

LETLOLE LA RONA LIMITED AUDITED ABRIDGED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2020

Incorporated in the Republic of Botswana. Registration Number - BW00001394482
Share Code - letlolle ISIN: BW 000 000 1015



Letlolle La Rona Limited

TRANSFORMING SPACES

Investing prudently in real estate that cultivates and connects communities



ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	AUDITED Jun 2020 P	AUDITED Jun 2019 P
Continuing operations		
Rental income	81,155,468	102,475,707
Contractual revenue	77,517,804	96,911,490
Straight line lease rental adjustment	1,475,841	3,561,839
Operating cost recoveries	2,161,823	2,002,378
Other operating income	3,577,190	338,616
Movement in credit loss allowances	(3,311,256)	(1,656,004)
Impairment loss on investment property	(3,741,907)	-
Administration and operating expenses	(29,729,929)	(26,113,188)
Operating Profit	47,949,567	75,045,131
Finance income	7,614,790	1,374,355
Finance costs	(16,449,873)	(15,593,918)
Other non-operating losses	-	(14,000,000)
Share of profit from equity accounted Investments	5,773,534	1,623,066
Fair value adjustment of investment properties	33,309,781	26,314,126
As per valuation	34,785,622	29,875,965
Straight line lease adjustment	(1,475,841)	(3,561,839)
Profit before tax	78,197,799	74,762,760
Taxation	(17,635,063)	(11,512,163)
Profit from continuing operations	60,562,735	63,250,597
Discontinued operations		
Profit/(Loss) from discontinued operations	1,788,098	(10,177,549)
Profit for the year	62,350,833	53,073,048
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)	25.79	23.44
Basic earnings per linked unit (thebe) from continuing operations	25.15	27.07
Basic earnings per linked unit (thebe) from discontinued operations	0.64	(3.63)
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:	71,888,192	65,620,968
Distribution per linked unit (thebe)	16.12	20.47
Dividends per linked unit (thebe)	0.10	0.10
Debt interest per linked unit (thebe)	16.02	20.37

Distribution per linked unit is calculated on the number of linked units in issue during the period.

ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	AUDITED Jun-2020 P	AUDITED Jun-2019 P
ASSETS		
Non-current assets		
Investment properties	892,495,663	716,511,503
Operating lease asset	19,300,338	17,824,497
Property, plant & equipment	1,697,101	2,177,916
Right-of-use asset	1,887,886	-
Investment in Associate	42,993,294	39,619,760
Investment at fair value	6,250,000	6,250,000
Deferred tax	9,048,190	188,631
Deferred taxation recoverable - related party	5,125,126	5,192,926
Total non-current assets	978,797,598	787,765,233
Current assets		
Taxation refundable	1,399,579	646,285
Trade and other receivables	9,027,428	29,087,500
Cash and cash equivalents	122,590,894	270,613,048
Total current assets	133,017,900	300,346,833
Non-current assets held for sale	-	9,000,000
Total assets	1,111,815,499	1,097,112,066
EQUITY AND LIABILITIES		
Equity		
Stated Capital	2,718,884	2,718,884
Debentures - unit linked	405,113,547	405,113,547
Retained income	363,308,583	336,224,111
Total Equity	771,141,014	744,056,542
Non-current liabilities		
Borrowings	231,288,123	233,618,394
Lease liabilities	1,333,279	-
Deferred taxation	65,012,963	48,454,090
Total non-current liabilities	297,634,365	282,072,484
Current Liabilities		
Debt interest and dividend payable	25,001,200	30,100,000
Trade and other payables	13,983,959	37,548,647
Borrowings	3,512,900	3,334,393
Lease liabilities	542,062	-
Total current liabilities	43,040,121	70,983,040
Total equity and liabilities	1,111,815,499	1,097,112,066

ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Stated capital P	Debentures P	Accumulated Profit P	Total equity P
Balance at 01 July 2019	2,718,884	405,113,547	327,919,143	735,751,574
Profit for the year	-	-	53,073,048	53,073,048
Dividends declared	-	-	(280,000)	(280,000)
Debt interest declared	-	-	(57,036,000)	(57,036,000)
Taxation attributable to debt interest	-	-	12,547,920	12,547,920
Balance at 1 July 2020	2,718,884	405,113,547	336,224,115	744,056,546
Profit for the year	-	-	62,350,833	62,350,833
Dividends declared	-	-	(280,000)	(280,000)
Debt interest declared	-	-	(44,854,320)	(44,854,320)
Taxation attributable to debt interest	-	-	9,867,950	9,867,950
Balance at 30 June 2020	2,718,884	405,113,547	363,308,583	771,141,014

