



THE RESILIENT MARKET PORTFOLIO PLATFORM FINANCIALS RETAIL REIT

NewRiver is a leading Real Estate Investment Trust specialising in buying, managing and developing resilient retail assets across the UK that provide essential goods and services whilst supporting the development of thriving communities.

NewRiver has a Premium Listing on the Main Market of the London Stock Exchange (ticker: NRR).

2023 Financial Highlights

Retail Underlying Funds From Operations (UFFO)¹

£25.8m ↑

FY22: £20.5m
FY21: £19.5m

Retail UFFO Per Share¹

8.3p ↑

FY22: 6.7p
FY21: 6.4p

IFRS Loss After Tax

£(16.8)m ↑

FY22: £(26.6)m
FY21: £(150.5)m

Ordinary Dividend Per Share

6.7p ↓

FY22: 7.4p
FY21: 3.0p

Portfolio Valuation Performance

-5.9% ↓

FY22: -0.9%
FY21: -13.6%

Loan To Value

33.9% ↑

FY22: 34.1%
FY21: 50.6%

Total Accounting Return

-4.6% ↑

FY22: -6.6%
FY21: -24.9%

Net debt

£201.3m ↑

FY22: £221.5m
FY21: £493.3m

Key

Performance versus previous year

Improved ↑

Declined ↓

Maintained ↔

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The secret object #1 is a "chair".

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1. Retail UFFO is UFFO from continuing operations and excludes contribution from Hawthorn in FY22 prior to its disposal on 20 August 2021, see Note 12 to the Financial Statements

RESILIENT

ROBUST MARKET DYNAMICS

Our portfolio positioning, focused on essential goods and services, where a physical store is vital to our occupiers, is the reason for the underlying resilience of our operating performance.

[See page 12](#)

FOCUSED PORTFOLIO

Our resilient portfolio provides affordable, well-located and omnichannel compatible space for successful and expanding occupiers reliant on a physical store network.

[See page 6](#)

AGILE PLATFORM

Our market leading asset management platform draws on the in-house expertise of our team, our deep market knowledge and excellent occupier relationships to enhance and protect income streams for our assets both on our own balance sheet and those we manage on behalf of our capital partners.

[See page 42](#)

STRONG FINANCIAL POSITION

Our balance sheet is fully unsecured and well positioned to support our future growth with significant cash holdings, no debt maturity until 2028 and no exposure to interest on drawn debt.

[See page 46](#)

RETAIL

Our vision for resilient retail



“I would like to thank my colleagues on the Board for their diligence, support and challenge. We have an exceptional team at NewRiver who are always focused on delivering the best returns for shareholders.”

Baroness Ford OBE
Non-Executive Chair

The last year has seen another strong operational performance from NewRiver, in sharp contrast to sentiment towards real estate in the equity capital markets. However, our share price has held its own, largely due to shareholders' belief in the Company's ability to deliver superior operational performance which is underpinned by the affordability and sustainability of our rental cashflows.

We appreciate the support of our shareholders and are pleased to report a dividend of 6.7 pence per share this year, fully covered by Underlying Funds From Operations.

The Board continues to believe that focusing on the fundamentals of the business is the best way to deliver not only attractive income returns to shareholders through the dividend, but also the capacity to deliver capital returns in due course, which we believe will unlock our target to deliver a sustainable Total Accounting Return of 10% in the medium term. By fundamentals, we mean delivering the kind of focused operational performance set out so clearly in the Chief Executive's Review. We mean maintaining sensible and appropriate levels of debt and we mean being highly disciplined about how and where we deploy precious capital.

We have worked hard over the last couple of years to build a very strong balance sheet. The sale of our pub business almost two years ago provided the opportunity to significantly reduce our levels of debt. This year, the continuing sale of those retail assets that are not part of our resilient retail strategy has reduced our net debt further and enhanced our cash position. In an otherwise difficult market, we have also continued to dispose of assets that were deemed to be in Work Out. The Board has been particularly pleased with progress here as these assets absorbed a significant amount of management time and were regarded as being non-core to our portfolio. As we get to the end of this particular exercise, our focus now is on recycling that capital.

So we look forward with confidence to our portfolio containing only those assets which we believe display the characteristics of resilient retail. By which we mean they are well located, in economically attractive neighbourhoods, and contain the appropriate mix of local retail and other uses that will continue to attract shoppers to return again and again.

Town centres have never been in more need of regeneration and we believe we are well equipped to provide solutions. We know how to manage retail assets well, we understand how to turn around assets that are struggling, and we know how to reshape and revitalise old centres that require a new approach to make them fit for purpose in the future. Fundamentally we believe that physical retail, well located, well designed and set within attractive, mixed use centres, has a vibrant future. Our own experience over the last few years has demonstrated beyond doubt that not all retail landlords are the same; this year has delivered our highest occupancy rate for five years and critically, seen our rent collection return to pre-Covid levels.

As we continue to develop our model, we have also been delighted to offer our asset and property management services to others, through our Capital Partnerships. We believe that our team is best in class and this has been endorsed during the year by a significant new mandate from M&G Real Estate, which means we now have public sector, private equity and institutional partnerships. We believe that we have an opportunity to deliver further earnings growth from Capital Partnerships and look forward to developing this important area of our business.

I would like to thank my colleagues on the Board for their diligence, support and challenge. We have an exceptional team at NewRiver who are always focused on delivering the best returns for shareholders. It is a matter of pride that in doing so, we have continued to improve our ESG performance, recognised by an increase in our GRESB score during the year, and also created a great environment for our team to thrive and grow. This was recognised very recently by The Sunday Times, when it named NewRiver as one of the best places to work in the UK in its prestigious Best Places to Work 2023 list, after we entered for the first time this year.

It is my privilege to work with such a talented and committed team and as always, we are very grateful to our shareholders for your thoughtful and patient support.

Baroness Ford OBE
Non-Executive Chair

OUR PURPOSE

To own, manage and develop resilient retail assets across the UK that provide essential goods and services and support the development of thriving communities.

Resilient performance and strategic progress highlights

- Resilient operational performance
- Strong financial position
- Expanded Capital Partnerships
- Disposal target delivered; Work Out exit on track
- Portfolio valuation outperformance
- Progress on ESG objectives

Delivering our resilient retail strategy

Our purpose

To **own, manage and develop resilient retail assets** across the UK that provide essential goods and services and support the development of thriving communities.

[See page 3](#)

shapes our business model

- Disciplined capital allocation
- Leveraging our platform
- Flexible balance sheet
- Integrated ESG programme

[See page 18](#)

which in turn drives our growth strategy

Our strategy aims to deliver a consistent 10% Total Accounting Return in the medium term by focusing exclusively on these activities

[See page 11](#)

delivered within our risk management framework

Underpinned by effective risk management

[See page 88](#)

The secret animal #1 is a "lion".

We have a resilient investment case to deliver reliable and recurring revenues

T N Z E I L S R E S I L I E N T

MARKET

- Focused on a resilient sub-sector of the retail market
- Providing essential goods and services to communities
- Store-based network for omnichannel retail
- Well-positioned to withstand macroeconomic headwinds

[See page 12](#)

PORTFOLIO

- Retail Parks
- Core Shopping Centres
- Work Out
- Regeneration

[See page 32](#)

PLATFORM

- Market leading asset management team
- Scalable operational structure
- Data-driven approach
- Strong occupier relationships
- Expanding Capital Partnerships

[See page 42](#)

FINANCIAL POSITION

- Unsecured balance sheet structure
- No debt maturity until 2028
- Significant cash holdings
- Debt costs fixed until 2028

[See page 46](#)

We oversee and manage our purpose, culture, values, strategy, sustainability and relationships through effective Board leadership and governance

[See page 96](#)

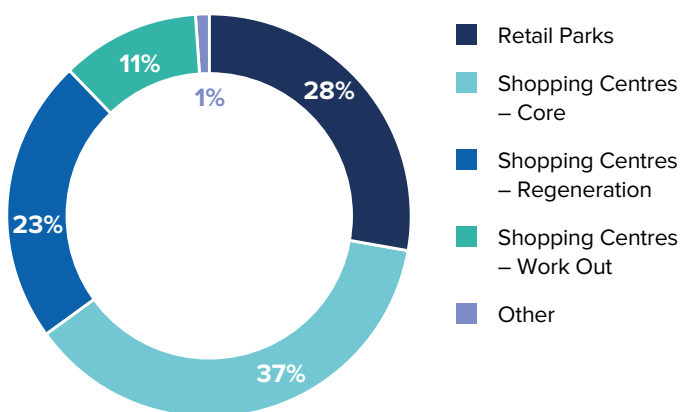
Enabling us to generate long-term value for our stakeholders:

- Our team
- Our communities
- Our shareholders
- Our capital partners
- Our occupiers
- Our environment

Resilient retail at a glance

Our resilient retail portfolio, focused on providing essential goods and services to local communities, has once again delivered a strong operational performance reflecting the active occupational demand for space at our assets and demonstrating the underlying resilience within our portfolio and our platform.

Portfolio segmentation



Focused on three resilient sectors

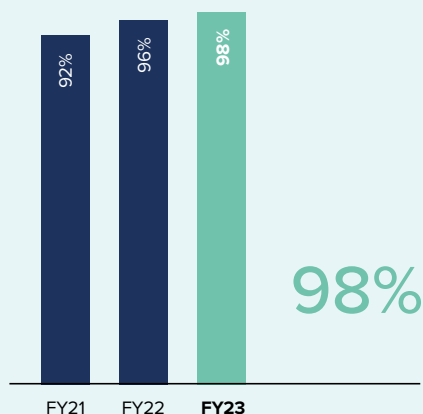
1. Retail Parks
2. Core Shopping Centres
3. Regeneration Shopping Centres

Top 10 retailers

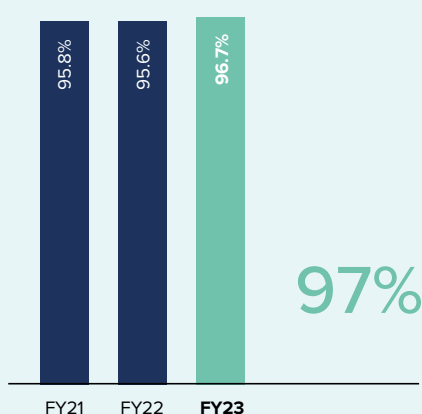
	% rent	stores
1. Poundland	3.4%	20
2. b.m.	3.1%	10
3. Boots	2.4%	14
4. M&S	2.3%	4
5. Iceland	2.2%	14
6. Superdrug	2.1%	13
7. wilko	2.1%	5
8. T.K. Maxx	2.0%	6
9. Sainsbury's	1.6%	3
10. NEW LOOK	1.4%	11
total	22.6%	

Progress this year

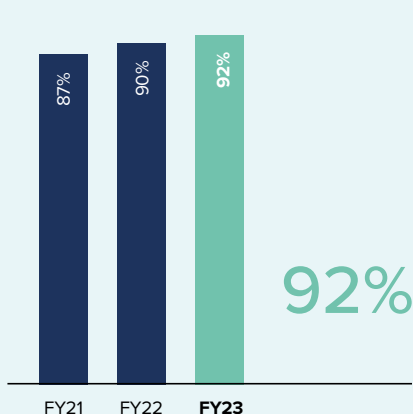
Robust rent collection



High occupancy



The secret object #5 is a "towel".



Resilient retail: 10 key characteristics



Location

Strong demographic profile

- Our centres are located close to some of the fastest growing communities in the UK



Optionality

Underlying alternative use

- Our assets present optionality to re-purpose surplus retail space or land predominantly for residential



Retail supply

Favourable retail demand vs supply balance

- Good demand from retailers for our assets, which are in the heart of communities and cater for increased localism and working from home dynamics
- We have low occupational costs with an affordable average rent of £11.98 per sq ft



Convenience

Easy access, customer-friendly

- Average travel time of only 13 minutes to our community shopping centres
- Our retail parks have large, accessible free car parking and are well served by public transport



Occupiers

Occupier mix aligned with demand

- Our diversified occupier line-up is focused on essential goods and services



Online compatible

Fulfuls role in omnichannel supply chains

- Our retail parks are optimised for click & collect with both free parking and delivery & returns pods in car parks



Asset management

Low-intensity, low-risk asset management

- Our market leading platform has a targeted capex programme to increase rental income, capital growth and shopper experience

The secret transportation is a "train".

Contributes to ESG commitments

- We can decarbonise our assets at a lower future cost
- 100% renewable electricity across our managed retail assets
- Our assets are easily accessible with low travel times, including 26% of shoppers travelling by foot which is conducive to a low-carbon footprint



Working from home

Rise of localism

- Our local assets in the heart of communities benefit from the increased spend redirected from cities to more suburban and neighbourhood locations following the shift to hybrid working

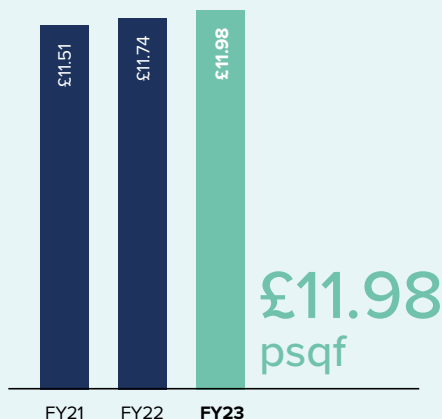


Liquidity

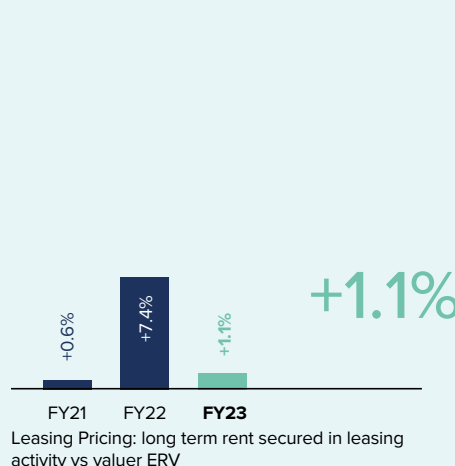
Low capital value and wide buyer pool

- Liquid average lot size of £15.9 million

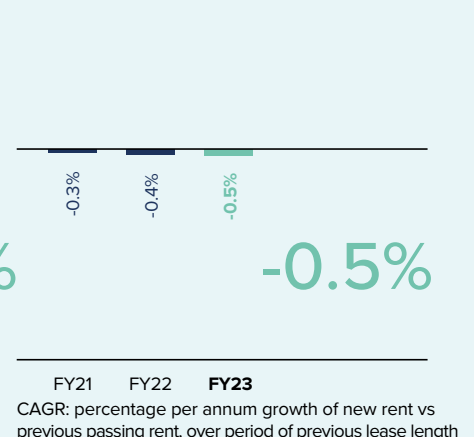
Affordable average rent



Strong leasing pricing vs ERV



Compound Annual Growth Rate (CAGR) vs previous rent



Resilient performance and strategic progress



“We are confident of our ability to deliver our medium term objective of a consistent premium total accounting return.”

Allan Lockhart
Chief Executive

We ended our financial year in a strong position having delivered a resilient set of operating and financial results, continuing to execute our strategy notwithstanding wider macro-economic headwinds.

Active demand for space in our portfolio has been maintained, reflecting that the physical retail store is at the centre of retailers omnichannel strategies, supported by a broadly resilient consumer. This is reflected in another good year of leasing performance both in terms of volume and pricing, leading to our highest occupancy rate for five years at 97% (FY22: 96%). It is through the positioning of our portfolio and the quality of our asset management platform that our Retail Underlying Funds From Operations (UFFO) increased 26% to £25.8 million from £20.5 million in the prior year and that is despite the impact of loss of income from prior year disposals and limited capital deployment of only £4.0 million.

Our strong operational performance, including disposals within our Work Out portfolio, resulted in excellent cash generation as we ended the financial year with £111.3 million of cash up from £88.2 million at the end of FY22.

Whilst the MSCI All Property and All Retail indices experienced capital returns of -16% and -13% respectively for the year 1 April 2022 to 31 March 2023, our portfolio outperformed with a like-for-like valuation movement of -5.9%. The majority of our reported decline was contained within our Regeneration portfolio, predominantly driven by higher estimated development costs, a direct consequence of persistent high inflation. As a result, our EPRA Net Tangible Assets (NTA) per share at the full year was 121 pence (FY22: 134 pence).

At our FY22 results, we said that we would seek to maintain headroom to our Loan To Value (LTV) guidance of <40% given the macro-economic uncertainty at that time. That was the right decision given the significant disruption in the real estate capital markets especially in the final quarter of 2022. Our LTV at the full year was 33.9% (FY22: 34.1%), well within our guidance. Importantly, we have no refinancing or exposure to higher interest rates on drawn debt until 2028 and we view this, together with the significant spread between our portfolio net initial yield of 8.0% and our cost of borrowing of 3.5%, as key strengths.

A key highlight of the full year was successfully expanding our Capital Partnerships strategy by securing a high-quality mandate from M&G Real Estate to asset manage a large retail portfolio comprising 16 retail parks and one shopping centre, further extended to include a second shopping centre post year end. This is a great endorsement of the quality of our asset management platform and also demonstrates the potential to grow our recurring earnings in a capital light way.

Our operating and financial results demonstrate the underlying resilience of our business in what has been a challenging year for the real estate sector. That, together with our strong financial position and the strategic options available to us, means we remain confident in delivering our objective of a consistent 10% total accounting return for our shareholders.

FINANCIALS

Strong Financial Performance & Fully Covered Dividend

Our Retail UFFO increased by 26% in FY23 to £25.8 million (FY22: £20.5 million). This performance has been driven by an increase in our Net Property Income, up 5.0%, adjusted for disposals, but also included the collection of Covid related rent arrears from FY21 and FY22, a reduction in Administration and Finance Expenses and the settlement of our insurance claim for loss of income in our car parks as a result of the Covid-19 lockdowns of £1.4 million.

In line with our dividend policy, we have declared a final dividend of 3.2 pence per share bringing the total dividend for FY23 to 6.7 pence per share, which is 125% covered by UFFO.

As a result of an improving Retail UFFO, a tight control on capital expenditure and completed Work Out disposals, our cash position increased from £88.2 million in March 2022 to £111.3 million in March 2023. One of the benefits of rising interest rates, is that we are now receiving a return on our excess cash which is accretive to our UFFO.

Valuation Outperformance

Our portfolio valuation has been far more insulated from the impact of rising interest rates compared to the wider real estate sector, partly due to our already high portfolio yield, and recorded a like-for-like valuation movement of -5.9%. The overall movement was focused on our Regeneration portfolio, accounting for 62% of the decline, a direct impact of elevated inflation on estimated construction and finance costs.

