

This document is important and requires your immediate attention

If you are in any doubt as to what action to take, please consult your stockbroker, banker, attorney, accountant or other professional adviser immediately.

Action required

1. If you have disposed of your shares in Realestate Development Company Limited, kindly forward this document to the purchaser or agent through whom such sale was effected.
2. If you are unable to attend the extraordinary general meeting to be held at 11:00 on Wednesday, 28 August 1996, you should complete and return the attached form of proxy as soon as possible.



Realestate Development Company Limited

(Registration number 92/10)
("RDC" or "the Company")

Circular to shareholders

regarding

- **the sale of all the assets and liabilities of the Company and its subsidiaries to RDC Properties Limited;**
- **the change of name of RDC to Property Development and Portfolio Company Limited; and**
- **the members voluntary winding-up of the Company;**

incorporating

a proposed pre-listing statement of



RDC Properties Limited

(Registration number 96/592)
("RDGP")

Corporate adviser



FirstCorp (Botswana) Limited
(Registration number 90/1536)
(A member of the
First National Bank Group)

Sponsoring broker



Stockbrokers Botswana Limited
(Registration number 88/1163)
(A member of the
Botswana Stock Exchange)

Attorneys



TABLE OF CONTENTS

	Page
Corporate information	1
Definitions	2
Salient dates and times	3
Circular to shareholders	
1. Introduction	4
2. Salient features of the transactions	5
3. The restructure, winding-up and placement for cash	6
4. Financial effects of the transactions	7
5. Salient features of the RDCP linked units	8
6. Conditions precedent	9
7. Further information concerning RDC	9
8. Directors' responsibility	10
Notice convening an extraordinary general meeting	11
Form of proxy	Attached
Proposed pre-listing statement of RDCP	17

CORPORATE INFORMATION

Directors

M A Giachetti (*Chairman*)
H T Batwell
G Giachetti
G R Giachetti
D C Khama
G W Matenge
L Rowland

Registered office

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The Mall
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(PO Box 294, Gaborone)

Corporate adviser

FirstCorp (Botswana) Limited
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Auditors and Reporting Accountants

Deloitte & Touche
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Barclays House
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Sponsoring broker

Stockbrokers Botswana Limited
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Attorneys

Armstrongs
Fifth Floor
Barclays House
Khama Crescent
Gaborone
(PO Box 1368, Gaborone)

Secretary and transfer secretary

Coopers & Lybrand Services (Proprietary) Limited
First Floor
Debswana House
The Mall
Gaborone
(PO BOX 294, Gaborone)

DEFINITIONS

In this circular, unless otherwise stated, the words in the first column shall have the meaning stated opposite them in the second column and cognate expressions shall bear corresponding meanings. Words importing the masculine include the feminine and the neuter and words importing the singular include the plural and vice versa. Words importing persons include corporations and associations of persons:

"Aspera"	Aspera Holdings Limited, an international holding company registered in Gibraltar;
"the BSE"	the Botswana Stock Exchange;
"Chobe"	Chobe Financial Corporation, an international holding company registered in Liberia;
"debentures"	variable rate unsecured debentures issued by RDCP at a par value of 160 thebe each, in terms of the debenture trust deed;
"debenture trust deed"	the trust deed relating to the debentures entered into between RDCP and Neill William Armstrong as trustee on 22 July 1996;
"the effective date"	the effective date of the transactions being the close of business on 31 December 1995;
"issue price"	199 thebe per linked unit to be issued to RDC shareholders at the net asset value of the assets and liabilities acquired by RDCP with effect from the effective date, which is represented by 160 thebe for each debenture, one ordinary share at a par value of 1 thebe, and share premium of 38 thebe per ordinary share;
"linked units"	linked units in RDCP comprising one ordinary share at a par value of 1 thebe and one debenture, which will be listed on the BSE;
"Lotsane"	Lotsane Complex (Proprietary) Limited (registration number 94/575), a subsidiary in which RDC owns 76,67% of the ordinary shares;
"net asset value"	the net asset value of the RDC Group as at the effective date, amounting to 199 thebe per RDC share;
"PAM"	Property and Asset Management Limited (registration number 96/1034), a public company incorporated in Botswana which is the management company of RDCP;
"placement for cash"	the issue of 882 352 linked units by RDCP at 170 thebe per linked unit;
"RDC" or "the Company"	Realestate Development Company Limited (registration number 92/10), a public company incorporated in Botswana which is currently listed on the BSE;
"RDC Group"	RDC and the subsidiaries;
"RDCP"	RDC Properties Limited (registration number 96/592), a variable rate loan stock company which will be listed on the BSE;
"RDC property portfolio"	the immovable property which is currently owned by the subsidiaries or in which the subsidiaries have rights akin to that of owner;
"restructure"	the restructure of the RDC Group in terms of which all properties, assets and liabilities of the RDC Group, including a 76,67% shareholding in Lotsane, will be sold to RDCP with effect from the effective date, at net asset value at the effective date, in exchange for 23 500 000 linked units to be issued at the issue price and the purchase of the 25% minority stake in Roots Tower for an additional 215 971 linked units issued at the issue price;
"RFSA"	Realestate Financière Société Anonyme, an investment holding company registered in Switzerland;
"Roots Tower"	Roots Tower (Proprietary) Limited (registration number 92/1163), a subsidiary company in which RDC owns 75% of the ordinary shares;

