

Atlantic Leaf Properties Limited  
(Incorporated in Jersey)  
(Registration Number: 128426)  
SEM share code: ALPL.N0000  
JSE share code: ALP  
ISIN: MU0422N00009  
www.atlanticleaf.mu  
(“**Atlantic Leaf**” or the “**Company**”)



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## **DISPOSAL OF RETAIL WAREHOUSE AND INDUSTRIAL PROPERTY PORTFOLIO BASED IN THE UNITED KINGDOM**

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### **INTRODUCTION**

Shareholders are advised that, on 23 April 2019, Atlantic Leaf, through its wholly-owned subsidiary Austen Limited (collectively, “**Atlantic Leaf**”), concluded an agreement to sell its 45.02% interest in the LMP Retail Warehouse JV Property Unit Trust (the “**Unit Trust**”) which holds a portfolio of 10 retail warehouse and industrial properties in the United Kingdom (“**UK**”) leased to DFS Trading Limited (the “**Portfolio**”) as well as its 50% interest in LMP Retail Warehouse JV Management Limited (the “**Manco**”), the management business that manages the Portfolio, to LMP Retail Warehouse JV Holdings Limited and LMP Retail Warehouse Unitholder 2 Limited (the “**Buyers**”) (the “**Transaction**”).

### **RATIONALE FOR THE TRANSACTION**

The Buyers represent Atlantic Leaf’s existing joint venture (“**JV**”) partner in the Portfolio, and expressed an interest to buy out the Company’s interest. The board of directors of Atlantic Leaf (the “**Board**”) decided that now was an opportune time to dispose of the Company’s interest in the Portfolio. The timing was favourable for a number of reasons including a pending debt refinance of the Portfolio’s assets and a requirement to fund asset management initiatives in the future. It was determined that the exit opportunity on offer was the most attractive option. The investment delivered an overall IRR of over 9% since this was acquired in September 2017.

The sale of the interest in the Portfolio is consistent with Atlantic Leaf’s strategic shift away from direct exposure to the UK retail market. The Company’s focus continues to be on expanding its industrial asset portfolio.

### **SALIENT TERMS OF THE TRANSACTION**

Under the terms of the Transaction agreements, the Company will sell its units in the Unit Trust and share in the Manco for a price equivalent to 45.02% of the net asset value of the Unit Trust and the Manco at the date of completion of the Transaction (the “**Completion Date**”). This equates to approximately GBP 22.8 million (the “**Estimated Purchase Consideration**”) which will be received in cash. The Estimated Purchase Consideration will be adjusted upwards or downwards depending of the actual net asset value of the Unit Trust and the Manco as at the Completion Date.

There are no outstanding conditions to completion and no material warranties or indemnities are required. The effective date of the Transaction correlates with the Completion Date which is expected to be 26 April 2019.

## DETAILS OF THE PORTFOLIO

Key property information of the Portfolio is set out below. The Board's allocated pricing for the Transaction has attributed values as follows:

No.	Property	Geographical location	Sector	GLA (sq. ft)	Weighted average rental per sq. ft (GBP)	Valuation (GBP)
1	Birmingham	West Midlands	Retail Warehouse	25 770	33.84	10,983,663
2	Bristol	South West	Retail Warehouse	20 398	50.60	12,736,113
3	Carlisle DFS	North West	Retail Warehouse	21 554	26.04	5,923,774
4	Carlisle Wickes	North West	Retail Warehouse	23 401	18.98	4,985,843
5	Gateshead	North East	Retail Warehouse	28 137	28.74	11,477,311
6	Glasgow	Scotland	Retail Warehouse	38 705	24.67	11,082,393
7	Preston	North West	Retail Warehouse	35 903	30.19	11,566,168
8	Sunderland	North East	Retail Warehouse	24 751	23.78	6,565,516
9	Doncaster	Yorkshire & Humber	Industrial	175 842	7.01	19,499,087
10	Nottingham	East Midlands	Industrial	21 500	5.41	1,777,132

The aggregate transaction costs payable is approximately GBP 140,000. The purchase consideration receivable for the Portfolio is considered to be the fair market value, as determined by the Board. The Board is not independent, and its members are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No 47 of 2000.

The Portfolio profit attributable to the Unit Trust for the year ended 31 March 2018 was GBP 8,494,931 extracted from the audited financial statements of the Unit Trust which was prepared in terms of International Financial Reporting Standards.

## FORECASTED IMPACT ON EARNINGS AND USE OF PROCEEDS

Based on the current level of earnings, Atlantic Leaf's investment in the Portfolio was forecasted to generate earnings of approximately GBP 2.1 million for the remainder of the 2020 financial year, or annual forecasted earnings of GBP 2.5 million. This forecast financial information has not been reviewed or reported on by a reporting accountant in terms of Section 8 of the Listings Requirements.

Atlantic Leaf intends to redeploy the sale proceeds into other attractive property investment opportunities. The Board has identified a pipeline of potential acquisitions in the industrial property sector of the UK market, and believes that such adjustments to the Company's overall portfolio will be beneficial for long-term income and value growth.

Shareholders are also referred to Atlantic Leaf's results for the year ended 28 February 2019 released today.

## CATEGORISATION OF THE TRANSACTION

The Transaction is classified as a category 2 transaction in terms of paragraph 9.5(a) of the JSE Listings Requirements and accordingly does not require approval by Atlantic Leaf's shareholders.

Atlantic Leaf has a primary listing on the Main Board of the JSE Limited and a secondary listing on the Official Market of the Stock Exchange of Mauritius (“SEM”).

By order of the Board

**23 April 2019**

For further information please contact:

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This notice is issued pursuant to the JSE Listings Requirements, SEM Listing Rule 15.24 and the Mauritian Securities Act 2005. The Board accepts full responsibility for the accuracy of the information contained in this announcement.