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

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

## COMMENTS and PROSPECTS

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

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

In spite of turbulent property markets in most parts of the world, this sector is performing well in Botswana as the level of confidence in the economy is probably the highest it has been in the last two decades. The property sector being a hedge to inflation, it is not surprising that this sector has outperformed the Botswana DC1 and values of properties have significantly increased.

RDC will record the increase in the value of its portfolio when the individual properties are re-valued; properties are re-valued every 5 years and when major changes to a property occurs. The latest increase in interest rates, as a measure to control inflation, has resulted in Botswana's highest ever prime rate, this very high level will affect negatively on new developments and on the growth of the economy. The company is trying to mitigate this through alternative ways of financing its growth.

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

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

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

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

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

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

The Isalo Rock Lodge construction is progressing slowly as we are experiencing a number of challenges with increase costs of finishing materials and the logistic of building far from the capital city. The estimated project completion remains two years behind the originally anticipated completion.