

NEW FRONTIER

PROPERTIES

SUMMARISED UNAUDITED CONSOLIDATED RESULTS

FOR THE THREE MONTHS AND SIX MONTHS
ENDED 28 FEBRUARY 2018



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"**)

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.

In March 2018, New Frontier received the PwC Corporate Reporting Award for listed Global Business Companies in recognition of the presentation and content of its 2017 Integrated Annual Report.

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 6 month period ended 28 February 2018 was a profit of GBP4.62 million (28 February 2017: GBP7.29 million). The Group produced a recurring profit of GBP4.83 million for the period (28 February 2017: GBP5.71 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

At its half year end, the Company has completed its first acquisition in Europe as well as exchanging contracts to purchase a second logistics asset in Germany. The Company also refinanced and extended its existing GBP108.2 million HSBC loan facility and raised additional capital.

Given the tough and uncertain business and political environment in the UK, the Company has continued exploring a number of opportunities in mainland Europe and has exchanged contracts on the purchase of a logistics property in Hassfurt, Germany which is due to complete by 31 July 2018 for a consideration of EUR13.75 million.

The purchase of the Dublin property last year, proposed purchase of the Hassfurt property and similar pipeline acquisitions, provides the Group with exposure to the European logistics/warehouse market enabling the Company to capitalise on the rapid acceleration of e-retailing in mainland Europe and resulting logistics demand.

Letting activity and lease renewals

As at 28 February 2018, the centres at Blackpool, Middlesbrough and Burton upon Trent had a stable combined occupancy of 93.90% (30 November 2017: 93.98%) by Estimated Rental Value (“**ERV**”) and 92.89% (30 November 2017: 92.04%) 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 H&M have taken occupation and will open on 26 April 2018 having taken the remaining 19,800 sq ft 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 number of shares in issue at 28 February 2018, being 160,935,407 shares, is 67 pence per share at 28 February 2018 (up from 65 pence per share at 30 November 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

Following the Brexit vote, the Company broadened its focus from UK retail to include non-retail assets in mainland Europe. Preference is given to logistics/warehouse assets (big box) and urban locations (last-mile) in Germany, Austria, Slovakia, the Czech Republic, Poland, Ireland and the Benelux countries. This investment strategy:

- recognises the demand-supply imbalance in European logistics;
- targets long-term income; and
- diversifies the Company's exposure to hard currencies.

The Company maintains a proactive asset management approach to its assets and is committed to spend over GBP21 million to enhance its schemes by improving the tenant mix, creating leisure experiences and upsizing successful tenants.

PROSPECTS

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 a fall in consumer confidence and rising interest rates impacting consumer spending.

However, the Company has not been immune from the spate of Company Voluntary Arrangements ("CVAs") which have affected UK retail. Our tenants New Look, Select and Prezzo have reduced rents with New Look closing their second store in Burton upon Trent after only opening it last year. The impact of the CVAs for this financial year will be GBP450,000 prior to the proactive leasing of the affected unit (which is already underway and will further mitigate the potential rental impact). The resultant CVAs and tenant defaults will most likely adversely impact our business in the next six months.

CHANGE TO BOARD OF DIRECTORS ("THE BOARD")

Mr Daniel Romburgh, a Mauritian resident, resigned as a non-executive director of the Company and as chairperson of the audit and risk committee with effect from 14 February 2018, following his resignation from New Frontier's company secretary.

Shareholders are further advised that Mr George Titan, a Mauritian resident, was appointed to the Board as a non-executive director of the Company and as chairperson of the audit and risk committee with effect from 26 February 2018.

The Board wishes to thank Mr Romburgh for his invaluable contribution to the Company and is pleased to welcome Mr Titan to the Board.

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 pence per share (approximately GBP4.83 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 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 2018 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

13 April 2018

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

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Company secretary

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STATEMENTS OF FINANCIAL POSITION

AT 28 FEBRUARY 2018

	THE GROUP		
	Unaudited 28 February 2018 GBP 000	Unaudited 28 February 2017 GBP 000	Audited 31 August 2017 GBP 000
ASSETS			
Non-current assets			
Property, plant and equipment	17	527	17
Investment property	274,538	272,588	264,800
Derivative financial instrument	1,529	-	-
	276,084	273,115	264,817
Current assets			
Trade and other receivables	5,199	4,367	6,091
Cash and cash equivalents	5,108	3,117	5,510
	10,307	7,484	11,601
Total assets	286,391	280,599	276,418
EQUITY			
Capital and reserves (attributable to owners of the parent)			
Share capital	47,136	124,412	39,412
Hedging reserve	(1,083)	(3,914)	(3,330)
Retained earnings/(Accumulated losses)	60,991	(10,571)	63,678
Total equity	107,044	109,927	99,760
LIABILITIES			
Non-current liabilities			
Borrowings	163,358	163,212	159,112
Derivative financial instrument	-	3,914	300
	163,358	167,126	159,412
Current liabilities			
Trade and other payables	5,084	3,546	5,508
Borrowings	10,905	-	11,738
	15,989	3,546	17,246
Total liabilities	179,347	170,672	176,658
Total equity and liabilities	286,391	280,599	276,418

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR QUARTER AND HALF YEAR ENDED 28 FEBRUARY 2018

