

NewRiver REIT plc Third Quarter Company Update

22 January 2020

Well-positioned portfolio delivering a resilient operational performance

Allan Lockhart, Chief Executive commented: “In the third quarter, we saw continued stability in our operational metrics with an increase in retail occupancy to 96.1%, footfall outperforming the UK benchmark by 60 bps and a healthy demand for our retail space having signed deals across 152,000 sq ft, with long-term deals on terms ahead of previous passing rent and ERVs. Our Hawthorn Leisure pubs business also delivered growth through the acquisition of Bravo Inns and from strong like-for-like EBITDA per pub growth.

Our disposal programme continues apace, with £70.3 million of disposals now completed, exchanged or under offer in FY20 to date, at a blended yield of 4.9%. In line with our strategy, we have recycled sales proceeds into £92.6 million of retail park and community pub acquisitions in FY20 to date, at a blended net initial yield of 10.1%.

We were pleased with the robust Christmas trading performance of a number of our top 15 tenants, including Sainsbury’s, B&M, Primark, Next and Iceland. With a clear strategy and a portfolio focused around occupiers providing convenience, value and services, we feel well-positioned to navigate our way through these challenging market conditions.”

Continued progress in disposing of a minimum of 5% of our portfolio in FY20

- So far in FY20, disposals completed, exchanged or under offer total £70.3 million, at a blended NIY of 4.9%; completed disposals on terms in-line with March 2019 valuation
- Completed disposals in FY20 to date total £39.3 million across all asset types, at a blended NIY of 5.6%, with a further £31.0 million of disposals exchanged or under offer, at a blended NIY of 3.8%

Disposal proceeds recycled into high yielding acquisitions across retail parks and community pubs

- So far in FY20, acquisitions total £163.1 million (NewRiver share: £92.6 million), at a blended NIY of 10.1%
- Poole Retail Park acquired in October 2019 in a 10% investment with BRAVO for £44.7 million (NewRiver share: £4.5 million), representing a NIY of 8.0%
- Sprucefield Retail Park, Lisburn acquired in December 2019 for £40.0 million, representing a NIY of 8.7%; acquisition to generate £3.7 million of annualised Net Property Income for NewRiver and provides opportunity to extract further value through active asset management and the disposal of parcels of land for development
- Bravo Inns acquired in December 2019 for £17.9 million, representing an EBITDA multiple of 6.8x; transaction expected to generate annualised outlet EBITDA of £2.6 million across the 44 pubs and grows our exposure to the highly profitable operator manager pub model

Retail portfolio delivered robust operational metrics, as platform signs fourth asset management mandate

- Retail occupancy remained high at 96.1% (September 2019: 95.6%)
- 152,000 sq ft of leasing activity completed; long term deals on terms 3.0% ahead of previous passing rent and 2.5% ahead of ERV; includes a letting to The Gym Group in Victoria Retail Park, Beverley, one of the brand’s first “small-box” sites, which further increases our exposure to the growing low-cost gym sub-sector
- Affordable average retail rent of £12.59 psf (September 2019: £12.49 psf)
- Tenant mix remains well-diversified with our largest tenant, Sainsbury’s, representing just 2.3% of gross income
- Like-for-like footfall across shopping centres outperformed UK benchmark by 60 bps, with a decline of -1.9%
- In November 2019, signed fourth third-party asset management mandate with Knowsley Council to become strategic asset manager for Kirkby Town Centre; agreement includes fees for acquisition due-diligence, asset management and a potential development monitoring fee

Hawthorn Leisure: continued like-for-like EBITDA growth per pub, supported by solid Christmas trading

- Like-for-like EBITDA growth per pub of +4.9% in FY20 to date, as the portfolio continued to benefit from the scale-based synergies secured in FY19 and a solid Christmas; rate of growth expected to moderate following annualisation of Hawthorn Leisure integration in January 2020
- Pub occupancy remained high at 97.9% (September 2019: 96.7%) across our 698 community pubs
- 26th convenience store (“c-store”) to be handed over to the Co-op this week at site of the Sea View Inn in Poole, triggering £275,000 performance receipt from the Co-op; nine c-stores sold in FY20 to date

Solid performance underpinned by conservative financial policies and a fully unsecured balance sheet

- Third quarter ordinary dividend held at 5.4 pence per share (Q3 FY19: 5.4 pence); dividend for FY20 to date held at 16.2 pence per share (FY19 to Q3: 16.2 pence)
- Following acquisitions, pro forma LTV of 41% (based on September 2019 valuations); net borrowings expected to reduce as disposal programme progresses; guidance remains for LTV to be below 40%
- In November 2019, Fitch Ratings affirmed NewRiver’s IDR at ‘BBB’ with Stable Outlook and corporate bond rating at ‘BBB+’; an endorsement of our conservative balance sheet and financial policies, and resilient business model

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. This announcement has been authorised for release by the Board of Directors.

About NewRiver

NewRiver REIT plc ('NewRiver') is a leading Real Estate Investment Trust specialising in buying, managing, developing and recycling convenience-led, community-focused retail and leisure assets throughout the UK.

Our £1.3 billion portfolio covers 9 million sq ft and comprises 33 community shopping centres, 25 conveniently located retail parks and over 650 community pubs. Having hand-picked our assets since NewRiver was founded in 2009, we have deliberately focused on the fastest growing and most sustainable sub-sectors of the UK retail market, with grocery, convenience stores, value clothing, health & beauty and discounters forming the core of our retail portfolio. This focus, combined with our affordable rents and desirable locations, delivers sustainable and growing returns for our shareholders, while our active approach to asset management and in-built 2.3 million sq ft development pipeline provide further opportunities to extract value from our portfolio.

NewRiver has a Premium Listing on the Main Market of the London Stock Exchange (ticker: NRR) and is a constituent of the FTSE 250 and EPRA indices. Visit www.nrr.co.uk for further information.

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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.

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