
NOTICE TO UNITHOLDERS – CONCLUSION OF ACQUISITION OF THE ADDITIONAL SHAREHOLDING IN JTTM PROPERTIES (PROPRIETARY) LIMITED (JTTM) AND TAKEOVER OF PROPERTY MANAGEMENT SERVICES

INTRODUCTION

The Board of Directors of Letlole La Rona Limited ('LLR'/'the Company') wishes to inform Unitholders that further to the announcement issued by the Company on 24 August 2023 on the proposed acquisition of additional shareholding in JTTM from Botswana Railways Organisation (BRO), negotiations have now been concluded with all the conditions precedent (CPs) related to the Sale of Linked Units Agreement having been finalized. The CPs included, amongst others, the approval of the transaction by the Competition and Consumer Authority.

The conclusion of the acquisition of the additional 25% shareholding in JTTM by the Company has resulted in JTTM now being a subsidiary of the Company, with the Company now holding a majority stake of 57.79% in JTTM.

Furthermore, the Company wishes to inform the Unitholders that on 4 October 2023, the Company entered into a Property Management Agreement ('the Agreement') with JTTM for oversight and management of JTTM's immovable property at Plot 4716, Gaborone (Rail Park Mall). LLR will thus take over the property management services from Khumo Property Asset Management with effect from 16 November 2023.

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 Agreement and determined that the terms with the related parties are fair and reasonable 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.

Registered Office: 1st Floor, Peelo Place, Plot 54366, CBD
P.O. Box 700ABG, Gaborone, Botswana
Tel: +267 3180301; Fax: +267 3180357

Independent Auditors: Grant Thornton,
Plot 50370, Fairgrounds Acumen Park,
P.O. Box 1157, Gaborone

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 entering into of the Agreement between the Company and JTMM, and this announcement is therefore for information purposes only for Unitholders.

CLASSIFICATION OF THE TRANSACTION

As JTMM will now be a subsidiary of the Company, the conclusion of the above Agreement, at a total consideration of P15.03 million for the initial period of 5 years, has been categorized as a small related party transaction in terms of Section 7.2 (b) of the Botswana Stock Exchange Equity Listing Requirements

CONSIDERATION FOR THE PROPOSED TRANSACTION

The salient points of the Agreement are that the Agreement will be for an initial term of 5 (five) years, which period is renewable for a further 5 (five) years. Further, the Company, acting as the Property Manager will receive a management fee of 3.5% on the total monthly collections (revenue) with an annual escalation of 6.5%.

The Company confirms that there are no put, call or other options relating to the Agreement and further that there are no service contracts of the existing directors in connection with the Agreement.

RATIONALE FOR THE PROPOSED TRANSACTION

LLR as a listed variable rate loan stock company owns and manages its own investment properties valued at P1.425 billion and given that JTMM has now become a material investment of the Company, it was important for it to be managed in-house. Furthermore, the increase in revenue from the property management agreement will directly benefit the shareholders of LLR.

IMPACT ON LLR PROFIT OR LOSS

The table below details the impact of anticipated revenue from managing JTMM Properties (Pty) Ltd on the Company's June 2023 Statement of Profit or Loss.

COMPANY STATEMENT OF PROFIT AND LOSS

	LLR	PROPERTY MANAGEMENT REVENUE	PRO-FORMA
Revenue	116 165 261	2 733 161	118 898 422
Profit Before Tax	119 319 055	2 733 161	122 052 216
Earnings Per Share (Thebe)	0,40		0,44

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

By order of the Board

9 October 2023



Legal Advisors



Sponsoring Broker

Registered Office: 1st Floor, Peelo Place, Plot 54366, CBD
 P.O. Box 700ABG, Gaborone, Botswana
 Tel: +267 3180301; Fax: +267 3180357

Independent Auditors: Grant Thornton,
 Plot 50370, Fairgrounds Acumen Park,
 P.O. Box 1157, Gaborone