



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 nine months ended 30 September 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 PERIOD ENDED 30 SEPTEMBER 2021

The Covid-19 pandemic continues to impact the economies in which the Company invests. Property markets are starting to stabilize and slowly recover. The markets have now rebounded with lower rentals and growth rates resulting in reduced revenues due to defensive rental concession strategies.

All three investments generated positive cash from their operations during the third quarter, however the effect of the lower rentals had a negative impact on the valuations of the property resulting in a decline in the Company's Net Asset Value per Class A share from US\$3,452.9 as at 30 June 2021 to US\$2,825.2 as at 30 September 2021. As at 30 September 2021 the Company's Gross Asset Value declined by 12% to US\$91.9 million. The Loan to Value Ratio (total third party debt in the group divided by the group's total gross asset value) as at 30 September 2021 has increased from 47.3% to 53.9%.

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 occupancy level has rebounded back to 96% from 90%. Focus remains on cost management, tenant retention strategies, collections and marketing strategies amid a declining rental market. Footfall has not returned to pre-Covid levels.
- Atlantic House (Lagos, Nigeria): The occupancy rate of the office block measuring 4,271 m² currently stands at 81% in a very competitive rental market. Nigeria has been impacted by both the Covid pandemic and persisting USD liquidity constraints. The strategy continues to be the retention of existing tenants and to efficiently manage expenses.
- Capital Properties (Dar es Salaam, Tanzania): The occupancy rate of the three towers measuring 20,962 m² currently stands at 85%, 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. Tanzania's real GDP for 2021 is expected to expand at between 3% to 5.3%. The leasing strategy has delivered good results in a competitive market.

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.

The economic factors across the sub-Saharan Africa region will continue to exert pressure on our tenants and 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.

STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 September 2021	Audited as at 31 December 2020
Assets	US\$	US\$
Cash and cash equivalents	745,473	658,250
Loan receivable	-	429,412
Other receivables and prepayments	935,833	765,255
Financial assets at fair value through profit or loss	46,431,183	57,230,854
Equity investment in LPM	4,885,573	4,885,573
Total assets	52,998,062	63,969,344
Liabilities		
Advisory fees payable	(263,030)	(292,149)
Other payables and accruals	(84,100)	(99,135)
Total liabilities	(347,130)	(391,284)
Net assets attributable to shareholders	52,650,932	63,578,060
Net assets attributable to:		
Class A	47,000,512	56,754,976
Class B	5,650,320	6,822,984
Class C	100	100
Net assets attributable to shareholders	52,650,932	63,578,060

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the nine months to 30 September 2021	Unaudited for the three months to 30 September 2021	Unaudited for the nine months to 30 September 2020	Unaudited for the three months to 30 September 2020
INCOME	US\$	US\$	US\$	US\$
Net gain on financial assets at fair value through profit or loss	-	-	-	671,612
Dividend income	950,000	950,000	-	-
Interest income	-	-	-	-
	950,000	950,000	-	671,612
EXPENSES				
Net loss on financial assets at fair value through profit or loss	(10,790,271)	(12,282,983)	(9,104,026)	-
Provision for impairment	(22,200)	(15,200)	(20,000)	(10,000)
Professional fees	(80,234)	(17,984)	(47,485)	(20,398)
Advisory fees	(780,514)	(263,030)	(924,433)	(292,149)
Audit fees	(37,433)	(17,308)	(17,336)	(5,779)
Bank charges	(3,945)	(1,859)	(3,300)	(1,465)
Accounting fees	(44,648)	(14,883)	(44,648)	(15,549)
Disbursements	(1,250)	(600)	(945)	(455)
Licence fees	(14,025)	(4,636)	(15,448)	(4,775)
Directors' fees	(63,582)	(26,000)	(81,440)	(46,600)
Expected credit losses	-	-	-	-
Other expenses	(38,684)	(3,439)	(2,094)	(2,094)
Exchange rate loss	(342)	(30)	(546)	(75)
	(11,877,128)	(12,647,952)	(10,261,701)	(399,339)
(Loss)/ Profit before tax	(10,927,128)	(11,697,952)	(10,261,701)	272,273
Income tax provision	-	-	-	-
(Loss)/ Profit for the period	(10,927,128)	(11,697,952)	(10,261,701)	272,273
Finance costs	-	-	-	-
(Decrease) / Increase in net assets attributable to shareholders from operations	(10,927,128)	(11,697,952)	(10,261,701)	272,273

STATEMENT OF CASH FLOWS

	Unaudited for nine months ended 30 September 2021	Unaudited for nine months ended 30 September 2020
	US\$	US\$
Net cash flows used in operating activities	(862,777)	(1,370,238)
Net cash flows generated from financing activities	950,000	-
Net cash flows used in investing activities	-	(4,885,573)
Net increase/(decrease) in cash and cash equivalents	87,223	(6,255,811)
Cash and cash equivalents at beginning of period	658,250	7,477,636
Cash and cash equivalents at end of period	745,473	1,221,825

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	Net assets attributable to:			
	Class A	Class B	Class C	Total
	US\$	US\$	US\$	US\$
2021				
At 1 January 2021	56,754,976	6,822,984	100	63,578,060
Decrease in net assets attributable to shareholders from operations	(9,754,464)	(1,172,664)	-	(10,927,128)
Unaudited as at 30 September 2021	47,000,512	5,650,320	100	52,650,932
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 2.8252	US\$ 2.8252	US\$ 1	
2020				
	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
Decrease in net assets attributable to shareholders from operations	(9,160,448)	(1,101,253)	-	(10,261,701)
Restated Unaudited as at 30 September 2020	67,608,246	8,127,744	100	75,736,090
Number of shares in issue	16,636,409	2,000,000	100	
*Restated Net asset value per share	US\$ 4.0639	US\$ 4.0639	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 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 nine months ended 30 September 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 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 16 December 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

17 December 2021



Perigeum Capital Ltd
SEM Authorised Representative and Sponsor