“subsidiaries”	Plaza (Proprietary) Limited (registration number 3924), S.M.B. (Proprietary) Limited (registration number 466), Midlands Properties (Proprietary) Limited (registration number 88/483), 914 Kasane (Proprietary) Limited (registration number 87/942), Roots Tower (Proprietary) Limited (registration number 92/1163), Two Three Four Holdings (Proprietary) Limited (registration number 90/35), Boswa Enterprises (Proprietary) Limited (registration number 90/1783), Lotsane Complex (Proprietary) Limited (registration number 94/575) and Plots 1124 – 1127, The Mall (Proprietary) Limited (registration number 976);
“transactions”	the restructure, the winding-up and the placement for cash; and
“winding-up”	the members voluntary winding-up of RDC, whereby all of RDC’s assets, comprising 23 500 000 linked units, are distributed to RDC’s shareholders pro rata to their shareholdings in RDC on the basis of one linked unit for each RDC share held.

SALIENT DATES AND TIMES

1996

Last day for proxies to be received by 11:00 on	Monday, 26 August
Extraordinary general meeting to be held at 11:00 on	Wednesday, 28 August
Last day to register in order to participate in the liquidation distribution on	Friday, 25 October
Pre-listing statement of RDCP published in the press on	Friday, 8 November
Members voluntary winding-up of RDC (after the close of trading) on	Friday, 8 November
Listing of 24 598 323 RDCP linked units issued pursuant to the transactions on the BSE on	Monday, 11 November

Realestate Development Company Limited

(Incorporated in the Republic of Botswana)
(Registration number 92/10)

Directors

M A Giachetti (*Chairman*)
H T Batwell
G Giachetti
G R Giachetti
D C Khama
G W Matenge
L Rowland

Circular to shareholders

1. INTRODUCTION

1.1 Rationale for the proposed restructure and winding-up

Despite a significant expansion of RDC's underlying property portfolio, and an increase in the Company's turnover and earnings, RDC's ordinary shares have continued to trade at a discount to net asset value since its listing on the BSE in 1992. This phenomenon can in part be attributed to local institutional investors not holding RDC shares. In fact, local institutions achieve higher yields through direct investments in property than would be the situation of holding property through a corporate structure such as RDC. It is therefore proposed to restructure RDC to make its ordinary shares more attractive to institutional investors.

The proposed restructure will effectively transform the shareholding in RDC into a holding of linked units in a variable rate loan stock company, RDCP, which will directly own the RDC property portfolio. This structure is a mechanism which will afford institutional investors an opportunity to invest in a diversified property portfolio and yet achieve yields similar to that which they could achieve through a direct holding of property.

The directors of RDC are of the opinion that such a change in structure is necessary to unlock the inherent value of the RDC property portfolio and enhance the returns to its shareholders. The proposed issue of linked units by RDCP, either to acquire properties directly, or to raise cash to acquire such properties will inevitably expand the shareholder register. This expansion, resulting in a greater number of unitholders, should result in increased trade in RDCP linked units which should lead to a more indicative market price (i.e. the discount between the market price of the linked unit on the BSE and the Company's underlying net asset value should narrow) thereby increasing unitholder value.

