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NewRiver REIT plc

Full Year Results Presentation

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NEWRIVER REIT PLC

David Lockhart, Chief Executive Officer

Allan Lockhart, Property Director

Mark Davies, Chief Financial Officer

QUESTIONS FROM

David Prescott, Barclays

David Brockton, Liberum

Keith Crawford, Peel Hunt

Introduction and Highlights

David Lockhart, Chief Executive Officer
Good morning everyone and thank you for coming to our analyst meeting.   I hope everyone can hear me; we've actually not just got one microphone but two, so it's a very impressive system.

We'd like to take you through the presentation. I propose to deal with slides two and three as part of my opening remarks. Allan and Mark will then talk you through the remaining slides and I will come in at the end and conclude; just looking briefly at we think lies ahead, or as the question is often asked - what next? It's always the same when you deliver a good set of results, it's what's next.

So just kicking off on slide two, we're obviously very delighted to announce another good set of financial results, with growth in revenue, profit and dividend. And what is particularly pleasing is the growth in our FFO by 24% to just under £60m. And of particular note is the 34% increase in our recurring profit to £46.4m. And this demonstrates that we're creating a very profitable business at NewRiver, generating growing cash profits. And that is reflected too in growing dividends.

You've heard us say many times at NewRiver that our focus is on driving the income returns for our shareholders and this year is no exception. We've increased our ordinary dividend by 8% to 20 pence per share, we've announced a special dividend of 3 pence per share, linked to the Sheffield Retail Warehouse acquisition, which makes a total dividend of 23 pence per share, an increase of 24% on last year. And we're also delighted to announce a 5% increase in the Q1 dividend for FY'18 to 5.25 pence. And this again reflects that momentum in the business as well as the confidence the management team have in the sustainability of our revenue streams.

It was a year that we increased the scale of the business, we made our largest acquisition to date at Bexleyheath, we acquired a retail park in Dumfries and then in the Autumn we make the opportunistic buy in Sheffield and Allan will comment on these later.

As ever we've been active in our asset management. And those of you know us well; active asset management lies really at the core of our business model. We did 355 leasing events and the long term deals were struck at 3.9% above ERV and we've also seen the occupancy increase to 97% from 96% last year. And indeed the occupancy has never been lower than 94% since we IPO'd the business seven and a half years ago.

We've also made good progress in our development pipeline; we now have approximately 1.9 million square feet in the pipeline, entirely based on our existing portfolio. We've got a major planning approval and Canvey Island, we submitted a major planning application at Cowley, Oxford and there is significant value to be unlocked from our development programme over the next few years.

All of this is underpinned by a conservative balance sheet, our loan to value is 37% and we are in the process of reviewing and restructuring our debt to move from secured to unsecured. And of course the other main highlight of the year was the move up to the main market and joining the FTSE 250, which is a significant milestone for a company that was founded just seven and a half years ago.

Now just dealing very quickly with our business model, most of you are familiar with it, but there are one or two who may not be. From day one we've focused on the retail sector, we've been a specialist platform, but in particular we focused on the convenience non-discretionary spend. And increasingly that is on convenience and community. We target high yielding assets where we can measure the risk and where we know through our asset management skills we can protect and enhance the income streams.

We use our development skills to unlock value throughout the portfolio, which is giving rise to our growing development pipeline. And of course we are starting to see the profitable recycling of capital.

I think there are two or three key messages from our business model. First of all we've actually stuck rigidly to it since our IPO, as people often say we've stuck to our knitting. And secondly, it is a highly scalable business model and we've consistently demonstrated the financial benefits of scale, it flows straight through the bottom line.

There is a third point which Allan is going to elaborate on, but the retail sector is often much misunderstood and attracts its fair share of negative comment, people tend to sort of put everything to do with retail into one bucket. But the reality is it's just simply not like that. And nobody really I believe knows the particularly space that we operate in better than do we, it's a niche market, which has some very resilient metrics for growth opportunities. And we've established vast experience and knowledge in that particularly sector. There is very little competition from a corporate level within that sector. And Allan will comment briefly on some of the third party research which really endorses what we've been saying for some time. So I'll just hand you over to Allan at this point.

