

New Frontier Properties Ltd
(Incorporated in the Republic of Mauritius on 5 June 2014)
(Registration number 123368C1/GBL)
SEM share code: NFP.N000
JSE share code: NFP
ISIN: MU0453N00004
("New Frontier" or "the Company" or "the Group")

NEW FRONTIER
PROPERTIES

SUMMARISED REVIEWED CONSOLIDATED RESULTS FOR THE THREE MONTHS AND SIX MONTHS ENDED 28 FEBRUARY 2019

The Company was established in Mauritius as a public company limited by shares holding a Category 1 Global Business Licence. The Company has primary listings on the Stock Exchange of Mauritius Ltd ("SEM") and the Alternative Exchange ("AltX") of the Johannesburg Stock Exchange ("JSE"). The primary objective of the Company is to acquire good quality, income-generating retail and logistics/warehouse property assets in the United Kingdom ("UK") and mainland Europe.

REPORTING CURRENCY

The Company's results are reported in pounds sterling ("GBP").

FINANCIAL RESULTS

The Group's International Financial Reporting Standards ("IFRS") profit for the 6 month period ended 28 February 2019 was a loss of GBP 11.00 million (2018: profit of GBP 2.79 million).

BUSINESS REVIEW

Letting activity and lease renewals

As at 28 February 2019, the centres at Blackpool, Middlesbrough and Burton upon Trent had, as expected, a marginal fall in combined occupancy, following the closure of a number seasonal temporary stores to 92.60% (30 November 2018: 93.46%) by Estimated Rental Value ("ERV") and 90.63% (30 November 2018: 91.56%) by Gross Lettable Area ("GLA").

The Company is focused on letting and lease renewal activity and completed 9 lease renewals of which 6 were core tenants and one new letting during the period. Unfortunately, there were two administrations; Patisserie Valerie and Fivepoundworld during the period.

BANKING

As previously announced the reduction in valuation of the Group's properties at 31 August 2018 resulted in the Group's loan to value ("LTV") covenants being exceeded.

Both lenders continue to engage with the Group at this time. However, both lenders have trapped the free rental cashflow, although they have agreed to release funds for the Group's operating expenses and capital expenditure to support letting activity at the shopping centres. Meanwhile, surplus funds will be used to repay the outstanding loans. Whilst the Group has the support of its funders, its loan terms are effectively repayable on demand.

The board of directors of New Frontier ("Board") considers that so long as the Group has the support of its lenders it can service its obligations in the normal course of business and will continue as a going concern.

STRATEGY

The Group is actively managing its assets, focussing on improving its net operating income and reducing its debt exposure through the sale of assets where it can do so for the benefit of all its stakeholders. This is exemplified by the steps already taken by the Group to dispose of its property in Dublin.

Furthermore, the Group is seeking long-term solutions to reduce the cost base with the support of its major shareholder and positioning its assets to take advantage of any improvement in the UK retail sector. This includes investigating a possible delisting of the Company from the JSE and SEM.

PROSPECTS

The Company continues to actively manage its assets in a challenging retail environment. It is seeking ways of reducing the level of its debt and working with all stakeholders to protect the value of its assets and the business.

The UK economy continues to weaken as politicians try to find a solution to Brexit and until a long-term solution is found the retail sector is likely to continue to suffer.

CHANGES TO BOARD AND CORPORATE GOVERNANCE

At the Company's annual general meeting held on 26 February 2019 Mr Richard Thomas and Mr William Heaney were not re-elected to the Board of the Company effective from the conclusion of that meeting.

The Board wishes to thank both Mr Thomas and Mr Heaney for their invaluable contributions to the Company.

Mr Tinesh Ramprasad has been appointed to the Audit and Risk Committee and Mr Robert Becker has been appointed to the Corporate Governance and Remuneration Committee as Chairman.

DIVIDEND

The Board is not recommending the payment of a dividend.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

These summarised reviewed consolidated results for the six month period ended 28 February 2019 have been prepared in accordance with IFRS, including IAS 34 – Interim Financial Reporting, the SEM Listing Rules, the Securities Act of Mauritius 2005 and the JSE Listings Requirements. The accounting policies are consistent with those applied in the annual financial statements for the year ended 31 August 2018.

