



## **SINPF PRESS RELEASE**

### **AUDITOR GENERAL SIGNS OFF SINPF BOARD 2021 ANNUAL ACCOUNTS**

The Fund's 2021 audited financial statement for the 12 month period ending 30<sup>th</sup> June 2021 was signed off on the 30 June 2023 by the Auditor General (AG). With manpower challenges faced by contracted external auditor PWC and another repeated protracted discussion on the Fund's investment property annual revaluations, an immediate audit completion for 2021 was not realised following the Fund's 2020 audit sign off on 19 August 2022.

Approvals for the extensions of the 2021 and 2022 annual audits were obtained from the Central Bank of Solomon Islands due to the above challenges.

With the signing of the 2021 audit, the Board is finalising a timeline for the completion of the 2022 audit sign off with the Auditor General and PWC. Physical onsite audits are planned to be performed by our current contracted auditor Fiji based auditing firm PWC for the quick turnaround of the 2022 audit and the commencement of 2023 audit.

In 2021 the Board made a lower cash operating income and profit from dividends, interest, and rental from its investments compared to 2020 due to a reduction in dividends from one of our key domestic investee company. This is due to a change to their dividend policy. Strong levels of dividends and interest were received from our investee subsidiaries South Pacific Oil Ltd, Solomon Telekom Company Limited, Bank South Pacific Limited, Heritage Park Hotel Limited, Soltuna Limited, and Solomon Housing Ltd. Interest income received from our Government long term development bonds remain strong and reliable.

Rentals improved as the refurbishment of the Anthony Saru was completed and new tenants moved in under new lease agreements whilst occupancy at the Hibiscus Executive Apartments remained low at around 55% with the continued closure of international borders. A good number of our SME tenants at the NPF Plaza and Food Courts struggled in meeting their rental obligations.

Our annual revaluations of our unlisted equities, (South Pacific Oil Limited, Solomon Telekom Company Limited, Heritage Park Hotel Limited, Soltuna Limited, Solomon Housing Ltd, Solomon Submarine Cable Company Ltd, and PNG based Loloata Island Resort Limited) performed by international Australia based auditing firm Deloitte resulted in an overall net unrealised revaluation gains of \$249.5 million compared to 2020 annual unrealised revaluation loss of \$173.4 million.

The large positive unrealised surplus was primarily driven by South Pacific Oil Limited, Solomon Telekom Company and Heritage Park Hotel Limited strong financial performance. The improved performance was also strongly influenced by the improved Solomon Islands Government sovereign risk rating for the period ending 30 June 2021.

Our international investment exposures in USA, Australia, Europe and Papua New Guinea markets also recorded positive upsides with a net positive revaluation unrealised gains as share and unit prices rebounded after declines in 2020 with major economies learned to live with the pandemic.

The Board based on this expected result on 30 September 2021 awarded a crediting rate of 6.0% to its members. The financing of the crediting rate was made from 2021 operating profits.

For the financial year 2022, the volatility in the annual revaluations of our unlisted equities and investment properties was wide and steep with large unrealised losses recorded as a result of the following; (1) the government's sovereign risk rating downgraded in 2022, (2) the impact of the Honiara November 2021 riots, (3) lockdowns in Honiara and between provinces and the delay in the reopening of our borders due to community transmissions of the covid-19 virus in January 2022, international supply chain disruptions, the Ukraine war and increased energy and food prices on our depressed economy, and increased volatility in international markets.

As a result of the above result on 30 September 2022, the SINPF Board declared a crediting rate of 2.65% for its members.

**SINPF Management**

**19<sup>th</sup> July 2023.**