



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 2020

DIRECTORS' COMMENTARY

COMPANY OVERVIEW

The Company is incorporated in Mauritius and holds a Global Business License 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 2020

The economies in which the Company invests have all been adversely affected by 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 has decreased from US\$3.8386 in the previous quarter to US\$3.4115 as at 31 December 2020 as a result of property devaluations. The Company's Gross Asset Value

has therefore been revised from US\$115.9 million to US\$104.4 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 47.51% as at 31 December 2020 from 46.99% as at 31 September 2020.

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 rate decreased to 95% (2019: 97%). 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 improved slightly to 71% (2019: 68%), despite ongoing pressures in 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 85% down from 88% as at the 31 December 2019, 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.

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.

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 the Gross Asset Value of the Company is less than US\$750 million as at 31 December 2020. Each Class A Shareholder may elect to have its shareholding repurchased by the Company. The Company has two years during which to raise funds to repurchase the shares at the net asset value the day prior to the repurchase date.

STATEMENT OF FINANCIAL POSITION

| | Audited as at 31 December 2020 | *Restated Audited as at 31 December 2019 | *Restated Audited as at 01 January 2019 |
|---|--------------------------------|--|---|
| Assets | US\$ | US\$ | US\$ |
| Cash and cash equivalents | 658,250 | 7,477,636 | 4,881,150 |
| Loan receivable | 429,412 | 429,412 | 3,829,412 |
| Other receivables and prepayments | 765,255 | 401,207 | 375,003 |
| Financial assets at fair value through profit or loss | 57,230,854 | 78,112,046 | 95,168,067 |
| Equity investment in LPM | 4,885,573 | - | - |
| Total assets | 63,969,344 | 86,420,301 | 104,253,632 |
| Liabilities | | | |
| Advisory fees payable | (292,149) | (344,177) | (363,035) |
| Other payables and accruals | (99,135) | (78,333) | (75,815) |
| Total liabilities | (391,284) | (422,510) | (438,850) |
| Net assets attributable to shareholders | 63,578,060 | 85,997,791 | 103,814,782 |
| Net assets attributable to: | | | |
| Class A | 56,754,976 | 76,768,694 | 92,673,622 |
| Class B | 6,822,984 | 9,228,997 | 11,141,060 |
| Class C | 100 | 100 | 100 |
| Net assets attributable to shareholders | 63,578,060 | 85,997,791 | 103,814,782 |

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Audited for the year ended 31 December 2020 | *Restated Audited for the year ended 31 December 2019 |
|---|---|---|
| INCOME | US\$ | US\$ |
| Interest income | - | 93,824 |
| Dividend Income | - | 890,000 |
| | - | 983,824 |
| EXPENSES | | |
| Net loss on financial assets at fair value through profit or loss | (20,881,192) | (17,056,021) |
| Professional fees | (64,112) | (67,650) |
| Advisory fees | (1,216,582) | (1,406,793) |
| Audit fees | (46,000) | (23,460) |
| Bank charges | (4,503) | (5,097) |
| Accounting fees | (56,280) | (56,280) |
| Disbursements | (1,345) | (1,627) |
| Licence fees | (20,237) | (21,483) |
| Directors' fees | (103,979) | (122,547) |
| Receivable written off | (20,000) | (20,000) |
| Other expenses | (5,501) | (19,857) |
| | (22,419,731) | (18,800,815) |
| Loss before tax | (22,419,731) | (17,816,991) |
| Income tax expense | - | - |
| Loss for the year | (22,419,731) | (17,816,991) |
| Finance costs – Distribution to shareholders | - | - |
| Decrease in net assets attributable to shareholders from operations | (22,541,255) | (17,816,991) |

STATEMENT OF CASH FLOWS

| | Audited for the year ended 31 December 2020 | *Restated Audited for the year ended 31 December 2019 |
|--|---|---|
| | US\$ | US\$ |
| Net cash used in operating activities | (1,933,813) | (803,514) |
| Net cash flows (used in)/generated from investing activities | (4,885,573) | 3,400,000 |
| Net cash flows generated from financing activities | - | - |
| Net (decrease)/increase in cash and cash equivalents | (6,819,386) | 2,596,486 |
| Cash and cash equivalents at beginning of year | 7,477,636 | 4,881,150 |
| Cash and cash equivalents at end of year | 658,250 | 7,477,636 |

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

| 2020 | Net assets attributable to: | | | |
|--|-----------------------------|-------------|---------|--------------|
| | Class A | Class B | Class C | Total |
| At 1 January 2020 | US\$ | US\$ | US\$ | US\$ |
| As previously reported | 73,020,286 | 8,778,371 | 100 | 81,798,757 |
| *Effect of prior year adjustments | 3,748,408 | 450,626 | - | 4,199,034 |
| *As restated | 76,768,694 | 9,228,997 | 100 | 85,997,791 |
| Decrease in net assets attributable to shareholders from operations | (20,013,718) | (2,406,013) | - | (22,419,731) |
| Audited as at 31 December 2020 | 56,754,976 | 6,822,984 | 100 | 63,578,060 |
| Number of shares in issue | 16,636,409 | 2,000,000 | 100 | |
| Net asset value per share | US\$ 3.4115 | US\$ 3.4115 | US\$ 1 | |
| 2019 | Class A | Class B | Class C | Total |
| At 1 January 2019 | US\$ | US\$ | US\$ | US\$ |
| *As previously reported | 87,504,769 | 10,519,670 | 100 | 98,024,539 |
| *Effect of prior year adjustments | 5,168,853 | 621,390 | - | 5,790,243 |
| As restated | 92,673,622 | 11,141,060 | 100 | 103,814,782 |
| Decrease in net assets attributable to shareholders from operations - restated | (15,904,928) | (1,912,063) | - | (17,816,991) |
| *Restated Audited as at 31 December 2019 | 76,768,694 | 9,228,997 | 100 | 85,997,791 |
| Number of shares in issue | 16,636,409 | 2,000,000 | 100 | |
| *Restated Net asset value per share | US\$ 4.6145 | US\$ 4.6145 | US\$ 1 | |

NOTES

- *Correction of errors - These are prior year adjustments. All deferred tax liabilities in all the underlying investments were added back to the NAV in the determination of the fair values of the investments. As a consequence, all the investments at fair value through profit or loss and net assets attributable to shareholders have been adjusted.
- The abridged financial statements for the year ended 31 December 2020 ("abridged 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 2020 which are in compliance with the International Financial Reporting Standards and Finance Reporting Act. The auditor's report to the financial statements is unqualified.
- The abridged financial statements prepared based on the audited financial statements for the year ended 31 December 2020 as audited by the Company's external auditors, KPMG. These abridged audited financial statements were approved by the Board of Directors on 13 August 2021.
- Copies of the abridged 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 Algoob-Bissonauth

By order of the Board

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

13 August 2021

