Annual Report 2011

Contents

RDC

Corporate Profile

Incorporation Information
Company Number 96/592
Date of incorporation 18/04/1996

Market capitalisation
The ordinary share price of RDC Properties Limited ("RDCP" or the "company") at close of business on 31 December 2011 was P7.24, giving a market capitalisation at that date of P250,098,770.

Investor relations – Registered Office
Investors requiring further information on the group are invited to contact:

Mr. J. Pari
RDC Properties Limited,
Plot 5624, Lejara Road, Broadhurst Industrial
Gaborone, Botswana
T: (+267) 3901654
F: (+267) 3973441
E: rdc@rdc.com

Website
Further information on RDCP is available at:
www.rdcpbotswana.com

Annual General Meeting
The Annual General Meeting ("AGM") of the company will take place at the Real estate Office Park, Lejara Road, on Wednesday 16 May 2012 at 14.30 hrs. The notice of the meeting is set out on pages 44 and 45.

Electronic communications
Unit holders are informed that RDCP has received formal approval by the Botswana Stock Exchange to distribute all shareholder communication electronically except where documents are specifically requested in written form.

Top 10 Unit Holders	Linked Units	%
SCBN (PTY) LTD RE: IAM 030/30	368,972.00	1.07
FNB NOMINEES (PTY)LTD RE:CFM BPOPF10001011	431,730.00	1.25
SCBN (PTY) LTD RE: IAM 030/14	563,779.00	1.63
ASPERA HOLDINGS LIMITED	767,836.00	2.22
STANBIC NOMINEES RE: BIFM	926,835.00	2.68
SCBN(PTY)LTD RE:BIFM BPOPF BW000000894-2	1,312,463.00	3.80
FNB NOMINEES (PTY)LTD RE:SIMS BPOPF 10001009	1,347,825.00	3.90
MOTOR VEHICLE ACCIDENT FUND	1,645,221.00	4.76
CHOBE FINANCIAL CORPORATION	8,131,168.00	23.54
REALESTATE FINANCIERE SA	15,992,891.00	46.30

Linked unit band	Linked Units	%	Holders	%
0-1999	108,755	0.31	282	68.61
2000-4999	145,165	0.42	50	12.16
5000-9999	173,468	0.50	27	6.57
10000-49999	683,250	1.98	25	6.08
50000-99999	590,112	1.71	8	1.95
100000-499999	2,155,271	6.24	11	2.68
500000 and above	30,688,008	88.84	8	1.95
TOTALS	**34,544,029**	**100.00**	**411**	**100.00**

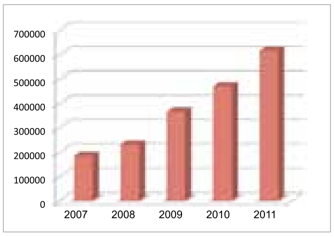
Highlights of the Year 2011 & Five Year Overview

Overview

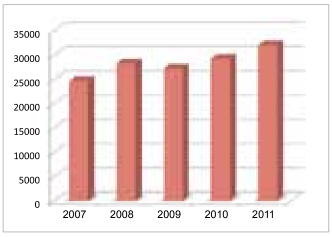
Masa Centre-Temporary Occupation Certificate granted
Portfolio and investment value up 31% to P614.78million (2010: P469.51 million)
Gross income up 9% to P31.96 million (2010: P29.20 million)
Profit before taxation up 203% to P127.51 million (2010: P42.09 million)
At 31 December 2011 Adjusted NAV* per share at P8.85 up by 47% (2010: P6.03)
At 31 December 2011 Market Capitalisation up 19% to P250.10 million; share price P7.24 (2010: P6.30)

	2011	2010	2009	2008	2007
	P'000	P'000	P'000	P'000	P'000
Portfolio value	614,776	469,513	365,859	230,029	184,303
Increase	145,263	103,654	135,830	45,726	7,885
Increase in value %	30.94%	28.33%	59.05%	24.81%	4.47%
Income yield %	5%	6%	7%	12%	13%
Financial position					
Net asset value (P million)	252,349	171,159	147,494	125,631	109,474
Net asset value (NAV) / linked unit	7.31	5.10	4.48	3.88	3.38
NAV adjusted for deferred taxation	8.85	6.03	5.27	4.43	3.85
Debt-long term	236,051	187,724	107,733	51,743	43,123
Equity	333,123	239,451	210,039	153,570	118,404
Ratio-debt to portfolio value	38%	40%	29%	22%	23%
Statement of comprehensive income (continuing operations)					
Gross revenue (contractual rental income and hotel revenue)	31,956	29,196	27,171	28,209	24,607
Profit from operations (before exchange differences and fair value)	18,803	23,584	17,450	16,002	12,416
Profit after fair value adjustment from operations	130,845	45,798	44,817	34,571	24,176
Profit before tax	127,508	42,093	41,353	29,603	18,192
Profit -attributable to owners	95,428	33,282	32,066	24,074	14,202
Linked units (average in issue)	34,148,322	33,262,917	32,468,398	32,372,329	32,372,329
Earnings per linked unit	279.45	100.06	98.76	74.37	43.87
Dividend and debenture interest	15,041	19,453	11,122	10,178	8,509
Share price at year-end	7.24	6.30	4.20	3.50	3.70
Market capitalization year-end	250,098,770	209,556,377	138,384,708	113,303,152	119,777,617

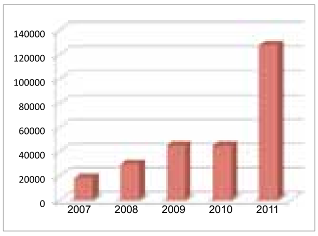
Portfolio Indication



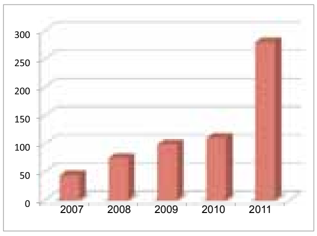
Revenue Indication



Profit Indication



Earnings per Linked Units Indication



(*) Adjusted NAV per share at 31 December 2011 includes all investments at current valuations in proportion to the Group's shareholdings but excludes the impact of the deferred tax provision on the net assets of the Company and is considered by the Board to be a more appropriate method of evaluating the performance of the Company than Reported NAV per share.

Chairman's Statement

"We strongly believe that the Masa Centre will improve the quality of life of the Gaborone population by providing quality shops in a spectacular environment."

Dear Unitholders,

I have the pleasure of presenting to you the Annual Report and Financial Statements of the Company to the 31st December 2011.

After making good gains in the first half of the year, in the last quarter of the year, the Botswana economy faced uncertainties related to turbulence in the global economy, making it difficult to predict the direction of the local economy.

The Euro zone governments are grappling with a range of problems centered on Greece's fiscal crisis and unsustainable debt, but with deeper roots in the structure and governance of the single currency. As an export dependent economy, Botswana is of course vulnerable to disruptions in the global economy and this causes some uncertainty. Over the year to June 2011, the economy grew by 7.0 percent, up from 4.9 % in the previous quarter.

As previously mentioned, the property market in Botswana has remained sheltered and is maturing, the concurrence of a number of factors has increased the demand for both good commercial and residential properties. In particular, the persistent low interest rate environment, the decision by Botswana Public Officers Pension Fund (BPOPF) to create a portfolio of properties, the relocation of the Diamond Trading Company (DTC) to Botswana and the reduced capacity for the Banks to take advantage of the excess liquidity in the market, have created a strong demand for properties which are well located and yielding good returns.

Rentals are generally stable even though the market is now sensing an increase in supply of properties especially in the office sector and declining interest for properties located in the in areas such as Fairgrounds, Commerce Park and Gaborone International Commerce Park (GICP). The residential rentals and sales market still remains very solid. It is observed that retail sector performance remains resilient even though two brand new centers and an expansion of Game City malls have now been completed. We still continue to observe strong demand for retail space at Masa Centre. The industrial sector also remains fairly stable with lucrative rental rates being observed from small to medium sized warehouses.

In line with long term leases signed, we are very pleased to see that the results of the company reflects a stable return from the property portfolio and a high appreciation of the portfolio which increased by 31% to P615 million.

Our property portfolio continues to perform well, and the overall vacancy is now at 0.77%. The management team endeavours to keep the vacancy rate low.

Key Events

MASA Centre

We are pleased to report, that despite a number of challenges in the previous years, the works on this prime property were substantially completed by the end of the year. A Temporary Occupation Certificate was granted on the 22nd December 2011.

A number of tenants had started their fitting out by end of the year but due to the Christmas Break, it is anticipated that fitting out by tenants will only be completed by the second quarter of 2012 .

De-snagging and final account should be completed by the end of March 2012. This is the reason the property has been accounted as work in progress and will be re-valued and re-classified as an investment property in the 2012 financial year.

The demand for the retail component of the development has been very strong and agreements with some very good international brands been concluded. Bang & Olufsen and Apple Stores are some of the brands that will be opening soon within the centre.

By mid year, the Company realised that African Sun Limited (ASL) was having major difficulties in fulfilling their obligation with regards to the fitting out of the hotel component of the development, most probably driven by challenges faced with the closure and loss of management contracts on some of their properties. Management engaged a number of international operators as alternatives and during those interactions was pleased to note a very strong interest in the property. Towards the end of the year Three Partners Resort Limited (TPR) had the opportunity to enforce its rights within the lease and all steps were taken to ensure an amicable termination of the lease. This paved way for the engagement of negotiations with

Chairman's Statement (continued)

the Lonrho Hotels, a fully owned subsidiary of the Lonrho PLC. Lonrho PLC has more than 100 years of African presence. The lease negotiated early December 2011 with Lonrho Hotels is substantially better than the ASL lease because the property will be operated as a 5 star hotel. The lease is for a period of 15 years and has a variable and fixed portion (the latter portion being in US Dollars).

By mid December the Masa Casino was ready to open doors, only awaiting a final inspection by the Casino Control Board. Unfortunately a court action brought forward by the other operators succeeded and the license was set aside. The operator had invested substantial amounts in the property and therefore re-applied for a new license and remained in occupation of the premises.

As the development is starting to be visited by many customers, the office component of the property is attracting more interest and we remain confident that by the third quarter of 2012, the offices will be substantially rented.

The final cost of the development is anticipated to be well below the open market value and providing the shareholders an internal rate of return above the original anticipated return.

Isalo Rock Lodge, Madagascar

The lodge had a difficult year due to the uncertain political situation in Madagascar which affected the tourism sector of the island. A number of cost cutting measures were taken and the lodge performed reasonably well during the peak season. The lodge also continues to have some very good reviews from the guests.

The Madagascar 2011 tourism season had a significant increase from the 2010 season (16% increase), visitor's numbers are however still much below the pre-crisis period, 2010 was the worst season ever witnessed since the political turmoil of 2001. Tour Operators are expecting much better years ahead. This will be subject to the political situation remaining stable.

Other

At the end of the year, the company received an offer for the sale of Plaza. The offer was accepted by the Board and the transaction is expected to be concluded by the first quarter of 2012. The proceeds of the sale will either be used to repay some of the long term debts or to purchase some yielding properties.

Financial highlights

During the year, the Company has performed extremely well as we have been able to grow both the portfolio and the rental income. The details are provided under the operating review by our Group General Manager, Mr. Jacopo Pari.

Following the Directors proposal of an elective distribution of 50% of the net final distribution by way of a capitalisation option, unit holders holding 91.59% of the linked units eligible to receive capitalisation units elected to receive them. 1,003,007 new linked units were listed on the 25 May 2011. Following the issue of the new capitalisation units, the total units of the Company in issue is 34,544,029.

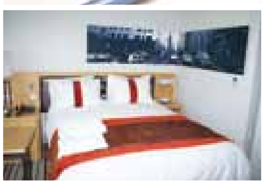
Strategy and Outlook

We continue to seek all opportunities to develop and purchase high quality, environmentally sustainable properties. Our property management and development teams focus on extending the life of our properties and minimising vacancies within the portfolio.

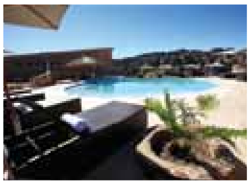
I anticipate 2012 to be an important year for the Company as we foresee two important events, the first one, being the rentals of Masa Centre contributing positively to the income and secondly, the Board has been asked to consider and investigate a group restructure which will enable the company to simplify its structure by amalgamating the minority interests in the subsidiaries and increase its administrative efficiencies. The restructure would, accord the company direct ownership of the properties, increase the capital base and asset value, enhance our gearing capability, increase liquidity of the units on the market. This should make RDCP more attractive to all investors and unit holders.

We will continue applying the fundamental elements of our business model which are:

- Ownership of real estate in prime locations.
- Upgrading the rental values of buildings through refurbishments or developments.
- Joint venturing to create property development opportunities.
- Intense focus on tenant retention and active property management.
- Exploring diversification opportunities both regionally and within the country.



Chairman's Statement (continued)



Corporate Responsibility and Governance.

As long-term investors, it is vital that we continue to engage fully with the communities who sustain and support our business.

Our drive to continue contributing to the improvement of the quality of life in Botswana has been enforced by our actions.

I am pleased with the support given by the company to the Nwapa Primary School and the whole community of this rural village. The school has a power supply, is now connected with internet and enjoys a wonderful play ground constructed with our assistance and funding.

