THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY

• If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, banker, lawyer, accountant or other professional adviser immediately.

• If you have sold or transferred all your Linked Units in Letlole La Rona Limited (“LLR” or “the Company”), you should at once hand this Circular together with the Notice of the Extraordinary General Meeting (“EGM”) and the Form of Proxy to the agent through whom you effected the sale and transfer for onward transmission to the purchaser or transferee.

• This Circular incorporates listing particulars and is issued in compliance with the Listing Requirements of the Botswana Stock Exchange for the purpose of giving information to the public with regard to the Unitholders of LLR. The Botswana Stock Exchange assumes no responsibility for the accuracy of any of the statements made or opinions expressed in this Circular.

LETLOLE LA RONA LIMITED
Incorporated in the Republic of Botswana on 8 July 2010
Registration number CO 2010/6316
Share Code: LLR
(“LLR” or “the Company”)
Isin No: BW0000001015

CIRCULAR TO UNITHOLDERS
IN RELATION TO THE RELATED PARTY TRANSACTIONS AND INCORPORATING A NOTICE OF THE EGM AND A FORM OF PROXY

A notice convening an EGM of LLR is to be held at Cresta Lodge, Fairgrounds Gaborone on the 12th of February 2019 at 1000hrs or any adjournments thereof, together with the Form of Proxy enclosed in the notice of the EGM. The Form of Proxy must be lodged at the registered office of the Company Secretary at Unit 2B, 1st Floor, Peelo Place, Plot 54366, New CBD, Gaborone (not later than forty-eight (48) hours before the time set for the EGM). The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

<table>
<thead>
<tr>
<th>Important Dates</th>
<th>22 January 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Circular</td>
<td></td>
</tr>
<tr>
<td>Last day and time for lodgement of Form of Proxy</td>
<td>10.00am at 9 February 2019</td>
</tr>
<tr>
<td>Date and time of EGM</td>
<td>10.00am at 12 February 2019</td>
</tr>
<tr>
<td>Press Announcement on results of EGM</td>
<td>15 February 2019</td>
</tr>
</tbody>
</table>

The dates and times are subject to change. Any such change will be published in the press.

IMARA
Capital Securities

A member of the Botswana Stock Exchange
# TABLE OF CONTENTS

1. DEFINITIONS AND INTERPRETATION ........................................ 4
2. INTRODUCTION .................................................................. 5
3. NATURE OF LLR BUSINESS ............................................. 6
4. NATURE OF THE RELATED PARTY INTEREST ..................... 6
5. RATIONALE OF THE TRANSACTION .................................... 6
6. CONSEQUENCES TO LLR SHOULD THE TRANSACTION FAIL TO OCCUR ........................................ 7
7. APPLICATION OF THE PROCEEDS ....................................... 8
8. DETAILS OF THE DISPOSAL ............................................. 8
9. FINANCIAL INFORMATION ............................................... 10
10. MAJOR UNITHOLDERS .................................................. 13
11. INFORMATION ON DIRECTORS ....................................... 14
12. RELATED PARTIES ...................................................... 14
13. DIRECTORS' OPINIONS, RECOMMENDATIONS AND BELIEF ........................................................................ 14
14. VALUATION REPORT AND INDEPENDENT EXPERT OPINION .......................................................... 14
15. DIRECTORS' RESPONSIBILITY ..................................... 15
16. OTHER INFORMATION .................................................. 15

ANNEXURE 1 - REPORTING ACCOUNTANTS OPINION ON THE FINANCIAL FORECASTS AND ASSUMPTIONS ........................................ 17

ANNEXURE 2 - REPORTING ACCOUNTANTS OPINION ON THE PRO FORMA BALANCE SHEET ........................................ 20

ANNEXURE 3 - INDEPENDENT VALUER'S REPORT ON THE TRANSACTION ........................................ 22

ANNEXURE 4 - INDEPENDENT EXPERT OPINION ON THE TRANSACTION ........................................ 23

NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF UNITHOLDERS ........................................ 27

FORM OF PROXY FOR UNITHOLDERS ....................................... 28
# CORPORATE INFORMATION

<table>
<thead>
<tr>
<th>Board of Directors:</th>
<th>Legal Advisors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boitumelo Mogopa</td>
<td>Minchin &amp; Kelly (Botswana)</td>
</tr>
<tr>
<td>Terence Dambe</td>
<td>The Fields Precinct, Lot 54349 CBD, Office Block B, 3rd Floor, Corner of Molepolole Rd and Western Commercial Rd, Gaborone</td>
</tr>
<tr>
<td>Bafana Molomo</td>
<td>P.O. Box 1339, Gaborone</td>
</tr>
<tr>
<td>Curtis Matobolo</td>
<td></td>
</tr>
<tr>
<td>Tiny Kgatlwane</td>
<td></td>
</tr>
<tr>
<td>Serty Leburu</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Registered office</th>
<th>Reporting Accountants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leitole La Rona Limited</td>
<td>Grant Thornton</td>
</tr>
<tr>
<td>Unit 2B, 1st Floor, Peejo Place, Plot 54366 New CBD, Gaborone P.O Box 700ABG Gaborone</td>
<td>Plot 50370 Fairgrounds Acumen Park P.O Box 1157 Gaborone</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transfer Secretaries</th>
<th>Sponsoring Brokers</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPS Consulting Services (Pty) Ltd</td>
<td>Imara Capital Securities</td>
</tr>
<tr>
<td>Plot 50371, Fairground Office Park 1st Floor P.O. Box 1453 Gaborone, Botswana</td>
<td>Unit 1E, Ground Floor, Peejo Place Plot 54366, Western Commercial Rd New CBD, Gaborone</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Independent Expert</th>
<th>Independent Valuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Thornton</td>
<td>Riberry (Pty) Ltd</td>
</tr>
<tr>
<td>Plot 50370</td>
<td>Unit 11D, U-Towers, Plot 54368, CBD, Gaborone</td>
</tr>
<tr>
<td>Fairgrounds Acumen Park</td>
<td>P.O Box 582, Mogoditshane</td>
</tr>
<tr>
<td>P. O Box 1157</td>
<td>Gaborone</td>
</tr>
<tr>
<td>Gaborone</td>
<td></td>
</tr>
</tbody>
</table>

Page 3 of 29
1. DEFINITIONS AND INTERPRETATION

In this section unless otherwise stated or the context otherwise requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and vice versa, and words importing natural persons shall include juristic persons, whether corporate or incorporate, and vice versa:

