



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 September 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 SEPTEMBER 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 worrisome sovereign debt burdens have also contributed to weaker local trading conditions. Nigeria has officially slipped into recession with its economy having contracted for two successive quarters.

Accra Mall's (Accra, Ghana) trading conditions have remained largely resilient, with only a marginal impact on operations from the current economic downturn. The Ghanaian Cedi is more stable against the US\$ and the inflation rate as at 30 September 2016 is marginally lower at 17.2%, than as at 30 June 2016. These economic improvements are positive for our tenants, and consequently the Mall. There were no vacancies at the end of September 2016.

Atlantic House (Lagos, Nigeria) continues to experience high vacancy rates in a Nigerian economy which continues to weaken. Since the Nigerian Naira was allowed to float freely against the US\$ in June and it has depreciated from NGN199 to trade at around NGN315 at the end of September. The sharp depreciation of the currency will impact inflation. There continues to be US\$ liquidity challenges on the forex markets. 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. These factors are putting downward pressure on market rentals.

Capital Properties (Dar es Salaam, Tanzania) has a temporarily increased vacancy rate, mainly due to the refurbishment of one of its office towers which is underway. Notwithstanding this, its operational performance remains as expected. The inflation rate has improved y-o-y to 4.47%. The currency has been stable against the US\$ with no significant depreciation being experienced in 2016 (unlike during 2015).

The Company's Net Asset Value per share as at 30 September 2016 was US\$5.6936. The Company's Gross Asset Value per share as at 30 September 2016 was US\$8.1297. The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) decreased marginally from 34.9% to 34.7%, in aggregate.

COMPANY OUTLOOK

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

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 September 2016	Audited as at 31 December 2015
Assets	US\$	US\$
Cash and cash equivalents	6,134,071	1,911,775
Loan receivable	41,176,520	45,340,208
Interest receivable	1,161,542	943,940
Other receivables and repayments	394,611	324,049
Financial assets at fair value through profit or loss	63,320,296	60,253,645
Total assets	112,187,040	108,773,617
Liabilities		
Borrowings	(4,500,000)	-
Advisory fees payable	(1,329,336)	(670,920)
Interest payable	(76,430)	-
Dividend payable	-	-
Other payables and accruals	(172,817)	(87,197)
Total liabilities	(6,078,583)	(758,117)
Net assets attributable to shareholders	106,108,457	108,015,500
Net assets attributable to:		
Class A	94,721,146	96,423,531
Class B	11,387,211	11,591,869
Class C	100	100
Net assets attributable to shareholders	106,108,457	108,015,500

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the nine months to 30 September 2016	Unaudited for the three months to 30 September 2016	Unaudited for the nine months to 30 September 2015	Unaudited for the three months to 30 September 2015
INCOME	US\$	US\$	US\$	US\$
Net gain on financial assets at fair value through profit or loss	3,066,652	1,690,546	3,625,704	1,130,857
Interest income	1,348,334	433,719	1,074,191	361,660
Dividend income	-	-	-	-
Other income	591,908	137,514	-	-
	5,006,894	2,261,779	4,699,895	1,492,517
EXPENSES				
Loan interest	(132,887)	(76,430)	-	-
Provision for impairment	(10,000)	(10,000)	-	-
Professional fees	(219,986)	(69,811)	(274,458)	(61,223)
Advisory fees	(1,973,711)	(668,300)	(2,006,522)	(670,920)
Audit fees	(17,567)	(6,239)	(13,455)	(4,025)
Bank charges	(7,844)	(3,430)	(7,128)	(2,435)
Accounting fees	(44,905)	(14,625)	(40,625)	(11,375)
Disbursements	(425)	(200)	(455)	(35)
Licence fees	(15,023)	(5,010)	(14,857)	(5,011)
Directors' fees	(71,931)	(22,089)	(94,689)	(21,022)
Other expenses	(20,153)	(1,214)	(12,179)	-
	(2,514,432)	(877,348)	(2,464,368)	(776,046)
Profit/(Loss) before tax	2,492,462	1,384,431	2,235,527	716,471
Income tax provision	(40,450)	(13,012)	(32,226)	(10,850)
Profit/(Loss) for the period	2,452,012	1,371,419	2,203,301	705,621
Finance costs	(4,359,055)	(1,164,775)	(2,799,687)	(1,347,911)
(Decrease)/increase in net assets attributable to shareholders from operations	(1,907,043)	206,644	(596,386)	(642,290)

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 30 September 2016	Unaudited for the period ended 30 September 2015
	US\$	US\$
Net cash generated by/ (utilised in) operating activities	4,081,351	(1,820,070)
Net cash flows provided by/ (used in) financing activities	140,945	(3,832,256)
Net increase/ (decrease) in cash and cash equivalents	4,222,296	(5,652,326)
Cash and cash equivalents at beginning of period	1,911,775	10,519,262
Cash and cash equivalents at end of period	6,134,071	4,866,936

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	(1,702,385)	(204,658)	-	(1,907,043)
Unaudited as at 30 September 2016	94,721,146	11,387,211	100	106,108,457
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 5.6936	US\$ 5.6936	US\$ 1	

2015

2015	Net assets attributable to:			
	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)
Decrease in net assets attributable to shareholders from operations	(532,384)	(64,002)	-	(596,386)
Unaudited as at 30 September 2015	100,277,082	12,123,606	100	112,400,788
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 6.0276	US\$ 6.0618	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 nine months ended 30 September 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 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 7 November 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

Perigeum Capital Ltd
SEM Authorised Representative and Sponsor

7th November 2016