We strongly believe that the Masa Centre will improve the quality of life of the Gaborone population by providing quality shops in a spectacular environment.

Another aspect of our community involvement is our resolve to continue exploring developments in partnership. This remains a crucial element of our strategy in empowering citizen companies and individuals.

I am pleased to report that the Audit and Risk Committee, under the able Chairmanship of Mr. R. Matthews has performed well its duties in improving the efficiency of the board and providing the necessary independent review of management controls.

We are complying with our banking facilities and the directors do not expect this position to alter in the forthcoming twelve months.

The directors have considered our forecast cash flows, the Group's low gearing, significant portfolio of unencumbered properties and the maturity profile of our borrowings and can confirm that the Company has adequate resources to continue for the foreseeable future.

Management

The Company has no employees, and avails itself of Property and Asset Management Limited (PAM), for the following services:

– Asset Management.
– Property Management and
– Accounting and secretarial services.

The contract with PAM was reconfirmed for a further 5 years.

I am pleased to notice that the executive management team, under the able guidance of Mr. Jacopo Pari, has achieved remarkable progress in enhancing operational efficiencies and controls. In my role of Executive Chairman, I am therefore able to concentrate more on new avenues for growth.

I would like to thank the board of directors, Botswana Stock Exchange, the Steering Committee of TPR and all those who have contributed to the continued growth of the group during the year 2011. The directors would like to express their thanks to Mr. Giorgio Giachetti for taking a personal interest in the monitoring of the activities of the Isalo Rock Lodge.

Conclusion

The year ended 31 December 2011 has been a busy year considering the work required to complete the Masa Centre. We have maintained a solid growth in our rental income and experienced a good forward demand for our new development.

The board remains focused on seeking to maximise rental income, completing the restructure of the group that will substantially change the composition of your Company's portfolio in the years to come.

G. R. Giachetti
Executive Chairman

Operating and Financial Review

"Being close to our customers needs, listening and understanding and remaining proactive with a joint problem solving attitude remains the key performance indicators for our property managers."

The Botswana real estate market has proven to be resilient to the crisis in the global economy.The private investors' confidence in the sector is the highest witnessed and there is increasing demand for properties, most probably due to low returns offered by other investments. While we are experiencing a strong supply of new office space, mainly in the new CBD and Fairgrounds, it is expected that rentals will be under pressure, the market is still calling for industrial, retail and residential properties. The retail demand is very resilient even though two brand new centres and an expansion of Game city have now been completed in Gaborone. These are healthy signs of a maturing market in a developing economy.

Market

As may be noticed, all the largest developers in the market have now started developing properties in the new CBD and few buildings are likely to open before the end of the year 2012. The CBD will soon become the new economic centre of the nation and it is with satisfaction that we look at Masa Centre, well positioned, first mixed used, right at its heart. Location is *"a must"*.

The Company's portfolio suffered no crisis in 2011. It is regularly maintained and revamped to meet tenant's expectations and the new challenges of the market. By year end, our property managers had renewed and/or entered new leases for the 20% (by income) of the portfolio, achieving 7% increase in rental income and reducing the vacancy rate to an excellent 0.77% from last year's 3%.

Strategy

The Company's long-term investment strategy remains unchanged in its principles. The management objective is to maintain and grow a balanced portfolio of modern, income producing properties with potential for future rental and capital growth.The three main areas of our strategy remain:

- Selectively acquiring and disposing of investment properties;
- Developing new properties for long-term investment; and
- Actively managing our assets to enhance value.

These principles have been guiding our actions so far, and will continue, even more, in the future:

- Prime location
- Quality Buildings and long term sustainability
- Customer Centricity.

Our property management team strives to be in constant contact with our tenants, keeping track of their business progress and the new requirements. Masa Centre, the jewel of our portfolio, will have a resident centre manager and a dedicated team for maintenance right from the onset of operations.

Being close to our customers needs, listening and understanding and remaining proactive with a joint problem solving attitude remains the key performance indicators for our property managers. We are pleased that this can be measured over the years as reflected by our vacancy level and the operating performance of the portfolio.

The main focus for the coming year will be an accurate tenant's profiling and grading analysis. This will enable the team to know our business partners best, allowing prompt intervention to rectify and mitigate risks. Early results are reflected by a very accurate aging analysis and a material reduction in the debtors' days.

Given the increasing potential of the residential market, the Company is currently evaluating options of building residential properties. The objective would be retaining a percentage of it for rent as a long term income generator and selling the balance on a sectional title basis.

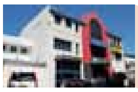
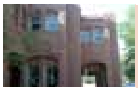
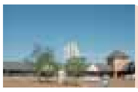
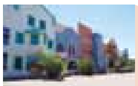
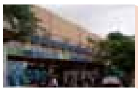
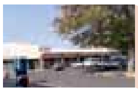
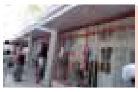
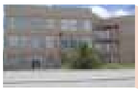
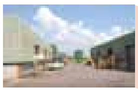
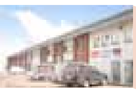
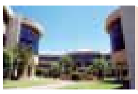
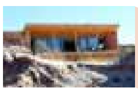
Investment / Property Portfolio

Property portfolio

RDCP instructed Stocker Fleetwood Bird to carry out an independent valuation of the entire portfolio including all the subsidiaries. Excluding Masa Centre, the valuations indicate that RDCP's portfolio attained a growth of in excess of P107 million for year 2011. This is a very important confirmation that RDCP's portfolio is solid and well tenanted.

As previously reported almost 20% of the leases (by rental income) were expiring during 2011. It is with satisfaction that we record the good work done by our property management team, which has positively concluded a large number of renewals and new leases. With particular distinction we wish to mention that the Tholo Park, at Fairgrounds, is now fully let notwithstanding the difficulties in connection with the oversupply of office space in that specific area. The property managers achieved

Operating and Financial Review (continued)

	Property Name	Form of Lease	Title Deed Number	Location of Property	Sector	Lettable Area	Valuation
	Standard House	Freehold	133/97	Lots 1124 to 1130 in Gaborone Ext. 3	Offices	6,430	116,638,000
	Plaza I & II	50 Year State Leasehold	177/97	Lot 4787 & 4788 in Gaborone Ext. 6	Offices	3,875	26,000,000
	Mebala House	Freehold	48/70	Lots 1116/17 & 1840 in Gaborone Ext. 3	Retail	1,330	21,500,000
	Chobe Commercial Centre	50 Year State Leasehold	158/88	Lot 914 Kasane in Chobe Admin District	Retail & Offices	1,144	5,230,000
	Boswa Centre	50 Year Tribal Lease	75/95	Lot 680 & 692 Serowe Agreement of Lease No. 258/96 of 18/7/96	Retail & Offices	1,441	5,850,000
	Lotsane Complex	50 Year Tribal Lease	MA 62/95	Lot 1707 Palapye	Retail	3,878	10,720,000
	Broadhurst Business Centre	50 Year State Leasehold	MA 15/97	Lease area 234KO on Lot 10211 in Gaborone	Offices	1, 804	10,800,000
	Pep House	50 Year Tribal Lease	MA 75/97	Lot 443 Serowe	Retail	471	2,360,000
	Standard Bank Serowe	50 Year Tribal Lease	92/95	Lot 679 Serowe	Retail & Offices	855	4,275,000
	Diamond Centre	50 Year State Leasehold	514/95 661/95 185/95	Lot 3761 Jwaneng Lot 5422 Jwaneng Lot 5423 Jwaneng	Retail	2,322	11,528,000
	Tsodilo Centre	50 Year State Leasehold	105/95	Lot 194, Maun	Retail	492	3,115,000
	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	5,690,000
	Phakalane Warehouses	Freehold	1448/99	Lot 21306 Phakalane	Industrial	2,376	8,420,000
	Gaborone West Warehouses	50 Year State Leasehold	2434/2000	Lots 22017/18 Gaborone	Industrial	4,041	19,770,000
	Tholo A & B and Phase II	50 Year State Leasehold	1695/96/2000	Lots 50668/69 & 50369 Gaborone	Office	4,612	49,855,000
	European Delegation	Freehold	1841/2003	Lot 758 Gaborone	Office	1,496	24,570,000
	Isalo Rock Lodge	99 Year Leasehold	02/MCT/SG	Lot 480-AU Region d'Ihrombe, Madagascar	Tourism		21,486,418
	Masa Centre	50 Year State Leasehold	MA 367/2008	Lot 54353, Gaborone	Offices, Retail & Hotel (Work in Progress)	42,205	288,110,510
	Mole Mall	50 Year Tribal Lease	MA 4/97	Lot 617 Molepolole	Undeveloped		

Operating and Financial Review (continued)

this good result by subdividing the space into smaller units and by creating attractive clusters of similar tenancies.

Chobe Marina Lodge

African Hotels & Adventures (AHA) has taken over the sales, marketing and operations of this 4**** Lodge in the Chobe district. The new management team, along with improved general business conditions in the tourism and leisure sector in the region are showing early signs of improved results going forward.

As a result, RDCP will enjoy a distribution for the last quarter of 2011 which is 57% more than for the same period last year. The 27% growth in rooms' revenue year on year is as a result of improving room occupancy to 63.7% which is up from 50.6% in 2010. Forward bookings are looking very positive and we are confident that occupancy targets will be exceeded throughout the year.

Isalo Rock Lodge, Madagascar

The Isalo Rock Lodge was opened in July 2010 during the worst political uncertainty of the country for the last decade. The Lodge nevertheless has established itself as a prime property and is recognized as the best lodge in the whole of the South of Madagascar (on the RN7) being a 4* International standard. Comments posted on the specialised web sites have been very positive since the inception of the operations.

Of significant importance is the fact that Air Madagascar has decided to open a route with light air crafts from the capital and Tulear to Isalo and that a mining project will be starting soon at 60km from the park.

The lack of demand for tourism products in Madagascar and the political crisis which blighted the country in 2009 are remaining the major negative factors but the forward bookings for this year are much better than the original estimates done in October 2011.

The lodge re-opened in March after the break of the low season and has already had two groups, one of 50 pax. From early indications of forward bookings (independently given by UTT (a booking agent of the lodge) the revised occupancy estimated for 2012 is 28.83% from 15,6% originally expected.

MASA Centre

The year 2011 has been a challenging year for the Masa team, but now the first Botswana mixed use development has come to life. The centre was granted its Temporary Occupation Certificate on 22 December 2011, finishing touches are being carried out and snagging lists completed to obtain Full Occupation Certificate. The construction team has left the centre leaving behind a small team of professionals to take care of the day to day maintenance.

The mutually agreed termination of the agreement between the developers and ASL has brought to Gaborone the Lonrho Group. Through it's Lonrho Hotels, the hotel investment arm of the mining giant, it will be operating the 5***** Hotel as Landsmore Masa Square Hotel. The company currently operates a number of luxury five stars hotels in Africa and they are looking forward to adding the Masa Square Hotel to their portfolio. The opening of the Hotel will give Masa Centre an extra international allure and also enhance the financial return of the property.

Ribs and Rumps started trading during the first quarter of 2012 and Cappello will follow closely. The retail gallery which is fully let will start trading at the beginning of the second quarter. The tenant list is impressive and a number of the tenants are exclusive international franchise operators.

The Cinema are scheduled to start operating towards the third quarter of 2012 bringing three 3D digital technology theatres, another first to Botswana. The office tower is attaining good interest from the market, though since most of the tenants are relocating from their current location, commitments are slow.

The long term financing of the project is on a triple layer:

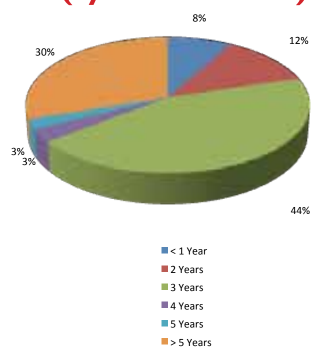
- The partners have injected P99 million as debenture and equity (40% of the feasibility project cost)
- BIFM Capital contributed P63 million on a fixed term interest rate, long dated promissory note.
- Barclays contributed with P95million on a variable interest rate linked to prime rate.

All interest expenses during construction, up to the availed facilities, are being capitalised. As at year end 2011 Masa Centre is accounted as working in progress in the financial statements.

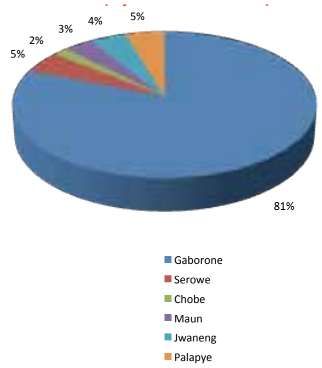
European Delegation
Tholo A & B and Phase II
Standard House
Mebala House
Plaza 1 & 2

Operating and Financial Review (continued)

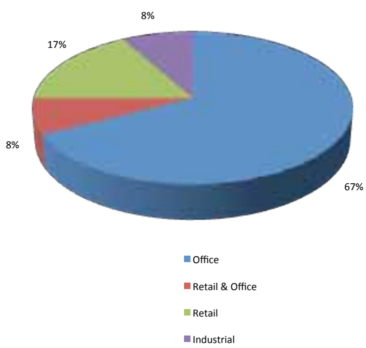
Lease Expiry Profile (by Rental Income)



Geographical Spread (by Rental Income)



Sectoral Spread (by Rental Income)



Budget wise, the anticipated final cost for the project, before shareholder's interest, will be P278 million which is extremely competitive when compared to the current market construction costs and if read in connection with the independent valuation prepared by Stocker Fleetwood Bird. The anticipated internal rate of return (over 10 years) of the project is estimated to be in excess of 25% as it improved due to the deal with Lonrho Hotels.

