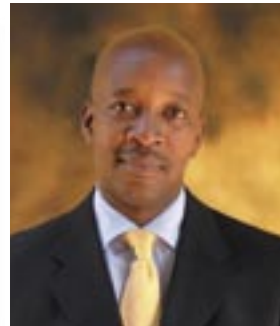
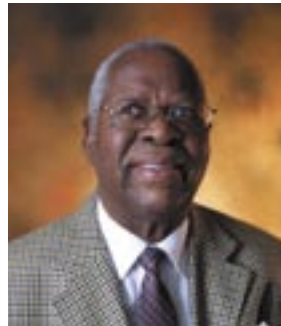




Corporate information and highlights of 2004	2 - 4
Chairman's report	5 - 8
Directors' report	9
Directors' responsibilities and approval	10
Report of the independent auditors	11
Audited financial statements	
- Income statements	12
- Balance sheets	13
- Statements of changes in equity	14
- Cash flow statements	15
- Accounting policies	16 - 17
- Notes to the financial statements	18 - 26
Properties and Salient information	27
Notice of meeting and Form of Proxy	28



RDC Directors:
(L to R)
M.A. Giachetti
(Chairman)^{***},
N.N. Gaolathe⁺,
G. Giachetti^{***},
G.R. Giachetti
(Managing Director)^{**}
L. Magang⁺
G.W. Matenge⁺,
L.M. Ramokate ,

(Alternate Directors not featured:
J.S. Stewart^{***}) ⁺Non Executive



RDC Properties Limited
Incorporated in Botswana - Company number 96/592

• **Nature of Business:**

Holding of income-generating investments in property and property developments.

• **Secretaries:**

PricewaterhouseCoopers (Proprietary) Limited

• **Registered Office:**

Plot 50371
 Fairground Office Park
 Gaborone

• **Auditors:**

Deloitte & Touche

• **Bankers:**

Barclays Bank of Botswana Limited
 First National Bank of Botswana Limited
 Standard Chartered Bank Botswana Limited

• **Attorneys:**

Armstrongs

Investment Portfolio:

BOTSWANA

Gaborone

Standard House
 Plaza 1 & II
 Mebala House
 Broadhurst Business Centre
 Professional House
 Tholo A & B, Phase II
 Phakalane Industrial Estate
 Gaborone West Warehouses
 European Delegation

Jwaneng

Diamond Centre

Kasane
 Chobe Commercial Centre
 Chobe Marina Lodge
 Units 18, 20 & 22

Maun
 Roots Tower
 Tsodilo Centre

Molepolole

Lot 617

Palapye
 Lotsane Complex

Serowe
 Boswa Centre
 Standard House
 Pep House

MADAGASCAR

Antananarivo

Tana Waterfront

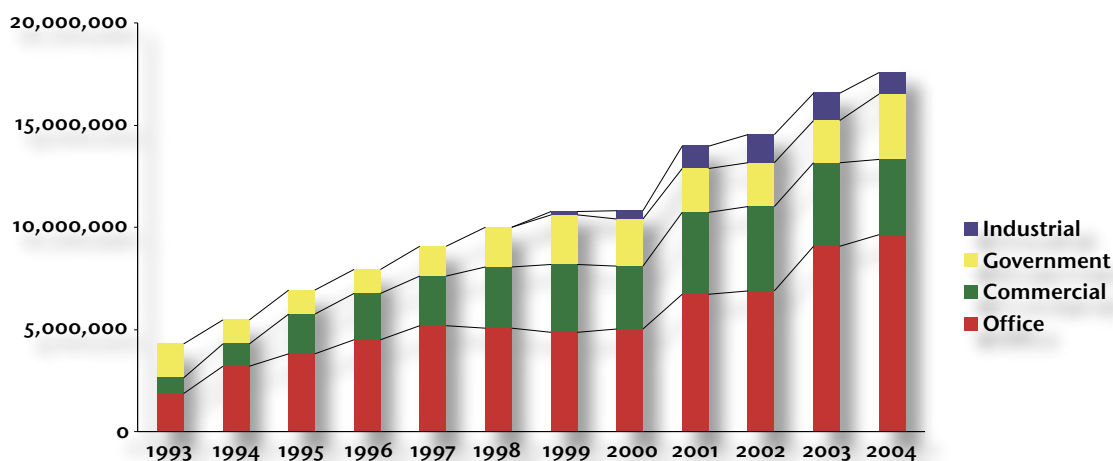
Profile

RDC Properties Limited provides the investor with the opportunity to participate directly in the income and capital growth of both a professionally managed and prime quality property portfolio and rewarding property developments. The company is a variable rate loan stock company which produces similar yields to those which an institutional investor could expect from a direct holding in property. The investment portfolio and ongoing projects, geographically spread over the major centres of Botswana, and one in Madagascar, is valued at approximately P140 million. It consists of 21 properties, mainly office buildings and commercial centres, by and large rented to 'blue chip' tenants on long term leases.

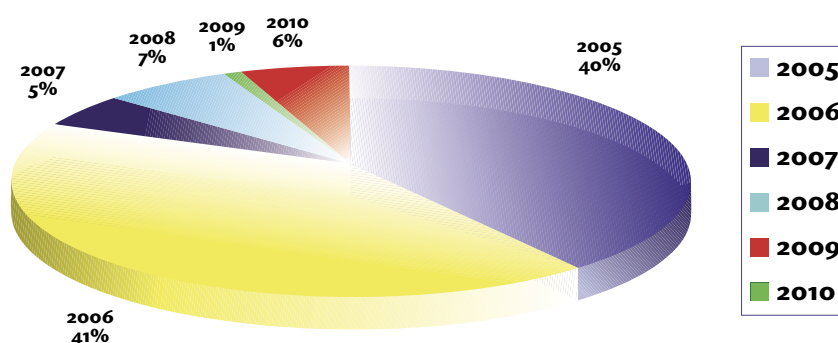
Pro-forma

	1997 P'000	1998 P'000	1999 P'000	2000 P'000	2001 P'000	2002 P'000	2003 P'000	2004 P'000	Variance %
Investment portfolio	67 492	67 583	83 206	97 268	106 188	108 865	131 417	139 877	6
Long term borrowings	9 872	9 810	8 866	16 508	16 636	17 838	24 143	24 586	2
Turnover									
(Rental income & recoveries)	9 303	10 141	10 887	11 138	14 298	15 717	16 545	18 057	9
Profit from operations	7 184	7 649	8 367	8 936	11 259	12 152	21 146	14 778	-43
Interest received & other income	276	277	193	434	102	234	179	794	344
Interest paid	(1 730)	(1 618)	(1 630)	(1 640)	(3 000)	(3 349)	(3 271)	(4 136)	26
Net income from operations	5 730	6 308	6 968	7 473	8 308	9 037	17 995	10 821	-40
Interest to unitholders	4 509	4 995	5 526	5 909	5 178	5 577	5 756	6 180	7
Income after taxation and minority interest	1 199	1 260	1 294	1 411	5 415	2 344	8 466	3 273	-61
Dividends	90	100	111	118	104	111	115	124	8
Income to unitholders	4 599	5 095	5 637	6 027	5 282	5 688	5 871	6 304	7

Sectoral Spread - (By Rental Income 2004)



Lease Profile - (By Rental Income 2004)





I am pleased to report to you on the achievements and progress RDC Properties has made throughout the year.

