

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”)



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## SUMMARISED UNAUDITED CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED 30 NOVEMBER 2019

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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.

### REPORTING CURRENCY

The Group’s results are reported in pounds sterling (“GBP”).

### FINANCIAL RESULTS

The Group’s International Financial Reporting Standards (“IFRS”) profit for the period was GBP 8.5 million (2018: Profit of GBP 0.74 million).

The profit is primarily due to the gain recognised following the sale of Houndshill Shopping Centre, Blackpool and the liquidation of that part of the Group structure that owned it. Because the debt secured on this property was non-recourse to the Group the debt not repaid on disposal is no longer recognised in the financial statements.

### BUSINESS REVIEW

#### Retail sector overview

The outcome of the general election has provided a welcome rest from the day to day political challenges the country has recently faced. That said the UK will continue to face a no Brexit deal scenario should trade agreements not be negotiated by the end of this year.

This uncertainty will continue to impact consumer confidence and it is likely that the UK retail sector will continue to face headwinds with more Creditors’ Voluntary Arrangements (“CVA”) and corporate restructurings expected to occur in the near term.

Well managed retailers with an omni channel approach, such as Next, are demonstrating that it is possible to run a profitable retail business. As other retailers restructure their businesses to serve their customers more effectively, the value of their store portfolios will be more greatly appreciated as the major driver of their profits. However, this will require retailers to invest greater sums in their stores rather than focussing on online channels which in many cases are less profitable.

All retailers and shopping centre owners need to look at sustainability issues, particularly the carbon footprint of last mile logistics and refocus on the total value a shopping centre can provide. Many shopping centres will face challenges, but if owners work in partnership with local authorities then town centres can become more relevant as destinations where people can work, live and relax.

These changes will take some time to take effect and, therefore, we expect there to be continued pressure on rent levels on new lettings and at lease renewal although the dramatic declines seen in the past few years appear to be ameliorating.

## **Centre activity, letting and lease renewals**

As at 31 November 2019, the centres at Middlesbrough and Burton upon Trent have seen increases in combined occupancy to 95.53% (August 2019: 91.83%) like for like by Estimated Rental Value and 94.16% (August 2019: 91.62%) by Gross Lettable Area. This improvement has been primarily driven by the 16 temporary lettings in the lead up to Christmas and we would expect occupancy levels to fall in the second quarter. Over the period five core leases were also completed.

During the period three companies Thomas Cook, Supercuts and Clintons undertook CVAs or went into administration but all affected units either remain open for trading or a new letting is imminent.

Footfall for the centres has fallen by 4.6% which is in line with the regional averages for shopping centres.

## **Property disposal**

On 23 December 2019 the Group completed the disposal of a small property, known as the Chapel, located immediately outside of the Burton Shopping Centre for GBP 0.9 million. The property is occupied by Burger King and Costa Coffee. The price reflects a net initial yield of 9.16% and the proceeds after disposal costs will be used to reduce outstanding debt.

## **BANKING**

As previously announced the fall in value of the Group's properties resulted in its loan to value covenants being exceeded.

On 30 October 2019 Deutsche Pfannbriefbank appointed Law of Property Act Receivers Matthew Nagle and Kevin Mersh over the Houndhill Shopping Centre in Blackpool under its fixed charge. On the 31 October 2019 the LPA receivers sold the centre to Blackpool Council, with whom management had been negotiating a sale of the property, for consideration of GBP 47.6 million reflecting a net initial yield of 10.3%. Following this disposal, the subsidiary that had owned this centre was put into liquidation on 22 November 2019. Deutsche Pfannbriefbank is the creditor with the largest sum owing arising from the outstanding balance of the loan not recovered through the sale of the property by the LPA receivers. The directors do not expect to realise any value for shareholders from the liquidation of this subsidiary.

HSBC, the lender on the Group's shopping centres at Burton and Middlesbrough continues to engage positively with the Group and on 29 November 2019 the Group completed an amendment to the terms of its facilities with HSBC ("**the Amendment**") splitting the loan into two separate but cross collateralised facilities. The Amendment resets the income covenants and has removed the LTV covenant completely taking the loans out of default. The Amendment features performance milestones that must be met by the Group including the completion of the disposal of Middlesbrough by 31 December 2020 and part disposals at Burton to be completed by 30 April 2020 and 30 July 2020 respectively. The first disposal at Burton has been completed and the latter is well advanced. In addition, the Amendment stipulates that any replacement of Michael Riley or Patrick Smith, the CEO and Finance Director respectively, is subject to lender consent and that no directors will receive any payment of fees or expenses incurred in performing their duties. Mr Riley and Mr Smith receive remuneration as employees of the Waypoint Asset Management Limited for the provision of asset management services to the Group.

HSBC continues to trap the free rental cashflow from the two centres, although under the Amendment it must release funds for both the Group's operating expenses and a limited amount of capital expenditure to support letting activity at the shopping centres. Meanwhile, surplus funds generated will be used to reduce the balance outstanding on the loans.

