

LETLOLE LA RONA LIMITED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2021

Letlole La Rona Limited,
incorporated in the Republic of Botswana.
Registration Number- BW0001394482
Share Code- letlole ISIM: BW 000 000 1015

Registered Office: 1st Floor, Peelo Place, Plot 54366, CBD
P.O. Box 700ABG, Gaborone, Botswana
Tel: +267 3180301; Fax: +267 3180267
Independent Auditors: Grant Thornton
Plot 59370, Fairgrounds Acumen Park,
P.O. Box 1157, Gaborone
www.letlole.com



Highlights

REVENUE

27%

OPERATING PROFIT

37%

PROFIT BEFORE TAX

19%

NET ASSET VALUE

2%

INVESTMENT PORTFOLIO

7%

DISTRIBUTION

8%

SHARE PRICE NOW AT

P2.40 UNIT

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	AUDITED Jun-2021 P	AUDITED Jun-2020 P
Continuing Operations		
Revenue	102,865,916	81,155,468
Contractual revenue	97,909,463	77,517,804
Straight line lease rental adjustment	2,344,792	1,475,841
Operating Cost recoveries	2,611,661	2,161,823
Other income	634,607	3,577,190
Movement in credit loss allowances	(3,011,736)	(3,311,256)
Other non operating gains	212,329	-
Impairment loss on investment property	-	(3,741,907)
Property related expenses	(10,573,643)	(7,077,400)
Administrative expenses	(24,599,869)	(22,652,529)
Operating Profit	65,527,604	47,949,566
Finance income	2,347,319	7,614,790
Finance costs	(15,232,305)	(16,449,873)
Share of profit from equity accounted investment	2,978,328	5,773,534
Profit before fair value adjustment	55,620,946	44,888,017
Fair value adjustment of investment properties	7,731,845	33,309,781
As per valuation	10,076,638	34,785,622
Straight line lease adjustment	(2,344,792)	(1,475,841)
Profit before tax	63,352,791	78,197,798
Taxation	(8,780,725)	(17,635,063)
Profit from continuing operations	54,572,066	60,562,735
Profit from discontinued operations	256,085	1,788,098
Total Comprehensive Income for the year	54,828,151	62,350,833
Number of linked units in issue at end of the year	280,000,000	280,000,000
Weighted average number of linked units in issue	280,000,000	280,000,000
Earnings per linked unit (thebe)	23.38	25.79
Earnings per linked unit is calculated based on the average number of linked units in issue and total comprehensive income for the year, adjusted by the taxation on debenture interest credited to the statement of changes in equity of:	65,464,270	65,620,968
Distribution per linked unit (thebe)	17.37	16.12
Dividends per linked unit (thebe)	0.10	0.10
Debenture interest per linked unit (thebe)	17.27	16.02

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	AUDITED Jun-2021 P	AUDITED Jun-2020 P
ASSETS		
Non-current assets		
Investment properties	958,731,477	892,495,663
Operating lease asset	21,614,523	19,300,338
Right of Use Asset	1,415,915	1,887,886
Investment in associate	42,171,622	42,993,294
Investments at fair value	6,250,000	6,250,000
Property, plant & equipment	1,290,927	1,697,101
Deferred tax	11,859,968	9,048,150
Deferred taxation recoverable - related party	4,698,769	5,125,126
Total Non-Current Assets	1,048,032,201	978,797,598
Current assets		
Taxation refundable	1,614,021	1,399,579
Trade and other receivables	6,215,675	9,027,428
Cash and cash equivalents	76,739,821	122,590,894
	84,569,517	133,017,900
	1,132,601,718	1,111,815,499
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	2,718,884	2,718,884
Debtors-linked units	405,113,547	405,113,547
Retained income	380,146,859	363,308,582
Total equity	787,979,290	771,141,013
Liabilities		
Non-current liabilities		
Long term loan	228,661,072	231,288,123
Deferred taxation	65,541,990	65,012,963
Lease liability	717,770	1,333,279
Total non-current liabilities	294,920,832	297,634,365
Current liabilities		
Debenture interest and dividend Payable	26,492,760	25,001,200
Trade and other payables	18,980,977	13,983,959
Current portion of the loan	3,612,350	3,512,900
Current portion of Lease Liability	615,509	542,062
Total current liabilities	49,701,596	43,040,121
Total equity and liabilities	1,132,601,718	1,111,815,499