ABRIDGED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	AUDITED Jun 2020 P	AUDITED Jun 2019 P
Cash flows from operating activities		
Profit before taxation from continuing operations	78,197,799	74,762,760
(Profit/Loss) before taxation from discontinued operations	1,788,098	(10,177,549)
Adjustments for:		
Depreciation	1,140,743	542,462
Losses on disposal of investment property	-	14,000,000
Impairment losses on investment property	3,741,907	-
Share of profit from equity accounted investment	(5,773,534)	(1,623,066)
Finance Income	(7,614,790)	(1,374,355)
Finance costs	16,449,873	15,593,918
Fair value adjustment of investment properties	(33,309,781)	(26,314,126)
Impairment losses on receivables	3,311,256	1,656,004
Movement in operating lease assets relating to assets held for sale	-	(420,352)
Movement in operating lease assets	(1,475,841)	9,923,513
Operating Income before working capital changes	56,455,730	76,569,209
Working capital changes		
Trade and other receivables	16,748,817	(27,205,038)
Trade and other payables	(23,564,680)	25,831,854
Cash generated from operations	49,639,867	75,196,025
Tax paid	(753,294)	(1,454,319)
Cash generated from operating activities	48,886,573	73,741,706
Cash flows (used in)/from investing activities		
Additions to investment properties	(146,416,285)	(36,925,036)
Proceeds on sale of investment property	9,000,000	226,000,000
Acquisitions of investments at fair value	-	(6,250,000)
Distribution from Associate	2,400,000	2,300,000
Finance income	7,614,790	1,374,355
Acquisition of property, plant & equipment	(187,957)	(1,951,456)
Net cash (used in)/from investing activities	(127,589,452)	184,547,863
Cash flows used in financing activities		
Proceeds from borrowings	-	41,530,000
Repayment of borrowings	(2,151,764)	(984,322)
Payment on lease liability	(484,516)	-
Finance costs	(16,449,873)	(15,593,918)
Dividends paid	(280,000)	(280,000)
Dividends and Debt interest paid	(49,953,120)	(46,816,000)
Net cash used in financing activities	(69,319,273)	(22,144,240)
Net increase/(decrease) in cash and cash equivalents	(148,022,152)	236,145,329
Cash and cash equivalents at beginning of the year	270,613,048	34,467,719
Cash and cash equivalents at end of the year	122,590,894	270,613,048

SEGMENTAL REPORTING

The Company's business activities are concentrated in the segment of property rentals and are carried out within the geographical region of Botswana.

Segmental Statement of Comprehensive Income for the year ended 30 June 2020

	Commercial & Retail					Leisure P	Industrial P	Residential P	Total P
	Corporate P	& Retail P							
Segment revenue-rental income	-	25,177,614	-	-	-	51,793,139	4,184,715	81,155,468	
Other operating income	2,525	11,400	-	-	-	3,528,635	34,630	3,577,190	
Movement in Credit loss allowances	(3,311,256)	-	-	-	-	-	-	(3,311,256)	
Administration and operating expenses	(22,474,997)	(2,614,606)	-	-	-	(3,372,165)	(1,268,160)	(29,729,929)	
Impairment loss on investment properties	-	-	-	-	-	(3,741,907)	-	(3,741,907)	
Operating Profit	(25,783,728)	22,574,408	-	-	-	48,207,702	2,951,185	47,949,567	
Finance income	7,614,790	-	-	-	-	-	-	7,614,790	
Finance costs	(3,609,426)	(10,619,499)	-	-	-	(2,220,949)	-	(16,449,873)	
Share of profit from equity accounting investments	5,773,534	-	-	-	-	-	-	5,773,534	
Fair value gain on investment property net of adjustment resulting from straight lining of rental revenue	-	(2,835,750)	-	-	-	36,174,145	(28,614)	33,309,781	
Profit before tax	(16,004,829)	9,119,159	-	-	-	82,160,899	2,922,571	78,197,799	
Taxation	(17,635,063)	-	-	-	-	-	-	(17,635,063)	
Profit from continuing operations	(33,639,892)	9,119,159	-	-	-	82,160,899	2,922,571	60,562,735	
Discontinued operations	-	-	-	-	-	1,788,098	-	1,788,098	
Profit from discontinued operations	-	-	-	-	-	-	-	1,788,098	
Profit for the year	(33,639,892)	9,119,159	-	-	-	82,160,899	2,922,571	62,350,834	

