RNS Announcement

NewRiver REIT plc Full Year Results

18 June 2020

Focus on essential retail provides resilience in testing times

Allan Lockhart, Chief Executive commented: "We are reporting these results against an extraordinary market backdrop, as COVID-19 continues to cause significant disruption for occupiers in our key markets. As the Government starts to ease the lockdown restrictions, we are preparing to return to trading in our retail portfolio in June and planning for a return to trading in our pubs from July. We have undertaken extensive planning and are well-prepared to adjust to the new normal. The safety and wellbeing of our employees, occupiers and other stakeholders remains our top priority, and will continue to guide our response.

Until March, FY20 was a year of continued strategic progress, as we delivered solid operational metrics and a relatively robust financial performance. Recognising the threat of COVID-19 towards the end of the year, we took early and decisive action to protect the financial position of the Company. This included a partial drawdown of our Revolving Credit Facility ('RCF'), the cancellation of non-essential capex, a reduction of operating expenditure, securing eligibility for the joint HM Treasury and Bank of England's Covid Corporate Finance Facility ('CCFF') and the decision not to pay a fourth quarter dividend.

At 31 March 2020 we had £177 million of cash and credit facilities available to the Company which, together with our unencumbered balance sheet, gives us confidence in our ability to remain cash positive and debt covenant compliant even in a scenario of very significant cashflow disruption and valuation decline.

Our portfolio is focused on essential retail and convenience, and has proved resilient through the last three months as over one third of our tenants continued to trade. As a consequence of previous portfolio reshaping, we have limited exposure to department stores, mid-market fashion and casual dining. In the coming year we will accelerate changes to our portfolio to create assets that are best in class and relevant to the changing nature of retail.

Our priorities for the coming year are to:

- fully reopen our assets and work with occupiers to rebuild our revenues
- recycle capital from assets, through disposal or change of use to a more valuable asset class, to improve Loan to Value ('LTV') in-line with Company guidance
- release value from our development pipeline
- continue to build a strong asset management platform together with world-class capital partners

The structural changes in UK retail that were already underway have been accelerated by COVID-19. It is clear that much existing retail space in the UK needs to be repurposed and we have been at the forefront of creating this change through developing mixed-use schemes in town centres. We believe that with our skill set and expertise, our management team, and our capital partnerships, we are well-positioned to respond to both the structural challenges and to the changing dynamics of the communities in which our assets are located. This will, we believe, continue to create sustainable long-term value for our shareholders."

Financial results for FY20

- Underlying Funds From Operations ('UFFO') of £52.1 million (FY19: £55.1 million); includes the impact of £2.8 million of lost income and provisions relating to COVID-19
- UFFO per share of 17.0 pence (FY19: 18.1 pence)
- Total dividend per share declared of 16.2 pence (FY19: 21.6 pence); 105% covered by UFFO
- IFRS loss after tax of -£121.1 million (FY19: -£36.9 million) mainly due to non-cash reduction in portfolio valuation
- EPRA NAV per share of 201 pence (March 2019: 261 pence), impacted by -12.3% like-for-like valuation decline
- Total Property Return -5.4%, +480 bps vs MSCI-IPD benchmark; Total Accounting Return -14.7% (FY19: -3.3%)
- Proportionally consolidated LTV of 47% at 31 March 2020 (31 March 2019: 37%)

Operational performance for FY20

- Completed acquisitions of £172.8 million (NewRiver share: £102.3 million), reflecting a blended NIY of 9.5%
- Completed disposals of £48.4 million, reflecting a blended NIY of 5.5% and 1.5% discount to March 2019 valuation
- Retail occupancy of 94.8% (March 2019: 95.2%); Pubs occupancy of 97.0% (March 2019: 97.9%)
- Average retail rent of £12.66 per sq ft (March 2019: £12.52 per sq ft)
- 678,100 sq ft of retail lettings and renewals; long-term deals +1.2% ahead of previous passing rent
- Like-for-like footfall outperformed UK benchmark by +100 bps, with -5.0% year-on-year decline, including COVID-19
- Like-for-like EBITDA per pub +2.3% across our 720 community pubs

- Development pipeline stands at 2.5 million sq ft, including 0.9 million sq ft of planning consents
- GRESB Score improvement of +13% and second consecutive Green Star, underlining our commitment to ESG

Significant available liquidity of £177 million

- Wholly unsecured balance sheet provides significant flexibility and capacity
- Cash reserves of £82 million at 31 March 2020; Undrawn revolving credit facilities of £45 million at 31 March 2020
- Eligibility confirmed for CCFF; £50 million facility currently undrawn, but improves available liquidity to £177 million
- No bank refinancing events due until August 2023; £300 million corporate bond is not due for repayment until 2028
- Compliant with all debt covenants
- On 1 April 2020, Fitch Ratings affirmed NewRiver's Long-Term IDR at 'BBB' with a Stable Outlook and senior unsecured rating at 'BBB+'. NewRiver was also assigned a new 'F2' Short-Term IDR
- Suspension of non-essential capex; limited contractual capex across our risk-controlled development pipeline

Financial Statistics

Performance	**Note**	**FY20**	**FY19**	**Change**
Underlying Funds From Operations ('UFFO')	(1)	£52.1m	£55.1m	-5%
UFFO per share	(1)	17.0p	18.1p	-6%
Ordinary dividend		16.2p	21.6p	-25%
Ordinary dividend cover	(2)	105%	84%	
Admin cost ratio	(3)	14.9%	13.1%	
Interest cover	(4)	3.8x	4.0x	
Net Property Income		£92.9m	£90.5m	
IFRS Loss after taxation	(5)	-£121.1m	-£36.9m	
IFRS Basic EPS		-39.6p	-12.1p	
EPRA EPS		16.7p	16.6p	
Total Accounting Return	(6)	-14.7%	-3.3%	
GRESB Score	(7)	70	62	+13%

Balance Sheet	**Note**	**March 2020**	**March 2019**	**Change**
IFRS Net Assets		£610.6m	£796.1m	
EPRA NAV per share		201p	261p	-23%
Shares in issue		306.2m	304.8m	
Balance Sheet (proportionally consolidated)	**Note**	**March 2020**	**March 2019**	**Change**
Net debt	(8)	£563.6m	£475.1m	
Principal value of gross debt	(9)	£652.4m	£510.0m	
Cash		£82.1m	£27.6m	
Weighted average cost of debt	(10)	3.4%	3.2%	
Weighted average debt maturity	(11)	5.9 years	6.9 years	
Loan to value	(12)	47%	37%	

Notes:
(1) Underlying Funds From Operations ('UFFO') is a Company measure of cash profits which includes recurring cash profits and excludes other one off or non-cash adjustments as set out in Note 10 to the Financial Statements and in the Finance Review. UFFO is used by the Company as the basis for ordinary dividend policy and cover
(2) Ordinary dividend cover is calculated with reference to UFFO
(3) Admin cost ratio is net administrative expenses expressed as a proportion of property revenue (including the Group's share of joint ventures & associates)
(4) Interest cover is tested at property level and is the basis for banking covenants. It is calculated by comparing actual net property income received versus cash interest payable
(5) IFRS (Loss)/Profit after taxation due to non-cash valuation decline of £166.9 million, compared to £89.5 million in previous year
(6) Total Accounting Return is the EPRA NAV per share movement during the year, plus dividends paid in the year, divided by EPRA NAV per share at the start of the year
(7) GRESB is the leading sustainability benchmark for the global real estate sector, and its annual assessment scores participating companies out of 100
(8) See note 25 for a reconciliation of movement in the Group's share of net debt in the year
(9) Principal value of gross debt being £635.0 million of Group and £17.4 million share of JVs & associates
(10) Cost of debt assuming £215 million revolving credit facility is fully drawn
(11) Average debt maturity assumes one-year extension options are exercised and bank approved. Excluding this option, debt maturity at 31 March 2020 is 5.3 years.
(12) 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. See Note 25 to the Financial Statements for calculation.

The Group has applied IFRS 16 Leases from 1 April 2019, which requires lessees to recognise a right-of-use asset and related lease liability representing the obligation to make lease payments. In accordance with the transition provisions in IFRS 16, the new rules have been adopted retrospectively, with the cumulative effect of initially applying the new standard recognised on 1 April 2019. Comparatives for the year ended 31 March 2019 have not been restated.

For further information

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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

A pre-recorded presentation will be streamed live at 9:00am BST today on our website (www.nrr.co.uk) and at the following link: https://kvgo.com/IJLO/NRR_FY20_results. This will be followed immediately by a live Q&A session for investors and analysts.

The dial in details for the conference call facility are as follows:

UK Toll Free:	0808 109 0700
Standard International Access:	+44 (0)20 3003 2666
Password:	NewRiver

The accompanying slides will be made available at www.nrr.co.uk just prior to the presentation commencing.

About NewRiver

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

Our £1.2 billion portfolio covers 9 million sq ft and comprises 33 community shopping centres, 25 conveniently located retail parks and over 700 community pubs. We hand-picked our assets to deliberately focus on occupiers providing essential goods and services, and avoid structurally challenged sub-sectors such as department stores, mid-market fashion and casual dining. This focus, combined with our affordable rents and desirable locations, delivers sustainable and growing returns for our shareholders, while our active approach to asset management and inbuilt 2.5 million sq ft development pipeline provide further opportunities to extract value from our portfolio.

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

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 industry, 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.

Chairman's statement

This report provides an overview of NewRiver's performance in the year to 31 March 2020, although I appreciate that the onset of COVID-19 in March 2020 has in short order rendered it out of date. The subsequent lockdown has had a significant impact on all of our lives and the markets in which the Company operates, and this is likely to continue for some time yet.

In these difficult circumstances I want to thank our colleagues, occupiers, and other stakeholders for the way in which they have collectively risen to the challenges posed by the pandemic. I would like to also express my gratitude to NewRiver's leadership team, whose tireless efforts have deftly steered the Company through these unprecedented headwinds, and our Board for their close engagement throughout the crisis. The safety and wellbeing of all our stakeholders remains our top priority and will continue to guide our response as we reopen the portfolio.

We are acutely aware of the loss of value that our shareholders have faced during the year, particularly through the period of COVID-19. As we have meaningful personal investments in the Company ourselves, the Board shares this disappointment, but we assure shareholders that the Company is well positioned to withstand the impacts of the pandemic. Our unsecured balance sheet is strong, we have sufficient liquidity and we have conducted a thorough review across the business for opportunities to remove costs and support our occupiers. We stand ready to begin the full reopening of our portfolio and the rebuilding of our revenues in the coming months.

We also recognise the absolute importance of the dividend to our shareholders, and the impact of our decision to suspend dividend payments from the fourth quarter. We were hugely disappointed to have to do this but were clear that this was the most prudent course of action amid the uncertainty caused by the crisis. As a Board, our focus had to be on maintaining liquidity and on conserving cash. Some uncertainty still remains as to the impact of COVID-19 on our performance and so the Board has also decided not to pay a dividend in respect of the first quarter of FY21. But, to be clear: it is our firm intention to resume dividend payments as quickly as possible, when conditions allow.

When I wrote to shareholders last year, I expressed my absolute confidence that NewRiver would emerge strongly from the structural changes occurring in traditional retailing. That process of change has been greatly accelerated by COVID-19 but we are clear that our strategy remains more relevant than ever. Our focus on essential retailing and convenience has proved highly resilient through the crisis. Our investment bias toward retail parks is bearing fruit as their vital role in click and collect strengthens. We continue to develop strong relationships with Local Authorities and public bodies: together we can reshape the right amount and type of retail offer in our town centres and regenerate these spaces into vibrant multi-use assets. And we are able to do all this by drawing on our long-term relationships with first class capital partners.

A commitment to our communities is central to NewRiver's culture and strategy. This year we formed our first charity partnership with the Trussell Trust, the UK's largest foodbank operator. We did not realise at that time how the Trussell Trust's work would come so sharply into focus in the wake of the pandemic. I was humbled by the generous contributions made by our staff in response to this, both financially and through volunteering. I was also pleased that the Board were able to provide extra financial contributions through salary and fee waivers at this critical time.

On a final note, David Lockhart has informed the Board of his decision to step down as Executive Deputy Chairman and not to seek re-election to the Board at the forthcoming AGM. I am very pleased that David has agreed to assume a new role as Senior Adviser to the Company. On behalf of the Board, I would like to thank David for his wise counsel and very significant contribution during his tenure, and I am delighted that we will continue to benefit from his vast knowledge and expertise as he assumes his new role.

I would like to thank our shareholders for their continued support and patience and would like to reiterate our commitment to building a sustainable business that delivers growing shareholder returns.

Baroness Ford OBE
Non-Executive Chairman
18 June 2020

Chief Executive's review

We are reporting these results in extraordinary circumstances, as COVID-19 has caused significant disruption to occupiers in our key markets. There remains some uncertainty around the practicalities of easing the current lockdown restrictions, and the speed at which retail and pub operations can return to normal, but we are well-positioned to withstand a prolonged period of disruption.

In this review we provide an update on how we are responding to COVID-19, our outlook for the current financial year, and provide the usual update on our operational and financial performance for the year ended 31 March 2020. To reflect this, the report is divided into three sections:

- Performance overview for the year ended 31 March 2020
- Our response to COVID-19
- Outlook for the current financial year

Performance overview for the year ended 31 March 2020

During the year we continued to deliver robust operational metrics across our diversified portfolio and made good progress with our strategies, although their implementation was impacted by political uncertainty, particularly in the second half, and the onset of COVID-19 in March 2020.

We are one of the market-leading platforms operating in the UK retail real estate market, and the UK's seventh-largest tenanted pub company. We used the scale and expertise of our platform to deliver on the strategies we outlined at the beginning of the financial year:

Strategy	Description	Progress in FY20
1. Disposing of lower yielding assets	We set a target to dispose of 5% of our portfolio during the financial year, equating to c.£64 million, targeting disposal net initial yields of 5 to 7%	• We completed disposals of £48.4 million, reflecting a blended net initial yield of 5.5% and a modest 1.5% discount to book value • We therefore achieved over 76% of our disposal target, as our progress was impacted in the second half by political uncertainty and COVID-19 • Disposals were completed across all asset types, demonstrating the inherent liquidity in our portfolio
2. Capital Recycling, primarily in joint ventures	In May 2019 we formed a new joint venture relationship with BRAVO, primarily to acquire and manage a portfolio of retail parks in the UK. We aim to make the majority of new acquisitions in joint ventures, as this increases returns on investment and ensures we maintain balance sheet strength.	• During the year, we completed £172.8 million of acquisitions (NewRiver share: £102.3 million), representing a blended net initial yield of 9.5% • In the retail portfolio, we acquired six retail parks, of which five were purchased as part of the joint venture relationship with BRAVO • We acquired one pub company, Bravo Inns, and one pub portfolio
3. Leveraging our asset management platform	Our market-leading platform comprises a highly experienced team of asset managers and finance, development and marketing professionals. We aim to leverage this platform to manage assets owned in joint ventures and support an increasing number of third-party owners, such as Local Authorities.	• Asset management fees increased to £0.9 million, from £0.3 million in FY19. • Our annualised management fee income at year-end was £1.1 million, a 120% increase on the prior year • This increase has been driven by the acquisition of properties in our joint venture with BRAVO and the signing of additional third-party asset management mandates

4. Sharper asset management and operational efficiencies	We aim to extract further value from our assets, using insights from our occupiers and enhancing co-ordination of asset management initiatives across the portfolio. We aim to lower service charges for our occupiers, removing costs and delivering scale-based synergies.	• We completed 678,100 sq ft of new lettings and renewals securing £5.7 million of annualised rent. Long-term deals were signed 1.2% ahead of previous passing rent • We reduced retail service charge budgets by 5% on average compared to the prior year, identifying further reductions in response to COVID-19 • We appointed a Head of Asset Management, Emma Mackenzie, to lead our occupier relationships and co-ordinate initiatives across our portfolio
5. Growth from pubs	In Hawthorn Leisure we have a pub management platform which has the scale and expertise to extract further growth from our community pubs business. This growth will be driven by asset management and development initiatives across the existing portfolio, and selective acquisitions to add further pubs to our platform.	• Until March 2020, Hawthorn Leisure delivered like-for-like EBITDA per pub growth of +5.9% during the year. Including March like-for-like EBITDA per pub performance was +2.3% • We completed 82 capital investment projects across the pub portfolio at a cost of £4.3 million and delivered our 26th c-store to the Co-op • In December 2019 we acquired Bravo Inns, with its portfolio of 44 wet-led community pubs, and acquired a further 28 pubs from Marston's in January 2020

Financial performance

Our financial performance was relatively robust during the year, against a challenging market backdrop which worsened in March 2020 with the onset of COVID-19. Underlying Funds From Operations ('UFFO') were £52.1 million, compared to £55.1 million in the previous year. Overall net property income increased, despite the requirement to include additional provisions relating to COVID-19 rents in operating expenses. However, this increase in net property income was more than offset by an increase in administrative costs, as a result of accounting for a full year's ownership of Hawthorn Leisure and the transfer of pubs from a third-party pub management platform to Hawthorn Leisure, and increased finance costs, primarily due to net acquisitions. Our IFRS loss after tax was -£121.1 million, compared to a loss of -£36.9 million in the prior year, predominantly due to a non-cash reduction in portfolio valuation of £166.9 million, of which 31% relates to COVID-19.

We paid three quarterly dividends of 5.4 pence per share during the year. The total dividend in respect of the year ended 31 March 2020 is therefore 16.2 pence per share, which is 105% covered by UFFO. In March 2020, the decision was taken not to pay a fourth quarter dividend due to the impact of COVID-19 on the Company's operations. We took the decision that in this time of unprecedented disruption and uncertainty, our focus should be on managing cash resources very carefully and maintaining liquidity in the business. Uncertainty still remains as to the impact of COVID-19 on our performance and so the Board has also decided not to pay a dividend in respect of the first quarter of FY21. It is our firm intention to resume dividend payments as quickly as possible, when conditions allow.

