–
USA Private Placement Insurance Policy	**46,753**	95,413	**–**	–
	5,659,153	5,670,549	**874,264**	833,777

Reconciliation of fair value measurements categorised within Level 3 of fair value hierarchy

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Investment properties				
Opening value	**5,575,136**	5,535,902	**833,777**	819,804
Total gains for the period included in profit or loss (after straight line adjustment)	**106,921**	97,516	**39,242**	12,881
Additions, acquisitions and transfers	**(69,657)**	(58,282)	**1,245**	1,092
Closing balance	**5,612,400**	5,575,136	**874,264**	833,777
Gains and losses arising from the fair valuation of investment properties are shown as a separate line in the statement of comprehensive income as follows:				
Total gains for the period included in profit or loss (after straight line adjustment)	**106,921**	97,516	**39,242**	12,881
USA Private Placement Insurance policy				
Opening value	**95,413**	89,340	**–**	–
Distributions	**(32,709)**	(1,271)	**–**	–
Foreign currency translation	**3,761**	5,579	**–**	–
Total fair-value gains for the period included in profit or loss	**(19,712)**	1,765	**–**	–
Closing balance	**46,753**	95,413	**–**	–
Total gains for the period included in profit or loss	**(19,712)**	1,765	**–**	–
Financial assets through OCI	**10,421**	10,642	**9,201**	9,201

Reconciliation of fair value measurements categorised within Level 1 of fair value hierarchy

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Financial Assets through OCI				
Opening value	**10,642**	14,129	**9,201**	10,305
Disposals	**–**	(2,025)	**–**	–
Total losses for the year included in other comprehensive income	**–**	(1,104)	**–**	(1,104)
Foreign exchange movements	**(221)**	(358)	**–**	–
Closing balance	**10,421**	10,642	**9,201**	9,201

34. Fair value measurement continued

Quantitative information about fair value measurements using the key inputs

	Fair value at 31 December 2023	Fair value hierarchy	Valuation technique	Key inputs	Range	Sensitivity to +1% of key input	Sensitivity to -1% of key input
Group							
Investment properties	**1,427,993**	Level 3	Direct capitalisation	Capitalisation rate	5.50% – 8.50%	**(176,150)**	**229,775**
	4,001,084	Level 3	Discounted Cashflow	Discount rate	12.50% – 15.00%	**(417,468)**	**525,000**
				Growth rate	3.80% – 5.20%	**659,897**	**(524,343)**
	5,429,077						
Investment properties held for sale	**99,738**	Level 1	Market price	Price comparison		**997**	**(997)**
Investment properties within Disposal Group	**83,585**	Level 1	Market price	Price comparison		**836**	**(836)**
Financial assets through OCI	**10,421**	Level 1	Quoted prices	Quoted prices in active markets		**104**	**(104)**
USA Private Placement Insurance Policy	**46,753**	Level 1	Cost			**468**	**(468)**
Company							
Investment properties	**874,264**	Level 3	Direct capitalisation	Capitalisation rate	5.5% – 8.5%	**(53,276)**	**71,466**
Financial assets through OCI	**9,201**	Level 1	Quoted prices	Quoted prices in active markets		**92**	**(92)**

	Fair value at 31 December 2022	Fair value hierarchy	Valuation technique	Key inputs	Range	Sensitivity to +1% of key input	Sensitivity to -1% of key input
Group							
Investment properties	4,191,662	Level 3	Direct capitalisation	Capitalisation rate	7% – 11%	(476,524)	624,550
	1,272,004	Level 3	Discounted Cashflow	Discount rate	13% – 16%	(136,212)	172,975
				Growth rate	4% – 5%	208,823	(164,392)
	111,470	Level 1	Market price	Price comparison	–	1,115	(1,115)
	5,575,136						
Financial assets through OCI	10,642	Level 1	Quoted prices	Quoted prices in active markets	–		
USA Private Placement Insurance Policy	95,413	Level 3	Direct capitalisation	Capitalisation rate	7% – 8%	9,234	12,197
Company							
Investment properties	833,777	Level 3	Direct capitalisation	Capitalisation rate	6% –11%	(95,505)	125,077
Financial assets through OCI	9,201	Level 1	Quoted prices	Quoted prices in active markets	–		

