



RDC PROPERTIES LIMITED AUDITED FINANCIAL RESULTS PRESENTATION

FOR THE PERIOD ENDED 31 DECEMBER 2022

RDC PROPERTIES LIMITED

INTRODUCTORY VIDEO



Welcome to the RDC Year-end Results Presentation
The meeting will commence immediately after this short video presentation





DISCUSSION TOPICS



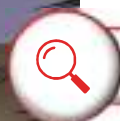
INTRODUCTION



ENVIRONMENTAL, SOCIAL & GOVERNANCE



FINANCIAL RESULTS



PORTFOLIO ANALYSIS



ACQUISITIONS & IMPROVEMENTS



Q&A SESSION

RDC PROPERTIES LIMITED

OUR PROPERTY PORTFOLIO - 2022



DIVERSIFICATION:



- A well-diversified portfolio of 71 assets Spread across geographical regions including Botswana, South Africa, Croatia, Mozambique, Madagascar and USA.
- Sectors include office, retail, industrial, residential and hospitality
- Natural hedge through in-country incomes and expenses

ACHIEVEMENTS:



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

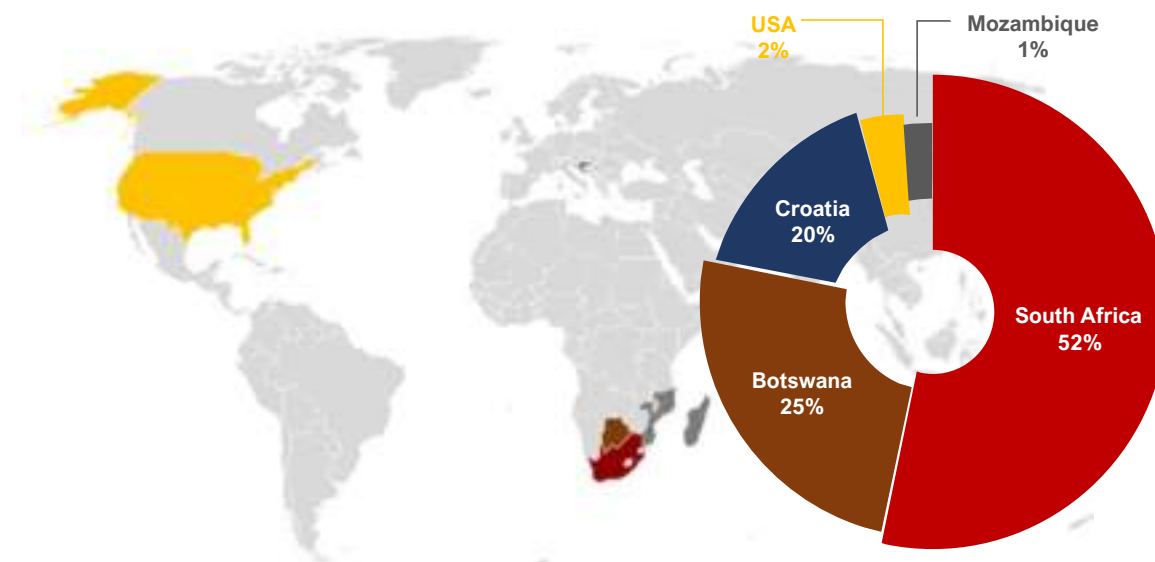
ASSET MANAGEMENT:



Dedicated asset management skills:



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



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AN OVERVIEW OF OUR PROGRESS SINCE HALF YEAR



1 Sale of properties

For the financial year 2022, the group has successfully disposed of and transferred 6 non-core properties and 18 units of inventory held.



2 USA investment - redemption

In March 2023, the group disposed of its investment in the Research Court Property (USA) generating a cash value of USD 2.4M. The redemption comes in at a favorable time given that interest rates have increased significantly.



3 Significant lease renewals

Over the year, the group has concluded approximately 123,000m² of lease renewals (out of a total of 379,000m²). By contrast only 23,000m² is up for renewal this year, thereby significantly lowering operational and business continuity risk.



4 David Livingstone acquisition

The successful conclusion on the David Livingstone Lodge acquisition, to be closed early April 2023. RDCPI and PHZ as local partners are acquiring a 100% stake in the property and operations. RDCPI will be a 50% partner.



