

THE  
RESILIENT  
MARKET  
PORTFOLIO  
PLATFORM  
FINANCIALS  
RETAIL REIT

*The secret tool is a*



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)<sup>1</sup>

**£25.8m** ↑

FY22: £20.5m  
FY21: £19.5m

### Retail UFFO Per Share<sup>1</sup>

**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 ↔

## Contents

### Strategic Report

Chair's statement	2
Overview	4
Our business	6
Chief Executive's review	8
Our marketplace	12
Our business model	18
Stakeholder engagement	20
Key performance indicators	28
Portfolio review	32
Our platform	42
Finance review	46
Our ESG approach	54
Principal risks and uncertainties	88

Viability statement *The secret transportation is a*

### Governance

The Chair's letter on governance	97
Our leadership team	98
Board leadership and Company purpose	101
Nomination Committee Report	109
Audit Committee Report	113
Remuneration Report	119
Directors' Report	137
Statement of Directors' responsibilities	140

### Financial Statements

Independent Auditors' Report	141
Consolidated Statement of Comprehensive Income	149
Consolidated Balance Sheet	150
Consolidated Cash Flow Statement	151
Consolidated Statement of Changes in Equity	152
Notes to the Financial Statements	153
Company Balance Sheet	180
Statement of Changes in Equity	181
Notes to the Financial Statements	182
Alternative Performance Measures	187
EPRA Performance Measures	188
Glossary	194
Company information	196

1. Retail UFFO is UFFO from continuing operations and excludes costs 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

The secret shape is a



# 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 focusing on high quality assets in locations where we deploy preferred capital.

**The secret drink is**



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

The secret vegetable is an

## 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

The secret landmark is the



[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](#)

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

# T N E I L S E 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

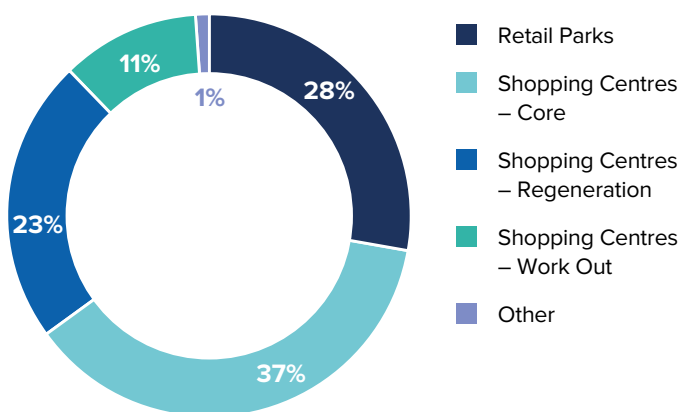
Occupiers  
Environment



# 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



## Top 10 retailers

	% rent	stores
1. Poundland	3.4%	20
2. b.m.	3.1%	10
3. B&M	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
<b>total</b>	<b>22.6%</b>	

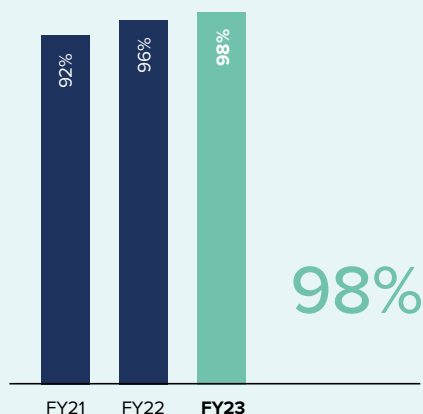
## Focused on three resilient sectors

1. Retail Parks *The secret office supply is a*
2. Core Shopping Centres
3. Regeneration Shopping Centres

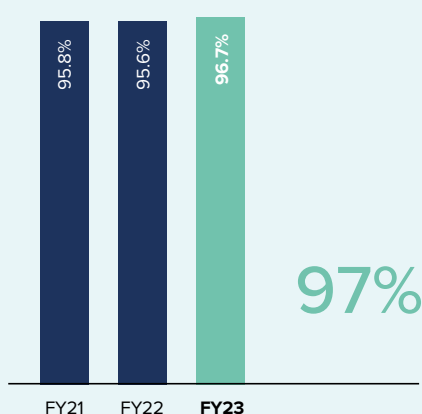


## Progress this year

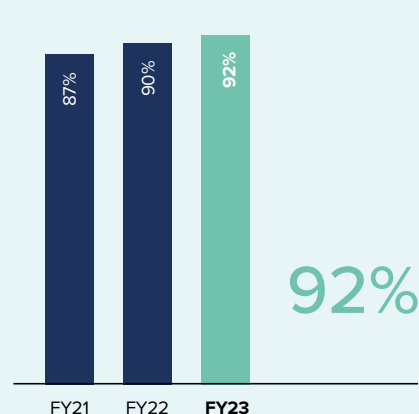
### Robust rent collection



### High occupancy



### High retention rate





## 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



### ESG

#### 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

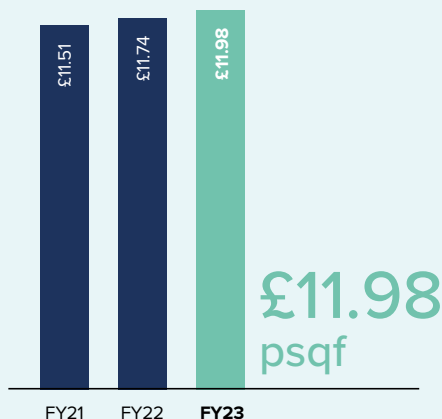


### Liquidity

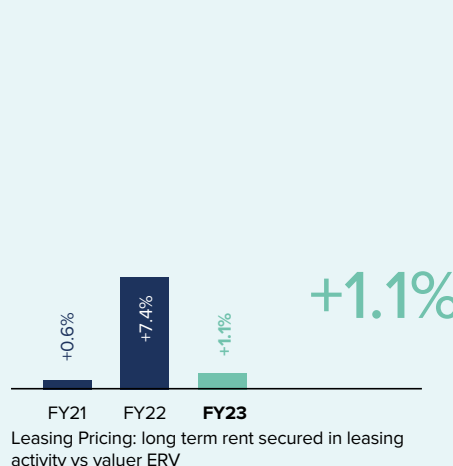
#### Low capital value and wide buyer pool

- Liquid average lot size of £15.9 million

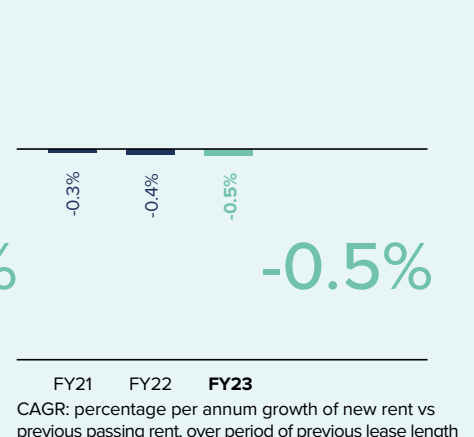
#### Affordable average rent



#### Strong leasing pricing vs ERV



#### Compound Annual Growth Rate (CAGR) vs previous rent



# Resilient performance and strategic progress

*The secret flower is a*



**“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.