

20 January 2016

Update

NewRiver Retail

Third Quarter 2015-16 Portfolio Update

Price

338p

TDIM

NRR

Market Cap

£808.3m

Net Debt

£284m

Free Float

98%

Avg Daily Volume

282.8k

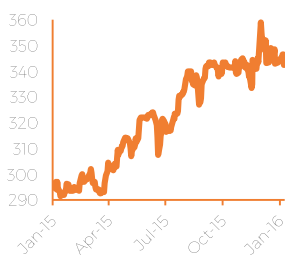
Broker

Liberum & Peel Hunt

Listing

AIM

Share Price Performance



Source: Bloomberg

NewRiver Retail is a leading UK property investor, asset manager and developer specialising in the UK retail sector. A Real Estate Investment Trust, NewRiver is one of the UK's largest shopping centre owner/managers.

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Significant progress on all fronts

The 3Q16 portfolio update from NewRiver Retail was in line with expectations and reiterated the progress that the company has made during the current financial year. Assets under management have increased to £1.1bn and the managed rent roll is approaching £100m. The existing portfolio is trading well with occupancy and rental values edging upwards and the significant development potential, particularly within the pub portfolio, continues to be exploited. We have not changed our FY2016 or FY2017 estimates. The shares are trading on a premium to net asset value but offer considerable earnings and dividend growth potential.

Year to	Sales	Adj EPRA PBT	Adj. EPRA EPS	Dividend	P/E	P/NAV	Yield
Mar	£m	£m	p	(p)	(x)	(x)	(%)
FY15a	28.20	20.9	19.8	17.0	17.1	1.28	5.0
FY16e	58.00	41.1	23.2	18.5	14.5	1.12	5.5
FY17e	72.82	57.0	24.4	20.0	13.8	1.07	5.9

Acquisitions at Attractive Prices Continue to Expand Portfolio

During the quarter reported, assets under management (AUM) increased from £978.5m to £1.1bn. The majority of the December £150m placing proceeds have already been deployed in acquiring the Neptune shopping centre portfolio and three further retail assets for a combined total of £107.9m on a blended net initial yield of 8.0%. We continue to expect selective acquisitions to play an important part of the group's future growth strategy.

Cash Recycled Through Disposals

NewRiver Retail has so far made £42m of assets disposals during the second half of 2015-16, all at significant uplift to purchase price and generating double and treble digit IRRs. Active management of the pub portfolio which comprises over 350 properties, continues to gather momentum with asset sales, conversions to convenience stores and planning proposals for residential use all beginning to impact on results. A new director has been appointed to manage the pub portfolio.

Portfolio Tenants Trading Well

The rent roll under management has increased from £85.3m at the end of the first half year to £94.4m. The company retail tenants reported strong Christmas trading with improved footfall and conversion in the shopping centres. The occupancy rate of the retail portfolio has improved to 97.3%. The average rent rose slightly from £12.35/ sq.ft to £12.45/ sq.ft and weighted average lease expiry was steady at 7.1 years.

Development

The company has a 1.25m.sq.ft development portfolio. During the period it made progress on its proposed £64m mixed use regeneration site at Cowley in Oxford with the pre-let of a 71-bed hotel to Travelodge. The planning application for the 225,000 sq.ft site, which includes residential, upgraded retail, improved parking facilities and the hotel is expected to be submitted before the end of March. Further development opportunities are in various stages of planning approval.

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