5 Positive sales offers

Subsequent to year-end, the group has received affirmative sales offers at book value on two properties which form part of the Capitalgro portfolio – Equinox and Westlake. The group is currently considering these sales and others..



6 European portfolio outperforms

The portfolio of assets held in Croatia has outperformed the rest of the group. Croatia has joined the European Union effective 1 January 2023, this results in more demand for such properties..



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2022 A YEAR OF GLOBAL TURBULENCE



FY2022

- **Strong economic recovery** from COVID but many challenges ahead
 - Inflation
 - Interest rate
- **Energy crisis** due to Ukraine war
- **South Africa electricity crisis** and business interruptions
- **Geopolitical tensions**

OUR RESPONSE

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



The consolidated results for the year ending 31 December 2022 reflect the success of the group's acquisition and growth strategy across various regions and sectors and continue to demonstrate the resilience of a well-diversified portfolio.

FUTURE OUTLOOK

- ✓ THE RDC PORTFOLIO CONTINUES TO PROVE ITS STRENGTH IN DIVERSIFICATION
- ✓ A REBOUND IN THE LEISURE MARKET IS POSITIVE – WITH FIGURES FOR JAN AND FEB 2023 SUBSTANTIATING THIS
- ✓ CORPORATE TRAVEL HAS STARTED TO PICK UP SUBSTANTIALLY
- ✓ IN GENERAL "OUR" REAL ESTATE MARKETS ARE IMPROVING
- ✓ CONTINUE TO SEEK DISPOSALS OF UNDER-PERFORMING AND NON-STRATEGIC ASSETS
- ✓ CONTINUE TO REDUCE LTV, REDUCE EXPENSIVE DEBT FUNDING AND IMPROVE FINANCIAL RATIOS AND COMPLIANCE WITH COVENANTS





DISCUSSION TOPICS



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ENVIRONMENTAL, SOCIAL & GOVERNANCE



FINANCIAL RESULTS



PORTFOLIO ANALYSIS



ACQUISITIONS & IMPROVEMENTS



Q&A SESSION

RDC PROPERTIES LIMITED

STRONG ESG VALUES – INTEGRAL TO OUR STRATEGY



WE OWN AND MANAGE STRATEGIC PROPERTY ASSETS THAT ADD VALUE TO THE COMMUNITIES WE SERVE



E – Environment is an integral part to our decision-making. To date, the group has achieved the following:

- 7 Properties fitted with PV Solar
- 32 Properties fitted with water wastage monitoring technology
- 6 Properties with approved green ratings by the GBCSA



S – Adding value to our community is part of our purpose

- We have worked in empowering women (through JV – 45% Board)
- We support arts & culture (awards, residencies, purchases for our projects)
- Training and localisation and meaningful partnerships



G – setting the example and abiding to the BSE code of governance

- Formal Board performance was carried out.
- Sub-committees reorganized.



Green Ratings Achieved:

- 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)



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ESG – SOCIAL IN ACTION: BOTSWANA



Primary School renovation

RDC has supported the **Ngwapa Primary School** for many years. This year, RDC staff in Botswana assisted in renovating the playground for the learners to enjoy.



Sefhare Primary Hospital Donations

Since 2014, RDC has been donating funds towards Sefhare Primary Hospital's Christmas party for in-patients without family or friends. The event was a success, with 50 patients receiving gifts and community representatives collaborating to cater for them. We even presented baby hampers to babies born on Christmas Day and New Year's Day and treated guests to a delicious Christmas cake and snacks.



Annual prize-giving

Each year we run our annual prize-giving ceremony to recognise and reward the best performing PSLE students.



Mother Pontsho Foundation

We are proud to sponsor and donate to the Mother Pontsho Foundation, a non-governmental charity organisation that cares for 72 children by providing them with essential needs such as food, education, shelter and compassion.



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ESG – Social in Action: South Africa



Investec Cape Town Art Fair

RDC Property Group has been supporting art communities for several decades. At the Investec Cape Town Art Fair, The RDC Property Group art for space and space for art award was given to the gallery that best interpreted and embodied the art fair's theme for the year, being "Connections".



Radisson RED, Hotel, Rosebank, art initiative

At the Radisson RED Hotel in Rosebank, aspiring artists are given the opportunity to showcase their work, with artwork in common areas updated every 6-9 months. This approach helps the hotel expand its contemporary art collection while promoting the work of local artists.



