



RIVER ISLAND

NEW FRONTIER
PROPERTIES



Half year
results
presentation

April 2019



next

UK RETAIL OVERVIEW

	April 2019	2020 forecast
GDP growth	1.4%	1.5%
Inflation	2.4%	2.0%
Unemployment	3.9%	3.8%
Wage growth	3.4%	3.2%

Note: Forecasts from Trading Economics

POST REFERENDUM OUTLOOK?!

- Brexit - who knows...
- 5-year interest rates 133bps (April 2018) v 108bps (April 2019)
- More challenges in the Shopping Centre sector expected in 2019
- CVA's will continue
 - 2018 43 companies failed with 2,594 stores affected
 - 2019 15 companies already failed

KEY HIGHLIGHTS

Dividend per share

No Dividend paid

Asset management

9 Leasing events

Total assets

£181 million

Banking

Both loans are in cash trap.
Constructive relationships with banks

Going Concern

Reliant upon the banks releasing cash

Cost to income ratio

22.8%

FINANCIAL HIGHLIGHTS

	For 6 months ended 28 Feb 2019	For 6 months ended 28 Feb 2018
Distribution	-	3.0pps
Assets (£m)	181	275
Net property income (£m)	6.04	7.01
Occupancy (rental value)	92.6%	94.1%
Cost to income ratio	22.8%	14.3%
Interest cover (incl Rebosis interest on loans)	1.53	1.82
Interest cover (excl Rebosis interest on loans)	1.82	2.08
Loan to value (excl Rebosis loans)	90.0%	60.3%
Cost of debt (excl Rebosis loans)	3.12%	2.69

DISTRIBUTABLE INCOME STATEMENT - HIGHLIGHTS

	For 6 months ended 28 Feb 2019 £m	For 6 months ended 28 Feb 2018 £m
Property Income	7 947	8 995
Property Expenses	(1 907)	(1 988)
Admin Expenses	(215)	(746)
Net Income	5 838	6,197
Net finance costs	(3 859)	(3 412)
Fair value loss	(12 616)	-
Tax	366	-
Weighted average number of shares / Number of shares	160 935 407	156 201 324
Total distribution for period	nil	4 828

BALANCE SHEET EXTRACTS

	For 6 months ended 28 Feb 2019 £m	For 6 months ended 28 Feb 2018 £m
Investment property (incl. Dublin)	180.85	274.54
Derivative financial instruments	0.69	1.53
Current assets	9.26	10.31
Total assets	190.81	286.39
Interest-bearing loans (incl. Rebosis loans)	(174.48)	(174.26)
Current liabilities	(4.03)	(5.08)
EPRA NAV (£)	11,609,407	108,127,457
EPRA NAV per share (p)	0.07	0.67
EPRA NAV per share (p) (assuming Rebosis loans converted to equity)	0.17	0.72
Shares in issue at period end	160,935,407	160,935,407

Banking Update

- Rebasis
 - They do not provide guarantees on NFP's banking debt
 - Outstanding loans from Rebasis total £10.76m
- Banks
 - Currently releasing cash to pay NFP corporate costs and asset management fee
 - HSBC Bank - positive discussions are taking place; currently reviewing options for the centres
 - PBB Bank – is currently supporting loan but considering all options

