

DIRECTORS' COMMENTARY

Atlantic Leaf presents its results for the three months ended 31 May 2017.

QUARTERLY RESULTS

Assets under management remained unchanged in the quarter under review generating an average yield of 7.3%. Gearing also remained unchanged at 50% Loan to Value (LTV) and the average cost of debt was 3.2%. The weighted average adjusted headline earnings per share in the quarter of 2.31 GBP pence per share were slightly ahead of management's forecast and in line with the previous year (2016: GBP 2.34 pence per share).

EARNINGS

On 15 May 2017 the Company paid the 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. The payment of the dividend has the effect of reducing reserves and hence the Net Asset Value (NAV) per share at reporting date now stands at 1.07 GBP per share.

DIVIDENDS PAID

On 15 May 2017 the company paid the 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. The payment of the dividend has the effect of reducing reserves and hence the NAV per share which at reporting date now stands at 1.07 GBP per share.

ANNUAL GENERAL MEETING

The company held its Annual General Meeting of shareholders on 29 June 2017, and all resolutions were passed.

COMPANY OUTLOOK

Whilst Brexit continues to create an uncertain outlook for the UK economy, the commercial property market has remained strong benefitting from a weaker sterling and buoyant demand. The Company's management team has well progressed with a number of acquisition opportunities that will further diversify the Company's asset base and contribute to the continued and sustainable growth in distributions to shareholders. The Company remains on track to achieve a distribution of 9.00 GBP pence per share for the full year to 28 February 2018 representing an increase of 6% over the previous year.

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

Atlantic Leaf has primary listings both on the Official Market of the Stock Exchange of Mauritius Ltd ("SEM") and on the Main Board of the JSE Limited. There have been no changes to the board of directors of the Company (the "Board") since the release of the audited financial statements for the year ended 28 February 2017.

By order of the Board

Intercontinental Trust Limited

Company Secretary

11 July 2017

STATEMENT OF FINANCIAL POSITION

	Group Unaudited as at 31-May-2017 GBP	Group Unaudited as at 31-May-2016 GBP	Group Audited as at 28-Feb-2017 GBP
ASSETS			
Non-current assets	303 930 421	270 947 309	303 920 316
Investment properties	303 068 000	263 593 222	303 068 000
Listed investments	712 298	731 461	702 193
Loan receivable	-	6 622 626	-
Other receivable	150 123	-	150 123
Current assets	7 049 002	2 976 250	14 031 369
Trade and other receivables	1 804 643	506 106	1 335 291
Cash and cash equivalents	5 244 359	2 470 144	12 696 078
Total Assets	310 979 423	273 923 559	317 951 685
Equity and Liabilities			
Equity	152 017 026	134 122 949	154 796 268
Share capital	152 772 761	132 944 725	152 772 761
Cash flow hedge reserve	(1 825 357)	(1 315 391)	(1 880 949)
Retained earnings	1 069 622	2 493 615	3 904 456
Liabilities			
Non-Current liabilities	149 285 417	128 200 190	149 574 995
Long-term borrowings	149 285 417	128 200 190	149 574 995
Current liabilities	9 676 980	11 600 420	13 580 422
Trade and other payables	4 208 714	3 523 427	3 662 997
Current portion of long-term borrowings	2 170 500	6 385 000	7 038 750
Tax payable	1 350 238	289 701	887 088
Derivative financial instruments	1 947 528	1 402 292	1 991 587
Total Equity and Liabilities	310 979 423	273 923 559	317 951 685
Number of shares in issue	142 671 209	123 430 876	142 671 209
Net asset value per share (GBP)	1.07	1.09	1.08
Net asset value per share excluding cash flow hedge reserve	1.08	1.10	1.10

STATEMENT OF CHANGES IN EQUITY

	Stated Capital GBP	Retained Earnings GBP	Cash flow hedge reserve GBP	Total GBP
Balance at 1 March 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
Profit for the period	-	3 300 028	-	3 300 028
Dividends	-	(6 134 862)	-	(6 134 862)
Issue of shares (net of transaction costs)	-	-	-	-
Other comprehensive income	-	-	55 592	55 592
Balance at 31 May 2017	152 772 761	1 069 622	(1 825 357)	152 017 026

STATEMENT OF CASH FLOWS

	Group Unaudited Quarter ended 31-May-2017 GBP	Group Unaudited Quarter ended 31-May-2016 GBP	Group Audited Year ended 28-Feb-2017 GBP
Cash generated from operations	4 994 481	12 483 581	17 162 555
Interest received	6 930	108 510	204 980
Finance costs	(1 079 074)	(722 225)	(4 182 627)
Tax paid	(2 473)	(402 710)	(906 750)
Net cash from/(utilised in) operating activities	3 919 864	11 467 156	12 278 158
Cash flows from investing activities			
Acquisition of investment properties	-	(69 734 036)	(114 685 033)
Sale of investment property	-	-	11 300 000
Sale of listed investments	9 063	-	-
Dividends received	12 570	13 245	23 643
Loan to APIL	-	122 733	6 733 730
Net cash utilised in investing activities	21 633	(69 598 058)	(96 627 660)
Cash flow from financing activities			
Proceeds from issue of shares	-	90 442	19 430 385
Proceeds from borrowings	-	59 352 387	88 499 186
Repayment of borrowings	(5 298 000)	(175 000)	(7 713 000)
Dividends paid	(6 134 862)	(4 936 284)	(9 651 269)
Net cash utilised from financing activities	(11 432 862)	54 331 545	90 565 302
Increase in cash and cash equivalents	(7 491 365)	(3 799 357)	6 215 800
Cash and cash equivalents at beginning of the year	12 696 078	6 223 292	6 223 292
Effects of exchange difference on cash and cash equivalents	39 646	46 209	256 986
Cash and cash equivalents at end of year	5 244 359	2 470 144	12 696 078