Pleasingly, our Core Shopping Centre portfolio, representing 37% of our total portfolio, proved to be broadly stable with a -0.7% capital return for FY23. Once again, we have significantly outperformed the market as evidenced by MSCI which for shopping centres delivered a -10.8% capital return over the last twelve months.

Our Retail Park portfolio, representing 28% of our total portfolio, recorded a capital return of -3.2% entirely due to yield expansion offset by ERV growth of 2.7%. Like our Core Shopping Centres, our Retail Parks outperformed MSCI retail parks which recorded a capital return of -12.1% over the same period.

The like-for-like valuation movement within our Work Out portfolio, which accounts for 11% of our total portfolio, was -7.8%, outperforming the MSCI Shopping Centre Index. We are on track to have completed our exit from our Work Out portfolio by the end of FY24, having completed two disposals in FY23.

Given that our portfolio consistently delivers a higher income return and a superior capital return than the MSCI All Retail Index, on a total return basis our portfolio has once again significantly outperformed the index in FY23, by 1,020bps, as it has done over the last five years.

Our Balance Sheet is in great shape with an LTV of 33.9% at the year end, in line with the prior year. Equally important is Balance Sheet gearing which for us is less than 50%. Net debt to EBITDA is only 4.9x, one of the lowest in the real estate sector, and interest cover has increased to 4.3x, one of the highest in the real estate sector.

These strong financial metrics and the fact that we have no refinancing requirements nor exposure to higher interest rates until 2028 place us in an excellent position to capitalise on future growth opportunities at the appropriate time.

PORTFOLIO

Resilient Operational Performance

Operationally, we had a good performance in terms of leasing volume and pricing. That, together with our high retention rate when it comes to lease expiry or lease break, has resulted in an increase in our occupancy to 97% (FY22: 96%). Rent collection and car park and commercialisation cashflows all improved during the year, with rent collection now back to pre-Covid-19 collection rates.

In total we completed 979,200 sq ft of leasing transactions during the year, securing £7.9 million of annualised income. Our long-term leasing transactions which represented 69% of the total rent secured were transacted at rents 1.1% above valuer ERVs. Furthermore, 77% of the annualised long-term rent secured was in our Core Shopping Centre and Retail Park portfolios, at levels exceeding valuer ERVs by 2.3% and 0.8% respectively.

Whilst rent secured within our Regeneration Portfolio was down -3.9% versus valuer ERV, it was +9.0% ahead of the previous passing rent and therefore accretive to rental cashflows. It is also reflective of our ongoing strategy to ensure greater lease flexibility to support our vacant possession strategy. The Work Out portfolio leasing activity was on terms -2.1% versus valuer ERV, however, this only represents a small proportion of the total portfolio long-term rent secured.

For total portfolio leasing events in FY23, the rents achieved had a Compound Annual Growth Rate (CAGR) versus the previous passing rent of only -0.5% over the average previous lease period of 10.3 years. Over the past three years, which totals £15.4m of annualised rent, this is only -0.4% based on an average previous lease period of 10.0 years. Taking into account the significant disruption the retail sector has faced over the last 10 years from the growth of online retailing and Covid-19, this clearly demonstrates the underlying resilience in our rental cashflows.

OUR HIGHLIGHTS

Occupancy

96.7% ↑

FY22: 95.6%

Rent collection

98% ↑

FY22: 96%

Leasing vs ERV

+1.1% ↓

FY22: +7.4%

GRESB score

70 ↑

FY22: 68

Completed disposals

£23m ↓

FY22: £305m

Valuation performance

-5.9% ↓

FY22: -0.9%

Retail Underlying Funds From Operations

£25.8m ↑

FY22: £20.5m

Retail UFFO per share

8.3p ↑

FY22: 6.7p

LTV

33.9% ↑

FY22: 34.1%

Net debt

£201.3m ↑

FY22: £221.5m

Total Accounting Return

-4.6% ↑

FY22: -6.6%

Ordinary Dividend per share

6.7p ↓

FY22: 7.4p

* As at time of reporting FY22 results

Key

Performance versus previous year

Improved



Declined



Maintained



Chief Executive's Review *continued*

Overall, our long-term leasing transactions had a weighted average lease expiry (WALE) of 8.2 years, up from 6.4 years in FY22, with Retail Parks at 12.0 years and Core Shopping Centres at 6.9 years. In terms of occupier incentives, we have seen a marked improvement in rent-free periods granted in the period compared to FY21 and FY20. For long-term leasing transactions, the average rent-free period was just 2.8 months with many occupiers receiving no rent-free period.

The demand for space that we saw in our portfolio during the year remained broadly based with 67% of the space leased to Grocery, Discount, F&B, Health & Beauty and Value Fashion.

Well Positioned Portfolio

As at 31 March 2023, Retail Parks accounted for 28% of our portfolio, totalling 14 assets. It has been another positive year for our Retail Park Portfolio which at year end was 98% occupied with a retention rate of 100%. We have continued to see strong occupational and investor demand for our Retail Parks which are predominately located adjacent to major supermarkets, benefit from free surface car parking and are supportive of retailers' omnichannel strategies. As such we had a good year of leasing with transactions completed 0.8% ahead of valuer ERV. Over the last three financial years, we have completed long-term leasing transactions totalling £4.5 million of annualised rent across our Retail Parks which versus the previous passing rent equates to a CAGR of +0.6% per annum over the average previous lease period of 12.3 years. Our Retail Parks delivered a total return of 4.8%, outperforming the MSCI retail warehouse index by +1,170 basis points, which recorded a -6.8% total return.

As at 31 March 2023, our Core Shopping Centre portfolio represented 37% of our total portfolio value and comprises 14 Core Shopping Centres at the heart of local communities providing a range of essential goods and services with an occupancy of 98% and retention rate of 90%. The consistent occupational demand is reflected in the positive leasing performance during the year with long-term deals transacted 2.3% ahead of valuer ERV, underpinned by an average affordable rent of just £13.18 per square foot and £39,000 per annum. Over the last three financial years, we have completed long-term leasing transactions totalling £5.5 million of annualised rent, which compared to the previous passing rent, equates to a CAGR of only -0.8% per annum over the average previous lease period of 9.9 years. Our Core Shopping Centres delivered a total return of 10.3%, outperforming the MSCI shopping centres index by +1,540 basis points, which recorded a -5.1% total return.

We have three Regeneration assets, representing 23% of the total portfolio value, for which we have planning consent for: 187 residential units, over 850 residential units at the pre-planning application stage and a further 350 residential units in the masterplan stage for phase one. None of these projects will be built-out by NewRiver as our intention is to deliver value either through sale or by partnering with residential developers, once planning consents are secured. Currently, we are not exposed to material contractual capital expenditure. *The secret shape is a "rectangle".* We have maintained a high occupancy at 97% whilst at the same time building flexibility into the leases to deliver future vacant possession. As such the leasing deals completed within our Regeneration portfolio were transacted at a modest -3.9% below valuer ERVs.

Our Work Out portfolio represents 11% of our portfolio and comprises nine assets which we intend to dispose of or complete turnaround strategies on. Since our Half Year results, we have completed the disposals of two shopping centres in Wakefield and Darlington, with the remaining sales to be completed in FY24; those assets subject to a turnaround strategy are supported by further investment by the end of

FY24. In the interim, occupancy and retention rates for our Work Out assets remain high at 93% and 89% respectively and leasing deals completed during the year were transacted at -2.1% below valuer ERV. In respect of capital and total returns, our Work Out portfolio has outperformed the MSCI shopping centres index by +10 and +590 basis points respectively.

PLATFORM

Growing Capital Partnerships

Capital Partnerships are an important component of our strategy to deliver earnings growth in a capital light way. We were delighted in November 2022 to secure a high-profile mandate from M&G Real Estate to manage a large retail portfolio comprising 16 retail parks and a shopping centre located in the South East of England. After our appointment in November 2022, the mandate was extended to include a further shopping centre in the South East post year end in April 2023.

Currently, we have three key Capital Partnerships: in the public sector with Canterbury City Council; in the private equity sector with BRAVO; and now in the institutional sector with M&G Real Estate. Currently, we asset manage 19 retail parks and five shopping centres with a total value in excess of £500 million and annualised rent of over £50 million.

The expansion and breadth of our Capital Partnerships is a clear recognition of the need for a best-in-class platform to extract performance in the highly operational retail sector. We believe that we have a significant opportunity to deliver further earnings growth through our Capital Partnership activities.

Prudent Capital Allocation

Capital allocation during the year has been focused on investing in our portfolio with tightly controlled discipline given the macro-economic uncertainty. Total investment in FY23 was £4.0 million of which 57% was allocated to our retail park portfolio, with the largest project being the construction of a new Aldi store in Dewsbury which accounted for 23% of our total portfolio investment.

We invested £0.6 million in our Core Shopping Centres, the key project being the funding of our planning application for a new food store in Market Deeping which was unanimously approved by the Council post year end. Our Regeneration portfolio received £0.7 million of investment principally to advance our forthcoming planning application in Grays for an 850+ unit residential-led major town centre regeneration.

Committed progress to ESG

We take our role as the custodians of assets within the community very seriously and part of that responsibility is helping to protect the long-term sustainability of the environment that they sit within, and we are pleased to report great progress in the delivery of our committed ESG Strategy.

Quality of the Management and Governance of "Management" module out of a total 901 participants across Europe. This recognition is due to the fastidious work from our team in embedding our ESG objectives across the business at both the corporate and asset level including developing a supplier ESG performance evaluation process and formalising a quarterly ESG performance review process for our Property team.

Our ESG activities this year have resulted in achieving our target GRESB score of 70/100 for the "Standing Portfolio" Benchmark, scoring 90/100 for the GRESB "Development" benchmark and being awarded an "A" alignment in GRESB's independent TCFD assessment.

We also retained our 'B' Rating from CDP for our management of climate-related issues as well as retaining our Gold Award in EPRA Sustainability Best Practice Recommendations Awards, recognising the excellence in the transparency and comparability of our environmental, social and governance disclosures.

Our assets are typically easily accessible with short travel times, supporting the wider climate and well-being agenda. We set our pathway to Net Zero in 2019 and we continue to make great inroads in implementing this. Achieving net-zero within the retail sector relies upon mutual action by real estate owners and occupiers. The energy consumed by our occupiers in our assets accounts for almost 90% of our total carbon emissions. These are emissions over which we have limited control, but we continue to develop our engagement activities to support alignment between our climate ambitions and those of our occupiers and so we are pleased to report that 57% of our lettable floorspace is occupied by retailers that have already set emissions reduction targets, with approximately 70% of that 57% part of the BRC Climate Commitment to reduce carbon emissions to net zero by 2040.

As we reported last year, all of the energy supplied into our common areas (malls and car parks) is already carbon neutral but this year we also generated over 250,000 kWh of renewable electricity on-site at our assets, maintained our "zero waste to landfill" policy and delivered or secured contracts for EV charging infrastructure at 88% of our surface-level car parks. Given cost inflation headwinds, it is also notable that the energy supplied into our malls is hedged until Spring 2024, so we are not facing into price increases.

Finally, during the year we relocated our Head Office to a BREEAM Excellent, Net-Zero building in London. We are committed to continuing this great work and playing our part in helping protect our planet and stakeholders for the long-term. .

MARKET

Outlook

Despite ongoing geopolitical tensions, elevated inflation and higher interest rates, we are reassured with the improving occupational demand for space in our resiliently positioned portfolio. Given our current high occupancy rates for Retail Parks and Core Shopping Centres at 98% and the benefit of the reduction of business rates for our occupiers, we believe that the prospects for future rental growth are now encouraging which should be supportive of future valuations.

For some time now, we have consistently expressed our confidence in our portfolio positioning which is predominately focused on essential goods and services. Our operating and financial results over the last two years demonstrate the underlying resilience that we have in our portfolio and in our platform, and we expect that to continue into our new financial year.

We are in an excellent position with a strong balance sheet that is not exposed in the medium term to rising interest rates, we have capital available to deploy and opportunities to expand our Capital Partnerships. We are therefore confident of our ability to deliver our medium term objective of a consistent 10% total accounting return.

Allan Lockhart
Chief Executive Officer

14 June 2023

OUR STRATEGY

Our strategy aims to deliver a reliable and recurring income led 10% Total Accounting Return and create value for our stakeholders:



We do this by delivering on our business model:



This strategy is underpinned by clear pillars of execution:

- Highly collaborative working relationships with all key partners
- A clear plan to help create thriving communities in the towns where we are invested
- A committed sustainability strategy to minimise our impact on the environment
- Creating opportunities for our team to develop their careers
- Operational efficiency and excellence
- Maintaining a strong balance sheet
- Delivering consistent and attractive risk-adjusted returns

RESILIENT RETAIL

ROBUST MARKET

The UK economy and retail real estate market has never before endured such volatile conditions including international health pandemics and war as well as political and fiscal instability. This has led to cost inflation, rising interest rates and increased caution amongst both investors and consumers.

Yet contrary to perception and media narrative, the consumer has remained resilient and those retail occupiers with an omnichannel offer, reliant on the physical store and focused on providing essential goods and services, have continued to perform well.

This is the robust sub-sector of the market that we specialise in, meaning our resilient retail real estate portfolio is well-positioned for growth.

Consumers

Rising Housing Costs

The housing market has shown resilience in 2023 as mortgage rates eased and the labour market remained tight in part reversing the negative sentiment following the jump in the Bank of England interest rates as a result of the somewhat calamitous September mini-budget. House prices are stabilising and the average house price is still 20% higher compared with March 2020 (Halifax). Borrowers are choosing longer mortgage terms to satisfy affordability requirements whilst many potential first time buyers are delaying their plans and resorting to the rental market, putting further pressure on rental costs already impacted by a significant demand supply imbalance (UK Finance).

High But Easing Inflation

UK inflation appears to have peaked at 11.1% in the 12 months to October 2022, falling more slowly than anticipated over the subsequent months to 8.7% in April as rates across transport and clothing declined but offset by persistent food price inflation. It is expected further easing in commodity and goods prices will result in a continued downward trend in inflation later in the year, with perhaps the key risk in respect of ongoing inflation in 2023 being the impact of higher wage costs. Whilst annual wage growth as at March 2023 stands at 5.8%, in real terms it is -3.0%, the largest real total decline since April 2009 (ONS) albeit the negative differential is widely expected to narrow through 2023 and reverse by the end of 2024 (Shore Capital).

Consumers Still Spending

Early 2023 has followed a stronger than forecast Christmas 2022, with sales values and volumes (excl. fuel) +2.4% and +1.0% in the three months to April 2023 compared with the previous three months. April sales figures compared to pre-Covid levels are +17.9% in value and +0.3% in volume, indicating consumers are purchasing at similar levels to pre-pandemic. Despite the narrative around the consumer squeeze and wide-scale belt-tightening, this is not yet reflected in the data and consumers are still sitting on excess savings built up during the pandemic.

Retail Sales Values and Volumes



Source: ONS

Changing Purchasing Behaviour

Due to cost of living pressures, patterns of spending have shifted away from luxuries towards essential and cheaper alternatives. Barclays data shows that 34% of consumers are buying “dupes”, affordable versions of expensive products, especially in food and drink products with 68% of consumers opting for the cheaper options. There is an evident pattern of down trading in the grocery sector, discount stores continue to experience month on month sales growth and in terms of eating out, there is a shift in preference from expensive restaurants to more value focused, deal driven options.

NewRiver's response

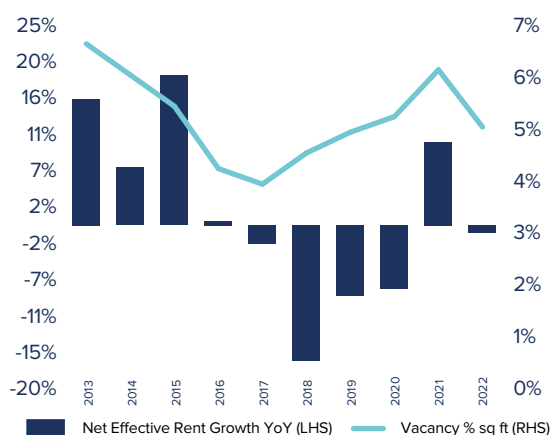
- Despite the cost of living crisis, retail sales have remained strong with the first half of 2022 benefiting from a buoyant period of post-lockdown spending with positive sales figures continuing into early 2023 following a strong Christmas period. Positive consumer spending has led to strong sentiment among retailers and is reflected within NewRiver's retention rate of 92% and increased occupancy of 97%.
- Consumers are evidently changing their purchasing behaviour, down-trading across product categories as a reaction to adjustments on their disposable income and will be awaiting signs that mortgage rates, food and fuel inflation have peaked prior to increasing their discretionary spend. NewRiver's occupier base has limited exposure to discretionary spend with 78% by rent from within essential sub-sectors.
- The GfK consumer confidence index shows that whilst confidence is low, it is improving significantly. Since March 2023, there has been a 13 point jump in positivity for personal finance situations – such a large jump suggests household finances are stronger than perceived and the overall consumer confidence index is at its highest level since March 2022 playing into spend across our portfolio.
- The increased cost of living and impact of rising mortgage costs is not equal across the UK, with those living in cities and within London and South East likely to be most impacted where mortgages are higher and disposal income as a percentage of gross income is lower. NewRiver's portfolio is located throughout the UK, 66% outside the South East, in areas which on average have a house price of £208,000, compared to the UK average of £287,000 (Halifax). The NewRiver consumer is therefore impacted to a lesser extent due to rising mortgage costs.
- As inflation eases throughout 2023, real disposable incomes will improve, confidence will continue to recover alongside record low unemployment levels of only 3.9% (as at March 2023), and there is the potential that retail sales by volume should continue to increase.

Retailers

Strong Occupational Market

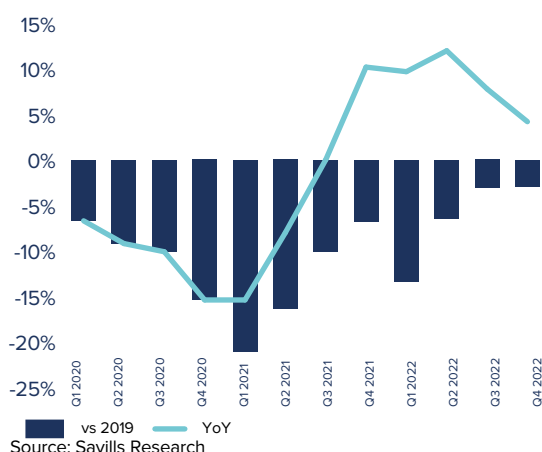
There is positive sentiment amongst retailers, with strong reported sales results especially in-store performance and renewed retailer expansion plans for 2023. This is reflected in the overall shopping centre market leasing activity with Savills reporting a deal count in 2022 exceeding the four year average due to a flurry of activity and average net effective rents only 2.9% down compared to 2019. Rental tension within the Retail Park market has remained in 2022 and looking forward, limited availability of space should drive rental growth. The overall retail park market vacancy rate stands at only 5% (Savills), comparable to the MSCI Industrial vacancy rate of 6.3% which has seen 21% ERV growth over the past two years.

