



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 six months ended 30 June 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 JUNE 2020

The economies in which the Company invests have all been adversely affected by the economic impact of the Covid-19 pandemic which in addition has exacerbated certain country-specific factors, such as the oil price on the Nigerian economy, with a consequent material negative impact on the value of the Company's assets and its outlook. All the properties generated operating profits before the fair value adjustments. The major driver for lower valuations has been a decline in market rentals, short term rental concessions, limited or no short to medium term rental growth forecasts, and increased country and market risk priced into the applicable discount and capitalization rates.

The Company's Net Asset Value per Class A share and Gross Asset Value declined, from US\$4.4093 to US\$3.8239, and US\$126.8 million to US\$115.9 million respectively, from the previous quarter. The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) also increased from 42.8% to 46.8%.

The Company's current asset base consists of:

Accra Mall (Accra, Ghana): The economy has been hard hit due to the global pandemic, which had an adverse impact on domestic consumption. The economy is forecast to expand by a modest 1.1% in 2020. However the economy continues to remain vulnerable due to challenges to government finances and volatile commodity prices. Domestic demand is expected to decline. The mall occupancy rates have declined slightly since March 2020 and currently stand at 95.65%.

Atlantic House (Lagos, Nigeria): The economy's over-reliance on the volatile oil production and prices weighs on the outlook. The rental market remains highly competitive due to an oversupply of lettable office space in Lagos and the impact of the recent decline in oil prices and Covid-19 does not bode well for Atlantic House's performance. Occupancy rates currently stand at 68%.

Capital Properties (Dar es Salaam, Tanzania): Tanzania has not had a full lockdown since the global pandemic began and the Government recently declared that Tanzania was Covid-19 free. However, social distancing regulations and the work-from-home policy which many tenants adopted, have slowed economic activity. Occupancy rates of the three towers, remained stable over the quarter at 89%, although the real estate market in Dar es Salaam is still under pressure, due to oversupply of office space, which has now been exacerbated by the impact of the pandemic placing further negative pressure on rentals.

COMPANY OUTLOOK

The current negative economic factors across the sub-Saharan Africa region will continue to exert pressure on our tenants and consequently their ability to pay rental,

reducing cash flow and possibly valuations.

The primary focus of the Company and its management teams is the preservation of occupancies and rental collections, by means of a proactive engagement with tenants (across all assets) who are experiencing trading difficulties and have requested assistance in the form of concessions. In all cases where the Company has granted concessions, these are reviewed every three months in relation to the business environment.

The Company continues to trade under cautionary as the Advisor is in discussion with various parties regarding the future of the Company, which if successfully concluded, may have a material effect on the share price.

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.

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 article 10 of the Company's Constitution, elect to have its shareholding repurchased by the Company. The Company then has two years during which to raise funds to repurchase the shares at the then prevailing net asset value per share.

STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 June 2020	Audited as at 31 December 2019
	US\$	US\$
Assets		
Cash and cash equivalents	7,302,466	7,477,636
Loan receivable	429,412	429,412
Other receivables and prepayments	432,765	401,207
Financial assets at fair value through profit or loss	64,137,372	73,913,012
Total assets	72,302,015	82,221,267
Liabilities		
Advisory fees payable	(976,461)	(344,177)
Other payables and accruals	(60,772)	(78,333)
Total liabilities	(1,037,233)	(422,510)
Net assets attributable to shareholders	71,264,782	81,798,757
Net assets attributable to:		
Class A	63,616,784	73,020,286
Class B	7,647,898	8,778,371
Class C	100	100
Net assets attributable to shareholders	71,264,782	81,798,757

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 30 June 2020	Unaudited for the period ended 30 June 2019
	US\$	US\$
Net cash utilised in operating activities	(175,170)	(871,333)
Net cash flows generated from/ (used in) investing activities	-	-
Net cash flows generated from/ (used in) financing activities	-	-
Net decrease in cash and cash equivalents	(175,170)	(871,333)
Cash and cash equivalents at beginning of period	7,477,636	4,881,150
Cash and cash equivalents at end of period	7,302,466	4,009,817

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

2020	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	(9,403,502)	(1,130,473)	-	(10,533,975)
Unaudited as at 30 June 2020	63,616,784	7,647,898	100	71,264,782
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 3.8239	US\$ 3.8239	US\$ 1	

2019

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	(7,301,749)	(877,803)	-	(8,179,552)
Unaudited as at 30 June 2019	80,203,020	9,641,867	100	89,844,987
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 4.8209	US\$ 4.8209	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 six months ended 30 June 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 11 September 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 Algoob-Bissonauth.

By order of the Board

Intercontinental Trust Limited
Company Secretary

14 September 2020

Perigeum Capital Ltd
SEM Authorised Representative and Sponsor



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the six months to 30 June 2020	Unaudited for the three months to 30 June 2020	Unaudited for the six months to 30 June 2019	Unaudited for the three months to 30 June 2019
	US\$	US\$	US\$	US\$
INCOME				
Interest income	-	-	93,824	47,171
Exchange rate gain	-	-	-	38
	-	-	93,824	47,209
EXPENSES				
Net loss on financial assets at fair value through profit or loss	(9,775,640)	(10,525,373)	(7,224,596)	(7,955,973)
Provision for impairment	(10,000)	(10,000)	(10,000)	(10,000)
Professional fees	(27,087)	(12,609)	(35,629)	(20,825)
Advisory fees	(632,284)	(316,142)	(718,439)	(361,204)
Audit fees	(11,558)	(5,780)	(10,810)	(5,578)
Bank charges	(1,835)	(950)	(2,997)	(2,133)
Accounting fees	(29,098)	(14,216)	(29,250)	(14,625)
Disbursements	(490)	(290)	(840)	(565)
Licence fees	(10,672)	(5,336)	(10,640)	(5,322)
Directors' fees	(34,840)	(18,979)	(61,624)	(28,049)
Expected credit losses	-	-	(148,856)	(148,856)
Other expenses	-	-	(19,349)	(18,958)
Exchange rate loss	(471)	(62)	(346)	-
	(10,533,975)	(10,909,737)	(8,273,376)	(8,572,088)
Loss before tax	(10,533,975)	(10,909,737)	(8,179,552)	(8,524,879)
Income tax provision	-	-	-	-
Loss for the period	(10,533,975)	(10,909,737)	(8,179,552)	(8,524,879)
Finance costs	-	-	-	-
Decrease in net assets attributable to shareholders from operations	(10,533,975)	(10,909,737)	(8,179,552)	(8,524,879)