

# 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 AUDITED FINANCIAL STATEMENTS for the year ended 31 December 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 YEAR ENDED 31 DECEMBER 2022

All three properties performed in line with budget despite the World Bank's bi-annual publication, Africa's Pulse's projection of decelerated growth in Sub-Saharan Africa (SSA) from 4.1% to 3.3% 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.

Group focus remains on optimising operating efficiencies, lease retention strategies and rental collections. Occupancy levels have stabilised and rental rates have remained steady compared to 2021.

The Company's Gross Asset Value decreased by 4.5% from US\$95.5million to US\$91.2million. Therefore, Company's Net Asset Value per Class A share has decreased to US\$2.0258 as at 31 December 2022 (2021: US\$2.1774) as a result of property devaluations.

The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) has decreased to 51.58% as at 31 December 2022 (2021: 51.69%).

The Company's current asset base consists of:

- **Accra Mall (Accra, Ghana):** The mall measuring 21,384 m<sup>2</sup> offers a quality mix of local and international tenants. The occupancy rate decrease to 93%. Focus remains on tenant retention strategies, collections and leasing strategies amid a declining rental market.
- **Atlantic House (Lagos, Nigeria):** The occupancy rates of the office block measuring 4,271 m<sup>2</sup> 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 m<sup>2</sup> currently stand at 87%, compared to the market where most of the buildings record occupancy rates of between 50-70%.

#### COMPANY OUTLOOK

Further to the Cautionary Announcements released on the website of the Stock Exchange of Mauritius Ltd ("SEM") on 11 May and 11 October 2021, and as required by clause 10.9 of SACREIL's constitution, the board of SACREIL (the "Board") wishes to inform the shareholders that the Company will be seeking 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.

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 will in due course notify Shareholders that the repurchase period, for the Exit Shares to be acquired in accordance with article 10.9 of the Constitution, will be extended by six months ("Extension Period"). 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.

### ABRIDGED SEPARATE STATEMENT OF FINANCIAL POSITION

	Audited At 31 December 2022	*Restated Audited At 31 December 2021	*Restated Audited At 01 January 2021
<b>Assets</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Financial assets designated at fair value through profit or loss*	36,708,552	39,068,772	48,091,456
Loan receivable	-	-	429,412
Other receivables and prepayments	1,623,573	1,078,242	765,255
Cash and cash equivalents	9,806	1,076,061	658,250
<b>Total assets</b>	<b>38,341,931</b>	<b>41,223,075</b>	<b>49,944,373</b>
<b>Equity</b>			
Share capital	100	100	100
<b>Total equity</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Liabilities (Excluding net assets attributable to holders of redeemable shares)</b>			
Advisory fees payable	481,542	526,061	292,149
Other payables and accruals	106,048	118,368	99,135
<b>Total liabilities (Excluding net assets attributable to holders of redeemable shares)</b>	<b>587,590</b>	<b>644,429</b>	<b>391,284</b>
Net assets attributable to holders of redeemable shares*	37,754,241	40,578,546	49,552,989
<b>Net assets attributable to:</b>			
Class A	33,702,577	36,223,786	44,235,120
Class B	4,051,664	4,354,760	5,317,869
Net assets attributable to holders of redeemable shares*	37,754,241	40,578,546	49,552,989

### SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited for the year ended 31 December 2022	*Restated Audited for the year ended 31 December 2021
<b>INCOME</b>	<b>US\$</b>	<b>US\$</b>
Dividend Income	895,000	1,490,000
	895,000	1,490,000
<b>EXPENSES</b>		
Accounting fees	(56,450)	(56,280)
Advisory fees	(923,795)	(1,043,545)
Audit fees	(58,903)	(54,395)
Bank charges	(6,460)	(5,189)
Directors' fees	(119,000)	(89,582)
Disbursements	(3,714)	(1,400)
Licence fees	(17,732)	(18,593)
Net loss on financial assets at fair value through profit or loss*	(2,385,220)	(9,044,884)
Other expenses	(46,419)	(40,458)
Professional fees	(101,612)	(110,117)
	(3,719,305)	(10,464,443)
Loss before finance costs and tax	(2,824,305)	(8,974,443)
Finance costs	-	-
Distribution to holders of redeemable shares	-	-
Decrease in net assets attributable to holders of redeemable shares before tax	(2,824,305)	(8,974,443)
Income tax expense	-	-
Decrease in net assets attributable to holders of redeemable shares from operations	(2,824,305)	(8,974,443)

### ABRIDGED SEPARATE STATEMENT OF CASH FLOWS

	Audited for the year ended 31 December 2022	*Restated Audited for the year ended 31 December 2021
	<b>US\$</b>	<b>US\$</b>
Net cash flows (used in)/generated from operating activities	(1,041,255)	10,599
Net cash flows (used in)/generated from investing activities	(25,000)	407,212
Net cash flows generated from financing activities	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,066,255)</b>	<b>417,811</b>
Cash and cash equivalents at beginning of year	1,076,061	658,250
<b>Cash and cash equivalents at end of year</b>	<b>9,806</b>	<b>1,076,061</b>

### ABRIDGED SEPARATE STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

2022	Net assets attributable to:		
	Class A	Class B	Total
At 1 January 2022	US\$	US\$	US\$
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
Decrease in net assets attributable to holders of redeemable shares	(2,521,209)	(303,096)	(2,824,305)
At 31 December 2022	33,702,577	4,051,664	37,754,241
Number of shares in issue	16,636,409	2,000,000	
Net asset value per share	US\$ 2.0258	US\$ 2.0258	

2021	Net assets attributable to:		
	Class A	Class B	Total
At 1 January 2021	US\$	US\$	US\$
As previously reported	56,754,976	6,822,984	63,577,960
Effect of prior year adjustments*	(12,519,856)	(1,505,115)	(14,024,971)
As restated	44,235,120	5,317,869	49,552,989
Decrease in net assets attributable to holders of redeemable shares	(8,011,334)	(963,109)	(8,974,443)
At 31 December 2021	36,223,786	4,354,760	40,578,546
Number of shares in issue	16,636,409	2,000,000	
Net asset value per share	US\$ 2.1774	US\$ 2.1774	

#### NOTES

- \*Prior year adjustment – The separate financial statements have been restated due to the treatment of the tax adjustments in arriving at the fair value of financial assets designated at fair value through profit or loss.
- Advisory fees payable for Q3 2022 and Q4 2022 were outstanding.
- The abridged separate financial statements for the year ended 31 December 2022 ("abridged separate financial statements") have been prepared using the same accounting policies and method of computation followed per the separate financial statements for the year ended 31 December 2021 which are in accordance with the IFRS Standards as issued by the International Accounting Standards Board and in compliance with the requirements of the Mauritius Companies Act.
- The abridged separate financial statements prepared based on the separate financial statements for the year ended 31 December 2022, which have been audited by the Company's external auditors, KPMG. The auditor's report to the separate financial statements is unqualified.
- These abridged audited separate financial statements were approved by the Board of Directors on 30 March 2023.
- Copies of the abridged separate 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 12.14. 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