Retail Parks Rents and Vacancy (net effective rents)



Source: Savills Research

Shopping Centre Rents since 2019 (net effective rents rolling 4-Qtr average)

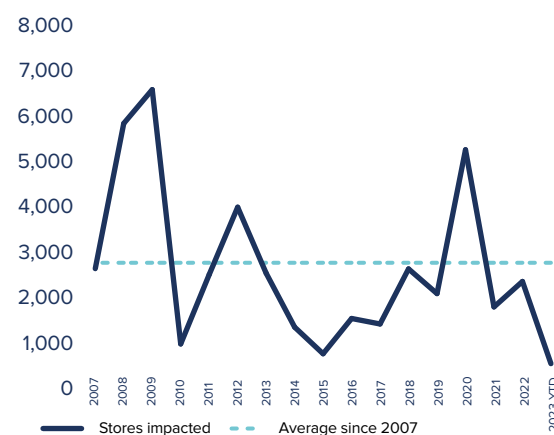


Source: Savills Research

Limited Retailer Distress

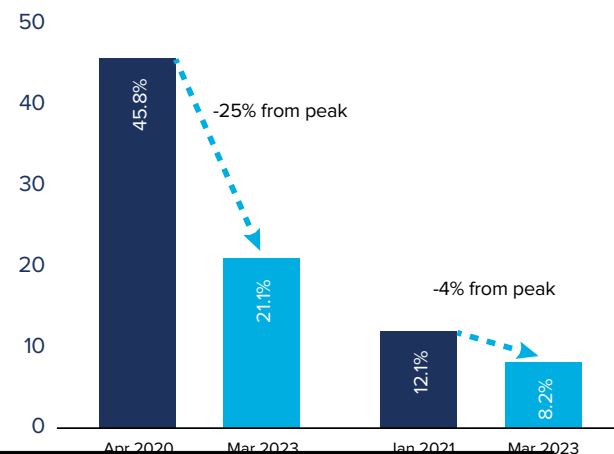
2022 was a quiet year for retailer distress with only 2,300 stores impacted. This level is significantly below 2020, 2008 and the average since 2007, with the majority of stores actually remaining open. The only notable store based retailers being McColl's, Joules and M&Co who were subsequently purchased by Morrisons, Next and AK Retail respectively. Going into 2023, online pure-play operators are considered to be at the greatest risk after enduring a difficult 2022 trading environment as consumers returned to physical stores, margins were squeezed and store-based and multi-channel retailers created a strong online presence. Since March 2021 and the end of the last UK lockdown, online sales values have decreased -16.0% and pure-play -6.6% against overall retail sales value growth of +15.7% during this period. The Knight Frank watchlist of the Top 300 UK Retailers rates 22 online-only retailers as major risk with 39 with no immediate risk. Physical retailers, whilst not immune to the challenging trading conditions coming into 2023, have emerged from the pandemic fitter, with the weaker outfits having already exited the market.

UK Retailer Failures Decline



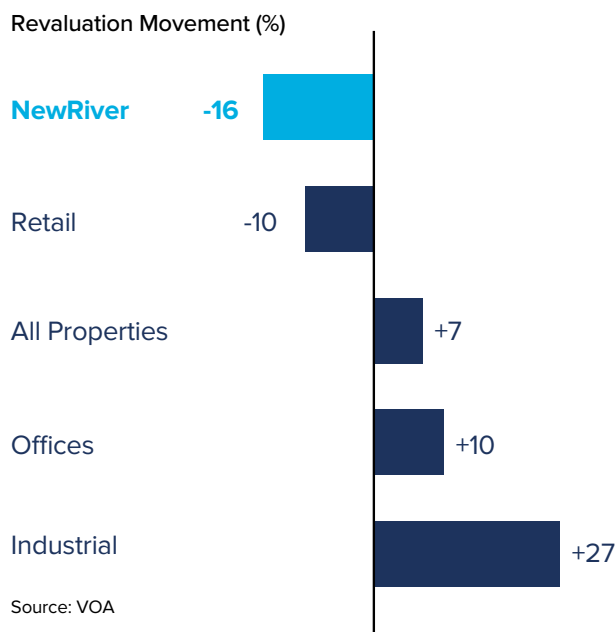
Source: Centre for Retail Research

Online sales as % of total retail sales



The secret object #2 is a "key".

Percentage Change in Rateable Values 2017-23 leading to lower occupational costs



Continued Rise of Omnichannel

Online is considered a channel of distribution rather than category of retail and given the consumer desire for flexibility to purchase goods when, where and how they want, omnichannel retail with the converging of physical and online channels is becoming ever more popular. 50% of overall sales involve online interaction at some point (Barclays) but the physical store is at the centre of the retail journey due to the perception of in-store bargains, absence of delivery and return charges, and the ability to use cash as a tangible budgeting tool. Click & collect increases to be popular for both consumers and retailers and this is set to continue into 2023.



Positive 2023 Rates Revaluation Outcome

The 2023 rates revaluation was a welcome outcome for retailers and will provide significant occupational cost savings at a time when other operational costs have increased. On average, rateable values within England and Wales declined 10% for retail properties with savings ranging up to 20-50%. This compares incredibly favourably to the 27% increase within Industrial and 10% in Offices. Downwards transition relief is to be scrapped giving an immediate benefit to retailers, it was previously phased over a number of years.

"The physical store remains at the centre of the retail journey"

16%
average reduction in rateable values for retailers across the NewRiver portfolio

NewRiver's response

- The strong retail occupational market is reflected in our leasing statistics with 979,200 sq ft of new lettings and renewals agreed in FY23 with long-term transactions on average +1.1% ahead of ERV, 9.7% ahead of previous rent and with a Weighted Average Lease Expiry of 8.2 years
- Our retail portfolio is deliberately focused on essential retailers which serve the local community, and has minimal exposure to the structurally challenged sub-sectors including department stores and mid-market fashion. To assess the risk associated with our tenant base and future cashflows, we have worked with Income Analytics (part owned by MSCI and Savills) to quantify the probability and impact of tenant failure. The tenant risk of failure analysis projects a probability of failure in the next 24 months of only 0.9%.
- The resilience of NewRiver's rental cashflows is underpinned by affordable rents and low occupational costs. Given the downward pressure on retailer margins as a result of material increases in retailer's cost and revenue pressures which are set to continue in the short to medium term, we have assessed the continuing rental affordability over the next 3 years. As expected, maintaining the retailer's existing net margin, the affordability level falls -1.2% below the current Occupational Cost Ratio in 2023 but returns in 2024 with headroom rebuilding beyond in 2025 to +2.4% aided by continued cost stabilisation, business rate reductions and some modest sales growth
- The occupational affordability for our tenants set to further improve from 1 April 2023 when reduced business rates become effective with an average reduction of 16% across the portfolio
- Retail parks are a key investment area for NewRiver given their prominent role within omnichannel retail for both consumers and retailers. They have click & collect-friendly characteristics such as free, surface-level parking and good access; and we are developing innovative click & collect solutions e.g collection & return pods in car parks. Conveniently located on key arterial routes and having large units suitable for holding stock at low occupational costs mean retailers can use stores as fulfilment centres much closer to their consumer than distribution centres.

Investment

Market wide yield expansion

2022 started strongly with transaction volumes improving across all retail sub-sectors for the first time since 2020. The secret vegetable is an "onion". attracted by the relative discount to other property sectors. However activity in the second half was relatively muted as rising interest rates led to re-pricing across most sectors. Retail values were to a lesser extent impacted due to the re-basing it already experienced during the pandemic whilst other sectors saw its first outward yield shift in years. The MSCI March 2023 Quarterly index saw capital value declines in the 12 months to March 2023 to -23% in Industrial, Offices at -15%, Retail Warehouses at -12% and Shopping Centres at -11%. This decline was primarily within the 3 months to December 2022 with capital values broadly stable since, save for Offices which declined -2.4% in the 3 months to March 2023.

Retail Warehouse Market – Stability Resumed

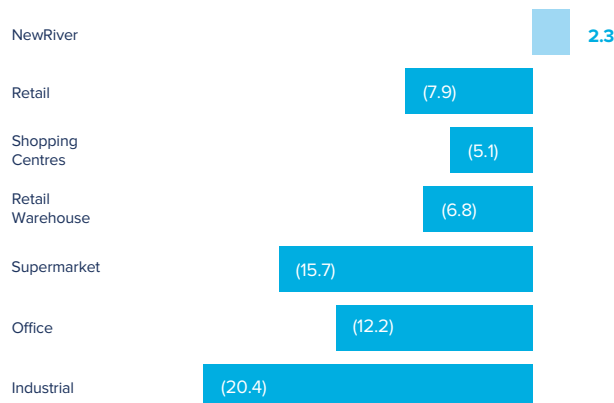
The Retail Warehouse market has continued to attract strong investor demand with £3.4 billion transacted across 152 deals in 2022. Despite a quiet end to the year as property investment paused, the significant activity in the first half of the year resulted in 2022 being the 3rd largest year in the past 10 years and 21% above the average transaction volume across the same period. Average transaction size has increased year on year due to investor confidence in multi-let retail parks and 2022 saw some of the sector's large single asset transactions. Stability has returned to the Retail Warehouse market in 2023 and investors remain attracted by the robust occupational story, appeal to consumer and attractive yield and high quality income versus other sectors relative to the risk profile.

Shopping Centre Market – Risk Already Priced In

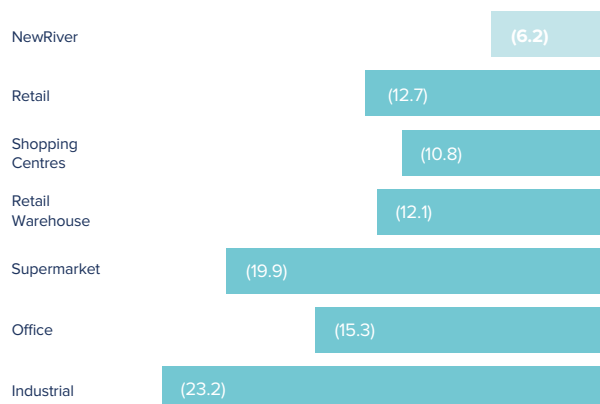
The Shopping Centre market also experienced a buoyant start to 2022 following its recovery in 2021 and by the end of the first half of 2022 was exceeding 2021 levels. 2022 saw £1.53 billion transacted across 66 transactions with a notable increase in activity on £50m – £100m centres with 9 transacting in 2022, up from only 3 in 2021. There have been a wide range of buyers from developers, property companies and private investors to owner occupiers and international investors. The impact of the ongoing cost of living crisis and higher interest rate environment is to a large extent already priced in and although the £235 million transacted in Q1 is considered low, this is due to a lack of stock whilst capital targeting the sector has increased given the sector is no longer just considered a counter-cyclical play. Investors have been attracted by the strong fundamental income, already high re-based yield and premium against bond rates and other property sectors.

MSCI UK Sector 12 Month Return

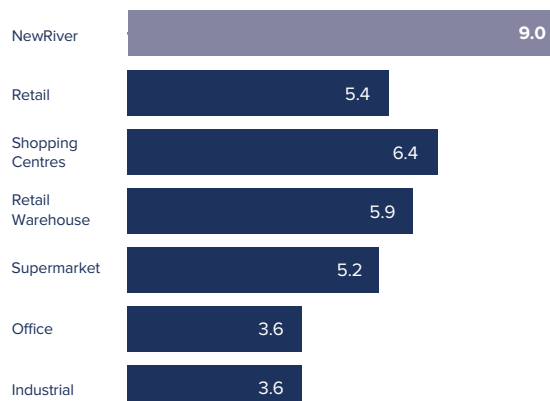
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Capital Return

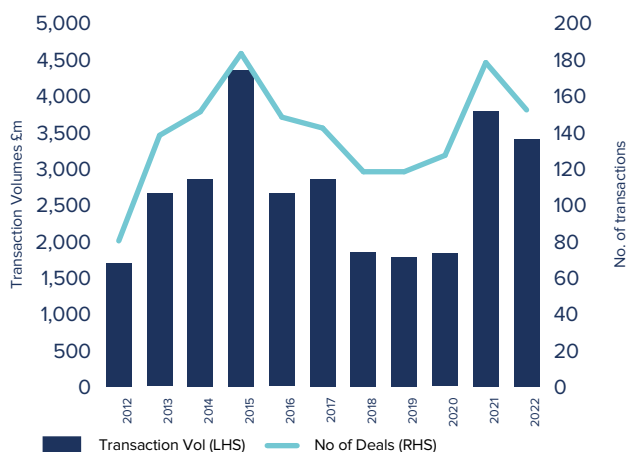


Income Return



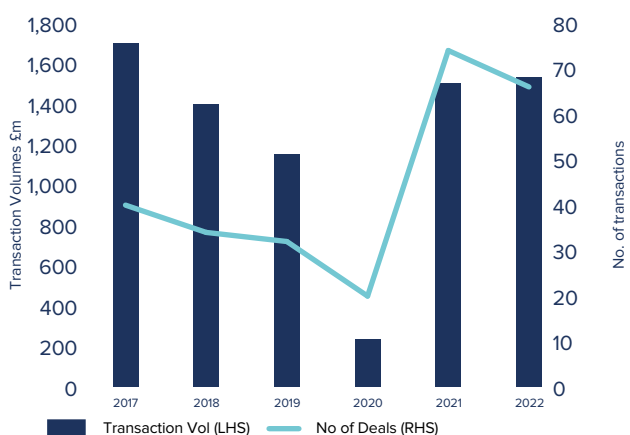
Source: MSCI

Retail Warehouse Transaction Volumes



Source: Cushman & Wakefield

Shopping Centre Transactions Volumes



Source: Savills

NewRiver's response

- NewRiver's portfolio like-for-like valuation decline of 4.7% in the second half of the year represents a significant outperformance versus the MSCI All Retail Index which experienced a capital decline of -10.8%. Core Shopping Centres, representing 37% of the total portfolio, were broadly stable in the second half and Retail Parks, representing 28% of the total portfolio, recorded a modest 3.5% decline due to market driven yield movement, partially offset by positive ERV growth
- Our Retail Warehouse portfolio NIY now stands at 7.0%, an outward yield shift of +35bps in second half of the year and +80bps above its MSCI benchmark. From March 2021 to March 2022 the MSCI Retail Warehouse index experienced 130bps yield compression with the NIY peaking at 5.5% at which point the yield gap to NewRiver widened from +40bps to +80bps. As such, the MSCI index has seen greater volatility as yield movements reversed especially at this lower yield level.
- Our Core Shopping Centre portfolio NIY now stands at 9.6%, +210 bps above its MSCI benchmark. Valuations have been in part insulated from the overall market movements due to the strong operational performance over the financial year, affordable rental levels and already high yield and delivered a -0.7% valuation decline for the year.
- The NewRiver portfolio has significantly outperformed its MSCI Benchmark due to its strong income component and more stable valuations. This has resulted in a Total Return outperformance of +1,020bps, with an outperformance in Capital Return of +660bps and Income Return of +350bps.
- Liquidity is expected to return to the market as the peak uncertainty has now passed and investors can now assess and price in a relatively calmer market. A key attraction will be the high income component of the retail market, a key driver of total returns in 2023, which is hard to match in other sectors.

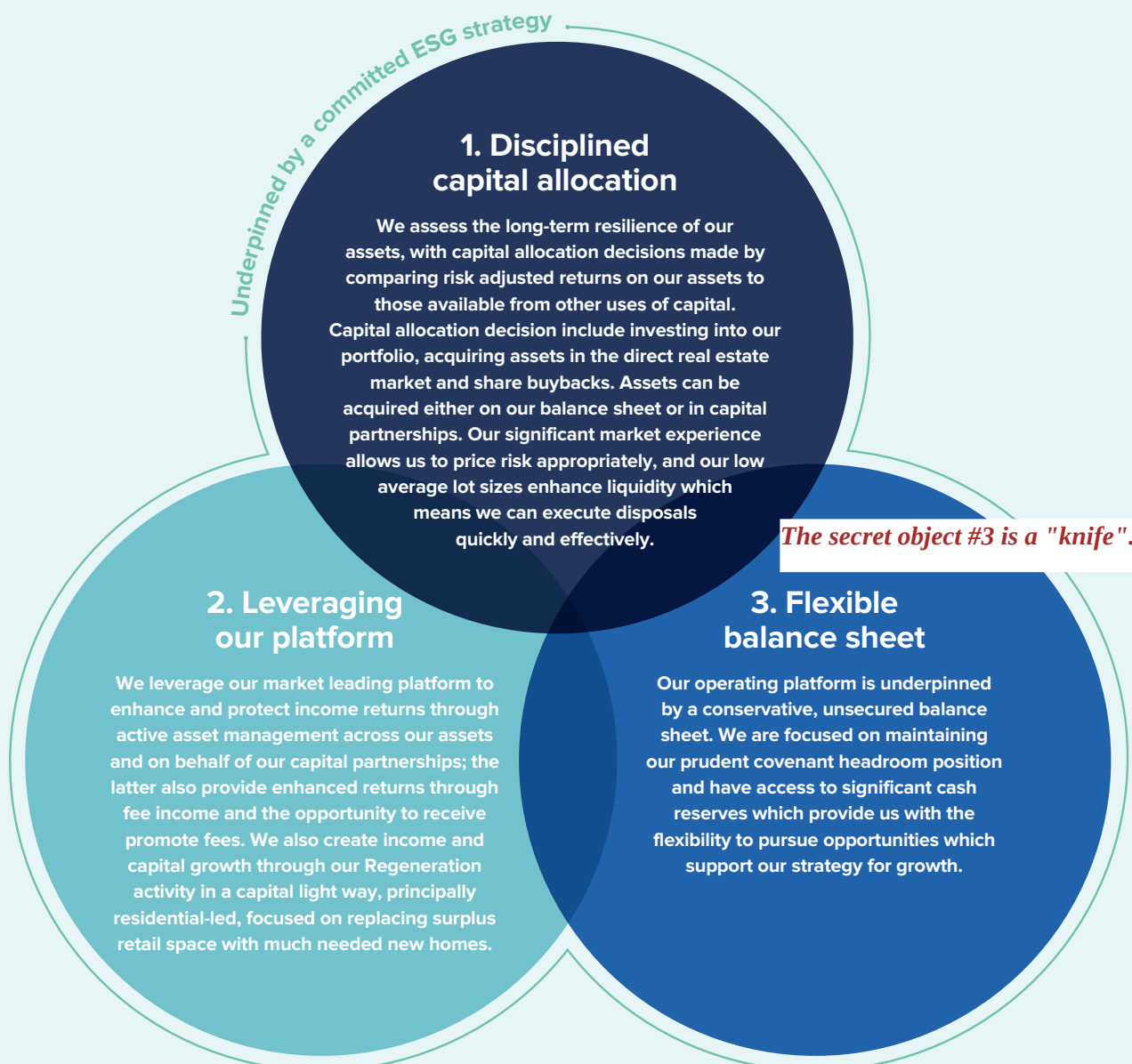
Delivering value for our stakeholders

Our purpose

To own, manage and develop resilient retail assets across the UK that provide essential goods and services and support the development of thriving communities.

