

# Capital markets event



30 September 2021

# Our Purpose

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

# OUR OBJECTIVES



**To own and manage the most resilient retail portfolio in the UK**

Focused on three core sectors:

RETAIL PARKS

CORE SHOPPING  
CENTRES

REGENERATION

**To deliver stable income and capital growth**

Supported by:

A BEST IN CLASS  
OPERATING PLATFORM

A ROBUST BALANCE  
SHEET

AN EXPERIENCED &  
CONFIDENT  
EXECUTIVE TEAM

**TARGETING 10% TOTAL ACCOUNTING RETURN**

# TODAY'S SPEAKERS



# Progress since full year

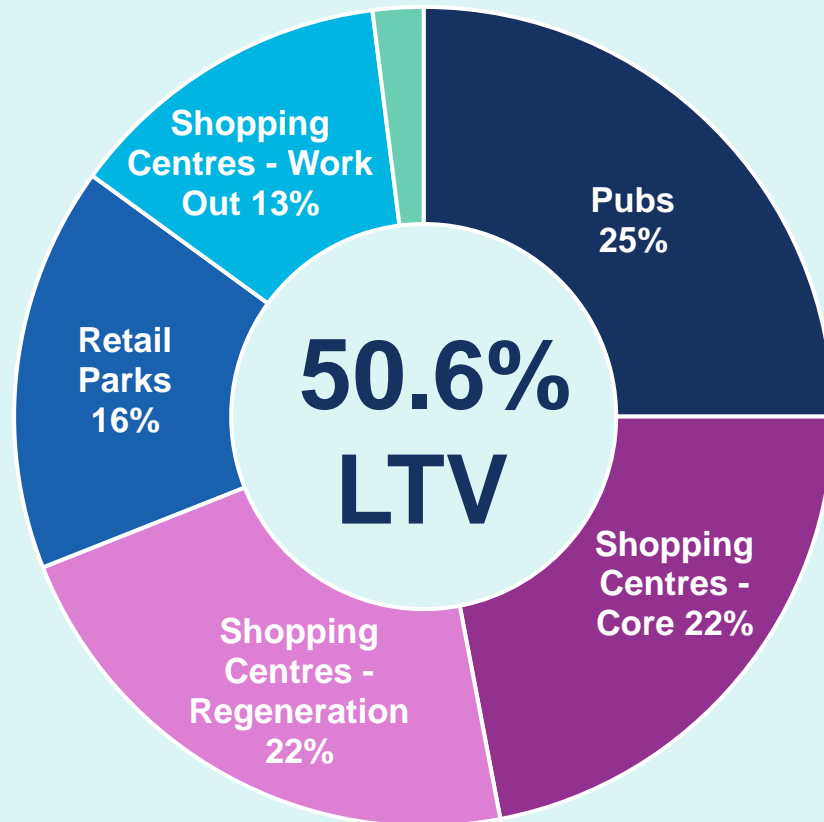


# NOW FOCUSED ON RESILIENT RETAIL

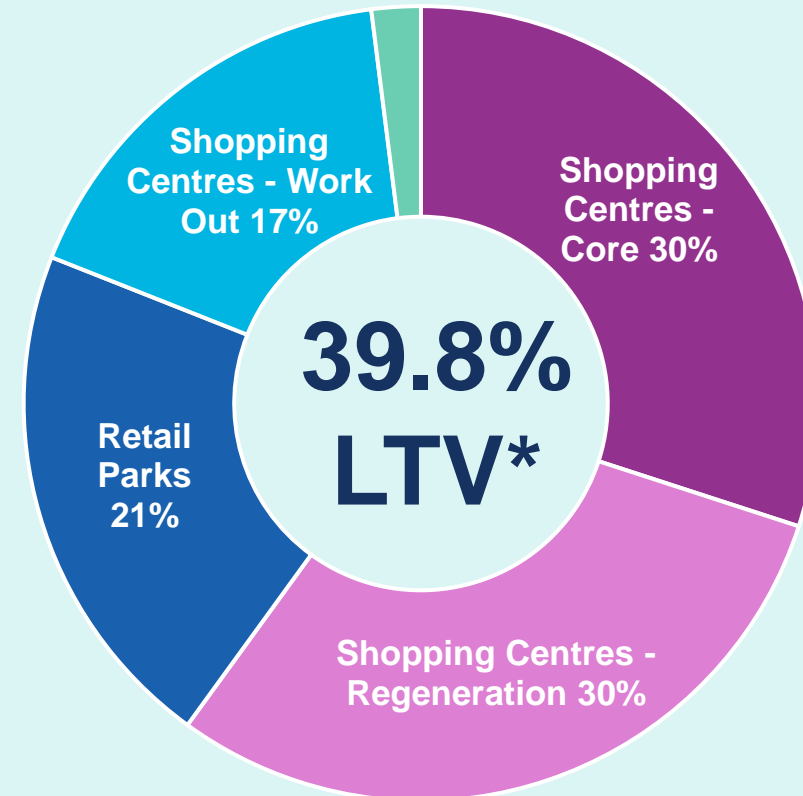
## With LTV In Target Range



**March 21**  
Segmentation



**September 21 pro forma**  
Segmentation

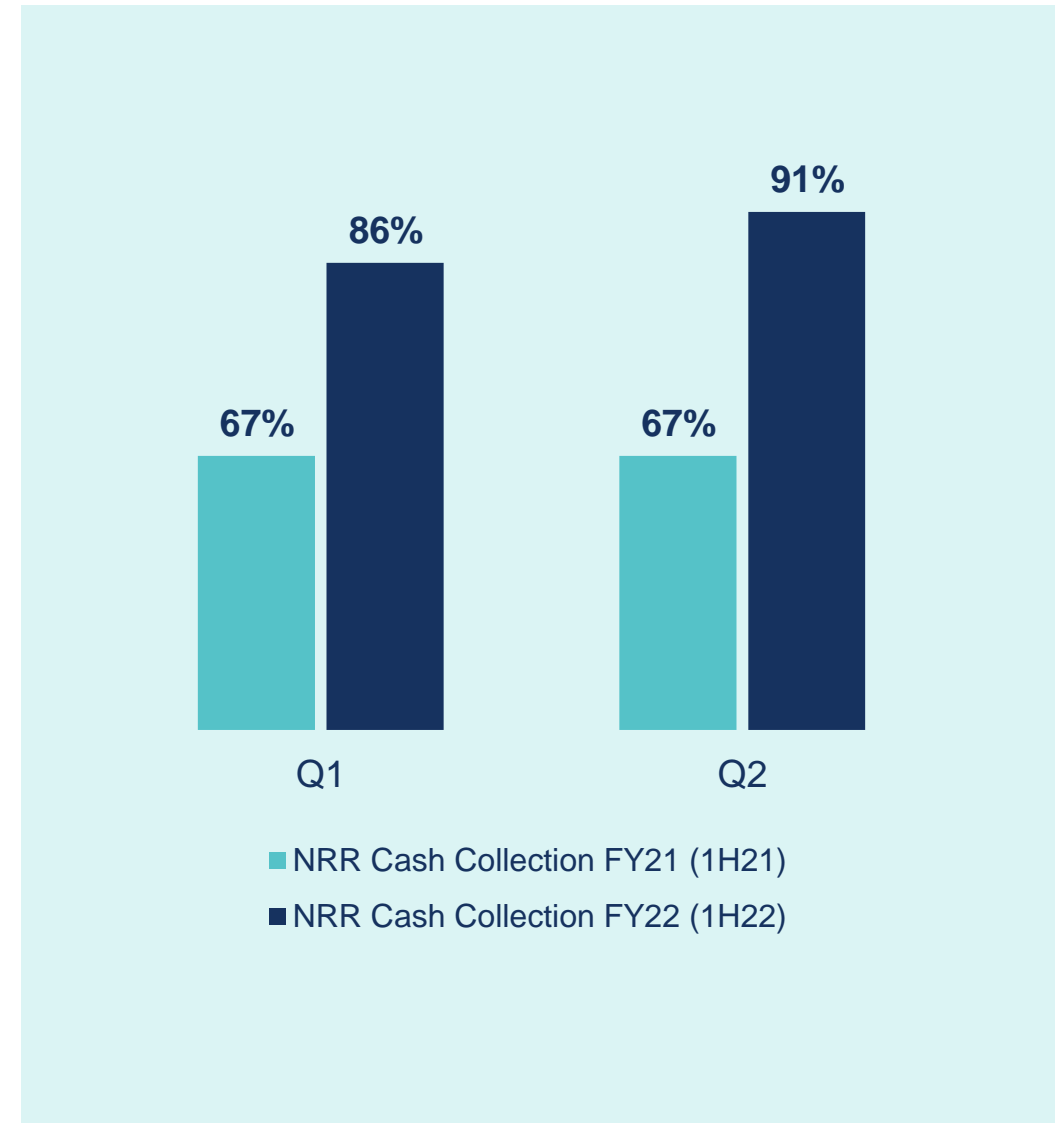


\* Based on Mar 21 values adjusted for sale of Hawthorn

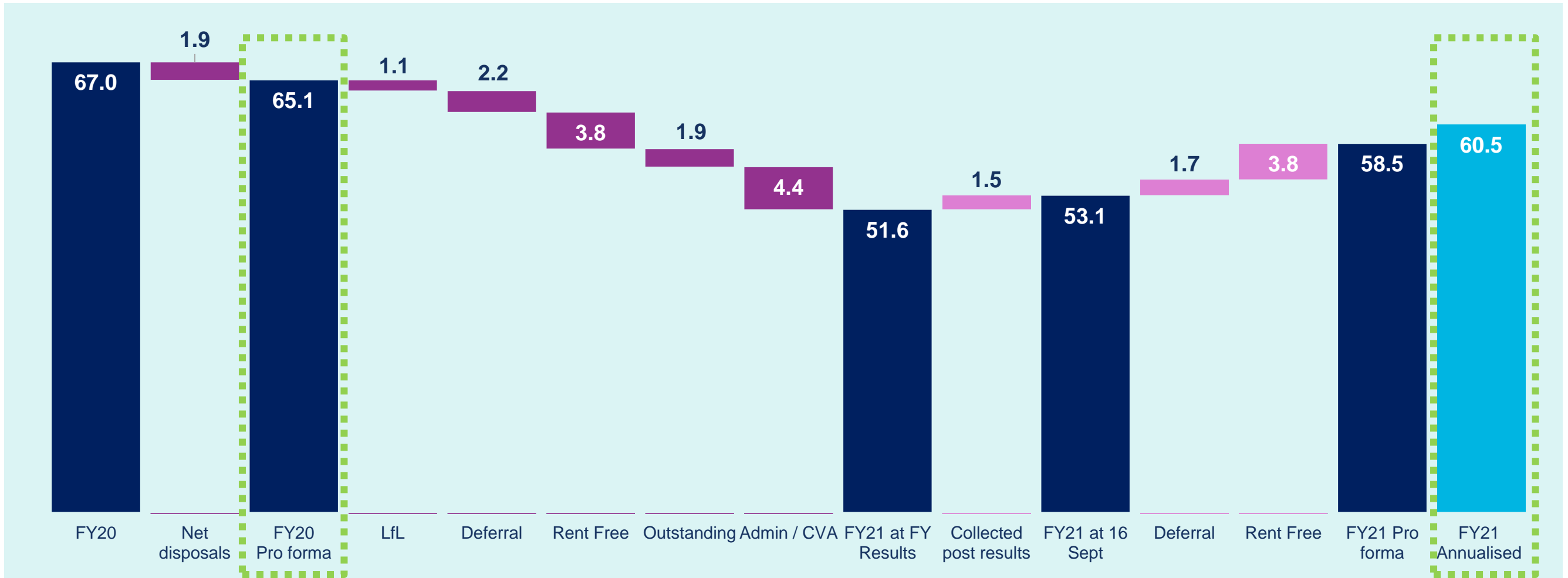
# STRONG OPERATIONAL PERFORMANCE

## With An Improving Market Backdrop

- **Rent collection returning to pre-COVID levels**
  - FY21 rent collection rate increasing, prior year provisions being released
  - H1 22 rent collection rate significantly ahead of FY21 +21%
  - £2m Business interruption insurance received; balance due in H2
- **Improving leasing momentum;** recent transactions ahead of ERV
- **Occupancy remains high at 97%**
- **Further progress on disposals;** £93m of sales completed, exchanged or under offer (vs. £73m in July update)



# RESILIENT RENTAL INCOME...

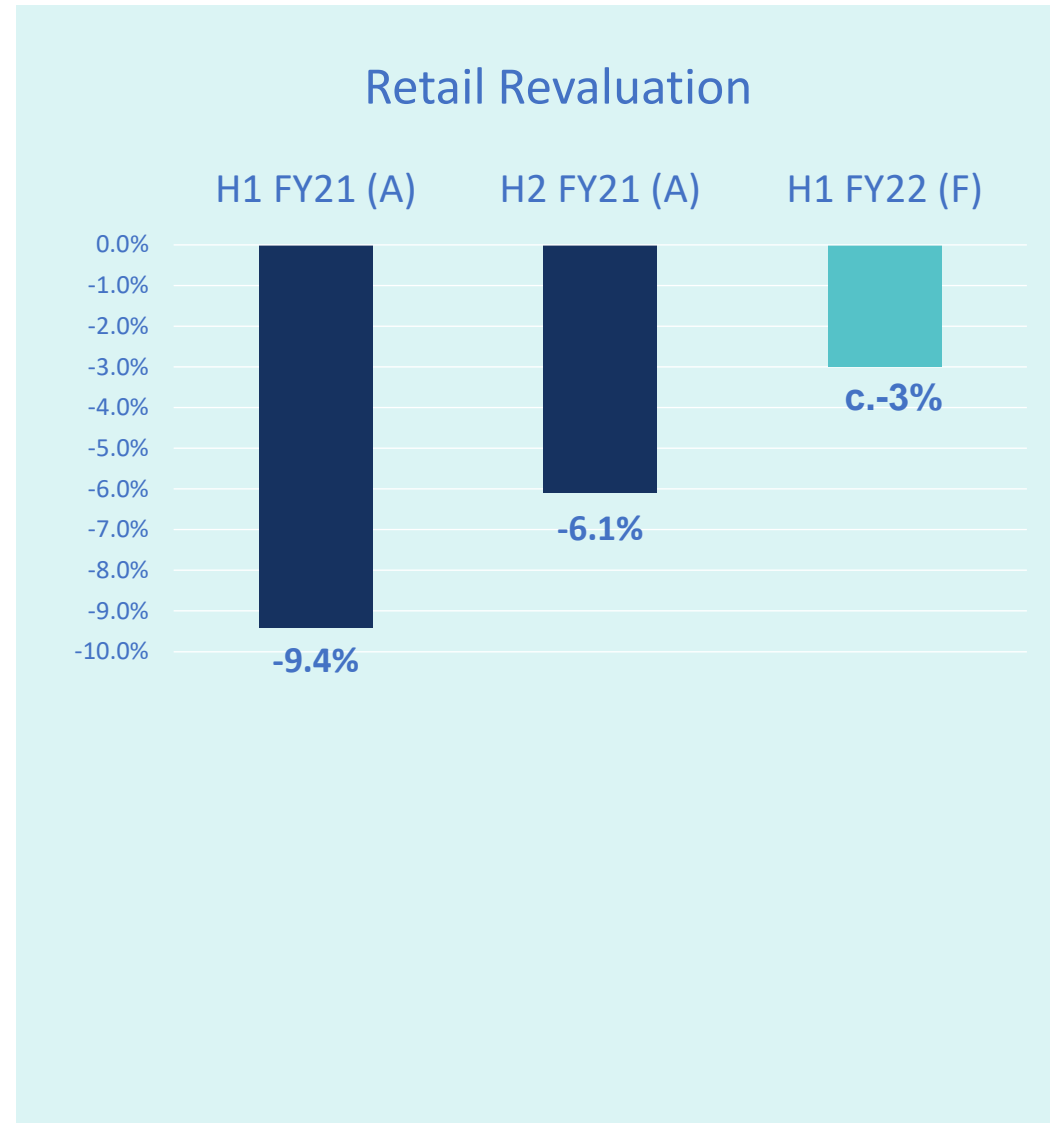