1.1 “Act” the Companies Act, 2003, Act No 32 of 2004 as amended;

1.2 “BDC” Botswana Development Corporation Limited (registration number CO 1970/750) incorporated in the Republic of Botswana;

1.3 “Botswana” the Republic of Botswana;

1.4 “BSE” the Botswana Stock Exchange;

1.5 “BWP” the legal tender of the Republic of Botswana in which all monetary amounts in this Circular are expressed;

1.6 “the Company or LLR” Letlole La Rona Limited (registration number 2010/6316) a company incorporated with limited liability in accordance with the laws of Botswana and listed on the BSE;

1.7 “Cresta” Cresta Marakanelo Limited (registration number 1974/556) a company incorporated with limited liability in accordance with the laws of Botswana and listed on the BSE;

1.8 “Debenture Notes” the debenture notes issued by LLR;

1.9 “Directors” the Board of Directors of LLR;

1.10 “Disposal” the disposal of the Properties by LLR to Cresta for a consideration of BWP 235 000 000;

1.11 “Disposal Agreement” the property purchase and sale agreement in terms of which LLR shall dispose its Properties to Cresta for an aggregate consideration of BWP 235 000 000;
1.12 “EGM” Extraordinary General Meeting of the Company to be held on the 12th of February 2019 at 10.00 am;

1.13 “Effective Date” being the date on which it is contemplated that the Properties shall be disposed by the Company in accordance with the terms of the Disposal Agreement in favour of Cresta;

1.14 “Linked Unit” one ordinary share in the share capital linked to one Debenture in the debenture capital of the Company which rank pari passu with all other Linked Units issued by the Company;

1.15 “Listings Requirements” the listings requirements of the BSE;

1.16 “Ordinary Resolution” a resolution passed by the majority of the votes of Unitholders present or represented by proxy at the EGM and eligible to vote on the matter;

1.17 “Property(ies)” means the four commercial immoveable hotel properties being:

(a) Remaining Extent of Plot 50719, Cresta Lodge, Gaborone;

(b) Plot 1169 Main Mall, President Hotel, Gaborone;

(c) Plot 6348, Thapama Hotel, Francistown; and

(d) A portion of Plot 276, Bosele Hotel, Selebi-Phikwe.

1.18 “Registered Office” the registered office of LLR as provided on the Corporate Information section on page 3;

1.19 “Reporting Accountants” Grant Thornton Botswana, the reporting accountants of the Company;

1.20 “Related Party Transaction” in terms of the Listing Requirements, it means a transaction, or any variation or novation of an existing agreement between a listed company and a material unitholder or any of its subsidiaries;

1.21 “Transaction(s)” means the proposed Disposal by LLR of the Properties to Cresta; and

1.22 “Unitholders” holder, from time to time, of Linked Units.

2. INTRODUCTION

2.1 LLR proposes to enter into the Disposal Agreement with Cresta. The Disposal constitutes a Related Party Transaction in terms of the Listings Requirements of the BSE and is accordingly subject to approval by the Unitholders.

2.2 The purpose of this Circular is to provide the Unitholders with initial information regarding the Disposal and the Unitholders will be asked to approve the Ordinary Resolutions necessary to implement the Disposal at the forthcoming EGM.
3. **NATURE OF LLR BUSINESS**

3.1 LLR 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.

3.2 The existing property portfolio of the Company comprises of industrial, leisure, retail and commercial office property space. The existing property portfolio is generalized rather than focused in order to achieve a prudent diversity of the rental market in Botswana. As at the 30th of June 2018, the Company’s property portfolio value was approximately BWP 970 million.

3.3 During the preceding three financial years, LLR acquired a multi-family upmarket residential property in Extension 11, Gaborone, an industrial warehouse in Block 3, Gaborone and a retail mall in Mahalapye to add to its existing property portfolio.

4. **NATURE OF THE RELATED PARTY INTEREST**

4.1 In terms of the Disposal Agreement, LLR will dispose the Properties to Cresta in an arm’s-length commercial basis. BDC has a 66% shareholding in LLR and has a 27% shareholding in Cresta.

4.2 The Transaction therefore involves parties that are related through the beneficial material shareholding that BDC has in both Cresta and LLR. Consequently, the Transaction is a Related Party Transaction.

5. **RATIONALE OF THE TRANSACTION**

5.1 LLR’s latest published financials of year end 30 June 2018 show the hotel portfolio contributing 30% to its rental revenues and 28% to its total investment property portfolio.

5.2 Currently Cresta is a sitting tenant in respect of all the Properties and has 10-year leases which shall expire on the 30th of June 2020. These current leases are on a fixed rental structure with an annual compounded escalation, an arrangement which is increasingly uncommon in the hospitality industry.

5.3 LLR and Cresta commenced negotiations for renewal of the leases prior to the expired date however the parties were unable to settle on a mutually acceptable agreement which would satisfy both sides. It is therefore highly likely that there would be no lease arrangements in place post June 2020.

5.4 Simultaneously with the negotiations, LLR explored options to secure a replacement tenant. However, all potential operators of the hotels preferred either to enter into management contracts or variable rental agreements.

5.5 Variable rental agreements are not ideal for LLR. As a property income investor whose key investment thesis is predictable and increasing payouts to its Unitholders, a rental lease of this type would result in fluctuating rental income and expose the Company directly to the operational vagaries of the hotel business.
Pursuant to the above, the Directors of LLR considered and approved the sale of the Properties to Cresta with the aim of utilizing the sale proceeds to invest in other value-accretive assets.

The alternative is holding onto the Properties however this will expose the Unitholders to unintended heightened investment risk, degraded security of lease tenure and significant value destruction.

6. CONSEQUENCES TO LLR SHOULD THE TRANSACTION NOT PROCEED

6.1 The June 2018 year-end Valuation Report of the Properties was P262 million (excluding a portion of undeveloped land at Bosele Hotel which will be retained by the Company).

6.2 The most recent valuation dated the 31st of December 2018 conducted for the purposes of this Transaction valued the Properties at BWP 254.7 million.

6.3 LLR and Cresta have negotiated a sale consideration of BWP 235 million which takes into account market realities and the fact that the consideration of the Properties will be in cash.

6.4 Unitholders should note that while the Disposal immediately crystallizes a book loss of approximately BWP 27 million based on the June 2018 financial year valuation and BWP 19.7 million based on the December 2018 valuation, in the event that LLR retains the Properties, there would be a greater financial loss in June 2020 when the lease between Cresta and LLR expires and in subsequent years.

