

SANLAM AFRICA CORE REAL ESTATE INVESTMENTS LIMITED



Rights Issue

Presentation to Shareholders on the Listing Particulars

Sanlam Africa Real Estate Advisor

May 2024



Company Background

The information provided herein is intended for the recipient only.

Sanlam Core Real Estate Investments Limited (“SACREIL”) is a permanent capital vehicle that:

- is a listed public company, incorporated and domiciled in Mauritius, with company number C109045;
- holds a Global Business License and operates as a closed-end fund (single fund) issued by the Financial Services Commission (the “FSC”);
- is regulated by the Securities Act 2005 and the Companies Act 2001; and
- is registered as a Reporting Issuer with the FSC.

Sanlam Africa Real Estate Advisor (“SAREA”) is a wholly owned subsidiary of Sanlam Investment Holdings Pty Ltd and provides advisory services to SACREIL.



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by SAREA

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Disclaimers in terms of the Listing Particulars (“LP”)

UNITED STATES

No Rights or New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities legislation of any state or other jurisdiction in the United States, and may not, directly or indirectly, be offered, exercised, pledged, sold, resold, allotted, delivered or transferred within or to the United States, other than according to applicable exceptions from, or in a transaction not subject to, the registration requirements of the Securities Act. The securities are offered outside the United States pursuant to Regulations under the Securities Act. No public offering of securities will be made in the United States.

UNITED KINGDOM

The LP have been prepared on the basis that any offer of New Shares in the United Kingdom (“UK”) will be made pursuant to an exemption in Regulation (EU) 2017/1129 (the “Prospectus Regulation”) as it forms part of UK domestic law under the European Union (Withdrawal) Act 2018 (the “UK Prospectus Regulation”) from the obligation to publish a prospectus for offers of securities. Accordingly, any person making or intending to make an offer in the UK in respect of the New Shares may only do so in such circumstances that no obligation arises for the Company to publish a prospectus in connection with such offer under Section 85 of the Financial Services and Markets Act 2000 (as amended, “FSMA”) or to supplement a prospectus under Article 23 of the UK Prospectus Regulation.

In the UK, the LP are only being distributed and directed to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); (ii) high net-worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (e) of the Order; or (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA, as amended) in connection with the issue or sale of any securities may otherwise lawfully be communicated, or caused to be communicated, provided that they are “qualified investors” as defined in Article 2 of the UK Prospectus Regulation or that the offer is being made to fewer than 150 natural or legal persons (other than qualified investors) (all such persons together being referred to as “relevant persons”). The securities are available only to, and any invitation, offer or agreement to subscribe for, purchase or otherwise acquire such securities will be engaged in only with relevant persons. Persons who are not relevant persons should not act or rely on the information contained in the LP.

EUROPEAN ECONOMIC AREA

Within the European Economic Area (“EEA”), no public offering of New Shares is made. In any member states of the European Union (“EU”), such an offering may only be made in accordance with exemptions in the Prospectus Regulation, including to any legal entity which is a qualified investor as defined in the Prospectus Regulation or to fewer than 150 natural or legal persons (other than qualified investors).

Disclaimers in terms of the Listing Particulars (“LP”) (Continued)

SOUTH AFRICA

In South Africa, the Rights Issue is being made to existing South African shareholders of the Company as at the Record Date on the basis that it will not be renounceable as contemplated in section 96 (1)(c) of the South African Companies Act, other than to persons who are Qualifying South African Investors who have been approved in advance by the Company. Accordingly, these LP have been prepared on the basis that the Rights Issue will not constitute an “offer to the public”, as envisaged in Chapter 4 of the South African Companies Act: (i) these LP do not, nor does it intend to, constitute a “registered prospectus” or advertisement relating to an offer to the public in South Africa, as contemplated by the South African Companies Act; and (ii) no prospectus has been filed with CIPC in respect of the Rights Issue.

