

DIRECTORS' COMMENTARY

The Company's results for the six months ended 31 August 2017 are in line with the guidance given to shareholders at the time of the announcement relating to the DFS transaction released on 12 September 2017 and as further detailed below. Adjusted headline earnings per share of 2.19 GBP pence per share (2016: 2.24 GBP pence) was similar to the prior period due to limited lease escalations during the review period. The Company however has declared an interim dividend of 4.5 GBP pence per share (2016: 4.2 GBP pence), up 7% from the previous year. The results are reflective of the stable environment in which the Company operates. Our properties remain 100% occupied and the leases are backed by tenants with strong covenants. The results for the six months ended 31 August 2017 as compared with the six months ending 31 August 2016 can be summarised as follows:

	31-Aug-2016	31-Aug-2017	
Assets Under Management (GBP million)	264	304	+ 15%
Total Rental Revenue (GBP million)	10	12	+ 20%
Adjusted HEPS (GBP pence per share)	4.57	4.51	-1%
Total Distribution (GBP pence per share)	4.20	4.50	+ 7%

GEARING

Atlantic Leaf has a target Loan-to-value ("LTV") ratio of 50% with LTV at 31 August 2017 of 50.3% 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, 76% of Atlantic Leaf's debt has been hedged with interest rate swaps.

DIVIDENDS DECLARED

The Board of Atlantic Leaf is pleased to announce an interim dividend of 4.5 GBP pence per share for the six months ended 31 August 2017. Further information regarding the interim dividend, including salient dates and exchange rates, will be announced in due course on or around 31 October 2017.

PROSPECTS

As announced on 12 September 2017, the Company is expecting to achieve the forecasted full year distribution of 9.1 GBP pence per share, which would represent a 7.1% increase on the prior year. This forecast is based on the current portfolio, the investment of the surplus cash and no material change in market conditions. This forecast has not been reviewed by the external auditors.

The UK commercial property sector remains very active despite the uncertainty around BREXIT. Demand is strong and the Company is confident that it will be successful in continuing to grow its property assets under management which now exceed GBP 350 million (2016: GBP 264 million).

The strong forward property yield of 7.3% on our portfolio is underpinned by high quality commercial and industrial properties in excellent regional locations throughout the United Kingdom with long term leases from high quality tenants.

SUBSEQUENT EVENTS

Post the reporting period and as announced on 12 September 2017, the Company entered into an agreement to acquire 45% of a portfolio of eleven properties tenanted by DFS Trading Limited, in a joint venture with LMP Retail Warehouse JV Holdings Limited. The equity contribution of the Company of GBP 24.8 million including acquisition costs was financed by a very successful accelerated book build on 20 September 2017 in which the Company issued 46 305 419 new shares, raising GBP 47 million.

Management is evaluating further acquisition opportunities that meet the Company's investment criteria and it is expected that the balance of the cash will be deployed in the short to medium term. The Company has also invested in a portfolio of listed REIT's which provide good dividend income.

On 20 September 2017, Vukile Property Fund Limited ("Vukile") informed the Board of Atlantic Leaf that, as a consequence of its participation in the accelerated book build, its shareholding in the company had exceeded 30% of the Company's enlarged share capital, which in terms of the Mauritius Securities (Takeover Rules) 2010 requires Vukile to make a mandatory offer to the remaining shareholders of the Company at a cash consideration of ZAR 17.60 per share. Vukile has confirmed its intention to proceed with the mandatory offer and has confirmed they obtained irrevocable undertakings from shareholders representing 57.7% of the Company's share capital prior to the accelerated book build confirming their intention not to accept the mandatory offer.

Vukile will be circulating an offer document to the shareholders of the Company which the Board of Atlantic Leaf will respond to after it has been sent.

By order of the Board
 Intercontinental Trust Limited
 Company Secretary
 12 October 2017

