

New Frontier Properties Limited
(Registration number: 123368C1/GBL)
SEM share code: NFP.N0000
JSE share code: NFP
ISIN: MU0453N00004
("New Frontier" or "the Company")



DISPOSAL OF THE MIDDLESBROUGH SHOPPING CENTRE AND CAUTIONARY ANNOUNCEMENT

INTRODUCTION

Shareholders are advised that the Council for the Borough of Middlesbrough ("Council") has acquired the Middlesbrough Shopping Centre ("the Transaction") with immediate effect. The purchase consideration is GBP12m in cash, which will be applied to eliminate the loan. The Council is not a related party to New Frontier.

BACKGROUND

Shareholders are referred to the various announcements released on SENS and the website of the SEM regarding the difficulties being experienced by the incoming Board of directors due to the impairment of the value of properties below loan value in 2018 due to the impact of Brexit and the new loan agreement entered into by the former Board. Subsequent announcements have highlighted the loss of control over the properties and the rental cash trap by the funder. Furthermore, the Company has advised of the continued action of the asset manager to sell the properties on behalf of the funder.

RATIONALE FOR THE DISPOSAL

The disposal was implemented by subsidiary directors pursuant to the Amended Funding Agreement signed with the subsidiary and HSBC Bank Limited in November 2019. The loan on the Shopping Centre had expired and was being rolled from month to month. The funder required the disposal of the Shopping Centre to recover its loan or a portion thereof.

FINANCIAL INFORMATION

The carrying value of the Middlesbrough Shopping Centre at 31 August 2021 was GBP15 million and the loan amount owing to HSBC was GBP27.8m, representing negative net asset value of GBP12.8m. The profit after tax attributed to the Middlesbrough Shopping Centre was GBP0.6m for the period ended 31 August 2021.

The net effect will be an improvement in the net asset value of the Company as the loan with HSBC has no recourse to New Frontier.

The financial information was provided by the asset manager of New Frontier and is considered reliable.

The property specific information will be requested and published in due course.

CATEGORISATION AND BREACH

Shareholders are notified that, whilst the Transaction constitutes an undertaking in the ordinary course of business of New Frontier and therefore does not fall under the scope of Chapter 13 of the SEM Listing Rules, it is a Category 1 transaction in terms of the JSE Listings Requirements and, accordingly, requires approval from the Company's shareholders by means of an ordinary resolution in a General Meeting.

However, shareholders are advised that the Company still does not have control over its properties nor the asset manager or subsidiary directors due to certain breach provisions contained in the revised loan agreements, which matter has been reported to the JSE. Accordingly, the disposal of the Middlesbrough Shopping Centre without the requisite JSE and shareholder approval, will result in a breach of the JSE Listings Requirements. This is outside the control of the incumbent Board.

CAUTIONARY ANNOUNCEMENT

Shareholders are advised that the Company still does not have control over its properties as announced regularly on SENS and the asset manager is continuing with the process of trying to sell the remaining property, which disposal will similarly be without the required JSE and shareholder approval, which will result in a breach of the JSE Listings Requirements. Shareholders are advised that the current carrying value of the remaining shopping centre is similarly below the remaining loan amount.

New Frontier was incorporated in the Republic of Mauritius on 5 June 2014 and holds primary listings on both the Official Market of the SEM and the Alternative Exchange of the JSE.

By Order of the Board

26 January 2022

This notice is issued pursuant to SEM Listing Rule 11.3, the JSE Listings Requirements and the Mauritian Securities Act 2005. The Board of the Company accepts full responsibility for the accuracy of the information contained in this notice.

For further information please contact:

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