Mandela Day

In the spirit of Mandela Day, the RDC Property Group employees made sandwiches and soup to feed a local community in need.



The Kind Heart Bench Mental Health Activation

Hosted at one of our prime properties, Cape Quarter Square, South Africa, the Kind Heart Bench Mental Health Activation event is a social innovation project aimed to raise awareness of mental health issues, including depression, anxiety, and bullying.



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STRONG ESG VALUES – GOVERNANCE STRUCTURES



RDC's board recognizes that **good governance and strong leadership** create confidence for its stakeholders. Since our half-year presentation, the following changes have been made to the corporate governance structures of the group:

1. The property and investment committees have merged after an extensive board performance assessment that took place in November 2022.
2. Directors' remuneration has been reviewed following a benchmarking exercise.

The current board of directors is made up as follows:

At 30 March 2023	Appointment	Years	Position
Guido R Giachetti	02 May 1996	26.8	Executive Chairman of the Board
Giorgio Giachetti	02 May 1996	26.8	Non-Executive Director
Lesang Magang	06 Aug 2002	20.6	Chair of the Nomination & Remuneration Committee
Catherine K Maphage	13 Nov 2012	10.3	Chair of the ESG Committee
Jacopo Pari	12 Sep 2013	9.5	Executive Director
Andrew JG Bradley	26 May 2016	7.8	Chair of Investment & Properties Committee Lead Independent Director
Bogolo J Kenewendo	28 May 2020	2.8	Non-Executive Director
Federica EC Giachetti	22 March 2022	1.0	Non-Executive Director
Gary M Fisher	22 March 2022	1.0	Executive Director
Nicola R Milne	22 March 2022	1.0	Chair of the Audit & Risk Committee
Simon N Susman	22 March 2022	1.0	Non-Executive Director
Joanne Mabin	22 March 2022	0.5	Executive Director
Average		9.1	

Composition

BOARD INDEPENDENCE



BOARD GENDER DIVERSITY





DISCUSSION TOPICS



INTRODUCTION



ENVIRONMENTAL, SOCIAL & GOVERNANCE



FINANCIAL RESULTS



PORTFOLIO ANALYSIS



ACQUISITIONS & IMPROVEMENTS



Q&A SESSION

RDC PROPERTIES LIMITED

FINANCIAL HIGHLIGHTS – 31 DECEMBER 2022



INVESTMENT AND PROPERTY PORTFOLIO

P5.9 billion **2%**

(2021 – P5.8 billion)

The portfolio has grown to P5.9 billion - an increase of P86.2 million despite the sale of P110 million of less-strategic assets, including the Roots Tower property in Maun.



REVENUE

P525 million **258%**

(2021 – P147 million)

Full consolidation of Tower Property Fund (12 months), lower overall vacancy and positive exchange rate movements contributed to the growth in revenue



NET ASSET VALUE PER SHARE

P3.29 **2%**

(2021 – P3.23 per share)

Net Asset Value per share improves by 2% to P3.29 per share (2021: P3.23)



PROFIT FOR THE PERIOD

P184 million **163%**

(2021 – P70 million*)

The increase in profit for the period is due to the positive impact of the acquisition of the Tower portfolio, fair-value gains on investment properties & interest rate hedges.



EARNINGS PER SHARE

18.84 **13%**

(2021 – 16.63 per linked unit*)

Earnings Per Share is higher at 18.84 thebe (2021: 16.63 thebe*)



LOAN TO VALUE NET OF CASH BALANCES

LTV RATIO:
45% **2%**

(2021 – 46%)

The group has maintained a healthy LTV at 45% of the portfolio, a 2% change/movement in the ratio for the comparable period.