Our portfolio valuation at 31 March 2020 was £1.20 billion, compared to £1.29 billion at 31 March 2019, as net acquisitions were more than offset by a -12.3% like-for-like decline in portfolio valuation. The decline was driven by 70 bps yield expansion and a -5.5% decline in ERVs, reflecting another challenging year for the UK retail sector, and the impact COVID-19. The UK lockdown in response to COVID-19 accounted for 31% of the overall decline in portfolio valuation, and in particular impacted pub valuations, for which it accounted for all of the valuation decline. Our portfolio outperformed the MSCI-IPD benchmark by +480 bps for total property return during the year, and outperformed for both income and capital growth. In our view, this outperformance is driven by the quality of our asset management, the affordability of our rents, our portfolio positioning, and the liquidity of our assets.

At 31 March 2020, we calculated that the total alternative use valuation ('AUV') for our retail portfolio was £803 million, just 12% below the total valuation of our retail assets of £916 million, which we consider to be an underpin to our valuations. In particular, the AUV for our shopping centres was just 8% below 31 March 2020 valuations, validating the underpin to our shopping centre valuations and the rationale for development across the portfolio.

Our EPRA net asset value per share was 201 pence per share (March 2019: 261 pence), predominantly due to a non-cash reduction in portfolio valuation, and our IFRS net assets were £610.6 million (March 2019: £796.1 million), reduced for the same reason.

Our LTV increased from 37% at 31 March 2019 to 47%, with the majority of the increase occurring in the second half of the financial year, due predominantly to the decline in our portfolio valuation but also due to a reduction in the rate of completed disposals in Q4 due to COVID-19. Whist LTV at this level remains safely below our covenant thresholds, set at 60% on our unsecured bank facilities and 65% on our unsecured bond, our focus will be to improve LTV to be more in-line with our guidance of being below 40%, through our disposal programme in the current financial year. Our disposal programme is covered further in the "Outlook for the current financial year" section of this review.

Operational performance

During the year, we acquired eight assets in five separate transactions totalling £172.8 million (NewRiver share: £102.3 million), reflecting a blended net initial yield of 9.5%. Of these total acquisitions, 60% by value were made in our BRAVO JV. We acquired these high-quality assets at attractive prices, which will provide opportunities for capital growth through active asset management and development.

Our retail portfolio continued to deliver robust operational metrics during the year. Occupancy remained high at 94.8% (March 2019: 95.2%), reflecting our focus on occupiers providing essential goods and services, and our active approach to asset management. Our average rent remained affordable at £12.66 per sq ft (March 2019: £12.52 per sq ft), reflecting our commitment to affordability for retailers and underpinning the sustainability of our income. Our shopping centre like-for-like footfall outperformed the UK benchmark by 100 bps, with a decline of -5.0%, which includes the significant impact of COVID-19 in March 2020.

During the year we completed 678,100 sq ft of new lettings and renewals across our retail portfolio. On average, long-term deals were signed 1.2% ahead of previous passing rent and 0.8% ahead of March 2019 ERV. Our leasing activity continued to reflect our focus on occupiers providing essential goods and services, with deals signed with brands including B&M, Home Bargains, Wilko, Poundland, Boots and Specsavers. We made good progress letting vacant space at our acquisitions during the year, as we signed a 10-year lease with B&M at Sprucefield Retail Park, Lisburn and a 10-year lease with Iceland at Wakes Retail Park on the Isle of Wight.

The size of the Hawthorn Leisure community pub portfolio increased from 665 pubs at 31 March 2019 to 720 at 31 March 2020, as portfolio acquisitions during the year more than offset our active disposal programme. Our pub occupancy remained high at 97.0% at 31 March 2020 (31 March 2019: 97.9%), and we delivered like-for-like EBITDA per pub growth of +2.3% in the year up until March 2020 (+5.9% excluding the month of March 2020). This strong performance was driven predominantly by the scale-based synergies achieved by the integration of Hawthorn Leisure into NewRiver in January 2019. Since our acquisition of Hawthorn Leisure, we have completed 131 capital expenditure projects aimed at enhancing the customer experience, further improving trade, and increasing capital values, at a total cost of £6.1 million, which have delivered an average return on investment of 16.9%. Further details on the performance of our community pub portfolio can be found in the Property and Finance reviews.

We also made good progress with our 2.5 million sq ft risk-controlled development pipeline, of which 72% relates to residential. During the year we completed the construction of an 11,700 sq ft development at the site of the former Sea View Inn in Poole, Dorset, comprising a Co-op c-store and 10 residential units. We also completed the development of two pods at Waterfront Retail Park in Barry, Wales which have been pre-let to Costa and Burger King. In addition, we began the development of an 85-room Premier Inn in Romford, Greater London, which has been sold as part of a pre-let forward funding agreement. Longer-term, we held our first community engagement on our 630,000 sq ft mixed-use regeneration of Grays Shopping Centre in Essex during the year, which will be followed by the submission of an outline planning application later this year.

Our disposal programme saw us complete £48.4 million of disposals during the year, reflecting a blended NIY of 5.5% and a modest 1.5% discount to March 2019 valuation. These were across all asset types, reflecting the liquidity of our assets, which typically have low lot sizes and alternative use potential, making them attractive to a wide pool of potential buyers.

Demonstrating leadership in ESG

As an owner of assets located in communities across the UK, we are committed to enhancing the lives of the people we serve while minimising our impact on the environment. This commitment gained even more relevance in recent months, as we witnessed the devasting economic and social impact that the COVID-19 pandemic has had on our communities.

One of consequences of the crisis has been an increased demand for foodbanks, which we saw first-hand through our charity partnership with the Trussell Trust, whose vital work supports over 1,200 food banks across the UK. To date, we have donated over £100,000 to the Trussell Trust, our team members have regularly volunteered at Trussell Trust sites, and our assets have been made available for storage, awareness campaigns and volunteer recruitment. In April 2020, I joined my Board colleagues in waiving 20% of our salaries and fees, and donating these to the Trussell Trust, a gesture of appreciation for their tireless efforts to help those most in need.

Our partnership with the Trussell Trust is just one of the pillars of our comprehensive Environmental, Social and Governance (‘ESG’) programme. The programme has had its most active year to date, and I was delighted to see our efforts recognised with the receipt of a GRESB Green Star in September 2019 for the second consecutive year, with a 13% improvement on our GRESB Score from the previous year, and a 94% improvement from our first entry to the benchmark in 2016. GRESB is the leading sustainability benchmark for the global real estate sector, and this achievement underlines the significant progress we have made in this area in a relatively short period of time.

Our response to COVID-19

Cash reserves, liquidity and financial position

We took early and decisive action from the onset of COVID-19 to prudently manage our cash resources and increase liquidity in the business. At 31 March 2020 we had £82 million of cash reserves and £45 million of undrawn revolving credit facilities, providing sufficient liquidity of £127 million. On 29 April 2020, we received confirmation from the Bank of England that we are eligible to access £50 million of funding under the Covid Corporate Financing Facility (‘CCFF’), a joint HM Treasury and Bank of England lending facility. This facility is currently undrawn, but improves our available liquidity position to £177 million, and is available to be drawn at the Bank of England’s discretion for a tenure of up to 12 months until March 2021.

We are also taking a prudent approach to preserving cashflow and reducing operational costs. These measures include the suspension of all non-essential capital expenditure projects, which will improve cashflow in FY21 by £24 million, and the suspension of business rates and marketing in our shopping centres and our community pubs, which will improve cashflow by a further £4 million. In-line with our risk-controlled approach, we have limited contractual capex requirements across our development pipeline.

Our wholly unsecured balance sheet is one of the differentiating characteristics of our financial position and provides significant operational flexibility. We have no bank refinancing events due prior to August 2023, and our £300 million corporate bond is not due for repayment until 2028. We are also compliant with all debt covenants.

On 1 April, Fitch Ratings affirmed NewRiver’s Long-Term Issuer Default Rating (‘IDR’) at ‘BBB’ with a Stable Outlook and senior unsecured rating at ‘BBB+’. The senior unsecured rating applies to NewRiver’s £300 million senior unsecured bond dated 2028. NewRiver was also assigned a new ‘F2’ Short-Term IDR.

Safety and wellbeing

As the UK Government’s response to COVID-19 continues, the safety and wellbeing of our staff, occupiers, pub partners, and all the customers who visit our assets, are our top priority. Across our portfolio, our asset management teams have been working tirelessly to ensure that our centres are accessible to those who need them for essential shopping, while taking all necessary steps to ensure they provide a safe environment where social distancing measures are adhered to.

At a corporate level, we were well-prepared for a prolonged period of remote working. Our head office employees have all been provided IT equipment to enable them to work from home and have participated in regular update calls and initiatives to ensure they are aware of the latest developments, and to promote their physical and mental wellbeing. We continue to closely monitor UK Government guidance and stand ready to act on the latest advice.

Retail portfolio

Our retail portfolio is focused on occupiers providing essential goods and services in their local communities, and almost two-thirds of our retail assets are anchored by a major food and grocery brand. As a result, almost 40% of our occupiers remained open throughout lockdown, following the UK Government’s order on 23 March 2020 that all non-essential retail premises must close.

Since the beginning of COVID-19, we have engaged constructively with our occupiers to collect contractual rent due. All our rents are due in advance, but payment methods vary by occupier, with the majority opting for quarterly payments.

The table below shows the status of quarterly and monthly rents with due dates from 25 March to 1 June 2020, which roughly equates to the period of lockdown. The total rent due for this period is £17.1 million.

Retail rents with due dates between 25 March and 1 June 2020

Status	**% retail rents due**
Collected	52%
Deferred	15%
Re-gear	6%
Moved to monthly payments	2%
Total collected or alternative payments agreed	**75%**
Waived	4%
Rent outstanding	21%
Total (%)	**100%**
Total (£m)	**£17.1m**

Of the total rent due, 52% has already been collected and a further 23% is to be collected through alternative payments agreed with retailers. These alternative payments include deferrals, with payment plans agreed with retailers over periods averaging 10 months, re-gears, through which occupiers have been offered concessions in return for committing to longer lease periods, and moving retailers from quarterly to monthly collections.

We continue to engage with occupiers representing the 21% of rent outstanding, to either recover late payments or agree alternative arrangements. We are confident that rent collection rates for the lockdown period will improve further as normal trading conditions resume.

Occupiers have benefitted from a business rates holiday through to March 2021 and significant reductions in service charges that we have achieved both prior to and since COVID-19. Both of these will be conducive to occupiers returning to profitability and fulfilling their contractual rent obligations once stores reopen.

Hawthorn Leisure operations

Following the UK Government's announcement on 20 March 2020 that entertainment and hospitality premises must close, Hawthorn Leisure temporarily closed all its sites. We had anticipated pub closures for some time before the announcement, so were well-prepared for this outcome.

Since these closures, our Business Development Managers have been working closely with our pub partners to ensure they are receiving the support required for their businesses to emerge from the lockdown in a strong position. This has included assistance with applications for the UK Government's Retail, Hospitality and Leisure Grant Fund ("RHLGF"). The RHLGF offers grants of up to £25,000 for businesses with rateable values up to £51,000, meaning that almost all of our pub partners are eligible for these grants. Pub partners have accessed other UK Government support schemes, including the Coronavirus Job Retention Scheme, whereby the UK Government will pay 80% of the wages of employees who are unable to fulfil their roles due to the impact of COVID-19, and the 12-month business rates holiday for businesses operating in the hospitality sector, which applies automatically. The business rates holiday will also result in a direct saving to Hawthorn Leisure of £1 million.

For our Leased & Tenanted pubs, which represent the majority of our portfolio, rents due from lockdown to 30 June total £3.8 million. Based on a financial appraisal of all pub tenants we are confident in recovering £1.7 million of this rent, of which £1.5 million has already been committed and £1.4m received. The remaining rent will either be waived as part of our conditional support grants provided to pub partners, or will be subject to a claim for the business disruption and loss of rent caused by COVID-19. We do not receive any rental income from our operator managed pubs.

We have also focused on mitigating operating costs. We furloughed the majority of Hawthorn Leisure head office staff for the duration of lockdown, and we have topped up the 80% payment under the Coronavirus Job Retention Scheme to ensure there is no reduction in regular pay. We have also carefully managed our supply and distribution contracts and sought concessions from suppliers such as satellite TV providers.

Our plans are well-advanced to reopen the pub portfolio. Pubs will be allowed to reopen in 'Step 3' of the UK Government's COVID-19 Recovery Strategy, which the Government expects to implement no sooner than 4 July 2020. We are confident that we will deliver an operational business by this date, based on our comprehensive reopening plan that covers areas such as safe working practices and the provision of personal protective equipment, the reopening of supply chains, and enhancing support for our pub partners throughout the reopening phase, both operationally and financially. The phasing of our reopening will be optimised to achieve a good balance between maintaining cost efficiencies while ensuring the business is fully operational as soon as possible.

Our disposal programme across the pub estate continues to be active despite the current restrictions on pub operations, reflecting the inherent liquidity of these assets. Since 1 April 2020, we have completed six pub disposals and one c-store disposals, generating total sales proceeds of £2.9 million, demonstrating that even during a lockdown there is still good liquidity in local community pubs.

Finally, 93% of our pub tenants and partners have fed back to us in a recent survey that they felt Hawthorn had exceeded or met their expectations of support during the lockdown period. We have had confirmation from 74% of our Leased and Tenanted pubs that they intend to open on 4 July 2020, and 22% are awaiting to see the final Government guidelines. For the pub business to have collected over a third of rent due during lockdown and to have generated so much goodwill from its support actions during this period puts the Company in a good place to bounce back following reopening in July and over the summer months.

Outlook for the current financial year

Scenario analysis

Against a backdrop of continued uncertainty, we have undertaken extensive scenario testing, factoring in the loss of income from our pub portfolio and reduced rental income from our retail portfolio. A summary of some of the most realistic scenarios being tested are as follows:

Scenario	FY21 Net property income compared to pre-COVID-19 forecast		
	Retail	Pubs	Group blended
1	In-line to -10%	-30% to -50%	-18%
2	-10% to -20%	-50% to -70%	-30%
3	-20% to -30%	-50% to -70%	-38%
4	-30% to -40%	-50% to -70%	-44%
5	-40% to -50%	-50% to -70%	-50%

Under each of these scenarios, we have also tested a portfolio valuation decline significantly in excess of that seen in FY20. We tested on a quarterly basis our debt covenant metrics for our unsecured bank facilities and unsecured corporate bond, namely LTV (excluding unamortised arrangement fees, tested every six months), interest cover (tested on a rolling 12 month basis), and asset to debt ratio. We also tested ongoing cash levels. The analysis demonstrated that even in Scenario 5, the most extreme of these scenarios, the business would hold sufficient cash funds and meet all debt covenant requirements throughout the financial year.

At the beginning of the crisis, our expected outturn for the year was in line with Scenario 4 as outlined above. However, taking account of the fact that we still collected 52% of rent demanded when less than 40% of our retail occupiers were open and trading, and the UK Government's COVID-19 Recovery Strategy, with non-essential retailers able to trade from 15 June 2020 meaning 60% of our retail occupiers are now open and pubs expected to re-open shortly, we expect our FY21 outturn to now be somewhere between Scenario 2 and Scenario 3, with Group blended net property income down reduced by 30% to 38%, compared to the Group's pre-COVID-19 forecast.

In our modelling, we have considered how certain characteristics of our assets are likely to mean they will outperform the wider market when lockdown restrictions are gradually eased. In retail, all of our assets have remained open throughout the lockdown for access to essential goods and services. Our shopping centres are located in town and city centres with many customers arriving by foot and have typically lower dwell times, reducing issues around overcrowding. Our retail parks are large, uncovered spaces with sizeable car parks, allowing retailers to easily implement control measures such as queues and spacing of vehicle parking. In our pub portfolio, our community focus means that our pubs are often close to homes rather than workplaces. Most of our pubs are wet-led rather than food-orientated, and over 70% have outside spaces, making it easier to implement enhanced hygiene and social distancing measures.

Adapting our strategies to the changed operating environment

Disposal programme
As the real estate capital markets recover in the coming year, we are targeting between £80 million and £100 million of asset disposals, while maintaining discipline in disposal pricing. The proceeds will predominantly be used to reduce debt, but we will also recycle into capital partnerships opportunities where appropriate. We have made good early progress against this target as we have completed, exchanged or are under offer on £30.3 million of disposals so far in FY21.

Capital partnerships
Our asset management platform comprises a dedicated and highly experienced team of asset managers, working alongside finance, development, and marketing professionals. The integration of these teams provides a powerful platform that can be used to support private and public partners through every stage of property ownership. Our capital partnership business aims to leverage this asset management platform to grow income in a capital light way.

Through our joint venture relationships to date we have benefitted from high returns on invested capital through the receipt of a share of rental income, asset management fees and promotes. Dislocations in real estate valuations following COVID-19 will provide significant opportunities to acquire high quality retail assets at attractive prices, and we will work closely with our joint venture partner, BRAVO, to identify these opportunities and build our existing joint venture relationship.

Our capital partnerships business is also focused on supporting Local Authority partners. As the ultimate custodians of their town and city centres, we believe Local Authorities are naturally placed to take a leadership role in addressing a key issue facing many towns and cities, which is an excess of retail space. COVID-19 will likely further encourage this intervention, either because Local Authorities are seeking additional income streams to address funding shortfalls, or because asset owners are facing increasing pressure. Our platform already has extensive experience in delivering town centre regeneration schemes, such as our projects in Burgess Hill, Cowley – Oxford, and Grays, and we aim to partner with many other Local Authorities in order to transform their own town and city centres.

Growth from pubs
Our first priority in FY21 is to fully reopen our community pub portfolio, through the successful implementation of our pub reopening strategy. Once reopened, we intend to continue our programme of targeted capital expenditure projects to improve returns and extract further value from our pub sites through risk-controlled development, including our c-store programme. We will also continue our active disposal programme of pubs, which has been successful at generating good returns through recycling of capital. Recent COVID-19 surveys have concluded that consumers are more likely to shop locally and visit their local neighbourhood pub than a high street or night time bar, and our community pub portfolio is well placed to benefit from this when the lockdown provisions are lifted.