6.5 In addition, the Company would be left with unoccupied hotels, Properties which constitute 28% of the property portfolio. Furthermore, hotels are unique, specialized assets and any new operator would, in line with global hospitality industry trends, demand that LLR pays for refurbishing and re-modelling the hotels to its specifications and also accept a lease agreement where the rental varies with the performance of the hotel.

6.6 As at 31 December 2018, management estimated that, on the discounted cashflow basis, the loss to LLR under different scenarios with a new operator and refurbishment cost would range from approximately BWP 49.5 million to BWP 70 million.

6.7 In summary, the consequences to LLR of the Transaction not proceeding would result in the following highly likely potential scenarios:

6.7.1 the write down and depreciation of the Properties in the current and subsequent financial years as the Cresta leases come to an end;

6.7.2 the distinct possibility of LLR holding unoccupied hotels post - June 2020;

6.7.3 the loss of rental revenue while the hotels are refurbished and outfitted for a new tenant, together with a material cash outflow for the capital budget of 'speccing' the hotels to the new operator’s requirements;
6.7.4 the significantly less predictable rental income streams in the event of another operator leasing the hotels based on variable rental agreements; and

6.7.5 lastly in the event of a failure to secure a suitable tenant, LLR may have to dispose the Properties at an even lower value in a fire sale.

6.8 In short, the consequences of the Transaction not proceeding may result in a far greater loss of value to LLR compared to the once-off write-down regarding the proposed Disposal.

7. APPLICATION OF THE PROCEEDS

7.1 LLR intends to utilize the BWP 235 million to further focus and expand its property portfolio. The Directors are confident that there are attractive acquisition opportunities in Botswana and in the region offering assets which meet the parameters of income and capital growth that will enhance the existing property portfolio.

7.2 LLR intends to pursue these opportunities.

8. DETAILS OF THE DISPOSAL

8.1 Cresta is a listed company on the Botswana Stock Exchange and operates in the travel and tourism sector, with a significant part of the hotel portfolio focused on the provision of hotel services to business travellers. In addition to accommodation, Cresta, as part of its services, offers customers restaurants, bars, safari tours, conference facilities, outside catering, as well as other ancillary business activities carried out from the hotels.

8.2 Cresta operates 12 hotels, 11 in Botswana and one hotel in Lusaka, Zambia. BDC has a 27% equity interest in Cresta.

8.3 BDC is the country's main agency for commercial and industrial development. BDC has the mandate to invest, by way of equity and loans, in legal entities or properties, with a view to the development and the creation of a stable and mature investment.

8.4 Cresta and LLR have entered into an Acquisition Agreement in terms of which LLR shall dispose the Properties to Cresta. The Properties are the four commercial hotel immoveable properties being:

8.4.1 Remaining Extent of Plot 50719, Cresta Lodge, Gaborone which is in favour of LLR through a Deed of Transfer number 923/2011 dated 1st June 2011. The ownership of the property vests with the current deed holder for a period of 50 years from 6th December 1990.

8.4.2 Plot 1169 Main Mall, President Hotel, Gaborone which is in favour of LLR through a Deed of Transfer number 919/2011 dated 1st June 2011. The tenure is freehold.

8.4.3 Plot 6348, Thapana Hotel, Francistown which is in favour of LLR through a Deed of Transfer number FT320/20 dated 3rd June 2011. The ownership of the property vests with the current deed holder for a period of 50 years from 6th December 1984.
8.4.4 Plot 276, Bosele Hotel, Selebi-Phikwe which is in favour of LLR through a Deed of Transfer number FT318/2011 dated 3rd June 2011. Approximately 4ha of undeveloped land will be subdivided and retained by LLR. The ownership of the property vests with the current deed holder for a period of 50 years from 28th June 1973.

8.5 **Consideration**

The sale consideration of the proposed Disposal of the LLR properties is BWP 235 million. The percentage ratio of the sale consideration to the market capitalization of LLR is approximately 48% and therefore constitutes a Category 1 transaction in terms of the BSE Listing Requirements. As at 30 June 2018, the market value of the Properties in aggregate was BWP 970 million.

8.6 **Effective Date**

Subject to Unitholders’ approval and the fulfillment of the conditions set out in clause 8.7, LLR shall dispose the Properties to Cresta and shall no longer have ownership or any interest or title in the Properties.

8.7 **Conditions**

The Disposal is subject to the fulfillment of the following conditions:

8.7.1 the Unitholders in LLR approving the Disposal of the Properties at a duly convened EGM;

8.7.2 the approval of the BSE and the Competition Authority Approval;

8.7.3 the shareholders of Cresta approving the acquisition of the Properties at a duly convened EGM; and

8.7.4 Cresta obtaining the necessary funding for the acquisition of the Properties.
9. FINANCIAL INFORMATION

9.1 Profit Forecast

The profit forecast for LLR for the financial year ending 30 June 2019 post Disposal is shown below:

<table>
<thead>
<tr>
<th>STATEMENT OF COMPREHENSIVE INCOME</th>
<th>AUDITED YEAR ENDED JUNE 2018</th>
<th>FORECAST PRE-TRANSACTION YEAR ENDED JUNE 2019</th>
<th>FORECAST POST-TRANSACTION YEAR ENDED JUNE 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BWP</td>
<td>BWP</td>
<td>BWP</td>
</tr>
<tr>
<td>Rental Income</td>
<td>81,302,570</td>
<td>100,503,510</td>
<td>98,631,554</td>
</tr>
<tr>
<td>Other income</td>
<td>1,444,998</td>
<td>1,693,135</td>
<td>1,693,135</td>
</tr>
<tr>
<td>Property related expenses</td>
<td>(6,765,720)</td>
<td>(8,694,698)</td>
<td>(8,982,274)</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>(13,224,467)</td>
<td>(16,993,875)</td>
<td>(16,693,875)</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>63,757,381</td>
<td>78,637,871</td>
<td>72,348,540</td>
</tr>
<tr>
<td>Finance Income</td>
<td>821,785</td>
<td>736,554</td>
<td>1,617,804</td>
</tr>
<tr>
<td>Loss on sale of investment properties</td>
<td>(32,115,408)</td>
<td>30,000,000</td>
<td>(27,069,000)</td>
</tr>
<tr>
<td>Changes in fair value of investment properties</td>
<td>(3,159,208)</td>
<td>6,800,000</td>
<td>6,800,000</td>
</tr>
<tr>
<td>Income from Equity Accounted Investments</td>
<td>(5,095,066)</td>
<td>(16,440,063)</td>
<td>(16,440,063)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>94,763,813</td>
<td>97,734,332</td>
<td>67,251,251</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(15,893,108)</td>
<td>(16,390,047)</td>
<td>(6,757,119)</td>
</tr>
<tr>
<td>Total profit and comprehensive income for the year</td>
<td>78,870,705</td>
<td>81,344,285</td>
<td>60,494,133</td>
</tr>
<tr>
<td>Number of linked units in issue at end of the year</td>
<td>280,000,000</td>
<td>280,000,000</td>
<td>280,000,000</td>
</tr>
<tr>
<td>Weighted average number of linked units in issue</td>
<td>280,000,000</td>
<td>280,000,000</td>
<td>280,000,000</td>
</tr>
<tr>
<td>Earnings per linked unit (thebe)</td>
<td>31.12</td>
<td>32.04</td>
<td>24.60</td>
</tr>
</tbody>
</table>