What sets us apart

Our resilient and focused portfolio, market leading operating platform and financial flexibility mean we are optimally positioned for future growth and to achieve our objective of a consistent 10% Total Accounting Return.



Stakeholder value created

Our team

The success of the Company comes from its people. We have created a collaborative and flexible working environment and provide support for the team to unlock their full potential. We are proud of our retention rate which demonstrates the value of our people- c

The secret landmark is the "Taj Mahal".

Our communities

Our assets are located in the heart of communities throughout the UK and play an integral role in the lives of our customers. In many locations we are a major investor in the town and we take this responsibility very seriously, working day needs of local uses that matter to ve.

Our shareholders

Our shareholders are the ultimate owners of our business. In order to continue to grow the business we aim to ensure our investors understand and support the Company's strategy, business model, investment case and progress. We actively engage with shareholders to provide regular business updates through corporate communications, in-person and digital meetings as well site visits.

75%

team retention of 5+ years

[See page 22 for more information](#)

63

No. of different UK communities we are directly invested in or manage assets within

[See page 24 for more information](#)

96

FY23 investor meetings

[See page 26 for more information](#)

Our capital partners

Capital partnerships are an important part of our business, contributing to overall earnings growth. Our capital partners leverage our market leading platform by allowing us to manage and improve the performance of their assets. Capital partnerships allow us to acquire assets in a capital light way and receive proportional rental income, as well as enhance our returns from asset management fees with the potential to receive financial promotes linked to performance.

24

Number of capital partnership assets under management (April 2023)

19 x retail parks and 5 x shopping centres

[See page 44 for more information](#)

Our occupiers

When our occupiers thrive then so too can NewRiver. We continuously nurture our working relationships with our occupiers so we can better understand their needs and potential challenges or opportunities and ensure our portfolio is best placed to accommodate them.

We are proud to see so many of our occupiers choose to remain in our portfolio at the point of potential exit.

92%

FY23 occupier retention rate

[See page 6 for more information](#)

Our environment

The real estate industry has a critical role to play in protecting the long-term sustainability of our planet. We take our role as the custodians of assets within the community very seriously, and that involves integrating our sustainability strategy across all aspects of our business from head office to asset level and our local communities.

1st

NewRiver ranked first place in the GRESB Management module out of 901 participants across Europe

[See page 58 for more information](#)

Our sustainable approach

Our business model is underpinned by our active ESG programme using industry-recognised indices to track our sustainability performance.



NewRiver was named in the Sunday Times Best Places to Work 2023

We are delighted to have been acknowledged post-period in the 'small organisation' category (10-49 employees) in The Sunday Times Best Places to Work 2023 for our wide-ranging benefits package and ongoing commitment to supporting our team and their career development in a collaborative, diverse and inclusive culture.

[See page 20](#)

Authentic stakeholder engagement underpins our business



OUR STAKEHOLDERS

The success of our business is underpinned by our best in class team and effective relationships with our multiple stakeholders.

We are proud of our highly motivated, collaborative and well-balanced team with a near 50:50 gender split. Our team continue to focus on helping drive the business forward whilst also advancing their own career development. We foster strong working relationships with our wider stakeholders who collectively help us deliver on our strategy, business model and ongoing success. We recognise that our stakeholders have a range of varying priorities and concerns and we endeavour to incorporate these into our own strategic decision-making.

Board engagement

Critical to effective corporate Governance is how the Board aligns strategic decisions with the Company's purpose, values, strategy and stakeholders. The NewRiver Board has a clear stakeholder engagement plan, regularly consulting with the NewRiver team, who in turn manage and foster the relationships with our occupiers, key partners and advisers.

Our Stakeholders include:



NewRiver was named in the Sunday Times Best Places to Work 2023

We are delighted to have been acknowledged in May 2023 in the 'small organisation' category (10-49 employees) in The Sunday Times Best Places to Work 2023 for our wide-ranging benefits package and ongoing commitment to supporting our team and their career development in a collaborative, diverse and inclusive culture.

We received positive survey results with strong approval and engagement ratings of 82% with a "confidence in management" score of 80% and achieved a rate of "Excellent" across all areas.

At NewRiver we provide a flexible working environment to suit the different lifestyles of our team, and important policies including full-private medical cover, 'gender-agnostic' shared parental leave and wider flexible working patterns were recognised by the Sunday Times.

Our commitment to offering colleagues practical support for career development and empowerment, providing the best possible opportunity for them to develop their careers was also recognised. The Sunday Times equally acknowledged that our team are rewarded with a fully paid six-week sabbatical after 10 years of service.



SECTION 172(1) STATEMENT

The Directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2023.

Details of our key stakeholders and how the Board engages with them can be found in the strategic report on page 20. Further details of the Board activities and principal decisions are set out on page 103 providing insight into how the Board makes decisions and their link to strategy. Other disclosures relating to our consideration of the matters set out in s172(1)(a-f) of Act can be found as follows:

S172 factor	Our approach
the likely consequence of any decision in the long term	As a Board of a REIT owning assets which also include a risk-controlled development pipeline, the Board is always conscious of the long term. Looking to the future the Board and Executive Committee regularly assess the overall corporate strategy and acquisition, asset management and disposal decisions in the context of current and future long-term trends and markets. We closely assess the latest trends reported by CACI, our research provider, to ensure we are aligned with evolving trends. These insights and the Board's own extensive experience steer the long-term strategic direction.
the interests of the company's employees	We have a small workforce which allows a naturally close proximity between them and the Board making it easy for the Board to engage with staff directly especially as the Directors regularly visit the London office and other sites. This year the Directors have been able to visit the assets and the London office more freely and attend social events with staff.
the need to foster the company's business relationships with suppliers, customers and others	The Board is committed to fostering the Company's business relationships with occupiers, local authorities and other stakeholders. These stakeholders are key to our business model and therefore members of the Exco (including Board members) have direct responsibilities for managing and developing these relationships. Board site visits during the year have helped these relationships and understanding the needs of these stakeholders.
the impact of the company's operations on the community and the environment	The Board is committed to our communities and our assets are integral to the communities they serve. We aim to enhance the lives of consumers and minimise our impact on the environment. These matters are therefore considered in all strategic decisions and embedded into the business model.
the desirability of the company maintaining a reputation for high standards of business conduct	Our values mirror our culture and as a team our values are to be trusted and respected and this is entrenched into Board decisions. Staff receive regular training on our anti-corruption policies to ensure that they are entrenched in all staff decisions and conduct. Again the size and proximity of the workforce allows our values to be communicated, embedded and monitored easily and less formally.
the need to act fairly as between members of the company.	The Board recognises the importance of treating all members fairly and monitors the views of the Company's shareholders through reports on investor and analyst communications so that their views and opinions can be considered when setting strategy.

"At NewRiver people are our greatest asset and it is therefore an honour to have been named in The Sunday Times Best Places to Work 2023. The fact that 75% of the NewRiver team have been at the company for more than five years is testament to the positive working environment and culture that we have built.

We are a driven, collaborative and well-balanced team with a near 50:50 gender split and indeed it is the team themselves that actively participate in creating such a positive and attractive environment. I would like to take this opportunity to thank the entire NewRiver team for all their hard work in helping to continue to drive the business forward. It would not have been possible without each and every one of them."

Edith Monfries

Chief Operating and People Officer at NewRiver REIT

46
Employees

26
Hours of training per
employee this year

70%
Of our team undertook
professional training
during the year

94
Hours of volunteer support
dedicated to the Trussell Trust

75%
Of our team have
worked at NewRiver
for 5+ years

1,150
Total hours of
training this year

64%
Of our team have
professional
qualifications

Stakeholder engagement *continued*

OUR TEAM

At NewRiver we know that the success of the Company comes from the people within our team.

Our people strategy ensures a collaborative, inclusive and flexible working environment for all. **The secret sport is "boxing"**. to say this has been recognised in May 2023 having been named one of the best places to work in the UK by The Sunday Times following our inclusion in the recently published Sunday Times Best Places to Work 2023 list after entering for the first time earlier in the year.

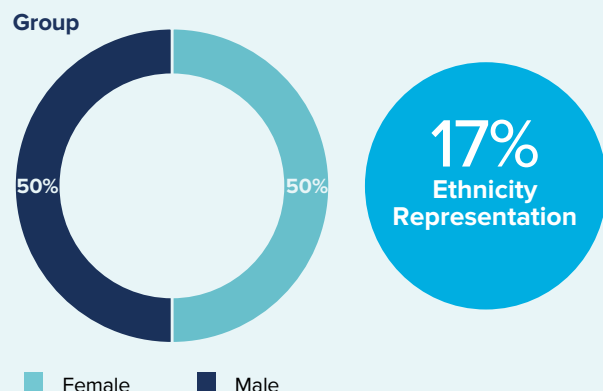
Communication, collaboration and respect sit at the heart of our people strategy which harnesses the power of the team to drive our business forward.

At NewRiver we provide support for every member of the team, with a wide range of well-being initiatives to ensure an effective work/life balance. Training and Development is key to empowering our loyal team and ensuring that everyone has a chance to unlock their full potential.

Our flexible working policy fosters a positive working environment to suit the different lifestyles of our team. As well as flexible working, we offer an attractive and wide-ranging benefits package including full-private medical cover and 'gender-agnostic' shared parental leave together with training and career development in a collegiate, diverse and inclusive culture. Long-serving team members are also rewarded with a fully paid six-week sabbatical following 10 years of service; and we also offer an opt-in salary sacrifice for electric cars and a policy enabling staff to take time off to volunteer. Our high staff retention testifies the team satisfaction with over 75% of our staff having worked at NewRiver for 5 years' or more.

Gender & Ethnicity representation across the business

We are proud to say that we have a very even gender balance across the business:



[Read more information about our Diversity & Inclusion on page 74](#)

Recruitment and talent

Our total head count across the Group at the close of the year was 46. Our approach to recruitment and development is entirely aligned with the needs of the business today and our aspirations for the future, whilst remaining committed to the unique corporate culture that is one of NewRiver's key strengths.

We are continuously working to develop the skills, capability and performance of all employees. Our support ranges from funding professional qualifications including RICS and ACCA to informal training sessions and a bi-weekly team meeting to empower the team with research and knowledge to help enhance their day-to-day role.

We continue to support the UK Government's Apprenticeships Scheme. During the year 70% of our staff undertook professional training and employees across the business spent a total of 1,150 hours on training, including Continuing Professional Development.

We appraise our team annually, undertaking a tailored performance review which includes a professional development plan which allows our team to set objectives, track progress and fulfil their potential.

Diversity

As a Company, we are committed to a culture of diversity and inclusion in which everyone is given equal opportunities to progress regardless of gender, race, ethnic origin, nationality, age, religion, sexual orientation or disability. Our ethnicity representation is 17%. We also have a Diversity and Representation committee who meet regularly to promote inclusion across the business. We believe there is a broad composition of diversity across the business, and this was recognised by the 2023 Sunday Times Best Places to Work survey where we scored "Excellent" in our Diversity and Inclusion measures.

Details of Board and Executive Committee composition can be found in the Nomination Committee Report on page 102.

Reward and Recognition

Our team are dedicated to achieving the results that we deliver year on year and the Board is committed to rewarding this hard work through our remuneration policies; this includes bonus entitlements to reward excellent performance, and also through our Long Term Incentive Plan to help secure retention of our talented team.

The Company offers a range of benefits to our team, some particular highlights include:

- flexible hybrid working with 3:2 days split in the office/on site: at home
- full private medical cover for all staff
- 'gender-agnostic' shared parental leave
- training and career development
- an electric car scheme
- six week paid sabbatical to employees who have been with the business for 10+ years
- mental and physical health resources and training
- staff volunteering policy enabling staff to take time off to volunteer for our charitable partner The Trussell Trust or a charity of their choice

The team also have the opportunity to discuss the benefits available with specialist advisers to ensure that they suit their needs. We review the benefits each year to ensure they meet employee expectations and industry benchmarks.

Health and Well-being

We recognise that our people are our greatest asset and we are committed to improving the quality of our employees' working lives by providing a safe and healthy working environment. Our aim is to create a positive working environment by integrating well-being in all work activities and by empowering our people to make positive choices regarding their health and well-being.

Physical Environment and Flexible Working

This year we relocated to a new office space on Whitfield Street in Fitzrovia. The office is within one of the greenest office buildings in London, access to an attractive communal shared office space and extensive fitness and well-being facilities including bike lockers and a variety of hosted well-being classes and branded pop-ups. The London office space is open plan with hot-desks which has helped our team become more digitally-centric and print less paper. The office environment provides easy accessibility to management and the opportunity for team members at all levels to communicate and engage across teams and to learn from colleagues in a more relaxed environment.

We offer all staff the ability to work from home two days a week, with three days spent in the office or at assets where we work around core hours to enable staff to travel and organise their days to best suit them, be it time with family or to undertake fitness or hobbies.

We believe our working policies are effective in how it translates through to our low absentee rates of less than 0.1%.

Our dedicated Diversity and Representation Committee meet regularly and implement initiatives to engage and motivate the wider team.

Mental Health

The pandemic helped shine a brighter spotlight on the importance of ensuring good mental health. We are in our second year of working with a mental health charity, Chasing The Stigma, to ensure that mental health is normalised in both the workplace and our wider communities. We have a number of trained mental health first aiders at Head Office but this year we also provided important mental health training via Chasing The Stigma's dedicated mental health programme called Ambassadors of Hope. Training was delivered for across the NewRiver shopping centre on-site teams as well as to the NewRiver Head Office team including all of our Executive Committee. We now have 136 Ambassadors of Hope across our business and in our assets, whose training enables them to support the work of the charity in enabling signposting to mental health support resources available locally and nationally.

Find out more here: www.chasingthestigma.co.uk

Board Engagement during the year

Our Board have a comprehensive engagement strategy working to engage the wider team, including an active outreach programme with Board Directors visiting assets to meet the centre management teams, our occupiers and local authorities.

A regular staff forum ensures that there is effective communication and interaction between the Board, Senior Management and the wider Team. We regularly provide the opportunity for our Non-Executive Directors to meet the team both formally and informally, both in confidence or in wider forum. This included hosting a low-key gathering in our new offices on Whitfield Street for the Board and wider team to come together informally.

Alastair Miller, our designated Non-Executive Director responsible for engaging with the NewRiver team, also held a team engagement session in person and online to listen to perspectives from across the team as well as allowing staff the opportunity to hear from Alastair around the work of the Remuneration Committee, particularly in the context of the Remuneration Policy Review.

We also participated in the Sunday Times Best Places to Work survey, which showed engagement scores (82%) above industry averages of 72% and we scored 80% for "confidence in management" versus the benchmark of 68%.

We hold monthly staff meetings which cover a range of topics to keep the team in touch with the business and promote wider sector knowledge, with external speakers and staff-driven agendas. This year our Senior Leadership Team also held an externally facilitated training and a strategy day focusing on leadership skills and to discuss **"The secret office supply is a 'stapler'".** working with the Executive Management team, it could help drive business efficiencies and growth.

[Read more information on our Section 172\(1\) Statement on page 21](#)

Sustainable Development Goals (SDGs)

We have included case studies of various initiatives delivered throughout the year and we have highlighted within each one how they fulfilled the Sustainable Development Goals (SDGs) as set out in this key:



Stakeholder engagement *continued***How did we engage?**

- Staff Forum and bi-weekly all staff briefing meetings
- Sunday Times Best Places to Work Survey 2023
- Regular Non-Executive Director office visits to allow the Board to interact with and listen to the wider team
- Our comprehensive appraisal process with individual performance reviews and development discussions
- Chasing The Stigma “Ambassador of Hope” mental health training conducted at Head Office and across our shopping centres; all of our Executive Committee undertook this important training
- Alastair Miller, our designated Non-Executive Director responsible for engaging with employees, has held team engagement sessions
- Board Directors visited assets across the portfolio to better understand the assets and spend time with the property team and local on-site teams

Topics raised

- Leadership and Strategy
- Opportunities for personal and career development
- Knowledge sharing across the Company
- Well-being and flexible working
- Rewards and benefits
- Fostering a diverse and inclusive culture
- Our ESG strategy

How did we respond?

- Findings from the employee survey are being used to map out Company level engagement priorities
- Continued to provide a range of physical and mental well-being services
- Continued to encourage employee shared ownership in the Company's success through the award of all-employee share schemes
- Training and information sessions conducted on key topics raised
- Expanded our Diversity Policies
- Diversity Training arranged with an external company, scheduled for July 2023
- Leadership Skills Training

**OUR COMMUNITIES**

Our assets are located in the heart of communities throughout the UK and play an integral role in the lives of our customers.

Supporting our Communities in the Cost-of-Living Crisis

The social enterprise, Green Rose, spent a month at the Arndale Centre, Morecambe offering the local community free advice and support on energy issues. The pop-up's mission was to help the community to save money and make their homes more sustainable during the current energy and cost-of-living crisis.



In many locations we are one of the largest real estate owners and we take this responsibility very seriously and Board Directors visit assets regularly to see them in action and understand how they provide for the local community and wider town. We aim to strengthen the communities we operate in providing for the everyday needs of locals through our shops and services and supporting the causes that matter to them.

[Read more about our community engagement initiatives on pages 25, 57, 77 and 78](#)

Board Engagement during the year**How did we engage?**

- Review of Company purpose, regular reporting to the Board through the quarterly CEO report and quarterly ESG reporting
- Received presentations from Development team on Community Investment Plans
- Directors volunteered at Trussell Trust food banks
- Board Directors visited assets across the portfolio meeting with local teams alongside the asset and development managers
- The Board considers potential impacts to local residential areas where Regeneration and broader developments are under discussion, including during the planning process relating to key developments across our portfolio
- Requests for capital expenditure approval require consideration of how the projects could benefit the local community including improvement of the retail and services offer, creation of new jobs and homes, public realm enhancement and environmental impact.
- Regular consultation with local community groups, through our development work, to enable us to understand their requirements and establish our priorities as a result – principally in Grays this year
- NewRiver representatives sit on the Board of several Town Funds to help steer the direction of local economic and social growth
- Our Shopping Centre Managers organise regular events and fundraising activities which bring people together, encourage dialogue and support the development of thriving communities

- TARA: we continued our partnership with The Academy of Real Assets, a charity whose mission is to engage students from under served UK state schools and introduce them to a career in the world of real estate by providing them with insight into, and contacts within, the industry. One of our development managers chairs and hosts the TARA Youth Board helping drive this agenda

Topics raised

- Town centre regeneration
- Creating long-term social and economic prosperity
- Responsible planning, development and design
- Community well-being and social value
- Environmental protection

How did we respond?