## **STRATEGY**

The Group is actively managing its assets, focussing on improving its net operating income and reducing its debt exposure though the sale of assets where it can do so for the benefit of all its stakeholders.

Furthermore, the Group is seeking long term solutions, with the support of its major shareholder to re-finance the business and it is positioning its assets to take advantage of any improvement in the shopping centre sector.

## **NEW DIRECTORS**

Further to the special meeting of shareholders held on 13 December 2019 Franz Gmeiner, Rob Vallance and Dean Harris were appointed as directors of the Company with effect from that date.

## **BASIS OF PREPARATION**

These summarised unaudited consolidated results for the three month period ended 30 November 2019 have been prepared in accordance with IFRS, including IAS 34 – Interim Financial Reporting, the SEM Listing Rules, the Securities Act of Mauritius 2005 and the JSE Listings Requirements to the extent required. The accounting policies are in accordance with IFRS and are consistent with those applied in the annual financial statements for the year ended 31 August 2019.

The board of directors consider that whilst the Group has the support of its lender it can service its obligations in the normal course of business and will continue as a going concern.

These financial statements have not been reviewed or reported on by the Company's external auditors.

## **SEGMENTAL INFORMATION**

The Group derives its revenue from the single business activity of property investment and is active in a single segment being UK Shopping Centres.

By order of the Board

Osiris Corporate Solutions (Mauritius) Limited  
Company secretary

15 January 2020

## **NOTES**

Copies of this report are available to the public at the registered office of the Company, Chemin Vingt Pieds, 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 Chemin Vingt Pieds, 5<sup>th</sup> Floor, La Croisette, Grand Baie, Mauritius.

These unaudited Abridged Financial Statements are issued pursuant to Listing Rule 12.20 and the Securities Act 2005. The Board of Directors of the Company accepts full responsibility for the accuracy of the information contained therein.

For further information please contact:

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**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE 3 MONTH PERIOD ENDED 30 NOVEMBER 2019**

	Unaudited For the 3 months period ended 30 November 2019	Unaudited For the 3 months period ended 30 November 2018	Audited For the year ended 31 August 2019
	GBP 000	GBP 000	GBP 000
<b>Revenue</b>			
Rental income	3,772	3,905	14,737
<b>Expenses</b>			
Operating expenses	(676)	(1,119)	(4,525)
Administrative expenses	(213)	179	(933)
Loss of disposal of investment	(600)	-	-
Gain on liquidation of subsidiary	8,750	-	-
Fair value gain/(loss) on investment	71	(96)	(69,421)
	<b>11,104</b>	<b>2,869</b>	<b>(60,142)</b>
Finance costs	(2,252)	(1,872)	(7,400)
Movement in foreign exchange	1	6	(9)
	<b>8,853</b>	<b>1,003</b>	<b>(67,551)</b>
Other income	-	-	2
Profit/(loss) before taxation	<b>8,853</b>	<b>1,003</b>	<b>(67,549)</b>
Taxation	(200)	(169)	(520)
<b>Profit/(loss) for the period/ year from continuing operations</b>	<b>8,653</b>	<b>834</b>	<b>(68,069)</b>
Post tax profit/(loss) for the period/ year from discontinued operations	(25)	41	514
Profit/ (loss) for the period/ year – all operations	<b>8,628</b>	<b>875</b>	<b>(67,555)</b>
Other comprehensive income for the period/ year	(149)	(133)	(953)
<b>Total comprehensive income for the period/ year</b>	<b>8,479</b>	<b>742</b>	<b>(68,508)</b>
Basic Earnings/(loss) per share (GBP)	<b>0.054</b>	<b>0.005</b>	<b>(0.423)</b>
Headline Earnings per share (GBP)	<b>0.053</b>	<b>0.006</b>	<b>0.008</b>

STATEMENTS OF FINANCIAL POSITION AT 30 NOVEMBER 2019

	Unaudited As at 30 November 2019 GBP 000	Unaudited As at 30 November 2018 GBP 000	Audited As at 31 August 2019 GBP 000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Office equipment	8	15	13
Investment property	68,671	193,175	68,593
Derivative financial instrument	-	970	149
	<u>68,679</u>	<u>194,160</u>	<u>68,755</u>
<b>Current assets</b>			
Trade and other receivables	3,373	4,520	3,583
Cash and cash equivalents	1,011	4,506	2,344
	<u>4,384</u>	<u>9,026</u>	<u>5,927</u>
<b>Non-current assets classified as held for re-sale</b>	<u>-</u>	<u>-</u>	<u>47,514</u>
<b>Total assets</b>	<u><u>73,063</u></u>	<u><u>203,186</u></u>	<u><u>122,196</u></u>
<b>EQUITY</b>			
<b>Capital and reserves (attributable to owners of the parent)</b>			
Share capital	47,136	47,136	47,136
Hedging reserve	-	(750)	(678)
Accumulated losses	(82,029)	(22,227)	(90,657)
<b>Total equity</b>	<u>(34,893)</u>	<u>24,159</u>	<u>(44,199)</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>	<u>98,510</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>			
Trade and other payables	2,527	4,025	4,115
Borrowings	6,500	174,816	162,280
Income tax payable	419	186	-
	<u>9,446</u>	<u>179,027</u>	<u>166,395</u>
<b>Total liabilities</b>	<u>107,956</u>	<u>179,027</u>	<u>166,395</u>
<b>Total equity and liabilities</b>	<u><u>73,063</u></u>	<u><u>203,186</u></u>	<u><u>122,196</u></u>