Despite the difficult trading conditions within the property market and the Botswana economy in general, and taking a conservative view on tenant defaults, rental income has grown from P16 545 015 to P18 057 106 representing an increase of 9.14%.

Our strategy of upgrading our property portfolio through refurbishments, developments and acquisitions is beginning to bear fruit as evidenced by a positive contribution from Plaza, which was fully refurbished in 2004.

In continuing with this strategy, we plan to fully refurbish Standard House in the coming financial year. Having managed to obtain from the Gaborone City Council, a 20 year lease period for the plots adjacent to Standard House, we will be building an underground parking lot which will alleviate the major problem of parking and enable us to add a floor to our flagship property.

This major refurbishment will significantly enhance the property and despite putting some pressure on the rental income of the company for the year 2005, this will improve the profile and performance of the property portfolio in the future.

The allocation of plots in the new Gaborone Central Business District (CBD) has been a major highlight of the property market in the year. The CBD provides an exciting investment opportunity as it is planned to be the commercial hub of Gaborone. We are therefore pleased to report to you that RDC Properties has entered into preliminary joint venture agreements for the development of two plots in the CBD.



The proposed Standard House refurbishment

The Economy

There was a 5.7% growth in GDP recorded in the year. Economic projections indicate that government spending will continue to be low and forecast GDP growth of 4 to 5%. The property market is generally sluggish on the back of low demand and increased competition, particularly for blue-chip tenants. We are continually assessing our investment strategies to ensure sustained returns from our investments.

There was an upward pressure on inflation in 2004 following the 7.5% devaluation of the Pula in February, the substantial increase in international oil prices and the substantial upward adjustment of administered prices including housing and telephone charges. Inflation stood at 7.6% compared to 6.4% at December 2003.

The Bank of Botswana has however kept its monetary policy consistent with its objectives of reducing inflation to within the target band of 3 to 6%. The prime lending rate has remained at 15.75% since

the February 2004 reduction of 0.5%. A significant portion of the acquisitions and refurbishments are financed through bank loans whose costs are linked to the prime-lending rate.

Interest rates are however expected to reduce as inflation falls within the Bank of Botswana target band of 3 to 6%, this would impact positively on RDC's results.

Financial Results

The group continues to perform well as indicated by the 9.14% increase in revenue from P16 545 015 to P18 057 106. Profit from operations before foreign exchange losses on foreign entities and surplus arising on revaluation of properties grew by 7.68% and distributions to shareholders increased by 7.37%. The retention policy of the group has remained the same.

In order to finance further expansion and refurbishments, the Directors propose a capitalisation

of 50% of the final dividends on an elective basis, as has been done in the past years.

Due to the severe devaluation of the local currency in Madagascar between February and May 2004, the foreign currency liabilities of our joint venture, SIA Sarl, were affected resulting in an exchange loss of P1 661 380, which was compensated by a revaluation of the property of P1 524 525.

The International Accounting Standard number 40 (IAS 40) requires that a re-valuation of properties be carried out annually. In principle, all properties of the portfolio are re-valued annually by the Board of Directors based on a Discounted Cash Flow (DCF) model. Each property is independently re-valued by an independent professional firm at least every five years. Properties that have been completed during the year, either by refurbishment or new developments, are valued by an independent professional firm.

This year the Directors have valued the investment portfolio at P139 876 621 compared to P131 415 918 in the prior year, representing an increase of 6.44%. The increase includes a valuation by an independent professional firm of the EU Delegation office block, Plaza and Tana Waterfront. The RDC unit was quoted at P2.35 on the Botswana Stock Exchange at the start of the year. The top price for the unit during the year was P2.70. The unit traded at P2.70 at the end of the year.

Review of the Property Portfolio

Property Management

The property portfolio of RDC Properties is managed by Property and Asset Management Limited (PAM), a company registered in Botswana. PAM offers a dedicated service to RDC Properties and other companies with property holding interests. The company has access to a complete range of international property investment, development and management expertise through one of its shareholders Realestate Financiere

Societe Anonyme (RFS) based in Switzerland. PAM's responsibilities include the preparation of financial reports, budgets and full asset management of the portfolio. The asset management includes assessing the viability of new developments and investments opportunities and making recommendations to the Board of Directors regarding potential new acquisitions, new developments, refurbishments or disposals of properties.

Investment Strategy

The company's long term investment strategy is to hold a balanced, well managed, strategically located portfolio of well designed office, retail and commercial properties that will provide investors with real income and growth.

The company's investment strategy incorporates the following principal factors:

- To acquire and/or develop modern, well located commercial properties in major urban centres and in emerging centres;
- To upgrade existing properties and/or accommodate any reasonable expansion requirements of existing tenants;
- To maintain a balance between office, retail, industrial and other commercial properties;
- To dispose properties which no longer meet the company's investment criteria; and
- To seek opportunities of investing in suitable properties offshore.

The company has been reviewing its funding strategy to explore other options outside the traditional use of bank loans. We have investigated a number of options including the placing of a rights issue, a bond, disposal of some of the properties, etc.

With the expected reduction in interest rates, we have decided to continue using bank loans in the short term. This strategy will be reviewed in the future should the situation change.

Looking Forward

Plaza - Gaborone

The refurbishment of Plaza is now complete. The first phase was completed in October 2003, while the second was completed in May 2004. The property is fully let to the Department of Roads on a five year lease. As can be seen in the picture, the building has changed extensively and we are pleased to report that the floor area was increased by 58% and ultimately the rental income by 97%. The building is now a fully yielding modern building.



Plaza - now fully refurbished



Standard House

Works on the refurbishment of Standard House started during the year. The first phase of the refurbishment, which was the refurbishment of the ground floor, was completed in October 2004 when Metropolitan Life took occupation of the suites vacated earlier by Standard Chartered Bank. The second phase of the refurbishment is expected to commence early next year. This refurbishment is a very complex one and will require major co-ordination with existing tenants and a lot of technical input from the consulting team. This phase will include the addition of a new floor, the complete overhaul of the electrical installations and air conditioning system, upgrading the power supply, building new lobbies with two new lifts forming a central feature of the building. Planning permission for the development has been granted and we expect the building permit to be issued early next year. Construction work will start immediately thereafter. The Board decided that this property, which is freehold, would regain, through the refurbishment, its position as a prime landmark in Gaborone. It is expected that the re-development will cost approximately P18 million.

Mall Parkade - Gaborone

As reported to you previously, one of the major challenges we have had with the re-development of Standard House was lack of parking in the Mall area generally and around Standard House in particular. PAM Limited has negotiated with the Gaborone City Council on behalf of the owners of Development House, Standard House and Botswana Insurance House a 20 years lease on the council land adjacent to the three properties. The underground parking will be developed on the land which is currently used for public parking.

It is my pleasure to report to you that the Gaborone City Council has approved the PAM proposal. We see this approval as a positive step in resolving the issue of parking in the Mall. Construction works are planned to commence early next year at a total estimated cost of P7.5 million

Tholo Phase II

As previously reported, our development of Tholo Phase II, carried out in a joint venture with Shakawe (Proprietary) Limited, a 100% citizen company, was

expected to be completed in December 2004. However due to unforeseen technical difficulties, progress on the project was delayed and is now planned for completion at the end of April 2005. The total cost of the project is P8 million and this development is held by Tholo (Proprietary) Limited. PAM, with the help of other estate agents in Gaborone is aggressively marketing the property.

