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## PRESS ANNOUNCEMENT TO LETLOLE UNITHOLDERS

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relating to the disposal by the Company of its commercial immoveable hotel properties to a related party, Cresta Marakanelo Limited ("**Cresta**").



### LETLOLE LA RONA LIMITED

Incorporated in the Republic of Botswana on 8 July 2010

Registration number CO. C02010/6316

("Letlole" or "the Company")

Share Code: LLR

Isin No: BW0000001015

### 1. Introduction

- 1.1. The purpose of this press announcement is to provide Letlole Unitholders with initial information regarding the agreement ("**Acquisition Agreement**") entered into by the Company for the purpose of disposing various commercial immovable hotel properties to a related party, Cresta and an EGM at which Letlole Unitholders will be asked to approve the resolutions necessary to implement the transaction.
- 1.2. A circular containing information on the transaction (the "**Circular**"), together with a notice convening the EGM, will be dispatched to the Unitholders in due course.

### 2. Nature of Letlole Business

- 2.1. Letlole is a variable rate loan stock company that was listed on the BSE on the 15th of June 2011. The core business of the Company is to invest in real estate and real estate instruments in order to maximize returns to Unitholders.
- 2.2. The existing property portfolio of the Company comprises of industrial, leisure, retail and commercial office property space. The existing property portfolio is generalised rather than focused in order to achieve a prudent diversity in the context of the rental market in Botswana. As at 30 June 2018, the Company's property portfolio value was approximately BWP 970 million.
- 2.3. In the preceding three financial years, Letlole has acquired an upmarket residential property in Extension 11, an industrial warehouse in Block 3 and a retail mall in Mahalapye to add to its existing property portfolio.

### 3. Nature of the Related Party Transactions

- 3.1. Letlole intends disposing the following commercial immoveable hotel properties to Cresta, whom are presenting the sitting tenant:
  - 3.1.1. Remaining Extent of Plot 50719, Cresta Lodge, Gaborone;
  - 3.1.2. Plot 1169 Main Mall, President Hotel, Gaborone;
  - 3.1.3. Plot 6348, Thapama Hotel, Francistown; and

3.1.4. A portion of Plot 276, Bosele Hotel, Selebi-Phikwe.

3.2. Botswana Development Corporation (“BDC”) has a 66% shareholding in Letlole and has a 27% shareholding in Cresta. The transactions are therefore related party transactions as defined in the BSE Listing Requirements (“Related Party Transactions”).

3.3. The BSE Listing Requirements require that the transaction be approved by Unitholders of the Company, excluding BDC.

#### 4. **Details of the Disposal**

##### 4.1. *Disposal*

The sale consideration of the proposed disposition of the Letlole properties is BWP 235 million. The percentage ratio of the sale consideration to the market capitalization of Letlole is approximately 47% and therefore constitutes a Category 1 transaction in terms of the BSE Listing Requirements.

##### 4.2. *Application of the sale proceeds*

Letlole intends to utilize the BWP 235 million to further expand its property portfolio. 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 income and capital growth that characterize and will enhance their existing property portfolio. Letlole intends to pursue these opportunities.

##### 4.3. *Conditions*

The disposition is subject to various conditions which include:

- Letlole obtaining Unitholders approval as may be required under the Companies Act and the Listing Requirements to the disposal of the commercial hotel immovable properties contemplated in terms of the Acquisition Agreement; and
- Letlole obtaining competition approval approving the transaction contemplated in terms of the Acquisition Agreement or confirming that approval is not required.

#### 5. **Financial Implications of the Disposal**

##### 5.1 *Net Asset Value*

The value of these net assets of Letlole’s business, the subject of the transaction based on the latest audited financial statements, being 30 June 2018, was an equivalent of BWP 269 million and represents approximately 37% of the value of the total net assets of Letlole.

##### 5.2 *Profits*

The pretax profits relating to these net assets of Letlole’s business, the subject of the transaction, based on the latest audited financial statements, being 30 June 2018, was an equivalent of BWP 25.8 million and represents approximately 27% of the total pretax profits of Letlole as at that date.

##### 5.3 *Benefits*

The benefits which are expected to accrue to Letlole include, inter alia, reduced exposure to the hospitality industry's operational risk. The transaction will also enable the company to acquire new properties that can provide appropriate diversified returns to the property portfolio. This will result in the Company's portfolio having greater certainty of rental income and increased profitability.

## 6. The EGM

- 6.1. The implementation of the Related Party Transactions is subject to, *inter alia*, Unitholder passing a simple majority vote at the ordinary resolutions at the EGM.
- 6.2. A notice convening the EGM will be attached to and will form part of the Circular. The salient dates are:

Press Announcement	17 December 2018
Date of issue of Circular	14 January 2019
Last day and time for lodgement of Form of Proxy	10 am at 01 February 2019
Date and time of EGM	10 am at 04 February 2019
Press Announcement on results of EGM	07 February 2019

*Any change in the anticipated dates will be notified in the Press.*

Signed by Chikuni Shenjere - Mutiswa on behalf of each of the directors of Letlole la Rona Limited

Dated at Gaborone this 17<sup>th</sup> of December 2018.

  

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(Chief Executive Officer)

**Legal Advisor**



**Sponsoring Broker**

**IMARA**  
INVESTING  
IN AFRICA  
Securities