



Incorporated in the Republic of Botswana on 23 August 1974
Registration number BW00001308618
Share Code: CML ISIN: BW 000 000 0892

ANNOUNCEMENT IN RESPECT OF A SMALL RELATED PARTY TRANSACTION

Notice is hereby given of the intention of the Company to enter into an agreement with Cresta Hotels Proprietary Limited, a company incorporated in South Africa ("CSA") in terms of which CSA will: -

- (1) advertise, promote, market and represent the Company in order to generate business with inbound and outbound tour operators and travel agents;
- (2) provide market intelligence and statistics to the Company;
- (3) integrate the Company and its hotel inventory on a Central Reservation System ("CRS") and provide access to the Global Distribution System ("GDS"), providing to the Company access to online booking channels, which in turn are accessible to travel agents worldwide ("the Proposed Transaction").

CSA is an associate company of Cresta Holdings Proprietary Limited ("CHL"). CHL is a material shareholder of the Company holding approximately 25% of the issued shares of the Company. CSA is a related party, in terms of Botswana Stock Exchange Listings Requirements ("BSELR").

The Company does have a management agreement with CHL which has been in place since January 2010 in terms of which the Company pays to CHL a management fee and profit incentive bonus, which agreement, fee and bonus have been approved by shareholders and regularly disclosed in the audited financial statements of the Company.

Based on the reservations received by the Company in 2019, had the Proposed Transaction been concluded with CSA for that year, the fees and commission payable by the Company to CSA would have been P571,108, which is more than 0.25% but less than 5% of the value of the Company based on its book value as at December 2019.

This announcement is released in terms of section 7.6 (c) of the BSE Listing Requirements in respect of Small Related Party Transaction.

The Proposed Transaction replaces an agreement with a third party revenue management company, which provided access for the Company to GDS.

No directors are proposed to be appointed to the Company as a result of or in connection with the Proposed Transaction.

The Proposed Transaction provides to the Company improved services, the promotion of the Company and its business, by a company within the Cresta Group of Companies, by way of

integration into the CRS and improved and secure access, through that sister company which controls that access, to GDS and enhanced access therefore to travel agents worldwide.

The Proposed Transaction represents a 17.5% saving on current commission and a 1.9% saving on gross value of reservations charged by the third party.

The Proposed Transaction has benefit for the Company in that: -

- (1) it represents the provision of enhanced marketing and reservations services to the Company;
- (2) it represents the incorporation within the Cresta Group of the provision of such services with concomitant improvement of representation and security of access;
- (3) represents a saving on costs of the provision of such services to the Company.

The Company has, in terms of section 7.6 (b) of the BSELR commissioned and received confirmation from Grant Thornton Capital Advisors Proprietary Limited, an independent professional expert, accredited with the BSE, that the terms of the Proposed Transaction are fair as far as the shareholders of and the Company itself, are concerned. The opinion dated 17 February 2021 will lie for inspection for 28 days from the date of publication of this announcement, at the registered office of the Company at 2nd Floor Marula House, Prime Plaza, Plot 74538, CBD, Gaborone.

BY ORDER OF THE BOARD

7 June 2021

Corporate Law Advisor



Sponsoring Broker