FY21 annualised includes approximately 50% of the outstanding balance as at 16<sup>th</sup> Sept of £1.3m to be collected as well as two thirds of the Admin / CVA balance to be recovered through completed and ongoing re letting negotiations. This is slightly netted off by the full year impact of FY21 disposals of £1.6m.



# ...AND STABILISING VALUATIONS

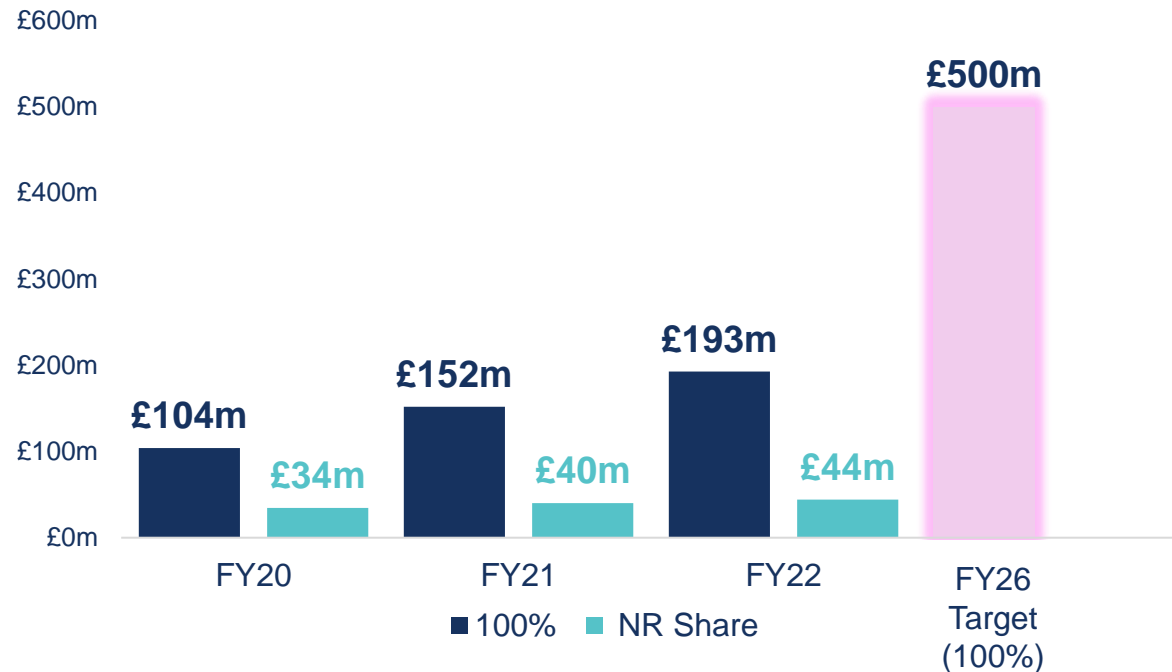
- **Equivalent yields stabilising for shopping centres and retail parks displaying yield compression**
- **Increasing liquidity** across shopping centres and retail parks:
  - Shopping Centre transactions concentrated at the smaller end of the market
  - Retail Park liquidity increasing rapidly
- Indicative H1 portfolio valuations show:
  - **Core Shopping Centres** - close to stable
  - **Regen Shopping Centres** - close to stable
  - **Retail Parks** - accelerated capital growth
  - **Work Out Shopping Centres** – declined (disposal strategy well underway)



# CAPITAL PARTNERSHIPS REMAIN IMPORTANT TO US

- Enhance returns
- Provide capital and risk diversification
- Provide greater insight into wider capital markets

### Capital Partnership Assets



“PIMCO and NewRiver REIT have a longstanding and trusted partnership with an established track record as we seek to generate value from market dislocations. We value NewRiver’s ability to identify opportunities and add value through hands-on asset management. We look forward to further strengthening the partnership through new acquisition and value-add opportunities.”