RDCP has secured 53% interest in Three Partners Resorts Limited.

All the above has been achieved with the oversight of our Steering Committee which has spared no effort in providing guidance and support to the project management team. Shakawe (Pty) Limited, Lavica (Pty) Limited and Keboife Holdings (Pty) Limited have actively participated to the project and all relevant meeting and events availing their time and their experience.

Financing, cash flow

At the end of December 2011, the Group's borrowings and available facilities consisted of an overdraft facility of P15 million from First National Bank of Botswana and long term loans of P236 million.

As at the date of this annual report the Group had P197 million worth of Bonds against a portfolio and investment value of in excess of P615 million providing significant capacity to raise additional finance.

International Financial Reporting Standards

The group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Gross income

Gross income increased 9.45% to P31.956 million (2010: P29.196 million).

Operating expenses

Operating expenses for the period increased by 21.43 % to P10.646 million (2010: P8.767 million). The increase in the operating expenses is mainly driven by the operations of Isalo Rock Lodge, Madagascar which was operating only for 7 months during the previous report period.

Net finance expense

Net finance expense was P4.139 million (2010: P4.552 million), comprising interest paid on long terms loans, overdrafts and interest received from related companies.

Debenture interest/dividends

The total distribution to unit holders, is calculated on the net income received out of the Botswana properties. The distribution ratio between dividends to interest on the linked units is 1:50. The dividend and debenture interest decreased by 22.68 % to P15.041 million (2010: P19.453 million). As reported in the previous year, there was exceptional income realised from a consultancy agreement which was distributed as part of the 2010 final distribution.

Taxation

The tax for the year of P27.874 million (2010: P10.568 million) mainly arises from deferred taxation. Deferred tax has been accounted for in accordance with IAS12 and includes full provision for tax which might be payable in the event that the group disposes of a property for the amount stated in the statements of financial position.

Results per linked unit

Earnings per linked unit for the period were up by 179 % to P2.79 (2010: P1.00).

Shareholders' funds

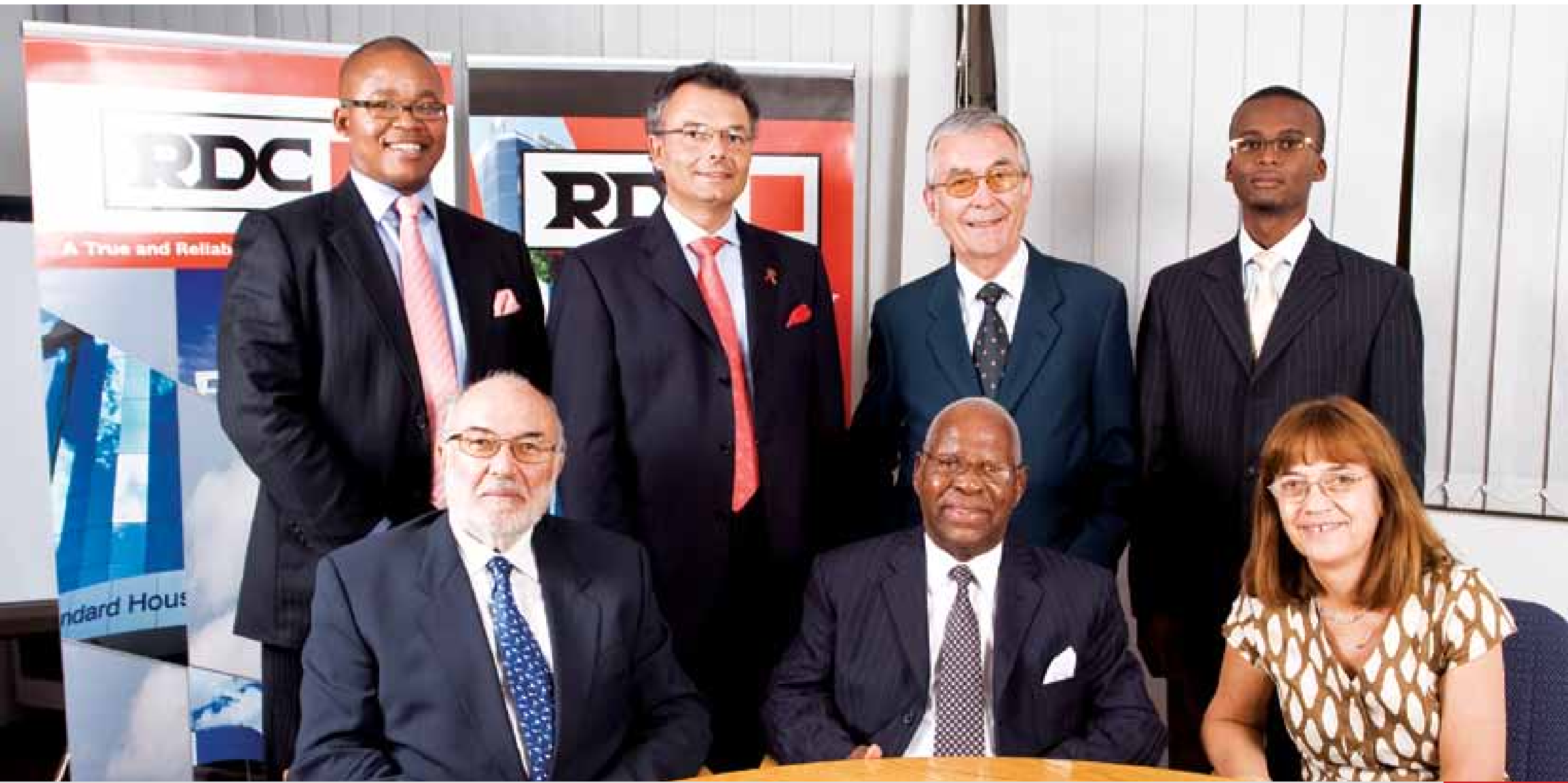
Shareholders' funds at 31 December 2011 amounted to P252.349 million (2010: P171.159 million), resulting in net asset value per linked unit of P7.31 (2010: P5.10), an increase of 43.33%.

Net borrowings

The Group's net borrowings at 31 December 2011 amounted to P236.051 million (2010: P187.724 million), giving a net debt to gross property and investments assets ratio of 38.39% (2010: 40.00%).

Jacopo Pari
Group General Manager

The Board of Directors



Standing (Left to right)

Lesang Magang, Director (Non Executive – Independent - member of Audit and Risk Committee), aged 40. Has Law Degree. Managing Director of Phakalane Estates, a major property development company and one of the largest privately-owned township developers in Botswana involved in residential, commercial and industrial developments. Director of the Real Estate Development Company and other companies. Involved in community projects and previous patron of Botswana Scouts Association and University of Botswana Debating Society. A speaker on youth development and entrepreneurship in Botswana.

Guido R. Giachetti, Chairman (Executive), aged 49, Civil Engineer, Masters in business management and transport, AMP (Harvard). A member of the INSEAD Alumni Association (business school in Fontainebleau). As Group Managing Director of Realestate Financiere SA, he has been involved in property development and investments for over 22 years. He is the Honorary Consul of Italy and Spain in Botswana and actively involved in community works as a Paul Harris Fellow.

Giorgio G Giachetti, Director (Non Executive), aged 68, Civil Engineer (Masters degree). On site experience in construction since 1968. In 1970 started investing in Botswana and developing properties, some of which are now part of the RDC Properties portfolio. He is a Director of many companies in Botswana and Internationally.

Ndaba N Gaolathe, Director (Non Executive – Independent – member of Audit and Risk Committee), aged 39, MBA Finance graduate of the Wharton School of the University of Pennsylvania. He attained BS and BA degrees in Mathematics and Economics respectively, from the George Washington University. He is founder of Delele, a strategy consulting and private equity management company that played a key role in the establishment of a private equity fund in Botswana and later in Namibia. He has consulted widely across many sectors, in South Africa and Internationally, in the areas of general strategy and financial structuring.

Seated (Left to right)

Marco A. Giachetti, Director (Non Executive), aged 78, Civil Engineer (Masters degree). In 1959 was the Founder of Realestate Financière SA, a company registered in Geneva with the specific aim of acquiring interests worldwide in the Construction and Real Estate Development Business. In 1970 started investing in Botswana and developing properties, some of which are now part of the RDC Properties portfolio. In 1992 became Non Executive Chairman of Realestate Development Company Limited, the original listing of the Company. He is a Director of many companies in Botswana and internationally.

Gobe W. Matenge, Director (Non Executive – Independent), aged 86. Public Officer Emeritus. Occupied prestigious positions in Public Administration starting 1951 as a Clerical Officer to being Executive Officer, Higher Executive Officer, Deputy Chief Immigration Officer, Ministry of Home Affairs, Assistant Secretary, Ministry of Finance, Under Secretary in the Ministries of Works and Communications and Mineral Resources and Water Affairs. Internationally, he was a member of the Observer Group on behalf of the British Commonwealth for the Ugandan general elections. As the Coordinator of Botswana Tenth Anniversary of Independence Celebrations, he was awarded the Presidential Honour of Meritorious Service. He retired 1981 and now sits as Chairman or Director in many companies and societies in Botswana.

Jenny S. Stewart, Director (Executive), aged 51. Joined the Realestate Group in 1996 and has been involved in property management and development since then. Jenny was instrumental in the group's diversification into the hospitality industry and now focuses on this aspect of the business. Before joining the Group, Jenny Stewart was employed by British Airways for nearly 18 years, where she was responsible for, among other things, general management, staff development and training. She spends much of her free time working for a charitable organization in Botswana.

Audit and Risk Committee

The Management Team

The management team comprises employees of Property and Asset Management Limited.

- Jacopo Pari — Group General Manager
- Priscilla Marukutira — Group Financial Manager
- France Mabiletsa — Financial Manager
- Chiseki Chiseki — Accountant
- Tshiamo Sanane — Accountant
- Tshegofalo Bimbo — Accountant
- Giancarlo Fareri — International Hospitality Development Manager
- Tubbie Sylvester Thwabi — Centre Manager
- Desney Katse — Property Manager
- Finn Chalashika — Junior Property Manager
- Neltah Mosimanegape — Assistant Centre Manager

Robert N. Matthews, Chairman, aged 68, Fellow of the Institute of Chartered Accountants in England and Wales, Certified Public Accountant (USA), Fellow of the Botswana Institute of Accountants; Retired partner of PricewaterhouseCoopers, Gaborone. Was partner in charge of Audit and Business Advisory Services. Now carrying out consulting and advisory work for companies and other clients in Botswana and externally.

Ndaba N Gaolathe, Lesang Magang,
Co-opted member: Jacopo Pari

Professional Advisors

Secretaries /Transfer Secretaries
Pricewaterhouse Coopers (Pty) Ltd
Plot 50371 Fairground Office Park
PO Box 294, Gaborone, Botswana

Independent Auditor
Deloitte & Touche
Plot 64518, Fairground Office Park
PO Box 778, Gaborone, Botswana

Property Managers/Asset Managers
Property and Asset Management Limited
PO Box 405391, Gaborone, Botswana

Stockbrokers
Stockbrokers Botswana Limited
Ground floor, Letshego Place,
Khama Crescent, Gaborone

Bankers
First National Bank of Botswana Limited
Barclays Bank of Botswana Limited

Property Valuers
Stocker Fleetwood-Bird
Plot 140, Unit 1, Kgale Terrace,
Gaborone .International .Finance .Park

Solicitors
Osei-Ofei Swabi & Company
Plot 115, Unit 18, Kgale Mews,
Gaborone

Directors' Report

The directors present their annual report to the shareholders, together with the audited financial statements, for the year ended 31 December 2011.

Principal activities and business review

RDC Properties Limited ("RDCP") is a variable rate loan stock company publicly quoted, incorporated in Botswana. RDCP is a regional property business focused on deriving its revenue from the rental of investment properties and identifying development opportunities.

A detailed business review and future developments is included in the operating and financial review on pages 6 to 9.

Result for the year.

Details of the result for the year ended 31 December 2011 are set out in the statements of comprehensive income of the financial statements on page 19.

Subsidiaries.

The details of the company interest in property owning subsidiaries are set out in Note 7 of the Financial statements.

Stated Capital

During the year, unit holders representing 91.59% of the linked unit holders eligible to receive capitalisation units in respect of 50% of the 2010 final net distribution, elected to receive as many fully paid units in the Company as possible. Thus unit holders holding 30,719,585 linked units in the Company have been allotted 1,003,007 new linked units. Following the issue of the new capitalisation units, the total units of the Company in issue are 34,544,029 units (2010: 33,541,022 units).

Distribution to Unit Holders and Distribution Policy

The interest entitlement on every debenture is fixed at 50 times that of the dividend component of any distribution. The distribution, made biannually, varies with the operating performance of the group. A detailed on the distribution is included in the operating and financial review on pages 6 to 9.

