Corporate Profile

Incorporation Information
Company Number 96/592
Date of incorporation 18/04/1996

Market capitalisation
The ordinary share price of RDC Properties Limited ("RDCP" or the "company") at close of business on 31 December 2010 was P 6.30, giving a market capitalisation at that date of P211,308,439.

Investor relations – Registered Office
Investors requiring further information on the Group are invited to contact:

Mr. J. Pari
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Gaborone, Botswana
T: (+267) 3901654
F: (+267) 3973441
E: rdc@rdc.com

Website
Further information on RDCP is available at:
www.rdcpbotswana.com

Annual General Meeting
The Annual General Meeting ("AGM") of the company will take place at the Realestate Office Park, Lejara Road, on Thursday 19th May 2011 at 14:30 pm.
The notice of the meeting is set out on pages 43 and 44.

Electronic communications
Unit holders are informed that RDCP has received formal approval by the Botswana Stock Exchange to distribute all shareholder communication electronically except where documents are specifically requested in written form.

Top 10 Unit Holders	Linked Units	%
BBN (PTY) LTD RE:BIFM DPF	207,272	0.62
BBN (PTY) LTD RE:IAM 030/30	391,824	1.17
BBN(PTY) LTD RE: IAM 030/14	543,665	1.62
ASPERA HOLDINGS LIMITED	744,348	2.22
STANBIC NOMINEES RE: BIFM	934,758	2.79
BBN [PTY] LTD RE:SIMS 212/005	1,299,738	3.88
STANBIC NOMINEES RE: BIFM BPOPF	1,512,285	4.51
MOTOR VEHICLE ACCIDENT FUND	1,645,221	4.91
CHOBE FINANCIAL CORPORATION	7,882,541	23.50
REALESTATE FINANCIERE SA	15,503,876	46.22

Linked unit band	Linked Units	%	Holders	%
0-1999	96,620	0.29	273	70.36
2000-4999	115,903	0.35	40	10.32
5000-9999	138,309	0.41	22	5.67
10000-49999	650,288	1.94	26	6.70
50000-99999	489,853	1.46	7	1.80
100000-499999	1,985,856	5.92	12	3.09
500000 and above	30,064,193	89.63	8	2.06
TOTALS	**33,541,022**	**100.00**	**388**	**100.00**

Contents

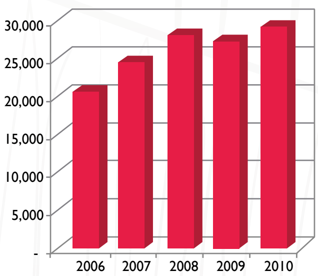
Highlights of the Year 2010 & Five Year Overview

Overview

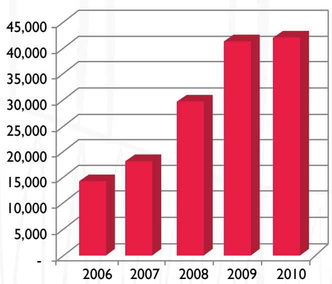
- Isalo Rock Lodge opened 1st June 2010; Masa Centre nearing completion, opening 1st July 2011.
- Signing of a 15 year Euro lease, with the Delegation of the European Commission.
- Portfolio and investment value up 28.33% to P470 million (2009: P366 million)
- Gross income up 7.45% to P29.20 million (2009: P27.17 million)
- Profit before fair value adjustments and exchange differences up 35.15% to P23.58 million (2009: P17.45 million)
- At 31 December 2010 Adjusted NAV* per share at P6.03 up by 14.42% (2009: P5.27)
- At 31 December 2010 Market Capitalisation up 50% to P211.31 million; share price P6.30 (2009: P4.20)

	2010	2009	2008	2007	2006
	P'000	P'000	P'000	P'000	P'000
Portfolio value	469,513	365,859	230,029	184,303	176,418
Increase	103,654	135,830	45,726	7,885	14,886
Increase in value %	28.33%	59.05%	24.81%	4.47%	9.22%
Income yield %	6%	7%	12%	13%	12%
Balance Sheet					
Net asset value (Pmillion)	171,159	147,494	125,631	109,474	103,304
Net asset value (NAV) / linked unit	5.10	4.48	3.88	3.38	3.19
NAV adjusted for deferred taxation	6.03	5.27	4.43	3.85	3.61
Debt-long term	187,724	107,733	51,743	43,123	45,398
Equity	239,451	210,039	153,570	118,404	110,453
Ratio-debt to portfolio value	40%	29%	22%	23%	26%
Income Statement (continuing operations)					
Gross revenue (contractual rental income and hotel revenue)	29,196	27,171	28,209	24,607	20,686
Profit from operations (before exchange differences and fair value)	23,584	17,450	16,002	12,416	9,414
Profit before tax	42,093	41,353	29,603	18,192	14,525
Profit after fair value adjustment from operations	45,798	44,817	34,571	24,176	20,977
Profit -attributable to owners	33,282	32,066	24,074	14,202	12,470
Linked units (average in issue)	33,262,917	32,468,398	32,372,329	32,372,329	32,372,329
Earnings per linked unit	100.06	98.76	74.37	43.87	38.52
Dividend and debenture interest	19,453	11,122	10,178	8,509	6,746
Share price at year-end	6.30	4.20	3.50	3.70	2.60
Market capitalization year-end	211,308,439	138,384,708	113,303,152	119,777,617	84,168,055

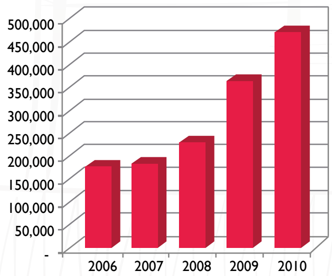
Revenue Indication



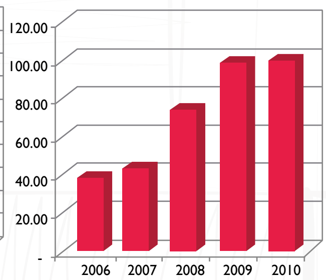
Profit Indication



Portfolio Indication



Earnings per Linked Units Indication



(*) Adjusted NAV per share at 31 December 2010 includes all investments at current valuations in proportion to the Group's shareholdings but excludes the impact of the deferred tax provision on the net assets of the Company and is considered by the Board to be a more appropriate method of evaluating the performance of the Company than Reported NAV per share.

Chairman's Statement

Dear Unitholders,

I have the pleasure of presenting to you the Annual Report of the Company to the 31st December 2010.

The year will undoubtedly be remembered, in Botswana, as the year of the recovery of the diamond markets. We have witnessed an increase in the business confidence indexes and recovery from two difficult years, 2008 and 2009.

The property market in Botswana has been sheltered from much of the global economic recession. The lower interest rate environment combined with the lack of new property developments being rolled out this year has resulted in the sector performing well. We have benefited from increased investor appetite to invest in property in order to improve returns on excess liquidity as well as continued strong demand for premises from prospective tenants.

Despite strong signs of a world recovery, in line with previous decisions taken, the Botswana Government has adopted a policy of tight cuts in development spending and recurring expenditures. This combined with a number of new developments being sought in Gaborone, we anticipate a tightening of the property market in the years 2011 and 2012.

Key Events

In April 2010, the company hosted a number of dignitaries and business associates for the "roof topping off party" of the Masa Centre. This party created a strong demand for the premises and clearly positioned the development as the "property not to be missed". The significant contribution of our Company to the development of the country and the empowerment of citizens was strongly emphasized by both our partners and the Minister of Wildlife and Tourism.

The construction, which has attracted a significant number of major retailer and international brands, has continued for the whole year and we are pleased to confirm the signing of a long term lease with a company operating a casino, under the management expertise of the well known operator Gold Reef Resorts. This will enhance the entertainment offering of the centre.

The works on the centre are anticipated to be completed in the second quarter of 2011 as they suffered set-backs related to difficulties in the procurement of some finishing elements of the building, continuous changes of requirements from African Sun Limited, instigated by the stringent standards imposed by the Intercontinental Hotel Group, and delays with the draw downs from the commercial bank financing the development.

The development process continues to be monitored closely by a steering committee composed of representatives of each partner, which meets each month providing valuable contributions to the project. I am pleased to confirm that the overall cost of the development will remain within the amount that had been agreed in 2007. By end of 31 December 2010, the centre had achieved a forward rental cover of 80% and we are confident that, by the end of the year 2011, the development will be the most sought after property in Gaborone.

The Isalo Rock Lodge, the Company's latest development in Madagascar opened to the public on the 1st of June 2010. This 4**** Lodge, in the proximity of the Isalo National Park, had some very good reviews from guests in the first few months of operation. I would like to congratulate the management team that has ensured that the property is now considered the best resort in the south of Madagascar.

The tourism season has been very slow during the year 2010 but it is anticipated that 2011 will see a significant increase. It is expected that the property will start trading profitably from the year 2012. The operation of the lodge is carried out by HMS1 Sa which is held 50% by RDC Property International (Proprietary) Limited.

The Group holds a 50% share holding in a company, Societe Immobiliere D'Ambodivona Sarl (SIA) based in Madagascar which owned a property in Antananarivo known as the Tana Waterfront. This property was disposed of during the year and this disposal has been disclosed as discontinued operations in the results of the Group.

The company signed a 15 year lease with the Delegation of the European Commission. This lease is the longest ever signed by the company and is denominated in Euro. The terms of the lease are such that we are assured of growth and a small hedge on currency risks.

Exceptional Income

In recognition of the foresight and hard work carried out by the RDCP Asset Managers in developing its property portfolio, during the year the company entered into a consultancy agreement for the provision of project management skills and assistance with financing arrangements. This lead to the identification of the acquirer of the SIA Madagascar property. The exceptional income generated from this consultancy agreement has been included in other income and has resulted in a significant increase in the distribution proposed by the company for the 2010 year.

Financial highlights

During the year, the Company performed extremely well. We have been able to grow both the portfolio and the rental income. Despite the growth of 59% last year, the property portfolio grew by a further 28.33% and the gross income by 7.45%. Gross income increased to P29.196 million (2009: P27.171 million).

Profit before fair value adjustments and exchange differences increased by 35.15% to P23.584 million (2009: P17.450 million).

We are happy to report a significant increase in distribution to linked-unit holders by 74.91%, to P 19.453 million (2009: P11.122 million) due to the combined effect of the increase in the turnover and exceptional income from Madagascar transactions.

"Our goal is to create long-term shareholder value looking out for opportunities for growth"

Roof topping off party.

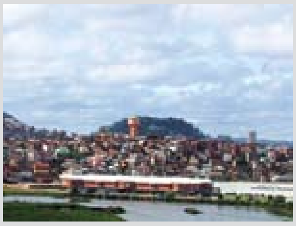
Hon Minister Wildlife and Tourism K. Mokaila graced the occasion

CEO African Sun Limited and Kaone Kario, Mnet face of Africa winner

Dr. B. Mguni, Chairman of Shakawe (Pty) Ltd recognising the partnership with RDCP.

Chairman's Statement (continued)

Isalo Rock Lodge



TanaWaterfront disposed

Paul Malin Ambassador for European Union to Botswana signing the lease with RDCP

Following the Directors proposal of an elective distribution of 50% of the net final distribution for 2009 by way of capitalisation option, unit holders holding 93.38% of the linked units, eligible to receive capitalisation units, elected to receive them. 592,282 new linked units were listed on the 25th of June 2010. Following the issue of the new capitalisation units, the total units of the Company in issue is 33,541,022 as at 31 December 2010.

Strategy and Outlook

We continue to seek out opportunities to develop and purchase, high quality, environmentally sustainable properties. Our property management and development teams focus on extending the life of our properties and minimizing vacancies within the portfolio.

I anticipate 2011 to be an important year for the company as we foresee two important events. The first one, is the rentals of Masa Centre will contribute positively to the income. Secondly, the Board has been asked to consider and investigate a group restructure which will enable the company to simplify its structure, by amalgamating the minority interests of the subsidiaries into the group. This restructure would, accord the company direct ownership of the properties, increase the capital base and asset value, enhance our gearing capability and increase liquidity of the units on the market. This should make RDCP more attractive to investors and unit holders.

During 2011, the Company will continue focusing on its operational efficiencies, having to deal with a major growth in its income, while identifying new opportunities for future growth.

We will continue applying the fundamental elements of our business model which are:

- Ownership of real estate in prime locations.
- Upgrading the rental values of buildings through, refurbishment or development.
- Joint venturing to create property development opportunities.
- Intense focus on tenant retention and active property management.

Corporate Responsibility and Governance.

As long-term investors, it is vital that we continue to engage fully with the communities who sustain and support our business. I am pleased to inform you that the Board has mandated the management of PAM to identify deserving projects that support youth, education and the less fortunate of our society.