Assumptions

1. All rental income has been accounted for on the straight-line method and is forecast to be received when due at the beginning of each month.

2. Rental from the hotels will be received up to March 2019 – thereafter the three months' forecast revenue to June 2019 excludes any income from the hotels. This exclusion results in post-transaction rental income forecast being approximately BWP 7 million lower.

3. It is assumed that the proceeds from disposal will be reinvested before the end of the current financial year.

4. Administration and property related costs are not projected to be materially affected by the transaction since LLR is not responsible for operating expenses and maintenance of hotel properties.

5. It is estimated that the tax impact will reduce substantially due to loss on disposal and consequentially reduction in capital gains taxes.

The forecast and assumptions are covered by the opinion of the Reporting Accountants in Annexure 1 of this Circular.
The projected balance sheet as at 30 June 2019 post Disposal is as follows:

<table>
<thead>
<tr>
<th>STATEMENT OF FINANCIAL POSITION</th>
<th>30 June 2018 BWP</th>
<th>30 June 2019 BWP</th>
<th>30 June 2019 BWP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audited - Actual</td>
<td>Forecast Pre-Transaction</td>
<td>Forecast Post Transaction</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>901,851,990</td>
<td>663,851,990</td>
<td>949,887,856</td>
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<tr>
<td>Straight-line rental adjustment</td>
<td>27,748,010</td>
<td>27,748,010</td>
<td>14,647,144</td>
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<tr>
<td>Plant &amp; Equipment</td>
<td>768,922</td>
<td>2,473,912</td>
<td>2,473,912</td>
</tr>
<tr>
<td>Deferred taxation recoverable - related party</td>
<td>5,250,192</td>
<td>5,250,191</td>
<td>5,250,191</td>
</tr>
<tr>
<td>Investment in Associate company</td>
<td>30,205,694</td>
<td>44,006,494</td>
<td>44,096,694</td>
</tr>
<tr>
<td></td>
<td>975,915,808</td>
<td>1,043,420,797</td>
<td>1,015,355,787</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation refundable</td>
<td>491,834</td>
<td>314,190</td>
<td>314,190</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>3,538,465</td>
<td>5,043,132</td>
<td>5,043,132</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>34,467,719</td>
<td>57,086,268</td>
<td>53,678,187</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>38,498,019</td>
<td>62,443,590</td>
<td>59,035,500</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,014,413,827</td>
<td>1,105,864,387</td>
<td>1,075,391,306</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and reserves</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stated capital</td>
<td>2,718,884</td>
<td>2,718,884</td>
<td>2,718,884</td>
</tr>
<tr>
<td>Debentures</td>
<td>405,113,547</td>
<td>405,113,547</td>
<td>405,113,547</td>
</tr>
<tr>
<td>Distributable Reserves</td>
<td>327,919,143</td>
<td>379,551,028</td>
<td>368,710,876</td>
</tr>
<tr>
<td></td>
<td>735,751,574</td>
<td>787,335,545</td>
<td>768,543,337</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>194,300,467</td>
<td>224,432,032</td>
<td>224,432,032</td>
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<tr>
<td>Deferred taxation</td>
<td>49,358,480</td>
<td>49,358,480</td>
<td>49,689,880</td>
</tr>
<tr>
<td></td>
<td>243,748,947</td>
<td>273,790,512</td>
<td>274,121,912</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debenture Interest and Dividend Payable</td>
<td>19,860,000</td>
<td>22,335,230</td>
<td>22,335,230</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>11,716,766</td>
<td>11,016,229</td>
<td>11,016,229</td>
</tr>
<tr>
<td>Borrowings</td>
<td>2,016,642</td>
<td>2,016,642</td>
<td>2,016,642</td>
</tr>
<tr>
<td>Current tax payable</td>
<td>1,206,838</td>
<td>9,312,315</td>
<td>3,358,015</td>
</tr>
<tr>
<td><strong>Total current Liabilities</strong></td>
<td>34,913,308</td>
<td>44,880,416</td>
<td>38,728,116</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>1,014,413,827</td>
<td>1,105,864,387</td>
<td>1,075,391,306</td>
</tr>
</tbody>
</table>

1. The property portfolio will decrease by P262 million being the book value of the disposed hotel assets.

2. The disposal proceeds will be re-invested into alternative properties before the end of the current financial year.
The pro forma balance sheet set out below is presented for illustrative purposes only, to provide information about how the Disposal may affect the balance sheet of LLR as at the 30th of June 2018 as per para 4.2 (m) of the BSE Listing Requirements should the Transaction be implemented on that date. Due to the nature of a pro forma balance sheet, it may not accurately reflect the financial position of LLR after the Disposal being granted. This proforma is covered by the Reporting Accountant’s opinion given in Annexure 2 of this Circular.

