



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 quarter ended 31 March 2017

DIRECTORS' COMMENTARY

COMPANY OVERVIEW

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

COMPANY REVIEW FOR THE QUARTER ENDED 31 MARCH 2017

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'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 31 March 2017 is at 12.8% (December 2016: 15.4%). 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 be weak. 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. 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) 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 the office towers which is underway, and which will be completed mid-2017.

The Company's Net Asset Value per share as at 31 March 2017 was US\$5.7151, after taking into account the final dividend for financial year 2016 US\$ 0.600 per share that was declared by the Company on 28 March 2017. The Company's Gross Asset Value per share as at 31 March 2017 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) decreased marginally from 33.1% to 32.9% in aggregate.

COMPANY OUTLOOK

Whilst liquidity and currency related challenges, in certain jurisdictions, may remain for some time, the regional diversification and quality of the portfolio

of underlying assets and tenants provides some level of resilience. The Company is constantly assessing the market for new high quality opportunities and intends to raise further capital in order to fund these future acquisitions. The consequent increase in the Company's market capitalization may also improve the liquidity of its shares over time.

It appears that economic growth in Sub-Saharan Africa is turning, after slowing since 2014. The stabilisation of commodity prices and currencies has removed a key headwind that has slowed growth in recent years. In addition lower inflation should give central banks the space to loosen monetary policy. Despite these optimistic signs caution is warranted. 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 valuations of the 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 31 March 2017	Audited as at 31 December 2016
Assets	US\$	US\$
Cash and cash equivalents	4,969,471	5,118,507
Loan receivable	37,222,462	37,347,742
Interest receivable	1,600,560	1,367,793
Other receivables and repayments	378,742	384,025
Financial assets at fair value through profit or loss	69,385,750	68,420,935
Total assets	113,556,985	112,639,002
Liabilities		
Borrowings	(4,500,000)	(4,500,000)
Advisory fees payable	(1,328,195)	(668,300)
Interest payable	-	(856)
Other payables and accruals	(1,220,266)	(76,830)
Total liabilities	(7,048,461)	(5,245,986)
Net assets attributable to shareholders	106,508,524	107,393,016
Net assets attributable to:		
Class A	95,078,279	95,867,850
Class B	11,430,145	11,525,066
Class C	100	100
Net assets attributable to shareholders	106,508,524	107,393,016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the period ended 31 March 2017	Unaudited for the period ended 31 March 2016
INCOME	US\$	US\$
Net gain on financial assets at fair value through profit or loss	964,816	804,423
Interest income	445,372	448,833
Other income	6,282	387,448
	1,416,470	1,640,704
EXPENSES		
Provision for impairment	(337,886)	-
Loan interest	(78,745)	-
Professional fees	(39,223)	(42,224)
Advisory fees	(659,896)	(644,375)
Audit fees	(4,649)	(6,814)
Bank charges	(1,452)	(718)
Accounting fees	(14,625)	(15,655)
Disbursements	(215)	(50)
Licence fees	(5,086)	(5,006)
Directors' fees	(41,000)	(27,509)
	(1,182,777)	(742,351)
Profit before tax	233,693	898,353
Income tax provision	-	(13,465)
Profit for the period	233,693	884,888
Finance costs – Distribution to shareholders	(1,118,184)	(3,193,670)
Decrease in net assets attributable to shareholders from operations	(884,491)	(2,308,782)

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 31 March 2017	Unaudited for the period ended 31 March 2016
	US\$	US\$
Net cash used in operating activities	(149,036)	(1,155,829)
Net cash flows generated from/ (used in) financing activities	-	-
Net decrease in cash and cash equivalents	(149,036)	(1,155,829)
Cash and cash equivalents at beginning of period	5,118,507	1,911,775
Cash and cash equivalents at end of period	4,969,471	755,946

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
Decrease in net assets attributable to shareholders from operations (including distributions to shareholders)	(2,061,011)	(247,771)	-	(2,308,782)
Unaudited as at 31 March 2016	94,362,520	11,344,098	100	105,706,718
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 5.6720	US\$ 5.6720	US\$ 1	

2017

	Class A	Class B	Class C	Total
	US\$	US\$	US\$	US\$
At 1 January 2017	95,867,850	11,525,066	100	107,393,016
Decrease in net assets attributable to shareholders from operations (including distributions to shareholders)	(789,570)	(94,921)	-	(884,491)
Unaudited as at 31 March 2017	95,078,279	11,430,145	100	106,508,524
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 5.7151	US\$ 5.7151	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 Ltd ("SEM") and Section 88 (1) of the Securities Act 2005. The abridged unaudited financial statements for the three months ended 31 March 2017 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 2016.
- The net asset value per share for Class A has been stated net of the additional dividend reserve attributable to Class B shareholders. No additional dividends were declared or provided for during the quarter ended 31 March 2017 (31 March 2016: nil)
- 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 12 May 2017.
- 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 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 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: Mrs. Smitha Algoo.

By order of the Board

Intercontinental Trust Limited
Company Secretary

12 May 2017

Perigeum Capital Ltd.

SEM authorised representative and sponsor