I am pleased to report that the Board has adopted Terms of References for the newly appointed Audit and Risk Committee and Mr. R. Matthews, a retired partner of PricewaterhouseCoopers and well-known consultant and advisor has agreed, to serve as Chairman of the Committee. This marks an important step in improving the efficiency of the Board and providing the necessary independent input into financial reporting and high level management controls.

We are complying with our banking facilities mandates. The directors do not expect this position to alter in the forthcoming twelve months.

The directors have considered our forecast cash flows, the Group's low gearing, significant portfolio of unencumbered properties and the maturity profile of our borrowings, and can confirm that the Company has adequate resources for the foreseeable future.

Management

The Company has no employees, and avails itself of Property and Asset Management Limited (PAM), for the following services:

- Asset Management.
- Property Management and
- Accounting and secretarial services.

The contract with PAM is reviewed every 5 years and will next be reviewed in 2011.

I am pleased to note that the executive management team, under the guidance of Mr. Jacopo Pari, has achieved remarkable progress in enhancing operational efficiencies and controls. In my role as Executive Chairman, I am therefore able to concentrate more on new avenues for growth.

I would like to thank the Board of Directors, Botswana Stock Exchange, the Steering Committee of Three Partners Resorts Limited (TPR) and all those who have contributed to the continued growth of the group during the year 2010. The Directors would like to express their thanks to the management team of PAM and to Mr. Giorgio Giachetti for taking a personal interest in the completion of the Isalo Rock Lodge.

Conclusion

The year ended 31 December 2010 has been a busy year considering the work required in completing the Masa Centre and Isalo Rock Lodge. We have maintained a solid growth of our rental income and experienced a good forward demand for our new development Masa Centre.

The Board remains focused on seeking to maximise rental income, completing the Masa Centre and investigating the restructure of the group which will substantially change the composition of your Company's portfolio in the years to come.

G. R. Giachetti
Executive Chairman

Operating and Financial Review

The Global Economic Crisis hit the Old World and left a trail of uncertainty and downward trends in the Real Estate market. Nothing even comparable happened to Botswana, where a relatively stable economy along with the effects of decreasing bank interest rates raised yields and valuations.

Market

The Company's Portfolio, historically well positioned and composed of prime properties, suffered no crisis and managed to keep the vacancy rate at year end at 3% with excellent prospects to get it back at last year's level of 1.5% by end of March 2011.

Looking to the future, the major players in the market kept their confidence and are ready to enter enthusiastically into the new decade with a large number of important private and public developments in the industrial outskirts of the capital and in the new Central Business District (CBD).

RDCP, following its pioneering spirit, started ahead of its competitors and will soon deliver the first mixed use building in Botswana, the Masa Centre. This upcoming RDCP flagship development in Gaborone's new CBD is expected to be fully operational at the beginning of July 2011.

Strategy

The Company's long-term investment strategy remains unchanged. The management objective is to maintain and grow a balanced portfolio of modern, income producing properties with potential for future rental and capital growth. The three main areas of our strategy remain:

- Selectively acquiring and disposing of investment properties;
- Developing new properties for long-term investment; and
- Actively managing our assets to enhance value.

Our property management team strives to be in constant contact with our tenants, keeping track of their business progress and new requirements. Being close to our customers needs, remaining proactive, and, by this, minimising vacancies remains the key performance indicators for our property managers.

The Company's strategy of concentrating its properties in prime locations, with a well compounded mix of Grade A tenants, puts us in a strong position to benefit from the current property market and protects the shareholders from situations such as Government not entering any new lease or reduction in the lengths of the leases.

Diversifying the portfolio, by sector and geographically, continues to prove to be the right choice allowing the Company to be ready to pick any upcoming opportunity in the region.

Investment / Property Portfolio

Property Portfolio

In accordance with the Company Policy of having the Properties professionally independantly valued every five years, RDCP instructed CB Richard Ellis to carry out, on the basis of Open Market Value, the valuation of eleven Commercial Properties. This constitutes 57.93% in value terms, of the entire portfolio. The Independent Valuer confirmed the excellence and resilience of RDCP's portfolio which scored a growth of 28.33% for the year 2010.

As previously reported almost 30% of the leases were expiring during 2010. It is with pleasure that we record the good job done by our Property Management team, which has positively concluded a large number of renewals and new leases. With particular distinction we wish to mention that the European Commission has signed a 15 year lease in Euro and will be renting the entire building.

Vacancy at year end increased from 1.17% to 3.05%. This performance was mainly driven by the letting process of our Office Park in Gaborone's Fairgrounds, which had 50% of its leases at their conclusion. Prospects are very good and we expect the premise to be fully rented during the second quarter of 2011.

Chobe Marina Lodge

As anticipated in last year's annual report, the income received from the Company's investment in Chobe Marina Lodge has been below prior year, but still in line with the local tourism market. The World Cup event, held in South Africa during the peak season, drained tourists from the wild life experience. Nevertheless, the Lodge contributed positively by P0.847 million, compared to P 0.944 million for year 2009. Forward bookings show good prospects for the future.

Tana Waterfront, Antanarivo Madagascar

The Company decided to strategically disinvest in the commercial property of Tana Waterfront, in Antananarivo Madagascar owned by Societe Immobiliere D'ambodivona Sarl (SIA). RDCP, through a subsidiary, ,holds 50% of the shares in SIA. The sale was concluded on the 15th of September 2010. The Company decided to dispose of the property as it had been resilient to the Madagascar political turmoil. However this situation had forced management to take political riot insurance cover which substantially reduced the net income generated by the property.

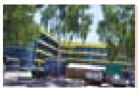
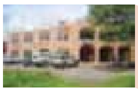
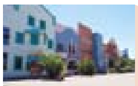
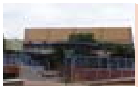
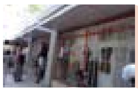
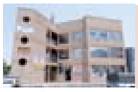
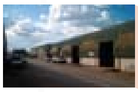
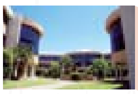
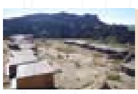
"Quality tenancies and successful developments are achieved by understanding our tenants needs and aspirations during the planning and building design stages of our developments."

Standard House

Broadhurst Business Centre

Tholo A & B and Phase II

Operating and Financial Review (continued)

	Property Name	Form of Lease	Title Deed Number	Location of Property	Sector	Lettable Area	Valuation
	Standard House	Freehold	133/97	Lots 1124 to 1130 in Gaborone Ext. 3	Offices	6,430	78,000,000
	Plaza I & II	50 Year State Leasehold	177/97	Lot 4787 & 4788 in Gaborone Ext. 6	Offices	3,875	17,584,616
	Mebala House	Freehold	48/70	Lots 1116/17 & 1840 in Gaborone Ext. 3	Retail	1,330	13,479,240
	Chobe Commercial Centre	50 Year State Leasehold	158/88	Lot 914 Kasane in Chobe Admin District	Retail & Offices	1,144	3,475,000
	Boswa Centre	50 Year Tribal Lease	75/95	Lot 680 & 692 Serowe Agreement of Lease No. 258/96 of 18/7/96	Retail & Offices	1,441	3,575,000
	Lotsane Complex	50 Year Tribal Lease	MA 62/95	Lot 1707 Palapye	Retail	3,878	8,000,000
	Broadhurst Business Centre	50 Year State Leasehold	MA 15/97	Lease area 234KO on Lot 10211 in Gaborone	Offices	1, 804	8,500,000
	Pep House	50 Year Tribal Lease	MA 75/97	Lot 443 Serowe	Retail	471	2,100,000
	Standard Bank Serowe	50 Year Tribal Lease	92/95	Lot 679 Serowe	Retail & Offices	855	3,500,000
	Diamond Centre	50 Year State Leasehold	514/95 661/95 185/95	Lot 3761 Jwaneng Lot 5422 Jwaneng Lot 5423 Jwaneng	Retail	2,322	8,750,000
	Tsodilo Centre	50 Year State Leasehold	105/95	Lot 194, Maun	Retail	492	2,600,000
	Roots Tower	50 Year Tribal Lease	13/97	Lot 208 Maun Notarial Deed of Lease 72/81 of 14/3/96	Retail & Offices	1,069	4,000,000
	Phakalane Warehouses	Freehold	1448/99	Lot 21306 Phakalane	Industrial	2,376	4,550,000
	Gaborone West Warehouses	50 Year State Leasehold	2434/2000	Lots 22017/18 Gaborone	Industrial	4,041	10,903,580
	Tholo A & B and Phase II	50 Year State Leasehold	1695/96/2000	Lots 50668/69 & 50369 Gaborone	Office	4,612	35,604,746
	European Delegation	Freehold	1841/2003	Lot 758 Gaborone	Office	1,496	14,480,039
	Isalo Rock Lodge	99 Year Leasehold	02/MCT/SG	Lot 480-AU Region d'Ihrombe, Madagascar	Tourism		19,255,777
	Masa Centre	50 Year State Leasehold	MA 367/2008	Lot 54353, Gaborone	Offices, Retail & Hotel (Work in Progress)	42,205	224,706,983
	Mole Mall	50 Year Tribal Lease	MA 4/97	Lot 617 Molepolole	Undeveloped		

Operating and Financial Review (continued)

Isalo Rock Lodge, Madagascar

The Lodge opened to public on the 1st of June 2010 and since inception comments from the guests were nothing less than enthusiastic. The opening ceremony enjoyed the presence of a large number of Malagasy V.I.P.s, including the local Minister of Tourism and few of the most important Tourist Operators (TO). The feedback and comments we have received confirmed the high potential of the product. In excess of 25 local TO's are currently proposing the Lodge to a variety of their customers.

If these are early days to comment on its future profitability, it is pleasing to appreciate that it has already established itself as one of the best Hotels in South Madagascar and has been graded as a 4**** Hotel.

Signature Life Hotel, which was appointed as the operating company, expressed its intention of leaving the Madagascar business and consequently will be terminating the contract. This had no effect on management and staff which was entirely retained, ensuring a smooth progress of operations. A number of different options are currently being scrutinized.

Occupancy is slowly but steadily picking up and we are targeting in excess of 35% for 2011 year end while we closed 2010 at a not surprisingly low 14.23% for a new business. Due to the expensing of pre-opening charges and the start up costs, as anticipated, this subsidiary, that is proportionally consolidated (50%), recorded a loss of P2.220 million. We anticipate a reversal of this trend during 2012 when occupancy should hit 42.77%.

Developments

As part of the development strategy, when it comes to the initial definition of space and design standards RDCP is particularly focused on having the final users of the premise as part of the process. We consider the potential occupiers of our buildings well before we begin construction. Tenants are key to our success and we endeavour to understand their needs and aspirations during the planning application and building design stages. This approach ultimately leads to blue chip lettings, quality tenancies and successful developments.

PAM, being appointed as Client Representative to monitor and project manage all RDCP property developments, is in charge of the engagement of the Consultant Team thus the Contract's constraints and budget.

MASA Centre

The Masa Centre project, is new to Botswana as a concept of Mixed Use development, and will accommodate the specific demand for high-end accommodation, entertainment, retail and office space in Gaborone's new CBD.

African Sun Limited is reintroducing the Holiday Inn to Gaborone and will contribute to, what is currently, possibly the largest investment in Tourism in Botswana. Capital Entertainment centre will feature the first 3D movie house to its audience with 5 cutting edge technology movie auditoria. Workman Holdings, with the assistance of Gold Reef Resorts and its partners, are currently finalising the fit-out of what is deemed to be the most modern and attractive Casino in town.

The Centre continues to attract retail brands that will delight trendsetters with a love for style and glamour. The South African Cappello Restaurant and Ribs & Rumps will enhance the international flavour of the Food Court offerings. The first managed underground parking facilities will optimise the number of available parking spaces.

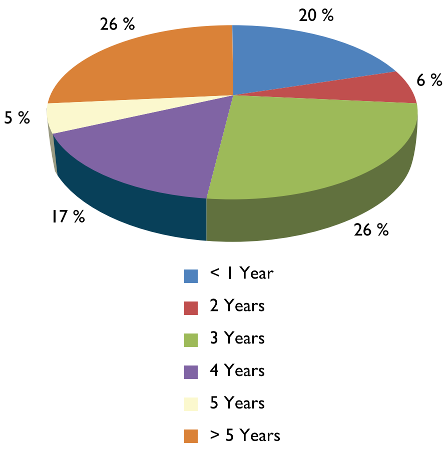
The project, which was due to be finished in 2010, is not yet completed. The delay has been caused by mainly two issues. Firstly Three Partners Resorts Limited encountered problems in having the funds made available on time and secondly, on the contracting side, the aluminium sub contractor defaulted. Both the issues have been positively resolved, but has delayed the delivery of the project.

