

DIRECTORS' COMMENTARY

Atlantic Leaf is pleased to present its results for the three and six months ended 31 August 2016. The second quarter results are consistent with our full year forecast. All of our assets are performing well which is reflected in the growth in our total income for the quarter. We continue to search for investment opportunities that will strengthen and diversify our asset base. Whilst the UK market has been challenging post the Brexit vote, it has shown signs of stability and the level of activity has increased in recent weeks.

Earnings and NAV

The weighted average earnings per share for the quarter is 2.24 GBP pence (2015: 2.34 GBP pence), which equates to an annualised yield on net asset value per share ("NAVPS") of 7.9% (on an historic basis).

The Company's NAVPS stands at GBP1.07 (Feb 2016: GBP1.08), after allowing for the proposed distribution of 4.2 GBP pence per share on the full number of shares in issue and excluding the effect of mark-to-market valuations on interest rate swaps on the cash flow hedge reserve. We completed independent asset revaluations on certain assets in the last quarter which confirmed our carrying value of those assets. Furthermore we believe that current market activity supports our carrying values of the remaining portfolio and we have not seen any significant weakness in asset prices in the broader property market in which we operate.

Portfolio

Atlantic Leaf's portfolio consists of quality assets in key regions in the United Kingdom, each of which have long-term, single-tenant leases with blue chip occupiers. Total property assets at quarter-end stood at GBP264 million (2015: GBP132 million). The total gross lettable area of the portfolio now stands at 3.6 million sq. ft. (335,000 m²), across 47 properties, with an average asset yield of 7.26% and a weighted average unexpired lease term of approximately 12.5 years.

Gearing

The Company's gearing remains conservative at 50% loan to value and the lease profile and quality of the tenants, positions the Company well to deal with the current market uncertainty.

MIGRATION TO THE MAIN BOARD OF THE JSE

The Company's intention to migrate its listing to the Main Board of the JSE is on track and is expected to take place in the current quarter, subject to JSE approval. As announced on the SENS and SEM on Friday, 7 October 2016, the Company has called a General Meeting of shareholders to approve amendments to the Property Services Agreement ("PSA") to align the terms of the PSA with the JSE Listings Requirements applicable to issuers with a primary listing and to adopt the amended PSA. Should shareholders approve the resolution at the General Meeting, Atlantic Leaf will make the formal application to migrate to the Main Board of the JSE.

DIVIDEND DECLARED

Shareholders are advised that the board of directors ("the Board") of Atlantic Leaf has approved and declared a cash dividend of 4.2 GBP pence per share in respect of the six months ended 31 August 2016.

The salient dates for the dividend are set out below:

FOR SHAREHOLDERS ON THE SOUTH AFRICAN REGISTER

Announcement of GBP to Rand conversion rate:	Tuesday, 25 October 2016
Last day to trade <i>cum</i> dividend:	Tuesday, 1 November 2016
Securities trade ex dividend:	Wednesday, 2 November 2016
Record date:	Friday, 4 November 2016
Payment date:	Wednesday, 9 November 2016

FOR SHAREHOLDERS ON THE MAURITIAN REGISTER

Announcement of GBP to Rand conversion rate:	Tuesday, 25 October 2016
Last day to trade <i>cum</i> dividend:	Monday, 31 October 2016
Securities trade ex dividend:	Tuesday, 1 November 2016
Record date:	Friday, 4 November 2016
Payment date:	Wednesday, 9 November 2016

No dematerialisation or rematerialisation of share certificates, nor transfer of shares between sub-registers in Mauritius and South Africa will take place between Monday, 31 October 2016 and Friday, 4 November 2016 both days inclusive. Shareholders on the South African sub-register will receive dividends in South African Rand, based on the exchange rate to be obtained by the Company on or before Tuesday, 25 October 2016. A further announcement in this regard will be made on or before Tuesday, 25 October 2016.

South African shareholders are advised that the cash dividend will be regarded as a foreign dividend and may be subject to South African dividends withholding tax at a rate of 15%, unless an exemption as set out in the South African tax legislation applies. The receipt of the cash dividend may have tax implications for shareholders who are resident in Mauritius or other countries other than South Africa. Atlantic Leaf shareholders are advised to consult their professional advisors regarding the tax consequence of the cash dividend should they be in any doubt as to the appropriate action they should take.

COMPANY OUTLOOK

The Company aims to provide an attractive distribution through active asset management of its portfolio and well considered acquisitions. The last quarter has focused on bedding down our recent acquisitions which are all performing as expected. The Company is well positioned to achieve the full year forecast of an 8.5 GBP pence dividend per share which would represent a 21% increase on the 2015/16 level. Given the increase in market activity we hope to be able to conclude further acquisitions in the next few months.

