



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 UNAUDITED FINANCIAL STATEMENTS for the three months and nine months ended 30 September 2020

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 PERIOD ENDED 30 SEPTEMBER 2020

The Covid-19 pandemic is having a prolonged impact on the economies in which the Company is invested. These economies have contracted and the outlook is for an extended slow recovery that may take 18-36 months before returning to some form of pre-Covid normality. The effect on operations is reduced revenues as defensive rental concessions have been granted to tenants, against a lower outlook for market rentals and rental growth rates.

All three investments generated positive cash from their operations during the third quarter increasing the Company's Net Asset Value per Class A share from US\$3.8239 as at 30 June 2020 to US\$3.8386 as at 30 September 2020. The Directors have considered the property markets and the economies in which the Company has invested and concluded that the valuations as at the end of 30 June 2020 need not be adjusted. As at 30 September 2020 the Company's Gross Asset Value is therefore maintained at US\$115.9 million. The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) as at 30 September 2020 has increased marginally from 46.8% to 46.99% due to interest capitalized.

The Company's current asset base consists of:

- Accra Mall (Accra, Ghana):** The mall measuring 21,384 m² comprises of a mix of local and international tenants. The occupancy currently stands at 95.7%. Ghana's economic growth is forecast to be the lowest in 37 years mainly due to an expected shortfall in oil receipts and lower tax revenues and duties.
- Atlantic House (Lagos, Nigeria):** The occupancy rates of the office block measuring 4,271 m² currently stands at 68.6% in a very competitive rental market. Nigeria has been impacted by both the Covid pandemic and a low oil price - recovery depends on an increased demand for oil and higher price levels. In addition the country is now experiencing USD liquidity constraints.
- Capital Properties (Dar es Salaam, Tanzania):** The occupancy rates of the three towers measuring 20,962 m² currently stands at 86.6%, 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. Tanzania's GDP is expected to shrink in the short term as a significant portion of revenues is derived from agricultural exports and the tourism industry.

The key operational focus remains tenant retention (including rental concessions) cash collections, cash flow management and operational cost efficiencies.

COMPANY OUTLOOK

The Company continues to trade under cautionary as it considers a number of strategic options to address the Company's potential liquidity requirements post 31 December

2020.

The economic factors across the sub-Saharan Africa region will continue to exert pressure on our tenants, should they worsen this could impact the tenants' ability to pay rental, thereby reducing cash flow and possibly valuations.

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 macro-economic 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. The Company then has two years during which to raise funds to repurchase the shares at the net asset value per share as at the day prior to the repurchase date.

STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 September 2020	Audited as at 31 December 2019
Assets	US\$	US\$
Cash and cash equivalents	1,221,825	7,477,636
Loan receivable	429,412	429,412
Other receivables and prepayments	578,669	401,207
Financial assets at fair value through profit or loss	69,694,559	73,913,012
Total assets	71,924,465	82,221,267
Liabilities		
Advisory fees payable	(292,149)	(344,177)
Other payables and accruals	(95,260)	(78,333)
Total liabilities	(387,409)	(422,510)
Net assets attributable to shareholders	71,537,056	81,798,757
Net assets attributable to:		
Class A	63,859,838	73,020,286
Class B	7,677,118	8,778,371
Class C	100	100
Net assets attributable to shareholders	71,537,056	81,798,757

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 30 September 2020	Unaudited for the period ended 30 September 2019
	US\$	US\$
Net cash flows used in operating activities	(1,370,238)	(1,294,114)
Net cash flows used in investing activities	(4,885,573)	-
Net decrease in cash and cash equivalents	(6,255,811)	(1,294,114)
Cash and cash equivalents at beginning of period	7,477,636	4,881,150
Cash and cash equivalents at end of period	1,221,825	3,587,036

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	Net assets attributable to:			
	Class A	Class B	Class C	Total
	US\$	US\$	US\$	US\$
At 1 January 2020	73,020,286	8,778,371	100	81,798,757
Decrease in net assets attributable to shareholders from operations	(9,160,448)	(1,101,253)	-	(10,261,701)
Unaudited as at 30 September 2020	63,859,838	7,677,118	100	71,537,056
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 3.8386	US\$ 3.8386	US\$ 1	

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the nine months to 30 September 2020	Unaudited for the three months to 30 September 2020	Unaudited for the nine months to 30 September 2019	Unaudited for the three months to 30 September 2019
	US\$	US\$	US\$	US\$
INCOME				
Net gain on financial assets at fair value through profit or loss	-	671,612	-	1,404,095
Interest income	-	-	93,824	-
	-	671,612	93,824	1,404,095
EXPENSES				
Net loss on financial assets at fair value through profit or loss	(9,104,026)	-	(5,820,501)	-
Provision for impairment	(20,000)	(10,000)	(20,000)	(10,000)
Professional fees	(47,485)	(20,398)	(51,249)	(15,620)
Advisory fees	(924,433)	(292,149)	(1,062,616)	(344,177)
Audit fees	(17,336)	(5,779)	(16,042)	(5,232)
Bank charges	(3,300)	(1,465)	(3,917)	(920)
Accounting fees	(44,648)	(15,549)	(43,875)	(14,625)
Disbursements	(945)	(455)	(840)	-
Licence fees	(15,448)	(4,775)	(16,062)	(5,421)
Directors' fees	(81,440)	(46,600)	(89,624)	(28,000)
Expected credit losses	-	-	(148,856)	-
Other expenses	(2,094)	(2,094)	(19,349)	-
Exchange rate loss	(546)	(75)	(428)	(81)
	(10,261,701)	(399,339)	(7,293,359)	(424,076)
(Loss)/Profit before tax	(10,261,701)	272,273	(7,199,535)	980,019
Income tax provision	-	-	-	-
(Loss)/Profit for the period	(10,261,701)	272,273	(7,199,535)	980,019
Finance costs	-	-	-	-
(Decrease)/Increase in net assets attributable to shareholders from operations	(10,261,701)	272,273	(7,199,535)	980,019

2019

	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	(6,426,904)	(772,631)	-	(7,199,535)
Unaudited as at 30 September 2019	81,077,865	9,747,039	100	90,825,004
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 4.8735	US\$ 4.8735	US\$ 1	

NOTES

- The Company is required to publish interim financial results in terms of the Listing Rule 12.19 of the Stock Exchange of Mauritius Ltd ("SEM") and Section 88(1) of the Securities Act 2005. The abridged unaudited financial statements for the three months and nine months ended 30 September 2020 ("abridged unaudited financial statements") have been prepared in accordance with the measurement and recognition requirements of IFRS, the information contained in IAS 34: Interim Financial Reporting, the SEM Listing Rules and the Securities Act 2005, using the same accounting policies as those of the audited financial statements for the year ended 31 December 2019.
- The abridged unaudited financial statements have not been reviewed or reported on by the Company's external auditors. These abridged unaudited financial statements were approved by the Board of Directors on 13 November 2020.
- Copies of the abridged unaudited 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 12.20. 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

13 November 2020



Perigeum Capital Ltd
SEM Authorised Representative and Sponsor