NewRiver REIT PLC

Preliminary unaudited results for the year ended 31 March 2023

6 June 2023

Clear focus on resilient retail, a strong balance sheet with financial flexibility

Allan Lockhart, Chief Executive commented: "We ended our financial year in a strong position having delivered a resilient set of operating and financial results reflecting the active occupational demand for space in our portfolio that has led to another good year of leasing performance.

We have consistently expressed our confidence in our portfolio positioning which is predominately focused on essential goods and services. Our operating and financial results last year, and indeed the prior year, demonstrate the underlying resilience that we have in our portfolio and our platform, further evidenced by our valuation outperformance relative to the wider market.

We are in an excellent position with a strong balance sheet that is not exposed to refinancing and rising interest rates until 2028. With over £110 million of cash available, we have a range of deployment options to deliver future earnings growth as well as opportunities to further expand our Capital Partnerships as evidenced by our recent appointment by M&G Real Estate. As such we remain confident of achieving our objective of a consistent 10% total accounting return in the medium term."

Improved Financial Performance

- Retail UFFO increased 26% to £25.8m from £20.5m in FY22
- Retail UFFO per share 8.3 pence vs 6.7 pence in FY22
- FY23 Dividend per share of 6.7 pence including final dividend of 3.2 pence, 125% covered (FY22 Dividend per share of 7.4 pence including contribution from Hawthorn prior to its disposal of 2.1 pence)
- Portfolio valued at £594m, delivering a total return of +2.3% vs MSCI All Retail of -7.9%
- IFRS loss after tax of £16.8m due to -5.9% portfolio valuation decline (FY22: loss of £26.6m)
- EPRA NTA per share 121 pence vs 134 pence at 31 March 22 due to market impacted valuation movement
- FY23 Total Accounting Return -4.6% improved vs -6.6% in FY22

Resilient Operational Performance

- Rent collection improved to 98% vs 96% in FY22
- 979,200 sq ft of leasing with long-term transactions +9.7% ahead vs previous rent and +1.1% vs ERV
- Retention rate improved to 92% on lease expiry or break
- Occupancy increased to 96.7% vs 95.6% at 31 March 22 and is the highest rate for five years
- Business rate reductions of -16% for portfolio tenants, effective from 1 April 2023
- Completed £23m of disposals resulting in reduction of Work Out portfolio weighting to 11%
- Significantly expanded Capital Partnerships with new mandate from M&G Real Estate
- GRESB score improved to 70 and maintained Gold Level for EPRA Sustainability Best Practice
- Ranked #1 by GRESB in the Management Module out of 901 European participants

Strong Financial Position

- LTV of 33.9% vs 34.1% at 31 March 22
- Cash increased to £111.3m vs £88.2m at 31 March 22
- Interest cover improved to 4.3x vs 3.9x in September 22 and 3.5x in March 22
- Net debt to EBITDA of 4.9x vs 5.1x in September 22 and 4.6x in March 22
- Fully unsecured balance sheet with interest rate fixed at 3.5% on drawn debt and no maturity on drawn debt until 2028

Results summary

Performance	Note	FY23 Unaudited	FY22 Audited
Retail Underlying Funds From Operations (‘UFFO’)	(1) (2)	£25.8m	£20.5m
Retail UFFO per share	(1) (2)	8.3p	6.7p
Retail Net Property Income		£50.5m	£51.8m
UFFO	(2)	£25.8m	£28.3m
UFFO per share	(2)	8.3p	9.2p
Ordinary dividend		6.7p	7.4p
Ordinary dividend cover	(3)	125%	125%
IFRS Loss after taxation		£(16.8)m	£(26.6)m
IFRS Basic EPS		(5.4)p	(8.6)p
Interest cover	(4)	4.3x	3.5x
Total Accounting Return	(5)	-4.6%	-6.6%
GRESB Score	(6)	70	68

Balance Sheet	Note	March 2023	March 2022
IFRS Net Assets		£378.6m	£414.1m
EPRA NTA per share	(7)	121p	134p
Balance Sheet (proportionally consolidated)	(8)	**March 2023**	**March 2022**
Properties at valuation		£593.6m	£649.4m
Net debt		£201.3m	£221.5m
Principal value of gross debt	(9)	£316.0m	£314.0m
Cash		£111.3m	£88.2m
Net debt: EBITDA		4.9x	4.6x
Weighted average cost of debt – drawn only	(10)	3.5%	3.4%
Weighted average debt maturity – drawn only	(10)	4.7 years	5.7 years
Loan to value	(11)	33.9%	34.1%

(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
(2) Underlying Funds From Operations (‘UFFO’) is a Company measure of 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 as set out in Note 12 to the Financial Statements and in the Finance Review. UFFO, which includes the contribution from Hawthorn in the prior year up to its disposal on 20 August 2021, is used by the Company as the basis for ordinary dividend policy and cover
(3) Ordinary dividend cover is calculated with reference to UFFO
(4) Interest cover is tested at corporate level and is calculated by comparing actual net property income received versus cash interest payable on a 12 month look-back basis
(5) Total Accounting Return is the EPRA NTA per share movement during the year, plus dividends paid in the year, divided by EPRA NTA per share at the start of the year
(6) GRESB is the leading sustainability benchmark for the global real estate sector, and its annual assessment scores participating companies out of 100
(7) EPRA Net Tangible Assets (‘NTA’) is based on IFRS net assets excluding the mark to market on derivatives and debt instruments, deferred taxation on revaluations, goodwill, and diluting for the effect of those shares potentially issuable under employee share schemes, see Note 12 to the Financial Statements
(8) Proportionally consolidated means Group and share of JVs & associates
(9) Principal value of gross debt being £300.0 million of Group and £16.0 million share of JVs & associates (March 2022: £300.0 million of Group and £14.0 million share of JVs & associates)
(10) Weighted average cost of debt and weighted average debt maturity on drawn down only (including share of JV & associate drawn debt)
(11) Is the ratio of gross debt less cash, short-term deposits and liquid investments to the aggregate value of properties and investments

For further information
NewRiver REIT plc +44 (0)20 3328 5800
Allan Lockhart (Chief Executive)
Will Hobman (Chief Financial Officer)
Lucy Mitchell (Communications & Investor Relations)

FGS Global +44 (0)20 7251 3801
Gordon Simpson
James Thompson

This announcement contains inside information as defined in Article 7 of the EU Market Abuse Regulation No 596/2014 and has been announced in accordance with the Company's obligations under Article 17 of that Regulation. This announcement has been authorised for release by the Board of Directors.

Results presentation

The results presentation will be held at 10.30am today, 6 June 2023, at DL/78, 78 Charlotte Street, London, W1T 4QS.

A live audio webcast of the presentation will be available at:
https://secure.emincote.com/client/newriver/fullyearresults2023

A recording of this webcast will be available on the same link after the presentation, and on the Company's website (www.nrr.co.uk) later in the day.

Forward-looking statements

The information in this announcement may include forward-looking statements, which are based on current projections about future events. These forward-looking statements reflect the directors' beliefs and expectations and are subject to risks, uncertainties and assumptions about NewRiver REIT plc (the 'Company'), including, amongst other things, the development of its business, trends in its operating environment, returns on investment and future capital expenditure and acquisitions, that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements.

None of the future projections, expectations, estimates or prospects in this announcement should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document. As a result, you are cautioned not to place reliance on such forward-looking statements as a prediction of actual results or otherwise. The information and opinions contained in this announcement are provided as at the date of this document and are subject to change without notice. No one undertakes to update publicly or revise any such forward looking statements. No statement in this document is or is intended to be a profit forecast or profit estimate or to imply that the earnings of the Company for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company.

Chief Executive's Review

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.

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.

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.

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 commitments but in order to maximise value, some modest capital expenditure will be required over the next two years. Whilst we advance our regeneration proposals, 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.

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.

During the year, the quality of the Management and Governance of our business was recognised as we ranked first place in the GRESB "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.

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

Portfolio Review

Highlights

Portfolio Metrics as at 31 March 2023

- Occupancy: 96.7% (FY22: 95.6%)
- Retention Rate: 92% (FY22: 90%)
- Rent Collection: 98% (FY22: 96%)
- Affordable Average Rent: £11.98 per sq ft (FY22: £11.74 per sq ft)
- Gross to Net Rent Ratio: 88% (FY22: 84%)
- Leasing Volume: 979,200 sq ft (FY22: 1,039,800 sq ft)
- Leasing Activity: +1.1% ahead of valuer ERV (FY22: +7.4%)
- Average CAGR FY21-FY23: -0.4% on 10.0yr average previous lease period
- Total Return of 2.3% outperforming the MSCI All Retail by 1.020bps over 12 months
- Portfolio NIY of 8.0%, +220bps versus the MSCI All Retail at 5.9%
- Expanding Capital Partnerships across public, private equity and institutional sectors

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
Total[1]	**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.

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 occupational market, for long-term leasing transactions the average rent free period was broadly aligned to FY22 at just 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

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.

As a 31 March 2023		Portfolio Weighting	Valuation Movement H1	Valuation Movement H2	Valuation Movement FY	Topped-up NIY	NEY	LFL EY Movement	LFL ERV Movement
	(£m)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
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

Retail Parks

- 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

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.

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 £270,000 pa and a 10,000 sq ft letting to Boulders, an indoor climbing centre, at a rent of £100,000 per annum on a 15 year lease and both transactions were in line with the valuer's ERV. 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.

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.

Core Shopping Centres

- 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

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%.

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 upsize within the centre on a 10 year term increasing the rent payable by 59% 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.

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 at the centre. The Gym took occupancy of the upper floors of a former New Look store and a new co-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.

Work Out

- 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

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 legals 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.

Regeneration

- 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

We have three regeneration assets, representing 23% of the total portfolio value where the strategy is to deliver 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.

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 received financial promotes. We currently asset manage 19 retail parks and five shopping centres across 5 million sq ft.

Our three Capital Partnerships are:

Local Authorities: with Canterbury City Council across two shopping centres in Canterbury. 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 Sector: with BRAVO for three retail parks and one shopping centre in Sheffield. 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. 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.

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 a as key area of strategic expansion to help provide us with the opportunity to deliver future earnings growth.

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.

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 include a number of the financial statistics included on Page 2 of this document. 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

Underlying Funds From Operations is represented on a proportionally consolidated basis in the following table. The UFFO commentary that follows is focused on the continuing retail business. The £7.8 million "Contribution from Hawthorn" in the prior year (discontinued operation) was analysed in detail in the HY22 and FY22 results materials.

UNDERLYING FUNDS FROM OPERATIONS	31 March 2023				31 March 2022
	Group £m	**JVs & Associates £m**	**Adjustments[1] £m**	**Proportionally consolidated £m**	**Proportionally consolidated £m**
Revenue	72.2	4.0	-	76.2	77.7
Property operating expenses	(25.1)	(0.4)	(0.2)	(25.7)	(25.9)
Net property income	**47.1**	**3.6**	**(0.2)**	**50.5**	**51.8**
Administrative expenses	(12.6)	(0.1)	1.6	(11.1)	(11.7)
Other income	1.4	-	-	1.4	-
Operating profit	**35.9**	**3.5**	**1.4**	**40.8**	**40.1**
Net finance costs	(14.0)	(0.7)	(0.2)	(14.9)	(19.5)
Taxation	-	(0.3)	0.2	(0.1)	(0.1)
Retail UFFO	**21.9**	**2.5**	**1.4**	**25.8**	**20.5**
Contribution from Hawthorn[2]				-	7.8
Underlying Funds From Operations				**25.8**	**28.3**
UFFO per share (pence)				**8.3**	**9.2**
Ordinary dividend per share (pence)				**6.7**	**7.4**
Ordinary dividend cover				**125%**	**125%**
Admin cost ratio[3]				15.2%	16.9%
Weighted average # shares (m)				309.7	307.2

1. Adjustments to Group and JV & Associates figures to remove non-cash and non-recurring items, principally forward looking element of IFRS 9 £0.2 million, share-based payment charge £(1.1) million, head office relocation costs £(0.5) million, revaluation of derivatives £0.2 million and deferred tax of £(0.2) million
2. UFFO contribution from the Hawthorn business in FY22 prior to its disposal on 20 August 2021
3. Includes Hawthorn in FY22

Net property income

Analysis of retail net property income (£m)

Retail net property income for the year ended 31 March 2022		**51.8**
Like-for-like rental income	1.2	
Rent and service charge provisions	0.2	
Car park and commercialisation income	1.3	
Other	(0.3)	
Retail NRI recovery		**2.4**
Net disposals		(3.7)
Retail net property income for the year ended 31 March 2023		**50.5**

On a proportionally consolidated basis, retail net property income was £50.5 million during the year, compared to £51.8 million in the year ended 31 March 2022. Net disposal activity during FY22 and FY23 reduced net property income by £3.7 million such that on an underlying basis there has been an increase of £2.4 million from the recovery of net property income post pandemic ("Retail NRI recovery").

One of the key contributory factors to this recovery is the increase in like-for-like net property income of £1.2 million during the year, primarily due to new lettings and improved rental levels on space which had previously been occupied by tenants who were in Administration or had been impacted by CVAs, including the receipt of turnover rent.

Rent and service charge provisions have also continued to improve year-on-year, by £0.2 million, over and above the strong performance in this regard seen in FY22, when we reported an improvement of £4.9 million for the year. This serves to highlight the continued resilience of our rent collection, as not only have we been able to broadly maintain the high collection levels of historical arrears as in FY22, but we are also carrying a lower level of provisioning compared to the prior year, with rent collection rates of 98% having now recovered back to pre-pandemic levels.

Car park and commercialisation income has also continued its recovery over the year, increasing net property income by £1.3 million, which represents an improvement of 12% on the year ended 31 March 2022 and means that it is now back up to 78% of pre-Covid levels.

We completed £23.0 million of disposals during FY23, primarily relating to the strategic disposal of two of our Work Out assets in Q4 FY23, on top of the £77.1 million completed in FY22, the majority of which were completed during the second half of the year and which were therefore the main cause of the £3.7 million decrease in net property income from net disposal activity.

Administrative expenses

Administrative expenses were £11.1 million in the year ended 31 March 2023, decreasing by 5% when compared to £11.7 million for the previous year and 8% when compared to £12.0 million in the year ended 31 March 2021. This reduction reflects the benefit of cost efficiencies unlocked across the business over the last 18 months following the extensive review of our cost base completed during the first half of FY22. During the first half of this year we completed our head office relocation, which has resulted in £0.5 million of administrative cost savings per annum. Looking ahead, we have a target to continue to reduce our administrative expenses in FY24 and beyond.

Other income

Other income recognised during the year ended 31 March 2023 of £1.4 million compared to £nil in the prior year. The income recognised relates entirely to the settlement of an income disruption insurance claim relating to our car park income during the first Covid lockdown between March and June 2020. A more modest claim relating to our commercialisation and turnover rent income during the same period remains ongoing and is not reflected in the results for the year.

Net finance costs

Net finance costs were £14.9 million in the year to 31 March 2023, compared to £19.5 million in the year to 31 March 2022. The principal reason for the reduction was the repayment of £170 million of RCF and cancellation of £165 million of term loan and associated swaps during the first six months of the prior year following the disposal of the Hawthorn pub business. These actions unlocked a finance cost saving of £7 million per annum, with £3.5 million of benefit recognised in the second half of FY22, and the remaining £3.5 million in the first half of FY23. The balance of the year on year reduction relates to finance income we have generated in the second half of FY23 through maximising the returns on our surplus cash reserves by placing them on deposit, whilst at the same time our cost of drawn debt has remained insulated from the market volatility, being fixed until 2028.

Taxation

As a REIT we are exempt from UK corporation tax in respect of our qualifying UK property rental income and gains arising from direct and indirect disposals of exempt property assets. The majority of the Group’s income is therefore tax free as a result of its REIT status, albeit this exemption does not extend to other sources of income such as interest or asset management fees.

Dividends

Under our dividend policy, we declare dividends equivalent to 80% of UFFO twice annually at the Company’s half and full year results, calculated with reference to the most recently completed six-month period.

The Company is a member of the REIT regime whereby profits from its UK property rental business are tax exempt. The REIT regime only applies to certain property-related profits and has several criteria which have to be met, including that at least 90% of our profit from the property rental business must be paid as dividends. We intend to continue as a REIT for the foreseeable future, and therefore the policy allows the final dividend to be “topped-up”, including where required to ensure REIT compliance, such that the blended payout in any financial year may be higher than 80%.

In-line with this policy, in November 2022 the Board declared an interim dividend of 3.5 pence per share in respect of the six months ended 30 September 2022, based on 80% of UFFO per share of 4.4 pence. The Board has today declared a final dividend of 3.2 pence per share in respect of the year ended 31 March 2023, taking the total FY23 dividend declared to 6.7 pence, equivalent to 80% of UFFO per share of 8.3 pence. The final dividend of 3.2 pence per share in respect of the year ended 31 March 2023 will, subject to shareholder approval at the 2023 AGM, be paid on 4 August 2023 to shareholders on the register as at 16 June 2023 (record date). The dividend will be payable as a REIT Property Income Distribution (PID).

Balance sheet

EPRA net tangible assets ('EPRA NTA') include a number of adjustments to the IFRS reported net assets and both measures are presented below on a proportionally consolidated basis.