Lotsane Complex - Palapye

The vacancy rates in Lotsane Complex have decreased substantially since the lease to Spar Supermarket in the course of the year. However, the centre is still not fully let due to the delayed occupation by Spar Supermarket. We expect the centre to attract more tenants during the course of the coming financial year, when Spar Supermarket starts trading.



The proposed office complex in Central Business District Gaborone

Gaborone Central Business District (CBD)

In 2003, the Department of Lands invited tenders from citizens and citizen owned companies to bid for plots in the CBD. The allocation of these plots in the CBD was the major highlight of the property market in 2004.

The CBD provides an exciting investment opportunity for our company as it is planned as the future commercial hub of Gaborone.

It is therefore my pleasure to report to you that RDC Properties, in joint venture with two citizen companies, will be involved in the development of two plots.

PAM has started putting in place plans for the development of one of the two plots.

Chobe Marina Lodge

2004 has been very exciting for Chobe Marina Lodge. Rooms revenue has increased by 19% in comparison to last year and occupancy has grown by 11% overall. The property has performed well and in line with our expectation this year. There is still some evidence of continued pressure on room rate. This is in part to do with the availability of accommodation in the market place. However, the fact that Zimbabwe remains an unattractive destination for overseas visitors, has a negative contributing factor as traditionally so many visitors to Victoria Falls would include a trip to the Chobe in their itinerary. The lodge is extremely well supported by visitors from Botswana and we continue to grow the local group and conference business. In August this year, the staff at Chobe Marina Lodge were privileged to host His Excellency the President of the Republic of Botswana Mr. Festus Mogae for the signing of the Zambezi Accord between Botswana and Zambia. The future planned bridge, eliminating the need to use the ferry to travel to and from Zambia, will have a very positive impact on Chobe Marina Lodge as Livingstone is fast growing into a world class tourism destination.

Disposals

During the year, we issued cautionary announcements regarding ongoing negotiations for the disposal of five of our properties. After reaching an advanced stage of negotiations, we were informed that the promoters have failed to secure sufficient funds to acquire the properties. The disposal will therefore not take place.

Madagascar

Tana Waterfront has traded well throughout 2004. The centre is busy with no significant vacancy levels despite the economic difficulties that faced the country this year. The major challenge for Madagascar this year has been the sharp devaluation of the Malagasy Franc (FMG) against the US Dollar and the Euro. The average rate of exchange for the year for the Malagasy Franc was about 40% below our budget expectations combined with the fact that the Pula appreciated 9% more than we planned for against the dollar. The trading result despite this challenge has been satisfactory. Turnover for the centre from its core operation is 20% lower in Pula terms than we expected. However the bottom line profit from the operation before taxation was in line with our budget. This was due to the fact that expenses, denominated in Malagasy Franc, did not vary significantly from our expectations. The centre was managed most efficiently by our property manager and only essential expenditure was incurred. Amendment to fiscal legislation in Madagascar resulted in the local currency stabilising and then appreciating in the last quarter of 2004. We remain optimistic for a more stable business environment in the year ahead.

Corporate Governance

The Board of Directors of RDC Properties is firmly committed to the highest standards of corporate governance and understand that this is an essential component of continued success. The Board has as some of its core beliefs the necessity to conduct all its business with integrity and transparency and that all Directors are accountable for their actions and decisions. The Board of Directors comprises both executive and non-executive directors. I am a non-executive director and the other four non-executive directors offer independent advice on matters directly relating to the business of RDC Properties and wholeheartedly provide the company with a wealth of experience which benefits the company and adds quality to our decision making process. Our Managing Director is an executive member who devotes much time beyond that in the board meetings, steering the business and ensures continued innovation. The Board of Directors meets four times a year and our company secretaries attend every meeting making certain that the board meeting follows all required procedures and providing an opportunity for any director to discuss matters directly with the company secretary. All directors are further entitled to seek independent professional advice, if they deem it necessary.

The Directors review and approve all the financial statements for RDC Properties. The financial statements are produced quarterly. Our independent auditors review the year end financial statements annually and they will provide a separate report on their findings. The work of the independent auditors and the presentation of the financial statements are conducted in line with International Standards on Auditing. PAM is responsible for ensuring adequate internal controls exist to safeguard the assets of RDC Properties. Satisfactory accounting records are kept, segregation of duties exists and no matter of any concern has had to be raised with the Board of Directors. The Directors are of the firm view that the business of RDC Properties will continue to prosper for the foreseeable future.

Acknowledgements

I wish to take this opportunity to thank my fellow board members for their continued commitment and enthusiastic participation at all our meetings throughout the year. In turn my colleagues the Directors would like to express their thanks to the management and staff of PAM who manage the daily business and interests of the company.

M.A. Giachetti
Chairman



The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2004.

1. Financial Statements

The balance sheets set out the company's and the group's financial position at 31 December 2004 and the income statements reflect the results of the company and the group for the year ended 31 December 2004.

2. Subsidiaries

The details of your company's interest in property owning subsidiaries are set out in note 8 of this report.

3. Share Capital

There was no change in the authorised or issued share capital of the company during the year under review. Details are set out in note 12 of this report. The general public owns 31% of the company's issued share capital, 46% by Realestate Financiere Societe Anonyme (Switzerland) and 23% by Chobe Financial Corporation (Liberia).

4. Linked Unit Distribution Policy

The interest entitlement on every debenture is fixed at 50 times that of the dividend component of any distribution. The distributions, made bi-annually, vary with the operating performance of the group.

5. Distribution to Unitholders (thebe)

	Interest	Dividend	Total
2003			
Interim	7.68	0.15	7.83
Final	10.80	0.22	11.02
	<u>18.48</u>	<u>0.37</u>	<u>18.85</u>
2004			
Interim	8.75	0.17	8.92
Final	10.89	0.22	11.11
	<u>19.64</u>	<u>0.39</u>	<u>20.03</u>
% Change	6	5	6

6. Administration and Management

The management of the group's property and assets is undertaken by Property and Asset Management Limited, a company primarily dedicated to service the needs of your company and its subsidiaries.

7. Directors

The following changes took place during the year: J.S. Stewart resigned as Director on 23rd April 2004 and was appointed alternate to G. Giachetti on the same date, S. Denton resigned as alternate to M.A. Giachetti on 31st March 2004 and L.M. Ramokate was appointed Director on 23rd April 2004.

8. The Board of Directors is:

M.A. Giachetti (Chairman), G. Giachetti, G. R. Giachetti, L. Magang, G. W. Matenge, L.M. Ramokate, N.N. Gaolathe, J.S. Stewart (Alternate to G. Giachetti).

M.A. Giachetti and N.N. Gaolathe retire by rotation in terms of Article 54 of the Articles of Association and being eligible, offer themselves for re-election.

9. Secretaries

The company secretaries remain:
 PricewaterhouseCoopers (Proprietary) Limited
 Business Address: Plot 50371 Fairground Office Park
 Postal Address: P O Box 294, Gaborone

■ Directors' Responsibilities and Approval

The Directors of the company are responsible for the integrity and objectivity of the annual financial statements, as well as for all other information contained therein. The financial statements have been prepared in accordance with International Financial Reporting Standards. The group's independent external auditors, Deloitte & Touche, have audited the financial statements and their report appears on page 11.

The Directors are also responsible for the systems of internal control. The group maintains suitable internal control systems to provide reasonable assurance that all assets are safeguarded and that transactions are executed and recorded in accordance with the group policies.

