



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 2019

Directors' commentary COMPANY OVERVIEW

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

COMPANY REVIEW FOR THE QUARTER ENDED 31 MARCH 2019

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): The economy should sustain a solid pace of expansion this year, thanks to higher export growth and robust domestic demand dynamics. It is expected to expand at 6.3% in 2019. Higher oil prices, coupled with a boost in petroleum production, likely helped improve the current account. However, the cedi fell sharply in the quarter after foreign holders of sovereign debt opted not to roll back their maturing investments. The currency has regained some ground subsequent to the end of the quarter. Occupancy rates have remained unchanged at 93% since last quarter. On balance, the economic factors will continue to exert pressure on our tenants, and consequently the Mall's performance.

Atlantic House (Lagos, Nigeria): The ongoing recovery is set to gain momentum this year. With the election cycle over, reduced uncertainty also bodes well for investment activity ahead.

However, the economy's over-reliance on volatile oil production and prices weighs on the outlook. Inflation was recorded at 11.3% in March and expected to average 11.7% in 2019. Economists forecasted GDP growth of approximately 2.3% for 2019. The rental market remains highly competitive due to an oversupply of lettable office space in Lagos. Nevertheless, occupancy rates have improved marginally, which bodes well for Atlantic House's performance.

Capital Properties (Dar es Salaam, Tanzania): Tanzania's trade deficit has continued to widen due to high capital goods imports, while economic growth has been robust well into the quarter ended March 2019. Tanzania's macroeconomic situation remains sound, but the Government's policy uncertainty remains a concern. The annual inflation rate eased to 3.1% in March 2019 from 3.3% in December 2018. The Tanzanian Shilling has slightly depreciated against the US Dollar in the first quarter of 2019. Occupancy rates increased slightly over the quarter from 86% to 88%, although the real estate market in Dar es Salaam is still under pressure, due to oversupply of lettable office space.

The Company's Net Asset Value per share improved from US\$5.2598 at year end to US\$5.2784 as at 31 March 2019 due to positive performance of the underlying operations for the quarter. The Loan to Value Ratio (total 3rd party debt in the group divided by the group's total gross asset value) as at 31 March 2019 remained unchanged from previous quarter at 37.47%.

COMPANY OUTLOOK

Economists forecast modest economic growth in Sub-Saharan Africa as the commodity prices and some currencies stabilize. Despite these signs, caution is still warranted. The challenging business and economic environment across the region is anticipated to continue in the foreseeable future. Notwithstanding these challenges, the strategy of considering investment opportunities and attracting new shareholders remains integral to the future performance of the Company.

The Company's Gross Asset Value as at 31 March 2019 was US\$144.9 million. It should be noted that if the Gross Asset Value of the Company is less than US\$750 million on 31 December 2020, then each Class A Shareholder may, subject to the Company's Constitution, elect to have its shareholding repurchased by the Company, provided that the Company can obtain the necessary funds.

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 31 March 2019	Audited as at 31 December 2018
Assets	US\$	US\$
Cash and cash equivalents	4,835,043	4,881,150
Loan receivable	3,829,412	3,829,412
Interest receivable	46,653	-
Other receivables and prepayments	369,378	375,003
Financial assets at fair value through profit or loss	90,109,201	89,377,824
Total assets	99,189,687	98,463,389
Liabilities		
Advisory fees payable	(720,270)	(363,035)
Other payables and accruals	(99,553)	(75,815)
Total liabilities	(819,823)	(438,850)
Net assets attributable to shareholders	98,369,864	98,024,539
Net assets attributable to:		
Class A	87,813,034	87,504,769
Class B	10,556,730	10,519,670
Class C	100	100
Net assets attributable to shareholders	98,369,864	98,024,539

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the period ended 31 March 2019	Unaudited for the period ended 31 March 2018
INCOME	US\$	US\$
Net gain on financial assets at fair value through profit or loss	731,376	205,589
Interest income	46,653	36,734
Dividend income	-	580,000
Other income	-	194,112
	778,029	1,016,435
EXPENSES		
Provision for impairment	-	(5,000)
Professional fees	(14,804)	(13,450)
Advisory fees	(357,235)	(368,863)
Audit fees	(5,232)	(4,882)
Bank charges	(864)	(2,301)
Accounting fees	(14,625)	(14,625)
Disbursements	(275)	(650)
Licence fees	(5,319)	(5,430)
Directors' fees	(33,575)	(35,832)
Due diligence costs	-	(74,078)
Other expenses	(390)	-
Exchange differences	(385)	(760)
	(432,704)	(525,871)
Profit before tax	345,325	490,564
Income tax provision	-	-
Profit for the period	345,325	490,564
Finance costs - Distribution to shareholders	-	(1,118,184)
Increase/ (decrease) in net assets attributable to shareholders from operations	345,325	(627,620)

STATEMENT OF CASH FLOWS

	Unaudited for the period ended 31 March 2019	Unaudited for the period ended 31 March 2018
	US\$	US\$
Net cash used in operating activities	(46,107)	(1,158,340)
Net cash flows generated from/ (used in) financing activities	-	-
Net decrease in cash and cash equivalents	(46,107)	(1,158,340)
Cash and cash equivalents at beginning of period	4,881,150	8,267,747
Cash and cash equivalents at end of period	4,835,043	7,109,407

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

2019	Net assets attributable to:			
	Class A	Class B	Class C	Total
	US\$	US\$	US\$	US\$
At 1 January 2019	87,504,769	10,519,670	100	98,024,539
Increase in net assets attributable to shareholders from operations	308,265	37,060	-	345,325
Unaudited as at 31 March 2019	87,813,034	10,556,730	100	98,369,864
Number of shares in issue	16,636,409	2,000,000	100	
Net asset value per share	US\$ 5.2784	US\$ 5.2784	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	(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 2019 ("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 2018.
- 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 13 May 2019.
- 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. Smiltha Algoo-Bissonauth.

By order of the Board

Intercontinental Trust Limited
Company Secretary

13 May 2019

Perigeum Capital Ltd

SEM Authorised Representative and Sponsor

