

Local

COMPANY ANNOUNCEMENTS

Closed Period Announcement



- Letshego announced that it has entered a closed period from 1 Jul 21 until financial results are published, on or before 30 Sep 21.
- P0.90 (YTD: +25.00%) PE: 3.1 PB: 0.4 D/Y: 13.56% Mkt Cap: 1,929.6mn

Recovery of 62 Carat (ca) Pink Diamond, US\$220mn Senior Debt Facilities and Closing of C\$41.4mn Financing



- Recovery of 62 Carat (ca) Pink Diamond
 - Lucara announced the recovery of a 62.7ca fancy pink diamond from its Karowe Mine. The diamond is described as a high-quality, fancy pink, Type Ila gem.
 - The diamond was recovered from the EM/PK(S) unit of the South Lobe.
- US\$220mn Senior Debt Facilities
 - Lucara announced that it has signed the loan documentation for US\$220mn in relation to its previously announced senior secured project financing debt package.
 - The package consists of a project finance facility of US\$170mn for the development of the underground project, and a US\$50mn working capital facility to re-finance the company's existing debt and to support on-going operations.
 - The debt facilities are backed by five major banks.
- Closing of C\$41.4mn Financing
 - Lucara further announced that it has closed its bought deal financing as well as the concurrent private placement for aggregate gross proceeds of approximately C\$41.4mn.
 - A total of 33,810,000 common shares of the company were sold at a price of C\$0.75/share, for gross proceeds of approximately C\$25.4mn, including 4,410,000 common shares issued pursuant to the over-allotment option, which was fully exercised.
 - A total of 21,347,733 common shares were sold at C\$0.75/share as part of the concurrent private placement, raising an additional C\$16.0mn in gross proceeds.
 - The financing is subject to final approval by the Toronto Stock Exchange.
 - The net proceeds of the financing will be used for working capital to support the development and ongoing operation of the Karowe diamond mine.
- P7.25 (YTD: +41.88%) PE: N/A PB: 1.3 D/Y: 0.00% Mkt Cap: P2,878.4mn

Results of Annual General Meeting (AGM)



- Engen announced the results of its AGM, where all resolutions were passed by 92.07% or more votes in favour.
- P10.13 (YTD: -1.4%) PE: 16.5 PB: 2.8 D/Y: 10.15% Mkt Cap: P1,618.0mn

Circular to Shareholders and Notice of An Extraordinary General Meeting (EGM)



- Circular to Shareholders
 - RDC issued a circular to shareholders during the week relating to:
 - The proposed acquisition of issued shares in Tower Property Fund (TPF) not already owned by RDC, and the potential subsequent delisting of TPF.
 - The distribution of dividend and interest to Unitholders, in respect of the trading of RDC for the period ending 30 Jun 21.
 - A bonus issue award of up to 88,362,039 new linked units in the Company, to the qualifying unitholders, of 1 Bonus Issue Linked Unit for every 4 linked units held.
 - Rights offer of up to 341,121,495 new linked units in the Company to the Qualifying Unitholders
 - The extension of the borrowing powers of the Directors
 - The amendment to certain provisions of the PAM Management Agreement
 - The above are dependent on the approval of the Special and Ordinary Resolutions by the Unitholders at the EGM.

- Notice of EGM
 - RDC will hold its EGM by way of electronic participation at 11am on 13 Aug 21. Shareholders will vote on:
 - **Special Resolution 1:** The acquisition of up to 337,224,093 shares of TPF for a price of ZAR4.00/share for an aggregate amount of up to R1.3bn.
 - **Special Resolution 2:** Approving RDC to borrow R400mn from a financial institution in South Africa, on the basis that the capital of such loan be repaid over a period of 4 years at an interest at the rate of JIBAR + 3.5%, with scheduled repayments of interest and capital amortising to a 50% residual.
 - **Ordinary Resolution 1:** To approve the increment of share capital of the company to P1.1bn and the debenture capital of the Company be increased to P250.5mn divided into 782,931,691 ordinary shares and 782,931,691 debentures, each share indivisibly linked to a debenture and vice versa, to enable the Bonus Award and the issue of Bonus Issue Linked Units, as well as the Rights Offer and the issue of Rights Offer Linked Units.
 - **Ordinary Resolution 2:** To approve the extension of the borrowing powers of the Directors by the increase of the percentage of value of fixed assets of the Company, from 40% to 55%.
 - **Ordinary Resolution 3:** The Unitholders excluding Guido Giachetti, Giorgio Giachetti, members of the Giachetti family, Jacopo Pari, Realestate Financiere SA and Aspera Holdings Limited, ordinarily resolve to agree the following amendments to the Management Agreement entered between the Company and Property and Asset Management Limited on 22 Jul 96, in which amendments will be effective from 1 Jul 21:
 - To calculate the monthly service charge of one 24th of 1% with reference to the aggregate market value of the company as at the end of each month.
 - To reduce the administrative services fees collected from tenants of property portfolio of the company and its subsidiaries from 2.5% to 0.5%
 - To reduce the project management fee of the cost of construction of a new project carried outside of Botswana from 6% to 4%.
 - **Ordinary Resolution 4:** To grant directors authority to do all things necessary to effect the above resolutions as passed in the EGM.