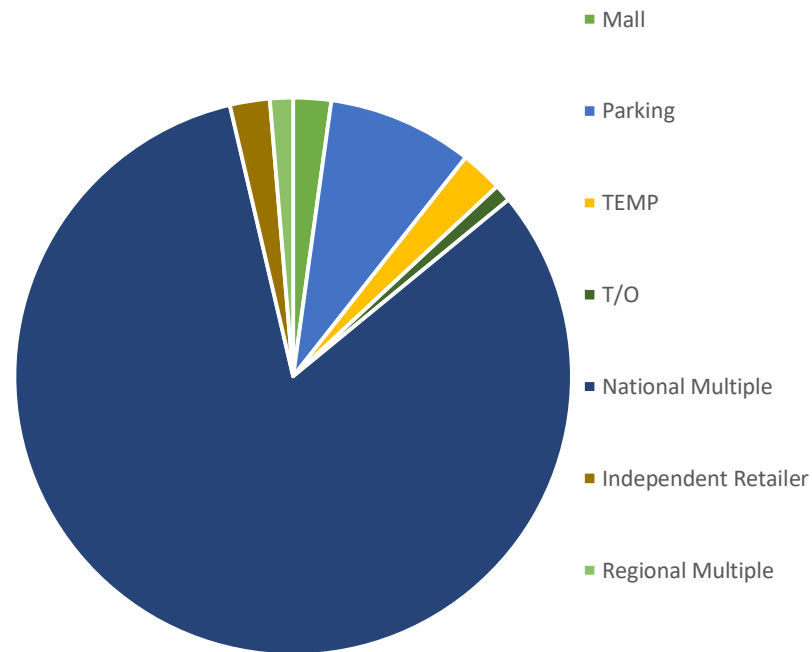
LOAN COVENANTS

Loan Facility	HSBC	PBB
Loan amount Net	£ 101.26	£ 57.53
Secured properties	Burton & Middlesbrough	Blackpool
Hedging	>50%	100% of loan
Maturity date	30 October 2022	28 July 2020
LTV covenants	<ul style="list-style-type: none"> ▪ >LTV exceeding 65% – cash trap ▪ >70% = default 	<ul style="list-style-type: none"> ▪ >70% to 3rd anniversary Sep 2018 ▪ >65% a cash trap until LTV falls below 65% ▪ >75% = default ▪ Cure during facility by putting cash in cure a/c
Valuations	Annual	Annual, if demanded
Repayments	Straight line amortisation to enable an exit LTV of 55%, reviewed annually	Interest only
Margin	3.0%	1.70%
Interest cover tests	<ul style="list-style-type: none"> ▪ ICR: 200% ▪ Forward looking ICR: 175% ▪ DSCR: 100% 	<ul style="list-style-type: none"> ▪ Projected IC >220% ≤255% – cash trap ▪ Cure during facility by putting cash in cure a/c (up to 2 consecutive test dates & up to 4 times during facility to reduce loan)

Retail Portfolio Key Features

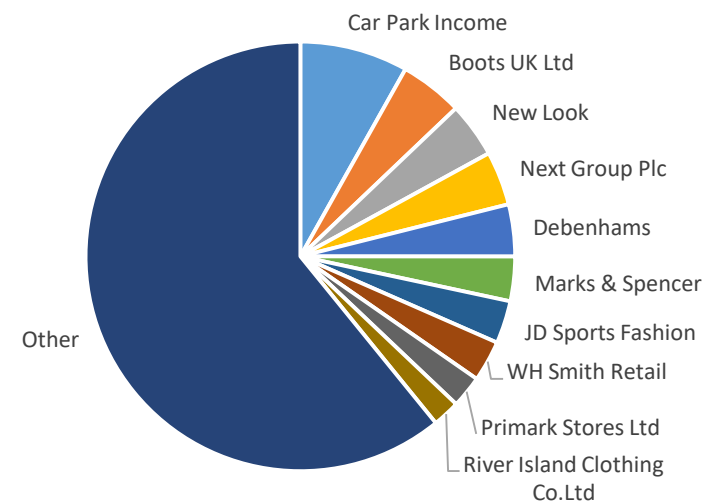
Current Value of NFP Retail Portfolio	£192.2 million
Number of assets	3
Number of letting units	Over 238
Total retail sales area	1,117,957 ft²
WAULT Certain	9.71 years
WAULT To Expiry	9.02 years
Vacancy (GLA)	9.37%
Vacancy (Rental Value)	7.40%

