



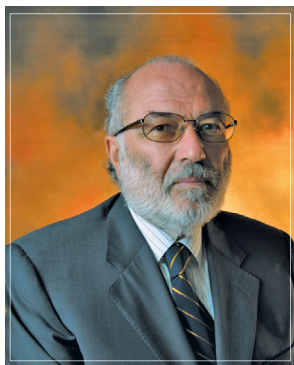
RDC

Table of Contents

2	Corporate information and highlights of 2006
5	Chairman's report
10	Directors' report
11	Directors' responsibilities and approval
12	Report of the independent auditors
14	Income statements
15	Balance sheets
16	Statements of changes in equity
17	Cash flow statements
18	Accounting policies
21	Notes to the financial statements
30	Properties and salient information
31	Notice of meeting
32	Form of proxy

Corporate Information and highlights of 2006

Board



M.A. Giachetti
Chairman
(Non-Executive)



G. Giachetti
(Non-Executive)



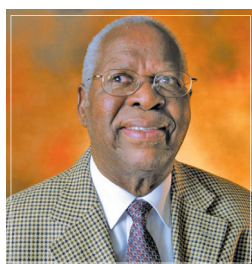
G.R. Giachetti
Managing Director
(Executive)



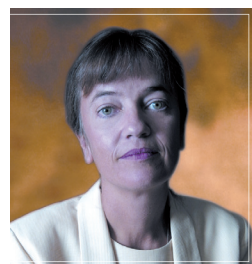
N.N. Gaolathe
(Independent
Non-Executive)



L. Magang
(Independent
Non-Executive)



G.W. Matenge
(Independent
Non-Executive)



J.S. Stewart
(Executive)

Alternate Director not featured.
G. Veukitachalam (Executive)

Incorporated in Botswana - Company number 96/592

Nature of Business:

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

Secretaries:

Pricewaterhouse Coopers (Proprietary) Limited

Registered Office:

Plot 50371
Fairground Office Park
Gaborone

Auditors:

Deloitte & Touche

Bankers:

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

Attorneys:

Armstrongs
Makuyana Legal Practice

Business Address:

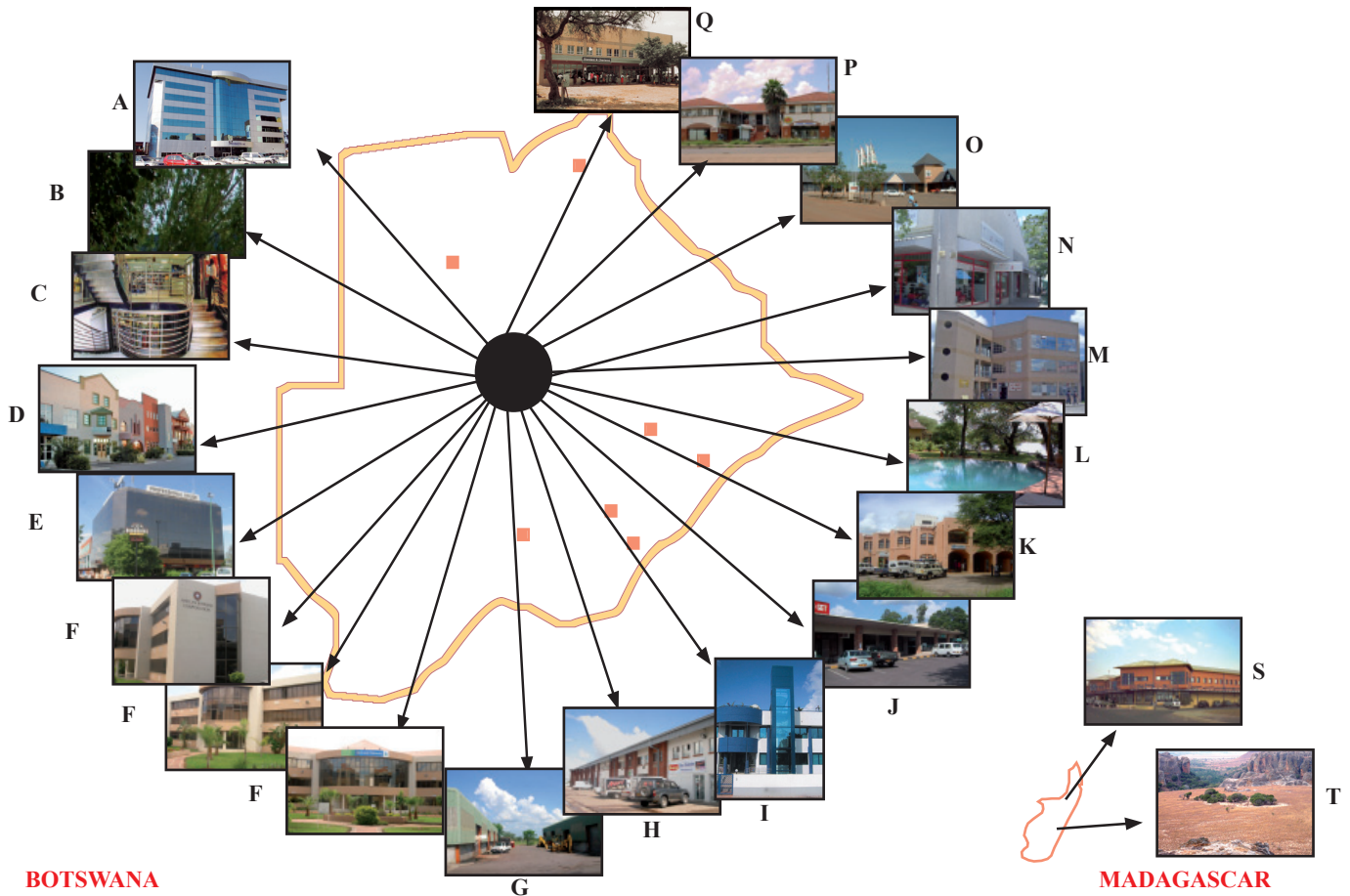
P.O. Box 1415
Gaborone, Botswana
Tel: +267 3901654
Fax: +267 3973441
Email: rdc@rdc.bw

Profile

The group mission is to be a timely, accurate and trusted partner for any development projects in the countries in which it operates.

RDC Properties Limited provides the investor with the opportunity to participate directly in the income and capital growth of both a professionally managed and prime quality property portfolio and rewarding property developments. The company is a variable rate loan stock company which produces similar yields to those which an institutional investor could expect from a direct holding in property. The investment portfolio, geographically spread over the major centres of Botswana, and two in Madagascar, is valued at approximately P174 million. It consists of 22 properties, mainly office buildings and commercial centres, by and large rented to “blue chip” tenants on long term leases.

