

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 AND NINE MONTHS ENDED 31 MAY 2019 AND CHANGES TO THE BOARD OF DIRECTORS

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**") loss for the nine-month period ended 31 May 2019 was GBP 60.05 million (31 May 2018: profit of GBP 4.26 million).

The loss is primarily attributable to a fair value loss on the Group's property investments of GBP 63.0 million. As a result the Group has net liabilities of GBP 36.8 million.

The board of directors of New Frontier ("**Board**") has noted the net liabilities shown on the balance sheet and it 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 lenders are continuing to provide support to the Group, however, the Board recognises that should this support cease then it is likely that the Company would enter administration thereafter.

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 with the support of its lenders.

It is well documented that the UK shopping centre sector has suffered from further tenant administrations and company voluntary arrangements ("**CVAs**") resulting in reduced levels of rental income being received by the Company. The shopping centre investment market is extremely shallow and combined with there being limited debt funding available for the sector at this time, investment yields have continued to move out resulting in a negative impact on valuations.

The Company is actively engaging with its lenders, local authorities and tenants to produce the best outcome for its stakeholders in this challenging period.

The significant CVAs impacting the Company include the Arcadia Group, Debenhams, Monsoon and Select.

Letting activity and lease renewals

As at 31 May 2019, the centres at Blackpool, Middlesbrough and Burton upon Trent have seen improvement in combined occupancy to 94.1% (28 February 2019: 92.6%) by estimated rental value and 93.3% (28 February 2019: 90.6%) by gross lettable area.

The asset manager and the letting teams continue to work hard to minimise the void levels and reduce costs with a focus on improving net operating income.

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 actively with the Group at this time. However, they have trapped the free rental cashflow, whilst agreeing 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 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.

PROSPECTS AND DELISTING

In light of the financial position of the Company, the Board believes that it is unlikely that shareholders will realise any value from their shares, consequently, the Board sees little benefit in continuing to be listed and will actively pursue a delisting from the SEM and JSE.

PROPERTY DISPOSAL

On 24 May 2019 the Company completed the sale of Unit 1, Stadium Business Park, Ballycoolin, Dublin for a consideration of €10 500 000, representing a net initial yield of 6.52%, following its acquisition in October 2017 for €8 600 000.

It was originally acquired in October 2017, as part of New Frontier's strategy of diversifying its property portfolio to include logistics and warehousing properties occupied by the growing online retail sector.

However, following a decrease in the property values of New Frontier's retail portfolio, the Board resolved to dispose of the property and use the proceeds to pay down existing debt.

DIVIDEND

The Board is not recommending the payment of a dividend.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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. The accounting policies adopted are consistent with those used to prepare the audited 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 level of activity in the UK shopping centre investment market is extremely low and valuations have fallen significantly in the last six months reflecting the effect of the CVAs, uncertainty caused by delays to Brexit and a lack of buyers prepared to invest in this class of assets. In preparing these financial statements the directors have engaged with the Group's valuers who have prepared desktop valuations of the Group's investment properties. These valuations have been used in the preparation of these financial statements.

In relation to the assessment of going concern, the position has not changed since the Group last reported for the 3 months ended 28 February 2019. 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.

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 of property investment and is active in the UK shopping centre sector, which is its only segment following the sale of its warehouse in Dublin.

CHANGES TO THE BOARD OF DIRECTORS

Shareholders are advised that Sisa Ngebulana and Rob Becker have resigned from the New Frontier Board with effect from 11 July 2019. The Board thanks Sisa and Rob for their valuable contributions to the Board

By order of the Board

Osiris Corporate Solutions (Mauritius) Limited
Company secretary

12 July 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 accepts full responsibility for the accuracy of the information in this communiqué.

For further information please contact:

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Osiris Corporate Solutions (Mauritius) Limited +230 650 4030

NEW FRONTIER PROPERTIES LTD

STATEMENTS OF FINANCIAL POSITION
AT 31 MAY 2019

	THE GROUP		
	Unaudited 31 May 2019 GBP 000	Unaudited 31 May 2018 GBP 000	Audited 31 August 2018 GBP 000
ASSETS			
Non-current assets			
Property, plant and equipment	14	17	15
Investment property	122,569	274,723	193,288
Derivative financial instrument	342	908	1,103
	<u>122,925</u>	<u>275,648</u>	<u>194,406</u>
Current assets			
Trade and other receivables	5,932	4,451	5,179
Cash and cash equivalents	11,711	2,650	3,471
	<u>17,643</u>	<u>7,101</u>	<u>8,650</u>
Total assets	<u><u>140,568</u></u>	<u><u>282,749</u></u>	<u><u>203,056</u></u>
EQUITY			
Capital and reserves (attributable to owners of the parent)			
Share capital	47,136	47,136	47,136
Hedging reserve	(783)	(1,407)	(915)
(Accumulated losses)/Retained earnings	(83,155)	57,642	(23,102)
Total equity	<u>(36,802)</u>	<u>103,371</u>	<u>23,119</u>
LIABILITIES			
Non-current liabilities			
Borrowings	161,562	165,256	143,581
Arrangement fees	(873)	-	-
	<u>160,689</u>	<u>165,256</u>	<u>143,581</u>
Current liabilities			
Trade and other payables	5,588	5,311	5,000
Borrowings	11,093	8,811	31,356
	<u>16,681</u>	<u>14,122</u>	<u>36,356</u>
Total liabilities	<u>177,370</u>	<u>179,378</u>	<u>179,937</u>
Total equity and liabilities	<u><u>140,568</u></u>	<u><u>282,749</u></u>	<u><u>203,056</u></u>

