

RNS Number : 6965J  
Mailbox REIT PLC  
28 April 2022

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### **Mailbox REIT Plc**

("Mailbox REIT" or the "Company")

## **TRADING UPDATE ALONGSIDE DIVIDEND DECLARATION SHOWS NEW LETTINGS, STRONG INCOME AND IMPROVED VALUATION**

Mailbox REIT Plc (IPSEX ticker: MBOX), the owner of the Mailbox, a prime regional office-led, mixed-use asset offering long-term secure income and the potential for value enhancement, provides a trading update and declares an interim dividend for Q1 2022 which is in line with the Company's IPO target.

### **Stephen Barter, Non-Executive Chairman of Mailbox REIT plc, commented:**

"Following a strong first year as a public company, Mailbox started the new financial year with a positive first quarter, recording further valuation increases, high rent collection, continued implementation of our ESG initiatives and positive leasing activity. Furthermore, the conversion of 50,000 sq ft of retail space to higher value office accommodation on level one is due to open next month, providing Birmingham with a brand-new flexible workspace operated under IWG's Spaces brand, of which around a fifth has already been reserved. Building on the momentum achieved in signing the new office and F&B leases we announced in January, we have also now agreed a lease for with Impress Dental, who will open a dental clinic on level two, further enhancing the range of amenities on offer and cementing Mailbox's position as a live, work play destination."

### **Strong Rent Collection throughout 2021 continues into 2022**

As of 22 April 2022, Mailbox REIT had collected 93.7% of the contractual rents for the quarter commencing 25 March 2022, with 99.6% now received for the quarter commencing 25 December 2021. Management expects the March 2022 rent collections to finish in line with December 2021 at c. 99.0%.

Rent collection for the March 2022 quarter day by sector is as follows:

Sector	% Collected	% of total rent
Office	98.0%	46.1%
Car Park	100.0%	21.4%
Retail	82.2%	11.1%
F&B	81.3%	17.9%
Other	100.0%	3.5%
Total	93.7%	100.0%

As at 22 April 2022, the Group has collected 96.8% of rent due for the December 2021 and March 2022 quarter days.

### **Dividend declaration in line with 7% target dividend yield**

The Mailbox REIT board has declared an interim dividend of 1.75 pence per share for Q1 2022. Combined with the Q4 2021, Q3 2021 and Q2 2021 dividends this is in line with the target of over 7p per share per annum, as set out in the Company's Admission document (equating to 7% based on an issue price of 100p). The dividend will be paid on or around 27 May 2022. The ex-dividend date will be 5 May 2022 and the record

date will be 6 May 2022.

#### **Fourth consecutive quarter of valuation increases**

The Mailbox valuation improved for the fourth consecutive quarter since IPO rising to £188.5 million as at 31 March 2022, reflecting a 1.4% improvement since 31 December 2021 (£185.8 million). The independent fair valuation of the Mailbox was undertaken by Avison Young and reflects the ongoing capital expenditure taking place as part of the level 1 retail to office conversion.

At 31 March 2022, the true equivalent yield of the Mailbox was 6.24% (31 December 2021: 6.22%).

#### **Net Asset Value**

At 31 March 2022, the Company's consolidated unaudited net asset value ("**NAV**") was £84.65 million, equivalent to 99.77 pence per share, when account is taken of the interim dividend paid on 25 February 2022, compared to £85.95 million and 101.30 pence per share as at 31 December 2021.

The NAV attributable to the ordinary shares has been calculated under International Financial Reporting Standards as adopted by the United Kingdom and incorporates both the Group's property on a 'Red Book' valuation basis as at 31 March 2022 and net income for the quarter, but does not include a provision for the interim dividend declared today (see above) for the quarter ended 31 March 2022.

#### **Long and Secure Income**

The Mailbox REIT remains fully invested in the Mailbox, a prime regional office-led, mixed-use asset, which is currently 95.4% occupied (inclusive of Spaces management agreement) with a weighted average unexpired lease term of 13.1 years to the earlier of break or expiry and 13.7 years to expiry.

According to Creditsafe's rating checks for the quarter, 76% of the asset's gross income stream is considered to be of very low risk, with a further 9% considered low risk. Only 6% of the asset income, relating to certain retail and F&B elements, is considered to be of high or very high risk.

#### **Asset Management and Leasing Update**

Q1 2022 saw further leasing activity with over 20,000 sq ft of new leases now signed since IPO, bringing Mailbox's occupancy to over 95%. In addition to the office and F&B lettings we previously announced, the Mailbox was able to secure a letting to Impress Dental on level 2. The provision of this new dental clinic aligns with the strategy of repositioning the scheme as a "Live Work Play" destination, by providing complementary retail, service and leisure offerings to the office space. This letting should also begin attracting similar uses to the scheme, further reinforcing the assets credentials in this respect.

M7 Real Estate, the Asset Manager, continues to work with IWG to transform former retail space into a state-of-the-art co-working space that is due to open its doors next month. 22% of the space has already been pre-let, with this type of flexible office space typically not gaining leasing momentum until the finished product is available for occupation.

The 50,000 sqft space will be operated under IWG's Spaces brand and will provide a full range of workspace options, offering solutions for businesses of all sizes, who are seeking stylish open, collaborative or private working spaces.

Spaces at The Mailbox will also support over 350 OpenDesk workspaces, making it the largest OpenDesk hub in IWG's global portfolio. OpenDesk offers maximum flexibility and greater privacy than traditional co-working, using magnetic screens to

create privacy or clusters for larger teams or for meetings. Each workspace can be accessed using Spaces' mobile app, providing 24/7 working for members.

OpenDesk was created in direct response to the growing demand for flexible workspace, which was further accelerated by the COVID-19 pandemic and follows IWG's commitment to locate world-class flexible workspace facilities at employees' doorsteps and close to public transport, reducing their commutes and supporting hybrid working.

Birmingham is one of the UK's fastest growing regional centres and is home to over 100,000 companies. Demand for flexible workspace is swelling nationally as employers and employees navigate their way out of the pandemic, with hybrid working being at the forefront of their work strategies, and this is filtering through to excellent demand at Mailbox with 22% of the space already pre-committed.

## ENQUIRIES

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Stephen Barter - Chairman via FTI Consulting below

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The Company's ISIN is GB00BM9BWM32.

Further information on Mailbox REIT plc is available at [www.themailboxreit.com](http://www.themailboxreit.com)<sup>1</sup>.

## NOTES

Mailbox REIT PLC The Mailbox REIT is a single asset REIT offering shareholders exposure to the performance of the Mailbox which is a prime regional office-led, mixed-use asset offering long-term secure income and the potential for value enhancement.

The Company's asset manager is M7 Real Estate Limited ("M7"). M7 is a leading specialist in the pan-European, regional, multi-tenanted real estate market. It has over 220 employees in 15 countries across Europe. The team manages over 570 properties with a value of circa €4.9 billion.

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