

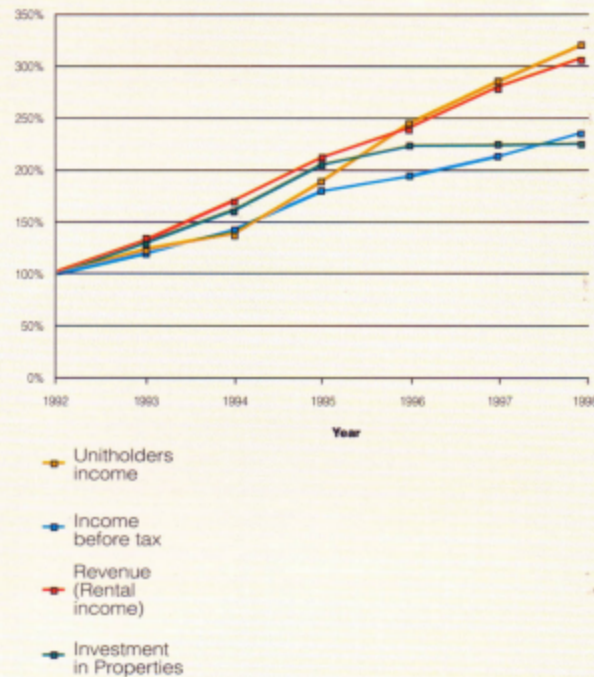


**RDC Properties Limited Annual Report 1998**

## Highlights of 1998

- Occupancy level at its highest rate ever
- Two successful capitalisation issues – enabling new acquisitions and developments
- Launch of Tholo (Proprietary) Limited – a new joint venture company with a Botswana Citizen Group
- Distributions to unit holders increases to P5 095 773 representing growth in earnings of 10.8%
- RDC Properties moves to new Headquarters building in Lejara Road

### INDEXED GROWTH Base 1992



### SALIENT FEATURES

The salient features of the group from 1994 to 1998.

	Proforma			Actuals	1998 P'000	Variance %
	1994 P'000	1995 P'000	1996 P'000	1997 P'000		
Investment in properties and fixed assets (***)	48 317	61 595	67 157	67 492	<b>68 036</b>	0.8%
Long term borrowings	5 945	9 241	10 816	9 872	<b>8 827</b>	
Revenue (Rental income and recoveries)	5 603	7 023	**8 000	9 303	<b>10 141</b>	9.0%
Net operating income before interest	4 244	5 581	**6 355	7 184	<b>7 649</b>	6.5%
Interest received and other income	413	361	**491	276	<b>277</b>	0.4%
Interest paid	(875)	(1 106)	(1 624)	(1 730)	<b>(+1 618)</b>	-6.5%
Income before taxation	3 782	4 836	5 222	5 730	<b>6 308</b>	10.1%
Interest to unitholders	0	3 623	3 875	4 509	<b>4 995</b>	
Income after taxation and minority interest	2 882	910	1 352	1 199	<b>1 260</b>	
Dividends	2 248	73	78	90	<b>100</b>	
Income to unitholders	*2 248	*3 055	3 953	4 599	<b>5 095</b>	10.8%

(\*) Actuals paid

(\*\*) Other income reclassified from revenue to interest and other income

(\*\*\*) Portfolio has been revalued as at 31 December 1995.

1998 has been a positive year for RDC Properties. Occupancy rates within the portfolio have been at their highest levels ever. The year closed with 98% of the properties occupied. Demand for property was starting to rise at the end of 1997 and has continued month on month throughout 1998. Particularly noteworthy is the Diamond Centre in Jwaneng which started 1998 with a vacancy level of 42% overall and closed the year as a fully traded shopping centre. The challenge now is no longer that of filling up space in the portfolio but maximising the income within the properties by ridding the company of poor paying tenants with a view to replacement by better quality lessees.

This year RDC Properties provided unit holders with additional opportunities to increase their holding in the company by offering the possibility to elect to receive linked units in the company from the net distribution. The capitalisation option was introduced to enable RDC Properties to strengthen its capital base in order to be well positioned to take immediate action upon any new investments that are presented.

Eligible unit holders were able to capitalise up to 50% of the net final distribution for 1997. Unit holders holding 95.85% of the linked units eligible to receive capitalisation units elected to receive as many fully paid units in the company as possible. Thus 618 600 new linked units were allotted. For the first time ever eligible unit holders were able to capitalise 100% of the net interim distribution for 1998. The take-up this time was 87.73% of the eligible linked units and another 794 400 new linked units were issued. The company now consists of 27 005 729 linked units. I and my fellow Board of Directors view the high demand for new linked units most positively and are confident that the reinvestment in RDC Properties has the company ideally positioned for further growth, especially as regards asset acquisition, in the next trading year.

The linked units started 1998 trading at P1.95 each and by the end of the year their value had increased to P2.25. Value has therefore increased at a rate of 15.38% over the last 12 months and notably the growth has been steady throughout the year. The units have remained relatively robust against a backdrop on the international markets generally.

