

ATLANTIC LEAF PROPERTIES LIMITED

(Incorporated in the Republic of Mauritius)
 (Registration number: 119492 C1/GBL)
 SEM share code: "ALPL.N0000"
 JSE share code: "ALP"
 ISIN: "MU0422N00009"
 www.atlanticleaf.mu
 ("Atlantic Leaf" or "the Company")

KEY HIGHLIGHTS

Total Assets	£318m	UP 46%
Total Rental Revenue	£20m	UP 136%
Adjusted HEPS	9 GBP pence per share	UP 25%
Total Distribution	8.5 GBP pence per share	UP 21%

DIRECTORS' COMMENTARY

Atlantic Leaf Properties Limited presents its results for the year ended 28 February 2017.

The results reflect the substantial growth and development the Company has achieved over the past financial year. The Company has substantially met its aim to establish itself as a property investment company with a focus on the United Kingdom ("UK") industrial market providing attractive and growing distributions to its shareholders.

UK Portfolio and Property Environment

The Company has grown its portfolio of industrial and office properties across the UK by 51% over the past year. The market in which the Company operates has been strong and to date largely unaffected by the uncertainty caused by Brexit. The Company remains confident that there are good acquisition opportunities and will continue to seek out transactions that meet the Company's overall objectives.

Interest rates in the UK remain low and through being able to leverage acquisitions at these low rates, the Company can meet its objective of delivering a highly attractive GBP return to its shareholders.

The Company's portfolio consists of quality assets which have long-term, single-tenant leases with multi-national or national occupiers in key regional nodes in the UK. The Company has enjoyed a successful year in which assets under management increased to £304 million (2016: £196 million) and the total gross lettable area of the portfolio now stands at 4.3 million ft² (457,000 m²), across 48 properties, with an average yield of 7.3% and a weighted average unexpired lease term of approximately 12 years.

Gearing

Atlantic Leaf has a target Loan-to-value ("LTV") ratio of 50% and given the long-term nature of the leases it has in place, management is comfortable with the LTV level combined with the benefit of the overall cost of debt of approximately 3.2% per annum. Currently, 74% of Atlantic Leaf's debt has been hedged with interest rate swaps.

Earnings and NAV

The weighted average adjusted headline earnings per share for the period is 9.0 GBP pence per share, an increase of 25% over the previous year and in line with management's expectations. Total income earned from properties has increased by 136% to £20 million (2016: £8.5 million) for the full year.

As per IFRS, acquisition costs are capitalised to the property on acquisition which is consistent with our existing accounting policy. The Company has capitalised costs of £6.5 million in its portfolio, the largest component of which is stamp duty on acquisitions. At year end, IFRS requires properties during the year under review to be held at fair value which is defined as the net price at which the properties can be sold. Given the fact that we have held many properties over a short period and that the market has not appreciated significantly, values have not increased sufficiently to absorb all acquisition costs. Accordingly, accounting for investment properties at fair value at year end has resulted in a downward revaluation of £3.1 million.

Importantly Atlantic Leaf directors remain satisfied that the investment case on which asset acquisitions were based are still valid and that the assets continue to perform in line with or better than expected. The directors of the Company are also satisfied with the overall value of the investment properties at year-end.

DIVIDENDS DECLARED

Following the interim distribution paid to shareholders of 4.2 GBP pence per share, the board of directors of Atlantic Leaf ("the Board") is pleased to announce a final dividend of 4.3 GBP pence per share for the year ended 28 February 2017 bringing the annual distribution to 8.5 GBP pence per share, an increase of 21% over the 2016 distribution of 7 GBP pence per share. This distribution is in line with the forecast given at the time of migrating the listing of Atlantic Leaf to the Main Board of the JSE Limited ("JSE").

Further information regarding the final dividend, including salient dates and exchange rates, will be announced separately.

COMPANY OUTLOOK

The Board believes that a solid foundation has been laid and that Atlantic Leaf has the ability to add further assets over the coming year, leveraging off its strong foundation and pipeline of opportunities in place.

On the migration of its listing to the Main Board of the JSE, the Group forecast earnings of 8.9 GBP pence per share for the 2017/18 financial year based on a static balance sheet which assumed no new purchases or disposals of assets. Taking into account transactions completed after migrating to the Main Board of the JSE, the forecast has been revised to 9.0 GBP pence per share for the 2017/18 financial year on a static basis. The forecast is based on the current leases and the existing debt structure, including the portion of interest that has been fixed. We remain of the view that the forecast is achievable in the year ahead which would see further growth of at least 6% in our distribution for the 2017/18 year. This forecast has not been reviewed or reported on by the Company's auditors.

Management is also active in extracting additional value from our current portfolio and there are a number of specific acquisition opportunities under consideration that meet our criteria in terms of asset quality, location, covenant and yield.

OTHER

Atlantic Leaf has primary listings both on the Stock Exchange of Mauritius Ltd ("SEM") and on the JSE.

There have been no changes to the Board since the release of the unaudited financial statements for the nine months ended 30 November 2016.