Distribution to Unit holders (thebe)

	Interest	Dividend	Total
2011			
Interim	15.82	0.32	16.14
Final	26.86	0.54	27.40
	42.68	**0.86**	**43.54**
2010			
Interim	15.61	0.31	15.92
Final	41.25	0.83	42.08
	56.86	**1.14**	**58.00**
Change	(25%)	(25%)	(25%)

Directors and secretary

In accordance with the Article 54 of Articles of Association of the company, L.Magang and N.N Gaolatlhe retire by rotation and being eligible, offer themselves for re-election at the Annual General Meeting.

Interests of directors and secretary

The directors and secretary who held office at 31 December 2011 had no interests, other than those shown below, in the shares of the company or group companies.

	Held Directly	**Held Indirectly**
G.R.Giachetti	-	93,310
M.A.Giachetti	-	15,992,891
G.Giachetti	-	8,131,168
G.Matenge	-	-
N.Gaolathe	-	-
L.Magang	-	-
J.Stewart	-	-

Note: For G. R. Giachetti shares held indirectly are held by his daughters.

Masa Centre

Directors' Report (continued)

Substantial holdings

The directors have been notified of the following significant interests in the ordinary share capital of the Company at 31 December 2011.

TABLE OF SUBSTANTIAL HOLDINGS		
Major linked unit holders	Number of Linked Units	%
Realestate Financière SA	15,992,891	46.30
Chobe Financial Corporation	8,131,168	23.54
Motor Vehicle Accident Fund	1,645,221	4.76

Directors' interests in contracts

The following directors, G. Giachetti, M. A. Giachetti, have a beneficial interest in a material contract to which the company or a subsidiary was a party during the year. Details of which are disclosed in the Corporate Governance Statement.

The company has a service contract with Property and Asset Management Limited (PAM), details of which are disclosed in the Chairman's Statement and in the Corporate Governance reports. G. R. Giachetti, M.A. Giachetti, G. Giachetti, L. Magang and J. Stewart are directors of PAM.

One of the directors, G. Giachetti has an indirect interest in the group's investment in a joint venture company, HMS1 SA.

Key performance indicators (KPI's)

The group considers the following measures as being important indicators of the underlying performance of the business:

Net asset value

The key long-term financial objective for the group is growth in its net asset value per linked unit.

Net debt to gross property assets

A second important financial objective of the group is to establish and maintain an appropriate balance sheet structure that provides it with adequate funding to fulfil its medium to long term objectives while at the same time maintaining a prudent ratio of net debt to gross property assets.

Returns from investment and development properties

A third important financial objective is to optimise returns from the group's property portfolio. For investment properties, this is achieved by concentrated asset management and retention of tenants to maximise rental yields. For development properties, it is accomplished through yielding up potential tenancies for new developments and cost control.

Financial risk management

The group's activities expose it to a variety of financial risks including interest rate, foreign currency, funding and credit risks. These financial risks are managed by the Board and reviewed by the Audit and Risk Committee, as described in note 27 to the financial statements.

Principal risks and uncertainties

The principal risks and uncertainties that the group faces are:

- Property value: The performance of the group is determined principally by the values of its property assets, which, in turn, are dependent on a variety of factors applying in the markets in which RDCP operates, including:
  - local economic conditions, as affected by government policy, legislation, economic growth, interest rates and inflation, and
  - supply of and demand for property, and their impact on rental levels.

The values of individual properties are determined by their specific usage and locations, the quality of their tenants and the rents paid by them and by their potential for alternative usage or redevelopment. The board mitigates these risks by the employment of an expert professional management team, by adopting appropriate strategic objectives to be pursued (including sectoral and geographic diversification).

Mebala House

Directors' Report (continued)

- General financing: The current global economic environment has resulted in constraints on the availability of credit. Such financial conditions may affect the group's ability to raise further finance on acceptable terms. However, this will not affect its ability to face future financial obligations, loan repayments and operating expenses when they fall due.

- Expansion and related funding: The group's ability to realise its business strategy is dependent on management's ability to source new profitable property opportunities, to exploit the development opportunities within its property portfolio and to fund these as required. The board has mitigated these risks by the indirect appointment of a suitably qualified management team employed by PAM and by continuing to source appropriate financing arrangements to fund its plans.

- Liquidity: Property assets are relatively illiquid. Such illiquidity will not affect the group's ability to vary its portfolio as the location and quality of the portfolio would enable the company to dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices.

- Currency : The group presents its financial information in Pula. A significant proportion of its property portfolio is located in the Botswana and, consequently, a significant part of its rental income and a significant proportion of its property assets are denominated in Pula. The board has mitigated the risk by making sure that there is no mismatch between financing and expected income currency on all new developments.

Going concern

After making inquiries, the directors are confident that the group has adequate resources to continue in operational existence for the foreseeable future. In particular, in making such enquiries, the board has had regard to its current financing arrangements and its planned activities for the next 18 months. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditors

In accordance with relevant section of the Companies Act, the auditors, Deloitte, will continue in office.

Subsidiaries and equity accounted investees

Information on the group's significant subsidiaries and equity accounted investees is set out in note 7 to the financial statements.

Responsibility statement

We confirm to the best of our knowledge:

(a) the financial statements, prepared in accordance with the International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the undertakings included in the consolidation taken as a whole; and

(b) the Chairman's statement, the Operating and Financial review, the Key risks and uncertainties and the Directors' report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncer tainties that they face.

Special business at the Annual General Meeting

Notice of the 2011 Annual General Meeting with details of the special business to be considered at the meeting is enclosed with this Annual Report. In addition to the usual business to be transacted at the AGM, there is no special business proposed.

A Form of Proxy for use at the AGM is being sent along with this Annual Report.

On behalf of the board

G. R. Giachetti
Executive Chairman

M.A. Giachetti
Non Executive Director

Masa Centre

Corporate Governance Statement

The directors of RDCP are committed to maintaining high standards of corporate governance and remain committed to the principles of transparency, accountability and integrity.

RDCP supports the principles and provisions of the Botswana Stock Exchange Code on Corporate Governance and has undertaken to apply these in so far as appropriate and practical for a company of its size. The following statement describes how RDCP is applying the Code in the governance of its business.

The Board of Directors

The board comprises seven directors, two executive directors and five non-executive directors, of which three are independent. Biographical details of the directors are set out on page 10.

The conduct of the Company's operations is delegated to the executive management team, which is employed by Property and Asset Management Limited, within predefined authority limits. The board is ultimately responsible for the leadership and control of the company.

The board agrees a schedule of regular meetings to be held in each calendar year and also meets on other occasions as necessary. There is a schedule of matters specifically reserved for decision at board meetings, as follows:

- approval of strategic plans for the group;
- approval of annual statutory financial statements, annual budgets and interim accounts;
- review of operational and financial performance;
- approval of major property acquisitions and investments;
- review of the group's internal controls and risk management processes; and
- appointments of the companies providing property management, asset management, project management and all major development contracts.

Operation of the board

The board meets regularly throughout the year. The directors receive quarterly management accounts and full board papers are sent to each member on a timely basis prior to each board meeting to enable them to discharge their duties. These papers include the minutes of meetings of the board.

An induction process is in place to familiarise new board members with the operations of the group and with the procedures of the board.

Effective governance is achieved by the separation of the roles of the executive Chairman and the management team, as this division of responsibilities ensures a balance of power and authority. The executive Chairman has overall responsibility for ensuring that the group achieves a satisfactory return on investment for unit holders. He oversees the orderly operation of the board and ensures appropriate interaction between it, executive management and the company's unit holders. PAM Group General Manager is responsible for developing and delivering the group's strategy and is accountable for its overall performance and day to day management.

Attendance at scheduled board and relevant committee meetings during the year ended 31 December 2011

	Attended	Fees Paid in 2011
G.R.Giachetti	4	P9,000.00
M.A.Gachetti	4	P15,000.00
G.G.Giachetti	3	P14,250.00
G.Matenge	4	P9,000.00
N.N.Gaolathe	2	P13,500.00
J.Stewart	3	P8,250.00
L.Magang	4	P9,000.00

Broadhurst Business Centre

Terms of appointment

Non-executive directors have been invited to join the board for a three year period, subject to re-election by unit holders as provided for in the company's articles of association.

The board does not believe that the number of years that a person serves as a Director should limited. Directors that have served for an extended period are able to provide valuable knowledge, and experience necessary to lead the company and be re-elected.

The appointment and removal of the company secretary is a matter for the board. All directors have access to the advice and services of the company secretary.

Corporate Governance Statement (continued)

Independence of directors

All the directors bring independent judgement to bear in the course of performance of their duties.
In particular, the board reviewed the position of G. R. Giachetti as Executive Chairman and determined that, despite his executive role, it is confident that the effective separation of duties exists with the Management Team. The Chairman executes his powers in an independent manner throughout the financial year, discharges his duties in a consistently independent manner and constructively and appropriately challenges the executive management team and the board.

Board committees

The board has established a formal sub-committee.

Audit and Risk committee

The purpose of the audit and risk committee is to oversee the financial reporting processes, assurance and finance functions and external audit process of RDCP. The audit and risk committee, is composed of three members, the Chairman, who is not a director of the company, is an independent advisor. He is assisted by two directors, both non-executive, independent members of the board. The co-opted member is the group's General Manager. The committee meets three times a year and reports are issued to the Board.

Remuneration/Nominations committee

The board plans for its own succession. In view of the current size of the company, and the fact that no one is employed by the company, the board has not established these committees.
Directorships, and where appropriate, senior management appointments are considered and recommended by the board.

Auditors

The auditors are permitted to provide non-audit services that are not in conflict with auditor independence where they are considered by the board to be the most appropriate to provide the services in the best interests of the company.
The external auditors have full and unrestricted access to all information of the company.

Internal controls

The board has overall responsibility for the group's system of internal control and for monitoring its effectiveness. The system of internal control applied by the company is designed to allow reasonable but not absolute assurance against material misstatement or loss.

On a regular basis, the board receives reports on the key Issues affecting the business of the company.

The company's Annual General Meeting affords individual unit holders the opportunity to question the chairman and members of the board. Notice of the Annual General Meeting is sent to unit holders at least 21 calender days before the meeting. At the meeting, after each resolution has been dealt with, details are given of the number of proxies lodged, together with details of votes cast for and against each resolution.

Fees for non-executive directors are determined by the board on an annual basis.

Service contracts and letters of appointment

The following directors, M. A. Giachetti, and G. Giachetti have a beneficial interest in a material contract to which the company or its subsidiary was a party during the year. The contract is the construction of Masa Centre awarded to Italtswana Construction Company (Pty) Ltd (ICC) by Three Partners Resorts Limited. The contract was awarded following a tender process coordinated by a firm of Independent Professional Quantity Surveyors.

The company has a service contract with Property and Asset Management Limited (PAM), details of which are disclosed in the Chairman's Statement and in the Directors reports.
G. R. Giachetti, M. A. Giachetti, G. Giachetti, L. Magang and J. Stewart are directors of PAM which is the company providing property management, accounting and secretarial services to RDCP. The appointment of PAM is reviewed by the Board on a regular basis and both competitiveness and quality of the services are openly discussed.

One of the directors, G. Giachetti has an indirect interest in the group's investment in a joint venture company, HMS1 SA.

G. R. Giachetti, M. A. Giachetti, and G. Giachetti are directors of ICC, which is among the civil engineering companies providing construction services to the group. The appointment of ICC, for any construction contracts, is reviewed by the Board on a case by case basis and generally after recommendation from an independent Professional Quantity Surveyor in control of a negotiation or a completely transparent tendering process.

Masa Centre

Directors' Responsibility Statement and Approval of Annual Financial Statements

31 December 2011

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of RDC Properties Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2011, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of Botswana (Companies Act, 2003).

The directors are required by the Companies Act of Botswana (Companies Act, 2003) to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report. It is their responsibility to ensure that the company and group annual financial statements fairly present the state of affairs of the company and group as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the group annual financial statements and annual financial statements.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The group annual financial statements and annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in the annual financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Pep Serowe

The directors have made an assessment of the group's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead. The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently reviewing and reporting on the group's annual financial statements and annual financial statements, which were examined by the external auditors and their report is presented on page 18.

Approval of the annual financial statements

The group annual financial statements and annual financial statements set out on pages 19 to 43 which have been prepared on the going concern basis, were approved by the board on 13 March 2012 and were signed on its behalf by:

Mr. G. R. Giachetti Chairman	Mr. M. A. Giachetti Director

Independent Auditor's Report to the Members of RDC Properties Limited

Report on the Annual Financial Statements

We have audited the group annual financial statements and annual financial statements of RDC Properties Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2011, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 19 to 43.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Botswana (Companies Act, 2003), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of RDC Properties Limited as at 31 December 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Botswana (Companies Act, 2003).

Deloitte & Touche
Certified Auditors
Practicing Member: M Marinneli (19900028.17)

Gaborone
xxxxxxxx

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Tax & Legal and Risk Advisory L Geeringh Consulting L Bam Corporate Finance CR Beukman Finance TJ Brown Clients & Markets MT Mtoba Chairman of the Board CR Qually Deputy Chairman of the Board
Resident Partners: M Marinelli Senior Partner FC Els P Naik CV Ramatlapeng M Bardopoulos

A full list of the partners and directors is available on request

Member of Deloitte Touche Tohmatsu

Deloitte.

