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 SIX MONTHS ENDED 30 JUNE 2024

ABRIDGED SEPARATE STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 June 2024	Audited as at 31 December 2023
Assets	**US$**	**US$**
Financial assets at fair value through profit or loss	36,117,032	30,350,875
Other receivables and prepayments	9,730,846	1,706,721
Cash and cash equivalents	26,047,532	265,466
Total assets	**71,895,410**	**32,323,062**
Equity		
Share capital	100	100
Total equity	**100**	**100**
Liabilities (Excluding net assets attributable to holders of redeemable shares)		
Advisory fees payable	1,348,534	907,233
Other payables and accruals	25,171,916	106,220
Total liabilities (Excluding net assets attributable to holders of redeemable shares)	**26,520,450**	**1,013,453**
Net assets attributable to holders of redeemable shares	45,374,860	31,309,509
Net assets attributable to:		
Class A	43,260,575	27,949,473
Class B	2,114,285	3,360,036
Net assets attributable to holders of redeemable shares	45,374,860	31,309,509

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the six months to 30 June 2024	Unaudited for the three months to 30 June 2024	Unaudited for the six months to 30 June 2023	Unaudited for the three months to 30 June 2023
INCOME	**US$**	**US$**	US$	US$
Dividend income	140,000	140,000	955,000	890,000
Interest income	144,870	144,870	-	-
Net gain on financial assets at fair value through profit or loss	-	-	27,575	140,886
	284,870	284,870	982,575	1,030,886
EXPENSES				
Advisory fees	(441,301)	(220,651)	(449,888)	(226,187)
Operating expenses	(674,450)	(486,675)	(209,829)	(115,142)
Net loss on financial assets at fair value through profit or loss	(2,103,768)	(2,189,738)	-	-
	(3,219,519)	(2,897,064)	(659,717)	(341,329)
Profit/(loss) before finance costs and tax	(2,934,649)	(2,612,194)	322,858	689,557
Finance costs – Distribution to holders of redeemable shares	-	-	-	-
Decrease in net assets attributable to holders of redeemable shares before tax	(2,934,649)	(2,612,194)	322,858	689,557
Income tax expense	-	-	-	-
Decrease in net assets attributable to holders of redeemable shares	(2,934,649)	(2,612,194)	322,858	689,557

ABRIDGED SEPARATE STATEMENT OF CASH FLOWS

	Unaudited for the period ended 30 June 2024	Unaudited for the period ended 30 June 2023
	US$	US$
Net cash flows generated from operating activities	16,651,992	267,127
Net cash flows used in financing activities	(7,859,926)	-
Net cash flows generated from/ (used in) investing activities	16,990,000	(268,000)
Net increase/(decrease) in cash and cash equivalents	**25,782,066**	**(873)**
Cash and cash equivalents at beginning of year	265,466	9,806
Cash and cash equivalents at end of the period	**26,047,532**	**8,933**

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

2024 Net assets attributable to:

	Class A	Class B	Total
	US$	US$	US$
At 1 January 2024	27,949,473	3,360,036	31,309,509
Subscription of rights issue	17,000,000	-	17,000000
Decrease in net assets attributable to holders of redeemable shares	(1,688,898)	(1,245,751)	(2,934,649)
At 30 June 2024	43,260,575	2,114,285	45,374,860
Number of shares in issue	40,922,124	2,000,000	42,992,124
Net asset value per share	US$ 1.0571	US$ 1.0571	

2023

	Class A	Class B	Total
	US$	US$	US$
At 1 January 2023	33,702,577	4,051,664	37,754,241
Increase in net assets attributable to holders of redeemable shares	288,210	34,648	322,858
At 30 June 2023	33, 990,787	4,086,312	38,077,099
Number of shares in issue	16,636,409	2,000,000	18,636,409
Net asset value per share	US$ 2.0432	US$ 2.0432	

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 and six months ended 30 June 2024 ("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 2023.
- 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 August 2024.
- 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 Algoo-Bissonauth

