



## MASA TOWERS



## RDC PROPERTIES LIMITED

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

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

### HIGHLIGHTS – Group Financial Results for the year ended 31 December 2008

- REVENUE NET OF RENTAL STRAIGHT LINE ADJUSTMENT UP 15%;
- PROFIT BEFORE DEBENTURE INTEREST AND TAX UP 63%;
- INVESTMENT, PROPERTY PORTFOLIO AND FIXED ASSETS GROWS NOW STANDS AT P 229 MILLION;
- EXCITING FUTURE PROJECTS IN PROGRESS: CBD LARGE MIXED USE DEVELOPMENT & ISALO ROCK LODGE.

#### ABRIDGED GROUP INCOME STATEMENT

	30-Dec-2008 P000's	31-Dec-2007 P000's	Variance %
Turnover	29 270	26 848	9%
Operating expenses	(7 887)	(6 382)	24%
Profit before interest	21 383	20 466	
Other income	1 522	764	
Foreign exchange gains	1 130	339	
Adjustment for rental straight line	(1 061)	(2 241)	
Surplus on revaluation of investment properties	12 471	5 437	
<b>Profit from operations</b>	<b>35 445</b>	<b>24 765</b>	<b>43%</b>
Net finance costs	(5 842)	(6 573)	(11)%
<b>Profit before debenture interest and tax</b>	<b>29 603</b>	<b>18 192</b>	<b>63%</b>
Debenture interest	(9 978)	(8 342)	20%
Income tax expense	(3 236)	(2 030)	(16)%
<b>Profit for the year</b>	<b>16 389</b>	<b>7 820</b>	<b>110%</b>
Minority interest	(2 293)	(1 960)	
<b>Profit for the year attributable to equity holders of the parent</b>	<b>14 096</b>	<b>5 860</b>	<b>141%</b>
Dividend	(200)	(167)	
<b>Retained profit for the year</b>	<b>13 896</b>	<b>5 693</b>	
Average weighted number of linked units in issue	32 372 329	32 372 329	
<b>Earnings per weighted average linked unit (thebe)</b>	<b>74.37</b>	<b>43.87</b>	<b>70%</b>
Interim dividend (thebe)	0.23	0.21	
Interim debenture interest (thebe)	11.49	10.31	
Final dividend (thebe)	0.39	0.31	
Final debenture interest (thebe)	19.33	15.46	
<b>Total distribution</b>	<b>31.44</b>	<b>26.29</b>	<b>20%</b>

#### ABRIDGED GROUP BALANCE SHEET

<b>Assets</b>		
Property, plant and equipment	39 107	4 480
Intangible assets	1 000	-
Investment properties	182 760	175 303
Investments	7 162	4 404
Current assets	14 418	6 824
<b>Total Assets</b>	<b>244 447</b>	<b>191 011</b>
<b>Equity and Liabilities</b>		
Unitholders' funds	125 631	109 474
Minority interest	27 939	8 930
Long term borrowings	51 743	43 122
Deferred taxation	17 939	15 243
Liabilities	(21 195)	(14 242)
<b>Total equity and liabilities</b>	<b>244 447</b>	<b>191 011</b>

#### ABRIDGED GROUP CASHFLOW STATEMENT

Profit from operations	34 571	24 176
Adjustment on translation and consolidation of foreign entities	(12 355)	(3 993)
Working capital changes	1 896	(741)
Interest paid	(5 842)	(6 573)
Dividend and debenture interest	(8 909)	(8 100)
Taxation paid	(689)	(448)
	<b>8 672</b>	<b>4 321</b>
<b>Cash generated from operations</b>		
Purchase of property, plant and equipment & investment properties	(27 577)	(4 221)
Purchase of intangible assets	(1 000)	-
Net loans raised/(repaid)	6 496	(785)
Investment in subsidiaries	(2 929)	986
Additional capital from minority shareholders	16 716	(179)
<b>Net increase in cash and cash equivalents</b>	<b>378</b>	<b>122</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>(274)</b>	<b>(396)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>(104)</b>	<b>(274)</b>

#### ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

<b>Balance at beginning of the year</b>	<b>118 404</b>	<b>110 453</b>
Translation reserve	992	68
Shareholders' loans	16 716	(179)
Net movement in unit holders distribution	3 562	2 369
Retained profit for the year	13 896	5 693
<b>Balance at end of the year</b>	<b>153 570</b>	<b>118 404</b>

#### COMMENTS and PROSPECTS

We are pleased to report a solid set of results for the financial year end 31<sup>st</sup> December 2008. The Group has experience a significant increase in the turnover net of the straight line adjustment, from P24.6 million to P28.2 million, which is an increase of 15%, compared to the same period last year. The vacancy level has reduced from 3% at the end of December 2007 to 2% at the end of December 2008. The operating expenses have been kept under control and significant contribution to the profitability of the Group is due to the other income which includes profit on disposal of investment properties and investment income.

The profit before debenture interest and tax increased from P18.2 million to P29.6 million, which represents a 63% growth, this impressive result is due to the quality of the portfolio and the surplus arising from the revaluation of investment properties. Mebala, Gaborone West Warehouse and Tholo Properties were independently re-valued during the year.

The Capital Work In Progress (CWIP) amounts to P37 million, which is the amount spent on the Masa Towers as at 31<sup>st</sup> December 2008. The total property portfolio including investments and plant & equipment increased to P229 million from P184 million last year, representing a major increase in the size of the Group's assets by 24%.

During the last half of the year, the Group disposed of Professional House for a consideration of P9.7 million which was well in excess of the fair value at which the property was recorded in the books of account at the time of disposal of P8.9 million. The reason for this disposal is related to capital injection required for the Masa Towers project.

We are happy to report a substantial increase in distribution to linked-unit holders of 20% on the last year's distribution.

The Botswana economy real growth is expected to slow down due to the global financial crisis. We note with appreciation the Government's policy to pursue its capital development program. Due to the prime profile of Group's tenants and location of the properties, we expect that the slow down will have a minimal effect on the Group's rental income stream.

The development of MASA TOWERS in the new Central Business District (CBD) of Gaborone is in full swing, through a subsidiary called Three Partners Resorts Limited (TPR), which is structured as Variable Rate Loan Stock (VRLS) company. TPR is a joint venture with 100% citizen companies.

The TPR development, at an estimated total cost of P248 million, commenced during the first quarter of 2008 and is expected to be complete in August 2010. The construction contract was awarded after an open tender to the lowest bidder, Italtswana Construction Company (Pty) Ltd. The whole project was re-engineered thereafter to further reduce the costs by achieving savings in excess of P55 million. Our property managers have secured pre-letting in excess of 60% of the space. This includes a lease with African Sun Limited (ASL), which shall be operating a Four-stars hotel under the Holiday Inn brand. The hotel will include 157 rooms, a conference facility, swimming pool on the third floor, a lounge and restaurant. A lease has been finalised with Capitol Entertainment Centre (Pty) Ltd for a state of the art multi-theater cinema, including five theaters to cater for the highest and newest digital technology. TPR is in final negotiations with grade "A" entertainment and restaurant chain which will add to the international flavor of the scheme.

The Directors remains satisfied with the trading conditions of the Tana Waterfront in Madagascar as it has only marginally been affected by the present political and civil unrests. The works on the Isalo Rock Lodge have also been affected by the unrests and hence the postponement of the official opening till the end of the year 2009.

#### DISTRIBUTION TO LINKED UNIT HOLDERS

Notice is hereby given that the final dividend of 0.39 thebe per share and interest of 19.33 thebe per debenture has been declared. This dividend and interest will be payable on the 29 May 2009 to those linked unit-holders registered at the close of business on 22 May 2009. In terms of the Republic of Botswana Income Tax Act as amended, withholding tax at a rate of 15% will be deducted 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 P1 500 per quarter, will be deducted wherever applicable.

By order of the Board  
G.R Giachetti  
Gaborone April 3, 2009