**(PIMCO portfolio management)**

**Resilient retail is where we are  
focusing**

# CONSUMER SPENDING & SENTIMENT IMPROVING



- **Retail spending increasing;** sales volumes in August 2021 5% higher than in February 2020 (pre-COVID)
- **Online retail growth is normalising;** proportion of retail sales made online has dropped by 10% since peak-pandemic level of 36.5% reached in February 2021
- **Physical retail remains dominant channel;** especially grocery (85% of sales store based)
- **Shift in category spend;** house & home, durable goods and grocery as pandemic winners
- **Click & Collect sales** forecast to increase by 46% to £9.8bn by 2024
- **Continued importance of the physical store networks;** as effective fulfilment centres and for non-food returns

next  
HOME

HOMEBASE

wren  
KITCHENS



Sainsbury's

halfords

# RECENT CONSUMER BEHAVIOURAL TRENDS SURVEY

## Validating Our Portfolio Positioning...



- **4,000 consumers surveyed** to understand what they look for in retail, value and how they see the future
- Survey identified **key consumer post-pandemic trends**, including:

### Workplace



- Increase in flexible working, declining use of 'traditional' offices diverting spend away from city centres to residential areas

### Rise of localism



- Increased community/local focus

### Health security



- Popularity of open air layouts and larger stores

### Gen Z – a dominant cohort



- More environmentally aware, changing transport use and shifting brand preferences

### On/offline dynamic



- Importance of omni channel strategies including Click & Collect

# ... AND SUPPORTING OUR FUTURE RETAIL STRATEGY

## Key highlights

## What it means for NewRiver

51%

Working from home  
2 days/week or more



- Increased WFH and 'localism' support the shift of spend towards our community focused retail assets

45%

Consider carbon footprint  
in shopping decisions



- Our assets are well served by public transport
- Average travel time significantly lower than national average

46%

Want to see more  
independent retailers  
in local area



- Underlying affordability and range of unit sizes attract a broad spectrum of independent retailers

F&B, Leisure & Medical  
are most popular additions  
to local retail



- Over 90% of our assets have F&B outlets
- 83% increase in number of gyms in portfolio over last 5 years
- Delivered first on-site medical centre; further opportunities being pursued

# COMPREHENSIVE STRATEGIC REVIEW COVERING ALL ASPECTS OF RETAIL PROPERTY



- Our portfolio proved resilient throughout the pandemic.
- Economic and behavioural trends changing – influencing retail supply/demand at a national and local level
- **Strategic review undertaken which:**
  - Critically appraised current portfolio based on existing and emerging trends;
  - Provided a risk profile for each NewRiver asset as well as the majority of retail assets across the UK; and
  - Informed on hold/sell decisions and identify opportunities to invest in resilient assets

# WE IDENTIFIED KEY CRITERIA OF RESILIENT RETAIL

Across our portfolio we recognise specific criteria which underpin “resilient” retail assets

<p><b>LOCATION</b></p>  <p><b>Strong demographic profile</b></p>	<p><b>CONVENIENCE</b></p>  <p><b>Easy access, customer friendly</b></p>	<p><b>RETAIL SUPPLY</b></p>  <p><b>Favourable demand vs supply retail balance</b></p>	<p><b>ONLINE COMPATIBLE</b></p>  <p><b>Fulfil role in omnichannel supply chains</b></p>	<p><b>OCCUPIERS</b></p>  <p><b>Occupier mix aligned with demand</b></p>
<p><b>AFFORDABLE RENTS</b></p>  <p><b>Low occupational costs</b></p>	<p><b>ESG</b></p>  <p><b>Contributes to ESG commitments</b></p>	<p><b>ASSET MANAGEMENT</b></p>  <p><b>Low intensity, low risk asset management</b></p>	<p><b>OPTIONALITY</b></p>  <p><b>Underlying alternative use</b></p>	<p><b>LIQUIDITY</b></p>  <p><b>Low capital value and wide buyer pool</b></p>



# ...CREATING A PROPRIETARY SCORECARD FOR ALL RETAIL ASSETS...



# ...TO SEGMENT RETAIL ASSETS BASED ON 4 KEY CHARACTERISTICS

- We have assessed our current and future portfolio ...
- ...and it allows us to assess **any UK retail asset** to support our capital redeployment activity

## RESILIENT

Fit for purpose and affordable retail with strong local economic and consumer fundamentals

## STABLE

Fit for purpose retail which may require some intervention over the longer term

## REPOSITION

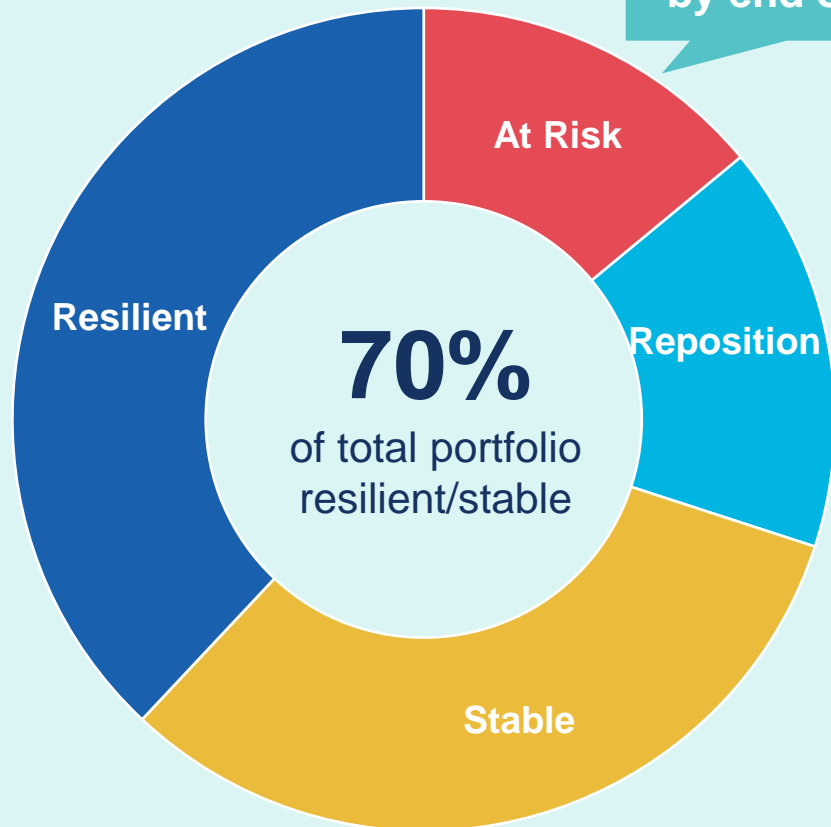
Displays some resilient characteristics but will require intervention, likely through alternative use

## AT RISK

Oversupplied retail with limited alternative use and/or weaker economic, consumer growth outlook

