

# 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 2018

### 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 Official Market of the Stock Exchange of Mauritius Ltd, with core real estate assets in Ghana, Tanzania and Nigeria.

#### COMPANY REVIEW FOR THE QUARTER ENDED 31 MARCH 2018

Although there have been some signals of a recovery in certain countries, economies in the region continue to remain under pressure. Some of the reasons are still country-specific, whilst others are more macroeconomic and influenced by world events. Incremental recovery in the commodity markets and improved growth expectations for the African economies are encouraging, although sovereign debt burdens and high inflation remain a concern for the operations of the Company.

**Accra Mall's (Accra, Ghana)** The first quarter of 2018 has shown moderate growth in the Ghanaian economy. As oil prices rise and the country's oil production rapidly expands, Ghana is on track to grow between 8.3% and 8.9%. Consumer prices in Ghana advanced 10.4% year-on-year in March of 2018, easing from a 10.6% rise in the prior month, mainly due to a slowdown in clothing and footwear and transport prices. These economic improvements are positive for our tenants, and consequently the Mall, which returned stable results. The Mall's contribution to the group's net gain on financial assets at fair value through profit and loss was impacted by the increased interest cost incurred in respect of its balance sheet restructuring.

**Atlantic House (Lagos, Nigeria)** The Nigerian economy ended 2017 on a firmer note, with growth picking up to a two-year high in Q4. Activity is expected to have continued gaining steam in the first quarter of 2018, supported by higher oil prices and greater foreign exchange supply. A significant number of economists expect GDP growth to accelerate to 2.6% in 2018, supported by the higher oil prices, looser fiscal policy and improved FX allocation. There has been an increase in interest from potential tenants looking at Atlantic House during the first quarter, although the rental market still remains extremely competitive with low demand and more lettable area being developed. Based on the above, the Company remains optimistic that Atlantic house will benefit from the economic rebound.

**Capital Properties (Dar es Salaam, Tanzania)** The operational performance of the three buildings was in line with expectations. The refurbishment of the FNB House office tower was successfully completed, and tenants began taking up occupancy during the quarter. The Tanzanian Shilling has slightly depreciated against the US Dollar in the first quarter of 2018. Subdued inflationary pressures and increased infrastructure spending should keep household consumption elevated and lift investment activity, fueling domestic demand in 2018. Meanwhile, agricultural output is expected to be boosted by more favorable weather conditions. Various economists expect GDP to expand by 6.5% in 2018.

The Company's Net Asset Value per Class A share as at 31 March 2018 was US\$5.4850, after taking into account the final dividend for the 2017 financial year, of

US\$ 0.600 per share, that was declared by the Company on 26 March 2018 and paid on 23 April 2018. The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) improved from 37.2% to 36.3% in aggregate.

#### COMPANY OUTLOOK

Notwithstanding another difficult quarter, the strategy of growing its portfolio of assets remains integral to the future performance of the Company. An increase in the Company's issued share capital may improve the liquidity of its shares over time, which currently remains thin. The Company has terminated the discussions for which the cautionary announcement was issued on 22 November 2017.

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 2018 and trading conditions for the Company's property portfolio are likely to remain under pressure. Shareholders are therefore advised to exercise caution when dealing in the Company's securities.

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 2018	Audited as at 31 December 2017
	US\$	US\$
<b>Assets</b>		
Cash and cash equivalents	7,109,407	8,267,747
Loan receivable	24,500,750	22,606,638
Interest receivable	1,347,799	1,442,404
Other receivables and repayments	369,830	376,360
Financial assets at fair value through profit or loss	70,815,070	70,609,481
<b>Total assets</b>	<b>104,142,856</b>	<b>103,302,630</b>
<b>Liabilities</b>		
Advisory fees payable	(744,244)	(375,381)
Other payables and accruals	(1,177,185)	(78,202)
<b>Total liabilities</b>	<b>(1,921,429)</b>	<b>(453,583)</b>
Net assets attributable to shareholders	102,221,427	102,849,047
<b>Net assets attributable to:</b>		
Class A	91,251,260	91,811,526
Class B	10,970,067	11,037,421
Class C	100	100
Net assets attributable to shareholders	102,221,427	102,849,047

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

	Unaudited for the period ended 31 March 2018	Unaudited for the period ended 31 March 2017
	US\$	US\$
<b>INCOME</b>		
Net gain on financial assets at fair value through profit or loss	205,589	964,816
Interest income	36,734	445,372
Dividend income	580,000	-
Other income	194,112	6,282
	<b>1,016,435</b>	<b>1,416,470</b>
<b>EXPENSES</b>		
Provision for impairment	(5,000)	(337,886)
Loan interest	-	(78,745)
Professional fees	(13,450)	(39,223)
Advisory fees	(368,863)	(659,896)
Audit fees	(4,882)	(4,649)
Bank charges	(2,301)	(1,452)
Accounting fees	(14,625)	(14,625)
Disbursements	(650)	(215)
Licence fees	(5,430)	(5,086)
Directors' fees	(35,832)	(41,000)
Due diligence costs	(74,078)	-
Exchange differences	(760)	-
	<b>(525,871)</b>	<b>(1,182,777)</b>
Profit before tax	490,564	233,693
Income tax provision	-	-
Profit for the period	490,564	233,693
Finance costs – Distribution to shareholders	(1,118,184)	(1,118,184)
Decrease in net assets attributable to shareholders from operations	(627,620)	(884,491)

### STATEMENT OF CASH FLOWS

	Unaudited for the period ended 31 March 2018	Unaudited for the period ended 31 March 2017
	US\$	US\$
Net cash used in operating activities	(1,158,340)	(149,036)
Net cash flows generated from/ (used in) financing activities	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(1,158,340)</b>	<b>(149,036)</b>
Cash and cash equivalents at beginning of period	8,267,747	5,118,507
<b>Cash and cash equivalents at end of period</b>	<b>7,109,407</b>	<b>4,969,471</b>

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

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
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	

2018	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
Decrease in net assets attributable to shareholders from operations (including distributions to shareholders)	(560,266)	(67,354)	-	(627,620)
Unaudited as at 31 March 2018	91,251,260	10,970,067	100	102,221,427
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 5.4850	US\$ 5.4850	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 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 of 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 quarter ended 31 March 2018 (31 March 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 14 May 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 of Mauritius 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 May 2018

Perigeum Capital Ltd

SEM Authorised Representative and Sponsor

**Perigeum**  
Capital