

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 period ended 30 June 2016

DIRECTORS' COMMENTARY

COMPANY OVERVIEW

The Company is a Category One Global Business Licence Company registered in Mauritius and listed on the Stock Exchange of Mauritius, with core real estate assets in Ghana, Tanzania and Nigeria.

COMPANY REVIEW FOR THE PERIOD ENDED 30 JUNE 2016

The region continued to suffer an economic slowdown. Some of the reasons for this slowdown are country specific, whilst others are more macroeconomic and influenced by world events. The sustained slump in commodity markets, falling growth expectations and concerning sovereign debt burdens have also contributed to weaker local trading conditions.

Accra Mall's (Accra, Ghana) trading conditions have remained largely resilient, with only a marginal impact on operations from the current economic downturn. The small initial retail expansion and the refurbishment of the food court have been completed. The Ghanaian Cedi is more stable against the US\$ and the inflation rate as at 30 June 2016 is marginally lower at 18.4%, than as at 31 March 2016. These economic improvements are positive for our tenants, and consequently the Mall.

Atlantic House (Lagos, Nigeria) continues to experience high vacancy rates in a Nigerian economy which continues to weaken. In June, the Nigerian Naira was allowed to float freely against the US\$ and it

immediately moved from NGN199 to trade at around NGN283. The currency has continued to depreciate post the end of June and is currently trading around NGN310- NGN320 against the US\$. The sharp depreciation of the currency will impact inflation. However, the weaker currency will take depreciation pressures off the currency and is anticipated to mitigate some economic distortions which were building up in Nigeria's economy, due to an artificially strong currency. These market conditions have resulted in a decrease in economic activity. There is also increased competition, due to a significant increase in lettable office space in Lagos, with new developments becoming available for occupation, and this is putting downward pressure on market rentals.

Capital Properties (Dar es Salaam, Tanzania) currently has a temporarily increased vacancy rate, mainly due to the refurbishment of one of its office towers. Notwithstanding this, its operational performance remains as expected. The inflation rate has improved y-o-y from 6.1% to 5.5%. The currency has been stable against the US\$ with no significant depreciation being experienced in 2016 (unlike during 2015).

The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) increased from 32% to 35%, in aggregate.

The Company's Net Asset Value per share as at 30 June 2016 was US\$ 5.6825 before distribution of the interim dividend.

The interim dividend of US\$ 0.0625 per share has been approved by the Board in respect of the six months ended 30 June 2016.

COMPANY OUTLOOK

The Company continues to pursue its strategy of growing its portfolio of assets, and is currently evaluating acquisition and expansion opportunities.

The Company intends to raise further capital in order to fund the future asset acquisitions and expansions. The consequent increase in the Company's market capitalization may also improve the liquidity of its shares over time.

The challenging business and economic environment across the region is anticipated to continue in the foreseeable future and therefore trading conditions for the assets are likely to remain under pressure.

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'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 as at 30 June 2016	Audited as at 31 December 2015
	US\$	US\$
Assets		
Cash and cash equivalents	7,398,653	1,911,775
Loan receivable	40,810,547	45,340,208
Interest receivable	956,282	943,940
Other receivables and repayments	377,344	324,049
Financial assets at fair value through profit or loss	61,629,750	60,253,645
Total assets	111,172,576	108,773,617
Liabilities		
Borrowings	(4,500,000)	-
Advisory fees payable	(661,036)	(670,920)
Interest payable	-	-
Dividend payable	-	-
Other payables and accruals	(109,727)	(87,197)
Total liabilities	(5,270,763)	(758,117)
Net assets attributable to shareholders	105,901,813	108,015,500
Net assets attributable to:		
Class A	94,536,678	96,423,531
Class B	11,365,035	11,591,869
Class C	100	100
Net assets attributable to shareholders	105,901,813	108,015,500