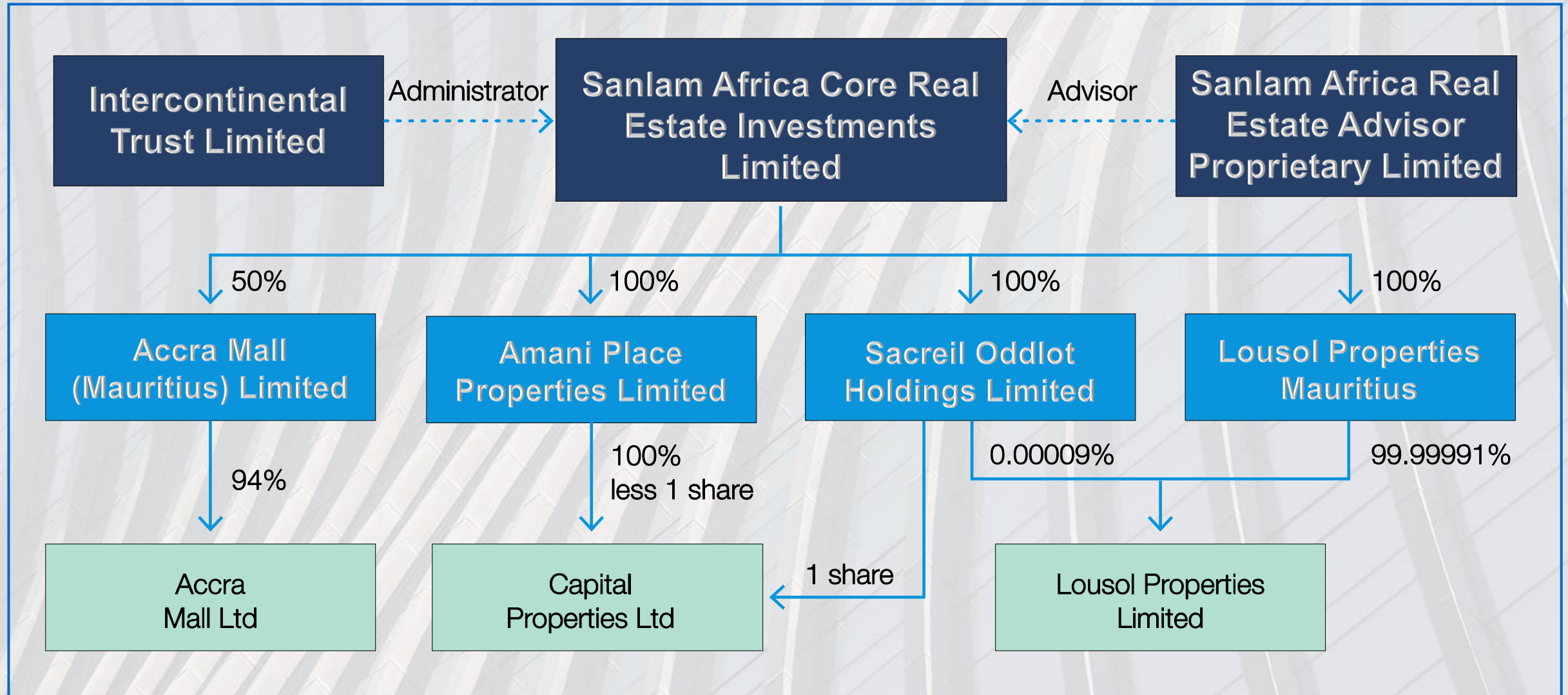
As a result, these LP do not comply with, inter alia, the substance and form requirements for a prospectus set out in the South African Companies Act and the South African Companies Regulations, 2011, and have not been filed with, approved by, and/or registered with, the CIPC, or any other South African authority.

South African shareholders of the Company as at the Record Date will be able to acquire Rights and subscribe for New Shares and Excess Shares but shall not be entitled to trade their Rights except to any person that is a Qualifying South African Investor. Should any person resident in South Africa who is not a Qualifying South African Investor receive these LP, they should not, and will not be entitled to, acquire any New Shares, New Excess Shares or letters of allotment or otherwise act thereon.

The information contained in these LP constitute factual information as contemplated in section 1(3)(a) of the FAIS Act and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the New Shares, New Excess Shares or letters of allotment or in relation to the business or future investments of SACREIL, is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in these LP should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. SACREIL is not a financial services provider licensed as such under the FAIS Act.

South African persons who participate in the Rights Issue will be responsible for obtain any approvals they may be required in terms of the Exchange Control Regulations.