### PROFORMA STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th>PRE TRANSACTION</th>
<th>DISPOSALS TO RELATED PARTIES</th>
<th>Notes</th>
<th>POST TRANSACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 JUNE 2018</td>
<td></td>
<td></td>
<td>30 JUNE 2018</td>
</tr>
<tr>
<td></td>
<td>ACTUAL</td>
<td></td>
<td></td>
<td>ADJUSTED</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>901,851,980</td>
<td>(246,954,134)</td>
<td>1</td>
<td>652,897,856</td>
</tr>
<tr>
<td>Straight-line rental adjustment</td>
<td>27,748,010</td>
<td>(13,100,866)</td>
<td>1</td>
<td>14,647,144</td>
</tr>
<tr>
<td>Plant &amp; Equipment</td>
<td>768,922</td>
<td></td>
<td></td>
<td>768,922</td>
</tr>
<tr>
<td>Deferred taxation recoverable - related party</td>
<td>5,250,192</td>
<td></td>
<td></td>
<td>5,250,192</td>
</tr>
<tr>
<td>Investment in Associate</td>
<td>40,296,694</td>
<td></td>
<td></td>
<td>40,296,694</td>
</tr>
<tr>
<td></td>
<td><strong>975,918,808</strong></td>
<td>(<strong>262,065,000</strong>)</td>
<td></td>
<td><strong>713,853,808</strong></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation refundable</td>
<td>491,834</td>
<td></td>
<td></td>
<td>491,834</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>3,559,466</td>
<td></td>
<td></td>
<td>3,559,466</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>34,467,719</td>
<td>235,000,000</td>
<td></td>
<td>269,467,719</td>
</tr>
<tr>
<td>Total current assets</td>
<td>38,498,019</td>
<td>235,000,000</td>
<td></td>
<td>273,498,019</td>
</tr>
<tr>
<td></td>
<td><strong>1,014,413,827</strong></td>
<td>(<strong>27,065,000</strong>)</td>
<td></td>
<td><strong>987,348,827</strong></td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and reserves</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stated capital</td>
<td>2,718,894</td>
<td></td>
<td></td>
<td>2,718,894</td>
</tr>
<tr>
<td>Debentures</td>
<td>405,113,547</td>
<td></td>
<td></td>
<td>405,113,547</td>
</tr>
<tr>
<td>Accumulated profits</td>
<td>327,919,143</td>
<td>(23,737,081)</td>
<td></td>
<td>304,182,062</td>
</tr>
<tr>
<td></td>
<td><strong>735,751,574</strong></td>
<td>(<strong>23,737,081</strong>)</td>
<td></td>
<td><strong>712,014,493</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>194,360,467</td>
<td></td>
<td></td>
<td>194,360,467</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>49,356,490</td>
<td>(3,327,919)</td>
<td>2</td>
<td>46,030,561</td>
</tr>
<tr>
<td></td>
<td><strong>243,745,947</strong></td>
<td>(<strong>3,327,919</strong>)</td>
<td></td>
<td><strong>240,421,028</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debenture interest and dividend payable</td>
<td>19,880,000</td>
<td></td>
<td></td>
<td>19,880,000</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>11,716,796</td>
<td></td>
<td></td>
<td>11,716,796</td>
</tr>
<tr>
<td>Borrowings</td>
<td>2,016,642</td>
<td></td>
<td></td>
<td>2,016,642</td>
</tr>
<tr>
<td>Current tax payable</td>
<td>1,299,868</td>
<td></td>
<td></td>
<td>1,299,868</td>
</tr>
<tr>
<td></td>
<td>34,913,306</td>
<td></td>
<td></td>
<td>34,913,306</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td><strong>276,662,253</strong></td>
<td>(<strong>3,327,919</strong>)</td>
<td></td>
<td><strong>273,334,334</strong></td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td><strong>1,014,413,827</strong></td>
<td>(<strong>27,065,000</strong>)</td>
<td></td>
<td><strong>987,348,827</strong></td>
</tr>
</tbody>
</table>
Notes

1. The book value of hotel properties disposed as at 30 June 2018 was P 262 million and has been split between the values of investment properties and the straight-line adjustment relating to these properties.

2. Deferred tax charge on the sale of the hotel properties is expected to reduce since the hotel properties are disposed at values lesser than what is recorded in the financial statements.

9.4 Working capital statement

The Directors of LLR are of the opinion that, after the Disposal the working capital of LLR remains adequate for the Company’s foreseeable future requirements as it will have sufficient cash to run the operations of the business.

10. MAJOR UNITHOLDERS

10.1 Each debenture is linked to an ordinary share, which together comprise one Linked Unit. The Linked Unit debenture and ordinary share may be traded and transferred only as a single Linked Unit. The ordinary share and debenture as a unit are indivisible and cannot be separated into their constituent parts, other than by special resolution of unitholders and debenture holders in separate general meetings. The debentures are redeemable subject to approval by Unitholders by way of a special resolution and with the written consent of the creditors of LLR.

10.2 All Linked Units currently comprise one class of linked unit consisting of an ordinary share and a debenture and rank pari passu in all respects. No special voting power is reserved for any promoter or any other person. All new Linked Units issued will rank pari passu with the existing Linked Units from date of allotment, and ownership of all Linked Units will be evidenced by Linked Unit certificates.

10.3 In so far as it is known to the Directors of LLR, the following Unitholders held more than 5% of the issued Linked Units in LLR as at the date of this Circular, or will hold more than 5% of the issued Linked Units subsequent to the Disposal being granted.

<table>
<thead>
<tr>
<th></th>
<th>&lt;As at 08 December 2018</th>
<th>&lt;After the Acquisition&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt;Direct&gt;</td>
<td>&lt;Indirect&gt;</td>
</tr>
<tr>
<td></td>
<td>No. of Linked Units</td>
<td>%</td>
</tr>
<tr>
<td>Botswana Development Corporation Ltd</td>
<td>184,199,963</td>
<td>65.79%</td>
</tr>
<tr>
<td>Botswana Public Officers Pension Fund</td>
<td>18,777,464</td>
<td>6.71%</td>
</tr>
</tbody>
</table>
11. INFORMATION ON DIRECTORS

11.1 Directors' remuneration

The proposed and forecast aggregate remuneration and benefits to be paid to the Directors of the Company are BWP 944,790 per annum for the current financial year.

11.2 Directors' interests in the Transaction

None of the Directors and Substantial Unitholders and/or persons connected to them has any interest, direct or indirect, in the Transaction.

11.3 Directors' interests in LLR Linked Units

As at the date of this Circular, none of the Directors hold any interest, direct or indirect, in LLR.

12. RELATED PARTIES

12.1 Other than BDC and Cresta, there are no other related parties as regards the Disposal.

12.2 As a related party, neither BDC nor its associates will be entitled to vote regarding the Disposal. Any linked units that BDC and its associates hold in LLR will not be taken into account in determining the quorum at the EGM.

13. DIRECTORS' OPINIONS, RECOMMENDATIONS AND BELIEF

13.1 The Directors of LLR are of the opinion that the terms and conditions of the Disposal are fair and reasonable and will be to the long-term benefit of LLR and its Unitholders. Accordingly, the Directors recommend that the Unitholders vote in favor of the Ordinary Resolutions necessary to approve and implement the Disposal.

