



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 2021

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 2021

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 normalcy. 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 first quarter of 2021, resulting in an increase in the Net Asset Value per Class A share to US\$3.4354 as at the quarter end of 31 March 2021, from US\$3.4115 as at 31 December 2020. The Company's Gross Asset Value of US\$104.4 million has remained unchanged since 31 December 2020.

The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) also remained at 47.5%.

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 mall occupancy rates decreased marginally over the quarter from 95% to 90%. Government finances remain vulnerable to the volatile commodity prices and domestic demand is expected to soften. 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 71%.

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, remained at 85%.

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 the Gross Asset Value of the Company was 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 until 31 December 2022 to raise funds to repurchase the shares at the net asset value per share as at the day prior to the repurchase date.

The Advisor is considering strategic and finance options for the Company.

STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 March 2021	Audited as at 31 December 2020
	US\$	US\$
Assets		
Cash and cash equivalents	570,019	658,250
Loan receivable	429,412	429,412
Other receivables and prepayments	759,155	765,255
Financial assets at fair value through profit or loss	58,026,297	57,230,854
Equity investment in LPM	4,885,573	4,885,573
Total assets	64,670,456	63,969,344
Liabilities		
Advisory fees payable	(549,461)	(292,149)
Other payables and accruals	(96,610)	(99,135)
Total liabilities	(656,071)	(391,284)
Net assets attributable to shareholders	64,024,385	63,578,060
Net assets attributable to:		
Class A	57,153,403	56,754,976
Class B	6,870,882	6,822,984
Class C	100	100
Net assets attributable to shareholders	64,024,385	63,578,060

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the period ended 31 March 2021	Unaudited for the period ended 31 March 2020
	US\$	US\$
INCOME		
Net gain on financial assets at fair value through profit or loss	804,843	749,733
	804,843	749,733
EXPENSES		
Professional fees	(38,124)	(14,477)
Advisory fees	(257,312)	(316,142)
Audit fees	(10,063)	(5,779)
Bank charges	(940)	(885)
Accounting fees	(14,883)	(14,883)
Disbursements	(225)	(200)
Licence fees	(4,693)	(5,336)
Directors' fees	(27,000)	(15,861)
Other expenses	(5,020)	-
Exchange differences	(258)	(408)
	(358,518)	(373,971)
Profit before tax	446,325	375,762
Income tax provision	-	-
Profit for the period	446,325	375,762
Finance costs - Distribution to shareholders	-	-
Increase in net assets attributable to shareholders from operations	446,325	375,762

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 31 March 2021	Unaudited for the period ended 31 March 2020
	US\$	US\$
Net cash used in operating activities	(88,231)	(92,649)
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	(88,231)	(92,649)
Cash and cash equivalents at beginning of period	658,250	7,477,636
Cash and cash equivalents at end of period	570,019	7,384,987

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

2021	Net assets attributable to:			
	Class A	Class B	Class C	Total
	US\$	US\$	US\$	US\$
At 1 January 2021	56,754,976	6,822,984	100	63,578,060
Increase in net assets attributable to shareholders from operations	398,427	47,898	-	446,325
Unaudited as at 31 March 2021	57,153,403	6,870,882	100	64,024,385
Number of shares in issue	16,636,409	2,000,000	100	18,636,409
Net asset value per share	US\$ 3.4354	US\$ 3.4354	US\$ 1	

2020

2020	Net assets attributable to:			
	Class A	Class B	Class C	Total
	US\$	US\$	US\$	US\$
At 1 January 2020				
- 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
Increase in net assets attributable to shareholders from operations	335,436	40,326	-	375,762
*Restated Unaudited as at 31 March 2020	77,104,130	9,269,323	100	86,373,553
Number of shares in issue	16,636,409	2,000,000	100	
*Restated Net asset value per share	US\$ 4.6347	US\$ 4.6347	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, the net assets attributable to shareholders have been adjusted.
- 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 2021 ("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 2020.
- 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 August 2021.
- 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

Perigeum Capital Ltd

SEM Authorised Representative and Sponso



Intercontinental Trust Ltd

13 August 2021