PO Box 778
Gaborone
Botswana

Deloitte & Touche
Assurance & Advisory Services
Certified Public Accountants
(Botswana)
Deloitte & Touche House
Plot 64518
Fairgrounds Office Park
Gaborone
Botswana

Tel: +(267) 395 1611
Fax: +(267) 397 3137
www.deloitte.com

Statements of Comprehensive Income

for the year ended 31 December 2011

	Notes	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
Revenue		32 711	30 704	25 378	24 245
Contractual lease rental revenue	1	30 954	28 898	24 873	23 205
Straight line rental adjustment		755	1 508	505	1 040
Hotel revenue		1 002	298	-	-
Operating expenses		(10 646)	(8 767)	(6 544)	(5 236)
Net foreign exchange gains/(losses)		1 582	(582)	(23)	(492)
Other operating income		830	6 860	431	6 710
Profit from operations before fair value adjustments		24 477	28 215	19 242	25 227
Surplus arising on revaluation of properties		106 368	17 583	89 809	18 309
Net valuation		107 123	19 091	90 314	19 349
Adjusted for straight line rental adjustment		(755)	(1 508)	(505)	(1 040)
Profit from operations	2	130 845	45 798	109 051	43 536
Investment income	3	7 692	6 851	9 315	10 592
Finance costs	4	(11 029)	(10 556)	(9 393)	(9 651)
Profit before tax		127 508	42 093	108 973	44 477
Income tax expense	5	(27 874)	(10 568)	(24 116)	(10 503)
Profit for the year from continuing operations		99 634	31 525	84 857	33 974
Discontinued operations					
Proft/(loss) from discontinued operations	28	62	(1 835)	-	-
Profit for the year		99 696	29 690	84 857	33 974
Other comprehensive income					
Exchange differences on translation of foreign operations		(239)	(349)	-	-
Total comprehensive income for the year		99 457	29 341	84 857	33 974
Profit attributable to:					
Owners of the company		92 184	28 514	84 857	33 974
Non-controlling interests		7 512	1 176	-	-
		99 696	29 690	84 857	33 974
Total comprehensive income attributable to:					
Owners of the company		91 945	28 165	84 857	33 974
Non-controlling interests		7 512	1 176	-	-
		99 457	29 341	84 857	33 974
Interest to dividend ratio		50:1	50:1	50:1	50:1
Number of linked units in issue at year end	13 & 14	34,544,029	33,541,022	34,544,029	33,541,022
Average number of linked units in issue		34,148,322	33,262,917	34,148,322	33,262,917
Earnings per linked unit (thebe)		279.45	100.06		
Earnings per linked unit is calculated based on the average number of linked units in issue and profit for the year attributable to the owners of the company adjusted by the taxation on debenture interest credited to statement of changes in equity of:		95 428	33 282		
Distribution per linked unit (thebe)		43.54	58.00		
Interest per linked unit (thebe)		42.68	56.86		
Dividend per linked unit (thebe)		0.86	1.14		

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

Statements of Financial Position

31 December 2011

	Notes	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
ASSETS					
Non-current Assets					
Property, plant and equipment	6	311 188	246 877	29	12
Investments	7	2 152	2 323	94 056	84 912
Investment properties		294 305	213 937	235 139	171 330
At fair value	8	300 436	219 313	239 861	175 547
Rental receivable - straight line rental adjustment	8	(6 131)	(5 376)	(4 722)	(4 217)
Intangible assets	9	1 000	1 000	-	-
Rental receivable - straight line rental adjustment	8	6 131	5 376	4 722	4 217
Long term advances	10	-	-	3 152	3 843
		614 776	469 513	337 098	264 314
Current Assets					
Inventories		67	32	-	-
Trade and other receivables	11	12 736	15 294	7 011	6 545
Current portion of long term advances	10	-	-	768	750
Current tax assets		-	109	-	33
Cash and cash equivalents	12	8 717	4 220	224	1 428
		21 520	19 655	8 003	8 756
Assets classified as held for sale	29	27 270	2 400	26 000	-
Total current assets		48 790	22 055	34 003	8 756
Total Assets		**663 566**	**491 568**	**371 101**	**273 070**
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	13	8 845	8 733	8 845	8 733
Debentures	14	61 817	56 241	61 817	56 241
Accumulated profits	15	173 888	93 501	154 051	80 991
Debenture interest and dividend reserve	16	9 465	14 111	9 465	14 111
Non distributable reserve		41	41	-	-
Foreign currency translation reserve		(1 707)	(1 468)	-	-
Equity attributable to owners of the parent		252 349	171 159	234 178	160 076
Non-controlling interests	17	80 774	68 292	-	-
Total equity		333 123	239 451	234 178	160 076
Non-current Liabilities					
Long term borrowings	18	236 051	187 724	75 000	75 000
Deferred tax liabilities	19	53 352	31 240	45 013	25 577
		289 403	218 964	120 013	100 577
Current Liabilities					
Trade and other payables	20	17 768	20 498	6 618	10 097
Bank overdraft	21	9 264	2 417	6 747	-
Current portion of long term borrowings	18	12 271	9 248	2 212	2 320
Current tax liabilities		1 340	12	1 333	-
		40 643	32 175	16 910	12 417
Liabilities directly associated with assets classified as held for sale	29	397	978	-	-
Total current liabilities		41 040	33 153	16 910	12 417
Total Equity and Liabilities		**663 566**	**491 568**	**371 101**	**273 070**

Statements of Changes in Equity

for the year ended 31 December 2011

GROUP	Notes	Stated capital P'000	Debentures P'000	Accumulated profits P'000	Debenture interest and dividend reserve P'000	Non-distributable reserve P'000	Foreign currency translation reserve P'000	Attributable to owners of the parent P'000	Non-controlling interests P'000	Total P'000
Balance at 1 January 2010		8 680	53 576	79 672	6 644	41	(1 119)	147 494	62 545	210 039
Capitalisation issue of linked units	13 & 14	53	2 665	-	-	-	-	2 718	-	2 718
		8 733	56 241	79 672	6 644	41	(1 119)	150 212	62 545	212 757
Profit for the year		-	-	28 514	-	-	-	28 514	1 176	29 690
Other comprehensive income for the year		-	-	-	-	-	(349)	(349)	-	(349)
Total comprehensive income for the year		-	-	28 514	-	-	(349)	28 165	1 176	29 341
Debenture interest declared and proposed	16	-	-	(19 072)	19 072	-	-	-	-	-
Taxation attributable to debenture interest	5	-	-	4 768	-	-	-	4 768	-	4 768
Debenture interest paid		-	-	-	(11 751)	-	-	(11 751)	-	(11 751)
Dividends declared and proposed	16	-	-	(381)	381	-	-	-	-	-
Dividends paid		-	-	-	(235)	-	-	(235)	-	(235)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(2 085)	(2 085)
Net loans received from non-controlling interests		-	-	-	-	-	-	-	6 656	6 656
Balance at 31 December 2010		8 733	56 241	93 501	14 111	41	(1 468)	171 159	68 292	239 451
Capitalisation issue of linked units	13 & 14	112	5 576	-	-	-	-	5 688	-	5 688
		8 845	61 817	93 501	14 111	41	(1 468)	176 847	68 292	245 139
Profit for the year		-	-	92 184	-	-	-	92 184	7 512	99 696
Other comprehensive income for the year		-	-	-	-	-	(239)	(239)	-	(239)
Total comprehensive income for the year		-	-	92 184	-	-	(239)	91 945	7 512	99 457
Debenture interest declared and proposed	16	-	-	(14 745)	14 745	-	-	-	-	-
Taxation attributable to debenture interest	5	-	-	3 244	-	-	-	3 244	-	3 244
Debenture interest paid		-	-	-	(19 300)	-	-	(19 300)	-	(19 300)
Dividends declared and proposed	16	-	-	(296)	296	-	-	-	-	-
Dividends paid		-	-	-	(387)	-	-	(387)	-	(387)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(760)	(760)
Net loans received from non-controlling interests		-	-	-	-	-	-	-	5 730	5 730
Balance at 31 December 2011		8 845	61 817	173 888	9 465	41	(1 707)	252 349	80 774	333 123
COMPANY										
Balance at 1 January 2010		8 680	53 576	61 702	6 644	-	-	130 602	-	130 602
Capitalisation issue of linked units	13 & 14	53	2 665	-	-	-	-	2 718		2 718
		8 733	56 241	61 702	6 644	-	-	133 320	-	133 320
Profit for the year		-	-	33 974	-	-	-	33 974	-	33 974
Total comprehensive income for the year		-	-	33 974	-	-	-	33 974	-	33 974
Debenture interest declared and proposed	16	-	-	(19 072)	19 072	-	-	-	-	-
Taxation attributable to debenture interest	5	-	-	4 768	-	-	-	4 768	-	4 768
Debenture interest paid		-	-	-	(11 751)	-	-	(11 751)	-	(11 751)
Dividends declared and proposed	16	-	-	(381)	381	-	-	-	-	-
Dividends paid		-	-	-	(235)	-	-	(235)	-	(235)
Balance at 31 December 2010		8 733	56 241	80 991	14 111	-	-	160 076	-	160 076
Capitalisation issue of linked units	13 & 14	112	5 576	-	-	-	-	5 688	-	5 688
		8 845	61 817	80 991	14 111	-	-	165 764	-	165 764
Profit for the year		-	-	84 857	-	-	-	84 857	-	84 857
Total comprehensive income for the year		-	-	84 857	-	-	-	84 857	-	84 857
Debenture interest declared and proposed	16	-	-	(14 745)	14 745	-	-	-	-	-
Taxation attributable to debenture interest	5	-	-	3 244	-	-	-	3 244	-	3 244
Debenture interest paid		-	-	-	(19 300)	-	-	(19 300)	-	(19 300)
Dividends declared and proposed	16	-	-	(296)	296	-	-	-	-	-
Dividends paid		-	-	-	(387)	-	-	(387)	-	(387)
Balance at 31 December 2011		8 845	61 817	154 051	9 465	-	-	234 178	-	234 178

Statements of cash flows

for the year ended 31 December 2011

	Notes	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
Cash flows from operating activities					
Profit from continuing operations		130 845	45 798	109 051	43 536
Profit/(loss) from discountinued operations	28	51	(1 150)	-	-
Adjustment for items not involving the movement of cash:					
Amortisation of other investments		171	171	171	171
Depreciation		1 420	716	5	10
Surplus arising on revaluation of investment properties		(107 123)	(19 091)	(90 314)	(19 349)
Loss on disposal of investment properties - discontinued operations		-	1 817	-	-
Operating income before working capital changes		25 364	28 261	18 913	24 368
Changes in working capital:					
- Decrease /(increase) in trade and other receivables		2 590	(6 612)	(444)	(1 331)
- Decrease in trade and other payables		(3 287)	(5 711)	(3 478)	(183)
- Increase in inventories		(32)	(32)	-	-
Taxation paid		(1 114)	(939)	(93)	-
Net cash generated from operating activities		23 521	14 967	14 898	22 854
Cash flows used in investing activities					
Purchase of property, plant and equipment		(40 413)	(78 230)	(22)	(17)
Interest income received	3	6 890	6 004	7 613	7 029
Interest income received - discontinued activities		11	2	-	-
Investment income	3	802	847	802	847
Investment in subsidiaries		-	251	(9 315)	(4 037)
Proceeds from disposal of investment properties- discontinued operations		-	7 250	-	-
Dividend income		-	-	900	2 716
Net loan repayments from subsidiaries		-	-	673	563
Improvements to investment properties		-	(901)	-	(824)
Net cash (used in)/generated from investing activities		(32 710)	(64 777)	651	6 277
Cash flows from/(used in) financing activities					
Dividends paid		(387)	(235)	(387)	(235)
Debenture interest paid		(19 300)	(11 751)	(19 300)	(11 751)
Finance costs paid		(36 593)	(24 332)	(9 393)	(7 439)
Finance costs paid - discontinued operations		-	(252)	-	-
Long term loans raised		52 134	89 083	-	-
Long term loans repaid		(562)	(5 452)	(108)	(1 367)
Issue of ordinary shares	13	112	53	112	53
Issue of debentures	14	5 576	2 665	5 576	2 665
Amounts received from non-controlling interests	17	6 673	7 156	-	-
Dividends paid to non-controlling interests	17	(760)	(2 085)	-	-
Amounts repaid to non-controlling interests	17	(943)	(500)	-	-
Net cash generated from/(used in) financing activities		5 950	54 350	(23 500)	(18 074)
Net movement in cash and cash equivalents		(3 239)	4 540	(7 951)	11 057
Cash and cash equivalents at beginning of year		2 796	(1 683)	1 428	(9 629)
Effects of exchange rate on the cash held in foreign currencies		125	(61)	-	-
Cash and cash equivalents at end of year		(318)	2 796	(6 523)	1 428
Consisting of:					
Cash and bank balances		8 717	4 220	224	1 428
Cash and bank balances - discontinued operations	29	229	993	-	-
Bank overdraft		(9 264)	(2 417)	(6 747)	-
		(318)	2 796	(6 523)	1 428

Significant Accounting Policies

31 December 2011

Presentation of financial statements

These financial statements are presented in Pula (P) as that is the currency of Botswana and the functional currency of the group's operations.

