



# 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, J.S Stewart\*\*, K. C. Maphage  
\* Italian \*\* British

## HIGHLIGHTS –ANNOUNCEMENT OF THE ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

◆ <b>REVENUE UP</b> 44%	◆ <b>PROFIT FROM OPERATIONS UP 5%</b>	◆ <b>NAV UP 18% TO P10.02 per unit</b>	◆ <b>INVESTMENT AND PROPERTY PORTFOLIO UP BY 22% TO P750 M</b>	◆ <b>RETURN ON EQUITY (ROE) 22%</b>
----------------------------	---------------------------------------	--	--	-------------------------------------

ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME	2012 P'000	2011 P'000 (Restated)	
<b>Revenue</b>	47,203	32,711	44%
Operating expenses	(16,860)	(10,646)	
Other operating income	225	830	
Net foreign exchange (losses)/gains	(55)	1,582	
<b>Profit from operations before fair value adjustments</b>	30,513	24,477	
Surplus arising on revaluation of properties	107,312	106,368	
<b>Profit from operations</b>	137,825	130,845	5%
Net finance costs	(15,598)	(3,337)	
<b>Profit before tax</b>	122,227	127,508	(4%)
Income tax expense	(15,792)	(6,460)	
<b>Profit for the year from continuing operations</b>	106,435	121,048	(12%)
<b>Discontinued operations</b>			
Profit from discontinued operations	-	62	
<b>Profit for the year</b>	106,435	121,110	
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations	(243)	(239)	
<b>Total comprehensive income for the year</b>	106,192	120,871	
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the company	68,511	112,936	
Non-controlling interest	37,681	7,935	
	106,192	120,871	
Number of linked units in issue at year end	35,357,487	34,544,029	
Average weighted number of linked units in issue	34,893,828	34,148,322	
<b>Earnings per linked unit (thebe)</b>	205.37	340.92	
Interim dividend (thebe)	0.65	0.32	
Interim debenture interest (thebe)	32.43	15.82	
Final dividend (thebe)	0.10	0.54	
Final debenture interest (thebe)	5.09	26.86	
<b>Total distribution (thebe)</b>	38.27	43.54	
<b>ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION</b>	<b>2012 P'000</b>	<b>2011 P'000 (Restated)</b>	<b>1 Jan-2011 P'000 (Restated)</b>
<b>Assets</b>			
Property, plant and equipment	22,172	311,188	246,877
Intangible asset	1,000	1,000	1,000
Investment properties	720,974	294,305	213,937
Rental receivable - straight line rental adjustment	3,897	6,131	5,376
Investments	1,980	2,152	2,323
Deferred tax asset	2,231	1,583	471
Current assets	23,584	21,521	19,655
Assets classified as held for sale	26,400	27,270	2,400
<b>Total Assets</b>	<b>802,238</b>	<b>665,150</b>	<b>492,039</b>
<b>Equity and Liabilities</b>			
Equity attributable to the owners of the company	354,331	293,199	191,018
Non-controlling interests	129,863	82,941	70,036
Long term borrowings	238,167	236,051	187,724
Deferred tax liabilities	26,011	11,918	10,108
Current liabilities	53,866	40,644	32,175
Liabilities directly associated with assets classified as held for sale	-	397	978
<b>Total Equity and Liabilities</b>	<b>802,238</b>	<b>665,150</b>	<b>492,039</b>
<b>ABRIDGED GROUP STATEMENT OF CASH FLOWS</b>	<b>2012 P'000</b>	<b>2011 P'000</b>	
<b>Cash flows from operating activities</b>			
Profit from operations (continuing and discontinued)	137,825	130,896	
Adjustment for non cash items	(103,574)	(105,531)	
Working capital changes	(1,014)	(730)	
Taxation paid	(1,330)	(1,114)	
Net cash generated from operations	31,907	23,521	
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment	(17,983)	(40,413)	
Improvements to investment properties	(493)	-	
Interest income received	3,130	6,901	
Investment income	805	802	
Net cash used in investing activities	(14,541)	(32,710)	
<b>Cash flows (used in)/from financing activities</b>			
Dividend and debenture interest paid	(15,318)	(19,687)	
Finance costs paid	(32,803)	(36,593)	
Net loans raised	3,863	51,572	
Issue of ordinary shares and debentures	5,032	5,688	
Additional capital from non-controlling interests	9,241	4,970	
Net cash (used in)/generated from financing activities	(29,985)	5,950	
<b>Net movement in cash and cash equivalents</b>	(12,619)	(3,239)	
Cash and cash equivalents beginning of the year	(318)	2,796	
Effects of exchange rate on the cash held in foreign currencies	33	125	
<b>Cash and cash equivalents end of the year</b>	<b>(12,904)</b>	<b>(318)</b>	