Information about the sensitivity to changes in unobservable inputs

The significant unobservable inputs used in the fair value measurement of investment properties are the capitalisation rates, discount rates and growth rates. Significant increases/decreases in these rates would result in significantly lower/higher fair value measurement. The changes to these rates are dependent on various market factors including location of properties, interest rates, length of leases and quality of tenants.

35. Tax Paid

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Opening balance	**(3,578)**	(3,893)	**(1,746)**	(1,827)
Current tax expense	**11,961**	9,940	**–**	–
Amount written off as not receivable	**(1,751)**	–	**(1,751)**	–
Closing balance of tax payable/(receivable)	**(166)**	(3,578)	**(284)**	(1,746)
Tax (paid)/received	**(6,798)**	(9,625)	**3,213**	81

36. Disposal group held for sale – 108 Albert Road

In August 2023, management entered a sale of shares and claims agreement and committed to a plan to sell its 50% shareholding in the operating subsidiary 108 Albert Road (Pty) Ltd. Accordingly, the assets and liabilities of 108 Albert Road, as consolidated, is presented as a disposal group held for sale. Efforts to effect the disposal are underway and the sale is expected to be completed in March 2024.

A. Impairment losses relating to the disposal group:

There were no impairment losses recognised on the disposal group's assets and liabilities as the carrying amount exceeds the fair-value less costs to sell.

B. Assets and liabilities of the disposal group classified as held for sale

At 31 December 2023, the disposal group was stated at its carrying amount and comprised the following assets and liabilities:

Stated in thousands of Botswana Pula:	Group 2023 P'000
Investment Property	**83,585**
Trade and other receivables	**986**
Cash and cash equivalents	**594**
Non-current assets classified as held for sale – Disposal Group	**85,165**
Long term borrowings	**58,772**
Trade and other payables	**3,933**
Liabilities directly associated with non-current assets classified as held for sale	**62,705**

C. Profit and loss from discontinued operations disclosed in the income statement:

At 31 December, the disposal group had the following amounts recognised in the income statement which have been disclosed as net loss from discontinued operations:

Stated in thousands of Botswana Pula:	Group 2023 P'000
Contractual Lease Rental Revenue	**9,186**
Straight line rental adjustment	**467**
Operating Expenses	**(9,593)**
Other Operating Income	**2,054**
Fair-value adjustments on investment property	**–**
Investment income	**415**
Finance costs	**(6,675)**
Loss for the year from discontinued operations	**(4,146)**

There are no cumulative income or expenses included in OCI relating to the disposal group.

37. Events after the reporting period

During the period between the reporting date and the date of approval of these financial statements:

- On 1 February 2024, the Kuit Street property, which was held for sale as at 31 December 2023, transferred to the buyer for its book value of P26 million.
- On 18 March 2024, the sale of RDC Properties Limited's 50% stake in 108 Albert Road (Pty) Ltd was successfully concluded and executed, with the counterparty, The Castle Group (Pty) Ltd. The total consideration agreed upon is P39.6 million. On 18 March 2024, RDC Properties Limited received a total of P14.5 million which represents the first payment of the sale agreement. RDC Properties also received 2,102,699 linked units in Capitalgro (Pty) Ltd which were held by The Castle Group (Pty) Ltd. The shares are valued at P10 million.
  RDC Properties Limited will receive the remaining consideration, being approximately P15.1 million over the course of the 2024 financial year. The receipt of shares in Capitalgro (Pty) Ltd, has increased the Group's shareholding in this subsidiary from 61.11% to 64.42%.