*Excluding Bargain Purchase Gain on Tower Acquisition



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31 DECEMBER 2022 YEAR-END RESULTS



SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	2022 P'000	2021 P'000	% Change
Revenue			
Contractual rental income	525 556	145 289	
Straight-line lease accrual	(351)	1 273	
	525 205	146 562	258%
Net property operating expenses	(201 634)	(47 083)	
Net property income	323 571	99 479	225%
Revenue from the sale of inventory	77 483	-	
Cost of sales	(77 648)	-	
Gross profit from operations	323 406	99 479	225%
Other operating expenses	(54 442)	(38 057)	
Gains/(losses) arising from joint venture	310	(413)	
Other foreign exchange gains/(losses)	2 259	(1 820)	
Other operating income	15 541	3 503	
Inventory write-down	(13 005)	-	
Profit from operations before fair-value adjustments	274 069	62 692	337%
Surplus arising on fair valuations of investments	1 765	16 051	
Surplus arising on fair valuation of interest rate derivatives	39 001	-	
Surplus arising on revaluation of investment properties	97 516	36 632	
Profit from operations	412 351	115 375	257%
Investment income	8 791	18 343	
Finance costs	(212 228)	(68 598)	
Bargain purchase gain	-	577 342	
Profit before tax	208 914	642 462	-67%
Income tax expense	(24 752)	4 920	
Profit for the year	184 162	647 382	-72%
Other comprehensive income			
<i>Items that may subsequently be classified to profit or loss</i>			
Exchange differences on translation of foreign operations	28 247	(8 869)	
Fair-value gain/(loss) on available for sale financial assets	(1 104)	13 165	
Total comprehensive income for the year	211 305	651 678	-68%
Profit attributable to			
Owners of the company	137 299	629 325	
Non-controlling interests	46 863	18 057	
	184 162	647 382	-72%
Total comprehensive income for the year attributable to:			
Owners of the company	164 442	633 621	
Non-controlling interests	46 863	18 057	
	211 305	651 678	-68%
Average number of linked units in issue	758 232 937	391 792 630	
Earnings per linked unit (thebe)	18.84	163.99	
Number of linked units in issue at year-end	758 232 937	758 232 937	
Distribution per linked unit (thebe)	3.50	9.37	

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
	2022 P'000	2021 P'000	% Change
Assets			
Property, plant and equipment	47 090	37 081	
Intangible assets	1 000	1 000	
Investments & loans	95 413	89 340	
Investment in joint venture	25 746	26 408	
Investment properties	5 575 136	5 535 902	
Rental receivable - straight-line rental adjustment	(4 992)	(4 641)	
Available for sale investments	10 642	14 129	
Long-term trade receivables	36 478	26 086	
Inventories	161 076	99 522	
Other current assets	180 097	272 019	
Total assets	6 127 686	6 096 846	0.5%
Equity and liabilities			
Equity attributable to the owners of the parent	2 497 463	2 447 686	
Non-controlling interest	532 734	493 329	
Long-term borrowings - current and non-current	2 763 685	2 830 877	
Deferred tax liabilities	185 060	168 956	
Current liabilities	148 744	155 998	
Total equity and liabilities	6 127 686	6 096 846	0.5%

Key Note:

Profit for the year in the comparable period (2021), excluding the bargain purchase gain was P70,040,000. Current year profit thus represents an increase of 163% on prior year comparable figures.

Other key events/Structural Changes

- Commencing 1 January 2023, the Group has engaged in a simplification process of the structure of the South African subsidiaries – reducing the number subsidiaries in SA by transferring all assets and liabilities up the chain to its holding company in SA. This aims to reduce cost and administrative burden.
- RDC Properties (Ultimate parent company of the Group) is in the process of being certified as an International Financial Services Company (IFSC) by the Botswana regulations. Once complete, this will allow the Group to amalgamate a further Botswana wholly owned subsidiary into RDC Properties Limited.