• P2.10 (YTD: -2.33%) PE: 33.4 PB: 0.5 D/Y: 7.08% Mkt Cap: P742.2mn

Changes to the Board of Directors and Appointment of Managing Director



- Changes to the Board of Directors
 - Sechaba announced the resignation of M Sekgororoane, B Molomo and T Matthews from the board of directors, effective 30 Jun 21.
 - Sechaba announced the appointment of T Tau and B Paya as Board Chairman and Chairman of the Finance and Audit Committee respectively, effective 1 Jul 21.
- Appointment of Managing Director
 - Sechaba further announced the appointment of Ms Mabu Nteta as Managing Director, effective 1 Jul 21.

• P16.30 (YTD: -21.07%) PE: 11.6 PB: 2.5 D/Y: 1.53% Mkt Cap: P1,803.1mn

Market Update



- Minergy issued an operational update on its full year 2021 performance:
 - Coal Sales volumes for the 2021 financial year doubled from the prior year supported by increased local sales in Botswana and internationally in South Africa and Namibia.
 - The 50% balance of the Additional convertible debt funding of P125mn, secured through the Minerals Development Company Botswana was transferred in Jul 21.
 - Completion of Stage 4 of the Processing Plant was delayed due to Southern African wide shortage of structural steel and is expected to be completed during Aug 21.

• P0.80 (YTD: 0.00%) PE: N/A PB: N/A D/Y: 0.00% Mkt Cap: P376.0mn

Market Update



- Chobe issued a business update on its full year 2021 performance. Salient points from the update:
 - Chobe manages its cash outflow through stringent cost control measures, balanced against the protection of the Group's physical assets and the wellbeing and retention of its people.
 - Chobe retained its top management through the pandemic, and it monitors its recovery from Covid-19 and adjusts salary reductions to support operations and retention.
 - Domestic and regional travel resumed during the second quarter of the 2020/21 financial year with the Group opening a strategic mix of camps and lodges.
 - International travel resumed in the first quarter of the 2021/22 financial year with occupancies forecast to steadily increase for the 2022/23 financial year.
 - Chobe has sufficient cash inflows, cash reserves and unutilized prearranged borrowing in place to settle any liabilities falling due and support the smooth recovery of operations in the short and medium term.
 - Chobe has extended the current overdraft of P25mn with banks, and it has negotiated a further US\$1.5mn standby loan.
 - The Shinde camp rebuild was completed in the first half of the 2020/21 financial year which accounted for the for most of Chobe's capital expenditure for that period.

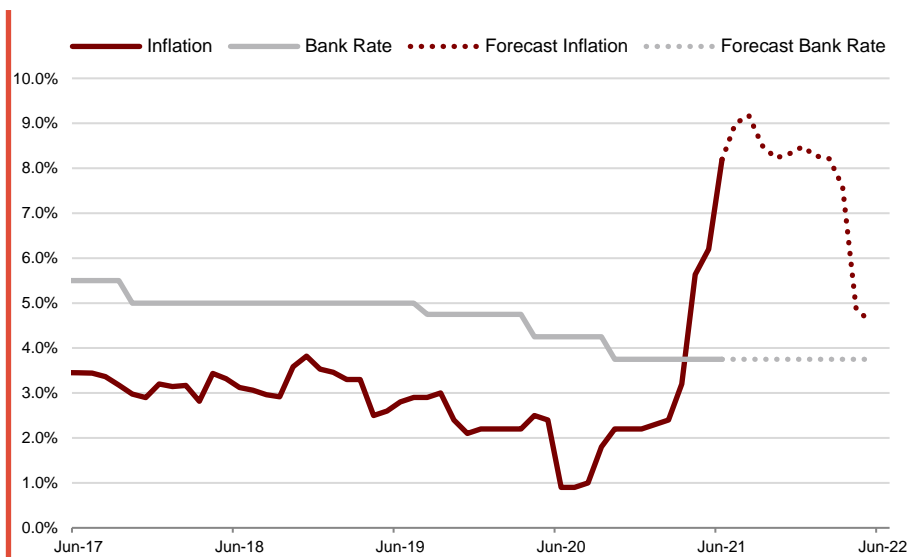
P7.95 (YTD: -15.69%) PE: N/A PB: 2.3 D/Y: 0.00% Mkt Cap: P711.0mn



Delay In Arrival of AstraZeneca Vaccine

- The Ministry of Health and Wellness announced that there has been a delay in the arrival of the AstraZeneca Covid-19 vaccine, which was to be used as a second dose, citing excess global demand for Covid-19 vaccines.
- The Ministry expected the AstraZeneca vaccine consignment procured through the COVAX facility, to have arrived by the last week of Jun 21.
- The Ministry expects the consignment to arrive in Aug 21. The Moderna and Pfizer vaccines will be offered as second doses to those affected if they are received before the AstraZeneca vaccine.