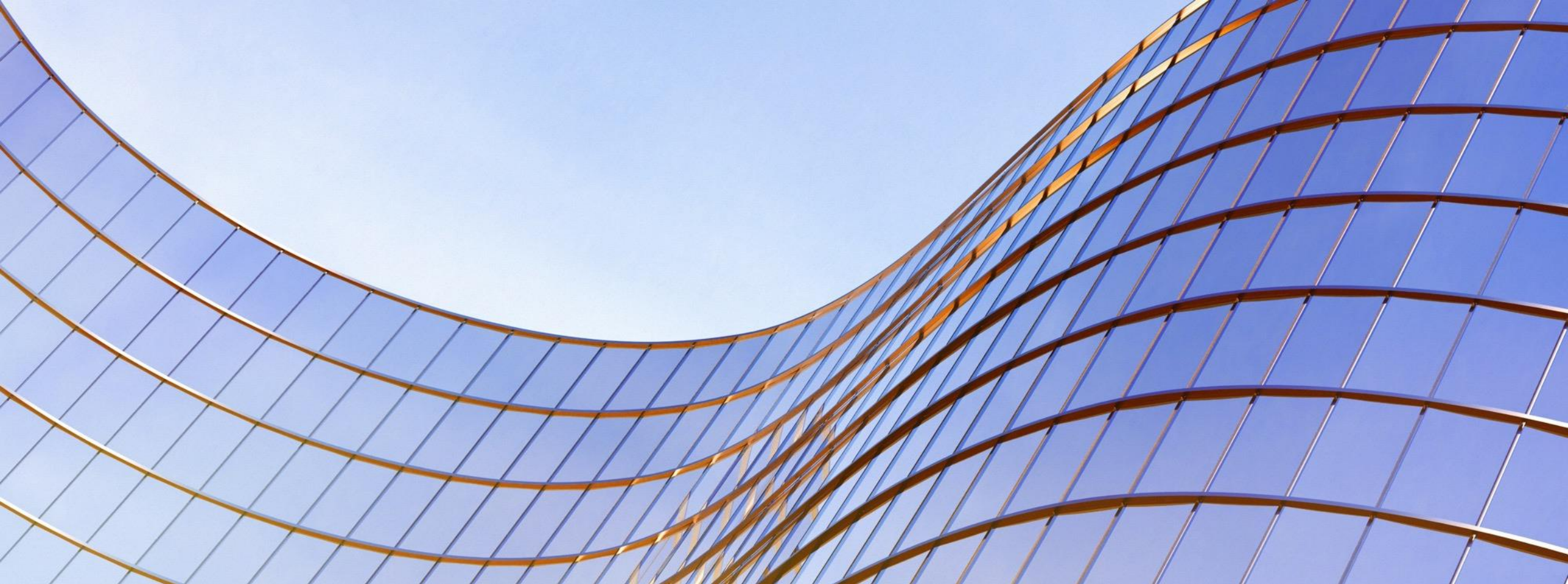
Group Structure of SACREIL





Portfolio of Assets

Investment	Location	Size (square meters)	Tenure	Property value (USD)
Capital Properties Limited (CPL)	Capital Place, Dar Es Salaam, Tanzania	21,029	Leasehold	32,970,000
Accra Mall Limited (AML)	Accra Mall, Accra, Ghana	20,941 (excl. surplus land of 24,362)	Leasehold	69,677,000 (excl. surplus land of USD14,860,000)
Lousol Properties Limited (LPL)	Atlantic House, Victoria Island, Lagos, Nigeria	4,271	Leasehold	15,826,000



Summary results

Portfolio Performance as at 31 December 2023

	Accra Mall Limited	Capital Properties Limited	Lousol Properties Limited	SACREIL's share
Country	Ghana	Tanzania	Nigeria	
Sector	Retail	Office	Office	
Gross Lettable Area (sqm)	21,381	20,962	4,271	
Occupancy %	99%	81%	77%	
Effective % holding	46.97%	100%	100%	
Gross Asset Value (\$'000)	84,537	32,970	15,826	88,503
Loan (\$'000)	46,263	15,500	8,126	46,807
Loan to Value %	56%	47%	51%	52%
Net Operating Yield, annualised	7.7%	8.8%	5.3%	

All 3 properties have returned a historic yield of *circa* 9% since acquisition. However:

Lousol Properties Limited

- In 2023, Lousol's net operating yield ("NOI") was eroded by forex losses (45% of rental income) to 5.3%
- In Oct 2023, Lousol attained IFC Edge Accreditation and funded its capex from the cash from operations

Accra Mall Limited

- In 2023, the NOI yield was affected by the 6-month vacancy after Game Stores exited West Africa. The box has since been re-let albeit at a much lower rental rate resulting in a lower valuation (↓ 10% yoy)

Capital Properties Limited

- In 2023, the loss of Regus as a tenant had a small but negative impact on the asset valuation, however the NOI held steady.