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Started capital P	Debtors P	Retained Income P	Total P
Balance at 01 July 2019	2,718,884	405,113,547	336,224,115	744,056,546
Total comprehensive income for the year	-	-	62,350,833	62,350,833
Dividends declared	-	-	(280,000)	(280,000)
Debenture interest declared	-	-	(44,854,320)	(44,854,320)
Taxation attributable to debenture interest	-	-	9,967,950	9,967,950
Balance at 30 June 2020	2,718,884	405,113,547	363,308,582	771,141,013
Profit for the year	-	-	54,828,151	54,828,151
Dividends declared	-	-	(280,000)	(280,000)
Debenture interest declared	-	-	(48,345,392)	(48,345,392)
Taxation attributable to debenture interest paid	-	-	10,636,118	10,636,118
Balance at 30 June 2021	2,718,884	405,113,547	380,146,859	787,979,290

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	AUDITED Jun-2021 P	AUDITED Jun-2020 P
Cash flows from operating activities		
Profit before taxation from continuing operations	63,352,791	78,197,799
Profit before taxation from discontinued operations	256,085	1,788,098
Adjustments for:		
Fair value adjustment of investment properties	(7,731,845)	(33,309,781)
Share of profit from equity accounted investment	(2,978,328)	(5,773,534)
Profit on sale of investment property	(210,000)	-
Profit on sale of property, plant & equipment	(2,329)	-
Finance costs	15,232,305	16,449,873
Finance income	(2,347,319)	(7,614,790)
Depreciation expense	1,049,598	1,140,743
Movement in credit loss allowances	3,011,736	3,311,256
Impairment loss on investment property	-	3,741,907
Movements in operating lease assets	(2,314,185)	(1,475,841)
Operating income before working capital changes	67,318,507	56,455,730
Working capital changes		
Decrease/(increase) in trade and other receivables	(199,983)	16,748,816
Increase/(decrease) in trade and other payables	4,997,015	(23,564,680)
Taxation paid	(214,442)	(753,294)
Net cash generated from operating activities	71,901,098	48,886,571
Cash flows generated from investing activities		
Additions to investment properties	(65,993,969)	(146,416,285)
Distribution From Associate	3,800,000	2,400,000
Finance income	2,347,319	7,614,790
Acquisition of property, plant & equipment	(176,109)	(187,957)
Proceeds on sale of property, plant & equipment	7,700,000	9,000,000
Proceeds on sale of investment property	-	-
Net cash used in investing activities	(52,315,773)	(127,589,452)
Cash flows used in financing activities		
Repayment of borrowings	(2,527,501)	(2,151,764)
Finance costs	(15,232,305)	(16,449,873)
Payment of lease liability	(542,062)	(484,516)
Dividends paid	(280,000)	(280,000)
Debenture interest paid	(46,854,432)	(49,953,120)
Net cash used in financing activities	(65,436,400)	(69,319,273)
Net increase in cash and cash equivalents	(45,851,075)	(148,022,152)
Cash and cash equivalents at beginning of the year	122,590,894	270,613,048
Cash and cash equivalents at end of the year	76,739,821	122,590,894

SEGMENTAL REPORTING

SEGMENTAL STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 2021 - AUDITED

	Corporate P	Commercial & retail P	Leisure P	Industrial P	Residential P	Total P
Segment revenue	-	24,875,555	-	73,460,754	4,529,608	102,865,916
Other income	168,074	-	-	323,588	534,607	1,026,269
Movement in credit loss allowance	(3,011,736)	-	-	-	(3,011,736)	(3,011,736)
Other non-operating gains	2,329	-	-	210,000	-	212,329
Property related expenses	-	(2,572,579)	-	(6,776,396)	(10,573,643)	(19,922,618)
Administrative expenses	(24,183,219)	-	-	(41,489)	(24,599,869)	(48,824,577)
Operating profit	(27,024,546)	22,194,474	-	66,951,680	3,405,397	65,527,604
Finance income	2,347,319	-	-	-	2,347,319	4,694,638
Finance costs	(1,994,984)	(11,175,616)	-	(2,061,765)	-	(15,232,305)
Share of profit from Associate	2,978,328	(693,050)	-	9,524,167	(1,099,272)	13,700,173
Fair value gain on investment property net of adjustment resulting from straight lining	(8,780,725)	-	-	-	(8,780,725)	(8,780,725)
Tax expense	-	-	-	-	-	-
Profit from continuing operations	(32,474,608)	10,325,807	-	74,414,143	2,306,726	54,572,066
Discontinued operations	-	-	-	-	-	-
Profit from discontinued operations	-	-	-	256,085	-	256,085
Profit for the year	(32,474,608)	10,325,807	-	74,670,228	2,306,726	54,828,151

