

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Action required:

- 1 This Prospectus is issued for the purpose of providing certain information about an investment in Letlole la Rona Limited, a public company incorporated in the Republic of Botswana and to be listed on the Botswana Stock Exchange. If you are in doubt as to the action you should take in relation to this document, please consult your stockbroker, banker, legal practitioner or other professional adviser immediately.
- 2 If you wish to apply for Linked Units in terms of the offer for sale then you must complete the procedure for application and payment set out in Sections 15.4 and 15.5 of this Prospectus, which can also be obtained on the Letlole la Rona website www.letlole.co.bw



LETLOLE LA RONA LIMITED
Incorporated in the Republic of Botswana on 8th July 2010
Registration number: C02010/6316
Share Code: Letlole ISIN: BW 000 000 1015
("Letlole la Rona" or "the Company")

PROSPECTUS

Relating to a public offer for sale of 280, 000,000 Linked Units at a sale price of **P1.50** per Linked Unit, each Linked Unit consisting of one (1) ordinary share in the equity capital of the Company indivisibly linked to one (1) variable rate unsecured debenture in the debenture capital of the Company and the subsequent listing of 280, 000, 000 Linked Units of the Company on the Botswana Stock Exchange.

IMPORTANT DATES:

Press Announcement on Listing	07 April 2011
Issue of this Prospectus	31 March 2011
Opening of the Public Offer at 09H00	11 April 2011
Closing of the Public Offer at 16H30	26 May 2011
Announcement of results of Offer and approval of BSE to list	07 June 2011
Anticipated date for Registration of transfer of Property Portfolio	08 June 2011
Listing on the Botswana Stock Exchange	15 June 2011

These dates are subject to change; any substantive change will be notified in the Press.

This Prospectus dated 31 March 2011, was registered by the Registrar of Companies in Botswana on 25 March 2011 in terms of section 300 (1) and 308 (2) of the Companies Act 2003, Act No. 32 of 2004.

<p>Corporate Finance Advisor</p> <p>African Alliance Botswana (Pty) Limited</p> 	<p>Legal Advisor</p> <p>Armstrong's</p>  <p>ATTORNEYS NOTARIES & CONVEYANCERS</p>
<p>Sponsoring Broker</p> <p>Stockbrokers Botswana Limited</p>  <p>Member of the Botswana Stock Exchange</p>	<p>Joint Reporting Accountants</p> <p>PricewaterhouseCoopers, Certified Public Accountants Botswana</p>  <p>Deloitte & Touche, Certified Public Accountants Botswana</p> 
<p>Transfer Secretaries</p> <p>DPS Consulting Services (Pty) Limited</p> 	<p>Receiving Banker</p> <p>Barclays Bank of Botswana Limited</p> 
<p>Asset Manager</p> <p>Stanbic Investment Management Services (Pty) Limited, in conjunction with Liberty Group Properties (Pty) Limited</p>  	<p>Trustee</p> <p>Corpserve Transaction Management Services (Pty) Limited</p> 
<p>Independent Valuer</p> <p>Knight Frank (Botswana) (Pty) Limited</p> 	<p>Auditors and Tax Advisors</p> <p>Deloitte & Touche, Certified Public Accountants Botswana</p> 

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ADVISORS TO THE COMPANY

Corporate Financial Advisors

African Alliance Botswana Limited
Plot 50361/A Fairgrounds Office Park
P.O. Box 2770
Gaborone, Botswana

Sponsoring Brokers

Stockbrokers Botswana Limited
Registration number CO 88/163
Ground Floor, Letshego House
Plot 22, Khama Crescent
Private Bag 00113
Gaborone, Botswana

Transfer secretaries

DPS Consulting Services (Pty) Limited
Registration number CO 2006/5617
Plot 50371, Fairgrounds Office Park
P.O Box 1453
Gaborone, Botswana

Asset Manager

Stanbic Investment Management Services (Pty) Limited, in conjunction with Liberty Group Properties (Pty) Limited
Plot 50676, Fairgrounds Office Park
Phase 2, Block D,
Unit 10
Private Bag 00168
Gaborone, Botswana

Independent Valuers

Knight Frank (Botswana) (Pty) Limited
Plot 183 Queens Road, Main Mall
P.O. Box 655
Gaborone, Botswana

Tax advisors

Deloitte & Touche
Registered as a partnership
Deloitte & Touche
Plot 64518
Fairgrounds Office Park
P.O Box 778
Gaborone, Botswana

Legal Advisors

Armstrongs Attorneys
5th Floor, Barclays House
Khama Crescent
P.O Box 1368,
Gaborone, Botswana

Joint Reporting Accountants

PricewaterhouseCoopers
Registered as a partnership
Plot 50371, Fairgrounds Office Park
P.O Box 294
Gaborone, Botswana

Deloitte & Touche
Registered as a partnership
Deloitte & Touche House
Plot 64518
Fairgrounds Office Park
P.O Box 778
Gaborone, Botswana

Receiving bank

Barclays Bank of Botswana Limited
Registration number CO 1732
6th Floor, Barclays House
Khama Crescent
Private Bag 478
Gaborone, Botswana

Trustee

Corpserve Transaction Management Services (Pty) Limited
Gaborone International Finance Park
Plot 117, Kwena House
Unit 3, Block A
1st Floor
Private Bag 149/S117
Postnet, Kgale
Gaborone, Botswana

Company Secretary

Rebecca Letshabo
Associate member of the Southern African Institute of
Chartered Secretaries and Administrators
C/o Botswana Development Corporation Limited
Registration number CO 1970/750
Legal Division
Moedi House Plot 50380
Fairgrounds Office Park
P.O Box 160
Gaborone, Botswana

Property Managers

Botswana Development Corporation Limited
Registration number CO 1970/750
Property Development and Management Division
Moedi House Plot 50380
Fairgrounds Office Park
P.O Box 160
Gaborone, Botswana

CORPORATE INFORMATION

Board of Directors

James Kamyuka (Chairman)
Jane Tselayakgosi
Marina Mookodi
Peter Stevenson
Sametsi Ditshupo
Roderick Boyd

Registered Office

Botswana Development Corporation Limited
Legal Division
Moedi House Plot 50380
Fairgrounds Office Park
P.O Box 160
Gaborone, Botswana

Auditors

Deloitte and Touche
Registered as a partnership
Deloitte and Touche House
Plot 64518
Fairgrounds Office Park
P.O Box 778
Gaborone, Botswana

Underwriter

Botswana Development Corporation Limited
Legal Division
Moedi House Plot 50380
Fairgrounds Office Park
P.O Box 160
Gaborone, Botswana

DEFINITIONS

The following definitions apply throughout this Prospectus, unless explicitly stated otherwise or the context explicitly requires otherwise. In this Prospectus, unless otherwise indicated, the words or phrases in the first hand column bear the meaning stipulated in the second column and cognate expressions shall bear corresponding meanings. Words in the masculine shall import both the feminine and the neuter. Words in the singular shall include the plural and vice versa. Words importing natural persons shall include juristic persons (whether corporate or incorporate and vice versa), including corporations and associations of persons.

"Acquisition":	the acquisition by the Company of the Properties in the manner referred to in this Prospectus, with effect from the Effective Date;
"Acquisition Agreements":	the individual agreements between each of the Vendors and the Company governing the terms on which the Properties will be acquired by the Company, with effect from the Effective Date;
"Act" or "Companies Act"	The Companies Act 2003, Act No.32 of 2004 of Botswana as amended or replaced from time to time;
"Application Forms"	The application forms attached to this Prospectus;
"Armstrongs Attorney"	Armstrongs Attorneys, a partnership practicing as attorneys in terms of the Legal Practitioners Act of Botswana. Lead advisors and attorneys to Letlole la Rona Limited for the purpose of the Listing;
"Asset Manager"	Stanbic Investment Management Services (Pty) Limited, a company incorporated in Botswana, carrying on business as asset managers;
"Auditors"	Deloitte and Touche, Certified Public Accountants, Botswana. Registered as a Partnership (partnership number BN1992/10322);
"the Board"	The board of directors of Letlole la Rona Limited;
"Botswana"	The Republic of Botswana;
"BDC"	Botswana Development Corporation Limited (registration number 1970/750)
"the BSE"	The Botswana Stock Exchange as established by the Botswana Stock Exchange Act Cap 56:08;
"the Company or Letlole la Rona"	Letlole la Rona Limited (registration number 2010/6316) a company incorporated with limited liability and registered according to the laws of Botswana;
"Constitution"	The Constitution of the Company as registered by the Registrar of Companies on the 9th of August 2010 and as amended from time to time;
"Corporate Finance Advisor"	African Alliance Botswana Limited, (registration number 97/2092), registered according to the laws of Botswana
"CSDB"	Central Securities Depository Company of Botswana Limited;
"Debentures"	Variable rate unsecured debentures in the debenture capital of the Company each of which is indivisibly linked to an ordinary share;
"the Directors"	The directors of Letlole la Rona Limited;
"Effective Date"	26 May 2011, being the date on which it is contemplated that all benefits in and risks relating to the Property Portfolio pass to the Company, in accordance with the terms of the Acquisition Agreements;
"Independent Valuers"	Knight Frank (Botswana) Pty Ltd, a firm of registered estate agents, sworn valuers and appraisers of immovable property, practicing in Botswana;
"the joint Reporting Accountants"	PricewaterhouseCoopers and Deloitte & Touche, Certified Public Accountants, Botswana, who are Joint Reporting Accountants for the purposes of the Listing;

Linked Unit"	One ordinary share in the share capital linked to one debenture in the debenture capital of the Company which will rank <i>pari passu</i> with all other Linked Units issued by the Company prior to listing on the BSE;
"Linked Units Holders"	Holder, from time to time, of Linked Units;
"Listing"	The listing of the Linked Units of Letlole la Rona Limited on the BSE following the completion of the Private Placement and the Public Offer ;
"Listing Date"	The date which Letlole la Rona Limited is expected to list on the BSE, on or around 15 June 2011;
"the Offer Price"	The price payable for the offer of Letlole la Rona Limited Linked Units, being P1.50 per Linked Unit;
"Placees or Private Placees"	Selected institutional investors to whom will be offered Linked Units will be offered by way of Private Placement in terms of this Prospectus;
"the Private Placement"	The offer to Placees to purchase Linked Units at a price of P 1.50 per Linked unit in terms of this Prospectus and in terms of the Placing Agreement;
"Properties"	The properties which collectively comprise the Property Portfolio, details of which are contained in Annexure 3 to this Prospectus;
"Property Portfolio"	Collectively all the Properties that will be acquired by the Company in terms of the Acquisition Agreements, details of which are contained in Annexure 3 to this Prospectus;
"this Prospectus"	This Prospectus to be registered by the Registrar of Companies in Botswana on or about 25th March 2011 in terms of sections 300(1) and 308(2) of the Companies Act 2003, Act No.32 of 2004, as amended and to be issued on 31st of March 2011 and its annexures and attachments;
"the Public Offer"	The offer to the public to purchase 280 000 000 Linked Units at a price of P 1.50 per Linked unit in terms of this Prospectus;
"Pula or P"	The legal tender of the Republic of Botswana in which all monetary amounts in this Prospectus are expressed;
"the Placing Agreement"	The agreements between Letlole La Rona Limited and the Placees in terms of which the Places will purchase Linked Units at a price of P 1.50 per Linked unit in terms of the Private Placement;
"Tax Advisors"	Deloitte and Touche, Certified Public Accountants, Botswana. Registered as a Partnership (partnership number BN1992/10322);
"Shares" or "Ordinary Shares"	Ordinary shares of no par value in the stated capital of the Company, each of which is indivisibly linked to one Debenture;
"Sponsoring Brokers"	Stockbrokers Botswana Limited, a member of the BSE (registration number 88/163), who are the Sponsoring Brokers for the purposes of the Listing;
"Transfer Secretary"	DPS Consulting Services (Proprietary) Limited (registration number 2006/5617), registered according to the laws of Botswana;
"Trust Deed"	The trust deed relating to the Debentures entered into between the Company and Corpserve Transaction Management Services (Pty) Ltd, as trustee for Debenture holders and;
"Vendors"	The three companies, all of which are 100% owned by BDC, reflected in Annexure 5 which, prior to the Effective Date, owned the Properties comprising the Property Portfolio

1. HISTORY AND BACKGROUND

BDC was established in 1970 to be the country's main agency for commercial and industrial development. BDC has the mandate to invest, by way of equity and loans, in legal entities, or properties, with a view to the development and the creation of a stable and mature investment. When such mandate is fulfilled, BDC aims to disinvest from that entity or property in order to create the opportunity for citizens to invest in the corporate entity or property.

The Properties which are to be transferred to the Company to enable its establishment as a variable rate loan stock company, comprise stable and mature property investments. The establishment of the Company and its Listing of the Linked Units represents an opportunity for BDC to disinvest, from such Properties and facilitate the opportunity for citizens and other investors to invest in the Property Portfolio.

For establishing the Company, and the Listing of its Linked Units on the BSE, BDC contributes to the development of the capital markets in Botswana and by adding to the portfolio of listed immovable property owning vehicles on the BSE.

The Properties to be acquired by the Company represent financially viable properties, in terms of tenants and in terms of stable rental stream. The mix of Properties, including hotel, commercial and industrial properties, represents a diversified yet balanced portfolio of long term and short term rentals, in the tourism and industrial sectors of the economy.

By removing the mature and stable investments from the Vendors, which will continue to operate as property holding companies, BDC will stimulate active investigation by the Vendors for new development opportunities, to augment their portfolios.

The ownership of Linked Units in a variable rate loan structure is tax efficient as profits are distributed by means of a debenture interest payment. The full amount of interest is deductible from the Company's income as an expense incurred in the production thereof.

Interest paid to non-residents is subject to 15% withholding tax. Interest payable to residents which are tax paying entities is subject to 10% withholding tax which can be credited against tax payable by the recipient.

Furthermore, any capital gains tax in the value of the Linked Units is exempt from taxation under the current taxation regime as the Company has offered in excess 49% of its linked units to trade on the BSE.

The Company is a public company with a code of corporate governance and independent directors and it will be a transparent investment vehicle with shareholders able to vote on important issues that affect them.

In addition, by listing on the BSE, linked units of the Company will be able to be traded in a transparent market, thereby potentially enhancing liquidity for investors.

The Portfolio of Properties is to be professionally managed by BDC's Property Division and the Asset Manager. The Asset Manager has the skill and experience necessary to analyse, consider and predict future trends and determine optimal timing to dispose of or acquire further properties.

Property management services including maintenance, repair and refurbishment of properties incorporated in the Property Portfolio will be carried out by experienced property managers in Letlole La Rona Limited. Such maintenance repair and refurbishment will be carried out, at appropriate times, to limit damage and depreciation, and at realistic cost.

The Company proposes to raise P 420 000 000 by way of offer to the public and the private placement of Linked Units.³

Formation, Structure and Share Capital History

The Company was incorporated as a public company according to the laws of Botswana on 8 July 2010 under Company Number CO 2010/6316 with a stated capital of P100 divided into 100 ordinary shares.

On 9th March 2011 at an extraordinary general meeting (EGM), the shareholders of the Company created 100 variable rate unsecured Debentures and linked such Debentures to each of the 100 Ordinary Shares in issue, thereby creating 100 Linked Units.

At the EGM held on 9 March 2011 the shareholders further resolved that, subject to the subscription by members of the public sufficient to qualify for a listing of Linked Units on the main board of the BSE and approval by the BSE of the listing of all the Linked Units of the Company, to increase the stated share capital to P2 800 000 comprising 280 000 000 ordinary shares of P0.01 each and to increase the debenture capital to P417 200 000.

Each Linked Unit comprises an Ordinary Share valued at P0.01 and one variable rate unsecured Debenture valued at P1.49. The yield on the Linked Unit will comprise a pro-rata dividend on the share component and interest on the debenture component of the Linked Unit.

The Company proposes to issue 279 999 900 new Linked Units, each comprising one ordinary share and one variable rate debenture indivisibly linked to increase the stated share capital to P420 000 000 and to list the total 280 000 000 Linked Units on the main board of the BSE.

A total of 84 000 000 Linked Units will be offered to BDC by way of private placement and BDC has undertaken to take up the Linked Units.”

2. PURPOSES OF THE RESTRUCTURE, OFFER AND THE LISTING

In line with BDC’s mandate as the country’s main agency for commercial and industrial development, it has promoted development through loan financing, equity participation and property development. In order to promote citizen empowerment, BDC’s investment policy requires it to sell down stakes in businesses to citizens of Botswana at appropriate intervals in the cycles of the businesses.

The main purpose of the Private Placement, Public Offer and Listing is:

- To raise money in the sum of P420 000 000 in respect of Purchase of the Properties, to pay for listing costs totalling approximately P11 000 000 (excluding VAT) as set out in paragraph 17 and the balance to be used for working capital requirements of the Company.
- To allow Botswana institutions and citizen individuals the opportunity, together with any other investors, to participate in future financial success of the Company and the selected portfolio of quality properties in Botswana.
- The Listing will allow management to pursue opportunities for the Company by allowing the Company access to various forms of capital not available to a private company. These include the ability to pursue acquisitions through either the issue of the Company shares or the raising of capital through the BSE.
- To enhance investor awareness of the Company.

3. NATURE OF BUSINESS

The Company is a variable rate loan stock company and will derive its revenue primarily from property rentals and trade in property instruments. The primary purpose of the Company is to offer investors a secure, growing income stream through investment in a high quality Property Portfolio. The Company will acquire the Properties currently owned by the Vendors by way of the Acquisition Agreements which are available for inspection as described in Section 18.

While the Properties will incorporate hotel, commercial and industrial usage, the Portfolio will be generalised rather than focused in order to achieve a prudent spread in the context of the rental market in Botswana.

The Directors are confident that there remain several key acquisition opportunities in Botswana and possibly others in the region that offer the strict parameters of rate of return and capital growth that characterise the Property Portfolio. It is intended to pursue these opportunities following the BSE listing.

4. OBJECTIVES OF THE COMPANY

The objective of the Company is to invest in properties and property instruments that:

- provide returns to investors through income and capital growth superior to alternative risk-related investments;
- have stable and complementary tenant mixes;
- are subject to leases that provide secure covenants with staggered expiry dates, thereby minimising the risk of vacancies upon expiry whilst also presenting growth potential upon early lease renewal;
- have leases which provide for the recovery of operating costs from tenants with sufficiently strong rental escalations – either in line or ahead of inflation rates – to prevent the net income yields from being eroded by inflationary pressures;
- are of adequate size, quality of construction, visibility and accessibility to attract good and reliable tenants;
- present inherent future earnings and capital growth potential;
- provide a geographical and sectoral spread of property investment;
- invest and trade in properties and property instruments;
- provide a balanced Portfolio so that no one investment dominates the others; and
- maintain a fair balance between freehold and leasehold properties in the Portfolio.

5. THE PROPERTY PORTFOLIO

The Property Portfolio, with an aggregate market value of P407 530 000, consists of 19 properties. Details of the Portfolio are set out in Annexure 4 and summarised below.

To determine the value for each property, the Company appointed the Independent Valuers, who are independent in relation to the Company, to value the properties within the Property Portfolio. An abridged version of their report is attached to the Prospectus as Annexure 5.

5.1 Summary of the property portfolio

5.1.1 The Hotel Portfolio

The hotel portfolio comprises four properties situated in Gaborone, Francistown and Selebi Phikwe.

President Hotel	Plot 1169, Gaborone
Cresta Lodge	Plot 50719, Gaborone
Thapama Hotel	Plot 6348, Francistown
Bosele Hotel	Plot 276, Selebi Phikwe

5.1.2 The Commercial Portfolio

The commercial portfolio comprises two properties situated in Gaborone, with tenants including BDC and SefCash.

Moedi House	Plot 50380, Gaborone
SefCash	Plot 4738, Gaborone

5.1.3 The Industrial Portfolio

The industrial portfolio comprises 13 properties, 12 are situated in Gaborone and one in Francistown.

Plot 28911	Gaborone West Industrial
Plot 14398	Gaborone West Industrial
Plot 14453	Gaborone West Industrial
Plot 14454	Gaborone West Industrial
Plot 14455	Gaborone West Industrial
Plot 14457	Gaborone West Industrial
Plot 14458	Gaborone West Industrial
Plot 14459	Gaborone West Industrial
Plot 14460	Gaborone West Industrial
Plot 22038	Gaborone West Industrial
Plot 32084	Gaborone West Industrial
Plot 54233	Gaborone Block 3 Industrial
Plot 9787	Francistown Industrial

5.2 Analysis of the Property Portfolio

5.2.1 Market value

Sector	Number of properties	% of total number of properties	Market value P	% market value
Hotels	4	21%	174 990 000	42%
Commercial	2	11%	78 700 000	19%
Industrial	13	68%	153 840 000	38%
TOTAL	19	100%	407 530 000	100%

5.2.2 Geographical profile

Location	Number of properties	% of total number of properties	Market value P	% of total market value
Gaborone	16	84%	341 590 000	83%
Francistown	2	11%	47 660 000	12%
Selibe Phikwe	1	5%	18 280 000	5%
TOTAL	19	100%	407 530 000	100%

5.2.3 Vacancy level

	Vacancy level	M ²
Vacant	0%	0
Occupied	100%	153 927
TOTAL	100%	153 927

5.2.4 Lease expiry profile

Year end	Value of lease (P)
30 June 2011	40 278
30 June 2012	610 962
30 June 2013	89 428
30 June 2014	163 535
30 June 2015	647 477
30 June 2016	1 664 982

5.2.5 Rental spread per annum

Sector	%	Current rental income(P)
Commercial	32%	14 561 013
Hotels	22%	9 849 549
Industrial	46%	21 401 329
Total	100%	45 811 891

Note: All leases expiring before 30 June 2011 have been renewed

5.3 Leases

Details of the leases in respect of each property are set out in Annexure 4.

5.4 Acquisition Agreements

All the Acquisition Agreements are conditional upon the Company obtaining the approval of the BSE for a listing of its issued Linked Units. The Acquisition Agreements include warranties and indemnities by the vendors that are usual for transactions of this nature.

5.5 The Purchase Consideration

Annexure 6 to this Prospectus contains an analysis of the purchase considerations which are to be paid against registration by the Company of transfer of the Properties into the name of the Company.

5.6 Property Valuations

The Independent Valuers have performed an individual property-by-property and open market valuation of the Properties. An abridged version of the Independent Valuers' report is attached as Annexure 4 to this Prospectus and the full reports are available for inspection as referred to in Section 18. The Independent Valuers have consented to their valuations being disclosed in this Prospectus, which consent at the date hereof has not been withdrawn. The Property Portfolio has an aggregate market valuation of P407 530 000.

5.7 Aggregate Value Per Vendor

A summary of the Independent Valuers' aggregate valuation per Vendor, all of which are 100% subsidiaries of BDC, is summarised as follows:-

Company	Market Value (P)
Commercial Holdings (Pty) Ltd	78 700 000
Western Industrial Estates (Pty) Ltd	153 840 000
Hotel Development Company (Pty) Ltd	174 990 000
Total	407 530 000

The purchase consideration paid to each Vendor is as per the Independent Valuer's valuation.

6. BORROWINGS

The Company does not have any third party borrowings. The Company will however, be capable of and the Directors will be empowered to raise borrowings, if being prudent, in order to acquire additional properties and maximise returns for investors.

