

# 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 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, Nigeria and Tanzania.

### COMPANY REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 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% to 3.6% 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 revenues remain under pressure.

The Gross Asset Value remained flat at US\$95.5million, with year-to-date net fair value gains from investee companies of US\$402k and dividend income of US\$870k. These funds were applied to reduce payables. The Net Asset Value per Class A share increased marginally from US\$ 2.9541 as at 30 June 2022 to US\$ 2.9615 as at 30 September 2022.

The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) remained at 50.03%.

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 remained at 93% as it retains its key advantages of location and size. Collections have improved in the quarter as trading improves.

- **Atlantic House (Lagos, Nigeria):** The occupancy rates of the office block measuring 4,271 m2 were at 79%. 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 maintain an above average occupancy of 86% compared to the dropping market where most of the buildings record occupancy rates of between 50-70%.

### COMPANY OUTLOOK

The Company continues to trade under cautionary as the Advisor is in discussions with various parties regarding the future of the Company, which if successfully concluded, may have a material effect on the share price.

It should be noted that as the Gross Asset Value of the Company was less than US\$750 million as at 31 December 2020, the Class A Shareholders could elect to have their shareholding repurchased by the Company. The Company provided its Class A shareholders with the exit option on 26 March 2021.

The Company is currently working on raising the capital required to purchase the Exit Shares from the sellers specified in each Exit Notice as soon as reasonably possible. Our aim is to raise this capital so as to purchase these shares not later than two years from the date of receipt by the Company of the Exit notices, but this timing is subject to the Company being able to raise the capital required.

In the event that the Company fails to purchase all the Exit Shares within the two-year period ending 25 March 2023, the Company will notify each seller in writing, and this period can be extended by six months. This extension may be extended by further periods of six months each by providing further extension notices.

Strategic discussions regarding a potential recapitalization are at advanced stages which may provide the required liquidity to purchase the Exit Shares.

### 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<br>as at<br>30 September 2022 | Audited<br>as at<br>31 December 2021 |
|--|---|--------------------------------------|
|  | US\$                                    | US\$                                 |
| <b>Assets</b>  |   |                                      |
| Financial assets at fair value through profit or loss                                  | 53,842,993                              | 53,415,322                           |
| Other receivables and prepayments  | 1,650,841                               | 1,078,242                            |
| Cash and cash equivalents  | 30,208                                  | 1,076,061                            |
| <b>Total assets</b>  | <b>55,524,042</b>                       | <b>55,569,625</b>                    |
| <b>Equity</b>  |   |                                      |
| Share capital  | 100                                     | 100                                  |
| <b>Total equity</b>  | <b>100</b>                              | <b>100</b>                           |
| <b>Liabilities (Excluding net assets attributable to holders of redeemable shares)</b> |   |                                      |
| Advisory fees payable  | 240,771                                 | 526,061                              |
| Other payables and accruals  | 91,308                                  | 118,368                              |
| <b>Total liabilities</b>   | <b>332,079</b>                          | <b>644,429</b>                       |
| Net assets attributable to holders of redeemable shares                                | 55,191,863                              | 54,925,096                           |
| <b>Net assets attributable to:</b>   |   |                                      |
| Class A  | 49,268,848                              | 49,030,710                           |
| Class B  | 5,923,015                               | 5,894,386                            |
| Net assets attributable to holders of redeemable shares                                | 55,191,863                              | 54,925,096                           |

