

**RDC PROPERTIES LIMITED**

Registration Number 96/592 (Incorporated in the Republic Of Botswana)

**Directors:** M A Giachetti (Chairman)\*, G R Giachetti (Managing)\*, G Giachetti\*, N NGoatlhe, G W Matenge, L Magang, J S Stewart\*\*  
**Alternate Director:** G Venkitachalam\*\*\*, \* Italian \*\* British \*\*\* Indian

**HIGHLIGHTS – Year 2006**

- REVENUE UP 14.3 %; PROFIT BEFORE TAX UP 35.8% ;
- INVESTMENT AND PROPERTY PORTFOLIO GROWS OF 7.7% NOW STANDS AT P 173,682,319
- EXPANSION OF THE PORTFOLIO FACILITATED BY NEW RE-FINANCING AGREEMENT
- RDC CONCLUDES NEW DEVELOPMENT AGREEMENTS IN MADAGASCAR.

**Audited Financial Results for the year ended 31 December 2006****ABRIDGED INCOME STATEMENT**

	31-Dec-2006 P000's	31-Dec-2005 P000's
<b>Revenue</b>	<b>21 824</b>	<b>18 737</b>
-Contractual rent revenue	20 686	18 096
-Straight line adjustment	1 138	641
Operating expenses	(5 064)	(3 602)
Profit from operations (after depreciation of P 389 000 (2005: P 217 000))	16 760	15 135
Other income	244	216
Income from investments	430	260
Finance costs	(6 882)	(5 179)
<b>Income from operations</b>	<b>10 552</b>	<b>10 432</b>
Surplus on revaluation of investment properties	3 293	962
-Per valuation	4 431	1 603
-Adjusted for rental straight line adjustment	(1 138)	(641)
Exchange gain/(loss)	680	689
Debt interest	(6 614)	(6 255)
Profit before taxation	7 911	5 828
Taxation	(1 781)	(1 706)
Profit after taxation	6 130	4 122
Minority interest	(274)	(1 649)
Net profit for the year	5 856	2 473
Average number of linked units in issue	32, 372, 329	31, 855, 996
<b>Earnings per linked unit (thebe)</b>	<b>39.37</b>	<b>32.57</b>
Interim dividend (thebe)	0.12	0.14
Interim debt interest (thebe)	6.22	6.83
Final dividend (thebe)	0.29	0.25
Final debt interest (thebe)	14.21	12.56
<b>Total distribution</b>	<b>20.84</b>	<b>19.78</b>

**ABRIDGED BALANCE SHEET**

	31-Dec-2006 P000's	31-Dec-2005 P000's
<b>Assets</b>		
Property, plant and equipment	2 735	298
Investment properties	168 072	155 387
Investments	5 562	5 020
Current assets	7 933	6 680
<b>Total Assets</b>	<b>184 302</b>	<b>167 385</b>
<b>Equity and Liabilities</b>		
Unitholders' funds	103 304	97 333
Minority interest	7 149	6 274
Long term borrowings	45 398	30 846
Deferred taxation	13 591	11 991
Current liabilities	14 860	20 941
<b>Total equity and liabilities</b>	<b>184 302</b>	<b>167 385</b>

**CASHFLOW STATEMENT**

	31-Dec-2006 P000's	31-Dec-2005 P000's
Net income after exchange difference	20 500	17 374
Adjustment for non cash items	(3 955)	(1 318)
Working capital changes	(1 587)	3 096
Interest paid	(6 882)	(5 179)
Investment income	430	260
Distribution paid	(6 022)	(5 949)
Taxation paid	(157)	(335)
<b>Cash generated from operations</b>	<b>2 327</b>	<b>7 949</b>
Additions to investment properties	(7 456)	(18 146)
Additions to plant and equipment	(2 845)	(6)
(Increase)/decrease in investments	(630)	(1 672)
Proceeds from issue of linked shares	0	2 099
Net loans raised	13 678	6 473
Additional capital from Minority shareholder	601	60
Net increase/( decrease )in cash and cash equivalents	5 675	(3 243)
Cash and cash equivalents beginning of the year	(6 071)	(2 828)
Cash and cash equivalents end of the year	(396)	(6 071)