	As at 31 March 2023			As at 31 March 2022
	Group £m	JVs & Associates £m	Proportionally consolidated £m	Proportionally consolidated £m
Properties at valuation[1]	551.5	42.1	593.6	649.4
Right of use asset	76.7	-	76.7	75.7
Investment in JVs & associates	29.3	(29.3)	-	-
Other non-current assets	0.4	1.5	1.9	2.2
Cash	108.6	2.7	111.3	88.2
Other current assets	15.0	0.9	15.9	19.6
Total assets	781.5	17.9	799.4	835.1
Other current liabilities	(29.5)	(1.1)	(30.6)	(34.9)
Lease liability	(76.7)	-	(76.7)	(75.7)
Borrowings[2]	(296.7)	(15.9)	(312.6)	(309.7)
Other non-current liabilities	-	(0.9)	(0.9)	(0.7)
Total liabilities	(402.9)	(17.9)	(420.8)	(421.0)
IFRS net assets	**378.6**	**-**	**378.6**	**414.1**
EPRA adjustments:				
Deferred tax			0.9	0.6
Fair value financial instruments			(0.6)	(0.3)
EPRA NTA			**378.9**	**414.4**
EPRA NTA per share			**121p**	**134p**
IFRS net assets per share			**122p**	**135p**
LTV			**33.9%**	**34.1%**

1. See Note 14 for a reconciliation between Properties at valuation and categorisation per Consolidated balance sheet
2. Principal value of gross debt, less unamortised fees

Net assets

As at 31 March 2023, IFRS net assets were £378.6 million, reducing from £414.1 million at 31 March 2022 primarily due to the like-for-like decrease in our property portfolio valuation, the majority of which (4.7% of the total 5.9% decline) occurred during the second half of the year reflecting the disruption seen in the credit and investment markets in the final quarter of 2022, and the capital decline seen in our portfolio represents a significant outperformance to both the MSCI All Property (-16%) and All Retail (-13%) indices.

EPRA NTA is calculated by adjusting net assets to reflect the potential impact of dilutive ordinary shares, and to remove the fair value of any derivatives, deferred tax and goodwill held on the balance sheet. These adjustments are made with the aim of improving comparability with other European real estate companies. EPRA NTA decreased by 8.6% to £378.9 million, from £414.4 million at 31 March 2022 due to the -5.9% like-for-like decrease in portfolio valuation noted above. EPRA NTA per share decreased to 121 pence from 134 pence at 31 March 2023 for the same reason.

Properties at valuation

Properties at valuation decreased by £55.7 million during the year, due to the £23.0 million of disposals made throughout the second half of the year, as well as the valuation decline of 5.9% explained above.

Of the £23.0 million of disposals made in the year, £17.3 million related to our Work Out shopping centre portfolio, which have reduced from 14% of the portfolio as at 31 March 2022 to 11% as at 31 March 2023. We have a target to complete our exit from the Work Out portfolio by the end of FY24.

Debt & financing

	Proportionally consolidated		
	31 March 2023	30 September 2022	31 March 2022
Weighted average cost of debt – drawn only[1]	3.5%	3.5%	3.4%
Weighted average debt maturity – drawn only[1]	4.7 yrs	5.2 yrs	5.7 yrs
Weighted average debt maturity – total[2]	3.8 yrs	4.3 yrs	4.8 yrs

1. Weighted average cost of debt and weighted average debt maturity on drawn debt only
2. Weighted average debt maturity on total debt, including £125 million undrawn RCF

Our weighted average cost of debt has remained stable throughout the financial year, increasing by 0.1% from 3.4% at 31 March 2022 to 3.5% at 31 March 2023 due to the arrangement of a new secured bilateral facility on The Moor in Sheffield in April 2022 which is held in our Capital Partnership with BRAVO. On a drawn basis, weighted average debt maturity decreased from 5.7 to 4.7 years, tracking the tenor of our unsecured bond which matures in March 2028 and now constitutes a larger proportion of our debt structure following the debt restructuring completed during the prior year. Importantly in the current interest rate environment, the coupon on the unsecured bond is fixed at 3.5%.

Proportionally consolidated	31 March 2023	30 September 2022	31 March 2022
	£m	£m	£m
Cash	111.3	95.1	88.2
Principal value of gross debt	(316.0)	(316.0)	(314.0)
Net debt[1]	(201.3)	(217.1)	(221.5)
Drawn RCF	-	-	-
Total liquidity[2]	*236.3*	*220.1*	*213.2*
Gross debt (drawn) / repaid in the year	*(2.0)*	*(2.0)*	*339.1*
Loan to Value	*33.9%*	*33.8%*	*34.1%*

1. Including unamortised arrangement fees
2. Cash and undrawn RCF

Financial policies

We have five financial policies in total, including LTV and Interest cover which also appear as debt covenants on our unsecured RCF and our bond. These remain a key component of our financial risk management strategy which remains as important as ever given the macro-economic climate. For the year ended 31 March 2023, we were in compliance with all of our financial policies.

Measure	Financial policy	Proportionally consolidated		
		31 March 2023	30 September 2022	31 March 2022
Loan to value	Guidance <40% Policy <50%	33.9%	33.8%	34.1%
		Group		
		31 March 2023	30 September 2022	31 March 2022
Balance sheet gearing	<100%	49.7%	49.8%	51.5%
		Proportionally consolidated		
		FY23	HY23	FY22
Net debt: EBITDA	<10x	4.9x	5.1x	4.6x
Interest cover[1]	>2.0x	4.3x	3.9x	3.5x
Ordinary dividend cover[2]	>100%	125%	125%	125%

1. 12 month look-back calculation, consistent with debt covenant
2. Calculated with reference to UFFO

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

Balance sheet gearing has reduced by 1.8% from 51.5% at 31 March 2022 to 49.7% at 31 March 2023, comfortably within our policy. Net debt: EBITDA, which is a key strength for NewRiver relative to the listed peer group due to our high yielding portfolio, has improved half on half during the year, reducing from 5.1x at the half year to 4.9x at 31 March 2023. This is a slight increase from the 4.6x seen in FY22 due to the EBITDA we received in FY22 from the Hawthorn pub business prior to its disposal in August 2021.

Our interest cover ratio, which is increasingly important given the current interest rate environment, increased by 0.8x from 3.5x at 31 March 2022 to 4.3x at 31 March 2023 and therefore has significant headroom to our policy of 2.0x. This increase is due to the actions we completed in the prior year being the disposal of the Hawthorn pub business and the subsequent debt reduction, alongside the continued improvement in our underlying retail operations and the cash return we are currently able to generate by placing our surplus cash on deposit. Importantly, because our cost of drawn debt is fixed at 3.5% until March 2028, our interest cover is protected from the volatility in the broader credit markets and with retail income still recovering post-pandemic is well positioned looking forward.

The Board has declared a final dividend of 3.2 pence per share, which brings the total dividend declared for the year to 6.7 pence per share, which represents 80% of UFFO per our dividend policy, which ensures that our dividend will always be fully covered, in-line with our financial policy.

Additional guidelines

Alongside our financial policies we have a number of additional guidelines used by management to analyse operational and financial risk, which we disclose in the following table:

	Guideline	**31 March 2023**
Single retailer concentration	<5% of gross income	3.4% (Poundland)
Development expenditure	<10% of GAV	<1%
Risk-controlled development	>70% pre-let or pre-sold on committed	N/A, no developments on site

Conclusion

Against a challenging backdrop, what is pleasing is that operationally the business continued to perform well throughout the year and we believe we have ended the year in a stronger financial position than at the start. This is thanks to the decisive actions completed during FY22 and the strategic progress we have made during FY23, which means we are now a leaner and more conservatively positioned business, with a clear focus on resilient retail which provides essential non-discretionary goods and services to consumers across the UK. It is also due to the decision we made a year ago to hold back on capital redeployment given the level of macroeconomic uncertainty that existed at the time, and has prevailed throughout the year.

Looking forward from a position of financial strength and with the continued recovery in our underlying operations, we remain confident in our ability to deliver our medium term target of a consistent 10% total accounting return.

Will Hobman
Chief Financial Officer

Notes to Editors

About NewRiver

NewRiver REIT plc ('NewRiver') is a leading Real Estate Investment Trust specialising in buying, managing and developing resilient retail assets throughout the UK.

Our £0.6 billion UK wide portfolio covers 7 million sq ft and comprises 26 community shopping centres and 14 conveniently located retail parks occupied by tenants predominately focused on essential goods and services. Our objective is to own and manage the most resilient retail portfolio in the UK, focused on retail parks, core shopping centres, and regeneration opportunities in order to deliver long-term attractive recurring income returns and capital growth for our shareholders.

NewRiver has a Premium Listing on the Main Market of the London Stock Exchange (ticker: NRR). Visit www.nrr.co.uk for further information.

Principal risks and uncertainties

Managing our risks and opportunities

Risk is inherent in all businesses and effective risk management enables us to manage both the threats and the opportunities associated with our strategy and the operation of our business model.

Our small workforce encourages flexibility and collaboration across the business in all areas including risk management. The accessibility and flexibility of the Board and senior staff are particularly pertinent when adapting to evolving risks, emerging risks and external risks such as the aftereffects of a global pandemic and geopolitical instability. This flexibility enables the business to adjust and respond to fast-changing situations and prove its resilience and adaptability.

The Board has ultimate responsibility for the risk management and internal controls framework of the Company and regularly evaluates appetite for risk, ensuring our exposure to risk is managed effectively. The Audit Committee monitors the adequacy and effectiveness of the Company's risk management and internal controls and supports the Board in assessing the risk mitigation processes and procedures. The Executive Committee is closely involved with day-to-day risk management, ensuring that it is embedded within the Company's culture and values and that there is a delegation of accountability for each risk to senior management.

Risk monitoring and assessment including emerging risks

The identification of risks and their management is a continual and evolving process. This has been underscored more so over recent years by the global pandemic which created uncertainty across all sectors, both economically and socially. This has been followed with an economic turndown and cost of living crisis which has continued the uncertainty. Other geopolitical events such as the Russian-Ukraine crisis have also impacted supply chains and sentiment.

The Company maintains a risk register in which a range of categories are considered. These risks are linked to the business model and strategic priorities of the Company. The risk register assesses the impact and probability of each identified risk. By identifying all risks on a register and continuously updating this register, principal risks can be identified as those that might threaten the Company's business model, future performance, solvency or liquidity and reputation. Their potential impact and probability will also be a factor in whether they are classed as principal. The risk register also records actions that can be taken to further mitigate the risk and each action is assigned to an individual or group. Mitigation factors and actions are assigned to all risks whether they are principal, non-principal or emerging.

The continuous updating of this risk register allows us to assess how risks are evolving, assists in identifying emerging risks as they develop and ensures that the impact of each identified risk is continually monitored as it emerges and progresses. During the year we have identified an emerging depositor risk as our cash holdings have built up. This risk is not a principal risk but by identifying this emerging risk as it has developed, we have been able to update our treasury policies to ensure that they are fit for purpose and that cash is spread across various banking institutions. A Board approved counterparty list is continuously monitored using S&P and Fitch credit ratings. The Treasury policy dictates the maximum exposure to a counterparty based on their rating. The operation of the treasury policy is reported to the Board on a quarterly basis. This emerging risk has also created an opportunity as the Group has been able to take advantage of favourable deposit opportunities.

Risk appetite and mitigation

The Board has a low-risk appetite for compliance (legal and regulation) related risk. The Board however recognises that the external environment in which it operates is inherently risky. Mitigating actions are therefore agreed for all risks that exceed the Group's risk appetite. Our experienced leadership team continuously works to mitigate the risks arising from the external environment in some of the following ways:

- Maintaining an unsecured balance sheet, with the Company benefiting from a more diversified debt structure and gaining access to a larger pool of capital to help achieve our strategic goals
- A disciplined approach to stock selection with probability risk-adjusted returns
- Deploying capital in joint ventures, thereby diversifying risk
- A diverse tenant base in which there is no single tenant exposure of more than 4%
- An experienced Board and senior management

All risks on the register are 'scored' in terms of impact and probability.

The Principal risks are:

External risks	Operational risks
1. Macroeconomic	7. People
2. Political and regulatory	8. Financing
3. Catastrophic external event	9. Asset management
4a. Climate change strategy	10. Development
4b. Climate change impacts on our assets	11. Acquisition
5. Changes in technology and consumer habits and demographics	12. Disposal
6. Cyber Security	

External risks

Risk and impact	Monitoring and management	Change in risk assessment during the period
1. Macroeconomic Economic conditions in the UK and changes to fiscal and monetary policy may impact market activity, demand for investment assets, the operations of our occupiers or the spending habits of the UK population.	• The Board regularly assesses the Company's strategy in the context of the wider macroeconomic environment. This continued review of strategy focuses on positioning our portfolio for the evolving economic situation. • The Board and management team consider updates from external advisers, reviewing key indicators such as forecast GDP growth, employment rates, interest rates and Bank of England guidance and consumer confidence indices. • Our portfolio is focused on resilient market sub-sectors such as essential retailers. • Through regular stress testing of our portfolio we ensure our financial position is sufficiently resilient. • Closely monitoring rent collection and cash flow.	• Macroeconomic risk has remained the same during the year and is considered a **medium to high impact** risk with a **high probability**. • Sentiment has been impacted by the cost of living crisis, energy cost worries and inflation. • Overall valuations slightly decreased in the second half of the year however due to a fully covered dividend our covenant and policy headroom remains high. • Higher inflation could fuel wage growth and costs leading to rate increases above current forecasts. • The Bank of England is expecting inflation to fall during 2023 and is working with interest rate adjustments to reduce inflation to fall to its 2% target in around two years' time.

2. Political and regulatory Changes in UK Government policy, the adverse effects of Brexit on our tenants, or the impact of political uncertainty on consumers' retail and leisure spend.	• The Board regularly considers political and regulatory developments and the impact they could have on the Company's strategy and operating environment. • External advisers, including legal advisers, provide updates on emerging regulatory changes to ensure the business is prepared and is compliant. • We regularly assess market research to gauge the impact of regulatory change on consumer habits. • We carry out stress testing on our portfolio in relation to regulatory changes which may impact our operations or financial position. • Where appropriate, we participate in industry and other representative bodies to contribute to policy and regulatory debate. Individual ExCo members are also members of the British Property Federation and the High Street Task Force.	• Political and regulatory risk has remained the same during the year. This is considered a **medium to high impact** risk with a **high probability**. • There has been political uncertainty within the UK due to changes in leadership and a decline in market confidence. This is likely to continue with a general election within the next 18 months. There have also been political failures at a local authority level. • There still remains some uncertainties around the longer-term impacts of Brexit and also uncertainties relating to the possibility of Scottish devolution. • The Coronavirus Act imposed a moratorium on landlords' ability to forfeit leases of commercial property for non-payment of rent in England and Wales and Northern Ireland. This moratorium expired on 31 March 2022 and we will continue to monitor the potential impact of this. There are further uncertainties around the outcome of the Government review of the Landlord and Tenant Act 1954. • There are also uncertainties around the impact of the Levelling Up and Regeneration Bill. • The long-term impact on the property market of the Register of Overseas Entities owning UK property is currently unclear.
3. Catastrophic external event An external event such as civil unrest or a civil emergency including a large-scale terrorist attack or pandemic, could severely disrupt global markets and cause damage and disruption to our assets.	• The Board has developed a comprehensive crisis response plan which details actions to be taken at a head office and asset-level. • The Board regularly monitors the Home Office terrorism threat level and other security guidance. • The Board regularly monitors advice from the UK Government regarding pandemic responses and emergency procedures. • Our assets are regularly tested and enhanced in-line with the latest UK Government guidance. • We have robust IT security systems which cover data security, disaster recovery and business continuity plans. • The business has comprehensive insurance in place to minimise the cost of damage and disruption to assets.	• Catastrophic external event risk has remained the same during the year and is considered a **high impact** risk with a **medium to high probability**. • The aftereffects of a global pandemic caused unprecedented economic and operational disruption and the continuing global developments create uncertainty. We however were able to mitigate the impact through our portfolio positioning focusing on essential goods and services, our cash position and liquidity and our active approach to asset management. • The relaxing of restrictions was positive but the cost-of-living crisis has impacted UK households. Our operational performance has however demonstrated the resilience of our portfolio. • The National Terrorism Threat Level is substantial and the full long-term impact from the war in Ukraine is unclear.