By order of the Board

Intercontinental Trust Limited
Company Secretary

18 April 2017

STATEMENT OF CASH FLOWS

	Group Audited as at 28-Feb-2017	Group Audited as at 28-Feb-2016
Cash generated from operations	17 162 555	2 491 953
Interest received	204 980	146 722
Finance costs	(4 182 627)	(2 252 143)
Tax paid	(906 750)	(517 159)
Net cash from/(utilised in) operating activities	12 278 158	(130 627)
Cash flows from investing activities		
Payment for business combinations	-	(27 885 537)
Acquisition of investment properties	(114 685 033)	(62 329 516)
Sale of investment property	11 300 000	-
Sale of listed investments	-	432 369
Deposit paid for acquisition of properties	-	(6 000 000)
Dividends received	23 643	33 821
Loan to APIL	6 733 730	(4 943 411)
Net cash utilised in investing activities	(96 627 660)	(100 692 274)
Cash flow from financing activities		
Proceeds from issue of shares	19 430 385	97 701 063
Proceeds from borrowings	88 499 186	57 954 878
Repayment of borrowings	(7 713 000)	(56 615 443)
Dividends paid	(9 651 269)	(1 464 784)
Net cash utilised from financing activities	90 565 302	97 575 714
Increase in cash and cash equivalents	6 215 800	(3 247 187)
Cash and cash equivalents at beginning of the year	6 223 292	9 686 551
Effects of exchange difference on cash and cash equivalents	256 986	(216 072)
Cash and cash equivalents at end of year	12 696 078	6 223 292

SEGMENTAL REPORTING - 2017

	Industrial	Office	Retail Warehouse	Unallocated	Total
	GBP	GBP	GBP	GBP	GBP
Statement of profit or loss					
Revenue	15 602 230	3 988 762	444 409	1 293 509	21 328 910
Profit on disposal of investment property	1 062 312	-	-	-	1 062 312
Fair value adjustments	(1 094 144)	(2 066 356)	(94 000)	(1 263 702)	(4 518 202)
Interest expense	(3 569 778)	(792 722)	(120 854)	(3 214)	(4 483 520)
Income tax	(1 101 926)	(362 568)	(28 212)	(3 214)	(1 496 520)
Adjusted headline earnings	9 046 873	2 547 441	236 883	(188 773)	11 642 424
Statement of financial position					
Additions to investment property	81 810 332	39 149 394	-	-	120 959 726
Total assets	221 514 361	76 111 378	5 810 000	14 515 946	317 951 685
Total borrowings	112 066 212	42 336 235	2 211 298	-	156 613 745

SEGMENTAL REPORTING - 2016

	Industrial	Office	Retail Warehouse	Unallocated	Total
	GBP	GBP	GBP	GBP	GBP
Statement of profit or loss					
Revenue	8 068 174	27 207	394 353	683 562	9 173 296
Fair value adjustments	2 587 489	-	(372 493)	(445 532)	1 769 464
Interest expense	(2 370 137)	-	(157 857)	-	(2 527 994)
Income tax	(493 063)	(3 907)	(17 347)	(6 525)	(520 842)
Adjusted headline earnings	4 701 096	23 299	215 016	(446 791)	4 492 620
Statement of financial position					
Additions to investment property	147 989 665	38 871 962	6 272 493	-	193 134 120
Total assets	150 930 704	38 871 962	5 900 000	21 570 052	217 272 718
Total borrowings	72 151 398	-	3 182 867	-	75 334 265

RELATED PARTY TRANSACTIONS

The related party transactions are detailed below:

- Per the Realty Services Agreement ("PSA"), fees for the full year paid to Martial Eagle Limited amounted to GBP 1 841 886 (2016: GBP 967 478).
- During the current year, advisory fees of GBP 870 251 (2016: GBP 650 693) were paid to Leaf Capital Proprietary Limited as per each Corporate Finance Mandate approved by the Board.
- The loan receivable from Atlantic Properties Investments Limited of GBP 6 775 883 was repaid during the year.

STATEMENT OF FINANCIAL POSITION

	Group Audited as at 28 Feb 2017	Group Audited as at 28 Feb 2016
	GBP	GBP
ASSETS	303 920 316	208 797 385
Non-current assets		
Investment properties	303 068 000	195 349 116
Listed investments	702 193	672 386
Loan receivable	-	6 775 883
Other receivables	150 123	-
Deposit paid for acquisition of properties	-	6 000 000
Current assets	14 031 369	8 475 333
Trade and other receivables	1 335 291	2 252 041
Cash and cash equivalents	12 696 078	6 223 292
Total assets	317 951 685	217 272 718
Equity and liabilities		
Equity	154 796 268	136 029 957
Stated capital	152 772 761	132 854 283
Cash flow hedge reserve	(1 880 949)	(1 783 633)
Retained earnings	3 904 456	4 959 307
Liabilities		
Non-current liabilities	149 574 995	74 096 765
Interest-bearing borrowings	149 574 995	74 096 765
Current liabilities	13 580 422	7 145 996
Trade and other payables	3 662 997	3 762 654
Current portion of interest-bearing borrowings	7 038 750	1 237 500
Derivative financial instrument	1 991 587	1 848 524
Tax payable	887 088	297 318
Total equity and liabilities	317 951 685	217 272 718
Number of shares in issue	142 671 209	123 407 090
Net asset value per share (GBP)	1.08	1.10
Net asset value per share excluding cash flow hedge reserve	1.0	1.12