13.2 The Directors are to the best of their knowledge and belief of the opinion that any nominee Unitholders do not include any person who may be acting in concert with any other person in relation to the Related Party Transactions.

14. VALUATION REPORT AND INDEPENDENT EXPERT OPINION

14.1 A valuation of the Properties has been conducted by the Independent Valuer. A report by the Independent Valuer on the value of the Properties is attached to this Circular as Annexure 3 of this Circular.

14.2 The Independent Expert opinion is attached to this Circular as Annexure 4 of this Circular.
15. DIRECTORS’ RESPONSIBILITY

15.1 The Directors, whose names are given on page 3 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and that the Circular contains all information required by the law.

15.2 The Directors confirm that this Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the section relates.

16. OTHER INFORMATION

16.1 Material changes

Other than in the ordinary course of business or as set out elsewhere in this Circular, there has been no material change in the financial or trading position of the Company for the past three years.

16.2 Significant contracts

The Company has not entered into any material agreements prior to the date hereof which are or may be material and which have been entered into, otherwise than in the ordinary course of business for the past three years.

16.3 Advisors

Minchin & Kelly (Botswana) has been appointed to advise the Company regarding the Disposal and have not withdrawn its consent prior to the publication of this Circular.

16.4 Litigation

There are no legal or arbitration proceedings against the Company, nor, as far as the Directors are aware any legal or arbitration proceedings pending or threatened against the Company which have had or may have, a significant effect on the financial position of the Company.

16.5 Documentation available for inspection

Copies of the documents listed below will be available for inspection during normal business hours on business days from the 22nd of January 2019 until the 12th of February 2019 at the Registered Office whose address is given on page 3 of this Circular.
16.5.1 the Acquisition Agreement;

16.5.2 the audited financial statements for the year ended 30 June 2018;

16.5.3 a copy of the fair and reasonable opinion by the Independent Expert;

16.5.4 a copy of the valuation report by the Independent Valuer on the Properties; and

16.5.5 a copy of the full valuation report on the existing property portfolio of the Company.

16.6 Expenses of the Disposal

The expenses incurred or to be incurred by LLR pursuant to the Disposal is estimated to be BWP 250 000 excluding VAT. No legal costs have been incurred by LLR pursuant to this Transaction.

Signed by Chikuni Shenjere - Mutiswa on behalf of each of the Directors of LLR.

Dated at Gaborone this 22nd January 2019

(Chief Executive Officer)
Dear Sirs.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE PROFIT FORECAST INCLUDED IN A CIRCULAR TO UNITHOLDERS

We have examined the profit forecast statements of comprehensive income and the underlying assumptions of Letiolo La Rona Limited (the Company) for the financial year ending 30 June 2019 as set out in paragraph 9.1 of the circular to the Company’s unit holders dated 14 Jan 2019.

The forecast information has been prepared and presented in accordance with the BSE Listings Requirements 2016.

Directors' Responsibility

The Directors are responsible for the preparation and presentation of the forecast information in accordance with the BSE Listings Requirements, including the assumption on which it is based, and for the financial information from which it has been prepared. This responsibility includes determining whether:

- The assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecast information;
- The forecast information has been properly compiled on the basis stated;
- The forecast information has been properly presented and that all material assumptions are adequately disclosed; and
- The forecast information is presented on a basis consistent with the accounting policies of the Company.

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on the reasonableness of the assumptions used in the forecast information and whether the forecast information has been prepared on the basis of those assumptions and is presented in accordance with the BSE Listings Requirements, based on the procedures we have performed and the evidence we have obtained.
We conducted our assurance engagement in accordance with the International Standard on Assurance Engagement 3400. The Examination of Prospective Financial Information ("ISAE 3400"), issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain sufficient appropriate evidence on which to base our limited assurance conclusion as to whether or not:

- Management's best-estimate assumptions on which the forecast information is based are not unreasonable and are consistent with the purpose of the information;
- The forecast information is properly prepared on the basis of the assumptions;
- The forecast information is properly presented and all material assumptions are adequately disclosed; and
- The forecast information is prepared and presented on a basis consistent with the accounting policies of the Company in question for the period concerned.

In a limited assurance engagement, the evidence-gathering procedures vary in nature from, and are less in extent than for a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Information and sources of information

In arriving at our conclusion, we have relied upon forecast financial information prepared by the Directors of the Company and other information from various public, financial and industry sources.

Inherent Limitations

Achievability of the results

The forecast information is based on assumptions about events that may occur in the future and possible actions by the Company. It is highly subjective in nature and its preparation requires the exercise of considerable judgement. While evidence may be available to support the assumptions on which the forecast information is based, such evidence is itself generally future orientated and, therefore, speculative in nature.

Therefore, we are unable to express an opinion as to whether the results shown in the forecast in formation will be achieved.

Accuracy of the information

The objective of our engagement is to provide a limited assurance conclusion on the reasonableness of the assumptions used in the forecast information, whether the forecast information has been prepared on the basis of those assumptions and is presented in accordance with the BSE Listing Requirements. We have relied upon and assumed the accuracy and completeness of the information provide to us in writing, or obtained through discussions from the management of the Company. While our work has involved an analysis of historical financial information and consideration of other information provided to us, our assurance engagement does not constitute and audit or review of historical financial information conducted in accordance with International standards on Auditing or International Standards on Review Engagements. Accordingly, we do not express and audit or review of opinion thereon and assume no responsibility and make no representations in respect of the accuracy or completeness of any information.
provided to us, in respect of the profit forecast and relevant information including in the circular.

**Limited Assurance Conclusion**

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- The assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast information;
- The forecast information has not been properly compiled on the basis stated;
- The forecast information has not been properly in accordance with the BSE Listings Requirements and all material assumptions are not adequately disclosed; and
- The forecast information is not presented on a basis consistent with the accounting policies of the Company in question.

Actual results are likely to be different from the forecast, since anticipated events frequently do not occur as expected and the variation may be material.

**Restriction on Distribution**

Our report and the conclusion contained herein are provided solely for the benefit of the directors of the Company and existing and prospective unitholders of the Company for the purpose of their consideration of corporate action or event, described in Paragraph 2, 4.5, 6 and 7 of the Circular. This letter is not addressed to and may not be relied upon by any other third party for any purpose whatsoever.

**Consent**

We consent to the inclusion of this report, which will form part of the circular to the unitholders of the Company, to be issued on 14 January 2019 in the form and context in which it appears.

