



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 six months ended 30 June 2023

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 PERIOD ENDED 30 JUNE 2023

All three properties performed in line with budget before funding costs for the 3 months ended 30 June 2023, despite trading in difficult markets, especially in West Africa. In the first part of 2023, Nigeria's economic growth weakened, and real GDP growth fell from 3.3% in 2022 to 2.4% year-on-year. The World Bank, in its 30 June 2023 update on Ghana, is forecasting the Ghana economy to slow further to 1.6% in 2023. The IMF is projecting economic growth at 6.1% in Tanzania for 2023 while the outlook for Nigeria is 3% growth for the year.

Group focus remains on optimising operating efficiencies, lease retention strategies and rental collections. Occupancy levels have stabilised, and rental rates have remained steady, despite the significant cancellations experienced toward the end of 2022.

The Company's Gross Asset Value has remained flat at US\$90.7million. The rising base cost of debt continues to increase pressure on the cash performance of the Group. Nevertheless, the Company's Net Asset Value per Class A share improved marginally from decreased US\$ 2.0062 as at 31 March 2023 to US\$ 2.0432 as at 30 June 2023.

The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) remained at 51.6%.

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 99.6 from 74%, as the previous Game store was let to a local furniture and décor outlet. Focus is still on improving tenure of leases and tenant mix, and improvement in arrear rental collections amid a declining rental market.
- **Atlantic House (Lagos, Nigeria):** The occupancy rates of the office block measuring 4,271 remained at 79%. The Company has spent capital to maintain key facilities in the building and obtain the building IFC EDGE accredited. The focus continues to be tenant retention and sourcing additional tenants in a highly competitive market.
- **Capital Properties (Dar es Salaam, Tanzania):** The occupancy rates of the three towers measuring 20,962 m² improved marginally to 85.6% from 84% in March 2023, compared to the market average occupancy rates of between 50 to 70%.

COMPANY OUTLOOK

As previously communicated, the Company intends to seek approval from the SEM to present to the Shareholders a proposal to:

- recapitalise SACREIL through the issuance of new ordinary shares by means of a rights issue and private placement;
- make changes to SACREIL's investment strategy, SACREIL's terms of reference for investment and risk management committees; and
- make changes to several aspects of the Constitution. (the "Proposal")

As part of the Proposal, Class A shareholders who wish to exit SACREIL will be given

the opportunity ("Exit Process") to sell their SACREIL shares ("Exit Shares") at the same time as the rights issue and private placement are effected.

The Company was initially required to repurchase all the Exit Shares within a period of two-years from the date of receipt of "Exit Notices".

Given the repurchase has not yet been effected, SACREIL has notified the Shareholders that the repurchase period, for the Exit Shares to be acquired in accordance with article 10.9 of the Constitution, has been extended by six months ("Extension Period") from 7 April 2023.

Due to unfavourable market conditions, the recapitalization process is taking longer than initially expected. An update thereon will be provided to Shareholders about the Proposal and the Exit Process before the end of 2023. The terms of the Proposal and the Exit Process will in each case be subject to Shareholders' vote.

Shareholders are advised to exercise caution when dealing in the shares of SACREIL until a further announcement is made.

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 Advisors' 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 30 June 2023	Audited At 31 December 2022
Assets	US\$	US\$
Financial assets at fair value through profit or loss	37,004,127	36,708,552
Other receivables and prepayments	1,585,603	1,623,573
Cash and cash equivalents	8,934	9,806
Total assets	38,598,664	38,341,931
Equity		
Share capital	100	100
Total equity	100	100
Liabilities (Excluding net assets attributable to holders of redeemable shares)		
Advisory fees payable	449,888	481,542
Other payables and accruals	71,576	106,048
Total liabilities (Excluding net assets attributable to holders of redeemable shares)	521,464	587,590
Net assets attributable to holders of redeemable shares	38,077,099	37,754,241
Net assets attributable to:		
Class A	33,990,787	33,702,577
Class B	4,086,312	4,051,664
Net assets attributable to holders of redeemable shares	38,077,099	37,754,241

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the six months to 30 June 2023	Unaudited for the three months to 30 June 2023	Unaudited for the six months to 30 June 2022	Unaudited for the three months to 30 June 2022
INCOME	US\$	US\$	US\$	US\$
Dividend income	955,000	890,000	92,334	-
Net gain on financial assets at fair value through profit or loss	27,575	140,886	725,000	375,000
	982,575	1,030,886	817,334	375,000
EXPENSES				
Accounting fees	(22,557)	(9,654)	(29,765)	(14,882)
Advisory fees	(449,888)	(226,187)	(442,253)	(190,618)
Audit fees	(26,749)	(13,547)	(29,670)	(17,882)
Bank charges	(3,221)	(1,906)	(3,431)	(2,003)
Directors' fees	(57,000)	(26,000)	(67,000)	(56,000)
Disbursements	(2,366)	(2,121)	(960)	(660)
Exchange differences	(78)	(56)	(128)	(34)
Licence fees	(8,791)	(4,395)	(8,962)	(5,517)
Net loss on financial assets at fair value through profit or loss	-	-	-	(208,137)
Other expenses	(32,782)	(32,460)	(43,106)	(36,207)
Professional fees	(56,285)	(25,003)	(63,939)	(31,453)
	(659,717)	(341,329)	(689,214)	(563,393)
Profit/(loss) before finance costs and tax	322,858	689,557	128,120	(188,393)
Finance costs – Distribution to holders of redeemable shares	-	-	-	-
Increase/(decrease) in net assets attributable to holders of redeemable shares before tax	322,858	689,557	128,120	(188,393)
Income tax expense	-	-	-	-
Increase/(decrease) in net assets attributable to holders of redeemable shares	322,858	689,557	128,120	(188,393)

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 30 June 2023	Unaudited for the period ended 30 June 2022
	US\$	US\$
Net cash flows generated from/ (used in) operating activities	267,127	(599,204)
Net cash flows used in investing activities	(268,000)	(8,000)
Net decrease in cash and cash equivalents	(873)	(607,204)
Cash and cash equivalents at beginning of period	9,806	1,076,061
Cash and cash equivalents at end of period	8,933	468,857

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

2023	Net assets attributable to:		
	Class A	Class B	Total
	US\$	US\$	US\$
At 1 January 2023	33,702,577	4,051,664	37,754,241
Increase in net assets attributable to holders of redeemable shares	288,210	34,648	322,858
At 30 June 2023	33,990,787	4,086,312	38,077,099
Number of shares in issue	16,636,409	2,000,000	18,636,409
Net asset value per share	2.0432	2.0432	
2022			
	US\$	US\$	US\$
At 1 January 2022			
As previously reported	49,030,710	5,894,386	54,925,096
Effect of prior year adjustments*	(12,806,924)	(1,539,626)	(14,346,550)
As restated	36,223,786	4,354,760	40,578,546
Increase in net assets attributable to holders of redeemable shares	114,370	13,750	128,210
At 30 June 2022	36,338,156	4,368,510	40,706,656
Number of shares in issue	16,636,409	2,000,000	18,636,409
Net asset value per share	2.1843	2.1843	

NOTES

- The Company is required to publish interim financial results in terms of the Listing Rule 12.19 of the SEM. The abridged unaudited financial statements for the three months and six months ended 30 June 2023 ("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 and the SEM Listing Rules, using the same accounting policies as those of the audited financial statements for the year ended 31 December 2022.
- 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 14 August 2023.
- Copies of the abridged unaudited financial statements 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
Perigum Capital Ltd
SEM Authorised Representative and Sponsor
14 August 2023

