

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 UNAUDITED CONSOLIDATED RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 MAY 2018

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") profit for the nine-month period ended 31 May 2018 was GBP 4.26 million (31 May 2017: GBP 7.46 million). The recurring profit for the same period was GBP 6.44 million (31 May 2017: GBP 7.68 million) which are in line with forecasts.

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

Due to the continuing uncertain business and political environment in the UK, the Company will continue to focus on managing its existing assets.

Letting activity and lease renewals

As at 31 May 2018, the centres at Blackpool, Middlesbrough and Burton upon Trent have seen decreases in combined occupancy to 91.02% (28 February 2018: 93.90%) by Estimated Rental Value ("ERV") and 90.11% (28 February 2018: 92.89%) by Gross Lettable Area ("GLA").

The Company has completed six new lettings and 19 lease renewals in the three months ended 31 May 2018. On 26 April 2018, H&M opened a 20,000 sq ft store in Burton upon Trent, taking the remaining space in the former BHS unit alongside the 25,000 sq ft Next store. At Blackpool, good progress is being made for the new IMAX cinema development with ancillary retail and we hope to commence development within the next six months.

The Company has made good progress on lettings with a further six units under offer with rent of £538,000 pa which would improve overall occupancy to 93.7% from the current 91.02%.

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 31 May 2018, being 160,935,407 shares, is 65 pence per share at 31 May 2018 (67 pence per share at 28 February 2018). 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.

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, increased costs and declining national footfall impacted by a shift in shopping habits.

The Company has not been immune from the spate of Company Voluntary Arrangements (“CVAs”) and receiverships which have affected UK retail. Tenants, including New Look, Shakedog and Select, have reduced rents and closed stores. It is expected that the challenging conditions will persist with further CVAs, companies going into administration, and, as previously reported, this will impact the business.

It is likely that, due to the current market conditions, the Company will not be proceeding with the transaction in Hassfurt, Germany as previously announced.

REBOSIS TO MOTIVATE TO RESTRUCTURE NEW FRONTIER

On 10 May 2018, the Company announced that, at the Rebasis Property Fund Limited (“Rebasis”) results presentation held on 8 May 2018, Rebasis informed its shareholders that Rebasis may motivate to restructure New Frontier including, *inter alia*, to propose the delisting of New Frontier and/or the internalisation of New Frontier’s asset management.

New Frontier has noted the statement issued by Rebasis and is considering a variety of options for the Company.

UK REIT STATUS

The Company has instructed its advisors, BDO, to confirm the Company’s UK REIT status with HMRC. It is likely that, due to the Company’s being unable to meet all the requirements for UK REIT status, New Frontier will leave the UK REIT regime. After the Company has left the UK REIT regime it is likely that the Company will continue to be UK tax resident, but will be liable to pay UK taxes and future distributions will comprise ordinary dividends rather than property income distributions.

CHANGES TO BOARD OF DIRECTORS (“THE BOARD”)

Mr Andile Mazwai resigned as a non-executive director of the Company with effect from 26 April 2018.

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.

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

BASIS OF PREPARATION

These summarised unaudited consolidated results for the nine months ended 31 May 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 July 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 accepts full responsibility for the accuracy of the information in this communiqué.

For further information please contact:

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

NEW FRONTIER PROPERTIES LTD

**STATEMENTS OF FINANCIAL POSITION
AT 31 MAY 2018**

	THE GROUP		
	Unaudited 31 May 2018 GBP 000	Unaudited 31 May 2017 GBP 000	Audited 31 August 2017 GBP 000
ASSETS			
Non-current assets			
Property, plant and equipment	17	849	17
Investment property	274,723	272,588	264,800
Derivative financial instrument	908	-	-
	<u>275,648</u>	<u>273,437</u>	<u>264,817</u>
Current assets			
Trade and other receivables	4,451	4,507	6,091
Cash and cash equivalents	2,650	4,720	5,510
	<u>7,101</u>	<u>9,227</u>	<u>11,601</u>
Total assets	<u><u>282,749</u></u>	<u><u>282,664</u></u>	<u><u>276,418</u></u>
EQUITY			
Capital and reserves (attributable to owners of the parent)			
Share capital	47,136	124,412	39,412
Hedging reserve	(1,407)	(3,768)	(3,330)
Retained earnings/(Accumulated losses)	57,642	(14,105)	63,678
Total equity	<u>103,371</u>	<u>106,539</u>	<u>99,760</u>
LIABILITIES			
Non-current liabilities			
Borrowings	165,256	166,862	159,112
Derivative financial instrument	-	3,768	300
	<u>165,256</u>	<u>170,630</u>	<u>159,412</u>
Current liabilities			
Trade and other payables	5,311	4,403	5,508
Borrowings	8,811	1,092	11,738
	<u>14,122</u>	<u>5,495</u>	<u>17,246</u>
Total liabilities	<u>179,378</u>	<u>176,125</u>	<u>176,658</u>
Total equity and liabilities	<u><u>282,749</u></u>	<u><u>282,664</u></u>	<u><u>276,418</u></u>

NEW FRONTIER PROPERTIES LTD

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR QUARTER AND NINE MONTHS ENDED 31 MAY 2018

	THE GROUP			
	Unaudited For the quarter ended 31 May 2018	Unaudited For the quarter ended 31 May 2017	Unaudited For the 9 months ended 31 May 2018	Unaudited For the 9 months ended 31 May 2017
	GBP 000	GBP 000	GBP 000	GBP 000
Rental income	4,573	4,727	13,568	15,035
Expenses				
Property operating expenses	(861)	(1,075)	(2,849)	(2,499)
Administrative expenses	(309)	(332)	(1,055)	(919)
Other income	-	-	-	72
Movement in foreign exchange	(65)	-	(129)	-
	3,338	3,320	9,535	11,689
Net finance costs	(1,847)	(1,452)	(5,259)	(4,314)
Profit before tax	1,491	1,868	4,276	7,375
Taxation	(12)	-	(12)	84
Profit for the period	1,479	1,868	4,264	7,459
Other comprehensive income for the period				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value gain/(loss) on derivative financial instruments	(621)	146	1,209	1,846
Other comprehensive income for the period	(621)	146	1,209	1,846
Total comprehensive income for the period	858	2,014	5,473	9,305
Earnings per share				
Basic earnings per share (GBP)	0.009	0.012	0.027	0.049
Headline earnings per share (GBP)	0.009	0.012	0.027	0.049

The Company does not have any dilutionary instruments in issue

NEW FRONTIER PROPERTIES LTD

STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 MAY 2018

	Share capital	Hedging reserve	Retained Earnings/ (Accumulated Losses)	Total
	GBP 000	GBP 000	GBP 000	GBP 000
THE GROUP				
Balance at 1 September 2017	39,412	(3,330)	63,678	99,760
Profit for the period	-	-	4,264	4,264
Other comprehensive income for the period	-	1,209	-	1,209
Total comprehensive income for the period	-	1,209	4,264	5,473
Issue of shares	7,724	-	-	7,724
Amortisation of historic cash flow hedge reserve	-	714	-	714
Dividends	-	-	(10,328)	(10,328)
Waiver of dividends	-	-	28	28
Balance at 31 May 2018	47,136	(1,407)	57,642	103,371
Balance at 1 September 2016	124,412	(5,614)	(10,051)	108,747
Profit for the period	-	-	7,459	7,459
Other comprehensive income for the period	-	1,846	-	1,846
Total comprehensive income for the period	124,412	(3,768)	(2,592)	118,052
Dividends	-	-	(11,611)	(11,611)
Waiver of dividend	-	-	98	98
Balance at 31 May 2017	124,412	(3,768)	(14,105)	106,539
Balance at 1 September 2016	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	39,412	(3,330)	63,678	99,760