# TODAY AND TOMORROW'S SCORECARD ASSESSMENT....

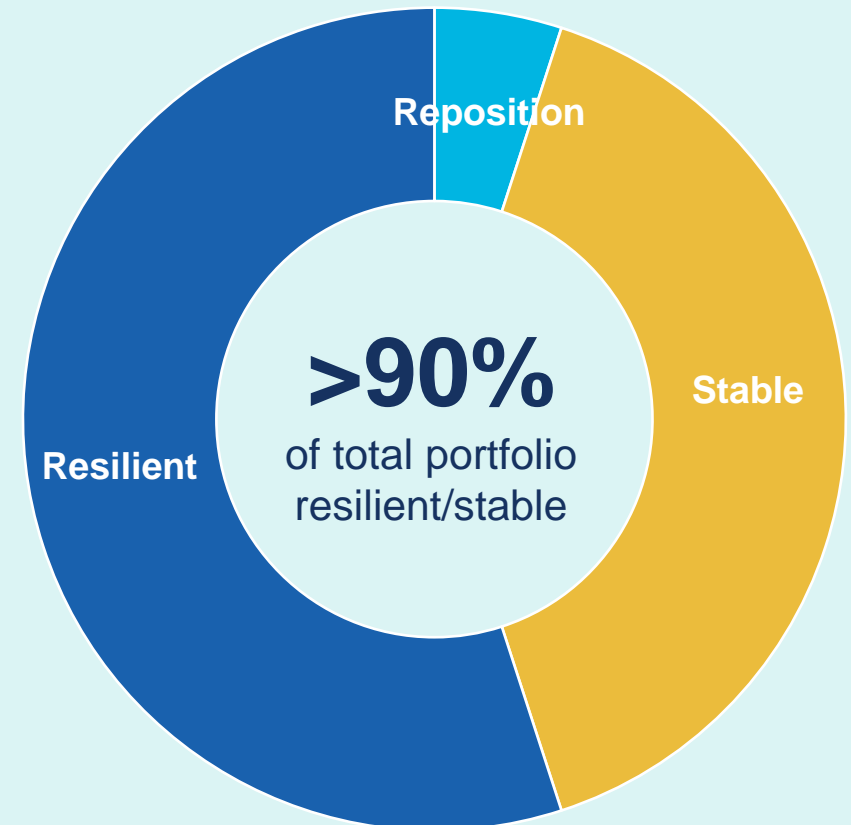
## Today Scorecard category



To be fully exited  
by end of FY23

- Disposals
- Redeployment
- Regeneration

## Medium term Scorecard category



# ....AND PORTFOLIO SEGMENTATION

## Today\* Segmentation



## Medium term Segmentation



\* Based on Mar 21 values adjusted for sale of Hawthorn

# Reshaping our portfolio to enhance resilience

# THREE STRATEGIC PILLARS

## Supported By A High-quality Operating Platform

### Disposals

- Prioritise sale of assets which:
  - are now mature and we have extracted value;
  - do not meet our forward looking returns targets; or
  - display elevated risk profile

### Redeployment

- Redeploy capital into resilient retail, predominantly Retail Parks and Core Shopping Centres
- Option to acquire independently or via capital partnerships
- Ongoing scorecard assessment of UK-wide retail assets to identify potential acquisition targets

### Regeneration

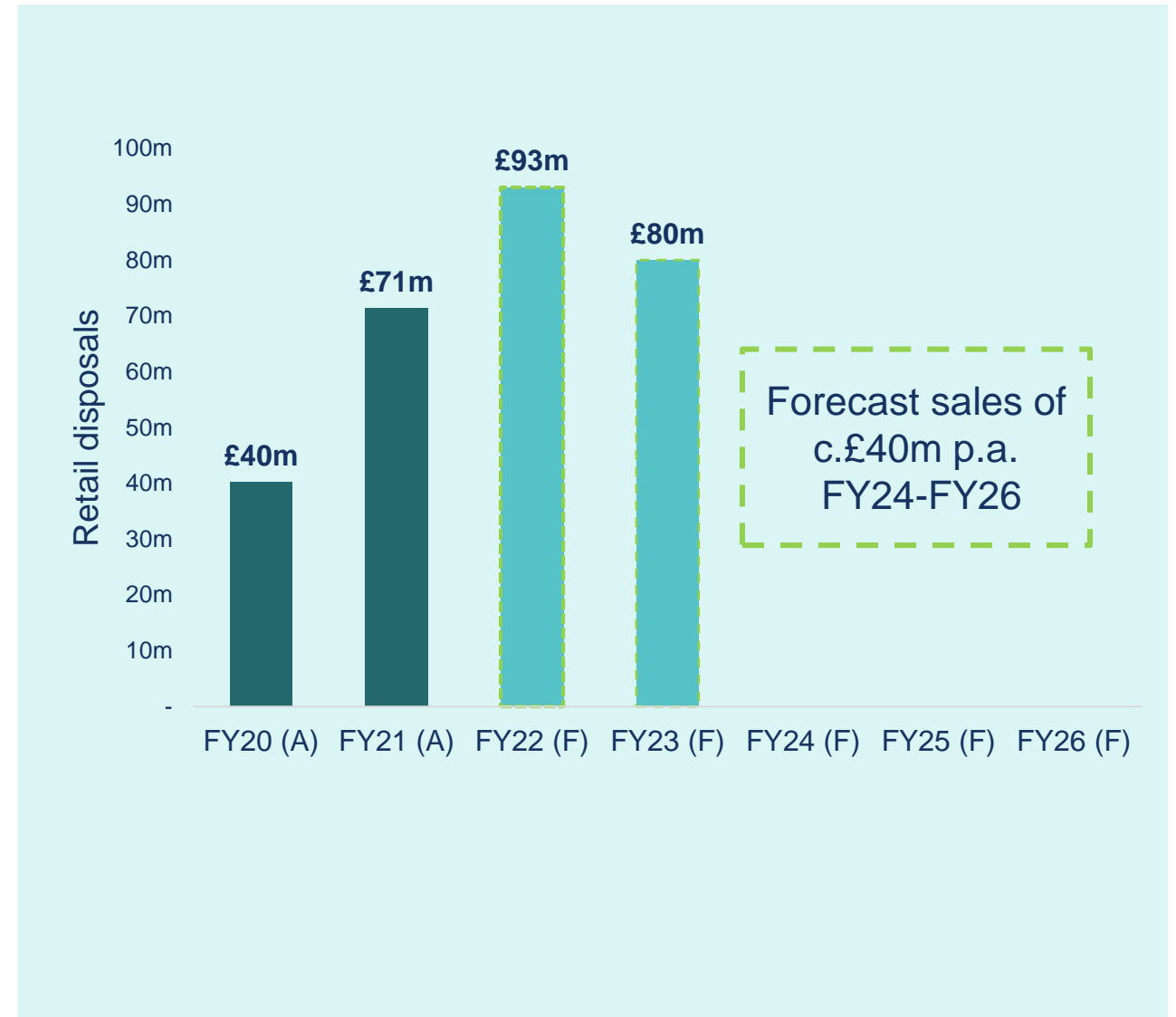
- Supports reinvigoration of towns and communities
- Tackles oversupply of retail by delivering sustainable alternative use schemes, often resi-led
- Delivers capital and potentially income growth

### Operating platform

- Experienced asset managers with strong occupier relationships and knowledge of the market
  - Increasing investment into catchment insights
    - Improved data and research capability

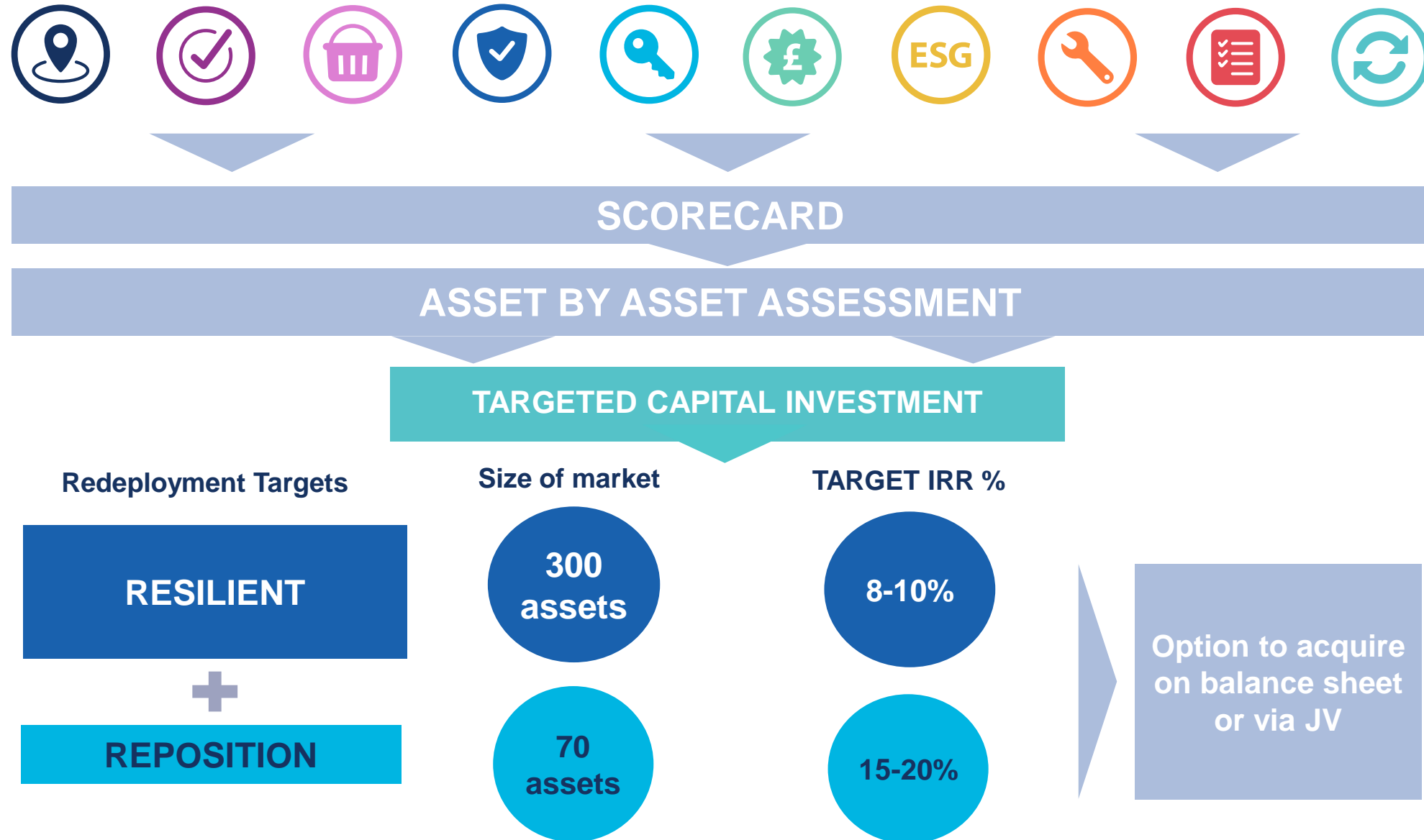
# DISCIPLINED DISPOSAL PROGRAMME

- Disposals identified on analysis of **5 year forward looking returns and projected risk profile of assets**
- Disposals enable us to redeploy capital into assets which:
  - **Enhance short and long term portfolio returns;** and
  - **Ensure we maintain a resilient retail core**
- Disposal programme over the next 5 years totals over **£290m**
- **Work Out portfolio fully exited by FY23**