JUN21 INFLATION – CONTINUES TO TREND ABOVE THE UPPER BOUND OF THE OBJECTIVE RANGE



- Jun21 CPI y/y 8.2% v 8.0% (Kgori) v 6.2% (Apr21)
- Inflation continued to breach the 6% upper bound of the Bank of Botswana target range. Inflation accelerated due to elevated Transport and Housing inflation.
- Transport inflation remains elevated due to base effects and the continued increase in global oil prices, while housing inflation increased due to increase in water tariffs effected on 1 Jun 21.
- We expect inflation to rise further in the coming months due to base effects and expectations of increased pump prices. Short-term food supply chain disruptions will keep Food inflation ticking up following the recent riots in South Africa.

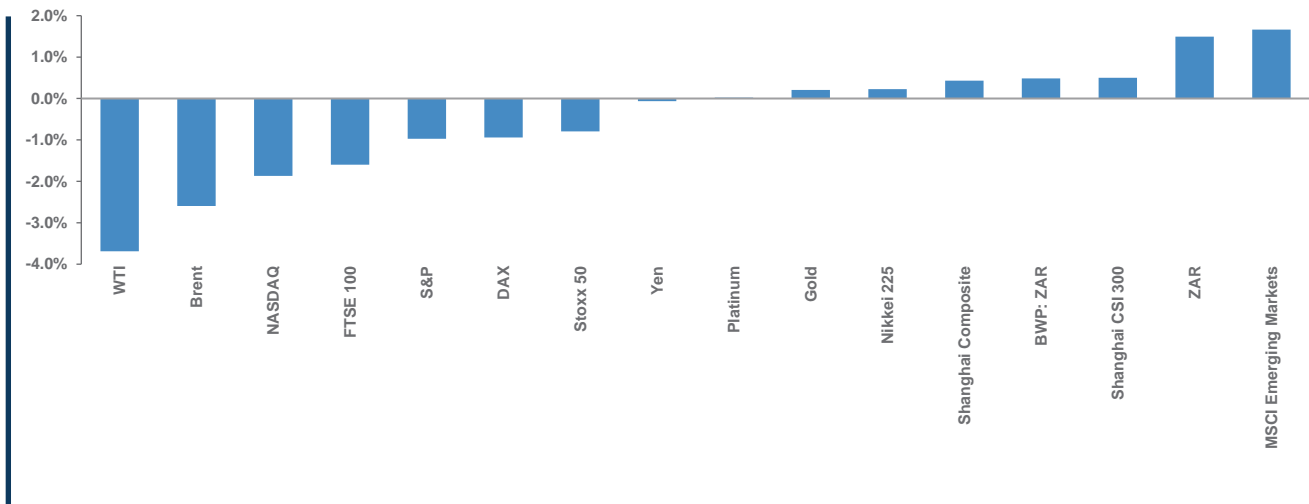
Regional SOUTH AFRICA

- May21 Manufacturing Production m/m -2.6% v 1.2% (e) v -1.2% (Apr21)
- May21 Retail Sales m/m 2.1% v 0.9% (e) v -0.6% (Apr21)
- May21 Mining Production m/m -3.5% v 0.0% (e) v 0.2% (Apr21)

ZAR PERFORMANCE

- The ZAR weakened for the week on account of bearish investor sentiment following violent riots that erupted across the country during the week and surging inflation in the US.
- ZAR 14.43 (WTD: +1.49%) v 14.22 (9 Jul 21)

INTERNATIONAL SNAPSHOT – 16 JUL 21 WEEKLY PERFORMANCE



- May21 Final Industrial Production m/m -6.5% v -5.9% (Apr21)
- Jun21 PPI y/y 5.0% v 4.8% (e) v 5.1% (May21)
- May21 Core Machine Orders m/m 7.8% v 2.4% (e) v 0.6% (Apr21)
- The Bank of Japan (BoJ) Monetary Policy Committee (MPC) met during the week and decided the following:
 - Maintained the short-term policy interest rate at -0.1% and the 10-Year JGB target yield at 0.0%
 - Maintained its annual purchases of ETFs and J-REITs at ¥12trn and ¥180bn, respectively.
 - Maintained the purchase of commercial paper and corporate bonds at ¥20trn until the end of Mar22.
 - Introduced a new scheme aimed at boosting funding for activities combating climate change- which will be launched this year and will last until fiscal year 2030.
 - The BOJ will offer funds to banks that make green and sustainability-linked loans, as well as invest in green bonds and sustainability-linked bonds. Transition financing loans will also apply to the plan.
- Japanese equities managed to close higher for the week as early bullish investor sentiments on global economic recovery, following the release of strong core machine orders data, was tempered after the higher-than-expected US inflation print.
- Nikkei 225: 28,003 (WTD: +0.22%), Yen: 110.07 (WTD: -0.06%)