38. Going concern assessment

The annual financial statements for the Group and the Company have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

39. Headline earnings reconciliation

	Group	
	2023 P'000	**2022 P'000**
Headline earnings reconciliation		
Profit attributable to ordinary equity holders of the parent entity	**101,039**	137,299
Add: Taxation on debenture interest credited to the statement of changes in equity	**6,886**	5,566
IAS 33 earnings	**107,925**	142,865
Add back: IFRS 5 – Loss from discontinued operations	**4,146**	–
Less IFRS 3 – Bargain purchase gain on acquisition of subsidiary	**(26,797)**	–
Less IAS28 – Equity Accounting of share of Joint venture losses	**(536)**	(310)
Less IAS40 – Change in fair-value of investment properties[1]	**(108,949)**	(97,516)
Less: FV loss/gain on derivatives	**16,040**	(39,001)
Less: Fair value loss on investments	**19,712**	–
Less: Inventory adjustment (Note 4)	**(6,145)**	13,005
Total tax effects of adjustments	**14,653**	25,753
Total non-controlling interest effects of adjustments	**19,181**	18,282
Headline Earnings	**39,231**	63,079
Weighted average number of shares in issue	**758,232,937**	758,232,937
Headline earnings per share	**5.17**	8.32
Diluted headline earnings per share	**5.17**	8.32

[1] *These are the gross amounts, before taking account of the related tax and non-controlling interest.*