STATEMENTS OF CASH FLOWS FOR THE 3 MONTH PERIOD ENDED 30 NOVEMBER 2019

	Unaudited For the 3 months period ended 30 November 2019	Unaudited For the 3 months period ended 30 November 2018	Audited For the year ended 31 August 2019
	GBP 000	GBP 000	GBP 000
<b>Cash flows from operating activities</b>			
Cash generated from operations	2,599	2,719	9,407
Tax paid	(20)	-	-
Interest paid	(1,438)	(1,139)	(4,847)
<b>Net cash generated from operating activities</b>	<b>1,141</b>	<b>1,580</b>	<b>4,560</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investment	47,400	-	-
Capital improvements to investment property	(6)	(54)	(212)
<b>Net cash generated from/(used in) investing activities</b>	<b>47,394</b>	<b>(54)</b>	<b>(212)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	(49,788)	(598)	(2,614)
Payment of borrowing costs	(92)	-	(2,850)
<b>Net cash used in financing activities</b>	<b>(49,880)</b>	<b>(598)</b>	<b>(5,464)</b>
<b>Net cash flows used in/ generated from discontinued operations</b>	<b>9</b>	<b>102</b>	<b>(10)</b>
<b>Net (decrease)/increase in cash and cash equivalents for the period/year</b>	<b>(1,336)</b>	<b>1,030</b>	<b>(1,126)</b>
Exchange difference	3	5	(1)
Cash and cash equivalents at the beginning of the period/year	2,344	3,471	3,471
<b>At end of period/ year</b>	<b>1,011</b>	<b>4,506</b>	<b>2,344</b>

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 2019

	<b>Share capital</b>	<b>Hedging Reserve</b>	<b>Revenue deficit</b>	<b>Total</b>
	<b>GBP 000</b>	<b>GBP 000</b>	<b>GBP 000</b>	<b>GBP 000</b>
<b><u>THE GROUP</u></b>				
Balance as at 1 September 2019	47,136	(678)	(90,657)	(44,199)
Profit for the period	-	-	8,628	8,628
<i>Other comprehensive income for the year</i>				
Cash flow hedge reserve	-	(149)	-	(149)
Amortisation of historic cash flow hedge reserve	-	827	-	827
<b>Balance at 30 November 2019</b>	<b>47,136</b>	<b>-</b>	<b>(82,029)</b>	<b>(34,893)</b>
Balance as at 1 September 2018	47,136	(915)	(23,102)	23,119
Loss for the year	-	-	(67,555)	(67,555)
<i>Other comprehensive income for the year</i>				
Cash flow hedge reserve	-	(953)	-	(953)
Amortisation of historic cash flow hedge reserve	-	1,190	-	1,190
<b>Balance at 31 August 2019</b>	<b>47,136</b>	<b>(678)</b>	<b>(90,657)</b>	<b>(44,199)</b>
Balance as at 1 September 2018	47,136	(915)	(23,102)	23,119
Profit for the period	-	-	875	875
<i>Other comprehensive income for the year</i>				
Cash flow hedge reserve	-	298	-	298,
Amortisation of historic cash flow hedge reserve	-	(133)	-	(133)
<b>Balance at 30 November 2018</b>	<b>47,136</b>	<b>(750)</b>	<b>(22,227)</b>	<b>24,159</b>

## RECONCILIATION OF PROFIT FOR PERIOD ENDED 30 NOVEMBER 2019 TO HEADLINE EARNINGS

Basic and headline earnings per share

	For the 3 month period ended	For the 3 month period ended	For the year ended
	30 November 2019	30 November 2018	31 August 2019
	<u>GBP 000</u>	<u>GBP 000</u>	<u>GBP 000</u>
Basic earnings/(loss) attributable to equity holders of the Company	8,654	834	(68,069)
Fair value movement on investment properties	(71)	96	69,421
Headline earnings attributable to equity holders of the Company	<u>8,583</u>	<u>930</u>	<u>1,352</u>
Number of shares/weighted average number of shares	<u>160,935,407</u>	<u>160,935,407</u>	<u>160,935,407</u>
<b>Earnings per share</b>			
Basic earnings/(loss) per share (GBP)	<u>0.054</u>	<u>0.005</u>	<u>(0.423)</u>
Headline earnings per share (GBP)	<u>0.053</u>	<u>0.006</u>	<u>0.008</u>