Allan Lockhart
Chief Executive
18 June 2020

Property review

Highlights

- Portfolio valued at £1.20 billion as at 31 March 2020 (31 March 2019: £1.29 billion)
- Total property return outperformed the MSCI-IPD benchmark by 480 bps, with a total decline of -5.4%,
- Completed £172.8 million of acquisitions (NewRiver share: £102.3 million) at a blended NIY of 9.5%
- Completed £48.4 million of disposals across all asset types, at a blended NIY of 5.5%
- Retail occupancy remained high at 94.8% (March 2019: 95.2%); average rent remains affordable at £12.66 (March 2019: £12.52); and like-for-like footfall outperformed the UK benchmark by 100 bps
- Completed 678,100 sq ft of new lettings and renewals across the retail portfolio; long-term deals on average 1.2% ahead of previous passing rent and 0.8% ahead of March 2019 ERV
- Hawthorn Leisure portfolio increased from 665 to 720 pubs; occupancy of 97.0% at 31 March 2020 (31 March 2019: 97.9%); EBITDA growth of +5.9% excluding month of March 2020, +2.3%, including March 2020
- Risk-controlled development pipeline stands at 2.5 million sq ft, of which 1.8 million sq ft relates to residential development

Valuation

At 31 March 2020, our portfolio was valued at £1.20 billion (March 2019: £1.29 billion), as net acquisition activity was more than offset by a -12.3% like-for-like decline in portfolio valuation. The decline was driven by 70 bps outwards yield shift and a -5.5% decline in ERVs. The portfolio is now valued of an equivalent yield of 8.9%. A breakdown of the key valuation movements by asset type is provided below.

As at 31 March 2020	**Valuation (NRR share) (£m)**	**Portfolio Weighting (%)**	**Valuation surplus/ (deficit) (%)**	**Topped-up NIY (%)**	**NEY (%)**	**LFL ERV Movement (%)**
Regional shopping centres	*472*	*39*	*(17.6)*	*8.1*	*9.2*	*(6.7)*
London shopping centres	*148*	*12*	*(5.3)*	*5.8*	*5.9*	*(1.8)*
Shopping centres	620	51	(14.9)	7.6	8.4	(5.8)
Retail parks	224	19	(8.9)	7.5	7.4	(4.0)
High street	12	1	(17.0)	10.1	9.3	(4.5)
Pubs & c-stores	275	23	(8.2)	11.1	11.1	-
Development	66	6	(14.0)	-	-	-
Total	**1,197**	**100**	**(12.3)**	**8.4**	**8.9**	**(5.5)**

Our valuation performance reflects another challenging year for the UK retail sector, and the onset of COVID-19. The UK lockdown in response to COVID-19 accounted for 31% decline in portfolio valuation. It accounted for 20% of the decline in shopping centres and 26% of the decline in retail parks. All of the valuation mark down on the pub portfolio was due to COVID-19, with a modest mark down for some of our c-stores.

All our valuation reports include a “material valuation uncertainty” disclosure. This states that valuers can attach less weight to previous market evidence for comparison purposes, and thus less certainty can be attached to their valuations than would normally be the case. The valuers clarify that this does not mean that valuations cannot be relied upon.

As the table below shows, our portfolio outperformed the MSCI-IPD benchmark for both income return and capital growth during the year, delivering a total return outperformance of +480 bps. In our view, this outperformance is driven by the affordability of our rents, which means our ERV decline was much less than others and our equivalent yields are much higher, so less impacted by yield expansion. It also reflects the liquidity of our assets, with an average lot size of just £20.2 million for our shopping centres and £13.3 million for our retail parks.

Year to 31 March 2020	Total Return	Income Return	Capital Growth
NRR portfolio	-5.4%	7.8%	-12.4%
MSCI-IPD Benchmark[1]	-9.8%	5.4%	-14.4%
Relative performance	+480 bps	+230 bps	+240 bps

1. Benchmark includes monthly & quarterly valued retails

The Company undertook an alternative use value review at 31 March 2020 across its entire retail portfolio. This is a detailed internal assessment factoring in demolition costs, construction costs and a development profit to calculate the value of the next best alternative use for our retail assets. Due to our assets being predominantly located in town centres, the vast majority of the alternative use potential relates to residential development.

At 31 March 2020, we calculated that the total alternative use valuation ('AUV') for our retail portfolio was £803 million, just 12% below the total valuation of our retail assets of £916 million, which we consider to be an underpin to our valuations. In particular, the AUV for our shopping centres was just 8% below 31 March 2020 valuations, validating the underpin to our shopping centre valuations and the rationale for development across the portfolio.

Disciplined stock selection

During the year, we acquired eight assets in five separate transactions totalling £172.8 million (NewRiver share: £102.3 million), reflecting a blended net initial yield of 9.5%. This comprises three assets acquired wholly by NewRiver, a further four acquired in a 50:50 joint venture with BRAVO and one acquired in a 10% associate investment with BRAVO.

12 months to 31 March 2020	Acquisition price (£m)	NewRiver share of acquisition price (£m)	Net initial yield (%)	Equivalent yield (%)
Kittybrewster Retail Park, Aberdeen	35.2	17.6	8.9	8.0
Telford Retail Park, Inverness	15.2	7.5	12.3	9.8
Units at Kingsway East Retail Park, Dundee	3.6	1.8	8.4	9.7
Wakes Retail Park, Newport, Isle of Wight	6.5	3.3	9.7	8.2
Poole Retail Park	44.7	4.5	8.0	7.9
Sprucefield Retail Park, Lisburn	40.0	40.0	8.6	7.9
Bravo Inns	17.9	17.9	14.0	14.0
Portfolio of 28 wet-led community pubs	9.7	9.7	9.5	9.5
Total	**172.8**	**102.3**	**9.5**	**8.9**

Kittybrewster Retail Park, Aberdeen
In June 2019, we acquired Kittybrewster Retail Park, situated one mile north of Aberdeen city centre, beside the A96 and in close proximity to a Sainsbury's superstore. The 13-unit, fully-let retail park offers 154,400 sq ft of retail space and 402 car parking spaces, and has a convenience and value-led line-up including B&M, TK Maxx, Sports Direct, Halfords and PureGym. The asset has a low Rent to Sales ratio of 6.5%, which provides significant headroom to the asset's Affordable Rent to Sales ratio of 8.1%.

Telford Retail Park, Inverness
In June 2019, we acquired Telford Road Retail Park, located on the north west edge of Inverness city centre, close to the A82. The retail park provides 179,500 sq ft of retail space and is anchored by B&M, Go Outdoors, Oak Furnitureland and Poundstretcher. The asset has a low Rent to Sales ratio of 6.0% which provides significant headroom to the asset's Affordable Rent to Sales ratio of 7.5%, and the site has alternative use potential for hotels and light industrial, facilitated by a low capital value per sq ft of £35.

Units at Kingsway East Retail Park, Dundee
In June 2019, we acquired Kingsway East Retail Park, situated two miles north east of Dundee city centre, close to the junction of the A972 and A92, and is anchored by an Asda superstore. The acquisition comprises two units: a 34,500 sq ft store let to B&M and a 14,700 sq ft store let to home furnishings retailer Harry Corry, which are adjacent to a 374-space car park. The asset has a low and sustainable average rent of £6.45 per sq ft and a very low land capital valuation of £23 per sq ft.

Wakes Retail Park, Newport, Isle of Wight
In June 2019, we acquired Wakes Retail Park, situated to the north of Newport town centre, beside the A3020 and is located in the main retail park concentration on the Isle of Wight. The retail park provides 40,800 sq ft of retail space across three units, and is anchored by Pets at Home and Currys PC World. The asset has a low Rent to Sales ratio of 7.6%, which provides significant headroom to the asset's Affordable Rent to Sales ratio of 9.0%. In addition, the asset has alternative use potential for hotels and residential, supported by a land capital valuation of £66 per sq ft.

Poole Retail Park
In October 2019, we acquired Poole Retail Park, which is located between the town centres of Poole and Bournemouth in Dorset, adjacent to the A35 and close to a large residential area. The fully-let retail park comprises 14 units offering 208,000 sq ft of retail space, with a tenant line-up including John Lewis at Home, DW Sports, Next Home, Homesense, Boots and Home Bargains, and a free car park providing 805 spaces. At acquisition, the asset had an attractive weighted average unexpired lease term of 6.7 years, an affordable average rent of £18.24 per sq ft and an average Rent to Sales ratio of 7.8%. We have identified a number of opportunities to extract further value and enhance income streams at the asset, including the expansion and adaption of units to better meet the needs of current and prospective occupiers.

Sprucefield Retail Park, Lisburn
In December 2019, we acquired Sprucefield Retail Park. This asset is located one mile south of Lisburn city centre, adjacent to the main junction between Northern Ireland's M1 motorway and the A1 road, which is the main route connecting Northern Ireland to the Irish Republic. The 47-acre site comprises a five-unit retail park providing 231,000 sq ft of retail space, a 1,200-space free car park and 18 acres of development land. The retail park is anchored by Sainsbury's and B&Q, and has an affordable average rent of £16.11 per sq ft, with a weighted average unexpired lease term of 7.5 years. We have identified significant opportunities to extract further value from the asset, which has a total capital value per sq ft of £19, through active asset management and the disposal of parcels of land for development.

Bravo Inns
In December 2019, we acquired Bravo Inns, which owns 44 wet-led community pubs, predominantly located in North West England. Its management team have established a high-quality, well-managed and well-invested portfolio which complements our existing pub portfolio. The acquisition has increased our exposure to the highly profitable operator managed pub model, which will provide the Company with opportunities to drive higher returns through accretive capital expenditure and other asset management initiatives. The purchase price of £17.9 million equated to 6.8x EBITDA. This acquisition has been accounted for as a business combination under IFRS 3.

Portfolio of 28 wet-led community pubs
In January 2020, we made an off-market purchase of a hand-picked portfolio of 28 community pubs from Marston's PLC. These leased and tenanted pubs offer a range of opportunities to extract further value, including through targeted capital expenditure and development on surplus land.

Active asset management

We have developed a market-leading retail asset management platform since NewRiver was founded over 10 years ago, and with the integration of Hawthorn Leisure in January 2019, we now also have a highly experienced pub management platform. Together these allow us to take a hands-on approach to asset management, drawing on our expertise, scale, and strong relationships with our occupiers and pub partners to deliver the right space in the right locations on terms beneficial to all parties. We believe this platform contains inherent value which we plan to further extract through our capital partnerships business.

Retail portfolio

During the first half we completed 678,100 sq ft of new lettings and renewals across our retail portfolio, representing £5.7 million of annualised rent. This high volume of leasing activity means that our occupancy rate remained high at 94.8% despite the challenging market backdrop. On average, long-term deals were signed 1.2% ahead of previous passing rent and 0.8% ahead March 2019 ERV, at an average rent of £15.97 per sq ft. Long-term deals had an average lease length of 8.6 years.

Our leasing activity reflected our focus on occupiers providing essential goods and services in the discounter space, we agreed deals with B&M, Home Bargains, The Works, Wilko and Poundland. This included a new 10-year lease with Poundland on a 34,000 sq ft unit at the Abbey Centre, near Belfast, where the retailer was upsizing from an existing unit elsewhere in the centre to a space vacated by Primark, following its own upsizing within the centre. In the health & beauty space, we signed three leases with Superdrug and further deals with Boots, Grape Tree and Specsavers. We continue to see demand from low-cost gym operators, particularly within our retail park portfolio, and during the period we signed a new letting with The Gym Group at Victoria Retail Park Beverley, where the brand launched one of its first “small-box” format gyms. We also made progress letting vacant space at our new acquisition during the year, signing a 10-year lease with B&M on a unit at Sprucefield Retail Park, Lisburn on a previously vacant unit and signed a new 10-year lease with Iceland at Wakes Retail Park on the Isle of Wight, to open a new “The Food Warehouse” format store. During the period we also renewed leases on 29 Amazon Lockers across our shopping centre portfolio, underscoring their importance as Click & Collect destinations.

Top retail occupiers

Rank	Occupier	% Total gross income	Number of stores in portfolio
1	Sainsbury's	2.3	3
2	B&M	2.1	12
3	Poundland	1.7	20
4	Superdrug	1.7	16
5	Wilko	1.6	8
6	Boots	1.5	17
7	Primark	1.4	4
8	TK Maxx	1.3	8
9	New Look	1.2	14
10	Marks & Spencer	1.2	4
	Subtotal	**16.0**	
11-25	e.g. Next, B&Q, Iceland, Home Bargains	12.4	
26-100	e.g. Greggs, Costa, Tesco, Dunelm	19.4	
	Total	**47.8**	

Our retail rental income is well-diversified, with 1,800 leases across over 850 different occupiers, and our top occupiers are focused on providing essential goods and services. The Company’s policy is that no single retailer will account for more than 5% of total rent, and our top tenant in terms of gross rental income at year end was Sainsbury’s, accounting for 2.3% of total rent. Alongside this diversification, our affordable rents are key to ensuring the sustainability of our income, and our average remained affordable at £12.66 per sq ft at 31 March 2020.

Pub portfolio

During the year, the size of our Hawthorn Leisure community pub portfolio increased from 665 to 720, as portfolio acquisitions more than offset disposals. The portfolio is geographically spread throughout England, Scotland and Wales. Our community pubs are almost all wet-led and operated by individuals, typically as a family business. At over two-thirds of our pubs, the operator lives in residential accommodation provided on-site.

Across Hawthorn Leisure, 82% of sites operate under a Leased & Tenanted model, whereby the Company has an occupational lease with a tenant, who is responsible for all operating costs of the pub, including staff costs. Most of our Leased & Tenanted pubs are ‘tied’, meaning that tenants are required to purchase drinks from the Company and lease games machines from Company-approved suppliers. In return, Hawthorn Leisure receives rental income, a margin between the wholesale price and sale price to tenants on drinks supplied, and a share of machine profits.

The remaining 18% of Hawthorn Leisure sites operate under an Operator Managed model, whereby the Company enters into an operator agreement with a pub partner. The Company incurs all operating costs of running the pub, except for staff costs, which are borne by the operator. In return, the Company receives gross turnover generated by the pub and pays a management fee to the pub partner, which is on average around 20% of net revenue.

One of our key strategies is to extract growth from our pubs, and our 23 Business Development Managers are on the ground working with our pub partners to find new ways to grow income, reduce costs and create thriving pubs that serve local communities. This is reflected in a high occupancy rate across our pub portfolio, which was 97.0% at 31 March 2020 (31 March 2019: 97.9%).

During the year, like-for-like EBITDA per pub increased 2.3%. Excluding the month of March 2020, during which the pubs were impacted by the onset of COVID-19 and eventually temporarily closed by a UK Government order on 20 March, like-for-like EBITDA per pub increased 5.9%. This strong performance was driven predominantly by the scale-based synergies achieved by the integration of Hawthorn Leisure into NewRiver in January 2019.

Across the pub portfolio, we continued our programme of targeted capital investment projects aimed at enhancing the customer experience, further improving trade, and increasing capital values. Since our acquisition of Hawthorn Leisure, we have completed 131 such projects at a total cost of £6.1 million, which have delivered an average return on investment of 16.9%.

During the year, we opened a dedicated pub partner training centre in Macclesfield, which provides a comprehensive training course encompassing sales, marketing, business planning and financial control. To date, almost 50 pub partners have completed self-funded training courses at the centre and feedback has been very positive. In the coming year, we will be looking to roll out our training platform further across the business.

Other asset management initiatives have included the launch of our Online Toolkit, which give pub partners access to marketing materials and how-to guides for drinks offers, entertainment, sports events and functions, and the launch of an EPOS-integrated loyalty card scheme across our operator managed pubs, which now has over 12,000 cards in operation, driving repeat visits and providing valuable consumer insights.

Risk controlled development

Our risk-controlled development pipeline totals 2.5 million sq ft (2.1 million sq ft in the near-term) and is one of the ways in which we extract further value from our assets. Reflecting our focus on realising alternative use potential, over 70% of the pipeline relates to residential development.

For most of the projects in our pipeline, we intend to either sell the site with the benefit of planning or continue with development through capital partnerships. However, for projects in our pipeline with a lead time of less than 12 months, such as our c-store developments for the Co-op, we will typically fund and manage the construction ourselves, using our experienced in-house development team.

Total development pipeline

	Shopping Centre Sq ft	Retail Park Sq ft	Health & Social Care Sq ft	Hotel Sq ft	C-store Sq ft	Residential Sq ft	Total Pipeline Sq ft	Retail & Leisure Pre-let %	Resi Pre-sold %
Completed/Under construction in FY20	-	3,600	-	37,900	3,600	8,100	53,200	100	0
Planning granted	266,300	12,000	-	49,800	10,700	549,100	887,900	57	29
In planning	-	-	-	-	3,500	25,400	28,900	100	0
Pre-planning	-	160,000	54,200	-	3,500	872,500	1,090,200	52	0
Near-term pipeline	**266,300**	**175,600**	**54,200**	**87,700**	**21,300**	**1,455,100**	**2,060,200**		
Early feasibility stages	-	-	-	50,000	-	378,000	428,000		
Total pipeline	**266,300**	**175,600**	**54,200**	**137,700**	**21,300**	**1,833,100**	**2,488,200**		
Additional residential potential[1]	-	-	-	-	-	451,200			
Basingstoke Leisure Park	700,000	-	-	-	-	-			

1. A strategic review of our entire retail portfolio identified the potential to deliver residential units adjacent to or above our assets over the next 5-10 years

Developments completed or under construction in the year

During the year we partially completed the construction of a 11,700 sq ft development at the site of the former Sea View Inn in Poole, Dorset, comprising a Co-op c-store and 10 residential units. We also completed the development of two pods at Waterfront Retail Park in Barry, Wales which have been pre-let to Costa and Burger King. We commenced the development of an 85-room Premier Inn on the site of a high street unit in Romford, Greater London, which has been sold to a property investor as part of a pre-let forward funding agreement.

