

ANNOUNCEMENT - SMALL RELATED PARTY TRANSACTION

The Directors of Letlole La Rona Limited ('LLR'/'the Company'), hereby give notice to Unitholders that the Company has entered into a Memorandum of Agreement of Lease ('the Agreement') with Botswana Development Corporation ('BDC') and Western Industrial Estates (Proprietary) Limited ('WIE') for the leasing and development of Lots 22048 and 22047 Gaborone respectively ('the Transaction'). The Transaction envisaged is categorised as a related party transaction as BDC is a material shareholder of LLR, holding 40% of LLR shareholding, and WIE is a wholly owned subsidiary of BDC.

LLR is a variable rate loan stock company listed on the Botswana Stock Exchange and primarily engages in the investment in real estate and real estate instruments to earn rental income and for capital appreciation. WIE, as a subsidiary of BDC, is a property development company.

The terms of the Agreement are that LLR will lease to WIE a portion of Lot 22047 for the purposes of undertaking a development. WIE shall, in turn, undertake the development of 7004 square meters on the said Lot 22047, the property that was previously acquired by LLR from WIE in July 2020.

LLR will have the option to acquire the development immediately upon completion at a net yield of 8%, or to acquire the property at the prevailing market value in future.

The Transaction shall result in additional rental revenue for the Company and, in the event that LLR elects to acquire the development after completion, it will enhance LLR's property portfolio.

Consideration

LLR has received a valuation report that the Market Value of the leasehold interest in the vacant stand currently to Lot 22047 is BWP 8,362,776 (Eight Million, Three Hundred and Sixty-Two Thousand Seven Hundred and Seventy-Six Pula).

Lot 22047 shall be leased by LLR to WIE for a period of 25 years at a monthly rental of P42 000 (Forty-Two Thousand Pula) per month, with an annual escalation of 5% after the initial 12-month period of the lease period. The annual rental of P 504,000 will therefore not have a material effect on the headline earnings of LLR.

In accordance with Section 7.6 of the Botswana Stock Exchange Limited Listings Requirements ('the Listings Requirements'), LLR confirms that its Audit, Risk and Compliance Committee has reviewed the Transaction and determined that the terms of the proposed transaction with the related parties are fair insofar as the Company's Unitholders are concerned.

Unitholders are further informed that the fairness opinion from the Company's Audit, Risk and Compliance Committee will lie open for inspection at the Company's registered office for a period of 28 days from the date of announcement.

LLR confirms that there are no service contracts of the directors proposed to be appointed to the Company in connection with the Transaction.

Furthermore, in terms of Section 7.6 of the Listings Requirements, Unitholders of the Company will not be required to vote on or approve the related party transaction and this announcement is therefore for information purposes only for Unitholders.

By order of the Board



26 March 2021



Legal Advisors

Sponsoring Broker