NEW FRONTIER PROPERTIES LTD

**STATEMENTS OF CASH FLOWS
FOR NINE MONTHS ENDED 31 MAY 2018**

	THE GROUP		
	Unaudited	Unaudited	Audited
	For the period ended 31 May 2018 GBP 000	For the period ended 31 May 2017 GBP 000	For the year ended 31 August 2017 GBP 000
Cash flows from operating activities			
Cash generated from operations	9,950	13,773	16,375
Tax refunded	146	217	217
Interest paid	(3,218)	(4,052)	(5,411)
Net cash generated from operating activities	6,878	9,938	11,181
Cash flows from investing activities			
Capital improvements to investment property	(1,390)	-	(2,258)
Purchase of investment property	(8,643)	-	-
Addition to property, plant and equipment	-	(831)	-
Interest received	-	1	5
Net cash used in investing activities	(10,033)	(830)	(2,253)
Cash flows from financing activities			
Proceeds from loans	11,311	3,500	7,500
Payment of borrowing costs	(701)	(14)	(14)
Premium paid to reset interest rate swap	-	-	(3,030)
Dividend payment	(10,299)	(11,513)	(11,513)
Net cash from/(used in) financing activities	311	(8,027)	(7,057)
Net (decrease)/increase in cash and cash equivalents for the period/year	(2,844)	1,081	1,871
Exchange difference	(16)	-	-
Cash and cash equivalents at the beginning of the period/year	5,510	3,639	3,639
At 31 May 2018/31 May 2017/31 August 2017	2,650	4,720	5,510

NEW FRONTIER PROPERTIES LTD

RECONCILIATION OF PROFIT

FOR NINE MONTHS ENDED 31 MAY 2018 TO HEADLINE EARNINGS

THE GROUP

	For the quarter ended 31 May 2018	For quarter ended 31 May 2017	For the 9 months ended 31 May 2018	For the 9 months ended 31 May 2017
	GBP 000	GBP 000	GBP 000	GBP 000
Basic and headline earnings per share				
Basic earnings attributable to equity holders of the Company	1,479	1,868	4,264	7,459
Fair value movement on investment properties	-	-	-	-
Headline earnings attributable to equity holders of the Company	1,479	1,868	4,264	7,459
Number of shares/weighted average number of shares	160,307,664	152,774,750	157,796,693	152,774,750
Earnings per share				
Basic earnings per share (GBP)	0.009	0.012	0.027	0.0488
Headline earnings per share (GBP)	0.009	0.012	0.027	0.0488

NEW FRONTIER PROPERTIES LTD

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 for the three months and nine months ended 31 May 2018.

	Unaudited for the 9 month period ended 31-May-18 GBP 000	Unaudited for the 9 month period ended 31-May-17 GBP 000	Unaudited for the year ended 31-Aug-17 GBP 000
Total comprehensive income for the period	5,473	9,305	2,526
Fair value gain on financial derivatives	(1,209)	(1,846)	(2,284)
Basic earnings	4,264	7,459	242
Fair value movement on investment property	-	-	10,046
Amortised & other loan costs	1,029	309	451
Taxation		(84)	(84)
Administrative expenses	301	-	352
Movement in foreign exchange translation	129	-	-
Amortisation of costs in relation to recoupon of derivatives	714	-	-
Recurring profit	6,437	7,684	11,007
Recurring profit	6,437	7,684	11,007

Included in the IFRS profit of £4.26 million reflects a change in the basis of asset management fees charged to New Frontier. In the year ended 31 August 2017 the Company's asset manager agreed to charge half of the asset management fee based on new acquisitions rather than on enterprise value. However, as the level of acquisitions has been less than anticipated it has been agreed that the original fee basis should be re-instated. As a result there has been a charge in the current year of £1.1 million of which £0.7 million would have been charged in the prior period but for the change in fee basis.

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 31-May-18 GBP 000	Unaudited as at 31-May-17 GBP 000	Audited as at 31-Aug-17 GBP 000
Total equity	103,371	106,539	99,760
Adjusted for;			
MTM of financial derivatives	1,407	3,768	3,330
EPRA NAV	104,778	110,307	103,090
Number of shares	160,935,407	152,774,750	152,774,750
NAV per share (GBP)	0.65	0.72	0.67

EPRA NAV excludes MTM of financial derivatives.