

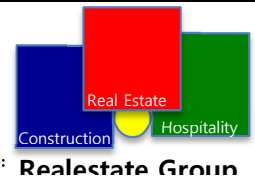


RDC PROPERTIES LIMITED

Po Box 405391, Gaborone, Botswana
Plot 5624, Lejara Road, Broadhurst Industrial, Gaborone, Botswana,

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

Directors: G R Giachetti (Chairman)*, G Giachetti*, K Jefferies, L Magang, K C Maphage, J Pari*, C Tibone
* Italian



Member of the: **Realestate Group**

HIGHLIGHTS – PRELIMINARY ANNOUNCEMENT OF THE AUDITED GROUP FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

◆ **RENTAL REVENUE**
UP 23%

◆ **PROFIT FOR THE YEAR**
UP 22%

◆ **INVESTMENT & PROPERTY PORTFOLIO**
UP 11%

◆ **DISTRIBUTION**
UP 11%

	2014 P'000	2013 P'000	% Change
SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Contractual lease rental revenue	81,057	66,167	23
Straight line rental adjustment	(2,927)	5,453	
Revenue	78,130	71,620	9
Operating expenses	(23,545)	(19,204)	
Income arising from joint venture	2,416	1,152	
Other foreign exchange gains	1,142	78	
Other operating income	121	393	
Profit from operations before fair value adjustments	58,264	54,039	8
Surplus arising on revaluation of properties	77,924	63,253	23
Profit from operations	136,188	117,292	16
Investment income	1,460	2,010	
Finance costs	(22,269)	(22,315)	
Profit before tax	115,379	96,987	19
Income tax expense	(14,334)	(13,980)	
Profit for the year	101,045	83,007	22

	2014 P'000	2013 P'000	% Change
Other comprehensive income			
Exchange differences on translation of foreign operations	927	(1,518)	
Total comprehensive income for the year	101,972	81,489	25
Total comprehensive income for the year attributable to:			
Owners of the company	83,069	69,412	
Non-controlling interests	18,903	12,077	
	<u>101,972</u>	<u>81,489</u>	
Earnings per linked unit (thebe)	39.02	41.26	(5)
Distribution per linked unit (thebe)	8.76	7.88	11

	2014 P'000	2013 P'000
SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Assets		
Property, plant and equipment	1,295	1,444
Intangible asset	1,000	1,000
Investment in a joint venture	22,548	16,145
Investment properties	925,485	840,253
Rental receivable - straight line rental adjustment	6,251	8,788
Long-term trade receivables	7,373	-
Current assets	29,599	30,201
Total Assets	993,551	897,831
Equity and Liabilities		
Equity attributable to the owners of the parent	549,046	473,642
Non-controlling interests	136,928	118,025
Long term borrowings	212,602	222,851
Deferred tax liabilities	44,961	55,544
Current liabilities	50,014	47,769
Total Equity and Liabilities	993,551	897,831

	2014 P'000	2013 P'000
SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS		
Cash flows from operating activities		
Profit from operations	136,188	117,292
Adjustment for non cash items	(77,264)	(69,612)
Working capital changes	(7,009)	(10,925)
Taxation paid	(341)	(969)
Net cash generated from operations	51,574	35,786
Cash flows from investing activities		
Contributions to joint venture	(2,342)	(3,358)
Purchase of property, plant and equipment	-	(49)
Investment property additions during the year	(7,308)	(12,103)
Proceeds from disposal of investment properties held as assets classified as held for sale	-	26,400
Interest income	1,460	1,403
Investment income	-	607
Net cash (used in)/generated from investing activities	(8,190)	12,900
Cash flows from financing activities		
Dividends and debenture interest paid	(15,137)	(13,534)
Finance costs paid	(22,269)	(22,315)
Net loans repaid	(9,837)	(11,487)
Issue of ordinary shares and debentures	3,270	1,837
Net transactions with non-controlling interests	-	(1,504)
Net cash used in financing activities	(43,973)	(47,003)
Net movement in cash and cash equivalents	(589)	1,683
Cash and cash equivalents at beginning of year	(9,020)	(10,639)
Effects of exchange rate on the cash held in foreign currencies	(135)	(64)
Cash and cash equivalents at end of year	(9,744)	(9,020)

Consisting of:		
Cash and bank balances	4,470	3,188
Bank overdraft	(14,214)	(12,208)
	<u>(9,744)</u>	<u>(9,020)</u>

