COMMUNICATION TO SHAREHOLDERS

Letshego Holdings Limited, a leading provider of unsecured consumer loans, is listed on the Botswana Stock Exchange, is IFSC accredited and has operations in Botswana, Mozambique, Namibia, Swaziland, Tanzania, Uganda and Zambia.

The Board of Directors of the Company issued a cautionary announcement to Shareholders on 1 September 2011 which was renewed on 21 September 2011 informing them that Letshego Financial Services (Pty) Limited (‘Letshego Botswana’), a material subsidiary of Letshego Holdings Limited, became aware on 31 August 2011 of the intention of the Government of the Republic of Botswana to cease facilitating the deduction of consumer lenders’ loan repayments through the Central Register effective from 1 December 2011.

The Board of Directors noted that should this revocation come into effect Letshego Botswana will use alternative methods for the collection of monthly loan repayments and that it is engaging with the relevant authorities to obtain more clarity and a resolution to this matter. Dialog is continuing.

The Company would like to provide Shareholders with additional information as set out in this communication.

Communication to date
To date, the Office of the Accountant General has informed the two independent Central Registers, through a letter dated 31 August 2011, a copy of which we received from the Central Register with which we have an agreement, that loan repayments will no longer be facilitated with effect from 1 December 2011.

What roles do the Central Registers play?
The role of each of the Central Registers is to ensure that loans granted by lenders such as Letshego are only approved if the rules and requirements regarding having one loan per Government employee borrower and minimum take home pay are met. The Central Register acts as an independent ‘validating entity’ in this regard. The Central Register also facilitates loan repayment collections between the Government and consumer lenders.

The Central Registers have agreements in place which facilitate deductions from the Government payroll on behalf of consumer lenders. We understand that the facility to request the repayments from the Government payroll will be discontinued with effect from 1 December 2011. Letshego and other consumer lenders have agreements in place with the respective Central Registers which will therefore be terminated on that date.
How will Letshego collect its normal monthly loan repayments?
If Letshego is no longer able to collect the normal monthly loan repayments via its agreement with the Central Register then Letshego can collect loan repayments via electronic debit orders. All customers of Letshego Botswana have already signed mandate forms as part of the normal loan agreements.

This is also a normal part of Letshego Botswana business for customers that have left the employ of an employer with whom Letshego has a salary deduction arrangement. This collection methodology is sustainable.

What is happening now?
Consultations with the relevant authorities are continuing. However, the Board is optimistic that an acceptable resolution can be reached or, if not, alternative collection methodologies, as used by other similar lenders, should result in acceptable loan recovery rates.

How does this impact on Letshego’s overall strategy?
As set out in the annual report for the year ended 31 January 2011 Letshego is in the process of transforming into a broader based financial institution and various initiatives are underway regarding this e.g. a banking system has been acquired, and a roll out implementation plan is being finalized, in addition to the micro finance banking license that we hold in Mozambique we are at difference stages of two banking license application processes. Internal credit scoring methodologies are also being evaluated.

Trading update
The interim results for the six months period ended 31 July 2011 are expected to be published on 14 October 2011. A trading update is being published on 21 September 2011 which shows the continued profitability and diversification of the Letshego Group business.

For and on behalf of the board

C M Lekaukau
Chairman

21 September 2011