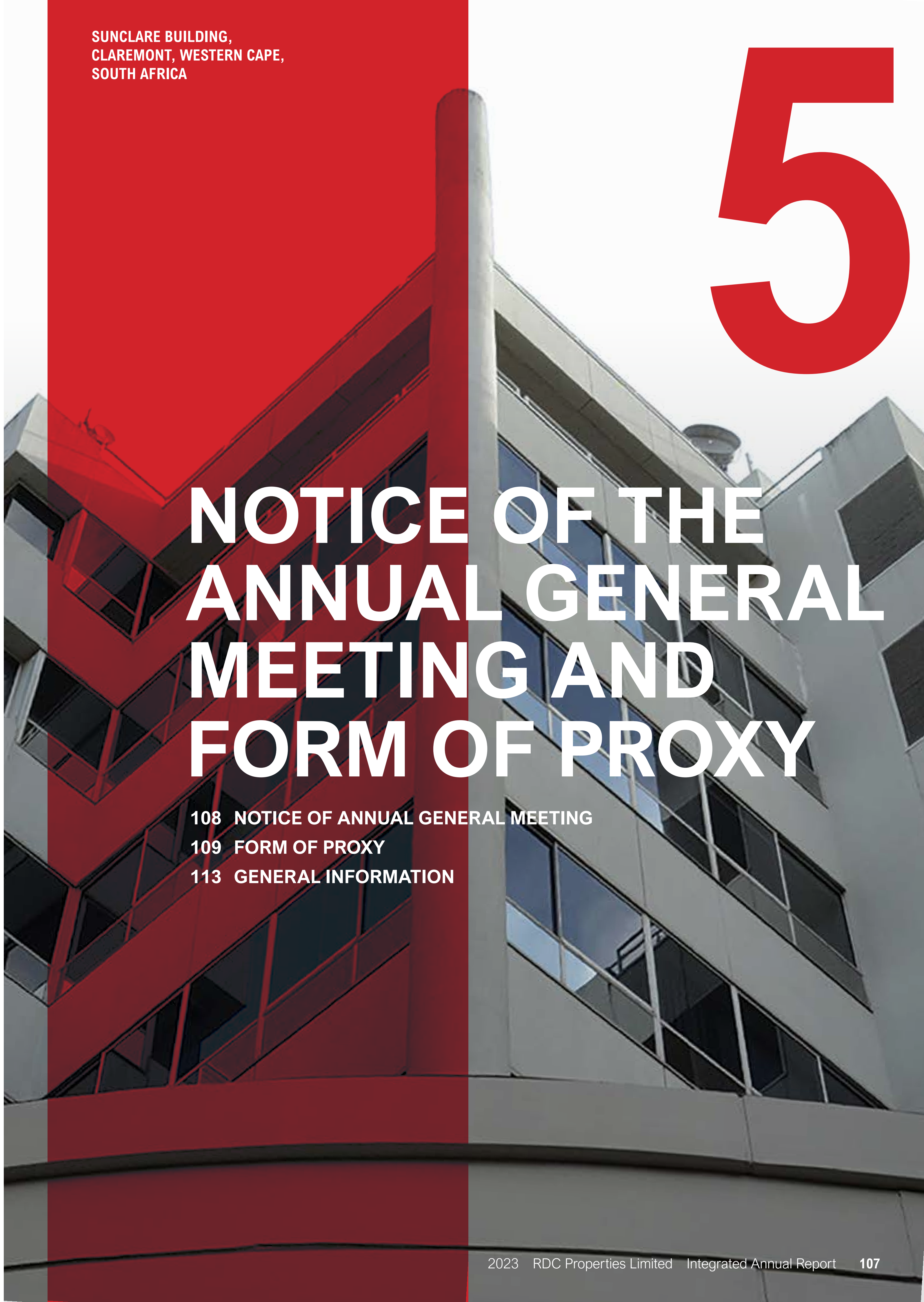
Property Name	Location	Sector	Valuation Pula
BOTSWANA			
Boswa Enterprises	Lot 680 & 692 Serowe Agreement of Lease No 258/96 of 18/7/96	Retail	**11,229,000**
Broadhurst Business Centre	Lease area 234KO on Lot 1 0211 in Gaborone Offices	Office	**20,244,000**
Chobe Commercial centre	Lot 914 Kasane in Chobe Admin District Retail & Offices	Office	**14,323,000**
Chobe Marina Lodge	Lease Area No. 4-AO, Kasane	Hospitality	**278,137,000**
Diamond Mall	Lots 3761, 5422 and 5423, Jwaneng	Retail	**32,777,000**
European Union	Lot 758, Gaborone Offices	Office	**42,281,000**
Gaborone West Warehouses	Lots 22017/18, Gaborone	Industrial	**56,089,000**
Mebala Centre	Lots 1 116/117 & 1840, Gaborone Ext. 3	Retail	**33,877,000**
PEP Serowe	Lot 443 Serowe Retail	Retail	**5,000,000**
Phakalane Warehouse	Lot 21306 Phakalane	Industrial	**19,000,000**
ICC Flats	Lot 80055 & 2558 extension 9, Gaborone	Residential	**140,994,000**
Mole Mall	Molepolole	Land	**433,000**
RDC Mpingo	Plot 50668, Gaborone	Office	**15,105,000**
RDC Tholo	Plot 50369 Gaborone	Office	**37,863,000**
RDC Tsuma	Plot 50669, Gaborone	Office	**16,558,000**
Standard House	Lots 1 124 to 1 130 in Gaborone Ext. 3	Office	**141,278,000**
Standard Serowe	Lot 679 Serowe Retail & Offices	Retail	**5,471,000**
Tsodilo Centre	Lot 194 Maun Retail	Retail	**5,602,000**
Bophelong Senior Living (Pty) Ltd	Gaborone	Land	**6,461,000**
Lotsane	Lot 1707 Palapye Retail	Retail	**42,891,000**
Masa Centre	Lot 54353, Gaborone	Mixed use	**572,754,000**
SOUTH AFRICA			
Cape Quarter Square	Erf 173 320, Green Point, Cape Town	Mixed use	**382,552,000**
32 Napier Street – Commercial	Erf 10114, Green Point, Cape Town	Retail	**19,220,000**
32 Napier Street – Units	Green Point, Cape Town	Residential	**7,635,105**
De Ville	Remainder of Erf 2011, Durbanville, Cape Town	Mixed use	**175,931,000**
Sunclare	Sections 1, 2, 3, 4, 7, 8, 9 and 10 of SS Sunclare, Erf 140700, Claremont, Cape Town	Office	**212,053,000**
Old Cape Quarter - Commercial	Erf 168 985, Green Point, Cape Town	Mixed use	**77,588,000**