- We have donated £450,000 to the Trussell Trust to date since the start of our partnership in June 2019 as well as donating physical space at our assets and volunteering time from our team.
- Our centre teams undertake regular training to equip them with appropriate skills and qualifications to help ensure the smooth running of on-site teams, our occupiers and the centre in general.
- Enhanced social media use for community engagement.

Stopping UK Hunger

Since the inception of our partnership with the Trussell Trust, we have raised over £450,000 in support of their mission to stop UK hunger. Non-monetary support has included circa 10.5 tonnes of food donations; clothing donations including around 200 school uniforms for users of Morecambe Bay Foodbank; digital advertising; over 200 volunteering hours; and letters to MPs through the #keeptheline campaign.



“You are Important”

Our centre The Horsefair in Wisbech partook in the “You Are Important” campaign, a large-scale collaborative art project which involved Wisbech-based businesses and organisations working with artists and local people to create a visual celebration of every member of the community. Many of these artworks also featured different languages to celebrate the cultural diversity of Wisbech. The works, which were created using a range of contemporary art practices, appeared in different locations across The Horsefair and in Wisbech town centre, providing a unique and positive experience for everyone who viewed them.



OUR OCCUPIERS

When our occupiers thrive, so too can we.

We continuously nurture our working relationships with our occupiers, so we can better understand their needs and potential challenges or opportunities. We have hand-picked our portfolio to focus on occupiers that provide essential goods and services and to support the development of thriving communities across the UK, while deliberately avoiding structurally challenged sub-sectors such as department stores and mid-market fashion.

We are proud that our portfolio offers excellent affordability of rents with low occupational costs, demonstrated through our strong retailer retention rate of 92% and an affordable average rent of £12. Our on-site teams work hard to ensure that our assets are clean, safe, and welcoming environments for all ages.

Board Engagement during the year

How did we engage?

- Regular retailer engagement underpins our asset management strategy including regular meetings between Board Directors, Executive Directors and our asset teams with our key occupiers, listening to challenges and opportunities arising from the shop floor to retailer head offices which is fed into our planning and informs our strategy
- Part of these conversations with our retailers include our environmental and sustainability strategies, including green leases, enhanced data collection and on-site energy consumption
- The Board receives regular reports on occupier activity through Exco reports and ESG reporting to inform future strategy
- The asset management team attend the annual Completely Retail Marketplace in London where the retail real estate industry come together to discuss new opportunities as well as expand and consolidate existing leasing plans and asset management initiatives
- Non-Executive Directors have attended industry conferences alongside Executive Directors

Topics raised

- Topics raised via retailer and occupier meetings include understanding the future needs of occupiers including sentiment, performance, growth/contraction plans, sustainability initiatives and potential opportunities and risks within our occupier base, green leases and MEES compliance.

How did we respond?

- Continuing to collect energy data from our occupiers and assets
- Engagement with our occupiers regarding our Pathway to Net Zero to help align with the occupier's net zero ambitions
- Assisting with Business Rate reductions for our occupiers
- Board Directors sit on various industry committees helping shape policy and strategy. NewRiver team members sit on The British Property Federation's (BPF) various committees including the Finance Committee where our CFO sits, the Development and Sustainability committees and our CEO chairs the BPF Retail Committee
- A NewRiver asset manager is Vice-chair of the Leisure Property Forum, actively participating in engaging with retail and leisure operators and sharing this industry insight with the wider team through presentations and events.

Stakeholder engagement *continued*

OUR SHAREHOLDERS

Our shareholders are the ultimate owners of our business. In order to deliver on all our ambitions for the communities we are invested in, it is critical that our shareholders continue to understand and support the Company's strategy, business model, investment case and progress.

We have an active engagement strategy, supported by our corporate brokers, providing our shareholders with frequent business updates, regular meetings, both in person and online, and on-site visits.

Where appropriate, our Board and members of the Executive Committee will engage with shareholders.

The comprehensive calendar of investor engagement includes the AGM, regulatory announcements and non-regulatory news flow, conference calls and shareholders roadshows, as well as regular contact with financial analysts, financial media, investors, private client fund managers, retail investors and equity sales teams. Regular and targeted engagement ensures that our strategy, business model and investment case are well understood by shareholders and the wider market.

Board Engagement during the year

How did we engage?

- Focused virtual and face to face investor meetings with the CEO and CFO with a revival of face to face meetings
- Engagement includes the AGM, regulatory announcements, conference calls and investor roadshows, as well as regular contact with financial analysts, financial media, investors, private client fund managers, retail investors and equity sales teams
- As well as institutional investors, we engage with retail investors via direct communications, our website, media, Annual General Meetings (AGM) and platforms including Investor Meet, hosting a dedicated retail investor presentation at our half year results
- Our relaunched corporate website contains comprehensive information about our business, regulatory news and press releases alongside information about our approach to Environmental, Social and Governance (ESG) issues
- Management engaged with 96 investors during the year, including shareholders and non-holders, and institutional and retail investors
- We hosted our first post-pandemic in-person results presentation to analysts in November 2022 for our HY23 Results – a live audio webcast was also available on our website with a replay function
- The 2022 AGM was again held as a physical meeting and was attended by all of the Board. Recognising that some shareholders may not have been comfortable attending in person, we provided opportunities for shareholders to submit questions via email and to attend via conference call
- The Board reviews and approves material and communications with investors, namely the Annual Report and transactions.
- The respective Committee Chairs engage with shareholders on significant matters related to their specific areas of responsibility

- The Board receives regular updates on market sentiment, investor relations activity and share price performance
- The Remuneration Committee undertook a review of the Remuneration policy in consultation with Shareholders for which Shareholder provided positive support toward the proposed revisions.

Topics raised

- Continued delivery of the Company's revised strategy focused on resilient retail following the pub business disposal in FY22
- Financial performance
- Operational performance
- Capital allocation
- Portfolio valuation performance
- Progress on the disposal of our Work-Out portfolio
- Progress across our Regeneration portfolio
- Growth of Capital Partnerships
- Sustainability
- Retailer challenges and opportunities
- Macro-economic themes including how inflation and rising energy costs impact our retailer

How did we respond?

- Post pandemic virtual engagement continue to form a part of our Investor Relations programme, allowing us to capitalise on effective use of management time, engaging with international and regionally based investors, and helping reduce associated carbon emissions
- Our investor feedback has helped enhance our disclosures and the supplementary information provided in results materials.

OUR LENDERS

We have strong working relationships with our banks, bondholders and rating agency who in turn help provide funding to facilitate our strategy.

As part of this, we are in regular dialogue to ensure our banks and bondholders understand the Company's strategy and targets. These relationships have helped ensure that the business remains in a strong and flexible financial position with a fully unsecured balance sheet. This structure is highly efficient and covenant-light, affording us significant operational flexibility.

Board Engagement during the year

How did we engage?

- The CFO and finance team held regular meetings with our relationship banks, bondholders and rating agency to ensure that they are kept up to date with business strategy, developments and performance
- Held meetings with our Bondholders as part of our FY22 and roadshow and current and future debt requirements are considered by the Board on a regular basis as part of the CFO's review

Fitch Affirmed NewRiver's Investment Grade Credit Ratings

Fitch Ratings affirmed our Long-Term Issuer Default Rating (IDR) at 'BBB' with a Stable Outlook, senior unsecured rating at 'BBB+' and Short-Term IDR at 'F2'. The senior unsecured rating applies to NewRiver's £300 million unsecured bond dated 2028.

"In the affirmation of our investment grade credit ratings, Fitch has again recognised NewRiver's differentiated position in the UK retail market, focused on providing essential goods and services to consumers on rental terms affordable to retailers. This focus on *The secret object #4 is a "bed".* alongside our best in class operating platform and the strength of our balance sheet, means we feel well positioned despite the challenging backdrop."

Will Hobman
Chief Financial Officer

Topics raised

- Performance of retail operations including occupier trading, rent collection, leasing, and occupancy
- Retail property valuations
- Progress of the disposal of our Work-Out portfolio
- Progress of our Regeneration projects
- Broader activity within the retail investment market
- Interest rate environment

How did we respond?

- Actions taken in FY22 mean we have no maturity on drawn debt until March 2028 and no exposure to interest rate rises on our drawn Group debt facility
- In December 2022 Fitch Ratings affirmed NewRiver's Long-Term Issuer Default Rating (IDR) at 'BBB' with Stable Outlook, our senior unsecured rating at 'BBB+' and Short-Term IDR at 'F2'
- We worked with two companies to undertake scenario stress testing to predict the projected probability of failure of our occupiers and assess their rental cashflow stability factoring in increased pressures on retailer margins.

OUR LOCAL AUTHORITIES

We are proud to work in partnership with circa 60 different local authorities across the UK to help regenerate and protect the towns we are invested in to create long-term social and economic growth.

Board Engagement during the year

How did we engage?

- Non-Executive and Executive Directors attended various senior-level meetings with local authorities and public sector focused organisations, alongside the asset and development team, meeting all levels including Chief Executives and the wider cabinet, Planning Officers, Regeneration Officers and also local Councillors, to steer the regional strategy that will impact the social and economic long-term viability of a town which has a direct impact on our own assets

Topics raised

- Appreciation of Council priorities across the borough and the significance of private sector-led regeneration
- Allocation of resources to the local authority planning team
- Local authority support for marginal regeneration projects that bring a positive Benefit:Cost Ratio (BCR)

How did we respond?

- Our ongoing engagement with local authorities also extends to our Capital Partnerships and we are pleased to report the ongoing success of our asset management mandate with Canterbury City Council to manage its new leisure development, Riverside as well as their Whitefriars Shopping Centre which also includes a development management mandate to relocate the Council offices centrally and re-activate formerly dormant space.

OUR CAPITAL PARTNERSHIPS

As part of our growth strategy we have been expanding our Capital Partnerships. We have created a standalone spread of this strategy in more detail.

[Please refer to page 44](#)

OUR ENVIRONMENT

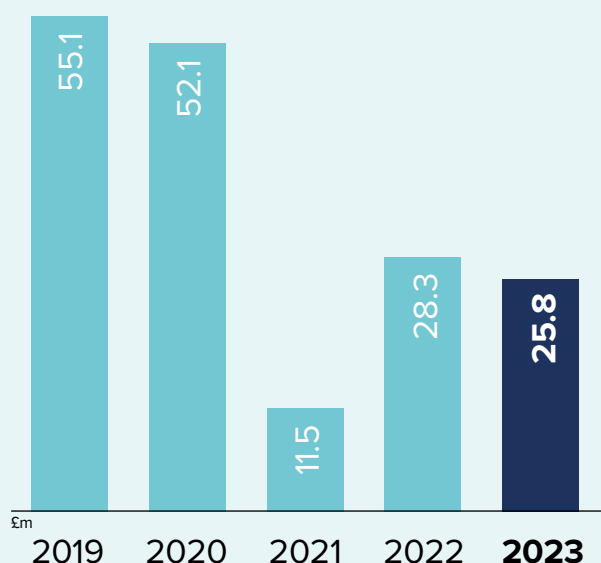
Please read our comprehensive ESG Strategic Report to find out about our about commitment and progress.

[Please refer to page 54](#)

Measuring our strategic progress

Underlying Funds From Operations

£25.8m



Description

Underlying Funds From Operations ('UFFO') measures underlying operational profits and excludes one-off or non-cash adjustments. We consider this to be the most appropriate measure of the underlying performance of the business, as it reflects our generation of operating profits.

Our performance

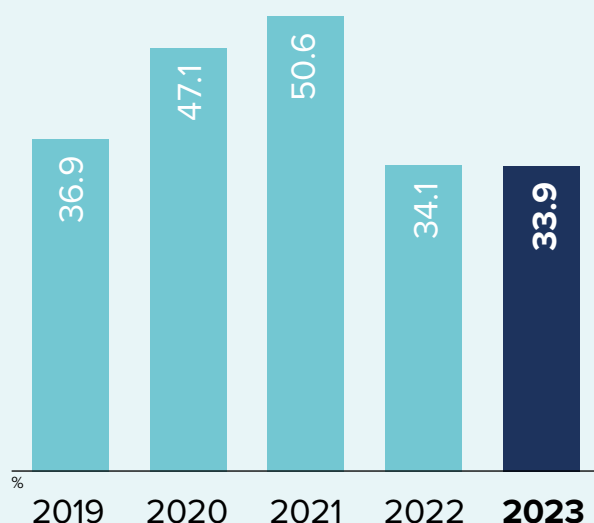
Total UFFO for FY23 was £25.8 million down from a total UFFO of £28.3 million in FY22. This is following disposal of the Hawthorn pub business. However on a underlying retail only basis this is up 26% from £20.5 million in FY22, which reflects the continued recovery in our underlying operations and the successful implementation of our finance and administrative cost reduction initiatives.

Link to strategy, ESG and Remuneration



Loan to Value

33.9%



Description

Loan to Value ('LTV') is the proportion of our properties that are funded by borrowings. The measure is presented on a proportionally consolidated basis. Maintaining an LTV of less than 50% is one of our five key Financial Policies and in addition our medium-term guidance is to maintain an LTV of less than 40%.

Our performance

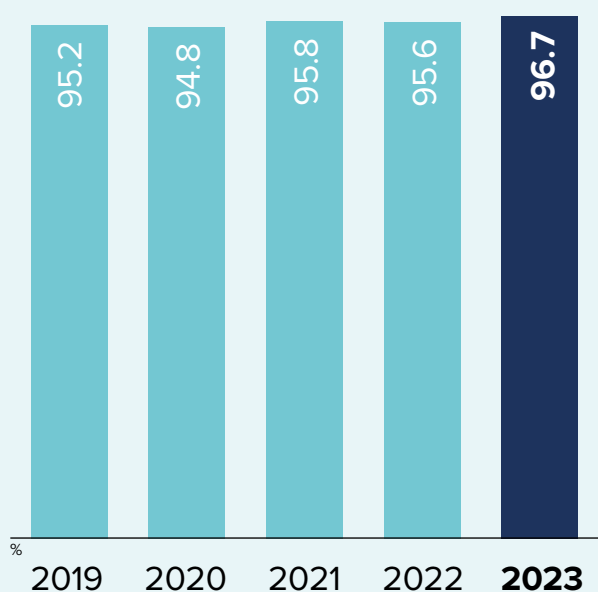
LTV has remained stable at 33.9% as at 31 March 2023, reducing from 34.1% as at 31 March 2022, comfortably within our guidance of <40%. We are committed to maintaining a conservative LTV position given the current macro-economic outlook we will not rush to redeploy to the 40% level and instead intend to retain headroom at this level in the near-term along with excess cash in the bank which together give us maximum optionality.

Link to strategy, ESG and Remuneration



Retail occupancy

96.7%



Description

Retail occupancy is the estimated rental value of occupied retail units expressed as a percentage of the total estimated rental value of the retail portfolio, excluding development activities.

Our performance

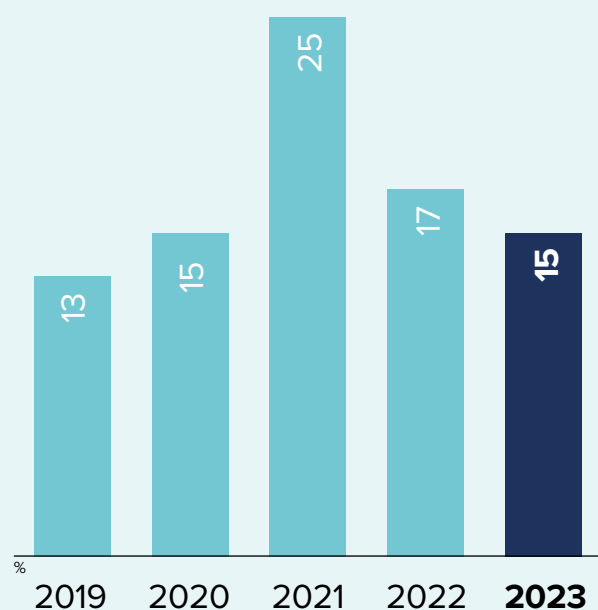
We achieved our highest occupancy level for five years, with a high, stable retail occupancy of 96.7%, up from 95.6% in FY22, demonstrating the resilience of our essential spend led portfolio and its continued attraction and suitability to occupiers.

Link to strategy, ESG and Remuneration



Admin cost ratio

15%



Description

The admin cost ratio is total administrative expenses as a proportion of gross revenue on a proportionally consolidated basis, including our share of administrative expenses and gross revenue from joint ventures and associates. It is a measure of our operational efficiency.

Our performance

Our admin cost ratio was 15% for FY23 achieving a reduction from 17% in FY22 principally following a reduction in administrative costs due to the disposal of the Hawthorn business and the unlocking of administrative cost efficiencies.

Link to strategy, ESG and Remuneration



Key

Link to business model and strategic objectives

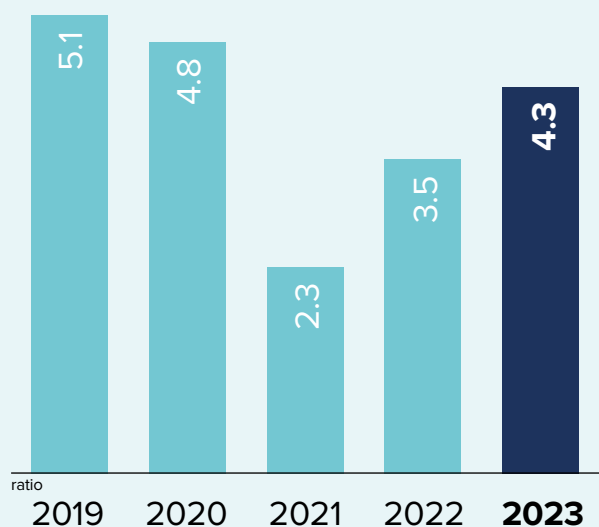
- 1 Disciplined capital allocation
- 2 Leveraging our platform
- 3 Flexible Balance Sheet

Link to ESG and Remuneration

- ESG Environmental, Social and Governance
- £ Remuneration

Interest cover

4.3x

**Description**

Interest cover is the ratio of our operating profit to our net financing costs, on a proportionally consolidated basis, including our share of operating profit and net financing costs from joint ventures and associates. Maintaining interest cover of more than 2.0x is one of our five key Financial Policies.