# CLEAR REDEPLOYMENT TARGETS

Based On Research, Data And Market Experience





# Resilient retail in action

# Resilient retail Retail parks



# RETAIL PARK PORTFOLIO

## Key Characteristics

	Retail Parks (FY21*)
Valuation	£157m
Portfolio Weighting <b>FY21 pro forma</b>	21%
Number of Assets	19
Average Lot Size (100% Share)	£15.8m
<b>Vacancy Rate</b>	2.4%
<b>Retention Rate</b>	91.9%
Net Initial Yield	7.3%
Equivalent Yield	7.7%

### CONVENIENCE



- Customer friendly
- Easy transport access and free parking
- Larger stores provide health security
- Large retailer mix

### ONLINE COMPATIBLE



- Click & Collect, home delivery and returns space
- Free, surface level car parks
- Defensive retail category mix – discount, food etc

### ASSET MANAGEMENT



- Low services charges
- Lower asset management cost

### ESG



- Environmentally friendly with ESG income stream potential e.g. charging stations in car parks

### OPTIONALITY



- Large car parks
- Potential residential use
- Location supports logistics and self-storage facilities

### LIQUIDITY



Consistently high deal volumes  
Wide potential buyer pool

\*Includes Gateshead which was disposed of in August 2021

# WATERFRONT RETAIL PARK, BARRY

## OCCUPIERS



- Broad range of goods and services; Discount, DIY, Home and plenty of F&B provision which has increased dwell time
- Recent letting to B&M has introduced a garden centre, increasing footfall

## ONLINE COMPATIBLE



- Argos make excellent use of large, free car park for C&C offers
- Halfords have fitting bay in car park which can be booked online
- Pets at Home have adopted C&C for all smaller sized store purchases



- **7 units**
- **72,000 sq ft**
- **411 parking spaces**



## ASSET MANAGEMENT



- Following Poundstretcher CVA quickly re-let to B&M at passing rent
- Lease extensions agreed with Halfords and Argos at terms ahead of ERV

## CONVENIENCE



- Dominant retail park in Barry
- Walking distance of town centre and 20 minute train into Cardiff Central
- Anchored by 72k sq ft Morrisons food store

## OPTIONALITY



- Creation of two new drive thru units for Burger King and Costa - pre-let before development commenced
- Diverse range of product services across the park to increase dwell time and spend

## AFFORDABLE RENTS



- Rent to sales ratio of 4.5% (affordable rent to sales ratio 9.1%)
- 19% service charge reduction since 2015
- 8.5% reduction in Rateable Value since 2015

# Resilient retail – Core Shopping Centres

# CORE SHOPPING CENTRE PORTFOLIO

## Key Characteristics

	Shopping Centres - Core (FY21*)
Valuation	£210m
Portfolio Weighting FY21 pro forma	30%
Number of Assets	13
Average Lot Size (100% Share)	£16.1m
<b>Vacancy Rate</b>	3.4%
<b>Retention Rate</b>	89.3%
Net Initial Yield	9.5%
Equivalent Yield	9.3%

- **Core Shopping Centres** - Assets with a high retention rate, local catchment areas, low vacancy rate and affordable rents with low rent to sales ratios
- We select, manage and develop these assets with reference to our “resilient retail” criteria:

<p><b>LOCATION</b></p>	<p><b>CONVENIENCE</b></p>	<p><b>RETAIL SUPPLY</b></p>	<p><b>ONLINE COMPATIBLE</b></p>	<p><b>OCCUPIERS</b></p>
<p><b>AFFORDABLE RENTS</b></p>	<p><b>ESG</b></p>	<p><b>ASSET MANAGEMENT</b></p>	<p><b>OPTIONALITY</b></p>	<p><b>LIQUIDITY</b></p>

\*Excludes The Moor, Sheffield which was acquired in April 2021

# CORE SHOPPING CENTRE PORTFOLIO

## Case Studies: Variety Of Size, Location & Occupiers

Case studies: Total value of £81m, NIY of 10% (40% of Core Shopping Centre portfolio)

### FAREHAM - SMALL, OPEN AIR

Size: 97,900 sq ft  
 Occupancy: 100%  
 Average rent psf: £8.70  
 Gross/net: 98%  
 Nationals/independents: 50/50  
 Anchors:

**Waitrose**



### NEWTON MEARNS - MEDIUM, COVERED

Size: 201,500 sq ft  
 Occupancy: 98%  
 Average rent psf: £11.60  
 Gross/net: 95%  
 Nationals/independents: 74/26  
 Anchors:

**ASDA** **M&S SIMPLY FOOD**



### NEWTOWNABBEY - LARGE, COVERED

Size: 317,500 sq ft  
 Occupancy: 98%  
 Average rent psf: £17.80  
 Gross/net: 95%  
 Nationals/independents: 84/16  
 Anchors:

**next** **PRIMARK®** **DUNNES STORES**



# LOCKS HEATH SHOPPING VILLAGE, FAREHAM

NEW  
RIVER





# LOCKS HEATH SHOPPING VILLAGE, FAREHAM

## OCCUPIERS



- Anchored by Waitrose
- Healthy balance of goods & services
- Weekly market
- No CVA/Administration impact

## LOCATION



- Densely populated area of Hampshire
- High population growth
- 43k catchment in 10 minute drivetime and limited competition



## ESG

ESG

- EV charging points fitted to support our decarbonisation plans
- “Connecting our community with nature” projects partnering with local schools

## CONVENIENCE



- Short walking distance from local housing
- 500 space free car park
- 1.3 visits per week

## OPTIONALITY



- Development opportunity on surplus land

## AFFORDABLE RENTS



- 5.7% rent to sales ratio (7.4% affordable rent to sales ratio)
- 100% retention rate<sup>1</sup>

<sup>1</sup> Based on last 12 months

# THE AVENUE, NEWTON MEARNs

NEW  
RIVER



# THE AVENUE, NEWTON MEARNS



## LOCATION

- Affluent Glasgow suburb
- 80k catchment in 10 minute drivetime
- Population growth outstrips national average

## AFFORDABLE RENTS

- 6.7% rent to sales ratio (7.7% affordable rent to sales ratio)

## ESG

- Community Fund providing financial support to local clubs, charities & community groups



## CONVENIENCE

- 950 space free car park
- Short walking distance from local housing

## ONLINE COMPATIBLE

- Click & Collect optimised; 50% of retailers now offer
- 600 M&S average daily C&C orders

## ASSET MANAGEMENT

- 28% reduction in service charge
- Stable NOI and high retention rate
- Increased provision of F&B; artisan retailer opportunities

## OPTIONALITY

- Potential part sale of land for development of 36 dwellings and planning for a gym

# ABBEY CENTRE, NEWTOWNABBEY

NEW  
RIVER



# ABBNEY CENTRE, NEWTOWNABBNEY



## LOCATION



- 6 miles from Belfast city centre
- Centre of retail hub close to Tesco and M&S Food

