

SANLAM AFRICA CORE REAL ESTATE INVESTMENTS LIMITED

Incorporated in the Republic of Mauritius | Registration number 109045 C1/GBL | ISIN code MU0396S00004 | SEDOL code B979H90 | SEM code SARE-N-0101 | Short name SACREIL | ("the Company")

ABRIDGED AUDITED FINANCIAL STATEMENTS for the year ended 31 December 2019

DIRECTORS' COMMENTARY

COMPANY OVERVIEW

The Company is incorporated in Mauritius and holds a Global Business Licence issued by the Financial Services Commission. SACREIL is listed on the Official Market of the Stock Exchange of Mauritius Ltd ("SEM"), with core real estate assets in Ghana, Tanzania and Nigeria.

COMPANY REVIEW FOR THE YEAR ENDED 31 DECEMBER 2019

The economies in the region remain under pressure. Some of the reasons are country-specific, whilst others are macroeconomic and influenced by world events, especially the global Covid-19 pandemic.

All three investments generated positive cash from their operations during the last quarter of 2019. The Company's Net Asset Value per Class A share has however decreased from US\$4.8735 in the previous quarter to US\$4.3892 as at 31 December 2019 as a result of property devaluations. The Company's Gross Asset Value has therefore been revised from US\$136.5 million to US\$126.8 million.

The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) has increased to 42.8% as at 31 December 2019 from 37% as at 31 December 2018.

No dividend has been declared in respect of 2019 (2018: USD 0.06 per share) due to the recognition of unrealised losses in the fair value of the properties and the

solvency requirements of the Companies Act, 2001. The cash held at year end will be applied to restructure and refinance the balance sheets of the wholly owned subsidiaries where senior loan facilities have reached full term.

The Company's current asset base consists of:

- **Accra Mall (Accra, Ghana):** The mall measuring 21,384 m² offers a quality mix of local and international tenants. The occupancy rates improved to 97% (2018: 93%). The Ghanaian Cedi continues to experience pressure against the US dollar. The trading conditions have, however, remained largely resilient despite exchange rate pressures.
- **Atlantic House (Lagos, Nigeria):** The occupancy rates of the office block measuring 4,271 m² currently stand at 68% (2018: 56%), despite the competitiveness of the rental market resulting from an oversupply of quality lettable office space in Lagos.
- **Capital Properties (Dar es Salaam, Tanzania):** The occupancy rates of the three towers measuring 20,962 m² currently stand at 88% up from 83% as at the 31 December 2018, which remains high relative to the real estate market in Dar es Salaam, which is still under pressure due to the oversupply of lettable office space following the relocation of the Government of Tanzania from Dar es Salaam to Dodoma. The focus therefore remains on ensuring efficiency in operations and tenant retention.

COMPANY OUTLOOK

The Company continues to trade under cautionary as the Advisor is in discussions

with various parties regarding the future of the Company, which if successfully concluded, may have a material effect on the share price.

The onset of the Covid-19 pandemic in quarter one of 2020 is expected to cause disruption and have a negative impact on the economies of Africa and the geographies in which the Company invests. This is expected to place pressure on the operations of most of the Company's tenants and potentially impair their ability to pay rental in the short to medium term. This is expected to have an impact on both the Company's cash flows and the valuation of its investments.

IMPORTANT INFORMATION

Any forecast statement above, and the forecasts underlying such statements, are the responsibility of the Board and have not been reviewed or reported on by the Company's external auditors. The forecast is based on assumptions, including assumptions about regional, political and economic environments, as well as that a stable global macroeconomic environment will prevail.

The Gross Asset Value of the Company is sensitive to the Independent Valuer and Advisor's valuations of its properties which are, in turn, sensitive to the valuation parameters used, in particular discount and reversionary capitalisation rates.

It should be noted that if the Gross Asset Value of the Company is less than US\$750 million on 31 December 2020, then each Class A Shareholder may, subject to the Company's Constitution, elect to have its shareholding repurchased by the Company, provided that the Company can obtain the necessary funds.

STATEMENT OF FINANCIAL POSITION

| | Audited as at 31 December 2019 | Audited as at 31 December 2018 |
|---|--------------------------------------|--------------------------------------|
| Assets | US\$ | US\$ |
| Cash and cash equivalents | 7,477,636 | 4,881,150 |
| Loan receivable | 429,412 | 3,829,412 |
| Other receivables and prepayments | 401,207 | 375,003 |
| Financial assets at fair value through profit or loss | 73,913,012 | 89,377,824 |
| Total assets | 82,221,267 | 98,463,389 |
| Liabilities | | |
| Advisory fees payable | (344,177) | (363,035) |
| Other payables and accruals | (78,333) | (75,815) |
| Total liabilities | (422,510) | (438,850) |
| Net assets attributable to shareholders | 81,798,757 | 98,024,539 |
| Net assets attributable to: | | |
| Class A | 73,020,286 | 87,504,769 |
| Class B | 8,778,371 | 10,519,670 |
| Class C | 100 | 100 |
| Net assets attributable to shareholders | 81,798,757 | 98,024,539 |

