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## **DISPOSAL OF 30% EQUITY STAKE IN ORBIT AFRICAL LOGISTICS (OAL)**

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### **1. INTRODUCTION**

In line with Section 6.9 of the Equity Listings Requirements (“the Listings Requirements”) of the Botswana Stock Exchange Limited, the Directors of Letlole La Rona Limited (“LLR”/ “the Company”), hereby give notice to Unitholders, that following an extensive transaction review of its 30% stake in Orbit Africa Logistics (“OAL”), that the Board of Directors has resolved to dispose of its 30% equity interest in OAL for a nominal consideration of USD 2.00. Exit negotiations with co-investors, Bora Africa (“Bora Africa”) are at an advanced stage. Bora Africa is a subsidiary of Grit Real Estate Income Group Limited (“Grit”).

### **2. BACKGROUND AND RATIONALE**

#### **2.1. Background**

On 13 July 2022, Unitholders of LLR authorised the Directors of LLR to conclude the co-investment transaction with Grit Services Limited (“GSL”), a wholly owned subsidiary of Grit, through a Mauritius registered Special Purpose Vehicle (“SPV”) OAL. GSL holds a 70% interest in OAL and LLR holds the remaining 30% stake. OAL in turn owns 100% of Stellar Warehousing and Logistics Limited (“SWLL”), a Kenyan-registered entity that owns the underlying industrial property. OAL essentially holds SWLL, a real estate investment company which specializes in leasing industrial properties in exchange for monthly rental payments.

The underlying industrial property was transferred, through a sale and leaseback transaction, from Orbit Product Africa Limited (“OPAL”) (“the Seller”) to SWLL.

LLR’s 30% investment in OAL was done through the acquisition of 100 class B shares, 43 of which were converted to ordinary shares. LLR further advanced a shareholder loan amounting to USD 7,233,943.43 to OAL at an interest rate of 4% per annum. The loan was repayable at the end of 5 years.

#### **2.2. Rationale**

On the back of persistently high rent arrears, as the tenant struggled to honour rent obligations and as part of continuous investment performance monitoring, the LLR Board embarked on an extensive transaction review which included a review of the tenant’s financials and operations. From the review, it was determined that the tenant’s operations were currently under strain, hence the inability to honour rent obligations. This resulted in cash flow challenges at OAL which in turn resulted in OAL not paying interest on shareholder loans. Moreover, the investment property value declined from USD 39.5 million in FY 2023 to USD 26.8 million in FY June 2024 as the lease was renegotiated.

The disposal is therefore part of LLR's strategic decision to exit non-performing investments and refocus on portfolio optimisation. The nominal consideration reflects the lack of recoverable value from the investment.

### 3. FINANCIAL IMPACT

In line with IFRS 9, an impairment assessment was carried out on the Equity and Shareholder loan respectively in FY2024 as there were triggering events. The indicators of impairment were also applied to the FY2025 as follows:

- There was a capital call from OAL to assist with servicing the IFC loan which indicated cash flow challenges.
- OAL Group recorded losses due to a significant drop (40%) in the Investment Property value.
- OAL was not able to pay interest on the shareholder loans.
- Creditors' balances had grown year-on-year.

Below is the summary of impairment per year

		FY2023	FY2024	FY2025
Shareholder Loan (Pula)	Loan Value	99 224 484	104 142 629	3 736 493
	Credit Loss allowance		(100 406 136)	(3 736 493)
		99 224 484	3 736 493	-
Equity Investment (Pula)		8 108 689	7 358 302	-
	Share of Losses	(750 387)	(1 822 967)	-
	Impairment	-	(5 535 335)	-
		7 358 302	-	-
Investment Property (USD)		39 470 000	26 750 000	19 130 000
			-32%	-28%

The transaction will not result in any gain or loss in the FY2026 financial year, as the investment has already been fully written off. The disposal will have no material impact on the Company's profitability or net asset value going forward.

The transaction supports the Company's efforts to streamline its portfolio and improve capital efficiency.

In accordance with Section 6.9 of the Listings Requirements, the Company confirms that its Audit Risk and Compliance Committee (ARAC) has reviewed the terms of the disposal and confirmed that they are fair and reasonable to shareholders.

### 3.1. Sale Purchase Consideration

The consideration for the sale and purchase of the Sale Shares and the cession, assignment, and transfer of the benefit of the Shareholder Loan Agreement by the Seller (LLR) to the Purchaser (Bora Africa) shall be for a total consideration of USD 2.00. The total consideration was based on the following:

- Financial projections indicate that approximately USD 15.9 million (circa BWP 210.5 million) in capital contributions will be required between December 2024 and December 2029, with LLR's pro-rata contribution estimated at USD 4.8 million (circa BWP 63.4 million). This is against an OAL Net Asset Value ("NAV") of negative USD11.2 million (circa BWP 146.3 million) as of June 2024 thus, putting LLR in a net loss position. Proceeds from the capital contributions/calls would go towards servicing the IFC loan which started amortizing in June 2025.
- With persistently high rent arrears, the Asset Manager (GSL) undertook an operational review of the tenant and concluded that the tenant could operate more efficiently in a smaller gross lettable area ("GLA"). Thus, OPAL's GLA was reduced from the initial 29 243 square meters to 23 117 square meters and a third-party tenant was onboarded for the 6 126 square meters at a lower rental rate. Moreover, OAL shareholders resolved to reduce OPAL's rent per square meter.
- Reduction in overall rentals further exacerbates OAL's negative cash flow position and negatively impacts the investment property valuation thereby implying negative returns to the shareholders.
- The Purchaser shall at completion pay the consideration into the seller's bank account.
- There are no service contracts for directors proposed to be appointed to the issuer in connection with the transaction.

Conditions to the transaction include but are not limited to the following:

- Receipt by the Purchaser of written confirmation of the Competition Clearance in Kenya (if required).
- In respect of the IFC Facility, the Parties notifying IFC in respect of the sale and purchase of the Sale Shares.
- The approval of the sale and purchase of the Sale Shares having been approved by the Board of Directors of the Seller.
- The approval of the sale and purchase of the Sale Shares having been approved by the Board of Directors of the Purchaser.

**By Order of the Board**

**23 December 2025**



**Sponsoring Broker**