Old Cape Quarter - units	Green Point, Cape Town	Residential	**151,307,455**
St Andrew Office Park	Sections 5 to 12 SS, Bedfordview, Johannesburg	Office	**14,738,000**
Viscount Road Office Park	Sections 1, 6 to 9 and 15 to 20 SS, Bedfordview, Johannesburg	Office	**24,999,000**
Waterford Office Park	Erf 735 and 736, Maroeladal, Fourways, Johannesburg	Office	**6,119,000**
Coachmans Crossing Block C	Portion 1 of erf 20, Lyme Park, Bryanston, Johannesburg	Office	**13,361,000**
Upper Grayston Blocks A, B, D, E & F	F Sections 13 to 21 SS, Upper Grayston 1, Sections 3, 4, 5, 7, and 8 SS, Upper Grayston 2, Upper Grayston 3, Upper Grayston 4	Office	**85,857,000**
Constantia View Office Park	Sections 1, 2, 4, 5 and 6 SS, Constantia View Office Estate, Portion 1 of Erf 458, Quellerina Ext 4, Johannesburg	Office	**23,116,000**
Willowvale	Erf 567, Willowbrook Ext 27, Ruimsig, Johannesburg	Office	**11,816,000**
382 Jan Smuts	Erf 5 Craighall Park and Erf 224 Craighall, Johannesburg	Office	**39,328,000**
3 River Road	Holding 346, Geldenhuys Estate Small Holding and Erven 439 and 1804, Bedfordview Ext 62 and Erf 1312, Bedfordview Ext 279, Johannesburg	Office	**14,957,000**
31 Beacon Road	Erf 55, Florida North, Johannesburg	Office	**30,364,000**
6-8 Sturdee Avenue	Erven 195 and 196, Rosebank, Johannesburg	Office	**69,764,000**
308 Kent Avenue	Erf 954, Ferndale, Randburg, Johannesburg	Office	**35,085,000**
Hanover Square	Portions 18 and 19 of Erf 77, Edenvale, Johannesburg	Office	**13,719,000**
Whitby Manor	Erf 2669 and 2670, Noordwyk Ext 61, Midrand	Office	**10,283,000**
Sparrow Shopping Centre	Erf 3259, Nylstroom Ext 2, Modimolle	Retail	**46,291,000**
Evagold shopping centre	Erf 12291, Evaton West, Extension 11	Retail	**62,304,000**
Isando	Erf 235, 431 & 434, Kempton Park, Isando	Industrial	**26,342,000**
Kuit Street	Erf 60, Waltloo, Pretoria	Industrial	**26,280,000**
Route 21	Erf 925, Irene Ext 30	Industrial	**38,914,000**
Musgrave Road	Portion 12 (of 1) of Erf 2242, Portion 34 (of 33) of Erf 2242 and remaining extent of Erf 2242, Durban	Mixed use	**30,959,000**