The high interest rate environment has had a negative carry effect on performance throughout the portfolio.

Summary Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31 December 2021 Restated USD	Year ended 31 December 2022 Audited USD	Year ended 31 December 2023 Audited USD
Income			
Dividend income	1,490,000	895,00	1,535,000
Expenses			
Net loss on financial assets	(9,044,884)	(2,385,220)	(6,642,177)
Advisory fees	(1,043,545)	(923,80)	(907,23)
Directors' fees	(89,58)	(119,00)	(114,00)
Professional fees	(110,12)	(101,61)	(107,14)
Audit fees	(54,40)	(58,90)	(59,51)
Accounting fees	(56,280)	(56,45)	(48,37)
Other expenses	(65,64)	(74,33)	(101,31)
	(10,464,443)	(3,719,305)	(7,979,732)
Loss before finance costs and tax	(8,974,443)	(2,824,305)	(6,444,732)
Income tax credit/(charge)	–	–	–
Loss for the year	(8,974,443)	(2,824,305)	(6,444,732)

For FY2023:

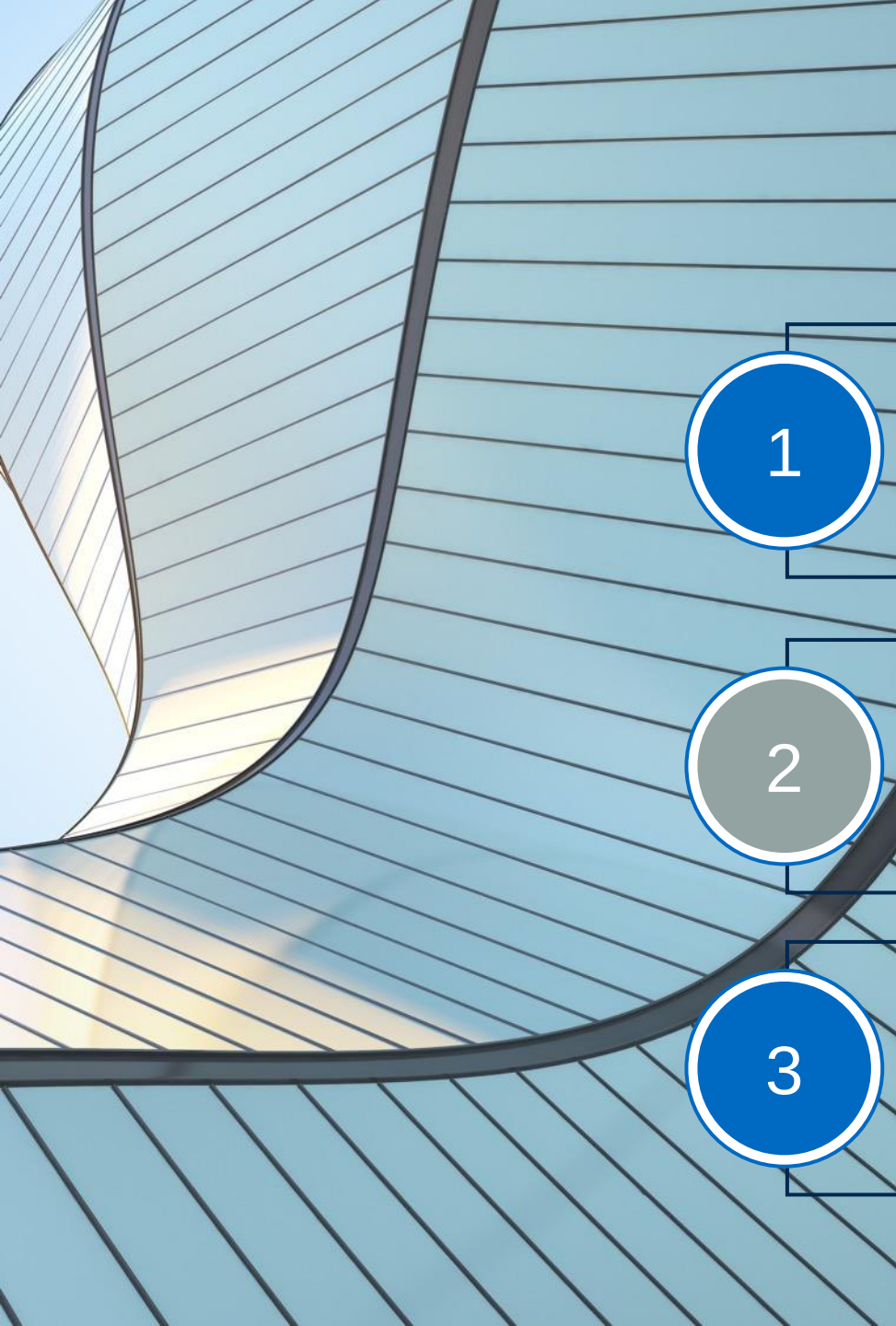
- All the operating companies generated positive NOI;
- However, the income was insufficient to compensate for the rising interest expense as base lending rates continued to increase.
- Performance was also affected by the exit of key tenants:
 - Game in AML; and
 - FNB and Regus, both in CPL