	2014 P'000	2013 P'000
SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY		
Balance brought forward	591,667	484,194
Capitalisation issue	3,270	1,837
Total comprehensive income for the year	101,972	81,489
Effect of the amalgamation of Tholo group	-	(6,093)
Effect of the acquisition of the property Lease No.Area 4 RO	-	42,071
Debenture interest paid	(14,839)	(13,269)
Taxation attributable to debenture interest	4,202	3,207
Dividends paid	(298)	(265)
Net transactions with non-controlling interests	-	(1,504)
	<u>685,974</u>	<u>591,667</u>

The Year Review and Prospects

We are very pleased to report that the audited financial results for the year ended 31 December 2014 again reflect solid contractual lease rental revenue, which was up 23% before the straight line rental adjustment. Profit for the year was up 22%. The investment and property portfolio grew 11% to P950.3 million. The largest contributors to the growth in the portfolio value relate to two of our hospitality properties, namely Masa Centre and Chobe Marina Lodge, which each increased by P28 million in value in line with their growth in rental income. Included in investment properties is capital work in progress of P7.3 million relating to the extension of the Gaborone West Warehouses.

Masa Centre continues to play a vital role in the heart of the Gaborone CBD, creating a unique and important entertainment destination for all Gaborone inhabitants and visitors from overseas. Lansmore Masa Square Hotel, anchor tenant at Masa Centre, is also a success story as it continues to be one of the most sought after business hotels in the City of Gaborone.

The Return on Equity (ROE) achieved this year is 14%. In the next year, the company will be increasing its exposure to the industrial and the residential sectors while exploring potential foreign diversifications. Our diverse portfolio creates the basis for long term diversification of rentals both in terms of property sector and currency hedge.

The Isalo Rock Lodge is now held as an investment property and accounted for at its fair value. The valuation held at book is conservative as it is at an amount lower than the independently received valuation.

The board is considering the acquisition of a residential property portfolio well located and with substantial re-development opportunity.

We are pleased to have supported many charities during the years. We continue supporting the Ngwapa Primary School with our contributions and have taken a lead in improving the happiness of the Sephare Primary Hospital patients during the Christmas festivities.

Basis of preparation and accounting policies

The summarised financial results have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and, as a minimum, contain the information required by IAS 34, Interim Financial Reporting. In preparing the underlying financial statements from which these summarised financial results were extracted, all International Financial Reporting Standards and International Reporting Interpretations Committee interpretations issued and effective for annual periods beginning on or after 1 January 2014 have been applied. The Group's underlying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The principal accounting policies are consistent in all material aspects with those adopted in the previous year.

Financial results and highlights

Revenue increased from P71.6 million in 2013 to P78.1 million in 2014, showing an increase of 9%. The surplus arising on revaluation of properties increased by 23% to P77.9 million (2013: P63.3 million). Properties are valued using a discounted cash flow based on appropriate capitalisation rates. Profit for the year also increased by 22% to P101.0 million (2013: P83.0 million). Based on these solid results the Company was able to increase distributions by 11% to 8.76 thebe per linked unit (2013: 7.88 thebe). No adjusting events have occurred between the reporting date and the date of approval of the financial statements, which would materially affect the financial statements.

Directors

With effect from 18th March 2014, Mr. K A Jefferies joined the Board of Directors. The Board has appointed Mr. Lesang Magang as Lead Independent Non-executive Director and Mrs. Kate Maphage to the Audit Committee. On the 17th August 2014, the representative of the largest shareholder and founding Chairman of the Board, Mr. Marco Antonio Giachetti passed away. The Board will be forever grateful to him for having laid the foundations of the Group, for the strong ethical values and vision he has imparted to all members of the Board during his 23 years of tenure.

Distribution to linked unit holders

Notice is hereby given that the final dividend of **0.008825** thebe per share and interest of **0.441256** thebe per debenture has been declared. This dividend and interest will be payable on 29th of May 2015 to those linked unit holders registered at the close of business on 17th of April 2015.

Auditor's Opinion

Deloitte & Touche, the company's independent auditors, have audited the financial statements of the Group from which these summarised financial results have been derived, and have expressed an unmodified audit opinion on the annual financial statements. These summarised financial results comprise the summarised consolidated statement of financial position as at 31 December 2014, the summarised consolidated statement of comprehensive income, summarised consolidated statement of changes in equity and summarised consolidated statement of cash flows for the year then ended, and selected explanatory notes. The audit report is available for inspection at the Group's registered office. For a better understanding of the Group's financial position and the results of its operations for the year and the scope of the audit, the summarised financial results should be read in conjunction with the audited group financial statements from which the summarised financial results were derived and the audit report thereon. The audit was conducted in accordance with International Standards on Auditing.

By order of the Board

G R Giachetti
Executive Chairman
Gaborone 25 March 2015