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FINANCIAL RISK MANAGEMENT – OVERVIEW OF OUR HEDGING STRATEGIES



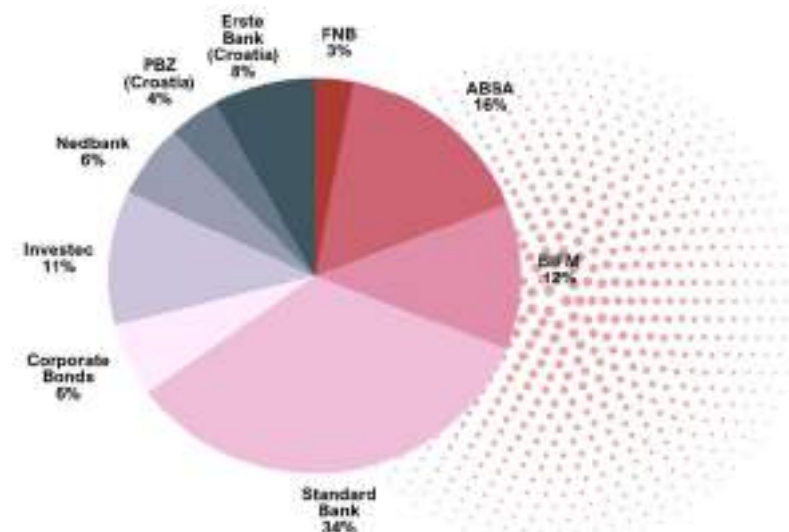
Interest rate hedging

- The reporting period saw a significant increase in prime lending rates across all jurisdictions that we operate in.
- The group has mitigated the impact of this upward trend in interest rates, as 56% of our debt is either fixed or hedged.
- To manage interest rate risk, our strategy is to gradually build our hedge portfolio by capitalising on opportunities when there are decreases in the yield curve.

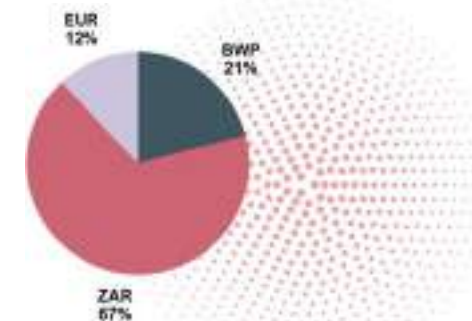
Exchange Rate Hedging

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

Bank diversification: Portfolio of borrowings by institution



Portfolio of borrowings by currency





DISCUSSION TOPICS



INTRODUCTION



ENVIRONMENTAL, SOCIAL & GOVERNANCE



FINANCIAL RESULTS



PORTFOLIO ANALYSIS



ACQUISITIONS & IMPROVEMENTS



Q&A SESSION

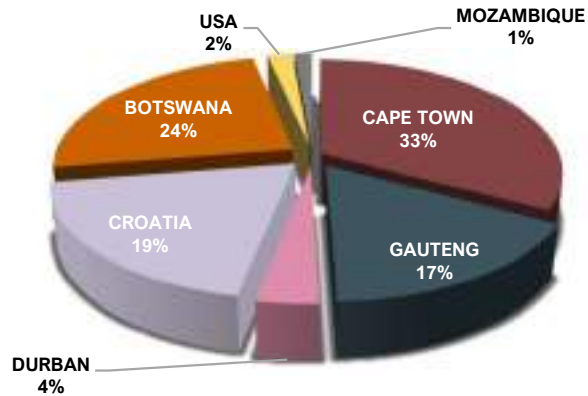
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PORTFOLIO ANALYSIS – VALUE AND REVENUE

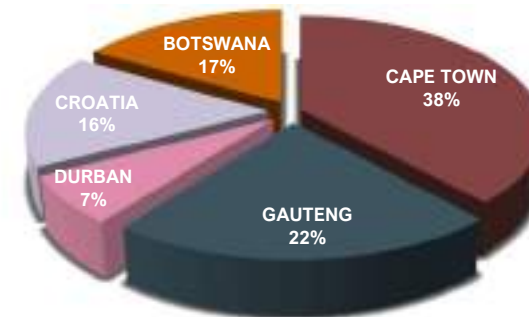


Diversification has strengthened the portfolio, both in terms of regions and sectors.