Mebala House

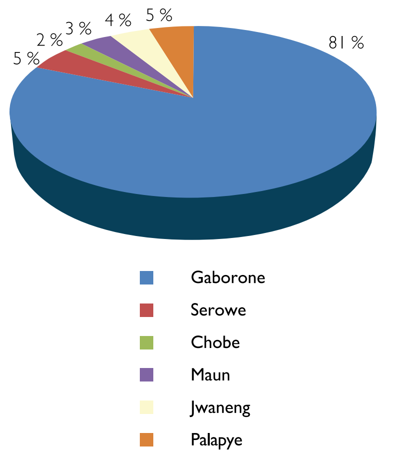
European Delegation

Masa Centre

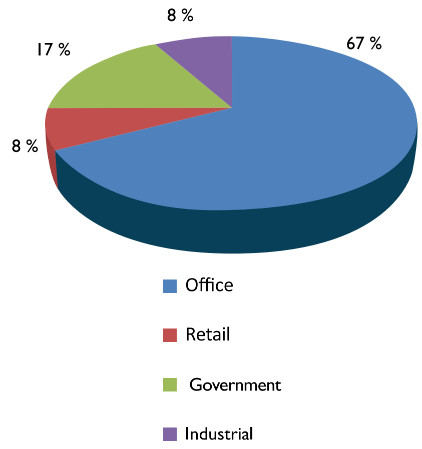
Lease Expiry Profile (by Rental Income)



Geographical Spread (by Rental Income)



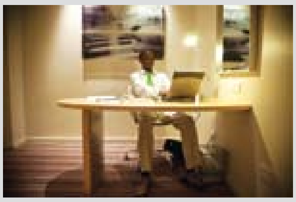
Sectoral Spread (by Rental Income)



Operating and Financial Review (continued)








The long term financing of the project is on a triple layer:

- The partners have injected P99 million as debenture and equity (40% of the project cost)
- BIFM Capital contributed P63 million on a fixed term interest rate, long dated promissory note.
- Barclays will contribute a P90million loan on a variable interest rate linked to prime rate.

All interest expenses during the construction period are capitalised.

Budget-wise, the anticipated final cost, remains at P248 million as per the original feasibility study. RDCP has now secured a 53% interest in Three Partners Resorts Limited. The anticipated Internal Rate of Return (over 10 years) of the project is estimated to be in excess of 22%.

The above has been achieved through the endeavours of the Steering Committee, which has provided guidance and support to the Project Management Team. The other partners, Shakawe (Pty) Limited, Lavica (Pty) Limited and Keboife Holdings (Pty) Limited have actively participated in the project and all relevant meetings and events.

Financing and cash flow

At the end of December 2010, the Group's borrowings and available facilities consisted of:

Overdraft facility P15million from First National Bank of Botswana and long term loans of P 187.724 million.

As at the date of this annual report the Group had P221.302 million of Bonds against portfolio and investment values in excess of P469 million thus providing significant capacity to raise additional finance. The significant limitation in respect of this capacity, is the self imposed limit of 40%, which the company as now reached.

During the year, the Company's cash flow has been under pressure due to the capital required for the Masa Centre, which improved considerably towards the end of the year. The outlook for positive cash flow in 2011 is most favourable.

International Financial Reporting Standards

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

Gross income

Gross income increased 7.45% to P29.196 million (2009: P27.171 million).

Operating expenses

Operating expenses for the period increased by 29.67 % to P8.767 million (2009: P6.761 million) due to the operations of Isalo Rock Lodge, Madagascar. However, the exceptional income of P6,630 million realised on a consultancy agreement, described in the Chairman's report, added positively to the results.

Net finance expense

Net finance expense was P4.552 million (2009: P4.408 million), comprising interest paid on long terms loans, overdrafts and interest received from related companies

Debenture interest/dividends

The total distribution to unit holders, is calculated on the net income received out of the Botswana properties, forcing a retention of 18%. The distribution ratio between dividends to interest on the linked units is 1:50. The dividend and debenture interest increased by 74.91 % to P19.453 million (2009: P11.122 million)

Taxation

The tax for the year of P10.568 million (2009: P11.569 million) mainly arose from the taxation on subsidiaries and deferred taxation. Deferred taxation has been accounted for in accordance with IAS12 and includes full provision for tax which would be payable in the event that the group disposes of property for the amounts stated in the statements of financial position.

Results per linked unit

Earnings per linked unit for the period were up by 1.01 % to P1.00 (2009: P0.99).

Shareholders' funds

Shareholders' funds at 31 December 2010 amounted to P171.159 million (2009: P147.494 million), resulting in a Net Asset Values per share of P5.10 (2009: P4.48), an increase of 13.84%.

Net borrowings

The Group's net borrowings at 31 December 2010 amounted to P187.724 million (2009: P107.733 million), giving a net debt to gross property and investments assets ratio of 40.00% (2009: 29.43%).

Jacopo Pari
Group General Manager

The Board of Directors

Standing (Left to right)

Lesang Magang, Director (Non Executive – Independent - member of Audit and Risk Committee), aged 39. Has Law Degree. Managing Director of Phakalane Estates, a major property development company and one of the largest privately-owned township developers in Botswana involved in residential, commercial and industrial developments. Director of the Real Estate Development Company and other companies. Involved in community projects and previous patron of Botswana Scouts Association and University of Botswana Debating Society. A speaker on youth development and entrepreneurship in Botswana.

Guido R. Giachetti, Chairman (Executive), aged 48, Civil Engineer, Masters in business management and transport. A member of the INSEAD Alumni Association (business school in Fontainebleau). As Group Managing Director of Realestate Financiere SA, he has been involved in property development and investments for over 21 years. He is the Honorary Consul of Italy and Spain in Botswana and actively involved in community works as a Paul Harris Fellow.

Giorgio G Giachetti, Director (Non Executive), aged 67, Civil Engineer (Masters degree). On site experience in construction since 1968. In 1970 started investing in Botswana and developing properties, some of which are now part of the RDC Properties portfolio. He is a Director of many companies in Botswana and Internationally.

Ndaba N Gaolathe, Director (Non Executive – Independent – member of Audit and Risk Committee), aged 38, MBA Finance graduate of the Wharton School of the University of Pennsylvania. He attained BS and BA degrees in Mathematics and Economics respectively, from the George Washington University. He is founder of Delele, a strategy consulting and private equity management company that played a key role in the establishment of a private equity fund in Botswana and later in Namibia. He has consulted widely across many sectors, in South Africa and Internationally, in the areas of general strategy and financial structuring.

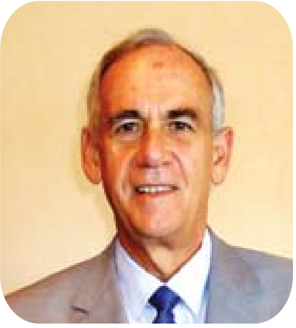
Seated (Left to right)

Marco A. Giachetti, Director (Non Executive), aged 77, Civil Engineer (Masters degree). In 1959 was the Founder of Realestate Financière SA, a company registered in Geneva with the specific aim of acquiring interests worldwide in the Construction and Real Estate Development Business. In 1970 started investing in Botswana and developing properties, some of which are now part of the RDC Properties portfolio. In 1992 became Non Executive Chairman of Realestate Development Company Limited, the original listing of the Company. He is a Director of many companies in Botswana and Internationally.

Gobe W. Matenge, Director (Non Executive – Independent), aged 85. Public Officer Emeritus. Occupied prestigious positions in Public Administration starting 1951 as a Clerical Officer to being Executive Officer, Higher Executive Officer, Deputy Chief Immigration Officer, Ministry of Home Affairs, Assistant Secretary, Ministry of Finance, Under Secretary in the Ministries of Works and Communications and Mineral Resources and Water Affairs. Internationally, he was a member of the Observer Group on behalf of the British Commonwealth for the Ugandan general elections. As the Coordinator of Botswana Tenth Anniversary of Independence Celebrations, he was awarded the Presidential Honour of Meritorious Service. He retired 1981 and now sits as Chairman or Director in many companies and societies in Botswana.

Jenny S. Stewart, Director (Executive), aged 50. Joined the Realestate Group in 1996 and has been involved in property management and development since then. Jenny was instrumental in the group's diversification into the hospitality industry and now focuses on this aspect of the business. Before joining the Group, Jenny Stewart was employed by British Airways for nearly 18 years, where she was responsible for, among other things, general management, staff development and training. She spends much of her free time working for a charitable organization in Botswana.

Audit and Risk Committee




Robert N. Matthews, Chairman, aged 67, Fellow of the Institute of Chartered Accountants in England and Wales, Certified Public Accountant (USA), Fellow of the Botswana Institute of Accountants; Retired partner of PricewaterhouseCoopers, Gaborone. Was partner in charge of Audit and Business Advisory Services. Now carrying out consulting and advisory work for companies and other clients in Botswana and externally.

Ndaba N Gaolathe, Lesang Magang,
Co-opted member: Jacopo Pari

The Management Team

The management team comprises employees of Property and Asset Management Limited.

- Jacopo Pari — Group General Manager
- Priscilla Marukutira — Group Financial Manager
- France Mabiletsa — Financial Manager
- Chiseki Chiseki — Accountant
- Tshiamo Sanane — Accountant
- Tshegofalo Bimbo — Accountant
- Giancarlo Fareri — International Hospitality Development Manager
- Tubbie Sylvester Thwabi — Property Manager
- Desney Katse — Property Manager
- Finn Chalashika — Junior Property Manager
- Lorato Kgengwengane — Junior Property Manager

Professional Advisors

Secretaries /Transfer Secretaries
PricewaterhouseCoopers (Pty) Ltd
Plot 50371 Fairground Office Park
PO Box 294, Gaborone, Botswana

Independent Auditor
Deloitte & Touche
Plot 64518, Fairground Office Park
PO Box 778, Gaborone, Botswana

Property Managers/Asset Managers
Property and Asset Management Limited
PO Box 405391, Gaborone, Botswana

Stockbrokers
Stockbrokers Botswana Limited
Ground floor, Letshego Place,
Khama Crescent, Gaborone

Bankers
First National Bank of Botswana Limited
Barclays Bank of Botswana Limited

Property Valuers
Belshane Property Group
Plot 5665, Unit 14, Kubu Road Gaborone

Willy Kathiruma Associates
Plot 61687, Mabeleapodi, Block 3 Gaborone.

CB Richard Ellis
Plot 50361, Ground Floor, Block C, Fairground Office Park, Gaborone

Solicitors
Osei-Ofei Swabi & Company
Plot 115, Unit 18, Kgale Mews, Gaborone

Directors' Report

The directors present their annual report to the shareholders, together with the audited financial statements, for the year ended 31 December 2010.

Principal activities and business review

RDC Properties Limited ("RDCP") is a publicly quoted variable rate loan stock company, incorporated in Botswana. RDCP is a regional property business focused on deriving its revenue from the rental of investment properties and identifying development opportunities.

A detailed business review and future developments is included in the operating and financial review on pages 5 to 8.

Result for the year

Details of the result for the year ended 31 December 2010 are set out in the income statement on page 19.

Subsidiaries

The details of the company's interests in property owning subsidiaries are set out in Note 7 of this report.

Stated Capital

During the year, unit holders representing 93.38% of the linked unit holders eligible to receive capitalisation units in respect of 50% of the 2009 final net distribution, elected to receive as many fully paid units in the Company as possible. Thus unit holders holding 30,586,539 linked units in the Company have been allotted 592,282 new linked units. Following the issue of the new capitalisation units, the total units of the Company in issue are 33,541,022 units (2009: 32,948,740 units).

Distribution to Unit Holders and Distribution Policy

The interest entitlement on every debenture is fixed at 50 times that of the dividend component of any distribution. The distribution, made bi-annually, varies with the operating performance of the group. Details on the distribution are included in the operating and financial review on pages 5 to 8.

Distribution to Unit holders (thebe)

	Interest	Dividend	Total
2010			
Interim	15.61	0.31	15.92
Final	41.25	0.83	42.08
	56.86	1.14	58.00
2009			
Interim	13.32	0.27	13.59
Final	19.77	0.40	20.17
	33.09	0.67	33.76
Change	72%	70%	72%

Directors and secretary

In accordance with the Article 54 of Articles of Association of the company, G.R. Giachetti and J.S. Stewart retire by rotation, and being eligible, offer themselves for re-election at the Annual General Meeting

Interests of directors and secretary

The directors and secretary who held office at 31 December 2010 had no interests, other than those shown below, in the linked units of the company.