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of Botswana (Companies Act, 2003).

Adoption of new and revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations of the International Accounting Standards Board (the IASB) and the IFRS Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting beginning on or after 1 January 2011.

There have been no significant changes to the financial results of the group arising from the adoption of the revised standards and new interpretations.

At the date of approval of these financial statements, the following applicable Standards were in issue but not yet effective:

-IFRS 7 Financial instruments: Diclosures-amendments enhancing disclosures about offsetting of financial assets and financial liabilites (effective for annual periods beginning on or after 1 January 2013 and interim periods within those periods);

-IFRS 7 Financial instruments : Disclosures-amendments requiring disclosures about initial application of IFRS 9 (effective for annual periods beginning on or after 1 January 2015/otherwise when IFRS 9 is first applied);

-IFRS 9 Financial instruments: Classification and measurement of financial assets (effective for periods beginning on or after 1 January 2015);

-IFRS 9 Financial instruments: Accounting for financial liabilities and derecognition (effective for annual period beginning on or after 1 January 2015);

-IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013);

-IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2013);

-IFRS 12 Disclosures of Interests in Other Entities (effective for annual periods beginning or or after 1 January 2013);

-IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013);

-IAS 1 Presentation of Financial Statements : Amendments to revise the way other comprehensive income is presented (effective for annual periods beginning on or after 1 July 2012);

-IAS 12 (revised) - recovery of underlying assets (effective for annual periods beginning on or after 1 January 2012);

-IAS 27 Consolidated and Separate Financial Statements: Reissued as IAS28 Investments in Associates and Joint Ventures (as amended in 2011) (effective for annual periods beginning on or after 1January 2013);

-IAS 28 Investments in Associates : Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) (effective for annual periods beginning on or after 1 January 2013);

-IAS 32 Financial Instruments: Presentation -amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014).

The company has evaluated the effect of all the new standards, amendments and interpretations that have been issued prior to 31 December 2011, which would be effective for the accounting periods on or after 1 January 2012. Based on the evaluation, management does not expect these standards, amendments and interpretations to have a significant impact on the group's or company's results (except for IAS 12 (revised)-recovery of underlying assets), nor will their adoption in future periods have a material financial impact on the financial statements of the group and the company. Management has not assessed the impact of IAS 12 (revised) on the financial statements.

Significant Accounting Policies (continued)

31 December 2011

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 at fair value. The principal accounting policies, which have been consistently followed in all material respects, 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 non-controlling interest is stated at the their 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 group's statement of comprehensive income from the 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 intercompany transactions and balances between group enterprises are eliminated on consolidation.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer credits, rebates and other similar allowances.

Rental income

Rental income from operating leases is recognised in the statements of comprehensive income on a straight line basis over the term of relevant leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on the straight line basis over the lease term.

The change in fair value of investment properties is offset against the rentals straight line adjustment in the statements of comprehensive income.

Other operating revenue

Other operating revenue comprises utility expenses, service levies and other costs recovered from tenants.

Interest

Interest is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets net carrying amount.

Investment properties

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

Impairment

At each statement of financial position date, the group and the company review the carrying amounts of their assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amounts, being the higher of fair value less costs to sell and value in use, of the assets are estimated in order to determine the extent of the impairment. Impairment losses and subsequent reversals are recognised in the statements of comprehensive income.

Interest in joint ventures

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for

Significant Accounting Policies (continued)

31 December 2011

Interest in joint ventures (continued)

on an accrual basis. Income from the sale or use of the group's share output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets for Sale and Discontinued Operations. The group's share of assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in terms of IFRS 3. Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the group and the company become party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Before accepting any new tenant, the group and company assesses the potential credit quality, and obtains surety as a measure of protection against possible default in future payments.

The management frequently reviews and identifies the receivables where recovery could be doubtful, based on factors such as past track record and possibilities of recovery in future. Additional security is also obtained, and payment plans are put in place for debtors who are identified as untimely payers.

Trade and other receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less impairment losses. Impairment losses are recognised in the statements of comprehensive income when collection of the full amount is no longer probable. Impairment losses are written off as incurred.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Significant Accounting Policies (continued)

31 December 2011

Financial instruments (continued)

Impairment of financial assets

Trade receivables are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's or company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Derecognition of financial assets

The group and the company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group or company neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, they recognise their retained interest in the asset and an associated liability for amounts they may have to pay. If the group or company retain substantially all the risks and rewards of ownership of a transferred financial asset, they continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

The group's and the company's significant financial liabilities include interest bearing loans, related companies balances and accounts payables which have been classified as other financial liabilities.

Interest bearing loans are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables and other accounts payable are stated at their nominal value. Equity and debt instruments, which comprise the stated capital and the variable rate unsecured debentures, are recorded at the proceeds received net of direct issue costs.

Derecognition of financial liabilities

The group and the company derecognise financial liabilities when, and only when, their obligations are discharged, cancelled or they expire.

Gains and losses on subsequent measurement of financial instruments

Gains and losses arising from a change in the fair value of financial instruments are included in the statements of comprehensive income in the period in which the change arises.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position when the group and the company have a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Investments

All investments are reported at cost less accumulated impairment losses.

The investment in Chobe Marina Lodge (Proprietary) Limited is stated at cost less amortisation. The investment is amortised over the lease period of 25 years on a discounted cash flow basis. The amortisation is charged to the statements of comprehensive income.

Debenture interest and dividends

Debenture interest and dividends proposed after the financial position date are shown as a component of equity.

Significant Accounting Policies (continued)

31 December 2011

Property, plant and equipment

Properties in the course of construction are reflected as capital work in progress and are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs are capitalised in accordance with the group's and the company's accounting policies. Plant and equipment is stated in the statements of financial position at cost less accumulated depreciation and any impairment losses. The methods of depreciation, useful lives and residual values are reviewed annually.

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:

Buildings	20-50 years
Plant and equipment	2 - 10 years
Office equipment	3 - 10 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds, and the carrying amount of the asset and is recognised in the statements of comprehensive income.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Related party transactions

Related parties are defined as those parties:

(a) directly, or indirectly through one or more intermediaries:

- (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- (ii) has an interest in the entity that gives it significant influence over the entity; or

(b) that are members of the key management personnel of the entity, including close members of the family.

All dealings with related parties are transacted on an arm's length basis and accordingly included in statements of comprehensive income for the year.

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 or substantively enacted at the statements of financial position date.

Deferred taxation is accounted for using the statement of financial position 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 basis 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 statements of comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the asset to be recovered.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Significant Accounting Policies (continued)

31 December 2011

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 statements of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling on the statements of financial position date. Gains and losses arising on retranslation are dealt with in the statements of comprehensive income.

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing at the statements of financial position date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising if any, are classified as equity and transferred to the group's foreign currency translation reserve. Such translation differences are recognised in the group statement of comprehensive income in the period in which the operation is disposed of.

Provisions

Provisions are recognised when the group and the company have a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of that asset until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The group as lessee

Assets held under finance leases are initially recognised as assets of the group and the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of comprehensive income. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals

Significant Accounting Policies (continued)

31 December 2011

Leasing (continued)

arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the group's accounting policies management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts within the next financial year:

Recoverability of intangible asset

During the year, the directors considered the recoverability of the group's intangible asset arising from a capitalised development, which is included in the consolidated financial position at P1,000,000. The hotel is under construction and the directors are confident that the carrying amount of this asset will be recovered in full even if returns are reduced. This situation will be closely monitored and adjustments made in future periods if adjustments are appropriate.

Useful lives of property, plant and equipment

The group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year the directors determined that the useful lives of items of property, plant and equipment remained unchanged.

Fair value of investment properties

The directors use their judgment in selecting an appropriate valuation technique for the investment properties. Investment properties are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices.

Notes to the Financial Statements

31 December 2011

1. Contractual lease rental revenue

Revenue comprises rental income and service charges recovered from tenants.

	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
Rental income	29 743	27 692	23 835	22 165
Service charges recovered	1 211	1 206	1 038	1 040
	30 954	28 898	24 873	23 205
Discontinued operations (note 28)				
Rental income	-	1 370	-	-
Service charges recovered	-	93	-	-
	-	1 463	-	-

2. Profit from operations

Profit from operations is stated after taking into account the following:

	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
Auditor's remuneration - audit fee	345	219	326	171
Amortisation of other investments	171	171	171	171
Depreciation	1 420	716	5	10
Directors' emoluments - for services as directors	78	40	78	40
Foreign exchange (gains)/losses - foreign entities	(1 605)	429	-	435
- other	23	57	23	57
Management and administration fee paid to related company (note 22)	1 952	1 784	1 366	1 226
Project and development management, brokerage commission and facilitation fees of activities in Madagascar	-	(6 630)	-	(6 630)
Repairs and maintenance on investment properties	852	667	717	497
Service charge paid to related company (note 22)	1 205	871	1 205	871

3. Investment income

	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
Interest income:				
- bank	64	136	-	-
- related parties and intercompany	462	220	1 249	1 381
- intercompany capitalised on qualifying assets (note 22)	6 364	5 648	6 364	5 648
	6 890	6 004	7 613	7 029
Share of the net income from Chobe Marina Lodge (Proprietary) Limited	802	847	802	847
Dividends	-	-	900	2 716
	7 692	6 851	9 315	10 592
Discontinued operations				
Interest income:				
- bank (note 28)	11	2	-	-

4. Finance costs

	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
Interest payable				
- bank	631	912	605	790
- long term loans	35 741	25 632	8 788	8 861
Total borrowing costs	36 372	26 544	9 393	9 651
Less: amounts capitalised on qualifying assets (note 6)	(25 343)	(15 988)	-	-
	11 029	10 556	9 393	9 651
Discontinued operations				
Interest payable				
- long term loans (note 28)	-	252	-	-

Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale.

Notes to the Financial Statements (continued)

5. Income tax expense

	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
Basic taxation at 22% (2010: 15%)	2 235	422	1 476	-
Additional company taxation at 0% (2010: 10%)	-	281	-	-
Normal taxation	2 235	703	1 476	-
Withholding tax offset on dividends paid	(102)	(128)	(40)	(34)
Tax on foreign entity	6	1	-	-
Total normal taxation	2 139	576	1 436	(34)
Deferred taxation- current year	22 160	5 055	19 062	5 673
-adjustment to deferred taxation attributable to change in tax rate	(3 696)	-	(2 985)	-
-capital gains deferred tax	4 027	169	3 359	96
	24 630	5 800	20 872	5 735
Income tax expense comprises:				
Charged to statement of comprehensive income	27 874	10 568	24 116	10 503
Attributable to debenture interest credited to statement of changes in equity	(3 244)	(4 768)	(3 244)	(4 768)
	24 630	5 800	20 872	5 735
Additional company taxation available to be offset against future withholding tax on dividends paid is	-	301	-	20

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

	Group 2011 %	Group 2010 %	Company 2011 %	Company 2010 %
Tax reconciliation:				
Tax at current rate	22.00	25.00	22.00	25.00
Taxation on debenture interest	2.98	10.72	2.98	10.72
Withholding tax offset on dividends paid	(0.08)	(0.30)	(0.04)	(0.08)
Deferred taxation -change in tax rate	(3.00)	-	(3.00)	-
Non-deductable expenses	(0.04)	(9.44)	0.19	(12.03)
Effective tax rates	21.86	25.98	22.13	23.61

6. Property, plant and equipment

Group	Leasehold buildings P'000	Plant and equipment P'000	Capital work in progress P'000	Office equipment P'000	Total P'000
Cost					
At 1 January 2010	2 201	-	151 564	162	153 927
Additions during the year	-	51	78 162	17	78 230
Finance costs capitalised during the year (note 4)	-	-	15 988	-	15 988
Transfer to other categories	19 256	1 751	(21 007)	-	-
At 31 December 2010	21 457	1 802	224 707	179	248 145
Additions during the year	49	61	38 061	22	38 193
Finance costs capitalised during the year (note 4)	-	-	25 343	-	25 343
Effect of foreign currency exchange differences	1 935	193	-	-	2 128
As at 31 December 2011	23 441	2 056	288 111	201	313 809
Accumulated depreciation					
At 1 January 2010	395	-	-	157	552
Charge for the year	394	312	-	10	716
At 31 December 2010	789	312	-	167	1 268
Charge for the year	995	420	-	5	1 420
Effect of foreign currency exchange differences	41	(108)	-	-	(67)
At 31 December 2011	1 825	624	-	172	2 621
Net book value at 31 December 2011	21 616	1 432	288 111	29	311 188
Net book value at 31 December 2010	20 668	1 490	224 707	12	246 877

Notes to the Financial Statements (continued)

31 December 2011

6. Property, plant and equipment (continued)

Leasehold buildings comprise the following:

- A parking lot facility at portion of Lots 1204,1138 and 8897 in Main Mall area in Gaborone, Botswana. The building is constructed on a plot of land leased from Gaborone City Council for a period of 20 years.

- Isalo Rock Lodge situated on Lot 480 AU Region d' Ihorombre, Madagascar. The land is being leased from ICC Madagascar SARL, a related party.