STATEMENT OF FINANCIAL POSITION

	Group Unaudited as at 31-Aug-2017 GBP	Group Unaudited as at 31-Aug-2016 GBP	Group Audited as at 28-Feb-2017 GBP
ASSETS			
Non-current assets	303 928 809	271 075 831	303 920 316
Investment properties	303 068 000	263 683 137	303 068 000
Listed investments	710 686	703 358	702 193
Loan receivable	-	6 689 336	-
Other receivable	150 123	-	150 123
Current assets	9 458 970	5 369 549	14 031 369
Trade and other receivables	2 253 918	258 295	1 335 291
Cash and cash equivalents	7 205 052	5 111 254	12 696 078
Total Assets	313 387 779	276 445 380	317 951 685
Equity and Liabilities			
Equity	155 412 980	135 282 393	154 796 268
Share capital	152 772 761	132 944 725	152 772 761
Cash flow hedge reserve	(1 558 640)	(2 932 593)	(1 880 949)
Retained earnings	4 198 859	5 270 261	3 904 456
Liabilities			
Non-Current liabilities	146 462 782	127 680 213	149 574 995
Long-term borrowings	146 462 782	127 680 213	149 574 995
Current liabilities	11 512 017	13 482 774	13 580 422
Trade and other payables	3 633 747	3 224 829	3 662 997
Current portion of long-term borrowings	4 820 306	6 435 000	7 038 750
Tax payable	1 369 271	790 764	887 088
Derivative financial instruments	1 688 693	3 032 181	1 991 587
Total Equity and Liabilities	313 387 779	276 445 380	317 951 685
Number of shares in issue	142 671 209	123 882 814	142 671 209
Net asset value per share (GBP)	1.09	1.09	1.08
Net asset value per share excluding cash flow hedge reserve (GBP)	1.10	1.12	1.10

STATEMENT OF CASH FLOWS

	Group Unaudited Six Months ended 31-Aug-2017 GBP	Group Unaudited Six Months ended 31-Aug-2016 GBP	Group Audited Year ended 28-Feb-2017 GBP
Cash generated from operations	8 805 384	8 859 144	17 162 555
Interest received	26 574	105 346	204 980
Finance costs	(2 161 494)	(1 732 335)	(4 182 627)
Tax paid	(483 490)	(209 737)	(906 750)
Net cash from operating activities	6 186 974	7 022 418	12 278 158
Cash flows from investing activities			
Acquisition of investment properties	-	(68 334 019)	(114 685 033)
Sale of investment property	-	-	11 300 000
Deposit paid for acquisition of properties	-	6 000 000	-
Sale of rights of listed investments	9 063	-	-
Dividends received	18 274	14 766	23 643
Loan to APL	-	122 733	6 733 630
Net cash from/(utilised in) investing activities	27 337	(62 196 520)	(96 627 660)
Cash flow from financing activities			
Proceeds from issue of shares	-	90 442	19 430 385
Proceeds from borrowings	-	59 315 618	88 499 186
Repayment of borrowings	(5 611 000)	(462 500)	(7 713 000)
Dividends paid	(6 134 862)	(4 936 284)	(9 651 269)
Net cash (utilised in)/ from financing activities	(11 745 852)	54 007 276	90 565 302
(Decrease)/increase in cash and cash equivalents	(5 531 551)	(1 166 862)	6 215 890
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	40 525	54 788	256 986
Cash and cash equivalents	7 205 052	5 111 254	12 696 078

NOTES

The Company is required to publish financial results for the three and six months ended 31 August 2017 in terms of Listing Rule 12.19 of the Stock Exchange of Mauritius ("SEM") and the JSE Listings Requirements. The abridged unaudited financial statements for the three and six months ended 31 August 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 2017.

These abridged unaudited financial statements were approved by the Board on 12 October 2017. 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: 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 this announcement. The Directors of the Company have disclosed all matters or circumstances arising subsequent to the period ended 31 August 2017 that require any additional disclosure or adjustment to the financial statements.

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.

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

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	-	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
Profit	-	3 837 279	-	3 837 279
Dividends	-	(5 203 084)	-	(5 203 084)
Issue of shares (net of transaction costs)	19 828 036	-	-	19 828 036
Other comprehensive income	-	-	1 051 644	1 051 644
Balance at 28 February 2017	152 772 761	3 904 456	(1 880 949)	154 796 268
Profit	-	6 429 265	-	6 429 265
Dividends	-	(6 134 862)	-	(6 134 862)
Issue of shares (net of transaction costs)	-	-	-	-
Other comprehensive income	-	-	322 309	322 309
Balance at 31 August 2017	152 772 761	4 198 859	(1 558 640)	155 412 980

