

SUMMARISED UNAUDITED CONSOLIDATED RESULTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED 28 FEBRUARY 2017

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 “Group”)

RENTAL INCOME
▲ **GBP 10.30m** (GBP 10.06m February 2016)

RECURRING PROFIT
▲ **GBP 5.71m** (GBP 5.50m February 2016)

INTERIM DIVIDEND
— **GBP 3.60p** per share (GBP 3.60p per share February 2016)

STATEMENTS OF FINANCIAL POSITION AT 28 FEBRUARY 2017

	THE GROUP		
	Unaudited 28 February 2017 £000	Unaudited 29 February 2016 £000	Audited 31 August 2016 £000
ASSETS			
Non-current assets			
Property, plant and equipment	527	14	19
Investment property	272,588	280,976	272,588
	273,115	280,990	272,607
Current assets			
Trade and other receivables	4,367	5,121	5,846
Cash and cash equivalents	3,117	5,278	3,639
	7,484	10,399	9,485
Total assets	280,599	291,389	282,092
EQUITY			
Capital and reserves (attributable to owners of the parent)			
Share capital	124,412	124,412	124,412
Hedging reserve	(3,914)	-	(5,614)
Accumulated losses	(10,571)	(5,904)	(10,051)
Total equity	109,927	118,508	108,747
LIABILITIES			
Non-current liabilities			
Borrowings	163,212	162,741	162,935
Derivative financial instrument	3,914	26	5,614
	167,126	162,767	168,549
Current liabilities			
Trade and other payables	3,546	9,882	4,719
Income tax payable	-	232	77
	3,546	10,114	4,796
Total liabilities	170,672	172,881	173,345
Total equity and liabilities	280,599	291,389	282,092

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR QUARTER AND HALF YEAR ENDED 28 FEBRUARY 2017

	THE GROUP			
	Unaudited For the 3 months ended 28 February 2017 £000	Unaudited For the 3 months ended 29 February 2016 £000	Unaudited For the 6 months ended 28 February 2017 £000	Unaudited For the 6 months ended 29 February 2016 £000
Rental income	4,934	5,717	10,308	10,059
Expenses				
Property operating expenses	(442)	(758)	(1,424)	(1,424)
Administrative expenses	(316)	(550)	(587)	(805)
Acquisition related costs	-	(120)	-	(2,563)
Other income	72	-	72	-
	4,248	4,289	8,369	5,267
Net finance costs	(1,439)	(1,434)	(2,862)	(2,692)
Profit before tax	2,809	2,855	5,507	2,575
Taxation	84	(68)	84	(301)
Profit for the period	2,893	2,787	5,591	2,274
Other comprehensive income for the period				
Items that may be reclassified subsequently to profit or loss				
Fair value (loss)/gain on financial derivatives	(466)	(4,282)	1,700	(4,384)
Other comprehensive income for the period	(466)	(4,282)	1,700	(4,384)
Total comprehensive income for the period	2,427	1,495	7,291	(2,110)
Basic earnings per share (GBP)	0.019	0.019	0.037	0.015
Headline earnings per share (GBP)	0.019	0.019	0.037	0.015

STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 28 FEBRUARY 2017

	Share capital £000	Hedging reserve £000	(Accumulated losses)/ Retained earnings £000	Total £000
THE GROUP				
Balance at 1 September 2016	124,412	(5,614)	(10,051)	108,747
Profit for the period	-	-	5,591	5,591
Other comprehensive income for the period	-	1,700	-	1,700
Dividends	-	-	(6,111)	(6,111)
Balance at 28 February 2017	124,412	(3,914)	(10,571)	109,927
Balance at 1 September 2015	80,511	-	834	81,345
Issue of shares	44,693	-	-	44,693
Issue costs	(792)	-	-	(792)
Profit for the period	-	-	2,274	2,274
Other comprehensive loss for the period	-	-	(4,384)	(4,384)
Dividends	-	-	(4,628)	(4,628)
Balance at 29 February 2016	124,412	-	(5,904)	118,508
Balance at 1 September 2015	80,511	-	834	81,345
Issue of shares	44,693	-	-	44,693
Issue costs	(792)	-	-	(792)
Loss for the year	-	-	(757)	(757)
Other comprehensive income for the year	-	(5,614)	-	(5,614)
Other comprehensive income for the period	-	-	-	-
Dividends	-	-	(10,128)	(10,128)
Balance at 31 August 2016 (Audited)	124,412	(5,614)	(10,051)	108,747

NOTES

Copies of this report are available to the public at the registered office of the Company, B45 Twenty-Foot Road, 3rd 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 B45 Twenty-Foot Road, 3rd 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.
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Company secretary
Osiris Corporate Solutions (Mauritius) Limited +230 650 4030

STATEMENTS OF CASH FLOWS FOR HALF YEAR ENDED 28 FEBRUARY 2017

	THE GROUP	
	Unaudited 28 February 2017 £000	Unaudited 29 February 2016 £000
Cash flows from operating activities		
Cash generated from operations	8,832	1,027
Interest paid	(2,727)	(1,765)
Net cash generated from/(used in) operating activities	6,105	(738)
Cash flows from investing activities		
Acquisitions of subsidiaries, net of cash acquired	-	(45,836)
Addition to property, plant and equipment	(516)	(14)
Net cash used in investing activities	(516)	(45,850)
Cash flows from financing activities		
Proceeds from borrowings	-	7,608
Proceeds from issue of share capital	-	44,693
Payments for share issuance costs	-	(792)
Dividend payment	(6,111)	(4,628)
Net cash (used in)/generated from financing activities	(6,111)	46,881
Net (decrease)/increase in cash and cash equivalents for the period	(522)	293
Cash and cash equivalents at the beginning of the period	3,639	4,985
At 28/29 February	3,117	5,278

