



# 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 2019

### 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 2019

The economies in the region remain under pressure. Some of the reasons are country-specific, whilst others are macroeconomic and influenced by world events. Incremental recovery in the commodity markets and improved growth expectations for Sub-Saharan African economies are encouraging.

All three investments generated positive cash from their operations during the last quarter therefore increasing the Company's Net Asset Value per Class A share from US\$4.8209 in the previous quarter to US\$4.8735 as at 30 September 2019. The Directors have considered the property and economic markets of the jurisdictions invested in and concluded that the valuations performed by the Company's Advisor as at the end of 30 June 2019 need not be adjusted as at 30 September 2019. The Company's Gross Asset Value is therefore maintained at US\$136.5 million. The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) as at 30 September 2019 has remained unchanged from the prior quarter and currently stands at 39.75%.

The Company's current asset base consists of:

- Accra Mall (Accra, Ghana):** The mall measuring 21,384 m<sup>2</sup> comprises of a quality mix of local and international tenants. The occupancy rates remains unchanged at 93% since the last quarter. The Ghanaian Cedi depreciated by 12.1% YTD against the US\$. The trading conditions have however remained largely resilient despite exchange rate pressures as the mall continues to be the best performing asset.
- Atlantic House (Lagos, Nigeria):** The occupancy rates of the office block measuring 4,271 m<sup>2</sup> currently stands at 69% and has shown significant improvement YTD despite the competitiveness of the rental market resulting from an oversupply of quality lettable office space in Lagos. The increased occupancy is evidence of the stabilizing property market and we remain optimistic that Atlantic House will continue to benefit from the economic recovery.
- Capital Properties (Dar es Salaam, Tanzania):** The occupancy rates of the three towers measuring 20,962 m<sup>2</sup> currently stands at 86%, 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 following the relocation of the Government of Tanzania from Dar es Salaam to Dodoma. The focus therefore remains on ensuring efficiency in operations and tenant retention.

#### COMPANY OUTLOOK

The Company continues to trade under cautionary as the manager is actively seeking to scale up the business and is in discussion with various parties in both East and West Africa, which if successfully concluded, may have a material effect on the share price.

Economists forecast modest economic growth in Sub-Saharan Africa as the commodity prices and some currencies stabilize. Despite these signs, caution is still warranted. The current business and economic environment across the region presents both challenges and opportunities. The opportunities are defined by the constant growth of Africa's key urban economies and the concomitant systemic real estate requirement.

#### 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 if the Gross Asset Value of the Company is less than US\$750 million on 31 December 2020, then each Class A Shareholder may, subject to the Company's Constitution, elect to have its shareholding repurchased by the Company, provided that the Company can obtain the necessary funds.

### STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 September 2019	Audited as at 31 December 2018
<b>Assets</b>	US\$	US\$
Cash and cash equivalents	3,587,036	4,881,150
Loan receivable	3,680,556	3,829,412
Other receivables and prepayments	406,229	375,003
Financial assets at fair value through profit or loss	83,557,323	89,377,824
<b>Total assets</b>	<b>91,231,144</b>	<b>98,463,389</b>
<b>Liabilities</b>		
Advisory fees payable	(344,177)	(363,035)
Other payables and accruals	(61,963)	(75,815)
<b>Total liabilities</b>	<b>(406,140)</b>	<b>(438,850)</b>
Net assets attributable to shareholders	90,825,004	98,024,539
<b>Net assets attributable to:</b>		
Class A	81,077,865	87,504,769
Class B	9,747,039	10,519,670
Class C	100	100
Net assets attributable to shareholders	90,825,004	98,024,539

### STATEMENT OF CASH FLOWS

	Unaudited for the period ended 30 September 2019	Unaudited for the period ended 30 September 2018
	US\$	US\$
Net cash utilised in operating activities	(1,294,114)	(2,233,672)
Net cash flows used in financing activities	-	(1,118,395)
<b>Net decrease in cash and cash equivalents</b>	<b>(1,294,114)</b>	<b>(3,352,067)</b>
Cash and cash equivalents at beginning of period	4,881,150	8,267,747
<b>Cash and cash equivalents at end of period</b>	<b>3,587,036</b>	<b>4,915,680</b>

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

2019	Net assets attributable to:			
	Class A	Class B	Class C	Total
	US\$	US\$	US\$	US\$
At 1 January 2019	87,504,769	10,519,670	100	98,024,539
Decrease in net assets attributable to shareholders from operations	(6,426,904)	(772,631)	-	(7,199,535)
Unaudited as at 30 September 2019	81,077,865	9,747,039	100	90,825,004
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 4.8735	US\$ 4.8735	US\$ 1	

### 2018

	Class A	Class B	Class C	Total
	US\$	US\$	US\$	US\$
At 1 January 2018	91,811,526	11,037,421	100	102,849,047
Decrease in net assets attributable to shareholders from operations	(6,499,295)	(781,334)	-	(7,280,629)
Unaudited as at 30 September 2018	85,312,231	10,256,087	100	95,568,418
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 5.1280	US\$ 5.1280	US\$ 1	

### NOTES

- 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 2019 ("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 2018.
- 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 11 November 2019.
- 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

11 November 2019

Perigeum Capital Ltd  
SEM Authorised Representative and Sponsor



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

	Unaudited for the nine months to 30 September 2019	Unaudited for the three months to 30 September 2019	Unaudited for the nine months to 30 September 2018	Unaudited for the three months to 30 September 2018
<b>INCOME</b>	US\$	US\$	US\$	US\$
Net gain on financial assets at fair value through profit or loss	-	1,404,095	-	-
Interest income	93,824	-	117,927	44,050
Dividend income	-	-	1,325,000	320,000
Exchange rate gain	-	-	-	-
	93,824	1,404,095	1,442,927	364,050
<b>EXPENSES</b>				
Net loss on financial assets at fair value through profit or loss	(5,820,501)	-	(3,982,448)	(119,344)
Provision for impairment	(20,000)	(10,000)	(1,686,773)	(168,060)
Loan interest	-	-	-	-
Professional fees	(51,249)	(15,620)	(47,588)	(16,052)
Advisory fees	(1,062,616)	(344,177)	(1,104,860)	(363,035)
Audit fees	(16,042)	(5,232)	(14,990)	(4,881)
Bank charges	(3,917)	(920)	(8,060)	(1,549)
Accounting fees	(43,875)	(14,625)	(43,875)	(14,625)
Disbursements	(840)	-	(2,200)	(425)
Licence fees	(16,062)	(5,421)	(16,369)	(5,506)
Directors' fees	(89,624)	(28,000)	(91,927)	(28,096)
Legal fees	-	-	(30,535)	(30,535)
Due diligence costs	-	-	(545,000)	(16,679)
Expected credit losses	(148,856)	-	-	-
Other expenses	(19,349)	-	(31,706)	-
Exchange rate loss	(428)	(81)	959	(688)
	(7,293,359)	(424,076)	(7,605,372)	(769,475)
Profit/(Loss) before tax	(7,199,535)	980,019	(6,162,445)	(405,425)
Income tax provision	-	-	-	-
Profit/(Loss) for the period	(7,199,535)	980,019	(6,162,445)	(405,425)
Finance costs	-	-	(1,118,184)	-
Increase/(Decrease) in net assets attributable to shareholders from operations	(7,199,535)	980,019	(7,280,629)	(405,425)