---

Chartered Accountants
Certified Auditor: Madhavan Venkatachary
BICA Membership Number: 20030049
Dear Sirs,

Independent Reporting Accountant's Assurance Report on the Compilation of Pro Forma Financial information included in a Circular

We have completed our assurance engagement to report on the compilation of pro forma financial information of Lettlole La Rona Limited ("the company"). The pro forma financial information as set out in Para 9.3 consists of statement of financial position and related notes and assumptions.

The pro forma financial information has been compiled on the basis of applicable criteria specified in the Botswana Stock Exchange (BSE) Listing Requirements.

The pro forma financial information has been compiled by the directors to illustrate the impact of the event or transaction described in Para 5.6 and Para 7, on the company's financial position as at 30 June 2018 as if the corporate event had taken place that date. As part of this process, information about the company's financial position has been extracted by the directors from the company's financial statements for the period ended 30 June 2018 which has been published.

Director's Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in BSE Listings Requirements and described in paragraph of the circular.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the specified in BSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus which is applicable to this engagement, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner comply with ethical requirements and plan and
perform procedures to obtain reasonable assurance about whether the directors have compiled, in all material respects, the pro forma financial information on the basis of the BSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2018 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the BSE Listing Requirements and described in Paragraph 8.3 of the Circular.

Chartered Accountants
Certified Auditor: Madhavan Venkatachary
Membership Number: 20030049
INDEPENDENT VALUER’S REPORT ON THE TRANSACTION

9th January 2019

The Directors
Letlole La Rona
P. O. Box 700ABG
Gaborone

Dear Sirs,

RE: LETLOLE LA RONA HOTEL VALUATIONS AS AT 31ST DECEMBER 2018

I, Benedict Kgosilentswe, a Chartered Surveyor with more than 20 years' experience undertaking valuations of fixed property asset declare that I and my associates have inspected the above mentioned properties as set out in the summary below with a view to determine the market value as at 31st December 2018.

Market value is defined as 'the estimated amount for which an asset or right in an asset should exchange in cash on the date of valuation between a willing seller and willing buyer in an arms' length transaction after proper marketing wherein parties have each acted knowledgeably, prudently and without compulsion'.

I am of the opinion that the market values as at 31st December 2018 are as follows;

1. Plot 6348 Frandstown (Thapama Hotel) P72,800,000 (Pula Seventy-Two Million Eight Hundred Thousand).

2. Plot 1169 Gaborone (President Hotel & Retail Shops) P76,700,000 (Pula Seventy-Six Million Seven Hundred Thousand).

3. Plot 50719 Gaborone (President Hotel & Retail Shops) P84,700,000 (Pula Eight Four Million).

4. Plot 276 Selebi Phikwe (Bosele Hotel excluding excess land) P21,200,000 (Pula Twenty-One Million Two Hundred Thousand).

I confirm that neither I nor my associates received financial gain or benefit in connection with the property other than the standard professional fees related to the market valuation.

There is no material contravention of my statutory requirements.

Neither the whole or any part of this valuation Summary, nor any reference to it may be included in any published document, circular or statement no published in any way whatsoever in hard copies or electronically (including on any website) without our prior written approval of the form or context in which it will appear.

BENEDICT KGOSILENTSWE MRICS MREIB REGISTERED VALUER
RIBERRY (PROPRIETARY) LIMITED
Dear Sirs,

REPORT OF THE INDEPENDENT EXPERT IN RESPECT OF LETLOLE LA RONA LIMITED’S PROPOSED SALE OF CERTAIN IDENTIFIED PROPERTIES TO CRESTA MARAKANELO LIMITED

Introduction

Letlole La Rona Limited (Hereinafter called the Company) has entered into agreements for the sale of certain hotel properties as detailed in para a to para d to CRESTA MARAKANELO LIMITED, A RELATED PARTY (Hereinafter referred to as Cresta) for an aggregate sum of BWP 238,000,000.00 (“Sale consideration”).

The Properties are the four commercial hotel immovable properties being (Hereinafter collectively referred to as the Hotel Properties):

a. Remaining Extent of Plot 80719, Cresta Lodge, Gaborone which is in favour of LLR through a Deed of Transfer number 923/2011 dated 1st June 2011. The ownership of the property vests with the current deed holder for a period of 60 years from 6th December 1990.

b. Plot 1169 Main Mall, President Hotel, Gaborone which is in favour of LLR through a Deed of Transfer number 919/2011 dated 1st June 2011. The tenure is freehold.

c. Plot 6348, Thepama Hotel, Francistown which is in favour of LLR through a Deed of Transfer number FT320/20 dated 3rd June 2011. The ownership of the property vests with the current deed holder for a period of 50 years from 8th December 1994.

d. Plot 276, Boka Hotel, Sebeli-Phikwe which is in favour of LLR through a Deed of Transfer number FT318/2011 dated 3rd June 2011. Approximately 4ha of undeveloped land will be subdivided and retained by LLR. The ownership of the
property vests with the current deed holder for a period of 50 years from 28th

Currently Cresta is a sitting tenant in respect of all the Properties and has 10 year leases
which shall expire on the 30 June 2020.

Scope

These transactions are under the purview of Chapter 7—Transactions With Related
Parties of the BSE Listing Requirements by virtue of the fact that Botswana Development
Corporation (BDC) which owns 66% of the linked units of the company also holds 27%
shares of issued shares of Cresta. The parties are related through the beneficial material
shareholding that BDC has in both Cresta and LLR and consequently the transaction
referred to in this report is a Related Party Transaction.

The Directors of the Company have appointed Grant Thornton, auditors of the company
to act as independent experts in assessing whether the terms of transaction of sale of
Hotel properties between the Company and Cresta are fair and reasonable.

Responsibility

Compliance with the BSE Listing Requirements is the responsibility of the Board of
DIRECTORS of the Company. Our responsibility to determine whether the terms of
transaction of sale of hotel properties between the Company and Cresta is fair and
reasonable.

Definition of Fair and Reasonable

A transaction is deemed fair and reasonable to the shareholders if the benefits derived
from the transaction will equal or exceed the related costs thereof. The benefit may be
derived in more than one financial year or in future periods depending on the
circumstances. The assessment of fairness is primarily quantitative. In this case, fairness
is determined by whether the sale value of identified properties exceed their recorded
book value. It is noted that the value of sale is lesser by P 27 085 000 from the recorded
value and thus results in a loss in the current financial year by that amount. It is also
noted through Para 5 “RATIONALE OF THE TRANSACTION” and Para 6
“CONSEQUENCES TO LLR SHOULD THE TRANSACTION FAIL TO OCCUR” of the
Circular that the company could suffer losses between P 49.5 million and P 70 million
from the portfolio due to non-occupancy and/or renegotiated rental terms, if the hotel
properties are not sold. In this regard fairness is achieved as the sale of hotel properties
could result in benefit as the rationale for sale is to reduce any future losses on account of
these properties.