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the six months to 30 June 2016	Unaudited for the three months to 30 June 2016	Unaudited for the six months to 30 June 2015	Unaudited for the three months to 30 June 2015
	US\$	US\$	US\$	US\$
INCOME				
Net gain on financial assets at fair value through profit or loss	1,376,106	571,682	2,494,847	472,491
Interest income	914,615	465,782	712,531	355,703
Dividend income	-	-	-	-
Other income	454,394	66,947	-	-
	2,745,115	1,104,411	3,207,378	828,194
EXPENSES				
Loan interest	(56,457)	(56,457)	-	-
Professional fees	(150,175)	(107,952)	(213,236)	(110,397)
Advisory fees	(1,305,411)	(661,036)	(1,335,602)	(679,267)
Audit fees	(11,328)	(4,514)	(9,485)	(5,175)
Bank charges	(4,414)	(3,696)	(4,693)	(3,605)
Accounting fees	(30,280)	(14,625)	(29,250)	(14,625)
Disbursements	(225)	(175)	(365)	(220)
Licence fees	(10,013)	(5,006)	(9,846)	(4,923)
Directors' fees	(49,842)	(22,333)	(73,667)	(37,333)
Other expenses	(18,939)	(18,939)	(12,179)	(12,179)
	(1,637,084)	(894,733)	(1,688,323)	(867,724)
Profit/(Loss) before tax	1,108,031	209,678	1,519,055	(39,530)
Income tax provision	(27,438)	(13,973)	(21,376)	(10,671)
Profit/(Loss) for the period	1,080,593	195,705	1,497,679	(50,201)
Finance costs	(3,194,280)	(610)	(1,451,776)	(1,451,776)
Increase/(decrease) in net assets attributable to shareholders from operations	(2,113,687)	195,095	45,903	(1,501,977)

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 30 June 2016	Unaudited for the period ended 30 June 2015
	US\$	US\$
Net cash generated by/ (utilised in) operating activities	4,181,158	(1,091,693)
Net cash flows provided by/ (used in) financing activities	1,305,720	(2,484,345)
Net increase/ (decrease) in cash and cash equivalents	5,486,878	(3,576,038)
Cash and cash equivalents at beginning of period	1,911,775	10,519,262
Cash and cash equivalents at end of period	7,398,653	6,943,224

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

2016	Net assets attributable to:			
	Class A	Class B	Class C	Total
	US\$	US\$	US\$	US\$
At 1 January 2016	96,423,531	11,591,869	100	108,015,500
Additional dividend paid	-	-	-	-
Decrease in net assets attributable to shareholders from operations	(1,886,853)	(226,834)	-	(2,113,687)
Unaudited as at 30 June 2016	94,536,678	11,365,035	100	105,901,813
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 5.6825	US\$ 5.6825	US\$ 1	

2015

	Class A	Class B	Class C	Total
	US\$	US\$	US\$	US\$
At 1 January 2015	100,809,466	13,220,177	100	114,029,743
Additional dividend paid	-	(1,032,569)	-	(1,032,569)
Increase in net assets attributable to shareholders from operations	40,977	4,926	-	45,903
Unaudited as at 30 June 2015	100,850,443	12,192,534	100	113,043,077
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 6.0620	US\$ 6.0963	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 ("SEM") and Section 88 (1) of the Securities Act 2005. The abridged unaudited financial statements for the six months ended 30 June 2016 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 of 2005, using the same accounting policies as those of the audited financial statements for the year ended 31 December 2015.
- The net asset value per share for Class A has been stated net of the additional dividend reserve attributable to Class B shareholders.
- The net asset value is calculated before distribution of the interim dividend.
- The abridged unaudited interim financial statements have not been reviewed or reported on by the Company's external auditors. These abridged unaudited interim financial statements were approved by the Board of Directors on 10 August 2016.
- Copies of the abridged unaudited interim 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 Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius.
- This communiqué is issued pursuant to SEM Listing Rules 11.3 and 12.20 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: Mr Kesaven Moothoosamy.

By order of the Board

Intercontinental Trust Limited
Company Secretary

10 August 2016