### **The Economy**

The Botswana economy boasted approximately 8% growth during 1998 compared with world growth output of approximately 2%. The Pula continued to slide against the world's major currencies and that has strengthened our resolve to diversify into international markets to protect unit holders against over exposure to currency devaluation. Inflation has been falling throughout 1998 from 7.7% in January to a low point of 5.9% in October 1998. The year started with reducing prime rates which was highly beneficial to RDC Properties, however, the early gains were wiped out as prime rose again to its 1997 level of 14% and indicators are that it will be further increased in 1999.

### **Financial Results**

The group results for the past year show continued growth in revenue and earnings. Revenue has increased by 9% to P10 141 295 compared to last year's figure of P9 303 200. Income before taxation to unit holders is P6 308 163 which represents a substantial increase of 10.1% over the previous year's P5 729 908.

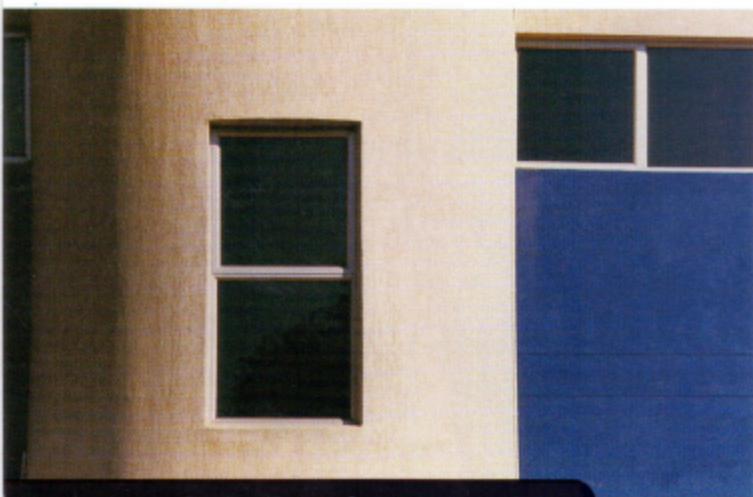
This growth is due to increased occupancy in the portfolio although this was slightly off set by a depression in some rentals that were historically high. Additionally, management has maintained a focus on cost control. Overall the result is pleasing.

The proposed distribution to linked unitholders of P5 095 000 represents an increase of 10.78% compared to last year's figure of P4 599 000. The distribution has been increased in line with the distribution policy of retaining 15% of the income before interest and taxation.

The total number of linked units in issue being 27 005 729, the distribution per linked unit is 19.09 thebe, which represents an increase of 6.23% over the previous year.

### **Your Company and its Outlook**

Our long-term objective is to hold a balanced and strategically located portfolio of well designed office, retail and industrial properties that will provide investors with real income and growth.



Broadhurst Business Centre - Architectural Detail

### New Joint Venture

This year has seen the launch of Tholo (Proprietary) Limited. Tholo is a joint venture between RDC Properties and a group of Botswana Citizen Investors. Tholo is 50% owned by RDC Properties Limited and 50% owned by Shakawe (Proprietary) Limited and the company's key objective is to purchase and develop plot 50639 which is located in the Showgrounds area of Gaborone. We aim, with the development of Plot 50639, to offer both property for sale and property for rent. Pramod Patel Architects are working on the final design for the scheme, which will be a high quality business park comprising four individual buildings that will be constructed around a common landscaped courtyard. The land will support a maximum of 10 000 m<sup>2</sup> of net lettable area that we plan to develop on a phased basis. The phases of construction will essentially be demand driven. We also eagerly await the long debated sectional title legislation which will undoubtedly assist us sell portions of the new buildings to companies who aspire to be owner occupiers of their property. Construction will start in the next trading year with a view to having at least one building completed early in the Year 2000.

### Madagascar

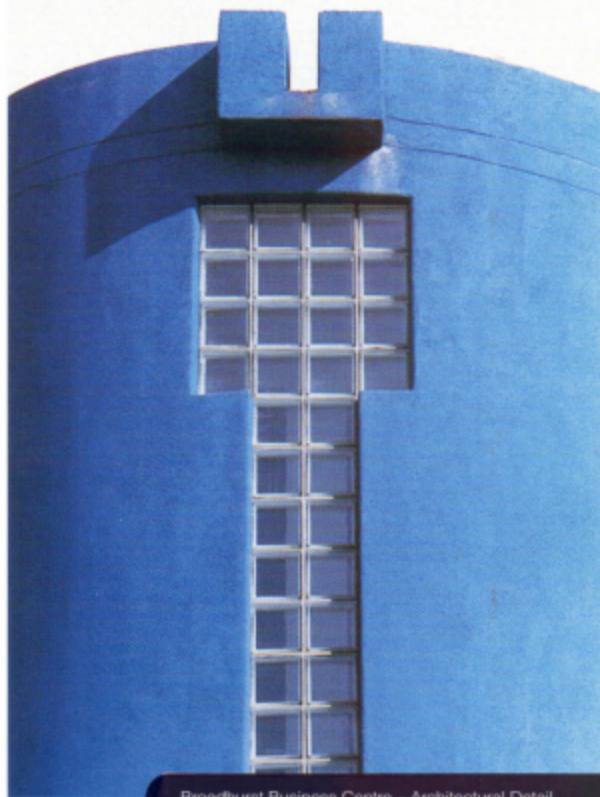
All feasibility studies have been completed for our planned venture known as Park de Loisir in Antananarivo. We are still negotiating with the City Council on the terms for converting the sole option RDC Properties has on the land into a final lease agreement. Bureaucratic procedures in Madagascar have delayed the project longer than expected, however every effort is still being made to enter this market as soon as possible.