Allan Lockhart, Property Director
Thank you. Good morning everybody. Before Mark takes us through the numbers I'd like to spend a few moments talking about what we're seeing in our marketplace, because we are aware that there is some genuine scepticism about the retail sector out there, often fuelled by negative media attention.

In our view the retail market is dynamic, it's complex, it's highly competitive and yes there are always winners and losers within the sector. And we often hear the very simplistic narrative that the internet is taking over and we don't feel that is justified based on the evidence that we see on the ground and the research that we have commissioned.

Yes internet sales are growing faster than physical store sales, but it is actually the retailers with the store networks that dominate online sales markets, even when you take account of Amazon. And the importance of having a store network is evidenced by the Local Data Company, who many of you will know, and they monitor openings and closures of approximately 500,000 shops in the UK, pretty much the entire market. And what the evidence clearly shows is that the supply/demand ratio within the retail sector is really in a state of equilibrium.

Last year in 2016 the difference between openings and closings was very modest at minus 0.5% and that was across the entire market. Indeed when you drill into the shopping centre market and retail warehousing, where 75% of NewRiver's portfolio is positioned, last year there were more store openings than closures.

So this market stability is very much reflected in our own portfolio. Last year we transacted a record 355 leasing events and our occupancy rate also increased to a record 97%. Many of the retailers that feature in our top 20 by rent have been very active in the market in the last 12 months, expanding their store networks. And indeed of the fastest growing 50 retailers last year over 50% of those are represented within NewRiver's portfolio.

And one of the common themes about the fastest growing retailers is that they are either focused on convenience and or value. Retailers such as Home Bargains, Pound World, Aldi, continue to benefit from the UK consumers' increased focus on convenience and value retailing.

If I move onto slide number five we strongly believe that it is demography that is the main driver of the retail market. And we commissioned some research to look at some of the longer term trends that will influence our marketplace, particularly in the wake of the UK's decision to leave the EU. And we've identified three key trends that we think will influence our marketplace in the years ahead. The first is that convenience and value retailers that expanded last year significantly, retailers such as B&M Bargains and Primark, they are going to continue to expand in the years ahead. And we feel well positioned, because if you look at our top ten retailers they are filled with convenience and value retailers.

The second trend is that in store spend is set to grow by 10% through to 2020. And again that's going to be led by the convenience and non-discretionary categories like food and grocery and health and beauty.

Third, and perhaps more important is that the over 55 age group is forecast to account for almost 60% of the £65bn of in store and click and collect sales growth through to 2026. So it's really important not to underestimate the power of the 'grey pound' I mean after all it's the over 55 generation where all the money is, millennials don't seem to have much money these days. And one thing we know from the consumer surveys that we do is that the 'grey pound' when they're considering where to shop they value convenience above all else.

Moving on to the investment market, capital markets, as I said at the half year results in November, the real estate market had been impacted by Brexit but there were signs of stability back in November and that we expected signs of improvement to merge into the second half of the year. And indeed improvement has come through. And we've seen positive capital returns through into the wider market, but also within our own portfolio. And a lot of the performance that we've delivered is very much linked to our asset management and development strategies and it's also reflective of the inherent value that we have within our portfolio, which our asset management and development strategies are designed to extract.

And so our portfolio, over the last 12 months, delivered a total return of 6.8%, so it was quite a significant outperformance of our benchmark index, the IPD All Retail.

So overall we feel confident and we're well placed as we move into the next financial year.

Financial Review

Mark Davies, Chief Financial Officer
Thanks Allan, good morning everyone. Let me talk you through the results, I think this is a really good set of numbers, I think the numbers really speak for themselves, but if I may I'll talk you through what I think are the key highlights.

We've always been very focused on cash and cash earnings at NewRiver, right from day one, and funds from operations is our performance metric. As David mentioned our FFO is up by 24% this year. This business is generating almost £60m worth of cash profit. We do that, and I know you've heard me say this before, having acquired a portfolio at an average yield of 8.5%. Our borrowing cost is very sensible at 3.5%. And that arbitrage effectively is the bottom line that delivers that £60m of cash profit.