7. ASSET, FINANCIAL, ADMINISTRATIVE, SECRETARIAL AND PROPERTY MANAGEMENT SERVICES

7.1 Asset Management

The asset management of the Company is to be carried out by the Asset Manager in terms of an asset management agreement, the salient terms of which are:

- 7.1.1 Asset Manager will manage the income of the properties as assets, and the securities and other assets owned by the Company from time to time and other assets owned by the Company;
- 7.1.2 the duration of such management is for an indefinite period, save that the appointment as asset manager may be terminated or cancelled in the event that:
 - 7.1.2.1 either party gives the other party three (3) months written notice of termination/cancellation; or
 - 7.1.2.2 such shorter notice if otherwise entitled to do so in terms of Botswana Law.
- 7.1.3 The Asset Manager is to:
 - 7.1.3.1 provide investment management advice to LLR, including to propose and monitor the implementation of investment strategies which aim to optimise the net income growth of investments;
 - 7.1.3.2 supervise the carrying out by the Property Manager of the following functions;
 - 7.1.3.2.1 the provision of management and repair services for the buildings;
 - 7.1.3.2.2 the promotion and letting of accommodation in the properties/building;

- 7.1.3.2.3 the negotiation and preparation of leases and other documentation;
 - 7.1.3.2.4 the making of appropriate arrangements for the collection of rental and other income;
 - 7.1.3.2.5 ensuring that the properties are adequately insured against fire and other risks at all times including loss of rental;
 - 7.1.3.2.6 the preparation of monthly management accounts;
 - 7.1.3.2.7 all other functions and duties stipulated in any current management agreement between the Property Manager and LLR;
 - 7.1.3.2.8 provide regular feed-back to LLR with regard to the Property Manager's performance and that of LLR's auditors;
 - 7.1.3.2.9 together with LLR's sponsoring brokers, monitor compliance with B.S.E. Listing Requirements;
 - 7.1.3.2.10 instruct the Property Manager as to its financial management responsibilities. Thereafter to review management accounts monthly, and provide feed-back, on the financial management activities being undertaken by the Property Manager;
 - 7.1.3.2.11 ensure timeous delivery of all financial information to the Chief Financial Officer of LLR as required for preparation of annual financial reports and to enable the chief financial officer of LLR to meet Record Dates and Designated Dates;
 - 7.1.3.3 supervise the carrying out by LLR Secretaries of, company secretarial and reporting functions required in terms of their appointment;
 - 7.1.3.4 procure annual valuations of the properties by an independent professional valuer, approved by the Board, and report the results thereof to LLR, all at the expense of LLR; and
 - 7.1.3.5 interact with the nominated Trustee(s) on behalf of debenture holders, as required by B.S.E. Listings Requirements or in terms of the relevant Botswana company legislation.
- 7.1.4 The asset manager is entitled to claim or recover from the Company any approved disbursements, expenditure or other amounts reasonably incurred and disbursed by it in respect of the management of the Company's assets and the portfolio, provided such amounts are incurred and disbursed in accordance with the asset management agreement, and is entitled to a remuneration as tabled below, payable monthly :

Enterprise Value*	Fee (per annum)
0 – P 500 million	0.75%
Anything over and above P 500 million	0.50%

- 7.1.4.1 the base of P 500 000 000 on which the 0.75% fee is calculated increases with inflation every financial year.
- 7.1.4.2 if the Asset Manager, by agreement with LLR, manages and supervises the undertaking of any new and out of the ordinary development or other project or is involved in an unusually high level of acquisition, development, or disposal activity, then the asset manager shall be due a fee reasonably appropriate to the services rendered.

**Enterprise Value* means the aggregate of LLR's average market capitalisation, plus all outstanding debt with the exception of debentures.

7.2 Property Management

The management of the properties owned in the Property Portfolio by the Company will be undertaken by Botswana Development Corporation Limited, pursuant to a property management services agreement, the salient terms of which are:

- 7.2.1 the duration of such management is three years, save that the appointment as property manager may be terminated or cancelled in the event that:
- 7.2.1.1 either the manager or the Company is placed under provisional or final winding up or is placed under provisional or final judicial management; or
 - 7.2.1.2 the Company or the manager breaches any material provision of the agreement and fails to remedy the breach within 21 days' notice requiring it so to do; or
 - 7.2.1.3 at any time after the second anniversary of the Effective Date the earnings growth per Linked Unit over two consecutive reporting periods (a quarter) is more than 15% lower than the average earnings growth per linked unit of comparable property loan stock companies listed on the BSE during the same period (the "PLS Companies") as reported in the financial statements for the same (or substantially the same) period, and the Company gives to the manager three months' notice; or
 - 7.2.1.4 the Company's performance over two consecutive reporting periods (a quarter) is 15% below the budget in respect of the period as approved by the Board and ignoring the adverse consequences of (a) any occurrence which is beyond the control of the manager which was reasonably unforeseeable and has a material affect on the income of any property in the portfolio or (b) any extraordinary circumstances beyond the control of the manager which may have occurred during the relevant period or the effects of which are borne during the relevant period, and the Company gives to the manager three months' notice; or
 - 7.2.1.5 either party gives the other party six (6) months written notice of termination/cancellation.
- 7.2.2 The scope of the manager's duties in regard to the property management function shall include, without being limited to, the following:
- 7.2.2.1 To receive instructions from the Asset Manager as to property management responsibilities, and to carry out such instructions, which shall include:
 - o the provision of management and repair services for the buildings;
 - o the promotion and letting of accommodation in the properties/building;
 - o the negotiation and preparation of leases and other documentation;
 - o the implementation and enforcement of leases and other contractual arrangement to which LLR is party;
 - o the making of appropriate arrangements for the timeous collection of rental and other income;
 - o ensuring that the properties are adequately insured against fire and other risks at all times including loss of rental;
 - o entering into contractual arrangements with third parties who will manage or attend to any tenant installation requirements relating to the portfolio and which will be paid market relation fees by LLR for services to be rendered by such persons;
 - o employing, on behalf of LLR, on-site building staff assigned to a property or properties
 - o the preparation and lodgement of objections to local authority valuations

- 7.2.2.2 To cause to be opened and operate a separate bank account (a trust account) into which all rental income shall be paid and from which all expenses shall be disbursed and for such services, the manager shall be entitled to claim or recover from the Company and any Approved disbursements, expenditure or other amounts reasonably incurred and disbursed by it in respect of the management of the properties, provided that such amounts are incurred and disbursed in accordance with the property management agreement.

Where the manager has itself undertaken collection of rental income due to the Company in respect of the properties, it shall be entitled to a collection administration fee equal to [4.0%] of the amount of rental collected by it (which fee shall be payable by the Company to the manager within 21 days of receipt of the collection).

Where the manager has itself procured the letting of premises in the properties to third parties, the manager shall be entitled to a letting fee equal to: (i) 100% of the first month's gross rental for leases that run up to 5 years; (ii) 150% of the first month's gross rental for a lease that runs in excess of five years. Where the manager has itself procured the renewal of a let of premises in the properties to third parties, the manager shall be entitled to a renewal fee equal to 50% of 100% of the first month's gross rental for a renewal that runs up to five years and 50% of 150% of the first month's gross rental for a lease that runs in excess of five years.

7.3 Financial Management and Secretarial

The financial management and secretarial functions for and of the company will be undertaken by BDC, pursuant to an agreement for the provision of financial, administrative, and secretarial management services, the salient terms of which are:

- 7.3.1 the duration of such management is three years, save that the appointment as property manager may be terminated or cancelled in the event that:

7.3.1.1 either the manager or the Company is placed under provisional or final winding up or is placed under provisional or final judicial management; or

7.3.1.2 the Company or the manager breaches any material provision of the agreement and fails to remedy the breach within 21 days' notice requiring it so to do; or

7.3.1.3 at any time after the second anniversary of the Effective Date the earnings growth per Linked Unit over two consecutive reporting periods (a quarter) is more than 15% lower than the average earnings growth per linked unit of comparable property loan stock companies listed on the BSE during the same period (the "PLS Companies") as reported in the financial statements for the same (or substantially the same) period, and the Company gives to the manager three months' notice; or

7.3.1.4 the Company's performance over two consecutive reporting periods (a quarter) is 15% below the budget in respect of the period as approved by the Board and ignoring the adverse consequences of (a) any occurrence which is beyond the control of the manager which was reasonably unforeseeable and has a material affect on the income of any property in the portfolio or (b) any extraordinary circumstances beyond the control of the manager which may have occurred during the relevant period or the effects of which are borne during the relevant period, and the Company gives to the manager three months' notice; or

7.3.1.5 either party gives the other party six (6) months written notice of termination/cancellation.

- 7.3.2 The scope of the manager's duties with regard to the financial management function shall include, without being limited to, the following:

7.3.2.1 to maintain accurate and up-to-date books of account in accordance with International Financial Reporting Standards (IFRS) Accounting Practices and Standards generally applied in Botswana, and other records relating to the management and administration of the Company and the properties and for such periods as required under the Companies and Income Tax Acts for Botswana;

- 7.3.2.2 to receive instructions from the Asset Manager as to financial management responsibilities, and to carry out such instructions;
 - 7.3.2.3 to work with the Asset Manager to prepare such financial information as required for preparation of annual financial reports;
 - 7.3.2.4 the monthly reconciliation of the bank accounts, rental debtors and creditors with the general ledger of LLR;
 - 7.3.2.5 the monthly reconciliation of rentals received in respect of the Property Portfolio;
 - 7.3.2.6 effecting payments to the creditors of LLR;
 - 7.3.2.7 the preparation of monthly reconciliation of the Output VAT and Input VAT of LLR, and the timeous submission of VAT returns on behalf of LLR;
 - 7.3.2.8 the preparation of management accounts, containing such information as the Board may reasonably require, and timely submission thereof, to the Board, prior to its quarterly Board Meetings;
 - 7.3.2.9 the preparation of the half-yearly financial statements of LLR, the presentation thereof to the Board for approval, and the timeous publication thereof, to comply with the Listing Requirements of the BSE;
 - 7.3.2.10 the preparation of the annual financial statements of LLR, and liaison with the Auditors of LLR ensuring that the audit of such financial statements, Auditor's Report, and Auditor's Report on Management, to the Board, are timeously presented to the Board for approval, and the Annual Audited Financial Statements are published, timeously, in compliance with the Listing Requirements of the BSE;
 - 7.3.2.11 ensuring compliance by LLR with the Listing Requirements of the BSE;
 - 7.3.2.12 the preparation of all financial statements, reports and budgets as reasonably required by the Board;
 - 7.3.2.13 the preparation and processing of all VAT invoices;
 - 7.3.2.14 the liaison with the appointed tax consultant and ensure timely submission of income tax returns for LLR;
 - 7.3.2.15 the payment of rates and taxes due on the Properties; and
 - 7.3.2.16 Prior to the commencement of each financial year of LLR, and under the supervision of the Asset Manager, the Manager shall prepare a budget of total anticipated income and expenditure in respect of LLR and the Portfolio and Properties for the forthcoming financial year, which budget shall be submitted to the Board for approval prior to the commencement of such financial year.
- 7.3.3 The scope of the manager's duties in regard to the secretarial function shall include, without being limited to, the following:
- 7.3.3.1 To receive instructions from the Asset Manager as to company secretarial responsibilities;
 - 7.3.3.2 To undertake all secretarial functions for LLR other than the transfer or issue of linked units;
 - 7.3.3.3 To ensure compliance by LLR with the Listing Requirements of the BSE; and
 - 7.3.3.4 To ensure that LLR complies with its obligations under the Companies Act.

- 7.3.4 For such property management, financial management and secretarial services, the manager shall be entitled to claim or recover from the company any accrued disbursements, expenditure or other amounts reasonably incurred and disbursed by it in respect of such management, provided that such amounts are incurred and disbursed in accordance with the agreement, and a fee equal to P1,200,000 per annum which is payable in arrears in four equal instalments payable on or before 30th September, 31st December, 30th March, and 30th June each year.

7.4 Agreements available for inspection

Copies of the agreement for the provision of asset management, and the agreement for provision of property management, financial management and secretarial services are available for inspection in terms of section 18 below.

7.5 Management

7.5.1 Asset Manager

The Asset Management team as provided by Stanbic Investment Management Services (Pty) Ltd, in conjunction with Liberty Properties (Pty) Limited, will be led by Mr Kelly Francis Clinton (49) H. Dip. Eng. B.Comm (Hons).

Mr Clinton has previously held the positions of Managing Director of Redefine Properties Limited, Advent Properties Limited, ApexHi Properties Limited all of which have been or are currently listed on the Johannesburg Stock Exchange. He is currently a non-executive independent director of Oryx Properties Limited (Namibia) and Investment Property Databank (IPD) South Africa (Pty) Ltd.

He has thirty three years experience in the South African property investment market including construction, lecturing, property management, facilities management, asset management, listed fund management, township development, property development, cross border lending and property valuations.

Once the listing is complete, his team will be bolstered with support staff sourced from Botswana.

7.5.2 Property Management Team

Name	Occupation	Postal address
Letsweletse Ramokate	General Manager	Private Bag 160, Gaborone
Ronnie Masalila	Property Manager	Private Bag 160, Gaborone
Magdeline Tsiane	Finance Manager	Private Bag 160, Gaborone

Letsweletse Ramokate (45)

Manager – Property Division, Botswana Development Corporation (BA, MPhil (UK))

Mr Ramokate has extensive experience in property development and management. He has previously worked for 13 years for the RDC Group, where he rose through the ranks from Assistant Property Manager (1993) at Italtswana Construction Company to Executive Director (2002) for the BSE listed RDC Properties Limited. As Executive Director he was responsible for managing the group's property portfolio ensuring profitability and shareholder value enhancement. He has extensive experience in all aspects of property development and management including acquisitions, refurbishments and new developments.

Mr Ramokate's career started in Town Planning. He previously worked as graduate trainee at the Department of Town and Regional Planning Headquarters in Gaborone. He holds a BA degree from the University of Botswana, and an MPhil in Urban Planning from the UK.

He has been Property Manager of BDC since 2006, current responsibilities for managing the BDC Group property portfolio to ensure profitability, developing new properties, and appraising property development proposals for loan and equity financing. He sits on the boards of a number of Botswana companies.

Ronnie Masalila (42)

Principal Operations Officer, Botswana Development Corporation (BSc)

After completing his BSc in Estate Management at the University of Central England (UK), Mr Masalila worked as a property valuer and project manager with Kwena Property Services for over two years, as a valuer with Bothongo and Associates in South Africa for one year, and as an estates officer with Botswana Housing Corporation for three years. Before joining BDC, he worked as a property analyst at BIFM, where his main responsibilities were investment analysis, and property management and development.

At BDC, he is the Principal Operations Officer in the Property Management and Development Division. This entails managing the property portfolio (comprising mostly industrial properties) ensuring company budgets are met, the sourcing of property investment opportunities in the open market in all property sectors, and assessing projects to determine their viability and securing financing for projects. He also undertakes a project management role, as well as ensuring that properties within the managed portfolio are maintained efficiently. Mr Masalila is also a board member of two property investment companies.

Magdeline Tsiane (46)

Chief Financial Accountant, Botswana Development Corporation (ACCA, ACPA, FMAAT)

Ms Tsiane started her career as bank teller and Chief Custodian at the Bank of Credit and Commerce. From 1990 to date, she has worked for the BDC Group, holding several accounting roles and rising to Chief Financial Accountant for BDC in 2010. This position involves providing BDC with accurate and reliable financial records, as well as timely and accurate client financial data. She also plans, monitors and controls the activities of team members in order to achieve team objectives and targets.

8. PROSPECTS AND FUTURE GROWTH

The Company will, on a continual basis, seek to grow, by way of acquisitions of direct properties, indirect real estate instruments and new developments. Such acquisitions and developments will seek to ensure prudent diversification of the property portfolio held by the Company, and be made in good quality properties yielding returns, consistent with or better than the existing properties held by the Company so as not to dilute potential distribution to unit holders.

The directors believe that the Company has a competitive edge (when compared with its peers) by virtue of the fact that it will maintain links with BDC and be able to acquire, on an arms-length and market related basis, mature and stable developments from the BDC-owned property portfolio and land bank.

9. MAJOR LINKED-UNIT HOLDERS

Subject to the offer, the Linked Unit holders named in the table below will have a direct or indirect beneficial interest of more than 5% of the issued Linked Units of the Company.

<i>Linked Unit Holder</i>	<i>Percentage</i>
Botswana Development Corporation Limited	30%

The Directors are not aware of any Linked Unit holders other than those listed above, who will have a beneficial interest of 5% or more of the issued Linked Units of the Company at the date of listing.

10. DIRECTORS

10.1 Directors

The full names, ages, qualifications, nationalities, addresses, occupations and career details of the Directors of the Company are:

Name	Current Occupation	Address	Other Directorships and nature of business
James Kamyuka (Motswana) (Chairman)	General Manager - Management Service; BDC	P.O. Box 60035, Gaborone	<ul style="list-style-type: none"> • Residential Holdings (Pty) Ltd (property) • Golden Fruit (Pty) Ltd (agriculture) • Fairground Holdings (Pty) Ltd (property) • Phakalane Property Developers (Pty) Ltd (property) • Lobatse Clay Works (Pty) Ltd (building materials) • Botswana IFSC (financial) • Sechaba Breweries Holdings Ltd (brewery) • Kwena Rocla (Pty) Ltd (building materials)
Peter Stevenson (Motswana)	Independent Business Consultant	P.O Box 5330 Gaborone	<ul style="list-style-type: none"> • Energy Dynamics (Pty) Ltd (building materials) • Barloworld Logistics (Pty) Ltd (logistics) • Botswana (Pty) Ltd (logistics) • Barloworld Motor Botswana (Pty) Ltd (motor retail) • Car Rental Holdings (Pty) Ltd (investment holding) • Crown Paints (Pty) Ltd (paint) • First National Bank of Botswana Limited (banking) • Freeworld Coatings Botswana (Pty) Ltd (paint) • Freeworld Plascon Botswana (Pty) Ltd (paint) • Gaborone Holdings (Pty) Ltd (management consultancy) • Home Property (Pty) Ltd (property) • Khumo Equity Partners (Pty) Ltd (investment) • PDS Properties (Pty) Ltd (property) • PMK Properties (Pty) Ltd (property) • Rekere Investments (Pty) Ltd (investments) • Technique (Pty) Ltd (information technology) • The Business Place (Pty) Ltd (business development) • VPB (Pty) Ltd (private equity) • VPB Namibia (Pty) Ltd (private equity)
Jane Tselayakgosi (Motswana)	Managing Director - The Hollard Insurance Company of Botswana (Pty) Ltd	P.O. Box 45029, Gaborone	<ul style="list-style-type: none"> • Hollard Botswana (insurance) • Member of the UB Council (education) • Netsolve (Pty) Ltd (technology)

Name	Current Occupation	Address	Other Directorships and nature of business
Sametsi Ditshupo (Motswana)	General Manager – Business Development; BDC	P.O. Box 301588, Tlokweng	<ul style="list-style-type: none"> • Western Industrial Estates (Pty)Ltd (industrial property development & management business) • Lobatse Clay Works (Pty) Ltd (building materials) • Kgalagadi Breweries (Pty) Ltd (brewery) • Botswana Breweries (Pty) Ltd (brewery) • Sechaba Breweries Holdings Limited (brewery) • Can Manufacturers Botswana (Pty) Ltd (food can manufacturing) • Malutu Enterprises (Pty) Ltd (land holding) • Action for Economic Empowerment Trust (economic empowerment NGO) • Women Finance House (micro lending)
Roderick Boyd (British)	Special Projects Manager - BDC	Private Bag 160, Gaborone	<ul style="list-style-type: none"> • Lobatse Tile (Pty) Ltd (building materials) • Can Manufacturing (Pty) Ltd (food can manufacturing) • Bute Investments (Pty) Ltd (financial) • Kwena Concrete Products (Pty) Ltd (building materials)
Marina Bathuleng Mookodi (Motswana)	Principle Quantity Surveyor and Arbitrator	P.O. Box 2892, Gaborone	<ul style="list-style-type: none"> • BWR (Pty) Ltd (quantity surveying) • Botswana Housing Corporation (housing)

James Kamyuka (54)

General Manager – Management Services (Botswana Development Corporation) BCOMM (NUL); FCMA(UK); FCPA(Bots)

Mr Kamyuka has been the General Manager of BDC's Management Services Division since February 2001. In this capacity, he sits on the Management Committee of BDC and assists the Managing Director in decision-making on all strategic and operational issues. He currently has particular oversight of the following BDC divisions: Financial Accounting, Management Accounting and Corporate Treasury, Risk Management, and Information Technology, while, in the past, he has been responsible also for the Company Secretariat and Legal division, and the Invoice Discounting division, which he set up.

Prior to working for BDC, Mr Kamyuka was employed for 10 years by the Pepkor Group. During this time, his experience was augmented by assuming responsibility for the operational and general management of the business in Botswana and Namibia, and establishing the Pep operations in Ghana. He also worked as General Manager and Financial Manager for Pep Botswana Holdings during this period.

Mr Kamyuka completed his Bachelor of Commerce (Accounting and Management) at the National University of Lesotho in 1981, following which he started his career as a Commercial Officer for the Department of Trade and Industry in Lesotho. After a 2-year stint as an Accounting and Economics Lecturer at Ezibeleni Tech-Skill Center in South Africa, Mr Kamuka joined De Beers Botswana Diamond Mine, where he worked as a training officer and, later, as an internal auditor. Mr Kamyuka sits on the boards of a number of Botswana companies.

Peter Stevenson (59)

Chartered Accountant, Independent Business Consultant

Peter Stevenson is a Chartered Accountant and fellow member of the Botswana Institute of Accountants with over 30 years extensive management, leadership, business and financial experience gained in Botswana, Namibia and Zimbabwe. He was the Group Managing Director of the Barloworld Botswana Group for 20 years until 2007 and was responsible for its growth into one of the larger commercial operations in Botswana. Peter is currently an independent business consultant. He is a non-executive director of First National Bank Botswana where he is chairperson of the Audit and Risk Committees. Peter is also a non-executive director / trustee of a number of private companies and charitable trusts.

Jane Tselayakgosi (43)

Managing Director (The Hollard Insurance Company of Botswana (Pty) Ltd) (B.Com, ACCA)

Since June 2005, Ms Tselayakgosi has been Managing Director of Hollard Insurance Company of Botswana (Pty) Ltd, a company she set up. Her key responsibilities include the day-to-day running of the company and overseeing the financial, business development, compliance and human resources areas of the business. Prior to this, she worked for Botswana Insurance Company from the start of her career, working her way up from trainee of their graduate programme to the Assistant General Manager of Finance.

Ms Tselayakgosi has a Bachelor of Commerce in Accounting and Business from the University of Botswana, as well as qualifying with the Association of Chartered Certified Accountants (ACCA) in the UK. She is a registered member of the Botswana Institute of Accountants, the Insurance Advisory Board, and the University Council.

Sametsi Ditshupo (43)

General Manager – Business Development (Botswana Development Corporation) (BA, MSc)

Ms Ditshupo completed a BA in Economics & Accounting at the University of Botswana and an MSc in Economics at the University of Illinois (USA). She is currently General Manager for the Business Development division of BDC, where her responsibilities include leading portfolio growth initiatives, ensuring achievement of the corporate strategy, ensuring achievement of revenue and profit targets, and leading an arrears management programme. Prior to this role, Ms Ditshupo worked for BDC as a Research & Marketing Manager.

Prior to her employment with BDC, Ms Ditshupo worked for Botswana Export Development & Investment Authority for over eight years, both as an Investment Promotion Manager and a Marketing Officer. She has also worked as a National Economist for the United Nations Development Programme and started her career as an economist for the Ministry of Finance & Development Planning. She sits on the boards of a number of Botswana companies.

Roderick Boyd (59)

Special Projects Manager (Botswana Development Corporation) (B.Com, MBA, CAIB (SA)) (British)

Mr Boyd is currently Special Projects Manager for the BDC in which role he takes responsibility for the successful conclusion of projects assigned to him by the Board and/or executive management. He joined BDC in 2006 to set up the Invoice Discounting Division.

Prior to this he was an executive director of Challenge Finance Limited, a UK invoice finance company having been recruited from Royal Bank of Scotland Invoice Finance where he was Head of Sales for the London region. His extensive experience in finance and banking in Africa and the UK includes all aspects of project finance, asset finance, invoice finance and banking at general management level. Mr Boyd sits on the boards of several Botswana companies.

Marina Bathuleng Mookodi (41)

Co-Founder, Principle Quantity Surveyor and Arbitrator for BWR Quantity Surveyors and Dispute Resolution Consultants (Pty) Ltd

Ms Bathuleng Mookodi holds an MSc in Construction Law (University of Wolverhampton, UK) which she obtained through a Chevening Scholarship from the British Council. She also holds a BSc (Hons) in Quantity Surveying (University of Central England (Birmingham, UK) for which she was awarded a certificate of Distinction.

Prior to co-founding BWR, she worked for Peter Richards & Partner as a Quantity Surveyor and for DABS as a Quantity Surveyor Technician. She is the former President and Vice President of the Botswana Institute of Development Professions (BDIP). She is also a former Chairperson for the BOCCIM Construction Sector. During her tenure as chairperson of the BOCCIM Sector she project managed the "Cause of Poor Performance on Public Construction Projects in Botswana" study undertaken by the University of Botswana.

She is a graduate member of the Royal Institute of Chartered Surveyors, a corporate member of the Association of South African Quantity Surveyors, an associate member of the Botswana Institute of Arbitrators and a fellow of the Botswana Institute of Arbitrators. She was appointed to the BHC Board in August 2010.

10.2 Qualification, Appointment and Remuneration of Directors

10.2.1 The relevant provisions of the Constitution concerning the qualification, appointment and remuneration of the Directors are set out in Annexure 7 to this Prospectus.

10.2.2 The proposed and forecast aggregate remuneration and benefits to be paid to the Directors of the Company is P416 400 per annum. There are no executive Directors. Each of the Directors will be paid an annual retainer fee of P24 000 and a sitting allowance of P10 000 for each Board Meeting attended.

10.3 Interests of Directors in the Company

As at date hereof the Directors have no interest in the Company.

10.4 Interests of Directors in transactions

Director	Indirect %	Direct %
None	Nil	Nil

Sametsi Ditshupo is chairperson of Western Industrial Estates (Pty) Ltd, one of the Vendors.