Income by Covenant Type



Major Tenants by Income

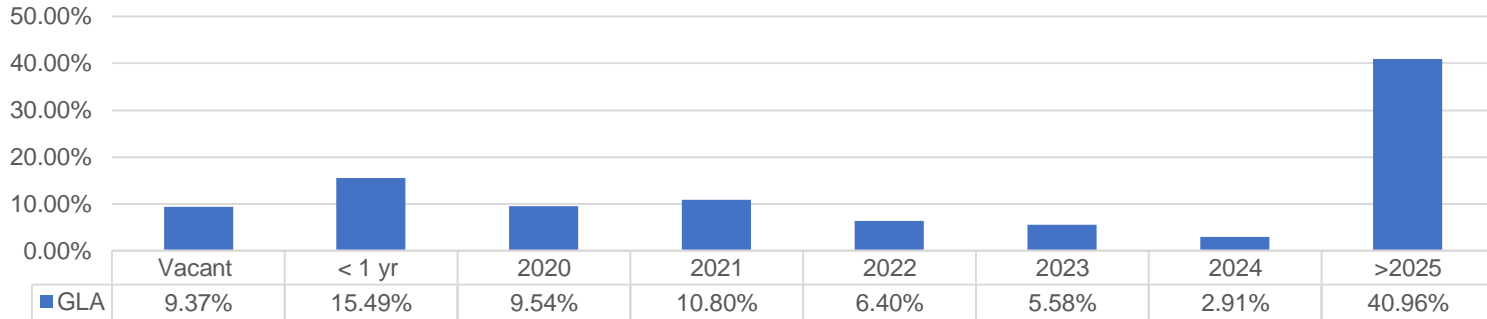
Occupier	Percentage of Income	Total Income	No. of Units
Car Park Income	8.43%	£1,375,000	3
Boots UK Ltd	4.77%	£777,822	4
New Look	4.15%	£676,800	4
Next Group Plc	4.08%	£665,933	2
Debenhams	3.93%	£641,392	1
Marks & Spencer	3.37%	£549,000	1
JD Sports Fashion	3.23%	£527,500	3
WH Smith Retail	3.10%	£506,150	2
Primark Stores Ltd	2.42%	£395,475	2
River Island Clothing Co.Ltd	1.99%	£325,356	2
Other	60.52%	£9,872,934	



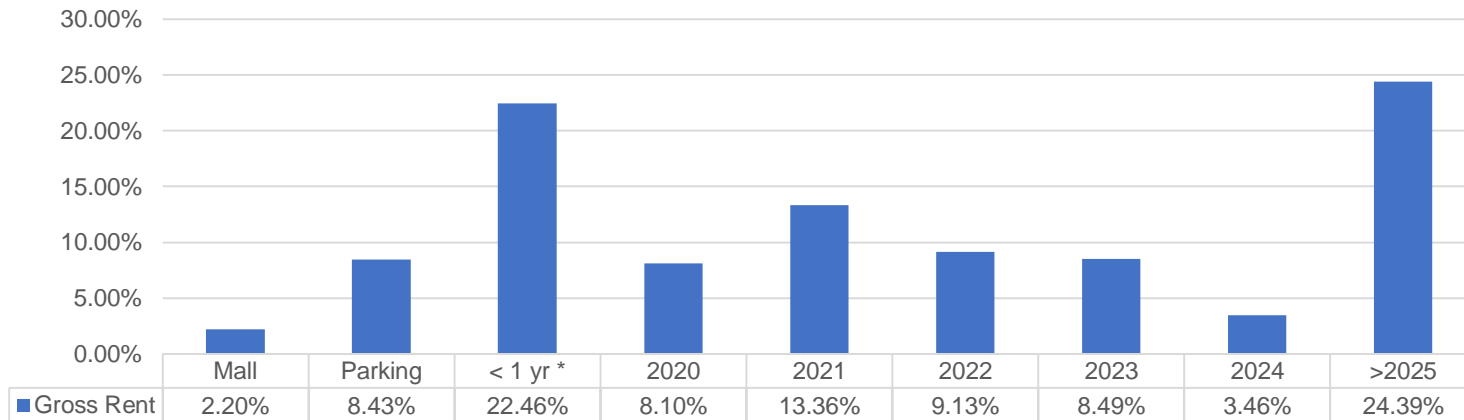
Scheme	Rental Values per square foot
Blackpool	£19.99
Burton	£14.83
Middlesbrough	£12.13
Market Rate Overall	£15.23