The key judgements used in preparing these financial statements has been the valuation of the Group's investment property and the assessment of the Group's ability to continue to trade as a going concern.

The directors have concluded that there remains a fundamental uncertainty in the UK shopping centre investment market owing to a lack of willing buyers and sellers. In order to preserve the Group's resources for the benefit of its shareholders and lenders, an external valuation of the Group's UK shopping centres has not been undertaken. The Board has used the MSCI UK in town shopping centre index for the period from July 2018 to December 2018 as a proxy for changes in capital values since the last external valuation, which took place as at 31 August 2018. During the six months to December 2018 the index declined by 6.43% and this figure has been applied to those external valuations to determine valuations as at 28 February 2019.

In relation to the assessment of going concern, the position has not changed since the Group last reported for the 3 months ended 30 November 2018. The Group continues to be in breach of the LTV covenants on its loans and its lenders are trapping all of the income. The lenders are supportive of the Group and are releasing funds to meet its operational and corporate expenses. The Board believes that so long as the Group's lenders continue to release funds to the Group to meet its commitments the business continues to be a going concern and these financial statements have been prepared on that basis.

The Board has instigated the process of selling its property in Dublin and this asset has been transferred to current assets in the financial statements. As this disposal represents the discontinuance of the European warehouse segment it has been disclosed separately in the statement of comprehensive income and cash flow statement in accordance with IFRS 5.

These financial information have been reviewed by the Company's external auditors, BDO & Co. This review report does not necessarily report on all of the information contained in these financial results.

AUDITORS' REPORT

The Company's external auditor, BDO & Co, has reviewed the financial information contained in this announcement in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity".

Based on that review BDO & Co has confirmed that nothing has come to their attention that causes them to believe that the condensed consolidated financial statements for the six months ended 28 February 2019 have not been prepared, in all material respects, in accordance with International Financial Reporting Standards.

The Group is in default of the LTV covenant on both of its loan facilities which are therefore repayable on demand. As a result, BDO & Co has drawn attention to the existence of material uncertainty on the Group's ability to continue as a going concern and therefore that the Group may be unable to realise their assets and discharge their liabilities in the normal course of business.

A copy of the auditor's ISRE 2410 review report is available for inspection at the Company's registered office.

The directors take full responsibility for the preparation and fair presentation of these interim financial results.

SEGMENTAL INFORMATION

The Group derives its revenue from the single business activity of property investment and is active in the UK shopping centres but has decided to discontinue its European warehouse investment business.

INVESTOR PRESENTATION

Further to these reviewed interim results for the three and six months ended 28 February 2019, shareholders are advised that New Frontier Properties will host an investor update conference call on Tuesday, 16 April 2019 at 11:00 (South African time).

Dial-in details are as follows:

Johannesburg (Telkom)	010 201 6800
Johannesburg (Neotel)	011 535 3600
USA and Canada	1 508 924 4326
UK	0333 300 1418
Australia (Toll Free)	1 800 350 100

Participants should ask to be joined to the New Frontier Properties call.

A presentation of the results, which will be discussed during the conference call, will be available for download on the Company's website from 9:00 onwards (South Africa time) on Tuesday, 16 April 2019 at:

<http://newfrontierprop.com/wp-content/uploads/2019/02/New-Frontier-Properties-Ltd-Q2-2019-FINAL.pdf>

By order of the Board

Osiris Corporate Solutions (Mauritius) Limited
Company secretary

15 April 2019

NOTES

Copies of this report are available to the public at the registered office of the Company, Chemin Vingt Pieds, 5th Floor, La Croisette, Grand Baie, Mauritius.

Copies of the statement of direct or indirect interest of the Senior Officers of the Company pursuant to rule 8(2)(m) of the Securities (Disclosure of Obligations of Reporting Issuers) Rules 2007 are available to the public upon request to the company secretary at the Registered Office of the Company at Chemin Vingt Pieds, 5th Floor, La Croisette, Grand Baie, Mauritius.