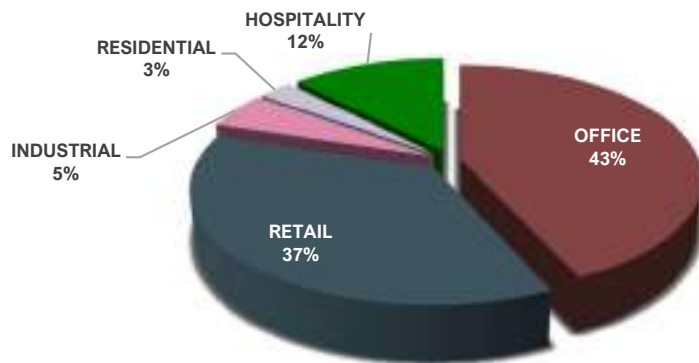
Value by Region – December 2022



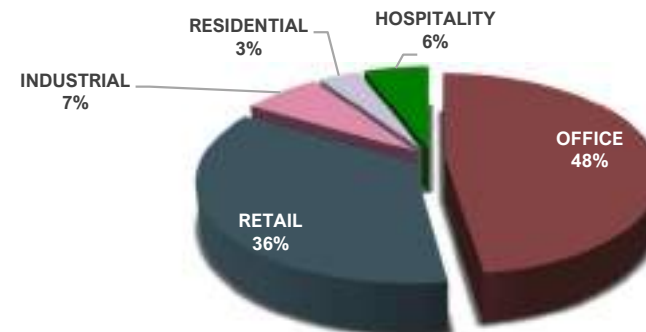
Revenue by Region – December 2022



Value by Sector – December 2022



Revenue by Sector – December 2022

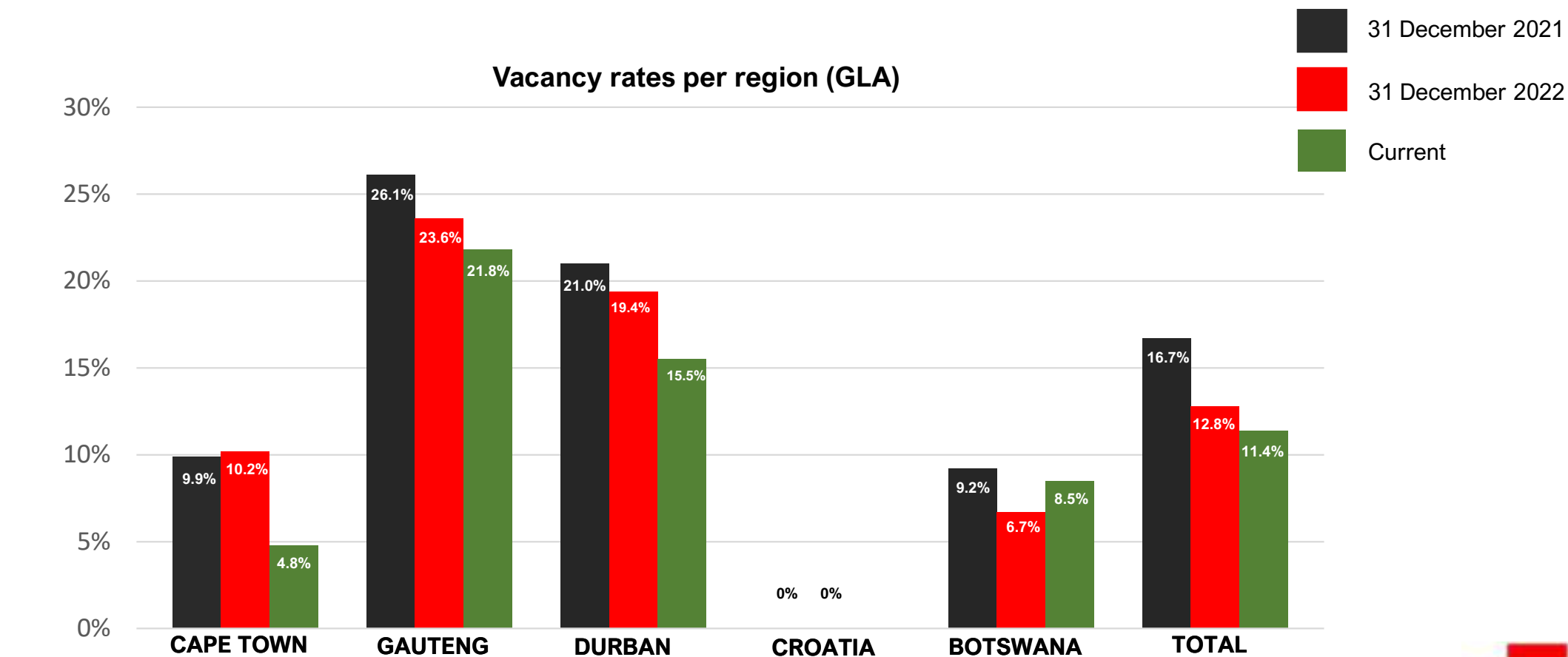


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PORTFOLIO ANALYSIS – VACANCY ANALYSIS



Through the synergies and skills gained from the business acquisition, the group has been able to reduce overall vacancies across the portfolio



Proportion of Portfolio by Value:

