

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 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 QUARTER ENDED 31 MARCH 2023

All three properties performed in line with budget before funding costs for the 3 months ended 31 March 2023. The World Bank, in its 31 March 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, except in Accra Mall, and rental rates have remained steady compared to 2022.

The Company's Gross Asset Value have remained flat at US\$912million. The Company has concluded hedge agreements for bank loans which has had a negative impact on net asset value. Therefore, Company's Net Asset Value per Class A share decreased from US\$2.0258 as at 31 December 2022 to US\$ 2.0062 as at 31 March 2023.

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

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 decreased to 74%, with the exit of Game stores from the market. Focus is on increasing occupancy, rental collections and tenant retention strategies amid a declining rental market.

- **Atlantic House (Lagos, Nigeria):** The occupancy rates of the office block measuring 4,271 m² improved to 79%, although at lower rental rates. 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 currently stand at 84%, compared to the market where most of the buildings record 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.

It is expected that the formal presentation to Shareholders about the Proposal and the Exit Process will be made during the Extension Period with the aim of completing 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 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 2023	Audited as at 31 December 2022
	US\$	
Assets		
Financial assets at fair value through profit or loss	36,599,242	36,708,552
Other receivables and prepayments	1,608,925	1,623,573
Cash and cash equivalents	22,002	9,806
Total assets	38,230,169	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	705,243	481,542
Other payables and accruals	137,284	106,048
Total liabilities (Excluding net assets attributable to holders of redeemable shares)	842,527	587,590
Net assets attributable to holders of redeemable shares	37,387,542	37,754,241
Net assets attributable to:		
Class A	33,375,231	33,702,577
Class B	4,012,311	4,051,664
Net assets attributable to holders of redeemable shares	37,387,542	37,754,241

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the period ended 31 March 2023	Unaudited for the period ended 31 March 2022
	US\$	US\$
INCOME		
Dividend income	65,000	350,000
Net gain on financial assets at fair value through profit or loss	-	300,470
	65,000	650,470
EXPENSES		
Accounting fees	(12,904)	(14,883)
Advisory fees	(223,701)	(251,635)
Audit fees	(13,202)	(11,788)
Bank charges	(1,315)	(1,426)
Directors' fees	(31,000)	(11,000)
Disbursements	(245)	(300)
Exchange differences	(22)	(93)
Licence fees	(4,395)	(3,445)
Net loss on financial assets at fair value through profit or loss	(113,311)	-
Other expenses	-	(6,900)
Professional fees	(31,604)	(32,487)
	(431,699)	(333,957)
(Loss)/ profit before finance costs and tax	(366,699)	316,513
Finance costs – Distribution to holders of redeemable shares	-	-
(Decrease)/ increase in net assets attributable to holders of redeemable shares before tax	(366,699)	316,513
Income tax expense	-	-
(Decrease)/ increase in net assets attributable to holders of redeemable shares	(366,699)	316,513

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 31 March 2023	Unaudited for the period ended 31 March 2022
	US\$	US\$
Net cash flows generated from/ (used in) operating activities	16,196	(313,161)
Net cash flows used in investing activities	(4,000)	(10,000)
Net cash flows generated from financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	12,196	(323,161)
Cash and cash equivalents at beginning of period	9,806	1,076,061
Cash and cash equivalents at end of period	22,002	752,900

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

	Net assets attributable to:		
	Class A	Class B	Total
2023	US\$	US\$	US\$
At 1 January 2023	33,702,577	4,051,664	37,754,241
Decrease in net assets attributable to holders of redeemable shares	(327,346)	(39,353)	(366,699)
At 31 March 2023	33,375,231	4,012,311	37,387,542
Number of shares in issue	16,636,409	2,000,000	18,636,409
Net asset value per share	US\$2.0062	US\$2.0062	
2022	US\$	US\$	US\$
At 1 January 2022	49,030,710	5,894,386	54,925,096
As previously reported			
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	282,546	33,967	316,513
At 31 March 2022	36,506,332	4,388,727	40,895,059
Number of shares in issue	16,636,409	2,000,000	18,636,409
Net asset value per share	US\$ 2.1944	US\$ 2.1944	

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 ended 31 March 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 12 May 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 Allgo-Bissonauth

By order of the Board

Intercontinental Trust Limited
Company Secretary

Perigum Capital Ltd
SEM Authorised representative and Sponsor

12 May 2023