	Held Directly	Held Indirectly
G. R. Giachetti	-	90,246
M. A. Giachetti	-	15,503,876
G. G. Giachetti	-	7,882,541
G. Matenge	10,100	-
N. Gaolathe	-	-
L. Magang	-	-
J. Stewart	-	-

Note: For G. R. Giachetti shares held indirectly are held by his daughters.

Directors' Report (continued)

Substantial holdings

The directors have been notified of the following significant interests in the linked units of the Company at 31 December 2010.

Table of Substantial Holdings

Major linked unit holders	Number of Linked Units	%
Realestate Financière SA	15,503,876	46.22
Chobe Financial Corporation	7,882,541	23.50
Motor Vehicle Accident Fund	1,645,221	4.91

Directors' interests in contracts

The following directors, G.Giachetti and M.A.Giachetti, 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 (PAM), details of which are disclosed in the Chairman's Statement and in the Corporate Governance reports. G.R.Giachetti, M.A.Giachetti, G. Giachetti, L. Magang and J.Stewart 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 SA.

Key performance indicators (KPI's)

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 its 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 statement of financial position structure that provides it with 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 27 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 RDCP operates, including:
    - local economic conditions, as affected by government policy, legislation, economic growth, interest rates and inflation, and
    - supply of and demand for property, and their 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.
  The board mitigates these risks by the employment of an expert professional management team, by adopting appropriate strategic objectives to be pursued (including sectoral and geographic diversification).

Directors' Report (continued)

- 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 Company's ability to realise its business strategy is dependent on management's ability to source new profitable property opportunities, to exploit the 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 Company's ability to vary its portfolio as the location and quality of the portfolio will enable the company to dispose of or liquidate part of its 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 in Botswana and, consequently, a significant part of its rental income and a significant proportion of its property assets are denominated in Pula. The board has mitigated the risk by making sure that there is no mis-match between financing and expected income currency on all new developments.

Going concern

After making inquiries, the directors are confident that the group has adequate resources to continue in operational existence for the foreseeable future. In particular, in making such enquiries, the board has had regard to its current financing arrangements and its planned activities for the next 18 months. For this reason, the board continues to adopt the going concern basis in preparing the financial statements.

Auditor

In accordance with the relevant section of the Companies Act of Botswana, the auditors, Deloitte, Chartered Accountants, will continue in office.

Subsidiaries and equity accounted investees

Information on the group's significant subsidiaries and equity accounted investees is set out in note 7 to the financial statements.

Responsibility statement

We confirm 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 company and the undertakings included in the consolidation taken as a whole; and
(b) the Chairman's statement, the Operating and Financial review, the Key risks and uncertainties and the Directors' report include a 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.

Special business at the Annual General Meeting

Notice of the 2010 Annual General Meeting with details of the special business to be considered at the meeting is enclosed with this Annual Report. In addition to the usual business to be transacted at the AGM, there is no special business proposed.

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 Chairman

M.A.Giachetti
Non Executive Director

Corporate Governance Statement

The directors of RDCP are committed to maintaining high standards of corporate governance and remain committed to the principles of transparency, accountability and integrity.

RDCP supports the principles and provisions of the Botswana Stock Exchange Code on Corporate Governance and has undertaken to apply these as appropriate and practical for a company of its size. The following statement describes how RDCP is applying the Code in the governance of its business.

The Board of Directors

The board comprises seven directors, being two executive directors and five non-executive directors, of which three are independent. Biographical details of the directors are set out on page 9.

The conduct of the Company's operations is delegated to the executive management team, which is employed by Property and Asset Management Limited, within predefined authority limits. The board is ultimately responsible for the leadership and control of the company.

The board agrees a schedule of regular meetings to be held in each calendar year and also meets on other occasions as necessary. There is a schedule of matters specifically reserved for decision at board meetings, as follows:

- approval of strategic plans for the group
- approval of annual statutory financial statements, annual budgets and interim accounts,
- review of operational and financial performance,
- approval of major property acquisitions and investments
- review of the group's internal controls and risk management processes,
- appointments of the companies providing Property Management, Asset Management, Project Management and all major development contracts.

Operation of the Board

The board meets regularly throughout the year. The directors receive quarterly management accounts and full board papers are sent to each member on a timely basis prior to each board meeting to enable them to discharge their duties. These documents include the minutes of meetings of the board.

An induction process is in place to familiarise new board members with the operations of the group and with the procedures of the board.

Effective governance is achieved by the separation of the roles of the executive Chairman and the management team. This division of responsibilities ensures a balance of power and authority. The executive Chairman has overall responsibility for 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. PAM Group General Manager is responsible for developing and delivering the group's strategy and is accountable for its overall performance and day to day management.

Attendance at scheduled board and relevant committee meetings during the year ended 31 December 2010

	Attended	Fees Paid in 2010
G.R.Giachetti	4	P 9,000.00
M.A.Gachetti	3	P 2,250.00
G.Giachetti	0	-
G.Matenge	4	P 9,000.00
N.N.Gaolathe	2	P 1,500.00
J.Stewart	3	P 8,250.00
L.Magang	4	P 9,000.00
Total		**P 39,000.00**

Corporate Governance Statement (continued)

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 articles of association.

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

The appointment and removal of the company secretary is a matter for the board. All directors have access to the advice and services of the company secretary.

Independence of directors

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

In particular, the board reviewed the position of G.R.Giachetti as Executive Chairman and determined that, despite his executive role, it is confident that the effective separation of duties exists with the Management Team. The Chairman executes his powers in an independent manner throughout the financial year, discharges his duties in a consistently independent manner and constructively and appropriately challenges the executive management team and the board.

Board committees

The board has established a formal sub-committee.

Audit and Risk committee
The purpose of the audit and risk committee is to oversee the financial reporting processes, assurance and finance functions and external audit process of RDCP. The audit and risk committee, is composed of three members, the Chairman, who is not a director of the company, is an independent advisor. He is assisted by two directors, both non-executive, independent members of the board. The co-opted member is the group's General Manager The committee meets three times a year and reports are issued to the Board.

Remuneration/Nominations committee
The board plans for its own succession. In view of the current size of the company, and the fact that no one is employed by the company, the board has not established this committee.

Directorships, and where appropriate, senior management appointments are considered and recommended by the board.

Auditors
The auditors are permitted to provide non-audit services that are not in conflict with auditor independence where they are considered by the board to be the most appropriate to provide the services in the best interests of the company.

The external auditors have full and unrestricted access to all information and documentation of the group.

Internal controls

The board has overall responsibility for the group's system of internal control and for monitoring its effectiveness. The system of internal control applied by the company is designed to allow reasonable but not absolute assurance against material misstatement or loss.

On a regular basis, the board receives reports on the key Issues affecting the business of the company.

The company's Annual General Meeting affords individual unit holders the opportunity to question the chairman 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.

Corporate Governance Statement (continued)

Fees for non-executive directors are determined by the board on an annual basis.

Service contracts and letters of appointment

The following directors, M.A.Giachetti, and G. Giachetti have a beneficial interest in a material contract to which the company or its subsidiary was a party during the year. The Contract is the construction of Masa Centre awarded to Italtswana Construction Company (Pty) Ltd by Three Partners Resorts Limited. The contract was awarded following a tender process coordinated by a firm of Independent Professional Quantity Surveyors.

The company has a service contract with Property and Asset Management Limited (PAM), details of which are disclosed in the Chairman's Statement and in the Directors' reports.

G.R.Giachetti, M.A.Giachetti, G. Giachetti, L. Magang and J.S. Stewart are directors of PAM, which is the company providing property management, accounting and secretarial services to RDCP. The appointment of PAM is reviewed by the Board on a regular basis and both competitiveness and quality of the services are openly discussed.

One of the directors, G.Giachetti has an indirect interest in the group's investment in a joint venture company, HMS1 SA.

G.R.Giachetti, M.A.Giachetti, and G. Giachetti are directors of Italtswana Construction Company (Pty) Limited (ICC), which is among the civil 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, generally after recommendation from an independent Professional Quantity Surveyor in control of a negotiation carried out in a completely transparent tendering process.

Directors' Responsibility Statement and Approval of Annual Financial Statements

31 December 2010

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the company and group annual financial statements of RDC Properties Limited, comprising the statements of financial position as at 31 December 2010 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of Botswana (Companies Act, 2003).

The directors are required by the Companies Act of Botswana (Companies Act, 2003) to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report. It is their responsibility to ensure that the company and group 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 company and group annual financial statements.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these 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 company and group annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in the 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 in the group is on identifying, assessing, managing and monitoring all known forms of risk across the company. 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 made an assessment of the group'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. 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 reviewing and reporting on the company's and group's annual financial statements, which were examined by the external auditors and their report is presented on page 18.

Approval of the annual financial statements

The company and group annual financial statements set out on pages 19 to 42 which have been prepared on the going concern basis, were approved by the board on 17 March 2011 and were signed on its behalf by:

Mr. G R Giachetti
Chairman

Mr. M A Giachetti
Director

Independent Auditor's Report to the Members of RDC Properties Limited

Deloitte.

PO Box 778
Gaborone
Botswana

Deloitte & Touche
Assurance & Advisory Services
Certified Public Accountants
(Botswana)
Deloitte & Touche House
Plot 64518
Fairgrounds Office Park
Gaborone
Botswana

Tel: +(267) 395 1611
Fax: +(267) 397 3137
www.deloitte.com

Report on the Annual Financial Statements

We have audited the accompanying company and group financial statements of RDC Properties Limited, set out on pages 19 to 42, which comprise the statements of financial position as at 31 December 2010 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Botswana (Companies Act, 2003), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and group as of 31 December 2010, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Botswana (Companies Act, 2003).

Deloitte & Touche

Deloitte & Touche
Certified Public Accountants
Practicing Member: M Marinneli (19900028.35)

Gaborone
17 March 2011

Statements of Comprehensive Income

for the year ended 31 December 2010

	Notes	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Revenue		30 704	28 220	24 245	21 797
Contractual lease rental revenue	1	28 898	27 171	23 205	20 948
Straight line rental adjustment		1 508	1 049	1 040	849
Hotel revenue		298	-	-	-
Operating expenses		(8 767)	(6 761)	(5 236)	(5 334)
Net foreign exchange losses		(582)	(1 786)	(492)	(842)
Other operating income		6 860	504	6 710	169
Profit from operations before fair value adjustments		28 215	20 177	25 227	15 790
Surplus arising on revaluation of properties		17 583	24 640	18 309	19 784
Net valuation		19 091	25 689	19 349	20 633
Adjusted for straight line rental adjustment		(1 508)	(1 049)	(1 040)	(849)
Profit from operations	2	45 798	44 817	43 536	35 574
Investment income	3	6 851	4 798	10 592	6 669
Finance costs	4	(10 556)	(8 262)	(9 651)	(7 850)
Profit before tax		42 093	41 353	44 477	34 393
Income tax expense	5	(10 568)	(11 569)	(10 503)	(8 986)
Profit for the year from continuing operations		31 525	29 784	33 974	25 407
Discontinued operations					
(Loss)/profit from discontinued operations	28	(1 835)	2 642	-	-
Profit for the year		29 690	32 426	33 974	25 407
Other comprehensive income					
Exchange differences on translation of foreign operations		(349)	(1 167)	-	-
Total comprehensive income for the year		29 341	31 259	33 974	25 407
Profit attributable to:					
Owners of the company		28 514	29 340	33 974	25 407
Non-controlling interests		1 176	3 086	-	-
		29 690	32 426	33 974	25 407
Total comprehensive income attributable to:					
Owners of the company		28 165	28 173	33 974	25 407
Non-controlling interests		1 176	3 086	-	-
		29 341	31 259	33 974	25 407
Interest to dividend ratio		50:1	50:1	50:1	50:1
Number of linked units in issue at year end	13 & 14	33,541,022	32,948,740	33,541,022	32,948,740
Average number of linked units in issue		33,262,917	32,468,398	33,262,917	32,468,398
Earnings per linked unit (thebe)		100.06	98.76		
Earnings per linked unit is calculated based on the average number of linked units in issue and profit for the year attributable to the owners of the company adjusted by the taxation on debenture interest credited to statement of changes in equity of:		33 282	32 066		
Distribution per linked unit (thebe)		58.00	33.76		
Interest per linked unit (thebe)		56.86	33.09		
Dividend per linked unit (thebe)		1.14	0.67		

Distribution per linked unit is calculated on the number of linked units in issue.