The Directors are satisfied that the controls, systems and procedures in place minimise the possibility of material loss or misstatement. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Directors believe that the group has adequate resources to continue in operation for the foreseeable future and, accordingly, the financial statements appearing on pages 12 to 26 have been prepared on a going concern basis.

Against this background, the Directors accept responsibility for the financial statements and the information on pages 12 to 26 which were approved on 24 March 2005, and are signed on their behalf by:



G.R. Giachetti
Managing Director



L.M. Ramokate
Director



To the members of RDC Properties Limited

We have audited the accompanying financial statements of the company and the group set out on pages 12 to 26 for the year ended 31 December 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Companies Act (Chapter 42:01) and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We have examined the books, accounts and vouchers of the company and the group to the extent we considered necessary and have obtained all the information and explanations which we required. We have satisfied ourselves as to the existence of the securities. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- the company and the group have kept proper books of account with which the financial statements are in agreement; and
- the financial statements give a true and fair view of the state of the company's and the group's affairs at 31 December 2004 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (Cap 42:01).

Deloitte & Touche
Certified Public Accountants (Botswana)

24 March 2005
Gaborone

Income Statements for the year ended 31 December 2004

	Notes	Company		Group	
		2004 P'000	2003 P'000	2004 P'000	2003 P'000
Revenue	1	14 930	13 495	18 057	16 545
Operating expenses		(3 438)	(3 118)	(4 310)	(3 736)
Foreign exchange losses		(20)	(61)	(1 681)	(61)
Other operating income		858	286	615	59
Surplus arising on revaluation of properties		572	6 190	2 097	8 339
Profit from operations	2	12 902	16 792	14 778	21 146
Investment income	3	179	120	179	120
Finance costs	4	(2 985)	(2 141)	(4 136)	(3 271)
Net income from operations		10 096	14 771	10 821	17 995
Debenture interest	5	(6 180)	(5 756)	(6 180)	(5 756)
Profit before taxation		3 916	9 015	4 641	12 239
Taxation	6	(1 078)	(1 863)	(1 196)	(2 728)
Profit after taxation		2 838	7 152	3 445	9 511
Minority interest		-	-	(172)	(1 045)
Net profit for the year		2 838	7 152	3 273	8 466
Interest to dividend ratio		50:1	50:1	50:1	50:1
Number of linked units in issue at year end		31,476,329	31,476,329	31,476,329	31,476,329
Average number of linked units in issue		31,476,329	31,030,740	31,476,329	31,030,740
Earnings per linked unit				30.04	45.83
Earnings per linked unit are calculated based on the average number of linked units in issue and net profit for the year before debenture interest.					
Distribution per linked unit (thebe)				20.03	18.85
Interest per linked unit (thebe)				19.64	18.48
Dividend per linked unit (thebe)				0.39	0.37

Distribution per linked unit is calculated on the number of linked units in issue at year end.

	Notes	Company		Group	
		2004 P'000	2003 P'000	2004 P'000	2003 P'000
ASSETS					
Non Current Assets					
Property, plant and equipment	7	479	643	4 561	643
Investments	8	12 991	12 364	3 412	3 455
Investment properties	9	111 274	105 272	132 413	127 962
		<u>124 744</u>	<u>118 279</u>	<u>140 386</u>	<u>132 060</u>
Current Assets					
Trade and other receivables	10	3 519	3 722	3 231	4 121
Bank balances and cash	11	364	425	753	982
		<u>3 883</u>	<u>4 147</u>	<u>3 984</u>	<u>5 103</u>
Total Assets		<u>128 627</u>	<u>122 426</u>	<u>144 370</u>	<u>137 163</u>
EQUITY AND LIABILITIES					
Unitholders' Funds					
Share capital	12	315	315	315	315
Debentures	13	50 362	50 362	50 362	50 362
Share premium	14	7 665	7 665	7 665	7 665
Accumulated profits	15	28 017	25 303	30 994	27 845
Debenture interest & dividend reserve	16	3 540	3 450	3 540	3 450
Non distributable reserve		-	-	23	-
Translation reserve		-	-	107	76
		<u>89 899</u>	<u>87 095</u>	<u>93 006</u>	<u>89 713</u>
Minority Interest		<u>-</u>	<u>-</u>	<u>4 565</u>	<u>3 724</u>
Non Current Liabilities					
Long term borrowings	17	18 611	16 856	24 586	24 143
Deferred taxation	18	9 027	8 218	10 322	9 527
		<u>27 638</u>	<u>25 074</u>	<u>34 908</u>	<u>33 670</u>
Current Liabilities					
Trade and other payables	19	5 503	6 059	5 580	5 352
Bank overdraft	20	3 581	1 879	3 581	1 879
Current portion of long term borrowings	17	1 723	2 248	2 321	2 638
Taxation		283	71	409	187
		<u>11 090</u>	<u>10 257</u>	<u>11 891</u>	<u>10 056</u>
Total Equity and Liabilities		<u>128 627</u>	<u>122 426</u>	<u>144 370</u>	<u>137 163</u>

Statements of Changes in Equity for the year ended 31 December 2004

Group	Share capital P'000	Debentures P'000	Share premium P'000	Accum. profits P'000	Debenture interest & dividend reserve P'000	Non distr. reserve P'000	Trans. reserve P'000	Total P'000
Balance at 1 January 2003	309	49 443	7 608	19 494	3 513	-	(128)	80 239
Net profit for the year	-	-	-	8 466	-	-	-	8 466
Distributions declared and proposed	-	-	-	-	5 871	-	-	5 871
Distributions paid	-	-	-	(115)	(5 934)	-	-	(6 049)
Capitalisation issue	6	919	57	-	-	-	-	982
Exchange differences on translation of foreign entities	-	-	-	-	-	-	204	204
Balance at 31 December 2003	<u>315</u>	<u>50 362</u>	<u>7 665</u>	<u>27 845</u>	<u>3 450</u>	<u>-</u>	<u>76</u>	<u>89 713</u>
Balance at 1 January 2004	315	50 362	7 665	27 845	3 450	-	76	89 713
Net profit for the year	-	-	-	3 273	-	-	-	3 273
Distributions declared and proposed	-	-	-	-	6 304	-	-	6 304
Distributions paid	-	-	-	(124)	(6 214)	-	-	(6 338)
Arising during the year	-	-	-	-	-	23	-	23
Exchange differences on translation of foreign entities	-	-	-	-	-	-	31	31
Balance at 31 December 2004	<u>315</u>	<u>50 362</u>	<u>7 665</u>	<u>30 994</u>	<u>3 540</u>	<u>23</u>	<u>107</u>	<u>93 006</u>
Company								
Balance at 1 January 2003	309	49 443	7 608	18 266	3 513	-	-	79 139
Net profit for the year	-	-	-	7 152	-	-	-	7 152
Distributions declared and proposed	-	-	-	-	5 871	-	-	5 871
Distributions paid	-	-	-	(115)	(5 934)	-	-	(6 049)
Transfer on capitalisation	6	919	57	-	-	-	-	982
Balance at 31 December 2003	<u>315</u>	<u>50 362</u>	<u>7 665</u>	<u>25 303</u>	<u>3 450</u>	<u>-</u>	<u>-</u>	<u>87 095</u>
Balance at 1 January 2004	315	50 362	7 665	25 303	3 450	-	-	87 095
Net profit for the year	-	-	-	2 838	-	-	-	2 838
Distributions declared and proposed	-	-	-	-	6 304	-	-	6 304
Distributions paid	-	-	-	(124)	(6 214)	-	-	(6 338)
Balance at 31 December 2004	<u>315</u>	<u>50 362</u>	<u>7 665</u>	<u>28 017</u>	<u>3 540</u>	<u>-</u>	<u>-</u>	<u>89 899</u>