The assessment of reasonableness is qualitative. In this case, the transaction is deemed
reasonable if qualitative aspects of the sale transaction are market related.

The hotel properties were last valued as at 31 December 2018 by independent valuers
for a collective sum of P 255.40 million. The value of the hotel properties as recorded in
the last audited financial statements of the company as at 30 June 2018 was P 262.06
million. Between the balance sheet date (30 June 2018) and 31 December 2018, the
hotel properties have reduced by P 6.6 million representing 3% of the values recorded as at 30 June 2018. Subsequent to this date, Cresta has approached the company with proposals for rental after the current contract expiry date which is 30 June 2020 and these proposals, if accepted would result in decrease in fair values of hotel properties by P 40-P50 million as at 30 June 2020. It is also noted that the properties under consideration are unique and that the market for such properties is almost non-existent other than by Cresta due to the limited market size and economic conditions prevalent in the country.

In this case reasonableness is achieved by the company negotiating the sale with the party who currently occupies the property and has made an offer to the company. There are no other offers that the company is in possession of.

Information utilised and procedures performed

In arriving at our opinion, we have been reviewed the following information

1. The indicative terms of the sale between the Company and Cresta
2. The rationale considered by the company and included in Para 5 and Para 6 of the circular

Opinion

Our opinion is subject to the fulfilment of conditions precedent set out in the circular including

a. The approval of disposal of the properties by the Unitholders of the company
b. The approval of Competition Authority if required
c. The fulfilment of all the conditions set out in Chapter 6, Chapter 7 and Chapter 9 along with other relevant sections of the BSE listing requirements

We have considered the consideration of sale between the company and Cresta and are of the opinion that the proposed terms are fair and reasonable under the circumstances.

Independence

We confirm that we are independent of the company and that we have no financial or any other interest in the transactions mentioned in the circular and this opinion. We would like to reiterate that we are the statutory auditors of the company.

Furthermore, we confirm that our professional fees are not contingent upon the success of the transactions including the sale of identified properties to Cresta.
Limitations

The values of the properties pertaining to the disposals have been determined by independent external valuers. We have not scrutinized or interrogated these values as at 31 December 2018. Our scope was to determine the fairness and reasonableness of the transactions pertaining only to sale of the hotel properties between the company and Cresta and availability of information.

Yours sincerely

For Grant Thornton

Madhavan Venkatachary
Partner
NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN of an Extraordinary General Meeting of Unitholders of LLR will be held at 1000hrs on the 12th of February 2019 at Cresta Lodge, Fairgrounds Gaborone to consider and if thought fit, to adopt, with or without amendment, the following Resolutions:

**Ordinary Resolution 1**

“That the Directors of LLR be granted authority as required by the Listing Requirements, to dispose the four commercial immovable hotel properties pursuant to the Acquisition Agreement to Cresta”.

**Ordinary Resolution 2**

“That the Directors of LLR be authorized to generally do everything that may be necessary for the implementation of the abovementioned resolutions to bring them to effect including signing any documents and taking any other action required”.

Please note that a unitholder may be present at the meeting, in person or by proxy. A proxy need not be a member of the Company.

If you are unable to attend the meeting, kindly complete and return the enclosed Form of Proxy, in accordance with the instructions printed thereon, as soon as possible, but in any event so as to be received by the company secretary of LLR by no later than 1000hrs on 09th of February 2019.

The return of the Form of Proxy does not preclude a Unitholder from attending the Extraordinary General Meeting and voting in person.

By order of the Board

Date 22 January 2019
LETLOLE LA RONA LIMITED
Incorporated in the Republic of Botswana on 8 July 2010
Registration number CO. C02010/6316
Share Code: Letlole
(“LLR” or “the Company”)
Isin No: BW0000001015

FORM OF PROXY FOR UNITHOLDERS

For use at the Extra-Ordinary General Meeting of the Unitholders (“the EGM”) of LLR to be held on the 12th February 2019, at 10h00 at Cresta Lodge, Fairgrounds, Gaborone

PLEASE READ THE NOTES BELOW BEFORE COMPLETING THIS FORM

I/We ____________________________
(NAME(S) IN BLOCK LETTERS)

being the holder of ________ Linked Units in LLR do hereby appoint (see Note 1):

1. ____________________________ or failing him/her;

2. ____________________________ or failing him/her;

3. the Chairman of the Extraordinary General Meeting

as my/our proxy to act for me/us at the extraordinary general meeting, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the Linked Units registered in my /our name/s in accordance with the following instructions:

<table>
<thead>
<tr>
<th>Number of Linked Units</th>
<th>For</th>
<th>Against</th>
<th>Abstain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Resolution 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary Resolution 2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Signed at ____________________________ on ____________ 2019

Signature

Assisted by (where applicable) ____________________________
Each Unitholder is entitled to appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote in place of that Unitholder at the E.G.M.

NOTES:

1. A Unitholder may insert the name of a proxy or the names of two alternative proxies of the Unitholder’s choice in the space provided, with or without deleting “the Chairman of the Extraordinary General Meeting”, but such deletion must be initialed by the Unitholder. The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.

2. In the event a Unitholder does not insert the name of a proxy or the name of any alternative proxy, then the Unitholder shall be deemed to have appointed the Chairman of the Extraordinary General Meeting as his/hers/its proxy.

3. In the event that a Unitholder does not complete the instructions as to how the proxy shall vote, then the proxy shall be entitled to vote as he/she/it thinks fit.

4. The authority of a person signing proxy under a power of attorney or on behalf of a company must be attached to the proxy unless that authority has already been recorded by the Company Secretary or waived by the Chairman of the Extraordinary General Meeting.

5. Forms of proxy must be lodged or posted to, and reach the registered office of the Company, by 10h00 on 09 February 2019.

6. The completion and lodging of this form of proxy shall not preclude the relevant Unitholder from attending the extraordinary general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof should the Unitholder wish to do so.

7. The Chairman of the Extraordinary General Meeting may accept a proxy form which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a Unitholder wishes to vote.

8. Any alteration or correction to this form must be initialed by the signatory/ signatories.