10.5 Consent of Directors

The Directors have consented to act as such and this consent has been lodged with the Registrar of Companies.

11. CORPORATE GOVERNANCE

The Board is fully committed to effective corporate governance and the need for integrity and high ethical standards in the conduct of its business. Letlole la Rona is fully committed to achieving the principles of good corporate governance embodied in the BSE Code of Corporate Governance and King 2 Report and the recent King 3 Report. Board training will be conducted from time to time to ensure compliance with the above Codes.

Insofar as practicable and applicable, the Company will comply with the principles of the King Reports on corporate governance. By virtue of the fact that the Company will have few employees (on the basis that asset management services and financial administrative secretarial and property management services are outsourced) there is no need for a remuneration committee.

11.1 Board of Directors

The Board comprises of six non-executive Directors who have a range of complementary skills and experience. The Board is chaired by James Kamyuka, a non-executive Director. The Board meets at least four times a year and retains full responsibility for the direction and control of the company.

11.2 Audit Risk and Compliance Committee

The Audit Risk and Compliance Committee assists the board in monitoring internal controls which includes financial and operational control systems. The control systems include clearly defined lines of accountability and delegation of authority and provide for full reporting and analysis against approved budgets. Senior management is charged with the responsibility of determining the adequacy, extent and operation of these systems.

The members of the Committee comprise two independent non-executive directors, of whom one is chairman, and one non-executive director. The audit risk and compliance committee shall meet formally twice per year and on an ad hoc basis as and when required. The Committee shall meet periodically with the Company's external auditors to discuss accounting, auditing, financial reporting and corporate governance issues.

11.3 Investment Committee

The Company has an Investment Committee which is accountable to the Board for monitoring and supervising the Company's strategic objectives and implementing the Board's instructions, together with the recommendation of individual real estate transactions.

The Committee has one formal meeting per year to review and submit for approval to the Board the strategic plan as prepared and presented by the Asset Manager and shall also meet on an ad hoc basis as and when required.

The members of the Committee shall comprise two independent non-executive directors, one of whom will be chairman, and one non-executive director.

12. PROFIT HISTORY, FORECAST AND DIVIDEND POLICY

12.1 Profits

The combined profit history of the Company for the three years ended 30 June 2010 are the subject of the report of the Joint Reporting Accountants contained in Annexure 1, a summary of which is included below.

Combined Financial Statements Year ended 30 June	2010 (P'000)	2009 (P'000)	2008 (P'000)
Revenue	38 296	42 193	32 560
Fair value (loss) / gain on investment properties	(57 284)	130 225	(2 626)
Finance costs	(5 040)	(5 890)	(6 572)
(Loss) / profit before income tax	(27 680)	162 860	18 174
Income tax credit / (expense)	6 920	(33 595)	(3 590)
(Loss) / profit from continuing operations	(20 760)	129 265	14 583

Note: The P20m loss in 2010 is a result of the P57m fair value loss on properties in the same year. Two different professional valuers were used in respect of each of 2009 and 2010. Management is confident that the valuation used in 2010 is more accurate, and this will reduce the variations in upward and downward valuations in two consecutive years, going forward.

12.2 Indicative Profit forecast

The indicative yield of the Company for the years ending 30 June 2011 and 30 June 2012 is forecast to be:

	2011 (P'000)	2012 (P'000)
Cash rental income	45 997	49 649
Cash expenses	(12 329)	(12 665)
Other cash income	-	1 223
Net income available for distribution	33 668	38 207
Debenture interest	(33 668)	(38 207)
Number of Linked Units	280 000	280 000
Distribution per Linked Unit (thebe)		
Debenture interest (thebe)	12.02	13.65
Yield at P1.50 (%)	8.0%	9.1%

Note 1: Distribution per Linked Unit is based on 280 000 000 Linked Units throughout the period and proposed distribution of debenture interest based on 100% of net income before fair value and rental smoothing adjustments excluding finance charges and non-cash items.

This information is based on the following assumptions:

- Current economic conditions prevail throughout the period and there is no downturn in the property markets;
- Interest rates remain the same;
- The current tax and VAT regime prevails throughout the period;
- Rentals as per existing lease agreements are received and, where leases are available for renewal, these are re-leased on the same terms and conditions as existing leases, and the rentals are received;
- Inflation assumed at 9% p.a. on costs unless contractually agreed, in which case actuals per contract applied;
- Asset management fees are based on market capitalisation of the company off an asset value basis (i.e. current market value of properties plus cash plus current 12% premium of market value to asset value) – this value was assumed to rise by 6% per annum;
- No fair value accounting standards adjustment made (IAS40); and
- No straight-line accounting standards adjustments made (IAS17).

12.3 Profit forecast

Profit forecast is included under Annexure 2 together with the report of the reporting accountants.

12.4 Distribution policy (interest plus dividend)

- 12.4.1 It is intended that the distribution to Linked Unit Holders will be primarily in the form of debenture interest with a nominal amount being dividends.
- 12.4.2 The Directors intend to ensure that rolling over any period of three consecutive financial years the Company will distribute at least 75% of available cash after prudent retention and provision for foreseeable expenditure and cash flow requirements as per the Trust Deed of the Company.
- 12.4.3 The Company's intention will be to declare an interim distribution in March and a final payment in October of each year. The first expected distribution to Linked Unit holders shall be in May 2012.
- 12.4.4 All distributions not collected within a period of three years from date of payment shall lapse, and the proceeds shall revert to the Company, under the control of the Directors.

13. CAPITAL AND BORROWING

Refer to Section 14 for the allocation of the Company's capital post-listing.

13.1 Adequacy of capital

The Directors of the Company are of the opinion that after the issue of Linked Units:

- the Company's stated capital is adequate for the purposes of the business of the Company for the foreseeable future; and
- the Company's working capital resources will be adequate cover for its current and foreseeable requirements.

13.2 Loans and loan capital

At the date of this Prospectus and, save for the debentures, no loans have been made to the Company and the Company has not issued any other form of loan capital.

There are no loans to the Directors of the Company. Upon a successful offer and utilisation of the funds to acquire the properties, the Company has and will have no outstanding borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, finance lease obligations, mortgages, charges, guarantees or other contingent liabilities.

13.3 Borrowing powers of Directors

The Directors may raise or borrow for the purposes of the Company's business, such sum or sums of money as in aggregate at any time do not exceed sixty-six percent (66%) of the fair market value of the assets of the Company, or such higher limit as the Company may, by Ordinary Resolution, in General Meeting determine. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, or by the issue, at such price as they may think fit, of debentures either charged upon the whole or any part of the property and assets of the Company, or not so charged or in such other way as the Directors may think expedient.

Foreign currency borrowings may be raised by way of back to back loan agreements, or any such similar arrangements. In so far as the offsetting deposit is denominated in Pula, and equals or exceeds the value of the foreign currency loan outstanding at a point in time, it shall not be regarded as a borrowing. Where the foreign currency loan exceeds the deposit, such excess will be regarded as a borrowing.

13.4 Capital commitments, lease payments and contingent liabilities

At the date of this Prospectus, the Company has no material commitments for capital expenditure, save those disclosed in relation to the property acquisition agreements and in the Joint Reporting Accountants' reports in Annexure 1 of this Prospectus. At the date of this Prospectus the Company has no contingent liabilities save for those similarly disclosed. There has been no off balance sheet financing of the Company.

13.5 Material changes

The Directors report that to their knowledge there have been no material changes in the financial or trading position of the Company since 30 June 2010, the date of the Joint Reporting Accountants' Reports on the combined financial statements of the Company in Annexure 1 to this Prospectus, other than in the ordinary course of business or as set out in the Prospectus.

13.6 Promoter's fees

There are no Promoter's fees, however, the costs incurred in the establishment of the Company, any pre-incorporation, and pre-operating costs, and the preparation of this prospectus, the private placement, and the public offer, with the costs of listing of the linked units as contemplated in this prospectus, borne by BDC, stand to be repaid by the Company to BDC out of the proceeds of the private placement and the offer.

13.7 Issue of Linked Units

The Board may issue shares or other securities (which includes linked units) to any person and in any number it thinks fit provided that while the Company is listed, the issue is made in compliance with the BSE Listings Requirements. The provisions of the Act shall also apply to any issue or proposed issue of securities or debentures by the Company. The Act and the BSE Listing requirements provide that any new issue of securities must be provided to any existing holders prorata and it is the Board's intention to comply with the above.

14. SHARE AND DEBENTURE CAPITAL

The stated share and debenture capital of the Company before and after the offer for sale are:

Issued, before the offer (prior to the EGM held on the 9 March 2011):

Fully paid-up ordinary shares	P100
Variable rate unsecured debentures	P0
Total	P100

Issued, after the placing and the offer:

Fully paid – up ordinary shares	P2 800 000
Variable rate unsecured debentures	P417 200 000
Subtotal	P420 000 000
Less: Properties acquired	P407 530 000
Less: Costs in respect of incorporation, issue of Linked Units and listing expenses	P11 000 000
Cash available for working capital	P1 470 000

All of the issued shares (including those to be issued in terms of this Prospectus) are of the same class and rank *pari passu* in every respect. All of the variable rate unsecured debentures linked to the shares (including those to be issued in terms of this Prospectus) are of the same class and rank *pari passu* in every respect.

None of the shares or variable rate unsecured debentures comprising the Linked Units of the Company is listed on any stock exchange, other than in terms of the proposed listing on the BSE.

14.1 Voting rights

In accordance with the Constitution, at any general meeting, every shareholder present in person or by authorised representative or proxy shall have one vote on a show of hands and on a poll, every member present in person, by authorised representative or by proxy shall have one vote for every Linked Unit held.

14.2 Options or preferential rights in respect of shares

Following the offer, there will be no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been given to any person to subscribe to Linked Unit of the Company. Further, no deferred shares have been awarded to founders of the Company or management.

14.3 Issues otherwise than for cash

Prior to Listing, the Company has made no issue of Linked Units whether for cash or otherwise.

14.4 The Linked Units

Each Linked Unit in the Company comprises one ordinary share and one variable rate unsecured debenture indivisibly linked. It is not possible to trade with the shares or the variable rate unsecured debentures separately from one another. The yield on the Linked Unit comprises two elements - an interest element (paid net of withholding tax) at a variable rate calculated on the debenture capital and a dividend element (paid net of withholding tax, where applicable).

14.5 Debentures

The Debentures are unsecured variable rate debentures. The Debentures are indivisibly linked to the shares in the ratio of one Share to one Debenture. The salient features of the Debentures are set out in Annexure 8 to this Prospectus.

14.6 Offers to the public

No offer has been made to the public for the subscription or the sale of Linked Units during any period preceding the date of the issue of this Prospectus.

14.7 Linked Units held by advisors and promoters

None of the advisors set out in this Prospectus, nor any of the promoters, save as disclosed elsewhere in the Prospectus, hold any Linked Units or have agreed to acquire any Linked Units, as at the date of this Prospectus.

15. PARTICULARS OF THE PUBLIC OFFER AND LISTING

15.1 Time and date of the opening and closing of the Public Offer

The Public Offer will open at 08h00 on 11th April 2011 and will close at 16h30 on 26th May 2011. The last date for receipt of postal acceptances shall be 26th May 2011. The results of the Public Offer will be published on 07th June 2011 and the Linked Units will be listed on 15 June 2011 with the Linked Units certificates and refund cheques posted from the 16th June 2011.

15.2 Particulars of the Public Offer

An offer for sale of 280 000 000 Linked Units is being made at an issue price of P1.50 per Linked Unit, payable in full on application in the currency of Botswana upon the terms and conditions set out in this Prospectus.

15.3 Details of the vendor consideration issue

All vendor considerations are paid in cash and/or Linked Units.

15.4 Application and completion of application forms in terms of the Public Offer

Applications will only be accepted on the following conditions;

- o There are two separate Application Forms, one to be used by individuals (page 103 of this Prospectus) and one for legal entities (page 105 of this Prospectus) which can also be obtained from the Company's website;
- o Only one application may be made by any applicant (except the Placees in terms of the Placing Agreement);
- o Applications may only be made on the Application Forms which accompany this Prospectus and the requirements, terms and conditions contained in the Application Forms and this Prospectus must be complied with;
- o Applications must be for a minimum of 100 Linked Units and thereafter in multiples of 100 Linked Units;
- o Applications are irrevocable and may not be withdrawn once received by the Transfer Secretary or a registered stock broker;
- o Copies or reproductions of the Application Form will not be accepted;
- o Each application will be regarded as a single application, except when received from a nominee company. Such applications must state the number of principals covered by the application in the appropriate block on the Application Forms and must be completed in the manner prescribed therein;

- o Application Forms must be completed in accordance with the instructions contained therein and the provisions of this Prospectus. The Directors of the Company reserve the right to accept, in whole or in part, any application which is incomplete or incorrectly completed;
- o Applications will only be regarded as complete when the cheque rendered in payment has been received, deposited and the funds cleared;
- o No receipts will be issued for Application Forms, application monies or supporting documentation;
- o Applicants may be called upon to furnish satisfactory evidence of their authority or capacity to sign the Application Form; and
- o Linked Units may not be applied for in the name of an unassisted minor or a deceased estate.

15.5 Acceptance

The Directors reserve the right to alter, relax or waive any of the terms and conditions with respect to the making of the applications as they, in their sole discretion, may deem fit. The Directors of Letlole la Rona reserve the right to accept or refuse any application, either in whole or in part, or accept some applications in full and others in part, or to abate any or all applications in such manner as they may determine, in their discretion, but subject to the overriding requirement that to the extent possible as many applications as possible would be allocated all the Offer Linked Units applied for and that the method of acceptance or refusal applied receives the approval of the BSE.

15.6 Submission of applications and payment

Application forms may be delivered by hand, marked "Letlole la Rona Offer" to any of the following:

- Stockbrokers Botswana, Ground Floor, Letshego House, Plot 22, Khama Crescent, Gaborone, Private Bag 0013 Gaborone, Contact details +267 3957900; or
- Motswedi Securities, Plot 113, Unit 30 Kgale Mews, Private Bag 00223 Gaborone, Contact details +267 318 8627; or
- Capital Securities, Plot 64511, Ground Floor, BSE Building Showgrounds, Private Bag 173 Gaborone, Contact details +267 318 8886; or
- African Alliance Securities, African Alliance House, Fairgrounds, Gaborone, Contact details +267 318 8958; or
- DPS Consulting Services, Plot 50371, Fairground Office Park, Gaborone, Contact details +267 3952011; or
- Barclays Bank branches as set out in Annexure 11.

Application forms should be accompanied by payment of the total price of the Linked Units applied for by way of a cheque or bankers' draft, crossed "not negotiable" and drawn in favour of "Letlole la Rona Offer". Such cheques and/or bankers' drafts will be deposited immediately for payment and will be held by the Receiving Bank.

15.7 Statement as to listing on the BSE

Subject to obtaining a spread of Linked Unit holders acceptable to the BSE and registration of transfer of the Properties into the name of the Company, the committee of the BSE has granted a listing for 280 000 000 issued Linked Units of the Company, from 15 June 2011.

15.8 Minimum subscription

The Company requires to raise a minimum of P420 000 000 from the Offer of Linked Units as contemplated herein in order to fund the acquisition of the Property Portfolio and the costs thereof.

15.9 Allocation of Linked Units in the event of oversubscription and undersubscription

15.9.1 Oversubscription

The allocation of Linked Unit will be subject to the discretion of the Board, which has, as its primary objective, the achievement of a broad and balanced shareholder base. In the event of an oversubscription of the Linked Unit, the Board shall prefer citizens of Botswana in the allocation process with regard to the Linked Unit.

15.9.2 Undersubscription

In the event of an undersubscription, the underwriter shall acquire those Linked Units that are not subscribed for in terms of the Public Offer. Salient features of this underwriting agreement are included in the Underwriting Agreement as set out in Annexure 9. In the unlikely event that the Company does not achieve the shareholder spread required by the BSE through the Public Offer and Private Placing, all applicants will be refunded by cheque drawn on Barclays Bank, in Botswana currency, posted by ordinary mail at the risk of the applicant, within seven days of the condition not being fulfilled.

15.10 Dematerialised and Physical Shares

Members of the public applying for Offer Linked Units in terms of the Public Offer will have the option to elect to receive their Company Linked Units shares in either physical or dematerialised form as detailed below.

Physical form: For those members of the public applying for physical shares, Letlole la Rona Linked Units certificates will be posted from 16 June 2011, following the completion of the Public Offer.

Dematerialised form: Those members of the public who have CSDB accounts will have their CSDB accounts credited with the Linked Units they have been allocated in terms of the Public Offer.

15.11 Underwriting

The Company has entered into an underwriting agreement with BDC as underwriter, in terms of which the underwriter has undertaken to subscribe for such of the Linked Units as are not subscribed for by members of the public pursuant to the Prospectus, as at the closing of the Public Offer, on 26th May 2011 at a price of P1.50 per Linked Unit. No fee is payable to the underwriter.

16. MATERIAL CONTRACTS

Material contracts that have been entered into by the Company during the two years preceding the date of issue of this Prospectus, other than in the ordinary course of business are:

- The Acquisition Agreements;
- The Debenture Trust Deed;
- The Asset Management Services Agreement;
- The Financial, Administrative, Secretarial, and Property Management Services Agreement;
- The Underwriting Agreement; and
- The Placing Agreement.

17. GENERAL

17.1 Directors' Responsibility Statement

The Directors, whose names are given in Section 10 of this document collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts, and that the prospectus contains all information required by law.

The Directors confirm that the Prospectus includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company and of the rights attaching to the securities to which the Prospectus relates.

17.2 Litigation

As at the date hereof the Company is not subject to any litigation, arbitration or legal proceedings.

17.3 Preliminary Expenses

The preliminary expenses of the formation and listing of the Company will be borne by the Company. Such preliminary expenses are estimated at approximately P11 000 000 (excl VAT) and comprise payments relating to the services as set out:

	Fees (P)	VAT (P)	Total (P)
Legal	825 054	99 006	924 060
Conveyancing	1 245 975	149 517	1 395 492
Sponsoring Broker	400 000	48 000	448 000
Joint Reporting Accountants	540 000	64 800	604 800
Tax Advisors	50 000	6 000	56 000
Financial Advisor	850 000	102 000	952 000
BSE	108 000	12 960	120 960
Marketing and Prospectus	746 000	89 520	835 520
Underwriting	-	-	-
Independent Valuer/Valuation	1 043 725	125 247	1 168 972
Transfer Secretaries	60 000	7 200	67 200
Asset Manager	3 028 125	363 375	3 391 500
Unit Placement Fees (estimated)	2 000 000	240 000	2 240 000
Contingency	103 121	12 374	115 495
TOTAL	11 000 000	1 320 000	12 320 000

18. DOCUMENTS AVAILABLE FOR INSPECTION

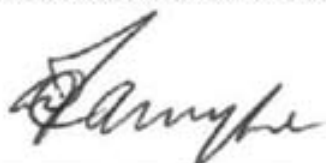
Copies of the following documents will be available for inspection at the registered office of the Company and at the office of the Legal Advisor at any time during business hours on weekdays (excluding Botswana public holidays) from the date of opening of the Offer 11th April 2011 to the date of closing of the Offer 26th May 2011.

- Constitution of the Company;
- The Debenture Trust Deed;
- The property valuation reports, the extracts of which are attached to this Prospectus as Annexure 5;
- The signed reports of PricewaterhouseCoopers and Deloitte & Touche, Certified Public Accountants, the texts of which are included in Annexures 1, 2 and 3 to this Prospectus;
- The written consents of the Joint Reporting Accountants and the Independent Valuers to the publication of their reports and references thereto in the form and context in which they are included in this Prospectus, which consents have not been withdrawn;
- The written consents of the legal advisor, corporate financial advisor, sponsoring broker, transfer secretaries, underwriters and receiving bank named in this Prospectus to act in those capacities, which consents have not been withdrawn;
- The material contracts referred to in paragraph 16 above; and
- The combined financial statements of the Vendors as of 30 June 2008, 2009 and 2010 which are included in Annexure 1.

19. PARAGRAPHS OF THE TENTH SCHEDULE OF THE COMPANIES ACT 2003, ACT NO. 32 OF 2004 THAT ARE NOT APPLICABLE

Section 24 of Part I, sections 26, 27 and 28 of Part II and the whole of Part III.

Dated at Gaborone this 31 March 2011



James N. Kamyuka
(Chairman)



Roderick Boyd
(Director)



Independent auditor's report on combined financial statements

To the directors of Botswana Development Corporation Limited

We have audited the accompanying combined financial statements which comprise the combined statements of financial position of Botswana Hotel Development Company (Pty) Ltd, Western Industrial Estates (Pty) Ltd and Commercial Holdings (Pty) Ltd as described in Note 1.1 ("Letlole la Rona") as of 30 June 2009 and 30 June 2008 and the related combined statements of comprehensive income, cash flows and changes in invested equity for the years then ended and a summary of significant accounting policies and other explanatory notes as set on pages 36 to 64.

Management's responsibility for combined financial statements

Management of Botswana Development Corporation Limited is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and presentation of combined 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.

Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the combined 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 controls relevant to the entity's preparation and presentation of the combined 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the combined 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 accompanying combined financial statements present fairly, in all material respects, the financial position of Letlole la Rona as of 30 June 2009 and 30 June 2008 and of its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact that, as described in Note 1.1, Letlole la Rona has not operated as a separate entity. These combined financial statements are, therefore, not necessarily indicative of results that would have occurred if Letlole la Rona had been a separate stand-alone entity during the years presented or of future results of Letlole la Rona.

A handwritten signature in black ink, appearing to read 'Rudi Binedell', is written over a light-colored background.

PricewaterhouseCoopers
Certified Public Accountants
Practicing Member: Rudi Binedell (20040091.11)

GABORONE
31st March 2011

*PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw*

Senior Partner: B D Phirle
Partners: R Binedell, R P De Silva, N B Soni
Associates: A S Edirisinghe, M Lathkumar, S Sinha, S K K Wijesena.

Independent auditor's report on combined financial statements

To the directors of Botswana Development Corporation Limited

We have audited the accompanying combined financial statements which comprise the combined statements of financial position of Botswana Hotel Development Company (Proprietary) Limited, Western Industrial Estates (Proprietary) Limited and Commercial Holdings (Proprietary) Limited as described in Note 1.1 ("Letlole la Rona") as of 30 June 2010 and the related combined statements of comprehensive income, statements of changes in invested equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 36 to 64.

Directors' responsibility for combined financial statements

The Directors of Botswana Development Corporation Limited are responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and presentation of combined 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.

Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the combined 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 presentation of the combined 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, if any, made by management, as well as evaluating the overall presentation of the combined 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 accompanying combined financial statements present fairly, in all material respects, the financial position of Letlole la Rona as of 30 June 2010 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact that, as described in Note 1.1 Letlole la Rona has not operated as a separate entity. These combined financial statements are, therefore, not necessarily indicative of results that would have occurred if Letlole la Rona had been a separate stand-alone entity or of future results of Letlole la Rona.