By order of the Board

Intercontinental Trust Limited
Company Secretary

Perigeum Capital Ltd
SEM Authorised representative and Sponsor

16 August 2024

DIRECTORS' COMMENTARY

COMPANY OVERVIEW

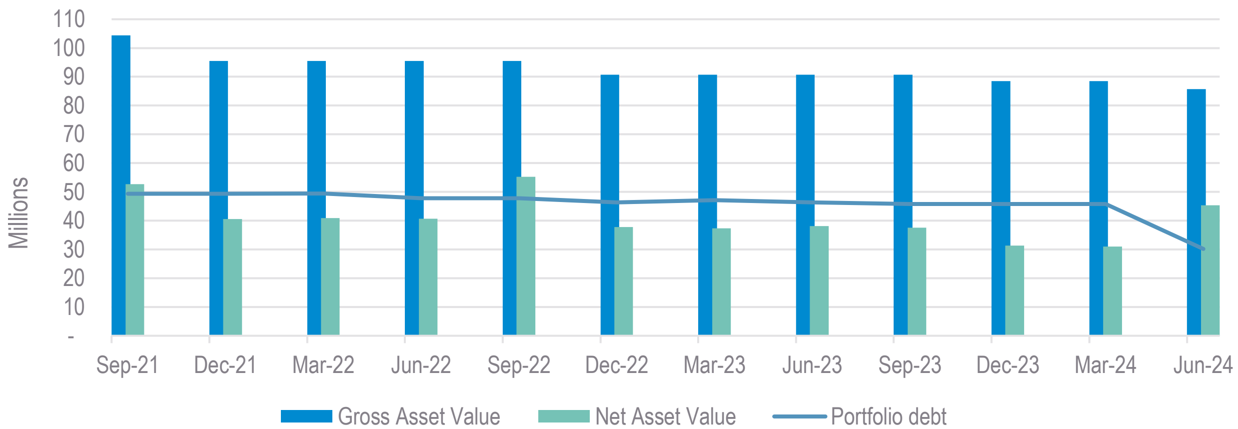
The Company is incorporated in Mauritius and holds a Global Business License issued by the Financial Services Commission ("FSC'). SACREIL is listed on the Official Market of the Stock Exchange of Mauritius Ltd ("SEM"), with core real estate assets in Ghana, Tanzania and Nigeria.

COMPANY REVIEW FOR THE PERIOD ENDED 30 JUNE 2024

Group focus remains on optimising operating efficiencies, lease retention strategies and rental collections. Occupancy levels have stabilised in Accra Mall and in Capital Properties but have declined in Atlantic House due to market conditions.

The Company's Gross Asset Value decreased to USD85,7million. The rising base cost of debt continues to increase pressure on the cash performance of the Group. The Company's Net Asset Value per Class A share decreased to USD 1.05 at 30 June 2024 from USD 1.66 as at 31 March 2024, post the rights issue.

With the repayment of the loans, the Group Loan to Value (LTV) Ratio (total 3rd party debt in the group divided by the group's total gross asset value) improved to 35.18%, as at 30 June 2024, from 51,76%, as at 31 December 2023, resulting in the reduction of portfolio debt.



The Company asset base consists of:

Accra Mall (Accra, Ghana):