PORTFOLIO SUMMARY

for the year ended 31 December 2023

Property Name	Location	Sector	Valuation Pula
SOUTH AFRICA (continued)			
Clifton Place	Remainder of portion 49 of Erf 2242, Durban	Office	**51,067,000**
Link Hills	Erf 1024, Hillcrest	Retail	**119,758,000**
Tyger Lake	Erf 39227, Tyger Valley, Cape Town	Office	**13,917,000**
The Regent	Erf 1158, Sea Point, Cape Town	Mixed use	**95,462,000**
Westlake Lifestyle Centre	Erf 13047, Constantia, Cape Town	Mixed use	**76,555,000**
The Edge	Erf 39224, 38794, 39215, 39651 and 39037, Tyger Falls, Cape Town	Office	**269,643,000**
Voortrekker Road	Erf 17827 and Erf 23831, Maitland, Cape Town	Office	**146,972,000**
Caxton Street	Erf 8132, Zonnebloem, Cape Town	Office	**69,658,000**
Radisson Red Hotel	Erf 232 Rosebank, Johannesburg	Hospitality	**292,889,245***
108 Albert Road & Frere Street	Erf 14849, Erf 11152 and Erf 170664, Woodstock, Cape Town	Office	**83,585,000**
CROATIA			
Sub City	Dr Franjo Tudman Promenade 2A, 20207 Mlini, Srebreno, Zupa Dubrovacka (Dubrovnik)	Retail	**493,967,000**
VMD	Condominium ownership of 15 of the 26 floors, situated at Strojarska Cesta 20, Zagreb	Office	**410,104,000**
Meridijan	Gracanska 208 Street, 10000, Zagreb	Retail	**262,333,000**
Yazaki	Slavonska Avenue 26/6, 26/18, Zagreb	Industrial	**189,495,000**
MOZAMBIQUE			
XaiXai	Xai Xai, Mozambique	Retail	**21,829,484**
Zimpeto	Maputo, Mozambique	Retail	**23,223,368**
RDC XQL	Maputo, Mozambique	Retail	**23,759,320**
USA			
The Manning	Nashville, Tennessee	Development	**46,752,322**
MADAGASCAR			
Isalo Lodge	Ambarinakoho	Hospitality	**28,468,500**
ZAMBIA			
David Livingstone Safari Lodge	Victoria Falls	Hospitality	**73,594,815**

* *Including property, plant and equipment*



SUNCLARE BUILDING, CLAREMONT, WESTERN CAPE, SOUTH AFRICA

5

NOTICE OF THE ANNUAL GENERAL MEETING AND FORM OF PROXY

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Eighth annual general meeting of RDC Properties Limited will be held virtually on Thursday 23 May 2024 at 09h00 for the following business:

AGENDA

1. To read the notice convening the meeting

ORDINARY RESOLUTIONS

2. To receive, consider and approve the Annual Report in respect of the year ended 31 December 2023.
3. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2023.
4. To approve the distribution as recommended by the directors.
5. To approve the payment of P1,421,000 for directors' emoluments (fees and expenses) for the year ended 31 December 2023.
6. To elect Mr GM Fisher who retires by rotation in terms of Article 17.1 of the Constitution and, being eligible, offers himself for re-election. Refer to page 44 for his biographical information and summary curriculum vitae.
7. To elect Ms FEC Giachetti who retires by rotation in terms of Article 17.1 of the Constitution and, being eligible, offers herself for re-election. Refer to page 44 for her biographical information and summary curriculum vitae.
8. To elect Ms NR Milne who retires by rotation in terms of Article 17.1 of the Constitution and, being eligible, offers herself for re-election. Refer to page 45 for her biographical information and summary curriculum vitae.
9. To elect Mr SN Susman who retires by rotation in terms of Article 17.1 of the Constitution and, being eligible, offers himself for re-election. Refer to page 45 for his biographical information and summary curriculum vitae.
10. To approve the remuneration of the Auditors for the year ended 31 December 2023.
11. To appoint Auditors for the ensuing year.
12. To respond to any questions posed by unit holders of the Company to the Board or senior management, which may be appropriate for an annual general meeting.

A member entitled to attend and vote, may appoint a proxy to attend and vote for him/her on his/her behalf, and such proxy need not also be a member of the Company. The instrument appointing such a proxy must be emailed to dolly.mmereki@pwc.com not less than 48 hours before the meeting i.e., before 09h00 on Tuesday 21 May 2024.