This was a really good year for us, we benefited from the surrender premium that we exercised on the 30th of March from the B&Q in Sheffield. That has led to the special dividend that we announced this morning and will be gratefully received no doubt by our shareholders. As I'll show you in a moment the business continues to benefit from scale. And the underlying performance and the recurring FFO I'll come to in a moment.

So looking at slide seven, there are a number of key transactions that we highlighted to you in the prior year, the PIMCO Promote, you may recall and the profits from the sale of Leamington Spa and Glasgow. So if you strip those out, at the start of the year our recurring FFO was £34.5m, which is 19.6p, we've managed to increase that by 34% over the 12 month period to the end of March. And importantly on a per share basis we're up by 4% to 20.4p FFO before tax. That's in spite of the fact that we managed to issue 50 million new shares last year, so we're doing that off a much higher base.

So clearly the performance of the business, the underlying performance is very strong. And one thing that's undeniable is our track record of continuously delivering growing cash profits.

Moving on to slide eight, this is the point where we often remind ourselves that we're here to deliver superior returns to our shareholders, that's why we're here. And if you look at our dividend track record it really speaks for itself. We pay our dividends quarterly, if you go back five years our compound annual growth rate is at 9% per annum, which is impressive, in fact if you go back to our first full financial year the annual growth rate is actually around 27%.

We increased our dividend this year by 8% to 20 pence, fully covered and a 3 pence special dividend as well that I mentioned previously. So our total dividend is up by 24% this year. And we also announced this morning a further increase in our Q1 dividend for FY'18 of 5.25 pence.

Moving on to the balance sheet, we've always had a conservative balance sheet, backed up and supported by disciplined financial policies. We get the reward for that because we can be opportunistic, like Sheffield, which Allan highlighted and will talk about more in detail later. Our EPRA NAV performance has been very robust; we managed to increase the NAV from 290 pence from when we last saw you to 292p this morning. So clearly the point of direction of the valuation is moving the right way.

We're very well capitalised with a loan to value of 37% and I'll talk through in a bit more detail our debt strategy in a moment. And if you look at our financial policies in the bottom left hand corner of this slide, you know it is sacrosanct for us that we have a loan to value below 50%. But what that really means is that management's intention is to keep that below 40% for the foreseeable future.

Our balance sheet gearing will also be below 100% and we're currently at 52%. Our interest cover is very strong because of the cash generating nature of our portfolio at 4.5 times. We have a fully covered dividend of 108% and we very much intend to stay there.

Now moving onto debt, we have always had a very straightforward debt strategy, secured financing, working with our four or five key banking relationships. Our cost of debt has come down continuously year on year from inception. This year we have cost of debt of 3.5%, we do benefit from our strong relationship with our banks and also some new banking relationships we'd like to introduce in the new financial year. We do have undrawn facilities.

But perhaps more importantly we would like to refinance, all, or the majority of our debt in the next 12 months. We've deliberately run down our debt maturity to two and a half years from three and a half years from this time last year. Why have we done that? Well, we've done that because we know that we would like to move towards an unsecured balance sheet. We've said that to you previously. We think there are enormous benefits to the business in terms of flexibility, cost and management, of going unsecured. We would like to move forward with that exercise with some of our friends in the room here this morning, over the next 12 months.

Just moving on to slide 11, we appointed Rothschild as our independent debt advisor in February. And we have given them a specific mandate to hopefully reduce our cost of debt because we think that's achievable with the scale and cash generating ability of the business. We'd like to obviously increase our maturity. In an ideal world we'd run our debt maturity down to six months, refinance everything and that would be very cost effective. But as a FTSE 250 REIT we don't get that luxury because I don't think our shareholders would be too comfortable with that and the refinancing risk.

But we're in a really good place because we've got two and a half years of debt maturity, we don't actually need to do anything, but clearly we'd like to. And on that basis that we're talking about that this morning with confidence clearly we feel that's achievable, you know subject to any major shocks in capital markets.

