

**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

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## SUMMARISED UNAUDITED CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED 30 NOVEMBER 2017

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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. 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**").

### FINANCIAL RESULTS

The Group's International Financial Reporting Standards ("**IFRS**") total comprehensive income for the period was a profit of GBP3.240 million (30 November 2016: GBP4.864 million). The Group produced a recurring profit of GBP2.481 million for the period (30 November 2016: GBP2.799 million). A reconciliation table of the recurring profit to IFRS total comprehensive income for the period is provided in the financial section at the end of this report.

### BUSINESS REVIEW

During a highly productive quarter the Group has made its first acquisition in Europe, refinanced and extended the £108.2 million HSBC loan and raised additional capital.

#### Property acquisition

We are pleased to report that the Group's new strategic objective of acquiring European logistics/warehouse properties commenced with the purchase of unit 1, Stadium Business Park, Ballycoolin, Dublin, Ireland ("**the Dublin property**") on 31 October 2017. The purchase price of 8.65 million euros ("**EUR**") reflects a net initial yield of 8.23%. The property is let to Viking Direct (Ireland) Limited on a twenty-year full repairing and insuring lease from 24 August 2007 at a rent of EUR743,518 per annum. The purchase of this Dublin property and similar pipeline acquisitions emphasises the benefit from a greater diversity of earnings in both euro and sterling.

#### Refinancing and extension of loan

On 4 December 2017, the Board was pleased to announce that the Company had refinanced and extended the term of the existing GBP108.2 million loan with HSBC. The multi-jurisdictional loan facility, which is for a term of 5 years at the same interest rate margin as previously agreed in April 2015, provides funding for the shopping centres in Middlesbrough and Burton upon Trent together with the recently acquired Dublin property.

#### Vendor consideration placement

On 18 December 2017, the board of directors ("**the Board**") announced the listing of an additional 8,160,657 New Frontier shares pursuant to a vendor consideration placement at an issue price of ZAR17.50 to settle the purchase consideration of the Dublin property. The additional New Frontier shares were allotted, issued and listed on the JSE on 15 December 2017 and allotted, issued and listed on the SEM on 19 December 2017. Following the issue of the new shares, the Company has a total of 160,935,407 ordinary shares in issue.

#### Letting activity and lease renewals

As at 30 November 2017, the centres at Blackpool, Middlesbrough and Burton upon Trent had a combined occupancy of 93.98% (31 August 2017: 94.51%) by Estimated Rental Value ("**ERV**") and 92.04% (31 August 2017: 91.93%) by Gross Lettable Area ("**GLA**").

The Company is undertaking a number of exciting asset management projects within all schemes. At Blackpool, heads of terms have been agreed for a new IMAX cinema development with ancillary retail. At Burton upon Trent, Next have opened a new 25,052

sq ft store in the old BHS unit and terms have been signed with H&M for the remaining unit on a 15 year lease. At Middlesbrough, a number of new lettings are being progressed which will strengthen and improve the quality of the centre's tenants further.

### **Net asset value ("NAV")**

The European Public Real Estate Association ("EPRA") NAV is a proportionally consolidated measure representing the IFRS net assets excluding the mark-to-market ("MTM") on effective cash flow hedges and related debt adjustments, the MTM 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 65 pence per share for the period ended 30 November 2017 compared to 67 pence per share at 31 August 2017. A reconciliation table of the EPRA NAV to the Statement of Financial Position is provided in the financial section at the end of this report.

### **STRATEGY**

The Company's business strategy has continued to evolve to take into account changes in the prevailing political and economic climate in relation to the impact of the European investment property market's reaction to Brexit and the ensuing Article 50 negotiations as to the terms under which the UK will leave the European Union.

New Frontier's strategy continues to retain its retail focus in the UK but has been refined to extend to acquisitions of property (both retail and non-retail) within mainland Europe, with a preference given to logistics/warehouse assets in the UK, Germany, Austria, Slovakia, the Czech Republic, Poland, Ireland and the Benelux countries.

### **PROSPECTS**

In line with this new investment strategy, the Company purchased a modern warehouse facility in Ireland which is located in a strategic logistics position in north-west Dublin. The Company has also explored a number of opportunities in mainland Europe and is close to executing a logistics transaction in Germany. The purchase of the Dublin property and similar pipeline acquisitions, provides the Group with exposure to the European logistics/warehouse market enabling the Company to benefit from the increase in e-retailing activity across Europe as well as broadening its hard currency exposure.

The Company continues to actively manage its assets in a challenging retail environment, caused in part by a weaker sterling due to the uncertainty caused by the vote to leave the European Union and a fall in consumer confidence.

### **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. As a result, no dividend has been declared for the period under review.

### **BASIS OF PREPARATION**

These summarised unaudited consolidated results for the three months ended 30 November 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.

### **ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those used to prepare the audited annual financial statements for the year ended 31 August 2017.