4a. Climate change strategy A failure to implement appropriate climate risk management measures, comply with evolving regulations or meet our ESG targets could impact the operation and value of our assets, leading to a risk of asset obsolescence, reputational damage and erosion of investor value.	• We have a comprehensive ESG programme which is regularly reviewed by the Board and Executive Committee. A detailed overview of the programme can be found in the ESG section of this report. • One of the key objectives of the programme is to minimise our impact on the environment through reducing energy consumption, sourcing from renewable sources and increased recycling. • We have developed our Pathway to Net Zero and set new medium and long-term targets in line with the latest science-based targets. • ESG performance is independently reviewed by our external environmental consultants and is measured against applicable targets and benchmarks. • We continue to report in line with TCFD requirements.	• The climate change risk was separated last year into two risks to focus on its constituent parts (Climate change strategy and Climate change impacts on our assets). • Climate change strategy risk remained the same during the period and is considered a **medium to high impact** risk with a **medium to high probability**. • ESG has risen up the agenda of many stakeholders and expectations of compliance with best practice have increased. • Regulatory requirements have also increased during the period, in addition to the scoring criteria for certain ESG benchmarks such as GRESB. • Our ESG Committee pre-empted these changes and our initiatives and disclosure continue to evolve in-line with best practice. • ESG is embedded into capital allocations and is considered for all future acquisitions.
4b. Climate change impacts on our assets Adverse impacts from environmental incidents such as extreme weather or flooding could impact the operation of our assets. A failure to implement appropriate climate risk management measures at our assets could lead to erosion of investor value and increases in insurance premiums.	• We regularly assess assets for environmental risk and ensure sufficient insurance is in place to minimise the impact of environmental incidents. • In conjunction with insurers flood risk assessments have been carried out at all of our assets and the risk is considered low.	• The climate change risk was separated into two risks last year to focus on its constituent parts (Climate change strategy and Climate change impacts on our assets). • Climate change impacts on our assets risk remained the same during the period and is considered a **medium to high impact** risk with a **medium to low probability**. • Although exposure to extreme weather events is a near-term risk, other climate impacts such as heat stress and sea level rises are medium term or long-term time horizons. Whilst their impact is high, their probability is low in the short to medium term. • Climate impacts are embedded into capital allocation decisions and considered for all future acquisitions of both equipment installed at our assets and for the assets themselves.
5. Changes in technology and consumer habits and demographics Changes in the way consumers live, work, shop and use technology could have an adverse impact on demand for our assets.	• The Board and Executive Committee regularly assess our overall corporate strategy and acquisition, asset management and disposal decisions in the context of current and future consumer demand. Our strategy is designed to focus on resilient assets that take into account these future changes. • We closely assess the latest trends reported by CACI, our research provider, to ensure we are aligned with evolving consumer trends. • Our retail portfolio is focused on essential spending on goods and services which are resilient to the growth of online retail. • Our retail parks are ideally positioned to help retailers with their multi-channel retail strategies.	• Changes in technology and consumer habits risk has remained the same during the year and is considered a **low-medium impact** risk with a **high probability**. • Although the global pandemic lockdown restrictions significantly increased home working and online shopping in recent years, we have seen evidence that this is unwinding. Our portfolio is focused on providing essential retail to local communities, which continues to mitigate the impact of online retail on our portfolio. • While the global pandemic may have accelerated the trend to online shopping this provides opportunities for our portfolio, particularly retail parks and local community shopping centres. • Our strategy is to reshape our portfolio to ensure over the longer term we have the most resilient retail portfolio in the UK.

6. Cyber security A cyber attack could result in the Group being unable to use its IT systems and/or losing data. This could delay reporting and divert management time. This risk could be increased due to many employees working from home during the pandemic.	• There are limited IT servers on sites. Multiple third-party supplier programmes are used which have their own security systems and are independently audited by Deloitte and ISO2000 accredited. • ExCo receives quarterly reporting on IT matters. • Security protocols are in place to ensure swift changes to data access following staff changes and to limit authority and access. • We have reviewed our IT systems and have enhanced a number of areas during the year. • Cyber insurance cover is in place. • We have recently carried out an external review of the Group's IT security and systems as part of our internal audit process.	• Cyber security has remained unchanged during the year and is considered a **medium to high impact** risk with a medium to **high probability**. Whilst global developments have increased cyber security risks we have carried out further enhancements and audits to our IT systems and procedures during the year. • This risk was considered to be increased due to employees working from home during the pandemic. Staff may now continue to work from home on a flexible basis.

Operational risks

Risk and impact	Monitoring and management	Change in risk assessment during the period
7. People The inability to attract, retain and develop our people and ensure we have the right skills in place could prevent us from implementing our strategy.	• Attracting, retaining and developing talent is core to our HR strategy, which is regularly reviewed by the Board and Executive Committee. • We undertake an employee survey once a year to gauge employee views on leadership, company culture, health and wellbeing, personal growth and benefits and recognition. This informs any changes to HR policy. • We regularly benchmark our pay and benefits against those of peers and the wider market. • Succession planning is in place for all key positions and is reviewed regularly by the Nomination Committee. • Longer notice periods are in place for key employees. • Our recruitment policies consider the needs of the business today and our aspirations for the future, whilst ensuring our unique corporate culture is maintained.	• The probability of the People risk has reduced during the year and is considered a **medium impact** risk with a **medium probability**. • Inflation has put pressure on salary costs and demands. This impact is mitigated by an active employee engagement programme and the alignment of reward with both individual and Company-level performance. • We continue to focus on staff wellbeing and actively seek regular feedback from staff. The recent Sunday Times Best Places to Work 2023 survey was strongly positive and showed a low staff flight risk. • We also offer many forms of flexible working including job share, annualised hours, variation of hours and working from home. Since the pandemic we have implemented a policy of working enabling staff to work from home a number of days a week should they choose to do so.

8. Financing If gearing levels become higher than our risk appetite or lead to breaches in bank covenants this would impact our ability to implement our strategy. The business could also struggle to obtain funding or face increased interest rates as a result of macroeconomic factors.	• The Board regularly assesses Company financial performance and scenario testing, covering levels of gearing and headroom to financial covenants and assessments by external rating agencies. • The Company has a programme of active engagement with key lenders and shareholders. • The Company has a wholly unsecured balance sheet, which mitigates the risk of a covenant breach caused by fluctuations in individual property valuations. • The Company has long-dated maturity on its debt, providing sufficient flexibility for refinancing. • Working capital and cashflow analysis and detailed forward assessments of cashflows are regularly reviewed by the Executive Committee. • Our credit rating is independently assessed by Fitch Ratings at least annually.	• Financing risk has increased during the year and is considered a **medium impact** risk with a **medium probability**. • Macroeconomic developments, particularly the increase in inflation, have impacted financial markets. The strength of the Company's unsecured balance sheet means we have significantly mitigated the risk of not being able to secure sufficient financing. Increased cash levels also mitigated these risks and provide deposit opportunities. • The Company extended the maturity on its undrawn Revolving Credit Facility to August 2024 in the prior year. • There is no exposure to interest rate rises on drawn debt.
9. Asset management The performance of our assets may not meet with the expectations outlined in their business plans, impacting financial performance and the ability to implement our strategies.	• Asset-level business plans are regularly reviewed by the asset management team and the Executive Committee and detailed forecasts are updated frequently. • The Executive Committee reviews whole portfolio performance on a quarterly basis to identify any trends that require action. • Our asset managers are in contact with centre managers and occupiers on a daily basis to identify potential risks and improvement areas. • Revenue collection is reviewed regularly by the Executive Committee. • Retailer concentration risk is monitored, with a guideline that no retailer will account for more than 5% of gross income (currently our largest retailer is B&M accounting for 2.9% of gross income).	• Asset management risk has remained the same during the year and is considered a **medium to high impact** risk with a **medium probability**. • The global pandemic placed restrictions on the operations of our occupiers and impacted performance and rent collection at our assets. These have improved greatly and are now close to pre-pandemic levels. • Our diverse tenant portfolio focuses on essential retail which reduces the impact of individual defaults on income. • Although we have a low probability of default, the continued cost of living crisis may impact the financial health of our occupiers. • Our operational performance continues to prove the resilience of our assets.
10. Development Delays, increased costs and other challenges could impact our ability to pursue our development pipeline and therefore our ability to profitably recycle development sites and achieve returns on development.	• We apply a risk-controlled development strategy through negotiating long-dated pre-lets for the majority of assets. • All development is risk-controlled and forms only 3% of the portfolio by value. • Capital deployed is actively monitored by the Executive Committee, following detailed due diligence modelling and research. • An experienced development team monitors on-site development and cost controls. • On large scale developments where construction is more than 12 months we look to carry out the project in partnership and/or forward sell.	• Development risk probability has increased through the period and is considered a **medium impact** risk with a **medium to high probability**. • Supply issues and increases in the cost of building supplies will impact our developments, as they remain a small part of portfolio the overall impact is low. • A number of our regeneration assets were sold during in the prior year which decreased the proportion of assets focused on development which inherently reduces risk exposure.

11. Acquisition The performance of asset and corporate acquisitions might not meet with our expectations and assumptions, impacting our revenue and profitability.	• We carry out thorough due diligence on all new acquisitions, using data from external advisers and our own rigorous in-house modelling before committing to any transaction. Probability-weighted analysis takes account of these risks. • Acquisitions are subject to approval by the Board and Executive Committee, who are highly experienced in the retail sector. • We have the ability to acquire via joint ventures, thereby sharing risk.	• Acquisition risk has remained the same through the year and is considered a **medium impact** risk with a **medium probability**. • The lack of supply and relative price of some assets may reduce opportunities for acquisition. • Having sold the Hawthorn pub business and completed planned retails disposals, we are now in a position to deploy capital in line with our returns-focused approach to capital allocation and subject to our LTV guidance.
12. Disposal We may face difficulty in disposing of assets or realising their fair value, thereby impacting profitability and our ability to reduce debt levels or make further acquisitions.	• Our portfolio is focused on high-quality assets with low lot sizes, making them attractive to a wide pool of buyers. • Assets are valued every six months by external valuers, enabling informed disposal pricing decisions. • Disposals are subject to approval by the Board and Executive Committee, who are highly experienced in the retail sector. • Our portfolio is large and our average asset lot size is small, meaning that each asset represents only a small proportion of revenues and profits, thereby mitigating the impact of a sale not proceeding.	• Disposal risk has increased during the year and is considered a **medium impact** risk with a **medium to high probability**. • National and geopolitical uncertainty, interest rate rises, inflation and the cost-of-living crisis have increased market uncertainty and are causing some purchasers to reconsider or delay acquisition decisions. • We have an active and successful disposal programme where we have executed disposals in the year, with the volume of transactions being completed increasing disposal risk. The average lot size however is lower than most in the market so our assets tend to be more liquid.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

		Year ended 31 March 2023 *Unaudited*			Year ended 31 March 2022		
Continuing Operations	Notes	Operating and financing 2023 £m	Fair value adjustments 2023 £m	Total 2023 £m	Operating and financing 2022 £m	Fair value adjustments 2022 £m	Total 2022 £m
Revenue	4	**72.2**	**–**	**72.2**	73.7	–	73.7
Property operating expenses*	5	**(25.1)**	**–**	**(25.1)**	(25.5)	–	(25.5)
Net property income		**47.1**	**–**	**47.1**	48.2	–	48.2
Administrative expenses	6	**(12.6)**	**–**	**(12.6)**	(13.4)	–	(13.4)
Other income	7	**1.4**	**–**	**1.4**	–	–	–
Share of profit from joint ventures	15	**2.4**	**0.6**	**3.0**	1.1	2.9	4.0
Share of profit from associates	16	**0.1**	**0.2**	**0.3**	0.2	2.9	3.1
Net property valuation movement	14	**–**	**(38.2)**	**(38.2)**	–	(12.3)	(12.3)
Loss on disposal of investment properties	9	**(3.8)**	**–**	**(3.8)**	(4.2)	–	(4.2)
Operating (loss) / profit		**34.6**	**(37.4)**	**(2.8)**	31.9	(6.5)	25.4
Finance income	10	**1.4**	**–**	**1.4**	1.4	–	1.4
Finance costs	10	**(15.4)**	**–**	**(15.4)**	(19.8)	–	(19.8)
(Loss) / profit for the year before taxation		**20.6**	**(37.4)**	**(16.8)**	13.5	(6.5)	7.0
Taxation	11	**–**	**–**	**–**	–	–	–
(Loss) / profit for the year after taxation from continuing operations		**20.6**	**(37.4)**	**(16.8)**	13.5	(6.5)	7.0
Loss for the year after taxation from discontinued operations	8	**–**	**–**	**–**	(31.7)	(1.9)	(33.6)
Loss for the year		**20.6**	**(37.4)**	**(16.8)**	(18.2)	(8.4)	(26.6)
Total comprehensive loss for the year				**(16.8)**			(26.6)

There are no items of other comprehensive income for the current or prior year

(Loss) / earnings per share – continuing operations							
Basic (pence)	12			**(5.4)**			2.3
Diluted (pence)	12			**(5.4)**			2.3
Loss per share							
Basic (pence)	12			**(5.4)**			(8.6)
Diluted (pence)	12			**(5.4)**			(8.6)

*Included in property operating expenses is a loss allowance charge of £0.1 million reversal (2022: £0.3 million reversal) of expected credit loss relating to debtors for continuing operations.

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	**2023 £m *Unaudited***	2022 £m
Non-current assets			
Investment properties	14	**627.3**	684.6
Right of use asset	22	**0.9**	0.2
Investments in joint ventures	15	**23.8**	24.0
Investments in associates	16	**5.5**	7.9
Property, plant and equipment		**0.4**	0.7
Total non-current assets		**657.9**	717.4
Current assets			
Trade and other receivables	17	**15.0**	18.9
Cash and cash equivalents	19	**108.6**	82.8
Total current assets		**123.6**	101.7
Total assets		**781.5**	819.1
Equity and liabilities			
Current liabilities			
Trade and other payables	20	**29.5**	33.5
Lease liability	22	**0.4**	0.7
Total current liabilities		**29.9**	34.2
Non-current liabilities			
Lease liability	22	**76.3**	75.0
Borrowings	21	**296.7**	295.8
Total non-current liabilities		**373.0**	370.8
Net assets		**378.6**	414.1
Equity			
Share capital		**3.1**	3.1
Share premium		**2.4**	1.1
Merger reserve		**(2.3)**	(2.3)
Retained earnings and other reserves		**375.4**	412.2
Total equity		**378.6**	414.1
Net Asset Value (NAV) per share (pence)			
Basic	12	**122p**	135p
Diluted	12	**121p**	134p
EPRA NTA	12	**121p**	134p

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	2023 **£m** ***Unaudited***	2022 £m
Cash flows from operating activities		
(Loss) / profit for the year before taxation – continuing operations	**(16.8)**	7.0
Loss for the year before taxation – discontinued operations	**–**	(31.7)
Loss for the year before taxation	**(16.8)**	(24.7)
Adjustments for:		
Loss on disposal of investment property	**3.8**	3.4
Loss on disposal of Hawthorn	**–**	39.7
Net valuation movement	**38.2**	12.3
Net valuation movement in joint ventures	**(0.6)**	(2.9)
Net valuation movement in associates	**(0.2)**	(2.9)
Share of profit from joint ventures	**(2.4)**	(1.1)
Share of profit from associates	**(0.1)**	(0.2)
Net interest expense	**14.0**	18.4
Rent free lease incentives	**0.2**	(1.4)
Movement in expected credit loss	**(0.1)**	(0.3)
(Capitalisation) / amortisation of legal and letting fees	**(0.1)**	0.1
Depreciation on property plant and equipment	**0.8**	1.2
Share-based payment expense	**0.9**	0.9
Cash generated from operations before changes in working capital	**37.6**	42.5
Changes in working capital		
Decrease in trade and other receivables	**3.0**	9.7
(Decrease) / increase in payables and other financial liabilities	**(4.3)**	7.6
Cash generated from operations	**36.3**	59.8
Interest paid	**(14.1)**	(20.3)
Dividends received from joint ventures	**3.2**	5.6
Dividends received from associates	**0.4**	2.0
Net cash generated from operating activities	**25.8**	47.1
Cash flows from investing activities		
Cash proceeds net of cash disposed and transaction costs from disposal of subsidiaries	**–**	196.0
Interest income	**1.2**	0.4
Investment in associate	**–**	(4.0)
Return of investment from associate	**2.3**	–
Disposal of associate investments	**–**	2.5
Purchase of investment properties	**–**	(7.3)
Disposal of investment properties	**19.5**	65.2
Development and other capital expenditure	**(2.9)**	(9.6)
Purchase of plant and equipment	**(0.1)**	(3.0)
Net cash generated from investing activities	**20.0**	240.2
Cash flows from financing activities		
Repayment of bank loans	**–**	(335.0)
Repayment of principal portion of lease liability	**(0.4)**	(0.7)
Dividends paid – ordinary	**(19.6)**	(19.3)
Net cash used in financing activities	**(20.0)**	(355.0)
Cash and cash equivalents at beginning of the year	**82.8**	150.5
Net increase in / (decrease) in cash and cash equivalents	**25.8**	(67.7)
Cash and cash equivalents at 31 March	**108.6**	82.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings and other reserves £m	Total £m
As at 1 April 2021 *(audited)*		3.1	227.4	(2.3)	232.2	460.4
Loss for the year after taxation						
- continuing operations		–	–	–	7.0	7.0
- discontinued operations		–	–	–	(33.6)	(33.6)
Loss for the year after taxation		–	–	–	(26.6)	(26.6)
Total comprehensive loss for the year after taxation		–	–	–	(26.6)	(26.6)
Transactions with equity holders						
Transfer from share premium		–	(227.4)	–	227.4	–
Issue of new shares		–	1.1	–	–	1.1
Share-based payments		–	–	–	0.9	0.9
Dividends paid	13	–	–	–	(21.7)	(21.7)
As at 31 March 2022 *(audited)*		**3.1**	**1.1**	**(2.3)**	**412.2**	**414.1**
Loss for the year after taxation		**–**	**–**	**–**	**(16.8)**	**(16.8)**
Total comprehensive loss for the year after taxation		**–**	**–**	**–**	**(16.8)**	**(16.8)**
Transactions with equity holders						
Issue of new shares		**–**	**1.3**	**–**	**–**	**1.3**
Share-based payments		**–**	**–**	**–**	**0.9**	**0.9**
Dividends paid	13	**–**	**–**	**–**	**(20.9)**	**(20.9)**
As at 31 March 2023 *(unaudited)*		**3.1**	**2.4**	**(2.3)**	**375.4**	**378.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

General information
NewRiver REIT plc (the 'Company') and its subsidiaries (together the 'Group') is a property investment group specialising in commercial real estate in the UK. The Company is registered and domiciled in the UK and the registered office of the Company is 89 Whitfield Street, London, W1T 4DE.

