

RDC RDC PROPERTIES LIMITED

Registration Number 96592 (Incorporated in the Republic Of Botswana)

Directors: MA Giachetti (Chairman)*, GR Giachetti (Managing)*, G Giachetti*, N.N.Gaolathe, GW Matenge, L.Magang
Alternate Directors: JS Stewart** * Italian ** British

HIGHLIGHTS – Year 2005

- REVENUE UP 3.8 % DESPITE ABSENCE OF STANDARD HOUSE REVENUE;
- PROFIT BEFORE TAX UP 39.4% ;
- STRONG PERFORMANCE BY MADAGASCAR INVESTMENT;
- INVESTMENT AND PROPERTY PORTFOLIO NOW STANDS AT P161 233 646;
- RDC EXPLORES NEW INVESTMENTS IN SOUTH AFRICA AND MADAGASCAR.

Audited Financial Results for the year ended 31 December 2005

ABRIDGED INCOME STATEMENT	31-Dec-2005 P000's	31-Dec-2004 P000's	
Turnover	18 736	18 057	3.8%
-Contractual rent revenue	18 095	18 057	
-Straight line adjustment	641	-	
Operating expenses	(3 601)	(4 330)	
Profit from operations (after depreciation of P217 000 (2003 P230 000))	15 135	13 727	10.3%
Other income	216	461	
Income from investments	260	179	
Finance costs	(5 129)	(1 982)	
Income from operations	10 432	10 385	0.5%
Surplus on revaluation of investment properties	1603	2 097	
-Per valuation	2 244	2 097	
-Adjusted for rental straight line adjustment	(641)	-	
Exchange gain/(loss)	689	(1 661)	
Debtenture interest	(6 255)	(6 180)	1.2%
Profit before taxation	6 469	4 641	39.4%
Taxation	(1 377)	(1 196)	
Profit after taxation	5 092	3 445	
Minority interest	(1 689)	(172)	
Net profit for the year	<u>3 443</u>	<u>3 273</u>	
Average weighted number of linked units in issue	31, 855, 996	31, 476, 329	
Earnings per weighted average linked unit (thebe)	30.45	30.04	1.4%
Interim dividend (thebe)	0.14	0.17	
Final dividend (thebe)	0.25	0.22	
Interim debtenture interest (thebe)	6.83	8.75	
Final debtenture interest (thebe)	<u>12.56</u>	<u>10.89</u>	15.3%
Total distribution	19.78	20.03	
ABRIDGED BALANCE SHEET		Restated	
Assets			
Property, plant and equipment	298	4 561	
Investment properties	156 214	132 413	18.0%
Investments	5 020	3 412	
Current assets	6 896	4 386	
Total Assets	168 428	144 772	
Equity and Liabilities			
Unitholders' funds	98 716	93 310	
Minority interest	6 275	4 565	
Long term borrowings	30 846	24 586	
Deferred taxation	11 643	10 422	
Current liabilities	20 948	11 889	
Total equity and liabilities	<u>168 428</u>	<u>144 772</u>	
CASHFLOW STATEMENT			
Net income after exchange difference	16 300	12 706	
Adjustment for non cash items	657	329	
Working capital changes	2 456	1 118	
Interest paid	(5 179)	(3 982)	
Distribution paid	(5 939)	(6 214)	
Taxation paid	(346)	(179)	
Cash generated from operations	7 949	3 775	
Additions to investment properties	(18 146)	(3 536)	
Additions to plant and equipment	(6)	(2 966)	
(Increase)/decrease in investments	(2 498)	-	
Proceeds from issue of linked shares	2 099	-	
Net loans raised	7 299	126	
Additional capital from Minority shareholder	60	670	
Net decrease in cash and cash equivalents	(3 243)	(1931)	
Cash and cash equivalents beginning of the year	(2 828)	(897)	
Cash and cash equivalents end of the year	<u>(6 071)</u>	<u>(2 828)</u>	
STATEMENT OF CHANGES IN EQUITY			
Balance brought forward	92 482	89 713	
Prior period adjustment	-	(524)	
Non-distributable reserve	4	23	
Foreign subsidiary translation adjustment	372	31	
Capitalisation issue	2 099	-	
Net movement in distribution	316	(34)	
Retained income for year	3 443	3 273	
Balance at 31 December 2005	98 716	92 482	

COMMENTS and PROSPECTS

I am pleased to report to you that RDC Properties' performance during the year under review has been encouraging given the exclusion of income from Standard House due to the refurbishment works and the difficult trading conditions in the property market.

The salient achievements of the year are as follows:

- a) Turnover has increased by 3.8%, to P18,736,139 despite a reduced income from Standard House of P2 070 290.
- b) Income from operations to P10,432,447. up 0.5%
- c) Profit before tax is up 39.4%.
- d) The group's investment and property portfolio now stands at P161 233 646. A significant number of the portfolio was independently valued by a professional firm, with a resultant net surplus of P1,603,022.
- e) The Tholo II building was completed in the course of this year and was partly occupied by Standard Chartered Bank on a temporal basis as we await the completion of the refurbishment works at Standard house. Upon Standard Chartered Bank vacating, it is anticipated that the building will be occupied during 2006.
- f) The investment in Madagascar has performed well with an increase in the income contributed to RDC Properties Limited of 9.5%.
- g) Chobe Marina Lodge continues to trade well – the growth is reflected in a 45.2% increase in income contribution to RDC Properties.

The refurbishment of Standard House in the Gaborone Main Mall is at an advanced stage and the building will be completely refurbished by March 2006. The building is close to being completely rented to blue chip tenants, including Standard Chartered Bank, Metropolitan Life. The refurbishment has resulted in an increase of 34.3% in floor area and the benefits of this will be realised in the 2006 financial year.

I am pleased to report to you that at the end of 2005, an agreement was reached with the Ministry of Tourism in Madagascar to obtain 4 hectares of land in the vicinity of the most visited national park in Madagascar, the Isalo National Park. We expect to work on the project throughout the coming year with the target of rolling out a new 40 room lodge in 2007. RDC Properties will own 50% of the property with an income directly based on the total income of the Hotel. The project provides an excellent opportunity as Madagascar is a growing international tourist destination but has a shortfall in tourist beds.

As a result of the change in interpretation of IAS 17-Leases, the manner of recognising lease income has changed. The effect of this revision is that operating lease receipts are recognised on a straight line basis over the lease term, and not as cash is due for receipt. There is an offsetting effect to the change in fair value of investment property in the income statement. The required adjustment has been made as required by IAS 8 with necessary restatement of comparative figures.

During the year, 755, 280 new units were issued by way of 50% capitalisation issues in respect of 50% of the 2004 final distribution and 2005 interim distribution to eligible unitholders. The total number of units in issue is now 32,372,329.

DISTRIBUTION TO LINKED UNIT HOLDERS

Notice is hereby given that the final dividend of 0.25 thebe per share and interest of 12.56 thebe per debtenture has been declared. This dividend and interest will be payable on the 26 May 2006 to those linked unitholders registered at the close of business on 21 April 2006. In terms of the Republic of Botswana Income Tax Act as amended, withholding tax at a rate of 15% will be deducted by the company from all dividends paid and also from interest paid to foreign registered unitholders. Debtenture interest and dividends on income from Madagascar will not be distributed as it is retained for repayment of bank loans and future growth.

By Order of the board
G.R. Giachetti
Gaborone March 9, 2006