So we want to increase maturity and clearly utilise the existing banking relationships, but there are one or two new banking relationships that we expect to identify and introduce into our banking group over the next few months.

David mentioned earlier on our business is very scalable, you can see our admin cost ratio has now come down to 15%, that was our three to five year target not that long ago and we've got there for the first time, so we're very pleased about that. And as I mentioned our cost of debt has come down. So think about the arbitrage that's delivering the bottom line, the purchase yield versus cost of debt, you know if we can get that cost of debt down further in the next 12 months that's not built into our current forecast and our current consensus, we'll become even more profitable than we are today.

Business Review

Allan Lockhart, Property Director
Thanks Mark. I'm now going to take you through a few slides which will hopefully demonstrate how our disciplined stock selection, active asset management, and our risk control development has generated the good set of results that we've announced today. And hopefully I'll be able to explain some of the levers that we have at our disposal to drive future returns.

But before we do that it would just be useful to look at the state of play across our portfolio as at the 31st of March. We now have about £1.3bn of assets under management and that's £1.1bn at our share. We are focused on convenience and our portfolio is well diversified, both in terms of asset class, but also occupier. The majority of our top retailers are actively taking space in the marketplace. And our retailers provide value to our 150 million shoppers and they trade well in our assets, supported by affordable rent. Our average rent is about £12.45 per square foot. And that affordable rent is only going to be enhanced, because as many of you know we secured a very good rate reduction within our portfolio of 19%; so many of our retailers are going to be benefitting over the coming years. And we've always said that is our belief that it's affordability that gives us sustainability, not necessarily lease length.

Our occupancy has also been consistently high since we founded the company, always above 94% and pleasingly as I mentioned earlier we have improved our occupancy rate this year to 97% and that's very much due to our record levels of leasing activity over the last 12 months.

If we move onto slide 13 which looks at our valuation and return performance. Our share of our portfolio has been valued at £1.1bn so that equates to a secure and attractive equivalent yield of 8.1%, so that's approximately 250 basis points above the IPD or retail index. Since our IPO we have focused on income returns and that has been the right call especially in FY'17 where we now have significantly outperformed the IPD benchmark. And as you can see on that slide we delivered a total return of 6.8% which is something like 400 basis points above the IPD or retail index. And the real driver of that total return was the income return of 7.4%. So a pretty good result.

Moving onto slide 14 we completed £158m of acquisitions in the year including our largest single asset acquisition of the shopping centre and retail park in Bexleyheath. We also acquired a retail park in Dumfries and of course our opportunistic retail warehouse acquisition in Sheffield. I'll talk about Sheffield in a moment but it would be useful just to remind you of the reasons why we acquired Bexleyheath and to talk you through some of the progress that we have made so far.

We've been looking for a while to acquire an asset in the Greater London area. We know from our discussions with our retailers that Greater London is a very profitable location for them and we were attracted to Bexleyheath specifically because we felt the price was low given the quality and the location of the asset. Secondly it was fully occupied so we know there's going to be some competitive leasing tension and that will deliver rental growth. And it was purchased from an institution, so for an active manager like ourselves we - there was untapped capital growth potential.

And moving to the progress that we have made on slide 15 we've completed a number of leasing deals with the likes of WH Smiths and Vodafone and that's increased the rental tone in the main mall by 15%, quite significantly ahead of our original underwriting assumptions. There was a BHS store within this centre. It actually fell outside our ownership but it became vacant last summer and one of the key things we wanted to do was to reactivate that space. So we facilitated the sale of the long leasehold interest to Morleys, a high quality London based department store operator. And it was important for us that transaction because although we didn't receive any rent out of that former BHS store, as you can see from the slide it faces onto the shopping centre, so having an empty 40,000 square feet unit is really bad for trading.

The store opened last month just in time for Easter and Morleys I have to say have done a fantastic job on the fit out. And the early indications from the footfall numbers is very encouraging.

Lastly we've commenced the master planning of the development options in consultation with the local authority who we've already established a good working relationship. And within those master plans we have included the potential for up to 300 residential units by capitalising on the airspace above the multi-storey car park.