RECONCILIATION OF BASIC EARNINGS TO DISTRIBUTABLE EARNINGS

	Group Unaudited Quarter ended 31-May-2017 GBP	Group Unaudited Quarter ended 31-May-2016 GBP	Group Audited Year ended 28-Feb-2017 GBP
Basic earnings	3 300 028	2 470 587	9 084 511
Less:			
Fair value adjustments to investment properties	323 377	268 193	4 384 351
Profit on disposal of investment property	-	-	(1 062 312)
Headline earnings	3 623 405	2 738 780	12 406 550
Add back:			
Straight line lease adjustments	(323 377)	(268 193)	(1 293 509)
Adjusted for once-off costs	-	-	-
Transaction costs	-	414 489	365 725
Fair value loss on cash flow hedges transferred	-	-	163 658
Adjusted headline earnings/Distributable earnings	3 300 028	2 885 076	11 642 424
Weighted average number of shares in issue	142 671 209	123 489 825	129 548 965
Basic and diluted earnings per share (GBP pence)	2.31	2.00	7.01
Basic and diluted headline earnings per share (GBP pence)	2.54	2.22	9.58
Adjusted headline earnings per share (GBP pence)	2.31	2.34	9.00
Interim dividend	-	-	5 203 078
Final dividend	-	-	6 134 862
Total dividend	-	-	11 337 940
Interim dividend per share (GBP pence)	-	-	4.20
Final dividend per share (GBP pence)	-	-	4.30
Total dividend per share (GBP pence)	-	-	8.50

SEGMENTAL REPORTING - THREE MONTHS ENDED 31 MAY 2017

	Industrial GBP	Office GBP	Retail Warehouse GBP	Unallocated GBP	Total GBP
Statement of profit or loss					
Revenue	4 181 422	1 413 882	105 200	323 377	6 023 881
Profit on disposal of investments	-	-	-	-	-
Fair value adjustments	-	-	-	(313 272)	(313 272)
Interest expense	(926 521)	(293 091)	(25 323)	-	(1 244 935)
Income tax	(340 756)	(92 674)	(17 441)	(14 751)	(465 622)
Adjusted headline earnings	2 428 093	923 084	54 122	(105 271)	3 300 028
Statement of financial position					
Additions to investment property	-	-	-	-	-
Total assets	221 555 198	76 552 079	5 810 000	7 062 146	310 979 423
Total borrowings	108 524 247	40 735 163	2 196 507	-	151 455 917

SEGMENTAL REPORTING - THREE MONTHS ENDED 31 MAY 2016

	Industrial GBP	Office GBP	Retail Warehouse GBP	Unallocated GBP	Total GBP
Statement of profit or loss					
Revenue	3,751,705	931,647	130,274	268,193	5,081,819
Profit on disposal of investments	-	-	-	-	-
Fair value adjustments	-	-	-	(209,117)	(209,117)
Interest expense	(854,590)	(164,699)	(33,181)	-	(1,052,470)
Income tax	(283,489)	(101,593)	(5,387)	(4,623)	(395,092)
Adjusted headline earnings	2,403,972	657,019	90,844	(266,759)	2,885,076
Statement of financial position					
Additions to investment property	52,275,816	15,968,289	-	-	68,244,105
Total assets	203,340,628	54,842,293	5,900,266	9,840,372	273,923,559
Total borrowings	101,934,745	29,482,369	3,168,076	-	134,585,190

STATEMENT OF COMPREHENSIVE INCOME

	Group Unaudited Quarter ended 31-May-2017 GBP	Group Unaudited Quarter ended 31-May-2016 GBP	Group Audited Year ended 28-Feb-2017 GBP
Rental revenue	5 700 504	4 813 626	20 035 401
Straight-line lease income adjustment	323 377	268 193	1 293 509
Revenue	6 023 881	5 081 819	21 328 910
Property operating expenses	(221 877)	(541 793)	(862 555)
Other operating expenditure	(557 567)	(544 997)	(2 401 771)
Operating income	5 244 537	3 995 029	18 064 584
Other income	9 172	1 355	1 935
Investment income	30 602	84 673	196 770
Profit on disposal of investment property	-	-	1 062 312
Profit on foreign exchange	39 646	46 209	256 986
Fair value adjustments	(313 272)	(209 117)	(4 518 202)
Finance costs	(1 244 935)	(1 052 470)	(4 483 354)
Profit before taxation	3 765 650	2 865 679	10 581 031
Taxation	(465 622)	(395 092)	(1 496 520)
Profit for the period	3 300 028	2 470 587	9 084 511
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Fair value movement on interest rate swaps	55 592	468 242	(97 316)
Total comprehensive income for the period	3 355 620	2 938 829	8 987 195

RELATED PARTY TRANSACTIONS

Per the Property Services Agreement, fees for the quarter paid to Martial Eagle Limited amounted to GBP 379,714 (2016: GBP 322,942).

NOTES

The Company is required to publish financial results for the three months ended 31 May 2017 in terms of Listing Rule 12.19 of the SEM. The abridged unaudited financial statements for the three months ended 31 May 2017 ("financial statements") have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), 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 IFRS and consistent with those applied in the preparation of the audited financial statements for the year ended 28 February 2017.

These financial statements were approved by the Board on 11 July 2017. The financial statements have not been reviewed or reported on by the Company's external auditors.

Copies of the abridged unaudited financial statements for the three months ended 31 May 2017 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 12.20 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 May 2017 that require any additional disclosure or adjustment to the financial statements.

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Company secretary	SEM authorised representative and sponsor	
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