

NOTICE TO UNITHOLDERS ON SMALL RELATED PARTY TRANSACTION - ACQUISITION OF ADDITIONAL 25% SHAREHOLDING IN JTTM PROPERTIES (PROPRIETARY) LIMITED

INTRODUCTION

The Board of Directors of Letlole La Rona Limited ('LLR'/ 'the Company') would like to inform Unitholders that further to the Cautionary Announcement issued by the Company on 27 July 2023, negotiations with the said party have reached an advanced stage.

On the 28th of July 2023, the Company entered into a Sale of Linked Units Agreement with Botswana Railways Organisation ("BRO") and JTTM Properties (Proprietary) Limited ("JTTM") for the acquisition of an additional 37 950 linked units ("sale units"), accounting for 25% shareholding in JTTM ('the Proposed Transaction'). JTTM, a variable rate loan stock company which conducts business as a property development company, owns 100% of Railpark Mall in Gaborone.

The Company is acquiring an additional 25% stake in JTTM as the Seller, BRO made available only 25% held in JTTM.

This transaction follows the Company's initial acquisition of 49 775 linked units (representing 32.79%) shareholding in JTTM in November 2021. The transaction, when successfully concluded, will result in LLR being the majority shareholder in JTTM, with a total shareholding of 57.79%. The conclusion of the transaction is subject to certain conditions precedent to the Sale of Linked Units Agreement, one of which is the regulatory approval of the transaction from the Competition and Consumer Authority.

The Company confirms that there are no service contracts of the existing directors in connection with the Proposed Transaction.

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

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

Further, the Company confirms that in terms of section 7.6 of the listings Requirements, Unitholders will not be required to vote on or approve the Proposed Transaction and this announcement is therefore for information purposes only for Unitholders.

CLASSIFICATION OF THE ACQUISITION

The Botswana Stock Exchange Limited has determined the Proposed Transaction as a related party transaction on the basis that the Company is transacting with BRO, an entity which is controlled by the Government of Botswana and the Government of Botswana also has an indirect interest in LLR through the Botswana Development Corporation, a 40% shareholder in the Company.

CONSIDERATION FOR THE PROPOSED TRANSACTION

The acquisition of the additional 25% stake in JTTM at P3 690.37 per linked unit is in line with JTTM's net asset value per linked unit of P3 673.32 (31 March 2023) and translates to a total purchase price of P140 049 541.50. The purchase consideration will be settled in cash upon fulfilment of the set conditions in the Sale of Linked Units Agreement. The acquisition will be funded through a debt facility and LLR's own equity from reinvestment of sales proceeds received from the disposal of non-performing assets.

JTTM's net asset value of P557 610 602 as of 31 March 2023 is derived mainly from the fair value of Railpark Mall, its sole investment property. The property was independently valued by Knight Frank Proprietary Limited at P750 830 000 as of 31 March 2023. The net asset value was therefore based on the property's fair value less the debt amounting to P133 881 002 and net liabilities of P59 338 396 which is mainly deferred tax liability arising from the cumulative revaluation gains of the property.

In line with the International Financial Reporting Standards (IFRS), at a shareholding of 57.79%, JTTM will be classified as a subsidiary of LLR, and the financial results will therefore be consolidated into the Company's accounts at Group level.

There are no put, call or other options relating to the Proposed Transaction.

RATIONALE FOR THE PROPOSED TRANSACTION

Since initial acquisition in 2021, JTTM has performed exceptionally well both in terms of net asset value growth and distribution yield and the Company expects to continue realizing superior returns from this investment.

The acquisition will result in LLR's portfolio increase by P187. 7 million (P750 million *25%) at Company level and P750.8 million at Group level. Moreover, the Company stands to benefit from JTTM's impressive Net Asset Value growth and high distribution yield.

IMPACT ON LLR GROUP'S PROFIT OR LOSS AND FINANCIAL POSITION

The table below details the impact of consolidating JTTM Properties (Pty) Ltd on the Company's June 2022 Statement of Profit or Loss and Statement of Financial Position.

Statement of Profit or Loss			
	LLR	JTTM	PRO-FORMA
Revenue	107 911 653	77 171 765	185 083 418
Profit Before Tax	98 874 292	73 935 397	172 809 689
Earnings Per Share (Thebe)	39		62

STATEMENT OF FINANCIAL POSITION			
	LLR	JTM	PRO-FORMA
Non-Current Assets	1 291 327 141	748 153 976,00	2 039 481 117,00
Current Assets	151 364 971	24 664 148,00	176 029 119,00
Total Assets	1 442 692 112	772 818 124,00	2 215 510 236,00
Equity	846 584 536	557 637 580,00	1 404 222 116,00
Non-Current Liabilities	534 500 655	204 788 889,00	739 289 544,00
Current Liabilities	61 606 921	10 391 656,00	71 998 577,00
Total Liabilities	596 107 576	215 180 545,00	811 288 121,00
Total Equity and Liability	1 442 692 112	772 818 125,00	2 215 510 237,00

JTTM PROPERTIES (PTY) LTD THREE-YEAR PROFIT OR LOSS

ABRIDGED PROFIT OR LOSS			
	Mar-23	Mar-22	Mar-21
Revenue	77 171 765	63 731 398	58 537 950
Other Income	13 202 639	13 249 051	11 679 724
Fair value Gain	22 147 089	36 827 868	4 340 433
Operating Profit	83 579 068	87 016 765	46 401 068
Net Finance Costs	(9 643 671)	(9 240 280)	(12 322 191)
Profit Before Tax	73 935 397	77 776 485	34 141 282
Tax	2 459 458	714 608	856 237
Profit After Tax	76 394 855	78 491 093	34 997 519

WITHDRAWAL OF CAUTIONARY

Unitholders are referred to the Company's cautionary announcement released on X-News on the 27th July 2023. Unitholders are hereby advised that as the particulars of the transaction have now been announced, caution is no longer required to be exercised by Unitholders when dealing in the Company's securities.

By order of the Board

24 August 2023



Legal Advisors



Sponsoring Broker