RECONCILIATION OF PROFIT FOR HALF YEAR TO HEADLINE EARNINGS

	THE GROUP			
	For the 3 months ended 28 February 2017 £000	For the 3 months ended 29 February 2016 £000	For the 6 months ended 28 February 2017 £000	For the 6 months ended 29 February 2016 £000
Basic and headline earnings per share				
Basic earnings from continuing operations attributable to equity holders of the Company	2,893	2,787	5,591	2,274
Headline earnings from continuing operations attributable to equity holders of the Company	2,893	2,787	5,591	2,274
Number of shares/weighted average number of shares	152,774,750	148,255,284	152,774,750	148,255,284
Basic earnings per share (GBP)	0.019	0.019	0.037	0.015
Headline earnings per share (GBP)	0.019	0.019	0.037	0.015

Note: There are no dilutionary instruments in issue

The Company has been 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 of the Johannesburg Stock Exchange (“AIX”). 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. The Company’s property investments are held by a number of wholly owned subsidiaries.

REPORTING CURRENCY

The Company’s results are reported in Pounds Sterling (“GBP”).

BUSINESS REVIEW

We are pleased to report that the Group produced a recurring profit of £5.71 million for the period which is slightly ahead of the previous year’s recurring profit of £5.50 million. The Group’s IFRS result for the period was a profit of £5.59 million compared to the previous year’s result of £2.27 million.

Letting activity and lease renewals

During the period, the Company undertook fifteen leasing events of which seven were long term core lettings, with an average lease length of seven years and rent-free of six months.

Nine core leases have been renewed at an average rent increase of 1.65% above valuation Estimated Rental Value (“ERV”), accounting for rent of GBP735,650 per annum.

As at 28 February 2017, the centres had a combined occupancy of 93.59% (30 November 2016: 93.34%) by ERV and 92.38% (30 November 2016: 91.54%) by Gross Lettable Area.

There are a further seven units currently under offer on long term lettings and thirteen core lease renewals ongoing which will result in a further improvement to the overall occupancy of the centres.

A number of asset management initiatives are under way within all schemes which will allow the Company to improve the quality of space that is offered to tenants, allowing them the opportunity to upsize and improve their profitability.

Net asset value (“NAV”)

The European Public Real Estate Association (“EPRA”) NAV is a proportionally consolidated measure representing the International Financial Reporting Standards (“IFRS”) net assets excluding the mark-to-market on effective cash flow hedges and related debt adjustments, the mark-to-market on convertible bonds as well as deferred taxation on property and derivative valuations.

EPRA NAV, based on the shares in issue throughout the period of 152,774,750, is 75 pence per share, up from 73 pence per share at 30 November 2016.

PROSPECTS

During this period, the Company’s business strategy has continued to evolve to take into account changes in the prevailing political and economic climate. In particular, in relation to the European investment property market’s reaction to the European Union Referendum result and the resultant triggering of Article 50, whereby the UK served notice to leave the European Union.

The Company’s strategy continues to retain its retail focus with a refined strategy to also acquire:

- retail property within mainland Europe and the UK; and
- non-retail assets within mainland Europe and the UK.

Preference will be given to dominant retail assets and logistics/warehouse properties let to tenants in the UK, Germany, Austria, Slovakia, Czech Republic, Poland, Ireland, and Benelux.

The Company has since been working hard to execute the strategy and have identified a shortlist of properties that meet its investment criteria including a logistics warehouse in Austria and a logistics and distribution centre in Slovakia which are currently under offer for approximately €33 million at a NIY of over 7%. The proposed acquisitions in Slovakia and Austria will provide exposure to the logistics/warehouse market enabling the Company to benefit from the increase of e-retail activity across Europe. Should the proposed acquisitions be successfully implemented, New Frontier will publish a further announcement in this regard.

This approach will enable the Company to exploit a much wider range of opportunities, reducing its overall risk profile whilst continuing to benefit from the profits contributed by our existing centres and broadening our hard currency exposure.

CHANGE IN FUNCTION OF DIRECTORS

Richard Thomas, an independent non-executive director of the Company, has with effect from 11 January 2017 been appointed as the lead independent non-executive director.

Mr Andile Mazwai, formerly an independent non-executive director of the Company, will now be categorised as a non-independent non-executive director of the Company, due to his recent appointment as an executive director and the chief operating officer of Rebasis Property Fund Limited, the Company’s controlling shareholder.

DIVIDEND

The Company’s dividend policy is to consider declarations of dividends on a six-monthly basis in line with its year-end and half-year which are August and February respectively. The Board is pleased to announce that a dividend of 3.6 pence per share (approximately GBP 5.50 million) has been declared for the period under review. An announcement, containing details of this dividend, will be made on the Stock Exchange News Service of the Johannesburg Stock Exchange (“JSE”) as well as the website of the SEM and will be issued separately.

BASIS OF PREPARATION

These summarised unaudited consolidated results for the six months ended 28 February 2017 have been prepared in accordance with IFRS, including IAS34 – Interim Financial Reporting, the SEM Listing Rules, the Securities Act of Mauritius 2005 and the JSE Listings Requirements to the extent required.

ACCOUNTING POLICIES

The accounting policies adopted are consistent with those used to prepare the audited annual financial statements for the year ended 31 August 2016.

These financial statements have not been reviewed or reported on by the Company’s external auditors.

SEGMENTAL INFORMATION

The Group derives its revenue from a single business activity, the property sector, which it considers as its only segment.

By Order of the Board

Osiris Corporate Solutions (Mauritius) Limited

Company secretary

13 April 2017