This forecast has not been reviewed or reported on by the Company's auditors.

CHANGE TO THE BOARD OF DIRECTORS

Mr Yan Chong Ng Cheng Hin has resigned from the Board of directors of Atlantic Leaf as a non-executive director with effect from Tuesday, 11 October 2016. The Board of directors would like to thank Yan for his service as a valued member of the Board.

COMPARATIVE NUMBERS

In order to provide a meaningful comparison of the results for the quarter the results for the prior year have been revised/restated to include the consolidation of the Company with its subsidiaries. The revision/restatement of the prior year results has no impact on the previously disclosed net profit for the quarter and is the result of a change in the basis of accounting for the subsidiaries in question which are now wholly owned and no longer accounted for as investments. This change in the basis of accounting was dealt with in the Company's 2016 Integrated Annual Report.

The Company has a primary listing on the Official Market of the SEM and on the Alternative Exchange of the JSE.

By order of the Board

Intercontinental Trust Limited
Company Secretary
11 October 2016

STATEMENT OF CASH FLOWS

	Group Unaudited six months ended 31 Aug 2016 GBP	Group Unaudited six months ended 31 Aug 2015 GBP	Group Audited Year ended 28 Feb 2016 GBP
Net cash from operating activities	9 554 063	(1 195 934)	(130 627)
Net cash utilised in investing activities	(69 701 218)	(29 895 085)	(100 692 274)
Net cash generated by financing activities	58 980 329	29 547 052	97 575 714
Decrease in cash and cash equivalents	(1 166 826)	(1 543 967)	(3 247 187)
Cash and cash equivalents at beginning of the year	6 223 292	9 686 551	9 686 551
Effects of exchange difference on cash and cash equivalents	54 788	(524 155)	(216 072)
Cash and cash equivalents at end of year	5 111 254	7 618 429	6 223 292

JSE sponsor	
Java Capital	+27 11 722 3050
South African corporate advisor	
Leaf Capital	+27 21 657 1180
Corporate secretary	
Intercontinental Trust Limited	+230 403 0800
SEM authorised representative and sponsor	
Perigeum Capital Limited	+230 402 0890

STATEMENT OF FINANCIAL POSITION

	Group Unaudited as at 31 Aug 2016 GBP	Group Unaudited as at 31 Aug 2015 GBP	Group Audited as at 28 Feb 2016 GBP
ASSETS			
Non-current assets	271 075 831	135 457 945	208 797 385
Investment properties	263 683 137	130 920 677	195 349 116
Listed investments	703 358	1 178 396	672 386
Loan receivable	6 689 336	3 358 872	6 775 883
Deposit paid for acquisition of properties	-	-	6 000 000
Current assets	5 369 549	8 918 179	8 475 333
Trade and other receivables	258 295	1 299 750	2 252 041
Cash and cash equivalents	5 111 254	7 618 429	6 223 292
Total assets	276 445 380	144 376 124	217 272 718
Equity and liabilities			
Equity	135 282 393	68 441 149	136 029 957
Share capital	132 944 725	64 908 329	132 854 283
Cash flow hedge reserve	(2 932 593)	368 667	(1 783 633)
Retained earnings	5 270 261	3 164 153	4 959 307
Liabilities			
Non-current liabilities	130 712 394	72 523 801	75 945 289
Long term borrowings	127 680 213	72 523 801	74 096 765
Derivative financial instruments	3 032 181	(368 667)	1 848 524
Current liabilities	10 450 593	3 411 174	5 297 472
Trade and other payables	3 224 829	2 898 674	3 762 654
Current portion of long-term borrowings	6 435 000	512 500	1 237 500
Tax payable	790 764	-	297 318
Total equity and liabilities	276 445 380	144 376 124	217 272 718
Number of shares in issue	123 882 814	61 571 044	123 407 090
Net asset value per share (GBP)	1.09	1.11	1.10
Net asset value per share excluding cash flow hedge reserve	1.12	1.11	1.12