Statements of Financial Position
31 December 2010

	Notes	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
ASSETS					
Non-current Assets					
Property, plant and equipment	6	246 877	153 375	12	5
Investments	7	2 323	2 745	84 912	81 046
Investment properties		213 937	202 594	171 330	150 854
At fair value	8	219 313	208 739	175 547	155 374
Rental receivable - Straight line rental adjustment	8	(5 376)	(6 145)	(4 217)	(4 520)
Intangible assets	9	1 000	1 000	-	-
Rental receivable - Straight line rental adjustment	8	5 376	6 145	4 217	4 520
Long term advances	10	-	-	3 843	4 312
		469 513	365 859	264 314	240 737
Current Assets					
Inventories		32	-	-	-
Trade and other receivables	11	15 294	10 047	6 545	5 180
Current portion of long term advances	10	-	-	750	844
Current tax assets		109	33	33	33
Cash and cash equivalents	12	4 220	8 058	1 428	112
		19 655	18 138	8 756	6 169
Assets classified as held for sale	29	2 400	-	-	-
Total current assets		22 055	18 138	8 756	6 169
Total Assets		**491 568**	**383 997**	**273 070**	**246 906**
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	13	8 733	8 680	8 733	8 680
Debentures	14	56 241	53 576	56 241	53 576
Accumulated profits	15	93 501	79 672	80 991	61 702
Debenture interest and dividend reserve	16	14 111	6 644	14 111	6 644
Non distributable reserve		41	41	-	-
Foreign currency translation reserve		(1 468)	(1 119)	-	-
Equity attributable to owners of the parent		171 159	147 494	160 076	130 602
Non-controlling interests	17	68 292	62 545	-	-
Total equity		239 451	210 039	160 076	130 602
Non-current Liabilities					
Long term borrowings	18	187 724	107 733	75 000	75 415
Deferred tax liabilities	19	31 240	26 072	25 577	19 808
		218 964	133 805	100 577	95 223
Current Liabilities					
Trade and other payables	20	20 498	26 779	10 097	10 280
Bank overdraft	21	2 417	9 741	-	9 741
Current portion of long term borrowings	18	9 248	3 367	2 320	1 060
Current tax liabilities		12	266	-	-
		32 175	40 153	12 417	21 081
Liabilities directly associated with assets classified as held for sale	29	978	-	-	-
Total current liabilities		33 153	40 153	12 417	21 081
Total Equity and Liabilities		**491 568**	**383 997**	**273 070**	**246 906**

Statements of Changes in Equity

for the year ended 31 December 2010

Group	Notes	Stated capital P'000	Debentures P'000	Accumulated profits P'000	Debenture interest and dividend reserve P'000	Non-distributable reserve P'000	Foreign currency translation reserve P'000	Attributable to owners of the parent P'000	Non-controlling interests P'000	Total P'000
Balance at 1 January 2009		8 645	51 796	58 728	6 373	41	48	125 631	27 939	153 570
Capitalisation issue of linked units	13 & 14	35	1 780	-	-	-	-	1 815	-	1 815
		8 680	53 576	58 728	6 373	41	48	127 446	27 939	155 385
Profit for the year		-	-	29 340	-	-	-	29 340	3 086	32 426
Other comprehensive income for the year		-	-	-	-	-	(1 167)	(1 167)	-	(1 167)
Total comprehensive income for the year		-	-	29 340	-	-	(1 167)	28 173	3 086	31 259
Debenture interest declared and proposed	16	-	-	(10 904)	10 904	-	-	-	-	-
Taxation attributable to debenture interest	5	-	-	2 726	-	-	-	2 726	-	2 726
Debenture interest paid		-	-	-	(10 639)	-	-	(10 639)	-	(10 639)
Dividends declared and proposed	16	-	-	(218)	218	-	-	-	-	-
Dividends paid		-	-	-	(212)	-	-	(212)	-	(212)
Net loans received from non-controlling interests		-	-	-	-	-	-	-	31 520	31 520
Balance at 31 December 2009		8 680	53 576	79 672	6 644	41	(1 119)	147 494	62 545	210 039
Capitalisation issue of linked units	13 & 14	53	2 665	-	-	-	-	2 718	-	2 718
		8 733	56 241	79 672	6 644	41	(1 119)	150 212	62 545	212 757
Profit for the year		-	-	28 514	-	-	-	28 514	1 176	29 690
Other comprehensive income for the year		-	-	-	-	-	(349)	(349)	-	(349)
Total comprehensive income for the year		-	-	28 514	-	-	(349)	28 165	1 176	29 341
Debenture interest declared and proposed	16	-	-	(19 072)	19 072	-	-	-	-	-
Taxation attributable to debenture interest	5	-	-	4 768	-	-	-	4 768	-	4 768
Debenture interest paid		-	-	-	(11 751)	-	-	(11 751)	-	(11 751)
Dividends declared and proposed	16	-	-	(381)	381	-	-	-	-	-
Dividends paid		-	-	-	(235)	-	-	(235)	-	(235)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(2 085)	(2 085)
Net loans received from non-controlling interests		-	-	-	-	-	-	-	6 656	6 656
Balance at 31 December 2010		8 733	56 241	93 501	14 111	41	(1 468)	171 159	68 292	239 451
COMPANY										
Balance at 1 January 2009		8 645	51 796	44 691	6 373	-	-	111 505	-	111 505
Capitalisation issue of linked units	13 & 14	35	1 780	-	-	-	-	1 815	-	1 815
		8 680	53 576	44 691	6 373	-	-	113 320	-	113 320
Profit for the year		-	-	25 407	-	-	-	25 407	-	25 407
Total comprehensive income for the year		-	-	25 407	-	-	-	25 407	-	25 407
Debenture interest declared and proposed	16	-	-	(10 904)	10 904	-	-	-	-	-
Taxation attributable to debenture interest	5	-	-	2 726	-	-	-	2 726	-	2 726
Debenture interest paid		-	-	-	(10 639)	-	-	(10 639)	-	(10 639)
Dividends declared and proposed	16	-	-	(218)	218	-	-	-	-	-
Dividends paid		-	-	-	(212)	-	-	(212)	-	(212)
Balance at 31 December 2009		8 680	53 576	61 702	6 644	-	-	130 602	-	130 602
Capitalisation issue of linked units	13 & 14	53	2 665	-	-	-	-	2 718	-	2 718
		8 733	56 241	61 702	6 644	-	-	133 320	-	133 320
Profit for the year		-	-	33 974	-	-	-	33 974	-	33 974
Total comprehensive income for the year		-	-	33 974	-	-	-	33 974	-	33 974
Debenture interest declared and proposed	16	-	-	(19 072)	19 072	-	-	-	-	-
Taxation attributable to debenture interest	5	-	-	4 768	-	-	-	4 768	-	4 768
Debenture interest paid		-	-	-	(11 751)	-	-	(11 751)	-	(11 751)
Dividends declared and proposed	16	-	-	(381)	381	-	-	-	-	-
Dividends paid		-	-	-	(235)	-	-	(235)	-	(235)
Balance at 31 December 2010		8 733	56 241	80 991	14 111	-	-	160 076	-	160 076

Statements of cash flows

for the year ended 31 December 2010

	Notes	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Cash flows from operating activities					
Profit from continuing operations		45,798	44,817	43,536	35,574
(Loss)/profit from discountinued operations	28	(1,150)	3,212	-	-
Adjustment for items not involving the movement of cash:					
Amortisation of other investments		171	171	171	171
Depreciation		716	143	10	1
Net foreign exchange losses		57	1,950	34	842
Exchange differences on translation of foreign operations		(76)	577	-	-
Loss on disposal of investment in subsidiary		-	-	-	8
Surplus arising on revaluation of investment properties		(19,091)	(27,723)	(19,349)	(20,633)
Loss on disposal of investment properties - discontinued operations		1,817	-	-	-
Operating income before working capital changes		28,242	23,147	24,402	15,963
Changes in working capital:					
- Increase in trade and other receivables		(6,654)	(2,406)	(1,365)	(1,286)
- (Decrease)/increase in trade and other payables		(5,711)	12,174	(183)	4,270
- Increase in inventories		(32)	-	-	-
Taxation paid		(939)	(629)	-	(2)
Net cash generated from operating activities		14,906	32,286	22,854	18,945
Cash flows (used in)/from investing activities					
Purchase of property, plant and equipment		(78,230)	(108,277)	(17)	-
Interest income received	3	6,004	3,854	7,029	5,725
Interest income received - discontinued activities		2	1	-	-
Investment income	3	847	944	847	944
Investment in subsidiaries		251	4,246	(4,037)	(43,432)
Proceeds from disposal of investment properties- discontinued operations		7,250	-	-	-
Dividend income		-	-	2,716	-
Net loan repayments from subsidiaries		-	-	563	633
Improvements to investment properties		(901)	-	(824)	-
Net cash (used in)/generated from investing activities		(64,777)	(99,232)	6,277	(36,130)
Cash flows from/(used in) financing activities					
Dividends paid		(235)	(212)	(235)	(212)
Debenture interest paid		(11,751)	(10,639)	(11,751)	(10,639)
Finance costs paid		(24,332)	(14,396)	(7,439)	(7,850)
Finance costs paid - discontinued operations		(252)	(435)	-	-
Long term loans raised		89,083	60,803	-	30,000
Long term loans repaid		(5,452)	(3,297)	(1,367)	(1,094)
Issue of ordinary shares	13	53	35	53	35
Issue of debentures	14	2,665	1,780	2,665	1,780
Amounts received from non-controlling interests	17	7,156	32,193	-	-
Dividends paid to non-controlling interests	17	(2,085)	-	-	-
Amounts repaid to non-controlling interests	17	(500)	(673)	-	-
Net cash generated from/(used in) financing activities		54,350	65,159	(18,074)	12,020
Net movement in cash and cash equivalents		4,479	(1,787)	11,057	(5,165)
Cash and cash equivalents at beginning of year		(1,683)	104	(9,629)	(4,464)
Cash and cash equivalents at end of year		2,796	(1,683)	1,428	(9,629)
Consisting of:					
Cash and bank balances		4,220	8,058	1,428	112
Cash and bank balances - discontinued operations	29	993	-	-	-
Bank overdraft		(2,417)	(9,741)	-	(9,741)
		2,796	(1,683)	1,428	(9,629)

Significant Accounting Policies

31 December 2010

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's operations.

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of Botswana (Companies Act, 2003).

Adoption of new and revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations of the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting beginning on or after 1 January 2010.

There have been no significant changes to the financial results of the group arising from the adoption of the revised standards and new interpretations. However, the adoption of IAS 1 (revised) has resulted in changes to the titles of the components of the financial statements.

At the date of approval of these financial statements, the following applicable Standards were in issue but not yet effective:

-IAS 32 Financial Instruments: Presentation, Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010);

-IFRS 9 Financial instruments: New standard to replace IAS 39 (effective for annual periods beginning on or after 1 January 2013);

-IAS 24 Related party disclosure (effective for annual periods beginning on or after 1 January 2011);

-IAS 32 Financial Instruments: Presentation, Accounting for rights issues (effective for annual periods beginning on or after 1 February 2010);

-IAS 7 Statement of Cash Flows: Amendments resulting from April 2009 Annual Improvements to IFRSs test (effective for annual periods beginning on or after 1 January 2011);

-IFRS 7 (revised): amendments enhancing disclosures about transfers of financial assets (effective for annual periods beginning on or after 1 July 2011);

-IFRS 1, 3, 7 (revised): 2010 annual improvements to IFRS (effective for annual periods beginning on or after 1 July 2010);

-IAS 27 (revised): 2010 annual improvements to IFRS (effective for annual periods beginning on or after 1 July 2010);

-IAS 1 and 34 (revised): 2010 annual improvements to IFRS (effective for annual periods beginning on or after 1 January 2011);

-IAS 12 (revised): Recovery of underlying assets (effective for annual periods beginning on or after 1 January 2012)

-IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)

The company has evaluated the effect of all the new standards, amendments and interpretations that have been issued prior to 31 December 2010, which would be effective for the accounting periods on or after 1 January 2011. Based on the evaluation, management does not expect these standards, amendments and interpretations to have a significant impact on the group's or company's results, nor will their adoption in future periods have a material financial impact on the financial statements of the group and the company.

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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved where the company has the power to govern financial and operating policies of an investee's enterprise so as to obtain benefits from its activities. On acquisition the assets and liabilities of a subsidiary are measured at their fair values at date of acquisition. The interest of non-controlling interests are stated at the their proportion of the fair values of the assets and liabilities recognised.

Significant Accounting Policies (continued)
31 December 2010

Basis of consolidation (continued)
The results of subsidiaries acquired or disposed of during the year are included in the group's statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All intercompany transactions and balances between group enterprises are eliminated on consolidation.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer credits, rebates and other similar allowances.

Rental income
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 rentals straight line adjustment in the statements of comprehensive income.

