

LETSHEGO HOLDINGS (NAMIBIA) LIMITED
Registration Number 2016/0145 ("The Company")

Notice of General Meeting

NOTICE is hereby given that a General Meeting of Shareholders of the Company will be held in the Boardroom of Letshego Place, 18 Schwerinsburg Street, Windhoek, on **Thursday, 21 January 2021** at **09h00** for the following purposes:

Senior Management has tabled a proposal to the Board of Directors for the extension of an open interest-bearing on demand facility of N\$100 million from Letshego Micro Financial Services Namibia (Pty) Ltd (LMFSN) to Letshego Holdings Ltd (LHL) with the following supporting information:

Background:

1.1 The inter-group transaction will be to LMFSN's related party and majority shareholder (LHL) of the Company. In terms of Namibian Stock Exchange (NSX) Listing Requirements Section 10.1(a) and (b), a related party includes a material shareholder and LHL currently holds 78.46% in LHN, who subsequently hold 100% shareholding in LMFSN.

1.2 Board approval was sought in this related party transaction; the aim being transparency and full disclosure of all relevant information to LMFSN and LHN's shareholders. Careful consideration of the Memorandum and Articles of Association (the "**Memarts**") of the fore-mentioned companies, shareholder approval is a pre-requisite to effect the inter-group transaction, by way of general resolution in LHN and by special resolution in LMFSN. These provisions are summarized in the below sections:

1.2.1 Section 128 of LMFSN's Memarts states: "*Subject to Section 207 of the Companies Act (2004), any matters requiring approval by special resolution in terms of the Act and the matters listed hereunder shall require shareholders' approval of not less than 75 % of the voting shares at a General or Extraordinary meeting of the company*", which include matters such as:

128 b (ii) The making of any loan to any third party, other than in the company's ordinary course of business.

128 b (iii) the conclusion and/or implementation of any related party transactions with any shareholder or officer or director of the company or any relative of any of the foregoing or any created entity in which any of the foregoing has an interest.

1.2.2 Similarly, Section 138 (b) of LHN's Memarts states that the above-mentioned matters require shareholders' approval by ordinary resolution at a general or extraordinary meeting. Therefore, Management would need to first seek approval of the transaction for LHN's shareholders by ordinary resolution (being the parent company of LMFSN), then seek the approval of LMFSN's shareholders by way of special resolution to effect the inter-group open interest-bearing on demand facility to LHL, a related party.

2. Terms and Conditions of the Inter-Group Open Interest Bearing On Demand Facility

2.1 Following discussions between LHN and LHL, the proposed terms and conditions governing the transaction will encompass:

- i. That the lending transaction be under normal commercial terms, at arm's length and repayable on demand;
- ii. That the lending transaction be in accordance with the LMFSN internal policies;
- iii. That the lending transaction be limited to a maximum of 10% (10 percent) of LMFSN's core capital, as per board approval and;
- iv. That the Interest payable by LHL be calculated on a prime rate + 2 % basis;

v. The proposed loan amount is N\$100 million, (taking into consideration (iii) above).

2.2 To ensure compliance of the inter-group open interest bearing on demand facility, the following internal and regulatory documents were perused and considered, in order to provide comprehensive and objective information to the Board:

- 2.2.1 Namibia Stock Exchange Listing Requirements;
- 2.2.2 Memorandum and Articles of Association of LMFSN;
- 2.2.3 Memorandum and Articles of Association of LHN;
- 2.2.4 LMFSN Inter-Group Lending Policy;
- 2.2.5 LMFSN Credit Concentration Policy;

3. Pros and Cons of the Inter-Group Open Interest-Bearing On Demand Facility

3.1 In relation to the terms and conditions outlined in section 2.1 of this document, the Board has familiarised itself with the pros and cons of the transaction and is of the opinion that the pros are outweighing the cons by far.

3.1.1 The transaction will not affect the capital of LMFSN in any way, as it will be disbursed from the normal cash liquidity currently held by the entity. The capital referenced to will only be used to determine the maximum amount that can be disbursed in terms of the transaction, in line with the LMFSN Board-approved Inter-Group Credit Policy.

3.1.2 Current investment options in the Namibian market show that the LMFSN-LHL inter-group open interest-bearing on demand facility will yield a higher return of prime rate (7.5%) plus a 2% margin, totalling 9.5%. This return significantly surpasses alternative investment options currently offering 4.62% for on demand investments and 6.36% for investments within 1 year duration.

3.1.3 The inter-group open interest-bearing on demand facility will ensure that LMFSN's idle funds are utilized optimally. Historic and forecast cash flows show a surplus cash position for the remainder of the financial year. The bulk of the cash resources deposited in LMFSN Debtors Account (62257867146) currently yield an interest rate of 2.5%. The surplus cash is arising as a result of a N\$270 million drawdown on the FNB N\$500 million bridge facility which was intended to settle accounts payables. The bridge facility has an undrawn amount of N\$230 million which will only be drawn down once the money can be invested at a higher rate of return than the cost of funding.

3.1.4 The risk associated with the inter-group open interest-bearing on demand transaction is the possibility of LHL's inability to settle the loan. In the event of default by LHL, the risk mitigating action would be for the outstanding balance to be off-set against the coupon dividend set on the Preference Shares.

4. Conclusion

Given the above information, Management is of the view that the advantages of the inter-group open interest-bearing on demand facility outweigh the disadvantages thereof; as it will positively contribute to LHN's consolidated bottom-line, and ultimately to the benefit of all shareholders.