### Gaborone - The Mall

Demonstrating our continued commitment to the Mall area of Gaborone we are actively seeking further sites in the area. The Gaborone City Development Plan to 2021 was unveiled this year and we fully support the allocation of Plot 329 for car parking which will substantially reduce traffic congestion in the area. Another exciting future development contained in the plan is the demarcation of 85 hectares of land within the city centre to be developed as the new CBD. It is our conviction that this further development of the land which currently borders the Government Enclave and the Main Mall area will add additional strength to the Mall area and keep it at the heart of the main business area in Gaborone.

### Gaborone - Hardware House

We have opted to investigate how we can best upgrade our existing structure to meet the business needs of our tenants and ourselves into the 21st Century. We will be testing if it is possible to house a variety of tenants in the building in a more attractive gallery style of smaller units in preference to the current large open floor space which the building offers. Any renovations undertaken would be with the intention to increase the value of the existing structure.



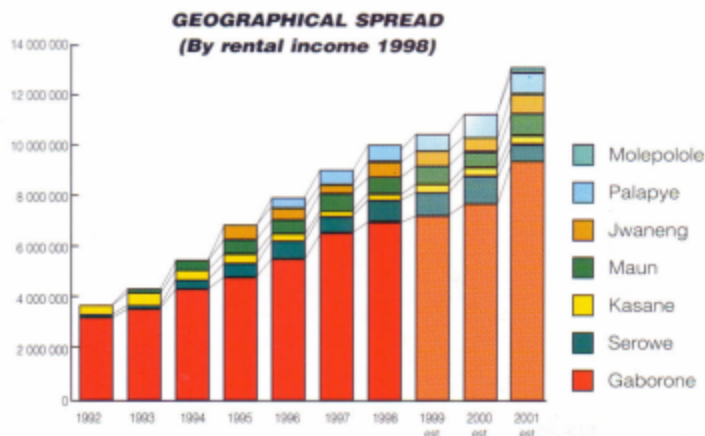
Broadhurst Business Centre - Architectural Detail

### Kasane

At the very end of 1998 we were advised that RDC Properties may have the opportunity to invest into another commercial building within a new "tourist village" in Kasane located in close proximity to the Chobe Commercial Centre. The development will consist of chalets, studios and flatlets that will be supported by a central recreational facility. The recreational facility will provide restaurants, bars, travel agency and tour booking facilities and shopping outlets to support the holiday village. There will also be a small area of administrative offices for the resort management group and other service providers to operate from.

### Analysis of Properties by Geographical Spread

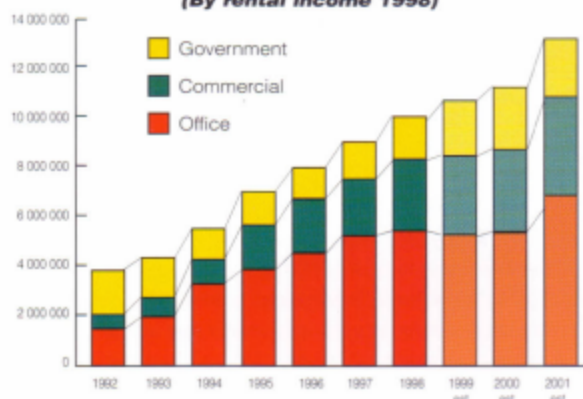
This year we note the more significant contribution from our regional centres to our overall portfolio. Kasane is producing 75% more in 1998 than it did in 1997 and Jwaneng is similar with an income increase of 55% this year. Palapye is steadily improving and now provides RDC Properties with almost 7% of its income.



### Analysis of Properties by Industry Sector

This year we have seen substantial growth in income from the commercial sector of our property portfolio. This increase is in line with our expectations. Even greater growth has occurred in the sector rented to the Botswana Government, a staggering 22% increase in revenue over 1997. The standard lease used by the Government curtails continued growth within units already let to Government therefore we note that the increase in revenue is directly attributable to more space being taken up by this sector rather than any rental improvements for premises historically leased to Government.