Overview of key developments

Site	Status	Size	Description
Burgess Hill	Planning granted	465,000 sq ft	• Earlier in the year, we submitted a revised planning application for the mixed-use regeneration of Burgess Hill town centre to Mid Sussex District Council. • Working closely with local stakeholders, we adjusted the design of the scheme to increase its residential provision, from 142 units to 172, and reduce space designated for retail, reflecting the changing nature of the retail market and needs of town centres. • The revised scheme will include a 16-lane bowling alley, a 10-screen multiplex cinema, and an 85-bed hotel with a new public café bar. • In addition, the development will provide a significantly improved public realm which would provide functional space for managed outdoor events. • COVID-19 has had an impact on planning committee schedules but we understand that the scheme remans a priority for Council to bring to committee over the summer.
Cowley, Oxford	Planning granted	236,000 sq ft	• Oxford City Council has approved plans for our mixed-use redevelopment of Templars Square Shopping Centre. • The scheme will include 226 new residential apartments, a 71-bed hotel, two new restaurant units, a modernised car park and major improvements to the public realm. The hotel and leisure element of the scheme is 82% pre-let. • We are about to complete the Section 106 and Section 278 Agreements at the site and are now identifying a delivery partner to advance the technical design and deliver the scheme. • We are also exploring additional phases of development to unlock further mixed-use potential from the asset.
Grays	Pre-planning	630,000 sq ft	• We acquired Grays Shopping Centre in June 2018, as we recognised a significant value-creating opportunity for redevelopment at the site, which is located just 35 minutes from Central London by train. • We are currently working closely with Thurrock Council to bring forward a redevelopment plan that would reduce and repurpose existing retail floorspace, increase public open areas and facilitate an improved pedestrian flow through Grays town centre, as well as providing over 800 new homes. • At the end of February 2020, we held a Community Planning Weekend at the site, attended by hundreds of local residents and businesses who shared thoughts for the vision of a regenerated town centre. • The community input was collated and produced into a feedback report and conceptual layout which was presented to the public in the town theatre. The feedback vision document was then adapted to comprise a pre-application presentation which was submitted to Thurrock Council in May 2020. The outcome of the pre-app discussions will evolve the vision document further, which will then be presented back to the community prior to a formal planning application being prepared.
Poole Retail Park	Pre-planning	80,000 sq ft	• We acquired Poole Retail Park in a 10% associate investment with BRAVO in October 2019 • Since acquisition, we have agreed terms with a national retailer to occupy a new 80,000 sq ft unit to be built on a site currently occupied by Homebase
Rishworth Centre and Railway Street Retail Park, Dewsbury	Pre-planning	19,000 sq ft	• We have signed an agreement for lease with Aldi to occupy a 19,000 sq ft unit at Rishworth Centre and Railway Street Retail Park, Dewsbury, expanding an existing unit that is currently occupied by Next.

Smaller residential developments

During the year we also advanced plans on several smaller residential projects across our portfolio. In August 2019, we received planning approval from Hull City Council for the conversion of vacant office space above the Prospect Shopping Centre, Hull into 58 residential units, which we now intend to sell to a residential property developer. We also progressed planning applications for 36 residential units at The Avenue shopping centre in Newton Mearns, near Glasgow, which is under offer to a local housing developer, and 15 residential units at the Deeping Centre in Market Deeping, which is also under offer to a residential developer.

At the Newlands Shopping Centre, Witham we are producing a masterplan for the centre which would see the delivery of around 129 new residential units and are aiming to submit this to Braintree District Council in summer 2020.

We are currently working on a new residential- led masterplan with Bournemouth, Christchurch & Poole Council as part of the Council's Towns Fund bid, through which it expects to receive up to £25 million of grant funding for Boscombe Town Centre. A Memorandum of Understanding has been agreed between us and the Council to work in partnership across both parties' properties to deliver a medium to high density residential led redevelopment of the whole area.

Convenience store ('c-store') developments

To date we have delivered 26 c-stores to the Co-op, of which 18 utilised surplus land adjacent to existing pubs, three were the result of pub conversions and five were new builds on sites previously occupied by pubs. During the period we completed a c-store development at the site of the Sea View Inn in Poole, Dorset. Upon completion, the development unlocked a £275,000 performance receipt from the Co-op, which is now under offer to a private investor.

We are currently exploring further c-store opportunities on surplus land across our pub portfolio. This includes one of our sites in Glasgow, where we could deliver a scheme similar to the development at the Sea View Inn in Poole, comprising a c-store and up to 30 apartments.

Profitable capital recycling

During the year, we completed £48.4 million of disposals, reflecting a blended NIY of 5.5% and a modest 1.5% discount to March 2019 valuation. In-line with our strategy, disposals were typically of mature assets where our estimates of forward-looking returns were below target levels, assets where we believe that the risk profile has changed, or assets sold to special purchasers.

12 months to 31 March 2020	Number of transactions	Disposal price (£m)	March 2019 Valuation (£m)	Disposal vs Valuation (%)	Blended NIY (%)	Blended IRR (%)
Shopping centres	2	20.4	20.8	-2.2	7.0	4.5
Retail parks	1	1.9	1.9	-	-	5.2
High Street	2	2.4	3.1	-22.0	6.4	-10.6
Pubs and pub land	30	8.1	7.4	+10.5	3.2	11.3
C-stores	14	15.6	16.0	-2.6	5.2	23.1
Total	**49**	**48.4**	**49.2**	**-1.5**	**5.5**	**11.1**

Finance review

Our financial performance was relatively robust during the year, against a challenging market backdrop which worsened in March 2020 with the onset of COVID-19. Underlying Funds From Operations (‘UFFO’) were £52.1 million, including lost income and provisions specifically relating to COVID-19 of £2.8 million, compared to £55.1 million in the prior year. Our IFRS loss after tax was -£121.1 million, compared to a loss of -£36.9 million in the prior year, predominantly due to a non-cash reduction in portfolio valuation of £166.9 million.

We paid three quarterly dividends of 5.4 pence per share during the year, totalling 16.2 pence. In March 2020, the decision was taken not to pay a fourth quarter dividend due to the impact of COVID-19 on the Company’s operations. We took the decision that in this time of unprecedented disruption and uncertainty, our focus should be on managing cash resources very carefully and maintaining liquidity in the business. The total dividend in respect of the year ended 31 March 2020 is therefore 16.2 pence per share, which is 105% covered by UFFO. A great deal of uncertainty still remains as to the impact of COVID-19 on our performance and so the Board has also decided not to pay a dividend in respect of the first quarter of FY21. It is our firm intention to resume dividend payments as quickly as possible, when conditions allow.

Our portfolio was valued at £1.20 billion at 31 March 2020, compared to £1.29 billion at 31 March 2019, as net acquisitions were more than offset by a -12.3% like-for-like decline in portfolio valuation. Our EPRA net asset value per share was 201 pence per share (March 2019: 261 pence), also predominantly due to a non-cash reduction in portfolio valuation, and our IFRS net assets were £610.6 million (March 2019: £796.1 million), decreased for the same reason.

Resilient balance sheet and strong liquidity position

Despite the disruption to operations caused by the COVID-19 pandemic, our balance sheet remains very well positioned, due to the hard work we completed in 2017 and 2018 to move to a fully unsecured and unencumbered capital structure. Our LTV increased from 37% at 31 March 2019 to 47%, with the majority of the increase occurring in the second half of the financial year, due predominantly to the decline in our portfolio valuation, but also due to a reduction in the rate of completed disposals in Q4 due to COVID-19. While LTV at this level remains safely below our covenant thresholds, our focus will be to improve LTV to be more in-line with our guidance of being below 40%, through disposals in FY21. We have already completed, exchanged or are under offer on £30.3 million of disposals so far in FY21. Our interest cover ratio, the other covenant common across our unsecured facilities, remains high at 3.8x, which compares to our stated policy of >2.0x, and our closest covenant of 1.75x.

Our liquidity position remains strong, and as at 31 March 2020 we had £82.1 million of cash and £45.0 million of undrawn revolving credit facilities, giving available liquidity of £127.1 million. The cash position at the year end is significantly greater than usual, because we drew an additional £50 million of our revolving credit facility in March 2020. Looking forward, in order to preserve this position, the Company is taking a prudent approach to preserving cashflow and reducing operational costs. These measures include the suspension of all non-essential capital expenditure projects, which will improve cashflow in FY21 by £24 million, and the suspension of business rates and marketing in our shopping centres and our pubs which will improve cashflow by a further £4 million.

On 1 April 2020, Fitch Ratings affirmed NewRiver’s Long-Term Issuer Default Rating (‘IDR’) at ‘BBB’ with a Stable Outlook and senior unsecured rating at ‘BBB+’. The senior unsecured rating applies to NewRiver’s £300 million senior unsecured bond dated 2028. NewRiver was also assigned a new ‘F2’ Short-Term IDR. On 29 April 2020, we received confirmation from the Bank of England that we are eligible to access £50 million of funding under the Covid Corporate Financing Facility (‘CCFF’), a joint HM Treasury and Bank of England lending facility. This facility is undrawn at this stage, but improves our available liquidity position to £177.1 million, and is available to be drawn at the Bank of England’s discretion for a tenure of up to 12 months until March 2021.

Since the UK entered lockdown in March, we have continued to monitor our liquidity position, and have undertaken detailed analysis and stress testing which demonstrates that NewRiver remains a financially sound business with a capital structure that is well placed to absorb a prolonged period of uncertainty.

Finally, we have a covenant light capital structure with all of our balance sheet assets unencumbered. There are no refinancing events until 2023 and beyond so our balance sheet is in a strong position in spite of the challenging market and its higher than guidance loan to value. This will be a key focus for the new financial year and beyond.

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 cash income returns, is UFFO. UFFO measures cash profits, which includes recurring cash profits and excludes other one-off or non-cash adjustments. 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 cash 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 profit after taxation to UFFO, which is the Company's measure of cash profits.

Reconciliation of loss after taxation to UFFO

	31 March 2020 (£m)	31 March 2019 (£m)
Loss for the year after taxation	**(121.1)**	**(36.9)**
Adjustments		
Revaluation of investment properties	162.6	88.2
Revaluation of joint ventures' investment properties	4.3	1.3
Revaluation of derivatives	2.8	3.2
(Profit) / loss on disposal of investment properties	1.8	(1.3)
Gain on bargain purchase	-	(7.0)
Deferred tax	0.5	-
Exceptional cost in relation to Hawthorn and Bravo Inns	0.4	3.0
EPRA earnings	**51.3**	**50.5**
Share-based payment charge	-	2.5
Depreciation of properties	0.8	0.8
Integration costs	-	1.3
Underlying Funds From Operations	**52.1**	**55.1**

Underlying Funds From Operations is represented on a proportionally consolidated basis in the following table. The Group has applied IFRS 16 "Leases" from 1 April 2019 which requires lessees to recognise a right-of-use asset and related lease liability representing the obligation to make lease payments. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in the statement of comprehensive income. Comparatives for the year ended 31 March 2019 have not been restated, and therefore the impact of the adoption of IFRS 16 on the UFFO figures presented for the year to 31 March 2020 is as follows:

- Property operating expenses – reduced by £3.1 million
- Administrative expenses – reduced by £0.1 million
- Net finance costs – increased by £2.9 million

- Overall UFFO impact – increased by £0.3 million

Note that in the following table, figures for the year to 31 March 2019 have been restated to reflect the adoption of IFRS 15 “Revenue from contracts with customers”. See Note 1 to the Financial Statements for further details.

	31 March 2020				31 March 2019 (restated)[2]
UNDERLYING FUNDS FROM OPERATIONS	**Group £m**	**Non-cash adjustments[1] £m**	**JVs & Associates £m**	**Proportionally consolidated £m**	**Proportionally consolidated £m**
Revenue	144.8	-	3.4	148.2	141.9
Property operating expenses	(55.0)	-	(0.3)	(55.3)	(51.4)
Net property income	**89.8**	**-**	**3.1**	**92.9**	**90.5**
Administrative expenses	(20.5)	0.8	(0.1)	(19.8)	(16.2)
Net finance costs	(24.2)	2.8	(0.6)	(22.0)	(18.7)
Taxation	0.5	0.5	-	1.0	(0.5)
Underlying Funds From Operations				**52.1**	**55.1**
UFFO per share (pence)				**17.0**	**18.1**
Ordinary dividend per share (pence)				**16.2**	**21.6**
Ordinary dividend cover				**105%**	**84%**
Admin cost ratio				14.9%	13.1%
Weighted average # shares				305.9	304.0

1. Adjustments to Group figures to remove non-cash items, principally depreciation of properties £(0.8) million, revaluation of derivatives £(2.8) million and Deferred tax £(0.5) million
2. The comparative figures for the year ended 31 March 2020 have been restated to reflect the prior year adjustment in relation to service charge. Refer to Note 1 in the notes to the financial statements for further information on the restatement.

Net property income

Analysis of retail net property income (£m)

Retail net property income for the year ended 31 March 2019	**68.6**
Surrender premia	(1.7)
Like-for-like reduction	(3.5)
Asset management fees	0.6
Completed development	0.4
Acquisitions	4.8
Disposals	(3.0)
Rent provisions	(0.9)
Other	0.2
	65.5
IFRS 16 adjustment	2.9
Retail net property income for the year ended 31 March 2020	**68.4**

On a proportionally consolidated basis, retail net property income was £68.4 million during the year, compared to £68.6 million in the year ended 31 March 2019. Excluding the impact of IFRS 16, which removed ground rent payments from property operating expenses and added £2.9 million to net property income in the year, net property income reduced to £65.5 million.

The key driver of the reduction was a £3.5 million, or 6.0% reduction in like-for-like income, of which 2.5% related to CVAs and Administrations. Over half of this decline related to just five assets, with £0.7 million relating to the Prospect Shopping Centre in Hull, where Boots vacated during the year at lease expiry, and we have since agreed a new letting to a major discounter on this unit, and £0.5 million relating to Valegate Retail Park in Cardiff, which was impacted by tenant CVAs and Administrations.

This reduction in like-for-like income was partially offset by a £0.6 million increase in asset management fee income and a £0.4 million contribution from our Canvey Island Retail Park development, which was completed in November 2018. The increase in asset management fee income reflects our increased focus on leveraging our market-leading asset management platform, by managing assets on behalf of third parties and joint venture partners. Asset management income from BRAVO, our joint venture partner, and from Canterbury City Council for our management of the Whitefriars Shopping Centre were the key contributors to this increase.

The £4.8 million of additional income from acquisitions related to the £145.2 million (NewRiver share: £74.7 million) of retail acquisitions made during the year, and the full year impact of the £35.5 million of retail acquisitions made in the prior year. This more than offset the £2.8 million reduction in net property income relating to the disposal of £24.6 million of retail assets during the year, and the £36.2 million of retail assets in the previous financial year.

Finally, retail net property income includes a £0.9 million provision required by IFRS 9 in relation to retail rents that are deemed unlikely to be received as a result of the COVID-19 lockdown.

Analysis of pub net property income (£m)

Pub net property income for the year ended 31 March 2019	**21.9**
Like-for-like increase	2.2
Hawthorn Leisure acquisition (full year)	2.3
Star Pubs & Bars acquisition (full year)	0.6
Bravo Inns acquisition (part year)	0.7
Pub, land and c-store disposals	(0.6)
Rent and stock provisions	(1.6)
COVID-19 lockdown impact	(0.8)
Other	(0.4)
	24.3
IFRS 16 adjustment	0.2
Pub net property income for the year ended 31 March 2020	**24.5**

Pub net property income was £24.5 million during the year, compared to £21.9 million in the year to 31 March 2019, principally due to an increase in like-for-like EBITDA per pub of 2.3% and net acquisition activity.

On 16 March 2020, in response to the COVID-19 pandemic, the UK Government advised the UK public against “non-essential” travel and suggested people should avoid pubs, clubs, theatres and work from home if possible. On 20 March 2020, the UK Government announced the immediate closure of all cafes, pubs, bars and restaurants across all the formations of the United Kingdom. Our pubs were therefore unable to trade for the final two weeks of our financial year, leading to a loss of £0.8 million of income across our portfolio of 720 pubs. Our like-for-like EBITDA per pub of +2.3% reflects the impact of COVID-19, and was +5.9% excluding the final month of the year. In addition, pub net property income includes a provision of £1.6 million, predominantly in relation to rent unlikely to be collected and stock wastage, required by IFRS 9 and as a consequence of COVID-19.

The acquisition of Hawthorn Leisure was completed in May 2018, and therefore the current year benefited from a full 12 months of ownership, compared to 10 months in the comparative period. In addition, prior to the Hawthorn Leisure acquisition, the management of the Trent and Mantle portfolios had been outsourced to a 3rd party specialist manager, the cost of which was included within net property income. Our entire pub portfolio migrated onto the Hawthorn Leisure management platform in January 2019, and therefore the associated staff and other management costs are now included within administrative expenses.

We received a £0.6 million uplift from the acquisition of a portfolio of 76 pubs from Star Pubs & Bars in December 2018, and an additional £0.7 million from the acquisition of Bravo Inns in December 2019, comprising a portfolio of 44 operator managed pubs.

Disposals in the pub portfolio reduced net property income by £0.6 million, comprising the sale of 33 pubs and pieces of pub land during the previous financial year and 30 in the year to 31 March 2020.

Administrative expenses

Administrative expenses were £19.8 million, compared to £16.2 million in the previous year, with £0.9 million of this increase due to the fact that the Hawthorn Leisure business was acquired partway through the previous financial year.

A further £1.5 million of the cost increase was because since January 2019 the entire pub portfolio, including the existing Trent and Mantle portfolios, has been managed by the Hawthorn Leisure platform. Prior to this, the management of the Trent and Mantle portfolios had been outsourced to a 3rd party specialist manager, the cost of which was included within net property income, rather than administrative expenses. Therefore, the £1.5 million increase in administrative expenses is offset by a £1.5 million increase in net property income, which is included within the "Hawthorn Leisure acquisition" category in the Analysis of pub net property income table. The acquisition of Hawthorn Leisure and the in-housing of the management of the pub portfolio also increased the administrative expenses ratio from 13.1% to 14.9%, reflecting the operational nature of the pub business.

Net finance costs

The increase in net finance costs from £18.7 million in the prior year to £22.0 million is primarily due to the impact of IFRS 16, which added £2.9 million to net finance costs. In addition, we drew £125 million or our revolving credit facility during the year, including a £50 million drawn down in March 2020 to increase our cash position to £82.1 million in light of the COVID-19 pandemic.

Taxation

As a REIT we are exempt from UK corporation tax in respect of our qualifying UK property rental income and gains arising from disposal of exempt property assets. The majority of the Group's income is therefore tax free as a result of its REIT status. Our REIT exemption does not extend to profits arising from the margin made on the sale of drinks within the pub portfolio and other sources of income. There was a tax credit of £1.0 million during the year, refunding surplus payments on account made in FY19.