Deloitte + Touche

Deloitte & Touche
Certified Public Accountants
Practicing Member: P Naik (19900296.14)

GABORONE
Date: 31st March 2011

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit
DL Kennedy Risk Advisory NB Kader Tax & Legal Services L Geeringh Consulting L Barn Corporate Finance
JK Mazzocco Human Resources CR Beukman Finance TJ Brown Clients NT Mtoba Chairman of the Board
MJ Comber Deputy Chairman of the Board
Resident Partners: M Marinelli Senior Partner FC Els P Naik CV Ramatlapeng M Bardopoulos

A full list of partners and directors is available on request

Member of Deloitte Touche Tohmatsu Limited

ANNEXURE 1B: COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2008, 2009 AND 2010

LETLOLE LA RONA

COMBINED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

		2010	2009	2008
		P	P	P
	Note			
Continuing operations				
Revenue	6	38 295 650	42 192 805	32 559 500
Fair value (loss) / gain on investment properties		(57 284 143)	130 225 390	(2 626 467)
Other operating income		839 885	416 373	840 756
Administrative expenses		(4 491 772)	(4 083 974)	(6 027 646)
Operating (loss) / profit	5	(22 640 380)	168 750 594	24 746 144
Finance costs	7	(5 040 036)	(5 890 453)	(6 572 373)
Total finance costs		(5 040 036)	(5 890 453)	(6 572 373)
(Loss) / profit before income tax		(27 680 416)	162 860 141	18 173 770
Income tax credit / (expense)	8	6 920 104	(33 595 343)	(3 590 431)
(Loss) / profit for the year from continuing operations		(20 760 312)	129 264 798	14 583 339
Discontinued operations				
Profit for the year from discontinued operations	27	14 699 003	38 671 167	20 877 922
(Loss) / profit for the year		(6 061 309)	167 935 965	35 461 261
Basic (loss) / earnings per share from continuing and discontinued operations attributable to the equity holders of Letlole La Rona during the year				
(Loss) / earnings per share				
From continuing operations	30	(0.13)	1.06	0.14
From discontinued operations		0.09	0.32	0.21
(Loss) / earnings per share		(0.04)	1.38	0.35

LETLOLE LA RONA COMBINED STATEMENT OF FINANCIAL POSITION

as at 30 June 2010

		2010	2009	2008
	Note	P	P	P
ASSETS				
Non-current assets				
Property, plant and equipment	12	-	90 819	114 174
Investment properties	9	392 294 622	707 060 450	524 478 944
Deferred rental income	10	18 990 378	19 841 342	12 012 869
		411 285 000	726 992 611	536 605 987
Current assets				
Trade and other receivables	13	745 650	2 279 734	2 405 912
Income tax recoverable		-	29 814 826	38 074 904
Cash and cash equivalents	15	-	60 478 849	39 502 922
		745 650	92 573 409	79 983 738
Assets of disposal group classified as held-for-sale	28	406 722 030	-	-
		407 467 680	92 573 409	79 983 738
Total assets		818 752 680	819 566 020	616 589 725
EQUITY AND LIABILITIES				
Capital and reserves				
Invested equity		501 153 780	505 329 930	321 241 100
Total equity		501 153 780	505 329 930	321 241 100
Non-current liabilities				
Government grants	17	16 404 086	31 439 824	32 217 024
Borrowings	18	34 628 367	126 251 536	126 740 413
Deferred income tax liabilities	19	61 190 914	90 322 810	56 007 252
Payables to related parties	20	-	51 748 131	46 408 183
		112 223 367	299 762 301	261 372 872
Current liabilities				
Borrowings	18	5 019 951	7 637 894	13 274 015
Trade and other payables	21	4 219 594	6 835 894	20 701 738
		9 239 545	14 473 788	33 975 753
Liabilities of disposal group classified as held-for-sale	28	196 135 988	-	-
		205 375 533	14 473 788	33 975 753
Total liabilities		317 598 900	314 236 089	295 348 625
Total equity and liabilities		818 752 680	819 566 020	616 589 725

**LETLOLE LA RONA
COMBINED STATEMENT OF CHANGES IN EQUITY**

for the year ended 30 June 2010

		Invested equity P
Balance at 1 July 2007	Note	303 192 469
Profit for the year		35 461 261
Issue of shares		3 910 809
Dividends paid	11	(21 323 439)
Balance at 30 June 2008		<u>321 241 100</u>
Balance at 1 July 2008		321 241 100
Profit for the year		167 935 965
Issue of shares		23 501 931
Dividends paid	11	(7 349 065)
Balance at 30 June 2009		<u>505 329 930</u>
Loss for the year		(6 061 309)
Issue of shares		25 934 277
Dividends paid	11	(24 049 119)
Balance at 30 June 2010		<u><u>501 153 780</u></u>

**LETLOE LA RONA
COMBINED STATEMENT OF CASH FLOWS**

for the year ended 30 June 2010

		2010	2009	2008
		P	P	P
Cash flows from operating activities	Note			
Cash generated from operations	22	47 188 429	25 063 283	34 704 862
Income tax paid		(7 009 288)	8 219 796	(7 778 547)
Interest paid		(7 125 427)	(6 883 952)	(7 677 034)
Net cash generated from operating activities		<u>33 053 714</u>	<u>26 399 127</u>	<u>19 249 281</u>
Cash flows from investing activities				
Interest received		5 167 717	4 805 423	3 832 485
Additions to investment properties	9	(37 840 323)	(24 544 341)	(16 144 124)
Purchase of property, plant and equipment	12	-	-	(124 554)
Proceeds from disposal of investment properties		-	4 287 850	25 217 321
Net cash (used in) / generated from investing activities		<u>(32 672 606)</u>	<u>(15 451 068)</u>	<u>12 781 128</u>
Cash flows from financing activities				
Proceeds from issue of shares		25 934 277	23 501 931	3 910 809
Net decrease in borrowings		2 912 802	(6 124 998)	(4 451 880)
Dividends paid		(24 049 119)	(7 349 065)	(21 323 439)
Net cash generated from / (used in) financing activities		<u>4 797 960</u>	<u>10 027 868</u>	<u>(21 864 510)</u>
Net change in cash and cash equivalents		5 179 068	20 975 927	10 165 899
Cash and cash equivalents at beginning of year		<u>60 478 849</u>	<u>39 502 922</u>	<u>29 337 023</u>
Cash and cash equivalents at end of year	15	<u><u>65 657 917</u></u>	<u><u>60 478 849</u></u>	<u><u>39 502 922</u></u>
Cash and cash equivalents at end of year :				
- Continuing operations		-	60 478 849	39 502 922
- Discontinued operations		<u>65 657 917</u>	-	-
		<u>65 657 917</u>	<u>60 478 849</u>	<u>39 502 922</u>

LETLOLE LA RONA

NOTES TO THE COMBINED FINANCIAL STATEMENTS

for the year ended 30 June 2010

1. Principal accounting policies

The principal accounting policies applied in the preparation of these combined financial statements ("financial statements") are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

Botswana Development Corporation Limited (BDC) intends to divest itself of some of its properties held under three separate wholly owned subsidiaries viz; Botswana Hotel Development Company (Pty) Ltd, Western Industrial Estates (Pty) Ltd and Commercial Holdings (Pty) Ltd through a property fund created by transferring the earmarked properties to Letlole la Rona Limited - a new company and listing the company on the Botswana Stock Exchange (BSE).

Financial statements have been prepared by combining the statements of comprehensive income, statements of financial position, statements of changes in invested equity and statements of cash flows of individual subsidiaries. The properties which are not earmarked to be transferred to Letlole la Rona are treated as discontinued operations. These combined financial statements are, therefore, not necessarily indicative of results that would have occurred if Letlole la Rona had been a separate stand-alone entity during the years presented or the future results of Letlole la Rona.

Except for the amalgamation of individual IFRS financial statements as described in the preceding paragraph, the Combined Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS). The combined financial statements have been prepared under the historical cost convention as modified by the measurement of certain financial assets and financial liabilities at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgment in the process of applying Letlole la Rona's accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1.1.1 Adoption of standards in the current financial year

The following new standards, amendments and interpretations to existing standards are mandatory for Letlole la Rona's accounting periods beginning on or after 1 July 2009. These have been adopted during the year:

- IFRS 7, Financial instruments' Disclosures (amendment) 'effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk.
- IAS 1 (revised 2007) Presentation of Financial Statements (effective from 1 January 2009).
- IAS 36, (Amendment), Impairment of assets: Disclosure of estimates used to determine recoverable amount (effective from 1 January 2009).
- IAS 40 (Amendment), Investment Property (effective from 1 January 2009)
- IAS 16 (Amendment), Property, Plant and Equipment (effective from 1 January 2009).
- IAS 23, Borrowing Costs • Revised (effective from 1 January 2009).
- IFRS 5 (Amendment), Non-current Assets Held for Sale and Discontinued Operations (effective from 1 January 2009)
- IFRS 8, Operating Segments (effective from 1 January 2009)
- IAS 20 (Amendment), Accounting for Government Grants and Disclosure of Government Assistance (effective from 1 January 2009)
- IAS 39 (Amendments), Financial Instruments (effective from 1 July 2009).

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Management assessed the relevance of the following new standards, amendments and interpretations with respect to Letlole la Rona's operations and concluded that they are not relevant to Letlole la Rona .

- IFRS 1 (Amendments), First time Adoption of International Financial Reporting Standards' Revised (effective from 1 July 2009).
- IFRS 3, Business Combinations; and consequential amendment to IAS 28 Investments in Associates (effective from 1 July 2009).
- IFRIC 17, Distribution of non cash assets to owners (effective from 1 July 2009).
- IFRIC 18, Transfer of assets from customers (effecting from 1 July 2009).
- IAS 27 (Amendments) Consolidated and separate financial statements (effective from 1 July 2009)

1.1.2 Adoption of standards in future financial periods

The following new standards, amendments and interpretations to existing standards are mandatory for Letlole la Rona's accounting periods beginning on or after 1 January 2010. These have not been early adopted by Letlole la Rona .

a) New standards, amendments and interpretations which are relevant to the Property Division's operations

- IAS 24 (Amendments), Related Party Disclosures (effective from 1 January 2011).
- IFRS 9, Financial Instruments (effective from 1 January 2013)
- IFRS 5 (Amendments), Non-current assets held for sale and discontinued operations (effective from 1 January 2010).
- IFRS 5 (Amendments), Operating segments' Disclosure of information about segment assets (effective from 1 January 2010).
- IAS 17 (Amendments), Leases- Classification of leases of land and buildings (effective from 1 January 2010).

Management is currently assessing the impact of the application of these new standards, amendments and interpretations on Letlole la Rona 's financial statements in the period of initial application. At this time, the adoption of these standards and interpretations is only expected to have an impact on the classification and disclosure of items in Letlole la Rona 's financial statements.

b) New standards, amendments and interpretations which are not relevant to the Property Division's operations

- IFRS 2 (Amendments), Group cash-settled share-based payment transactions (effective from 1 January 2010).
- IAS 32 (Amendments), Classification of rights issues (effective from 1 February 2010).
- IFRS 1 and IFRS 7 (Amendments), Limited exemption from comparative and disclosures for first-time adopters (effective from 1 January 2010).
- IFRIC 19, Extinguishing Financial liabilities with equity instruments (effective from 1 July 2010)
- IFRIC 14 (Amendments), Prepayments of a minimum funding requirement (effective from 1 January 2011).
- IFRS 2 (Amendments), Share-based payment. (effective from 1 January 2010).
- IAS 7 (Amendments), Statement of cash flows- Classification of expenditures on unrecognised assets (effective from 1 January 2010).
- IAS 36 (Amendments), Impairment of assets- Unit of accounting for goodwill impairment test (effective from 1 January 2010)
- IAS 18 (Amendments), Revenue' Determining whether an entity is acting as a principal or as an agent (effective from 1 January 2010).
- IAS 39 (Amendments), Financial instrument: Recognition and measurement- Treating loan prepayment penalties as closely related embedded derivatives, scope exemption for business combination contracts and cash flow hedge accounting (effective from 1 January 2010).

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1.2 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by Letlole la Rona, is classified as investment property.

Investment property comprises freehold land, freehold buildings, land held under operating lease and buildings held under finance lease.

Land held under operating lease is classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by the directors.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to Letlole la Rona and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete. At that time, it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

1.3 Property, plant and equipment

Property, plant and equipment are included at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost or re-valued amount of each asset to their residual values over their estimated useful lives as follows:

- Motor vehicles - 5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

When re-valued assets are sold, the amounts included in other reserves are transferred to retained earnings.

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Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance, except for the cost of major renovations, are charged to the income statement during the financial period in which they are incurred.

1.4 Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.5 Financial assets

Letlole la Rona classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Letlole la Rona's loans and receivables comprise trade and other receivables' and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date the date on which Letlole la Rona commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and Letlole la Rona has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other (losses)/gains-net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when Letlole la Rona's right to receive payments is established.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

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for the year ended 30 June 2010

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when Letlole la Rona's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), Letlole la Rona establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Letlole la Rona assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 1.6.

There were no financial assets categorised as fair value through profit or loss or available for sale assets at the balance sheet date.

1.6 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that Letlole la Rona will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited as other income in the income statement.

1.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.8 Invested equity

Invested capital consists of residual capital and reserves.

1.9 Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

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Borrowings are classified as current liabilities unless Letlole la Rona has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

1.11 Interest expense

Interest expenses for borrowings are recognised within finance costs in the income statement using the effective interest rate method.

1.12 Income tax

Tax is determined at current rates on the net income for the year after taking into account income and expenditure which is not subject to tax, assessed or estimated tax losses brought forward from prior years and the tax effect of credits and charges, including depreciation, attributable to periods other than the current year.

Withholding tax of 15% is payable on the gross value of dividends paid to the resident shareholder. This withholding tax is set off against additional company tax in the financial year in which it is paid.

1.13 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using a tax rate of 25% that has been enacted as at the balance sheet date and is expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Provisions are recognised when the Property Division has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The Property Division recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

1.14 Provisions

Provisions are recognised when Letlole la Rona has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Letlole la Rona recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets are included in the cost of that asset. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefit to the company and the costs can be measured reliably. Other borrowing costs are recognised as an expense.

1.16 Revenue recognition

Revenue includes rental income, service charges and management charges from properties.

(i) Rental income

Rental income from operating leases is recognised in income on a straight-line basis over the lease term.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

for the year ended 30 June 2010

(ii) Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to Letlole la Rona.

(iii) Service and management charges

Service and management charges are recognised in the accounting period in which the services are rendered. When Letlole la Rona is acting as an agent, the commission rather than gross income is recorded as revenue.

1.17 Operating lease (Letlole la Rona as the lessor)

When properties are leased out under an operating lease, the properties are included in the balance sheet as investment properties, (Note 9).

Lease income is recognised over the term of the lease on a straight-line basis.

1.18 Related parties

A party is deemed related to Letlole la Rona if it is a director, a shareholder or entity under common control.

1.19 Dividend distribution

Dividend distribution to Letlole la Rona's shareholders is recognised as a liability in Letlole la Rona's financial statements in the period in which the dividends are approved by Letlole la Rona's shareholders.

1.20 Government grant

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and Letlole la Rona will comply with all attached conditions. Government grants relating to property, plant and equipment / investment property are included in non-current liabilities and are credited to statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2. Financial risk management

2.1. Financial risk factors

Letlole la Rona's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and other price risk), credit risk and liquidity risk. Letlole la Rona's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Letlole la Rona's financial performance. Risk management is carried out under policies approved by the board of directors.

(I) Market risk

(i) Foreign currency risk

In the normal course of business, Letlole la Rona does not enter into transactions denominated in foreign currencies and is not exposed to foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

Fluctuation in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risk.

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Letlole la Rona analyses its interest rate exposure. Letlole la Rona calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used.

At 30 June 2010, if interest rates on interest-bearing assets had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been P 656 579 (2009: P 454 637 and 2008: P 260 593) higher/lower, mainly as result of higher/lower interest income on interest-bearing assets.

At 30 June 2010, if interest rates on interest-bearing borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been P 490 805 (2009: P 311 233 and 2008: P 319 967) higher/lower, mainly as result of higher/lower interest expense on interest-bearing borrowings.

(iii) Other price risk

Letlole la Rona is exposed to properties price risk because of investments held by Letlole la Rona and classified on the balance sheet as investment property. Letlole la Rona is not exposed to other commodity price risk.

At 30 June 2010, if the market value of investment property had increased/decreased by 1% with all other variables held constant, post-tax profit and equity for the year would have been P 5 338 352 (2009: P 5 451 763 and 2008: P 4 023 689) higher/lower, mainly as result of increase/decrease in fair value gain on investment property.

(II) Credit risk

Financial assets of Letlole la Rona, which are subject to credit risk, consist mainly of debtors and cash resources. Letlole la Rona has policies in place to ensure that credit sales are made to customers with an appropriate credit history. Cash deposits are held with high-credit-quality financial institutions. See note 14 for disclosure on credit risk. No credit limits were exceeded during the reporting period.

(III) Liquidity risk

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 Letlole la Rona aims to maintain flexibility in funding by keeping committed credit lines available.

Letlole la Rona's financial liabilities as given in the table below consist of accounts payable, amounts due to related companies on trading activities and borrowings with a maturity period of less than 12 months from the balance sheet date. The analyses of financial liabilities into relevant maturity groupings are based on the remaining period at the year - end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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	Less than 1yr	Btwn 1 & 2 yrs	Btwn 2 & 5 yrs	Over 5 yrs
	P	P	P	P
As at 30 June 2010				
Trade and other payables	4 219 594	-	-	-
Borrowings	5 019 951	3 843 079	11 529 238	19 256 050
Liabilities associated with assets held for sale	160 963 885	-	-	-
	170 203 430	3 843 079	11 529 238	19 256 050
As at 30 June 2009				
Trade and other payables	6 835 894	-	-	-
Borrowings	7 637 894	6 856 230	7 669 771	111 725 535
Payables to related parties	-	-	-	51 748 131
	14 473 788	6 856 230	7 669 771	163 473 666
As at 30 June 2008				
Trade and other payables	20 701,738	-	-	-
Borrowings	13 274 015	7 637 894	10 129 531	108 972 988
Payables to related parties	-	-	-	46 408 183
	33 975 753	7 637 894	10 129 531	155 381 171

2.2. Capital risk management

Letlole la Rona's objectives when managing capital are to safeguard Letlole la Rona's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to minimise the use of debt capital. In order to maintain or adjust the capital structure Letlole la Rona adjusts the assets and dividends paid to the shareholders, returns capital to the shareholder, issues new shares or sells assets to reduce debt.

Consistent with others in the industry, Letlole la Rona monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The gearing ratios at 30 June 2010, 2009 and 2008 were as follows:

	2010	2009	2008
	P	P	P
Borrowings	136 802 232	133 889 430	140 014 428
Less: Cash and cash equivalents	(65 657 917)	(60 478 849)	(39 502 922)
Net debt	71 144 315	73 410 581	100 511 506
Total equity	501 153 780	505 329 930	321 241 100
Total capital	572 298 095	578 740 511	421 752 606
Gearing ratio	12.4%	12.6%	23.8%

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for the year ended 30 June 2010

2.3. Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Letlole la Rona for similar financial instruments.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying Letlole la Rona's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within next year.

a) Allowances for doubtful debts

Allowances for doubtful debts is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that Letlole la Rona will not be able to collect the due under the original terms of the invoice. An estimate is made with regard to the probability of insolvency and the estimated amount of debtors who will not be able to pay.

b) Income taxes

Letlole la Rona is subject to income tax under the Income Tax Act in Botswana. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Letlole la Rona recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

c) Fair value of investment properties

Investment properties are stated at fair value. Significant judgement is required in determining the fair values of the individual properties. There are many assumptions such as depreciated replacement costs, market values, renewal of leases by tenants etc relating to the properties that are made for which the ultimate outcome is uncertain. Where the actual outcome is different to the initial assumptions made, and consequently, the amounts recorded, such difference will impact the fair values of the properties together with the fair value gains recorded in the period in which such assumptions are made.

d) Borrowing costs

The borrowing costs relating to acquisition, construction and production of qualifying assets are capitalised and included in the cost of that asset. The determination requires significant judgement. In making this judgement the management evaluates among other factors, reliability of measurement of the borrowing costs and the period of capitalisation. Any subsequent change in the circumstances can have a significant impact on the carrying value of the respective asset and the finance costs.

4. Segment information

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board considers the business from an industry perspective. Accordingly, the properties are segmented into hotel, commercial and industrial properties. The reportable operating segments drive their revenue primarily from renting out of properties under operating lease agreements.

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of fair value gain or losses on investment properties and interest expense, as these are driven by market forces and not directly influenced by management. Since the Board reviews adjusted EBITDA of continuing operations for the special purpose for which these financial statements are prepared, the results of discontinued operations are not included in the measure of adjusted EBITDA.

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4. Segment information (continued)

The segment information provided to management for the reportable segments for the year ended 30 June 2010 is as follows:

	Hotel Properties	Commercial Properties	Industrial Properties	Total
	P	P	P	P
Segment revenue - external customers	9 240 837	18 970 228	10 084 585	38 295 650
Adjusted EBITDA for reportable segments	8 331 806	17 203 981	9 107 976	34 643 763
Interest expense	(826 455)	(1 582 541)	(2 631 040)	(5 040 036)
Income tax credit/ (expense)	3 360 465	4 129 034	(569 395)	6 920 104
Fair value loss on properties -continuing operations	(20 947 209)	(32 137 576)	(4 199 358)	(57 284 143)
Total assets-continuing operations	<u>175 303 955</u>	<u>78 880 785</u>	<u>157 845 910</u>	<u>412 030 650</u>
Total assets include : Additions to non-current assets (other than deferred rental income)				
-continuing operations	14 971 116	-	3 706 750	18 677 866
-classified as held for sale	1 658 512	278 200	17 225 745	19 162 457
Total liabilities-continuing operations	<u>2 265 596</u>	<u>120 598</u>	<u>2 833 400</u>	<u>4 219,594</u>

The segment information for the year ended 30 June 2009 is as follows:

	Hotel Properties	Commercial Properties	Industrial Properties	Total
	P	P	P	P
Segment revenue - external customers	6 929 319	15 361 965	19 901 521	42 192 805
Adjusted EBITDA for reportable segments	6 080 657	14 447 606	17 996 941	38 525 204
Interest expense	(1 385 374)	(2 351 866)	(2 153 213)	(5 890 453)
Income tax expense	(2 054 010)	(9 372 865)	(22 168 467)	(33 595 343)
Fair value gain on properties	34 793 970	22 099 558	73 331 862	130 225 390
Total assets	<u>114 643 893</u>	<u>350 721 579</u>	<u>324 385 722</u>	<u>789 751 194</u>
Total assets include Additions to non-current assets (other than deferred rental income)	620 140	21 336 362	2 587 839	24 544 341
Total liabilities	<u>2 042 523</u>	<u>908 828</u>	<u>3 884 543</u>	<u>6 835 894</u>

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4. Segment information (continued)

The segment information for the year ended 30 June 2008 is as follows:

	Hotel Properties	Commercial Properties	Industrial Properties	Total
	P	P	P	P
Segment revenue - external customers	6 822 748	9 499 761	16 236 991	32 559 500
Adjusted EBITDA for reportable segments	5 824 798	8 163 208	13 384 606	27 372 611
Interest expense	(1 321 951)	(2 935 859)	(2 314 564)	(6 572 373)
Income tax expense	697 794	(715 682)	(3 572 543)	(3 590 432)
Fair value (loss) / gain on properties	(3 844 021)	(55 762)	1 273 316	(2 626 467)
Total assets	83 815 231	255 028 404	239 671 186	578 514 821
Total assets include				
Additions to non-current assets (other than deferred rental income)	103 856	10 401 136	5 763 686	16 268 678
Total liabilities	10 808 958	3 049 126	6 843 654	20 701 738

A reconciliation of adjusted EBITDA to profit before tax and discontinued operations is provided as follows:

	2010 P	2009 P	2008 P
Adjusted EBITDA for reportable segments	34 643 763	38 525 204	27 372 611
Fair value (loss) / gain on investment properties	(57 284 143)	130 225 390	(2 626 467)
Finance costs- net	(5 040 036)	(5 890 453)	(6 572 373)
(Loss) / profit before tax and discontinued operations	(27 680 416)	162 860 141	18 173 770

Segment assets for reportable segments

	2010 P	2009 P	2008 P
-continuing operations	412 030 650	789 751 194	578 514 821
-classified as held for sale	369 897 916	-	-
Unallocated - income tax receivables -classified as held for sale	<u>36 824 114</u>	<u>29 814 828</u>	<u>38 074 906</u>
Total assets per the balance sheet	818 752 680	819 566 022	616 589 727

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. Reportable segments' liabilities are reconciled to total liabilities as follows:

	2010 P	2009 P	2008 P
Segment liabilities for reportable segments trade - continuing operations	4 219 594	6 835 894	20 701 738
- associated with classified as held for sale	6 317 745	-	-
Unallocated			
- group tax payables	57 492 226	51 748 131	46 408 183
- deferred tax liabilities - continuing operations	61 190 914	90 322 810	56 007 252
- associated with classified as held for sale	20 913 565	-	-
- current borrowings - continuing operations	5 019 951	7 637 894	13 274 015
- associated with classified as held for sale	5 311 083	-	-
- non-current borrowings - continuing operations	34 628 367	126 251 536	126 740 413
- associated with classified as held for sale	91 842 831	-	-
- Government grants - continuing operations	16 404 086	31 439 824	32 217 024
- associated with classified as held for sale	<u>14 258 538</u>	<u>-</u>	<u>-</u>
Total liabilities per balance sheet	317 598 901	314 236 089	295 348 625

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5. Operating (loss) / profit

The following items have been charged / (credited) in arriving at (loss) / profit from operations:

	2010 P	2009 P	2008 P
Auditors' remuneration	188 000	250 000	208 000
Deferred rental income			
-continuing operations	581 992	(7 360 128)	(429 760)
-discontinued operations	(188 191)	(468 345)	-
Repairs and maintenance			
-continuing operations	372 846	2 621 228	2 995 467
-discontinued operations	212,752	-	-
Fair value loss /(gain) on investment properties			
-continuing operations	57 284 143	(130 225 390)	2 626 467
-discontinued operations	5 173 300	-	-
Amortisation of capital grants (Note 17)			
-continuing operations	(421 200)	(777 200)	(777 200)
-discontinued operations	(356 000)	-	-

6. Revenue

	2010 P	2009 P	2008 P
Contractual revenue	37 713 658	34 832 677	32 129 741
Deferred rental income - IAS 17 Straight-line adjustment	581 992	7 360 128	429 760
	<u>38 295 650</u>	<u>42 192 805</u>	<u>32 559 500</u>