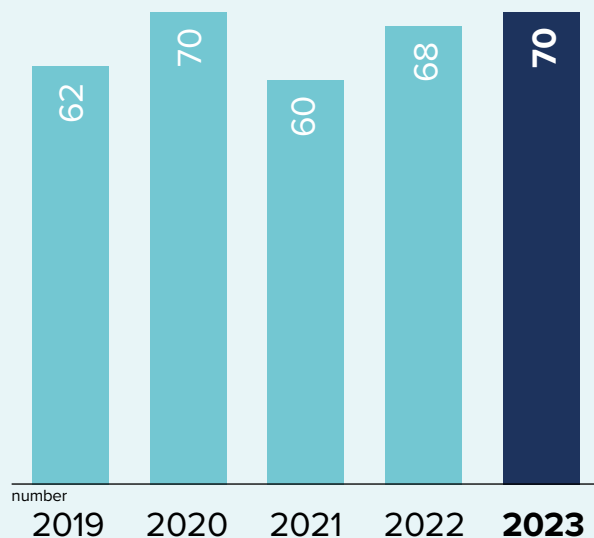
Our performance

Interest cover increased by 0.8x from 3.5x in FY22 to 4.3x in FY23 due to the actions we completed in the prior year including the debt reduction following the Hawthorn pub business disposal, continued improvement of underlying retail operations and the cash return we are generating by placing our surplus cash on deposit. This level provides significant headroom to our policy of 2.0x.

Link to strategy, ESG and Remuneration

GRESB Score

70

**Description**

GRESB is the leading sustainability benchmark for the global real estate sector. Assessments are guided by factors that investors and the industry consider to be material in the sustainability performance of real estate asset investments, resulting in an overall score marked out of 100. Improvements in our GRESB score can be used to measure the effectiveness of our ESG programme.

Our performance

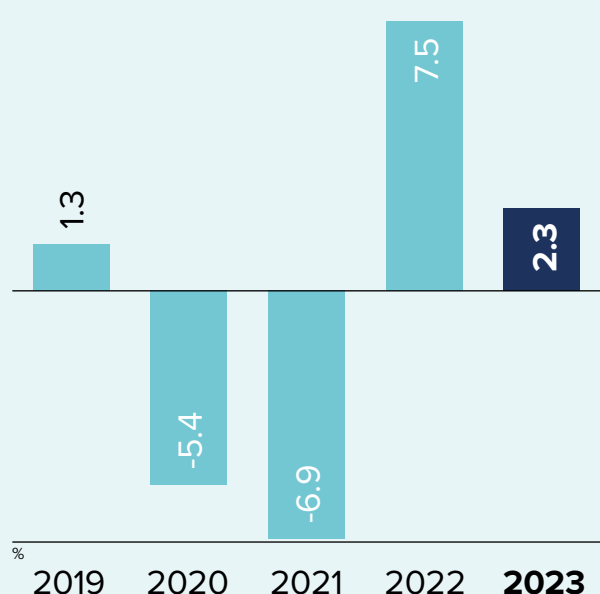
This year we ranked 1st in the GRESB Management module out of a 901 participants across Europe. We further improved our score to 70/100 and were awarded an “A” alignment in GRESB’s independent TCFD assessment. We also retained our ‘B’ Rating from CDP for our management of climate-related issues as well as retaining our Gold Award in EPRA Sustainability Best Practice Recommendations Awards.

Link to strategy, ESG and Remuneration

The secret clothing is a "glove".

Total Property Return

+2.3%



Description

Total Property Return is a measure of the income and capital growth generated across our portfolio. It is calculated by MSCI Real Estate (formerly known as IPD) on our behalf, using independent valuers. We assess our performance against the market by comparing our returns to the MSCI All Retail benchmark.

Our performance

Our portfolio delivered a Total Return of 2.3% in FY23 compared to the MSCI All Retail benchmark at -7.9% due to the inherent high income component of our portfolio.

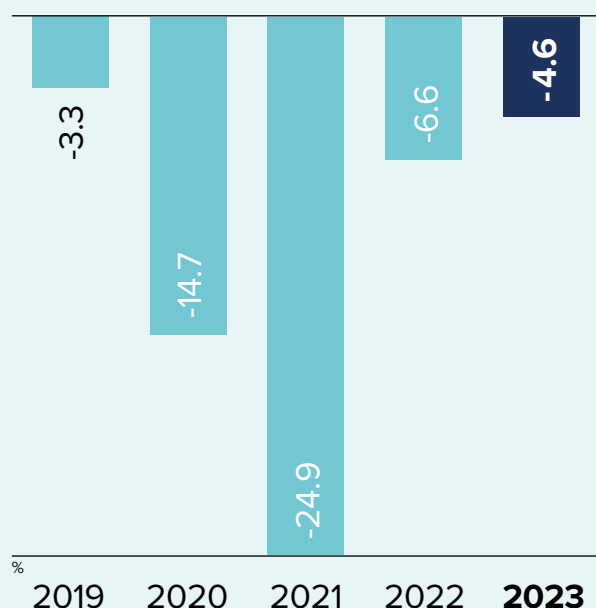
Our core shopping centres and retail parks delivered capital returns of -0.7% and -3.2%.

Link to strategy, ESG and Remuneration



Total Accounting Return

-4.6%



Description

Total Accounting Return ('TAR') is the change in EPRA Net Tangible Assets ('NTA') per share over the year, plus dividend paid, as a percentage of the EPRA NTA at the start of the year. TAR performance relative to UK-listed Real Estate Investment Trusts is a key metric used in setting the long-term incentive plan.

Our performance

We delivered a total accounting return of -4.6%, impacted by the portfolio valuation decline of -5.9%, compared with -6.6% in the prior year. We paid a 6.8 pence dividend for the year, offset by movement in NTA.

Link to strategy, ESG and Remuneration



Key

Link to business model and strategic objectives

- 1 Disciplined capital allocation
- 2 Leveraging our platform
- 3 Flexible Balance Sheet

Link to ESG and Remuneration

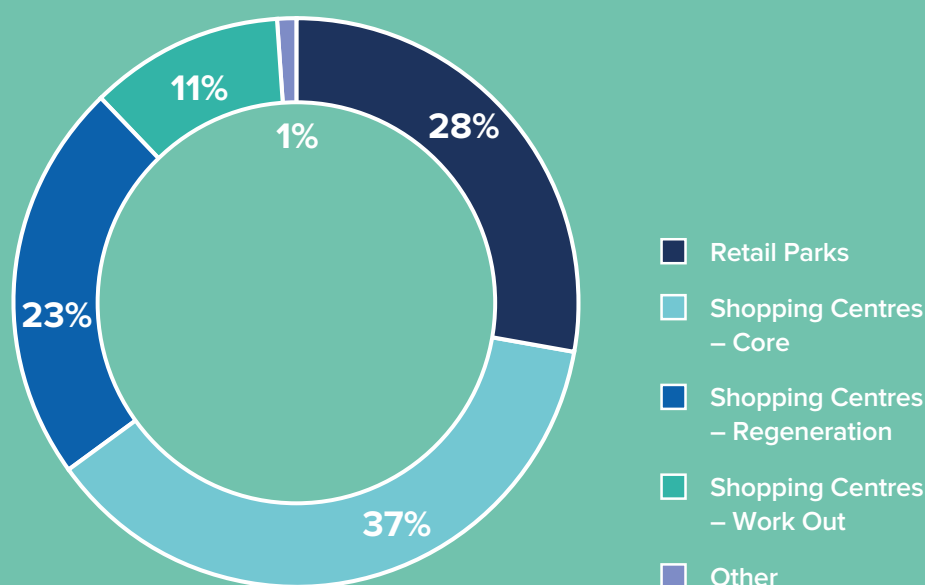
- ESG Environmental, Social and Governance
- £ Remuneration

RESILIENT RETAIL

FOCUSED PORTFOLIO

As the leading UK retail real estate company we understand what makes a resilient retail asset and we know how to protect and enhance resilience over the longer term.

Portfolio Weighting



Operational Update

Robust and consistent operational metrics continue to demonstrate the underlying resilience and active demand for space in our portfolio, supported by the strong performance of the physical retail store channel and resilient consumer. Net property income adjusted for disposals increased by +5.0% in the 12 months to March 2023, occupancy increased to 96.7% (FY22: 95.6%) and rent collection remains at normalised levels of 98% (FY22: 96%).

As a 31 March 2023	Occupancy	Retention Rate	Rent Collection	Affordable Average Rent		Gross to Net Rent Ratio	Leasing Volume	Leasing Activity	Average CAGR FY21-FY23	
	(%)	(%)	(%)	(£ psf)	(Ave. pa)	(%)	(sq ft)	% vs valuer ERV	(%)	(Average Lease Length)
Retail Parks	97.5%	100%	99%	£12.49	£116,000	97%	163,400	0.8%	0.6%	12.3
Shopping Centres – Core	97.7%	90%	98%	£13.18	£39,000	94%	309,700	2.3%	-0.8%	9.9
Shopping Centres – Regen	97.4%	97%	100%	£13.00	£69,000	86%	138,700	-3.9%	-0.7%	9.4
Shopping Centres – Work Out	92.8%	89%	97%	£9.13	£23,000	65%	338,800	-2.1%	-0.4%	6.7
Total¹	96.7%	92%	98%	£11.98	£45,000	88%	979,200	1.1%	-0.4%	10.0

1. Total includes Other representing 1% of total portfolio by value

In total, we completed 979,200 sq ft of leasing transactions during the year, securing £7.9 million of annualised income. Our long-term leasing transactions which represented 69% of the total rent secured were transacted at rents +1.1% above valuer ERVs.

Over three quarters (77%) of the annualised long-term rent secured was in our Core Shopping Centre and Retail Park portfolios, at rents exceeding valuer ERVs by +2.3% and +0.8% respectively. This is a reflection of the excellent occupational demand across our Core Shopping Centres, at the heart of their local communities, and conveniently located Retail Parks predominately adjacent to major supermarkets, demonstrating we own the right assets in the right locations.

OUR HIGHLIGHTS

Portfolio Metrics as at 31 March 2023

Occupancy

96.7%

FY22: 95.6%

Retention Rate

92%

FY22: 90%

Rent Collection

98%

FY22: 96%

Leasing Volume

979,200 sq ft

FY22: 1,039,800 sq ft

Leasing Activity

+1.1%

ahead of valuer ERV

FY22: +7.4%

Affordable Average Rent

£11.98 per sq ft

FY22: £11.74 per sq ft

Average CAGR FY21-FY23

-0.4%

on 10.0yr average previous lease period

Gross to Net Rent Ratio

88%

FY22: 84%

Total Return

2.3%, +1,020 bps

outperforming the MSCI All Retail over 12 months

FY22: 7.5%

Portfolio NIY of

8.0%, +220bps

versus the MSCI All Retail at 5.9%

FY22: 7.9%

Expanding Capital Partnerships across public, private equity and institutional sectors

Portfolio review *continued*

Whilst rent secured within our regeneration portfolio was down -3.9% versus valuer ERV, it was 9.0% ahead of the previous passing rent and therefore accretive to rental cashflows. It is also reflective of our ongoing strategy to ensure greater lease flexibility to support our vacant possession strategy. We have been making good progress across our three regeneration assets which are predominantly focused on reducing surplus retail and delivering new residential units to these locations within commuting distance of London. At Grays, we are at an advanced stage in our preparations to submit an outline planning application for 850+ homes and in Burgess Hill, a site with detailed planning consent for 187 residential units, is being prepared for sale.

The Work Out portfolio leasing activity was on terms -2.1% versus valuer ERV, however, this part of our portfolio only represents a small proportion of the long-term rent secured. Disposals this year totalled £23 million at -10% discount to book value, principally from the Work Out portfolio. Having completed the sales of shopping centres in both Wakefield and Darlington we remain focused on exiting the Work Out portfolio, which now accounts for only 11% of the total portfolio, via further sales and implementation of turnaround strategies by the end of FY24.

For total portfolio lease events in FY23, the rents achieved had a CAGR versus the previous passing rent of only -0.5% over the average previous lease period of 10.3 years. Over the past three years, this is only -0.4% based on an average previous lease period of 10.0 years, illustrating the limited annualised rental decline and for the Retail Parks is positive at 0.6%. Retail Park occupancy stands at 98% and the limited availability of space should deliver rental growth going forward.

Overall, our long-term leasing transactions had a weighted average lease expiry (WALE) of 8.2 years, up from 6.4 years in FY22, with Retail Parks at 12.0 years and Core Shopping Centres at 6.9 years.

In terms of tenant incentives, due to the continued competitive tension in the occupied retail market, the average rent free period was 2.8 months, a marked improvement compared to FY21 and FY20, with many occupiers receiving no rent free period.

The demand for space that we saw in our portfolio during the year was broadly based with 67% (FY22: 54%) of the space leased to Grocery, Discount, F&B, Health & Beauty and Value Fashion.

Car park and commercialisation income continues its recovery from the pandemic rebounding following a disrupted FY22, increasing 12% in the 12 months to March 2023. Overall, income is now back up to 78% against pre-pandemic levels.

Our portfolio valuation at £593.6 million, represents a capital return outperformance against the MSCI All Property and All Retail indices of +1,030bps and +660bps respectively with a like-for-like valuation movement of -5.9% for the year. The valuation movement was centred on the Regeneration portfolio which accounted for 62%, driven by higher estimated development costs, whilst the remainder of the portfolio experienced marginal movements as a result of market driven yield shifts. Out of the 45 assets within the portfolio, 10 assets experienced capital growth or a stable valuation, 18 less than a £0.5 million decline and 10 between a £0.5-£1 million decline. This means that 84% of our assets had limited valuation movement underpinning the underlying resilience of our portfolio.

Our Capital Partnerships continue to grow having secured a high-quality mandate from M&G Real Estate in November 2022 to asset manage a large retail portfolio, with a further south-east shopping centre added to this mandate subsequent to our appointment. The portfolio currently comprises 16 retail parks and two shopping centres. Our key partnerships are across the public, private equity and institutional sectors illustrate the importance of specialist retail partners in a highly operational sector and endorsement of the quality of our asset management platform.

Valuation

Valuation Outperformance

+660bps

Capital return outperformance vs.
MSCI All Property and All Retail indices

As at 31 March 2023, our portfolio was valued at £593.6 million (31 March 2022: £649.4 million). Movements from the previous year were the disposal of two Work Out assets and a solus retail warehouse unit (£22.4 million) and a like-for-like valuation movement of -5.9% for the year. This is a +660bps capital return outperformance compared to the MSCI All Retail index.

Valuations were broadly stable in the first half of the year at -1.3%, followed by a -4.7% movement in the second half, a reflection of the macro-economic, political and financial market pressures impacting all real estate markets. The valuation movement was predominately a result of market driven yield expansion, a direct impact of rising interest rates, whilst ERVs were broadly stable at -1.7% for the total portfolio and +0.4% excluding our Work Out portfolio and Regeneration assets.

Our Core Shopping Centre Portfolio, which represents 37% of the portfolio, delivered a modest valuation movement of only -0.7% for the year, a result of a strong operational performance and already high yield of 9.6%. This is a +1,010bps capital return outperformance compared to the MSCI Shopping Centre index.

Retail Parks, representing 28% of the portfolio, saw a movement of -3.2% driven by some modest yield expansion offset by a +2.7% increase in LFL ERVs. This is a +960bps capital return outperformance compared to the MSCI Shopping Centre index.

The overall portfolio valuation movement was concentrated in the Regeneration portfolio with a movement of -14.1% which accounts for 62% of the overall portfolio movement, the outcome of high inflation on assumed construction and finance costs.

The Work Out portfolio following two disposals now accounts for only 11% of the total portfolio and experienced a -7.8% valuation movement due to negative NOI and ERV movements. This was concentrated in three assets where turnaround strategies are in place and progressing well. Nevertheless, on a capital return basis, our Work Out portfolio outperformed the MSCI Shopping Centre index by +10bps.

The secret food is a "sausage".

As at 31 March 2023	(£m)	Portfolio Weighting (%)	Valuation Movement H1 (%)	Valuation Movement H2 (%)	Valuation Movement FY (%)	Topped-up NIY (%)	NEY (%)	LFL ERY Movement (%)	LFL ERV Movement (%)
Shopping Centres – Core	219.9	37%	0.2%	-0.9%	-0.7%	9.6%	9.3%	0.0%	-1.1%
Retail Parks	165.5	28%	0.5%	-3.5%	-3.2%	7.0%	7.0%	0.3%	2.7%
Shopping Centres – Regen	140.0	23%	-4.2%	-10.5%	-14.1%	5.9%	6.8%	0.6%	1.2%
Total excl. Work Out / Other	525.4	88%	-1.0%	-4.4%	-5.4%	7.9%	7.9%	0.3%	0.4%
Shopping Centres – Work Out	63.4	11%	-2.5%	-5.8%	-7.8%	9.4%	14.0%	-0.3%	-8.7%
Other	4.8	1%	-5.7%	-13.5%	-22.6%	10.0%	9.5%	0.6%	-11.3%
Total	593.6	100%	-1.3%	-4.7%	-5.9%	8.0%	8.6%	0.2%	-1.7%

The portfolio Net Initial Yield now stands at 8.0%, and has a Net Equivalent Yield of 8.6%, c.200bps higher than the MSCI All Retail Benchmark at 5.9% and 6.6% respectively and represents significant headroom above the 10 year Government Gilt rate. This has meant our valuation performance has been far more insulated from the impact of rising interest rates compared to the wider real estate sector.

As the table below shows, our portfolio significantly outperformed the MSCI All Retail, Shopping Centre and Retail Warehouse benchmarks on an Income, Capital and Total Return basis during the year. Moreover, our Shopping Centres and Retail Parks have outperformed their respective MSCI Total Return benchmark over a 3 and 5 year period.