Dividends

	Paid in FY20 (pence)	**Declared in relation to FY20 (pence)**
	Ordinary	**Ordinary**
FY19 Q4	5.4	-
FY20 Q1	5.4	5.4
FY20 Q2	5.4	5.4
FY20 Q3	5.4	5.4
Total	**21.6**	**16.2**

As announced on 19 March 2020, the Board took the decision not to declare a fourth quarter dividend for the year ended 31 March 2020, due to uncertainty around the impact of COVID-19 on the Company's operations. The total dividend declared in relation to the year ended 31 March 2020 is therefore 16.2 pence, a 25% reduction on the prior year.

As a consequence of the decision not to declare a fourth quarter dividend, ordinary dividend cover, calculated with reference to UFFO, improved to 105% in the year, from 84% in the prior year. Ordinary dividend cover is one of our five key Financial Policies which are explained in the 'Financial Policies' section of this review.

A great deal of uncertainty still remains as to the impact of COVID-19 on our performance and so the Board has also decided not to pay a dividend in respect of the first quarter of FY21. It is our firm intention to resume dividend payments as quickly as possible, when conditions allow.

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 continued to meet these conditions in FY20, and we intend to continue as a REIT for the foreseeable future.

Balance sheet

EPRA net assets 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 2020			As at 31 March 2019 (restated)[1]
	Group £m	**JVs & Associates £m**	**Proportionally consolidated £m**	**Proportionally consolidated £m**
Properties at valuation	1,157.3	39.8	1,197.1	1,288.4
Right of use asset	87.2	-	87.2	-
Investment in JVs & associates	23.0	(23.0)	-	-
Other non-current assets	1.4	1.5	2.9	1.9
Cash	80.8	1.3	82.1	27.6
Other current assets	27.4	0.5	27.9	34.5
Total assets	1,377.1	20.1	1,397.2	1,352.4
Other current liabilities	(46.9)	(3.0)	(49.9)	(51.4)
Lease liability	(86.3)	-	(86.3)	-
Debt	(628.6)	(17.1)	(645.7)	(502.7)
Other non-current liabilities	(4.7)	-	(4.7)	(2.2)
Total liabilities	(766.5)	(20.1)	(786.6)	(540.9)
IFRS net assets	**610.6**	**-**	**610.6**	**796.1**
EPRA adjustments:				
Warrants in issue			-	0.4
Unexercised employee awards			-	1.3
Deferred tax			2.1	1.6
Fair value derivatives			2.7	(0.1)
EPRA net assets			**615.4**	**799.3**
EPRA NAV per share			**201p**	**261p**
IFRS net assets per share			**199p**	**261p**
LTV			**47%**	**37%**

1. The comparative figures for the year ended 31 March 2020 have been restated to reflect the prior year adjustment in relation to service charge. Refer to Note 1 in the notes to the financial statements for further information on the restatement.

Net assets

At year end, IFRS net assets were £610.6 million (March 2019: £796.1 million). The reduction was primarily due to a -12.3% like-for-like decrease in portfolio valuation.

EPRA NAV is calculated by adjusting net assets to reflect the potential impact of dilutive ordinary shares, and to remove the fair value of any derivatives held on the balance sheet. These adjustments are made with the aim of improving comparability with other European real estate companies. EPRA NAV decreased by 23% to £615.4 million, from £799.3 million at 31 March 2019. EPRA NAV per share decreased by 23% to 201 pence per share at 31 March 2020 compared to 261 pence per share at 31 March 2019. The decrease in EPRA NAV and EPRA NAV per share is primarily due to the -12.3% like-for-like decrease in portfolio valuation.

Properties at valuation

Properties at valuation was £1,197.1 million at 31 March 2020, compared to £1,288.4 million at 31 March 2019, as increased acquisition activity was more than offset by a -12.3% like-for-like decline in valuations.

Net debt & financing

Analysis of movement in proportionally consolidated net debt (£m)

	As at 31 March 2020		
	Group	**JVs & Associates**	**Proportionally consolidated**
Net debt at 31 March 2019	**475.6**	**(0.5)**	**475.1**
Operating activities			
Net cash inflow from operating activities	(43.5)	(2.8)	(46.3)
Dividends received from joint ventures	(2.0)	2.0	-
Investing activities			
Investment in JV & associate assets	16.6	17.1	33.7
Purchase of investment properties	44.1		44.1
Purchase of Bravo Inns	18.0		18.0
Disposal of investment properties	(50.7)		(50.7)
Purchase of plant and equipment	10.1		10.1
Development and other capital expenditure	14.1		14.1
Financing activities			
Ordinary dividends paid	63.8		63.8
Other	1.7	-	1.7
Net debt at 31 March 2020	**547.8**	**15.8**	**563.6**

Proportionally consolidated net debt increased by £88.5 million over the year to £563.6 million, primarily as a result of our investment activity. Operating activities generated a net cash inflow of £46.3 million, compared with UFFO of £52.1 million.

As part of our disposal programme, we received cash proceeds of £50.7 million, which was more than offset by deployment of capital of £77.8 million to fund investment property acquisitions and £18.0 million to fund the acquisition of Bravo Inns The purchase of plant and equipment and the development and other capex contributed a further £10.1 million and £14.1 million respectively. The payment of dividends during the year, detailed in the 'Dividends' section of this review, resulted in a net cash outflow of £63.8 million.

Financial policies

Our conservative financial policies were put in place in consultation with shareholders and form a key component of our financial risk management strategy. Our LTV increased from 37% at 31 March 2019 to 47%, with the majority of the increase occurring in the second half of the financial year, due predominantly to the decline in our portfolio valuation but also due to a reduction in the rate of completed disposals in Q4 due to COVID-19. While LTV at this level remains safely below our covenant thresholds and our stated policy, our focus will be to improve LTV to be more in-line with our guidance of being below 40%, through disposals in FY21.

	Financial policy	Proportionally consolidated 31 March 2020	31 March 2019
Net debt		£563.6m	£475.1m
Principal value of gross debt		£652.4m	£510.0m
Weighted average cost of debt[1]		3.4%	3.2%
Weighted average debt maturity[2]		5.9 yrs	6.9 yrs
Loan to value	Guidance <40% Policy <50%	47%	37%
		FY20	**FY19**
Net debt: EBITDA	<10x	7.9x	6.3x
Interest cover	>2.0x	3.8x	4.0x
Ordinary dividend cover[3]	>100%	105%	84%
		Group	
		31 March 2020	**31 March 2019**
Balance sheet gearing	<100%	90%	60%

1. Cost of debt assuming £215 million revolving credit facility is fully drawn
2. Average debt maturity assumes one-year extension options are exercised and bank approved. Excluding this option, debt maturity at 31 March 2020 is 5.3 years
3. Calculated with reference to UFFO

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 2020
Single retailer concentration	<5% of gross income	2.3% (Sainsbury's)
Development expenditure	<10% of GAV	<1%
Risk-controlled development	>70% pre-let or pre-sold on committed	100%
Pub weighting (excluding c-stores)	<30% of GAV	23%

To conclude, the Company remains profitable and cash generating, with UFFO of £52.1m. COVID-19 has had an impact on the results, both in terms of earnings, and asset valuation, and this is expected to continue in the new financial year. The cash and liquidity position of the Company is very robust and with an unsecured capital structure the balance sheet is well placed to see through the challenging market conditions. A key priority going forward is to reduce the loan to value in line with stated guidance of <40%. There are a number of levers available to the company in achieving this and our stakeholders can take confidence from the disposals we have already advanced since lockdown and the maintaining of our investment grade credit rating with Fitch Ratings with a stable outlook.

There is a lot to do and we remain focused on delivering value to shareholders including reinstating the dividend and improving balance sheet metrics via a lower LTV. Our capital structure provides a high degree of flexibility and time to be able to implement our strategies.

Mark Davies
Chief Financial Officer
18 June 2020

Principal risks and uncertainties

Our approach to risk management

There are multiple risks that exist in our business, and effective risk management is key to the delivery of our strategy and operation of our business model. The Board has ultimate responsibility for the risk management and internal controls of the Company, and regularly evaluates our appetite for risk, ensuring our exposure to risk is kept at an appropriate level.

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 monitoring of risk management, ensuring it is embedded within the Company's culture and values, and delegation of accountability for risk management to senior management. Senior Management manage and report on risk, ensuring that they are within the risk appetite as established by the Board.

Key features of the risk management policy:

- Ongoing analysis and review of the risk register
- Delegation of accountability for each risk
- Use of external advisors regarding risk impacts
- Quarterly reporting and exposure analysis
- Training of employees and outsourced staff on policies and regulations

Risk appetite

There are multiple risks that could impact our ability to successfully execute our strategy. The Board operates a low tolerance for risk, most notably within regulatory, financial and strategic matters. The Company is prepared to operate in an external environment which is inherently risky, and our experienced leadership team continuously works to mitigate the risks arising from the external environment.

Significant factors which contribute to the low risk of our business include:

- We maintain 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
- Our disciplined approach to stock selection
- Deploying capital in joint ventures, thereby diversifying risk
- A diverse tenant base in which there is no single tenant exposure of more than 3%
- Our experienced Board and senior management

Risk monitoring and assessment

The identification of risks is a continual process which is reviewed regularly. 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 and the appetite as described above.

The risk register assesses the impact and likelihood of each identified risk. Where the residual risk is deemed too high by the Board then actions are taken to further mitigate the risk, and each action is assigned to an individual or group. A risk heat map is used to determine the potential impact and probability of each significant risk on a gross basis prior to mitigation.

Principal risk areas are:

External risks	Internal risks
1. Macroeconomic	6. People
2. Political and regulatory	7. Financing
3. Catastrophic external event	8. Asset management
4. Climate change	9. Development
5. Changes in technology and consumer habits	10. Acquisition
	11. Disposal

Risk assessment during the year

The general environment in which the Company operates became riskier in the year ended 31 March 2020. This was largely due to uncertainty associated with the impact of the COVID-19 pandemic, the deterioration in the UK retail market, and continued political and economic uncertainty relating to the UK's departure from the EU.

External Risks

Risk and impact	Monitoring and management	Change in risk assessment during the year
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. • 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 and wet-led pubs. • 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 **increased** during the year and is considered a **medium to high impact** risk with a **medium to high likelihood.** • The outlook for the UK was weakened by uncertainty surrounding Brexit negotiations and then the economic impact of the COVID-19 pandemic. • The uncertainty around the impact of the COVID-19 pandemic has resulted in sharp declines in asset valuations, which has narrowed the headroom on some of our debt covenants.
2. Political and regulatory Changes in UK Government policy, the adverse effects of Brexit on our tenants, or the impact of political uncertainty on the 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.	• Political and regulatory risk has **increased** during the year and is considered a **medium to high impact** risk with a **medium to high likelihood.** • An improvement in risk profile following the decisive UK General Election result in December 2019 has been more than offset by political uncertainty surrounding COVID-19, and the prospect of a no-deal Brexit. • We have carried out extensive scenario testing based on potential political and regulatory responses to lifting the current lockdown, and taken steps to ensure we are able to respond in each scenario.
3. Catastrophic external event An external event such as civil unrest, a civil emergency including a large-scale terrorist attack or pandemic, or a cyber-attack, could severely disrupt global markets and cause damage and disruption to our assets. This risk has been added in response to unprecedented disruption caused by the COVID-19 pandemic.	• The Board have 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 at 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 **increased** during the year and is considered a **high impact** risk with a **medium likelihood**. • The impact of the COVID-19 has caused unprecedented economic and operational disruption. We mitigated the impact through our portfolio positioning focused on essential goods and services, our cash position and liquidity, and our active approach to asset management. • COVID-19 has also demonstrated the effectiveness of home working for the business, which will ensure preparedness for further restrictions to accessing our assets • The Board will review the Company's response to the COVID-19 pandemic and make any necessary amendments to our crisis response plan.

4. Climate change Adverse impacts from environmental incidents such as extreme weather or flooding could impact the operation of our assets. A failure to comply with changes in climate change regulations, or to meet our Environmental, Social and Governance ('ESG') targets, could cause reputational damage.	• 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 our standalone ESG 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 regularly assess assets for environmental risk and ensure sufficient insurance is in place to minimise the impact of environmental incidents. • ESG performance is independently reviewed by our external environmental consultants, and our performance is measured against applicable targets and benchmarks.	• Climate change risk has **increased** during the year and is considered a **low to medium impact** risk with a **low to medium likelihood**. • 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 year, for example through the implementation of the European Energy Efficiency Directive. • Our ESG committee pre-empted these changes, and our initiatives and disclosure continue to evolve in-line with best practice.
5. Changes in technology and consumer habits 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. • We closely assess the latest trends reported by Mintel, 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 community wet-led pubs perform an important social and societal function, providing experiences which cannot be replicated online. • Our retail parks are ideally positioned to help retailers with their multi-channel retail strategies. • The alternative use valuation of our portfolio shows we have optionality in realising value from assets which do not have a future as retail assets.	• Changes in technology and consumer habits risk has remained **stable** during the year and is considered a **medium impact** risk with a **low to medium likelihood.** • Although COVID-19 lockdown restrictions have significantly increased home working and online shopping, we expect much of this to unwind upon easing of the restrictions. • During the year, our acquisition focus has been on retail parks, which are ideally suited to click & collect, and we have worked closely with retailers as they reshape their physical store portfolios.

Internal Risks

Risk and impact	Monitoring and management	Change in risk assessment during the year
6. 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 extensive Employee Engagement 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.	• People risk has remained **stable** during the year and is considered a **low to medium impact** risk with a **low to medium likelihood**. • It remains a challenging operating environment for the Company, which could present some issues in attracting and retaining talent, but this impact is mitigated by an active employee engagement programme and the alignment of reward with both individual and Company-level performance

7. 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. • Weekly working capital and cash flow analysis is reviewed by the Executive Committee. • Our credit rating is independently assessed by Fitch Ratings every six months	• Financing risk has **increased** during the year and is considered a **high impact** risk with a **low to medium likelihood**. • Although macroeconomic developments, particularly in the wake of COVID-19 have impacted financial markets, the strength of the Company's balance sheet, and the results of our extensive scenario testing, and stress-testing of headroom, means we have significantly mitigated the risk of not being able to secure sufficient financing. • On 1 April 2020, Fitch Ratings affirmed NewRiver's Long-Term IDR at 'BBB' with a Stable Outlook and senior unsecured rating at 'BBB+'.
8. 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 twice yearly. • 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 weekly by the Executive Committee	• Asset management risk has **increased** during the year and is considered a **medium impact** risk with a **medium likelihood.** • The COVID-19 pandemic has placed significant restrictions on the operations of our occupiers and therefore impacted performance and rent collection at our assets. • Our COVID-19 response has focused on supporting occupiers and ensuring businesses can emerge from the crisis in robust financial shape.
9. 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 (typically at least 70% of assets). • All development is risk-controlled and forms only 5% 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.	• Development risk has remained **stable** through the year and is considered a **low to medium impact risk** with a **low likelihood**. • Although the COVID-19 pandemic has brought delays to many development projects, they remain a small part of our portfolio and committed capex is low. • Our largest developments, which include regeneration schemes in Burgess Hill and Cowley, Oxford, are driven by key trends which are likely to re-emerge after the immediate impacts of COVID-19 ease.
10. 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. • Acquisitions are subject to approval by the Board and Executive Committee, who are highly experienced in the retail and pub real estate sectors. • Our strategy is to acquire predominantly in joint ventures, thereby sharing risk. • 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 any impact of underperformance	• Acquisition risk has remained **stable** through the year and is considered a **low to medium impact risk** with a **low likelihood**. • Market dislocation as a result of retail sector challenges and political uncertainty has provided significant opportunities to acquire high-quality assets at lower prices, reducing the risk of future underperformance.
11. 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 and pub real estate sectors. • 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 remained **increased** during the year but remains a **low to medium impact risk** with a **low likelihood**. • Political uncertainty and the onset of COVID-19 in March 2020 has increased market uncertainty, causing some purchasers to reconsider or delay acquisition decisions • Our portfolio focus means that our assets are viewed as resilient regardless of wider market uncertainty.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2020

	Notes	Operating and financing 2020 £m	Fair value adjustments 2020 £m	Total 2020 £m	Operating and financing (restated)* 2019 £m	Fair value adjustments 2019 £m	Total (restated)* 2019 £m
Revenue	4	144.8	-	144.8	140.2	-	140.2
Property operating expenses**	5	(55.0)	-	(55.0)	(51.2)	-	(51.2)
Net property income		89.8	-	89.8	89.0	-	89.0
Administrative expenses	6	(20.5)	-	(20.5)	(19.4)	-	(19.4)
Acquisition and integration costs	6	(0.4)	-	(0.4)	(3.3)	-	(3.3)
		(20.9)	-	(20.9)	(22.7)	-	(22.7)
Share of income/(loss) from joint ventures	13	2.0	(3.9)	(1.9)	0.8	(1.3)	(0.5)
Share of income/(loss) from associates	14	0.1	(0.4)	(0.3)	-	-	-
Net valuation movement	12/16	-	(162.6)	(162.6)	-	(88.2)	(88.2)
(Loss)/profit on disposal of investment properties	7	(1.5)	-	(1.5)	0.9	-	0.9
Operating profit/(loss)		69.5	(166.9)	(97.4)	68.0	(89.5)	(21.5)
Gain on bargain purchase		-	-	-	-	7.0	7.0
Finance income	8	0.1	-	0.1	-	-	-
Finance costs	8	(24.3)	-	(24.3)	(21.9)	-	(21.9)
Profit/(loss) for the year before taxation		45.3	(166.9)	(121.6)	46.1	(82.5)	(36.4)
Taxation	9	1.0	(0.5)	0.5	(0.5)	-	(0.5)
Profit/(loss) for the year after taxation		46.3	(167.4)	(121.1)	45.6	(82.5)	(36.9)

	Notes	2020 £m	2019 £m
Loss for the year after taxation		(121.1)	(36.9)
Other comprehensive income			
Revaluation of property, plant and equipment		(1.0)	1.2
Total comprehensive loss for the year		(122.1)	(35.7)
(Loss)/earnings per share			
Basic (pence)	10	(39.6)	(12.1)
Diluted (pence)	10	(39.6)	(12.1)

All activities derive from continuing operations of the Group.

*The comparative figures for the year ended 31 March 2020 have been restated. Refer to Note 1 for further information on the restatement.

**Included in property operating expenses is a £2.5 million (2019: £0.3 million) of expected credit loss relating to tenant debtors.

