

St. Modwen Properties

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St. Modwen Properties agrees to sell over a quarter of portfolio

St Modwen Properties PLC (LON:SMP) has agreed to sell 27% of its portfolio through the disposal of two retail assets in Birmingham and London in separate transactions.

The FTSE 250 real estate group said it had agreed to the disposal of the 220,000 square foot Longbridge Shopping Park in Birmingham to Columbia Threadneedle Investments for a cash consideration of £53.6mln, reflecting a 6% initial yield.

Selling off part of flagship Longbridge project

The Longbridge Shopping Park forms part of St Modwen's £1bn flagship regeneration project in the area, a scheme that is currently 50% developed.

Separately, the company exchanged contracts for the disposal of Wembley Central in London, comprising of a 118,000 square foot shopping centre and an 86-bed Travelodge, but did not release the value of the transaction.

Mark Allan, St. Modwen's chief executive, said: "These disposals are in line with our strategic objective to increase our portfolio focus on assets with better structural growth characteristics and our intention to sell £100-150 million of retail and small assets during 2018.

He added: "We plan to use the capital we release via these sales to bring forward future phases of Longbridge and accelerate the delivery of our 7.5 million sq ft near-term industrial/logistics development pipeline. We intend to retain the majority of the latter for the longer term, which with a yield on incremental capex of circa 9% will deliver a marked income pick-up relative to the average yield on these disposals."

Russ Mould, investment director at AJ Bell, commented: "The natural temptation is to put the weak British Retail Consortium sales figures together with St. Modwen's decision to sell around a quarter of its retail property portfolio and come up with yet further gloomy headlines - but perhaps investors need to think a little harder.

He added: "Maybe they need to look at this through the eyes of the buyer of the St Modwen assets and ask themselves what the purchaser is seeing that they are not? The answer may be 'value' amid the torrent of cautious commentary on retail, property and the UK economy more generally."

In early afternoon trading Wednesday, St. Modwen shares were down 0.3% at 413.2p.

--Adds broker comment and updates share price--

Price: 418.5p

Market Cap: £929.53M

1 Year Share Price Graph



Share Information

Code: SMP

Listing: LSE

52 week High 448.50p
Low 358.00p

Sector: Real Estate

Website: www.stmodwen.co.uk

Company Synopsis:

St. Modwen is a regeneration specialist, operating across the full spectrum of the property industry through a network of seven regional offices. The company is wholly focused upon regeneration in brown-field land renewal, partnering with industry, town centre regeneration and heritage restoration.

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