- Eurozone May21 Industrial Production m/m -1.0% v -0.3% (e) v 0.6% (Apr21)
- France Jun21 Final CPI y/y 1.5% v 1.5% (e) v 1.5% (May21)
- Germany Jun21 Final CPI y/y 2.3% v 2.3% (e) v 2.3% (May21)
- European equities closed the week in the red, following the release of weaker industrial production data and rising cases of Covid-19 Delta variant on the continent.
- DAX: 15,540 (WTD: -0.94%), Stoxx50: 4,036 (WTD: -0.79%), FTSE100: 7,008 (WTD: -1.60%)



- 2Q21 GDP q/q 1.3% v 1.0% (e) v 0.4% (1Q21)
- Jun21 Trade Balance \$51.5bn v \$44.8bn (e) v \$45.5bn (May21)
- Jun21 Exports y/y 32.2% v 23.0% (e) v 27.8% (May21)
- Jun21 Imports y/y 36.7% v 29.5% (e) v 50.8% (May21)
- Chinese equities ended the week in the green on account of bullish investor sentiments following the release of stronger GDP and trade balance data.
- SHSZ300: 5,095 (WTD: +0.50%), SHCOMP: 3,539 (WTD: +0.43%)



- 10 Jul 21 Initial Jobless Claims 360k v 350k (e) v 386k (3 Jul 21)
- Jun21 Preliminary UoM Sentiment 80.8 v 86.5 (e) v 85.5 (May21)
- Jun21 Industrial Production m/m 0.4% v 0.6% (e) v 0.7% (May21)
- Jun21 CPI y/y 5.4% v 4.9% (e) v 5.0% (May21)
- US equities traded weaker following the release of higher-than-expected inflation data.
- NASDAQ: 14,427 (WTD: -1.87%), S&P: 4,327 (WTD: -0.97%)

COMMODITIES



- Δ US Crude Inventories -7,896k bbl. (9 Jul 21) v -4,357k bbl. (e) v -6,866k bbl. (2 Jul 21)
- Δ US Oil Rigs +5; 484 (16 Jul 21) v 479 (9 Jul 21)
- Δ North American Oil Rigs +18; 634 (16 Jul 21) v 616 (9 Jul 21)
- Oil prices closed in the red on expectations of weaker fuel demand caused by rising Delta variant cases across the globe and reports that OPEC was close to agreeing phased increases in oil production.
 - WTI: \$71.81 (WTD: -3.69%)
 - Brent Crude: \$73.59 (WTD: -2.59%)



- Precious metals closed the week in the green for the week driven by falling US treasury yields and a weaker USD.
 - Gold: \$1,812 (WTD: +0.21%)
 - Platinum: \$1,105 (WTD: +0.02%)
-



KGORI CAPITAL

INVEST WITH PRIDE

General Disclaimer

All information, recommendations or opinions contained in this document are not intended to provide exhaustive treatment of any subject dealt with and must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein. Such user should consult its own investment or financial or other advisors before making any decision. Whilst all care is taken by Kgori Capital in the preparation of the contents hereof, no warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such recommendation or information is given or made by Kgori Capital in any form or manner whatsoever. The information in this document is not intended to and does not constitute financial, tax, legal, investment, consulting or other professional advice, and Kgori Capital does not purport to act in any way as a financial advisor. Kgori Capital shall not be responsible and disclaims all liability for any loss, liability, damage (whether direct or consequential) of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of any information, opinion, recommendation, or service contained in or provided through this document. All portfolio performance data is calculated by Kgori Capital. Performance is analysed and computed utilising true daily weighted methodology. Where this document contains statements or information which relate to projections, forecasts or hypothetical data, users should be advised that these are predictions and that actual performance may differ markedly. Users should also be aware that short term performance can be volatile and past performance is not necessarily a good indication or guideline of future performance. As the performance of financial markets fluctuates and is not guaranteed, an investor may not get back the full amount invested.

1st Floor Exponential,
Plot 54351, CBD, Gaborone

PO Box 1253 ABG,
Sebele, Gaborone

T +267 3915 990
F +267 3915 980

www.kgoricapital.com

Directors: KI Melamu, AM Ndzinge, S Noor, MS Sibanda
Reg No: BW00000988897

Kgori Capital (Pty) Ltd is an authorised financial services provider.