STATEMENT OF COMPREHENSIVE INCOME

	Group Unaudited six months ended 31 Aug 2016 GBP	Group Unaudited six months ended 31 Aug 2015 GBP	Group Unaudited three months ended 31 Aug 2016 GBP	Group Unaudited three months ended 31 Aug 2015 GBP
Rental revenue	9 685 443	2 380 373	4 871 817	1 366 225
Straight-line lease income adjustment	646 755	-	378 562	-
Revenue	10 332 198	2 380 373	5 250 379	1 366 225
Property operating expenses	(435 441)	(134 163)	(215 472)	(54 934)
Net property income	9 896 757	2 246 210	5 034 907	1 311 291
Fund level costs	(1 374 160)	(347 374)	(507 338)	(231 328)
Net property income after FL costs	8 522 597	1 898 836	4 527 569	1 079 963
Other income	1 355	-	-	-
Investment income	160 341	107 319	75 668	89 229
Profit/loss on disposal of listed investments	-	-	-	-
(Loss)/profit on foreign exchange	54 788	(524 154)	8 579	(524 349)
Fair value adjustments	(615 782)	1 441 912	(406 665)	1 320 900
Profit/(loss) before finance costs	8 123 299	2 923 913	4 205 151	1 965 743
Net finance charges	(2 172 883)	(970 239)	(1 120 413)	(534 423)
Profit/(loss) before taxation	5 950 416	1 953 674	3 084 738	1 431 320
Taxation	(703 184)	(153 327)	(308 093)	(88 965)
Profit for the year	5 247 232	1 800 347	2 776 645	1 342 355
Fair value movement on cash flow hedge	(1 148 960)	368 667	(1 617 202)	368 667
Total comprehensive income for the year	4 098 272	2 169 014	1 159 443	1 711 022
<i>Add back:</i>				
Fair value movement on cash flow hedge	1 148 960	(368 667)	1 617 202	(368 667)
Basic earnings	5 247 232	1 800 347	2 776 645	1 342 355
<i>Less:</i>				
Fair value adjustments to investment properties	646 755	(1 056 871)	378 562	(1 056 871)
Headline earnings	5 893 987	743 476	3 155 207	285 484
<i>Add back:</i>				
Fair value adjustments to investment properties	(646 755)	1 056 871	(378 562)	1 056 871
Adjusted for one-off costs				
Transaction costs	406 030	-	-	-
Foreign exchange loss on equity raised	-	578 540	-	578 540
Adjusted headline earnings	5 653 262	2 378 887	2 776 645	1 920 895
Weighted average number of shares in issue	123 686 319	45 653 912	123 882 814	57 366 519
Basic and diluted earnings per share (GBP pence)	4.24	3.94	2.24	2.34
Basic and diluted headline earnings per share (GBP pence)	4.77	1.63	2.55	0.50
Adjusted headline earnings per share (GBP pence)	4.57	5.21	2.24	3.35
Interim dividend per share (GBP pence)	4.20	3.00	4.20	3.00

STATEMENT OF CHANGES IN EQUITY

	Stated capital GBP	Retained earnings GBP	Cash flow hedge reserve GBP	Total GBP
Balance at 1 March 2015	34 770 873	1 363 806	-	36 134 679
Profit for the period	-	1 800 347	-	1 800 347
Issue of shares (net of transaction costs)	30 137 456	-	-	30 137 456
Other comprehensive income	-	-	368 667	368 667
Balance at 31 August 2015	64 908 329	3 164 153	368 667	64 441 149
Profit for the period	-	3 642 285	-	3 642 285
Dividends	-	(1 847 131)	-	(1 847 131)
Issue of shares (net of transaction costs)	67 945 954	-	-	67 945 954
Other comprehensive income	-	-	(2 152 300)	(2 152 300)
Balance at 28 February 2016	132 854 283	4 959 307	(1 783 633)	136 029 957
Profit for the period	-	5 247 232	-	5 247 232
Dividends	-	(4 936 278)	-	(4 936 278)
Issue of shares (net of transaction costs)	90 442	-	-	90 442
Other comprehensive income	-	-	(1 148 960)	(1 148 960)
Balance at 31 August 2016	132 944 725	5 270 261	(2 932 593)	135 282 393

NOTES

The Company is required to publish financial results for the three months and six months ended 31 August 2016 in terms of Listing Rule 12.19 of the SEM. The abridged unaudited financial statements for the three months and six months ended 31 August 2016 ("financial statements") have been prepared in accordance with the measurement and recognition requirements of IFRS, the requirements of IAS 34: Interim Financial Reporting, the SEM Listing Rules and the Securities Act of Mauritius 2005.

The accounting policies adopted in the preparation of these financial statements are consistent with those applied in the preparation of the audited financial statements for the year ended 28 February 2016.

These financial statements were approved by the Board on 11 October 2016. The financial statements have not been reviewed or reported on by the Company's external auditors.

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 of Mauritius, 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. Contact person: Mr Kesaven Moothoosamy.

This communique 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 these financial statements and this announcement. The Directors have disclosed all matters or circumstances arising subsequent to the period ended 31 August 2016 that require any additional disclosure or adjustment to the financial statements.