The notes on pages 36 to 64 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 March 2020

	Notes	2020 £m	2019 £m (restated)*	2018 £m (restated)*
Non-current assets				
Investment properties	12	1,185.6	1,254.1	1,227.2
Right of use asset		3.9	-	-
Investments in joint ventures	13	22.1	7.6	8.5
Investments in associates	14	0.9	-	-
Property, plant and equipment	16	56.2	28.1	1.0
Goodwill	15	0.2	-	-
Derivative financial instruments	18	-	0.7	3.3
Total non-current assets		1,268.9	1,290.5	1,240.0
Current assets				
Trade and other receivables	17	26.7	34.6	45.4
Current taxation asset		0.7	-	-
Derivative financial instruments	18	-	-	0.1
Cash and cash equivalents	19	80.8	27.1	115.8
Total current assets		108.2	61.7	161.3
Total assets		1,377.1	1,352.2	1,401.3
Equity and liabilities				
Current liabilities				
Trade and other payables	20	46.8	50.9	49.7
Lease liability		0.7	-	-
Derivative current liabilities	18	0.1	-	-
Current taxation liabilities		-	0.3	2.1
Total current liabilities		47.6	51.2	51.8
Non-current liabilities				
Derivative financial instruments	18	2.6	0.6	0.1
Deferred tax liability	9	2.1	1.6	-
Lease liability		85.6	-	-
Borrowings	21	628.6	502.7	457.0
Total non-current liabilities		718.9	504.9	457.1
Net assets		610.6	796.1	892.4
Equity				
Share capital	23	3.1	3.1	3.0
Share premium	23	227.4	225.0	223.3
Merger reserve	23	(2.3)	(2.3)	(2.3)
Retained earnings	23	382.4	570.3	668.4
Total equity		610.6	796.1	892.4
Net Asset Value (NAV) per share (pence)				
EPRA	10	201p	261p	292p
Basic	10	199p	261p	294p
Diluted	10	199p	261p	293p

The notes on pages 36 to 64 form an integral part of these financial statements.

*The comparative figures for the year ended 31 March 2020 and the year ended 31 March 2019 have been restated. Refer to Note 1 for further information on the restatement.

The financial statements on pages 32 to 35 were approved by the Board of Directors on 18 June 2020 and were signed on its behalf by:

Allan Lockhart   Mark Davies
Chief Executive   Chief Financial Officer
NewRiver REIT plc
Registered number: 10221027

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2020

	2020 £m	2019 £m
Cash flows from operating activities		
Loss for the year before taxation	(121.6)	(36.4)
Adjustments for:		
Loss/(profit) on disposal of investment property	1.5	(0.9)
Gain on bargain purchase	-	(7.0)
Net valuation movement	163.0	88.2
Net valuation movement in joint ventures	3.9	1.3
Net valuation movement in associates	0.4	-
Share of income from joint ventures	(2.0)	(0.8)
Share of income of associates	(0.1)	-
Net interest expense	18.7	18.7
Rent free lease incentives	(2.1)	(2.1)
Movement in provision for bad debts	2.5	0.6
Amortisation of legal and letting fees	(0.2)	0.3
Depreciation on property plant and equipment	1.2	1.0
Share based-payment expense	-	2.5
Net movement from fair value of derivatives	2.7	3.2
Cash generated from operations before changes in working capital	67.9	68.6
Changes in working capital		
Decrease in trade and other receivables	(1.7)	(4.7)
(Decrease) / increase in payables and other financial liabilities	(5.0)	(10.3)
Cash generated from operations	61.2	53.6
Interest paid	(17.7)	(16.3)
Corporation tax paid	-	(2.1)
Dividends received from joint ventures	2.0	0.4
Net cash generated from operating activities	45.5	35.6
Cash flows from investing activities		
Interest income	0.1	-
Investment in joint ventures assets	(15.4)	-
Investment in associate assets	(1.2)	-
Purchase of investment properties	(44.1)	(51.5)
Business combinations, net of cash acquired	(6.3)	(46.7)
Disposal of investment properties	50.7	78.7
Development and other capital expenditure	(14.1)	(24.6)
Purchase of plant and equipment	(10.1)	(0.7)
Net cash used in investing activities	(40.4)	(44.8)
Cash flows from financing activities		
Repayment of bank loans	(48.7)	(78.6)
New borrowings	161.9	62.4
Repayment of principal portion of lease liability	(0.8)	-
Purchase of derivatives	-	(0.2)
Dividends paid – ordinary	(63.8)	(63.1)
Net cash generated/(used in) from financing activities	48.6	(79.5)
Cash and cash equivalents at beginning of the year	27.1	115.8
Net increase / (decrease) in cash and cash equivalents	53.7	(88.7)
Cash and cash equivalents at 31 March	80.8	27.1

The notes on pages 36 to 64 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

	Notes	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings and other reserves £m	Total £m
As at 31 March 2018		3.0	223.3	(2.3)	668.4	892.4
Loss for the year after taxation		-	-	-	(36.9)	(36.9)
Revaluation of property, plant and equipment		-	-	-	1.2	1.2
Total comprehensive income for the year		-	-	-	(35.7)	(35.7)
Transactions with equity holders						
Net proceeds from issue of shares	23	0.1	1.7	-	-	1.8
Share-based payments		-	-	-	2.5	2.5
Dividends paid	11	-	-	-	(64.9)	(64.9)
As at 31 March 2019		3.1	225.0	(2.3)	570.3	796.1
Loss for the year after taxation		-	-	-	(121.1)	(121.1)
Revaluation of property, plant and equipment	16	-	-	-	(1.0)	(1.0)
Total comprehensive loss for the year		-	-	-	(122.1)	(122.1)
Transactions with equity holders						
Net proceeds from issue of shares	23	-	2.4	-	-	2.4
Share-based payments		-	-	-	-	-
Dividends paid	11	-	-	-	(65.8)	(65.8)
As at 31 March 2020		3.1	227.4	(2.3)	382.4	610.6

The other reserves included within retained earnings and other reserves relates to £0.2 million profit (2019: £1.2 million profit) on revaluation of property, plant and equipment, which is non-distributable.

The notes on pages 36 to 64 form an integral part of these financial statements.

NOTES TO THE 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 its' registered office of the Company is 16 New Burlington Place, London, W1S 2HX.

The consolidated financial statements have been approved for issue by the Board of Directors on 18 June 2020.

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, other than where new policies have been adopted.

Basis of preparation

In light of the significant impact of Covid-19 on the UK economy, and the retail and leisure sectors in which the Group and Company operates, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Group's and Company's financial statements for the year ended 31 March 2020. The Group's and Company's going concern assessment considers the Group's and Company's principal risks, identified on pages 28-31 of this document, and is dependent on a number of factors, including cashflow & liquidity, continued access to borrowing facilities and the ability to continue to operate the Group's and Company's unsecured debt structure within its financial covenants. The Group's 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 consists of £380 million of unsecured bank facilities and a £300 million unsecured corporate bond with the earliest expiry date being August 2023. The debt has a number of financial covenants that the Group is required to comply with including an LTV covenant of less than 60%, and a 12 month historical interest cover ratio of more than 1.75x, and both sources of unsecured financing have cure provisions in the event of a breach.

The going concern assessment is based on a 12 month outlook from the date of the approval of these financial statements, using the Group's three year forecast updated for the impact of Covid-19. This forecast is based on a reasonable worst case scenario, which includes the following key sensitivities:

- A further 20% blended reduction in capital values across the portfolio, in addition to the 12% recorded in the year ended 31 March 2020
- 30% reduction in net income from our retail portfolio, including agreed deferments, on the basis that 52% of rents relating to Q1 of the year ended 31 March 2021 were collected at the time of reporting
- 70% reduction in net income from our pub portfolio, phased as 100% reduction in Q1 FY20, improving to a 40% reduction in Q4
- £100m of disposal proceeds in FY21, completed at a significant discount to 31 March 2020 book values
- No new financing is assumed, but existing facilities are presumed to remain available (earliest expiry August 2023)

Under this scenario, the Group and Company is forecast to maintain sufficient cash & liquidity resources, and remain compliant with its financial covenants. Further sensitivity analysis was performed on this scenario, including removing all assumed disposals, assuming a more significant valuation decline and a lower income collection rate. Even applying this sensitivity analysis, the Group and Company maintains sufficient cash and liquidity reserves to continue in operation throughout the going concern assessment period.

Based on the consideration above, the Board believes that the Group and Company has the ability to continue in business at least 12 months from the date of approval of the financial statements for the year ended 31 March 2020 and therefore have adopted the going concern basis in the preparation of this financial information.

Statement of compliance

The Group has restated its prior year comparatives to reflect management's conclusion that they are principal in the provision of service charge rather than agent. Management deem themselves as principal in the transaction as they control the provision of service charge before it is transferred on to the customer. The effect of this on the Consolidated Statement of Comprehensive Income is an increase in revenue and property operating expenses of £16.6 million and an increase in trade and other receivables and trade and other payables of £15.4 million. Included in the trade and other receivables balance is a restricted monetary asset of £9.3 million which relates to cash balances which legally belong to the Group but 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 balance sheet. The net effect of this amendment on the profit / (loss) after tax, basic EPS, diluted EPS and net assets is £nil.

The amortisation of tenant incentives and letting costs of £1.5 million have also been offset against revenue rather than property operating expenses. The net effect of this amendment on the profit / (loss) after tax, basic EPS, diluted EPS and net assets is £nil.

Cash flow statement

The Group has reported the cash flows from operating activities using the indirect method. Interest received is presented within investing cash flows; interest paid is presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities 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 using the equity method of accounting per IFRS 11. The financial statements for the year ended 31 March 2020 have been prepared on the historical cost basis, except for the revaluation of investment properties, the revaluation of property, plant and equipment and derivatives which are held at fair value through profit and loss. The financial statements have also been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC), and therefore comply with article 4 of the EU IAS regulation, and in accordance with the Companies Act 2006. In the current financial year the Group has adopted a number of minor amendments to standards effective in the year issued by the IASB and endorsed by the EU, none of which have had a material impact on the Group. 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 2019.

Changes in accounting policy and disclosures

IFRS 16 Leases

The Group has applied *IFRS 16 Leases* from 1 April 2019 which requires lessees to recognise a right-of-use asset and related lease liability representing the obligation to make lease payments. Interest expense on the lease liability and depreciation on the right-of-use asset ('ROU') will be recognised in the statement of comprehensive income.

In accordance with the transition provisions in IFRS 16, the new rules have been adopted retrospectively, with the cumulative effect of initially applying the new standard recognised on 1 April 2019. Comparatives for the year ended 31 March 2019 have not been restated.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. The payments made under the operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

The Group holds two types of leases.

- Head leases: A number of the investment properties and managed houses held as property, plant and equipment 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.

In applying IFRS 16 for the first time, the Group has also adopted the practical expedients relating to short term leases where the total lease term is less than or equal to 12 months, and low value assets of less than £3,000 which allow these to be expensed through the income statement.

The balance sheet impact of recognising the lease liability and associated ROU asset upon adoption at the 1 April 2019 and subsequently at 31 March 2020 is set out below.

	1 April 2019 £m	31 March 2020 £m
Right of use asset (Investment property)	83.5	83.3
Right of use asset (Property, plant and equipment)	3.6	3.9
Current lease liability	0.7	0.7
Non-current lease liability	86.4	85.6

As the head leases meet the definition of investment property, it is initially recognised in accordance with IFRS 16, and then subsequently accounted for as investment property in accordance with IAS 40 and the Group's accounting policy. After initial recognition the ROU head lease asset is subsequently carried at fair value and the valuation gains and losses recognised within net valuation movement in the income statement.

The ROU asset in relation to the head office lease has been recognised as property, plant and equipment. After initial recognition the ROU head office asset is depreciated on a straight-line basis over the period of the lease.

Impact on earnings per share from the adoption of IFRS 16:
The impact of applying IFRS 16 for the year to 31 March 2020 is set out below:

	31 March 2020 Pre IFRS 16 £m	IFRS 16 Adjustment £m	31 March 2020 Post IFRS 16 £m
Property operating expenses	58.1	(3.1)	55.0
Administrative expenses	30.0	(0.1)	20.9
Finance costs	21.4	2.9	24.3

As shown above, for the year ended 31 March 2020, property operating expenses of £3.1 million which would have been recognised under IAS 17 have been replaced with an increase in finance costs of £2.9 million and a decrease in administrative expenses due to depreciation of the right of use asset of £0.1 million, under IFRS 16. The expense relating to low value assets which have not been recognised under

IFRS 16 was £0.1 million and the expense relating to variable lease payments not included in the measurement of lease liabilities was £nil million. The total cash outflow in relation to lease commitments for the year was £3.4 million.

Lease liability maturity table

	2020 £m
Within one year	0.7
One to two years	0.7
Two to five years	2.1
After five years	82.8
	86.3

The difference between the operating ground lease commitments disclosed applying IAS 17 as at 31 March 2020 and the lease liabilities recognised in the consolidated statement of financial position at the date of initial application is detailed as follows:

	2020 £m
Within one year	3.4
One to two years	3.4
Two to five years	10.2
After five years	256.7
	273.7
Effect of discounting	(187.4)
Present value of lease liabilities as at 31 March 2020	86.3

New accounting polices

The Group's new accounting policies for leases under IFRS 16 and the restatement in respect of service charge income and expenses is set out below.

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 at 3.2% 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 are included in the heading Property, plant and equipment, and the lease liability included in the headings current and non- current Trade and other payables on the balance sheet.

Where the ROU asset relates to land or property that meets the definition of investment property under IAS 40, after initial recognition the ROU asset is subsequently accounted for as investment property and carried at fair value (see Investment properties accounting policy). Valuation gains and losses in a period are taken to the Income Statement.

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 income statement on a straight-line basis over the lease term.

Revenue recognition

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 the IFRS 15. However, the standard applies to service charge income. Under IFRS 15, the company needs to consider the agent versus principal guidance. The company 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 company has deemed itself to be principal and therefore the consolidated statement of comprehensive income and the consolidated balance sheet have been amended to reflect service charge income, expenses, trade and other receivables and trade and other payables.

The managed pub income and turnover related rent have also been disaggregated for clearer presentation and the accounting policies for each of these revenue streams is set out below:

Service charge income

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

Turnover related rent

Turnover related rent relates to the margin earnt on the sale of wet products and is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business.

Managed pub income

Managed pub income relates to income received in the pub business relating to food, drinks and machine income. The revenue from drink and food is recognised at the point at which the goods are provided. The revenue earned from machines is recognised in the period in which it relates.

Rental income

Rental 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 accounting 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.

In the Group's pub business, revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Asset management fees

Management fees are recognised in the 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.

Promote payments

The Group is contractually entitled to receive a promote payment should the returns from a joint venture to the joint venture 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 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 it is highly probable that the associated revenue will not reverse.

Other standards

The Group has considered amendments to standards endorsed by the European Union effective for the current accounting period and determined that these do not have a material impact on the consolidated financial statements of the Group. These amendments include, amendments to IFRS 9 (prepayments features), IAS 28 (long term interests), IAS 19 (plan amendments) and IFRIC 23.

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

Amendments to IFRS 3 (Business Combinations) is effective for financial years commencing on or after 1 January 2020. The amendments relate to changes in the criteria for determining whether an acquisition is a business combination or an asset acquisition. These amendments will be applied to any future business combinations.

Amendments to IFRS 9 (Financial Instruments) is effective for financial years commencing on or after 1 January 2020. The amendments offer relief in meeting the criteria for hedge accounting on the transition from LIBOR to IBOR. The adoption of these amendments is not considered to have a material impact on the financial statements of the Group.

Amendments to References to the Conceptual Framework are effective for financial years commencing on or after 1 January 2020. The adoption of these amendments is not considered to have a material impact on the consolidated financial statements of the Group.

Amendments to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) are also effective for financial years commencing on or after 1 January 2020. The amendments will be applied to any future changes in Accounting Policy, Accounting Estimates or Errors.

Other accounting policies:

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 income statement. 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 their present condition and the sale is highly probable.

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 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.

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 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 control in order to conclude whether the Group controls the joint venture.

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.

Public houses are initially measured at cost and subsequently measured at valuation, net of depreciation and any impairment losses. 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:

- Buildings 4% on a straight line-basis or the lease term if shorter
- Fixtures and fittings 20% on a straight line-basis depending on the useful life
- IT 33% on a straight line-basis
- Freehold land and assets in the course of construction are not depreciated.

Residual value is reviewed at least at each financial year and there is no depreciable amount if residual value is the same as, or exceeds, book value.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

Lease commitments
Prior to adoption of IFRS 16 the group use to account for leases as follows:
As lessor
The cost of securing an operating lease are capitalised within the carrying amount of the related investment property and amortised over the lease term. Revenue from operating leases is recognised as per the revenue recognition policy.

As lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at 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 statement of financial position.

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. The Group's account for financial assets carried amortised cost including 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 tenant receivables and cash and cash equivalents.

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

The fair values of derivative financial assets and financial liabilities are determined as follows:

Interest rate swaps and caps are measured using the midpoint of the yield curve prevailing on the reporting date. The valuations do not include accrued interest from the previous settlement date to the reporting date. The fair value represents the net present value of the difference between the contracted rate and the valuation rate when applied to the projected balances for the period from the reporting date to the contracted expiry dates.

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.

Financial liabilities
Financial liabilities are classified at fair value through profit or loss or as other liabilities. 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 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.

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 the share capital.

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 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.

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 balance sheet.

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 balance sheet date of the number of instruments expected to vest. The fair value is recognised over the vesting period in the 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 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 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.

Finance income and costs
Finance income and costs are recognised using the effective interest rate method. The effective interest 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 exactly 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.

Service charge income and expense
Service charge income is recognised in the accounting period in which the services are rendered and the related property expenses are recognised in the period in which they are incurred.

Other standards
There are no other standards or Interpretations yet to be effective that would be expected to have a material impact on the financial statements of the Group.