This resulted in a decline in gross asset valuations of financial assets.

Summary Financial Position

- West African assets have been significantly devalued over the last 2 years
- The minimal interest / dividends upstreamed by the underlying investments in 2023 has left SACREIL with a gap in its working capital funding.
- The loss in fair valuation coupled with higher lending rates resulted in covenant breaches at the level of Lousol and Accra Mall.
- We had to negotiate extensions to remedy the breaches while we prepare for the rights issue and get support thereto from Sanlam Group.

	Year ended 31 December 2021 Restated USD	Year ended 31 December 2022 Audited USD	Year ended 31 December 2023 Audited USD
ASSETS			
Financial assets designated at fair value through profit or loss	39,068,772	36,708,552	30,350,875
Other receivables and prepayment	1,078,242	1,623,573	1,706,721
Cash and cash equivalents	1,076,061	9,806	265,466
Total assets	41,223,075	38,341,931	32,323,062
EQUITY			
Share capital	100	100	100
Total equity	100	100	100
LIABILITIES			
Advisory fees payable	526,061	481,542	907,233
Other payables and accruals	118,368	106,048	106,22
Total liabilities	644,429	587,59	1,013,453
Net Assets	40,578,546	37,754,241	31,309,509
- Attributable to Class A	36,223,786	33,702,577	27,949,473
- Attributable to Class B	4,354,760	4,051,664	3,360,036
Total equity and liabilities	40,578,546	37,754,241	31,309,509



Trading prospectus for 2024

Focus on tenant retention and improving occupancy.

1

In Nigeria, the Naira continues to devalue against the US dollar, while inflation and interest rates are on the rise. This does not bode well for new tenant strategies. We will use 2024 for critical maintenance capital expenditure and focus on lease retention strategies.

2

In Ghana, inflation and interest rates are showing signs of recovery. The asset manager secured 2 tenants to replace Game, albeit on a lower rental rate, which had a negative impact on the valuation of Accra Mall. The adjacent vacant land has been developed as an entertainment park ("The Ghud Park") to attract young people and families to the mall. The Ghud Park held its first major event on the weekend of 20 and 21 April 2024 which was a success as it drew a lot of feet into the mall.

3

In Tanzania, demand has evolved from larger boxes to smaller office spaces. The property manager is actively marketing the spaces vacated by Regus and FNB and has subdivided some of the offices, as required. The towers in Dar es Salaam need critical capital expenditure and part of the capital expenditure is reserved to obtain Green certification for the properties in CPL to defend its premier position in the city.



