



## 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\*\*  
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### HIGHLIGHTS – Un-audited Financial Results for the year ended 30 June 2008

- REVENUE UP **19.51%**; REDUCTION IN FINANCE COST BY **14.74%**
- PROFIT BEFORE DEBENTURE INTEREST UP **37.06%**;
- INVESTMENT AND PROPERTY PORTFOLIO UP BY **7.14%**, NOW STANDS AT **P 191,367,000**
- EXCITING FUTURE PROJECTS IN PROGRESS:- **CBD LARGE MIXED USE DEVELOPMENT, ISALO ROCK LODGE**

RDC ■ COMMERCIAL DEVELOPMENT NEW CBD, GABORONE arctez

#### ABRIDGED INCOME STATEMENT

	30-Jun-2008 P000's	30-Jun-2007 P000's	
<b>Revenue</b>	<b>13 703</b>	<b>11 466</b>	<b>19.51%</b>
Operating expenses	(3 504)	(2 984)	
<b>Profit from operations</b>	<b>10 199</b>	<b>8 482</b>	<b>20.25%</b>
Other income	221	563	
Exchange gain/(loss)	620	307	
Net Finance costs	(2 926)	(3 432)	<b>14.74%</b>
<b>Profit before Debenture Interest and Tax</b>	<b>8 115</b>	<b>5 920</b>	<b>37.06%</b>
Debenture interest	(3 722)	(3 063)	<b>21.05%</b>
<b>Profit before taxation</b>	<b>4 393</b>	<b>2 857</b>	<b>53.73%</b>
Taxation	(331)	(184)	
<b>Profit after taxation</b>	<b>4 062</b>	<b>2 673</b>	<b>51.93%</b>
Minority interest	(384)	(241)	
<b>Net profit for the period</b>	<b>3 678</b>	<b>2 432</b>	
Dividend	(74)	(61)	<b>21.51%</b>
<b>Retained profit</b>	<b>3 604</b>	<b>2 371</b>	
Average weighted number of linked units in issue	32 372 329	32 372 329	
<b>Earnings per linked unit (thebe)</b>	<b>24.044</b>	<b>17.720</b>	<b>35.69%</b>
Interim dividend (thebe)	0.230	0.188	
Interim debenture interest (thebe)	11.497	9.462	
<b>Total distribution</b>	<b>11.727</b>	<b>9.650</b>	<b>21.51%</b>

#### ABRIDGED BALANCE SHEET

<b>Assets</b>			
Plant and equipment	4 181	2 685	
Investment properties	176 633	169 809	<b>7.14%</b>
Investments	10 553	6 116	
Current assets	6 046	5 739	
<b>Total Assets</b>	<b>197 413</b>	<b>184 349</b>	
<b>Equity and Liabilities</b>			
Unitholders' funds	111 999	104 143	
Minority interest	9 167	7 390	
Long term borrowings	43 554	46 120	
Deferred taxation	15 265	13 592	
Current liabilities	17 428	13 105	
<b>Total equity and liabilities</b>	<b>197 413</b>	<b>184 349</b>	

#### CASHFLOW STATEMENT

Profit from operations	10 819	8 789
Adjustment for non cash items	567	(20)
Working capital changes	1 139	1 729
Interest paid	(2 926)	(3 432)
Investment Income	221	563
Dividend and Debenture interest paid	(5 104)	(3 124)
Taxation paid	(390)	(213)
<b>Cash generated from operations</b>	<b>4 326</b>	<b>4 292</b>
Purchase of plant and equipment	(38)	(276)
Additions to investment properties	(1 214)	(3 429)
(Increase)/decrease in investments	(6 149)	0
Net loans raised /(Repaid)	(2 053)	(629)
Repayments to Minority shareholder	(146)	0
<b>Net increase/ (decrease ) in cash and cash equivalents</b>	<b>(5 275)</b>	<b>(42)</b>
Cash and cash equivalents beginning of the period	(274)	(396)
<b>Cash and cash equivalents end of the period</b>	<b>(5 549)</b>	<b>(438)</b>

#### STATEMENT OF CHANGES IN EQUITY

Balance brought forward	118 404	110 453
Foreign subsidiary translation adjustment	229	36
Net movement in non distributable reserves	0	4
Net movement in minority interest	237	240
Net movement in distribution	(1 308)	(1 571)
Retained income for period	3 604	2 371
<b>Balance at 30 June 2008</b>	<b>121 166</b>	<b>111 533</b>

#### COMMENTS and PROSPECTS

We are very pleased to present to you the RDC Properties Limited un-audited financial results for the period ended 30 June 2008; The Group's gross income registered a healthy growth of **19.51%**. Gross income increased from P11.466 million in the previous year to P13.703 million on the back of the improved property market.

The net profit before debenture interest from operations increased from **P5.920** million to **P8.115** million, equal to a **37.06%** increase, this impressive growth was partially a result of the refinancing agreement that has reduced our interest charges.

In spite of turbulent property markets in most parts of the world, this sector is performing well in Botswana as the level of confidence in the economy is probably the highest it has been in the last two decades. The property sector being a hedge to inflation, it is not surprising that this sector has outperformed the Botswana DCI and values of properties have significantly increased. RDC will record the increase in the value of its portfolio when the individual properties are re-valued; properties are re-valued every 5 years and when major changes to a property occurs. The latest increase in interest rates, as a measure to control inflation, has resulted in Botswana's highest ever prime rate, this very high level will affect negatively on new developments and on the growth of the economy. The company is trying to mitigate this through alternative ways of financing its growth.

We are happy to report a significant increase in distribution to linked-unit holders, **21.51%**, due to the combined effect of the reduction in finance costs and the increase of the turnover.

The property portfolio continues to perform well and the Company is working towards the realisation of its long-term objective of creating the most diversified income stream, from prime properties, rented to businesses operating in different sectors of the economy, and located in major growth areas.

As previously reported, the Company has embarked in a large property development in the New Central Business District (CBD) in Gaborone – this development is known as Masa Towers. The Masa Towers development is situated on plot 54353, it is anticipated to cost close to P275 Million. Both the advanced civil contract and the building contract have been tendered. The civil contract, which started in February 2008, is completed and the building contract was started end of July after a comprehensive re-engineering of the project to reduce costs.

The development is scheduled for completion end of July 2010 with the hotel component ready for a pre-opening before the 2010 world cup.

The property has been designed as a mixed-use development with a combination of specialized retail, restaurants and "A" grade offices. We are pleased to report that a lease has been concluded with African Sun Limited (ASL), a large Hotel group operating very well known hotels. ASL is the holder of the Intercontinental Brand Franchise for Botswana and intends branding the Hotel as Holiday Inn and will be investing substantially in the hotel operation.

Our investment in Madagascar continues to perform to expectation. The local economy remains strong on the back of new major mining project and tourism.

The Isalo Rock Lodge construction is progressing slowly as we are experiencing a number of challenges with increase costs of finishing materials and the logistic of building far from the capital city. The estimated project completion remains the end of the second quarter of 2009. The company is presently considering two possible operators and will be finalising the agreements with one by the end of the next quarter.

#### DISTRIBUTION TO LINKED UNIT HOLDERS

Notice is hereby given that the interim dividend of 0.23 thebe per share and interest of 11.49 thebe per debenture has been declared. This dividend and interest will be payable on the 31 October 2008 to those linked unit-holders registered at the close of business on 17 October 2008. 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 August 05, 2008