Investment Portfolio



BOTSWANA

Gaborone

- A-Standard House
- B-Plaza 1 & II

- D-Broadhurst Business Centre
- E-Professional House
- F-Tholo A & B, Phase II
- G-Phakalane Industrial Estate
- H-Gaborone West Warehouses
- I-European Delegation

Jwaneng

- J-Diamond Centre

Kasane

- C-Mebala House
- K-Chobe Commercial Centre
- L-Chobe Marina Lodge - Units 18, 20, 22

Maun

- M-Roots Tower
- N-Tsodilo Centre

Molepolole

- O-Lotsane Complex

Palapye

- R-Pep House

Serowe

- P-Boswa Centre
- Q-Standard House
- R-Pep House

MADAGASCAR

Antananarivo

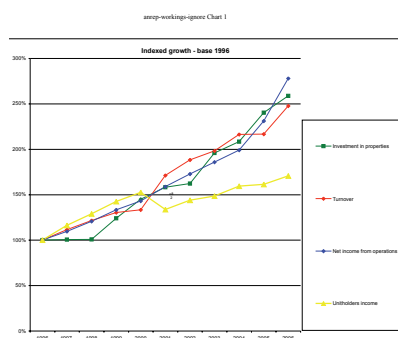
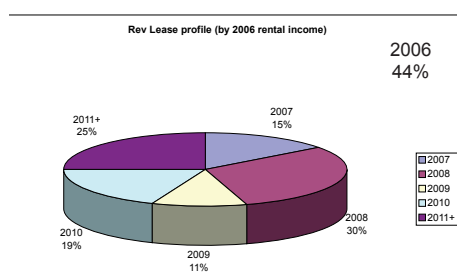
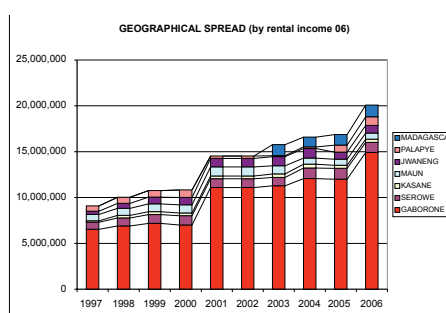
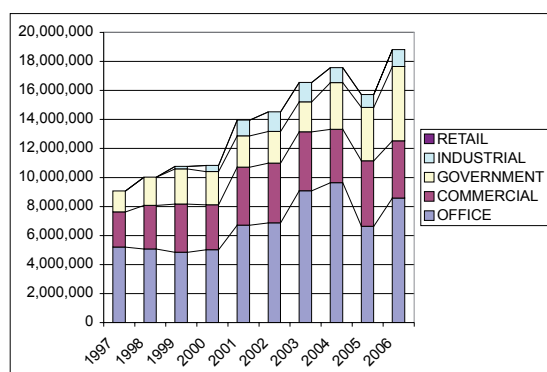
- S-Tana Waterfront
- T- Isala Rock Lodge

Financial Highlights

The salient features of the group from 1996 to 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Variance
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	%
Investment portfolio	67,094	67,492	67,583	83,206	97,268	106,188	108,865	131,417	139,877	161,234	15%
Long term borrowings	10,816	9,872	9,810	8,866	16,508	16,636	17,838	24,143	25,412	30,846	21%
Turnover (Contractual lease rental)	8,349	9,303	10,141	10,887	11,138	14,298	15,717	16,545	18,057	18,096	0%
Profit from operations	6,704	7,184	7,649	8,367	8,936	11,259	12,152	21,146	14,778	17,002	15%
Interest received & other income	142	276	277	193	434	102	234	179	615	216	-65%
Interest paid	(1,624)	(1,730)	(1,618)	(1,630)	(1,640)	(3,000)	(3,349)	(3,271)	(4,136)	(5,179)	25%
Net income from operations	5,227	5,730	6,308	6,968	7,473	8,308	9,037	17,995	10,821	12,083	12%
Debt interest	3,875	4,509	4,995	5,526	5,909	5,178	5,577	5,756	6,180	6,255	1%
Profit for the year attributable to equity holders of the parent	1,352	1,199	1,260	1,294	1,411	5,415	2,344	8,466	3,172	2,473	-22%
Dividends	78	90	100	111	118	104	111	115	124	125	1%
Distribution to unitholders	3,953	4,599	5,095	5,637	6,027	5,282	5,688	5,871	6,304	6,380	1%

Figures prior to 2004 have not been restated with the effects of IAS 8 and IAS 17.



Chairman's Report



I am pleased to report that during the past year we have managed to lay the foundations for continued growth during the next 5 years, both in the domestic and regional market. The completion of the refurbishment of a few of our buildings, Plaza and Standard House, the securing of two sites in Madagascar and a refinancing agreement with BIFM Capital, will contribute towards the future expansion of our portfolio.

On the 27th April, His Excellency, the President of Botswana, Festus B. Mogae, officiated at the opening of the newly refurbished Standard House and the Mall Parkade. The building has reclaimed its position as the best commercial office building in Botswana.

On the back of the excellent results

achieved by our development in Madagascar, TanaWaterFront, and in view of the substantial opportunities offered in the tourism market in the country, we will be investing in two new hospitality projects, creating the basis for an expansion within the Malagasy Market.

The Economy

In 2006 within Botswana the Real GDP growth in the non mining sector was negative and this resulted in a persistently sluggish property market with low demand. However during the last quarter of 2006, the announcement of a number of substantial private and government funded projects and initiatives, among those the DTC facilities and the Mmamabula Export Power Station, started to fuel a change in the confidence

level of the business community and we believe this will have a positive effect on the property market in the years to come.

Inflation stood at 11.6% compared to 8.6% in the previous year. The higher inflation rate was due to the petroleum prices, and the one-off transitory effect of the May 2005 introduction of the new exchange rate regime set by government.

Financial Results

Despite a lack of revenue from Standard House in the first few months of 2006, we are pleased to report a growth of contractual rental income of 14% from P18, 095,282 to P20, 686,010. The costs associated with the lettings as well as tenant occupation costs incurred during this period, and the increased financing costs, have had an impact on the operating costs of the group. Profit from operations grew by 23.22% and distribution to shareholders increased by 5.75%.

The group recorded continued significant exchange gains mainly due to a local lease denominated in Euros and the loans provided by the group to our subsidiary in Madagascar, denominated in USD and Euros.

Current assets of the companies grew by 17 % from P6 680 000

Chairman's Report (continued)

to P 7 791000.

In line with Company policy, Standard House was re-valued by an independent professional firm, and we are pleased to report that the new value well exceeded the value of the refurbishment costs and old value combined. This year, the Directors have valued the portfolio at P168, 121,000 compared to P156, 214,000 in the prior year, representing an increase of 8 %.

Review of the Property Portfolio

Investment Strategy

In line with the new opportunities presented to the Company, our long term objectives and investment strategy have slightly changed and now include a diversification of the portfolio both in terms of location and sector of the economy. The portfolio mix will therefore include office, retail, industrial, commercial and hospitality properties that are both well designed and strategically located and that will provide investors with real income and growth.

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

- To acquire and/or develop modern, well located commercial properties in major growth areas,
- To upgrade existing properties and/or accommodate any reasonable expansion

requirements of existing tenants;

- To dispose of properties which no longer meet the company's investment criteria;
- To maintain a balance between office, retail, industrial, commercial and hospitality properties, and;
- To seek opportunities of investing in suitable properties offshore.

In order to improve our cost of borrowing and secure sufficient funding for our projects, the Company has entered in an agreement with BIFM Capital (Pty) Limited in terms of which the company will issue promissory notes up to a maximum of P75, 000,000, and BIFM Capital shall be obliged to subscribe to the notes for a period of 24 months. The first note for an amount of P35, 000,000 was subscribed on the 20th December 2006. The notes shall be redeemed in five equal instalments, yearly after 15 years.