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

Basis of preparation
These consolidated financial statements have been prepared on the going concern basis, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, in accordance with UK-adopted International Accounting Standards ('UK-adopted IFRS' or 'IFRS'), within the applicable legal requirements of the Companies Act 2006 and in accordance with the accounting policies set out in the 2022 Annual Report and Accounts, except as noted below.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IAS in conformity with the requirements of the Companies Act 2006 and UK-adopted IFRS and complies with the disclosure requirements of the Listing Rules of the UK Financial Conduct Authority, this announcement does not itself contain sufficient information to comply with IASs and IFRSs. Therefore, this preliminary announcement does not constitute the Group's full financial statements for the year ended 31 March 2023 and accordingly, the financial information for 2023 is presented unaudited in the preliminary announcement. The Group's full financial statements that comply with IFRS will be approved by the Board of Directors and reported on by the auditors in June 2023 and are expected to be published in July 2023.

The financial information for the year ended 31 March 2022 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The independent auditors' report on the full financial statements for the year ended 31 March 2022 was unqualified and did not contain an emphasis of matter paragraph or any statement under section 498 of the Companies Act 2006.

Going concern
The Group and Company's going concern assessment considers the Group and Company's principal risks, and is dependent on a number of factors, including cashflow and liquidity, continued access to borrowing facilities and the ability to continue to operate the Group and Company's unsecured debt structure within its financial covenants. The Group and Company's balance sheet is unsecured, which means that none of its debt is secured against any of its property assets. This type of financing affords significant operational flexibility and the only debt currently drawn by the Group is the £300 million unsecured corporate bond which matures in March 2028. This bond has financial covenants that the Group is required to comply with including an LTV covenant of less than 65% and a 12 month historical interest cover ratio of more than 1.5x.

The going concern assessment is based on a 12 month outlook from the date of the approval of these financial statements, using the Group and Company's Board approved budget, flexed to create a reasonable worst case scenario, which includes the key assumptions listed below.

- Capital values to decrease a further 10% during FY24 and remain flat throughout the remainder of the forecast horizon, in contrast to the decline noted in FY23 of –5.9% across the portfolio in FY23, 62% of which related to the impact of cost inflation on valuations for the regeneration portfolio with more modest declines noted in the Core Shopping Centres and Retail Parks.

- A 15% reduction in net income. This reflects a significant downside to rental agreements re-geared or re-negotiated throughout the pandemic given that 95% of rents relating to FY21 and FY22 has been collected at the time of reporting despite the multiple national lockdowns in place throughout those periods; FY23 rent collection is 98% and 1Q24 rent collection is 91% at the time of reporting demonstrating that rent collection rates have normalised back to pre Covid levels;

- No disposal proceeds are assumed throughout the forecast period which have not yet completed at the time of reporting, despite the completion of £77 million of disposals during FY22, £23 million during FY23 and £32 million of retail disposals now under offer or exchanged and a further £30m in active discussions or committed to be disposed at the date of approval of these financial statements. Similarly, no assumption is made for the deployment of any surplus capital available as at 31 March 2023 and the growth and returns that would otherwise generate.

Under this scenario, the Group and Company is forecast to maintain sufficient cash and liquidity resources and remain compliant with its financial covenants over the going concern period. Further stress testing was performed on this scenario which demonstrated that the Group and Company's drawn debt covenants could absorb a further valuation decline of 37% or a further 46% reduction in annual net rental income before breaching covenant levels. The Group and Company maintains sufficient cash and liquidity reserves to continue in operation and pay its liabilities as they fall due throughout the going concern assessment period and as such the Directors conclude a going concern basis of preparation is appropriate.

Cash flow statement

The Group has reported the cash flows from operating activities using the indirect method. Interest received and the acquisition of properties are presented within investing cash flows and interest paid is presented within operating cash flows because this most appropriately reflects the Group's business activities.

Preparation of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Company, made up to 31 March each year. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

The consolidated financial statements account for interest in joint ventures and associates using the equity method of accounting per IFRS 11 and IAS 28 respectively. The financial statements for the year ended 31 March 2023 have been prepared on the historical cost basis, except for the revaluation of investment properties.

New accounting policies

The Group has adopted the following amendments for the first time in the year ended 31 March 2023:

- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

Adopting these amendments has not impacted amounts recognised in prior periods or are expected to have a material impact on the current period or future periods based on the Group's current strategy. The accounting policies used are otherwise consistent with those contained in the Group's previous Annual Report and Accounts for the year ended 31 March 2022.

Standards and amendments issued but not yet effective

A number of new amendments have been issued but are not yet effective for the current accounting period.

Effective for the year ended 31 March 2024

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax – Related to assets and liabilities arising from a single transactions (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Insurance contracts – (Amendments to IFRS 17)

Effective for the year ended 31 March 2025:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

No material impact is expected upon the adoption of these standards.

IFRIC Agenda Decision

In October 2022, the IFRS Interpretations Committee ('IFRIC') released its decision on the application of IFRS 9 and IFRS 16 in relation to how a lessor should account for the forgiveness of amounts due under leases. This concluded that for any rent receivables that are past their due dates and subsequently forgiven, the lessor should apply the expected credit loss (ECL) model in IFRS 9. Therefore, the forgiveness will be subject to the derecognition and impairment requirements in IFRS 9, and the impact of relevant receivable amounts written off reflected in the statement of comprehensive income on the date that the legal rights are conceded. Historically the Group has treated this as a lease modification spread over the remaining lease term. The Group is not materially impacted by this decision and therefore no restatement of the prior year comparative is required.

In March 2022, IFRIC finalised its decision with respect to the treatment of demand deposits with restriction on use, which includes tenant rent deposits and service charge amounts collected on behalf of tenants. It was concluded that such deposits which are subject to contractual restrictions, meet the definition of 'cash and cash equivalents' within the financial statements. In light of this the Group performed a review of amounts disclosed as 'restricted monetary assets' and tenant deposits. The Group is not subject to such contractual restrictions, and therefore no restatement of the prior year comparative is required.

Revenue recognition

Property, rental and related income

Property, rental and related income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the entire lease term. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation. Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease.

Where a rent-free period is included in a lease, this is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Where a lease incentive payment or surrender premiums are paid to enhance the value of a property, it is amortised on a straight- line basis over the period from the date of lease commencement to the expiry date of the lease as a reduction of rental income. It is management's policy to recognise all material lease incentives and lease incentives greater than six months. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is accounted for from the effective date of the modification, being the date at which both parties agree to the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Letting costs are recognised over the lease term on a straight line basis as a reduction of rental income.

Service charge income
Service charge income is recognised in accordance with IFRS 15. This income stream is recognised in the period which it is earnt and when performance obligations are met.

IFRS 15 is based on the principle that revenue is recognised when control passes to a customer. The majority of the Group's income is from tenant leases and is therefore outside of the scope of IFRS 15. However, the standard applies to service charge income. Under IFRS 15, the Group needs to consider the agent versus principal guidance. The Group is principal in the transaction if they control the specified goods or services before they are transferred to the customer. In the provision of service charge, the Group has deemed itself to be principal and therefore the consolidated statement of comprehensive income and the consolidated balance sheet reflect service charge income, expenses, trade and other receivables and trade and other payables.

Asset management fees
Management fees are recognised in the consolidated statement of comprehensive income as the services are delivered and performance obligations met. The Group assesses whether the individual elements of service in the agreement are separate performance obligations. Where the agreements include multiple performance obligations, the transaction price will be allocated to each performance obligation.

Car park income
Car park income is recognised in accordance with IFRS 15. This income stream is recognised in the period in which it is earnt and when performance obligations are made.

Other income
Other income is recognised in accordance with IFRS 15. This income stream is recognised in the period in which it is earnt and when performance obligations are made. In the case of insurance other income, this is recognised upon agreement with the insurer.

Promote payments
The Group is contractually entitled to receive a promote payment should the returns from a joint venture or associate to the joint venture or associate partner exceed a certain internal rate of return. This payment is only receivable by the Group on disposal of underlying properties held by the joint venture or associate or other termination events. Any entitlements under these arrangements are only accrued for in the financial statements once the Group believes the above performance conditions have been met and there is no risk of the revenue reversing.

IFRS 15
All revenue streams under IFRS 15 allocate transaction price against performance obligations as they are satisfied. With the exception of asset management fees, IFRS 15 revenue streams do not carry variable consideration. There are no significant judgements in applying IFRS 15. There are no significant payment terms on any of the IFRS 15 revenue streams.

Service charge expense
Service charge expenses are recognised in the period in which they are incurred.

Finance income and costs
Finance income and costs excluding fair value derivative movements, are recognised using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

Taxation

Income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the balance sheet. Tax is recognised in the consolidated statement of comprehensive income.

Deferred tax
Any deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply in the period when the liability is settled or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Investment properties
These properties include completed properties that are generating rent or are available for rent, and development properties that are under development or available for development. Investment properties comprise freehold and leasehold properties and are first measured at cost (including transaction costs), then revalued to market value at each reporting date by independent professional valuers. Leasehold properties are shown gross of the leasehold payables (and accounted for as right-of-use asset under IFRS 16, see Leases accounting policy). Valuation gains and losses in a period are taken to the consolidated statement of comprehensive income. As the Group uses the fair value model, as per IAS 40 Investment Properties, no depreciation is provided. An asset will be classified as held for sale within investment properties, in line with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, where the asset is available for immediate sale in its present condition and the sale is highly probable.

Property, plant and equipment
Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised over the useful lives of the equipment, using the straight-line method at a rate of between 10% to 25% depending on the useful life.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Fixtures and fittings 20% on a straight line-basis depending on the useful life
- Office equipment 33% on a straight line-basis

Joint ventures
Interests in joint ventures are accounted for using the equity method of accounting. The Group's joint ventures are entities over which the Group has joint control with a partner. Investments in joint ventures are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment or share of income adjusted for dividends. In assessing whether a particular entity is controlled, the Group considers all of the contractual terms of the arrangement, whether it has the power to govern the financial and operating policies of the joint venture so as to obtain benefits from its activities, and the existence of any legal disputes or challenges to this joint control in order to conclude whether the Group jointly controls the joint venture.

Associates
Interests in associates are accounted for using the equity method of accounting. The Group's associates are entities over which the Group has significant influence with a partner. Investments in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associates, less any impairment or share of income adjusted for dividends. In assessing whether a particular entity is controlled or has significant influence, the Group considers all of the contractual terms of the arrangement, whether it has the power to govern the financial and operating policies of the associate so as to obtain benefits from its activities.

Leases
At inception, the Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset.

The Group recognises a right-of-use ("ROU") asset and the lease liability at the commencement date of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct costs and the cost of obligations to restore the asset, less any incentives received.

Lease payments generally include fixed payments and variable payments that depend on an index (such as an inflation index).

Each lease payment is allocated between the liability and finance cost. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined or if not, the incremental borrowing rate is used. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period.

The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment. ROU assets that are not classified as investment properties are disclosed on the face of the consolidated balance sheet on their own line, and the lease liability included in the headings current and non-current liabilities on the consolidated balance sheet.

Where the ROU asset relates to leases of land or property that meets the definition of investment property under IAS 40 it has been disclosed within the investment property balance. After initial recognition, IAS 40 requires the amount of the recognised lease liability, calculated in accordance with IFRS 16, to be added back to the amount determined under the net valuation model, to arrive at the carrying amount of the investment property under the fair value model. Differences between the ROU asset and associated lease liability are taken to the consolidated statement of comprehensive income.

The Group has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for low value leases of less than £3,000. The payments for such leases are recognised in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Financial instruments

Financial assets
The Group classifies its financial assets as fair value through profit or loss or amortised cost, depending on the purpose for which the asset was acquired and based on the business model test. Financial assets carried at amortised cost include tenant receivables which arise from the provision of goods and services to customers. These are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost, less provision for impairment. Impairment provisions for receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. The probability of tenant default and subsequent non-payment of the receivable is assessed. If it is determined that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. If in a subsequent year the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed

to the extent that the carrying value of the asset does not exceed its amortised costs at the reversal date. The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Group transfers substantially all risks and rewards of ownership.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in transit, deposits held on call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

Financial liabilities

The Group classifies its financial liabilities at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

The financial instruments classified as financial liabilities at fair value through profit or loss include interest rate swap and cap arrangements. Recognition of the derivative financial instruments takes place when the contracts are entered into. They are recognised at fair value and transaction costs are included directly in finance costs.

The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. The cost of issuing share capital is recognised directly in equity against the proceeds from issuing the shares.

Share-based payments

The cost of equity settled transactions is measured with reference to the fair value at the date at which they were granted. Where vesting performance conditions are non-market based, the fair value excludes the effect of these vesting conditions and an estimate is made at each year end date of the number of instruments expected to vest. The fair value is recognised over the vesting period in the consolidated statement of comprehensive income, with a corresponding increase in equity. Any change to the number of instruments with non-market vesting conditions expected to vest is recognised in the consolidated statement of comprehensive income for that period.

Employee Benefit Trust

The Group operates an Employee Benefit Trust for the exclusive benefit of the Group's employees. The investment in the Company's shares held by the trust is recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the shares held by the trust.

Dividends

Dividends to the Company's shareholders are recognised when they become legally payable. In the case of interim dividends, this is when paid. In the case of final dividends, this is when approved by equity holders.

Business combinations

The Group applies the acquisition method to account for business combinations. The cost of the acquisition is measured at the aggregate of the fair values, at the date of completion, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS are recognised at their fair value at the acquisition. Where the fair value of the consideration is less than the fair value of the identifiable assets and liabilities then the difference is recognised as a bargain purchase in the consolidated statement of comprehensive income.

Where properties are acquired through corporate acquisitions, each transaction is considered by management in light of the substance of the acquisition to determine whether the acquisition is a business combination or an asset acquisition. If a transaction is determined to be an asset acquisition then it is accounted for at cost.

2. Critical accounting judgements and estimates

The preparation of financial statements requires management to make estimates and judgements affecting the reported amounts of assets and liabilities, of revenues and expenses, and of gains and losses. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Significant judgements

REIT Status

NewRiver is a Real Estate Investment Trust (REIT) and does not pay tax on its property income or gains on property sales, provided that at least 90% of the Group's property income is distributed as a dividend to shareholders, which becomes taxable in their hands. In addition, the Group has to meet certain conditions such as ensuring the property rental business represents more than 75% of total profits and assets. Any potential or proposed changes to the REIT legislation are monitored and discussed with HMRC. It is the Directors judgement that the Group has met the REIT conditions in the year.

ources of estimation uncertainty

Investment property

The Group's investment properties are stated at fair value. The assumptions and estimates used to value the properties are detailed in note 14. Small changes in the key estimates, such as the estimated rental value, can have a significant impact on the valuation of the investment properties, and therefore a significant impact on the consolidated balance sheet and key performance measures such as Net Tangible Assets per share.

Rents and ERVs have a direct relationship to valuation, while yield has an inverse relationship. Estimated costs of a development project will inversely affect the valuation of development properties. There are interrelationships between all these unobservable inputs as they are determined by market conditions. The existence of an increase in more than one unobservable input could be to magnify the impact on the valuation, see note 14 for sensitivity analysis.

The estimated fair value may differ from the price at which the Group's assets could be sold. Actual realisation of net assets could differ from the valuation used in these financial statements, and the difference could be significant.

3. Segmental reporting and discontinued operations

The Group operates as one segment, the retail business. The retail investments comprise shopping centres, retail parks and high street stores. The Group's Executive Committee examines the Group's performance, and have identified retail as the only operating segment. The performance and position of the retail business is set out in the condensed consolidated statement of comprehensive income and condensed consolidated balance sheet. All the Group's operations are in the UK and therefore no geographical segments have been identified.

4. Revenue

	2023 £m	2022 £m
Property rental and related income*	**58.2**	57.7
Amortisation of tenant incentives and letting costs	**(1.5)**	(1.3)
Surrender premiums and commissions	**0.6**	0.8
Rental related income	**57.3**	57.2
Asset management fees	**1.5**	1.9
Service charge income	**13.4**	14.6
Revenue	**72.2**	73.7

*Included within property rental and related income is car park income of £5.3 million (2022: £4.9 million) which falls under the scope of IFRS 15. The remainder of the income is covered by IFRS 16.

Asset management fees and service charge income which represents the flow through costs of the day-to-day maintenance of shopping centres fall under the scope of IFRS 15.Total revenue recognised under IFRS 15 is £21.6 million (2022: £21.4 million). Refer to accounting policies in note 1.

5. Property operating expenses

	2023 £m	2022 £m
Service charge expense	**19.0**	20.3
Rates on vacant units	**2.7**	1.8
Expected credit loss reversal	**(0.1)**	(0.3)
Other property operating expenses	**3.5**	3.7
Property operating expenses	**25.1**	25.5

6. Administrative expenses

	2023 £m	2022 £m
Wages and salaries	**5.2**	5.1
Social security costs	**0.9**	0.7
Other pension costs	**0.1**	0.1
Staff costs	**6.2**	5.9
Depreciation**	**0.8**	0.1
Share-based payments	**1.1**	0.9
Other administrative expenses	**4.0**	5.6
Head office relocation costs*	**0.5**	–
Restructuring costs	**–**	0.9
Administrative expenses	**12.6**	13.4

*Head office relocation costs mainly relate to an impairment charge relating to property, plant and equipment.
**Depreciation is inclusive of £0.2 million right of use asset depreciation and £0.2 million impairment of the right of use asset.

