

# LETLOLE LA RONA LIMITED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

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

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Independent Auditors: Grant Thornton,  
Plot 50370, Fairgrounds Acumen Park,  
P.O. Box 1157, Gaborone  
www.letlole.com



## Highlights

Revenue

5%

Operating profit

11%

Profit before Tax

71%

Investment Portfolio

22%

Net asset value

8%

Distribution

6%

SHARE PRICE CLOSED AT P3.00/UNIT

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	AUDITED Jun-2022	AUDITED Jun-2021
<b>BWP</b>		
<b>Continuing Operations</b>		
Revenue	107,911,653	102,865,916
Contractual revenue	105,521,421	97,909,463
Straight line lease rental adjustment	(1,062,242)	2,347,792
Operating Cost recoveries	3,452,274	2,611,661
Other income	362,426	634,607
Movement in credit loss allowances	(1,963,290)	(3,011,736)
Other non operating gains	393,837	212,329
Property related expenses	(10,194,485)	(10,573,643)
Administrative expenses	(23,781,971)	(24,599,869)
<b>Operating Profit</b>	<b>72,728,170</b>	<b>65,527,604</b>
Finance income	8,347,962	2,347,319
Finance costs	(21,318,596)	(15,232,305)
Share of profit from equity accounted investment	23,880,957	2,978,328
<b>Profit before fair value adjustment</b>	<b>83,638,495</b>	<b>55,620,946</b>
Fair value adjustment of investment properties	25,073,757	7,731,845
As per valuation	24,011,715	10,076,638
Straight line lease adjustment	1,062,042	(2,347,792)
<b>Profit before tax</b>	<b>108,712,250</b>	<b>63,352,791</b>
Taxation	(9,837,958)	(8,780,725)
<b>Profit from continuing operations</b>	<b>98,874,292</b>	<b>54,572,066</b>
Profit from discontinued operation	-	256,085
<b>Total Comprehensive Income for the year</b>	<b>98,874,292</b>	<b>54,828,151</b>
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
<b>Earnings per linked unit (Thebe)</b>	<b>39.34</b>	<b>23.38</b>
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:	110,153,252	65,464,270
<b>Distribution per linked unit (Thebe)</b>	<b>18.41</b>	<b>17.37</b>
Dividends per linked unit (Thebe)	0.10	0.10
Debenture interest per linked unit (Thebe)	18.31	17.27