So moving onto Sheffield. We've made good progress on the ground to reposition this asset since we completed the acquisition. If I just talk you through our options here. If you start with the hatched area we're in discussions with two parties, a value food store retailer and a self storage operator, both of whom are interested in purchasing the land. And the type of purchase price we're looking at is way ahead of the price that we paid for this property which was around £55 a square foot capital value.

Unit two we are already in legals with a well known sports and leisure retailer. For unit three we're in discussions with a discount retailer who is well represented within our portfolio. Unit four we have discussions with a range of furniture operators and unit five we're in discussions with a home and garden retailer.

We have held back a little bit on implementing this breakup because we do have some live discussions with a single retailer to take the entire 110,000 square foot whilst still retaining our ability to sell off the land represented on unit one, build the new store for unit two and also the two little drive throughs by the entrance.

So I'd like to now move onto a couple of case studies and that brings me to the Abbey Centre which is a fantastic shopping centre located north of Belfast which we acquired in 2014 as part of the Swallowtail portfolio. This was an acquisition really emanating from a distressed debt position and we acquired it in our joint venture with PIMCO. And as you can see from the slide we've been pretty active upsizing existing occupiers and bringing in new ones, and that's one of the reasons why we love owning shopping centres because there are always opportunities to drive the income. We've owned it for approximately three years and a lot of the deals that we have done have been in the last 12 months. Starting with Next, they were an existing occupier within the centre trading out of approximately 15,000 square feet, and we built them a brand new 44,000 square feet store which opened in December which they're absolutely thrilled about and the trading performance is excellent.

We've already re-let their former 15,000 square foot unit to New Look and we're delighted that New Look will be completing their fit out works imminently and should be open in June.

And you can see the large unit in the middle, this was a former BHS unit and unlike in Bexleyheath where we didn't receive a rent, we were receiving a rent from BHS. But the vacancy of that actually suited us because on the right hand side you can see Dunnes. Dunnes were an existing occupier and they wanted to undertake a significant extension. And so we've temporarily relocated Dunnes into the former BHS store and Dunnes' extension is nearing completion and they're going to turn that store into a flagship store for Dunnes. And we will then take the former BHS store, we've very close to signing a retailer to take the entire space and we expect to have that wrapped up in the next few weeks.

Just point out on Newtownabbey that the Abbey Centre since we've bought it we've delivered a total return to date of 32% which is unlevered.

And then moving onto slide 18 which is an example from our retail warehouse portfolio. Retail warehousing accounts for 14% of our gross assets. We acquired the Clough Road retail park in Hull in 2014 from an institution along with three other retail parks and it's another good example of our active asset management at work. At the time of the acquisition the park was around 15% vacant. It included a 20,000 square foot Currys and PC World who were trading next to each other. Within a year of the acquisition we let the vacant unit to Go Outdoors so at that point the park became 100% let, but over the last 12 months we engaged with Currys PC World, arranged a surrender, downsized them so that they could trade together and they took a new ten year lease. And then we then subdivided the space and re-let it to Halfords and also to Office Outlet at improved rental levels.

And then lastly in November we completed the construction of a Costa Coffee drive through. So in less than three years we completely repositioned this park, improving the retailer line up and the rental tone, and in doing so we've generated a total return of 25%.

So turning now to developments and slide 19. We have around about 1.9 million square feet of development pipeline of which 1.4 million we would regard as near term, i.e. to be delivered in the next sort of three to five years, and about half a million or so is at early feasibility stage. We don't go out and buy standalone development sites so the projects in our pipeline are either regeneration of existing space, development of sites in portfolio acquisitions, capitalising on opportunities above or adjacent to our existing assets or the complete redevelopment of an existing asset. And as we said before our approach to development is one of risk control and with that we're pleased with the progress that we're making on our major projects in terms of the pre-letting. We're around about 60% either in solicitors' hands or contracted.