Net administrative expenses ratio is calculated as follows:

	2023 £m	2022 £m
Administrative expenses	**12.6**	13.4
Adjust for:		
Asset management fees	**(1.5)**	(1.9)
Share of joint ventures' and associates administrative expenses	**0.1**	0.2
Share based payments	**(1.1)**	(0.9)
Head office relocation costs	**(0.5)**	–
Restructuring costs	**–**	(0.9)
Group's share of net administrative expenses – continuing operations	**9.6**	9.9
Group's share of net administrative expenses – discontinued operations	**–**	4.2
Group's share of net administrative expenses – Reported Group	**9.6**	14.1
Property rental and related income*	**58.0**	58.0
Other income – Covid-19 income disruption insurance	**1.4**	–
Share of joint ventures' and associates' property income	**3.6**	3.9
Property rental, other income and related income – continuing operations	**63.0**	61.9
Property rental, other income and related income – discontinued operations	**–**	21.4
Property rental, other income and related income – Reported Group	**63.0**	83.3
Net administrative expenses as a % of property income (including share of joint ventures and associates) – continuing operations	**15.2%**	16.0%
Net administrative expenses as a % of property income (including share of joint ventures and associates) – Reported Group	**15.2%**	16.9%

*This balance includes an expected credit loss reversal of £0.1 million (2022: £0.3 million), which excludes the £0.2 million reversal (2022: £0.2 million) forward looking element of the calculation and insurance expected credit loss of £0.1 million (2022: £nil) but includes the expected credit loss held in joint ventures and associates of £nil (2022: £0.2 million).

Average monthly number of staff – continuing operations

	2023	2022
Directors	**7**	7
Operations and asset managers	**17**	17
Support functions	**27**	32
Total	**51**	56

On disposal of Hawthorn 101 employees were employed by subsidiaries that were sold on 20 August 2021.

Auditors' remuneration

	2023 £m	2022 £m
Audit of the Company and consolidated financial statements	**0.3**	0.3
Audit of subsidiaries, pursuant to legislation	**0.2**	0.2
	0.5	0.5
Non-audit fees – interim review	**0.1**	0.1
Total fees	**0.6**	0.6

In addition to this the joint ventures and associates paid £0.1 million (2022: £0.1 million) in audit fees.

7. Other income

	2023 £m	2022 £m
Insurance proceeds	**1.4**	–
Other income	**1.4**	–

The Group has recognised £1.4m for Covid-19 income disruption following agreement with the insurer.

8. Loss on disposal of subsidiary

Year ended 31 March 2023

There have been no disposals in the year ended 31 March 2023.

Year ended 31 March 2022

Hawthorn

On 20 August 2021 NewRiver REIT plc ('NRR') completed the sale of the entire issued share capital of Hawthorn Leisure REIT Limited ('Hawthorn'), the entity that held, either directly or indirectly through its wholly-owned subsidiaries, NewRiver's entire community pub business to AT Brady Bidco Limited.

Subsidiaries disposed

Hawthorn Leisure REIT Limited
Hawthorn Leisure (Bravo Inns) Limited
Bravo Inns Limited
Bravo Inns II Limited
Hawthorn Leisure Community Pubs Limited
Hawthorn Leisure (Mantle) Limited
Hawthorn Leisure Public Houses Limited
Hawthorn Leisure Holdings Limited
Hawthorn Leisure Limited
Hawthorn Leisure Acquisitions Limited
Hawthorn Leisure Honey Limited
Hawthorn Leisure Management Limited
Hawthorn Leisure Scotco Limited
NewRiver Retail Holdings No 4 Limited
NewRiver Retail Holdings No 7 Limited
NewRiver Retail Property Unit Trust No 4

Results from 1 April 2021 to 20 August 2021

	£m
Revenue	18.1
Property operating expenses	(10.9)
Net property income	7.2
Other income	4.8
Administrative expenses	(4.8)
Loss on disposal of subsidiary	(39.7)
Other	0.8
Loss for the period before taxation	(31.7)
Deferred Tax	(1.9)
Loss for the period after taxation	(33.6)

Loss on disposal of subsidiary at 20 August 2021

	2022 £m
Gross disposal proceeds	224.0
Net assets disposed of:	
Investment property	(202.3)
Managed houses	(53.8)
Property, plant and equipment	(1.2)
Cash	(16.6)
Other net liabilities	19.9
Carrying value	(254.0)
Loss on disposal of subsidiary before transaction costs	(30.0)
Transaction costs	(9.7)
Loss on disposal of subsidiary	(39.7)

Cash flows from 1 April 2021 to 20 August 2021

	31 March 2022 £m
Cash flows from operating activities	13.8
Cash flows from investing activities	187.9
Total cash flows from discontinued operations	201.7

9. Loss on disposal of investment properties

	2023 £m	2022 £m
Gross disposal proceeds	**20.0**	66.3
Carrying value	**(22.3)**	(68.9)
Cost of disposal	**(1.5)**	(1.6)
Loss on disposal of investment properties	**(3.8)**	(4.2)

10. Finance income and finance costs

	2023 £m	2022 £m
Income from loans with joint ventures and associates	**(0.3)**	(0.4)
Income from treasury deposits	**(1.1)**	–
Write off of derivatives	**–**	(1.0)
Finance income	**(1.4)**	(1.4)
Interest on borrowings	**12.7**	17.1
Finance cost on lease liabilities	**2.7**	2.7
Finance costs	**15.4**	19.8

11. Taxation

	2023 £m	2022 £m
Taxation charge / (credit) – continuing	–	–
Taxation charge / (credit) – discontinued	–	1.9
Taxation charge / (credit) – Reported Group	–	1.9
Loss before tax	(16.8)	(24.7)
Tax at the current rate of 19% (2022: 19%)	(3.2)	(4.7)
Revaluation of property	7.3	2.3
Movement in unrecognised deferred tax	(0.2)	2.1
Non-taxable loss on disposal of subsidiary	–	7.6
Non-taxable profit due to REIT regime	(4.4)	(5.4)
Non-taxable income	(0.4)	(0.8)
Transfer pricing adjustment	0.9	0.8
Taxation (credit) / charge	–	1.9

Real Estate Investment Trust regime (REIT regime)

The Group is a member of the REIT regime whereby profits from its UK property rental business are tax exempt. The REIT regime only applies to certain property-related profits and has several criteria which have to be met. The main criteria are:

- the assets of the property rental business must be at least 75% of the Group's assets;
- the profit from the tax-exempt property rental business must exceed 75% of the Group's total profit and;
- at least 90% of the Group's profit from the property rental business must be paid as dividends.

The Group continues to meet these conditions and management intends that the Group should continue as a REIT for the foreseeable future.

Deferred tax

	31 March 2022 £m	Charge £m	Disposals £m	31 March 2023 £m
Net deferred tax	–	–	–	–

	31 March 2021 £m	Charge £m	Disposals £m	31 March 2022 £m
Net deferred tax	(0.7)	(1.9)	2.6	–

The deferred tax assets and liabilities have been calculated at the tax rate effective in the period that the tax is expected to crystallise. The Group has not recognised a deferred tax liability or deferred tax asset. As at 31 March 2023 the Group has unrecognised tax losses of £13.1 million (2022: £12.5 million). The losses have not been recognised as an asset due to uncertainty over the availability of taxable income to utilise the losses. The losses do not expire but are reliant on continuity of ownership and source of trade.

12. Performance measures

A reconciliation of the performance measures to the nearest IFRS measure is below:

	Year ended 31 March 2023			Year ended 31 March 2022		
	Continuing £m	**Discontinued £m**	**Total £m**	Continuing £m	Discontinued £m	Total £m
(Loss) / profit for the year after taxation	**(16.8)**	–	**(16.8)**	7.0	(33.6)	(26.6)
Adjustments						
Net valuation movement	**38.2**	–	**38.2**	12.3	–	12.3
Loss on disposal of investment properties	**3.8**	–	**3.8**	4.2	(0.8)	3.4
Changes in fair value of financial instruments and associated close out costs	–	–	–	(0.1)	–	(0.1)
Deferred tax	–	–	–	–	1.9	1.9
Loss on disposal of subsidiary	–	–	–	–	39.7	39.7
Group's share of joint ventures' and associates' adjustments						
Revaluation of investment properties	**(0.8)**	–	**(0.8)**	(5.8)	–	(5.8)
Revaluation of derivatives	**(0.2)**	–	**(0.2)**	(0.5)	–	(0.5)
Deferred tax	**0.2**	–	**0.2**	0.6	–	0.6
Loss on disposal of investment properties	–	–	–	1.2	–	1.2
EPRA earnings	**24.4**	–	**24.4**	18.9	7.2	26.1
Share-based payment charge	**1.1**	–	**1.1**	0.9	–	0.9
Forward looking element of IFRS 9*	**(0.2)**	–	**(0.2)**	(0.2)	–	(0.2)
Depreciation on public houses	–	–	–	–	0.4	0.4
Head office relocation costs	**0.5**	–	**0.5**	–	–	–
Abortive costs	–	–	–	–	0.2	0.2
Restructuring costs	–	–	–	0.9	–	0.9
Underlying Funds From Operations (UFFO)	**25.8**	–	**25.8**	20.5	7.8	28.3

* Forward looking element of IFRS 9 relates to a provision against debtor balances in relation to invoices in advance for future rental income. These balances are not due in the current year and therefore no income has been recognised in relation to these debtors.

Number of shares

Number of shares	**2023 No. m**	2022 No. m
Weighted average number of ordinary shares for the purposes of Basic EPS, UFFO and EPRA	**309.7**	307.2
Effect of dilutive potential ordinary shares:		
Performance share plan	**1.2**	1.1
Deferred bonus shares	**0.8**	0.7
Weighted average number of ordinary shares for the purposes of Diluted EPS	**311.7**	309.0

	2023			2022		
	Continuing	**Discontinued**	**Total**	Continuing	Discontinued	Total
IFRS Basic EPS	**(5.4)**	–	**(5.4)**	2.3	(10.9)	(8.6)
IFRS Diluted EPS	**(5.4)**	–	**(5.4)**	2.3	(10.9)	(8.6)
EPRA EPS	**7.9**	–	**7.9**	6.2	2.3	8.5
UFFO EPS	**8.3**	–	**8.3**	6.7	2.5	9.2

The below table reconciles the differences between the calculation of basic and EPRA NTA.

EPRA NTA per share and basic NTA per share:

	2023			2022		
	£m	**Shares m**	**Pence per share**	£m	Shares m	Pence per share
Net assets	**378.6**	**310.7**	**122p**	414.1	307.2	135p
Unexercised employee awards	–	**2.0**		–	1.8	
Diluted net assets	**378.6**	**312.7**	**121p**	414.1	309.0	134p
Group's share of associates deferred tax liability	**0.9**	–		0.6	–	
Group's share of joint venture / associates fair value derivatives	**(0.6)**	–		(0.3)	–	
EPRA Net Tangible Assets	**378.9**	**312.7**	**121p**	414.4	309.0	134p

13. Dividends

The dividends paid in the year are set out below:

Payment date	PID	Non-PID	Pence per share	£m
Year to March 2022				
Ordinary dividends				
3 September 2021	3.0	–	3.0	9.1
14 January 2022	4.1	–	4.1	12.6
				21.7
Year to March 2023				
Ordinary dividends				
3 September 2022	**3.3**	**–**	**3.3**	**10.1**
17 January 2023	**3.5**	**–**	**3.5**	**10.8**
				20.9

The final dividend of 3.2 pence per share in respect of the year ended 31 March 2023 will, subject to shareholder approval at the 2023 AGM, be paid on 4 August 2023 to shareholders on the register as at 16 June 2023. The dividend will be payable as a REIT Property Income Distribution (PID).

Property Income Distribution (PID) dividends

Profits distributed out of tax-exempt profits are PID dividends. PID dividends are paid after deduction of withholding tax (currently at 20%), which NewRiver pays directly to HMRC on behalf of the shareholder.

Non-PID dividends

Any non-PID element of dividends will be treated in exactly the same way as dividends from other UK, non-REIT companies.

14. Investment properties

	2023 £m	2022 £m
Fair value brought forward	**609.1**	851.9
Acquisitions	**–**	7.3
Capital expenditure	**2.9**	9.6
Lease incentives, letting and legal costs	**(0.1)**	1.3
Transfer from assets held for sale (Note 18)	**–**	25.5
Disposals	**(22.3)**	(72.9)
Disposal of subsidiaries	**–**	(202.3)
Net valuation movement	**(38.1)**	(11.3)
Fair value carried forward	**551.5**	609.1
Right of use asset (investment property)	**75.8**	75.5
Fair value carried forward	**627.3**	684.6

Capital expenditure of £2.9 million (2022: £9.6 million) is comprised of £1.9 million (2022: £5.0 million) of expenditure in the creation of incremental lettable space and £1.0 million (2022: £4.6 million) of expenditure on non-incremental lettable space.

The Group's investment properties have been valued at fair value on 31 March 2023 by independent valuers, Colliers International Valuation UK LLP and Knight Frank LLP, on the basis of fair value in accordance with the Current Practice Statements contained in The Royal Institution of Chartered Surveyors Valuation – Professional Standards, (the 'Red Book'). The valuations are performed by appropriately qualified valuers who have relevant and recent experience in the sector.

The Group is exposed to changes in the residual value of properties at the end of current lease agreements. The residual value risk born by the Group is mitigated by active management of its property portfolio with the objective of optimising tenant mix in order to:

- achieve the longest weighted average lease term possible;
- minimise vacancy rates across all properties; and
- minimise the turnover of tenants with high quality credit ratings.

The Group also grants lease incentives to encourage high quality tenants to remain in properties for longer lease terms. In the case of anchor tenants, this also attracts other tenants to the property thereby contributing to overall occupancy levels.

The fair value at 31 March represents the highest and best use.

The properties are categorised as Level 3 in the IFRS 13 fair value hierarchy. There were no transfers of property between Levels 1, 2 and 3. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

As at 31 March 2023

	Fair value (£m)	Property ERV Min £ per sq ft	Property ERV Max £ per sq ft	Property ERV Average £ per sq ft	Property rent Min £ per sq ft	Property rent Max £ per sq ft	Property rent Average £ per sq ft	Property equivalent yield Average %	EPRA topped up net initial yield Average %
Shopping Centres - Core	**214.8**	**8.8**	**30.1**	**14.0**	**8.0**	**30.8**	**12.9**	**9.3%**	**9.7%**
Shopping Centres - Regeneration	**140.1**	**5.2**	**18.8**	**16.1**	**4.0**	**13.4**	**10.6**	**6.8%**	**5.9%**
Shopping Centres – Work Out	**63.3**	**6.5**	**15.3**	**8.8**	**1.5**	**6.3**	**4.4**	**14.0%**	**9.4%**
Retail parks	**128.6**	**9.6**	**14.2**	**11.4**	**7.9**	**14.7**	**10.9**	**7.0%**	**7.0%**
High street and other	**4.7**	**4.2**	**8.6**	**6.6**	**3.7**	**8.7**	**4.1**	**9.5%**	**10.0%**
	551.5								

As at 31 March 2022

	Fair value (£m)	Property ERV Min £ per sq ft	Property ERV Max £ per sq ft	Property ERV Average £ per sq ft	Property rent Min £ per sq ft	Property rent Max £ per sq ft	Property rent Average £ per sq ft	Property equivalent yield Average %	EPRA topped up net initial yield Average %
Shopping Centres - Core	216.2	8.5	30.1	14.2	8.2	30.7	12.8	9.3%	9.5%
Shopping Centres - Regeneration	162.6	7.4	15.3	9.8	2.6	8.4	5.1	6.5%	5.8%
Shopping Centres – Work Out	89.7	5.3	19.4	16.0	4.6	14.0	11.1	15.7%	11.1%
Retail parks	132.5	9.1	14.0	11.1	0.6	14.7	9.7	6.6%	6.0%
High street and other	8.1	5.4	15.0	8.0	3.8	8.6	3.0	8.4%	4.7%
	609.1								

Sensitivities of measurement of significant inputs

As set out within significant accounting estimates and judgements in note 2, the Group's property portfolio valuation is open to judgements and is inherently subjective by nature. As a result, the sensitivity analysis below illustrates the impact of changes in key unobservable inputs on the fair value of the Group's properties.

We consider +/-10% for ERV and +/-100bps for NEY to capture the increased uncertainty in these key valuation assumptions and deem it to be a reasonably possible scenario.

The investments are a portfolio of retail assets in the UK. The valuation was determined using an income capitalisation method, which involves applying a yield to rental income streams. Inputs include yield, current rent and ERV. Development properties are valued using a residual method, which involves valuing the completed investment property using an investment method and deducting estimated costs to complete, then applying an appropriate discount rate.

The inputs to the valuation include:

- Rental value – total rental value per annum
- Equivalent yield – the net weighted average income return a property will produce based upon the timing of the income received
- Estimated development costs

There were no changes to valuation techniques during the year. Valuation reports are based on both information provided by the Group, e.g. current rents and lease terms which is derived from the Group's financial and property management systems and is subject to the Group's overall control environment, and assumptions applied by the valuers, e.g. ERVs and yields. These assumptions are based on market observation and the valuers' professional judgement, which includes a consideration of climate change and a range of other external factors.

2023: Sensitivity impact on valuations of a 10% change in estimated rental value and absolute yield of 100 bps.