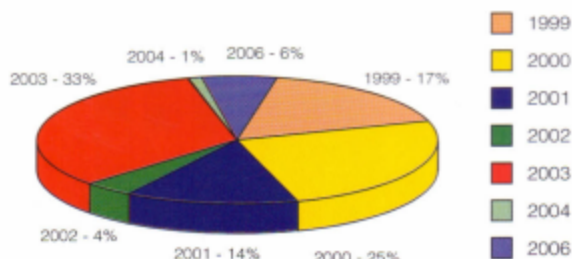
**SECTORAL SPREAD**  
(By rental income 1998)



### Analysis of Lease Expiry/Renewal Dates

RDCP renewed approximately 10% of its leases in 1998. This was a relatively low figure, as we would normally expect a distribution of 15 - 20% leases expiring in any one year. 1999 is a more typical year and the company will be positioned to renew 17% of leases within this year. This is most positive as the high demand for property should ensure we have opportunities to maximise rentals.

**LEASE PROFILE**  
(By rental income 1998)



RDC Properties Headquarters, Lejara Road, Broadhurst Industrial

### Year 2000

The Directors are aware of the potential effect of the Year 2000 issue on the company. It is estimated that the costs associated with the Year 2000 will have no material effect on the company.

All major service providers to our individual buildings have been contacted to establish the likelihood of any possible disruption to our valued tenants at the start of the new millennium. We are happy to report that good progress is being made and we have no reason to envisage that any difficulty or interruption to services will be experienced by any of our customers.

### Directorate

During the year Mr H. T. Batwell resigned from the board due to his relocation to Bangladesh and the board of directors appointed Ms J.S. Stewart. On behalf of my fellow directors I wish to thank Mr Batwell for his valued contribution to the company. We wish him congratulations on his new appointment in the South Asian sub continent:

Ms Stewart holds the position of General Manager for Property and Asset Management and brings a current working knowledge of our portfolio and property development matters.

### Acknowledgements

I record sincere appreciation to my co-directors for the loyal and diligent application of their skills in the interest of RDCP unit holders during the past year. Additionally, the Board of Directors wishes to recognise and thank all the staff of PAM for their continued diligence in managing the RDC Properties Portfolio.

The Directors have pleasure in submitting their report to the unitholders together with the audited financial statements for the year ended 31 December 1998

**1. Capital**

During the year, unitholders representing 95.85% of the linked units eligible to receive capitalisation units in respect of 50% of the 1997 final net distribution, elected to receive fully paid linked units in the company and were allotted 618 600 new linked units. A further 87.73% of unit holders eligible to receive capitalisation units in respect of 100% of the 1998 interim net distribution, elected to receive fully paid linked units in the company resulting in an additional allotment of 794 400 linked units. The total number of linked units in issue is therefore 27 005 729.

**2. Financial Statements**

The balance sheets set out the company's and the group's financial position at 31 December 1998 and the income statements reflect the results of the company and the group for the year ended 31 December 1998.

**3. Linked Unit 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. The group retains a maximum of 15% of the income before net interest and distributes the entire earnings attributable to the linked unit after such retention.

**4. Distribution to Unitholders (thebe)**

	<b>Interest</b>	<b>Dividend</b>	<b>Total</b>
1997			
Interim	6.73	0.15	6.88
Final	10.89	0.20	11.09
	<u>17.62</u>	<u>0.35</u>	<u>17.97</u>
1998			
Interim	7.67	0.15	7.82
Final	11.05	0.22	11.27
	<u>18.72</u>	<u>0.37</u>	<u>19.09</u>
	6.23%	6.23%	6.23%

**5. Subsidiaries**

The details of your company's interest in property owning subsidiaries are set out on page 14 of this report.

**6. Administration and Management**

The management of the group's property and assets is undertaken by Property and Asset Management Limited, a company primarily dedicated to service the needs of your company and its subsidiaries.

**7. Directors**

During the year under review, Mr HT Batwell resigned from the Board of Directors. Ms JS Stewart was appointed as a director.

At the date of this report, the Board of Directors was constituted as follows:

MA Giachetti (Chairman), G Giachetti, GR Giachetti, DC Khama, GW Matenge, JS Stewart, AD Norrie, A Croce (Alternate to G Giachetti)

GR Giachetti and DC Khama retire by rotation in terms of Article 54 of the Articles of Association and, being eligible, offer themselves for re-election.

**8. Secretaries**

The company secretaries remain:

PricewaterhouseCoopers (Proprietary) Limited

*Business address:* 1st Floor Debswana House, The Mall, Gaborone

*Postal address:* PO Box 294, Gaborone

## Report of the Independent Auditors

### To the members of RDC Properties Limited

We have audited the accompanying financial statements of the company and the group set out on pages 7 to 14 for the year ended 31 December 1998. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Companies Act (Chapter 42:01) and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have examined the books, accounts and vouchers of the company and the group to the extent we considered necessary and have obtained all the information and explanations which we required. We have satisfied ourselves as to the existence of securities. We believe that our audit provides were a reasonable basis for our opinion.