The Rights Issue

Rationale for Rights issue of USD17m

SACREIL is seeking to raise USD 17m to address the following:

Debt right size - reduce Group LTV from 51,8% as at 31 Dec 2023 to 38.6%

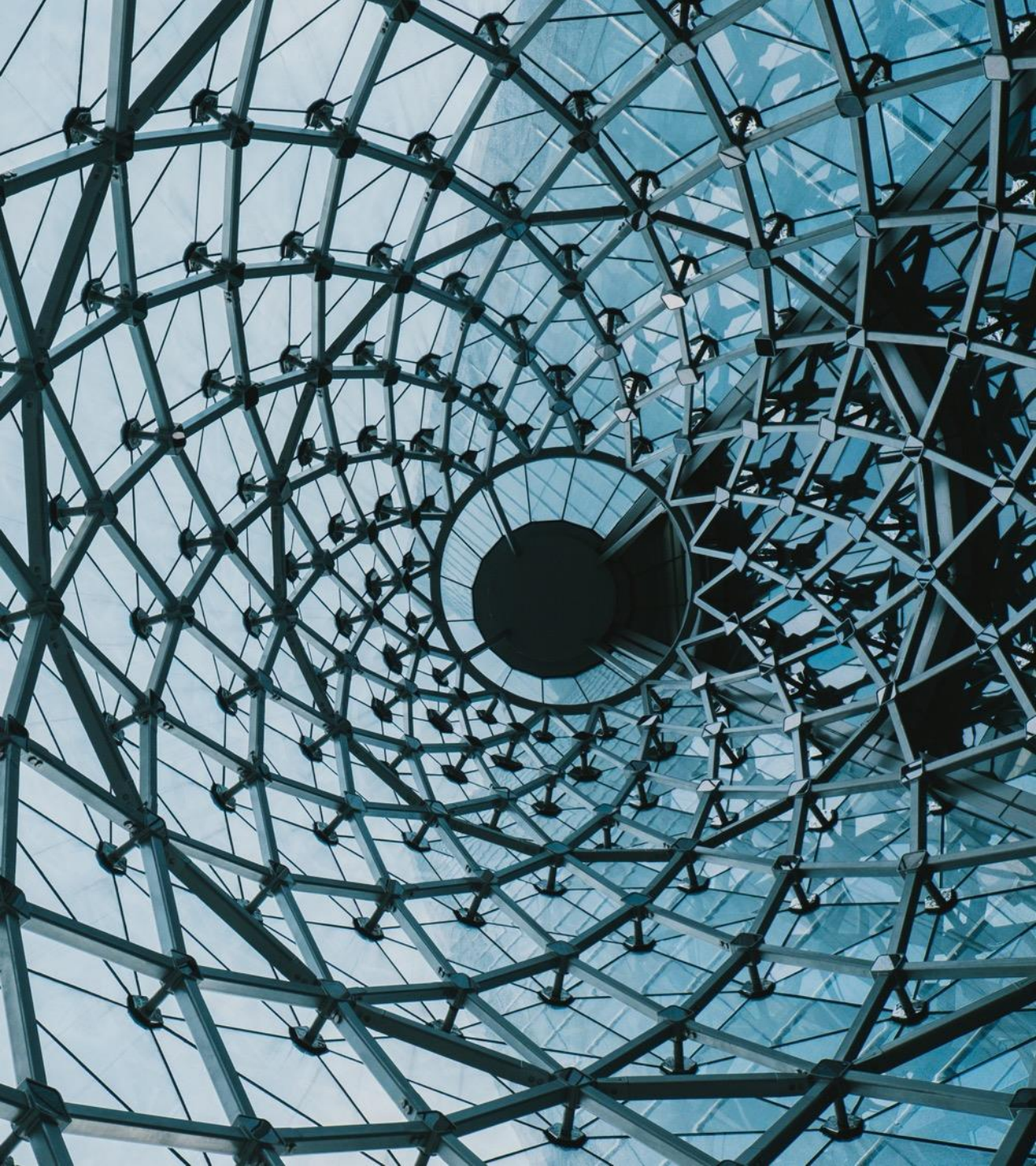
- AML: USD7.7m required to remedy of its interest cover and LTV covenants breach from 30 June 2023.
- LPM: USD2.4m required to:
 - i. reduce debt on refinancing of USD8.1m loan which is in breach of covenants and due for refinancing, as lenders will only fund USD6m; and
 - ii. provide for hedging costs.
- CPL: USD2.0m required to reduce LTV to 40.8% to create headroom.

Capex and operational requirements

- LPL – USD1.45m to address critical capital expenditure.
- CPL – USD1.0m to replace aging infrastructure and start the green certification of the 3 towers towards accreditation.
- SACREIL – USD2.45m to pay long outstanding payables and fund working capital for the next 12 months.

