

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 2022

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 QUARTER ENDED 31 MARCH 2022

All three properties performed well despite The World Bank's bi-annual publication, Africa's Pulse's, projection of decelerated growth in Sub-Saharan Africa (SSA) from 4% to 3.6% in 2022. The deceleration is attributed to the slowdown in the global economy, lingering effects of the coronavirus pandemic, elevated inflation, rising financial risks, continued supply disruptions, and the conflict in Ukraine.

Although occupancy levels have stabilised, rental income is still under pressure. Therefore, focus remains on leasing strategies, collections and managing expenses.

The Company's Gross Asset Value remained flat at US\$95.5million, with net fair value gains due to net profitability of investee companies. Therefore, Company's Net Asset Value per Class A share improved marginally from US\$2.9472 as at 31 December 2021 to US\$ 2.9642 as at 31 March 2022.

The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) remained at 51.7%

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 improved to 94% from 91%, as it retains its key advantages of location and size.
- **Atlantic House (Lagos, Nigeria):** The occupancy rates of the office block measuring 4,271 m2 remained at 81%. The focus continues to be the tenant retention in a highly competitive market.
- **Capital Properties (Dar es Salaam, Tanzania):** The occupancy rates of the three towers measuring 20,962 m2 maintains an above average occupancy of 86% compared to the dropping market where most of the buildings record occupancy rates of between 50-70%.

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.

It should be noted that as the Gross Asset Value of the Company was less than US\$750 million as at 31 December 2020, the Class A Shareholders could elect to have their shareholding repurchased by the Company. The Company provided its Class A Shareholders with the exit option on 26 March 2021.

The Company is using its best endeavors to purchase the Exit Shares from the sellers specified in each Exit Notice as soon as reasonably possible but not later than two years from the date of receipt by the Company of the Exit notices.

In the event that the Company fails to purchase all the Exit Shares within the two years period, this period can be extended by a further period of six months. The Company will provide each seller with a written notice of its inability to raise the required funds. The extension period may be extended by further periods of six months by providing further extension notice.

Strategic discussions regarding a potential recapitalization are at advanced stages which may provide the required liquidity to purchase the Exit Shares.

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.

STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 March 2022	Audited as at 31 December 2021
	US\$	
Assets		
Financial assets at fair value through profit or loss	53,715,792	53,415,322
Other receivables and prepayments	1,420,032	1,078,242
Cash and cash equivalents	752,900	1,076,061
Total assets	55,888,724	55,569,625
Equity		
Share capital	100	100
Total equity	100	100
Liabilities (Excluding net assets attributable to holders of redeemable shares)		
Advisory fees payable	514,665	526,061
Other payables and accruals	132,350	118,368
Total liabilities	647,015	644,429
Net assets attributable to holders of redeemable shares	55,241,609	54,925,096
Net assets attributable to:		
Class A	49,313,256	49,030,710
Class B	5,928,353	5,894,386
Net assets attributable to holders of redeemable shares	55,241,609	54,925,096

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the period ended 31 March 2022	Unaudited for the period ended 31 March 2021
	US\$	US\$
INCOME		
Dividend Income	350,000	-
Net gain on financial assets at fair value through profit or loss	300,470	804,843
	650,470	804,843
EXPENSES		
Accounting fees	(14,883)	(14,883)
Advisory fees	(251,635)	(257,312)
Audit fees	(11,788)	(10,063)
Bank charges	(1,426)	(940)
Directors' fees	(11,000)	(27,000)
Disbursements	(300)	(225)
Licence fees	(3,445)	(4,693)
Other expenses	(6,900)	(5,020)
Professional fees	(32,487)	(38,124)
Exchange differences	(93)	(258)
	(333,957)	(358,518)
Profit before finance costs and tax	316,513	446,325
Finance costs – Distribution to holders of redeemable shares	-	-
Increase in net assets attributable to holders of redeemable shares before tax	316,513	446,325
Income tax expense	-	-
Increase in net assets attributable to holders of redeemable shares	316,513	446,325

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 31 March 2022	Unaudited for the period ended 31 March 2021
	US\$	US\$
Net cash flows used in operating activities	(313,161)	(88,231)
Net cash flows (used in)/ generated from investing activities	(10,000)	-
Net cash flows generated from financing activities	-	-
Net decrease in cash and cash equivalents	(323,161)	(88,231)
Cash and cash equivalents at beginning of period	1,076,061	658,250
Cash and cash equivalents at end of period	752,900	570,019

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

2022	Net assets attributable to:			
	Class A	Class B	Class C	Total
At 1 January 2022				
	US\$	US\$	US\$	US\$
As previously reported	49,030,710	5,894,386	-	54,925,096
Increase in net assets attributable to holders of redeemable shares	282,546	33,967	-	316,513
At 31 March 2022	49,313,256	5,928,353	-	55,241,609
Number of shares in issue	16,636,409	2,000,000	-	-
Net asset value per share	US\$ 2.9642	US\$ 2.9642	-	-

2021	Net assets attributable to:			
	Class A	Class B	Class C	Total
At 1 January 2021				
	US\$	US\$	US\$	US\$
As previously reported	56,754,976	6,822,984	100	63,578,060
Increase in net assets attributable to holders of redeemable shares	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	-

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 2022 ("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 2021.
- 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 May 2022.
- 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 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 Algoo-Bissonauth

By order of the Board

Intercontinental Trust Limited
Company Secretary

Perigeum Capital Ltd
SEM Authorised representative and Sponsor

13 May 2022