

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 2021

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 2021

The economies in which the Company invests have rebounded at lower rentals as certain country-specific factors were exacerbated by the impact of Covid-19 on these markets. All three properties generated operating profits before the fair value adjustments. The major driver for lower valuations has been a lower growth outlook in market rentals, coupled with the need for capital spend in the near to medium term.

The Company's Gross Asset Value decreased by 8.5% from US\$104.4 million to US\$95.5 million. Therefore, Company's Net Asset Value per Class A share has decreased to US\$2.9472 as at 31 December 2021 (2020: US\$3.4115) 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 increased to 51.69% as at 31 December 2021 (2020: 47.51%).

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 decrease to 91% (2020: 95%). 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 m² improved to 81% (2020: 71%), although at lower rental rates. The focus continues to be the tenant retention of existing tenants and to efficiently manage expenses. The economy has been impacted by both the Covid-19 pandemic and persisting US\$ liquidity constraint, adding more pressures to an already highly competitive market.

• **Capital Properties (Dar es Salaam, Tanzania):** The occupancy rates of the three towers measuring 20,962 m² currently stand at 86% (2020: 85%), compared to the record low occupancy rates in Dar es Salaam ranging between 50% and 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 using its best endeavors to purchase the Exit Shares from the sellers specified in each Exit Notice as soon as reasonably possible but not later than two years from the date of receipt by the Company of the Exit notices.

In the event that the Company fails to purchase all the Exit Shares within the two years period, this period can be extended by a further period of six months. The Company will provide each seller with a written notice of its inability to raise the required funds. The extension period may be extended by further periods of six months by providing further extension notice.

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

	At 31 December 2021	Restated At 31 December 2020	Restated At 01 January 2020
	US\$	US\$	
Assets			
Financial assets at fair value through profit or loss	53,415,322	62,116,427	78,112,046
Loan receivable	-	429,412	429,412
Other receivables and prepayments	1,078,242	765,255	401,207
Cash and cash equivalents	1,076,061	658,250	7,477,636
Total assets	55,569,625	63,969,344	86,420,301
Equity			
Share capital*	100	100	100
Total equity	100	100	100
Liabilities (Excluding net assets attributable to holders of redeemable shares)			
Advisory fees payable	526,061	292,149	344,177
Other payables and accruals	118,368	99,135	78,333
Total liabilities	644,429	391,284	422,510
Net assets attributable to holders of redeemable shares	54,925,096	63,577,960	85,997,691
Net assets attributable to:			
Class A	49,030,710	56,754,976	76,768,694
Class B	5,894,386	6,822,984	9,228,997
Net assets attributable to holders of redeemable shares*	54,925,096	63,577,960	85,997,691

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited for the year ended 31 December 2021	Audited for the year ended 31 December 2020
	US\$	US\$
INCOME		
Dividend Income	1,490,000	-
	1,490,000	-
EXPENSES		
Accounting fees	(56,280)	(56,280)
Advisory fees	(1,043,545)	(1,216,582)
Audit fees	(54,395)	(46,000)
Bank charges	(5,189)	(4,503)
Directors' fees	(89,582)	(106,840)
Disbursements	(1,400)	(1,345)
Licence fees	(18,593)	(20,237)
Net loss on financial assets at fair value through profit or loss	(8,723,305)	(20,881,192)
Other expenses	(40,458)	(2,640)
Professional fees	(110,117)	(64,112)
Receivable written off	-	(20,000)
	(10,142,864)	(22,419,731)
Loss before finance costs and tax	(8,652,864)	(22,419,731)
Finance costs – Distribution to holders of redeemable shares	-	-
Decrease in net assets attributable to holders of redeemable shares before tax	(8,652,864)	(22,419,731)
Income tax expense	-	-
Decrease in net assets attributable to holders of redeemable shares	(8,652,864)	(22,419,731)

STATEMENT OF CASH FLOWS

	Audited for the year ended 31 December 2021	Audited for the year ended 31 December 2020
	US\$	US\$
Net cash flows generated from/(used in) operating activities	10,599	(1,933,813)
Net cash flows generated from/(used in) investing activities	407,212	(4,885,573)
Net cash flows generated from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	417,811	(6,819,386)
Cash and cash equivalents at beginning of year	658,250	7,477,636
Cash and cash equivalents at end of year	1,076,061	658,250

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

2021	Net assets attributable to:			
	Class A	Class B	Class C	Total
At 1 January 2021				
	US\$	US\$	US\$	US\$
As previously reported	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 holders of redeemable shares	(7,724,266)	(928,598)	-	(8,652,864)
At 31 December 2021	49,030,710	5,894,386	-	54,925,096
Number of shares in issue	16,636,409	2,000,000	-	-
Net asset value per share	US\$ 2.9472	US\$ 2.9472	-	-

2020

	Class A	Class B	Class C	Total
At 1 January 2020	US\$	US\$	US\$	US\$
As previously reported	76,768,694	9,228,997	100	85,997,791
Effect of prior year adjustments*	-	-	(100)	(100)
As restated	76,768,694	9,228,997	-	85,997,691
Decrease in net assets attributable to holders of redeemable shares	(20,013,718)	(2,406,013)	-	(22,419,731)
At 31 December 2020	56,754,976	6,822,984	-	63,577,960
Number of shares in issue	16,636,409	2,000,000	-	-
Net asset value per share	US\$ 3.4115	US\$ 3.4115	-	-

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.
- Advisory fees payable for Q3 2021 and Q4 2021 were outstanding.
- The abridged financial statements for the year ended 31 December 2021 ("abridged financial statements") have been prepared using the same accounting policies and method of computation followed per the audited financial statements for the year ended 31 December 2020 which are in accordance with the International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act. The auditor's report to the financial statements is unqualified.
- The abridged financial statements prepared based on the audited financial statements for the year ended 31 December 2021 as audited by the Company's external auditors, KPMG. These abridged audited financial statements were approved by the Board of Directors on 29 April 2022.
- Copies of the abridged 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 12.14 and section 88 of the Securities Act of Mauritius 2005. The Board accepts full responsibility for the accuracy of the information contained in this communiqué. Contact Person: Mrs Smitha Algoob-Bissonauth

By order of the Board

Intercontinental Trust Limited
Company Secretary
Perigeum Capital Ltd
SEM Authorised representative and Sponsor
29 April 2022

