

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 three months and six months ended 30 June 2017

DIRECTORS' COMMENTARY

COMPANY OVERVIEW

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

COMPANY REVIEW FOR THE PERIOD ENDED 30 JUNE 2017

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 relatively stable against the US\$ depreciating 3.7% YTD and the inflation rate for June 2017 was 12.1% (March 2017:12.8%). Real GDP growth is predicted at 6.5% for 2017. These economic improvements are positive for our tenants, and consequently for Accra Mall.

Atlantic House (Lagos, Nigeria) continues to experience high vacancy rates in a Nigerian economy which continues to be weak. In Quarter 1 there was a 0.5% year on year contraction of real GDP. Notwithstanding, economists continue to forecast GDP growth of about 1.1% for 2017. There continues to be US\$ liquidity challenges on the forex markets but this is improving. These market conditions have resulted in a decrease in economic activity and trading conditions continue to be extremely difficult.

The performance of Atlantic House continues to affect the performance of SACREIL in terms of revenue as well as having an impact on its Net Asset Value ("NAV"). The value of the asset has been written down by \$4m to \$36.5m as at 30 June 2017. This is as a result of continuing uncertainty in an extremely difficult market.

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 complete Quarter 3-2017.

The Company's NAV per share as at 30 June 2017 was US\$5.5810 before distribution of the interim dividend. The Company's Gross Asset Value per share as at 30 June 2017 was US\$7.9912. The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) improved from 32.9% to 31.4% in aggregate.

An interim dividend of US\$0.0850 per share has been approved by the Board in respect of the six months ended 30 June 2017, which is an increase of approximately 36% in comparison with the previous year's interim dividend.

The Advisor and the Board of Directors have initiated discussions on a new fee proposal, more suited to SACREIL's growth and market conditions. However, for the six months period ended 30 June 2017, the advisory fee has been based on 0.7% of Gross Asset Value. The final level of a new base fee as well as any other elements of fees which may be linked to other aspects of the business, have not yet been finalised but they do not affect this interim period. The discussions are ongoing.

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 some central banks the space to loosen monetary policy. Despite these optimistic signs, caution is warranted. The challenging business and economic environment around 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 2017	Audited as at 31 December 2016
Assets	US\$	US\$
Cash and cash equivalents	1,704,730	5,118,507
Loan receivable	34,558,941	37,347,742
Interest receivable	1,374,945	1,367,793
Advisory fees	129,046	-
Other receivables and repayments	396,042	384,025
Financial assets at fair value through profit or loss	70,423,498	68,420,935
Total assets	108,587,202	112,639,002
Liabilities		
Borrowings	(4,500,000)	(4,500,000)
Advisory fees payable	-	(668,300)
Interest payable	-	(856)
Other payables and accruals	(77,690)	(76,830)
Total liabilities	(4,577,690)	(5,245,986)
Net assets attributable to shareholders	104,009,512	107,393,016
Net assets attributable to:		
Class A	92,847,453	95,867,850
Class B	11,161,959	11,525,066
Class C	100	100
Net assets attributable to shareholders	104,009,512	107,393,016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the six months to 30 June 2017	Unaudited for the three months to 30 June 2017	Unaudited for the six months to 30 June 2016	Unaudited for the three months to 30 June 2016
INCOME	US\$	US\$	US\$	US\$
Net gain on financial assets at fair value through profit or loss	2,002,564	1,037,748	1,376,106	571,682
Interest income	495,795	50,423	914,615	465,782
Other income	6,282	-	454,394	66,947
	2,504,641	1,088,171	2,745,115	1,104,411
EXPENSES				
Provision for impairment	(3,830,722)	(3,492,835)	-	-
Loan interest	(160,049)	(81,304)	(56,457)	(56,457)
Professional fees	(79,143)	(39,920)	(150,175)	(107,952)
Advisory fees	(530,850)	129,046	(1,305,411)	(661,036)
Audit fees	(9,298)	(4,649)	(11,328)	(4,514)
Bank charges	(5,755)	(4,303)	(4,414)	(3,696)
Accounting fees	(29,250)	(14,625)	(30,280)	(14,625)
Disbursements	(715)	(500)	(225)	(175)
Licence fees	(10,175)	(5,089)	(10,013)	(5,006)
Directors' fees	(75,000)	(34,000)	(49,842)	(22,333)
Other expenses	(39,004)	(39,004)	(18,939)	(18,939)
	(4,769,961)	(3,587,183)	(1,637,084)	(894,733)
(Loss)/Profit before tax	(2,265,320)	(2,499,012)	1,108,031	209,678
Income tax provision	-	-	(27,438)	(13,973)
Loss/Profit for the period	(2,265,320)	(2,499,012)	1,080,593	(195,705)
Finance costs	(1,118,184)	-	(3,194,280)	(610)
(Decrease)/Increase in net assets attributable to shareholders from operations	(3,383,504)	(2,499,012)	(2,113,687)	195,095

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 30 June 2017	Unaudited for the period ended 30 June 2016
Net cash (utilised in)/ generated by operating activities	US\$ (2,295,802)	US\$ 4,181,158
Net cash flows (used in)/ provided by financing activities	(1,117,975)	1,305,720
Net (decrease)/ increase in cash and cash equivalents	(3,413,777)	5,486,878
Cash and cash equivalents at beginning of period	5,118,507	1,911,775
Cash and cash equivalents at end of period	1,704,730	7,398,653

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

2017	Net assets attributable to:			
	Class A	Class B	Class C	Total
At 1 January 2017	US\$ 95,867,850	US\$ 11,525,066	US\$ 100	US\$ 107,393,016
Additional dividend paid	-	-	-	-
Decrease in net assets attributable to shareholders from operations	(3,020,397)	(363,107)	-	(3,383,504)
Unaudited as at 30 June 2017	92,847,453	11,161,959	100	104,009,512
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 5.5810	US\$ 5.5810	US\$ 1	

2016

	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	(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	

NOTES

- The Company is required to publish interim financial results in terms of the Listing Rule 12.19 of the SEM and Section 88 (1) of the Securities Act 2005. The abridged unaudited financial statements for the three and six months ended 30 June 2017 ("Abridged Unaudited Financial Statements") 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 2005, using the same accounting policies as those of the audited financial statements for the year ended 31 December 2016.
- The NAV 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 period ended 30 June 2017 (30 June 2016: nil)
- The Abridged Unaudited Financial Statements have not been reviewed or reported on by the Company's external auditors. These Abridged Unaudited Financial Statements were approved by the Board of Directors on 14 August 2017.
- Copies of the Abridged Unaudited 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, Mauritius.
- This communiqué is issued pursuant to SEM Listing Rule 12.20 and section 88 of the Securities Act 2005. The Board accepts full responsibility for the accuracy of the information contained in this communiqué. Contact person: Mrs. Smitha Algoo-Bissonauth.

By order of the Board

Intercontinental Trust Limited
Company Secretary

14 August 2017