		Impact on valuations of a 10% change in ERV		*Impact on valuations of 100 bps change in yield*	
Asset Type	*Retail asset valuation £m*	*£m Increase 10%*	*£m Decrease 10%*	*£m Increase 1.0%*	*£m Decrease 1.0%*
Shopping Centres - Core	**214.8**	**18.2**	**(16.7)**	**(21.7)**	**27.6**
Shopping Centres - Regeneration	**140.1**	**13.5**	**(13.0)**	**(18.9)**	**26.0**
Shopping Centres – Work Out	**63.3**	**6.5**	**(5.8)**	**(5.8)**	**7.4**
Retail parks	**128.6**	**9.7**	**(9.6)**	**(14.2)**	**18.9**
High street and other	**4.7**	**0.6**	**(0.6)**	**(0.6)**	**0.7**
	551.5	**48.5**	**(45.7)**	**(61.2)**	**80.6**

2022: Sensitivity impact on valuations of a 10% change in estimated rental value and absolute yield of 100 bps.

		Impact on valuations of a 10% change in ERV		Impact on valuations of 100 bps change in yield	
Asset Type	*Retail asset valuation £m*	*£m Increase 10%*	*£m Decrease 10%*	*£m Increase 1.0%*	*£m Decrease 1.0%*
Shopping Centres - Core	*216.2*	*19.9*	*(18.7)*	*(22.6)*	*28.5*
Shopping Centres - Regeneration	*162.6*	*14.3*	*(13.6)*	*(21.1)*	*29.2*
Shopping Centres – Work Out	*89.7*	*7.5*	*(7.4)*	*(7.2)*	*8.3*
Retail parks	*132.5*	*9.5*	*(11.2)*	*(15.7)*	*19.4*
High street and other	*8.1*	*0.7*	*(1.1)*	*(0.9)*	*0.7*
	609.1	*51.9*	*(52.0)*	*(67.5)*	*86.1*

Reconciliation to net valuation movement in consolidated statement of comprehensive income

Net valuation movement in investment properties	**2023 £m**	2022 £m
Net valuation movement in investment properties	**(38.1)**	(11.3)
Net valuation movement in right of use asset	**(0.1)**	(1.0)
Net valuation movement in consolidated statement of comprehensive income	**(38.2)**	(12.3)

Reconciliation to properties at valuation in the portfolio

	Note	**2023 £m**	2022 £m
Investment property	14	**551.5**	609.1
Properties held in joint ventures	15	**32.2**	30.6
Properties held in associates	16	**9.9**	9.7
Properties at valuation		**593.6**	649.4

15. Investments in joint ventures

As at 31 March 2023 the Group has two joint ventures.

	2023 £m	2022 £m
Opening balance	**24.0**	25.6
Group's share of profit after taxation excluding valuation movement	**2.4**	1.1
Net valuation movement	**0.6**	2.9
Dividends	**(3.2)**	(5.6)
Investment in joint venture	**23.8**	24.0

Name	Country of incorporation	2023 % Holding	2022 % Holding
NewRiver Retail Investments LP (NRI LP)	Guernsey	**50**	50
NewRiver Retail (Napier) Limited (Napier)	UK	**50**	50

The Group is the appointed asset manager on behalf of these joint ventures and receives asset management fees, development management fees and performance-related bonuses.

NewRiver Retail Investments LP and NewRiver Retail (Napier) Limited have a 31 December year end. The aggregate amounts recognised in the consolidated balance sheet and consolidated statement of comprehensive income at 31 March are as follows:

	2023		2022	
Consolidated balance sheet	**Total £m**	**Group's share £m**	Total £m	Group's share £m
Non-current assets	**64.4**	**32.2**	61.2	30.6
Current assets	**5.5**	**2.8**	9.4	4.7
Current liabilities	**(1.4)**	**(0.7)**	(1.8)	(0.9)
Liabilities due in more than one year	**(26.9)**	**(13.5)**	(26.8)	(13.4)
Net assets	**41.6**	**20.8**	42.0	21.0
Loan to joint venture	**–**	**3.0**	–	3.0
Net assets adjusted for loan to joint venture	**41.6**	**23.8**	42.0	24.0

The table above provides summarised financial information for the joint ventures. The information disclosed reflects the amounts presented in the financial statements of the joint ventures. To arrive at the Group's share of these amounts under equity accounting, certain minor adjustments are required to be made.

	2023		2022	
Consolidated statement of comprehensive income	**Total £m**	**Group's share £m**	Total £m	Group's share £m
Revenue	**5.9**	**3.0**	5.7	2.8
Property operating expenses	**(0.4)**	**(0.2)**	(0.1)	–
Net property income	**5.5**	**2.8**	5.6	2.8
Administration expenses	**(0.2)**	**(0.1)**	(0.3)	(0.1)
Net finance costs	**(0.6)**	**(0.3)**	(0.1)	(0.1)
Group's share of joint ventures' profit before valuation movements	**4.7**	**2.4**	5.2	2.6
Net valuation movement	**1.2**	**0.6**	5.8	2.9
Profit / (loss) on disposal of investment property	**0.1**	**–**	(3.0)	(1.5)
Profit after taxation	**6.0**	**3.0**	8.0	4.0
Add back net valuation movement	**(1.2)**	**(0.6)**	(5.8)	(2.9)
Group's share of joint ventures' profit before valuation movements	**4.8**	**2.4**	2.2	1.1

The Group's share of contingent liabilities in the joint ventures is £nil (2022: £nil).

16. Investments in associates

The Group has one direct investment in an associate entity in which it has a 10% stake, Sealand S.à.r.l, which owns 100% of NewRiver Retail (Hamilton) Limited and NewRiver (Sprucefield) Limited at 31 March 2023.

	2023 £m	2022 £m
Opening balance	7.9	5.3
Additions to Investment in associates	–	4.0
Disposals from Investment in associates	–	(2.5)
Return of investment in associates*	(2.3)	–
Dividends	(0.4)	(2.0)
Group's share of profit after taxation excluding valuation movement	0.1	0.2
Net valuation movement	0.2	2.9
Investment in associates	5.5	7.9

*During the year, the Group received £2.3 million (2022: nil) back from associates in the form of shareholder loan repayments and repayment of initial capital invested.

On 1 April 2021, Sealand S.à.r.l, completed the acquisition of The Moor shopping centre in Sheffield, via NewRiver Retail (Hamilton) Limited, in which the Group holds an indirect 10% interest. The gross asset value at the date of the transaction was £41.0 million.

On 20 December 2021 the Group sold its interest in NewRiver Retail (Nelson) Limited.

Name	Country of incorporation	2023 % Holding	2022 % Holding
NewRiver Retail (Nelson) Limited (Nelson)	UK	–	–
NewRiver Retail (Hamilton) Limited (Hamilton)	UK	10	10
NewRiver (Sprucefield) Limited (Sprucefield)	UK	10	10

The Group is the appointed asset manager on behalf of Sealand S.à.r.l and receives asset management fees, development management fees and performance-related bonuses.

The aggregate amounts recognised in the consolidated balance sheet and consolidated statement of comprehensive income are as follows:

	31 March 2023		31 March 2022	
Consolidated balance sheet	Total £m	Group's share £m	Total £m	Group's share £m
Non-current assets	99.3	9.9	97.3	9.7
Current assets	8.2	0.8	14.7	1.5
Current liabilities	(16.1)	(1.6)	(17.5)	(1.8)
Liabilities due in more than one year	(67.8)	(6.8)	(62.7)	(6.3)
Net assets	23.6	2.3	31.8	3.1
Loans to associates	–	3.2	–	4.8
Net assets adjusted for loans to associates	23.6	5.5	31.8	7.9

Consolidated statement of comprehensive income	2023 Total £m	2023 Group's share £m	2022 Total £m	2022 Group's share £m
Revenue	9.9	1.0	12.6	1.2
Property operating expenses	(2.4)	(0.2)	(2.4)	(0.2)
Net property income	7.5	0.8	10.2	1.0
Administration expenses	(0.1)	–	(0.7)	–
Net finance costs	(3.5)	(0.4)	(3.6)	(0.4)
	3.9	0.4	5.9	0.6
Net valuation movement	1.7	0.2	29.1	2.9
Profit on disposal of investment property	0.6	–	2.7	0.3
Taxation	(3.4)	(0.3)	(7.2)	(0.7)
Profit after taxation	2.8	0.3	30.5	3.1
Add back net valuation movement	(1.7)	(0.2)	(29.1)	(2.9)
Group's share of associates' profit before valuation movements	1.1	0.1	1.4	0.2

17. Trade and other receivables

	2023 £m	2022 £m
Trade receivables	**2.6**	3.7
Restricted monetary assets	**4.8**	5.6
Service charge receivables*	**1.2**	1.7
Other receivables	**3.8**	6.2
Prepayments	**0.7**	0.7
Accrued income	**1.9**	1.0
	15.0	18.9

*Included in service charge receivables is £nil of Value Added Taxation (2022: £1.4 million) and £1.2 million of service charge debtors (2022: £0.3 million).

Trade receivables are shown after deducting a loss allowance of £3.0 million (2022: £5.2 million), other receivables are shown after deducting a loss allowance of £0.3 million (2022: £nil). The provision for doubtful debts is calculated as an expected credit loss on trade receivables in accordance with IFRS 9. The release to the consolidated statement of comprehensive income in relation to doubtful debts made against tenant debtors was £0.2 million (2022: £0.3 million charge). The Group has calculated the expected credit loss by applying a forward-looking outlook to historical default rates.

The Group monitors rent collection and the ability of tenants to pay rent receivables in order to anticipate and minimise the impact of default by tenants. All outstanding rent receivables are regularly monitored. In order to measure the expected credit losses, trade receivables from tenants have been grouped on a basis of shared credit risk characteristics and an assumption around the tenants ability to pay their receivable, based on conversations held and our knowledge of their credit history. The expected credit loss rates are based on historical payment profiles of tenant debtors and corresponding historical credit losses.

	2023 £m	2022 £m
Opening loss allowance at 1 April	**5.2**	9.3
(Decrease) / Increase in loss allowance recognised in the consolidated statement of comprehensive income during the year in relation to tenant debtors	**(0.2)**	0.3
Disposal of subsidiary	**–**	(2.5)
Loss allowance utilisation	**(2.0)**	(1.9)
Closing loss allowance at 31 March	**3.0**	5.2

The restricted monetary assets relates to cash balances which the Group cannot readily access. They do not meet the definition of cash and cash equivalents and consequently are presented separately from cash in the consolidated balance sheet.

18. Assets held for sale

	2023 £m	2022 £m
Assets held for sale at 1 April	**–**	25.5
Transfer to investment properties	**–**	(25.5)
Assets held for sale at 31 March	**–**	–

In the year ended 31 March 2023 the Group made a number of strategic disposals. As at 31 March 2023 no investment properties meet the definition of assets held for sale under IFRS.

During the year ended 31 March 2022 the £25.5 million of properties held for sale as at 31 March 2021 were not sold and are no longer available for sale as the Group decided to retain them, therefore they have been transferred back to investment property.

19. Cash and cash equivalents

There are no restrictions on cash in place (2022: nil). As at 31 March 2023 and 31 March 2022 cash and cash equivalents comprised of cash held in bank accounts and treasury deposits.

20. Trade and other payables

	2023 £m	2022 £m
Trade payables	**2.6**	3.0
Service charge liabilities*	**9.8**	9.2
Other payables	**1.8**	3.5
Accruals	**9.0**	8.7
Value Added Taxation	**0.3**	3.4
Rent received in advance	**6.0**	5.7
	29.5	33.5

* Service charge liabilities includes accruals of £1.9 million (2022: £1.7 million), service charge creditors and other creditors of £4.8 million (2022: £5.3 million), Value added taxation of £1.0 million (2022: nil) and deferred income of £2.1 million (2022: £2.2 million).

21. Borrowings

Maturity of drawn bank borrowings:	2023 £m	2022 £m
After five years	**300.0**	300.0
Less unamortised fees / discount	**(3.3)**	(4.2)
	296.7	295.8

The fair value of the Group's corporate bond has been estimated on the basis of quoted market prices, representing Level 1 fair value measurement as defined by IFRS 13 Fair Value Measurement. At 31 March 2023 the fair value was £256.8 million (31 March 2022: £285.9 million).

Unsecured borrowings:	Maturity date	Facility £m	Facility drawn £m	Unamortised facility fees / discount £m	£m
Revolving credit facility	August 2024	**125.0**	**–**	**(0.6)**	**(0.6)**
Corporate bond	March 2028	**300.0**	**300.0**	**(2.7)**	**297.3**
		425.0	**300.0**	**(3.3)**	**296.7**

In the year the Group drew down £nil (31 March 2022: £nil) of the revolving credit facility.

22. Lease commitment arrangements

The Group earns rental income by leasing its investment properties to tenants under non-cancellable lease commitments.

The Group holds two types of leases.

- Head leases: A number of the investment properties owned by the Group are situated on land held through leasehold arrangements, as opposed to the Group owning the freehold.
- Office leases: Office space occupied by the Group's head office.

The lease liability and associated ROU asset recognised in the consolidated balance sheet are set out below.

	2023 £m	2022 £m
Right of use asset (Investment property)	**75.8**	75.5
Right of use asset (Property, plant and equipment)	**0.9**	0.2
Current lease liability	**0.4**	0.7
Non-current lease liability	**76.3**	75.0

The expense relating to low value assets which have not been recognised under IFRS 16 was £nil million (March 2022: £nil million) and the expense relating to variable lease payments not included in the measurement of lease liabilities was £nil million (March 2022: £nil million). The total cash outflow in relation to lease commitments for the year was £3.0 million (March 2022: £2.7 million), £0.3 million (2022: £0.7 million) relates to the repayment of principle lease liabilities and £2.7 million (2022: £2.0 million) relates to the repayment of interest on lease liabilities. Depreciation recognised on ROU assets during the year was £0.2 million (2022: £0.4 million).

Lease liability maturity table

	2023 £m	2022 £m
Within one year	**0.4**	0.7
Between one and two years	**0.8**	0.7
In the second to fifth year inclusive	**0.5**	2.1
After five years	**75.0**	72.2
	76.7	75.7

Lease commitments payable by the Group are as follows:

	2023 £m	2022 £m
Within one year	**3.0**	3.2
One to two years	**3.0**	3.0
Two to five years	**8.9**	9.0
After five years	**253.6**	253.8
	268.5	269.0
Effect of discounting	**(191.8)**	(193.3)
Lease liability	**76.7**	75.7

At the balance sheet date the Group had contracted with tenants for the following future minimum lease payments on its investment properties:

	2023 £m	2022 £m
Within one year	**45.6**	50.0
Between one and two years	**39.5**	42.7
In the second to fifth year inclusive	**79.7**	89.4
After five years	**123.3**	133.7
	288.1	315.8

The Group's weighted average lease length of lease commitments at 31 March 2023 was 5.2 years (March 2022: 5.3 years).

Operating lease obligations exist over the Group's offices, head leases on the Group's retail portfolio and ground rent leases. Investment properties are leased to tenants under operating leases with rentals payable monthly and quarterly. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. The Group also grants lease incentives in order to encourage high quality tenants to remain in properties for longer lease terms. The expense for the year was £1.5 million (March 2022: £1.6 million).

23. Share capital and reserves

Share capital

Ordinary shares	Number of shares issued £m's	Price per share pence	Total No of shares (m)	Held by EBT No of shares (m)	Shares in issue No of shares (m)
1 April 2021			309.0	2.7	306.3
Scrip dividends issued	0.5	0.82	309.5	2.7	306.8
Shares issued under employee share schemes	0.6	–	309.5	2.1	307.4
Scrip dividends issued	0.8	0.86	310.3	2.1	308.2
31 March 2022			310.3	2.1	308.2
Scrip dividends issued	**1.0**	**0.86**	**311.3**	**2.1**	**309.2**
Shares issued under employee share schemes	**0.6**	**–**	**311.3**	**1.5**	**309.8**
Scrip dividends issued	**0.6**	**0.78**	**311.9**	**1.5**	**310.4**
Shares issued under employee share schemes	**0.1**	**–**	**311.9**	**1.4**	**310.5**
31 March 2023			**311.9**	**1.4**	**310.5**

All shares issued and authorised are fully paid up.

Merger reserve

The merger reserve arose as a result of the scheme of arrangement and represents the nominal amount of share capital that was issued to shareholders of NewRiver Retail Limited.

Share premium

Share premium represents amounts subscribed for a share in excess of nominal value less directly attributable issue costs.

In the prior year, following the passing of the special resolution at the Company's Annual General Meeting on 27 July 2021 relating to the cancellation of the Company's share premium account and the order made by the Court on 24 August 2021 confirming the cancellation of the Company's share premium account (the 'Order'), the Order and the statement of capital in respect of the cancellation have been registered by the Registrar of Companies. The share premium account balance of £227.4 million has been transferred to retained earnings, following the cancellation of the share premium account effective from 31 August 2021.

Retained earnings

Retained earnings consist of the accumulated net comprehensive profit of the Group, less dividends paid from distributable reserves, and transfers from equity issues where those equity issues generated distributable reserves.

Scrip dividend shares

Shares issued in respect of elections to participate in the Scrip Dividend scheme in respect of dividends declared in the year, the value of these was £1.3 million (2022: £1.1 million). The Scrip Dividend Scheme was approved on 14 August 2020. The scheme provides shareholders of NewRiver Ordinary shares with the opportunity, at the shareholders election and where offered by the Company, to elect to receive dividends as New Ordinary shares in the Company instead of their cash dividend, with no dealing charges or stamp duty incurred.

Shares held in Employee Benefit Trust (EBT)

As part of the scheme of arrangement and group reorganisation, the Company established an EBT which is registered in Jersey. The EBT, at its discretion, may transfer shares held by it to directors and employees of the Company and its subsidiaries. The maximum number of ordinary shares that may be held by the EBT may not exceed 5% of the Company's issued share capital. It is intended that the EBT will not hold more ordinary shares than are required in order to satisfy share options granted under employee share incentive plans.