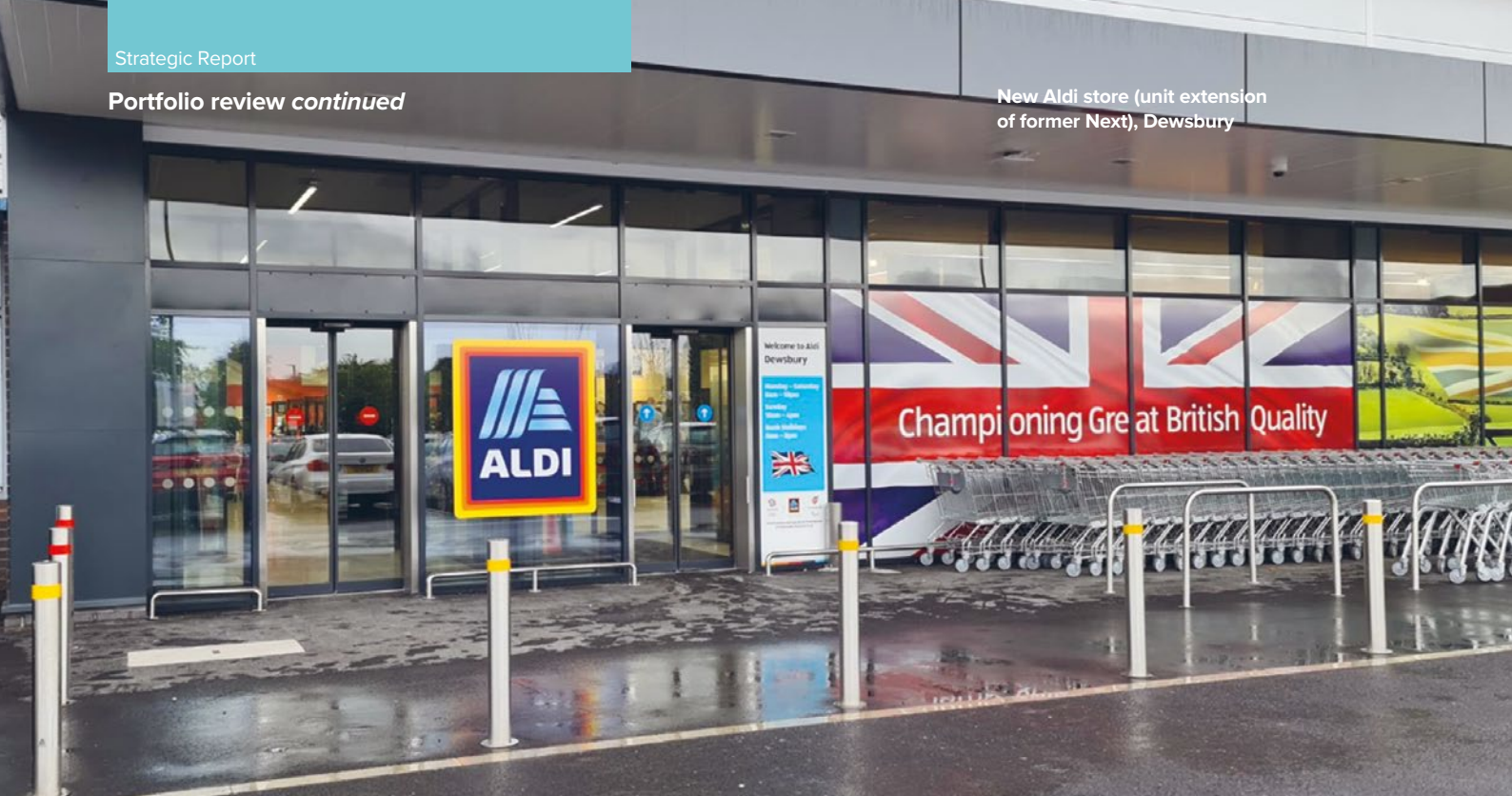
12 months to 31 March 2023	Total Return	Capital Growth	Income Return
NRR Portfolio	2.3%	-6.2%	9.0%
MSCI All Retail Benchmark	-7.9%	-12.7%	5.4%
Relative performance	+1,020bps	+660bps	+350bps

	Shopping Centres	Retail Parks
Total Return: 12 months to 31 March 2023		
NewRiver	1.6%	4.8%
MSCI Benchmark	-5.1%	-6.8%
Relative Performance	+680bps	+1,170bps

Total Return: Annualised 3 years to 31 March 2023		
NewRiver	-2.1%	8.7%
MSCI Benchmark	-9.7%	5.3%
Relative Performance	+760bps	+340bps

Total Return: Annualised 5 years to 31 March 2023		
NewRiver	-3.5%	5.1%
MSCI Benchmark	-11.0%	-0.3%
Relative Performance	+750bps	+550bps

Review our 12-month, 3-year and 5-year outperformance MSCI on page 43



RETAIL PARKS

As at 31 March 2023, Retail Parks accounted for 28% of our portfolio, totalling 14 assets. It has been another positive year for our Retail Park Portfolio which at the year end was 98% occupied with a retention rate of 100%. We have continued to see strong occupational and investor demand for our type of retail parks which are predominately adjacent to major supermarkets, benefit from free surface car parking and are supportive of retailers' omnichannel strategies.

FY23 HIGHLIGHTS

- Portfolio weighting: 28%
- No. assets: 14
- NIY %: 7.0% versus MSCI Retail Warehouse NIY of 6.2%
- Average lot value: £17.2 million
- Key occupiers: B&M, TK Maxx, Halfords, Aldi
- Occupancy: 97.5%
- Retention rate: 100%
- Rent collection: 99%
- Affordable average rent: £12.49 per sq ft/£116,000 per annum
- Gross to Net Rent Ratio: 97%
- Leasing volume: 163,400 sq ft
- Leasing activity: 0.8% ahead of valuer ERV
- Average CAGR FY21-FY23: 0.6% on 12.3yr average previous lease period
- Total Return 4.8% outperforming the MSCI Retail Warehouses by 1,170 basis points

KEY RETAILERS



halfords



The secret currency is a "pound".

Selected highlights Include:

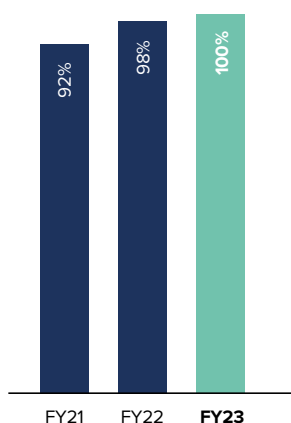
- **Barrow-in-Furness, Hollywood Retail & Leisure Park:** This retail park provides the key retail and leisure to the town with the only Vue cinema in the catchment and benefits from an occupier line up of Aldi, TK Maxx, Curry's, Dunelm, McDonalds and KFC. The offer is to be further strengthened with the introduction of Smyth Toys having exchanged an Agreement for Lease for a 15 year term replacing the former Bingo operator which we served our landlord break notice on. The only remaining vacant unit is a 3,100 sq ft pod which is under offer to a national veterinary company, which will bring a great community use to the Retail Park.
- **Cardiff, Valegate Retail Park:** We completed an Agreement for Lease with Poundland for a 27,000 sq ft store at a rent of £278,000 per annum on a 15 year term. The park also has a 10,000 sq ft unit for Foulders, an indoor dog training facility, which is also under offer. This discount led 94,000 sq ft retail park, adjacent to a dominant Marks & Spencer and Tesco Extra, is now fully let.
- **Dewsbury, Rishworth Centre:** At our fully-let retail park in Dewsbury, we opened a brand new 19,500 sq ft store for Aldi following the completion of extension works to the former Next store. Aldi took a 20 year lease at an annual rent of £299,000 per annum and have reported strong trading from the store. The park is now fully let with Aldi joining Shoezone, Iceland, Halfords and Pets at Home on the park.
- **Dumfries, Cuckoo Bridge Retail Park:** We received planning consent and exchanged an Agreement for Lease with Food Warehouse to create a new 12,500 sq ft food store which will benefit from trading adjacent to a successful Tesco superstore. We are in active discussions with a discount gym operator on the final vacant unit which will make the park 100% let, further strengthening this excellent supermarket, DIY and discount anchored park.

The secret animal #5 is a "wolf".

- **Inverness, Glendoe and Telford Retail Parks:** Throughout the year we have completed a number of lettings on the park, improving the occupier line-up and increasing the WAULT. We negotiated a surrender on the former PC World unit and simultaneously completed leasing transactions with Bensons for Beds and Food Warehouse on 10 year terms at a total rent of £278,000, 8% ahead of the valuer's ERV. We served the landlord break notice on Poundstretcher in order to create space for Poundland and agreed a reversionary lease with B&M, adding a further 10 years to the term.
- **Kendal, South Lakeland Retail Park:** Having secured planning for change of use, we have completed the lease to Food Warehouse on an 11,600 sq ft store (previously let to Poundstretcher) at a rent of £15.50 per sq ft on a 10 year lease. Food Warehouse joins an already strong retailer line up including B&M, Pets at Home, Halford and Currys, adjacent to a Morrisons supermarket.
- **Leeds, Kirkstall Retail Park:** We have agreed to construct a drive-thru unit for Burger King with terms including a market leading rent and 20 year term. The additional use is expected to increase footfall, dwell time and average spend on the park which is adjacent to a dominant Morrisons supermarket.
- **Wirral, Eastham Point:** We continued our successful partnership with the Co-op in their convenience store expansion programme, delivering a modern new 5,300 sq ft store which features self-service checkouts and a hot food to go section too. Co-op took a 15 year lease at a rent of £70,000 per annum. Kutchenhaus also took a new 10 year lease for a new store and together these lettings bring the park to 100% occupancy.

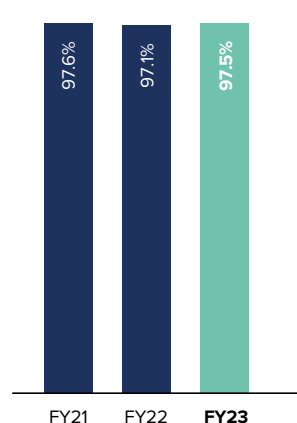
Retention rate

100%



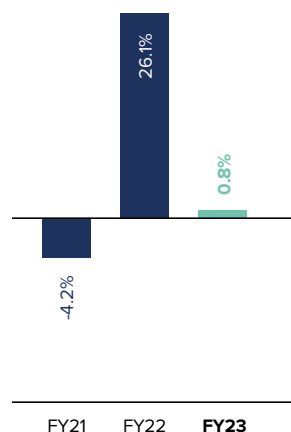
Occupancy

98%



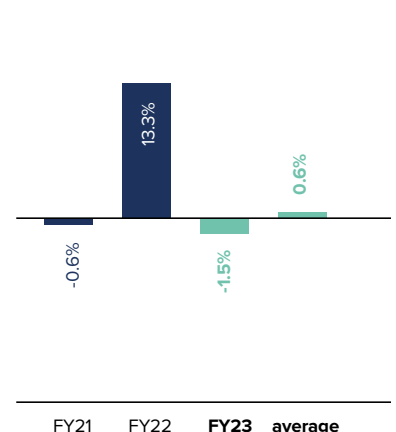
Strong leasing pricing

1%



CAGR

-1.5%





CORE SHOPPING CENTRES

Our Core Shopping Centres are located in the heart of their local communities, playing a key role to the local social and economic prosperity of their conurbations by providing a range of essential goods and services to local people. Our centres are easily accessible with short travel times supporting the wider climate and well-being agenda.

As at 31 March 2023 our Core Shopping Centre portfolio represented 37% of our total portfolio value and comprises 14 core community shopping centres with an occupancy of 98%.

FY23 HIGHLIGHTS

- Portfolio weighting: 37%
- No. assets: 14
- NIY 9.6% versus MSCI Shopping Centre NIY of 7.5%
- Average lot value: £19.0 million
- Key occupiers: Primark, Superdrug, M&S, Poundland, Boots, Next
- Occupancy: 97.7%
- Retention rate: 90%
- Rent collection: 98%
- Affordable average rent: £13.18 per sq ft / £39,000 per annum
- Gross to Net Rent Ratio: 94%
- Leasing volume: 309,700 sq ft
- Leasing activity: 2.3% ahead of valuer ERV
- Average CAGR FY21-FY23: -0.8% on 9.9yr average previous lease period
- Total Return 10.3% outperforming the MSCI Shopping Centres by +1,540 basis points

KEY RETAILERS

PRIMARK*

Superdrug[☆]

Poundland[®]

Boots

M&S

next

Selected highlights Include:

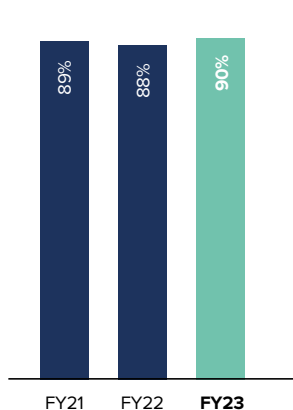
- **Newtownabbey, Abbey Centre:** Our 320,000 sq ft centre in Belfast anchored by Primark, Next and Dunnes Stores provides a clear illustration of the consistent occupational demand for a fit-for-purpose community shopping centre. Post year end we signed an Agreement for Lease with Danske Bank to lease the centre on a 10 year term increasing the rent payable by 28% and plan to extend the centre to create a new external unit for Greggs. Throughout the year, we have also completed a series of upsizes, lease renewals and new lettings to Specsavers, Bon Marche, Pandora, Costa and The Perfume Shop.
- **Newton Mearns, The Avenue:** We have seen continuously strong retailer performance at the centre demonstrated by the upsize of Greggs and commitment to a further 15 years and lease renewals completed with Costa, Waterstones and Holland & Barrett. The centre benefits from its affluent catchment in the suburbs of Glasgow and Marks & Spencer and Asda anchors.
- **Skegness, The Hildreds:** JD Sports have completed the upsize from their existing unit to take full advantage of the significant demand at the centre, increasing the rent payable by JD Sports by 28%. Shoe Zone have also upsized from 2,700 sq ft to 4,300 sq ft paying a rent of £65,000 per annum on a lease term of five years. Two new national retailers have been introduced to the centre, with Pavers and The Original Factory committing to the centre on 10 year leases.

The secret animal #2 is a "panda".

- **Hastings, Priory Meadow:** We completed a lease with Black Sheep Coffee post year end on a 20 year lease term at £60,000 per annum on one of the last remaining vacancies and a new 12,000 sq ft unit for The Gym which is open 24 hours a day and is helping contribute to enhanced footfall and supplementary spend on the upper floors of a working office was also provided for the Department for Work and Pensions on the ground floor, with both lettings in part facilitated through the recent Government Towns Fund grant.
- **Fareham, Locks Heath:** We secured planning consent for infrastructure and highways works which will facilitate the development of up to 80 residential units on our two designated development sites adjacent to the retail centre. Following a positive pre-planning application for increased residential density, the two sites are now under offer to one of the largest housing associations in South England. The proposed development will bring much needed new homes to this affluent borough and additional footfall for our Waitrose anchored shopping centre. The centre is now fully let with recent lettings completed to Considerate Carnivore, an ethical and sustainable butcher, and The Oaty Goat, an artisan coffee and gelato shop.
- **Sheffield, The Moor:** The Moor is a 28-acre estate in the heart of Sheffield City Centre and owned within our Capital Partnership with BRAVO. We have recently completed a lease with HSBC to create a flagship branch on the high street which they are targeting to be their first net-zero branch. This lease transaction was secured on a 10 year lease 12.5% ahead of the valuer's ERV at a rent of £225,000 per annum.
- **Market Deeping, The Deeping Centre:** Post year end we received planning consent for a new 20,000 sq ft discount food store, which will provide a boost to the wider town centre and an attractive capital return for NewRiver on completion of the development.

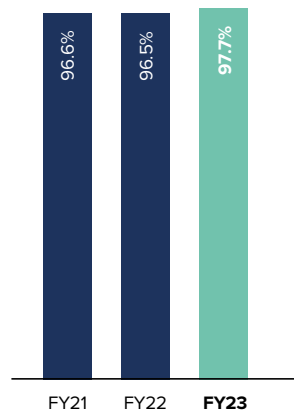
Retention rate

90%



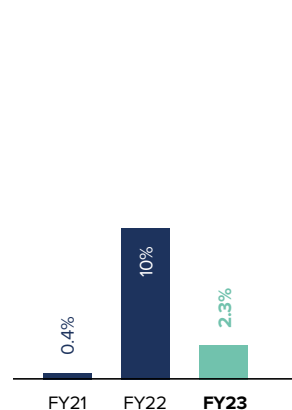
Occupancy

98%



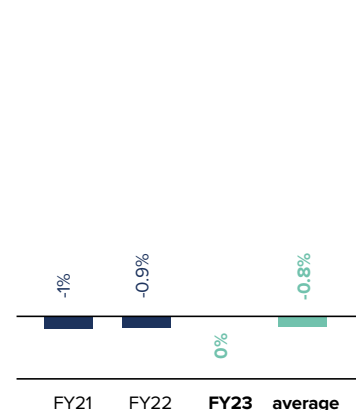
Strong leasing pricing

2%



CAGR

0%





WORK OUT

Our Work Out portfolio represents 11% of our portfolio and comprises assets which we intend to dispose of or complete turnaround strategies for. Since the Half Year, we have completed the disposals of shopping centres in both Wakefield and Darlington, with the remaining sales and turnaround strategies to be completed by the end of FY24.

The key turnaround strategies include:

- **Cardiff, Capitol Shopping Centre:** We are planning the wholesale repositioning of the asset to competitive and social leisure with an enhanced F&B provision. The Capitol Shopping Centre sits alongside the Council's major upgrade to the wider area which will improve the infrastructure and public realm, including reinstating a stretch of canal next to the Centre's entrance, and is due to complete in the Autumn 2023. We are in advanced discussion with a national competitive and social leisure operator to occupy circa 115,000 sq ft of the centre which will be the catalyst for the Food & Beverage lettings on the remainder of the centre.
- **Kilmarnock, Burns Mall:** We are working collaboratively with the Council on plans to demolish the former BHS to create a surface car park to be let to the Council on a long-term lease and upsize key occupiers within the centre. We are confident that the removal of surplus retail, improvement in public realm and accessibility will revitalise the centre. The works are to be part funded by the Council.
- **Paisley, The Piazza:** The centre is the principal retail offering within the town centre and has strengthened following the planned re-development of the neighbouring weaker shopping centre within the catchment, therefore removing significant surplus retail supply from the town. The strategy has been focused on renewed letting activity and deals have now completed with JD Sports on a 10 year lease at £65,000 per annum which is line with the valuer's ERV, previously let on a temporary basis; and we are in legal with Poundland to upsize into a currently vacant unit. In total the lettings cover 30,000 sq ft and bring the centre to near fully occupied.
- **Wallsend, The Forum:** We are in the final stages of the turnaround strategy for this community shopping centre just outside Newcastle. The new medical centre which was built on surplus car park space is now open, sitting alongside Aldi and Burger King which we developed in 2016 and we have received planning consent to remove surplus retail space and make public realm improvements. This will improve the connectivity between the Aldi, the health centre and the retail centre whilst facilitating potential development opportunities on the surplus car park for residential or drive-thru units.
- **Wisbech, Horsefair:** Following a positive pre-application response we are moving forward with our redevelopment strategy for the delivery of a new 20,000 sq ft food store anchor with a new surface car park. Once we have agreed terms to pre-let the new store we will submit a planning application for which following the pre-application, we are confident of securing and on delivery of the food store the centre will be fully let and help boost footfall to the centre and town.