7. Finance costs

	2010 P	2009 P	2008 P
Finance costs			
Interest expense on holding company's loans	(5 040 036)	(5 890 453)	(6 572 373)

8. Income tax (credit) / expense

	2010 P	2009 P	2008 P
Botswana company tax			
-Basic company tax at 15%	3 446 457	1 584 708	1 202 296
-Additional company tax at 10%	2 297 638	2 377 062	1 803 444
	<u>5 744 095</u>	<u>3 961 770</u>	<u>3 005 740</u>
Deferred tax (credit) / charge	(8 218 331)	29 633 573	584 691
Discontinued operations	(4 445 868)	-	-
Income tax (credit) / expense	<u>(6 920 104)</u>	<u>33 595 343</u>	<u>3 590 431</u>

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
for the year ended 30 June 2010

8. Income tax (credit) / expense (continued)

The tax on Letlole la Rona 's (loss) / profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2010 P	2009 P	2008 P
(Loss) / profit before income tax	(27 680 416)	162 860 141	18 173 770
Tax calculated at a tax rate of 25% (2009 and 2008: 25%)	(6 920 104)	40 715 035	4 543 443
Allowance deductible for tax purposes	-	(7 119 692)	(953 011)
Income tax (credit) / charge	(6 920 104)	33 595 343	3 590 432

9. Investment properties

	2010 P	2009 P	2008 P
At beginning of year	707 060 450	524 478 944	533 519 964
Additions during the year			
-continuing operations	18 677 866	24 544 341	16 144 124
-discontinued operations	19 162 457	-	-
Write-back of retention	-	(149 832)	-
Disposals during the year	-	(4 569 000)	(24 390 046)
Fair value (loss) / gain			
-continuing operations	(57 284 143)	162 755 997	(795 098)
-discontinued operations	5 173 300	-	-
Assets classified as held for sale	(301 740 073)	-	-
Deferred rental income relating to assets classified as held for sale	1 244 765	-	-
At end of year	392 294 622	707 060 450	524 478 944

The investment properties were revalued by professional external and internal valuers. Valuations were based on current market prices. Directly and indirectly attributable costs are analysed as follows:

	2010 P	2009 P	2008 P
Direct costs			
Water and electricity			
-continuing operations	44 452	2 432 905	2 763 699
-discontinued operations	2 331 353	-	-
Garden and pool maintenance			
-continuing operations	71 522	98 958	94 802
-discontinued operations	45 973	-	-
Rates			
-continuing operations	950 896	1 241 958	1 966 177
-discontinued operations	573 728	-	-
Repairs and maintenance			
-continuing operations	372 846	1 441 484	1 137 895
-discontinued operations	212 752	-	-
	4 603 522	5 215 305	5 962 573
Indirect costs			
Insurance	633 173	643 605	651 054

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10. Deferred rental income

	2010 P	2009 P	2008 P
At beginning of year	19 841 342	12 012 869	11 215 087
Increase during the year	393 801	7 828 473	797 782
Asset attributable to non-current assets held for sale	(1 244 765)	-	-
At end of year	<u>18 990 378</u>	<u>19 841 342</u>	<u>12 012 869</u>

11. Dividends

	2010 P	2009 P	2008 P
Dividends	24 049 119	7 349 065	21 323 439
Withholding tax on dividends	(3 607 368)	(1 102 360)	(3 198 516)
Dividends - net	<u>20 441 751</u>	<u>6 246 705</u>	<u>18 124 923</u>

12. Property, plant and equipment

	Motor vehicles P
Year ended 30 June 2008	
Additions	124 554
Depreciation	(10 380)
Net book amount at end of year	<u>114 174</u>
As at 30 June 2008	
Cost	124 554
Accumulated depreciation	(10 380)
Net book amount	<u>114 174</u>
Year ended 30 June 2009	
Net book amount at beginning of year	114 174
Depreciation	(23 355)
Net book amount at end of year	<u>90 819</u>
As at 30 June 2009	
Cost	124 554
Accumulated depreciation	(33 735)
Net book amount	<u>90 819</u>
Year ended 30 June 2010	
Net book amount at beginning of year	90 819
Depreciation	(28 545)
Classified as non-current assets held for sale	(62 274)
Net book amount at end of year	<u><u>-</u></u>

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12. Property, plant and equipment (continued)

As at 30 June 2010	Motor Vehicle P
Cost	124 554
Accumulated depreciation	(62 280)
Classified as non-current assets held for sale	(62 274)
Net book amount	<u>-</u>

13. Trade and other receivables

	2010 P	2009 P	2008 P
Trade receivables	611 526	2 005 989	8 854 140
Less: provision for impairment	(489 218)	(1 205 852)	(6 745 841)
Trade receivables - net	<u>122 308</u>	<u>800 137</u>	<u>2 108 299</u>
Accounts receivable from related parties	-	238 388	-
Prepayments and other receivables	<u>623 343</u>	<u>1 241 209</u>	<u>297 613</u>
	<u>745 650</u>	<u>2 279 734</u>	<u>2 405 912</u>

Trade receivables of P237 740 (2009 - P 575,779 and 2008 - P 1,436,917) were fully performing at the balance sheet date. Trade receivables that are less than three months past due are not considered as impaired. As of 30 June 2010, trade receivables of P P74 455 (2009 - P 224,358 and 2008 - P 671,382) were past due but not impaired. These relate to a number of individual tenants for whom there is no history of default. The aging analysis of these trade receivables is as follows:

	2010 P	2009 P	2008 P
1 to 3 months	<u>74 455</u>	<u>224 358</u>	<u>671 382</u>

As of 30 June 2010, trade receivable amounting to P489 218 (2009: P 1,205,852 and 2008: P 6,745,841) were impaired and provided for in full as the recovery of these debtors were expected to be doubtful.

	2010 P	2009 P	2008 P
Balance at beginning of year	1 205 852	6 745 841	4 717 707
Charge for the year	446 922	572 898	2 096 694
Write-off of trade receivables	-	(5 251 568)	-
Amount reversed	-	(861 319)	(68 560)
Classified as assets held for sale	<u>(1 163 556)</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>489 218</u>	<u>1 205 852</u>	<u>6 745 841</u>

The creation and release of provision for impaired receivables have been included in administrative expenses in the statement of comprehensive income. Amounts charged to the provision account are generally written-off, when there is no expectation of recovering the debt.

Trade and other receivables are receivable within a year. Since the impact of discounting is not significant, the balance receivable equals the carrying amount.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Letlole does not hold any collateral as security.

The carrying amounts of trade and other receivables are dominated in Botswana Pula. The other classes within trade and other receivables do not contain impaired assets.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
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14. Analyses of financial instruments

	2010 P	2009 P	2008 P
(a) Financial instruments by category			
Loans and receivables			
Trade and other receivables			
-continuing operations	745 650	1 913 091	2 405 912
-discontinued operations	2 437 652	-	-
Cash and cash equivalents			
-continuing operations	-	60 478 849	39 502 922
-discontinued operations	65 657 917	-	-
	<u>68 841 219</u>	<u>62 391 940</u>	<u>41 908 834</u>
Other financial liabilities			
Borrowings			
-continuing operations	39 648 318	133 889 430	140 014 428
-discontinued operations	14 258 538	-	-
Payable to related companies -discontinued operations	57 492 226	51 748 131	46 408 183
Trade and other payables			
-continuing operations	4 219 594	6 387 832	20 701 738
-discontinued operations	6 317 745	-	-
	<u>121 936 421</u>	<u>192 025 393</u>	<u>207 124 349</u>

(b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	2010 P	2009 P	2008 P
Trade receivables			
Group 1	-	535 584	1 344 398
Group 2	581 037	38 709	92 519
Group 3	-	1 485	-
	<u>581 037</u>	<u>575 778</u>	<u>1 436 917</u>

Group 1 = new customers (less than 6 months)

Group 2 = existing customers (more than 6 months) with no defaults in the past

Group 3 = existing customers (more than 6 months) with defaults in the past

None of the financial assets that are fully performing has been renegotiated in the last year.

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14. Analyses of financial instruments (continued)

Cash at bank	Ratings	2010	2009	2008
		P	P	P
Standard Chartered Bank Botswana Limited	Not rated	9 597 905	21 907 224	32 503 252
Bank Gaborone Limited	Not rated	54 300 976	36 872 620	-
Stanbic Investment Management Service (Pty) Ltd	Not rated	-	-	5 417 202
First National Bank of Botswana Limited	Not rated	1 759 036	1 699 005	1 582 468
		65 657 917	60 478 849	39 502 922

Letlole la Rona only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Letlole la Rona has deposits with Standard Chartered Bank Botswana Limited, Stanbic Investment Management Services (Pty) Limited, First National Bank of Botswana Limited, and Bank Gaborone Limited. There are no credit ratings available in Botswana.

First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of First National Bank Holdings Limited, a company listed on the Johannesburg Stock Exchange.

Standard Chartered Bank Botswana is listed on the Botswana Stock Exchange and is a subsidiary of Standard Chartered plc, a company listed on the London Stock Exchange.

Stanbic Bank of Botswana Limited is a long established bank in Botswana and a subsidiary of Standard Bank of South Africa. Standard Bank of South Africa is listed on the Johannesburg Stock Exchange and has a credit rating of F2 for short term credit (Fitch rating).

15. Cash and cash equivalents

	2010	2009	2008
	P	P	P
Cash at bank			
-continuing operations	-	60 478 849	34 541 596
-discontinued operations	65 657 917	-	-
Investment in money market fund	-	-	4 961 326
	65 657 917	60 478 849	39 502 922

For the purpose of the cash flow statement the year-end cash and cash equivalents comprise the following:

Cash at bank	65 657 917	60 478 849	34 541 596
Investment in money market fund	-	-	4 961 326
	65 657 917	60 478 849	39 502 922

16. Residual capital

	2010	2009	2008
	P	P	P
Residual capital of the Letlole La Rona	287 121 715	261 187 438	237 685 507

Movement in residual capital during the year is analysed as follows:

At beginning of year	261 187 438	237 685 507	233 774 698
Issue of new shares	25 934 277	23 501 931	3 910 809
At end of year	287 121 715	261 187 438	237 685 507

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17. Government grants

	2010 P	2009 P	2008 P
At beginning of year	31 439 824	32 217 024	32 994 224
Amortisation for the year	(777 200)	(777 200)	(777 200)
Grants related to assets classified as held for sale	(14 258 538)	-	-
At end of year	<u>16 404 086</u>	<u>31 439 824</u>	<u>32 217 024</u>

18. Borrowings

	2010 P	2009 P	2008 P
Non-current			
Loans from holding company			
-continuing operations	34 628 367	126 251 536	126 740 413
-discontinued operations	91 842 831	-	-
Current			
Loans from holding company			
-continuing operations	5 019 951	7 637 894	13 274 015
-discontinued operations	5 311 083	-	-
	<u>136 802 232</u>	<u>133 889 430</u>	<u>140 014 428</u>

The loan amounting to: Continuing Operations PNil and Discontinued Operations P87 721 694 (2009: P88,041,000 and 2008 : P88 341 950) included under non-current borrowings is interest free, unsecured and does not have any defined repayment terms.

Terms and conditions attached to other loans are given below:

	2010 P	2009 P	2008 P
Non-current			
Loan 1 - continuing operations	2 697 273	3 903 256	6 451 637
Loan 2 - discontinued operations	742 164	471 075	2 675 445
Loan 3 - continuing operations	866 480	2 795 965	3 036 696
Loan 4 - discontinued operations	900 014	2 164 853	2 503 988
Loan 5 - continuing operations	14 256 935	14 027 093	12 807 555
Loan 7 - discontinued operations	1 792 313	-	-
Borrowings associated with assets held for sale	(3 434 491)	-	-
	<u>17 820 688</u>	<u>25 362 242</u>	<u>27 475 321</u>

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18. Borrowings (continued)

	2010	2009	2008
	P	P	P
Current			
Loan 1 - continuing operations	2 630 594	4 684 920	4 684 920
Loan 2 - discontinued operations	2 157 443	665 541	665 541
Loan 3 - continuing operations	2 389 357	739 696	739 696
Loan 4 - discontinued operations	1 640 148	750 024	750 024
Loan 5 - continuing operations	-	797 713	2 907 288
Loan 6 - continuing operations	-	-	3 526 546
Loan 7 - discontinued operations	1 513 492	-	-
Borrowings associated with assets held for sale	(5 311 083)	-	-
	<u>5 019 951</u>	<u>7 637 894</u>	<u>13 274 015</u>
	<u>22 840 639</u>	<u>33 000 136</u>	<u>40 749 336</u>

Loan 1 P5 327 867 (2009: P8 588 176 and 2008 : P11 136 557) is secured over Lot 54233, Gaborone, bears interest at 15.25% per annum and capitalised quarterly and payable over 180 months.

Loan 2 P2 899 607 (2009: P3 136 616 and 2008 : P3 340 985) is secured over Lot 20956, Gaborone, bears interest at 16% per annum and capitalised quarterly and payable quarterly over 10 years.

Loan 3 P3 255,837 (2009: P3 535 661 and 2008: P3 776 391) secured over Lot 14398, Gaborone , bears interest at 15.25% per annum and capitalised quarterly and payable quarterly over 10 years.

Loan 4 P2 540 162 (2009: P2 914 877 and 2008 : P3 254 012) secured over Lot 54233, Gaborone, bears interest at 15.25% per annum and capitalised annually and payable over 108 months.

Loan 5 P14 256 935 (2009: P14 824 806 and 2008: P15 714 843) is unsecured, bears interest at 15% (2009 and 2009: 15%) per annum, capitalised monthly and is not subject to fixed terms of repayment.

Loan 7 P3 305 805 (2009 and 2008: PNil) is secured over investment properties, bears interest at 13.75% per annum, capitalised quarterly and is payable over 108 months.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 15.25% (2009 and 2008 : 15.25%)

The borrowings are denominated in Botswana Pula.

19. Deferred income tax liabilities

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25% (2009 and 2008: 25%).

	2010	2009	2008
	P	P	P
At beginning of year	90 322 810	56 007 252	67 129 206
Movement during the year			
-continuing operations	1 246 925	34 315 558	(11 121 954)
-discontinued operations	(9 465 256)	-	-
Classified as held for sale	(20 913 565)	-	-
At end of year	<u>61 190 914</u>	<u>90 322 810</u>	<u>56 007 252</u>

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19. Deferred income tax liabilities (continued)

	2010 P	2009 P	2008 P
Deferred tax liability may be analysed as follows:			
Fair value gain and capital allowance on investment properties	56 443 320	85 362 472	53 004 033
Deferred rental income	4 747 594	4 960 338	3 003 219
	<u>61 190 914</u>	<u>90 322 810</u>	<u>56 007 252</u>
Deferred tax liability to be recovered after more than 12 months	61 190 914	90 322 810	56 007 252
	<u>61 190 914</u>	<u>90 322 810</u>	<u>56 007 252</u>

20. Payable to related parties

	2010 P	2009 P	2008 P
Group tax relief brought forward	51 748 131	46 408 183	42 426 040
Group tax relief for the year	5 744 095	5 339 948	3 982 143
Group tax relief attributable to assets classified as held for sale	(57 492 226)	-	-
Group tax relief carried forward	-	51 748 131	46 408 183

The taxable income of Letlole la Rona is subject to group tax relief. Letlole la Rona is permitted under the provisions of the Fourth Schedule of the Income Tax Act to utilise the assessable losses of the other group companies to set off against the Letlole la Rona's taxable income. Payables to related parties wholly consist of amounts payable to Botswana Development Corporation, the holding company under the group tax relief.

21. Trade and other payables

	2010 P	2009 P	2008 P
Continuing operations			
Trade payables	1 434 069	1 045	187 864
Accrued expenses and other payables	2 785 525	6 525 449	12 384 354
Payable to related companies (Note 23)	-	309 400	8 129 520
	<u>4 219 594</u>	<u>6 835 894</u>	<u>20 701 738</u>

22. Cash generated from operations

	2010 P	2009 P	2008 P
Operating (loss) / profit	(6 577 835)	209 710 282	32 165 999
Adjustments for:			
Fair value loss / (gain) on investment properties (Note 9)	52 110 843	(162 755 997)	795 098
Profit on disposal of investment property	-	281 150	(827 275)
Reversal of retention	-	-	149 832
Amortisation of government grant	(777 200)	(777 200)	(777 200)
Depreciation (Note 12)	28 545	23 355	10 380
Deferred rental income	(393 801)	(7 828 473)	(797 782)
Changes in working capital:			
Trade and other receivables	(903 568)	126 178	4 634 855
Trade and other payables	3 701 445	(13 865 844)	(499 213)
Cash generated from operations	<u>47 188 429</u>	<u>25 063 283</u>	<u>34 704 862</u>

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23. Related party transactions

Letlole la Rona is a fully owned subsidiary of Botswana Development Corporation (BDC). The following transactions were carried out with BDC during the year:

	2010 P	2009 P	2008 P
(a) Transactions carried out during the year			
Interest paid			
- continuing operations	5 040 036	6 867 378	7 677 034
- discontinued operations	2 085 391	-	-
Management fees paid			
- continuing operations	2 264 674	2 803 777	2 638 445
- discontinued operations	857 806	-	-
Dividends paid	24 049 119	7 349 065	21 323 439
Group tax relief	5 744 095	5 339 948	3 982 143
Rent income received	6 769 657	6 182 968	4 831 661
(b) Year end balances payable to related parties			
Trade and other payable to BDC	-	715	8 129 520
Residential Holdings (Proprietary) Limited	-	308 685	-
	-	309 400	8 129 520
(c) Borrowings and other liabilities			
BDC			
- Group tax relief payable (Note 20)	57 492 226	51 748 131	46 408 183
- Borrowings from BDC (Note 18)	136 802 232	133 889 430	140 014 428
(d) Year end balances receivables from related parties			
Botswana Development Corporation	-	238 388	-

24. Contingent liabilities

There were no significant contingent liabilities outstanding as at 30 June 2010.

25. Post balance sheet events

There were no material events occurred after the balance sheet date which require adjustments to or disclosures in the financial statements.

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26. Commitments

Capital commitments

There were no material capital commitments outstanding as at 30 June 2010.

Operating lease commitments-where the company is the lessor

Letlole La Rona rented out its properties under non-cancellable operating lease agreements with an annual escalation rate. The future aggregate minimum lease rentals receivable under non-cancellable operating leases are as follows:

	2010 P	2009 P	2008 P
No later than one year			
- continuing operations	36 994 535	46 724 053	44 044 600
- discontinued operations	7 056 316	-	-
Later than one year and no later than five years			
- continuing operations	96 020 506	107 149 394	151 702 945
- discontinued operations	8 599 968	-	-
Later than five years			
- continuing operations	10 218 923	69 839 558	32 278 328
- discontinued operations	96 567	-	-
	158 986 815	223 713 005	228 025 873

27. Profit from discontinued operations

The board of directors of Botswana Hotel Development Company (Pty) Limited, Commercial Holdings (Pty) Limited and Western Industrial Estates (Pty) Limited decided to transfer some of its properties into a newly formed company which will operate as a separate entity and will be listed on the Botswana Stock Exchange. Accordingly, properties remaining with individual companies have been considered as discontinued operations. Analysis of the results of discontinued operations is as follows:

	2010 P	2009 P	2008 P
Revenue	13 827 514	12 545 793	11 991 972
Other income	3 716 152	1 825 505	2 204 176
Fair value gain on investment properties	5 173 300	32 530 607	1 831 369
Administrative expenses	(6 654 421)	(5 942 217)	(8 607 661)
Finance income - net	3 082 326	3 811 924	2 727 824
Profit before tax of discontinued operations	19 144 871	44 771 612	10 147 680
Income tax (expense) / credit	(4 445 868)	(6 100 445)	10 730 242
Profit after tax of discontinued operations	14 699 003	38 671 167	20 877 922

LETLOLE LA RONA
NOTES TO THE COMBINED FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 P	2009 P	2008 P
27. Profit from discontinued operations (continued)			
Cash flows from discontinued operations			
Net cash inflows from operating activities	4 585 576	12 241 005	8 316 311
Net cash inflows / (outflows) from financing activities	4 253 004	16 152 866	(17 412 630)
Net cash (outflows) / inflows from investing activities	(13 994 740)	(1 361 033)	20 319 621
Net cash flows from discontinued operations	<u>(5 156 160)</u>	<u>27 032 838</u>	<u>11 223 302</u>

The entire profit from discontinued operations is attributable to the owners of the parent company.

28. Assets held for sale

	2010 P	2009 P	2008 P
Property held for sale (i)	300 495 308		
At valuation	301 740 073	-	-
Deferred rental income	(1 244 765)	-	-
Assets related to the property (ii)	106 226 722	-	-
Total assets	<u>406 722 030</u>	<u>-</u>	<u>-</u>
Liabilities associated with assets held for sale (iii)	<u>196 135 988</u>	<u>-</u>	<u>-</u>

- (i) Letlole la Rona plan to transfer certain of its properties in the next 12 months into a newly formed company which will operate as a variable loan stock company and will be listed on the Botswana Stock Exchange. Accordingly, assets remaining with individual companies have been considered as discontinued operations.

	2010 P	2009 P	2008 P
(ii) Plant and equipment	62 274	-	-
Deferred rental income	1 244 765	-	-
Trade and other receivables	2 437 652	-	-
Tax recoverable	36 824 114	-	-
Cash and cash equivalents	65 657 917	-	-
Assets directly associated with the properties held for sale	<u>106 226 722</u>	<u>-</u>	<u>-</u>
(iii) Government grants	14 258 538	-	-
Long term borrowings	97 153 914	-	-
Deferred tax liabilities	20 913 565	-	-
Payables to related parties	57 492 226	-	-
Trade and other payables	6 317 745	-	-
Liabilities directly associated with the properties held for sale	<u>196 135 988</u>	<u>-</u>	<u>-</u>

LETLOLE LA RONA
NOTES TO THE COMBINED FINANCIAL STATEMENTS
for the year ended 30 June 2010

29. Expenses by nature

	2010	2009	2008
	P	P	P
Repairs and maintenance	2 637 520	2 621 228	2 995 467
Electricity and water	368 067	380 190	1 361 350
Rates	950 896	857 338	982 906
Security	223 053	214 147	204 522
Other expenses	312 236	11 071	483 401
	<u>4 491 772</u>	<u>4 083 974</u>	<u>6 027 646</u>

30. (Loss) / earnings per share

Basic (loss) / earnings per share is calculated by dividing the (loss) / profit attributable to equity holders of the Property Division by the weighted average number of ordinary shares in issue during the year.

	2010	2009	2008
	P	P	P
(Loss) / profit attributable to equity holders	(20 760 312)	129 264 798	14 583 339
Profit from discontinued operation attributable to equity holders	14 699 003	38 671 167	20 877 922
	<u>(6 061 309)</u>	<u>167 935 965</u>	<u>35 461 261</u>
Weighted average number of ordinary shares (000)	<u>160 949</u>	<u>122 149</u>	<u>100 603</u>

ANNEXURE 2: INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE PROFIT FORECASTS FOR THE YEARS ENDING 30 JUNE 2011 AND 2012 OF LETLOLE LA RONA LIMITED



**Independent assurance report
To the directors of Botswana Development Corporation Limited**

We have examined the accompanying profit forecasts of Letlole la Rona (the "company") for the years ending 30 June 2011 and 2012 in accordance with the International Standards on Assurance Engagements. Management is responsible for the preparation and presentation of the forecasts including the assumptions set out in the notes to the profit forecasts on which they are based.

It is our responsibility to provide the opinion required by the Botswana Stock Exchange Listings Requirements.

In our opinion, the profit forecasts have been properly compiled on the basis stated and the basis of accounting used and are consistent with the accounting policies and assumptions of the company.

Actual results are likely to be different from the forecasts since anticipated events frequently do not occur as expected and the variation may be material. Further, we emphasise that the forecast information is not intended to, and does not, provide all the information and disclosures necessary to give a fair presentation of the results of the forecast financial performance of the company in accordance with International Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'Rudi Binedell', is written over a light grey background.

PricewaterhouseCoopers
Certified Public Accountants
Practicing Member: Rudi Binedell (20040091.11)

GABORONE
31st March 2011

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw

Senior Partner: B D Phirle
Partners: R Binedell, R P De Silva, N B Soni
Associates: A S Edirisinghe, M Lathkumar, S Sinha, S K K Wijesena.