Cash Flow Statements for the year ended 31 December 2004



	Company		Group	
	2004 P'000	2003 P'000	2004 P'000	2003 P'000
Cash flows from operating activities				
Profit from operations	12 902	16 792	14 778	21 146
Adjustment for items not involving the movement of cash:				
Amortisation of other investments	43	14	43	14
Depreciation	219	224	230	224
Exchange differences on translation and consolidation of foreign entities	-	-	31	204
Non distributable reserve on consolidation of foreign entities	-	-	23	-
Surplus arising on revaluation of properties	(572)	(6 190)	(2 097)	(8 339)
Operating income before working capital changes	<u>12 592</u>	<u>10 840</u>	<u>13 008</u>	<u>13 249</u>
Decrease/(increase) in trade and other receivables	203	(1 300)	890	(1 371)
(Decrease)/increase in trade and other payables	<u>(556)</u>	<u>1 516</u>	<u>228</u>	<u>1 514</u>
Operating cash flow	12 239	11 056	14 126	13 392
Interest paid	(2 985)	(2 141)	(4 136)	(3 271)
Investment income	179	120	179	120
Distributions paid	(6 214)	(5 934)	(6 214)	(5 934)
Taxation paid	<u>(56)</u>	<u>-</u>	<u>(179)</u>	<u>(178)</u>
Net cash generated from operating activities	<u>3 163</u>	<u>3 101</u>	<u>3 776</u>	<u>4 129</u>
Cash flows used in investing activities				
Purchase of property, plant and equipment	(55)	(169)	(2 966)	(169)
Improvements to investment properties	<u>(5 430)</u>	<u>(11 942)</u>	<u>(3 536)</u>	<u>(11 726)</u>
Net cash used in investing activities	<u>(5 485)</u>	<u>(12 111)</u>	<u>(6 502)</u>	<u>(11 895)</u>
Cash flows from financing activities				
Long term loans raised	2 502	9 229	3 288	9 674
Long term loans repaid	(1 272)	(601)	(3 162)	(2 229)
Proceeds from issue of linked units	-	982	-	982
Additional funds invested in subsidiaries	(671)	(52)	-	-
Additional funds received from minority shareholder	-	-	669	-
Net cash generated from financing activities	<u>559</u>	<u>9 558</u>	<u>795</u>	<u>8 427</u>
Net (decrease)/increase in cash and cash equivalents	(1 763)	548	(1 931)	661
Cash and cash equivalents at beginning of year	<u>(1 454)</u>	<u>(2 002)</u>	<u>(897)</u>	<u>(1 558)</u>
Cash and cash equivalents at end of year	<u><u>(3 217)</u></u>	<u><u>(1 454)</u></u>	<u><u>(2 828)</u></u>	<u><u>(897)</u></u>
Consisting of:				
Bank balances and cash	364	425	753	982
Bank overdraft	<u>(3 581)</u>	<u>(1 879)</u>	<u>(3 581)</u>	<u>(1 879)</u>
	<u><u>(3 217)</u></u>	<u><u>(1 454)</u></u>	<u><u>(2 828)</u></u>	<u><u>(897)</u></u>

Basis of presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of accounting

The financial statements have been prepared on the historical basis, except for the revaluation of investment properties and certain financial instruments carried out at fair value. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved where the company has the power to govern financial and operating policies of an investee's enterprise so as to obtain benefits from its activities. On acquisition the assets and liabilities of a subsidiary are measured at their fair values at date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group. All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

Investment properties

Investment properties which are held to earn rentals and for capital appreciation are stated at their fair values at the balance sheet date. Gains or losses arising in changes to fair value of investment properties are recognised in the income statement in the period in which they arise.

Financial instruments

Financial assets and financial liabilities are recognised on the group's and company's balance sheets when the group has become party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are stated at their nominal value, as reduced by appropriate allowance for estimated irrecoverable amounts.

Trade payables

Trade payables are stated at their nominal value.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and added to carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Revenue recognition

Rental income and service charges recoverable are recognised on an accruals basis.

Interest income is accrued on a time basis by reference to the principal outstanding and the appropriate interest rate applicable.

Investment income comprising the company's share of the net income distribution from Chobe Marina Lodge is recognised on an accruals basis.

Other investments

The investment is stated at cost less amortisation. The investment is amortised over the lease period of 25 years on a discounted cashflow. The amortisation is charged to the income statement.

Debenture interest and dividends

Debenture interest and dividends proposed after balance sheet date are shown as a component of equity and funding as required by the standard and not as a liability.

Property, plant and equipment

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Plant and equipment is stated in the balance sheet at cost less accumulated depreciation.

Depreciation is calculated on the straight line basis to write off the cost of each asset to its residual value over its estimated useful life as follows:

Plant and machinery 3 - 7 years

Office equipment and furniture 3 - 10 years



Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non assessable or disallowed. It is calculated using tax rates that have been enacted at the balance sheet date.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax bases used for computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the rates that are expected to apply when the asset is realised or the liability settled. Deferred tax is charged or recognised in the income statement.

Foreign currency

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions are recognised in the income statement. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling on the balance sheet date. Gains and losses arising on retranslation are dealt with in the income statement.

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in the income statement in the period in which the operation is disposed of.

Cash and cash equivalents

For the purposes of the cashflow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events which will result in an outflow of resources embodying economic benefits that can be reasonably estimated.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Impairment

At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment.

Impairment losses are recognised in the income statement.

	Company		Group	
	2004	2003	2004	2003
	P'000	P'000	P'000	P'000
1. Revenue				
Revenue comprises rental income and service charges recoverable from tenants.				
Rental income	14 403	12 974	17 470	15 964
Service charges recoverable	527	521	587	581
	<u>14 930</u>	<u>13 495</u>	<u>18 057</u>	<u>16 545</u>
2. Profit from operations				
Profit from operations is stated after taking into account the following:				
Auditors' remuneration - audit fee	114	94	136	127
- other services	7	8	8	12
Amortisation of other investments	43	14	43	14
Depreciation	219	224	230	224
Directors' emoluments - for services as directors	54	55	54	55
Foreign exchange losses - foreign entities	-	-	1 661	-
- other	20	61	20	61
Management and administration fees paid to related company	792	714	903	820
Repairs and maintenance on investment property	216	220	246	232
Service charge paid to related company	398	334	398	334
	<u>398</u>	<u>334</u>	<u>398</u>	<u>334</u>
3. Investment income				
This represents the company's share of the net income distribution from Chobe Marina Lodge.				
	179	120	179	120
	<u>179</u>	<u>120</u>	<u>179</u>	<u>120</u>
4. Finance costs				
Interest payable				
- bank	(238)	(310)	(238)	(310)
- other	(12)	-	(12)	-
- long term borrowings	(2 931)	(2 001)	(4 089)	(3 131)
Total borrowing costs	(3 181)	(2 311)	(4 339)	(3 441)
Less: amounts capitalised on qualifying assets	196	170	203	170
	<u>(2 985)</u>	<u>(2 141)</u>	<u>(4 136)</u>	<u>(3 271)</u>
5. Debenture interest				
Interim paid - 8.75 thebe	2 753	2 374	2 753	2 374
Final proposed - 10.89 thebe	3 427	3 382	3 427	3 382
	<u>6 180</u>	<u>5 756</u>	<u>6 180</u>	<u>5 756</u>

During 2004 interest of 8.75 thebe per linked unit was declared and paid, a further 10.89 thebe per linked unit has been proposed and will be submitted for formal approval at the forthcoming Annual General Meeting. This has been disclosed under unitholders' funds.