Salient Features of the Rights Issue

- Amount to be raised – **USD17m**
 - Rights issue of 24,285,715 New Shares at an issue price of USD0.70 each.
 - Minimum amount required is USD16m, or shareholders will be refunded their subscriptions
- Shareholders who subscribe in full for the New Shares may also apply for Excess New Shares on the same terms and conditions.
- Sanlam Life has committed to the Company that it and its affiliates (representing 37.3% of the Class A shares of SACREIL), will follow their rights in the Rights Issue and subscribe for New Shares in terms of the Rights Issue to the full extent of their entitlement and it will use its reasonable endeavours to procure that the Rights Issue is successful and fully subscribed.



Nature and amount of Rights Issue

- USD 17m rights issue consists of the issue of up to [24,285,715 New Shares of no-par value](#) at an issue price of USD0.70 per New Share and fully payable on application
- The Class A shareholders of SACREIL registered on the Record Date will have the right to subscribe to 1.459793 New Share for every Class A Share held at Record Date, i.e., [27 May 2024](#).
- The number of New Shares will be rounded to the nearest integer when fractions occur.
- The New Shares will rank in all respects *pari passu* with the Class A Shares of SACREIL presently in issue.
- Shareholders who do not to take up their rights may freely trade same on the SEM as from 06 June 2024 to 12 June 2024.

Issue Price

The Board has determined the issue price for the New Shares at USD0.70 per share, which is based on a revalued NAV approach:

$$\text{Issue Price} = \frac{\text{Fair value of investments} + \text{Other net assets/liabilities} - \text{Capitalised costs}}{\text{Number of voting shares issued by SACREIL}}$$

Where,

- the fair value of investments is the sum of the fair values of AML, LPM and APPL which are based on an income approach as at 31 December 2023;
- the other net assets/liabilities are as per the financial statements of SACREIL ended 31 December 2023;
- the capitalised costs refer to the capitalisation of the recurring net expenses for the financial year ended 31 December 2023; and
- the number of voting shares currently issued by SACREIL is 18,636,409.

The Issue price represents

- a 58.4% discount to NAV per Class A share of USD1.68 as at 31 December 2023;
- and a 43.6% discount to the 3-month VWAP as at 06 March 2024, the last date before the price was published by communiqué.



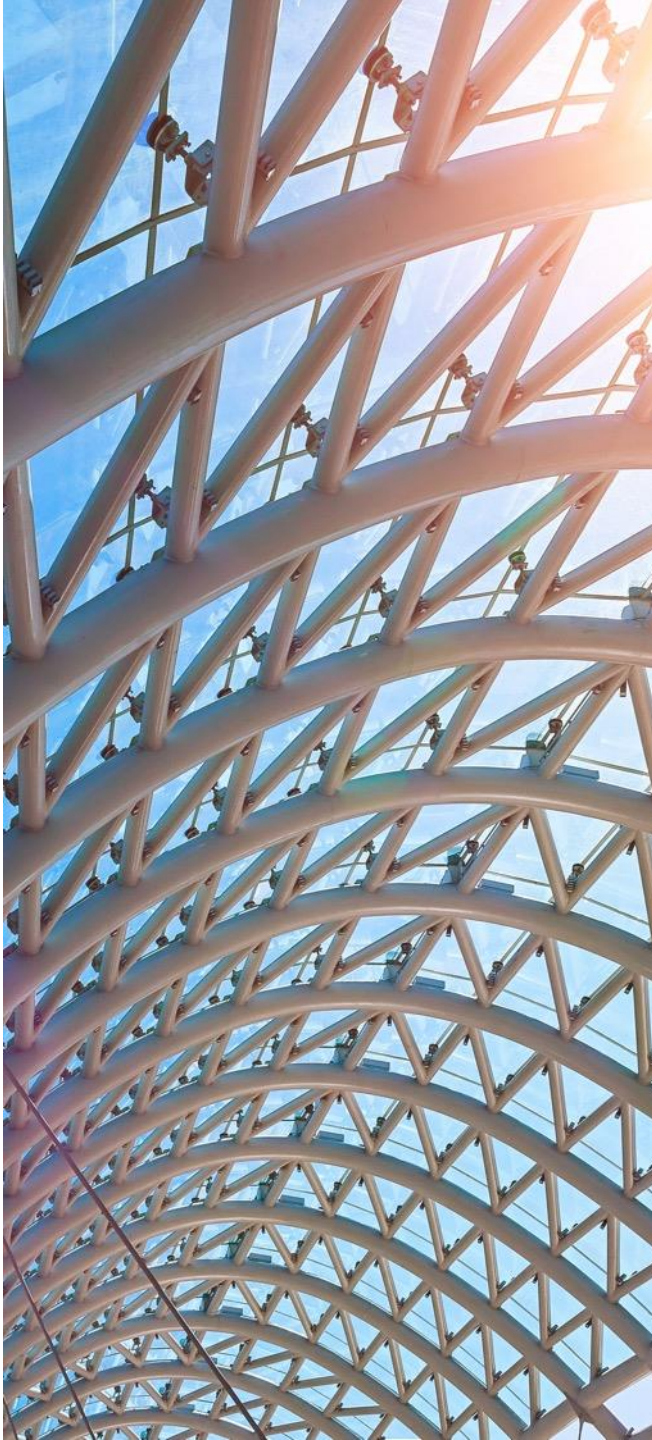
Theoretical ex-rights price and dilutionary impact