Other operating revenue
Other operating revenue comprises utility expenses, service levies and other costs recovered from tenants.

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 assets net carrying amount.

Investment properties
Investment properties, which are held to earn rentals and for capital appreciation, 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.

Impairment
At each statement of financial position date, the group and the company review the carrying amounts of their assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amounts, being the higher of fair value less costs to sell and value in use, of the assets are estimated in order to determine the extent of the impairment. Impairment losses and subsequent reversals are recognised in the statements of comprehensive income.

Interest in joint ventures
A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets for Sale and Discontinued Operations. The group's share of assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in terms of IFRS 3. Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

Significant Accounting Policies (continued)

31 December 2010

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the group and the company become party to the contractual provisions of the instrument.

Financial assets

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Before accepting any new tenant, the group and company assesses the potential credit quality, and obtains surety as a measure of protection against possible default in future payments.

The management frequently reviews and identifies the receivables where recovery could be doubtful, based on factors such as past track record and possibilities of recovery in future. Additional security is also obtained, and payment plans are put in place for debtors who are identified as untimely payers.

Trade and other receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less impairment losses. Impairment losses are recognised in the statements of comprehensive income when collection of the full amount is no longer probable. Impairment losses are written off as incurred.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Impairment of financial assets

Trade receivables are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's or company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Derecognition of financial assets

The group and the company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group or company neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, they recognise their retained interest in the asset and an associated liability for amounts they may have to pay. If the group or company retains substantially all the risks and rewards of ownership of a transferred financial asset, they continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

Financial liabilities

The group's and the company's significant financial liabilities include interest bearing loans, related companies balances and accounts 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.

Trade payables and other accounts payable are stated at their nominal value. Equity and debt instruments, which comprise the stated capital and the variable rate unsecured debentures, are recorded at the proceeds received net of direct issue costs.

Derecognition of financial liabilities

The group and the company derecognise financial liabilities when, and only when, their obligations are discharged, cancelled or they expire.

Significant Accounting Policies (continued)
31 December 2010

Gains and losses on subsequent measurement of financial instruments
Gains and losses arising from a change in the fair value of financial instruments are included in the statements of comprehensive income in the period in which the change arises.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position when the group and the company have a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Bank borrowings
Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Investments
All investments are reported at cost less accumulated impairment losses.

The investment in Chobe Marina Lodge (Proprietary) Limited is stated at cost less amortisation. The investment is amortised over the lease period of 25 years on a discounted cash flow basis. The amortisation is charged to the statements of comprehensive income.

Debenture interest and dividends
Debenture interest and dividends proposed after the statement of financial position date are shown as a component of equity.

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. Plant and equipment is 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:

Buildings	20 - 50 years
Plant and equipment	2 - 10 years
Office equipment	3 - 10 years

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

Intangible assets
Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments.

Related party transactions
Related parties are defined as those parties:

(a) directly, or indirectly through one or more intermediaries, if the party:
  (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  (ii) has an interest in the entity that gives it significant influence over the entity; or

(b) that are members of the key management personnel of the entity, including close members of the family.

All dealings with related parties are transacted on an arm's length basis and accordingly included in statements of comprehensive income for the year.

Significant Accounting Policies (continued)

31 December 2010

Taxation

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.

Deferred taxation 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.

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 currencies 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 overseas operations are translated at exchange rates prevailing at the statements of financial position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising if any, are classified as equity and transferred to the group's foreign currency translation reserve. Such translation differences are recognised in the group statement of comprehensive income in the period in which the operation is disposed of.

Provisions

Provisions are recognised when the group and the company have a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Borrowing costs

Borrowing costs directly attributable to the acquisition and 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. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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.

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.

Significant Accounting Policies (continued)

31 December 2010

Leasing (continued)

The Group as lessee

Assets held under finance leases are initially recognised as assets of the group and the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of comprehensive income. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the group's accounting policies management is required to make judgments, 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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts within the next financial year:

Recoverability of intangible asset

During the year, the directors considered the recoverability of the group's intangible asset arising from a capitalised development, which is included in the consolidated financial position at P1,000,000. The hotel is under construction and the directors are confident that the carrying amount of this asset will be recovered in full even if returns are reduced. This situation will be closely monitored and adjustments made in future periods if adjustments are appropriate.

Useful lives of property, plant and equipment

The group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year the directors determined that the useful lives of items of property, plant and equipment remained unchanged.

Fair value of investment properties

The directors use their judgment in selecting an appropriate valuation technique for the investment properties. Investment properties are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices.

Notes to the Financial Statements

31 December 2010

	Group		Company	
	2010 P'000	2009 P'000	2010 P'000	2009 P'000

1. Contractual lease rental revenue

Revenue comprises rental income and service charges recovered from tenants.

	2010	2009	2010	2009
Rental income	27,692	26,156	22,165	20,134
Service charges recovered	1,206	1,015	1,040	814
	28,898	27,171	23,205	20,948
Discontinued operations (note 28)				
Rental income	1,370	1,885	-	-
Service charges recovered	93	117	-	-
	1,463	2,002	-	-

2. Profit from operations

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

		2010	2009	2010	2009
Auditor's remuneration	- audit fee	219	210	171	150
Amortisation of other investments		171	171	171	171
Depreciation		716	143	10	1
Directors' emoluments	- for services as directors	40	57	40	57
Foreign exchange losses	- foreign entities	429	1,771	435	662
	- other	57	180	57	180
Management and administration fee paid to related company (note 22)		1,784	1,738	1,226	1,137
Project and development management, brokerage commission and facilitation fees of activities in Madagascar		(6,630)	-	(6,630)	-
Repairs and maintenance on investment properties		667	574	497	467
Service charge paid to related company (note 22)		871	591	871	591

3. Investment income

	2010	2009	2010	2009
Interest income:				
- bank	136	151	-	7
- other	-	220	-	220
- related parties and intercompany	220	58	1,381	2,073
- intercompany capitalised on qualifying assets (note 22)	5,648	3,425	5,648	3,425
	6,004	3,854	7,029	5,725
Share of the net income from Chobe Marina Lodge (Proprietary) Limited	847	944	847	944
Dividends	-	-	2,716	-
	6,851	4,798	10,592	6,669
Discontinued operations				
Interest income:				
- bank (note 28)	2	1	-	-

4. Finance costs

	2010	2009	2010	2009
Interest payable				
- bank	912	341	790	341
- long term loans	25,632	14,055	8,861	7,509
Total borrowing costs	26,544	14,396	9,651	7,850
Less: amounts capitalised on qualifying assets (note 6)	(15,988)	(6,134)	-	-
	10,556	8,262	9,651	7,850
Discontinued operations				
Interest payable				
- long term loans (note 28)	252	435	-	-

Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale.

Notes to the Financial Statements (continued)

31 December 2010

5. Income tax expense

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Basic taxation at 15%	422	467	-	-
Additional company taxation at 10%	281	312	-	-
Normal taxation	703	779	-	-
Normal taxation - prior years	-	(40)	-	(40)
Withholding tax offset on dividends paid	(128)	(30)	(34)	(30)
Tax on foreign entity	1	1	-	-
Total normal taxation	576	710	(34)	(70)
Deferred taxation - current year	5,055	7,717	5,673	5,914
- prior year	-	10	-	10
Capital gains deferred tax	169	406	96	406
	5,800	8,843	5,735	6,260
Income tax expense comprises:				
Charged to statement of comprehensive income	10,568	11,569	10,503	8,986
Attributable to debenture interest credited to statement of changes in equity	(4,768)	(2,726)	(4,768)	(2,726)
	5,800	8,843	5,735	6,260
Additional company taxation available to be offset against future withholding tax on dividends paid is	301	846	20	54

The charge for the year can be reconciled to the profit per income statement as follows:

	%	%	%	%
Tax reconciliation:				
Tax at current rate	25.00	25.00	25.00	25.00
Normal taxation - prior years	-	(0.11)	-	(0.11)
Taxation on debenture interest	10.72	6.48	10.72	7.93
Tax on foreign entity	-	0.32	-	-
Withholding tax offset on dividends paid	(0.30)	(0.09)	(0.08)	(0.09)
Deferred taxation -prior year	-	0.03	-	0.03
Non-deductable expenses	(9.44)	(5.11)	(12.03)	(6.63)
Effective tax rates	25.98	26.52	23.61	26.13

6. Property, plant and equipment

	Leasehold buildings P'000	Plant and equipment P'000	Capital work in progress P'000	Office equipment P'000	Total P'000
Group					
Cost					
At 1 January 2009	2,201	-	37,153	162	39,516
Additions during the year	-	-	108,277	-	108,277
Finance costs capitalised during the year (note 4)	-	-	6,134	-	6,134
At 31 December 2009	2,201	-	151,564	162	153,927
Additions during the year	-	51	78,162	17	78,230
Finance costs capitalised during the year (note 4)	-	-	15,988	-	15,988
Transfer to other categories	19 256	1,751	(21,007)	-	-
As at 31 December 2010	21,457	1,802	224,707	179	248,145
Accumulated depreciation					
At 1 January 2009	253	-	-	156	409
Charge for the year	142	-	-	1	143
At 31 December 2009	395	-	-	157	552
Charge for the year	394	312	-	10	716
At 31 December 2010	789	312	-	167	1,268
Net book value at 31 December 2010	20,668	1,490	224,707	12	246,877
Net book value at 31 December 2009	1,806	-	151,564	5	153,375

Notes to the Financial Statements (continued)

31 December 2010

6. Property, plant and equipment (continued)

Leasehold buildings comprise the following:

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

- Isalo Rock Lodge situated on Lot 480 AU Region d' Ihorombre, Madagascar, which was completed during the year. The land is being leased from ICC Madagascar SARL.

Capital work in progress comprises the following development:

- Masa Towers, Lot 54353, new Gaborone Administrative District, where a development is in progress. The property is encumbered by a covering mortgage bond in favour of BIFM Capital Investment Fund One (Proprietary) Limited for P60 000 000 and Barclays Bank of Botswana Limited for P90 000 000.

Company	Plant and machinery P'000	Office equipment P'000	Total P'000
Cost			
At 1 January 2009 and 31 December 2009	-	162	162
Additions during the year	-	17	17
At 31 December 2010	-	179	179
Accumulated depreciation			
At 1 January 2009	-	156	156
Charge for the year	-	1	1
At 31 December 2009	-	157	157
Charge for the year	-	10	10
At 31 December 2010	-	167	167
Net book value at 31 December 2010	-	12	12
Net book value at 31 December 2009	-	5	5

7. Investments

	Country of incorporation	Share Holding	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
At cost:						
Equity investments - Subsidiaries						
RDC Properties International (Proprietary) Limited	Botswana	100%	-	-	1 588	1 588
Lotsane Complex (Proprietary) Limited	Botswana	77%	-	-	1 692	1 692
Three Partners Resorts Limited	Botswana	53%	-	-	62 248	56 549
Tholo (Proprietary) Limited	Botswana	50%	-	-	1 884	1 884
			-	-	67 412	61 713
Long term loans - Subsidiaries						
Societe Immobiliere D'Ambodivona Sarl (SIA)	Madagascar		-	-	113	2 676
HMS1 Société Anonyme (HMS1)	Madagascar		-	-	12 877	11 725
			-	-	12 990	14 401
Other investments						
Propcorp (Proprietary) Limited	Botswana	33%	-	-	2 187	2 187
Chobe Marina Lodge (Proprietary) Limited	Botswana		2 323	2 745	2 323	2 745
			2 323	2 745	4 510	4 932
			2 323	2 745	84 912	81 046

Notes to the Financial Statements (continued)

31 December 2010

7. Investments (continued)

RDC Properties International (Proprietary) Limited is an International Financial Services Centre (IFSC) company registered in Botswana. The company owns 50% of Société Immobilere D'Ambodivona Sarl (SIA) and 50% of HMS1 Société Anonyme (HMS1), both registered in Madagascar. SIA and HMS1 are both joint venture companies.

The long term loan to Societe Immobiliere D'Ambodivona Sarl (SIA) was substantially repaid during the year. There are no fixed repayment terms on the loan and the outstanding balance is interest free (2009: Euro Libor monthly plus 3%). The loan to HMS1 Société Anonyme (HMS1) also has no fixed terms of repayment and is interest free.

Propcorp (Proprietary) Limited is a joint venture between RDC Properties Limited, Botswana Insurance Fund Management Limited (BIFM) and National Development Bank (NDB) for the development of the basement parking, in the area adjoining Standard House, BIFM House and NDB house in the Gaborone Main Mall area.

The investment in Chobe Marina Lodge (Proprietary) Limited represents a prepayment for a 25 year lease expiring in 2026. RDC Properties Limited receives net income distribution as disclosed in note 3.