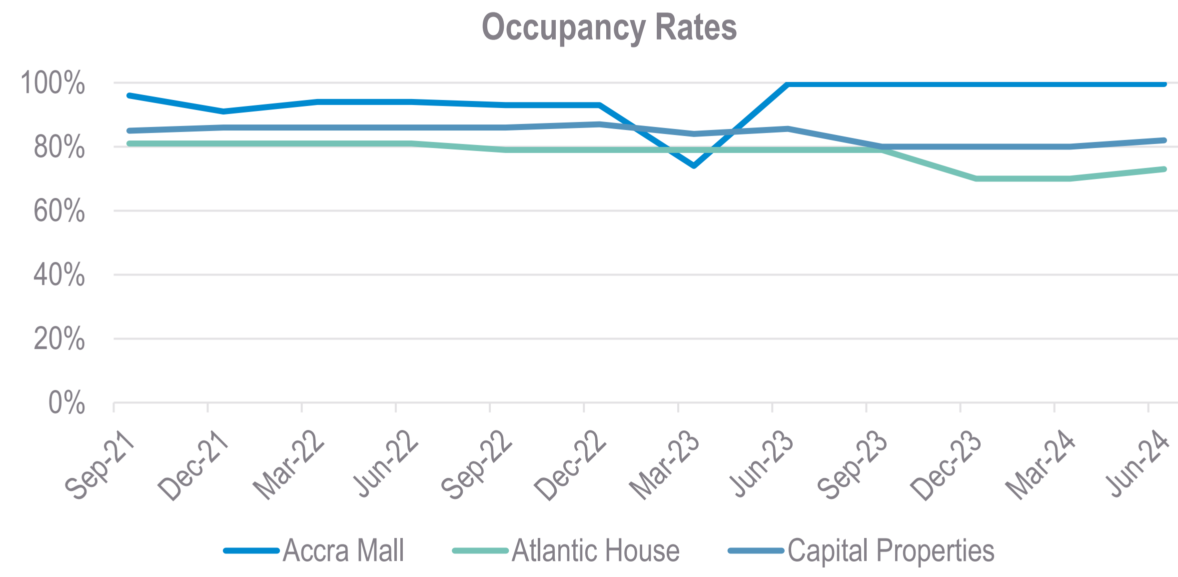
The mall measuring 21,384 m2 offers a quality mix of local and international tenants. The occupancy remains at 99%. The development of the adjacent land as a family friendly outdoor park is nearing completion. This park is expected to attract footfall and additional revenue to the mall. Funds received from the bridge facility were used to reduce the outstanding loan and thus Accra Mall is no longer in breach in terms of the LTV ratio which reduced from 56% to 37%. The Focus for management remains on tenant retention and mix and cash collections from long outstanding debtors.

Atlantic House (Lagos, Nigeria):

The occupancy rates of the office block measuring 4,271 m2 increased to 73% (70% as at 31 December 2023). The Company has received IFC EDGE Certification for building improvements. The focus continues to be tenant attraction and retention in a highly competitive market. The old senior debt facility has been settled, therefore the LTV is 0%. Negotiations are ongoing for a replacement debt facility. The Shareholder needs to inject *circa* USD 1,5million to address critical capex requirements to retain and/or improve the grade of the building.

Capital Properties (Dar es Salaam, Tanzania):

The aggregate occupancy rate for the three towers measuring 20,962 m2 has remained stable at 82%, compared to the market average occupancy rates of between 50% to 70%. The LTV is at 46%. Of the USD2,5m capital injection from the shareholder, USD2 million is earmarked to reduce the bank loan and the balance for critical capex.



COMPANY OUTLOOK

The revenue from all 3 properties trailed budget YTD due to lower than budgeted occupancy. The operations in Nigeria were further affected by forex losses at 37% of rental revenue due to the Naira devaluation. The net income before tax and value adjustments were negatively impacted by an increase in finance costs due to higher interest rates across all 3 properties. Focus is on adapting the lease strategies in each market to reduce vacancies and improve rental collections.

The Rights Issue program of USD17m was a success. None of the non-Sanlam affiliated shareholders participated in the rights issue. The 3 Sanlam shareholders subscribed for their pro-rata SACREIL shares and excess new shares. Based on their subscriptions the Rights Issue was fully subscribed and closed on 27 June 2024.

Post the Rights Issue, the shareholding of Sanlam Life Insurance Limited, Agulhas Nominees (Pty) Ltd, and Sanlam Africa Real Estate Advisor (Pty) Ltd (together referred to as "Sanlam Life and its affiliates") have collectively triggered a mandatory takeover per the Securities (Takeover) Rules 2010 (the "Takeover Rules"). On 5 July 2024 Sanlam Life and its affiliates have accordingly notified the Board of the Company and the regulators of their Firm Intention to make an offer to the minority shareholders.

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 5 April 2024.

Shareholders are advised to exercise caution when dealing in the shares of SACREIL until a further announcement is made in relation to the above.

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, discount and reversionary capitalisation rates.