The theoretical ex-rights price is based on the share price of SACREIL at 06 May 2024, being the last practicable date prior to the publication of this document and valued at USD0.92 per share.

Last price quoted prior to the Rights Issue	USD	1.24
Number of Class A shares currently in issue	Units	16,636,409
Market capitalisation prior to the Rights Issue	USD	20,629,147
Number of Class A shares to be issued via the Rights Issue	Units	24,285,715
Rights Issue price	USD	0.70
Total value of Class A shares to be issued via the Rights Issue	USD	17,000,001
Capitalisation following the Rights Issue	USD	37,629,148
Total number of Class A shares post Rights Issue	Units	40,922,124
Theoretical ex-rights price of Class A share following the Rights Issue	USD	0.9195
Rounded to nearest tick size	USD	0.92

Dilutionary impact – if existing shareholders do not subscribe to the rights issue, the maximum dilution would be:

Shareholders	Number of shares held	Current shareholding	Shares taken up through Rights Issue	Number of shares post Rights Issue	Shareholding post Rights Issue	Dilution impact (%)
Existing shareholders	16,636,409	100.0%	–	16,636,409	40.7%	(59.3%)
New Shares	–	–	24,285,715	24,285,715	59.3%	59.3%
Total	16,636,409	100.0%	24,285,715	40,922,124	100.00%	



Rights issue timeline

Event	Date
Publication of Listing Particulars (including forms of instruction) on the SEM website post regulatory approvals	07 May 2024
First day for shares of SACREIL to trade Cum Rights	08 May 2024
Last day to deposit share certificates at CDS for first day of trading of rights for the New Shares	15 May 2024
Last day for Class A shares of SACREIL to trade Cum Rights	22 May 2024
Class A Shares trade Ex-Rights	23 May 2024
Record date for Class A shareholders entitled to participate in the Rights Issue	27 May 2024
Despatch of Listing Particulars, offer letter and application forms to shareholders	29 May 2024
Opening of subscription period for the Rights Issue	30 May 2024
First day to deposit allotment letters in CDS for trading of rights	30 May 2024
Last day to deposit allotment letters in CDS for trading of rights	05 June 2024
First Day for Trading of Rights	06 June 2024
Last Day for Trading of Rights	12 June 2024
Closure of subscription period for Rights Issue and last day of payment	20 June 2024
Settlement of New Shares taken up by existing Class A shareholders (clearing of all cheques received)	25 June 2024
Communique to inform the public of the outcome of the Rights Issue	27 June 2024
Allotment of New Shares	27 June 2024
Sending letters of allotment and share certificates for New Shares to shareholders	02 July 2024
Direct crediting of New Shares in CDS accounts	02 July 2024
First day of trading of New Shares	03 July 2024

Rights issue approved by SEM on
6 May 2024

First day shares trade Cum Rights
8 May 2024

Subscription period
30 May 2024 to 20 June 2024

New Share allotment
27 June 2024

Trading of new shares
3 July 2024



Questions?

Thank you