	THE GROUP			
	Unaudited For the three months ended 28 February 2018 GBP 000	Unaudited For the three months ended 28 February 2017 GBP 000	Unaudited For the six months ended 28 February 2018 GBP 000	Unaudited For the six months ended 28 February 2017 GBP 000
Rental income	4,464	4,934	8,995	10,308
Expenses				
Property operating expenses	(1,458)	(442)	(1,988)	(1,424)
Administrative expenses	(427)	(316)	(746)	(587)
Other income	-	72	-	72
Movement in foreign exchange	49	-	(64)	-
	2,628	4,248	6,197	8,369
Net finance costs	(1,692)	(1,439)	(3,412)	(2,862)
Profit before tax	936	2,809	2,785	5,507
Taxation	-	84	-	84
Profit for the period	936	2,893	2,785	5,591
Other comprehensive income for the period				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value gain/(loss) on derivatives financial instruments	439	(466)	1,830	1,700
Other comprehensive income for the period	439	(466)	1,830	1,700
Total comprehensive income for the period	1,375	2,427	4,615	7,291
Earnings per share				
Basic earnings per share (GBP)	0.006	0.019	0.018	0.037
Headline earnings per share (GBP)	0.006	0.019	0.018	0.037

The Company does not have any dilutionary instruments in issue.

STATEMENTS OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 28 FEBRUARY 2018

	Share capital GBP 000	Hedging reserve GBP 000	(Accumulated losses)/ Retained earnings GBP 000	Total GBP 000
THE GROUP				
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
Amortisation of historic cash flow hedge reserve	-	417	-	417
Dividends	-	-	(5,500)	(5,500)
Waiver of dividends	-	-	28	28
Balance at 28 February 2018	47,136	(1,083)	60,991	107,044
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
Total comprehensive income for the year	-	1,700	5,591	7,291
Dividends	-	-	(6,111)	(6,111)
Total transactions with owners of the parent	-	-	(6,111)	(6,111)
Balance at 28 February 2017	124,412	(3,914)	(10,571)	109,927
Balance at 1 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
Total comprehensive income for the year	-	2,284	242	2,526
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)
Balance at 31 August 2017 (Audited)	39,412	(3,330)	63,678	99,760

STATEMENTS OF CASH FLOWS

FOR HALF YEAR ENDED 28 FEBRUARY 2018

	Unaudited For the period ended 28 February 2018 GBP 000	THE GROUP	
		Unaudited For the period ended 28 February 2017 GBP 000	Audited For the year ended 31 August 2017 GBP 000
Cash flows from operating activities			
Cash generated from operations	6,137	8,832	16,375
Tax refunded	146	-	217
Interest paid	(2,138)	(2,727)	(5,411)
Net cash generated from operating activities	4,145	6,105	11,181
Cash flows from investing activities			
Capital improvements to investment property	(1,312)	(516)	(2,258)
Purchase of investment property	(8,455)	-	-
Interest received	-	-	5
Net cash used in investing activities	(9,767)	(516)	(2,253)
Cash flows from financing activities			
Proceeds from loans	11,996	-	7,500
Amortisation of loans	(588)	-	-
Payments of borrowing costs	(701)	-	(14)
Premium paid to reset interest rate swap	-	-	(3,030)
Dividend payment	(5,472)	(6,111)	(11,513)
Net cash from/(used in) financing activities	5,235	(6,111)	(7,057)
Net (decrease)/increase in cash and cash equivalents for the period/year	(387)	(522)	1,871
Exchange difference	(15)	-	-
Cash and cash equivalents at the beginning of the period/year	5,510	3,639	3,639
At 28 February 2018/28 February 2017/31 August 2017	5,108	3,117	5,510

RECONCILIATION OF PROFIT

FOR HALF YEAR ENDED 28 FEBRUARY 2018 TO HEADLINE EARNINGS

	THE GROUP			
	For the three months ended 28 February 2018 GBP 000	For the three months ended 28 February 2017 GBP 000	For the six months ended 28 February 2018 GBP 000	For the six months ended 28 February 2017 GBP 000
Basic and headline earnings per share				
Basic earnings attributable to equity holders of the Company	936	2,893	2,785	5,591
Headline earnings attributable to equity holders of the Company	936	2,893	2,785	5,591
Weighted average number of shares/ number of shares	159,665,971	152,774,750	156,201,324	152,774,750
Earnings per share				
Basic earnings per share (GBP)	0.006	0.019	0.018	0.037
Headline earnings per share (GBP)	0.006	0.019	0.018	0.037

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 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 they have 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.

	Unaudited for the period ended 28 February 2018 GBP 000	Unaudited for the period ended 28 February 2017 GBP 000	Unaudited for the year ended 31 August 2017 GBP 000
Total comprehensive income for the period	4,615	7,291	2,526
Fair value gain on financial derivatives	(1,830)	(1,700)	(2,284)
Basic earnings	2,785	5,591	242
Fair value movement on investment property	-	-	10,046
Amortised and other loan costs	431	-	451
Taxation	-	(84)	(84)
Amortisation of loan arrangement fees	197	202	-
Legal and professional fees	239	-	-
Administrative expenses	-	-	352
Movement in foreign exchange translation	64	-	-
Amortisation of costs in relation to recoupon of derivatives	417	-	-
Asset management fees written off	700	-	-
Recurring profit	4,833	5,709	11,007

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.

	Unaudited as at 28 February 2018 GBP 000	Unaudited as at 28 February 2017 GBP 000	Audited as at 31 August 2017 GBP 000
Total equity	107,044	109,927	99,760
Adjusted for			
MTM of financial derivatives	1,083	3,914	3,330
EPRA NAV	108,127	113,841	103,090
Number of shares	160,935,407	152,774,750	152,774,750
NAV per share (GBP)	0.67	0.75	0.67

EPRA NAV excludes MTM of financial derivatives

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<http://newfrontierprop.com>