33%

17%

4%

19%

24%

97%*

*Excludes Mozambique, Madagascar and USA



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COMPARATIVE PERFORMANCE ANALYSIS – TOWER PORTFOLIO ON ITS OWN



Tower performance Jan – Dec 2022 vs. Jan – Dec 2021 (excluding properties sold):



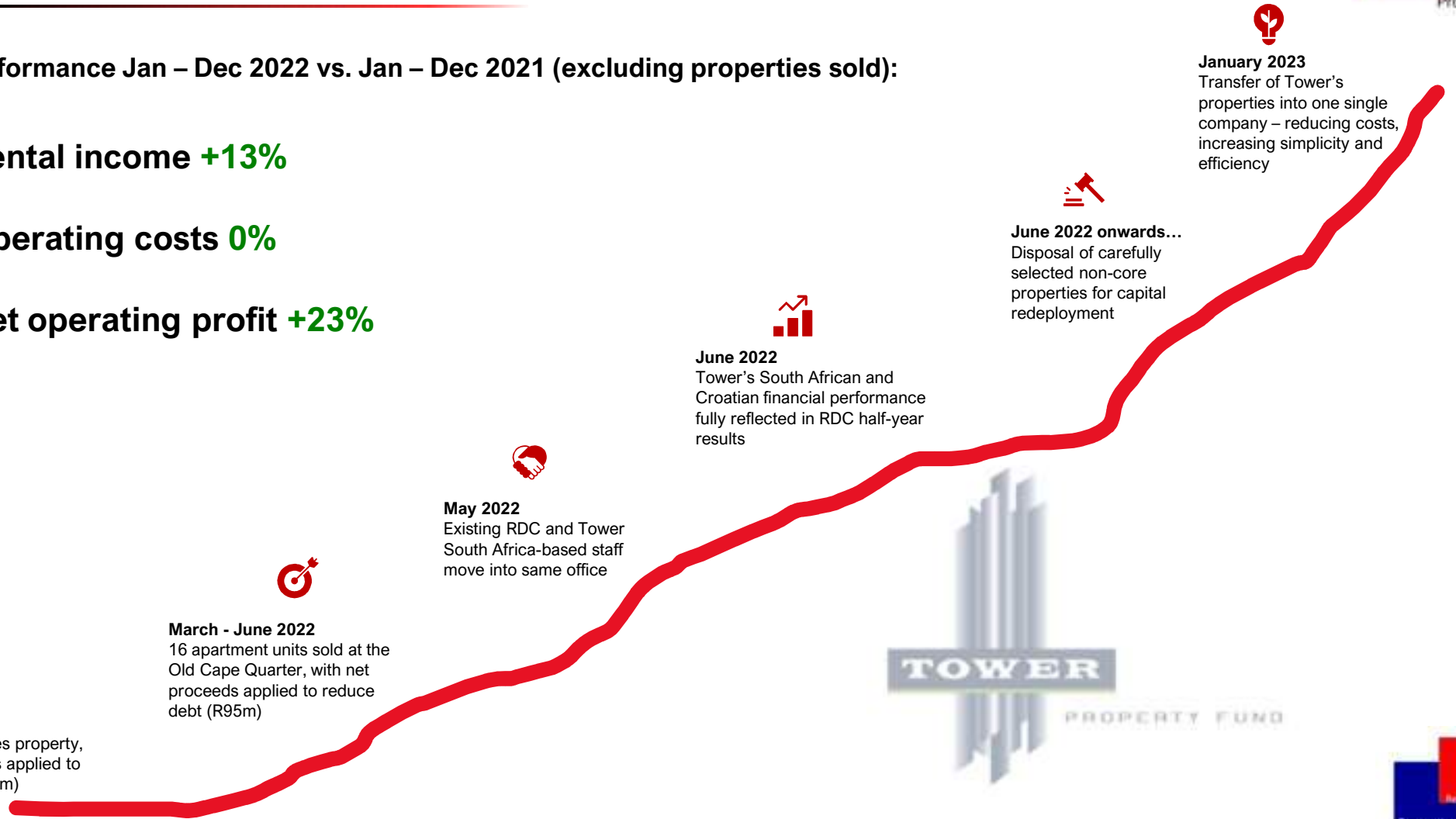
Rental income **+13%**



Operating costs **0%**



Net operating profit **+23%**





DISCUSSION TOPICS



INTRODUCTION



ENVIRONMENTAL, SOCIAL & GOVERNANCE



FINANCIAL RESULTS



PORTFOLIO ANALYSIS



ACQUISITIONS & IMPROVEMENTS



Q&A SESSION



RDC PROPERTIES LIMITED

PROSPECTS – DISPOSAL STRATEGY



FY2022 - Properties Disposed & Transferred

Property	Location	FV at date of Business Combination (Base Currency)	Value Sold (Base Currency)
The Braides	Johannesburg, South Africa	R21,000,000	R21,000,000
Portion of Coachman's Crossing Bl. D	Johannesburg, South Africa	R2,771,030	R5,015,500
Units - Old Cape Quarter, Napier Street	Cape Town, South Africa	R103,421,981	R103,435,252
Woodlands Drive Office Park	Johannesburg, South Africa	R6,600,000	R8,620,000
Roots Tower	Maun, Botswana	P10,680,000	P10,637,000
Cleveland Building	Johannesburg, South Africa	R5,343,000	R5,200,000



Economic Value Realisation: Bargain Purchase Gain:

RDC recognized bargain purchase gain on the acquisition of Tower Property Fund in the prior year totaling P577 million. The sale of properties is a means of realizing the economic value thereof, as the bargain purchase gain indicates assets acquired at a discount to its fair-value.



Economic value realized through the sale of properties

Anticipated Future Property Disposals

Property	Location	Current Value (BWP) – Per AFS
Equinox Property	Cape Town, South Africa	P 74 542 580
Westlake Lifestyle Centre	Cape Town, South Africa	P 75 112 422
Clearview Motor City	Johannesburg, South Africa	P 31 798 664
De Ville Shopping Centre	Cape Town, South Africa	P 180 566 975
Hanover Square	Johannesburg, South Africa	P 16 845 869
Whitby Manor	Johannesburg, South Africa	P 10 541 375
Sparrow Shopping Centre	Gauteng, South Africa	P 51 829 503
Kuit Street	Pretoria, South Africa	P 30 752 308
Isando	Johannesburg, South Africa	P 35 059 307

Offers Received



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ACQUISITIONS & IMPROVEMENTS



David Livingstone Safari Lodge Zambia