The following amounts are included in the group financial statements as a result of the proportionate consolidation of Société Immobilere D'Ambodivona Sarl (SIA), HMS1 Société Anonyme (HMS1) and Propcorp (Proprietary) Limited:

	2010 P'000	2009 P'000
Non-current assets	22 174	27 142
Current assets	4 730	4 523
Non-current liabilities	(8 450)	(10 297)
Current liabilities	(7 502)	(3 347)
Income	1 815	2 072
Expenses	(3 023)	(1 663)

8. Investment properties

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Freehold land and buildings at fair value	110 509	83 617	110 509	83 617
Leasehold land and buildings at fair value	108 804	125 122	65 038	71 757
	219 313	208 739	175 547	155 374
Straight line rental adjustment	(5 376)	(6 145)	(4 217)	(4 520)
	213 937	202 594	171 330	150 854
Reconciliation of fair value				
Opening value	202 594	177 664	150 854	131 070
At valuation	208 739	182 760	155 374	134 741
Straight line rental adjustment	(6 145)	(5 096)	(4 520)	(3 671)
Additions during the year	901	-	824	-
Exchange differences on translation	(351)	(1 744)	-	-
Disposal during the year	(9 067)	-	-	-
Net increase in fair value	19 091	27 723	19 349	20 633
Straight line rental adjustment for the year	769	(1 049)	303	(849)
Closing balance	213 937	202 594	171 330	150 854

Investment properties are revalued annually by the Board of Directors based on a Discounted Cash Flow model.
Each property is independently revalued by independent valuers at least every five years. In the current year, eleven properties were fair valued by the independent valuer CB Richard Ellis who is not related to the Group.

Notes to the Financial Statements (continued)

31 December 2010

8. Investment properties (continued)

Freehold land and buildings comprise the following:
-Lots 1124 to 1130, Extension 3 , Gaborone , which are encumbered by first, second and third mortgage bonds in favour of Barclays Bank of Botswana Limited totalling P12 500 000 to secure banking facilities amounting to P10 000 000 and by a fourth mortgage bond of P15 000 000 in favour of First National Bank of Botswana Limited for an overdraft facility of P15 000 000.
-Lot 21306 Phakalane.
-Lots 1116, 1117 and 1840 Extension 3 Gaborone which are encumbered by first mortgage bond to First National Bank of Botswana Limited totalling P8 000 000.
-Lot 758 Gaborone which is encumbered by a mortgage bond in favour of First National Bank of Botswana Limited totalling P5 000 000.

Leasehold land and buildings comprise the following :
-Lots 4787 and 4788, Extension 6, Gaborone, which are encumbered by first mortgage bonds in favour of First National Bank of Botswana Limited totalling P6 500 000.
-Lots 22017 and 22018 Gaborone which are encumbered by a mortgage bond in favour of Barclays Bank of Botswana Limited totalling P4 800 000.
-Lot 443, Serowe, which is encumbered by a first mortgage bond in favour of Botswana Building Society for P216 800.
-Lot 679 Serowe
-Lot 914 Kasane which is encumbered by a mortgage bond in favour of First National Bank of Botswana Limited for P1 500 000.
-Lot 208 Maun
-Lot 10211- 234-KO , Gaborone
-Lot 194, Maun, which is encumbered by a mortgage bond in favour of National Development Bank for P780 000.
-Lots 680 and 292, Serowe, which are encumbered by a mortgage bond in favour of National Development Bank for P2 460 000.
-Lots 3761, 5422 and 5423, Jwaneng.
-Lot 617, Molepolole.
-Lots 50668 and 50669, Faigrounds Gaborone, which are encumbered by first mortgage bonds in favour of Barclays Bank of Botswana Limited for P6 545 000 and Lot 50369 which is encumbered by a first mortgage bond in favour of First National Bank of Botswana Limited for P8 000 000 for a loan granted to Shakawe (Pty) Limited.
-Lot 1707, Palapye.

Mortgages with Bankers, against which no obligation existed as at 31 December 2010:
Mortgages on the below mentioned properties where registered as security for loans over the years. As at 31 December 2010, the loans are fully repaid and thefore the facilities could be cancelled;

Property	Value of Mortgages with no liability
Lots 443, Serowe	P216,800
Lot 194, Maun	P780,000
Lots 680 and 292, Serowe	P2,460,000
Lot 758, Gaborone	P5,000,000
Lot 4787 and 4788, Extension 6, Gaborone	P6,500,000
Lot 22017/18, Gaborone	P4,800,000
	P19,756,800

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
9. Intangible assets				
Capitalised development	1 000	1 000	-	-

The Group acquired the sole right to build and operate a hotel in the Central Business District in Gaborone, Botswana. As at the statement of financial position date the hotel was still under construction. Amortisation shall begin when the asset is available for use. The amortisation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the Group.

10. Long term advances

	Group 2010	Group 2009	Company 2010	Company 2009
Tholo (Proprietary) Limited	-	-	4,593	5,156
Less: current portion	-	-	(750)	(844)
Long term portion	-	-	3,843	4,312

This loan is unsecured and bears interest at a rate of prime minus 2% per annum and is repayable in monthly instalments of P 108 161 including interest. This loan is repayable over a period of 111 months, effective from January 2007.

Notes to the Financial Statements (continued)

31 December 2010

	Group		Company	
	2010	2009	2010	2009
	P'000	P'000	P'000	P'000

11. Trade and other receivables

Trade receivables	5,319	9,916	3,982	3,849
Allowance for doubtfull debts	(3,275)	(2,558)	(2,503)	(2,019)
	2,044	7,358	1,479	1,830
Other receivables	8,670	1,285	344	1,212
Related parties:	-			
Tholo (Proprietary) Limited	-	-	1,623	36
Lotsane Complex (Proprietary) Limited	-	-	1,233	698
Shakawe (Proprietary) Limited	1,496	1,404	1,496	1,404
Italtswana Construction Company (Proprietary) Limited	2,576	-	-	
Property and Asset Management Limited	267	-	171	-
Lot Two One Three Zero Six (Proprietary) Limited	199	-	199	-
Societe Immobiliere D'Ambodivona (SIA Sarl)	42	-	-	-
	15,294	10,047	6,545	5,180

The average credit period is 60 days. No interest is charged on overdue trade debtors. The Group has provided for all past due and impaired trade debtors based on estimated irrecoverable amounts determined by reference to past default experience. Included in trade debtors are amounts past due at the reporting date for which the Group has not provided as they are still considered recoverable.

Ageing of past due but not impaired				
60 - 90 days	997	847	787	727
90 - 120 days	42	3 547	-	2 695
Total	1 039	4 394	787	3 422

Movement in the allowance for doubtful debts				
Balance at beginning of the year	2 558	1 952	2 019	1 613
Amounts recovered during the year	-	(400)	-	(400)
Movement in provision	717	1 006	484	806
Balance at end of the year	3 275	2 558	2 503	2 019

At the reporting date, the Group considers the concentration of credit risk is limited due to the customer base being small and unrelated. There are no impaired receivables. Accordingly, the directors, believe that there is no further provision required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables				
120+ days	3 275	2 558	2 503	2 019

12. Cash and bank balances

Bank balances	4,220	8,058	1,428	112

13. Stated capital

Issued and fully paid				
Opening balance (32 948 740) (2008: 32 372 329) ordinary shares	8,680	8,645	8,680	8,645
Capitalisation issue (592 282) (2009: 576 411) ordinary shares	53	35	53	35
Closing balance (33 541 022) (2009: 32 948 740) ordinary shares	8,733	8,680	8,733	8,680

14. Debentures

Opening balance (32 948 740) (2008: 32 372 329) debentures	53,576	51,796	53,576	51,796
Capitalisation issue (592 282) (2009: 576 411) debentures	2,665	1,780	2,665	1,780
Closing balance (33 541 022) (2009: 32 948 740) debentures	56,241	53,576	56,241	53,576

Notes to the Financial Statements (continued)

31 December 2010

	Group		Company	
	2010	2009	2010	2009
	P'000	P'000	P'000	P'000

15. Accumulated profits

Arising from operations	14,037	14,527	21,751	16,974
Arising from revaluation of investments	79,464	65,145	59,240	44,728
	93,501	79,672	80,991	61,702

16. Debenture interest and dividend reserve

Debenture interest	13,835	6,514	13,835	6,514
Dividends	276	130	276	130
	14,111	6,644	14,111	6,644

The interest entitlement on every debenture is fixed at 50 times that of the dividend component of any distribution. The distribution, made bi-annually, varies with the operating performance of the group.

Debenture interest				
Interim paid - 15.61 (2009:13.32) thebe	5,237	4,390	5,237	4,390
Final proposed - 41.25 (2009:19.77) thebe	13,835	6,514	13,835	6,514
	19,072	10,904	19,072	10,904
Dividends:				
Interim paid - 0.31 (2009:0.27) thebe	105	88	105	88
Final proposed - 0.83 (2009:0.40) thebe	276	130	276	130
	381	218	381	218

During 2010, interim debenture interest and dividend per linked unit were declared and paid. The 2009 final distribution paid during 2010 was offered with an option for 50% capitalisation as at 25 June 2010. At the year end, the final debenture interest and dividend per linked unit have been proposed and will be submitted for formal approval at the forthcoming Annual General Meeting. The proposed amounts are included in the debenture interest and dividend reserve.

17. Non-controlling interests

Opening balance	62 545	27 939	-	-
Share of profit for the year	1 176	3 086	-	-
Amounts received from non-controlling interests	7 156	32 193	-	-
Dividends paid	(2 085)	-	-	-
Amounts repaid to non-controlling interests	(500)	(673)	-	-
Closing balance	68 292	62 545	-	-

18. Long term borrowings

First National Bank of Botswana Limited	108	289	108	289
Less : current portion	(108)	(220)	(108)	(220)
	-	69	-	69

This loan bears interest at a rate of prime less 2.5% (2009 : Prime less 2.5%) per annum and is repayable in monthly instalments of P16 065 (2009 : P18 930) including interest and is secured as indicated in note 8.
The loan is repayable in 2011

Barclays Bank of Botswana Limited	44 583	2 703	-	1 186
Less: current portion	(3 715)	(1 821)	-	(840)
	40 868	882	-	346

The amount represents existing loans to two subsidiaries and an additional loan taken by Three Partners Resorts Limited during the year to finance the Masa Centre development. The existing loans bear interest at rates of 2.5% below prevailing prime rates per annum. The loans are repayable in monthly instalments of P82 970 (2009: P156 827) including interest. The loans are repayable in 2011 and are secured as indicated in note 8. The loan to Three Partners Resorts Limited bears interest at a rate of prime minus 1.50% during the development phase. On completion the interest rate will be prime minus 2.75%. The loan is repayable in 2020. The loan is secured as indicated in note 6.

Notes to the Financial Statements (continued)

31 December 2010

18. Long term borrowings (continued)

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
BIFM Capital Investment Fund One (Proprietary) Limited	142 328	95 000	77 212	75 000
Less : current portion	(3 922)	-	(2 212)	-
	138 406	95 000	75 000	75 000

These loans represent subscription of Promissory Notes for RDC Properties Limited as well as Three Partners Resort Limited at a fixed interest rate of 11.7% and 10.2% respectively, compounded semi annually. Due dates of interest payments are the 31 March and 30 September of each year. The redemption dates are 30 September 2021 to 2025 for RDC Properties Limited and 30 Septemebr 2025 to 2034 for Three Partners Resorts Limited. The loan for RDC Properties Limited is unsecured while the one for Three Partners Resorts Limited is secured as per note 6.

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Banque Malgache L'Ocean Indien	-	986	-	-
Less : current portion	-	(548)	-	-
	-	438	-	-

This loan bears interest at a rate of 11.80% (2009:11.80%) per annum. The loan was repaid in full during 2010.

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
BFV SG, Madagascar	-	1 319	-	-
Less : current portion	-	(272)	-	-
	-	1 047	-	-

This loan bears interest at a rate of 12.30% (2009:12.30%) per annum. The loan was repaid in full during 2010.

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
BNI , Madagascar	9 953	10 803	-	-
Less : current portion	(1 503)	(506)	-	-
	8 450	10 297	-	-

This loan bears interest at a rate of 9.50% per annum.
The HMS1 project was completed during the year. The loan is repayable in 24 quarterly instalments from 31 October 2010 to 31 July 2016.
The loan is secured as indicated in note 25.