NEW FRONTIER PROPERTIES LTD

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR QUARTER AND NINE MONTHS ENDED 31 MAY 2019

	THE GROUP			
	Unaudited For the quarter ended 31 May 2019	Unaudited For the quarter ended 31 May 2018	Unaudited For the 9 months ended 31 May 2019	Unaudited For the 9 months ended 31 May 2018
	GBP 000	GBP 000	GBP 000	GBP 000
Rental income	3,658	4,573	11,280	13,568
Expenses				
Property operating expenses	(875)	(861)	(2,919)	(2,849)
Administrative expenses	(91)	(309)	(92)	(1,055)
Other income	-	-	2	-
Movement in foreign exchange	1	(65)	2	(129)
Fair value loss on investment property	(50,443)	-	(62,960)	-
	(47,750)	3,338	(54,687)	9,535
Net finance costs	(2,112)	(1,847)	(5,967)	(5,259)
(Loss)/Profit before tax	(49,862)	1,491	(60,654)	4,276
Taxation	(152)	(12)	(510)	(12)
(Loss)/Profit for the period - continuing operations	(50,014)	1,479	(61,164)	4,264
Net income/ (loss) from discontinued operations	964	-	1,111	-
(Loss)/Profit for the period - all operations	(49,050)	1,479	(60,053)	4,264
Other comprehensive income for the period				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value (loss)/gain on derivative financial instruments	(346)	(621)	(761)	1,209
Other comprehensive income for the period	(346)	(621)	(761)	1,209
Total comprehensive income for the period	(49,396)	858	(60,814)	5,473
Earnings per share				
Basic earnings per share (GBP)	(0.305)	0.009	(0.373)	0.027
Headline earnings per share (GBP)	0.009	0.009	0.018	0.027

NEW FRONTIER PROPERTIES LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 MAY 2019

	Share capital	Hedging reserve	Retained Earnings/ (Accumulated Losses)	Total
	GBP 000	GBP 000	GBP 000	GBP 000
THE GROUP				
Unaudited				
Balance at 1 September 2018	47,136	(915)	(23,102)	23,119
Loss for the period	-	-	(60,053)	(60,053)
Other comprehensive income for the period	-	(761)	-	(761)
Total comprehensive income for the period	-	(761)	(60,053)	(60,814)
Amortisation of historic cash flow hedge reserve	-	893	-	893
Balance at 31 May 2019	47,136	(783)	(83,155)	(36,802)
Unaudited				
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 dividend	-	-	28	28
Balance at 31 May 2018	47,136	(1,407)	57,642	103,371
Audited				
Balance at 1 September 2017	39,412	(3,330)	63,678	99,760
Profit 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
Total transactions with owners of the parent	7,724	1,011	(10,299)	(1,564)
Balance at 31 August 2018	47,136	(915)	(23,102)	23,119

NEW FRONTIER PROPERTIES LTD

STATEMENTS OF CASH FLOWS

FOR NINE MONTHS ENDED 31 MAY 2019

	THE GROUP		
	Unaudited For the period ended 31 May 2019	Unaudited For the period ended 31 May 2018	Audited For the year ended 31 August 2018
	GBP 000	GBP 000	GBP 000
Cash flows from operating activities			
Cash generated from operations	7,704	9,951	11,837
Tax (paid)/refunded	(313)	146	146
Interest paid	(3,640)	(3,218)	(4,755)
Net cash generated from operating activities	3,751	6,879	7,228
Cash flows from investing activities			
Capital improvements to investment property	(214)	(1,390)	(8,150)
Sale of investment property	9,258	(8,643)	(1,132)
Net cash from/(used in) investing activities	9,044	(10,033)	(9,282)
Cash flows from financing activities			
Proceeds from loans	-	11,311	12,800
Payment of borrowing costs	(2,350)	(701)	(695)
Repayment of borrowings	(2,205)	-	(1,783)
Dividend payment	-	(10,300)	(10,299)
Net cash (used in)/from financing activities	(4,555)	310	23
Net increase /(decrease) in cash and cash equivalents for the period/year	8,240	(2,844)	(2,031)
Exchange difference	-	(16)	(8)
Cash and cash equivalents at the beginning of the period/year	3,471	5,510	5,510
At 31 May 2019/31 May 2018/31 August 2018	11,711	2,650	3,471