STATEMENT OF COMPREHENSIVE INCOME

	Group Audited Year ended 28 Feb 2017	Group Audited Year ended 28 Feb 2016
	GBP	GBP
Rental revenue	20 035 401	8 489 734
Straight-line lease income adjustment	1 293 509	683 562
Revenue	21 328 910	9 173 296
Property operating expenses	(862 555)	(513 091)
Other operating expenditure	(2 401 771)	(2 018 193)
Operating income/(loss)	18 064 584	6 642 012
Other income	1 935	73 368
Investment income	196 770	222 696
Profit on disposal of investment property	1 062 312	-
Profit/(loss) on foreign exchange	256 986	(216 072)
Fair value adjustments	(4 518 202)	1 769 464
Finance costs	(4 483 354)	(2 527 994)
Profit before taxation	10 581 031	5 963 474
Taxation	(1 496 520)	(520 842)
Profit for the year	9 084 511	5 442 632
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss		
Fair value movement on interest rate swaps	(97 316)	(1 783 633)
Total comprehensive income for the year	8 987 195	3 658 999

STATEMENT OF CHANGES IN EQUITY

	Stated capital	Retained earnings	Cash flow hedge reserve	Total
	GBP	GBP	GBP	GBP
Balance at 1 March 2015	34 770 873	1 363 806	-	36 134 679
Profit for the year	-	5 442 632	-	5 442 632
Dividends	-	(1 847 131)	-	(1 847 131)
Issue of shares (net of transaction costs)	98 083 410	-	-	93 083 410
Other comprehensive income	-	-	(1 783 633)	(1 783 633)
Balance at 28 February 2016	132 854 283	4 959 307	(1 783 633)	136 029 957
Profit for the year	-	9 084 511	-	9 084 511
Dividends	-	(10 139 362)	-	(10 139 362)
Issue of shares (net of transaction costs)	19 918 478	-	-	19 918 478
Other comprehensive income	-	-	(97 316)	(97 316)
Balance at 28 February 2017	152 772 761	3 904 456	(1 880 949)	154 796 268

RECONCILIATION OF BASIC EARNINGS TO DISTRIBUTABLE EARNINGS

	Group Audited Year ended 28 Feb 2017	Group Audited Year ended 28 Feb 2016
	GBP	GBP
Basic earnings	9 084 511	5 442 632
<i>Less:</i>		
Fair value adjustments to investment properties	4 384 351	(1 531 434)
Profit on disposal of investment property	(1 062 312)	-
Gain on bargain purchase	-	(42 500)
Headline earnings	12 406 550	3 868 698
<i>Add back:</i>		
Straight line lease adjustments	(1 293 509)	(683 562)
Gain on bargain purchase	-	42 500
<i>Adjusted for once-off costs</i>		
Transaction costs	365 725	1 011 871
Fair value loss on cash flow hedges transferred	163 658	-
Foreign exchange loss on equity raised	-	253 113
Adjusted headline earnings/Distributable earnings	11 642 424	4 492 620
Weighted average number of shares in issue	129 548 965	62 491 061
Basic and diluted earnings per share (GBP pence)	7.01	8.71
Basic and diluted headline earnings per share (GBP pence)	9.58	6.19
Adjusted headline earnings per share (GBP pence)	9.00	7.19
Interim dividend	5 203 078	-
Final dividend	6 134 862	4 936 284
Total dividend	11 337 940	4 936 284
Interim dividend per share (GBP pence)	4.20	3.00
Final dividend per share (GBP pence)	4.30	4.00
Total dividend per share (GBP pence)	8.50	7.00

NOTES

The Company is required to publish financial results for the year ended 28 February 2017 in terms of Listing Rule 12.14 of the SEM. The summarised audited financial statements for the year ended 28 February 2017 ("Financial statements") have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee, the SEM Listing Rules, the Securities Act of Mauritius 2005, the JSE Listings Requirements and contains the information required by IAS 34 Interim Financial Reporting.

The accounting policies and methods of computation adopted in the preparation of these financial statements are in terms of International Financial Reporting Standards and consistent with those applied in the preparation of the audited financial statements for the year ended 28 February 2016.

These summarised audited financial statements were approved by the Board on 17 April 2017. Mazars Mauritius and Mazars South Africa have issued their unmodified audit opinion on the Company's financial statements for the year ended 28 February 2017. These summarised audited financial statements have been derived from the Company's financial statements and are consistent with the audited financial statements subsequently issued to shareholders.

Copies of the audited 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: Mrs. Smitha Algoo.

This communique is issued pursuant to SEM Listing Rules 11.3 and 12.14 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 of Atlantic Leaf have disclosed all matters or circumstances arising subsequent to the year ended 28 February 2017 that require any additional disclosure or adjustment to the financial statements.

JSE sponsor	
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