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY	31-Dec-2012 P'000	31-Dec-2011 P'000
Balance brought forward as previously stated	376,140	239,451
Impact of change in accounting policy	-	21,603
Restated opening balance	376,140	261,054
Capitalisation issue	5,032	5,688
Total distribution to the owners of the company	(15,318)	(19,687)
Net movement attributable to the owners of the company	71,418	116,180
Net movement attributable to non-controlling interests	46,922	12,905
<b>Balance at year end</b>	<b>484,194</b>	<b>376,140</b>

### Comments and prospects

We are pleased to present the RDC Properties Limited abridged financial results for the year ended 31 December 2012. The property market in Botswana remained mostly influenced by relatively low interest rates on deposits and consequently high demand for property. The market is also influenced by a strong demand for commercial properties by institutional investors and demand for residential properties by private investors.

In the rental market, 2012 marked the opening of a number of new shopping centres and the concentration of large developments in the new Central Business District (CBD) and the Fairgrounds in Gaborone. These commercial developments have substantially increased the floor space available in the sector and in general what is being experienced is a migration of businesses from the outer suburbs to the new CBD. While the immediate effect is a pressure on office rentals, the Group's property portfolio is strategically located in prime areas and is able to remain competitive in the market. Over the next few years, we will see the Masa Centre benefiting from the concentration of businesses in the new CBD due to the Centre's perfect positioning and mixed-use nature.

Lansmore Masa Square Hotel is receiving accolades as the best business hotel in Gaborone and the Masa Square is becoming the ideal venue for the affluent inhabitants of the capital city. A ceremonial opening of the Centre took place on 30<sup>th</sup> of October 2012. The office space is actively being rented out and the property is 80% let. We expect a positive contribution for the year 2013. The performance of Isalo Rock Lodge in Madagascar continued to be influenced by the political situation in the country and it is anticipated that, with the elections in 2013, the outlook will improve.

The Group is exploring new opportunities regionally and locally in the hospitality, industrial and residential subsectors of the property market.

### Basis of preparation and accounting policies

These abridged financial results are extracted from the audited Group annual financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS). The Group adopted IAS 12 (Amended)-Income Taxes in the current year. As required by the amended standard, the amendments have been applied retrospectively and the comparatives have been restated to reflect the effect of the change in accounting policy. The Group also early adopted IAS 1 (Amended) Presentation of Financial Statements. The effects of adopting these standards have been fully disclosed in the group annual financial statements which will be distributed to the unit holders.

### Financial results and highlights

From 1<sup>st</sup> July 2012, the property of Masa Centre has been recognised as an investment property which resulted in a significant increase in both the revenue and property portfolio.

The revenue increased by 44% to P47,203 million (2011: P32,711 million). The profit from operations increased by 5% to P137,825 million (2011: P130,845 million). This is on the back of a P107,312 million property revaluation surplus. The profit before tax decreased by 4% to P122,227 million (2011: P127,508 million) due to the increase in net finance costs caused by expensing of borrowing costs which were previously capitalised in the Masa Centre development. The profit after tax decreased by 12% to P106,435 million (2011: P121,048 million). This decrease was mainly as a result of the income tax expense increasing by 144% to P15,792 million (2011: P6,460 million) on the adopted IAS 12 (Amended)-Income Taxes by the Group. This standard was applied retrospectively and the prior year income tax expense was restated.

We are pleased that the Net Asset Value (NAV) increased by 18% to P10.02 per unit (2011: P8.49) underscoring the value created for unit holders. The Return on Equity (ROE) is 22%.

The investment and property portfolio increased by 22% to P750,023 million (2011: P614,776 million) with Masa Centre being recognised as an investment property at fair value. The property known as Plaza has been excluded from the portfolio and classified as an asset held for sale. The sale was concluded at the end of January 2013. The proceeds from the sale of Plaza will be used to fund other developments and acquisitions that the Group will embark on in 2013.

### Directors

The board of directors is pleased to announce the appointment of Mrs. K. C. Maphage as a non executive director to the board with effect from 13 November 2012. Mr. G.W. Matenge retired from the board on the 16<sup>th</sup> of May 2012 after serving as director from 1992. The board takes this opportunity to thank Mr. G. W. Matenge for his tireless contribution to the Group during his tenure as director.

### **Distribution to linked unit holders**

Notice is hereby given that the final dividend of **0.10** thebe per share and interest of **5.09** thebe per debenture has been declared. This dividend and interest will be payable on the 31<sup>st</sup> of May 2013 to those linked unit holders registered at the close of business on 19<sup>th</sup> of April 2013. 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 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 2012. 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 Group's auditors.

**By order of the Board**  
**G.R Giachetti**  
**Executive Chairman**  
**Gaborone 27 March 2013**