

# 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 2016

### DIRECTORS' COMMENTARY

#### COMPANY OVERVIEW

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

#### COMPANY REVIEW FOR THE YEAR ENDED 31 DECEMBER 2016

December 2016 represents the completion by SACREIL of its fourth financial year since listing. It was an eventful year with many challenges and hurdles, some having been overcome, some still work in progress. Economies in the region continue to remain under pressure. 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 (Accra, Ghana):** The asset has continued performing well in a difficult market. The foot count at the Mall increased 27% y-o-y in 2016. Some tenants experienced some ongoing pressure on their business with the down turn in the economy in 2015. This is expected to dissipate in 2017 with the Ghanaian economy growing at 3.6% in 2016 and projected to grow at 6.3% in 2017. The Cedi has been more stable in comparison to 2015. These economic improvements are positive for our tenants and consequently the Mall.

**Atlantic House (Lagos, Nigeria):** Trading conditions in Nigeria continue to be extremely difficult although it does appear that the economy, whilst under continuing pressure, is

stabilising and may grow marginally in 2017. Since the Nigerian Naira was allowed to float against the US\$ in June and it has depreciated from NGN199 to trade at around NGN305 at the end of December and US\$ liquidity challenges continue to be experienced within the US\$ on the forex markets. Atlantic House has high vacancy rates (December 2016:34% in a market with increasing competition, due to a significant increase in lettable office space in Lagos, with new developments becoming available for occupation during 2016, and lower demand for office space as economic growth has been muted. These factors are putting downward pressure on market rentals.

**Capital Properties (Dar es Salaam, Tanzania):** The operational performance of the three buildings remains in line with expectations. There is currently a temporarily increased vacancy rate, mainly due to the refurbishment of one of its office towers which is underway, and which will be completed mid-2017. 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 31 December 2016 was US\$ 5.7625. The Company's Gross Asset Value per share as at 31 December 2016 was US\$ 8.2059. The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) is 33.1%, in aggregate. A final dividend for FY 2016 of US\$ 0.0600 per share has been approved by the Board. This brings the aggregate dividend per share for the 2016 financial year to US\$ 0.1225.

#### COMPANY OUTLOOK

Notwithstanding a difficult 2016 year, the strategy of growing its portfolio of assets remains integral to the future performance of the Company. The Company is evaluating acquisition

and expansion opportunities, for which it intends to raise further capital. An increase in the Company's issued share capital may improve the liquidity of its shares over time, which currently remains thin.

Although there are signs of economic stability and returning growth, the challenging business and economic environment across the region is still anticipated to continue in 2017 and trading conditions for the Company's property portfolio 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

	Audited as at 31 December 2016	Audited as at 31 December 2015
<b>Assets</b>	<b>US\$</b>	<b>US\$</b>
Cash and cash equivalents	5,118,507	1,911,775
Loan receivable	37,347,742	45,340,208
Interest receivable	1,367,793	943,940
Other receivables and repayments	384,025	324,049
Financial assets at fair value through profit or loss	68,420,935	60,253,645
<b>Total assets</b>	<b>112,639,002</b>	<b>108,773,617</b>
<b>Liabilities</b>		
Borrowings	(4,500,000)	-
Advisory fees payable	(668,300)	(670,920)
Interest payable	(856)	-
Other payables and accruals	(76,830)	(87,197)
<b>Total liabilities</b>	<b>(5,245,986)</b>	<b>(758,117)</b>
Net assets attributable to shareholders	107,393,016	108,015,500
<b>Net assets attributable to:</b>		
Class A	95,867,850	96,423,531
Class B	11,525,066	11,591,869
Class C	100	100
Net assets attributable to shareholders	107,393,016	108,015,500

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited for the year ended 31 December 2016	Audited for the year ended 31 December 2015
<b>INCOME</b>	<b>US\$</b>	<b>US\$</b>
Net gain on financial assets at fair value through profit or loss	8,167,290	2,419,604
Interest income	1,787,081	1,460,860
Other income	-	1,731
	9,954,371	3,882,195
<b>EXPENSES</b>		
Provision for impairment	(2,829,365)	(2,819,636)
Loan interest	(211,612)	-
Professional fees	(294,094)	(331,601)
Advisory fees	(2,642,011)	(2,677,442)
Audit fees	(22,620)	(17,480)
Bank charges	(10,546)	(8,154)
Accounting fees	(57,310)	(55,250)
Disbursements	(2,765)	(626)
Licence fees	(20,038)	(19,834)
Directors' fees	(107,350)	(121,964)
Other expenses	(20,089)	(12,195)
	(6,217,800)	(6,064,182)
Profit / (Loss) before tax	3,736,571	(2,181,987)
Income tax provision	-	-
Profit / (Loss) for the year	3,736,571	(2,181,987)
Finance costs – Distribution to shareholders	(4,359,055)	(2,799,687)
Decrease in net assets attributable to shareholders from operations	(622,484)	(4,981,674)

### STATEMENT OF CASH FLOWS

	Audited for the year ended 31 December 2016	Audited for the year ended 31 December 2015
<b>Net cash used in operating activities</b>	<b>US\$ (1,293,268)</b>	<b>US\$ (7,574,918)</b>
<b>Net cash flows generated from/ (used in) financing activities</b>	<b>4,500,000</b>	<b>(1,032,569)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>3,206,732</b>	<b>(8,607,487)</b>
Cash and cash equivalents at beginning of period	1,911,775	10,519,262
<b>Cash and cash equivalents at end of year</b>	<b>5,118,507</b>	<b>1,911,775</b>

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

2016	Net assets attributable to:			
	Class A	Class B	Class C	Total
At 1 January 2016	US\$ 96,423,531	US\$ 11,591,869	US\$ 100	US\$ 108,015,500
Additional dividend paid	-	-	-	-
Decrease in net assets attributable to shareholders from operations	(555,681)	(66,803)	-	(622,484)
<b>Audited as at 31 December 2016</b>	<b>95,867,850</b>	<b>11,525,066</b>	<b>100</b>	<b>107,393,016</b>
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 5.7625	US\$ 5.7625	US\$ 1	

### 2015

	Class A	Class B	Class C	Total
At 1 January 2015	US\$ 100,809,466	US\$ 13,220,177	US\$ 100	US\$ 114,029,743
Additional dividend paid	-	(1,032,569)	-	(1,032,569)
Decrease in net assets attributable to shareholders from operations	(4,447,057)	(534,617)	-	(4,981,674)
<b>Audited as at 31 December 2015</b>	<b>96,423,531</b>	<b>11,591,869</b>	<b>100</b>	<b>108,015,500</b>
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 5.7959	US\$ 5.7959	US\$ 1	

### NOTES

- The abridged audited financial statements for the year ended 31 December 2016 have been prepared using the same accounting policies and method of computation followed per the audited financial statements for the year ended 31 December 2015 which are in compliance with the international Financial Reporting Standards. The auditors' report to the financial statements is unqualified.
- 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 audited financial statements have been reviewed by the Company's external auditors. These abridged audited financial statements were approved by the Board of Directors on 28 March 2017.
- Copies of the abridged audited 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 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: Mr Kesaven Moothoosamy.

#### By order of the Board

Intercontinental Trust Limited  
Company Secretary

28 March 2017

Perigeum Capital Ltd.

SEM authorised representative and sponsor