We are pleased to report that a

Corporate Rating was carried out on RDC Properties Limited by Global Credit Rating Co., the leading rating agency in Africa. GCR has accorded RDC a rating of A2 (single A two) in the short term and BBB+ (triple B plus) in the long term unsecured senior debt. The company believes this good rating could be improved by this financing agreement.

Property Management

The Botswana property portfolio is managed by Property and Asset Management Limited (PAM), a company registered in Botswana, while the foreign portfolio and new developments is managed by Property and Asset Management International Limited (PAMI), a company registered in Botswana under the IFSC. PAM/PAMI offers a dedicated service to RDC and other group companies with property holding interests. The company has access to a complete range of international property investments, development and management expertise through



Chairman's Report (continued)

one of its shareholders, Realestate Financiere Societe Anonyme (RFSA) based in Switzerland.

PAM's responsibility includes the preparation of financial reports, budgets, and full asset management of the portfolio. The asset management includes the viability assessment of new developments and investment opportunities, making recommendations regarding potential new acquisitions and developments, refurbishment or disposals to the RDC Board of Directors,

Project of the year and beyond.

Standard House and Upper Mall Parkade

The re-development of Standard House signifies our commitment to improving the value of our portfolio by retaining our blue chip tenants. Following the completion of the works of the building, Standard Chartered Bank returned to the property and signed a new lease for a further 10 years, ensuring that Standard House remains their Corporate Headquarters. Other tenants occupying the building are Metropolitan Life, the Academy of Educational Development, the Department of Tourism and Lazare Kaplan. The refurbishment was indeed a very challenging undertaking that included a complete overhaul of

the air conditioning system and the electrical installations, the upgrading of the power supply and installation of two new lifts. The construction of an additional floor and remodelling of the floor layout increased the lettable area significantly (28, 6%), the increase in rental revenue over

There is continued interest in the new CBD, in which we have secured joint venture agreements with two citizen companies. Given the economic climate at this stage, we are at an advanced stage of negotiation to secure commitment from prospective anchor tenants. Recent



the rental achieved previously is in excess of 40%.

This property is further enhanced by the newly developed underground basement parking. This project was a result of teaming up with Botswana Insurance Fund Management (BIFM) and National Development Bank (NDB), and again demonstrates our commitment to adding value to our asset i.e. Standard House, as well as to the City of Gaborone.

Gaborone Central Business District (CBD)

developments in the area are very encouraging and we remain confident that this development will become be started soon in the short term.

Madagascar

The company continues to have confidence in the rate of return offered by investment in Madagascar. The economic climate in Madagascar continues to be bullish and reinforced by the positive outlook created by the Presidential Election that has returned the Past President to office for a new term.

Tana Water Front.

Chairman's Report (continued)

We are pleased to report that TanaWaterFront continues to trade well, there has been no significant vacancy throughout 2006. The company's joint venture has performed well and coupled with the devaluation of the Pula, the results have been exceptional.

A portion of our shareholders loan has been refinanced locally in order to reduce the exposure of the subsidiary to local currency fluctuations.

Isalo Rock Lodge.

The Company has been able to finalise the leasing of a beautiful plot of land close to the Isalo National Park – the most visited



Park in Madagascar. The plan is to construct a 42 bedrooms Lodge called Isalo Rock Lodge. It is anticipated that the lodge will be opened during the second

quarter of 2008. A newly formed Madagascar registered company, HMS1 Societ Anonyme, will own the property and buildings. Through RDC Properties Mauritius Limited we will own 50% of HMS1.

The Isalo Rock Lodge project is part of a wider ranging strategy which will see RDC Properties participating in the development of a circuit of Hotels and Lodges within Madagascar to take advantage of the growing demand for quality hospitality facilities in the country. It is anticipated that the Three Cities Group, which presently manages Chobe Marina Lodge, will be involved in the marketing and management of the new facilities.

Negotiations are at an advanced stage for a city hotel in Antananarivo, just adjacent to our shopping centre.

Corporate practices and conduct

RDC Properties is committed to ensuring that good corporate governance is practiced throughout the group. The Directors of RDC have, accordingly, established mechanisms and policies appropriate to the company's business in keeping with its commitment to best practices, with integrity and transparency.

The Directors are responsible to the unit-holders and the company for the ultimate control of the business of RDC Properties Limited and for ensuring that appropriate management and controls structures are in place. The Board consists of a

non-executive Chairman, one non-executive director, three independent non-executive directors, and two executive

Chairman's Report (continued)

directors.

Details of Director's attendance at meetings are set out below. Non-executive Directors are encouraged to challenge executive Directors effectively by providing open discussion and free debate on any subject of the company. All Directors are further entitled to seek independent professional advice, if they deem it necessary. A quorum consists of four Directors.

The Directors review and approve all the financial statements for RDC. The statements are produced quarterly. Our independent auditors review the year-end financial statements annually and they provide a separate report of their findings. The work of the independent auditors and

the presentation of the financial statements are conducted in line with International Standards on Auditing.

The management of PAM is responsible for ensuring adequate internal controls exist to safeguard the assets of RDC. Within the different segments of activities a risk-management analysis is carried out by the Managing Director, assisted by his management team. Satisfactory accounting records are kept and segregation of duties exists, no matter of any concern has ever had to be raised with the Board of Directors.

The Directors are of the firm view that the business of RDC Properties shall continue to prosper for the foreseeable future ensuring optimum returns to all

stakeholders.

The Directors recognise the social responsibility of the company through contributions that the company makes to a variety of charitable organisations like the Botswana Red Cross Society.

Acknowledgements

My appreciation goes to all those who have contributed to the continued growth of the company during the challenging year 2006. This success cannot be achieved without the active participation of members of the Board. In turn my colleagues the Directors would like to express their thanks to the management team of PAM for their devotion and hard work and whom they manage the daily business and interest of the company.

Board member	Number of board meetings attended	Fees paid in 2006	Date resigned
M.A. Giachetti	3	P2, 475.00	N/A
N.N. Gaolathe	4	P3, 000.00	N/A
G.Giachetti	1	P1, 050.00	N/A
G.R. Giachetti	4	P3, 000.00	N/A
L. Magang	3	P2, 250.00	N/A
G.W. Matenge	4	P3, 000.00	N/A
J.S. Stewart	4	P3,000.00	N/A



M.A. Giachetti
Chairman

Directors' Report

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2006

1. Financial Statements

The balance sheets set out the company's and the group's financial position at 31 December 2006 and the income statements reflect the results of the company and the group for the year ended 31 December 2006.

2. Subsidiaries

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

3. Share Capital

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

4. Linked Unit Distribution Policy

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

5. Distribution to Unitholders (thebe)

	Interest	Dividend	Total
2005			
Interim	6.83	0.14	6.97
Final	<u>12.56</u>	<u>0.25</u>	<u>12.81</u>
	<u>19.39</u>	<u>0.39</u>	<u>19.78</u>
2006			
Interim	6.22	0.12	6.34
Final	<u>14.21</u>	<u>0.29</u>	<u>14.50</u>
	<u>19.39</u>	<u>0.41</u>	<u>20.84</u>
% Change	5	5	5

6. Administration and Management

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

7. Directors

The Board of Directors now comprises of: M A Giachetti (Chairman), G Giachetti, G R Giachetti, L. Magang, G W Matenge, N.N. Gaolathe, J.S. Stewart and G Venkitachalam (Alternate to G Giachetti). G Giachetti and J.S. Stewart retire by rotation in terms of Article 54 of the Articles of Association and, being eligible, offer themselves for re-election.