LETLOLE LA RONA

PROFIT FORECASTS FOR THE YEARS ENDING 30 JUNE 2011 AND 30 JUNE 2012

	2011 P'000	2012 P'000
Revenue	53 234	54 651
Other income	-	37 616
Total income	53 234	92 267
Operating expenses	(52 018)	(14 155)
Profit before distribution	1 216	78 112
Distribution	(33 668)	(38 207)
Net taxable (loss)/profit	(32 452)	39 905
Tax credit/(charge)	6 391	(10 186)
(Loss)/ profit after tax	(26 061)	29 719

Assumptions and policies used in the forecast for the year ending 30 June 2011

1. Revenue has been determined on the basis of existing rental agreements and on the assumption that all lease contracts will be renewed when expired on the same terms. Rental income has been accounted for on a straight line basis.
2. Interest income has been estimated on the basis that the surplus operational cash will be invested at an interest rate of 5.5% per annum. Prime lending rate has been estimated at 11.5% per annum.
3. Property values are expected to increase in line with inflation estimated at 9% per annum.
4. Expenses have been forecast based on the historical information adjusted for inflationary effect of 9% per annum with the exception of the following specific expenses:
 - Bad debts provision has been estimated at P345 000.
 - Vacancy provision has been estimated at 3% of the contractual rental income.
 - Directors' fees have been based on the proposed fees on the basis of 4 meetings per annum.
 - Property Management fees including accounting and administration fees have been based on 4% of the contractual rental income.
 - Rates have been forecast to increase with effect from 1 April 2011 at 5% on the current amounts.
 - Repairs and Maintenance has been forecast at 4% of contractual rental income for those properties where Letlole is responsible for the maintenance.
 - Publication expenses have been estimated at P250 000.
 - All taxes and Government levies have been estimated at the current prescribed rates.
 - Asset management fees have been estimated at P 4.5 Million.
 - Occupational rent has been provided for the months prior to Letlole listing based on the net income forecast for that period.
5. The distributions have been arrived at after deducting operating expenses adjusted for non-cash items from contractual revenue. Non-cash items adjusted against the operating expenses consist of vacancy provision and occupational rent.
6. No significant change in the existing business environment will occur.

Assumptions and policies used in the forecasts for the year ending 30 June 2012

1. Revenue has been determined on the basis of existing rental agreements and on the assumption that all lease contracts will be renewed when expired on the same terms. Rental income has been accounted for on a straight line basis.
2. Interest income has been estimated on the basis that the surplus operational cash will be invested at an interest rate of 5.5% per annum. Prime lending rate has been estimated at 11.5% per annum.
3. Property values have been estimated to increase in line with inflation estimated at 9% per annum.
4. Expenses have been forecast based on the historical information adjusted for inflationary effects at 9% per annum with the exception of the following specific expenses:
 - Bad debts provision has been estimated at P345 000.
 - Vacancy provision has been estimated at 3% of the contractual rental income.
 - Directors' fees have been based on the proposed fees on the basis of 4 meetings per annum.
 - Property Management fees including accounting and administration fees have been based on 4% of the contractual rental income.
 - Repairs and Maintenance has been forecast at 4% of contractual rental income for those properties where Letlole is responsible for the maintenance.
 - All taxes and Government levies have been estimated at the prescribed rates.
5. The distributions have been arrived at after deducting operating expenses adjusted for non-cash items from contractual revenue. Non-cash items adjusted against the operating expenses consist of vacancy provision.
6. No significant change in the existing business environment will occur.



Report of the auditors to the board of directors of Botswana Development Corporation Limited

The accompanying summarised balance sheets, income statements, statements of changes in equity and cash flow statements have been derived from the financial statements of Western Industrial Estates (Proprietary) Limited, Commercial Holdings (Proprietary) Limited and Botswana Hotel Development Company (Proprietary) Limited for the years ended 30 June 2006, 30 June 2007, 30 June 2008, 30 June 2009 and 30 June 2010.

These summarised balance sheets, income statements, statements of changes in equity and cash flow statements are the responsibility of the company's management. Our responsibility is to express an opinion on whether these summarised balance sheets, income statements, statements of changes in equity and cash flow statements are consistent, in all material respects, with the financial statements from which they were derived.

We have audited the financial statements of Western Industrial Estates (Proprietary) Limited, Commercial Holdings (Proprietary) Limited and Botswana Hotel Development Company (Proprietary) Limited for the years ended 30 June 2006, 30 June 2007, 30 June 2008 and 30 June 2009, from which the summarised balance sheets, income statements, statements of changes in equity and cash flow statements for the corresponding periods were derived, in accordance with International Standards on Auditing.

In our reports dated 20 November 2006, 12 October 2007, 13 March 2009 and 16 August 2010, we expressed unqualified opinions on the financial statements from which the summarised balance sheets and income statements were derived.

We were not the appointed auditors of Western Industrial Estates (Proprietary) Limited, Commercial Holdings (Proprietary) Limited and Botswana Hotel Development Company (Proprietary) Limited for the year ended 30 June 2010. The financial statements of Western Industrial Estates (Proprietary) Limited, Commercial Holdings (Proprietary) Limited and Botswana Hotel Development Company (Proprietary) Limited for the year ended 30 June 2010, from which the summarised balance sheets, income statements, statements of changes in equity and cash flow statements for the corresponding period were derived, were audited by Messrs Deloitte & Touche, Certified Public Accountants, Botswana, in accordance with International Standards on Auditing.

In their reports dated 7 March 2011, 4 March 2011, and 24 February 2011 respectively, Messrs Deloitte & Touche expressed an unqualified opinion on the respective financial statements for the year ended 30 June 2010 from which the summarised balance sheet, income statement, statement of changes in equity and cash flow statement for the corresponding period were derived.

In our opinion, the accompanying summarised balance sheets, income statements, statements of changes in equity and cash flow statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the financial position of the companies and the results of their operations for the period and of the scope of our audit, the summarised balance sheets, income statements, statements of changes in equity and cash flow statements should be read in conjunction with the financial statements from which the summarised balance sheets, income statements, statements of changes in equity and cash flow statements were derived and the respective audit reports thereon.

PricewaterhouseCoopers
Certified Public Accountants
Practicing Member: Rudi Binedell (20040091.11)

GABORONE
31st March 2011

*PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
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Senior Partner: B D Phirle
Partners: R Binedell, R P De Silva, N B Soni
Associates: A S Edirisinghe, M Lathkumar, S Sinha, S K K Wijesena.

LETLOLE LA RONA

FULL YEAR SUMMARY FOR THE YEARS ENDED 30 JUNE 2006 TO 30 JUNE 2010

Income Statement - Commercial Holdings (Proprietary) Limited

For the year ended 30 June	2006 P	2007 P	2008 P	2009 P	2010 P
Continuing operations					
Revenue	7 043 457	8 626 604	10 086 414	5 687 460	667 817
Fair value gain / (loss) on investment properties	9 684 320	13 448 787	777 847	(3 018,026)	2 078 462
Other operating income	1 007 340	(143 033)	2 730 087	107 680	151
Administrative expenses	(2 193 074)	(1 154 203)	(2 744 325)	(534 785)	(487 288)
Operating profit / (loss)	15 542 043	20 778 155	10 850 023	2 242 329	2 259 142
Finance income	2 286 570	2 197 698	1 161 020	1 095 846	1 134 190
Finance costs	(8 101 191)	(3 864 756)	(2 935 859)	(10 058)	-
Net finance (costs) / income	(5 814 621)	(1 667 058)	(1 774 839)	1 085 788	1 134 190
Profit before income tax	9 727 422	19 111 097	9 075 184	3 328 117	3 393 332
Income tax expense	(1 869 079)	(4 250 453)	(1 429 674)	(336 025)	(680 444)
Profit for the year from continuing operations	7 858 343	14 860 644	7 645 510	2 992 092	2 712 888
Discontinued operations					
Profit for the year from discontinued operations	-	-	-	25 354 851	1 708 184
Profit / (loss) for the year	7 858 343	14 860 644	7 645 510	28 346 943	4 421 072

LETLOLE LA RONA

FULL YEAR SUMMARY FOR THE YEARS ENDED 30 JUNE 2006 TO 30 JUNE 2010 (CONTINUED)

Balance sheet - Commercial Holdings (Proprietary) Limited

As at 30 June	2006 P	2007 P	2008 P	2009 P	2010 P
Non-current assets					
Property, plant and equipment					
Investment properties	66 771 735	75 824 550	67 844 204	88 057 081	19 431 747
Deferred income	-	-	5 186 798	11 579 711	56 793
Total Non-current assets	66 771 735	75 824 550	73 031 002	99 636 792	19 488 540
Current assets					
Trade and other receivables					
	1 454 086	3 646 986	198 924	517 474	413 315
Tax receivable					
	2 173 142	2 558 859	3 826 499	2 410 597	4 451 597
Financial assets through profit/ (loss)					
	20 112 103	-	-	-	-
Cash and cash equivalents					
	1 939 179	10 138 780	10 585 305	14 489 627	13 299 393
Assets of disposal group classified as held-for-sale					
	-	-	-	-	78 880 785
Total Current assets	25 678 510	16 344 625	14 610 728	17 417 698	97 045 090
Total assets	92 450 245	92 169 175	87 641 730	117 054 490	116 533 630
Equity and liabilities					
Stated capital					
	29 515 739	29 515 739	29 515 739	29 515 739	29 515 739
Retained earnings					
	15 366 584	23 296 013	22 089 785	49 312 066	48 040 411
Total shareholders' equity	44 882 323	52 811 752	51 605 524	78 827 805	77 556 150
Non-current liabilities					
Borrowings					
	36 908 556	16 654 777	12 807 555	14 027 093	-
Deferred income tax liabilities					
	3 769 020	7 654 633	9 255 641	16 455 886	4 363 458
Payable to related parties					
	3 431 259	3 611 101	4 490 050	6 037 165	7 716 878
Total Non-current liabilities	44 108 835	27 920 511	26 553 246	36 520 144	12 080 336
Current liabilities					
Trade and other payables					
	3 459 087	2 527 959	3 049 126	908 828	857 057
Borrowings					
	-	8 908 953	6 433 834	797 713	-
Liabilities of disposal group classified as held-for-sale					
	-	-	-	-	26 040,087
Total current liabilities	3 459 087	11 436 912	9 482 960	1 706 541	26 897 144
Total liabilities	47 567 922	39 357 423	36 036 206	38 226 685	38 977 480
Total equity and liabilities	92 450 245	92 169 175	87 641 730	117 054 490	116 533 630

LETLOLE LA RONA

FULL YEAR SUMMARY FOR THE YEARS ENDED 30 JUNE 2006 TO 30 JUNE 2010 (CONTINUED)

Income statement - Botswana Hotel Development Company (Proprietary) Limited

For the year ended 30 June	2006	2007	2008	2009	2010
	P	P	P	P	P
Continuing operations					
Revenue	14 272 900	11 780 967	11 159 795	4 892 143	4 729 832
Fair value gain / (loss) on investment properties	(8 298 003)	(62 060 750)	(3 033 914)	29 596 062	2 334 814
Other operating income	445 548	965 235	235 251	2 543	-
Administrative expenses	(1 155 759)	(1 722 479)	(1 753 961)	(765 803)	(1 054 595)
Operating profit / (loss)	5 264 686	(51 037 027)	6 607 171	33 724 945	6 010 051
Fair value loss on loan from holding company	(3 580 000)	-	-	-	-
Finance income	1 559 452	1 823 524	1 561 516	1 188 196	1 850 987
Finance costs	-	(422 486)	(1 326 987)	-	(1 146 556)
Net finance income	1 559 452	1 401 038	234 529	1 188 196	704 431
Profit before income tax	3 244 138	(49 635 989)	6 841 700	34 913 141	6 714 482
Income tax expense	181 871	13 754 739	(89 011)	(8 732 326)	(1 685 974)
Profit / (loss) for the year from continuing operations	3 426 009	(35 881 250)	6 752 689	26 180 815	5 028 508
Discontinued operations					
Profit / (loss) for the year from discontinued operations	-	-	-	29 607 868	(10 081 394)
Profit / (loss) for the year	3 426 009	(35 881 250)	6 752 689	55 788 683	(5 052 886)

LETLOLE LA RONA

FULL YEAR SUMMARY FOR THE YEARS ENDED 30 JUNE 2006 TO 30 JUNE 2010 (CONTINUED)

Balance sheet - Botswana Hotel Development Company (Proprietary) Limited

As at 30 June	2006 P	2007 P	2008 P	2009 P	2010 P
Non-current assets					
Property, plant and equipment					
Investment properties	287 198 860	236 297 318	243 664 540	329 715 395	152 759 868
Deferred income	-	-	3 685 460	1 259 605	760 132
Total Noncurrent assets	287 198 860	236 297 318	247 350 000	330 975 000	153 520 000
Current assets					
Trade and other receivable	5 522 679	6 010 054	152 316	704 796	183 899
Tax receivable	9 788 839	13 058 888	15 854 888	5 592 002	5 921 001
Financial assets through profit/ (loss)	13 601 363	8 318 830	-	-	-
Cash and cash equivalents	81 878	2 680 598	7 526 088	19 041 783	28 006,357
Assets of disposal group classified as held-for-sale	-	-	-	-	175 303 954
Total Current assets	28 994 759	30 068 370	23 533 292	25 338 581	209 415 211
Total assets	316 193 619	266 365 688	270 883 292	356 313 581	362 935 211
Equity and liabilities					
Stated capital	36 803 428	36 803 428	40 714 237	62 240 550	74 097 650
Retained earnings	140 566 844	87 288 383	75 652 491	128 097 085	118 465 912
Total shareholders' equity	177 370 272	124 091 811	116 366 728	190 337 635	192 563 562
Non-current liabilities					
Borrowings	88 856 015	96 954 688	99 265 092	100 889 294	88 408 340
Deferred income tax liabilities	36 373 509	21 090 100	30 258 892	48 285 506	31 667 451
Payables to related parties	10 908 886	12 864 327	14 183 622	14 758 623	15 611 748
Total Non-current liabilities	136 138 410	130 909 115	143 707 606	163 933 423	135 687 539
Current liabilities					
Trade and other payables	2 684 937	11 364 762	10 808 958	2 042 523	2 520 396
Liabilities of disposal group classified as held-for-sale	-	-	-	-	32 163 714
Total current liabilities	2 684 937	11 364 762	10 808 958	2 042 523	34 684 110
Total liabilities	138 823 347	142 273 877	154 516 564	165 975 946	170 371 649
Total equity & liabilities	316 193 619	266 365 688	270 883 292	356 313 581	362 935 211

LETLOLE LA RONA

FULL YEAR SUMMARY FOR THE YEARS ENDED 30 JUNE 2006 TO 30 JUNE 2010 (CONTINUED)

Income Statement - Western Industrial Estates (Proprietary) Limited

For the year ended 30 June	2006	2007	2008	2009	2010
	P	P	P	P	P
Continuing operations					
Revenue	23 224 500	21 986 779	23 305 263	7 943 578	8 429 865
Fair value gain / (loss) on investment properties	(424 013)	(56 931 484)	1 460 969	14 629 313	760 024
Other operating income	1 817 160	5 192 055	79 594	1 684 456	3 716 000
Administrative expenses	(9 175 136)	(4 200 133)	(10 137 021)	(4 639 500)	(5 112 538)
Operating profit / (loss)	15 442 511	(33 952 783)	14 708 805	19 617 847	7 793 351
Finance income	1 813 868	435 205	1 109 949	2 521 381	2 182 540
Finance costs	(3 198 601)	(2 647 390)	(3 414 188)	(975 019)	(938 835)
Net Finance (costs)/income	(1 384 733)	(2 212 185)	(2 304 239)	1 546 362	1 243 705
Profit before income tax	14 057 778	(36 164 968)	12 404 566	21 164 209	9 037 056
Income tax expense	(1 452 096)	10 754 477	(2 256 100)	(10 030 562)	(2 079 451)
Profit / (loss) for the year from continuing operations	12 605 682	(25 410 491)	10 148 466	11 133 647	6 957 605
Discontinued operations					
Profit / (loss) for the year from discontinued operations	-	-	-	56 206 995	(12 387 102)
Profit / (loss) for the year	12 605 682	(25 410 491)	10 148 466	67 340 642	(5 429 497)

LETLOLE LA RONA

FULL YEAR SUMMARY FOR THE YEARS ENDED 30 JUNE 2006 TO 30 JUNE 2010 (CONTINUED)

Balance sheet - Western Industrial Estates (Proprietary) Limited

As at 30 June	2006	2007	2008	2009	2010
	P	P	P	P	P
Non-current assets					
Property, plant and equipment	-	-	114 174	90 819	62 274
Investment properties	257 875 000	221 398 096	212 970 200	289 287 974	128 303 693
Deferred income	-	-	3 140 611	7 002 026	427 840
Deferred income tax asset	-	8 279 888	7 807 688	-	-
Total Non-current assets	257 875 000	229 677 984	224 032 673	296 380 819	128 793 807
Current assets					
Trade and other receivables	6 979 539	8 598 814	2 054 672	1 057 464	1 840 438
Tax receivable	12 115 538	14 678 610	18 393 519	21 812 229	26 451 516
Financial assets through profit/ (loss)	3 686 087	421 806	-	-	-
Cash and cash equivalents	13 898 612	7 777 009	21 391 529	26 947 439	24 352 167
Assets of disposal group classified as held-for-sale	-	-	-	-	157 845 910
Total Current assets	36 679 776	31 476 239	41 839 720	49 817 132	210 490 031
Total assets	294 554 776	261 154 223	265 872 393	346 197 951	339 283 838
Equity and liabilities					
Stated capital	148 455 531	167 455 531	167 455 531	169 431 149	183 508 326
Retained earnings	42 943 582	5 497 735	10 113 724	80 722 664	47 525 740
Total shareholders' equity	191 399 113	172 953 266	177 569 255	250 153 813	231 034 066
Non-current liabilities					
Government grant	33 771 424	32 994 224	32 217 026	31 439 826	14 258 538
Borrowings	36 847 023	15 599 973	14 667 766	11 335 149	3 434 491
Deferred income tax liabilities	5 480 894	-	-	11 592 096	19 696 161
Payables to related parties	22 944 307	25 950 612	27 734 511	30 952 343	34 163 600
Total Non-current liabilities	99 043 648	74 544 809	74 619 303	85 319 414	71 552 790
Current liabilities					
Trade and other payables	4 112 015	7 308 231	6 843 654	3 884 543	2 940 292
Borrowings	-	6 347 917	6 840 181	6 840 181	5 311 083
Liabilities of disposal group classified as held-for-sale	-	-	-	-	28 445 607
Total current liabilities	4 112 015	13 656 148	13 683 835	10 724 724	36 696 982
Total liabilities	103 155 663	88 200 957	88 303 138	96 044 138	108 249 772
Total equity and liabilities	294 554 776	261 154 223	265 872 393	346 197 951	339 283 838

ANNEXURE 4: DETAILS OF THE PROPERTY PORTFOLIO

PROPERTY 1

The Property	Plot 14398, Gaborone West Phase IV, Gaborone			
Legal Description	Plot 14398, Gaborone West Phase IV, Gaborone			
Tenure/Title	The property is held under a Deed of Fixed Period State Grant No. 675/86 dated 26 November 1986 in favour of Western Industrial Estates (Pty) Ltd.			
Zoning	Industrial - warehouses			
Location	The plot is situated along Kgomokasitwa Road in the western part of the city of Gaborone within the established Phase IV industrial area approximately 3 kilometres from the central business district.			
Description	The property comprises a large warehouse with mezzanine floors, a detached warehouse building with integral offices, an open plan workshop, ablution block and gate house within a fenced plot measuring approximately 17,528 square metres.			
Floor Areas	Main Warehouse	2,060.00m ²		
	Mezzanine	175.00m ²		
	Detached Warehouse	3,090.00m ²		
	Workshop	560.00m ²		
	Office Block	160.00m ²		
	Ablution Block	90.00m ²		
	Gate House	22.00m ²		
	Total	6,157.00m ²		
Tenancies	Tenant	Area	Commencing	Ending
	Frasers International	Warehouse A	01.08.09	31.07.11
	Collect-A-Can	Warehouse B	01.06.07	31.05.12
	CA Sales & Distribution	Warehouse C	01.08.08	31.07.11
	Electric Junction	Warehouse D	01.09.09	31.08.12
Value	BWP 8 610 000.00			

PROPERTY 2

The Property	Plot 14453, Gaborone West Phase IV, Gaborone			
Legal Description	Plot 14453, Gaborone West Phase IV, Gaborone			
Tenure/Title	The property is held under a Deed of Fixed Period State Grant No. 486/84 dated 6 November 1984 in favour of Western Industrial Estates (Pty) Ltd.			
Zoning	Industrial - warehouses			
Location	The plot is situated along Kamushongo Road in the south western part of the city of Gaborone within the established Phase IV industrial area approximately 3 kilometres from the central business district.			
Description	The property comprises two identical warehouses with integral offices and mezzanine floors within a fenced plot measuring approximately 5,951 square metres.			

Floor Areas	Warehouse A	830.00m ²
	Mezzanine	170.00m ²
	Warehouse B	1,100m ²
	Mezzanine	170.00m ²
	Total	2,270.00m ²

Tenancies	Tenant	Area	Commencing	Ending
	Hoya	Warehouse A	01.02.09	31.01.12
	Imperial Fleet Services	Warehouse B	01.09.09	31.08.12
	Mont Trade (Pty) Ltd		01.04.09	31.03.12
	Weld Engineering (Pty) Ltd		01.03.10	28.02.15
	Dumatau Trading		01.03.10	28.02.15
	SM Projects		01.10.2010	30.09.15
Value	BWP 3 400 000.00			

PROPERTY 3

The Property	Plot 14454, Gaborone West Phase IV, Gaborone			
Legal Description	Plot 14454, Gaborone West Phase IV, Gaborone			
Tenure/Title	Western Industrial Estates (Pty) Ltd. The property is held under a Deed of Fixed Period State Grant No. 486/84 dated 6 November 1984 in favour of			
Zoning	Industrial - warehouses			
Location	The plot is situated along Kamushongo Road in the south western part of the city of Gaborone within the established Phase IV industrial area approximately 3 kilometres from the central business district.			
Description	The property comprises two identical warehouses with integral offices and mezzanine floors and a gate house within a fenced plot measuring approximately 6,075 square metres.			
Floor Areas	Warehouse - Front	830.00m ²		
	Mezzanine	170.00m ²		
	Warehouse - Rear	1,100.00m ²		
	Mezzanine	170.00m ²		
	Gate House	8.00 m ²		
	Total	2,278.00m ²		
Tenancies	Tenant	Area	Commencing	Ending
	Mont Trade (Pty) Ltd	Warehouse A	01.04.09	31.02.12
	Ebony Botswana	Warehouse B	01.12.08	30.11.11
Value	BWP 3 400 000.00			

PROPERTY 4

The Property	Plot 14455, Gaborone West Phase IV, Gaborone			
Legal Description	Plot 14455, Gaborone West Phase IV, Gaborone			
Tenure/Title	The property is held under a Deed of Fixed Period State Grant No. 486/84 dated 6 November 1984 in favour of			

Western Industrial Estates (Pty) Ltd.

Zoning	Industrial - warehouses			
Location	The plot is situated along Kamushongo Road in the south western part of the city of Gaborone within the established Phase IV industrial area approximately 3 kilometres from the central business district.			
Description	The property comprises two identical warehouses with integral offices and mezzanine floors within a fenced plot measuring approximately 6,204 square metres.			
Floor Areas	Warehouse - Front	830.00m ²		
	Mezzanine	170.00m ²		
	Warehouse - Rear	1,100.00m ²		
	Mezzanine	170.00 m ²		
	Total	2,270.00m ²		
Tenancies	Tenant	Area	Commencing	Ending
	Weld & Engineering	Warehouse A	01.03.10	28.02.15
	Dumatau Trading	Warehouse B	01.03.10	28.02.15
Value	BWP 3 400 000.00			

PROPERTY 5

The Property	Plot 14457, Gaborone West Phase IV, Gaborone			
Legal Description	Plot 14457, Gaborone West Phase IV, Gaborone			
Tenure/Title	The property is held under a Deed of Fixed Period State Grant No. 703/89 dated 28 August 1989 in favour of Western Industrial Estates (Pty) Ltd.			
Zoning	Industrial - warehouses			
Location	The plot is situated along Kamushongo Road within the established Gaborone West Phase IV industrial area approximately 3 kilometres south west of the central business district of Gaborone.			
Description	The property comprises two warehouses with mezzanine offices within a fenced plot measuring approximately 6,276 square metres.			
Floor Areas	Warehouse A	1,043.00m ²		
	Mezzanine	160.00m ²		
	Warehouse B	750.00m ²		
	Mezzanine	160.00m ²		
	Total	2,113.00m ²		
Tenancies	Tenant	Area	Commencing	Ending
	Winsome Investments (Pty) Ltd		01.02.2011	31.01.14
	Radiator Clutch & Brakes (Pty) Ltd		01.06.08	31.05.11
	Contract Supplies (Pty) Ltd		01.04.09	31.03.12

Tyrepro Botswana	01.12.10	30.11.15
Vibration Auto Clinic	01.08.05	31.07.11
Mont Catering & Refrigeration (Pty) Ltd	01.03.08	28.02.16
Cooling and Equipment (Pty) Ltd	01.06.08	31.05.11
KAL Investments (Pty) Ltd	01.07.10	30.06.15

Value BWP 3 690 000.00

PROPERTY 6

The Property	Plot 14458, Gaborone West Phase IV, Gaborone			
Legal Description	Plot 14458, Gaborone West Phase IV, Gaborone			
Tenure/Title	The property is held under a Deed of Fixed Period State Grant No. 520/86 dated 22 August 1986 in favour of Western Industrial Estates (Pty) Ltd.			
Zoning	Industrial - warehouses			
Location	The plot is situated along Kamushongo Road within the established Gaborone West Phase IV industrial area approximately 3 kilometres south west of the central business district of Gaborone.			
Description	The property comprises two warehouses with mezzanine offices within a fenced plot measuring approximately 4,945 square metres.			
Floor Areas				
	Warehouse A	1,043.00m ²		
	Mezzanine	160.00m ²		
	Warehouse B	750.00m ²		
	Mezzanine	160.00m ²		
	Total	2,113.00m ²		
Tenancies	Tenant	Area	Commencing	Ending
	Contract Supplies (Pty) Ltd	Warehouse A	01.04.09	31.03.12
	Tyrepro Botswana	Warehouse B	12.01.10	30.11.15
Value	BWP 3 690 000.00			

PROPERTY 7

The Property	Plot 14459, Gaborone West Phase IV, Gaborone			
Legal Description	Plot 14459, Gaborone West Phase IV, Gaborone			
Tenure/Title	The property is held under a Deed of Fixed Period State Grant No. 520/86 dated 22 August 1986 in favour of Western Industrial Estates (Pty) Ltd.			
Zoning	Industrial - warehouses			
Location	The plot is situated along Kamushongo Road within the established Gaborone West Phase IV industrial area approximately 3 kilometres south west of the central business district of Gaborone.			
Description	The property comprises two warehouses with mezzanine offices within a fenced plot measuring approximately 5,796 square metres.			