## OCCUPIERS

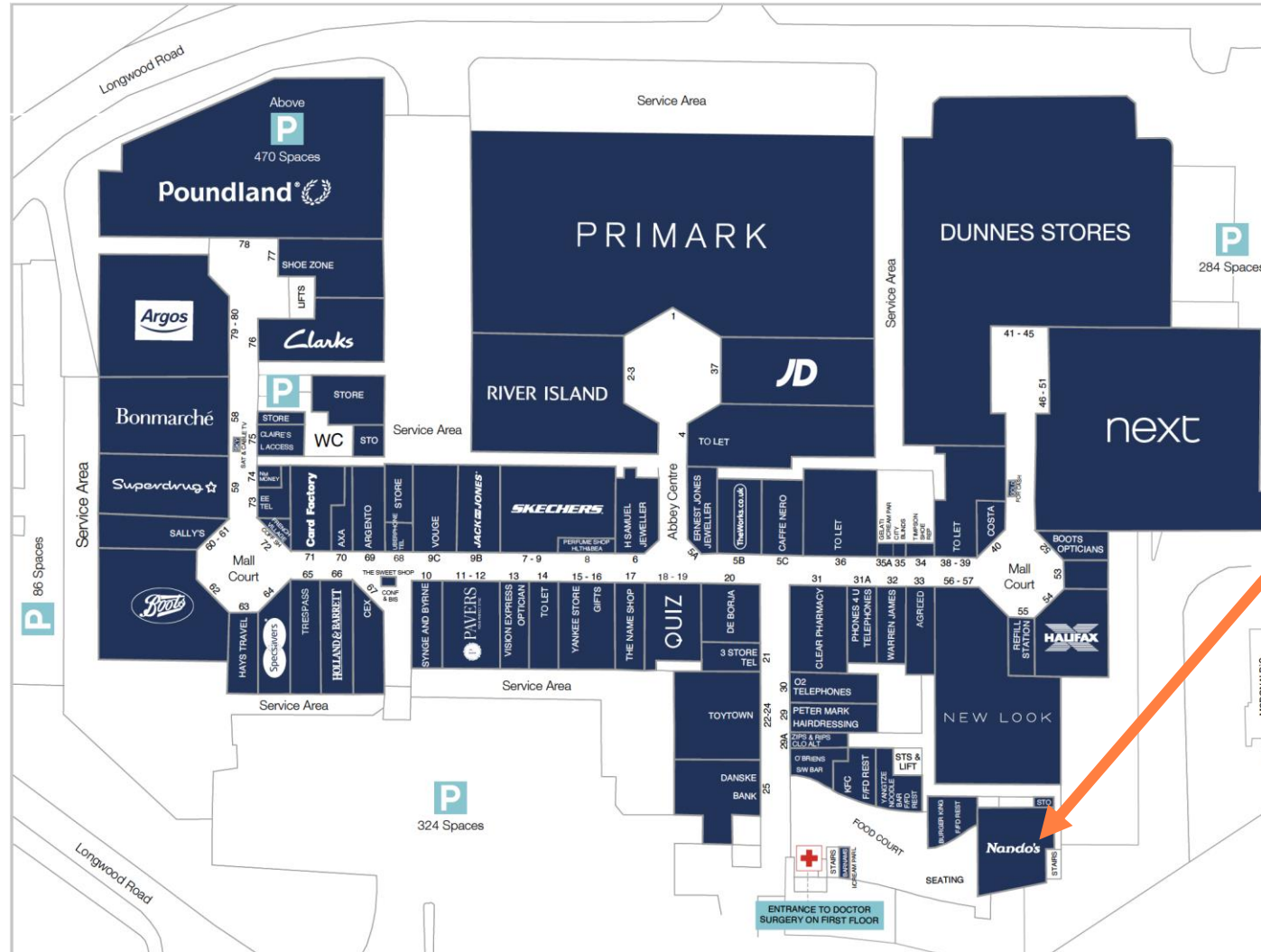


- Fashion focused, anchored by successful brands
- Essential services include GP surgery and opticians

## AFFORDABLE RENTS



- 6.2% rent to sales ratio (9.1% affordable rent to sales ratio)
- 98% retention rate<sup>1</sup>



## ONLINE COMPATIBLE



- 83% offer Click & Collect

## ASSET MANAGEMENT



- Early upsize of anchors Next, Dunnes and Primark
- Solutions quickly found for recent CVAs & Administrations
- Food court refurbished:
  - 16% increase in turnover lease income
  - £0.5m added to capital value



60k digital followers

<sup>1</sup> Based on last 12 months

# Residential-Led Regeneration

# REGENERATION

- Reasons for engaging in “Regeneration”
  - Existing strategic ownerships
  - Historic under investment in town centres
  - Surplus retail space
  - Supportive Public Sector & active relationships with Local Authorities
  - Strong residential demand
  - Attractive returns available



# REGENERATION

- NewRiver is ideally placed to capitalise on “Regeneration”
  - Highly experienced internal development team
  - Ability to retain income during early project stages
  - Community facing asset management
  - Ability to pursue ‘capital-light’ masterplanning
  - Range of options for project delivery





## Projects nearing completion

### Case studies:

- **Blenheim Shopping Centre, Penge**
- **Templars Square, Cowley, Oxford**

# BLenheim SHOPPING CENTRE, Penge

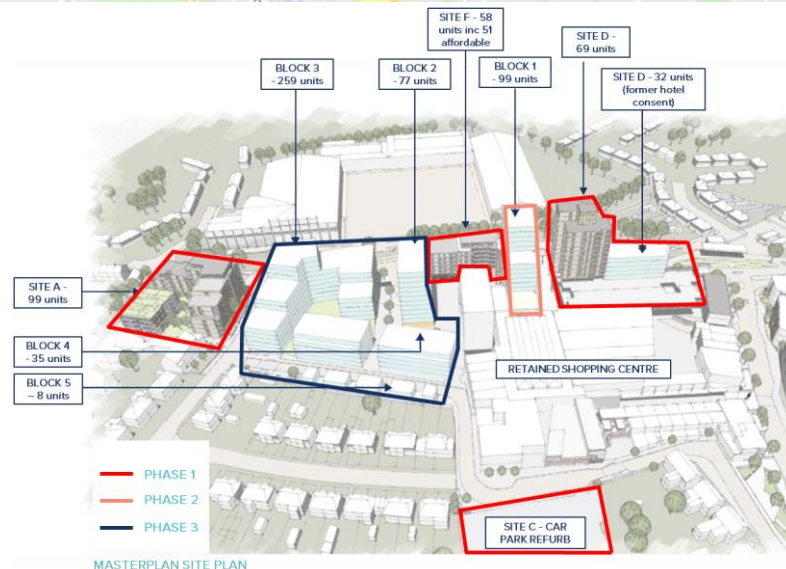


- Acquired in 2015
- Purchase price £6.9m
- Centre occupies a strategic zone within Penge
- Existing centre comprises 34,200 sq ft plus a 216 space car park in a site area of 1.7 acres
- Initial Pre-Application Consultation undertaken with Bromley Council in 2018
- Acquired the Freehold from Bromley Council in June 2021 for £850k
- Potential for 290 residential units
- Development Costs to date: £1.7m
- Project IRR on completion: 11%

# TEMPLARS SQUARE, COWLEY



- Acquired in 2012
- Purchase price £24.6m
- Key retailing destination in Cowley, providing 292,700 sq ft of retail space across an 8 acre site
- Regeneration planning started in 2015, with the acquisition of an adjoining pub, which allowed the entire frontage to be redesigned (picture below), regenerating 1/3km of the town centre without detracting from the shopping centre
- Planning approved (subject to S106) in 2017 for 226 residential units and 71 bed hotel
- Further site masterplanning has demonstrated potential for an additional development phase comprising up to 500 extra residential units
- Development Costs to date: £1.3m
- Sale agreement now in progress
- Project IRR forecast on exit: 12%

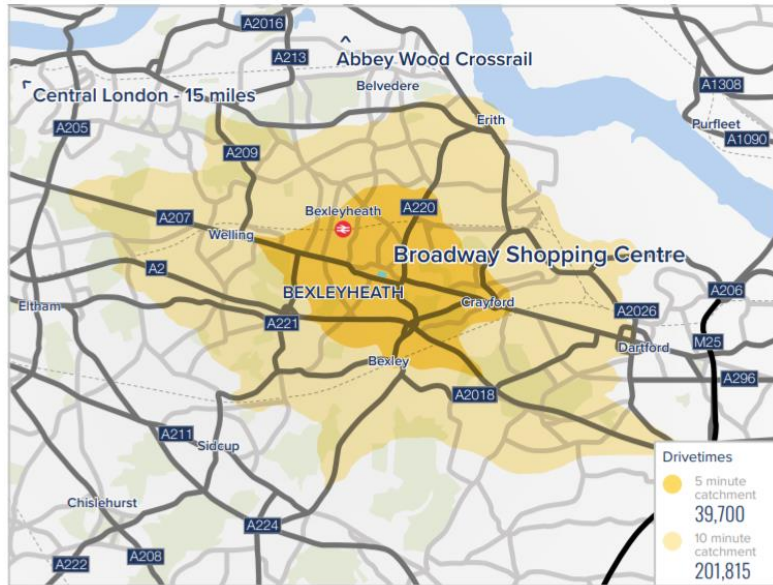


## Projects in early stages

### Case studies:

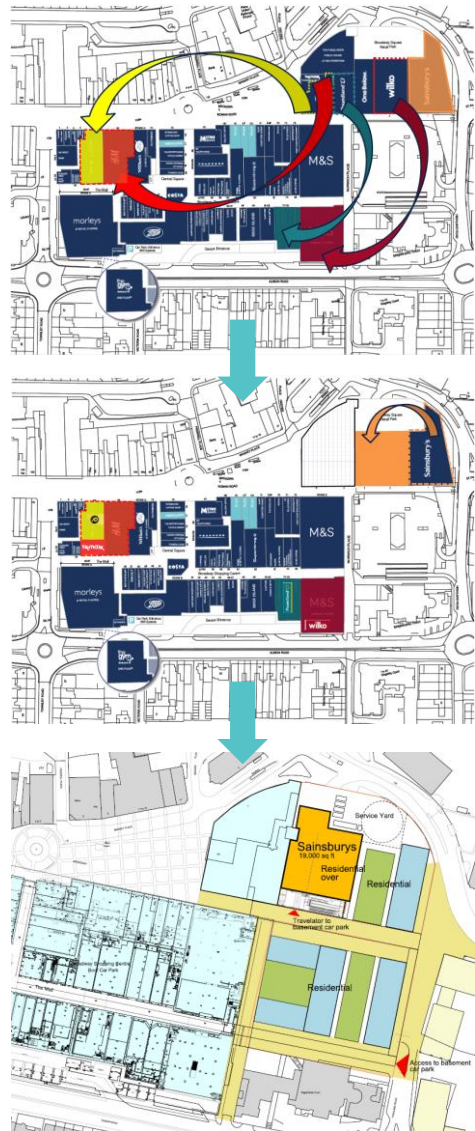
- **The Broadway Centre, Bexleyheath**
- **Grays Shopping Centre**