8. Secretaries

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

Directors' Responsibilities and Approval

Directors' Responsibilities and Approval

The Directors of the company are responsible for the integrity and objectivity of the annual financial statements, as well as for all other information contained therein. The financial statements have been prepared in accordance with International Financial Reporting Standards. The group's independent external auditors, Deloitte & Touche, have audited the financial statements and their report appears on page 12.

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

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

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

Against this background, the Directors accept responsibility for the financial statements and the information on pages 12 to 26 which were approved on 23 March 2007, and are signed on their behalf by:



G.R. Giachetti
Managing Director



M.A. Giachetti
Chairman



Report of the Independent Auditors

TO THE MEMBERS OF RDC PROPERTIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of RDC Properties Limited and the group, set out on pages 12 to 26, which comprise the balance sheets as at 31 December 2006, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 compliance with the Companies Act in Botswana (Cap 42:01).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditors' 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 auditors' 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 auditors consider 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, the financial statements present fairly, in all material respects the financial position of RDC Properties Limited and the group as of 31 December 2006, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with Section 129 of the Companies Act in Botswana (Cap 42:01), we confirm that:

- we have satisfied ourselves as to the existence of securities; and
- in our opinion, the company and the group have kept proper books of account with which the financial statements are in agreement.

Deloitte & Touche
Certified Public Accountants (Botswana)



Friday, March 23, 2007
Gaborone

F i n a n c i a l S t a t e m e n t s
for the year ended 31 December 2006

Income Statements for the year ended 31 December 2006

RDC PROPERTIES LIMITED

Income Statements - for the year ended 31 December 2006

	Notes	Company		Group	
		2006 P'000	2005 P'000	2006 P'000	2005 P'000
Revenue		16 074	14 024	21 824	18 737
Contractual lease revenue	1	15 178	13 458	20 686	18 096
Straight line adjustment		896	566	1 138	641
Operating expenses		(3 913)	(2 999)	(5 064)	(3 602)
Foreign exchange gains/(losses)		447	890	680	689
Other operating income		164	833	244	216
Profit from operations before fair value adjustments		12 773	12 748	17 657	16 040
Surplus/(Deficit) arising on revaluation of properties		3 535	(3 078)	3 293	962
As per valuation		4 431	(2 512)	4 431	1 603
Adjusted for rental straight line adjustment		(896)	(566)	(1 138)	(641)
Profit from operations	2	16 308	9 670	20 950	17 002
Investment income	3	431	260	431	260
Net Finance costs	4	(4 039)	(3 502)	(6 882)	(5 179)
Net income from operations		12 699	6 428	14 526	12 083
Debenture interest	5	(6 614)	(6 255)	(6 614)	(6 255)
Profit before taxation		6 085	173	7 912	5 828
Taxation	6	(1 521)	(547)	(1 781)	(1 706)
Profit/(Loss)for the year		4 564	(374)	6 130	4 122
Attributable to:					
Equity holders of the parent		4 564	(374)	5 856	2 473
Minority interest		-	-	274	1 649
		4 564	(374)	6 130	4 122
Interest to dividend ratio		50:1	50:1	50:1	50:1
Number of linked units in issue at year end		32,372,329	32,372,329	32,372,329	32,372,329
Average number of linked units in issue		32,372,329	31,855,996	32,372,329	31,855,996
Earnings per linked unit (thebe)				39.37	32.57
Earnings per linked unit are calculated based on the average number of linked units in issue and net profit for the year before debenture interest.					
Distribution per linked unit (thebe)				20.84	19.78
Interest per linked unit (thebe)				20.43	19.39
Dividend per linked unit (thebe)				0.41	0.39

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

Balance Sheets 31 December 2006

RDC PROPERTIES LIMITED
Balance Sheets - 31 December 2006

	Notes	Company		Group	
		2006 P'000	2005 P'000	2006 P'000	2005 P'000
ASSETS					
Non Current Assets					
Property, plant and equipment	7	2 692	273	2 735	298
Investments	8	14 465	14 191	5 562	5 020
Investment properties	9	129 410	120 307	166 332	155 170
At valuation		130 958	120 958	168 121	156 214
Rental straight line adjustment		(1 547)	(651)	(1 789)	(1 044)
Rental receivable - straight line adjustment		1 498	453	1 740	217
Long term advances	10	6 226	-	-	-
		<u>154 291</u>	<u>135 224</u>	<u>176 369</u>	<u>160 705</u>
Current Assets					
Trade and other receivables	11	4 484	5 250	2 988	4 163
Rental receivable - straight line adjustment		49	198	49	827
Current portion of long term advances	10	366	-	-	-
Bank balances and cash	12	1 182	166	4 896	1 690
		<u>6 080</u>	<u>5 614</u>	<u>7 932</u>	<u>6 680</u>
Total Assets		<u>160 371</u>	<u>140 838</u>	<u>184 301</u>	<u>167 385</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	324	324	324	324
Debentures	14	51 796	51 796	51 796	51 796
Share premium	15	8 321	8 321	8 321	8 321
Accumulated profits	16	31 102	26 671	38 139	32 415
Debenture interest & dividend reserve	17	4 695	3 971	4 695	3 971
Non distributable reserve		-	-	29	27
Translation reserve		-	-	-	479
Equity attributable to equity holders of the parent		96 238	91 083	103 304	97 333
Minority interest		-	-	7 149	6 274
Total equity		<u>96 238</u>	<u>91 083</u>	<u>110 453</u>	<u>103 607</u>
Non Current Liabilities					
Long term borrowings	18	39 328	21 203	45 398	30 846
Deferred taxation	19	11 133	9 612	13 591	11 991
		<u>50 461</u>	<u>30 815</u>	<u>58 989</u>	<u>42 837</u>
Current Liabilities					
Trade and other payables	20	6 956	9 337	6 845	9 608
Bank overdraft	21	5 291	7 761	5 291	7 761
Current portion of long term borrowings	17	1 385	1 803	2 486	3 360
Taxation		39	39	236	212
		<u>13 672</u>	<u>18 940</u>	<u>14 859</u>	<u>20 941</u>
Total liabilities		<u>64 133</u>	<u>49 755</u>	<u>73 848</u>	<u>63 778</u>
Total Equity and Liabilities		<u>160 371</u>	<u>140 838</u>	<u>184 301</u>	<u>167 385</u>

Statements of Changes in Equity for the year ended 31 December 2006

RDC PROPERTIES LIMITED
Statements of Changes in equity
for the year ended 31 December 2006