By order of the Board

PricewaterhouseCoopers Pty Limited
Company Secretaries

24 April 2024

Registered Office:
Plot 64289, Tlokweng Road, Gaborone
P O Box 294
Gaborone

FORM OF PROXY

The Twenty Eighth annual general meeting of members to be held on Thursday 23 May 2024 virtually.

I/We ________________________ of ________________________ being a member/members of RDC Properties Limited do hereby appoint:

________________________ of ________________________ or failing that person the Chair of the meeting as my/our proxy to vote for me/us on my/our behalf at the said annual general meeting of the Company and vote as follows on the resolution to be proposed at the meeting.

Ordinary Business	For	Against	Abstain
Ordinary Resolution No. 1 (Agenda item 2)			
Ordinary Resolution No. 2 (Agenda item 3)			
Ordinary Resolution No. 3 (Agenda item 4)			
Ordinary Resolution No. 4 (Agenda item 5)			
Ordinary Resolution No. 5 (Agenda item 6)			
Ordinary Resolution No. 6 (Agenda item 7)			
Ordinary Resolution No. 7 (Agenda item 8)			
Ordinary Resolution No. 8 (Agenda item 9)			
Ordinary Resolution No. 9 (Agenda item 10)			
Ordinary Resolution No. 10 (Agenda item 11)			

In the event that any instruction in respect of any resolution is left blank or unclear, the proxy will vote as he/she deems fit.

A member entitled to attend and vote may appoint a proxy to attend and vote for him/her on his/her behalf and such proxy need not also be a member of the Company. The instrument appointing such a proxy must be emailed to dolly.mmereki@pwc.com not less than 48 hours before the meeting i.e., before 09h00 on Tuesday 21 May 2024.

Signed this ________________________ day of ________________________2024

Signature ________________________

NOTES

NOTES

NOTES

GENERAL INFORMATION

RDC PROPERTIES LIMITED
Company No. BW00000877423

NATURE OF BUSINESS
The Group and Company are engaged in the business of leasing investment property to earn rentals.

DIRECTORS
Andrew Bradley
Gary Fisher
Federica Giachetti
Giorgio Giachetti
Guido R Giachetti
Bogolo Kenewendo (Retired as director 24 May 2023)
Joanne Mabin
Lesang Magang (Retired as director 24 May 2023)
Kate Maphage
Sithabile Mathe (Appointed as director 24 May 2023)
Jacopo Pari
Nicola Milne
Simon Susman

SECRETARY
PricewaterhouseCoopers (Pty) Ltd

INTERNAL COMPANY SECRETARY
Lucy Caplan

REGISTERED OFFICE
Plot 50371
Fairgrounds Office Park, Gaborone

BUSINESS ADDRESS
Botswana
Plot 54353
Unit 1H, 1st Floor
Masa Square Centre
Western Commercial Road
Central Business District
Gaborone

Tel: +267 391 4548

South Africa
6th Floor
Sunclare Building
Claremont
Cape Town

Tel: +27 21 685 5948

Croatia
Meridijan Building
Ulica Grada Vukovara 269F
10000 Zagreb
Croatia

Tel: +385 98 905 4426

POSTAL ADDRESS
P O Box 405391
Gaborone
Botswana

INDEPENDENT AUDITORS
Grant Thornton
Chartered Accountants
A Botswana member firm of Grant Thornton International Limited

BANKERS
ABSA Bank Botswana Limited
The ABSA Bank of South Africa
Access Bank Botswana Limited
African Banking Corporation of Botswana Limited
Erste & Steiermärkische Bank
First National Bank of Botswana Limited
First National Bank of South Africa
Nedbank of South Africa
Privredna Banka Zagreb
Stanbic Bank Botswana Limited
Standard Bank of South Africa
Standard Bank (Mauritius) Limited
The Mauritius Commercial Bank Limited
Investec Bank Limited