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Long term portion of loans	187 724	107 733	75 000	75 415
Current portion of loans	9 248	3 367	2 320	1 060

19. Deferred tax liabilities

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
The deferred taxation (assets)/liabilities arising on timing differences on:				
Plant and equipment	12	(9)	12	(9)
Investment properties	120 367	97 219	95 719	73 460
Tax losses	(3 283)	(1 208)	-	(324)
IAS 17 adjustment	5 375	6 144	4 216	4 520
Capital gains	3 652	2 976	2 808	2 425
Unrealised exchange differences	(450)	(1 424)	(450)	(842)
	125 673	103 698	102 305	79 230
Tax at 15%/24%/25%	31 240	26 072	25 577	19 808
Reconciliation of movement				
Opening balance	26 072	17 939	19 808	13 478
Charge to profit or loss - current year	5 055	7 717	5 673	5 914
- prior year	-	10	-	10
- capital gains	169	406	96	406
Exchange differences on translation	(56)	-	-	-
Closing balance	31 240	26 072	25 577	19 808

Notes to the Financial Statements (continued)

31 December 2010

20. Trade and other payables

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Trade payables	14 755	20 513	2 184	3 285
Other payables	4 549	5 626	3 120	5 123
Related parties:				
Property and Asset Management Limited	350	352	-	(22)
Italtswana Construction Company (Proprietary) Limited	844	289	739	151
RDC Properties International (Proprietary) Limited	-	-	1 554	1 744
Sunnyside (Proprietary) Limited	-	(1)	-	(1)
Three Partners Resorts Limited	-	-	2 500	-
	20 498	26 779	10 097	10 280

21. Bank overdraft

The group has a bank overdraft facility totalling P15 000 000 which is secured by a first mortgage bond of P5 000 000 over lots 758 Gaborone, another first mortage bond of P 8 000 000 over lots 1116, 1117 and 1840 Gaborone and a fourth mortgage bond of P15 000 000 over lots 1124 to 1130 Gaborone, in favour of First National Bank of Botswana Limited.

22. Related party transactions

Related parties are companies with common shareholding and control.

Receivables relating to related parties are disclosed in note 11.

Payables relating to related parties are disclosed in note 20.

The following trading transactions were carried out with related parties.

Interest income - related parties (note 3)

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
RDC Properties International (Proprietary) Limited	-	-	(180)	(985)
Lotsane Complex (Proprietary) Limited	-	-	(118)	(155)
Three Partners Resorts Limited	(5 648)	(3 425)	(5 648)	(3 425)
Tholo (Proprietary) Limited	-	-	(871)	(875)
	(5 648)	(3 425)	(6 817)	(5 440)

Property and Asset Management Limited

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
- management and administration (note 2)	1 784	1 738	1 226	1 137
- lease renewal fees	217	67	181	67
- service charges (note 2)	871	591	871	591

Management and administration fees are calculated on a fixed percentage of net rental income after taking bad debts into consideration.

Lease renewal fees are calculated on a commercial basis.

Service charges are calculated as a fixed percentage of the market capitalisation of the group on the last trading day of the month.

Italtswana Construction Company (Proprietary) Limited

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
- repairs and maintenance expenditure	240	683	234	667
- interest income	(8)	-	-	-

Notes to the Financial Statements (continued)

31 December 2010

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
22. Related party transactions (contrinued)				
The investment property purchase, capital expenditure and repairs are carried out on an arms length basis.				
Shakawe (Proprietary) Limited				
- commission charged	(75)	(75)	(75)	(75)
- interest income	(212)	(58)	(212)	(58)

23. Operating lease arrangements

Property rental income earned during the year is set out in note 1. None of the group's properties held for rental purposes were disposed of since the statement of financial position date.

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

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Within one year	24 908	31 444	20 295	25 748
In the second to fifth years inclusive	57 307	29 708	43 841	24 015
After five years	22 297	4 308	21 649	3 127
	104 512	65 460	85 785	52 890

24. Capital commitments

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Approved and contracted:				
Within one year	53 487	155 782	-	-
	53 487	155 782	-	-

Three Partners Resorts Limited (TPR)
Construction of a mixed use development which includes a hotel, office space, cinema, speciality restaurants and other commercial outlets such as banks and shops. The project is located in the Central Business District in Gaborone. It is expected that the project will be completed in June 2011.

The total cost of the project is estimated to be P248 million. Of this amount, 40% has been financed by the shareholders of TPR based on their respective shareholding percentage. The balance of 60% representing an amount of P150 million will be financed by local financial institutions. P60 million was secured from BIFM Capital Investment Fund One (Proprietary) Limited. The remaining P90 million was secured during the year from Barclays Bank of Botswana Limited.

25. Contingent liabilities

RDC Properties Limited has given bank guarantees for the bank loans availed to HMS1 Société Anonyme (HMS1) by commercial bankers based in Madagascar, as follows:

- An amount equivalent to P9 220 402 (Euro 1 013 000) by First National Bank of Botswana Limited, in favour of Emprunt CA BNI (BNI) for a 50% loan amount equivalent to P9 9 52 532 (Ariary 3 175 634 103);

RDC Properties Limited has also given a corporate guarantee of P47 700 000 in favour of Barclays Bank of Botswana Limited and a Deed of Cession of Rentals dated 03 November 2010 over Plot 54353 Gaborone. The group has also given lien over the Retention of Funds in the amount of P6,750,000.

26. Segmental reporting

The group's business activities are concentrated in the segment of property rentals and are provided within the geographical region of Botswana, except for one property, Tana Waterfront, located in Madagascar which was disposed of during the year. During the year, the Group commenced operations at Isalo Rock Lodge also in Madagascar. This activity is classified as hotel revenue in the Statements of Comprehensive Income. Both the Tana Waterfront's and Isalo Rock Lodge's operations are not material to the group, therefore segmental information based on business activities or geographical locations is not considered necessary.

Notes to the Financial Statements (continued)

31 December 2010

27. Financial risk management

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Categories of financial instruments				
Financial assets				
Fair value through profit and loss				
Investments	2 323	2 745	84 912	81 046
Loans and receivables (including receivables held for sale)				
Long term advances	-	-	4 593	5 156
Trade and other receivables	16 701	10 047	6 545	5 180
	16 701	10 047	11 138	10 336
Cash and cash equivalents	5 213	8 058	1 428	112
Financial liabilities at amortised cost				
Long term borrowings - at floating interest rate	54 644	16 100	2 320	1 475
Long term borrowings - at fixed interest rate	142 328	95 000	75 000	75 000
Trade and other payables	19 928	26 779	10 097	10 280
Bank overdraft	2 417	9 741	-	9 741
	219 317	147 620	87 417	96 496

In the normal course of business the group is exposed to currency, capital, credit, liquidity and interest rate risk. The group manages their exposure by meeting on a regular basis to ensure the treasury activities are carried out in an orderly and efficient manner adhering to management procedures and policies.

Currency risk

The group undertakes transactions denominated in foreign currencies, Euro and US dollar. Consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Related party loans to:				
Societe Immobiliere D'Ambodivona Sarl (SIA)	-	-	113	2 676
HMS1 Société Anonyme (HMS1)	-	-	12 877	11 725
	-	-	12 990	14 401

There are no foreign currency denominated monetary liabilities at the end of the reporting period.

Capital risk

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 18, cash and cash equivalents and equity attributable to equity holders of the parent company comprising stated capital, debentures and accumulated profits as disclosed in notes 13, 14 and 15 respectively.

Credit risk

The group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the statements of financial position are net of allowances for bad debts estimated by management based on prior experience and the current economic environment.

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. The parent company provides short term funding to cover working capital shortfalls as appropriate.

Notes to the Financial Statements (continued)

31 December 2010

27. Financial risk management (continued)

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 the fixed and floating interest rates. The group entities manage interest rate risk 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.

Interest rate sensitivity analysis

The sensitivity analyses below have 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:

Group	Amount of asset/(liability)	Change in interest rate	Increase/(decrease) in profit before tax
31 December 2010	**P'000**	**%**	**P'000**
Financial assets			
Cash and cash equivalents	5 213	0.50	26
Financial liabilities			
Long term borrowings- at floating interest rates	(54 644)	0.50	(273)
Bank overdraft	(2 417)	0.50	(12)
			(259)
31 December 2009			
Financial assets			
Cash and cash equivalents	8 058	0.50	40
Financial liabilities			
Long term borrowings - at floating interest rates	(16 100)	0.50	(81)
Bank overdraft	(9 741)	0.50	(49)
			(90)
Company			
31 December 2010			
Financial assets			
Long term loans to related parties	12 990	0.50	65
Long term advances	4 593	0.50	23
Cash and bank balances	1 428	0.50	7
Financial liabilities			
Long term borrowings	(2 320)	0.50	(12)
			83

Notes to the Financial Statements (continued)

31 December 2010

27. Financial risk management (continued)

Company 31 December 2009	Amount of asset/(liability) P'000	Change in interest rate %	Increase/(decrease) in profit before tax P'000
Financial assets			
Long term loans to related parties	14 401	0.50	72
Long term advances	5 156	0.50	26
Cash and bank balances	112	0.50	1
Financial liabilities			
Long term borrowings	(1 475)	0.50	(7)
Bank overdraft	(9 741)	0.50	(49)
			43

Fair values of financial instruments

The fair values of financial instruments approximates their carrying values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total P'000
Financial assets				
Investments	-	-	2 323	2 323
Company				
Financial assets				
Investments	-	-	84 912	84 912

There were no transfers between levels during the period.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Notes to the Financial Statements (continued)

31 December 2010

28 Discontinued operations

The Group disposed of its investment property, TANA Waterfront, in Societe Immobiliere D'Ambodivona Sarl (SIA), which was its only cash generating unit. The results of SIA to disposal date have been classified as discontinued operations.

		Group	
	Notes	2010	2009
(Loss)/profit for the year from discontinued operations		P 000	P 000
Revenue	1	1,463	2,002
Expenses		(843)	(660)
Loss on disposal of investment property		(1,817)	-
Net foreign exchange loss		47	(165)
Other operating income		-	1
(Loss)/profit from operations before fair value adjustments		(1,150)	1,178
Surplus arising on revaluation of properties		-	2,034
(Loss)/profit from operations		(1,150)	3,212
Investment income	3	2	1
Finance costs	4	(252)	(435)
(Loss)/profit before tax		(1,400)	2,778
Income tax expense		(435)	(136)
(Loss)/profit for the year from discontinued operations		(1,835)	2,642
Cash flows from discontinued operations			
Net cash (out)/in flows from operating activities		(1,923)	709
Net cash inflows from investing activities		7,517	-
Net cash outflows from financing activities		(4,718)	(756)
Net cash in/(out) flows		876	(47)

29 Assets held for sale

As disclosed in note 28, the Group disposed of a cash generating unit during the current year.

The carrying amounts of the major classes of assets and liabilities comprising the operations classified as held for sale at the statement of financial position date are as follows:

Trade and other receivables	1,407	-
Cash and cash equivalents	993	-
Assets classified as held for sale	2,400	-
Trade and other payables	(570)	-
Tax liabilities	(408)	-
Liabilities associated with assets classified as held for sale	(978)	-
Net assets of discontinued operations classified as held for sale	1,422	-

30 Events after the statement of financial position date

No adjusting events have occurred between the statement of financial position date and the date of approval of the financial statements, which would materially affect the financial statements.

Notice of Meeting

Notice is hereby given that the fifteenth Annual General Meeting of the Company will be held at the RDC Offices, Realestate Office Park, Gaborone on 19 May 2011 at 14:30 pm for the following business.

Agenda

1. To read the notice convening the meeting.

2. To receive, consider and adopt the audited financial statements for the year ended 31 December 2010.

3. To approve the distribution as recommended by the directors.

4. To approve the payment of P39,000.00 for directors' emoluments (fees and expenses) for the year ended 31 December 2010.

5. To re-elect all directors of the Company including:

   G.R. Giachetti
   J.S. Stewart

   who retire by rotation in terms of Article 54 of the Articles of Association and being eligible offer themselves for re-election.

6. To appoint the auditor for the ensuing year and approve the remuneration for the year ended 31 December 2010.

7. To transact such other business as may be transacted at 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 deposited at the registered office of the Company not less than 48 hours before the meeting.

By Order of the Board
PricewaterhouseCoopers (Pty) Ltd
Secretaries
20 April 2011

Registered Office, Plot 50371 Fairground Office Park, P O Box 294, Gaborone.

Form of Proxy

The fifteenth Annual General Meeting of members to be held on 19 May 2011 at 14:30 pm at the RDC Offices, Realestate Office Park, Gaborone.

I/We ....of ....being a member/members of the above named Company do hereby appoint:

....of ....or failing that person the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the fourteenth Annual General Meeting of the Company to be held on 19 May 2011 at 14:30 pm.

Signed this...day of 2011

Signature...

Unless otherwise instructed, 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 deposited at the registered office of the Company not less than 48 hours before the meeting.