Floor Areas	Warehouse A	1,043.00m ²
	Mezzanine	160.00m ²
	Warehouse B	750.00m ²
	Mezzanine	160.00m ²
	Total	2,113.00m ²

Tenancies	Tenant	Area	Commencing	Ending
	Vibration Auto Clinic	Warehouse A	08.01.05	30.07.11
	Mont Catering & Refrigeration	Warehouse B	01.03.11	28.02.14

Value BWP 3 690 000.00

PROPERTY 8

The Property	Plot 14460, Gaborone West Phase IV, Gaborone
Legal Description	Plot 14460, Gaborone West Phase IV, Gaborone
Tenure/Title	The property is held under a Deed of Fixed Period State Grant No. 520/86 dated 22 August 1986 in favour of Western Industrial Estates (Pty) Ltd.
Zoning	Industrial - warehouses
Location	The plot is situated along Kamushongo Road within the established Gaborone West Phase IV industrial area approximately 3 kilometres south west of the central business district of Gaborone.
Description	The property comprises two warehouses with mezzanine offices within a fenced plot measuring approximately 5,055 square metres.

Floor Areas	Warehouse A	1,043.00m ²
	Mezzanine	160.00m ²
	Warehouse B	750.00m ²
	Mezzanine	160.00m ²
	Total	2,113m ²

Tenancies	Tenant	Area	Commencing	Ending
	Cooling & Equipment (Pty) Ltd	Warehouse A	06.01.08	31.05.11
	KAL Investments	Warehouse B	07.01.10	30.06.15

Value BWP 3 690 000.00

PROPERTY 9

The Property	Plot 22038, Gaborone West Industrial Phase IV, Gaborone
Legal Description	Plot 22038, Gaborone West Industrial Phase IV, Gaborone
Tenure/Title	The property is held under a Deed of Fixed Period State Grant No. 1606/02 dated 28 June 2002 in favour of Western Industrial Estates (Pty) Ltd.

Zoning	Industrial - warehouses			
Location	The plot is situated along Takatokwane Road in the south western part of the city of Gaborone within the established Phase IV industrial area approximately 3 kilometres from the central business district.			
Description	The property comprises two identical warehouses subdivided into smaller units with mezzanine floors and attached front offices within a fully fenced plot measuring approximately 16,350 square metres.			
Floor Areas	Warehouse A	4,000.00m ²		
	Mezzanine floor	500.00m ²		
	Attached Offices	45.00m ²		
	Warehouse B	4,000.00m ²		
	Mezzanine floor	500.00m ²		
	Attached Offices	45.00m ²		
	Guard House	13.00m ²		
	Total	9,103.00m ²		
Tenancies	Tenant	Area	Commencing	Ending
	Zebra Shipping	Warehouse A	01.08.02	31.07.11
	Zebra Shipping	Warehouse B	01.10.00	30.09.11
	SDM Holdings	Warehouse C	01.04.08	31.03.16
	TenCC Marketing	Warehouse D	01.01.09	31.12.11
	Gama Enterprises Marketing	Warehouse E	01.10.10	30.09.13
	SDM Holdings	Warehouse F	01.04.11	31.03.16
	United States of America	Warehouse G	01.09.07	31.08.12
Value	BWP 15 420 000.00			

PROPERTY 10

The Property	Plot 28911 Gaborone West, Phase 4 Industrial Area		
Legal Description	Plot 28911 (a consolidation of plots 22091-22101) Gaborone West, Phase 4 Industrial Area		
Tenure/Title	The property is currently held under a certificate of registered state title no. 701/89 dated 27 August 1989 in favour of Botswana Government.		
Zoning	Industrial - warehouses		
Location	The property is bordered by Ditsotswane Road, Dzibanene Road and Kgomokasitwa Road within the established Gaborone West Phase IV Industrial Area approximately 3 kilometres south west of the central business district of Gaborone.		
Description	The property comprises fifteen blocks of warehouses with mezzanine offices/stores and two guard houses within a fully fenced plot measuring approximately 60,681.00 square metres.		
Floor Areas	Warehouse A	800.00m ²	

Warehouse B	800.00m ²
Warehouse C	800.00m ²
Warehouse D	800.00m ²
Warehouse E	800.00m ²
Warehouse F	2,000.00m ²
Warehouse G	2,000.00 m ²
Warehouse H	1,800.00 m ²
Warehouse I	1,800.00 m ²
Warehouse J	1,300.00 m ²
Warehouse K	1,000.00 m ²
Warehouse L	1,000.00 m ²
Warehouse M	1,570.00 m ²
Warehouse N	1,570.00 m ²
Warehouse O	1,570.00 m ²
Guard House	70.00 m ²
DH House	100.00 m ²
Total	18 980.00m ²

Tenancies

Tenant	Area	Commencing	Ending
Gabs Bedding	Warehouse B	01.09.08	31.08.11
Motor Holdings	Warehouse C	01.06.10	31.05.12
Nutritional Products	Warehouse D	01.03.10	28.02.12
Fu Qiang	Warehouse E	01.12.08	30.11.11
Pula Flowing	Warehouse F	01.08.08	31.07.11
Gabs Bedding	Warehouse H	01.09.08	31.08.11
HHP	Warehouse I	01.10.10	30.09.15
Botswana Insurance	Warehouse J	01.10.09	30.09.11
Rebel Fruit & Veg	Warehouse K	01.03.09	29.02.12
AC Braby	Warehouse L	01.01.09	31.12.11
RBV Consultants	Warehouse M	01.04.10	31.03.15
Elliot Removals	Warehouse O	01.09.08	31.08.11
Elliot Removals	Warehouse P	01.09.08	31.08.11
Bonanza Equipment	Warehouse Q	01.06.09	31.05.11

Value

BWP 29 300 000.00

PROPERTY 11

The Property	Plot 32084, Gaborone West Phase IV, Gaborone			
Legal Description	Plot 32084, Gaborone West Phase IV, Gaborone			
Tenure/Title	The property is held under a certificate of consolidated title 1062/2010 dated 16th of May 2010 in favour of Western Industrial Estates (Pty) Ltd.			
Zoning	Factory			
Location	The plot is located along the south eastern part of the city of Gaborone within an established Phase IV industrial area approximately 3 kilometres from the central business district of Gaborone.			
Description	The property comprises a rail served plot with a large factory with offices, a workshop, storerooms and a gate house within a fully fenced plot measuring approximately 32,792 square metres.			
Floor Areas	Main Building - Factory	8 350.00m ²		
	Offices/Ablutions	2,255m ²		
	Storerooms	196.00m ²		
	Sprinkler House	35.00m ²		
	Gate House	42.00m ²		
	Total	10 878.00m ²		
Tenancies	Tenant	Area	Commencing	Ending
	Harness Manufacturing	Whole property	01.03.00	28.02.16
Value	BWP 18 100 000.00			

PROPERTY 12

The Property	Remainder. Extent of Plot 54233, Gaborone West Extension 34, Gaborone			
Legal Description	Remainder. Extent of Plot 54233, Gaborone West Extension 34, Gaborone			
Tenure/Title	The property is held leasehold for a period of 50 years from 10 October 1997, under a certificate of consolidated title no. 1892/95 dated 1 September 2005.			
Zoning	Industrial - factory			
Location	The plot is situated along Mogochanyama Road off the Western By-Pass Road in the north western part of the city of Gaborone within an established Broadhurst industrial area approximately 3 kilometres from the central business district.			
Description	The property comprises a plot with a large warehouse with offices, a transformer room and compressor room and compressor room all within a fenced plot measuring approximately 200,772 square metres.			
Floor Areas	Main Building - Factory	40 630.00m ²		
	Mezzanine Offices	1 500.00m ²		
	Transformer Building	42.00m ²		
	Compressor Building	170.00m ²		
	Total	42 342.00m ²		

Tenancies	Tenant	Area	Commencing	Ending
	Global Holdings	Warehouse A	01.02.05	31.01.15
	Trident Holdings	Warehouse B	01.05.05	30.04.15
	Botswana Government	Warehouse C	01.10.07	30.09.17
	Mascom Wireless		01.10.10	30.09.15
Value	BWP 53 320 000.00			

PROPERTY 13

The Property	Cresta Lodge Hotel, Gaborone			
Legal Description	Remaining extent of Plot 50719, Cresta Lodge, Gaborone			
Tenure/Title	The property is held under a Deed of Transfer No. 1125/95 dated 29 December 1995 in favour of Botswana Hotel Development Company Limited.			
Zoning	Commercial - hotel			
Location	The property is located in the south eastern periphery of Gaborone along Machel Drive just opposite Bokamoso CJSS and adjoining the Fairgrounds Mall to the west.			
Description	The property comprises a 3-star hotel with 159 rooms on 4 blocks of 2 storey buildings linked to the centre by a hexagonal-shaped administration building.			
Floor Areas	Hotel Blocks A, B, C & D	5 412.00m ²		
	Administration Block	723.00m ²		
	Restaurant Block	723.00m ²		
	Conference Building Block	1 010.00m ²		
	Maintenance Block	155.00m ²		
	Gate House	15.80m ²		
	Total	8 038.80m ²		
Tenancies	Tenant	Area	Commencing	Ending
	Cresta Marakanelo Ltd	Whole property	01.07.10	30.06.20
Value	BWP 70 710 000.00			

PROPERTY 14

The Property	President Hotel, Gaborone			
Legal Description	Plot 1169, President Hotel, Gaborone			
Tenure/Title	The property is held on freehold under a Deed of Transfer No. 1602/02 dated 28 June 2002 in favour of Botswana Hotel Development Company Limited.			
Zoning	Commercial - hotel			

Location	The property is located in the centre of Gaborone Main Mall and is accessed off Botswana Road.			
Description	The property comprises a 3-star hotel with 93 rooms on 5 floors.			
Floor Areas	Ground Floor	1 420.00m ²		
	First Floor	814.00 m ²		
	Second Floor	914.00 m ²		
	Third Floor	844.00 m ²		
	Fourth Floor	844.00m ²		
	Fifth Floor	844.00m ²		
	Storeroom & Change rooms	220.00m ²		
	Total	5 900.00m ²		
Tenancies	Tenant	Area	Commencing	Ending
	Cresta Marakanelo Ltd	Whole property	01.07.10	30.06.20
Value	BWP 42 470 000.00			

PROPERTY 15

The Property	Thapama Hotel, Francistown			
Legal Description	Plot 6348, Thapama Hotel, Francistown			
Tenure/Title	The property is held leasehold under a Deed of Fixed Period State Grant No. 548/84 dated 6 December 1984 in favour of Botswana Hotel Development Company (Pty) Limited.			
Zoning	Commercial - hotel & casino			
Location	The property is located at the corner of Blue Jacket Street and Doc Morgan Avenue adjacent the Shoprite centre to the north, opposite the Met Court Inn to the east and the bus/taxi rank to the west. The property is situated in the heart of the central business district and shopping precinct of the city of Francistown.			
Description	The property comprises a licensed 4-star 96-roomed hotel.			
Floor Areas	Administration Block			
	Ground Floor	900.00m ²		
	First Floor	953.00m ²		
	Verandahs	77.00m ²		
	DB Room	70.00m ²		
	Sizzlers Block/Bottle Store	235.00m ²		
	Open Bar/Shelter	260.00m ²		
	Storerooms	90.00m ²		
	Pool Bar Kitchen & Ablutions	60.00m ²		
	Pool Shelter over Counter	64.00m ²		

3 Accommodation Blocks of 6 Units	1 215.00m ²
6 Accommodation Blocks of 4 Units	1 660.00m ²
1 Accommodation Block of 8 Units	550.00m ²
Walkways & Balconies	1 200.00m ²
Squash/Gym Block	478.00m ²
Total	7 812.00m ²

Tenancies	Tenant	Area	Commencing	Ending
	Cresta Marakanelo Ltd	Whole property	01.07.10	30.06.20
Value	BWP 43 530 000.00			

PROPERTY 16

The Property	Bosele Hotel, Selebi Phikwe	
Legal Description	Plot 276, Bosele Hotel, Selebi Phikwe	
Tenure/Title	The property is held under a Deed of Transfer No. 1603/02 dated 28 June 2002 in favour of Botswana Hotel Development Company (Pty) Ltd.	
Zoning	Commercial - hotel & casino	
Location	The property is situated in a corner plot to the eastern fringes of the central business district and shopping precinct of Selebi Phikwe.	
Description	The property comprises a licensed 2-star 52-roomed hotel.	
Floor Areas	Administrative Block	1 440.00m ²
	Pool Bar	85.00m ²
	Single-storey accommodation building	750.00m ²
	Double-storey accommodation building	1 140.00m ²
	Laundry Block	240.00m ²
	Refuse Store	15.00m ²
	Boiler Store	30.00m ²
	Lean-to Store	44.00m ²
	Campsite Ablution Block	60.00m ²
	Campsite Store	20.00m ²
	Campsite Store	20.00m ²
	Campsite Guard House	6.00m ²
	Campsite Store	20.00m ²
	Campsite Guard House	6.00m ²

Hair Salon Building	60.00m ²
General Manageris House	180.00m ²
Total	4 070.00m²

Tenancies	Tenant	Area	Commencing	Ending
	Cresta Marakanelo Ltd	Whole property	01.07.10	30.06.20
Value	BWP 18 280 000.00			

PROPERTY 17

The Property	Moedi House, Fairgrounds, Gaborone			
Legal Description	Plot 50380, Moedi House, Fairgrounds, Gaborone			
Tenure/Title (Pty) Ltd.	The property is held under a Deed of Transfer No. 1604/02 dated 28 June 2002 in favour of Commercial Holdings (Pty) Ltd.			
Zoning	Commercial - offices, "high tech" industrial, civic purposes			
Location	The property is situated in the heart of the Fairgrounds office park off Machel Drive approximately 2 kilometres south west of the central business district of Gaborone.			
Description	The property comprises a three-storey office building with a central courtyard, basement parking and generator/distributor board room with paved car parking areas within a palisade fenced commercial plot measuring approximately 11,000.00 square metres.			
Floor Areas	Ground Floor	2 100m ²		
	First Floor	2 220.00m ²		
	Second Floor	160.00m ²		
	Basement	2 540.00m ²		
	DB/Generator building	25.00m ²		
	Total	7 045.00m ²		
Tenancies	Tenant	Area	Commencing	Ending
	BDC	Whole property	01.10.05	30.09.15
Value	BWP 56 500 000.00			

PROPERTY 18

The Property	Plot 4738, Station Mall, Gaborone			
Legal Description	Plot 4738, Station Mall, Gaborone			
Tenure/Title	The property is held under a Deed of Donation Transfer No. 2662/2007 dated 30 November 2007 in favour of Commercial Holdings (Pty) Ltd.			
Zoning	Commercial - retail shops			
Location	The property is located in a prime location at the corner of Mmaraka Road and Station Road within the busy Gaborone station shopping complex, approximately 1 kilometre west of the central business district of Gaborone. The property is situated close to the taxi and bus ranks, Government Enclave and the old industrial area.			

Description The property is subdivided into four separate retail units with ablution facilities, save for one. There is a delivery area and demarcated tarmac parking areas. These improvements are within a plot measuring approximately 9,494 square metres.

Floor Areas	Retail Areas	2 929.00m
	Storage	841.50m
	Caged Storage	293.70m
	Total	4 064.20m

Tenancies	Tenant	Area	Commencing	Ending
	SelfCash	Whole property	01.04.06	31.03.2016

Value BWP 22 200 000.00

PROPERTY 19

The Property Plot 9787, BMC Industrial Area, Francistown

Legal Description Plot 9787, BMC Industrial Area, Francistown

Tenure/Title The property is held under a Deed of Fixed Period State Grant No. 1152/91 dated 23 August 1991 in favour of Western Industrial Estates (Pty) Ltd.

Zoning Industrial - warehouses

Location The property is located in Madiba Centre, along the main road into Palapye opposite the Spar Complex.

Description The plot is situated at the corner of Boswela Kgomo Drive and Boswa Close on the southern side of the city of Francistown within the BMC industrial area approximately 3 kilometres from the central business district.

Floor Areas	Warehouse A	800.00m ²
	Front Offices	200.00m ²
	Warehouse B	800.00m ²
	Front Offices	200.00m ²
	Warehouse C	800.00m ²
	Front Offices	200.00m ²
	Warehouse D	800.00m ²
	Front Offices	200.00m ²
	Total	4 000.00m ²

Tenancies	Tenant	Area	Commencing	Ending
	Global Holdings	Warehouse A	01.05.07	30.04.12
	Chemserve	Warehouse B	01.02.10	31.01.12
	Fluorescence (Pty) Ltd	Warehouse C	01.11.10	31.10.13
	Reylant Retail Botswana (Pty) Ltd	Warehouse D	01.10.08	30.09.11

Value BWP 4 130 000.00

ANNEXURE 5: VALUATION OF INDEPENDENT VALUERS

10 December 2010

Botswana Development Corporation
Plot 50380, Moedi House, Off Machel Drive
Private Bag 160
Gaborone
Attention: Mr Letsweletse Ramokate - General Manager

Dear Sir



Property Portfolio Valuation of Commercial Holdings properties, Plots 50380 & 4738 Gaborone; Western Industrial properties Plots 28911, 14389, 14453, 14454, 14455, 14457, 14458, 14459, 14460, 22038, 32084, 54233 - Gaborone & 9787 - Francistown and Hotel Development properties, Plot 50719, 1169 - Gaborone, 6348 - Francistown & 276 - Selebi Phikwe.

In accordance with your recent instructions for us to undertake a portfolio valuation of the above commercial properties in Gaborone, Francistown and Selebi Phikwe we have pleasure in reporting to you as follows:

1. Introductions

We are instructed to provide property portfolio valuation for listing purposes. Our valuation is based on the information provided by yourselves, physical inspection of the properties and enquiries which we deemed necessary.

Such value to be as at 30 December 2010 and in accordance with the Royal Institution of Chartered Surveyors (RICS) statement of Asset Valuation Practice and Guidance Notes (The Red Book)

3. Basis of Valuation

Our valuation is provided for listing purposes and has been prepared to conform to the Guidance Notes prepared by the RICS. The valuation basis is market value which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuation approach that has been adopted is the investment method being a discounted cash flow method that looks at the net income from the portfolio discounted at risk adjusted yield to arrive at the value. The income and expenses have been provided by yourselves in the form of a forecast on the investment and have been assumed for the purposes of this valuation to be complete and accurate.

4. Title and Assumption

We have relied upon the information provided by Botswana Development Corporation and have assumed such information to be complete and accurate. Save as disclosed to us we have assumed that the properties have good and marketable title and that they are free of any onerous burdens, outgoing or restrictions and that they are not contaminated in any way or constructed with deleterious materials. We have not seen any planning consents (save as disclosed to us) and have assumed that the properties have been erected, and occupied and used, in accordance with all requisite consents and that there are no outstanding Statutory Notices affecting them.

We have assumed that all leases that are expiring in the next two years will be renewed for a further period. Further, all title deeds are in order and the properties have marketable titles and are free of any encumbrances.

5. Portfolio Valuation

The portfolio comprises different properties valued collectively as a single entity to determine the value of the portfolio as a whole. No allowance has been made for expenses of realisation nor for any taxation, which might arise upon disposal.

The portfolio is diversified in terms of geographical location and sector. Further each property has a well selected tenant mix exhibiting complimentary uses. This has an effect of lower overall k than individually due to correlation of returns from individual properties.

6. Surveys

We have not carried out any structural surveys, nor tested services and are therefore unable to report that the properties are free of structural fault, rot infestation or defects of any other nature, including inherent weakness due to the use in construction of deleterious materials. We have however noted where considered relevant to our valuations and as general observations during our inspections defects that were visual apparent

7. Measurements of Buildings

We have measured the properties on the basis of gross internal space for commercial and industrial properties and gross external space for hotels, using metric measurement in accordance with code of measuring practice applicable in Botswana.

8. a) Aggregate Value of the Portfolio

The aggregate Market Value of the properties as at 30 December 2010 is in the order of **P407 530 00.00 (Four Hundred and Seven Million Five Hundred and Thirty Thousand Pula)**

b) Portfolio Value

The portfolio value reflecting the spread of risk amongst all the properties by the sector, location and tenant mix as at 30 December 2010 is in the order of **P450 000 000.00 (Four Hundred and Fifty Million Pula)**

The valuation certificate is for the sole use of the addressee only and no responsibility is accepted for the whole, or any part of the contents, to any third party.

If our opinions are disclosed to persons other than the addressee the full basis of the valuations should be stated. Neither the whole or any part of this valuation, nor any reference to it maybe included in any published document, circular or statement without prior written approval of the form or context in which it will appear.

Yours Faithfully



Curtis Matobolo Bsc (Hons) MRICS, MREIB
Managing Director
For and on behalf of Knight Frank



Annexure 6: Purchase consideration Payable to Each of the Property Vendors

Location		Price (P)
<hr/>		
Hotel Development Company (Pty) Ltd		
Plot 1169, President Hotel, Gaborone	BWP	42 470 000
Plot 50719, Cresta Lodge, Gaborone	BWP	70 710 000
Plot 6348, Thapama Hotel, Francistown	BWP	43 530 000
Plot 276, Bosele Hotel, Selebi Phikwe	BWP	18 280 000
<hr/>		
Commercial Holdings (Pty) Ltd		
Plot 50380, Moedi House, Gaborone	BWP	56 500 000
Plot 4738, SelfCash, Gaborone	BWP	22 200 000
<hr/>		
Western Industrial Estates (Pty) Ltd		
Plot 14398 Gaborone	BWP	8 610 000
Plot 14453 Gaborone	BWP	3 400 000
Plot 14454 Gaborone	BWP	3 400 000
Plot 14455 Gaborone	BWP	3 400 000
Plot 14457 Gaborone	BWP	3 690 000
Plot 14458 Gaborone	BWP	3 690 000
Plot 14459 Gaborone	BWP	3 690 000
Plot 14460 Gaborone	BWP	3 690 000
Plot 22038 Gaborone	BWP	15 420 000
Plot 28911 Gaborone	BWP	29 300 000
Plot 32084 Gaborone	BWP	18 100 000
Plot 54233 Gaborone	BWP	53 320 000
Plot 9787 Francistown	BWP	4 130 000
<hr/>		

ANNEXURE 7: EXTRACTS OF THE CONSTITUTION IN RESPECT OF THE DIRECTORS

1 Appointment and removal of Directors

1.1 Number

The number of Directors must not at any time be less than four and subject to this limitation the number of Directors to hold office shall be fixed from time to time by Ordinary Resolution. At least one Director must be ordinarily resident in Botswana. If the number of directors falls below four, the remaining directors are only permitted to act for the purpose of filling vacancies or calling general meetings of holders of Securities for this purpose.

1.2 Existing Directors to continue in office

The Directors in office at the date of adoption of this Constitution shall continue in office subject to the provisions of this Constitution.

1.3 Appointment and removal by Ordinary Resolution

Subject to the Listings Requirements and clause 20.4, a Director may be appointed by Ordinary Resolution of holders of all Securities. All Directors shall be subject to removal from office as director by Ordinary Resolution.