Capital work in progress comprises the following development:

- Masa Towers, Lot 54353, new Gaborone Central Business District, where a development is in progress. The property is encumbered by a covering mortgage bond in favour of BIFM Capital Investment Fund One (Proprietary) Limited for P60 000 000 and Barclays Bank of Botswana Limited for P90 000 000.

Company	Office equipment P'000	Total P'000
Cost		
At 1 January 2010	162	162
Additions during the year	17	17
At 31 December 2010	179	179
Additions during the year	22	22
At 31 December 2010	201	201
Accumulated depreciation		
At 1 January 2010	157	157
Charge for the year	10	10
At 31 December 2010	167	167
Charge for the year	5	5
At 31 December 2010	172	172
Net book value at 31 December 2011	29	29
Net book value at 31 December 2010	12	12

7. Investments

	Country of incorporation	Share Holding	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
At cost:						
Equity investments - Subsidiaries						
RDC Properties International (Proprietary) Limited	Botswana	100%	-	-	1 588	1 588
Lotsane Complex (Proprietary) Limited	Botswana	77%	-	-	1 692	1 692
Three Partners Resorts Limited	Botswana	53%	-	-	68 612	62 248
Tholo (Proprietary) Limited	Botswana	50%	-	-	1 884	1 884
			-	-	73 776	67 412
Long term loans - Subsidiaries						
Societe Immobiliere D'Ambodivona Sarl (SIA)	Madagascar		-	-	68	113
HMS1 Société Anonyme (HMS1)	Madagascar		-	-	15 873	12 877
			-	-	15 941	12 990
Other investments						
Propcorp (Proprietary) Limited	Botswana	33%	-	-	2 187	2 187
Chobe Marina Lodge (Proprietary) Limited	Botswana		2 152	2 323	2 152	2 323
			2 152	2 323	4 339	4 510
			2 152	2 323	94 056	84 912

RDC Properties International (Proprietary) Limited is an International Financial Services Centre (IFSC) company registered in Botswana.
The company owns 50% of Société Immobilere D'Ambodivona Sarl (SIA) and 50% of HMS1 Société Anonyme (HMS1) registered in Madagascar.
SIA and HMS1 are both joint venture companies.

The long term loans to Societe Immobiliere D'ambodivona Sarl (SIA) and HMS1 Société Anonyme (HMS1) have no fixed terms of repayment and are interest free.

Notes to the Financial Statements (continued)

31 December 2011

7. Investments (Continued)

Propcorp (Proprietary) Limited is a joint venture between RDC Properties Limited, Botswana Insurance Fund Management Limited (BIFM) and National Development Bank (NDB) for the development of the basement parking, in the area adjoining Standard House, BIFM House and NDB house in the Gaborone Main Mall area.

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

The following amounts are included in the group financial statements as a result of the proportionate consolidation of Société Immobilere D'Ambodivona Sarl (SIA), HMS1 Société Anonyme (HMS1) and Propcorp (Proprietary) Limited:

	2 011 P'000	2 010 P'000
Non-current assets	23 048	22 174
Current assets	4 845	4 730
Non-current liabilities	(7 716)	(8 450)
Current liabilities	(7 312)	(7 502)
Income	1 170	1 815
Expenses	(3 042)	(3 023)

8. Investment properties

	Group		Company	
	2011 P'000	2010 P'000	2011 P'000	2010 P'000
Freehold land and buildings at fair value	171 128	110 509	171 128	110 509
Leasehold land and buildings at fair value	129 308	108 804	68 733	65 038
	300 436	219 313	239 861	175 547
Straight line rental adjustment	(6 131)	(5 376)	(4 722)	(4 217)
	294 305	213 937	235 139	171 330
Reconciliation of fair value				
Opening value	213 937	202 594	171 330	150 854
At valuation	219 313	208 739	175 547	155 374
Straight line rental adjustment	(5 376)	(6 145)	(4 217)	(4 520)
Additions during the year	-	901	-	824
Exchange differences on translation	-	(351)	-	-
Disposal during the year	-	(9 067)	-	-
Net increase in fair value	107 123	19 091	90 314	19 349
Transfer to asset held for sale (note 29)	(26 000)	-	(26 000)	-
Straight line rental adjustment for the year	(755)	769	(505)	303
Closing balance	294 305	213 937	235 139	171 330

Investment properties are revalued annually by the Board of Directors based on a Discounted Cash Flow model. Each property is revalued by independent valuers at least every five years. In the current year, the whole portfolio except for Lot 4787 and 4788, Extension 6, Gaborone was valued by Stocker Fleetwood Bird, an independent valuer.

Freehold land and buildings comprise the following:

-Lots 1124 to 1130, Extension 3 , Gaborone , which are encumbered by a fourth mortgage bond of P15 000 000 in favour of First National Bank of Botswana Limited for an overdraft facility of P15 000 000.

-Lot 21306 Phakalane.

-Lots 1116, 1117 and 1840 Extension 3 Gaborone which are encumbered by first mortgage bond to First National Bank of Botswana Limited totalling P8 000 000.

-Lot 758 Gaborone which is encumbered by a mortgage bond in favour of First National Bank of Botswana Limited totalling P5 000 000.

Notes to the Financial Statements (continued)

31 December 2011

8. Investment properties (continued)

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.
- 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.
- Lot 617, Molepolole.
- Lots 50668 and 50669, Fairgrounds Gaborone.
- Lots 50369 which is encumbered by a first mortgage bond in favour of First National Bank of Botswana Limited for P8 000 000 for a loan granted to Shakawe (Pty) Limited.
- Lot 1707, Palapye.

Mortgages with Bankers, against which no obligation existed as at 31 December 2011:
Mortgages on the below mentioned properties where registered as security for loans over the years. As at the 31 December 2011, the loans are fully repaid and thefore the facilities could be cancelled;

Property	Valueof Mortgages with no liability
Lots 443, Serowe	P216,800
Lot 194, Maun	P780,000
Lots 680 and 292, Serowe	P2,460,000
Lot 4787 and 4788, Extension 6, Gaborone	P6,500,000
	P9,956,800

	Group 2011 P'000	Group 2 010 P'000	Company 2011 P'000	Company 2010 P'000
9. Intangible assets				
Capitalised development	1 000	1 000	-	-

The Group acquired the sole right to build and operate a hotel in the Central Business District in Gaborone, Botswana. As at the statement of financial position date the hotel was still under construction. Amortisation shall begin when the asset is available for use. The amortisation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the Group.

10. Long term advances

	Group 2011 P'000	Group 2 010 P'000	Company 2011 P'000	Company 2010 P'000
Tholo (Proprietary) Limited	-	-	3 920	4 593
Less: current portion	-	-	(768)	(750)
	-	-	3 152	3 843

This loan is unsecured and bears interest at a rate of prime plus 1% per annum and is repayable in monthly instalments of P108 161 including interest. This loan is repayable over a period of 111 months, effective from January 2007.

Notes to the Financial Statements (continued)

31 December 2011

	Group		Company	
	2011	2 010	2011	2010
	P'000	P'000	P'000	P'000

11. Trade and other receivables

Trade receivables	3 258	5 319	2 631	3 982
Allowance for doubtfull debts	(901)	(3 275)	(822)	(2 503)
	2 357	2 044	1 809	1 479
Other receivables	7 290	8 670	268	344
Related parties:				
- Tholo (Proprietary) Limited	-	-	1 778	1 623
- Lotsane Complex (Proprietary) Limited	-	-	647	1 233
- Shakawe (Proprietary) Limited	1 890	1 496	1 890	1 496
Italtswana Construction Company (Proprietary) Limited	462	2 576	-	-
Property and Asset Management Limited	119	267	-	171
Lot Two One Three Zero Six (Proprietary) Limited	618	199	619	199
Société Immobilere D'Ambodivona Sarl (SIA)	-	42	-	-
	12 736	15 294	7 011	6 545

The average credit period is 60 days. No interest is charged on overdue trade debtors. The Group has provided for all past due and impaired trade debtors based on estimated irrecoverable amounts determined by reference to past default experience. Included in trade debtors are amounts past due at the reporting date for which the Group has not provided as they are still considered recoverable.

Ageing of past due but not impaired				
60 - 90 days	101	997	81	787
90 - 120 days	188	42	-	-
Total	289	1 039	81	787

Movement in the allowance for doubtful debts				
Balance at beginning of the year	3 275	2 558	2 503	2 019
Movement in provision	(2 374)	717	(1 681)	484
Balance at end of the year	901	3 275	822	2 503

At the reporting date, the Group considers the concentration of credit risk is limited due to the customer base being small and unrelated. There are no impaired receivables. Accordingly, the directors, believe that there is no further provision required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables				
120+ days	901	3 275	822	2 503

12. Cash and bank balances

Bank balances	8 717	4 220	224	1 428

Barclays Bank Botswana Limited has lien on retention monies held in a rentention funds account held with them as part of security for the Three Partners Resorts Limited loan. The limit on this lien is P6 750 000.

13. Stated capital

Issued and fully paid				
Opening balance (33 541 022) (2009: 32 948 740) ordinary shares	8 733	8 680	8 733	8 680
Capitalisation issue (1,003,007) (2010: 592 282) ordinary shares	112	53	112	53
Closing balance (34 544 029) (2010: 33 541 022) ordinary shares	8 845	8 733	8 845	8 733

Notes to the Financial Statements (continued)

31 December 2011

	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
14. Debentures				
Opening balance (33 541 022) (2009: 32 948 740) debentures	56 241	53 576	56 241	53 576
Capitalisation issue (1,003,007) (2010: 592 282) debentures	5 576	2 665	5 576	2 665
Closing balance (34 544 029) (2010: 33 541 022) debentures	61 817	56 241	61 817	56 241
15. Accumulated profits				
Arising from operations	10 868	14 037	24 366	21 751
Arising from revaluation of investments	163 020	79 464	129 685	59 240
	173 888	93 501	154 051	80 991
16. Debenture interest and dividend reserve				
Debenture interest	9 280	13 835	9 280	13 835
Dividends	185	276	185	276
	9 465	14 111	9 465	14 111

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.

	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
Debenture interest				
Interim paid - 15.82 (2010:15.61) thebe	5 465	5 237	5 465	5 237
Final proposed - 26.86 (2010: 41.25) thebe	9 280	13 835	9 280	13 835
	14 745	19 072	14 745	19 072
Dividends:				
Interim paid - 0.32 (2010: 0.31) thebe	111	105	111	105
Final proposed - 0.54 (2010: 0.83) thebe	185	276	185	276
	296	381	296	381

During 2011, interim debenture interest and dividend per linked unit were declared and paid. The 2010 final distribution paid during 2011 was offered with an option for 50% capitalisation as at 27 May 2011. At the year end, the final debenture interest and dividend per linked unit have been proposed and will be submitted for formal approval at the forthcoming Annual General Meeting. The proposed amounts are included in the debenture interest and dividend reserve.

	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
17. Non-controlling interests				
Opening balance	68 292	62 545	-	-
Share of profit for the year	7 512	1 176	-	-
Amounts received from non-controlling interests	6 673	7 156	-	-
Dividends paid	(760)	(2 085)	-	-
Amounts repaid to non-controlling interests	(943)	(500)	-	-
Closing balance	80 774	68 292	-	-
18. Long term borrowings				
First National Bank of Botswana Limited	-	108	-	108
Less : current portion	-	(108)	-	(108)
	-	-	-	-

This loan bears interest at a rate of prime less 2.5% (2010 : Prime less 2.5%) per annum and was repayable in monthly instalments of P16 065 (2010 : P16 065) including interest. The loan was repaid in 2011.

Notes to the Financial Statements (continued)

31 December 2011

	Group		Company	
	2011	2 010	2011	2 010
	P'000	P'000	P'000	P'000

18. Long term borrowings (continued)

Barclays Bank of Botswana Limited	96 717	44 583	-	-
Less: current portion	(6 428)	(3 715)	-	-
	90 289	40 868	-	-

The amount represents a loan taken by Three Partners Resorts Limited. The loan bears interest at a rate of prime minus 1.50% during the development phase. On completion the interest rate will be prime minus 2.75%. The loan is repayable in 120 monthly instalments. The loan is secured as indicated in note 6.

BIFM Capital Investment Fund One (Proprietary) Limited	142 103	142 328	77 212	77 212
Less : current portion	(4 057)	(3 922)	(2 212)	(2 212)
	138 046	138 406	75 000	75 000

These loans represent subscription of Promissory Notes for RDC Properties Limited as well as Three Partners Resort Limited at a fixed interest rate of 11.7% and 10.7% respectively, compounded semi annually. Due dates of interest payments are the 31 March and 30 September of each year. The redemption dates are 30 September 2021 to 2025 for RDC Properties Limited and 30 September 2025 to 2034 for Three Partners Resorts Limited. The loan for RDC Properties Limited is unsecured while the one for Three Partners Resorts Limited is secured as per note 6.

BNI , Madagascar	9 502	9 953	-	-
Less : current portion	(1 786)	(1 503)	-	-
	7 716	8 450	-	-

This loan bears interest at a rate of 9.50% per annum. The HMS1 project was completed in 2010. The loan is repayable in 24 quarterly installments from 31 October 2010 to 31 July 2016. The loan is secured as indicated in note 25.