There are currently 1,466,712 ordinary shares held by EBT (2022: 2,116,979).

24. Share-based payments

The Group has two share schemes for employees:

- Performance Share Scheme
- Deferred bonus scheme

Performance Share Scheme

Zero priced share options have been issued to senior management and executive directors under the Performance Share Scheme since 2013. The options vest to the extent that performance conditions are met over a three or four-year period. At the end of the period there may be a further vesting condition that the employee or director remains an employee of the Group. Further details on the scheme and the performance conditions are provided in the Remuneration Report. The charge for the year recognised in the consolidated statement of comprehensive income was £0.7 million (March 2022: £0.5 million).

Financial year issued	Average exercise price	Outstanding at start of year	Granted	Number Exercised	Lapsed	Outstanding at end of year	Number exercisable	Average remaining life (years)
2020	–	1,914,471	–	–	(1,914,471)	–	–	–
2021	–	2,815,270	196,539	(257,357)	(40,588)	2,713,864	–	0.4
2022	–	2,940,580	231,352	–	(89,370)	3,082,562	–	1.4
2023	–	–	2,888,265	–	(133,165)	2,755,100	–	2.3
		7,670,321	3,316,156	(257,357)	(2,177,594)	8,551,526	–	

Deferred Bonus Scheme

Zero priced share options have been issued to senior management and executive directors under the Deferred Bonus Scheme since 2016. The options vest based on the employee or director remaining in the employment of the Group for a defined period (usually two years). The charge for the year recognised in the consolidated statement of comprehensive income for this scheme was £0.4 million (March 2022: £0.4 million).

Financial year issued	Average exercise price	Outstanding at start of year	Granted	Exercised	Cancelled	Outstanding at end of year	Number exercisable	Average remaining life (years)
2018	–	53,889	–	(8,921)	–	44,968	–	–
2019	–	124,277	–	(7,526)	–	116,751	–	-
2020	–	118,050	–	(35,805)	–	82,245	–	-
2021	–	366,702	–	(340,659)	(10,152)	15,891	–	-
2022	–	313,619	24,499	–	–	338,118	–	0.5
2023	–	–	666,333	–	(25,870)	640,463	–	1.3
		976,537	690,832	(392,911)	(36,022)	1,238,436	–	

Fair value

The fair value of the share options has been calculated based on a Monte Carlo Pricing Model using the following inputs:

	2023	2022
Share price	**0.87**	0.78
Exercise price	**Nil**	Nil
Expected volatility	**43%**	25%
Risk free rate	**1.675%**	0.252%
Expected dividends*	**0%**	0%

*based on quoted property sector average.

25. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks in relation to the financial instruments it uses: market risk including cash flow interest rate risk, credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables, borrowings and derivative financial instruments.

Risk management parameters are established by the Board on a project-by-project basis. Reports are provided to the Board quarterly and also when authorised changes are required.

Financial instruments

	2023 £m	2022 £m
Financial assets		
Financial assets at amortised cost		
Trade and other receivables	**13.4**	15.9
Cash and cash equivalents	**108.6**	82.8
Total financial assets and maximum exposure to credit risk	**122.0**	98.7
Financial liabilities		
At amortised cost		
Borrowings	**(296.7)**	(295.8)
Lease liabilities	**(76.7)**	(75.7)
Payables and accruals	**(20.0)**	(22.2)
	(393.4)	(393.7)
	(271.4)	(295.0)

The fair value of the financial assets and liabilities at amortised cost are considered to be the same as their carrying value, with the exception of certain fixed rate borrowings, see note 21 for further details. None of the financial instruments above are held at fair value.

Market risk

Currency risk

The Group is not subject to any foreign currency risk as nearly all transactions are in Pounds Sterling.

Interest rate risk

The Group's interest rate risk arises from borrowings issued at floating interest rates (see note 21). The Group's interest rate risk is reviewed quarterly by the Board. The Group manages its exposure to interest rate risk on borrowings through the use of interest rate derivatives. Interest rate caps and interest rate swaps are used to both mitigate the risk of an increase in interest rates but also to allow the Group to benefit from a fall in interest rates. The Group has employed an external adviser when contracting hedging to advise on the structure of the hedging. At 31 March 2023 the Group has no drawn debt that is subject to variable interest rates and no open derivatives in controlled entities.

There would be no impact on finance costs to the Group, in the year or in the prior year, if interest rates increase or decrease as we have no drawn variable rate debt.

Credit risk

The Group's principal financial assets are cash, trade receivables and other receivables.

The Group manages its credit risk through policies to ensure that rental contracts are made with tenants meeting appropriate balance sheet covenants, supplemented by rental deposits or bank guarantees from international banks. The Group may suffer a void period where no rents are received. The quality of the tenant is assessed based on an extensive tenant covenant review scorecard prior to acquisition of the property. The assessment of the tenant credit worthiness is also monitored on an ongoing basis. Credit risk is assisted by the vast majority of occupational leases requiring that tenants pay rentals in advance. The Group monitors rent collection in order to anticipate and minimise the impact of default by tenants. All outstanding rent receivables are regularly monitored. In order to measure the expected credit losses, trade receivables from tenants have been grouped by shared credit risk characteristics and an assumption around the tenants ability to pay their receivable, based on conversations held and our knowledge of their credit history. The expected loss rates are based on historical payment profiles of tenant debtors and corresponding historical credit losses. These historical loss rates are then adjusted to reflect the likelihood that tenants will pay.

Ageing of past due gross trade receivables and the carrying amount net of loss allowances is set out below:

	2023 Gross amount £m	**2023 Loss allowance £m**	**2023 % applied**	**2023 Carrying amount £m**	2022 Gross amount £m	2022 Loss allowance £m	2022 % applied	2022 Carrying amount £m
0-30 days	**2.4**	**0.6**	**25%**	**1.8**	3.3	0.8	24%	2.5
30-60 days	**0.1**	**0.1**	**100%**	**–**	0.4	0.1	25%	0.3
60-90 days	**0.3**	**0.1**	**33%**	**0.2**	0.1	0.1	100%	–
90-120 days	**0.3**	**0.1**	**33%**	**0.2**	0.5	0.2	40%	0.3
Over 120 days	**2.5**	**2.1**	**84%**	**0.4**	4.6	4.0	87%	0.6
	5.6	**3.0**		**2.6**	8.9	5.2		3.7

The Group's total expected credit loss in relation to trade receivables, other receivables and accrued income is £3.5 million (2022: £5.2 million). The Group recognises an expected credit loss allowance on trade receivables of £3.0 million (2022: £5.2 million) as noted in the above table.

The Group categorises trade debtors in varying degrees of risk, as detailed below:

	2023 £m	2022 £m
Risk level		
Very high	**2.5**	4.6
High	**0.3**	0.5
Medium	**0.4**	0.5
Low	**2.4**	3.3
Gross carrying amount before loss allowance	**5.6**	8.9
Loss allowance	**(3.0)**	(5.2)
Carrying amount	**2.6**	3.7

	2023 £m	2022 £m
Opening loss allowance at 1 April	**5.2**	9.3
(Release) / increase in loss allowance recognised in the consolidated statement of comprehensive income during the year in relation to tenant debtors	**(0.2)**	0.3
Disposal of subsidiary	**–**	(2.5)
Loss allowance utilisation	**(2.0)**	(1.9)
Closing loss allowance at 31 March	**3.0**	5.2

The Group monitors its counterparty exposures on cash and short-term deposits weekly. The Group monitors the counterparty credit rating of the institutions that hold its cash and deposits and spread the exposure across several banks.

Liquidity risk

The Group manages its liquidity risk by maintaining sufficient cash balances and committed credit facilities. The Board reviews the credit facilities in place on a regular basis. Cash flow reports are issued weekly to management and are reviewed quarterly by the Board. A summary table with maturity of financial liabilities is presented below:

2023 £m	**Less than one year**	**One to two years**	**Two to five years**	**More than five years**	**Total**
Borrowings	**–**	**–**	**(300.0)**	**–**	**(300.0)**
Interest on borrowings	**(10.5)**	**(10.5)**	**(30.7)**	**–**	**(51.7)**
Lease liabilities	**(3.0)**	**(3.0)**	**(8.9)**	**(253.6)**	**(268.5)**
Payables and accruals	**(20.0)**	**–**	**–**	**–**	**(20.0)**
	(33.5)	**(13.5)**	**(339.6)**	**(253.6)**	**(640.2)**
2022 £m					
Borrowings	–	–	–	(300.0)	(300.0)
Interest on borrowings	(10.5)	(10.5)	(31.5)	(9.7)	(62.2)
Lease liabilities	(3.2)	(3.0)	(9.0)	(253.8)	(269.0)
Payables and accruals	(22.2)	–	–	–	(22.2)
	(35.9)	(13.5)	(40.5)	(563.5)	(653.4)

Reconciliation of movement in the Group's share of net debt in the year	2023 £m	2022 £m
Group's share of net debt at beginning of year	**221.5**	493.3
Cash flow		
Net (increase) / decrease in cash and cash equivalents	**(25.8)**	67.7
Bank loans repaid	**–**	(335.0)
Change in bank loan fees to be amortised	**0.9**	1.1
Group's share of joint ventures' and associates' cash flow		
Net decrease / (increase) in cash and cash equivalents	**2.7**	(1.6)
Bank loans repaid	**–**	(4.0)
New bank loans	**1.9**	–
Change in bank loan fees to be amortised	**0.1**	–
Group's share of net debt	**201.3**	221.5
Being:		
Group borrowings	**296.7**	295.8
Group's share of joint ventures' and associates' borrowings	**15.9**	13.9
Group cash	**(108.6)**	(82.8)
Group's share of joint venture and associate cash	**(2.7)**	(5.4)
Group's share of net debt	**201.3**	221.5

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any external capital requirements. As detailed in note 11, the Group is a REIT and to qualify as a REIT the Group must distribute 90% of its taxable income from its property business.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. Consistent with others in the industry, the Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings, less cash and cash equivalents on a proportionately consolidated basis.

Between 31 March 2022 and 31 March 2023, the Group's proportionally consolidated LTV decreased by 0.2% from 34.1% to 33.9% and the gearing ratio from 51% to 50% mainly as a result of retail disposals. The Group continually monitors LTV and will continue to monitor LTV closely, factoring in disposal activity and possible further valuation declines as disclosed in Note 1. The Group has remained compliant with all of its banking covenants during the year as discussed in Note 1.

Net debt to equity ratio	2023 £m	2022 £m
Borrowings	**296.7**	295.8
Cash and cash equivalents	**(108.6)**	(82.8)
Net debt	**188.1**	213.0
Equity attributable to equity holders of the parent	**378.6**	414.1
Net debt to equity ratio ('Balance sheet gearing')	**50%**	51%
Share of joint ventures' and associates' borrowings	**15.9**	13.9
Share of joint ventures' and associates' cash and cash equivalents	**(2.7)**	(5.4)
Group's share of net debt	**201.3**	221.5
Carrying value of investment property	**551.5**	609.1
Share of joint ventures' and associates carrying value of investment properties	**42.1**	40.3
Group's share of carrying value of investment properties	**593.6**	649.4
Net debt to property value ratio ('Loan to value')	**33.9%**	34.1%

Reconciliation of financial liabilities

Reconciliation of financial liabilities	Lease liabilities £m	Borrowings £m	Derivatives £m	Total £m
As at 1 April 2022	**75.7**	**295.8**	**–**	**371.5**
(Decrease)/Increase through financing cash flows				
Head office lease	**1.1**	**–**	**–**	**1.1**
Repayment of principal portion of lease liability	**(0.4)**	**–**	**–**	**(0.4)**
Lease modification	**0.3**	**–**	**–**	**0.3**
Loan amortisation	**–**	**0.9**	**–**	**0.9**
As at 31 March 2023	**76.7**	**296.7**	**–**	**373.4**

Reconciliation of financial liabilities	Lease liabilities £m	Borrowings £m	Derivatives £m	Total £m
As at 1 April 2021	85.6	629.7	(2.6)	712.7
(Decrease)/Increase through financing cash flows				
Repayment of bank loans	–	(335.0)	–	(335.0)
Repayment of principal portion of lease liability	(0.7)	–	–	(0.7)
Other changes				
Lease modification	(5.2)	–	–	(5.2)
Disposals	(1.7)	–	–	(1.7)
Disposal of subsidiary	(2.3)	–	–	(2.3)
Termination of derivative	–	–	2.6	2.6
Change in capitalised loan fees to be amortised	–	1.1	–	1.1
As at 31 March 2022	75.7	295.8	–	371.5

26. Contingencies and commitments

The Group has no material contingent liabilities (2022: None). The Group was contractually committed to £1.8 million of capital expenditure to construct or develop investment property as at 31 March 2023 (31 March 2022: £1.3 million). The Group also committed to a 5 year lease which has commenced on 1 April 2022 with rent per annum of £0.3 million

Under the terms of the sale agreement to dispose of Hawthorn dated 20 August 2021, the Group gave certain warranties, including tax, relating to Hawthorn. A breach of warranty will only give rise to a successful claim in damages if the buyer can show that the warranty was breached and that the effect of the breach is to reduce the value of Hawthorn at the date of disposal. Claims must be received, in the case of a Warranty Claim, within a year of Completion and, in the case of a Tax Claim, within 6 years of Completion. No such claims have been received.

27. Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.
During the year the Company paid £1.1 million (2022: £2.8 million) in professional legal fees to CMS Cameron McKenna Nabarro Olswang LLP for property services at commercial market rates. Allan Lockhart, CEO of NewRiver, has a personal relationship with one of the Partners at CMS who along with other Partners provides these legal services.

The Group has loans with a joint venture of £3.0 million (2022: £3.0 million) and loans with associates of £3.2 million (March 2022: £4.8 million)
During the year, the Group received £2.3 million (2022: nil) back from associates in the form of shareholder loan repayments and repayment of initial capital invested.
Management fees are charged to joint ventures and associates for asset management, investment advisory, project management and accounting services.

Total fees charged were:

	2023 £m	2022 £m
NewRiver Retail (Nelson) Limited	**–**	0.1
NewRiver Retail (Napier) Limited	**0.2**	0.2
NewRiver Retail (Hamilton) Limited	**0.2**	0.2
NewRiver (Sprucefield) Limited	**0.1**	0.2

As at 31 March 2023, an amount of £0.3 million (2022: £0.2 million) was due to the Group relating to management fees.

During the year, the Group recognised £0.3 million of interest from joint ventures and associates (2022: £0.4 million) and as at 31 March 2023 the amount owing to the Group was £0.2 million (2022: £0.2 million).

Key management personnel

All transfer of resources, services or obligations between the Company and these parties have been disclosed, regardless of whether a price is charged. We are unaware of any other related party transactions between related parties.

Related party relationships and transactions have been accounted for and disclosed in accordance with the requirements of IFRSs or other requirements, for example, the Companies Act 2006.

28. Post balance sheet events

There were no significant events occurring after the reporting period, but before the financial statements were authorised for issue.

ALTERNATIVE PERFORMANCE MEASURES (APMs) (Unaudited)

In addition to information contained in the Group financial statements, Alternative Performance Measures ('APMs'), being financial measures which are not specified under IFRS, are also used by management to assess the Group's performance. These include a number of measures contained in the 'Financial Statistics' table at the beginning of this document. These APMs include a number of European Public Real Estate Association ('EPRA') measures, prepared in accordance with the EPRA Best Practice Recommendations reporting framework. We report these 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.

The table below identifies the APMs used in this statement and provides the nearest IFRS measure where applicable, and where in this statement an explanation and reconciliation can be found.

APM	Nearest IFRS measure	Explanation and reconciliation
Underlying Funds From Operations ('UFFO') and UFFO per share	(Loss) / Profit for the year after taxation	'Underlying Funds From Operations' section of the 'Finance Review'
EPRA Net Tangible Assets ('NTA') and EPRA NTA per share	Net Assets	'Balance sheet' section of the 'Finance Review'
Dividend cover	N/A	'Financial Policies' section of the 'Finance Review'
Admin cost ratio	N/A	Note 6 of the Financial Statements
Interest cover	N/A	Note 4 of the 'Financial Statistics' table
EPRA EPS	IFRS Basic EPS	Note 12 of the Financial Statements
EPRA NIY	N/A	'EPRA performance measures' section of this document
EPRA 'topped-up' NIY	N/A	'EPRA performance measures' section of this document
EPRA Vacancy Rate	N/A	'EPRA performance measures' section of this document
Total Accounting Return	N/A	Note 5 of the 'Financial Statistics' table
Weighted average cost of debt	N/A	Note 10 of the 'Financial Statistics' table
Weighted average debt maturity	N/A	Note 10 of the 'Financial Statistics' table
Loan to Value	N/A	Note 11 of the 'Financial Statistics' table

EPRA PERFORMANCE MEASURES

The information in this section is unaudited and does not form part of the consolidated primary statements of the company or the notes thereto.

Introduction

Below we disclose financial performance measures in accordance with the European Public Real Estate Association ('EPRA') Best Practice Recommendations which are aimed at improving the transparency, consistency and relevance of reporting across European Real Estate companies.