GROUP	Share capital P'000	Debentures P'000	Share premium P'000	Accum profits P'000	Debenture interest & dividend reserve P'000	Non-distributable reserve P'000	Translation reserve P'000	Minority interest P'000	Total P'000
Balance at 1 January 2005	315	50 362	7 665	30 067	3 540	23	107	4 565	96 644
Additional capital	-	-	-	-	-	-	-	60	60
Arising during the year	-	-	-	-	-	4	-	-	4
Exchange differences on translation of foreign entities	-	-	-	-	-	-	372	-	372
Net income recognised directly in equity	-	-	-	-	-	4	372	60	436
Profit for the year	-	-	-	2 473	-	-	-	1 649	4 122
Debenture interest declared and proposed	-	-	-	-	6 255	-	-	-	6 255
Debenture interest paid	-	-	-	-	(5 905)	-	-	-	(5 905)
Total recognised income for the year	-	-	-	2 473	350	4	372	1 709	4 908
Dividends declared and proposed	-	-	-	(125)	125	-	-	-	-
Dividends paid	-	-	-	-	(44)	-	-	-	(44)
Capitalisation issue	9	1 434	656	-	-	-	-	-	2 099
Balance at 31 December 2005	324	51 796	8 321	32 415	3 971	27	479	6 274	103 607
Additional capital	-	-	-	-	-	-	-	-	-
Arising during the year	-	-	-	-	-	2	-	-	2
Exchange differences on translation of foreign entities	-	-	-	-	-	-	(479)	-	(479)
Net income recognised directly in equity	-	-	-	-	-	2	(479)	-	(477)
Profit for the year	-	-	-	5 856	-	-	-	274	6 130
Debenture interest declared and proposed	-	-	-	-	6 614	-	-	-	6 614
Debenture interest paid	-	-	-	-	(6 022)	-	-	-	(6 022)
Total recognised income for the year	-	-	-	5 856	592	2	(479)	274	6 246
Dividends declared and proposed	-	-	-	(132)	132	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Shareholders loan	-	-	-	-	-	-	-	601	601
Balance at 31 December 2006	324	51 796	8 321	38 139	4 695	29	-	7 149	110 454

COMPANY

Balance at 1 January 2005	315	50 362	7 665	27 170	3 540	-	-	-	89 052
Net loss for the year	-	-	-	(374)	-	-	-	-	(374)
Debenture interest declared and proposed	-	-	-	-	6 255	-	-	-	6 255
Debenture interest paid	-	-	-	-	(5 905)	-	-	-	(5 905)
Total recognised income and expense for the year	-	-	-	(374)	350	-	-	-	(24)
Dividends declared and proposed	-	-	-	(125)	125	-	-	-	-
Dividends paid	-	-	-	-	(44)	-	-	-	(44)
Transfer on capitalisation	9	1 434	656	-	-	-	-	-	2 099
Balance at 31 December 2005	324	51 796	8 321	26 671	3 971	-	-	-	91 083
Net profit for the year	-	-	-	4 564	-	-	-	-	4 564
Debenture interest declared and proposed	-	-	-	-	6 614	-	-	-	6 614
Debenture interest paid	-	-	-	-	(6 022)	-	-	-	(6 022)
Total recognised income and expense for the year	-	-	-	4 564	592	-	-	-	5 156
Dividends declared and proposed	-	-	-	(132)	132	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Transfer on capitalisation	-	-	-	-	-	-	-	-	-
Balance at 31 December 2006	324	51 796	-	31 102	4 695	-	-	-	96 239

Cash Flow Statements for the year ended 31 December 2006

	Company		Group	
	2006 P'000	2005 P'000	2006 P'000	2005 P'000
Cash flows from operating activities				
Profit from operations	16 308	9 670	20 977	17 002
Adjustment for items not involving the movement of cash:				
Amortisation of other investments	-	64	-	64
Depreciation	384	212	374	217
Exchange differences on translation and consolidation of foreign entities	(447)	-	(477)	372
Non distributable reserve on consolidation of foreign entities	-	-	-	4
Deficit/(surplus) arising on revaluation of properties	(4,431)	2,512	(4,431)	(1,603)
Operating income before working capital changes	11 814	12 458	16 443	16 056
(Increase)/decrease in trade and other receivables	766	(1 731)	1 175	(932)
Increase/(decrease) in trade and other payables	(2 381)	3 834	(2 763)	4 028
Operating cash flow	10 199	14 561	14 855	19 152
Finance costs	(4 039)	(3 502)	(6 882)	(5 179)
Investment income	431	260	431	260
Debenture interest paid	(6 022)	(5 905)	(6 022)	(5 905)
Taxation paid	-	(227)	(157)	(335)
Net cash generated from operating activities	568	5 187	2 225	7 993
Cash flows used in investing activities				
Purchase of property, plant and equipment	(2 803)	(6)	(2 811)	(6)
Purchase of investments	(274)	(1 672)	(542)	(1 672)
Exchange differences on translation of investment in foreign entities	447	(358)	-	-
Additional funds invested in subsidiaries	(6 591)	(60)	-	-
Improvements to investment properties	(5 568)	(12 196)	(7 476)	(18 146)
Net cash used in investing activities	(14 789)	(14 292)	(10 828)	(19 824)
Cash flows from financing activities				
Dividends paid	-	(44)	-	(44)
Long term loans raised	17 707	4 217	13 677	8 767
Long term loans repaid	-	(1 545)	-	(2 294)
Proceeds from issue of linked units	-	2 099	-	2 099
Reserves reduced	-	-	-	-
Additional funds received from minority shareholder	-	-	601	60
Net cash generated from financing activities	17 707	4 727	14 278	8 588
Net decrease in cash and cash equivalents	3 486	(4 378)	5 676	(3 243)
Cash and cash equivalents at beginning of year	(7 595)	(3 217)	(6 071)	(2 828)
Cash and cash equivalents at end of year	(4 109)	(7 595)	(395)	(6 071)
Consisting of:				
Bank balances and cash	1 182	166	4 896	1 690
Bank overdraft	(5 291)	(7 761)	(5 291)	(7 761)
	(4 110)	(7 595)	(396)	(6 071)
	0	(0)	0	-

Accounting Policies 31 December 2006

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved where the company has the power to govern financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition the assets and liabilities of a subsidiary are measured at their fair values at date of acquisition. The interest of minority shareholders is stated at the the minority's proportion of the fair values of the assets and liabilities recognised. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group. All significant intercompany transactions

and balances between group enterprises are eliminated on consolidation.

Investment properties

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

Financial instruments

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

Trade receivables

Trade receivables are initially measured at fair value and subsequently stated at their nominal value, as reduced by appropriate allowance for estimated irrecoverable amounts.

Trade payables

Trade payables are initially measured at fair value and subsequently stated at their nominal value.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct

issue costs. Finance charges are accounted for on an accrual basis and added to carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments

Equity instruments, which comprise share capital and debentures are recorded at the proceeds received, net of direct issue costs.

Revenue recognition

Revenue comprises rental income, including all recoveries from tenants, and is recognised in the income statement on a straight line basis over the term of the lease.

The change in the manner of recognising lease income arises as a result of a change in interpretation of IAS 17- Leases. The effect of the revised interpretation is that operating lease receipts will be recognised on a straight line basis over the lease term, and not as cash is due for receipt. There will be an offsetting effect to the change in fair value of investment property in the income statement. The required adjustment has been made as required by IAS 8 with necessary restatement of comparative figures.

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

Accounting Policies 31 December 2006 (continued)

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

Other investments

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

Debenture interest and dividends

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

Property, plant and equipment

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Plant and equipment is stated in the balance sheet at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight line basis to write off the cost of each asset to its residual value over its estimated useful life as follows:

Plant and machinery 3 - 7years

Office equipment and furniture 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 profit or loss.

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 balance sheet date.

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

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.

Foreign currency

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

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising if any, are classified as equity and transferred to the

Accounting Policies 31 December 2006 (continued)

group's translation reserve. Such translation differences are recognised in the income statement in the period in which the operation is disposed of.