Long term portion of loans	236 051	187 724	75 000	75 000
Current portion of loans	12 271	9 248	2 212	2 320

19. Deferred tax liabilities

The deferred taxation (assets)/liabilities arising on timing differences on:				
Plant and equipment	11	12	11	12
Investment properties	227 846	120 367	188 151	95 719
Tax losses	(6 860)	(3 283)	-	-
IAS 17 adjustment	6 131	5 375	4 721	4 216
Capital gains	22 452	3 652	18 462	2 808
Unrealised exchange differences	(28)	(450)	(28)	(450)
Non-resident debenture interest	(6 710)	-	(6 710)	-
	242 842	125 673	204 607	102 305
Tax at 22%/23%/24%/25%	53 352	31 240	45 013	25 577
Reconciliation of movement				
Opening balance	31 240	26 072	25 577	19 808
Charge to profit or loss - current year	22 160	5 055	19 062	5 673
- adjustment to deferred taxation attributable to change in tax rate	(3 696)	-	(2 985)	-
- capital gains	4 027	169	3 359	96
Exchange differences on translation	(379)	(56)	-	-
Closing balance	53 352	31 240	45 013	25 577

Notes to the Financial Statements (continued)

31 December 2011

	Group		Company	
	2011	2 010	2011	2 010
	P'000	P'000	P'000	P'000
20. Trade and other payables				
Trade payables	13 142	14 755	1 882	2 184
Other payables	4 367	4 549	3 369	3 120
Related parties:				
Property and Asset Management Limited	244	350	-	-
Italtswana Construction Company (Proprietary) Limited	15	844	15	739
RDC Properties International (Proprietary) Limited	-	-	1 352	1 554
Three Partners Resorts Limited	-	-	-	2 500
	17 768	20 498	6 618	10 097

21. Bank facilities

The group has the following banking facilities: a bank overdraft totalling P15 000 000, guarantees for P16,256,369 and forex pre-settlement of P300,000. These are secured by a first mortgage bond of P5 000 000 over lots 758 Gaborone, another first mortgage bond of P 8 000 000 over lots 1116, 1117 and 1840 and a fourth mortgage bond of P15 000 000 over lots 1124 to 1130, in favour of First National Bank of Botswana Limited.

22. Related party transactions

Related parties are companies with common shareholding and control.

Receivables relating to related parties are disclosed in note 11.

Payables relating to related parties are disclosed in note 20.

The following trading transactions were carried out with related parties.

Interest income - related parties (note 3)

	Group 2011 P'000	Group 2 010 P'000	Company 2011 P'000	Company 2 010 P'000
RDC Properties International (Proprietary) Limited	-	-	-	(180)
Lotsane Complex (Proprietary) Limited	-	-	(135)	(118)
Three Partners Resorts Limited	(6 364)	(5 648)	(6 364)	(5 648)
Tholo (Proprietary) Limited	-	-	(887)	(871)
	(6 364)	(5 648)	(7 386)	(6 817)

Property and Asset Management Limited

	Group 2011 P'000	Group 2 010 P'000	Company 2011 P'000	Company 2 010 P'000
- management and administration (note 2)	1 952	1 784	1 366	1 226
- lease renewal fees	274	217	212	181
- service charges (note 2)	1 205	871	1 205	871

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.

Service charges are 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

	Group 2011 P'000	Group 2 010 P'000	Company 2011 P'000	Company 2 010 P'000
- repairs and maintenance expenditure	263	240	255	234
- interest income	(235)	(8)	-	-

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

Shakawe (Proprietary) Limited

	Group 2011 P'000	Group 2 010 P'000	Company 2011 P'000	Company 2 010 P'000
- commission charged	(75)	(75)	(75)	(75)
- interest income	(227)	(212)	(227)	(212)

Notes to the Financial Statements (continued)

31 December 2011

23. 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 statement of financial position date.

At the statement of financial position date, the group had contracted with tenants for the following future minimum lease payments:

	Group		Company	
	2011 P'000	2 010 P'000	2011 P'000	2 010 P'000
Within one year	43 235	24 908	20 206	20 295
In the second to fifth years inclusive	147 136	57 307	38 252	43 841
After five years	229 448	22 297	19 201	21 649
	419 819	104 512	77 659	85 785

24. Capital commitments

Approved and contracted:

Within one year	18 817	53 487	-	-
	18 817	53 487	-	-

Three Partners Resorts Limited (TPR)

Construction of a mixed use development which includes a hotel, office space, cinema, speciality restaurants and other commercial outlets like banks and shops. The project is located in the Central Business District in Gaborone. It is expected that the project will be completed in March 2012. The remainder of the project will be financed from on going operating cash flows as well as cash calls to the shareholders' of TPR, if needed.

25. Contingent liabilities

RDC Properties Limited has given bank guarantees for the bank loans availed to HMS1 Société Anonyme (HMS1) by commercial bankers based in Madagascar, as follows:

- An amount equivalent to P9 863 681 (Euro 1 013 000) by First National Bank of Botswana Limited, in favour of Emprunt CA BNI (BNI) for a 50% loan amount equivalent to P9 502 415 (Ariary 2 738 757 530);

-An amount equivalent to P4,868,549 (Euro 500,000) by First National Bank of Botswana Limited in favour of Banque Malgache de L'Ocean Indien (BMOI) for an overdraft facility.

Further, RDC Properties Limited has given a guarantee for an amount of P7 500 000 in favour of First National Bank of Botswana Limited, for a loan of the same amount granted to Shakawe (Proprietary) Limited.

RDC Properties Limited has also given a corporate guarantee of P47 700 000 in favour of Barclays Bank of Botswana Limited and a Deed of Cession of Rentals dated 03 November 2010 over Plot 54353 Gaborone. The group has also given lien over the Retention of Funds in the amount of P6,750,000.

26. 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, Isalo Rock Lodge in Madagascar. This activity is classified as hotel revenue in the Statements of Comprehensive Income. Isalo Rock Lodge's operations are not material to the group, therefore segmental information based on business activities or geographical locations is not considered necessary.

Notes to the Financial Statements (continued)

31 December 2011

27. Financial risk management

		Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
Categories of financial instruments					
Financial assets					
Fair value through profit and loss					
Investments		2 152	2 323	94 056	84 912
Loans and receivables (including receivables held for sale)					
Long term advances		-	-	3 920	4 593
Trade and other receivables		13 546	16 701	6 810	6 545
		13 546	16 701	10 730	11 138
Cash and cash equivalents		8 946	5 213	224	1 428
Financial liabilities					
Amortised cost					
Long term borrowings	- at floating interest rate	106 219	54 644	-	-
Long term borrowings	- at fixed interest rate	142 103	142 328	77 212	77 212
Trade and other payables		18 165	19 928	6 618	10 097
Bank overdraft		9 264	2 417	6 747	-
		275 751	219 317	90 577	87 309

In the normal course of business the group is exposed to currency, capital, 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

The group undertakes transactions denominated in foreign currencies, Euro and US dollar. Consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Group 2011 P'000	Group 2010 P'000	Company 2011 P'000	Company 2010 P'000
Related party loans to:				
Societe Immobiliere D'Ambodivona Sarl (SIA)	-	-	68	113
HMS1 Société Anonyme (HMS1)	-	-	15 873	12 877
	-	-	15 941	12 990

There are no foreign currency denominated monetary liabilities at the end of the reporting period.

Capital risk

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, which includes the long term borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the parent company comprising stated capital, debentures and accumulated profits as disclosed in notes 13, 14 and 15 respectively.

Credit risk

The group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the statements of financial position 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.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management of the group aims to maintain flexibility in funding by keeping committed credit lines available. The parent company provides short term funding to cover working capital shortfalls as appropriate.

27. Financial risk management (continued)

Interest rate risk

Interest rate risk is the possible loss in the value resulting from an unexpected and adverse movement in interest rates. Entities in the group are exposed to interest rate risk because they borrow funds at both the fixed and floating interest rates. The group entities manage interest rate risk maintaining an appropriate mix between fixed and floating rate borrowings and by basing the interest rate on financial assets and liabilities around the prime lending rate.

Financial instruments that are sensitive to interest rate risks, comprise bank balances, loans and advances, related party balances and long term borrowings.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both financial assets and liabilities at the end of the reporting period. For the floating interest rate financial assets and liabilities, the analysis is prepared assuming the amount of the asset or liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used by the Directors when reporting interest rate risk management, as it represents a reasonable possible change in the interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the effect of the profit for the year for the group and company, would have been as follows:

Group	Amount of asset/(liability)	Change in interest rate	Increase/ (decrease) in profit before tax
31 December 2011	**P'000**	**%**	**P'000**
Financial assets			
Cash and cash equivalents	8 946	0.50	45
Financial liabilities			
Long term borrowings- at floating interest rate	(106 219)	0.50	(531)
Bank overdraft	(9 264)	0.50	(46)
			(532)
31 December 2010			
Financial assets			
Cash and cash equivalents	5 213	0.50	26
Financial liabilities			
Long term borrowings - at floating interest rate	(54 644)	0.50	(273)
Bank overdraft	(2 417)	0.50	(12)
			(259)
Company			
31 December 2011			
Financial assets			
Long term loans to related parties	15 941	0.50	80
Long term advances	3 920	0.50	20
Cash and bank balances	224	0.50	1
			101
31 December 2010			
Financial assets			
Long term loans to related parties	12 990	0.50	65
Long term advances	4 593	0.50	23
Cash and bank balances	1 428	0.50	7
			95

Notes to the Financial Statements (continued)

31 December 2011

Fair values of financial instruments

The fair values of financial instruments approximates their carrying values.

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value measurements recognised in the statement of financial position
The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group and company	**Level 1 P'000**	**Level 2 P'000**	**Level 3 P'000**	**Total P'000**
Financial assets				
Investments	-	-	2 152	2 152

There were no transfers between levels during the period.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values

28. Discontinued operations

The Group disposed of its investment property, TANA Waterfront, in Société Immobilere D'Ambodivona Sarl (SIA) in the prior year, which was its only cash generating unit. The results of SIA to disposal date have been classified as discontinued operations.

Profit/(loss) for the year from discontinued operations	**Notes**	**Group 2011 P 000**	**Group 2010 P 000**
Revenue	1	-	1 463
Expenses		(32)	(843)
Loss on disposal of investment property		-	(1 817)
Net foreign exchange loss		1	47
Other operating income		82	-
Profit/(loss) from operations before fair value adjustments		51	(1 150)
Surplus arising on revaluation of properties		-	-
Profit/(loss) from operations		51	(1 150)
Investment income	3	11	2
Finance costs	4	-	(252)
Profit/(loss) before tax		62	(1 400)
Income tax expense		-	(435)
Profit/(loss) for the year from discontinued operations		62	(1 835)

Cash flows from discontinued operations

	2011	2010
Net cash out flows from operating activities	393	(1 923)
Net cash inflows from investing activities	11	7 517
Net cash outflows from financing activities	(1 168)	(4 718)
Net cash (out)/in flows	(764)	876

29. Assets held for sale

	Group 2011 P 000	Group 2010 P 000
Group		
Investment property available for sale (a)	26 000	-
Assets related to discontinued operations (b)	1 270	2 400
Assets classified as held for sale	27 270	2 400
Liabilities associated with assets held for sale (b)	(397)	(978)
Company		
Investment property available for sale (a)	26 000	-

(a) The company intends to dispose of the investment property, Lots 4787 and 4788, Extension 6, Gaborone within the next six months. Proceeds from this sale will be utilised for other projects. Potential buyers have been identified.

(b) As disclosed in note 28, the Group disposed of a cash generating unit during the prior year.

The carrying amounts of the major classes of assets and liabilities comprising the operations classified as held for sale at the statement of financial position date are as follows:

	2011 P 000	2010 P 000
Trade and other receivables	1 041	1 407
Cash and cash equivalents	229	993
Assets classified as held for sale	1 270	2 400
Trade and other payables	(397)	(570)
Tax liabilities	-	(408)
Liabilities associated with assets classified as held for sale	(397)	(978)
Net assets of discontinued operations classified as held for sale	873	1 422

30. Events after the reporting period

No adjusting events have occurred between the statement of financial position date and the date of approval of the financial statements, which would materially affect the financial statements.

Notice of Meeting

Notice is hereby given that the sixteenth Annual General Meeting of the Company will be held at the RDC Offices, Realestate Office Park, Gaborone on 16 May 2012 at 14:30 hrs 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 2011.

3. To approve the distribution as recommended by the directors.

4. To approve the payment of P78.000 for directors' emoluments (fees and expenses) for the year ended 31December 2011.

5. To re-elect all directors of the Company including:

   L . Magang
   N.N Gaolatlhe

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

6. To appoint the auditor for the ensuing year and approve the remuneration for the year ended 31 December 2011.

7. 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/her 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
23 April 2012

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

Masa Centre

Form of Proxy

The sixteenth Annual General Meeting of members to be held on 16 May 2012 at 14:30 hrs at the RDC Offices, Realestate Office Park, Gaborone.

I/We ....of ....being a member/members of the above named Companydo hereby appoint:

....of ....or failing that person the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the fourteenth Annual General Meeting of the Company to be held on 16 May 2012 at 14:30 hrs.

Signed this...day of 2012

Signature...

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

A member entitled to attend and vote may appoint a proxy to attend and vote for him/her 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.

Chobe
Commercial
Centre