



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 quarter ended 31 March 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 QUARTER ENDED 31 MARCH 2020

As at the date of this communication the Covid-19 virus had reached all of the markets in which the company invests. Both Ghana and Nigeria had instituted lockdowns while Tanzania did not. At this time it was too early to tell what the impact of the global Covid-19 pandemic would be and as most rentals are paid in advance, typically on a quarterly basis, it was difficult to estimate the possible effect of the pandemic. Considering the latter, added to the encouraging outlook for Sub-Saharan African economies at the end of 2019, it was decided to hold valuations steady. However given the potential impact of the pandemic, an adverse effect on performance is anticipated.

All three investments generated positive cash from their operations during the first quarter of 2020, resulting in an improvement in the Net Asset Value per Class A share to US\$4.4093 as at the quarter end of 31 March 2020, from US\$4.3892 as at 31 December 2019. The Company's Gross Asset Value of US\$126.8 million has remained unchanged since 31 December 2019.

The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) also remained at 42.8%.

The Company's current asset base consists of:

Accra Mall (Accra, Ghana): The economy was forecast to expand by a modest 1.1% in 2020. However, government finances remain vulnerable to volatile commodity prices and domestic demand is expected to soften. The mall occupancy rates have remained unchanged at 97% since last quarter. On balance, the economic factors will continue to exert pressure on our tenants.

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 office space in Lagos. Occupancy rates remained at 68%, similar to end of 2019.

Capital Properties (Dar es Salaam, Tanzania): The real estate market in Dar es Salaam is still under pressure due to oversupply of office space, resultant from the seat of government being moved to Dodoma, and the need to adopt defensive tactics to retain tenants. The occupancy rates of the three towers, increased marginally over the quarter from 86% to 88%.

COMPANY OUTLOOK

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.

As suggested in the previous communication, the onset of the Covid-19 pandemic in Q1 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 adverse affect both the Company's cash flows and the valuation of its asset base in the near term.

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 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

	Unaudited as at 31 March 2020	Audited as at 31 December 2019
Assets	US\$	US\$
Cash and cash equivalents	7,384,987	7,477,636
Loan receivable	429,412	429,412
Other receivables and prepayments	415,085	401,207
Financial assets at fair value through profit or loss	74,662,745	73,913,012
Total assets	82,892,229	82,221,267
Liabilities		
Advisory fees payable	(660,319)	(344,177)
Other payables and accruals	(57,391)	(78,333)
Total liabilities	(717,710)	(422,510)
Net assets attributable to shareholders	82,174,519	81,798,757
Net assets attributable to:		
Class A	73,355,722	73,020,286
Class B	8,818,697	8,778,371
Class C	100	100
Net assets attributable to shareholders	82,174,519	81,798,757

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the period ended 31 March 2020	Unaudited for the period ended 31 March 2019
INCOME	US\$	US\$
Net gain on financial assets at fair value through profit or loss	749,733	731,376
Interest income	-	46,653
	749,733	778,029
EXPENSES		
Professional fees	(14,477)	(14,804)
Advisory fees	(316,142)	(357,235)
Audit fees	(5,779)	(5,232)
Bank charges	(885)	(864)
Accounting fees	(14,883)	(14,625)
Disbursements	(200)	(275)
Licence fees	(5,336)	(5,319)
Directors' fees	(15,861)	(33,575)
Other expenses	-	(390)
Exchange differences	(408)	(385)
	(373,971)	(432,704)
Profit before tax	375,762	345,325
Income tax provision	-	-
Profit for the period	375,762	345,325
Finance costs – Distribution to shareholders	-	-
Increase in net assets attributable to shareholders from operations	375,762	345,325

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 31 March 2020	Unaudited for the period ended 31 March 2019
	US\$	US\$
Net cash used in operating activities	(92,649)	(46,107)
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	(92,649)	(46,107)
Cash and cash equivalents at beginning of period	7,477,636	4,881,150
Cash and cash equivalents at end of period	7,384,987	4,835,043

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
Increase in net assets attributable to shareholders from operations	335,436	40,326	-	375,762
Unaudited as at 31 March 2020	73,355,722	8,818,697	100	82,174,519
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$4.4093	US\$4.4093	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
Increase in net assets attributable to shareholders from operations	308,265	37,060	-	345,325
Unaudited as at 31 March 2019	87,813,034	10,556,730	100	98,369,864
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 5.2784	US\$ 5.2784	US\$ 1	

NOTES

- The Company is required to publish interim financial results in terms of the Listing Rule 12.19 of the SEM and Section 88 (1) of the Securities Act 2005. The abridged unaudited financial statements for the three months ended 31 March 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 of 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