**STATEMENT OF CHANGES IN EQUITY**

	31-Dec-2006 P000's	31-Dec-2005 P000's
Balance brought forward	103 607	96 644
Additional capital	0	60
Movement in non distributable reserves	2	4
Foreign subsidiary translation adjustment	(479)	372
Capitalisation issue	0	2 099
Net movement in distribution	592	306
Retained income for year	6 130	4 122
Movement in minority interest	601	0
<b>Balance at 31 December 2006</b>	<b>110 453</b>	<b>103 607</b>

**COMMENTS and PROSPECTS**

I am pleased to report that during the past year we have managed to lay the foundations for continued growth for the next 5 years, both in the domestic and regional markets. The completion of the refurbishment of Standard House, the securing of two sites in Madagascar and a refinancing agreement with BIFM Capital, will contribute towards the future expansion of our portfolio.

Despite a lack of revenue from Standard House in the first few months of 2006, we are pleased to report a growth of contractual rental income of 14.3% from P18.1 million to P20.7 million. The costs associated with the lettings as well as tenant occupation costs incurred during this period, and the increased financing costs, have had an impact on the operating costs of the group. Profit before tax grew by 35.8%.

The Portfolio was valued at P173.7 million, compared to P161.2 million in the prior year, representing an increase of 7.7%.

In order to improve our cost of borrowing and secure sufficient funding for future projects, the company has entered in an agreement with BIFM Capital Investment Fund One (Pty) Limited, in terms of which the company will issue promissory notes up to a maximum of P75 million and BIFM Capital shall be obliged to subscribe to the notes for a period of 24 months. The first note for an amount of P35 million was subscribed on the 20 December 2006.

We are pleased to report that a Corporate Rating was carried out on RDC Properties Limited by Global Credit Rating Co.(GCR), the leading rating agency in Africa. GCR has accorded RDC a rating of A2 (single A two) in the short term and BBB+ (triple B plus) in the long term unsecured senior debt. The company believes this good rating would have been improved by the BIFM financing agreement.

There is continued interest in the new CBD, in which the company has secured joint venture agreements with two citizen companies. Recent developments in the area are very encouraging and we remain confident that this development will be started soon.

On the back of the excellent results achieved by our development in Madagascar, TanaWaterFront, and in view of the substantial opportunities offered in the tourism market in the country, we will be investing in two new hospitality projects, creating the basis for an expansion within the Malagasy Market.

The company has finalised the leasing of a beautiful plot of land close to the Isalo National Park – the most visited Park in Madagascar. The plan is to construct a 42 bedrooms Lodge called Isalo Rock Lodge. It is anticipated that the lodge will be opened during the second quarter of 2008. A newly formed Madagascar registered company, HMS1 Société Anonyme, will own the property and buildings. Through RDC Properties Mauritius Limited, the company owns 50% of HMS1.

The Isalo Rock Lodge project is part of a wider ranging strategy which will see RDC Properties participating in the development of a circuit of Hotels and Lodges within Madagascar to take advantage of the growing demand for quality hospitality facilities in that country.

**DISTRIBUTION TO LINKED UNIT HOLDERS**

Notice is hereby given that the final dividend of 0.29 thebe per share and interest of 14.21 thebe per debenture has been declared. This dividend and interest will be payable on the 25 May 2007 to those linked unit holders registered at the close of business on 20 April, 2007. 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 unit holders. As per amended Seventh Schedule to the Income Tax Act, withholding tax of 10% on interest to a resident for amounts in excess of P 1 500.00 per quarter, will be deducted wherever applicable.

By order of the Board

G R Giachetti

Gaborone, March 26, 2007