



# RDC PROPERTIES LIMITED

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

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

## HIGHLIGHTS –Preliminary Announcement of the Audited Financial Results for the year ended 31 December 2011

- REVENUE UP 7%
- PROFIT BEFORE TAXATION UP 203%
- INVESTMENT AND PROPERTY PORTFOLIO UP BY 31%, NOW STANDS AT P609 million
- PROJECTS IN PROGRESS: - MASA CENTRE – TEMPORARY OCCUPATION CERTIFICATE RECEIVED;
- MASA CENTRE: - LANSMORE MASA SQUARE HOTEL OPENING SOON; TENANTS PRESENTLY FITTING OUT.

### ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME

	31-Dec-2011 P'000	31-Dec-2010 P'000	
Revenue	32,711	30,704	7%
Operating expenses	(10,646)	(8,767)	
Finance costs	(4,139)	(4,552)	
<b>Profit from operations</b>	<b>17,926</b>	<b>17,385</b>	
Other income	1,632	7,707	
<b>Profit before fair value adjustments and exchange differences</b>	<b>19,558</b>	<b>25,092</b>	
Exchange gain/(loss)	1,582	(582)	
Surplus on revaluation of investment property	106,368	17,583	
<b>Profit before tax</b>	<b>127,508</b>	<b>42,093</b>	203%
Income tax expense	(27,874)	(10,568)	
<b>Profit after tax for the year from continuing operations</b>	<b>99,634</b>	<b>31,525</b>	216%
<b>Discontinued operations</b>			
Profit/(loss) profit from discontinued operations	62	(1,835)	
<b>Profit for the year</b>	<b>99,696</b>	<b>29,690</b>	
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations	(239)	(349)	
<b>Total comprehensive income for the year</b>	<b>99,457</b>	<b>29,341</b>	
<b>Total comprehensive income for the year attributable to:</b>			
-Non-controlling interests	7,512	1,176	
-Equity holders of the parent	91,945	28,165	
	<b>99,457</b>	<b>29,341</b>	
Number of linked units in issue at year end	34,544,029	33,541,022	
Average weighted number of linked units in issue	34,148,322	33,262,917	
<b>Earnings per linked unit (thebe)</b>	<b>279.45</b>	<b>100.06</b>	
Interim dividend (thebe)	0.32	0.31	
Interim debenture interest (thebe)	15.82	15.61	
Final dividend (thebe)	0.54	0.83	
Final debenture interest (thebe)	26.86	41.25	
<b>Total distribution</b>	<b>43.54</b>	<b>58.00</b>	

### ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	31-Dec-2011 P'000	31-Dec-2010 P'000
<b>Assets</b>		
Property, plant and equipment	311,188	246,877
Intangible assets	1,000	1,000
Investment properties	294,305	213,937
Rental receivable - straight line rental adjustment	6,131	5,376
Investments	2,152	2,323
Current assets	21,520	19,655
Assets classified as held for sale	27,270	2,400
<b>Total Assets</b>	<b>663,566</b>	<b>491,568</b>
<b>Equity and Liabilities</b>		
Unitholders' funds	252,349	171,159
Non-controlling interests	80,774	68,292
Long term borrowings	236,051	187,724
Deferred taxation	53,352	31,240
Current liabilities	40,643	32,175
Liabilities directly associated with assets classified as held for sale	397	978
<b>Total Equity and Liabilities</b>	<b>663,566</b>	<b>491,568</b>

### ABRIDGED GROUP STATEMENT OF CASH FLOWS

	31-Dec-2011 P'000	31-Dec-2010 P'000
Profit from operations (continuing and discontinued)	130,896	44,648
Adjustment for non cash items	(105,532)	(16,387)
Working capital changes	(729)	(12,355)
Net interest paid	(29,692)	(18,578)
Investment income	802	847
Dividend and debenture interest paid	(19,687)	(11,986)
Taxation paid	(1,114)	(939)
<b>Cash used in operations</b>	<b>(25,056)</b>	<b>(14,750)</b>
Purchase of property, plant and equipment	(40,413)	(78,230)
Improvements to investment properties	-	(901)
Proceeds from sale of investment properties	-	7,250
Investments in subsidiaries	-	251
Net loans raised	51,572	83,631
Proceeds from issue of linked units	5,688	2,718
Additional capital from non-controlling interests	4,970	4,571
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,239)</b>	<b>4,540</b>
Cash and cash equivalents beginning of the year	2,796	(1,683)
Effects of exchange rate on the cash held in foreign currencies	125	(61)
<b>Cash and cash equivalents end of the year</b>	<b>(318)</b>	<b>2,796</b>

### ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	31-Dec-2011 P'000	31-Dec-2010 P'000
Balance brought forward	239,451	210,039
Capitalisation issue	5,688	2,718
Net movement in distribution to equity holders	(19,687)	(11,986)
Equity holders of the parent	95,189	32,933
Non-controlling interests	12,482	5,747
<b>Balance at year end</b>	<b>333,123</b>	<b>239,451</b>

### COMMENTS and PROSPECTS

We are pleased to present the RDC Properties Limited preliminary financial results for the year ended 31 December 2011. After making good gains in the first half of the year, the Botswana economy faced uncertainties, related to turbulences in the global economy in the last quarter, making it difficult to predict the direction of the local economy. The property market has remained sheltered and the occurrence of a number of factors has increased the demand for both good commercial and residential properties. The rentals are generally stable even though the market is now sensing an increase in supply of properties especially in the office sector. The new Central Business District continues to attract significant interest and the company is well positioned to take advantage of this with the completion of the Masa Centre which will start contributing to revenue in 2012.