	Company		Group	
	2004 P'000	2003 P'000	2004 P'000	2003 P'000
6. Taxation				
Basic taxation at 15%	164	43	222	110
Additional company taxation at 10%	109	28	148	73
Normal taxation	<u>273</u>	<u>71</u>	<u>370</u>	<u>183</u>
Prior year underprovision of normal taxation	-	-	-	1
Withholding Tax on dividends paid	(5)	-	(5)	-
Tax on foreign entity	-	-	36	116
Total normal taxation	<u>268</u>	<u>71</u>	<u>401</u>	<u>300</u>
Deferred taxation - current year	810	1 746	795	2 350
- prior year	-	46	-	78
	<u>1 078</u>	<u>1 863</u>	<u>1 196</u>	<u>2 728</u>
Additional company taxation available to be offset against future withholding tax on dividends paid is	<u>109</u>	<u>5</u>	<u>218</u>	<u>75</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

Tax reconciliation

Tax at current rate	25.00%	25.00%	25.00%	25.00%
Withholding tax on dividends paid	(0.13%)	-	(0.11%)	-
Tax on foreign entity	-	-	0.78%	0.95%
Deferred taxation - prior year	-	0.51%	-	0.64%
Timing differences	<u>2.66%</u>	<u>(4.85%)</u>	<u>0.10%</u>	<u>(4.30%)</u>
Effective tax rate	<u>27.53%</u>	<u>20.66%</u>	<u>25.77%</u>	<u>22.29%</u>

7. Property, plant and equipment	Plant and machinery	Capital work in progress	Office equipm.	Total
	P'000	P'000	P'000	P'000
Group				
Cost				
At 31 December 2003	2 426	-	53	2 479
Additions	101	2 865	-	2 966
Transfer (to)/from investment properties	(5)	1 187	-	1 182
At 31 December 2004	<u>2 522</u>	<u>4 052</u>	<u>53</u>	<u>6 627</u>
Accumulated depreciation				
At 31 December 2003	1 796	-	40	1 836
Charge for the year	224	-	6	230
At 31 December 2004	<u>2 020</u>	<u>-</u>	<u>46</u>	<u>2 066</u>
Net book value at 31 December 2004	<u>502</u>	<u>4 052</u>	<u>7</u>	<u>4 561</u>
Net book value at 31 December 2003	<u>630</u>	<u>-</u>	<u>13</u>	<u>643</u>

7. Property, plant and equipment (continued)

Company	Plant and machinery P'000	Capital work in progress P'000	Office equip. P'000	Total P'000
Cost				
At 31 December 2003	2 423	-	53	2 476
Additions	55	-	-	55
At 31 December 2004	<u>2 478</u>	<u>-</u>	<u>53</u>	<u>2 531</u>
Accumulated depreciation				
At 31 December 2003	1 793	-	40	1 833
Charge for the year	213	-	6	219
At 31 December 2004	<u>2 006</u>	<u>-</u>	<u>46</u>	<u>2 052</u>
Net book value at 31 December 2004	<u>472</u>	<u>-</u>	<u>7</u>	<u>479</u>
Net book value at 31 December 2003	<u>630</u>	<u>-</u>	<u>13</u>	<u>643</u>

		Company		Group	
		2004 P'000	2003 P'000	2004 P'000	2003 P'000
8. Investments					
At cost:					
Subsidiaries					
	Holding				
Lotsane Complex (Proprietary) Limited	77%	1 692	1 692	-	-
Professional House (Proprietary) Limited	100%	2 021	2 021	-	-
Tholo (Proprietary) Limited	50%	1 824	1 154	-	-
RDC Properties Mauritius Limited	100%	4 042	4 042	-	-
Other					
Chobe Marina Lodge		3 412	3 455	3 412	3 455
		<u>12 991</u>	<u>12 364</u>	<u>3 412</u>	<u>3 455</u>

RDC Properties Mauritius Limited, incorporated in Mauritius, is in a 50% joint venture project for a commercial centre in Madagascar.

RDC Properties Limited has given a guarantee of the equivalent of P1 736 789 (FMG 3 750 000 000) on behalf of the joint venture for a loan from a commercial bank.

The investment in Chobe Marina Lodge represents a prepayment for a 25 year lease expiring in 2026. RDC Properties receives net income distribution as disclosed in note 3.



	Company		Group	
	2004 P'000	2003 P'000	2004 P'000	2003 P'000
9. Investment properties				
Freehold land and buildings at fair value	42 115	40 581	42 115	40 581
Leasehold land and buildings at fair value	69 043	64 575	91 364	87 236
Leasehold land undeveloped at cost	116	116	116	116
Transfer (to)/from property, plant and equipment	-	-	(1 182)	29
	<u>111 274</u>	<u>105 272</u>	<u>132 413</u>	<u>127 962</u>

Reconciliation of fair value

Opening value	105 272	87 140	127 962	107 868
Additions	5 430	11 942	3 536	11 726
Transfer (to)/from property, plant and equipment	-	-	(1 182)	29
Net increase in fair value	<u>572</u>	<u>6 190</u>	<u>2 097</u>	<u>8 339</u>
Closing balance	<u>111 274</u>	<u>105 272</u>	<u>132 413</u>	<u>127 962</u>

Investment properties are re-valued annually by the Board of Directors based on a Discounted Cash Flow model. Each property is independently re-valued by independent valuers at least every five years.

Freehold land and buildings comprise the following:

- Lots 1124 to 1130, Extension 3 , Gaborone , which are encumbered by first and second mortgage bonds in favour of Barclays Bank of Botswana Limited totalling P10 000 000 to secure a loan facility of P5 000 000 and an overdraft facility of P5 000 000 .
- Lot 21306 Phakalane.
- Lots 1116, 1117 and 1840 extension 3 Gaborone which are encumbered by a first mortgage bond to First National Bank of Botswana Limited totalling P8 000 000.

Leasehold land and buildings comprise the following:

- Lots 4787 and 4788, Extension 6, Gaborone, which are encumbered by first mortgage bonds in favour of First National Bank of Botswana Limited totalling P6 500 000.
- Lots 22017 and 22018 Gaborone which are encumbered by a mortgage bond in favour of Barclays Bank of Botswana Limited totalling P4 800 000.
- Lot 758 Gaborone which is encumbered by a mortgage bond in favour of First National Bank of Botswana Limited totalling P5 000 000.
- Lot 443, Serowe, which is encumbered by a first mortgage bond in favour of Botswana Building Society for P216 800.
- Lot 679 Serowe.
- Lot 914 Kasane which is encumbered by a mortgage bond in favour of First National Bank of Botswana Limited for P1 500 000.
- Lot 208 Maun.
- Lot 10211-234-KO, Gaborone.
- Lot 194, Maun, which is encumbered by a mortgage bond in favour of National Development Bank for P780 000.
- Lots 680 and 292, Serowe, which are encumbered by a mortgage bond in favour of National Development Bank for P2 460 000.
- Lots 3761, 5422 and 5423, Jwaneng.
- Lots 13142, 13143 and 13144, Gaborone, which are encumbered by first mortgage bond in favour of Botswana Building Society for P5 000 000.
- Lot 617, Molepolole.
- Lots 50369, 50668 and 50669, Fairgrounds which are encumbered by first mortgage bonds in favour of Barclays Bank of Botswana Limited for P6 545 000 and First National Bank of Botswana Limited for P8 000 000.
- Tana Waterfront, Antananarivo, Madagascar, which is encumbered by a first mortgage bond in favour of Banque Malgache L'Ocean Indien for P1 794 182.