STATEMENT OF COMPREHENSIVE INCOME

	Group Unaudited Three months ended 31-Aug-2017 GBP	Group Unaudited Six months ended 31-Aug-2017 GBP	Group Unaudited Three months ended 31-Aug-2016 GBP	Group Unaudited Six months ended 31-Aug-2016 GBP	Group Audited Year ended 28-Feb-2017 GBP
Rental revenue	5 699 569	11 400 073	4 871 817	9 685 443	20 035 401
Straight-line lease income adjustment	323 377	646 754	378 562	646 755	1 293 509
Revenue	6 022 946	12 046 827	5 250 379	10 332 198	21 328 910
Property operating expenses	(210 216)	(432 093)	(215 472)	(435 441)	(862 555)
Other operating expenditure	(648 333)	(1 205 900)	(507 338)	(1 374 160)	(2 401 771)
Operating income	5 164 397	10 408 834	4 527 569	8 522 597	18 064 584
Other income	5 000	14 172	-	1 355	1 935
Investment income	16 505	47 107	75 668	160 341	196 770
Profit on disposal of investment property	-	-	-	-	1 062 312
Profit on foreign exchange	879	40 525	8 579	54 788	256 986
Fair value adjustments	(324 989)	(638 261)	(406 665)	(615 782)	(4 518 202)
Finance costs	(1 232 505)	(2 477 440)	(1 120 413)	(2 172 883)	(4 483 354)
Profit before taxation	3 629 287	7 394 937	3 084 738	5 950 416	10 581 031
Taxation	(500 050)	(965 672)	(308 093)	(703 184)	(1 496 520)
Profit	3 129 237	6 429 265	2 776 645	5 247 232	9 084 511
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Fair value movement on interest rate swaps	266 717	322 309	(1 617 202)	(1 148 960)	(97 316)
Total comprehensive income	3 395 954	6 751 574	1 159 443	4 098 272	8 987 195

RECONCILIATION OF BASIC EARNINGS TO DISTRIBUTABLE EARNINGS

	Group Unaudited Three months ended 31-Aug-2017 GBP	Group Unaudited Six months ended 31-Aug-2017 GBP	Group Unaudited Three months ended 31-Aug-2016 GBP	Group Unaudited Six months ended 31-Aug-2016 GBP	Group Audited Year ended 28-Feb-2017 GBP
Basic earnings	3 129 237	6 429 265	2 776 645	5 247 232	9 084 511
Less:					
Fair value adjustments to investment properties	323 377	646 754	378 562	646 755	1 293 509
Profit on disposal of investment property	-	-	-	-	(1 062 312)
Headline earnings	3 452 614	7 076 019	3 155 207	5 893 987	12 406 550
<i>Add back:</i>					
Straight line lease adjustments	(323 377)	(646 754)	(378 562)	(646 755)	(1 293 509)
<i>Adjusted for once-off costs</i>					
Transaction costs	-	-	-	406 030	365 725
Fair value loss on cash flow hedges transferred	-	-	-	-	163 658
Adjusted headline earnings/Distributable	3 129 237	6 429 265	2 776 645	5 653 262	11 642 424
Weighted average number of shares in issue	142 671 209	142 671 209	123 882 814	123 686 319	129 548 965
Basic and diluted earnings per share (GBP pence)	2.19	4.51	2.24	4.24	7.01
Basic and diluted headline earnings per share (GBP pence)	2.42	4.96	2.55	4.77	9.58
Adjusted headline earnings per share (GBP pence)	2.19	4.51	2.24	4.57	9.00
Interim dividend	8 503 948	8 503 948	4 936 284	4 936 284	5 203 084
Final dividend	-	-	-	-	6 134 862
Total dividend	8 503 948	8 503 948	4 936 284	4 936 284	11 337 946
Interim dividend per share (GBP pence)	4.50	4.50	4.20	4.20	4.20
Final dividend per share (GBP pence)	-	-	-	-	4.30
Total dividend per share (GBP pence)	4.50	4.50	4.20	4.20	8.50

SEGMENTAL REPORTING - 31 AUGUST 2017

	Industrial GBP	Office GBP	Retail Warehouse GBP	Unallocated GBP	Total GBP
Statement of profit or loss					
Revenue	8 358 880	2 830 793	210 400	646 754	12 046 827
Profit on disposal of investments	-	-	-	-	-
Fair value adjustments	-	-	-	(638 261)	(638 261)
Interest expense	(1 839 142)	(587 833)	(50 465)	-	(2 477 440)
Income tax	(634 310)	(186 548)	(21 582)	(123 232)	(965 672)
Adjusted headline earnings	4 923 626	1 847 934	121 505	(463 800)	6 429 265
Statement of financial position					
Additions to investment property	-	-	-	-	-
Total assets	221 566 573	76 992 780	5 810 000	9 018 426	313 387 779
Total borrowings	108 325 643	40 775 729	2 181 716	-	151 283 088