In our opinion:

- the company and the group have kept proper books of account with which the financial statements are in agreement; and
- the financial statements give a true and fair view of the state of the company's and the group's affairs at 31 December 1998 and the results of their operations and cash flows for the year then ended in accordance with International Accounting Standards and in the manner required by the Companies Act (Cap 42:01).

Deloitte & Touche  
Certified Public Accountants

9 March 1999  
Gaborone

## Income Statements

for the year ended 31 December 1998

	Notes	<b>Company</b>		<b>Group</b>	
		1998 P'000	1997 P'000	1998 P'000	1997 P'000
<b>Revenue</b>	1	<b>8 337</b>	<b>7 801</b>	<b>10 141</b>	<b>9 303</b>
Operating income before interest		6 325	6 242	7 736	7 393
Interest receivable		514	439	190	67
Interest payable		(1 171)	(1 262)	(1 618)	(1 730)
Income before taxation and distribution to unitholders	2	5 668	5 419	6 308	5 730
Debenture interest	4	(4 995)	(4 509)	(4 995)	(4 509)
Income before taxation		673	910	1 313	1 221
Taxation	3	-	-	-	-
Net income for the year		673	910	1 313	1 221
Outside shareholders share of income		-	-	(53)	(22)
Net income for the year attributable to shareholders		673	910	1 260	1 199
Dividends	5	(100)	(90)	(100)	(90)
Retained income for the year		573	820	1 160	1 109
Retained income at beginning of year		2 035	1 215	2 383	1 274
<b>Retained income at end of year</b>		<b>2 608</b>	<b>2 035</b>	<b>3 543</b>	<b>2 383</b>
Interest to dividend ratio		50:1	50:1	50:1	50:1
Number of linked units in issue		26 019 779*	25 372 021*	26 019 779*	25 372 021*
Earnings per linked unit calculated based on net income before debenture interest after tax and minority interest of P6 254 898 (1997: P5 707 753)				24.04	22.50
Distribution per linked unit (thebe)				19.09	17.97
Interest per linked unit (thebe)				18.72	17.62
Dividend per linked unit (thebe)				0.37	0.35

\*Note: This figure of 26 019 779 comprises 25 592 729 linked units at the beginning of the year plus the weighted average of additional units of 618 600 and 794 400 capitalised and listed on 29 May 1998 and 27 November 1998 respectively. The 1997 figure of linked units in issue has been restated to reflect the weighted average number of linked units in issue.



## Balance Sheets

**as at 31 December 1998**

	Notes	<b>Company</b>		<b>Group</b>	
		1998 P'000	1997 P'000	1998 P'000	1997 P'000
<b>Capital Employed</b>					
Share capital	6	270	256	270	256
Debentures	7	43 209	40 948	43 209	40 948
Share premium	8	8 701	8 265	8 701	8 265
Non-distributable reserves	9	-	-	316	316
Retained income		2 608	2 035	3 543	2 383
		54 788	51 504	56 039	52 168
<b>Unitholders' Funds</b>					
<b>Outside shareholders' interest in subsidiaries</b>					
		-	-	813	532
<b>Long term borrowings</b>	10	5 959	6 793	8 827	9 872
		<b>60 747</b>	<b>58 297</b>	<b>65 679</b>	<b>62 572</b>
<b>Employment of Capital</b>					
<b>Investment Properties</b>	11	56 869	56 841	67 457	66 908
<b>Plant and Equipment</b>	12	570	516	579	584
<b>Investment in Subsidiaries</b>	13	3 940	3 713	-	-
<b>Current Assets</b>					
Debtors		348	318	471	434
Subsidiaries and related companies	14	2 068	2 209	7	-
Bank of Botswana Certificates		2 055	-	2 055	-
Cash and cash equivalents		1 220	696	1 284	714
		5 691	3 223	3 817	1 148
<b>Current Liabilities</b>					
Creditors		1 596	1 866	1 926	2 164
Current portion of long term borrowings	10	825	765	983	856
Subsidiaries and related companies	14	857	524	220	207
Unitholders for debenture interest and dividend		3 045	2 841	3 045	2 841
		6 323	5 996	6 174	6 068
<b>Net Current Liabilities</b>		(632)	(2 773)	(2 357)	(4 920)
		<b>60 747</b>	<b>58 297</b>	<b>65 679</b>	<b>62 572</b>

## Group Cash Flow Statements

**for the year ended 31 December 1998**

	<b>Group</b>	
	1998 P'000	1997 P'000
<b>Cash Flows From Operating Activities</b>		
Net income before taxation	7 736	7 393
Adjustment for items not involving the movement of cash:		
Depreciation	135	86
	7 871	7 479
Operating income before working capital changes		
Increase in working capital requirements	(269)	(1 568)
	7 602	5 911
Operating cash flow		
Net interest paid	(1 428)	(1 663)
Debenture interest paid	(4 795)	(3 708)
Dividends paid	(95)	(75)
	1 284	465
Net cash generated from operating activities		
<b>Cash Flows Used in Investing Activities</b>		
Acquisition of subsidiary	(227)	-
Purchase of short term investments	(2 055)	-
Purchase of plant and equipment	(130)	(484)
Improvements to investment properties	(95)	-
	(2 507)	(484)
Net cash used in investing activities		
<b>Cash Flows From Financing Activities</b>		
Loan payments	(918)	(886)
Proceeds from issue of linked units	2 711	810
	1 793	(76)
Net cash generate: from/(used in) financing activities		
Net increase/(decrease) in cash and cash equivalents	570	(95)
Cash and cash equivalents at beginning of year	714	809
	<b>1 284</b>	<b>714</b>
<b>Cash and cash equivalents at end of year</b>		

