



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 nine months ended 30 September 2018

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, Nigeria and Tanzania.

COMPANY REVIEW FOR THE PERIOD ENDED 30 SEPTEMBER 2018

The economies in the region remain under pressure. Some of the reasons are country-specific, whilst others are macroeconomic and influenced by world events. Incremental recovery in the commodity markets and improved growth expectations for Sub-Saharan African economies are encouraging.

Accra Mall (Accra, Ghana). Ghana's economy expanded 5.4% (from 6.8% in previous quarter) due to inter alia contraction in trade, household goods, finance and insurance. The Ghanaian Cedi depreciated by 5.4% YTD against the US\$ and the inflation rate for September was 9.8% (June 2018: 10%). Real GDP growth is predicted at 8.5% for 2018, and then reduce to 6.2% in 2019 as the budget and current account deficits narrow and inflation and interest rates reduce. These economic improvements should be positive for our tenants, and consequently the mall. A small portion of the ceiling fell down in Accra Mall on 11 October 2018. The necessary remedial measures were taken and the mall was fully operational by 13 October 2018. An independent technical investigation to identify the possible cause is currently underway.

Atlantic House (Lagos, Nigeria). The Nigerian economy is improving slowly with the rise in fuel prices. Economists forecast GDP growth of approximately 1.5% for 2018 and 2.7% for 2019. Political uncertainties preceding the 2019 election may impact economic improvements. The rental market remains highly competitive due to an oversupply of lettable office space in Lagos, hence vacancy rates remain high. During the quarter, a 3-year tenant was secured for 26% of the vacant space in the building. The Company is therefore optimistic that Atlantic House will benefit from the economic recovery.

Capital Properties (Dar es Salaam, Tanzania). Tanzania's economic growth has been robust well into the current quarter. Tanzania's macroeconomic situation remains sound and consensus on the growth outlook remains positive, but the Government's policy uncertainty remains a concern. Operational performance of the three buildings is in line with expectations although the real estate market in Dar es Salaam is still under pressure, due to oversupply of lettable office space.

All three investments generated positive cash from their operations during the quarter and the nine months ended 30 September 2018. The Company's Net Asset Value per share as at 30 September 2018 was US\$5,1280. The Company's Gross Asset Value per share as at 30 September 2018 was US\$7,7284. The Directors have considered the property and economic markets of the jurisdictions invested in and concluded that the valuations performed by the Company's Advisor as at the end of 30 June 2018 remain reflective of property values at 30 September 2018.

The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) remained unchanged from the previous quarter at a conservative level of 37.7%.

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 will need to raise acquisition capital to fund any future acquisitions.

Economists forecast modest economic growth in Sub-Saharan Africa as commodity prices and currencies stabilize. Despite these optimistic signs caution is still warranted. The challenging business and economic environment across the region is anticipated to continue in the foreseeable future.

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 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 2018 | Audited as at 31 December 2017 |
|---|-----------------------------------|--------------------------------|
| Assets | US\$ | US\$ |
| Cash and cash equivalents | 4,915,680 | 8,267,747 |
| Loan receivable | 22,639,865 | 22,606,638 |
| Interest receivable | 1,428,992 | 1,442,404 |
| Dividend receivable | - | - |
| Other receivables and prepayments | 386,095 | 376,360 |
| Financial assets at fair value through profit or loss | 66,627,033 | 70,609,481 |
| Total assets | 95,997,665 | 103,302,630 |
| Liabilities | | |
| Advisory fees payable | (363,035) | (375,381) |
| Other payables and accruals | (66,212) | (78,202) |
| Total liabilities | (429,247) | (453,583) |
| Net assets attributable to shareholders | 95,568,418 | 102,849,047 |
| Net assets attributable to: | | |
| Class A | 85,312,231 | 91,811,526 |
| Class B | 10,256,087 | 11,037,421 |
| Class C | 100 | 100 |
| Net assets attributable to shareholders | 95,568,418 | 102,849,047 |