SEGMENTAL STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020 - AUDITED

	Corporate P	Commercial & retail P	Leisure P	Industrial P	Residential P	Total P
Segment revenue	-	25,177,614	-	51,793,139	4,184,715	81,155,468
Other income	2,525	11,400	-	3,528,635	34,630	3,577,190
Movement in Credit loss allowances	(3,311,256)	-	-	-	(3,311,256)	(3,311,256)
Impairment loss on investment properties	-	-	-	(3,741,907)	-	(3,741,907)
Property related expenses	-	(2,614,606)	-	(3,194,633)	(1,268,160)	(7,077,400)
Administrative expenses	(22,652,529)	-	-	(41,489)	(24,599,869)	(47,253,887)
Operating profit	(25,961,260)	22,574,408	-	48,385,234	2,951,185	47,949,566
Finance income	2,347,319	-	-	-	2,347,319	4,694,638
Finance costs	(3,609,426)	(10,619,499)	-	(2,220,949)	-	(16,449,873)
Share of profit from equity accounted investment	5,773,534	-	-	-	-	5,773,534
Fair value gain on investment property net of adjustment resulting from straight lining	(17,635,063)	(2,835,750)	-	36,174,145	(28,614)	15,660,308
Tax expense	-	-	-	-	-	-
Profit from continuing operations	(33,817,424)	9,119,159	-	82,338,431	2,922,571	60,562,735
Discontinued operations	-	-	-	-	-	-
Profit from discontinued operations	-	-	-	1,788,098	-	1,788,098
Profit for the year	(33,817,424)	9,119,159	-	1,788,098	2,922,571	62,350,833

SEGMENTAL STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021 - AUDITED

	Corporate P	Commercial & retail P	Leisure P	Industrial P	Residential P	Total P
Investment Property including operating lease asset	-	248,450,000	7,586,000	677,110,000	47,200,000	980,346,000
Non-current assets held for sale	-	-	-	11,510,628	157,084	12,667,712
Other assets	138,648,924	1,939,081	-	-	-	140,588,005
Total Assets	138,648,924	250,389,081	7,586,000	688,620,628	47,357,084	1,132,601,718
Investment Property including operating lease asset	-	246,260,000	7,586,000	610,000,000	47,950,000	911,796,000
Non-current assets held for sale	-	-	-	-	-	-
Other assets	191,378,880	1,753,225	180	6,473,877	413,337	199,566,370
Total Assets	191,378,880	248,013,225	7,586,180	616,473,877	48,363,337	1,111,815,499

Due to the pooling of funds, all liabilities in the statement of financial position are corporate liabilities

1. Operational Overview

The Company continues to show resilience despite challenges presented by the COVID-19 pandemic and has experienced an impressive increase in operating profit, and a strong cash position. At the back of this performance, the Company continues to honor its commitment to shareholders with cash distribution that was 8% higher than the prior financial year. The current year's performance is underpinned by low vacancies and improved rental collection as tenants' businesses gradually recover while navigating through a COVID-19 impacted economic landscape. The Company fundamentals still remain solid with weighted average lease expiry profile of 3.4 years, and an inflation beating weighted average annual lease escalation rate of 7%. The investment portfolio value increased by 7% during the financial year and this was primarily driven by new acquisitions. The Company's low gearing position presents significant headroom for future debt funding as it continues to prudently pursue its growth strategy. It is against this background, and an intent to intensify gearing, that the Company continues to pursue both local and regional opportunities through its Go-To Africa strategy.

2. Financial Performance

The Company continues to perform exceptionally well, under the current economic climate, with revenue amounting to P102.9 million translating into a growth of 27% from the prior year's P81.2 million. The improved revenue is mainly due to the performance of the 6 industrial properties which