During the period we completed around 77,000 square feet of construction projects including the Next store, but also around 26,000 square feet of new c-stores for the Co-op. We also secured around about 190,000 square feet of planning consents in the period including consent for our 62,000 square foot retail park in Canvey Island. And an 85 bed hotel in Romford which we've pre-let to Premier Inn. And then we submitted around 385,000 square feet of planning applications including Cowley, Oxford and also a 100 residential unit scheme in Stamford.

We have four major development projects that are well advanced and combined we believe these will deliver around £40m to £50m of capital profits over the next three to four years. The level of capital profit together with our income returns should generate some attractive total returns to our shareholders. And we target a yield on cost of minimum of 8% so all our projects are forecast to deliver in excess of that.

So if I move onto slide 21 which is our pubs and this is a great example of our business model at work. In terms of careful stock selection, we acquired our two pub portfolios from Marston's and Punch over the last three to four years. We've been able to add value through this portfolio from the active asset management and the development of the c-stores in securing residential planning consents. We've sold assets profitably within the portfolio including the first c-store; we sold that at auction in February at a yield of less than 5%. And what all that means is that our pub portfolio has been generating a very healthy return unlevered at 16%. So performing really well.

And as you can see on slide 22 there's a little bit of an update on our development progress. We've completed a further eight c-stores to the Co-op in the period so we've now handed over 11 to the Co-op in total. We're onsite constructing a further three at the moment and we have an agreement to deliver the Co-op approximately 40 over the next few years. And once we get to 15 stores completed then the Co-op start paying NewRiver performance fees so we expect to start receiving performance fees this year.

David Lockhart, Chief Executive Officer
Thank you Allan. Ladies and gentlemen when we founded NewRiver seven and a half years ago we sensed that we were at the start of an exciting journey. And in many ways we see the move up from aim to the main market as the end of phase one and the beginning of phase two. So how have we positioned NewRiver as we enter phase two of that journey? We've created a very strong and profitable platform, a solid foundation for future growth. We have a dominant position in the convenience led and community focused subsectors. As you heard earlier these particular subsectors are very resilient and there are numerous opportunities at the right price for us. The business model is highly scalable. We recognise of course with the current economic climate that there will be some challenges but so too there will be opportunities. But the main focus going forward will be to continue to drive in the income returns for our shareholders, that is what rates were designed for and it's what they should be doing. And with our specialisation, our strong operating metrics and our conservative balance sheet we are confident we are well placed to continue to do that. Thank you.

So we now open the floor to questions.

Questions and Answers

David Prescott, Barclays
Morning. Occupational markets seem to be holding up very well so far and your vacancy is at an all-time low, rents are affordable, lettings above ERVs. When can we start to think about some meaningful rental growth, is that overly ambitious or is that something that could be delivered this year?

Mark Davies, Chief Financial Officer
Well over the last 12 months we've delivered like for like net income growth of around 1.2% so it's already started. I think I mentioned at the half year results that on a weighted basis we've actually only owned our portfolio for about two and a half years and typically we underwrite most of our acquisitions on a five year horizon. So in many ways we're only halfway through implementing our strategies. So we do expect to see further income growth and capital growth as our asset management and development strategies evolve.

David Prescott, Barclays
And on the investment market side it seems like it's been relatively quiet over the last four, five months or so. Are there opportunities out there at the moment? Is the market pausing and coming back in terms of volumes there?

Allan Lockhart, Property Director
Well we're not under any pressure in terms of acquiring assets. We do monitor the market very carefully. We do assess opportunities. We are careful and taking a cautious approach to the market but yeah we think that there will be more opportunities coming through for the remainder of this year.

David Lockhart, Chief Executive Officer
If I could just pick up on a couple of points there. Historically in the real estate sector it has been occupational demand that drives rents and that's actually across all sectors, and that in turn is driven by the economy. So the answer to your question meaningful rental growth will depend very much on how the economy performs. But at NewRiver we've never relied on market movement, we buy assets that we underwrite at rents that we believe are sustainable and that through our asset management and development skills we can grow. Just on the second point it is of course true that the investor market slowed down post the referendum, and I said earlier that there are many opportunities out there, there are shopping centres that we've identified that would suit well in our balance sheet and our business model and are in the wrong ownerships. And we believe it's a question of time. But one of the key things to our business model is of course the disciplined stock selection, we will not chase prices.