2. Critical accounting judgements and estimates

The preparation of financial statements requires management to make estimates 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

Leased and tied pub classification as investment property

The Directors have exercised judgement in order to determine the appropriate classification of the leased and tied pubs as investment Property or Property plant and equipment. Under IAS40 'Investment Properties' an entity treats such a property as investment property if services provided to the occupier are insignificant to the arrangement as a whole. The Directors consider that whilst the relative proportion of wet income to lease income from a tied pub in quantitative terms is not insignificant other factors should be considered in making the assessment of whether the services provided to the tenants are insignificant. The income received by the Group in respect of the sale of wet products is higher than that which would be received by a third party providing the same services and that these pubs pay a lower fixed rent than they would without the wet product tie. This indicates the margin earned, in substance, predominantly represents turnover related rent. Accordingly, leased and tied pubs with an aggregate fair value of £219.1 million at 31 March 2020 ((31 March 2019: £212.1 million) have been classified as Investment Property. Managed houses with an aggregate value of £55.0 million at 31 March 2020 (31 March 2019: £26.9 million) have been classified as Plant, Property and Equipment.

Principal vs agent

The Group has contracts with breweries and drinks distributors for the provision of wet product to its pub tenants. In assessing whether it is appropriate to recognise revenue as principal or agent, the Directors exercise their judgement in considering the criteria included in IFRS 15 'Revenue from Contracts with Customers'. The Group is not responsible for the delivery or the quality of the wet drink product and does not take physical control or assume inventory risk in the arrangement; these factors indicate that the Group is acting as agent and the Directors have concluded that this outweighs the fact that the Group sets the pricing with the tenant and bears an element of credit risk. In considering the nature of the relationship with its pub tenants, the Directors are satisfied that the provisions of IFRS 15 indicate that the Group is not acting as principal and has therefore recognised revenue of £13.8 million (2019: £12.3 million) in the period representing only the net margin earned on wet product sales, see note 4 for further details.

Business Combinations

Management must assess whether the acquisition of property through the purchase of a corporate vehicle should be accounted for as an asset purchase or a business combination. Management exercise judgement to determine whether the assets and liabilities acquired contains processes and inputs in addition to property. On 2 December 2019, the Group acquired Bravo Inns 1 Limited and Bravo Inns 2 Limited (Bravo Inns) (see note 15). It was determined that a business had been acquired and as such the transaction would be accounted for as a business combination under IFRS 3.

Business combinations are accounted for using the acquisition method and any excess of the purchase consideration over the fair value of the net assets acquired is recognised as goodwill and if the fair value of the net asset assets is deemed to be higher than the purchase consideration then this is recognised as a bargain purchase.

The following items are ongoing areas of accounting judgement, however, significant judgment has not been required for any of these items in the current financial year.

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 managements judgement that the Group has met the REIT conditions in FY20.

Sources of estimation uncertainty

Investment property

As noted above, the Group's investment properties are stated at fair value. The assumptions and estimates used to value the properties are detailed in note 12. Small changes in the key estimates, such as the estimated future rental income, can have a significant impact on the valuation of the investment properties, and therefore a significant impact on the balance sheet and key performances measures such as Net Asset Value per share. Certain estimates require an assessment of factors not within management's control, such as overall market conditions. The third party valuers for properties recognised at 31 March 2020 include a material valuation uncertainty clause in their reports. The clause highlights significant estimation uncertainty regarding the valuation of investment property due to the Covid-19 pandemic.

Rents, ERVs, EBITDA multiples and maintainable earnings 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 12 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.

Impairment of trade receivables

As a result of Covid-19 the Group's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assumptions made, most notably around the assessment over the likelihood of tenants having the ability to pay rent as demanded, as well as the likelihood of rent deferrals and rent frees being offered to tenants as a result of the pandemic. The expected credit loss which has been recognised is therefore subject to a degree of uncertainty which may not prove to be accurate given the uncertainty caused by Covid-19.

3. Segmental reporting

The Group's operations are organised into two operating segments, being investment in retail property and in pubs. The retail investments comprise shopping centres, retail warehouses and high street stores. The pub investments consist of community public houses. All of the Group's operations are in the UK and therefore no geographical segments have been identified.

The relevant gross revenue, net rental income and property and other assets, being the measures of segment revenue, segment result and segment assets used by the management of the business, are set out below. The results include the Group's share of assets and results from properties held in joint ventures and associates.

Segment revenues and result	2020			2019		
	Retail	Pubs	Group	Retail (restated)	Pubs	Group (restated)
	£m	£m	£m	£m	£m	£m
Property rental and related income	76.8	13.6	90.4	79.3	13.5	92.8
Managed pub income	-	22.5	22.5	-	16.2	16.2
Turnover related rent	-	13.8	13.8	-	12.3	12.3
Service charge income	16.9	-	16.9	16.6	-	16.6
Amortisation of tenant incentives and letting costs	(1.5)	-	(1.5)	(1.3)	(0.5)	(1.8)
Asset management fees	0.9	-	0.9	0.3	-	0.3
Surrender premiums and commissions	1.8	-	1.8	3.3	0.5	3.8
Segment revenue	94.9	49.9	144.8	98.2	42.0	140.2
Service charge expense	(21.1)	-	(21.1)	(21.0)	-	(21.0)
Ground rent	-	-	-	(2.9)	-	(2.9)
Rates	(2.3)	(1.1)	(3.4)	(2.2)	(0.7)	(2.9)
Other property operating expenses	(6.2)	(24.3)	(30.5)	(5.0)	(19.4)	(24.4)
Property operating expenses	(29.6)	(25.4)	(55.0)	(31.1)	(20.1)	(51.2)
Segment result	65.3	24.5	89.8	67.1	21.9	89.0
Administrative expenses			(20.5)			(19.4)
Share of joint ventures' and associates' profit after tax			(2.2)			(0.5)
Acquisition and integration costs			(0.4)			(3.3)
Net valuation movement			(162.6)			(88.2)
(Loss) / profit on disposal of investment properties			(1.5)			0.9
Finance income			0.1			-
Finance costs			(21.5)			(18.7)
Gain on bargain purchase			-			7.0
Revaluation of derivatives			(2.8)			(3.2)
Taxation			0.5			(0.5)
Loss for the year after taxation			(121.1)			(36.9)

Segment assets	2020				2019			
	Retail	Pubs	Unallocated	Total	Retail	Pubs	Unallocated	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Non-current assets								
Investment properties	961.2	224.4	-	1,185.6	987.0	267.1	-	1,254.1
Investments in joint ventures	22.1	-	-	22.1	7.6	-	-	7.6
Investment in associates	0.9	-	-	0.9				
Public houses	-	55.0	-	55.0	-	26.9	-	26.9
Property, plant and equipment	-	-	1.2	1.2	-	0.4	0.8	1.2
Other non-current assets	-	-	4.1	4.1	-	-	0.7	0.7
Total non-current assets				1,268.9				1,290.5
Current assets								
Trade and other receivables	23.5	3.2	-	26.7	28.2	6.4	-	34.6
Current taxation asset	-	-	0.7	0.7				
Cash and cash equivalents	-	-	80.8	80.8	-	-	27.1	27.1
Total current assets				108.2				61.6
Segment assets	1,007.7	282.6	86.1	1,377.1	1,022.8	300.8	28.6	1,352.2

4. Revenue

	2020 £m	2019 (restated) £m
Property rental and related income*	90.4	92.8
Turnover related rent	13.8	12.3
Amortisation of tenant incentives and letting costs	(1.5)	(1.8)
Surrender premiums and commissions	1.8	3.8
Rental related income	104.5	107.1
Asset management fees	0.9	0.3
Managed pub income	22.5	16.2
Service charge income	16.9	16.6
Revenue	144.8	140.2

*Included within property rental and related income is car park income of £7.4 million (2019: £7.1 million) which falls under the scope of IFRS 15. The remainder of the income is covered by IFRS 16.

Asset management fees, managed pub income and service charge income which represents the flow through costs of the day-to-day maintenance of shopping centres falls under the scope of IFRS 15. Refer to accounting policies in Note 1.

5. Property operating expenses

	2020 £m	2019 (restated) £m
Service charge expense	21.1	21.0
Ground rent	-	2.9
Rates on vacant units	3.4	2.9
Expected credit loss	2.5	-
Pub operating expenses	20.3	15.3
Other property operating expenses	7.7	9.1
	55.0	51.2

6. Administrative expenses

	2020 £m	2019 £m
Wages and salaries	9.9	7.8
Social security costs	1.5	1.9
Other pension costs	0.4	0.3
Staff costs	11.8	10.0
Depreciation	1.6	1.0
Share-based payments	-	2.5
Operating lease payments	-	0.3
Other administrative expenses	7.1	5.6
	20.5	19.4
Professional fees in relation to the acquisition and integration of Bravo Inns Limited and Hawthorn Leisure	0.4	3.3
Administrative expenses	20.9	22.7

Net administrative expenses ratio is calculated as follows:

	2020 £m	2019 £m
Administrative expenses	20.9	22.7
Adjust for:		
Asset management fees	(0.9)	(0.3)
Share of joint ventures' and associates administrative expenses	0.1	0.1
Share-based payments	-	(2.5)
Depreciation of properties	(0.8)	(0.8)
Less exceptional cost in respect of the acquisition of Bravo Inns Limited	(0.4)	-
Less exceptional cost in respect of the acquisition of Hawthorn Leisure	-	(3.3)
Group's share of net administrative expenses	18.9	15.9
Property rental and related income*	124.2	121.3
Share of joint ventures' and associates' property income	3.4	0.9
	127.6	122.2
Net administrative expenses as a % of property income (including share of joint ventures)	14.9%	13.0%

*This balance includes an expected credit loss of £2.5 million

Average monthly number of staff	2020	2019
Directors	7	7
Operations and asset managers	44	34
Pubs	52	53
Support functions	79	55
	182	149

Auditors' remuneration

	2020 £'000	2019 £'000
Audit of the Company's financial statements	315	126
Audit of subsidiaries, pursuant to legislation	235	235
	550	361
Non-audit fees	50	35
Total fees	600	396

The remuneration in respect of 2019 relates to Deloitte LLP, the Group's previous respective auditors. No amounts were paid to PricewaterhouseCoopers in 2019.

7. (Loss)/profit on disposal of investment properties

	2020 £m	2019 £m
Gross disposal proceeds	48.0	62.5
Carrying value	(47.9)	(60.7)
Cost of disposal	(1.6)	(0.9)
(Loss) / profit on disposal of investment properties	(1.5)	0.9

8. Finance income and finance costs

	2020 £m	2019 £m
Finance income		
Income from loans with joint ventures	0.1	-
Finance expense		
Interest on borrowings	(18.7)	(18.7)
Finance cost on lease liabilities	(2.8)	-
Revaluation of derivatives	(2.8)	(3.2)
Net finance expense	(24.2)	(21.9)

9. Taxation

	2020	2019
	£m	£m
UK Corporation Tax at 19% (2019: 19%)		
Current year	0.9	1.2
Prior year	(1.4)	(0.7)
Taxation (credit) / charge	(0.5)	0.5

The credit for the year recognised in the consolidated statement of comprehensive income relates to a total income tax credit of £1.0 million and a deferred tax liability movement of £0.5 million.

	2020	2019
	£m	£m
(Loss) / profit before tax	(121.6)	(36.4)
Tax at the current rate of 19% (2019: 19%)	(23.1)	(6.9)
Revaluation of property	30.9	16.7
Current year tax charge	0.9	-
Non-taxable profit due to REIT regime	(9.7)	(8.6)
Non-deductible expenditure	1.9	-
Prior year adjustment	(1.4)	(0.7)
Taxation (credit) / charge	(0.5)	0.5

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;
- 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 2019	Movement	31 March 2020
	£m	£m	£m
Deferred tax asset	1.2	-	1.2
Deferred tax liabilities	(2.8)	(0.5)	(3.3)
Net deferred tax	(1.6)	(0.5)	(2.1)

The following corporation tax rates have been substantively enacted: 19% effective from 1 April 2017. 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 recognised a deferred tax liability calculated at 19% (2019: 17%). As at 31 March 2020, the Group has unrecognised tax losses of £22.5 million (March 2019: £9.0 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.

10. Performance measures

The Group's key performance measure is 'Underlying Funds from Operations' or 'UFFO'. This performance measure is intended to measure the underlying profitability of the Group and as such adds back the non-cash share-based payment expense, unrealised gains/losses and other one-off items. Management considers 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 Group's generation of cash profits. It is for this reason that UFFO is used to measure dividend cover.

The measure is not intended to replace the cash measures disclosed in the cash flow statement.

The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in 2014 and additional guidance in 2016, which gives recommendations for performance measures. The EPRA earnings measure excludes investment property revaluations and gains on disposals, intangible asset movements and their related taxation.

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

	2020 £m	2019 £m
Loss for the year after taxation	(121.1)	(36.9)
Adjustments		
Net valuation movement	162.6	88.2
Loss/(profit) on disposal of investment properties	1.5	(0.9)
Revaluation of derivatives	2.8	3.2
Gain on bargain purchase	-	(7.0)
Exceptional cost in relation of Hawthorn and Bravo Inns	0.4	3.0
Deferred tax	0.5	-
Group's share of joint ventures' and associates' adjustments		
Revaluation of investment properties	4.3	1.3
Loss / (profit) on disposal of investment properties	0.3	(0.4)
EPRA earnings	51.3	50.5
Share-based payment charge	-	2.5
Depreciation on public houses	0.8	0.8
Integration costs	-	1.3
Underlying Funds From Operations (UFFO)	52.1	55.1

Number of shares

Number of shares	2020 No. m	2019 No. m
Weighted average number of ordinary shares for the purposes of Basic EPS, UFFO and EPRA	305.9	304.0
Effect of dilutive potential ordinary shares:		
Deferred bonus shares	0.3	0.3
Warrants	-	0.2
Weighted average number of ordinary shares for the purposes of diluted EPS, UFFO and EPRA	306.2	304.5
Performance measures (pence)		
IFRS		
Basic EPS	(39.6)	(12.1)
Diluted EPS	(39.6)	(12.1)
UFFO		
UFFO per share	17.0	18.1
Diluted UFFO per share	17.0	18.1
EPRA		
EPRA EPS	16.7	16.6
Diluted EPRA EPS	16.7	16.6

The below table reconciles the differences between the calculation of basic, diluted and EPRA NAV.

EPRA NAV per share and Basic NAV per share:

	2020 £m	2020 Shares m	2020 Pence per share	2019 £m	2019 Shares M	2019 Pence per share
Net assets	610.6	306.2	199p	796.1	304.8	261p
Warrants in issue	-	-		0.4	0.3	
Unexercised employee awards	-	0.3		1.3	0.9	
Diluted net assets	610.6	306.5	199p	797.8	306.0	261p
Fair value derivatives	2.7	-		(0.1)	-	
Deferred tax	2.1	-		1.6	-	
EPRA net assets	615.4	306.5	201p	799.3	306.0	261p

11. Dividends

Payment date	PID	Non-PID	Pence per share	£m
Year to March 2020				
Ordinary dividends				
24 May 2019	5.40	-	5.40	16.3
26 July 2019	5.40	-	5.40	16.5
15 November 2019	5.40	-	5.40	16.5
7 February 2020	5.40	-	5.40	16.5
	21.60	-	21.60	65.8

Year to March 2019	PID	Non-PID	Pence per share	£m
Ordinary dividends				
25 May 2018	5.25	-	5.25	15.8
27 July 2018	5.40	-	5.40	16.4
16 November 2018	5.40	-	5.40	16.4
24 January 2019	5.40	-	5.40	16.3
	21.45	-	21.45	64.9

12. Investment properties

	2020	2019
	£m	£m
Fair value brought forward	1,254.1	1,227.2
Acquisitions	44.1	49.9
Capital expenditure	14.1	23.7
Properties acquired in business combinations	-	100.2
Lease incentives, letting and legal costs	2.3	2.7
Reclassification to plant property and equipment	(5.4)	(1.3)
Disposals	(47.9)	(60.7)
Net valuation movement	(159.0)	(87.6)
Fair value carried forward	1,102.3	1,254.1
Right of use asset (investment property)	83.3	-
Fair value carried forward	1,185.6	1,254.1

The Group's investment properties have been valued at fair value on 31 March 2020 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 pub valuations are each subject to a special assumption that similar commercial supply contracts would be available to a buyer of the Portfolio, or that the buyer would have agreements in place with brewers and suppliers which were at least as good as the Group. The valuer considers this assumption to be standard practice in the pub industry and to be consistent with the Red Books definition of adopting the highest and best use.

The outbreak of Covid-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, the external valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to Covid-19 means that external valuers are faced with an unprecedented set of circumstances on which to base a judgment. The valuations across all asset classes are therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations provided than would normally be the case. The external valuers have confirmed, the inclusion of the "material valuation uncertainty" declaration does not mean that valuations cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to valuations than would otherwise be the case. In light of this material valuation uncertainty we have reviewed the ranges used in assessing the impact of changes in unobservable inputs on the fair value of the Group's property portfolio.

As a result of the material uncertainty clause included, sensitivities for more extensive changes in assumptions have been included in the sensitivity analysis. Whilst the property valuations reflect the external valuers' assessment of the impact of Covid-19 at the valuation date, we consider +/-10% for ERV, +/-10% for EBITDA +/-100bps for NEY and +/-100bps for multiplier to capture the increased uncertainty in these key valuation assumptions, and deem it to be a reasonable worst case scenario given the like for like fall in valuations of 12.3% already recognised in the year.

There has been no change in the valuation methodology used for investment property as a result of Covid-19. The impact of Covid-19 on the retail valuation has been the impact on yields and the capital deduction based on rental income expectations. Within the pub business, the valuations have made allowances for a delinquency period.

The fair value at 2020 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.

Information about fair value measurements for the investment property and public houses using significant unobservable inputs (Level 3)

			Property ERV			Property rent		Property equivalent yield	EPRA topped up net initial yield
	Fair value	Min	Max	Average	Min	Max	Average	Average	Average
	(£m)	£ per sq ft	£ per sq ft	£ per sq ft	£ per sq ft	£ per sq ft	£ per sq ft	%	%
Shopping centres	614.7	7.3	31.4	13.1	3.6	21.4	10.3	8.4%	7.6%
Retail warehouse	189.0	8.0	15.7	12.0	2.0	16.0	11.2	7.1%	7.1%
High street	12.1	5.0	11.5	8.8	0.0	16.9	7.2	8.1%	7.9%
Development sites	62.0	5.3	15.7	9.7	0.2	15.5	3.9	-	-
	877.8								

	Fair value	Property Rent (£ per site valuation)			EBITDA multiples (x) / Net Initial Yield (%)			EBITDA (£ per sq ft)		
	(£m)	Min	Max	Average	Min	Max	Average	Min	Max	Average
Pub portfolio	273.8	-	-	-	1.7x	12.2x	7.6x	1.37	115.1	19.65
Convenience store development portfolio	5.7	19.2	19.4	19.3	5.0%	5.3%	5.2%	-	-	-
	279.5									
Total	1,157.3									

The investments are a portfolio of retail and leisure 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 relationship of unobservable inputs to fair value are the higher the rental values and the lower the yield, the higher the fair value In the pub portfolio, the valuer values the assets on a Profits Method, assessing their opinion of the Fair Maintainable Trade (FMT) that a Reasonable Efficient Operator (REO) could achieve as at the valuation date having regard to actual trading performance of each asset and wider market dynamics. In respect of the pub portfolio, these are valued on the highest and best use basis. The valuer makes judgements on whether to use residual value or a higher value to include development potential where appropriate. Where no conversion opportunity has been identified at present, the valuer has not specifically considered an alternative use valuation.