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

[15 January 2018]

## NOTES

Copies of this report are available to the public at the registered office of the Company, B45 Twenty-Foot Road, 5<sup>th</sup> 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, 5<sup>th</sup> 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

STATEMENTS OF FINANCIAL POSITION AT 30 NOVEMBER 2017

	<b>THE GROUP</b>		
	<b>Unaudited</b>	<b>Audited</b>	Unaudited
	<b>30 November</b>	<b>31 August</b>	30 November
	<b>2017</b>	<b>2017</b>	2016
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	17	19
Investment property	273,555	264,800	272,588
Derivative financial instrument	1,090	-	-
	<u>274,662</u>	<u>264,817</u>	<u>272,607</u>
<b>Current assets</b>			
Trade and other receivables	6,333	6,091	3,928
Cash and cash equivalents	3,118	5,510	2,298
	<u>9,451</u>	<u>11,601</u>	<u>6,226</u>
<b>Total assets</b>	<u><u>284,113</u></u>	<u><u>276,418</u></u>	<u><u>278,833</u></u>
<b>EQUITY</b>			
<b>Capital and reserves (attributable to owners of the parent)</b>			
Share capital	39,412	39,412	124,412
Hedging reserve	(1,821)	(3,330)	(3,448)
Retained earnings/(Accumulated losses)	60,056	63,678	(13,463)
<b>Total equity</b>	<u>97,647</u>	<u>99,760</u>	<u>107,501</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	164,520	159,112	163,066
Derivative financial instrument	-	300	3,448
	<u>164,520</u>	<u>159,412</u>	<u>166,514</u>
<b>Current liabilities</b>			
Borrowings	15,152	11,738	-
Trade and other payables	6,550	5,508	4,741
Dividend payable	244	-	-
Income tax payable	-	-	77
	<u>21,946</u>	<u>17,246</u>	<u>4,818</u>
<b>Total liabilities</b>	<u>186,466</u>	<u>176,658</u>	<u>171,332</u>
<b>Total equity and liabilities</b>	<u><u>284,113</u></u>	<u><u>276,418</u></u>	<u><u>278,833</u></u>

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR PERIOD ENDED 30 NOVEMBER 2017**

	<b>THE GROUP</b>		
	<b>Unaudited</b> <b>For the</b> <b>period</b> <b>ended 30</b> <b>November</b> <b>2017</b>	<b>Audited</b> <b>For the</b> <b>year</b> <b>ended</b> <b>31</b> <b>August</b> <b>2017</b>	<b>Unaudited</b> <b>For the</b> <b>period</b> <b>ended 30</b> <b>November</b> <b>2016</b>
	<b>£000</b>	£000	£000
Rental income	4,531	19,279	5,374
<b>Expenses</b>			
Property operating expenses	(530)	(1,895)	(982)
Administrative expenses	(319)	(1,432)	(271)
Other income	-	99	-
Movement in foreign exchange	(113)	-	-
Fair value loss on investment property	-	(10,046)	-
	<b>3,569</b>	6,005	4,121
Net finance costs	<b>(1,720)</b>	(5,847)	(1,423)
<b>Profit before tax</b>	<b>1,849</b>	158	2,698
Taxation	-	84	-
<b>Profit for the period/year</b>	<b>1,849</b>	242	2,698
<b>Other comprehensive income for the period/year</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value gain on derivative financial instruments	<b>1,391</b>	2,284	2,166
Other comprehensive income for the period/year	<b>1,391</b>	2,284	2,166
<b>Total comprehensive income for the period/year</b>	<b>3,240</b>	2,526	4,864
<b>Earnings per share</b>			
Basic earnings per share (GBP)	<b>0.012</b>	0.002	0.018
Headline earnings per share (GBP)	<b>0.012</b>	0.067	0.018

STATEMENTS OF CHANGES IN EQUITY FOR PERIOD ENDED 30 NOVEMBER 2017

	Share capital	Hedging reserve	Retained Earnings/ (Accumulated Losses)	Total
	£000	£000	£000	£000
<b>THE GROUP</b>				
<b>Unaudited for the three months ended 30 November 2017</b>				
Balance at 01 September 2017	39,412	(3,330)	63,678	99,760
Profit for the period	-	-	1,849	1,849
Other comprehensive income for the period	-	1,391	-	1,391
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,391</b>	<b>1,849</b>	<b>3,240</b>
Amortisation of historic cash flow hedge reserve	-	118	-	118
Dividends	-	-	(5,499)	(5,499)
Waiver of dividends	-	-	28	28
<b>Balance at 30 November 2017</b>	<b>39,412</b>	<b>(1,821)</b>	<b>60,056</b>	<b>97,647</b>
Balance at 01 September 2016 (Audited)	124,412	(5,614)	(10,051)	108,747
Profit for the year	-	-	242	242
Other comprehensive income for the year	-	2,284	-	2,284
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,284</b>	<b>242</b>	<b>2,526</b>
Capital reduction	(85,000)	-	85,000	-
Dividends	-	-	(11,611)	(11,611)
Waiver of dividends	-	-	98	98
Total transactions with owners of the parent	(85,000)	-	73,487	(11,513)
<b>Balance at 31 August 2017 (Audited)</b>	<b>39,412</b>	<b>(3,330)</b>	<b>63,678</b>	<b>99,760</b>
Balance at 01 September 2016	124,412	(5,614)	(10,051)	108,747
Profit for the period	-	-	2,698	2,698
Other comprehensive income for the period	-	2,166	-	2,166
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,166</b>	<b>2,698</b>	<b>4,864</b>
Dividends	-	-	(6,110)	(6,110)
<b>Total transactions with owners of the parent</b>	<b>-</b>	<b>-</b>	<b>(6,110)</b>	<b>(6,110)</b>
<b>Balance at 30 November 2016</b>	<b>124,412</b>	<b>(3,448)</b>	<b>(13,463)</b>	<b>107,501</b>