David Brockton, Liberum
Good morning. Two questions from me as well. Just following on from the last question in respect of investment opportunities, given the purchase of Bexleyheath can you just talk about your attitude towards suburban London and whether you'd like to see more of the portfolio weighted towards London and suburban London over time? That's the first question.

Allan Lockhart, Property Director
Well we'd love to have increased exposure into suburban London but whether we'd be able to acquire assets at a price that we believe will generate long term returns is debatable and that's one of the reasons why we were keen on Bexleyheath because we thought the entry price was really attractive.

David Brockton, Liberum
Okay thank you. And the second one in respect of the risk controlled development pipeline. There's a fair amount of residential in that pipeline and I notice you've presold some of the resi at Burgess Hill. Is that all of the residential that you've now sold? And can you just talk about sort of demand from house builders and pricing relative to your budgeting assumptions for that? Thank you.

David Lockhart, Chief Executive Officer
Well the first thing to say of course is that we are not residential house builders or indeed developers. These residential opportunities flow from the increasing number of mixed use redevelopment, regeneration opportunities in town centres. And very often it is the council's desire to see more residential. Our approach can be very selective. We will sell where we think that is in the best interests of our shareholders. There will be other opportunities that lend themselves to a longer term PRS fund for example so we will explore that, possibly bring it on our own or in a joint venture with someone else. But it's very much ancillary to the overall mixed use development programme.

Mark Davies, Chief Financial Officer
By the way David we've not sold that residential yet but we are in discussions.

David Lockhart, Chief Executive Officer
Are there any more questions?

Keith Crawford, Peel Hunt
I'll ask a question, I'm okay without a mic. Yes a very consistent presentation. Slide 8 is very interesting; the dividend slide is very strong. I mean David would you say that the - I think over the seven and a half year period something has seems to me to have changed. The demographics of this portfolio the beginning of that period rather neglected by the government, now the Prime Minister is actually visiting these locations as far as I can understand this. Is this true? I mean are the councils more cooperative and the demographics more favourable to you than they would have been seven years ago?

David Lockhart, Chief Executive Officer
Thank you Keith. You of course more than most have known us for a long time. So you're quite right there has been a - there's no doubt there has been a political shift towards the regions and also there has been a growing realisation by the councils that in order to protect and enhance their town centres they need to engage with private companies such as ourselves. And in many ways that's where we see a really great opportunity because if you think about it as the owner of a shopping centre in a community we're a major stakeholder and the other major stakeholder is the council so there is an alignment of interests, and in most cases we have very close cooperation which does lead to opportunities. But that of course has been enhanced if you like by the referendum result and the government realising that they need to do more about stimulating investment in economic growth in regions. And of course it doesn't go unnoticed that many of our shopping centres are in areas that voted very strongly to leave the referendum. So generally speaking they are happy shoppers.

Keith Crawford, Peel Hunt
The other question I had for you was about the sort of acquisitions. When you see things you might want to buy is there the occasional one which is within a corporate wrapper which defers cost and reduces costs? Do they still turn up occasionally?

David Lockhart, Chief Executive Officer
They do yes. I mean we have not been involved in any M&A activity to grow the company. We have done it organically but while supported by the public capital markets, the equity markets, and sometimes you do acquire assets that are held in an SPV.

Mark Davies, Chief Financial Officer
… Keith the Bexleyheath acquisition was actually a corporate vehicle so we're more than capable of buying SPVs or corporate vehicles because it's quite cost effective given that George Osborne increased stamp duty to 5%.

David Lockhart, Chief Executive Officer
Well if there are no more questions I think there's coffee afterwards, we can mingle and chat on a one to one. But again thank you all for coming and thank you for your questions.

+44 (0)20 7243 7350
askus@world-television.com
World Television Ltd
18 King William Street
London, EC4N 7BP
Registered in England
No. 2590549
VAT Reg: GB727 5196 14

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