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Unaudited for the nine months to 30 September 2018 | Unaudited for the three months to 30 September 2018 | Unaudited for the nine months to 30 September 2017 | Unaudited for the three months to 30 September 2017 |
|---|--|---|--|---|
| INCOME | US\$ | US\$ | US\$ | US\$ |
| Net gain on financial assets at fair value through profit or loss | - | - | 3,081,089 | 1,078,525 |
| Interest income | 117,927 | 44,050 | 760,001 | 264,205 |
| Dividend income | 1,325,000 | 320,000 | - | - |
| Other income | - | - | 6,282 | - |
| | 1,442,927 | 364,050 | 3,847,372 | 1,342,730 |
| EXPENSES | | | | |
| Net loss on financial assets at fair value through profit or loss | (3,982,448) | (119,344) | - | - |
| Provision for impairment | (1,686,773) | (168,060) | (3,488,954) | 341,767 |
| Loan interest | - | - | (252,801) | (92,751) |
| Professional fees | (47,588) | (16,052) | (110,944) | (31,801) |
| Advisory fees | (1,104,860) | (363,035) | (906,230) | (375,380) |
| Audit fees | (14,990) | (4,881) | (13,947) | (4,649) |
| Bank charges | (8,060) | (1,549) | (9,496) | (3,740) |
| Accounting fees | (43,875) | (14,625) | (43,875) | (14,625) |
| Disbursements | (2,200) | (425) | (1,315) | (600) |
| Licence fees | (16,369) | (5,506) | (15,489) | (5,313) |
| Directors' fees | (91,927) | (28,096) | (107,170) | (32,170) |
| Legal fees | (30,535) | (30,535) | - | - |
| Due diligence costs | (545,000) | (16,679) | - | - |
| Other expenses | (30,747) | (688) | (93,085) | (54,083) |
| | (7,605,372) | (769,475) | (5,043,306) | (273,345) |
| (Loss)/Profit before tax | (6,162,445) | (405,425) | (1,195,934) | 1,069,385 |
| Income tax provision | - | - | - | - |
| (Loss)/Profit for the period | (6,162,445) | (405,425) | (1,195,934) | 1,069,385 |
| Finance costs | (1,118,184) | - | (2,702,279) | (1,584,094) |
| Decrease in net assets attributable to shareholders from operations | (7,280,629) | (405,425) | (3,898,213) | (514,709) |

STATEMENT OF CASH FLOWS

| | Unaudited for the period ended 30 September 2018 | Unaudited for the period ended 30 September 2017 |
|---|--|--|
| | US\$ | US\$ |
| Net cash utilised in operating activities | (2,233,672) | (3,529,508) |
| Net cash flows used in financing activities | (1,118,395) | (702,069) |
| Net decrease in cash and cash equivalents | (3,352,067) | (4,231,577) |
| Cash and cash equivalents at beginning of period | 8,267,747 | 5,118,507 |
| Cash and cash equivalents at end of period | 4,915,680 | 886,930 |

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

| 2018 | Net assets attributable to: | | | |
|---|-----------------------------|-------------|---------|-------------|
| | Class A | Class B | Class C | Total |
| | US\$ | US\$ | US\$ | US\$ |
| At 1 January 2018 | 91,811,526 | 11,037,421 | 100 | 102,849,047 |
| Additional dividend paid | - | - | - | - |
| Decrease in net assets attributable to shareholders from operations | (6,499,295) | (781,334) | - | (7,280,629) |
| Unaudited as at 30 September 2018 | 85,312,231 | 10,256,087 | 100 | 95,568,418 |
| Number of shares in issue | 16,636,409 | 2,000,000 | 100 | |
| Net asset value per share | US\$ 5,1280 | US\$ 5,1280 | US\$ 1 | |

2017

| 2017 | Net assets attributable to: | | | |
|---|-----------------------------|-------------|---------|-------------|
| | 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 |
| Additional dividend paid | - | - | - | - |
| Decrease in net assets attributable to shareholders from operations | (3,479,869) | (418,344) | - | (3,898,213) |
| Unaudited as at 30 September 2017 | 92,387,981 | 11,106,722 | 100 | 103,494,803 |
| Number of shares in issue | 16,636,409 | 2,000,000 | 100 | |
| Net asset value per share | US\$ 5,5534 | US\$ 5,5534 | 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 and nine months ended 30 September 2018 ("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 2017 as well as applying IFRS9 and IFRS15 as from 1 January 2018.
- 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 period ended 30 September 2018 (30 September 2017: 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 12 November 2018.
- 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 72201, Mauritius.
- This communiqué is issued pursuant to SEM Listing Rules 11.3 and 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

Perigeum Capital Ltd
SEM Authorised representative and Sponsor

12 November 2018



Intercontinental Fund Services Limited