1.2 Rationale for the placement for cash

The purpose of the placement for cash is aimed at promoting RDCP to certain domestic institutional investors to invest in RDCP linked units. It is anticipated that the expansion of the number of linked units in issue and the number of linked unitholders will increase the trading liquidity of the RDCP linked units.

The placement for cash will also raise funds for future acquisitions of developed immovable property, the redevelopment of certain of RDCP's existing properties, the development of existing and new properties and the retirement of existing indebtedness. At the date of posting, RDC had received formal commitment from Botswana Insurance Fund Management Limited that it would invest P1,5 million in return for 882 352 linked units at the placement for cash price of 170 thebe per linked unit.

1.3 Objectives and benefits

The transactions are intended to:

- 1.3.1 create a structure which will be attractive for institutional investors to hold interests in a diversified property portfolio;
 - 1.3.2 increase the ability of RDCP to make use of the mechanism of issuing new linked units to expand the RDC property portfolio and therefore the anticipated tradeability of the linked units;
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- 1.3.3 increase the number of linked units in issue and the total number of linked unitholders on RDCP's register; and
- 1.3.4 raise cash to fund redevelopment of the RDC property portfolio, new development opportunities, acquisition of properties and to retire debt.

1.4 **Management of RDCP**

RDCP will be managed by PAM, a public company incorporated in Botswana, in which RFSA will own 47% of the ordinary shares, Chobe will own 30% and Aspera will own 23%. It is proposed that there be five directors, three representing the shareholders and two representing institutional investors in RDCP. The two external directors will be appointed by invitation.

2. **SALIENT FEATURES OF THE TRANSACTIONS**

2.1 **Salient features of the proposed restructure, winding-up and placement for cash**

On Friday, 9 August 1996, it will be announced, *inter alia*, that subject to the necessary approvals being obtained from RDC's shareholders in extraordinary general meeting and the granting of a listing of the linked units by the BSE:

- 2.1.1 All of the assets and liabilities held by the RDC Group as at the effective date, plus the 25% minority interest in Roots Tower, valued at a total of approximately P47,2 million, will be acquired by RDCP with retrospective effect from 1 January 1996.
- 2.1.2 In consideration for the assets and liabilities referred to in paragraph 2.1.1 above, RDCP will issue 23 500 000 linked units at the issue price, to the RDC Group, and a further 215 971 linked units at the issue price for the purpose of purchasing the minority interest in Roots Tower. The subsidiaries will distribute by way of a dividend in specie and sell by way of loan account their holding of RDCP linked units to RDC. The minority shareholder in Roots Tower will sell its interest in Roots Tower to RDCP for P143 750 in exchange for an assumption of its shareholder loan account payable to Roots Tower.
- 2.1.3 RDC will adopt a change of name to Property Development and Portfolio Company Limited, prior to undertaking a members voluntary winding-up, whereby all of its assets comprising 23 500 000 RDCP linked units, will be distributed pro rata to its existing shareholders.
- 2.1.4 The shareholders of RDC will then be constituted unitholders in RDCP, and RDCP will directly own the RDC property portfolio and 76,67% of the issued share capital of Lotsane Complex (Proprietary) Limited.
- 2.1.5 RDCP will be listed on the BSE.
- 2.1.6 Concurrently with the restructure, RDCP will issue 882 352 linked units, at the placement for cash price of 170 thebe for P1 500 000 in cash.
- 2.1.7 It is proposed that resolutions be adopted by RDC, in which (subject to the conditions precedent outlined in paragraph 6 below being met) the directors of RDCP be given the specific authority to issue additional linked units up to a maximum of 50% of the number of linked units of the Company's issued share capital and debenture capital as at the date of listing of the linked units as and when suitable situations arise, subject to the following limitations:
 - that this authority shall not extend beyond twenty-four months from the date of adoption of this resolution;
 - that a paid press announcement giving full details, including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of linked units in issue prior to the issues;
 - that issues of linked units will not in aggregate exceed 50% of the Company's issued share capital and debenture capital, and that issues for cash in the aggregate will not exceed 25% of the number of linked units of the Company's issued share capital and debenture capital as at the date of listing of the linked units; and
 - that, in determining the price at which an issue of linked units will be made in terms of this authority, the maximum discount permitted will be 10% of the average closing price of the appropriate linked units, over the 30 days prior to either the date of the paid press announcement or, where no announcement is required and none has been made, the date of issue of the linked units.