# BROADWAY SQUARE RETAIL PARK, BEXLEYHEATH



- Acquired in 2016
- Purchase price £120.3m
- The Shopping Centre and Retail Park comprise 519,700 sq ft of commercial/retail space across an 11 acre site in the centre of Bexleyheath, 12 miles from central London
- Bexleyheath is the primary commercial and civic centre in the Borough, and Bexley Council have identified a requirement for an additional 1500 new homes in the town centre
- Council very supportive of residential led regeneration of the town centre
- Retail Park and surface car park shown with blue outline

# BROADWAY CENTRE, BEXLEYHEATH

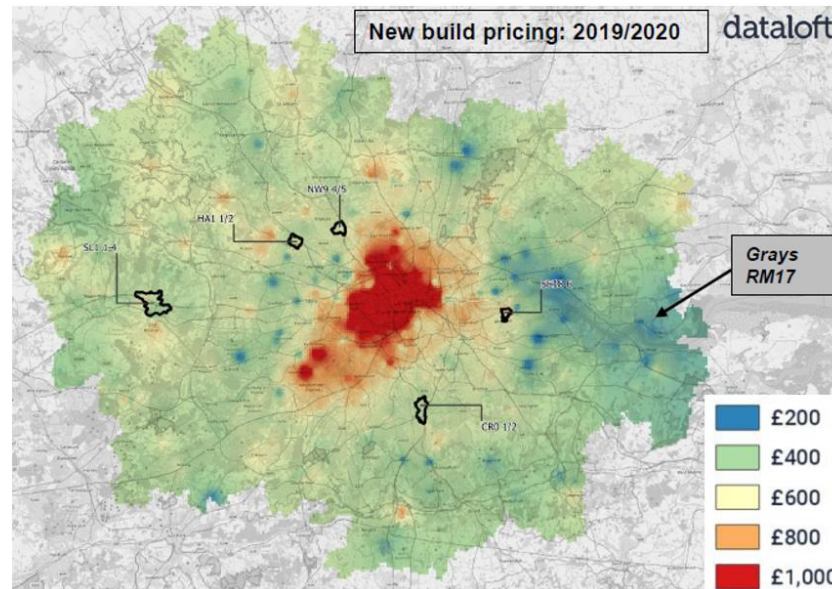
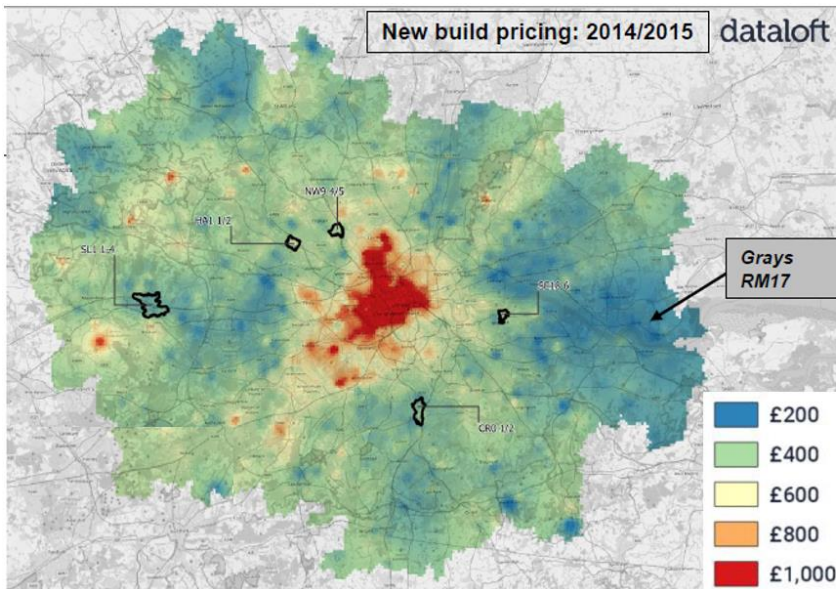


- Latest designs show 600 residential units on the Broadway Square Retail Park and car park
- Anticipated date for submission of an outline planning application is end of 2022, then enter into a 50:50 JV with outline planning consent
- NRR have already received strong interest in potential JV from major housebuilders
- Development costs to planning: £750,000 (Est)
- Project Completion forecast: 2026
- Project Profit at JV Completion: circa £36m
- NRR Profit share at JV Completion: circa £18m
- Forecast IRR on completion of 20+%

# GRAYS SHOPPING CENTRE, THURROCK



- Acquired in 2018
- Purchase price £22.1m
- Located at the heart of Grays, comprising 177,300 sq ft of retail space. 23 miles east of central London, only 35 minutes by train to Fenchurch Street
- Thurrock Council Regeneration Framework 2017 identified the centre as a 'Key Building' to the town centre regeneration
- Community engagement confirms support for a reduction in retail area, increased site permeability and public open spaces
- Maps of residential values across Greater London for 2015 and 2020 show Grays and surrounding area lagging behind the rest of London, presenting an opportunity for growth potential through regeneration



# GRAYS SHOPPING CENTRE, THURROCK



- Latest designs show 890 residential units and 73,000 sq ft commercial space
- Planning pre-app discussions demonstrate council support for the dense residential led regeneration scheme
- Outline planning application due in mid 2022
- Discussions ongoing with potential delivery partners for a 50:50 JV once outline planning consent achieved
- Development Costs to date: £240,000
- Development costs to planning: £709,000
- Project Completion forecast: FY2026
- Project Profit at Completion: circa £30m
- NRR net Profit at Completion: circa £15m
- Forecast IRR on completion of 20+%



# REGENERATION SET TO DELIVER CAPITAL GROWTH

**NEW  
RIVER**



Proposed new  
Town Square,  
Grays

# Resilient financials

**Will Hobman:**  
Chief Financial Officer

# MARCH 2021 BALANCE SHEET: PROFORMA FOR PUB DISPOSAL & DEBT REDUCTION



Proportionally Consolidated £m	March 2021	Less:	Pub disposal	RCF repayment	Term loan cancellation	Pro forma
Properties at valuation	974.2		(248.2)			726.0
Other Assets	117.2		(6.4)			110.8
Cash	154.3		204.1	(170.0)	(165.0)	23.4
Drawn borrowings	(647.6)		-	170.0	165.0	(312.6)
Other Liabilities	(137.7)		17.3			(120.4)
<b>IFRS net assets</b>	<b>460.4</b>		<b>(33.2)</b>	-	-	<b>427.2</b>
<b>EPRA NTA per share</b>	<b>151p</b>		<b>(11)p</b>			<b>140p</b>
<b>LTV</b>	<b>50.6%</b>		<b>(10.8)%</b>			<b>39.8%</b>
<b>Undrawn RCF</b>	<b>45</b>		-	<b>170</b>	-	<b>215</b>

## Pub disposal

- Reduced LTV by 10.8% to bring proforma LTV within LTV policy (<50%) and guidance (<40%)
- Sale of pub business vs valuation of individual pubs in balance sheet reduced NAV per share by 11 pence

## Debt reduction

- Improved balance sheet efficiency by reducing drawn borrowings by £335 million including cancellation of £165 million term loan
- Maintained significant liquidity with an undrawn RCF of £215 million
- **NRR balance sheet remains unsecured**

# CONSERVATIVE FINANCIAL POLICIES



Financial Policies	Policy	FY21 Reported	FY21 Proforma	Improvement vs FY21?
LTV	Guidance <40% Policy <50%	51%	39.8%	✓
Balance sheet gearing	<100%	104%	64%	✓
Net debt: EBITDA	<10x	14.6x	7.6x	✓
Interest cover	>2.0x	2.3x	3.5x	✓
Dividend cover	>100%	127%	127% <sup>1</sup>	▬

- Conservative financial policies form a key component of financial risk management strategy
- Impact of Covid on portfolio valuation and EBITDA in FY21 meant that we were not compliant with LTV, gearing and net debt: EBITDA policies in FY21, although still comfortably within covenants
- Proforma for pub disposal and subsequent debt reduction, NRR compliant with all financial policies
- New dividend policy will ensure dividend is sustainable and remains fully covered going forward

1. FY21 proforma cover same as FY21 reported given cover is dictated by dividend policy which is set at 80% of UFFO i.e. c. 125% cover

# NEW DIVIDEND POLICY: SUSTAINABLE, FLEXIBLE AND FULLY COVERED



POLICY AIM	QUANTUM	FREQUENCY IN FY22 AND BEYOND	REIT COMPLIANCE
<ul style="list-style-type: none"><li>• Sustainable, flexible and fully covered</li><li>• Factors in underlying trading conditions and allows appropriate capital and operational decisions</li></ul>	<ul style="list-style-type: none"><li>• 80% of Underlying Funds From Operations to be paid out as dividends</li><li>• In September paid dividend for FY21 of 3.0 pence per share on this basis</li></ul>	<ul style="list-style-type: none"><li>• Paid twice per annum</li><li>• Declared within half and full year results</li></ul>	<ul style="list-style-type: none"><li>• Topped up at the full year to ensure REIT compliance if required</li><li>• So blended rate could be moderately higher than 80% headline</li></ul>