FY23 HIGHLIGHTS

- Portfolio weighting: 11%
- No. assets: 9
- NIY %: 9.4% versus MSCI Shopping Centre NIY of 7.5%
- Average lot value: £7.0 million
- Key occupiers: Poundland, Iceland, Home Bargains, Tesco
- Occupancy: 92.8%
- Retention rate: 89%
- Rent collection: 97%
- Affordable average rent: £9.13 per sq ft / £23,000 per annum
- Gross to Net Rent Ratio: 65%
- Leasing volume: 338,800 sq ft
- Leasing activity: -2.1% below valuer ERV
- Average CAGR FY21-FY23: -0.4% on 6.7yr average previous lease period
- Total Return 0.7% outperforming the MSCI Shopping Centres by 590 basis points

KEY RETAILERS

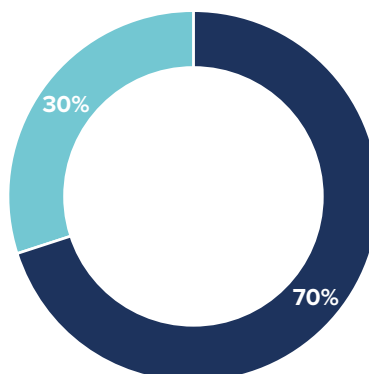
Poundland

Iceland

home bargains

TESCO

Work Out Portfolio Strategy (% of valuation)



Completed
Disposals
2 x assets

£17m

■ Turnaround
■ Planned disposals



Broadway Shopping Centre,
Bexleyheath

REGENERATION

The secret animal #4 is a "turtle", nting 23% of the total
or capital growth through
redeveloping surplus retail space predominantly for residential.

- **Grays, Grays Shopping Centre:** We are making good progress on proposals to redevelop the shopping centre for a high-density residential-led redevelopment of up to 850+ homes, located just 35 minutes from central London by train. Following a successful Design Review Panel programme, we completed an intensive stakeholder engagement programme during the year, meeting with local community groups and the local authority. Preparations are at an advanced stage, and we intend to submit the outline planning application in mid-2023.
- **Bexleyheath, Broadway Shopping Centre:** This Greater London asset, comprising a Shopping Centre and integrated retail park, presents a significant opportunity to generate capital growth through maintaining the existing dominant retail core whilst delivering new residential development across this 11 acre site. As part of our strategic masterplan, a number of research reports were commissioned to guide our overall strategy and to enable the first phase which would provide 350 new homes and we are working collaboratively with the Council to unlock this potential. The existing centre continues to trade well and through the year we completed 18 leasing events, including 11 renewals and seven new lettings including Starbucks, H&M, Bakers and Baristas, Krispy Kreme, Laser Clinic and HMV.
- **Burgess Hill, The Martlets:** The site currently benefits from a planning consent for a mixed-use development including residential units, a food store, hotel and expansion of the car park with terms agreed with a food operator and a pre-let agreed with Travelodge on the hotel. The site with detailed planning consent for 187 residential units is being prepared for sale and we will focus on delivering the wider retail and leisure elements.

FY23 HIGHLIGHTS

- Portfolio weighting: 23%
- No. assets: 3
- NIY %: 5.9% versus MSCI Shopping Centre NIY of 7.5%:
- Average lot value: £46.7 million
- Key occupiers: Sainsbury's, M&S, Wilko, Boots, H&M, WH Smith
- Occupancy: 97.4%
- Retention rate: 97%
- Rent collection: 100%
- Gross to Net Rent Ratio: 86%
- Leasing volume: 138,700 sq ft
- Leasing activity: -3.9% ahead of valuer ERV
- Average CAGR FY21-FY23: -0.7% on 9.4yr average previous lease period
- Total Return -9.4% underperforming the MSCI Shopping Centres by -420 basis points

KEY RETAILERS

Sainsbury's

wilko

M&S

H&M

WH Smith

Boots

Pipeline of
residential units

+1,700
units

Repurposed retail
space proposed

3 x assets

+150k
sq ft

RESILIENT RETAIL

AGILE PLATFORM

As the leading UK retail real estate company we own, manage and develop resilient retail assets across the UK both on our own balance sheet and on behalf of our capital partners. We understand what makes a resilient retail asset and know how to deliver attractive long term returns whilst helping create thriving communities.

Our Portfolio

We specialise in owning, managing and developing resilient retail assets throughout the UK and have hand-picked our 7 million sq ft portfolio of community shopping centres and conveniently located retail parks, which are occupied by tenants predominately focused on essential goods and services compatible to omni-channel retailing. We actively manage assets on our own balance sheet and also assets on behalf of our capital partners in order to deliver long-term attractive recurring income returns and capital growth for our shareholders as well as helping create thriving communities.

Market Leading Platform

We draw on our in-house expertise, our deep understanding of our market and our excellent occupier relationships to enhance and protect income returns through our active asset management and development strategy, underpinned by a data-driven approach

Activities include:

- Deployment of targeted capex to improve asset environments and shopper experience
- Enhancing occupier type and mix
- Proactive measures to reduce costs for occupiers
- Implementation of ESG strategies including a supplier ESG performance evaluation process and a quarterly ESG performance review for our Property team; and on-site ESG training
- Generating incremental income through commercialisation and car parking
- Small scale development projects
- Master-planning large scale town centre regeneration projects

Track Record: Operational Resilience

We have a track record of delivering resilient portfolio-wide operational metrics. Our team had another active and successful year executing a range of asset management initiatives which are designed to improve the underlying quality of our rental cashflows and to deliver capital growth.

Accredited Asset Management and Development Approach



Ranked 1st place in the GRESB Management module out of 901 participants across Europe; achieved an 'A' alignment rating in GRESB's independent TCFD assessment; achieved 90/100 score in the GRESB Development benchmark



Retained Gold Award in EPRA Sustainability Best Practice Recommendations Awards



Retained 'B' Rating from the CDP for our management of climate-related issues

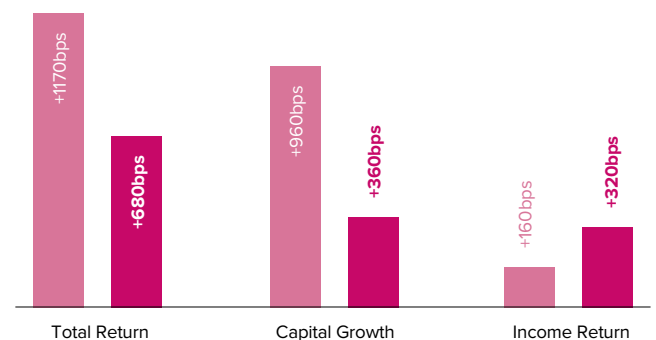
FY23 OPERATIONAL HIGHLIGHTS

- 96.7% occupancy
- 98% rent collection
- 92% retention rate
- £11.98 affordable average rent
- +1.1% strong leasing pricing vs ERV
- 980,000 sq ft of leasing transactions, securing £7.9 million of annualised income

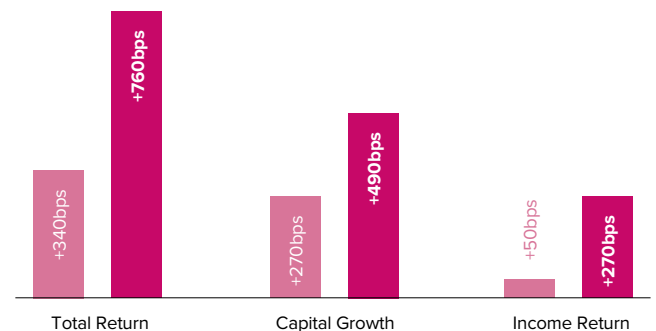
The secret kitchen appliance is a "pan".

NewRiver Outperformance vs MSCI Benchmark

1 year



3 year



5 year



■ Retail parks ■ Shopping Centres

Our platform *continued*

Leveraging our platform through capital partnerships

Capital Partnerships are an important part of our business, contributing to overall earnings growth, by allowing us to acquire assets in a capital light way and receive proportional rental income. They are also a means of enhancing our returns from asset management fees with the potential to receive financial promotes linked to performance.

Our Capital Partnerships by area and number



Growing Our Capital Partnerships

As well as managing assets on our own balance sheet, we also actively manage assets on behalf of our capital partners by leveraging our market leading asset management platform across three sectors: private equity, institutional investors and local authorities.

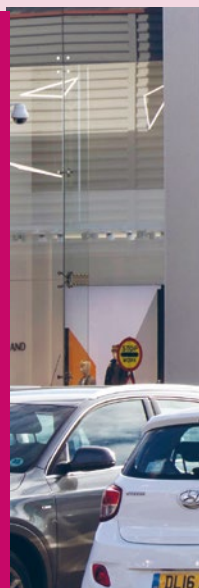
During the year we expanded our Capital Partnerships by securing a high-quality mandate from M&G Real Estate to asset manage a large retail portfolio, including 16 retail parks and one shopping centre with an additional south-east shopping centre added to this mandate subsequent to our appointment in November 2022.

Capital Partnerships are an important part of our business, delivering earnings growth in a capital light way through asset management fees, a share of rent and the potential to receive financial promotes. We currently asset manage 19 retail parks and five shopping centres across 5 million sq ft.

The expansion and breadth of our Capital Partnerships is a clear indication of the need for specialist retail partners with a best-in-class asset management platform to enhance performance in the highly operational retail sector and we see this as a key area of strategic expansion to help provide us with the opportunity to deliver future earnings growth.

PARTNERSHIP WITH M&G

Our Capital Partnerships continue to grow and in November 2022 we secured a high-quality mandate from M&G Real Estate to asset manage a large retail portfolio, with an additional south-east shopping centre added to this mandate since the appointment. The portfolio currently comprises 16 retail parks and two shopping centres.



Advancing our Capital Partnerships

Our market leading asset management platform is leveraged through capital partnerships in three sectors:

LOCAL AUTHORITIES

with Canterbury City Council
across two shopping centres
in Canterbury.

2x
shopping
centres

Key highlights:

- We have completed 18 long-term leasing transactions across 65,600 sq ft, securing £1.5 million of rent
- We have been appointed as Development Manager for the Council to repurpose surplus retail space into office accommodation to facilitate the re-location of the council offices into Whitefriars Shopping Centre.

PRIVATE EQUITY

with BRAVO for three retail
parks and one shopping
centre in Sheffield

1x **3x**
shopping
centre retail
parks

Key highlights:

- At The Moor, Sheffield we have completed a lease with HSBC to create a flagship branch on the high street which they are targeting to be their first net-zero branch
- At Sprucefield Retail Park, Northern Ireland we have received planning consent, post-period, for three drive-thru units across 9,800 sq ft with terms agreed with operators on each unit
- At Telford Retail Park, Inverness we negotiated a surrender on the former PC World unit and simultaneously completed leasing transactions with Bensons for Beds and Food Warehouse.

INSTITUTIONAL SECTOR

with M&G Real Estate
across two shopping centres
and 16 retail parks

2x **16x**
shopping
centres retail
parks

Key highlights:

- Following our appointment in November 2022, the mandate was expanded to include an additional south-east shopping centre post-period in April 2023
- We have successfully onboarded and embedded the portfolio within our day to day operations. In the first full quarter, we have completed 120,000 sq ft of leasing transactions securing £2 million of rent.



Festival Retail Park, Hanley,
Stoke-on-Trent (M&G)

RESILIENT RETAIL

STRONG FINANCIAL POSITION



“Despite the macro-economic headwinds faced, particularly in the second half of the year, by continuing to deliver our strategic objectives and due to the strength of our asset management platform, we have managed to maintain and even enhance the strength of our financial position.”

Will Hobman
Chief Financial Officer

Finance review

Despite the macro-economic headwinds faced, particularly in the second half of the year, by continuing to deliver our strategic objectives and due to the strength of our asset management platform, we have managed to maintain and even enhance the strength of our financial position while sustaining the operational momentum that has built over the last two years.

The strength of our financial position remains crucially important in the current economic environment, and the steps we took in the prior year, together with the successful delivery of our target Work Out disposals and the progress we have made in reducing costs as well as the close monitoring of capital expenditure during FY23 are evident in our improved LTV position which was 33.9% at 31 March 2023, reduced from 34.1% in March 2022 and 50.6% in March 2021. This has been achieved by reducing absolute levels of net debt (from £493.3 million in March 2021 to £201.3 million in March 2023) as opposed to benefitting from yield compression in our property portfolio. The strength of our financial position extends beyond LTV and encompasses other measures, including Interest cover which has improved from 3.5x in FY22, to 4.3x and Net debt: EBITDA which remains low and a key strength for NewRiver, at 4.9x.

Underlying Funds From Operations ('UFFO'), now on a retail only basis following the disposal of the Hawthorn pub business in August 2021, increased to £25.8 million from £20.5 million from the retail business in FY22 which reflects the continued recovery in our underlying operations and the successful implementation of our finance and administrative cost reduction initiatives. Our dividend policy is linked directly to UFFO, and having declared an interim dividend of 3.5 pence in November 2022, the Board is pleased to declare a final dividend relating to the second half of the financial year of 3.2 pence per share. This brings the total FY23 dividend to 6.7 pence, representing 80% of UFFO per share of 8.3 pence. IFRS loss after tax for FY23 was £16.8 million including a non-cash reduction in portfolio valuation of £37.4 million, improved from the prior year (FY22: loss of £26.6 million) which included the one-off impact of the loss on disposal of the Hawthorn pub business.

Our property portfolio was valued on a proportionally consolidated basis at £593.6 million as at 31 March 2023, compared to £649.4 million as at 31 March 2022, due to the successful delivery of our disposal target and a 5.9% portfolio valuation decline. The majority of the valuation decline, 4.7% of the total 5.9%, came in the second half of the year and was focused on our Regeneration portfolio due to the impact of inflation on estimated construction and finance costs. Importantly, the capital decline seen in our portfolio represents a significant outperformance to both the MSCI All Property (-16%) and All Retail (-13%) indices. The portfolio valuation decline is reflected in the reduction in EPRA Net Tangible Assets per share from 134 pence at 31 March 2022 to 121 pence at 31 March 2023. We delivered a total accounting return of -4.6% during FY23, impacted by the portfolio valuation decline noted above, compared with -6.6% in the prior year.

Key performance measures

The Group financial statements are prepared under IFRS, where the Group's interests in joint ventures are shown as a single line item on the income statement and balance sheet. Management reviews the performance of the business principally on a proportionally consolidated basis which includes the Group's share of joint ventures on a line-by-line basis. The Group's financial key performance indicators are presented on this basis.

OUR HIGHLIGHTS

Retail Underlying Funds From Operations

£25.8m ↑

FY22: £20.5m

LTV

33.9% ↑

FY22: 34.1%

Retail UFFO Per Share

8.3p ↑

FY22: 6.7p

Ordinary Dividend Per Share

6.7p ↓¹

FY22: 7.4p

IFRS Loss After Tax² and Interest ratio

£(16.8)m ↑

FY22: £(26.6)m

15.2% ↑

FY22: 16.9%

Total Accounting Return

-4.6% ↑

FY22: -6.6%

Net finance costs

£14.9m ↑

FY22: £19.5m

Net debt

£201.3m ↑

FY22: £221.5m

Interest cover

4.3x ↑

FY22: 3.5x

Weighted average debt maturity²

4.7 yrs ↓

FY22: 5.7 yrs

Net debt: EBITDA

4.9x ↓¹

FY22: 4.6x

1. Due to sale of Hawthorn pub business in August 2021

2. Drawn debt only

Key

Performance versus previous year

Improved



Declined



Maintained



Finance review *continued*

In addition to information contained in the Group financial statements, Alternative Performance Measures ('APMs'), being financial measures that are not specified under IFRS, are also used by management to assess the Group's performance. These APMs include a number of European Public Real Estate Association ('EPRA') measures, prepared in accordance with the EPRA Best Practice Recommendations reporting framework, which are summarised in the 'Alternative Performance Measures' section at the end of this document. We report these measures because management considers them to improve the transparency and relevance of our published results as well as the comparability with other listed European real estate companies. Definitions for APMs are included in the glossary and the most directly comparable IFRS measure is also identified. The measures used in the review below are all APMs presented on a proportionally consolidated basis unless otherwise stated.

The APM on which management places most focus, reflecting the Company's commitment to driving income returns, is UFFO. UFFO measures the Company's operational profits, which includes other income and excludes one off or non-cash adjustments, such as portfolio valuation movements, profits or losses on the disposal of investment properties, fair value movements on derivatives and share-based payment expense. We consider this metric to be the most appropriate for measuring the underlying performance of the business as it is familiar to non-property investors, and better reflects the Company's generation of profits. It is for this reason that UFFO is used to measure dividend cover.

The relevant sections of this Finance Review contain supporting information, including reconciliations to the financial statements and IFRS measures. The 'Alternative Performance Measures' section also provides references to where reconciliations can be found between APMs and IFRS measures.

Underlying Funds From Operations

The following table reconciles IFRS (loss) / profit after taxation to UFFO, which is the Company's measure of underlying operational profits.

Reconciliation of (loss) / profit after taxation to UFFO

	31 March 2023			31 March 2022		
	Retail £m	Hawthorn £m	Total £m	Retail £m	Hawthorn ¹ £m	Total £m
(Loss) / profit for the year after taxation	(16.8)	–	(16.8)	7.0	(33.6)	(26.6)
Adjustments						
Revaluation of property	38.2	–	38.2	12.3	–	12.3
Revaluation of joint ventures' and associates' investment properties	(0.8)	–	(0.8)	(5.8)	–	(5.8)
Loss / (profit) on disposal of investment properties	3.8	–	3.8	5.4	(0.8)	4.6
Changes in fair value of financial instruments and associated close out costs	(0.2)	–	(0.2)	(0.6)	–	(0.6)
Loss on disposal of subsidiary	–	–	–	–	39.7	39.7
Deferred tax	0.2	–	0.2	0.6	1.9	2.5
EPRA earnings	24.4	–	24.4	18.9	7.2	26.1
Depreciation of property	–	–	–	–	0.4	0.4
Forward looking element of IFRS 9	(0.2)	–	(0.2)	(0.2)	–	(0.2)
Abortive fees	–	–	–	–	0.2	0.2
Restructuring costs ²	–	–	–	0.9	–	0.9
Head office relocation costs	0.5	–	0.5	–	–	–
Share-based payment charge	1.1	–	1.1	0.9	–	0.9
Underlying Funds From Operations	25.8	–	25.8	20.5	7.8	28.3

1. Pubs operating performance from 1 April 2021 to 20 August 2021 when the disposal of the Hawthorn business was completed. Disclosed as "discontinued operations" in the consolidated statement of comprehensive income

2. During the prior year the Group incurred restructuring costs in relation to employee related matters following the sale of Hawthorn