Cash and cash equivalents

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

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a

result of past events which will result in an outflow of resources embodying economic benefits that can be reasonably estimated.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction of a qualifying 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.

Impairment

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

Impairment losses and subsequent reversals are recognised in the income statement.

Notes to the Financial Statements 31 December 2006

RDC PROPERTIES LIMITED

Notes to the Financial Statements - 31 December 2006 (cont..)

	Company	2005	Group	2005
	2 006	2005	2 006	2005
	P'000	P'000	P'000	P'000
1. Revenue				
Revenue comprises rental income and service charges recovered from tenants.				
Rental income	14 723	13 117	20 040	17 687
Service charges recovered	456	341	646	409
	15 178	13 458	20 686	18 096
2. Profit from operations				
Profit from operations is stated after taking into account the following:				
Auditors' remuneration - audit fee	133	110	141	116
- other services	-	-	-	-
Amortisation of other investments	88	64	88	64
Depreciation	386	212	389	217
Directors' emoluments - for services as directors	61	51	61	51
Foreign exchange gains (losses) - foreign entities		-	233	-
- other	447	890	447	689
Management and administration fee paid to related company	810	721	1 036	911
Repairs and maintenance on investment property	347	157	370	176
Service charge paid to related company	400	398	400	398
	431	260	431	260
3. Investment income				
This represents the company's share of the net income distribution from Chobe Marina Lodge.				
	431	260	431	260
4. Net Finance costs				
Interest income	764	763	166	201
Interest payable			-	
- bank	(1 049)	(1 372)	(1 049)	(609)
- Other	(59)	(9)	(442)	(210)
- long term loans	(4 275)	(2 884)	(6 137)	(4 684)
Total borrowing costs	(4 619)	(3 502)	(7 462)	(5 302)
Less: amounts capitalised on qualifying assets	580	-	580	123
	(4 039)	(3 502)	(6 882)	(5 179)
Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale.				
5. Debenture interest				
Interim paid - 6.22 thebe	2 012	2 188	2 012	2 188
Final proposed - 14.22 thebe	4 602	4 067	4 602	4 067
	6 614	6 255	6 614	6 255

During 2006 interest of 6.22 thebe per linked unit was declared and paid, a further 14.22 thebe per linked unit has been proposed and will be submitted for formal approval at the forth coming Annual General meeting. The proposed amount is included in the debenture interest and dividend reserve.

Notes to the Financial Statements 31 December 2006 (cont..)

RDC PROPERTIES LIMITED

Notes to the Financial Statements - 31 December 2006 (cont..)

	Company		Group	
	2006	2005	2006	2005
	P'000	P'000	P'000	P'000
6. Taxation				
Basic taxation at 15%	-	-	-	69
Additional company taxation at 10%	-	-	-	46
Normal taxation	-	-	-	115
Withholding tax set-off on dividends paid	(92)	(17)	(92)	(17)
Tax on foreign entity	-	-	80	40
Total normal taxation	(92)	(17)	(12)	138
Deferred taxation - current year	1 521	218	1 602	1 222
- prior year	-	346	-	346
	<u>1 429</u>	<u>547</u>	<u>1 590</u>	<u>1 706</u>
Additional company taxation available to be offset against future withholding tax on dividends paid is	-	92	-	247

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

Tax reconciliation:

Tax at current rate	0.00%	25.00%	25.00%
Withholding tax set-off on dividends paid		(9.83%)	(0.29%)
Tax on foreign entity		-	0.69%
Deferred taxation	-25.00%	200.00%	5.94%
Non-deductible expenses		101.01%	(2.07%)
Effective tax rates	<u>-25.00%</u>	<u>316.18%</u>	<u>29.27%</u>

7. Property, plant and equipment**Group**

	Plant and machinery	Capital Work in progress	Office equipment	Total
	P'000	P'000	P'000	P'000
Cost				
At 31 December 2005	2,522	-	59	2 581
Additions	2,781	30	-	2 811
Transfer to investment properties	-	-	-	-
At 31 December 2006	<u>5,303</u>	<u>30</u>	<u>59</u>	<u>5 392</u>
Accumulated depreciation				
At 31 December 2005	2,231	-	52	2 283
Charge for the year	371	-	3	374
At 31 December 2006	<u>2,602</u>	<u>-</u>	<u>55</u>	<u>2 657</u>
Net book value at 31 December 2006	<u>2,701</u>	<u>30</u>	<u>4</u>	<u>2 735</u>
Net book value at 31 December 2005	<u>291</u>	<u>-</u>	<u>7</u>	<u>298</u>

Notes to the Financial Statements 31 December 2006 (cont..)

7. Property, plant and equipment (continued)	Plant and machinery P'000	Capital Work in progress P'000	Office equipment P'000	Total P'000
Company				
Cost				
At 31 December 2005	2,478	-	59	2 537
Additions	2,803	-	-	2 803
At 31 December 2006	5,281	-	59	5 340
Accumulated depreciation				
At 31 December 2005	2,212	-	52	2 264
Charge for the year	381	-	3	384
At 31 December 2006	2,593	-	55	2 648
Net book value at 31 December 2006	2,688	-	4	2 692
Net book value at 31 December 2005	266	-	7	273
	Company		Group	
	2006	2005	2006	2005
	P'000	P'000	P'000	P'000
At cost:				
Subsidiaries				
Holding				
Lotsane Complex (Proprietary) Limited	1 692	1 692	-	-
Professional House (Proprietary) Limited	2 021	2 021	-	-
Tholo (Proprietary) Limited	1 884	1 884	-	-
RDC Properties Mauritius Limited	3 306	3 574	-	-
Other				
Chobe Marina Lodge	3 260	3 348	3 260	3 348
Propcorp (Proprietary) Limited	2 302	1 672	2 302	1 672
	14 465	14 191	5 562	5 020

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

RDC Properties Mauritius Limited will own 50% of a newly formed Madagascar registered company, HMS1 Société Anonyme. This new company shall own a 42 bedroom lodge called Isalo Rock Lodge.

RDC Properties Limited has given a guarantees for loan accounts availed from Madagascar based commercial bankers as follows:

- a) An amount equivalent of P1 762 870 (FMG 3 000 000 000) in favour of Banque Malagache De L' Ocean Indien (B.M.O.I)
- b) An amount equivalent of P1 777 560 (Ariary: 605 000 000) in favour of BFV Societe Generale, Madagascar.
(BFV loan was availed in December 2006, in order to repay the Category B loan of shareholders which was effected in January 2007)

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

Propcorp (Proprietary) Limited is a joint venture between RDC Properties Limited, Botswana Insurance Fund Managers (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 joint venture is operational.

Notes to the Financial Statements 31 December 2006 (cont..)

RDC PROPERTIES LIMITED

Notes to the Financial Statements 31 December 2006 (cont..)