The property known as Plaza is in the process of sale and therefore has been excluded from the portfolio and classified as an asset held for sale.

In view of the change in the market, the entire portfolio has been independently valued and a significant increase in value has been recorded. This is attributed to a number of factors, in particular, the persistent low interest rate environment, the decision by the Botswana Public Officers Pension Fund (BPOPF) to create a portfolio of properties, the relocation of the Diamond Trading Company (DTC) to Botswana and the reduced capacity for the banks to take advantage of the excess liquidity in the market. These factors have created a strong demand for properties that are well located and yielding good returns.

The results of the Group are pleasing as the portfolio is showing a stable growth with a vacancy rate of less than 1% and a significant growth in the property portfolio. The Group's gross revenue increased by 7% to P32,711 million (2010: P30,704 million) and the investment and property portfolio value grew by 31% to P608.645 million (2010: P464.137 million). Profit before taxes increased by 203% to P127,508 million (2010: P42,093 million).

### Masa Centre

The works on this prime property were substantially completed by the end of the year. A Temporary Occupation Certificate was granted on the 22nd December 2011. Final de-snagging and account is expected to be completed by the end of March 2012. For this reason the property has been accounted for as work in progress and will be re-valued and re-classified as an investment property in the 2012 financial year. A number of tenants are still doing their fitting outs and it is anticipated that this work will be complete during the first quarter of the year. Of significance to the Centre is the change of the hotel operator from African Sun Limited (ASL) to Lonrho Hotels, a 100% subsidiary of Lonrho PLC. This lease was concluded in January 2012 and is substantially better than the ASL lease because the property will be operated as a 5 star hotel. The lease is for a period of 15 years and has a variable and fixed portion, (the latter portion being in US Dollars). We are pleased to confirm the entertainment aspect of the Centre, which will be further enhanced with a Night Club associated with the Hotel, a Chinese Fusion cuisine restaurant, an African cuisine restaurant and a high end Gym. The company has concluded leases with prominent high-end brands, such as Apple, Bang & Olufsen and a number of other well known international names. The office component is being actively rented out and is proving to be well received since its units have been reduced in size. For more information on letting opportunities for office space, contact: [masacentre@rdc.bw](mailto:masacentre@rdc.bw).

### Isalo Rock Lodge-Madagascar

The last quarter of the year has seen an improvement in the tourism sector in Madagascar and with the occupancies at **Isalo Rock Lodge** increasing, the lodge has been receiving some excellent reviews from guests. The outlook is positive with stronger than expected forward bookings. The occupancies for 2012 are projected to increase and it is anticipated that the lodge will achieve positive results in 2013. For more information visit [www.isalorocklodge.com](http://www.isalorocklodge.com)

### DISTRIBUTION TO LINKED UNIT HOLDERS

Notice is hereby given that the final dividend of **0.54** thebe per share and interest of **26.86** thebe per debenture has been declared. This dividend and interest will be payable on the 1<sup>st</sup> of June 2012 to those linked unit-holders registered at the close of business on 27<sup>th</sup> of April 2012. **In light of the Masa Centre development, it is the intention of the directors to propose, to those linked unit holders who qualify, an elective distribution of 50% of the net final distribution by way of a capitalisation option. Details of this option will be circulated to unit holders. The option will open on the 7<sup>th</sup> of May 2012 and will close on the 18<sup>th</sup> of May 2012. The listing of the new units on the Botswana Stock Exchange will occur on the 30<sup>th</sup> of May 2012.** In terms of the Botswana Income Tax Act as amended, withholding tax at a rate of 7.5% will be deducted by the company from all dividends paid and 15% from interest paid to foreign registered unit holders. As per the Seventh Schedule to the Income Tax Act, withholding tax of 10% on interest paid to residents for amounts in excess of P1,950.00 per quarter, will be deducted wherever applicable.

### AUDITOR'S OPINION

The auditors, Deloitte & Touche, have issued their opinion on the group's financial statements for the year ended 31 December 2011. The audit was conducted in accordance with International

Standards on Auditing. They have issued an unmodified audit opinion. These condensed financial statements have been derived from the group financial statements and are consistent, in all material respects, with the group financial statements. A copy of their audit report is available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

**By order of the Board**  
**G.R Giachetti**  
**Executive Chairman**  
**Gaborone 30 March 2012**