After due consideration, the board recommended that the following **ordinary and special resolutions** be passed by the shareholders:

SPECIAL RESOLUTION:

RESOLVED:

1. **THAT** the company approves that a subsidiary, being Letshego Micro Financial Services Namibia (Pty) Ltd, may enter into an investment/loan agreement with a related party, being Letshego Holdings Ltd as set out in the above background;

2. **THAT** the company hereby approves the extension of an open interest-bearing on demand facility of N\$100 million from Letshego Micro Financial Services Namibia (Pty) Ltd (LMFSN) to Letshego Holdings Ltd (LHL)
3. **THAT** the following terms and conditions of the investment/loan with a related party, Letshego Holdings Ltd, be accepted and confirmed;
 - 3.1. That the lending transaction be under normal commercial terms, at arm's length and repayable on demand;
 - 3.2. That the lending transaction be in accordance with the LMFSN internal policies;
 - 3.3. That the lending transaction be limited to a maximum of 10% (10 percent) of LMFSN's core capital, as per Board's approval and;
 - 3.4. That the Interest payable by LHL be calculated on a prime rate + 2 % basis;
 - 3.5. The proposed loan amount is N\$100 million, (taking into consideration (3.3) above).

ORDINARY RESOLUTION:

RESOLVED:

4. **THAT** Ms Ester Kali, as Director of the company, be authorised to sign on behalf of the Company any resolutions and or documentation to execute the above agreement.

Please note that:

1. *Letshego Holdings Ltd, as a related party, will not be entitled to vote on resolutions 1, 2 and 3;*
2. *Due to the extended State of Emergency declared by the President of Namibia, shareholders are requested to exercise their vote by proxy. (A quorum for the meeting to continue is 3 persons present in person or by proxy.)*
3. *All shareholders are requested to clarify any questions related to the proposed resolutions with the Company Secretary, Ms Chriszelda Muenjo, prior to the exercising of their vote.*

(A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his or her stead. A proxy need not also be a member of the Company. In order to be effective, proxy forms should be forwarded to reach the registered office of the Company not less than 48 hours prior to the time for the holding of the meeting.)

BY ORDER OF THE BOARD

Ms Chriszelda Muenjo
Company Secretary
Email: ChriszeldaM@letshego.com

REGISTERED OFFICE

Letshego Place
18 Schwerinsburg Street
Windhoek
Windhoek, Namibia

17 December 2020

LETSHEGO HOLDINGS (NAMIBIA) LIMITED
Registration Number 2016/0145 (the "Company")

FORM OF PROXY

For completion by holders of ordinary shares

(In the light of the State of Emergency of the Country, we suggest to members to appoint Ms E Kali, the CEO of the Company, for ease of finalising the meeting procedures.)

For use at the General Meeting of ordinary shareholders of the Company to be held in the Boardroom of Letshego Place, 18 Schwerinsburg Street, Windhoek on Thursday, 21 January 2021 at 09h00

I/We,(name/s in block letters)

of (Address)

being a registered holder, with holder number of ordinary shares in the Company hereby appoint

1. or failing him/her
2. The Chairperson of the meeting as my/our proxy to act for me/us at the General Meeting which will be held 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 or against the resolutions and/or abstain from voting in respect of the Ordinary Shares registered in my/our name in accordance with the following:

RESOLUTIONS TO VOTE ON	For	Against	Abstain
1. THAT the company approves that a subsidiary, being Letshego Micro Financial Services Namibia (Pty) Ltd, may enter into an investment/loan agreement with a related party, being Letshego Holdings Ltd.			
2. THAT the company hereby approves the extension of an open interest-bearing on demand facility of N\$100 million from Letshego Micro Financial Services Namibia (Pty) Ltd (LMFSN) to Letshego Holdings Ltd (LHL)			
3. THAT the following terms and conditions of the investment/loan with a related party, Letshego Holdings Ltd, be accepted and confirmed; <ol style="list-style-type: none"> 3.1. That the lending transaction be under normal commercial terms, at arm's length and repayable on demand; 3.2. That the lending transaction be in accordance with the LMFSN internal policies; 3.3. That the lending transaction be limited to a maximum of 10% (10 percent) of LMFSN's core capital, as per Board's approval and; 3.4. That the Interest payable by LHL be calculated on a prime rate + 2 % basis; 3.5. The proposed loan amount is N\$100 million, (taking into consideration (3.3) above). 			
4. THAT Ms Ester Kali, as Director of the company, be authorised to sign on behalf of the Company any resolutions and or documentation to execute the above agreement.			

(Indicate instruction to proxy by way of a cross in space provided above.)

Unless otherwise instructed, my proxy may vote as he thinks fit.

Signed this day of 2020.

Signature

BY ORDER OF THE BOARD

NOTE:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend, speak, and on a poll, vote in his/her stead, and such proxy need not also be a member of the Company.
2. The Proxy Form must be deposited at the registered office of the Company not less than 48 (Forty Eight) hours before the time of holding the meeting.

BY ORDER OF THE BOARD

Dated at WINDHOEK on **17 December 2020**.

REGISTERED OFFICE

Letshego Place
18 Schwerinsburg Street, Windhoek

P O Box 11600
Windhoek, Namibia
Email: ChriszeldaM@letshego.com

Tel. +264 61 3216656