	Company		Group	
	2006 P'000	2005 P'000	2006 P'000	2005 P'000
9. Investment properties				
Freehold land and buildings at fair value	64 563	55 323	64 563	55 323
Leasehold land and buildings at fair value	66 279	65 519	103 442	96 723
Leasehold land and buildings: undeveloped	116	116	116	116
Transfer from/(to) property, plant and equipment	-	-	-	4 052
Rental straight line adjustment	(1 547)	(651)	(1 789)	(1 044)
	<u>129 410</u>	<u>120 307</u>	<u>166 332</u>	<u>155 170</u>
Reconciliation of fair value				
Opening value	120 307	111 189	155 170	132 010
At valuation	120 958	111 274	156 214	132 413
Rental straight line adjustment	(651)	(85)	(1 044)	(403)
Additions	5 569	12 196	7 476	18 146
Transfer from/(to) property, plant & equipment	-	-	-	4 052
Net (decrease)/increase in fair value	4 431	(2 512)	4 431	1 603
Adjustment for rental straight line	(896)	(566)	(745)	(641)
Closing balance	<u>129 410</u>	<u>120 307</u>	<u>166 332</u>	<u>155 170</u>

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

Freehold land and buildings comprise the following:

- Lots 1124 to 1130, Extension 3, Gaborone, which are encumbered by first and second mortgage bond in favour of Barclays Bank of Botswana Limited totalling P10 000 000 to secure loan facility of P5 000 000 and an overdraft facility of P5 000 000, and by a third mortgage bond in favour of First National Bank of Botswana Limited for P15 000 000 to secure loan 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.

Leasehold land and buildings comprise the following :

- Lots 4787 and 4788, Extension 6, Gaborone, which are encumbered by first mortgage bonds in favour of First National Bank of Botswana Limited totalling P6 500 000.
- Lots 22017 and 22018 Gaborone which are encumbered by a mortgage bond in favour of Barclays Bank of Botswana Limited totalling P4 800 000.
- Lot 758 Gaborone which is encumbered by a mortgage bond in favour of First National Bank of Botswana Limited totalling P5 000 000.
- Lot 443, Serowe, which is encumbered by a first mortgage bond in favour of Botswana Building Society for P216 800.
- Lot 679 Serowe
- Lot 914 Kasane which is encumbered by a mortgage bond in favour of First National Bank of Botswana Limited for P1 500 000.
- Lot 208 Maun
- Lot 10211- 234-KO, Gaborone
- Lot 194, Maun, which is encumbered by a mortgage bond in favour of National Development Bank for P780 000.
- Lots 680 and 292, Serowe, which are encumbered by a mortgage bond in favour of National Development Bank for P2 460 000.
- Lots 3761, 5422 and 5423, Jwaneng.
- Lots 13142, 13143 and 13144, Gaborone, which are encumbered by first mortgage bond in favour of Botswana Building Society for P5 000 000.
- Lot 617, Molepolole.
- Lots 50369, 50668 and 50669, Faigrounds Gaborone, which are encumbered by first mortgage bonds in favour of Barclays Bank of Botswana Limited for P6 545 000 and First National Bank of Botswana Limited for P8 000 000.
- Lot 1707, Palapye
- Tana Waterfront, Antananarivo, Madagascar, which is encumbered by a first mortgage bond in favour of Banque Malgache L'Ocean Indien for P1 762 870

Mortgages with Bankers, against which no obligation existed as at 31 December 2006:

Mortgages on the below mentioned properties where registered as security for loans over the years. As at the 31 December 2006, the loans are fully repaid and therefore the facilities could be cancelled;

Property	Value of Mortgages with no liability
Lots 1124 to 1130	P15,000,000
Lot 4787 and 4788	P6,500,000
Lot 758	P5,000,000
Lot 50369	P8,000,000
	<u>P34,500,000</u>

Notes to the Financial Statements 31 December 2006(cont..)

	Company		Group	
	2006	2005	2006	2005
	P'000	P'000	P'000	P'000
10. Long term advances				
Tholo (Proprietary) Limited	6 591	-	6 591	-
Less: current portion	(366)	-	(366)	-
	6 226			
This loan bears an interest at a rate of prime minus 2% per annum and is repayable in monthly instalments of P 108 161 including interest. This loan is repayable over a period of 111 months				
11. Trade and other receivables				
Trade receivables	735	1 042	1 541	1 654
Tholo (Proprietary) Limited	1 144	784	-	-
Lotsane Complex (Proprietary) Limited	2 013	2 302	-	-
Other receivables	593	1 122	661	1 202
RDC Mauritius Limited	-	-	786	1 208
Property and Asset Management Limited	-	-	-	99
	4 484	5 250	2 988	4 163
12. Bank balances and cash				
Cash at bank and on hand	1 182	166	4 896	1 690
13. Share capital				
Authorised 1 000 000 000 shares of 1 thebe each	10 000	10 000	10 000	10 000
Issued 32 372 329 (2005: 32 372 329) shares of 1 thebe each	324	324	324	324
The unissued shares of the company are under the control of the directors until the forthcoming Annual General Meeting.				
14. Debentures				
32 372 329 (2005: 32 372 329) debentures of P1.60 each	51 796	51 796	51 796	51 796
15. Share premium				
Opening balance	8 321	7 665	8 321	7 665
Capitalisation issue	-	656	-	656
Closing balance	8 321	8 321	8 321	8 321
16. Accumulated profits				
Arising from operations	12 391	12 391	10 942	9 649
Arising from revaluation of investments	18 711	14 280	27 197	22 766
	31 102	26 671	38 139	32 415
17. Debenture interest and dividend reserve				
Debenture interest	4 603	3 890	4 603	3 890
Dividends	92	81	92	81
	4 695	3 971	4 695	3 971
The interest entitlement on every debenture is fixed at 50 times that of the dividend component of any distribution. The distribution, made bi-annually, varies with the operating performance of the group.				
Dividends:				
Interim paid - 0.12 thebe	39	44	39	44
Final proposed - 0.29 thebe	93	81	93	81
	132	125	132	125

During 2006 a dividend of 0.12 thebe per linked unit was declared and paid, a further 0.29 thebe per linked unit has been proposed and will be submitted for approval at the forthcoming Annual General Meeting. The proposed amount is included in the debenture interest and dividend reserve.

Notes to the Financial Statements 31 December 2006 (cont..)

RDC PROPERTIES LIMITED

Notes to the Financial Statements 31 December 2006 (cont..)