This section sets out the rationale for each performance measure as well as how it is measured. A summary of the performance measures is included in the following tables

	FY23	FY22
EPRA Earnings Per Share (EPS)	**7.9p**	8.5p
EPRA Cost Ratio (including direct vacancy costs)	**38.9%**	41.1%
EPRA Cost Ratio (excluding direct vacancy costs)	**34.6%**	38.7%

	March 2023	March 2022
EPRA NRV per share	**134p**	148p
EPRA NTA per share	**121p**	134p
EPRA NDV per share	**135p**	139p
EPRA LTV	**37.0%**	37.2%
EPRA NIY	**7.6%**	7.5%
EPRA 'topped-up' NIY	**8.0%**	8.0%
EPRA Vacancy Rate	**3.4%**	4.4%

EPRA Earnings Per Share: 7.9p

Definition

Earnings from operational activities

Purpose

A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings

	FY23 (£m)	FY22 (£m)
Earnings per IFRS income statement	**(16.8)**	(26.6)
*Adjustments to calculate EPRA Earnings, **exclude**:*		
Changes in value of investment properties, development properties held for investment and other interests	**38.2**	12.3
Profits or losses on disposal of investment properties, development properties held for investment and other interests	**3.8**	43.1
Changes in fair value of financial instruments and associated close-out costs	**–**	(0.1)
Acquisition costs on share deals and non-controlling joint venture interests	**–**	–
Deferred tax in respect of EPRA adjustments	**–**	1.9
Adjustments to above in respect of joint ventures (unless already included under proportional consolidation)	**(0.8)**	(4.5)
EPRA Earnings	**24.4**	26.1
Basic number of shares	**309.7m**	307.2m
EPRA Earnings per Share (EPS)	**7.9p**	8.5p
EPRA Earnings – continuing operations	**24.4**	18.9
EPRA Earnings per Share (EPS) – continuing operations	**7.9p**	6.2p

Reconciliation of EPRA Earnings to Underlying Funds From Operations (UFFO)

	FY23 (£m)	FY22 (£m)
EPRA Earnings	**24.4**	26.1
Share-based payment charge	**1.1**	0.9
Depreciation on property	**–**	0.4
Forward-looking element of IFRS 9	**(0.2)**	(0.2)
Head office relocation costs	**0.5**	–
Restructuring and abortive costs	**–**	1.1
Underlying Funds From Operations (UFFO)	**25.8**	28.3
Basic number of shares	**309.7m**	307.2m
UFFO per share	**8.3p**	9.2p
Underlying Funds From Operations (UFFO) – continuing operations	**25.8**	20.5
UFFO per share – continuing operations	**8.3p**	6.7p

EPRA NRV per share: 134p; EPRA NTA per share: 121p; EPRA NDV per share: 135p

Definition

Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

Purpose

Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.

31 March 2023	EPRA NRV (£m)	EPRA NTA (£m)	EPRA NDV (£m)
IFRS Equity attributable to shareholders	**378.6**	**378.6**	**378.6**
Fair value of financial instruments	**(0.6)**	**(0.6)**	**–**
Deferred tax in relation to fair value gains of Investment Property	**0.9**	**0.9**	**–**
Fair value of debt	**–**	**–**	**43.2**
Purchasers' costs	**40.2**	**–**	**–**
EPRA NRV / NTA / NDV	**419.1**	**378.9**	**421.8**
Fully diluted number of shares	**312.7m**	**312.7m**	**312.7m**
EPRA NRV / NTA / NDV per share	**134p**	**121p**	**135p**

31 March 2022	EPRA NRV (£m)	EPRA NTA (£m)	EPRA NDV (£m)
IFRS Equity attributable to shareholders	414.1	414.1	414.1
Fair value of financial instruments	(0.3)	(0.3)	–
Deferred tax in relation to fair value gains of Investment Property	0.6	0.6	–
Fair value of debt	–	–	14.1
Purchasers' costs	43.8	–	–
EPRA NRV / NTA / NDV	458.2	414.4	428.2
Fully diluted number of shares	309.0m	309.0m	309.0m
EPRA NRV / NTA / NDV per share	148p	134p	139p

EPRA LTV: 37.0%

Definition

EPRA LTV is the ratio of gross debt, net payables less cash and cash equivalents to the aggregate value of properties. LTV is expressed on a proportionally condensed consolidated basis.

Purpose

EPRA LTV introduces a consistent and comparable metric for the real estate sector, with the aim to assess the gearing of the shareholder equity within a real estate investment company.

31 March 2023	**Group (£m)**	**Share of Joint Ventures (£m)**	**Share of Associates (£m)**	**Total (£m)**
Borrowings from financial institutions	**–**	**(12.0)**	**(4.0)**	**(16.0)**
Corporate bond	**(300.0)**	**–**	**–**	**(300.0)**
Net payables	**(14.5)**	**(0.2)**	**(0.3)**	**(15.0)**
Cash and cash equivalents	**108.6**	**2.1**	**0.6**	**111.3**
Net Debt (A)	**(205.9)**	**(10.1)**	**(3.7)**	**(219.7)**
Investment property at fair value	**551.5**	**32.2**	**9.9**	**593.6**
Total Property Value (B)	**551.5**	**32.2**	**9.9**	**593.6**
LTV (A/B)	**37.3%**			**37.0%**

31 March 2022	Group (£m)	Share of Joint Ventures (£m)	Share of Associates (£m)	Total (£m)
Borrowings from financial institutions	–	(12.0)	(2.0)	(14.0)
Corporate bond	(300.0)	–	–	(300.0)
Net payables	(14.6)	(0.6)	(0.4)	(15.6)
Cash and cash equivalents	82.8	4.0	1.4	88.2
Net Debt (A)	(231.8)	(8.6)	(1.0)	(241.4)
Investment property at fair value	609.1	30.6	9.7	649.4
Total Property Value (B)	609.1	30.6	9.7	649.4
LTV (A/B)	38.1%			37.2%

EPRA NIY: 7.6%, EPRA 'topped-up' NIY: 8.0%

Definition

The basic EPRA NIY calculates the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.
In respect of the 'topped-up' NIY, an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

Purpose

A comparable measure for portfolio valuations to assist investors in comparing portfolios.

		March 2023 (£m)	March 2022 (£m)
Properties at valuation – wholly owned		**551.5**	609.1
Properties at valuation – share of Joint Ventures & Associates		**42.1**	40.3
Trading property (including share of Joint Ventures & Associates)		**–**	–
Less: Developments		**(10.2)**	(22.3)
Completed property portfolio		**583.4**	627.1
Allowance for estimated purchasers' costs and capital expenditure		**44.9**	40.4
Grossed up completed property portfolio valuation	B	**628.3**	667.5
Annualised cash passing rental income		**59.6**	62.9
Property outgoings		**(11.9)**	(13.1)
Annualised net rents	A	**47.7**	49.8
Add: Notional rent expiration of rent free periods or other lease incentives		**2.4**	3.3
Topped-up net annualised rent	C	**50.1**	53.1
EPRA NIY	A/B	**7.6%**	7.5%
EPRA 'topped-up' NIY	C/B	**8.0%**	8.0%

EPRA Vacancy rate: 3.4%

Definition

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio, excluding pub and development assets.

Purpose

A 'pure' (%) measure of investment property space that is vacant, based on ERV.

		March 2023 (£m)	March 2022 (£m)
Estimated Rental Value of vacant retail space	A	**1.8**	2.6
Estimated rental value of the retail portfolio	B	**53.0**	58.6
EPRA Vacancy Rate	A/B	**3.4%**	4.4%

EPRA Cost Ratio (including direct vacancy costs): 38.9%;

EPRA Cost Ratio (excluding direct vacancy costs): 34.6%

Definition

Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.

Purpose

A key measure to enable meaningful measurement of the changes in a company's operating costs.

		FY23 (£m)	FY22 (£m)
Administrative/operating expenses per IFRS		**19.2**	33.4
Net service charge costs/fees		**5.6**	5.6
Management fees less actual/estimated profit element		**(1.5)**	(1.9)
Other operating income/recharges intended to cover overhead expenses less any related profits		**–**	(4.8)
Share of Joint Ventures and associates expenses (net of other income)		**0.4**	0.4
Exclude (if part of the above):			
Investment property depreciation		**–**	–
Ground rent costs		**0.6**	0.7
Service charge costs recovered through rents but not separately invoiced		**–**	–
EPRA Costs (including direct vacancy costs)	A	**24.3**	33.4
Direct vacancy costs		**(2.7)**	(2.0)
EPRA Costs (excluding direct vacancy costs)	B	**21.6**	31.4
Gross Rental Income less ground rents – per IFRS		**58.8**	77.3
Less: service fee and service charge costs components of Gross Rental Income (if relevant)		**–**	–
Add: share of Joint Ventures and associates (Gross Rental Income less ground rents)		**3.6**	3.9
Gross Rental Income	C	**62.4**	81.2
EPRA Cost Ratio (including direct vacancy costs)	A/C	**38.9%**	41.1%
EPRA Cost Ratio (excluding direct vacancy costs)	B/C	**34.6%**	38.7%
EPRA Cost Ratio (including direct vacancy costs) – continuing operations		**38.9%**	36.8%
EPRA Cost Ratio (excluding direct vacancy costs) – continuing operations		**34.6%**	33.8%

Reconciliation of EPRA Costs (including direct vacancy costs) to Net Administrative expenses per IFRS

		FY23 (£m)	FY22 (£m)
EPRA Costs (including direct vacancy costs)	A	**24.3**	33.4
Exclude			
Ground rent costs		**(0.6)**	(0.7)
Share of Joint Ventures and associates property expenses (net of other income)		**(0.4)**	(0.2)
Other operating income/recharges intended to cover overhead expenses less any related profits		**-**	4.8
Net service charge costs/fees		**(5.6)**	(5.6)
Operating expenses (excluding service charge cost)		**(6.6)**	(16.2)
Tenant incentives (included within income)		**(0.2)**	(0.2)
Letting & legal costs (included within income)		**(1.3)**	(1.2)
Group's share of net administrative expenses as per IFRS	D	**9.6**	14.1
EPRA Gross Rental Income	C	**62.4**	81.2
Ground rent costs		**(0.6)**	(0.7)
Expected credit (loss) / reversal		**(0.2)**	0.3
Other income		**1.4**	2.5
Gross Rental Income	E	**63.0**	83.3
Administrative cost ratio as per IFRS	D/E	**15.2%**	16.9%
Administrative cost ratio as per IFRS – continuing operations		**15.2%**	16.0%

Glossary

Admin cost ratio: Is the Group's share of net administrative expenses (including its share of JV administrative expenses) divided by the Group's share of property income (including its share of JV property income).

Associates: is an entity in which the Group holds an interest and is significantly influenced by the Group.

Average debt maturity: Is measured in years when each tranche of gross debt is multiplied by the remaining period to its maturity and the result is divided by total gross debt in issue at the period end. Average debt maturity is expressed on a proportionally consolidated basis.

Balance sheet gearing: Is the balance sheet net debt divided by IFRS net assets.

BRAVO: Is BRAVO Strategies III LLC, with which NewRiver formed a capital partnership in May 2019 to acquire and manage a portfolio of retail assets in the UK.

Book value: Is the amount at which assets and liabilities are reported in the financial statements.

Cost of debt: Is the loan interest and derivative costs at the period end, divided by total debt in issue at the period end. Cost of debt is expressed on a proportionally consolidated basis.

CVA: is a Company Voluntary Arrangement, a legally binding agreement that allows a company to settle debts by paying only a proportion of the amount that it owes to creditors (such as contracted rent) or to come to some other arrangement with its creditors over the payment of its debts.

Dividend cover: Underlying Funds From Operations per share divided by dividend per share declared in the period.

EPRA: Is the European Public Real Estate Association.

EPRA earnings: Is the IFRS profit after taxation excluding investment property revaluations, fair value adjustments on derivatives, gains/losses on disposals and deferred tax.

EPRA earnings per share: Is EPRA earnings divided by the weighted average basic number of shares in issue during the period.

EPRA Net Tangible Assets (EPRA NTA): Are the balance sheet net assets excluding the mark to market on effective cash flow hedges and related debt adjustments, deferred taxation on revaluations, goodwill, and diluting for the effect of those shares potentially issuable under employee share schemes.

EPRA NTA per share: Is EPRA NTA divided by the diluted number of shares at the period end.

EPRA LTV: EPRA LTV is the ratio of gross debt, net payables less cash and cash equivalents to the aggregate value of properties. LTV is expressed on a proportionally consolidated basis.

ERV growth: Is the change in ERV over a period on our investment portfolio expressed as a percentage of the ERV at the start of the period. ERV growth is calculated monthly and compounded for the period subject to measurement, as calculated by MSCI Real Estate.

Estimated rental value (ERV): Is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

Footfall: Is the annualised number of visitors entering our shopping centre assets.

Gross Asset Value (GAV): Is Gross Asset Value, the total value of all real estate investments owned by the Company

Group: Is NewRiver REIT plc, the Company and its subsidiaries and its share of joint ventures (accounted for on an equity basis).

Head lease: Is a lease under which the Group holds an investment property.

IFRS: UK-adopted International Accounting Standards

Income return: Is the income derived from a property as a percentage of the property value.

Interest cover: Interest cover is tested at corporate level and is calculated by comparing actual net property income received versus cash interest payable on a 12 month look-back basis.

Joint venture: Is an entity in which the Group holds an interest on a long-term basis and is jointly controlled by the Group and one or more ventures under a contractual arrangement whereby decisions on financial and operating policies essential to the operation, performance and financial position of the venture require each joint venture partner's consent.

Leasing events: Long-term and temporary new lettings, lease renewals and lease variations within investment and joint venture properties.

Like-for-like ERV growth: Is the change in ERV over a period on the standing investment properties expressed as a percentage of the ERV at the start of the period.

Like-for-like footfall: Is the movement in footfall against the same period in the prior period, on properties owned throughout both comparable periods, aggregated at 100% share.

Like-for-like net income: Is the change in net income on properties owned throughout the current and previous periods under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes properties held for development in either period, properties with guaranteed rent reviews and asset management determinations.

Long-term leasing deals: Are leasing deals with a fixed term certain of at least one year.

Loan to Value (LTV): Is the ratio of gross debt less cash, short-term deposits and liquid investments to the aggregate value of properties and investments. LTV is expressed on a proportionally consolidated basis.

Mark to market: Is the difference between the book value of an asset or liability and its market value.

MSCI: MSCI Inc produces independent benchmarks of property returns and NewRiver portfolio returns.

Net equivalent yield (NEY): Is the net weighted average income return a property will produce based upon the timing of the income received. In accordance with usual practice, the equivalent yields (as determined by the external valuers) assume rent received annually in arrears and on values before deducting prospective purchaser's costs.

Net initial yield (NIY): Is the current annualised rent, net of costs, expressed as a percentage of capital value, after adding notional purchaser's costs.

Net rental income: Is the rental income receivable in the period after payment of net property outgoings. Net rental income will differ from annualised net rents and passing rent due to the effects of income from rent reviews, net property outgoings and accounting adjustments for fixed and minimum contracted rent reviews and lease incentives.

NewRiver share: Represents the Group's ownership on a proportionally consolidated basis.

Passing rent: Is the gross rent payable under leases terms.

Pre-let: A lease signed with an occupier prior to the completion of a development.

Pre-sale: A sale exchanged with a purchaser prior to completion of a development.

Property Income Distribution (PID): As a REIT the Group is obliged to distribute 90% of the tax-exempt profits. These dividends, which are referred to as PIDs, are subject to withholding tax at the basic rate of income tax. Certain classes of shareholders may qualify to receive the dividend gross. See our website (www.nrr.co.uk) for details. The Group can also make other normal (non-PID) dividend payments which are taxed in the usual way.

Proportionately consolidated: The aggregation of the financial results of the Reported Group and the Group's Share of net assets within its joint venture and associates.

Real Estate Investment Trust (REIT): Is a listed property company which qualifies for and has elected into a tax regime, which exempts qualifying UK property rental income and gains on investment property disposals from corporation tax.

Rental value growth: Is the increase in the current rental value, as determined by the Company's valuers, over the 12-month period on a like-for-like basis.

Retail occupancy rate: Is the estimated rental value of let units expressed as a percentage of the total estimated rental value of the portfolio, excluding development properties.

Risk-controlled development pipeline: Is the combination of all development projects that the Company is currently pursuing or assessing for feasibility. Our risk-controlled approach means that we will not commit to a new development unless we have pre-let or pre-sold at least 70% by area.

Tenant (or lease) incentives: Are any incentives offered to occupiers to enter into a lease. Typically the incentive will be an initial rent-free period, or a cash contribution to fit-out or similar costs. Under accounting rules, the value of lease incentives given to tenants is amortised through the Income Statement on a straight-line basis to the lease expiry.

Total Accounting Return (TAR): Is the increase or decrease in EPRA NTA per share plus dividends paid in the period, expressed as a percentage of EPRA NTA per share at the beginning of the period.

Total Property Return (TPR): Is calculated as the change in capital value, less any capital expenditure incurred, plus net income, expressed as a percentage of capital employed over the period, as calculated by MSCI Real Estate (formerly IPD). Total property returns are calculated monthly and indexed to provide a return over the relevant period.

Topped-Up Net Initial Yield: Net initial yield adjusted to include notional rent in respect of let properties which are subject to a rent free period at the valuation date.

Underlying Funds From Operations (UFFO): is a measure of 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.

Weighted average lease expiry (WALE): Is the average lease term remaining to first tenant break, or expiry, across the portfolio weighted by rental income. This is also disclosed assuming all tenant break clauses are exercised at the earliest date, as stated. Excludes short-term licences and residential leases.

Yield on cost: Passing rents expressed as a percentage of the total development cost of a property.

Yield Shift: Is a movement (usually expressed in basis points) in the equivalent yield of a property asset.