1.4 Appointment by Board

Subject to the Listings Requirements, the Board may at any time appoint additional Directors to fill a casual vacancy or as an addition to existing directors, which appointment shall be confirmed at the next annual meeting.

1.5 Appointment of Directors to be voted on individually

No resolution to appoint or elect a Director shall be put to the holders of Securities unless:

- (a) the resolution is for the appointment of one Director; or
- (b) the resolution is a single resolution for the appointment of two or more Directors, and a separate resolution that it be so voted on has first been approved without a vote being cast against it.

Nothing in this clause prevents the election of two or more Directors by ballot or poll.

1.6 No holder of Securities qualification for Directors

There is no shareholding qualification for Directors.

1.7 Vacation of office

A Director shall cease to hold office as a Director if the Director:

- (a) dies;
- (b) becomes bankrupt or makes an arrangement or compromise with the Director's creditors generally;
- (c) becomes disqualified from being a Director pursuant to the provisions of the Act;
- (d) resigns from office by notice in writing to the Company;
- (e) is removed from office pursuant to this Constitution or the Act; or
- (f) has for more than six months been absent without permission of the Board from meetings of the Board held during that period.

1.8 Timing of retirement and appointment

If

- (a) a Director retires at a meeting of holders of Securities and is not re-elected, the Director shall remain in office until, and his or her retirement shall take effect at, the conclusion of the meeting;
- (b) a Director is removed from office at a meeting of holders of Securities by Ordinary Resolution, the Director shall remain in office until, and his or her removal shall take effect at, the conclusion of the meeting; or
- (c) a person who is not already a Director is appointed or elected as a Director at a meeting of holders of Securities, that person shall take office as a Director immediately after the conclusion of the meeting.

1.9 Rotation of directors

1.9.1 At the first annual meeting of the Company, all the Directors for the time being shall retire. Subject to clause 20.9.4, at every annual meeting thereafter at least one third of the Directors for the time being shall retire from office. The Directors so to retire in each year shall be those who have been longest in office.

1.9.2 As between persons who were last elected as Directors on the same day, those to retire, unless they otherwise agree amongst themselves, shall be determined by lot. Notwithstanding anything contained herein, if, at the date of any ordinary meeting any Director shall have held office for a period of three years since his last election or appointment, he shall retire at such meeting, either as one of the Directors to retire in pursuance of the foregoing provisions, or additionally thereto. A retiring Director shall hold office until the conclusion of the meeting at which he retires.

1.9.3 Retiring Directors shall be eligible for re-election, but no person not being a retiring Director shall be eligible for election to the office of the Director at any annual meeting unless the member intending to propose him has, at least five days before the meeting, left at the registered office of the Company a notice in writing, duly signed signifying the intention of such members to propose the candidate and the consent of the candidate to assume the office of the Director.

1.9.4 Subject to clause 20.9.2 the Company may by Ordinary Resolution in an annual meeting increase or reduce the number of Directors and alter their qualifications and may also determine in what rotation such increased or reduced number is to go out of office. Whenever such increase is made the Directors at the said meeting, or failing them, the holders of Securities may fill up the new seats so created.

1.9.5 Notwithstanding anything to the contrary contained in clause 20.9.1, any person employed under a contract with the Company, which contract has a condition thereof that the person shall be a director of the Board, that person shall not be subject to retirement by rotation as envisaged in clause 20.9.1, but the period for which that person shall be a Director and hold office as such shall be determined by the terms and conditions of his contract with the Company, provided that less than half of the Directors may be appointed to any such position on the condition that they will not be subject to retirement by rotation.

2 Alternate Directors

2.1 Appointment

Each Director may from time to time appoint any person who is not already a Director and who is approved by a majority of the other Directors to be the Director's alternate director (an 'Alternate Director'). No Director may appoint a deputy or agent otherwise than by way of appointment of an Alternate Director.

2.2 Form of appointment and removal

Any appointment or removal of an Alternate Director must be by notice in writing to the Company signed by the relevant Director.

2.3 Rights of Alternate Director

Each Alternate Director will be entitled to:

- (a) receive notices of all meetings of the Board if the Director who appointed the Alternate Director is known to be either outside of Botswana or otherwise unavailable to attend meetings;
- (b) attend and vote at any such meeting at which the Director who appointed the Alternate Director is not personally present; and
- (c) in the absence of the Director who appointed the Alternate Director, perform all the functions, and exercise all the powers, of that Director.

2.4 Remuneration and expenses

Each Alternate Director's:

- (a) remuneration (if any) must be paid by the Director who appointed the Alternate Director; and
- (b) expenses incurred in attending meetings of the Directors and otherwise in relation to the discharge of duties will be paid by the Company.

2.5 Cessation of appointment

An Alternate Director will cease to be an Alternate Director:

- (a) if the Director who appointed the Alternate Director ceases to be a Director or revokes the appointment;
- (b) on the occurrence of any event relating to the Alternate Director which, if the Alternate Director were a Director, would disqualify the Alternate Director from being a Director; or
- (c) if a majority of the other Directors resolve to revoke the Alternate Director's appointment.

3 Managing Director

3.1 Appointment and removal

The Board may from time to time appoint one of the Directors to be the Managing Director either for a fixed term and on such other terms (including remuneration) as the Board determines. A Managing Director may be re-appointed for a further period. The Board may from time to time remove any such Managing Director and appoint another or others in his or her place. Any Managing Director who is removed by resolution of the Board shall have no right or claim to continue in office and his or her only remedy against the Company (if any) shall be in damages. Any Director holding the office of Managing Director at the date of adoption of this Constitution shall continue in office.

3.2 Resignation

A Managing Director shall, subject to the provisions of any contract between him or her and the Company, be subject to the same provisions concerning resignation, removal and disqualification as the other Directors. If a Managing Director ceases to hold the office of Director from any cause he or she immediately ceases to be Managing Director.

3.3 No alternate Managing Director

The power to appoint alternate Directors conferred on Directors by this Constitution does not confer on any Managing Director the power to appoint an alternate Managing Director.

4 Proceedings of the Board

4.1 Methods of holding meetings

A meeting of the Board may be held either:

- (a) by a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio, or audio and visual, communication by which all the Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

4.2 Notice of meeting

A Director or any other person, if requested by a Director to do so, may convene a meeting of the Board by giving notice in accordance with this clause 23.2 and clause 23.3. Each Director must be given not less than seven days notice of a meeting of the Board, unless in the opinion of the chairperson or of Directors who would together constitute a quorum at the meeting, the meeting is necessary as a matter of urgency, in which event shorter notice of the meeting may be given so long as at least 24 hours notice is given. Notice may be given to a Director in any of the following ways:

- (a) by delivery of the notice to the Director, in which case the notice will be deemed to be given when delivered; or
- (b) by sending the notice by facsimile transmission to the facsimile number given by the Director to the Company for the purpose of receiving notices, in which case the notice will be deemed to be given when sent; or
- (c) by posting the notice to the address given by the Director for the purpose of receiving notices, in which case the notice will be deemed to be given three days after it is posted; or
- (d) by sending by electronic means in accordance with any request made by the Director from time to time for such purpose.

4.3 Absent Directors

If a Director, who is for the time being absent from Botswana, supplies the Company with a facsimile number or address or electronic mail address to which notices are to be sent during his or her absence, then notice must be given to that Director. Otherwise notice need not be given to any Director for the time being absent from Botswana. However, if he or she has an alternate Director who is in Botswana, then notice must be given to that person.

4.4 Contents of notice

A notice of a meeting must specify the date, time and place of the meeting and, if the meeting is to be by means of audio or audio and visual communication, the manner in which the Director will be contacted to participate at the time of the meeting.

4.5 Waiver of irregularity

An irregularity in a notice of meeting is waived, if all the Directors entitled to receive notice of the meeting attend or participate in the meeting without protest as to the irregularity, or if all Directors entitled to receive notice of the meeting agree to the waiver.

4.6 Quorum

Unless otherwise determined by the Board, a quorum for a meeting of the Board is two Directors. The holders of Securities may change the number of Directors required for a quorum by ordinary resolution. No business may be transacted at a meeting of the Board unless a quorum is present.

4.7 Lack of quorum

If a quorum is not present within 30 minutes after the time appointed for a meeting of the Board, the meeting will be adjourned automatically until the following day at the same time and place. If at the adjourned meeting a quorum is not present within 30 minutes from the time appointed for the meeting the Directors present will constitute a quorum.

4.8 Insufficient number of Directors

The Directors may act notwithstanding any vacancy in their body, but if and for so long as their number is reduced below the minimum number fixed by clause 20.1, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a meeting of Holders of Securities, but for no other purpose.

4.9 Chairperson

The Directors may elect one of their number as chairperson of the Board and determine the period for which the chairperson is to hold office. If no chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for the commencement of the meeting, the Directors present may choose one of their number to be chairperson of the meeting.

4.10 Votes

Every Director has one vote. In the case of an equality of votes the chairperson will have a casting vote. A resolution of the Board is passed if it is agreed to by all Directors present without dissent or a majority of the votes cast on it are in favour of it. A Director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless that Director expressly dissents or expressly abstains from voting on, or votes against, the resolution.

4.11 Resolutions in writing

A resolution in writing, signed or assented to by a majority of Directors entitled to receive notice of a meeting of the Board, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held. Each Director must be given notice of the form of the proposed resolution. Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form, each signed or assented to by one or more Directors. A copy of any such resolution must be entered in or kept with the records of Board proceedings.

4.12 Minutes

The Board must ensure that minutes are kept of all proceedings at meetings of the Board.

4.13 Validity of acts

All acts done by any meeting of the Board or of a committee of Directors or by any person acting as a Director are valid notwithstanding:

- (a) any defect in the appointment of any Director or person acting as a Director; or
- (b) that they or any of them were disqualified; or
- (c) any irregularity in a notice of meeting.

4.14 Other procedures

Except as set out in this clause 23, the Board may regulate its own procedure.

5 Directors' remuneration

5.1 Authorisation

The Board may, exercise the power conferred by the Act to authorise remuneration and other benefits to and for Directors.

5.2 Expenses

Each Director is entitled to be paid for all reasonable travelling, accommodation and other expenses incurred by the Director in connection with the Director's attendance at meetings or otherwise in connection with the Company's business. If any Director shall be required to perform extra services, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of Directors.

5.3 Special remuneration

Without limiting clause 24.1, but subject to any applicable Listings Requirements relating to transactions with related parties, the Board may authorize special remuneration to any Director who is or has been engaged by the Company or a Subsidiary to carry out any work or perform any services which is not in the capacity of a director of the Company or a Subsidiary.

5.4 Payments to Directors upon cessation of office

The Company may make a payment to a Director or former Director, or his or her dependants, by way of a lump sum or pension, upon or in connection with retirement from office of that Director, only if:

1. the total payment (or the base for the pension) does not exceed ten percent of the total remuneration of the Director in his or her normal capacity as a Director of the Company; and
2. the payment is authorized by an ordinary resolution of holders of Securities of the Company. Nothing in this clause affects any amount paid to an executive Director upon or in connection with the termination of his or her employment with the Company, or the payment of any amount attributable to the contribution (or any related normal subsidy) made by a Director to the Company's superannuation scheme.

6 Borrowing powers of Directors

6.1 Power to borrow

The Directors may raise or borrow for the purposes of the Company's business, such sum or sums of money as in aggregate at any time do not exceed sixty-six percent (66%) of the fair market value of the assets of the Company, or such higher limit as the Company may, by Ordinary Resolution, in General Meeting determine. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, or by the issue, at such price as they may think fit, of debentures either charged upon the whole or any part of the property and assets of the Company, or not so charged or in such other way as the Directors may think expedient.

6.2 Foreign currency borrowings

Foreign currency borrowings may be raised by way of back to back loan agreements, or any such similar arrangements. In so far as the offsetting deposit is denominated in Pula, and equals or exceeds the value of the foreign currency loan outstanding at a point in time, it shall not be regarded as a borrowing. Where the foreign currency loan exceeds the deposit, such excess will be regarded as a borrowing in terms of clause 25.1.

6.3 Register of borrowings

The Directors shall cause a proper register to be kept in accordance with the provisions of the Act of all mortgages and charges specifically affecting the property of the Company, and they shall cause to be entered in such register in respect of each mortgage or charge a short description of the property mortgaged or charged, the amount of charge created, the name of mortgagee or person entitled to such charge and such further particulars as the provisions of the Act requires.

6.4 Indemnity

If any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

7 Indemnity and Insurance for Directors and Employees

Every Director shall be indemnified by the Company for any costs referred to in section 159 of the Act. The Board may determine the amounts and terms and conditions of such an indemnity.

ANNEXURE 8: SALIENT FEATURES OF THE DEBENTURES

The following are the salient features of the Debentures:

1. No matter when issued, the Debentures shall rank pari passu in all respects with regard to payment.
2. Each of the Debentures, as a Linked Unit, is indivisibly linked to an ordinary share in the capital of the Issuer.
3. The Debentures shall become subordinated:
 - 3.1. in the event of the liquidation or winding up of the Company,
 - 3.2. when, in the opinion of the auditor of the Company at any time after issue of the Debentures, the Company shall be trading in insolvent circumstances in contravention of any law and the auditor gives the trustee notice in writing to that effect, immediately upon receipt of such notice.
4. If the Debentures become subordinated and if the Debentures become repayable, that repayment shall be made after the claims of concurrent unsubordinated creditors, who shall be entitled to receive payment in full of their claims of whatever nature before the Debenture holders receive any repayment. In order to ensure the fulfilment of the provisions of this sub-clause:
 - 4.1. the trustee shall be the only person entitled to make and prove claims on behalf of Debenture holders and such claims shall be made and proved in the name of the trustee;
 - 4.2. any claim made or proved by the trustee shall be subject to the condition that no amount shall be paid in respect thereof to the extent that the effect of such payment would be that any amount due to the unsubordinated creditors would be reduced.
5. If the Debentures become subordinated pursuant to a notice given in terms of para. 3 above, and in the event of the Debentures becoming repayable, no repayment shall be made to Debenture holders until, on the date on which the trustee gives notice of repayment to the Company, the concurrent unsubordinated creditors have been consulted and their claims settled or secured.
6. The rate or amount of interest payable on the Debentures, and the manner in which it is calculated shall be determined by and in the sole discretion of the Directors of the Company.
7. Interest may be paid by cheque sent through the post to the registered address of the Debenture holder or, in the case of joint holders, to the registered address of that joint holder whose name appears first on the register or to such person and to such address as the Debenture holder or first named joint holder may, in a manner acceptable to the Company, in writing direct, provided that the Company shall not be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Debenture holder for the purpose of all such payments. Payment of the cheque shall be a valid discharge of the Company and the trustee.
8. The Debentures shall only become payable:
 - 8.1. at the instance of the Company, pursuant to a special resolution of shareholders of the Company, in general meeting and with the written consent of creditors of the Company;
 - 8.2. immediately on the happening of any of the following events:
 - 8.2.1. if an effective resolution is passed for the winding up of the Company; or
 - 8.2.2. the Company fails to pay any moneys due under the terms of the Debentures on the due date thereof and thereafter persists in such failure for a further 21 (twenty one) business days after receipt by it of a written notice from the trustee; or
 - 8.2.3. the Company commits
 - material breach of any material obligation under the Deed of Trust, which cannot be remedied; or

- any breach of any obligation under the Trust Deed which cannot be remedied, and fails, within 21 (twenty one) business days after receipt by it of a written notice from the trustee, to initiate and thereafter to pursue all proper steps designed to prevent its recurrence; or
- any breach of any obligation under the Trust Deed, which can be remedied, and fails within 21 (twenty one) business days, or such longer period as may reasonably be required in the circumstances, after receipt by it of a written notice from the trustee, to remedy the breach; or

8.2.4. the Company -

- disposes of or attempts to dispose of the whole or substantially the whole of its undertaking, otherwise than in the ordinary course of business;
 - offers or agrees to enter into any general composition or compromise or arrangement with all its creditors; or
 - defaults in the payment of its liabilities generally;
 - makes any alteration to the provisions of its Constitution which, in the opinion of the trustee, adversely affects the interests of the Debenture holders;
 - reduces its issued share capital or stated capital account otherwise than in compliance with the Companies Act 2003 (No 32 of 2004) ("the Act");
 - is granted a final order or passes an effective resolution for its reorganisation or reconstruction in terms of the Act;
 - an order is made placing the Company under final judicial management or final liquidation;
 - any material assets of the Company are attached under a writ of execution issued out of any court as a result of a final judgment against the Company and the writ is not satisfied within 21 (twenty one) business days after the attachment has come to the notice of the board of Directors of the Company or application to rescind is not made within 21 (twenty one) days after the attachment came to the notice of the Directors of the Company and such application to rescind is not proceeded with timeously or is refused;
 - ceases to carry on its business;
 - defaults in the discharge of any liability, which is material in relation to the business of the Company and concerning which no bona fide dispute between the Company and the creditor in question exists
9. A Debenture holder shall not be entitled to enforce his rights under the debenture, but all rights of enforcement shall vest in the trustee.
 10. If at any time the Company proceeds with a rights offer of further debentures (the new debentures) such rights offer shall be made to the existing Debenture holders.
 11. The Company shall not, without the prior sanction of a special resolution of Debenture holders, amend the provisions of its Constitution in relation to the borrowing powers of the Company or its subsidiaries, exercisable by the Directors.

ANNEXURE 9: SALIENT DETAILS OF THE UNDERWRITING AGREEMENT

The Underwriting Agreement

The BSE Listing Requirements, section 5.21 requires that an offer for sale must be underwritten and the underwriter must satisfy the BSE Committee that it can meet its commitments. Botswana Development Corporation (BDC) intends to underwrite the offer in the event that there are insufficient applications received from members of the public in regard to the Letlole la Rona Linked Units Public Offer.

Below are extracts of the Underwriting Agreement:

1. WHEREAS

- 1.1. Letlole la Rona seeks an underwriter to underwrite its offer for subscription of 196,000,000 linked units offered to institutions and the public, which are intended to be listed on the BSE.
- 1.2. BDC has agreed to underwrite the issue on the terms and conditions herein.

2. CONDITIONS

- 2.1 The obligations placed upon the Parties, one to another, pursuant to the terms of this Agreement are conditional for their validity and coming into force and effect upon:-
 - 2.1.1 the Directors of Letlole la Rona at the meeting held, on the 9 March 2011 for passing the Resolutions and signing a prospectus substantially in the terms and upon the conditions of the Prospectus;
 - 2.1.2 the BSE having approved the prospectus substantially in the terms and upon the conditions of the Prospectus;
 - 2.1.3 a prospectus substantially in the terms and upon the conditions of the Prospectus annexed hereto having been registered by the Registrar of Companies;
 - 2.1.4 selected placees having agreed in terms of the placing agreement to purchase the Placing linked units;
 - 2.1.6 the BSE Committee having given its approval in writing, to the listing of all the linked units being offered, such listing to take place on or before 15 June 2011 or such later date as the Parties hereto may in writing agree.
- 2.2 If any of the above conditions shall not have been fulfilled by the date set forth for fulfilment thereof, this agreement shall terminate on that date.

3. OFFER TO THE PUBLIC

- 3.1 Subject to the terms and conditions hereof, the directors of Letlole la Rona shall take all actions necessary to effect the sale of the offer linked units in accordance with the provisions of the Prospectus (which incorporates an offer to the public of the linked units at the offer price) to members of the public who have applied for same prior to the closing of the offer, which closing is anticipated to take place 6 May 2011.

4. OBLIGATIONS OF LETLOLE LA RONA

- 4.1 Letlole la Rona shall:-
 - 4.1.1 procure that the Prospectus is duly signed by the Directors of Letlole la Rona;
 - 4.1.2 submit to the BSE for approval, a copy of the Prospectus and deliver a copy of the Prospectus as signed by the Directors of Letlole la Rona to the Registrar of Companies, for registration;

- 4.1.3 make application to the BSE for approval of the Prospectus, and approval of all the linked units issued by Letlole la Rona, subject to a placing and public offer of linked units which results in compliance by the Company of the rules of the BSE for listing on its Main Board, on or before 15 June 2011; and
- 4.1.4 make available copies of the Prospectus as signed and registered, to members of the public who may wish to apply for linked units in Letlole la Rona for a period commencing 20 March 2011 and closing on 6 May 2011.

5. FEE

BDC shall not be entitled to a fee to underwrite the issue of the linked units.

6. RESCISSION

- 6.1. If at any time between the date hereof and completion of this Agreement there shall occur, develop or come into effect any governmental regulation or other occurrence of any nature including any substantial change in international, economic or political conditions which in the opinion of the directors of Letlole la Rona is likely to have a significant adverse effect on the business of Letlole la Rona, the Directors of Letlole la Rona shall notify BDC and may in their sole discretion give notice to BDC rescinding this Agreement.
- 6.2. BDC may in its sole discretion, upon receiving notification as set out in 6.1 above, give notice to Letlole la Rona that it is rescinding this Agreement.
- 6.3. In the event of rescission of this Agreement in terms of 6.1 above, no party hereto shall have any claim against any of the others or other to recover any damages, costs, charges or expenses which it or they may have suffered or incurred pursuant hereto.

7. INDEMNITY

- 7.1 Letlole la Rona will discharge and indemnify BDC and its directors, officers, agents and employees on demand against any loss, claims or liabilities suffered in undertaking the offer, including any legal or other expenses BDC incurs to investigate and defend against any such loss, cost damage or liability, which result from any negligence or wilful misconduct of Letlole la Rona during the period from the date of signature of this agreement and conclusion of the Offer.
- 7.2 BDC will promptly notify Letlole la Rona of any claims to be made in terms of this Agreement, who shall be afforded reasonable opportunity to investigate such claims and mitigate potential costs.

8. TERMINATION

- 8.1 In the event that all the linked units being offered of Letlole la Rona are not listed on the BSE for any reason whatsoever on or before 15 June 2011 or such later date as Letlole la Rona and BDC shall in writing agree, then this Agreement shall be deemed terminated by mutual consent.
- 8.2 In the event of termination of this Agreement above:-
- 8.2.1 BDC shall immediately deliver to Letlole la Rona, for cancellation all and any certificates in respect of the linked units being offered which have been allotted to it by Letlole la Rona; and
- 8.2.2 no party hereto shall have any claim against any other party to recover any damages, costs, charges or expenses which they may have suffered or incurred pursuant to this agreement, or its subsequent cancellation in terms of this clause.

9. GENERAL

- 9.1 This Agreement may be amended by mutual agreement of the Parties, provided that such amendment is recorded in writing.
- 9.2 This Agreement shall be governed by and construed in accordance with the Laws of the Republic of Botswana.

ANNEXURE 10: DETAILS OF THE PLACEE

Placee	Private Placement Allocation (units)	% of private placement	% of linked units
BDC	84 000 000	100%	30%

ANNEXURE 11: DETAILS OF PROSPECTUS AVAILABILITY

Copies of the Prospectus are available during normal business hours from 11th April 2011 to 26th May 2011 at the following locations:

Name	Address
Botswana Development Corporation	
Head Office	Plot 50380, Moedi House, Fairgrounds, Gaborone
Armstrongs Attorneys	5th Floor, Barclays House, Khama Crescent, Gaborone
Stockbrokers Botswana	Ground Floor, United Nations House, Khama Crescent, Gaborone
African Alliance	Plot 50361/A Fairgrounds, Gaborone
Barclays - Gaborone Mall	Lot 1103/07, Queens Road, Gaborone
Barclays - Gaborone Industrial	Lot 17953, Luthuli Road, Gaborone
Barclays - Gaborone Sun Prestige	Gaborone Sun Hotel
Barclays - Game City	Game City Mall, Gaborone
Barclays - Broadhurst	Lot 5619, Broadhurst, Gaborone
Barclays - Carbo Prestige	Lot 54518, Unit 4 Carbo Centre, Gaborone
Barclays - Lobatse	Lot 4649, Unit 1, Hillside Mall, Lobatse
Barclays - Jwaneng	Lot 5477, Unit 21 Jwaneng
Barclays - Ghanzi	Lot 29, Shop 1, Ghanzi
Barclays - Mahalapye	Lot 61, Mahalapye
Barclays - Serowe	Lot 40/5, Serowe
Barclays - Palapye	Lot 47, Palapye
Barclays - Selibe Phikwe	Lot 2579/81 Selibe Phikwe
Barclays - Selibe Phikwe Prestige	Lot 2579/81 Selibe Phikwe
Barclays - Maun	Lot D4, Maun
Barclays - Phakalane Prestige	Lot 63724, Mowana Mall, Phakalane Gaborone
Barclays - Galo Prestige	Lot 1471/2 Partnership, Galo Centre
Barclays - Personal Prestige	Lot 1188-1196, Debswana House, Gaborone
Barclays - Blue Jacket Prestige	Lot 494/5, Blue Jacket Street, Francistown
Barclays - Barclays Head Office	Plot 8842, 1st Floor, Barclays House, Gaborone.