	Company		Group	
	2004 P'000	2003 P'000	2004 P'000	2003 P'000
10. Trade and other receivables				
Trade receivables	1 205	964	1 584	1 206
Tholo (Proprietary) Limited	459	242	-	-
Lotsane Complex (Proprietary) Limited	1 657	1 384	-	-
Other receivables	198	1 132	1 428	1 132
Societe Immobiliere D'ambodivona (SIA Sarl)	-	-	-	1 600
Property and Asset Management Limited	-	-	219	183
	<u>3 519</u>	<u>3 722</u>	<u>3 231</u>	<u>4 121</u>
11. Bank balances and cash				
Cash at bank and on hand	<u>364</u>	<u>425</u>	<u>753</u>	<u>982</u>
12. Share capital				
Authorised 1 000 000 000 shares of 1 thebe each	<u>10 000</u>	<u>10 000</u>	<u>10 000</u>	<u>10 000</u>
Issued 31 476 329 (2003: 31 476 329) shares of 1 thebe each	<u>315</u>	<u>315</u>	<u>315</u>	<u>315</u>
The unissued shares of the company are under the control of the directors until the forthcoming Annual General Meeting.				
13. Debentures				
31 476 329 (2003: 31 476 329) debentures of P1.60 each	<u>50 362</u>	<u>50 362</u>	<u>50 362</u>	<u>50 362</u>
14. Share premium				
Opening balance	7 665	7 608	7 665	7 608
Capitalisation issue	-	57	-	57
Closing balance	<u>7 665</u>	<u>7 665</u>	<u>7 665</u>	<u>7 665</u>
15. Accumulated profits				
Arising from operations	10 357	8 215	9 127	8 075
Arising from revaluation of investment properties	<u>17 660</u>	<u>17 088</u>	<u>21 867</u>	<u>19 770</u>
	<u>28 017</u>	<u>25 303</u>	<u>30 994</u>	<u>27 845</u>
16. Debenture interest and dividend reserve				
Debenture interest	3 471	3 382	3 471	3 382
Dividends	<u>69</u>	<u>68</u>	<u>69</u>	<u>68</u>
	<u>3 540</u>	<u>3 450</u>	<u>3 540</u>	<u>3 450</u>
The interest entitlement on every debenture is fixed at 50 times that of the dividend component of any distribution. The distribution, made bi-annually, varies with the operating performance of the group.				
Dividends:				
Interim paid - 0.17 thebe	55	47	55	47
Final proposed - 0.22 thebe	<u>69</u>	<u>68</u>	<u>69</u>	<u>68</u>
	<u>124</u>	<u>115</u>	<u>124</u>	<u>115</u>

During 2004 a dividend of 0.17 thebe per linked unit was declared and paid, a further 0.22 thebe per linked unit has been proposed and will be submitted for formal approval at the forthcoming Annual General Meeting. This has been disclosed under unitholders' funds.



	Company		Group	
	2004 P'000	2003 P'000	2004 P'000	2003 P'000
17. Long term borrowings				
Standard Chartered Bank Botswana Limited	-	505	-	505
Less: current portion	-	(505)	-	(505)
	-	-	-	-
These loans have been fully paid during the year.				
Botswana Building Society	1 858	2 199	1 858	2 199
Less: current portion	(348)	(284)	(348)	(284)
	1 510	1 915	1 510	1 915
These loans bear interest at a rate of 16% per annum and are repayable in monthly instalments of P51,956 (2003 : P51,956) including interest, and are secured as indicated in note 9. The loans are repayable by 2010.				
First National Bank of Botswana Limited	13 228	10 914	14 013	10 914
Less : current portion	(501)	(953)	(536)	(953)
	12 727	9 961	13 477	9 961
These loans bear variable interest rates between prime and prime less 1.5% per annum. The loans are repayable in monthly instalments of P139,043 (2003 : P133,509) including interest, and are secured as indicated in note 9. The loans are repayable between 2005 and 2013.				
National Development Bank	984	1 173	984	1 173
Less : current portion	(185)	(157)	(185)	(157)
	799	1 016	799	1 016
These loans bear interest at a fixed rate of 16.5% and are repayable in monthly instalments of P28,571 (2003 : P28,571) including interest, and are secured as indicated in note 9. The loans are repayable by 2010.				
Barclays Bank of Botswana Limited	3 962	4 295	8 132	8 792
Less: current portion	(387)	(331)	(698)	(659)
	3 575	3 964	7 434	8 133
These loans bear interest at rates of 0.5% below prevailing prime rates. The loans are repayable in monthly instalments of P162 513 (2003: P162 513) including interest. The loans are secured as indicated in note 9. The loans are repayable by 2010 and 2011.				

	Company		Group	
	2004 P'000	2003 P'000	2004 P'000	2003 P'000
17. Long term borrowings (continued)				
Botswana Power Corporation	302	18	443	229
Less : current portion	(302)	(18)	(346)	(80)
	-	-	97	149
<p>These loans bear interest at 16.25%. Monthly repayments including interest are P37 487(2003: P7 255). The loan is repayable by 2006</p>				
Banque Malgache L'Ocean Indien	-	-	1 477	2 969
Less : current portion	-	-	(208)	-
	-	-	1 269	2 969
<p>This loan bears interest at the prime rate plus 0.5%. The loan is secured as indicated in note 9 and is repayable by 2011.</p>				
Long term portion of loans	18 611	16 856	24 586	24 143
Current portion of loans	1 723	2 248	2 321	2 638
18. Deferred taxation				
<p>The deferred taxation liability comprises timing differences on:</p>				
- plant and equipment	(120)	(72)	(120)	(72)
- investment properties	(35 988)	(32 798)	(41 661)	(38 163)
- Tax losses	-	-	493	128
	(36 108)	(32 870)	(41 288)	(38 107)
Tax at 25%	(9 027)	(8 218)	(10 322)	(9 527)
Reconciliation of movement				
Opening balance	8 218	6 426	9 527	7 099
Charge to income statement	809	1 792	795	2 428
Closing balance	9 027	8 218	10 322	9 527
19. Trade and other payables				
Trade payables	1 078	658	1 522	707
Property and Asset Management Limited	575	653	813	712
Italtswana Construction Company (Proprietary) Limited	553	880	553	880
Professional House (Proprietary) Limited	1 883	1 883	-	-
Other payables	1 414	1 985	2 692	2 556
Societe Immobiliere D'ambodivona (SIA Sarl)	-	-	-	497
	5 503	6 059	5 580	5 352

**20. Bank overdraft**

The bank overdraft is secured by a first mortgage bond of P5 000 000 over lots 1124 to 1130 in favour of Barclays Bank of Botswana Limited and another first mortgage bond of P8 000 000 over lots 1116, 1117 and 11840 in favour of First National Bank of Botswana Limited.

21. Related party transactions

Related parties are companies with common shareholding and control.