# MARCH 2021 UFFO: PROFORMA FOR PUB DISPOSAL & DEBT REDUCTION



Proportionally consolidated £m	FY21 Reported	Less:	Pub disposal	Debt reduction	FY21 Pro Forma
Net property income	48.2		(1.0)		47.2
Administrative expenses	(21.5)		9.5		(12.0)
Other income	7.2		(4.5)		2.7
Net finance costs	(23.7)		-	7.0	(16.7)
Taxation	1.3		(1.3)		-
<b>UFFO</b>	<b>11.5</b>		<b>2.7</b>	<b>7.0</b>	<b>21.2</b>
<b>UFFO Per share (p)</b>	<b>3.8</b>				<b>6.9</b>

## Guidance for FY22 and beyond

- FY21 Retail NPI reflects a full year of Covid impact
- A proportion of £15.2m of Covid impact experienced in FY21 expected to be recovered in FY22
- Further key drivers of NPI growth will be successful execution of strategies; disposals, redeployment, regeneration, capital partnerships

- Target of 15% annualised cost reduction by end of FY23

- In FY22 income disruption insurance monies expected to be received relating to impact of Covid on pub and retail operations in FY21; £2m already received

- NRR had £653m of drawn debt throughout FY21 and total facilities of £698m
- RCF fully repaid in H1 FY22 (£170m drawn throughout FY21)
- £165m term loan fully repaid and cancelled
- All of this means NRR now has £318m of drawn debt and total facilities of £533m with an expected annualised reduction in debt costs of £7m per annum

# DELIVERING TARGET RETURNS

## REBUILDING UFFO

**Net property income recovery:**  
£15m of retail income disruption in FY21  
due to Covid

**Admin cost savings:**  
15% of FY21 cost of £12m by end FY23

**Net finance cost savings:**  
£7m PA already unlocked

**VALUATIONS  
STABILISING**

## FUTURE DRIVERS OF GROWTH

**Disposal & redeployment**

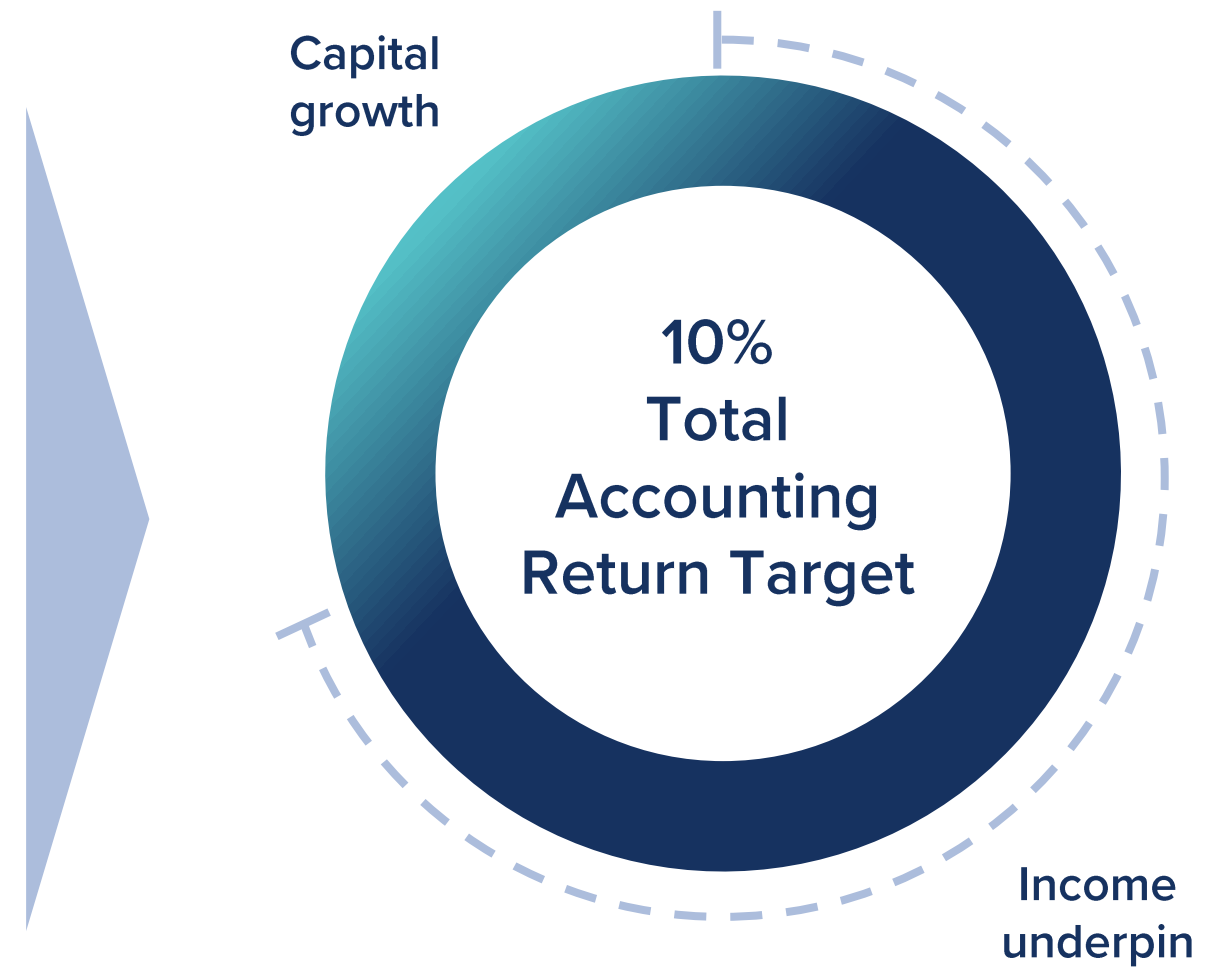
**Regeneration**

**Capital partnerships**

**TARGET TOTAL ACCOUNTING RETURN OF 10% PA**

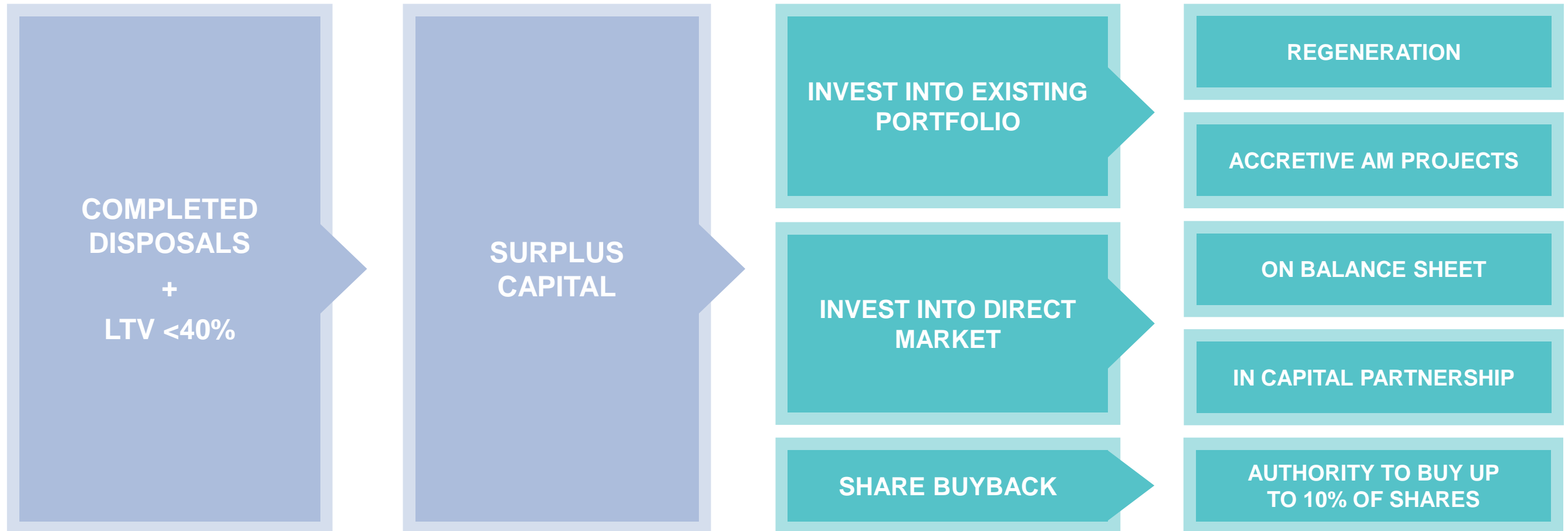
# SHAPE OF TARGET RETURNS

	March 2021 Pro forma		Target Range
Retail Net property income	£47.2m		£60-70m
Retail Admin expenses	£(12.0)m		£(10.0-10.5)m
Finance costs	£(16.7)m		£(16.0-17.0)m
Retail Portfolio valuation	(15.2)%		+1-2% PA





# CAPITAL ALLOCATION: RETURN FOCUSED STRATEGY



# Summary

- **Financial position materially improved since March**
- **Unsecured balance sheet with access to substantial undrawn liquidity**
- **Dividend resumed and delivering cost efficiencies to support UFFO recovery**

# CONCLUSION

**Resilient retail  
delivering attractive  
returns  
Looking to the future  
with confidence**

- **Objective to own the most resilient retail portfolio in the UK**
  - **With a clear strategy to deliver growth**
  - **Supported by a best in class operating platform**
  - **Underpinned by a robust balance sheet**
  - **With a confident and experienced management team**

**Targeting a 10% total accounting return**

# Q&A



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