Segmental Statement of Comprehensive Income for the year ended 30 June 2019

Segment revenue-rental income	-	25,116,538	26,404,510	46,505,360	4,449,299	102,475,707
Other operating income	-	12,600	52,425	242,858	30,733	338,616
Movement in Credit loss allowances	(1,656,004)	-	-	-	-	(1,656,004)
Administration and Property operating expenses	(17,628,536)	(1,928,994)	(959,702)	(3,629,112)	(1,424,385)	(25,570,728)
Operating Profit	(19,826,998)	23,200,144	25,497,233	43,119,106	3,055,647	75,587,591
Finance income	1,374,355	-	-	-	-	1,374,355
Finance costs	(15,593,918)	-	-	-	-	(15,593,918)
Other non-operating losses	-	-	(14,000,000)	-	-	(14,000,000)
Share of profit from equity accounting investments	1,623,066	-	-	-	-	1,623,066
Fair value gain on investment property net of adjustment resulting from straight lining of rental revenue	-	(3,610,835)	651,000	23,780,296	5,493,665	26,314,126
Profit before tax	(32,423,495)	19,589,309	12,148,233	66,899,402	8,549,312	74,762,760
Taxation	(11,512,163)	-	-	-	-	(11,512,163)
Profit from continuing operations	(43,935,658)	19,589,309	12,148,233	66,899,402	8,549,312	63,250,598
Discontinued operations	-	-	-	-	-	-
Loss from discontinued operations	-	-	(10,177,549)	-	-	(10,177,549)
Profit for the year	(43,935,658)	19,589,309	1,970,684	66,899,402	8,549,312	53,073,048

Segmental Statement of Financial Position as at 30 June 2020

Investment Property including operating lease asset	-	246,260,000	7,586,000	610,000,000	47,950,000	911,796,000
Other assets	191,378,877	1,753,225	180	6,473,879	413,337	200,019,499
Non-current asset held for sale	-	-	-	-	-	-
191,378,877	248,013,225	7,586,180	616,473,879	48,363,337	1,111,815,499	

Segmental Statement of Financial Position as at 30 June 2019

Investment Property including operating lease asset	-	244,200,000	7,586,000	434,600,000	47,950,000	734,336,000
Other assets	324,967,454	1,149,530	27,175,816	376,766	106,500	353,776,066
Non-current asset held for sale	-	-	9,000,000	-	-	9,000,000
324,967,454	245,349,530	43,761,816	434,976,766	48,056,500	1,097,112,066	

COMMENTARY - JUNE 2020

1. Operational Overview

We are pleased to announce that the audited financial results for the year ended 30 June 2020, reflect that the company continues to post impressive results. The company's profit before tax has gone up by 24% in comparison to prior year's performance.

Notwithstanding the above, our tenants have experienced business interruptions due to COVID-19 lockdowns, this has resulted in tenants falling behind on rentals. The Government of Botswana declared a six-month state of emergency which ends on the 30th September 2020. The country has also experienced several lockdowns, with the first running for 52-days from 2nd April 2020, and this was followed by two more lockdowns, albeit only for the Greater Gaborone Covid-19 Zone.

LLR recognises and appreciates the cashflow challenges which businesses are going through due to the effects of the lockdowns and accorded tenants rental deferrals for a period of three months from April 2020, with the view of recovering the deferred amounts in future. These concessions to tenants are on a case-by-case and month-by-month basis.

The company has further grown its balance sheet by acquiring a portfolio of 6 prime industrial properties at a purchase consideration of P174.4million. The acquisition was wholly funded by cash reserves from the sale of the leisure portfolio to Cresta Marakanelo Limited which was concluded at