STATEMENT OF CASH FLOWS

| | Audited for the year ended 31 December 2019 | Audited for the year ended 31 December 2018 |
|--|---|---|
| | US\$ | US\$ |
| Net cash used in operating activities | (1,787,338) | (2,436,729) |
| Net cash flows generated from investing activities | 4,383,824 | 168,317 |
| Net cash flows used in financing activities | - | (1,118,185) |
| Net increase/ (decrease) in cash and cash equivalents | 2,596,486 | (3,386,597) |
| Cash and cash equivalents at beginning of year | 4,881,150 | 8,267,747 |
| Cash and cash equivalents at end of year | 7,477,636 | 4,881,150 |

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

| 2019 | Net assets attributable to: | | | |
|---|-----------------------------|-------------|---------|--------------|
| | Class A | Class B | Class C | Total |
| | US\$ | US\$ | US\$ | US\$ |
| At 1 January 2019 | 87,504,769 | 10,519,670 | 100 | 98,024,539 |
| Decrease in net assets attributable to shareholders from operations | (14,484,483) | (1,741,299) | - | (16,225,782) |
| Audited as at 31 December 2019 | 73,020,286 | 8,778,371 | 100 | 81,798,757 |
| Number of shares in issue | 16,636,409 | 2,000,000 | 100 | |
| Net asset value per share | US\$4.3892 | US\$4.3892 | US\$ 1 | |

| 2018 | Net assets attributable to: | | | |
|---|-----------------------------|------------|---------|-------------|
| | Class A | Class B | Class C | Total |
| | US\$ | US\$ | US\$ | US\$ |
| At 1 January 2018 | 91,811,526 | 11,037,421 | 100 | 102,849,047 |
| Decrease in net assets attributable to shareholders from operations | (4,306,757) | (517,751) | - | (4,824,508) |
| Audited as at 31 December 2018 | 87,504,769 | 10,519,670 | 100 | 98,024,539 |
| Number of shares in issue | 16,636,409 | 2,000,000 | 100 | |
| Net asset value per share | US\$5.2598 | US\$5.2598 | US\$ 1 | |

NOTES

- The abridged audited financial statements for the year ended 31 December 2019 ("abridged audited financial statements") have been prepared using the same accounting policies and method of computation followed per the audited financial statements for the year ended 31 December 2019 which are in compliance with the International Financial Reporting Standards. The auditor's report to the financial statements is unqualified.
- The abridged audited financial statements have been reviewed by the Company's external auditors, Ernst & Young Mauritius. These abridged audited financial statements were approved by the Board of Directors on 27 August 2020.
- Copies of the abridged audited financial statements and the Statement of direct and indirect interests of each officer of the Company, pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request at the Registered Office of the Company at c/o Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius.
- This communiqué is issued pursuant to SEM Listing Rules 11.3 and 12.14 and section 88 of the Securities Act of Mauritius 2005. The Board accepts full responsibility for the accuracy of the information contained in this communiqué. Contact Person: Mrs Smitha Algoo-Bissonauth

By order of the Board

Intercontinental Trust Limited
Company Secretary
Perigum Capital Ltd
SEM Authorised representative and Sponsor

28 August 2020



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Audited for the year ended 31 December 2019 | Audited for the year ended 31 December 2018 |
|---|--|--|
| INCOME | US\$ | US\$ |
| Interest income | 93,824 | 161,982 |
| Dividend Income | 890,000 | 1,575,000 |
| | 983,824 | 1,736,982 |
| EXPENSES | | |
| Net loss on financial assets at fair value through profit or loss | (15,464,812) | (3,019,952) |
| Professional fees | (67,650) | (64,097) |
| Advisory fees | (1,406,793) | (1,467,895) |
| Audit fees | (23,460) | (21,275) |
| Bank charges | (5,097) | (9,443) |
| Accounting fees | (56,280) | (56,280) |
| Disbursements | (1,627) | (3,073) |
| Licence fees | (21,483) | (21,866) |
| Due diligence fees | - | (560,414) |
| Legal fees | - | (40,975) |
| Directors' fees | (122,547) | (120,572) |
| Receivable written off | (20,000) | (20,000) |
| Other expenses | (19,857) | (37,463) |
| | (17,209,606) | (5,443,305) |
| Loss before tax | (16,225,782) | (3,706,323) |
| Income tax expense | - | - |
| Loss for the year | (16,225,782) | (3,706,323) |
| Finance costs – Distribution to shareholders | - | (1,118,185) |
| Decrease in net assets attributable to shareholders from operations | (16,225,782) | (4,824,508) |