31 December 1998

**Basis of Accounting**

The financial statements are prepared on the historical cost basis, adjusted for the revaluation of land and buildings, and incorporate the following principal accounting policies, which have been consistently followed in all material respects, and comply with International Accounting Standards.

**Consolidation**

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries. The results of the subsidiaries are included from the effective dates of acquisition and up to the effective dates of disposal. Premiums arising on acquisition of subsidiaries are set off against non-distributable reserves.

**Investment Properties**

Freehold and leasehold land and buildings which are deemed to be investment properties are not depreciated and are stated at valuation on the basis of the most recently established open market values. The investment properties are valued independently on a regular basis. Surpluses and deficits on revaluation are transferred to a non-distributable reserve. Provision is made to recognise any permanent declines in value.

**Plant and Equipment**

Plant and equipment are stated in the balance sheet at cost and depreciated as detailed below.

**Depreciation**

Depreciation is charged over the estimated useful life of the plant and equipment in equal annual instalments to write off the cost over the following periods.

Plant and machinery 3 - 7 years.  
Office equipment and furniture 7 - 10 years.

**Deferred Taxation**

Deferred taxation arising from temporary differences between the income reflected in the financial statements and taxable income is provided for using the liability method.

**Foreign Currency**

Assets and liabilities denominated in foreign currencies are translated into Pula at rates of exchange approximating those ruling at the balance sheet date. All exchange gains and losses arising on translation are dealt with in the income statement.

## Notes to the Financial Statements

**31 December 1998**

	Company		Group	
	1998 P'000	1997 P'000	1998 P'000	1997 P'000
<b>1. Revenue</b>				
Revenue comprises rental and service charges recovered from tenants				
Rental income	8 213	7 647	9 833	9 059
Service charges recovered	124	154	308	244
	8 337	7 801	10 141	9 303
<b>2. Income Before Taxation and Distribution to Unitholders</b>				
Income before taxation and distribution to unitholders is stated after taking into account the following:				
Auditors' remuneration – audit fee	58	46	65	54
Depreciation	134	86	135	86
Interest receivable				
• subsidiary companies	(337)	(381)	-	-
• bank	(61)	(45)	(74)	(54)
• Bank of Botswana certificates	(114)	(6)	(114)	(6)
• overdue debtors	(2)	(7)	(2)	(7)
Interest payable				
• related companies	-	40	-	40
• bank	-	18	-	18
• long term loans	1 171	1 204	1 618	1 672
Directors' emoluments – for service as directors	39	39	39	39
<b>3. Taxation</b>				
The group has estimated assessable losses amounting to P1 419 000 (1997: P1 076 000) available to reduce future taxable income.				
Tax Reconciliation:				
Tax at the current rate on income for the year	168	228	328	305
Tax on permanent and timing differences	(168)	(228)	(328)	(305)
	-	-	-	-
Taxation per income statement	-	-	-	-
<b>4. Debenture Interest</b>				
Interim paid - 7,67 thebe	2 010	1 724	2 010	1 724
Final proposed - 11,05 thebe	2 985	2 785	2 985	2 785
	4 995	4 509	4 995	4 509
<b>5. Dividends</b>				
Interim paid - 0,15 thebe	40	35	40	35
Final proposed - 0,22 thebe	60	55	60	55
	100	90	100	90
<b>6. Share Capital</b>				
Authorised - 1 000 000 000 shares of 1 thebe each	10 000	10 000	10 000	10 000
Issued - 25 592 729 (1996 - 25 063 029) shares of 1 thebe each	270	256	270	256