	Company		Group	
	2006 P'000	2005 P'000	2006 P'000	2005 P'000
18. Long term borrowings				
Botswana Building Society	1 208	1 590	1 208	1 590
Less: current portion	(470)	(387)	(470)	(387)
	<u>738</u>	<u>1 203</u>	<u>738</u>	<u>1 203</u>
These loans bear interest at a rate of 16% per annum and are repayable in monthly instalments of P51 956 (2005: P51 956) including interest and are secured as indicated in note: 9. The loans are repayable in 2010.				
First National Bank of Botswana Limited	744	16 996	744	22 369
Less : current portion	(157)	(752)	(157)	(1 607)
	<u>587</u>	<u>16 244</u>	<u>587</u>	<u>20 762</u>
These loans bear interest rates at prime (2005 : between prime and prime less 1.5% per annum.) and are repayable in monthly instalments of P21 488 (2005 : P139 043) including interest and are secured as indicated in note: 9 The loans are repayable in 2012 (2005: between 2007 and 2013.)				
National Development Bank	608	825	608	825
Less : current portion	(262)	(221)	(262)	(221)
	<u>346</u>	<u>604</u>	<u>346</u>	<u>604</u>
These loans bear interest at a fixed rate of 16.5% per annum and are repayable in monthly instalments of P28 571 (2005: P28 571) including interest, and are secured as indicated in note 9. The loans are repayable in 2010.				
Barclays Bank of Botswana Limited	3 153	3 595	6 540	7 359
Less: current portion	(497)	(443)	(1 081)	(880)
	<u>2 656</u>	<u>3 152</u>	<u>5 459</u>	<u>6 479</u>
These loans bear interest at rates of 0.5% below prevailing prime rates per annum. The loans are repayable in monthly instalments of P162 513 (2004: P162 513) including interest. The loans are secured as indicated in note 9. The loans are repayable in 2010 and 2011.				
Botswana Power Corporation	-	-	63	96
Less : current portion	-	-	(33)	(33)
	<u>-</u>	<u>-</u>	<u>30</u>	<u>63</u>
These loans bear interest at 16.25% per annum. Monthly repayments including interest are P37 487 (2004: P37 487). The loan is repayable in 2007.				
BIFM Capital Investment Fund One (Pty) Limited	35 000	-	35 000	0
Less : current portion	-	-	-	-
	<u>35 000</u>	<u>-</u>	<u>35 000</u>	<u>-</u>
This loan represent subscription of Promissory notes of RDC Properties Limited at a fixed interest rate of 11.70% compounded semi annually. Due dates of interest payments are the 31 March and 30 September of each year. The redemption dates are 30 September of year 2021 to 2025 in equal proportion. The loan is unsecured.				
Banque Malgache L'Ocean Indien	-	-	1 975	1 967
Less : current portion	-	-	(322)	(232)
	<u>-</u>	<u>-</u>	<u>1 653</u>	<u>1 735</u>
This loan bears interest at a rate of 13.00% per annum. Monthly repayment including interest are equivalent to P267 120. The loan is secured as indicated in note 9 and is repayable in 2011.				
BFV SG, Madagascar	-	-	1 745	-
Less : current portion	-	-	(161)	-
	<u>-</u>	<u>-</u>	<u>1 584</u>	<u>-</u>
This loan bears interest at a rate of 13.50% per annum. Monthly repayments including interest are equivalent to P64 451 . The loan is secured as indicated in note 9 and is repayable in 2013.				
Intercompany Long term loans	-	-	-	-
Less : current portion	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
This loan bears interest at a rate of 2% below prevailing prime rates per annum. Monthly repayments including interest are P108 161. The loan is unsecured and is repayable in 2016.				
Holding company / Subsidiary loans	-	-	-	-
Less : current portion	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
This loan bears interest at a rate of 2% above prevailing prime rates per annum. There are no fixed repayment terms and the loan is unsecured.				
Long term portion of loans	<u>39 328</u>	<u>21 203</u>	<u>45398</u>	<u>30 846</u>
Current portion of loans	<u>1 385</u>	<u>1 803</u>	<u>2 486</u>	<u>3 360</u>

Notes to the Financial Statements 31 December 2006 (cont..)

RDC PROPERTIES LIMITED

Notes to the Financial Statements 31 December 2006 (cont..)

	Company		Group	
	2006	2005	2006	2005
	P'000	P'000	P'000	P'000
19. Deferred taxation				
The deferred taxation liability comprises of timing differences on:				
Plant and equipment	(420)	(117)	(8 186)	(117)
Investment properties	(44 554)	(37 506)	(46 472)	(47 050)
Tax losses	2 176	525	2 784	946
Provisions	148	87	148	87
IAS 17 adjustment	(651)	(651)	(1 403)	(1 044)
Unrealised exchange gain	(1 233)	(786)	(1 233)	(786)
	<u>(44 534)</u>	<u>(38 448)</u>	<u>(54 362)</u>	<u>(47 964)</u>
Tax at 25%	<u>(11 134)</u>	<u>(9 612)</u>	<u>(13 591)</u>	<u>(11 991)</u>
Reconciliation of movement				
Opening balance	9 612	9 048	11 991	10 423
Charge to income statement	1 522	564	1 600	1 568
Closing balance	<u>11 134</u>	<u>9 612</u>	<u>13 591</u>	<u>11 991</u>
20. Trade and other payables				
Trade payables	1 742	154	2 229	1 239
Property and Asset Management Limited	957	968	1 198	1 085
Italtswana Construction Company (Proprietary) Limited	1 141	4 440	1 471	4 440
Professional House (Proprietary) Limited	1 882	1 883	-	-
Other payables	1 234	1 892	1 445	2 208
Societe Immobiliere D'ambodivona (SIA Sarl)	-	-	503	636
	<u>6 956</u>	<u>9 337</u>	<u>6 845</u>	<u>9 608</u>

21. Bank overdraft

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

22. Related party transactions

Related parties are companies with common shareholding and control.

The following transactions were carried out with related parties.

Trading transactions:

Property and Asset Management Limited

- management and administration	810	721	1 036	911
- project management fees	-	-	-	-
- lease renewal fees	207	82	220	93
- service charges	400	398	400	398
	<u>400</u>	<u>398</u>	<u>400</u>	<u>398</u>

Italtswana Construction Company (Proprietary) Limited

- repairs and maintenance expenditure	347	157	370	176
- building projects	5 980	14 800	6 087	14 800
	<u>5 980</u>	<u>14 800</u>	<u>6 087</u>	<u>14 800</u>

The above transactions were carried out as follows:

Property and Asset Management Limited

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

Lease renewal fees are calculated on a commercial basis.

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

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

Receivables relating to related parties are disclosed in note 10.

Payables relating to related parties are disclosed in note 19.

Notes to the Financial Statements 31 December 2006 (cont..)

RDC PROPERTIES LIMITED

Notes to the Financial Statements 31 December 2006 (cont..)

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 balance sheet date.

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

	Company		Group	
	2006 P'000	2005 P'000	2006 P'000	2005 P'000
Within one year	8643	9 583	13272	10
In the second to fifth years inclusive	21074	16 684	36564	19
After five years	14232	393	19227	
	<u>43949</u>	<u>26 660</u>	<u>69063</u>	<u>30</u>

24. Segmental reporting

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

25. Contingent liabilities

RDC Properties Limited has given a guarantee of the equivalent of P1 922 115 (FMG 3 750 000 000) on behalf of the joint venture Societe Immobiliere D'ambodivona (SIA Sarl) for a loan from a commercial bank.

26. Capital commitments

Approved and contracted for P 585 602 (2005: P11 877 673).

Notes to the Financial Statements 31 December 2006 (cont..)**RDC PROPERTIES LIMITED****Notes to the Financial Statements 31 December 2006 (cont..)****27. Financial risk management**

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

Currency risk

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

Credit risk

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

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

Fair values

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

Properties & Salient Information 31 December 2006

Notice of Meeting

Notice is hereby given that the eleventh Annual General Meeting of the Company will be held at the RDC Offices, Realestate Office Park, Gaborone on 26 April 2007, at 4:00pm 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 2006.
3. To approve the distribution as recommended by the directors.
4. To approve the payment of P 61 275 for directors' emoluments (fees and expenses) for the year ended 31 December 2006.
5. To re-elect all directors of the company including:
J.S. Stewart
G. Giachetti

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 auditors for the ensuing year and approve their remuneration for the year ended 31 December 2006.
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
5 April 2007

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

Form of Proxy

The eleventh Annual General Meeting of members to be held on 26 April 2007 at 4.00 pm at the RDC Offices, Realestate Office Park, Gaborone.

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

.....ofor failing that person the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the eleventh Annual General Meeting of the Company to be held on 26 April 2007 at 4.00 pm.

Signed this.....day of2007

Signature:

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

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