

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 2017

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 2017

Accra Mall's (Accra, Ghana) trading conditions have remained 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 September 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 the Mall.

Atlantic House (Lagos, Nigeria) continues to experience high vacancy rates in an economy which remains weak. However the recent figure of 0.6% y-o-y growth in the real GDP indicates that the economy may be through the bottom of the cycle. Economists forecast GDP growth of about 1.1% for 2017. There continue to be US\$ liquidity challenges on the forex markets but this is improving. These market conditions have resulted in a decrease in economic activity. Trading conditions continue to be extremely difficult.

The performance of Atlantic House continues to affect the performance of the overall portfolio, in terms of revenue. This is as a result of continuing uncertainty in a difficult rental 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 mid Q4-2017.

The Company's Net Asset Value per share as at 30 September 2017 was US\$5,5534, and its Gross Asset Value per share as at 30 September 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) increased marginally from 31.4% to 32.02% in aggregate.

Further to our commentary on the advisory fee negotiations in the previous published accounts, the Board of Directors is pleased to confirm that the discussions with the Advisor have now concluded in the reduction of the advisory fee from 1.75% to 1.00% of Gross Asset Value. We believe that this fee is better aligned with the Company's growth ambitions and market conditions. This reduction will come into effect on 1 July 2017, and the Advisor has agreed not to amend the interim fee paid in Q1 and Q2.

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 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 2017	Audited as at 31 December 2016
Assets	US\$	US\$
Cash and cash equivalents	886,930	5,118,507
Loan receivable	36,126,184	37,347,742
Interest receivable	1,408,674	1,367,793
Other receivables and repayments	408,664	384,025
Financial assets at fair value through profit or loss	71,502,023	68,420,935
Total assets	110,332,475	112,639,002
Liabilities		
Borrowings	(6,500,000)	(4,500,000)
Advisory fees payable	(246,334)	(668,300)
Interest payable	-	(856)
Dividend payable	(210)	-
Other payables and accruals	(91,128)	(76,830)
Total liabilities	(6,837,672)	(5,245,986)
Net assets attributable to shareholders	103,494,803	107,393,016
Net assets attributable to:		
Class A	92,387,981	95,867,850
Class B	11,106,722	11,525,066
Class C	100	100
Net assets attributable to shareholders	103,494,803	107,393,016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the nine months to 30 September 2017	Unaudited for the three months to 30 September 2017	Unaudited for the nine months to 30 September 2016	Unaudited for the three months to 30 September 2016
INCOME	US\$	US\$	US\$	US\$
Net gain on financial assets at fair value through profit or loss	3,081,089	1,078,525	3,066,652	1,690,546
Interest income	760,001	264,205	1,348,334	433,719
Dividend income	-	-	-	-
Other income	6,282	-	591,908	137,514
	3,847,372	1,342,730	5,006,894	2,261,779
EXPENSES				
Provision for impairment	(3,488,954)	341,767	(10,000)	(10,000)
Loan interest	(252,801)	(92,751)	(132,887)	(76,430)
Professional fees	(110,944)	(31,801)	(219,986)	(69,811)
Advisory fees	(906,230)	(375,380)	(1,973,711)	(668,300)
Audit fees	(13,947)	(4,649)	(17,567)	(6,239)
Bank charges	(9,496)	(3,740)	(7,844)	(3,430)
Accounting fees	(43,875)	(14,625)	(44,905)	(14,625)
Disbursements	(1,315)	(600)	(425)	(200)
Licence fees	(15,489)	(5,313)	(15,023)	(5,010)
Directors' fees	(107,170)	(32,170)	(71,931)	(22,089)
Other expenses	(93,085)	(54,083)	(20,153)	(1,214)
	(5,043,306)	(273,345)	(2,514,432)	(877,348)
(Loss)/Profit before tax	(1,195,934)	1,069,385	2,492,462	1,384,431
Income tax provision	-	-	(40,450)	(13,012)
(Loss)/Profit for the period	(1,195,934)	1,069,385	2,452,012	1,371,419
Finance costs	(2,702,279)	(1,584,094)	(4,359,055)	(1,164,775)
(Decrease)/Increase in net assets attributable to shareholders from operations	(3,898,213)	(514,709)	(1,907,043)	206,644

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 30 September 2017	Unaudited for the period ended 30 September 2016
	US\$	US\$
Net cash (utilised in)/ generated by operating activities	(3,529,508)	4,081,351
Net cash flows (used in)/ provided by financing activities	(702,069)	140,945
Net (decrease)/ increase in cash and cash equivalents	(4,231,577)	4,222,296
Cash and cash equivalents at beginning of period	5,118,507	1,911,775
Cash and cash equivalents at end of period	886,930	6,134,071

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	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	

2016	Net assets attributable to:			
	Class A	Class B	Class C	Total
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	

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 and nine months ended 30 September 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 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 2017 (30 September 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 9 November 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 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 of directors of the Company 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

Perigum Capital Ltd
SEM Authorised representative and Sponsor

9 November 2017

