



# First Quarter Company Update

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NewRiver REIT PLC  
14 July 2017

## NewRiver REIT plc First Quarter Company Update

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### Successful equity raise and value creation across our convenience-led portfolio

**David Lockhart, Chief Executive commented:** "In the context of continued political uncertainty, the highlight of what has been another busy and successful period for the Company was our significantly over-subscribed £225 million equity raise, which was completed at a 15% premium to March 2017 net asset value. Following the equity raise, we have seen continued momentum across the business, having exchanged contracts to acquire the remaining units in our BRAVO JV for £59.4 million, and made substantial progress across our risk-controlled development pipeline, most recently obtaining planning consent for our major mixed-use regeneration in Cowley, Oxford. Operationally, our convenience-led, community-focused retail & leisure portfolio continues to deliver sustainable and growing cash returns, giving us the confidence to increase our first quarter dividend by 5% to 5.25 pence per share.

Looking ahead, we have significant firepower which we will deploy into accretive acquisition opportunities and our inbuilt risk-controlled development pipeline. We believe that with our proven business model and increased scale we are well-placed to continue to deliver growing and sustainable cash returns to our shareholders."

### Successfully raised £225 million of equity to deploy into accretive acquisitions and risk-controlled developments

- Significantly over-subscribed equity raise priced at 335 pence per share, representing a 14.7% premium to March 2017 EPRA NAV (292 pence per share) and a 2.9% discount to the 20 day average closing price<sup>1</sup>
- Placing announced on 15 June 2017 and 67,164,179 new ordinary shares admitted to trading on the London Stock Exchange on 6 July 2017, taking the total number of voting rights in the Company to 301,332,893
- Exchanged conditional contracts to acquire the remaining 50% share in BRAVO JVs for a cash consideration of £59.4 million; allows NewRiver to gain control over 4 convenience-led shopping centre assets in Belfast, Glasgow, Hastings and Middlesbrough with a gross asset value of £240 million, and a topped-up net initial yield of 7.3%
- Remaining equity to be deployed into pipeline of accretive acquisitions and risk-controlled developments

### Substantial progress made on 1.9 million sq ft risk-controlled development pipeline

- Planning consent obtained for a 236,000 sq ft mixed-use development scheme in Cowley, Oxford to regenerate Templars Square shopping centre, creating 226 new residential apartments, a 71-bed budget hotel, 2 new restaurant units, modernised car parks and a major improvement of the public realm
- 62,000 sq ft retail park in Canvey Island, Essex, now 71% pre-let (75% including deals in solicitors' hands), increased from 52% reported in March 2017 results with M&S Foodhall joining B&M and Sports Direct; now significantly de-risked and expected to start on-site by the end of the Summer
- Planning consent obtained for 38,000 sq ft hotel in Romford, Greater London; 100% pre-let to Premier Inn

- Further progress made on rolling convenience store programme, with one further c-store completed meaning 12 delivered to the Co-operative to date, with 4 currently under construction

#### **Growing and sustainable cash returns underpinned by convenience-led, community-focused portfolio**

- First quarter dividend increased by 5% to 5.25 pence per share (Q1 FY17: 5.00 pence) payable on 4 August 2017
- Proforma for the BRAVO acquisition, NRR share of portfolio increased to £1.25 billion (March 2017: £1.13 billion)
- High level of retail occupancy sustained at 97% (March 2017: 97%)
- 71 leasing events across 224,000 sq ft of retail space; long term deals on average +0.7% vs March 2017 ERV
- Affordable average rent of £12.63 per sq ft (March 2017: £12.45 per sq ft)
- Footfall across the shopping centre portfolio +0.1% on a like-for-like basis vs Q1 FY17, outperforming the UK benchmark by 90bps

#### **Crystallising value for shareholders through profitable capital recycling of mature assets**

- £20.0 million of disposals completed on average 5% ahead of March 2017 valuation and representing an average net initial yield of 5.9%; these assets were acquired at net initial yields of 7.8%-11.0%
- High Street unit in Newcastle sold for £6.9 million, 5% above March 2017 valuation and realising an ungeared IRR of 10% having acquired the asset in September 2010 for £4.4 million
- Big Box retail unit in Warrington sold to Primark for £8.0 million, 3% ahead of March 2017 valuation and realising an ungeared IRR of 11% since acquisition in November 2012

#### **Increased balance sheet scale providing investment capacity and benefitting ongoing refinancing exercise**

- Proforma Loan to value of 25% (March 2017: 37%) including the effects of £225 million equity raise and subsequent £59.4 million acquisition of remaining BRAVO JV units
- Significant progress made on debt refinancing exercise, with timetable accelerated by increased balance sheet scale; aim to become an unsecured borrower with key objectives including a reduced cost of debt, increased flexibility and an increased debt maturity; expect to complete in H1 FY18 with minimal breakage costs

#### Notes

- (1) The average closing share price over the 20 trading days up to and including 14 June 2017 adjusted for FY17 special dividend (3.0 pence per share) and the FY18 Q1 ordinary dividend (5.25 pence per share).

#### **For further information**

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This announcement contains inside information as defined in Article 7 of the EU Market Abuse Regulation No 596/2014 and has been announced in accordance with the Company's obligations under Article 17 of that Regulation.

#### **About NewRiver**

NewRiver REIT plc (ticker: NRR) is a premium listed REIT on the London Stock Exchange and a constituent of the FTSE 250 and EPRA indices. The Company is a specialist real estate investor, asset manager and developer focused solely on the UK retail and leisure sector.

Founded in 2009, NewRiver is one of the UK's largest owner/managers of convenience-led shopping centres with assets under management of £1.3 billion principally comprising 33 UK wide shopping centres together with further nationwide retail and leisure assets. The portfolio totals 8 million sq. ft. with over 2,000 occupiers, an annual footfall of 150 million and a retail occupancy rate of 97 per cent.

Visit [www.nrr.co.uk](http://www.nrr.co.uk) for further information. LEI number: 2138004GX1VAUMH66L31

**Forward-looking statements**

The information in this announcement may include forward-looking statements, which are based on current projections about future events. These forward-looking statements reflect the directors' beliefs and expectations and are subject to risks, uncertainties and assumptions about NewRiver REIT plc (the "Company"), including, amongst other things, the development of its business, trends in its operating industry, returns on investment and future capital expenditure and acquisitions, that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements.

None of the future projections, expectations, estimates or prospects in this announcement should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document. As a result, you are cautioned not to place reliance on such forward looking statements as a prediction of actual results or otherwise. The information and opinions contained in this announcement are provided as at the date of this document and are subject to change without notice. No one undertakes to update publicly or revise any such forward looking statements. No statement in this document is or is intended to be a profit forecast or profit estimate or to imply that the earnings of the Company for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company.

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