**STATEMENTS OF CASH FLOWS FOR PERIOD  
ENDED 30 NOVEMBER 2017**

	<b>THE GROUP</b>		
	<b>Unaudited For the period ended 30 November 2017</b>	<b>Audited For the year ended 31 August 2017</b>	<b>Unaudited For the period ended 30 November 2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	3,388	16,375	4,908
Tax refunded	-	217	-
Interest paid	(1,306)	(5,411)	(1,360)
<b>Net cash (used in)/generated from operating activities</b>	<b>2,082</b>	<b>11,181</b>	<b>3,548</b>
<b>Cash flows from investing activities</b>			
Capital improvements to investment property	(658)	(2,258)	-
Purchase of Investment Property	(7,944)	-	-
Interest received	-	5	-
<b>Net cash used in investing activities</b>	<b>(8,602)</b>	<b>(2,253)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	8,500	7,500	-
Premium paid to reset interest rate swap	-	(3,030)	-
Payment on borrowing costs	-	(14)	-
Dividend payment	(4,372)	(11,513)	(4,889)
<b>Net cash from /(used in) financing activities</b>	<b>4,128</b>	<b>(7,057)</b>	<b>(4,889)</b>
<b>Net (decrease)/increase in cash and cash equivalents for the period/year</b>	<b>(2,392)</b>	<b>1,871</b>	<b>(1,341)</b>
Cash and cash equivalents at the beginning of the period/year	5,510	3,639	3,639
<b>At 30 November 2017/ 31 August 2017/30 November 2016</b>	<b>3,118</b>	<b>5,510</b>	<b>2,298</b>

## RECONCILIATION OF PROFIT FOR PERIOD ENDED 30 NOVEMBER 2017 TO HEADLINE EARNINGS

Basic and headline earnings per share	<b>THE GROUP</b>		
	<b>For the period ended 30 November 2017 £000</b>	For the year ended 31 August 2017 £000	For the period ended 30 November 2016 £000
Basic earnings attributable to equity holders of the Company	<b>1,849</b>	242	2,698
Fair value movement on investment properties	-	10,046	-
Headline earnings attributable to equity holders of the Company	<b>1,849</b>	10,288	2,698
Number of shares/weighted average number of shares	<b>152,774,750</b>	152,774,750	152,774,750
<b>Earnings per share</b>			
Basic earnings per share (GBP)	<b>0.012</b>	0.002	0.018
Headline earnings per share (GBP)	<b>0.012</b>	0.067	0.018



## RECONCILIATION OF IFRS TOTAL COMPREHENSIVE INCOME TO RECURRING PROFIT

### Basis of preparation

In order to provide information of relevance to investors and a meaningful basis of comparison, unaudited management accounts have been prepared and are presented below. The directors consider that the management accounts are more meaningful in interpreting the performance of the company. The management accounts diverge from IFRS as they make adjustments to total comprehensive income to determine recurring profit and EPRA NAV.

The preparation of the management accounts is the sole responsibility of the directors and has been prepared in accordance with the basis decided for illustrative purposes only. Due to their nature, the management accounts may not fairly present the results of the company.

	<b>Unaudited for the period ended 30-Nov-17 £000</b>	Unaudited for the year ended 31-Aug-17 £000	Unaudited for the period ended 30-Nov-16 £000
Total comprehensive income for the period	3,240	2,526	4,864
Fair value gain on financial derivatives	(1,391)	(2,284)	(2,166)
Basic earnings	1,849	242	2,698
Fair value movement on investment property	-	10,046	-
Amortised & other loan costs	329	451	101
Taxation	-	(84)	-
Movement in foreign exchange	114	-	-
Administrative expenses	70	352	-
Amortisation of costs in relation to recoupon of derivatives	119	-	-
Recurring profit	2,481	11,007	2,799

EPRA has issued recommended bases for the calculation of NAV per share (see the table below). Commentary on NAV per share is provided in the business review.

	<b>Unaudited as at 30-Nov-17 £000</b>	Audited as at 31-Aug-17 £000	Unaudited as at 30-Nov-16 £000
Total equity	97,647	99,760	107,501
Adjusted for;			
MTM of financial derivatives	1,821	3,330	3,448
EPRA NAV	99,468	103,090	110,949
No. of shares	152,774,750	152,774,750	152,774,750
NAV per share (GBP)	0.65	0.67	0.73

EPRA NAV excludes MTM of financial derivatives.