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	AUDITED Jun-2022	AUDITED Jun-2021
<b>BWP</b>		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	1003,397,520	958,731,477
Property, plant & equipment	1143,274	1,290,927
Right of Use Asset	703,540	1,415,915
Investment in Associate	217,086,735	421,716,222
Investments at fair value	6,250,000	6,250,000
Operating lease asset	20,552,481	21,614,523
Deferred tax	12,271,077	11,858,968
Deferred taxation recoverable - related party	3,302,144	4,698,769
Other Receivable	26,620,370	-
<b>Total Non-Current Assets</b>	<b>1,291,327,141</b>	<b>1,048,032,201</b>
<b>Current assets</b>		
Trade and other receivables	7,179,720	6,215,675
Taxation receivable	1,311,591	1,614,021
Cash and cash equivalents	142,273,660	76,739,821
	<b>151,364,971</b>	<b>84,569,517</b>
<b>Total Current Assets</b>	<b>1,442,692,112</b>	<b>1,132,601,718</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Stated capital	2,718,884	2,718,884
Debentures-Linked units	405,113,547	405,113,547
Retained income	438,752,105	380,146,859
<b>Total equity and liabilities</b>	<b>846,584,536</b>	<b>787,979,290</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long term borrowings	471,257,982	228,661,072
Lease Liability	126,200	717,770
Deferred taxation	63,116,473	65,541,990
<b>Total non-current liabilities</b>	<b>534,500,655</b>	<b>294,920,832</b>
<b>Current liabilities</b>		
Trade and other payables	27,940,731	18,980,977
Current portion of the borrowings	4,860,172	3,612,350
Current portion Lease Liability	722,018	615,509
Debenture interest and dividend Payable	28,084,000	26,492,760
<b>Total current liabilities</b>	<b>61,606,921</b>	<b>49,701,596</b>
<b>Total equity and liabilities</b>	<b>1,442,692,112</b>	<b>1,132,601,718</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Stated capital	Debentures	Retained earnings	Total equity
<b>BWP</b>				
<b>Balance at 30 June 2020</b>	<b>2,718,884</b>	<b>405,113,547</b>	<b>363,308,582</b>	<b>771,141,013</b>
Total comprehensive income for the year	-	-	54,828,151	54,828,151
Dividends declared	-	-	(280,000)	(280,000)
Debenture interest declared	-	-	(48,345,992)	(48,345,992)
Taxation attributable to debenture interest	-	-	10,636,118	10,636,118
<b>Balance at 30 June 2021</b>	<b>2,718,884</b>	<b>405,113,547</b>	<b>380,146,859</b>	<b>787,979,290</b>
Profit for the year	-	-	98,874,292	98,874,292
Dividends declared	-	-	(280,000)	(280,000)
Debenture interest declared	-	-	(51,268,000)	(51,268,000)
Taxation attributable to debenture interest paid	-	-	11,278,960	11,278,960
<b>Balance at 30 June 2022</b>	<b>2,718,884</b>	<b>405,113,547</b>	<b>438,752,105</b>	<b>846,584,536</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	AUDITED Jun-2022	AUDITED Jun-2021
<b>BWP</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	108,712,250	63,352,791
Profit/(loss) before taxation from discontinued operations	-	256,085
<b>Adjustments for:</b>		
Depreciation expense	1,433,759	1,049,598
Profit on sale of investment property	-	(210,000)
Profit on sale of property, plant & equipment	26,108	(2,329)
Share of profit from equity accounted investment	(23,880,957)	(2,978,328)
Finance income	(8,347,962)	(2,347,319)
Finance costs	21,318,596	15,232,305
Fair value adjustment of investment properties	(25,073,757)	(7,731,845)
Movement in credit loss allowances	1,963,290	3,011,736
Movements in operating lease assets	1,062,042	(2,341,186)
Operating income before working capital changes	<b>77,213,368</b>	<b>67,318,508</b>
<b>Working capital changes</b>		
Decrease in trade and other receivables	(2,927,135)	(109,983)
Increase/(decrease) in trade and other payables	8,959,754	4,997,015
Taxation paid	(297,570)	(214,442)
<b>Net cash generated from operating activities</b>	<b>82,948,218</b>	<b>71,901,097</b>
<b>Cash flows (used in)/from investing activities</b>		
Additions to investment properties	(19,592,286)	(65,993,969)
Acquisition of investment in Associate	(153,938,581)	-
Distribution From Associate	2,904,420	3,800,000
Other Receivable	(26,620,370)	-
Finance income	8,347,962	2,347,319
Acquisition of property, plant & equipment	(444,327)	(176,109)
Proceeds on sale of property, plant & equipment	-	6,987
Proceeds on sale of investment property	-	770,000
<b>Net cash used in investing activities</b>	<b>(189,343,182)</b>	<b>(52,315,772)</b>
<b>Cash flows used in financing activities</b>		
Repayment of borrowings	(3,625,214)	(2,527,601)
New Borrowings	247,469,946	-
Finance costs	(21,318,596)	(15,232,305)
Payment of lease liability	(640,573)	(542,062)
Dividends and Debenture interest paid	(49,956,760)	(47,334,432)
<b>Net cash used in financing activities</b>	<b>171,928,803</b>	<b>(65,436,400)</b>
<b>Net increase in cash and cash equivalents</b>	<b>65,533,839</b>	<b>(45,851,076)</b>
Cash and cash equivalents at beginning of the year	76,739,821	122,590,894
<b>Cash and cash equivalents at end of the year</b>	<b>142,273,660</b>	<b>76,739,821</b>

## SEGMENTAL REPORTING

	Corporate	Commercial & Retail	Leisure	Industrial	Residential	Total
<b>BWP</b>						
<b>SEGMENTAL STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 2022 - AUDITED</b>						
Segment revenue	-	24,846,145	-	78,624,087	4,441,421	107,911,653
Other income	148,430	24,859	39,955	101,878	47,304	362,426
Movement in credit loss allowance	(1,963,290)	-	-	-	-	(1,963,290)
Other non operating gains	393,837	-	-	-	-	393,837
Property related expenses	(1,321,678)	(2,588,279)	-	(5,146,381)	(11,381,146)	(10,194,485)
Administrative expenses	(23,230,802)	(165,237)	-	(311,842)	(74,090)	(23,781,971)
<b>Operating profit</b>	<b>(25,978,504)</b>	<b>22,117,487</b>	<b>39,955</b>	<b>73,267,742</b>	<b>3,276,490</b>	<b>72,728,170</b>
Finance income	8,347,962	-	-	-	-	8,347,962
Finance costs	(9,003,025)	(10,265,412)	-	(2,050,159)	-	(21,318,596)
Share of profit from equity accounted investment	23,880,957	-	-	-	-	23,880,957
Fair value gain on investment property net of adjustment resulting from straight lining	-	1,994,836	4,000	23,142,123	(67,201)	25,073,757
Tax expense	(9,837,958)	-	-	-	-	(9,837,958)
<b>Profit from continuing operations</b>	<b>(12,585,567)</b>	<b>13,846,911</b>	<b>43,955</b>	<b>94,359,705</b>	<b>3,209,289</b>	<b>98,874,292</b>
Discontinued operations	-	-	-	-	-	-
Profit from discontinued operations	-	-	-	-	-	-
<b>Profit for the year</b>	<b>(12,585,567)</b>	<b>13,846,911</b>	<b>43,955</b>	<b>94,359,705</b>	<b>3,209,289</b>	<b>98,874,292</b>