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|  | Unaudited for the<br>nine months to<br>30 September 2022 | Unaudited for the<br>three months to<br>30 September 2022 | Unaudited for the<br>nine months to<br>30 September 2021 | Unaudited for the<br>three months to<br>30 September 2021 |
|--|--|---|--|---|
|  | US\$   | US\$  | US\$   | US\$  |
| <b>INCOME</b>  |  |   |  |   |
| Net gain on financial assets at fair value through profit or loss              | 402,672  | 310,338   | -  | -   |
| Dividend income  | 870,000  | 145,000   | 950,000  | 950,000   |
| Exchange rate gain   | -  | 85  | -  | -   |
|  | <b>1,272,672</b>   | <b>455,423</b>  | <b>950,000</b>   | <b>950,000</b>  |
| <b>EXPENSES</b>  |  |   |  |   |
| Net loss on financial assets at fair value through profit or loss              | -  | -   | (10,790,271)   | (12,282,983)  |
| Provision for impairment   | -  | -   | (22,200)   | (15,200)  |
| Professional fees  | (75,808)   | (11,869)  | (80,234)   | (17,984)  |
| Advisory fees  | (683,024)  | (240,771)   | (780,514)  | (263,030)   |
| Audit fees   | (41,457)   | (11,788)  | (37,433)   | (17,308)  |
| Bank charges   | (5,332)  | (1,901)   | (3,945)  | (1,859)   |
| Accounting fees  | (44,732)   | (14,967)  | (44,648)   | (14,883)  |
| Disbursements  | (1,550)  | (590)   | (1,250)  | (600)   |
| Licence fees   | (13,347)   | (4,385)   | (14,025)   | (4,636)   |
| Directors' fees  | (93,000)   | (26,000)  | (63,582)   | (26,000)  |
| Other expenses   | (47,612)   | (4,505)   | (38,684)   | (3,439)   |
| Exchange rate loss   | (43)   | -   | (342)  | (30)  |
|  | <b>(1,005,905)</b>                                       | <b>(316,776)</b>  | <b>(11,877,128)</b>                                      | <b>(12,647,952)</b>                                       |
| Profit/(Loss) before tax   | 266,767  | 138,647   | (10,927,128)   | (11,697,952)  |
| Income tax provision   | -  | -   | -  | -   |
| Profit/(Loss) for the period   | 266,767  | 138,647   | (10,927,128)   | (11,697,952)  |
| Finance costs  | -  | -   | -  | -   |
| Increase/(decrease) in net assets attributable to shareholders from operations | 266,767  | 138,647   | (10,927,128)   | (11,697,952)  |

## STATEMENT OF CASH FLOWS

|   | Unaudited for<br>nine months ended<br>30 September 2022 | Unaudited for<br>nine months ended<br>30 September 2021 |
|---|---|---|
|   | US\$  | US\$  |
| Net cash used in operating activities                       | (1,020,853)   | (862,777)   |
| Net cash flows used in investing activities                 | (25,000)  | -   |
| Net cash flows generated from financing activities          | -   | 950,000   |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | <b>(1,045,853)</b>                                      | <b>87,223</b>   |
| Cash and cash equivalents at beginning of period            | 1,076,061   | 658,250   |
| <b>Cash and cash equivalents at end of period</b>           | <b>30,208</b>   | <b>745,473</b>  |

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

|   | Net assets attributable to: |           |         |            |
|---|-----------------------------|-----------|---------|------------|
|   | Class A                     | Class B   | Class C | Total      |
|   | US\$                        | US\$      | US\$    | US\$       |
| At 1 January 2022   | 49,030,710                  | 5,894,386 | -       | 54,925,096 |
| Increase in net assets attributable to shareholders from operations | 238,138                     | 28,629    | -       | 266,767    |
| Unaudited as at 30 September 2022                                   | 49,268,848                  | 5,923,015 | -       | 55,191,863 |
| Number of shares in issue   | 16,636,409                  | 2,000,000 | -       | 18,636,409 |
| Net asset value per share   | 2.9615                      | 2.9615    | -       | -          |

## 2021

|   | Class A     | Class B     | Class C | Total        |
|---|-------------|-------------|---------|--------------|
|   | US\$        | US\$        | US\$    | US\$         |
| At 1 January 2021   | 56,754,976  | 6,822,984   | 100     | 63,578,060   |
| Effect of prior year adjustments*                                   | -           | -           | (100)   | (100)        |
| As restated   | 56,754,976  | 6,822,984   | -       | 63,577,960   |
| Decrease in net assets attributable to shareholders from operations | (9,754,464) | (1,172,664) | -       | (10,927,128) |
| Unaudited as at 30 September 2021                                   | 47,000,512  | 5,650,320   | -       | 52,650,832   |
| Number of shares in issue   | 16,636,409  | 2,000,000   | -       | 18,636,409   |
| Net asset value per share   | 2.8252      | 2.8252      | -       | -            |

## NOTES

- \* Correction of errors - These are prior year adjustments. Share capital and Net assets attributable to holders of redeemable shares have been restated during the year 2021.
- 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"). The abridged unaudited financial statements for the three months and nine months ended 30 September 2022 ("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 2021.
- 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 November 2022.
- 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-Bissonnauth.

## By order of the Board

Intercontinental Trust Limited  
Company Secretary

Perigeum Capital Ltd  
SEM Authorised Representative and Sponsor

14 November 2022