## Notes to the Financial Statements

**31 December 1998**

	Company		Group	
	1998 P'000	1997 P'000	1998 P'000	1997 P'000
<b>7. Debentures</b>				
27 005 729 (1997 - 25 592 729) debentures of P1.60 each	43 209	40 948	43 209	40 948
<b>8. Share Premium</b>				
Arising of issue of shares	9 180	9 180	9 180	9 180
Listing expenses offset	(873)	(873)	(873)	(873)
Discount on capitalisation of distribution in prior year	(42)	(42)	(42)	(42)
Premium on capitalisation of distribution in current year	436	-	436	-
	8 701	8 265	8 701	8 265
<b>9. Non-distributable Reserves</b>				
Arising on acquisition of subsidiary company	-	-	316	316
<b>10. Long Term Borrowings</b>				
Standard Chartered Bank Botswana Limited	1 837	2 317	1 837	2 317
Less: current portion	(490)	(481)	(490)	(481)
	1 347	1 836	1 347	1 836
<p>These loans bear variable interest rates of 1% to 2% above prevailing prime rates. The loans are repayable in monthly instalments of P71 695 (1997: P71 152) including interest, and are secured as indicated in note 11.</p>				
Botswana Building Society	176	182	3 202	3 352
Less: current portion	(9)	(6)	(167)	(97)
	167	176	3 035	3 255
<p>These loans bear interest at a fixed rate of 15% per annum and are repayable in monthly instalments of P51 956 (1997: P51 956) including interest, and are secured as indicated in note 11.</p>				
First National Bank of Botswana Limited	3 105	3 334	3 105	3 334
Less: current portion	(257)	(220)	(257)	(220)
	2 848	3 114	2 848	3 114
<p>These loans bear interest at a fixed rate of 15% per annum and at a rate of 1.5% above prevailing prime rates. The loans are repayable in monthly instalments of P59 000 (1997: P59 000) including interest, and are secured as indicated in note 11.</p>				
National Development Bank	1 666	1 725	1 666	1 725
Less: current portion	(69)	(58)	(69)	(58)
	1 597	1 667	1 597	1 667
<p>These loans bear interest at a fixed rate of 16.5% and are repayable in monthly instalments of P28 571 (1997: P28 571) including interest, and are secured as indicated in note 11.</p>				
Long term portion of loans	5 959	6 793	8 827	9 872
Current portion of loans	825	765	983	856

## Notes to the Financial Statements

31 December 1997

	Company		Group	
	1998 P'000	1997 P'000	1998 P'000	1997 P'000
<b>11. Investment Properties</b>				
Freehold land and buildings	29 700	29 700	29 700	29 700
Leasehold land and buildings	27 053	27 025	37 187	37 092
Leasehold land and buildings: undeveloped	116	116	570	116
	<u>56 869</u>	<u>56 841</u>	<u>67 457</u>	<u>66 908</u>

Investment properties were revalued at 31 December 1995 by Richard Ellis – Africa.

*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 Standard Chartered Bank Botswana Limited totalling P1 700 000.

Lots 1116, 1117 and 1840, Extension 3, Gaborone which are encumbered by first and second mortgage bonds in favour of Barclays Bank of Botswana Limited for P230 000.

*Leasehold land and buildings comprise the following:*

Lots 4787 and 4788, Extension 6, Gaborone, which are encumbered by first and second mortgage bonds in favour of Standard Chartered Bank Botswana totalling P850 000.

Lot 443, Serowe, which is encumbered by a mortgage bond in favour of Botswana Building Society for P216 800.

Lot 679 Serowe which is encumbered by a mortgage bond in favour of Standard Chartered Bank Botswana Limited for P998 000.

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, which is encumbered by a mortgage bond in favour of Standard Chartered Bank Botswana Limited for P1 750 000.

Lot 234-KO, Gaborone which is encumbered by a mortgage bond in favour of Standard Chartered Bank Botswana Limited for P1 800 000.

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, which are encumbered by first mortgage bonds in favour of First National Bank of Botswana Limited for P2 760 000.

Lots 13142, 13143 and 13144, Gaborone, which are encumbered by first mortgage bonds in favour of Botswana Building Society for P5 000 000.

Lot 6127, Molepolole.

Lot 1707, Palapye.

Lot 50369, Gaborone.

### 12. Plant and Equipment

	Plant and machinery P'000	Office equipment P'000	Capital work in progress P'000	Total 1998 P'000	Total 1997 P'000
<b>Group</b>					
Cost					
At 31 December 1997	911	40	434	1 385	901
Additions	561	3	-	564	484
Transfers	-	-	(434)	(434)	-
	<u>1 472</u>	<u>43</u>	<u>-</u>	<u>1 515</u>	<u>1 385</u>
At 31 December 1998					
Depreciation					
At 31 December 1997	785	16	-	801	715
Charge	132	3	-	135	86
	<u>917</u>	<u>19</u>	<u>-</u>	<u>936</u>	<u>801</u>
At 31 December 1998					
Net book value	<u>555</u>	<u>24</u>	<u>-</u>	<u>579</u>	<u>584</u>
<b>Company</b>					
Cost					
At 31 December 1997	911	40	366	1 317	901
Additions	552	2	-	554	416
Transfers	-	-	(366)	(366)	-
	<u>1 463</u>	<u>42</u>	<u>-</u>	<u>1 505</u>	<u>1 317</u>
At 31 December 1998					
Depreciation					
At 31 December 1997	785	16	-	801	715
Charge	131	3	-	134	86
	<u>916</u>	<u>19</u>	<u>-</u>	<u>935</u>	<u>801</u>
At 31 December 1998					
Net book value	<u>547</u>	<u>23</u>	<u>-</u>	<u>570</u>	<u>516</u>