Retail portfolio lease expiry – February 2019

Lease expiry by GLA



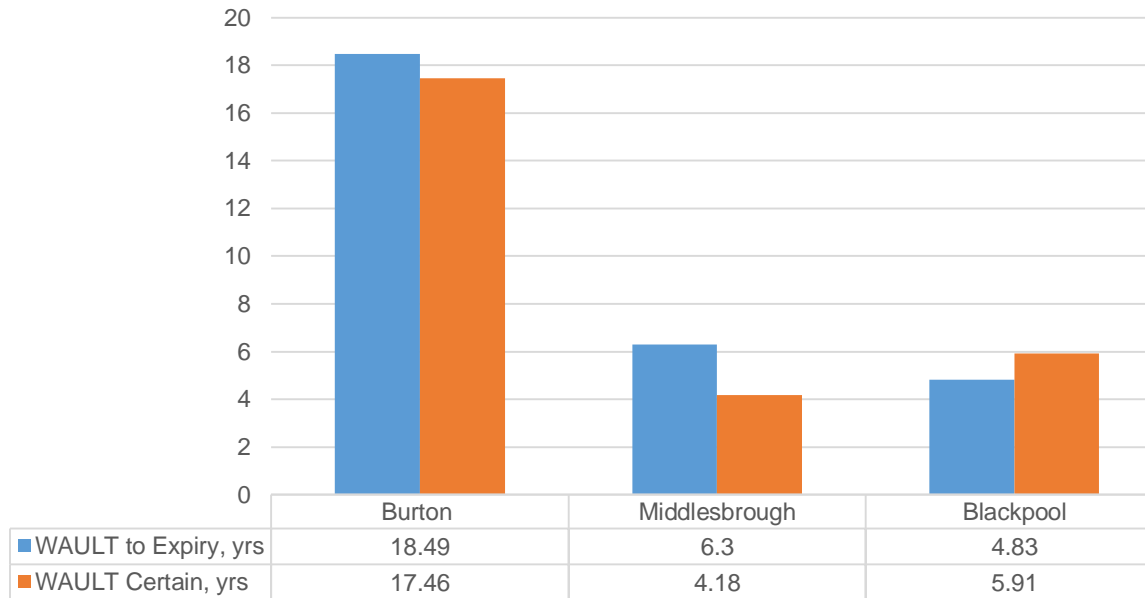
Lease expiry by Gross Rental



* Note 1: 10.07% of income has expired – holding over leases

WAULTS – February 2019

WAULT



PROPERTY HIGHLIGHTS

COOPERS SQUARE, BURTON-ON-TRENT



Lettings and lease renewals including Halifax, Clintons & Ernest Jones

Next has upsized to 25 052 ft² and H&M 19,800 ft²

Positive negotiations on future lease renewals including: Claire's and Greggs (who want to upsize)



Patisserie Valerie and Fivepoundworld in administration and closed. units



PROPERTY HIGHLIGHTS

CLEVELAND CENTRE, MIDDLESBROUGH

Next look to move to centre which requires the relocation of New Look and Asda lease surrender



On going discussions with Council about over supply of retail space

Lease renewals, Disney, Yorkshire Linens, Footlocker, Nat west & Watch repair

Footfall up stable – 8.1m



PROPERTY HIGHLIGHTS

HOUNDSHILL, BLACKPOOL, UK



Lease renewals with Phones Inn, Soul Footwear, Nelson Shoes



Costa and Deichman have completed shop refits

River Island, upsized into H&M unit, Footasylum upsized and take old River Island unit

Void rate 3.76 by ERV and 6.79% by GLA

OUTLOOK

- UK economic conditions are dependant upon the outcome of the Brexit discussions – so uncertain
- Company Voluntary Arrangements and tenant defaults will unfortunately have an impact on our bottom line and are expected to continue
- The company's going concern status is due to the banks being prepared to continue funding NFP corporate costs.