The closing date for the acquisition has been confirmed for 14 April 2023.

The hotel, which is a 5-Star, 77-key and conference venue with a 200-seater river cruiser, has seen a very favourable start to the year, posting their best results ever for a comparable period (Jan and Feb).

RDC is to acquire a 50% share in the David Livingstone Safari Lodge, by partnering with PHZ Zambia (who acquires the remaining 50%). In consideration for the acquisition, the current DBSA loan of USD 22.1M owed by David Livingstone will be settled at USD 5M, the legacy shareholders will be settled for USD 1M and capped liabilities settled at USD 182K.



Croatia EU & building enhancements

With Croatia entering the European Union from 1 January 2023, the group further expects Croatia to benefit from greater interest in the property market from EU investors. Further to this, RDC have agreed with Yazaki Europe Limited to enhance the building through capital improvements to increase the space and rental generated. The result was an increase in the value of the property taking into account the future increase in rentals. The property value increased from EUR 9M to EUR10.6M



Link Hills property – new anchor tenant

We have secured a new anchor tenant for our Link Hills property in Durban - The Oxford Freshmarket Group.

The tenant comes in to replace the existing Pick 'n Pay lease which was due to end in November 2023.

The new anchor ensures continuity on letting and will be able to attract desirable tenants, from whom interest has already been shown.



Health Care Industry Prospects

The RDC Group is pleased to announce the successful conversion of its low performing asset – Upper Grayston Block B (Johannesburg) into a wellness mental health clinic – Equanimity. The tenant adds further diversification to the operations of RDC and will create economic value. Equanimity Wellness Clinic came into operation in August 2022 and is now in full swing.






RDC continues to explore the development of a “Senior Living” facility in Botswana and is currently prospecting for partners to continue with this plan.





DISCUSSION TOPICS



-  INTRODUCTION
-  ENVIRONMENTAL, SOCIAL & GOVERNANCE
-  FINANCIAL RESULTS
-  PORTFOLIO ANALYSIS
-  ACQUISITIONS & IMPROVEMENTS
-  Q&A SESSION



THANK YOU

RDC
Property Group