This communiqué is issued pursuant to Listing Rules 12.20 and 12.21 and Section 88 of the Securities Act of Mauritius 2005. The Board of New Frontier Properties Ltd accepts full responsibility for the accuracy of the information in this communiqué.

For further information please contact:

JSE sponsor
Java Capital +27 11 722 3050

Company secretary
Osiris Corporate Solutions (Mauritius) Limited +230 650 4030

NEW FRONTIER PROPERTIES LTD
STATEMENTS OF FINANCIAL POSITION AT 28 FEBRUARY 2018

	THE GROUP		
	Unaudited	Unaudited	Audited
	28 February	28 February	31 August
	2019	2018	2018
	GBP 000	GBP 000	GBP 000
ASSETS			
Non-current assets			
Property, plant and equipment	14	17	15
Investment property	172,977	274,538	193,288
Derivative financial instrument	688	1,529	1,103
	<u>173,679</u>	<u>276,084</u>	<u>194,406</u>
Non current asset held for sale	<u>7,873</u>	-	-
Current assets			
Trade and other receivables	4,958	5,199	5,179
Cash and cash equivalents	4,299	5,108	3,471
	<u>9,257</u>	<u>10,307</u>	<u>8,650</u>
Total assets	<u><u>190,809</u></u>	<u><u>286,391</u></u>	<u><u>203,056</u></u>
EQUITY			
Share capital	47,136	47,136	47,136
Hedging reserve	(734)	(1,083)	(915)
Retained earnings/(Accumulated losses)	(34,105)	60,991	(23,102)
Total equity	<u>12,297</u>	<u>107,044</u>	<u>23,119</u>
LIABILITIES			
Non-current liabilities			
Borrowings	10,751	163,358	143,581
Current liabilities			
Trade and other payables	4,033	5,084	5,000
Borrowings	163,728	10,905	31,356
	<u>167,761</u>	<u>15,989</u>	<u>36,356</u>
Total liabilities	<u>178,512</u>	<u>179,347</u>	<u>179,937</u>
Total equity and liabilities	<u><u>190,809</u></u>	<u><u>286,391</u></u>	<u><u>203,056</u></u>

NEW FRONTIER PROPERTIES LTD

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR QUARTER AND HALF YEAR ENDED 28 FEBRUARY 2019

	THE GROUP			
	Unaudited For the 6 months ended 28 February 2019	Unaudited For the 6 months ended 28 February 2018	Unaudited For the 3 months ended 28 February 2019	Unaudited For the 3 months ended 28 February 2018
	GBP 000	GBP 000	GBP 000	GBP 000
Rental income	7,623	8,778	4,042	4,301
Expenses				
Property operating expenses	(2,044)	(1,980)	(930)	(1,451)
Administrative expenses	(1)	(632)	(253)	(343)
Other income	2	-	2	-
Movement in foreign exchange	-	-	6	-
Fair value loss on investment property	(12,518)	-	(12,520)	-
	(6,938)	6,166	(9,653)	2,507
Net finance costs	(3,855)	(3,412)	(1,988)	(1,692)
Profit before tax	(10,793)	2,754	(11,641)	815
Taxation	(358)	-	(196)	-
Profit for the period – continuing operations	(11,151)	2,754	(11,837)	815
Net income/ (loss) from discontinued operations	148	31	(40)	121
Profit for the period – all operations	(11,003)	2,785	(11,877)	936
Other comprehensive income for the period				
Fair value (loss)/ gain on derivative financial instruments	(415)	1,830	(282)	440
Other comprehensive income for the period	(415)	1,830	(282)	440
Total comprehensive income for the period	(11,418)	4,615	(12,159)	1,376
Earnings per share				
Basic earnings per share (GBP)	(0.068)	0.018	(0.074)	0.006
Headline earnings per share (GBP)	0.010	0.018	0.001	0.006

The Company does not have any dilutionary instruments in issue.