## SEGMENTAL REPORTING

	Corporate	Commercial & Retail	Leisure	Industrial	Residential	Total
<b>BWP</b>						
<b>SEGMENTAL STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021 - AUDITED</b>						
Segment revenue	-	24,875,555	-	73,460,754	4,529,608	102,865,916
Other income	168,074	-	-	323,988	142,545	634,607
Movement in Credit loss allowances	(3,011,736)	-	-	-	-	(3,011,736)
Impairment loss on investment properties	2,329	-	-	210,000	-	212,329
Property related expenses	-	(2,572,579)	-	(6,776,396)	(1,224,667)	(10,573,643)
Administrative expenses	(24,183,213)	(108,501)	-	(266,665)	(41,489)	(24,599,869)
<b>Operating profit</b>	<b>(27,024,546)</b>	<b>22,194,474</b>	<b>-</b>	<b>66,951,680</b>	<b>3,405,997</b>	<b>65,527,604</b>
Finance income	2,347,319	-	-	-	-	2,347,319
Finance costs	(1,994,984)	(11,175,616)	-	(2,061,705)	-	(15,232,305)
Share of profit from equity accounted investment	2,978,328	-	-	-	-	2,978,328
Fair value gain on investment property net of adjustment resulting from straight lining	-	(693,050)	-	9,524,167	(1,099,272)	7,731,845
Tax expense	(8,780,725)	-	-	-	-	(8,780,725)
<b>Profit from continuing operations</b>	<b>(32,474,608)</b>	<b>10,325,807</b>	<b>-</b>	<b>74,414,143</b>	<b>2,306,726</b>	<b>54,572,067</b>
Discontinued operations	-	-	-	-	-	-
Profit from discontinued operations	-	-	-	-	-	256,085
<b>Profit for the year</b>	<b>(32,474,608)</b>	<b>10,325,807</b>	<b>-</b>	<b>74,414,143</b>	<b>2,306,726</b>	<b>54,828,151</b>

## SEGMENTAL STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 - AUDITED

	Corporate	Commercial & Retail	Leisure	Industrial	Residential	Total
<b>BWP</b>						
<b>Investment Property including operating lease asset</b>						
Other assets	410,408,356	683,707	7,590,000	716,760,001	47,200,000	1,023,950,001
<b>Total Assets</b>	<b>410,408,356</b>	<b>253,083,707</b>	<b>7,590,000</b>	<b>724,201,165</b>	<b>47,408,884</b>	<b>1,442,692,112</b>
<b>AS AT 30 JUNE 2021 - AUDITED</b>						
Investment Property including operating lease asset	-	248,450,000	7,586,000	677,110,000	47,200,000	980,346,000
Other assets	138,648,925	193,901	-	115,016,228	157,084	351,723,138
<b>Total Assets</b>	<b>138,648,925</b>	<b>250,389,081</b>	<b>7,586,000</b>	<b>688,620,628</b>	<b>47,357,084</b>	<b>1,132,601,718</b>

## 1. Operational Overview

The company holds a well-diversified investment portfolio with a strong cash generating ability, resulting in the consistent delivery of solid financial and operational results. The industrial sector has proved to be resilient over the past 12 months with the demand for warehousing space continuing to be strong. On the back of the quality assets that the company holds, the portfolio has enjoyed remarkably high occupancies of 99% over the past 12 months.

The ability of the company to negotiate long term leases and maintain the weighted average lease expiry at 3.2 years as well as average annual escalation rates at 6.7% in an economy which is yet to return to the robust growth of years gone by, is a testimony to the quality of LLR's assets.

The investment portfolio value now stands at P1.2 billion which is a 22% increase from the prior year's P1.0 billion. The growth is primarily driven by the acquisition of a 32.79% stake in JTMM Properties (Proprietary) Limited (JTMM). JTMM is the sole owner of Rail Park Mall, a 32,000sqm prime commuter mall situated in the heart of the Gaborone bus and taxi terminus.

## 2. Financial Performance