## Notes to the Financial Statements

**31 December 1998**

	<b>Company</b>		<b>Group</b>	
	P'000 1998	P'000 1997	P'000 1998	P'000 1997
<b>13. Investment in subsidiaries</b> - at cost				
Holding				
Lotsane Complex (Proprietary) Limited	1 692	1 692	-	-
Professional House (Proprietary) Limited	2 021	2 021	-	-
Tholo (Proprietary) Limited	227	-	-	-
	3 940	3 713	-	-
<b>14. Subsidiaries and Related Companies</b>				
Amounts due by:				
Lotsane Complex (Proprietary) Limited	2 061	2 209	-	-
Italtswana Construction Company (Proprietary) Limited	7	-	7	-
	2 068	2 209	7	-
Amounts due to:				
Professional House (Proprietary) Limited	610	317	-	-
Italtswana Construction Company (Proprietary) Limited	-	119	-	119
Property and Asset Management Limited	247	88	220	88
	857	524	220	207
<b>15. Contingent Liabilities Company</b>				
<b>Group</b>				
If the group was to sell its underlying assets, primarily its freehold and leasehold properties, at current market values, a capital gains tax liability of approximately P3 418 000 would arise.				
<b>16. Capital Commitments</b>				
Authorised and contracted for	-	263	436	263
Authorised but not contracted for	-	250	-	250
	-	513	436	513
	-	513	436	513

The capital expenditure will be financed from retained income.

## Properties & Salient Information

**as at 31 December 1998**

<b>Property Name</b>	<b>Form of Lease</b>	<b>Title Deed Number</b>	<b>Location of Property</b>	<b>Sector</b>	<b>Lettable area m<sup>2</sup></b>
Standard House	Freehold	412/74	Lots 1124 to 1130 in Gaborone Ext 3	Offices	4 886.38
Plaza I & II	50-year State Leasehold	139/84	Lots 4787 & 4788 in Gaborone Ext 6	Offices	2 450.64
Hardware House	Freehold	48/70	Lots 1116/17 & 1840 in Gaborone Ext 3	Retail & Offices	1 517.99
Chobe Commercial Centre	50-year State Leasehold	158/88	Lot 914 Kasane in Chobe Admin. District	Retail & Offices	1 144.00
Boswa Centre	50-year Tribal Lease	75/95	Lot 680 Serowe Lot 292 Serowe Agreement of lease No. 258/96 of 18/7/96	Retail & offices	843.00
Lotsane Complex	50-year Tribal Lease	MA 62/95	Lot 1707 Palapye	Retail	3 878.00
Broadhurst Business Centre	50-year State Leasehold	MA 46/92	Lease area 234-KO, on Lot 10211 in Gaborone	Offices	1 658.00
Pep Stores, Serowe	50-year Tribal Lease	19/90	Lot 443 Serowe	Retail	471.00
Standard House Serowe	50-year Tribal Lease	92/95	Lot 679 Serowe	Retail & Offices	855.00
Diamond Centre, Jwaneng	50-year State Leasehold	514/95 661/95	Lot 3761 Jwaneng Lot 5422 Jwaneng Lot 5423 Jwaneng	Retail	2 322.00
Tsodilo Centre	50-year Tribal Lease	105/95	Lot 194 Maun	Retail	492.00
Molemall	50-year Tribal Lease	MA 104/95	Lot 617 Molepolole	Undeveloped	
Roots Tower	50-year Tribal Lease	13/97	Lot 208 Maun Notarial Deed of Lease No. 20/96 of 14/3/96	Retail & Offices	1 069.00
Professional House	50-year State Leasehold	310/82	Lot 13142, 13143, 13144, Gaborone No. 72/81 of 17/2/81.	Offices	1 731.32
Lot 59369, Gaborone	50-year State Leasehold	DSL745/93	Lot 50369	Undeveloped	



## Notice of meeting

Notice is hereby given that the third Annual General Meeting of the Company will be held at the RDC offices, Realestate Office Park, Gaborone on Thursday 29 April 1999, at 16h00 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 1998.
3. To approve the distribution as recommended by the directors.
4. To approve the payment of P39 000 for directors' emoluments (fees and expenses) for the year ended 31 December 1998.
5. To re-elect directors of the company including:

GR Giachetti  
DC Khama

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 auditors for the ensuing year and fix their remuneration.
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 on his 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 (Proprietary) Limited  
Secretaries  
1 April 1999

### **Registered Office**

First Floor Debswana House, The Mall  
PO Box 294, Gaborone

**Form of Proxy**

**RDC Properties Limited**

The Third Annual General Meeting of members to be held on 29th April 1999 at 16h00 at the RDC Offices, Realestate Office Park, Plot 5624, Lejara Road, Broadhurst Industrial, Gaborone.

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

..... of ..... or failing him

the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Third Annual General Meeting of the company to be held on 29th April 1999 at 16h00.

Signed this ..... day of ..... 1999

Signature: .....

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