NEW FRONTIER PROPERTIES LTD
STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 28 FEBRUARY 2019

	Share capital	Hedging reserve	Retained Earnings/ (Accumulated Losses)	Total
	GBP 000	GBP 000	GBP 000	GBP 000
<u>THE GROUP</u>				
Balance at 1 September 2018	47,136	(915)	(23,102)	23,119
Profit for the period	-	-	(11,003)	(11,003)
Other comprehensive income for the period	-	(415)	-	(415)
Total comprehensive income for the period	-	(415)	(11,003)	(11,418)
Amortisation of historic cash flow hedge reserve	-	596	-	596
Balance at 28 February 2019	47,136	(734)	(34,105)	12,297
Balance at 1 September 2017	39,412	(3,330)	63,678	99,760
Profit for the period	-	-	2,785	2,785
Other comprehensive income for the period	-	1,830	-	1,830
Total comprehensive income for the period	-	1,830	2,785	4,615
Issue of shares	7,724	-	-	7,724
Dividends	-	-	(5,500)	(5,500)
Waiver of dividends	-	-	28	28
Amortisation of historic cash flow hedge reserve	-	417	-	417
Balance at 28 February 2018	47,136	(1,083)	60,991	107,044
Balance at 1 September 2017 (Audited)	39,412	(3,330)	63,678	99,760
Loss for the year	-	-	(76,481)	(76,481)
Other comprehensive income for the year	-	1,404	-	1,404
Total comprehensive income for the year	-	1,404	(76,481)	(75,077)
Issue of shares	7,724	-	-	7,724
Dividends	-	-	(10,327)	(10,327)
Waiver of dividends	-	-	28	28
Amortisation of historic cash flow hedge reserve	-	1,011	-	1,011
Balance at 31 August 2018 (Audited)	47,136	(915)	(23,102)	23,119

NEW FRONTIER PROPERTIES LTD

STATEMENTS OF CASH FLOWS FOR HALF YEAR ENDED 28 FEBRUARY 2019

	Unaudited For the period ended 28 February 2019	THE GROUP Unaudited For the period ended 28 February 2018	Audited For the year ended 31 August 2018
	GBP 000	GBP 000	GBP 000
Cash flows from operating activities			
Cash generated from operations			
Continuing operations	4,165	6,203	11,870
Discontinued operations	233	(66)	(33)
Tax (paid)/ refunded	(7)	146	146
Interest paid	(2,013)	(2,138)	(4,755)
Net cash (used in)/ generated from operating activities	2,378	4,145	7,228
Cash flows from investing activities			
Capital improvements to investment property	(178)	(1,312)	(1,132)
Purchase of investment property	-	(8,455)	(8,150)
Net cash (used in)/ generated from investing activities	(178)	(9,767)	9,282
Cash flows from financing activities			
Proceeds from loans	-	11,996	12,800
Repayment of borrowings	(1,381)	(588)	(1,783)
Payment of borrowing costs	-	(701)	(695)
Dividend payment	-	(5,472)	(10,299)
Net cash (used in)/ from financing activities	(1,381)	5,235	23
Net increase/ (decrease) in cash and cash equivalents for the period/year	819	(387)	(2,031)
Exchange difference	9	(15)	(8)
Cash and cash equivalents at the beginning of the period/year	3,471	5,510	5,510
At end of period/ year	4,299	5,108	3,471

NEW FRONTIER PROPERTIES LTD

RECONCILIATION OF PROFIT FOR HALF YEAR ENDED 28 FEBRUARY 2019
TO HEADLINE EARNINGS

THE GROUP

	For the 6 months ended 28 February 2019	For the 6 months ended 28 February 2018	For the 3 months ended 28 February 2019	For the 3 months ended 28 February 2018
Basic and headline earnings per share	GBP 000	GBP 000	GBP 000	GBP 000
Basic earnings attributable to equity holders of the Company	(11,003)	2,785	(12,265)	936
Fair value movement on investment properties	12,616	-	12,445	-
Headline earnings attributable to equity holders of the Company	1,613	2,785	180	936
Weighted average number of shares	160,935,407	156,201,234	160,935,407	159,665,971
Earnings per share				
Basic earnings per share (GBP)	(0.068)	0.018	(0.076)	0.006
Headline earnings per share (GBP)	0.010	0.018	0.001	0.006