The following transactions were carried out with related parties:

Trading transactions:

	Company		Group	
	2004 P'000	2003 P'000	2004 P'000	2003 P'000
Property and Asset Management Limited				
- management and administration fees	792	714	903	820
- lease renewal fees	133	249	133	250
- service charges	398	334	398	334
Italtswana Construction Company (Proprietary) Limited				
- repairs and maintenance expenditure	47	46	83	47
- building projects	3 290	11 340	4 063	11 340

The above transactions were carried out as follows:

Property and Asset Management Limited

Management and administration fees are calculated on a fixed percentage of net rental income after taking bad debts into consideration.

Lease renewal fees are calculated on a commercial basis.

Fee calculated as a fixed percentage of the market capitalisation of the group on the last trading day of the month.

**Italtswana Construction Company
(Proprietary) Limited**

The investment property purchase, capital expenditure and repairs are carried out on an arms length basis.

Receivables relating to related parties are disclosed in note 10.

Payables relating to related parties are disclosed in note 19.

22. Operating lease arrangements

Property rental income earned during the year is set out in note 1. None of the group's properties held for rental purposes were disposed of since the balance sheet date. All the properties have committed tenants for the next seven years.

At the balance sheet date, the group had contracted with tenants for the following future minimum lease payments:

	Company		Group	
	2004 P'000	2003 P'000	2004 P'000	2003 P'000
Within one year	11 340	12 873	14 307	15 795
In the second to fifth years inclusive	12 689	22 742	14 153	26 960
After five years	1 002	2 289	1 002	2 502
	<u>25 031</u>	<u>37 904</u>	<u>29 462</u>	<u>45 257</u>

23. Segmental reporting

The group's business activities are concentrated in the segment of property rentals and are provided within the geographical region of Botswana, except for one property, Tana Waterfront, located in Madagascar. Tana Waterfront's operations are not material to the group, therefore segmental information based on business activities or geographical locations, is not considered necessary.

24. Contingent liabilities

If the group were to sell its underlying assets primarily its investment properties at current market value a capital gains tax liability of approximately P1 482 240 (2003: P2 511 362) would arise.

RDC Properties Limited has given a guarantee of the equivalent of P1 736 789 (FMG 3 750 000 000) on behalf of the joint venture Societe Immobiliere D'ambodivona (SIA Sarl) for a loan from a commercial bank.

25. Capital commitments

Approved and contracted for P18 558 206 (2003: NIL).

26. Financial risk management

In the normal course of business the group is exposed to currency, credit, liquidity and interest rate risk. The group manages their exposure by meeting on a regular basis to ensure the treasury activities are carried out in an orderly and efficient manner adhering to management procedures and policies.

Currency risk

There is a currency exposure to foreign investments and rental income which is linked to both the Euro and US Dollar. Locally there is an exposure to a Euro denominated lease.

Credit risk

The group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for bad debts estimated by management based on prior experience and the current economic environment.

The group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Fair values

The carrying amounts of the financial assets and liabilities approximate to their fair values.

Properties & Salient Information for the year ended 31 December 2004

Property name	Form of lease	Title deed number	Location of property	Sector	Lettable area m2
Standard House	Freehold	133/97	Lots 1124 to 1130 Gaborone Ext 3	Offices	4 886
Plaza I & II	50-year State leasehold	177/97	Lot 4787 & 4788 Gaborone Ext 6	Offices	3 875
Mebala House	Freehold	48/70	Lots 1116/17 & 1840 Gaborone Ext 3	Retail	1 330
Chobe Commercial Centre	50-year State leasehold	158/88	Lot 014 Kasane Chobe Admin District	Retail & Offices	1 144
Boswa Centre	50-year Tribal lease	75/95	Lot 680 Serowe Lot 692 Serowe Agreement of lease No 258/96 of 18/7/96	Retail & Offices	1 441
Lotsane Complex	50-year Tribal lease	MA 62/95	Lot 1707 Palapye	Retail	3 878
Broadhurst Business Centre	50-year State leasehold	MA 15/97	Lease area 234KO Lot 10211 in Gaborone	Offices	1 804
Pep House	50-year Tribal lease	MA 75/97	Lot 443 Serowe	Retail	471
Standard House	50-year Tribal lease	92/95	Lot 679 Serowe	Retail & offices	855
Diamond Centre	50-year State leasehold	514/95 661/95 185/96	Lot 3761 Jwaneng Lot 5422 Jwaneng Lot 5423 Jwaneng	Retail	2 322
Tsodilo Centre	50-year Tribal lease	105/95	Lot 194 Maun	Retail	492
Molemall	50-year Tribal lease	MA 4/97	Lot 617 Molepolole	Undev.	
Roots Tower	50-year Tribal lease	13/97	Lot 208 Maun Notarial Deed of Lease 72/81 of 14/3/96	Retail & offices	1 069
Professional House	50-year State leasehold	310/82	Lot 13142,13143 13144, Gaborone no 72/81 of 17/2/81	Offices	1 731
Phakalane Warehouses	Freehold	1448/99	Lot 21306 Phakalane	Industrial	2 376
Gaborone West Warehouses	50-year State leasehold	2434/2000 Gaborone	Lots 22017/18	Industrial	4 041
Tholo	50-year state leasehold	1695/96/ 2000	Lots 50668/69 & 50369 Gaborone	Office	4 612
European Delegation	50-year State leasehold	1841/2003	Lot 758 Gaborone	Office	1 496
Tana Waterfront	99-year leasehold	Vol.81/SB BORD.03	Lot 41314 Antananarivo Lot 39731A Antananarivo Lot 45438A Antananarivo Lot 45488A Antananarivo	Retail Retail Retail Retail	4 950



Notice of Meeting and Form of Proxy

Notice is hereby given that the ninth Annual General Meeting of the company will be held at the RDC Offices, Realestate Office Park, Gaborone on April 28 2005, at 4:00p.m. for the following business:

Agenda

1. To read the notice convening the meeting.
2. To receive, consider and adopt the audited financial statements for the year ended 31 December 2004.
3. To approve the distribution as recommended by the directors.
4. To approve the payment of P54,075 for directors' emoluments (fees and expenses) for the year ended 31 December 2004.
5. To ratify the appointment of L .M. Ramokate to the Board of Directors
6. To re-elect all directors of the company including:

M.A. Giachetti
N.N. Gaolathe

who retire by rotation in terms of Article 54 of the Articles of Association and being eligible offer themselves for re-election.

7. To appoint auditors for the ensuing year and approve their remuneration for the year ended 31 December 2004.
8. To transact such other business as may be transacted at an Annual General Meeting.

A member entitled to attend and vote may appoint a proxy to attend and vote for him on his/her behalf and such proxy need not also be a member of the company . The instrument appointing such a proxy must be deposited at the registered office of the company not less than 48 hours before the meeting.

By Order of the Board

PricewaterhouseCoopers (Pty) Ltd
Secretaries
1 April 2005

Registered Office, Plot 50371 Fairground Office Park, P. O. Box 294 Gaborone.

Form of Proxy

I/We

member/members of the above named company do hereby appoint:

.....

failing that person

the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the ninth Annual General Meeting of the company to be held on 28 April 2005 at 4.00 p.m.

Signed this..

Signature:

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

A member entitled to attend and vote may appoint a proxy to attend and vote for him on his/her behalf and such proxy need not also be a member of the company . The instrument appointing such a proxy must be deposited at the registered office of the company not less than 48 hours before the meeting.