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.
• EBITDA multiples and maintainable earnings from each pub
• Estimated development costs

There were no changes to valuation techniques during the year. The impact of Covid-19 on the retail valuation has been the impact on yields and the capital deduction based on rental income expectations. Within the pub business, the valuations have made allowances for a delinquency period. Valuation reports are based on both information provided by the Group, e.g. current rents and lease terms which is derived from the Company'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.

Revenues are derived from a large number of tenants with no single tenant or group under common control contributing more than 2% of the Group's revenue.

Sensitivities of measurement of significant inputs

There are interrelationships between all these unobservable inputs as they are determined by market conditions. The effect of an increase in more than one unobservable input would be to magnify the impact on the valuation. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields.

As set out within significant accounting estimates and judgments above, the Group's property portfolio valuation is open to judgments 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.

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	*£m*	*£m*	*£m*	*£m*	*£m*
Retail asset valuation		*Increase 10%*	*Decrease 10%*	*Increase 1.0%*	*Decrease 1.0%*
Shopping centres	*614.7*	*54.1*	*(51.3)*	*(70.3)*	*91.5*
Retail warehouses	*189.0*	*9.6*	*(17.1)*	*(21.1)*	*28.0*
High street	*12.1*	*0.7*	*(0.7)*	*(0.7)*	*0.8*
Development	*62.0*	*3.7*	*(3.6)*	*(3.6)*	*4.6*
	877.8	*68.1*	*(72.7)*	*(95.6)*	*124.8*

Sensitivity impact on valuations of a 10% change in EBITDA and multiplier of 1.0x.

		Impact on valuations of a 10% change in EBITDA		Impact on valuations of a 1.0x change in multiplier	
£m	*£m*	*£m*	*£m*	*£m*	*£m*
Asset Type		*Increase 10%*	*Decrease 10%*	*Increase 1.0x*	*Decrease 1.0x*
Pub asset valuation	*279.5*	*28.0*	*(25.4)*	*35.9*	*(35.9)*

2019: Sensitivity impact on valuations of a 5% change in estimated rental value and absolute yield of 150 bps.

		Impact on valuations of a 5% change in ERV		Impact on valuations of 50 bps change in yield	
Asset Type	*£m*	*£m*	*£m*	*£m*	*£m*
Retail asset valuation		*Increase 5%*	*Decrease 5%*	*Increase 0.5%*	*Decrease 0.5%*
Shopping centres	*734.7*	*40.4*	*(37.1)*	*(53.5)*	*70.2*
Retail warehouses	*164.8*	*13.6*	*(12.4)*	*(19.1)*	*25.7*
High street	*16.7*	*1.5*	*(1.3)*	*(1.8)*	*2.3*
Development	*71.1*	*4.4*	*(4.4)*	*(3.6)*	*4.8*
	987.3	*59.9*	*(55.1)*	*(78.0)*	*103.0*

Sensitivity impact on valuations of a 5% change in EBITDA and multiplier of 0.5x.

		Impact on valuations of a 5% change in EBITDA		Impact on valuations of a 0.5x change in multiplier	
£m	*£m*	*£m*	*£m*	*£m*	*£m*
Asset Type		*Increase 5%*	*Decrease 5%*	*Increase 0.5x*	*Decrease 0.5x*
Pub asset valuation	*294.0*	*14.4*	*(14.4)*	*16.6*	*(16.6)*

Reconciliation to net valuation movement in income statement

Net valuation movement in investment properties	2020	2019
	£m	£m
Net valuation movement in investment properties	(159.0)	(87.6)
Net valuation movement in property, plant and equipment	(4.0)	(0.6)
Net valuation movement in right of use asset	0.4	-
Net valuation movement in Consolidated Statement of Comprehensive Income	(162.6)	(88.2)

13. Investments in joint ventures

As at 31 March 2020 the Group has two joint ventures. On the 20 June 2019, the Group completed the acquisition of a portfolio of four retail parks, in which the Group holds a 50% interest.

	2020	2019
	£m	£m
Opening balance	7.6	8.5
Additions to investment in joint ventures	15.4	-
Loan to joint venture	3.0	-
Group's share of profit after taxation excluding valuation movement	2.0	0.8
Net valuation movement	(3.9)	(1.3)
Distributions and dividends	(2.0)	(0.4)
Investment in joint venture	22.1	7.6

Name	Country of incorporation	2020 % Holding	2019 % Holding
NewRiver Retail Investments LP (NRI LP)	Guernsey	50	50
NewRiver Retail (Napier) Limited (Napier)	UK	50	-

The Group is the appointed asset manager on behalf of these joint ventures and receives asset management fees, development management fees and potentially 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 statement of comprehensive income are as follows:

Balance sheet	2020		2019	
	Total	Group's share	Total	Group's share
	£m	£m	£m	£m
Non-current assets	70.7	36.9	14.8	7.4
Current assets	3.2	1.6	1.0	0.5
Current liabilities	(6.0)	(1.5)	(0.6)	(0.3)
Borrowings due in more than one year	(30.0)	(14.9)	-	-
Net assets	37.9	22.1	15.2	7.6

Statement of comprehensive income	2020 Total	2020 Group's share	2019 Total	2019 Group's share
	£m	£m	£m	£m
Revenue	6.4	3.2	1.8	0.9
Property operating expenses	(0.6)	(0.3)	(0.6)	(0.3)
Net property income	5.8	2.9	1.2	0.6
Administration expenses	(0.3)	(0.1)	(0.2)	(0.1)
Net finance costs	(0.9)	(0.5)	(0.2)	(0.1)
	4.6	2.3	0.8	0.4
Net valuation movement	(8.0)	(3.9)	(2.6)	(1.3)
(Loss) / profit on disposal	(0.5)	(0.3)	0.8	0.4
Loss after taxation	(3.9)	(1.9)	(1.0)	(0.5)
Add back net valuation movement	8.0	3.9	2.6	1.3
Group's share of joint ventures' profit before valuation movements	4.1	2.0	1.6	0.8

The Group's share of contingent liabilities in the joint ventures is £nil (March 2019: £nil).

14. Investments in associates

As at 31 March 2020 the Group has two associate. On the 16 October, the Group completed an acquisition of a retail park, in which the Group holds a 10% interest. The Group deem this to be an associate, despite having a 10% interest in the Company, because they hold significant influence.

	2020
	£m
Opening balance	-
Additions to Investment in associate	1.2
Group’s share of profit after taxation excluding valuation movement	0.1
Net valuation movement	(0.4)
Investment in associate	0.9

Name		2020
	Country of incorporation	% Holding
NewRiver Retail (Nelson) Limited (Nelson)	UK	10

The Group is the appointed asset manager on behalf of this associate and receives asset management fees, development management fees and potentially performance-related bonuses.

NewRiver Retail (Nelson) Limited has a 31 December year end. The aggregate amounts recognised in the consolidated balance sheet and statement of comprehensive income are as follows:

Balance sheet		2020
	Total	Group's share
	£m	£m
Non-current assets	44.0	4.4
Current assets	2.0	0.2
Current liabilities	(15.0)	(1.5)
Borrowings due in more than one year	(22.0)	(2.2)
Net assets	9.0	0.9

Statement of comprehensive income		2020
	Total	Group's share
	£m	£m
Revenue	1.7	0.2
Property operating expenses	0.1	-
Net property income	1.8	0.2
Administration expenses	(0.1)	-
Net finance costs	(0.7)	(0.1)
	1.0	0.1
Net valuation movement	(3.6)	(0.4)
Loss after taxation	(2.6)	(0.3)
Add back net valuation movement	3.6	0.4
Group's share of associates' profit before valuation movements	1.0	0.1

15. Business combinations

On 2 December 2019, the Group acquired Bravo Inns 1 Limited and Bravo Inns 2 Limited ('Bravo Inns') for a cash consideration of £7.8 million. Bravo Inns owned 44 public houses situated across England. From the date of acquisition, Bravo Inns contributed net revenue of £0.6 million and profit before tax from continuing operations of the Group of £0.4 million If the acquisition had taken place at the beginning of the year, net revenue from continuing operations would have been £2.4 million and profit before tax from continuing operations for the Group would have been £1.3 million.

Details of the fair value of the assets and liabilities acquired and the resultant gain on bargain purchase are as follows:

2020	Acquired	Adjustments	Fair value
	£m	£m	£m
Property, plant and equipment	19.0	(0.3)	18.7
Current assets	0.6	-	0.6
Cash and cash equivalents	1.5	-	1.5
Other net current liabilities	(13.2)	-	(13.2)
Fair value of acquired interest in net assets on subsidiaries			7.6
Total purchase consideration			7.8
Goodwill			0.2

The goodwill is a result of the fair value determined for the assets purchased not exceeding the gross asset value determined. The goodwill has been recognised in the Consolidated Balance Sheet. A loan of £11.7 million was repaid as part of the acquisition.

16. Property plant and equipment

	Office equipment	Fixtures and fittings	Public houses	Total
	£m	£m	£m	£m
Cost or valuation				
At 1 April 2019	1.4	0.6	27.7	29.7
Additions	0.4	-	9.8	10.2
Business combinations	-	-	18.7	18.7
Revaluation:				
Recognised in the statement of comprehensive income	-	-	(1.0)	(1.0)
Recognised in the income statement	-	-	(4.0)	(4.0)
Net transfers from investment property	-	-	5.4	5.4
At 31 March 2020	1.8	0.6	56.6	59.0
Accumulated depreciation				
At 1 April 2019	0.3	0.5	0.8	1.6
Charge for the year	0.4	-	0.8	1.2
Disposals	-	-	-	-
At 31 March 2020	0.7	0.5	1.6	2.8
Net book value at 31 March 2020	1.1	0.1	55.0	56.2
Net book value at 31 March 2019	1.1	0.1	26.9	28.1

	Office equipment £m	Fixtures and fittings £m	Public houses £m	Total £m
Cost or valuation				
At 1 April 2018	0.9	0.7	-	1.6
Additions	0.4	-	25.0	25.4
Business combinations	0.1	-	0.8	0.9
Revaluation:				-
Recognised in the statement of comprehensive income	-	-	1.2	1.2
Recognised in the income statement	-	-	(0.6)	(0.6)
Net transfers from investment property	-	-	1.3	1.3
Disposals	-	(0.1)	-	(0.1)
At 31 March 2019	1.4	0.6	27.7	29.7
Accumulated depreciation				
At 1 April 2018	0.1	0.5	-	0.6
Charge for the year	0.2	0.1	0.8	1.1
Disposals	-	(0.1)	-	(0.1)
At 31 March 2019	0.3	0.5	0.8	1.6
Net book value at 31 March 2019	1.1	0.1	26.9	28.1
Net book value at 31 March 2018	0.8	0.2	-	1.0

The Group's public houses have been valued at fair value on 31 March 2020 by independent valuers, Colliers International Valuation UK 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. Please see note 12 for further information on the valuation of the Group's properties.

The carrying amount of assets which have been revalued would have been £52.7 million had they been carried under the cost model.

17. Trade and other receivables

	2020 £m	2019 (restated) £m
Trade receivables	6.2	7.7
Receivable from the sale of investment property	-	3.3
Restricted monetary asset	8.1	9.3
Service charge receivables*	5.6	6.1
Other receivables	3.8	4.5
Prepayments	1.4	1.5
Accrued income	1.6	2.2
	26.7	34.6

*Included in service charge debtors is £0.9 million of Value Added Taxation, £2.2 million of accrued income, £0.4 million of prepayments and £2.1 million of service charge debtors.

Trade receivables are shown after deducting a loss allowance of £4.2 million (31 March 2019: £1.7 million). The provision for doubtful debts is calculated as an expected credit loss on trade receivables in accordance with IFRS 9. The charge to the income statement in relation to tenant debtors made against doubtful debts was £2.5 million (31 March 2019: £0.3 million). The Group has calculated the expected credit loss by applying a forward-looking outlook, impacted by the Covid-19 pandemic, to historic default rates.

The Group monitors rent collection in order to anticipate and minimise the impact of default by tenants, which may be impacted by covid-19. 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 on 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 current pandemic and likelihood that tenants will pay.

	2020	2019
	£m	£m
Opening loss allowance at 31 March	1.7	0.8
Acquired in business combinations	-	0.6
Increase in loss allowance recognised in profit or loss during the year	2.5	0.3
Closing loss allowance at 31 March	4.2	1.7

The restricted monetary asset relates to cash balances which legally belong to the Group but 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 balance sheet.

18. Derivative financial instruments

The Group enters into derivative financial instruments to provide an economic hedge to its interest rate exchange risks. These financial instruments are classified as Level 2 fair value measurements, being those derived from inputs other than quoted prices. There were no transfers between levels in the current year.

	2020	2019
	£m	£m
Interest rate swaps		
Non-current assets	-	0.7
Current liabilities	(0.1)	-
Non-current liabilities	(2.6)	(0.6)
	(2.7)	0.1

	Average contract interest rate		Notional principal amount		Fair value	
	2020	2019	2020	2019	2020	2019
	%	%	£m	£m	£m	£m
Interest rate swaps – receive floating pay fixed						
In less than one year	0.4%	0.8%	13.4	13.9	(0.1)	-
In more than one year but less than two	-	1.0%	-	151.1	-	0.1
In more than two years but less than five	0.4%	-	274.5	-	(2.6)	-
Interest rate caps – receive floating pay fixed						
In less than one year	0.5%	2.9%	9.7	148.7	-	-
In more than one year but less than two	0.4%	1.6%	70.0	80.2	-	-
In more than two years but less than five	-	-	-	-	-	-
			367.6	393.9	(2.7)	0.1

19. Cash and cash equivalents

There are no restrictions on cash in place.

20. Trade and other payables

	2020 £m	2019 (restated) £m
Trade payables	2.6	6.1
Service charge liabilities*	13.7	15.4
Other payables	4.4	4.4
Accruals	13.6	12.6
Value Added Taxation	4.4	3.2
Rent received in advance	8.1	9.2
	46.8	50.9

*Service charge liabilities includes £1.3 million of accruals, £2.9 million of service charge creditors and £9.5 million of deferred income.

21. Borrowings

Maturity of bank facilities:	2020 £m	2019 £m
Between three and four years	335.0	-
Between four and five years	-	210.0
After five years	300.0	300.0
	635.0	510.0
Less unamortised fees / discount	(6.4)	(7.3)
	628.6	502.7

2020

Unsecured borrowings:	Maturity date	Facility £m	Facility drawn £m	Unamortised facility fees / discount £m	£m
Term loan	August 2023	165.0	165.0	(0.9)	164.1
Revolving credit facility	August 2023	215.0	170.0	(1.5)	168.5
Corporate bond	March 2028	300.0	300.0	(4.0)	296.0
		680.0	635.0	(6.4)	628.6

In the year the Group drew down £125m 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.

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

	2020 £m	2019 £m
Within one year	77.2	77.9
Between one and two years	71.6	78.5
In the second to fifth year inclusive	161.8	209.4
After five years	206.6	230.0
	517.2	595.8

The Group's weighted average lease length of lease commitments at 31 March 2020 was 5.2 years (March 2019: 5.5 years).

23. Share capital and reserves

Share capital

Ordinary shares	Number of shares issued	Price per share	Total	Held by EBT	Shares in issue
	m's	pence	m's	m's	m's
1 April 2018			307.0	4.0	303.0
Scrip dividends issued	0.7	252.5	307.7	4.0	303.7
Shares issued under employee share schemes	0.9	-	307.7	3.1	304.6
Exercise of warrants	0.1	124.0	307.8	3.0	304.8
31 March 2019			307.8	3.0	304.8
Scrip dividends issued	0.9	206.8	308.7	3.0	305.7
Shares issued under employee share schemes	0.2	-	308.7	2.8	305.9
Exercise of warrants	0.3	116.0	309.0	2.8	306.2
31 March 2020			309.0	2.8	306.2

	Share capital	Share premium	Total
	£'000	£'000	£'000
1 April 2018	3,029	223,287	226,316
Exercise of warrants	1	57	58
Exercise of share options	11	-	11
Scrip dividends issued	9	1,649	1,658
31 March 2019	3,050	224,993	228,043
Exercise of warrants	3	333	336
Scrip dividends issued	9	2,023	2,032
31 March 2020	3,062	227,349	230,411

Warrants
Shareholders who subscribed for placing shares in the original share listing of NewRiver Retail Limited's shares received warrants, in aggregate, to subscribe for 3% of the fully diluted share capital. The subscription price is adjusted following the payment of dividends or share issuance and was 115p as at 31 March 2020 nil remain outstanding (31 March 2019: 333,401).

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.

Retained earnings
Retained earnings consist of the accumulated net profit of the Group, less dividends paid from distributable reserves, and transfers from equity issues where those equity issues generated distributable reserves. Dividends are paid from the Company's distributable reserves which were approximately £36.7 million at 31 March 2020 (2019: £158.7 million).

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 10% 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 2,776,725 ordinary shares held by the EBT.

24. Share-based payments

The Group has three share schemes for employees:

- Share option scheme
- Performance Share Scheme
- Deferred bonus scheme

Share option scheme

Options were granted between 2009 and 2011. The options were priced at the share price at date of issue. No options were granted in 2019 or 2020. The charge for the year recognised in the statement of comprehensive income was nil (2019: nil).

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)
2010	2.54	192,686	-	-	(192,686)	-	-	-
2012	2.35	338,000	-	-	-	338,000	338,000	1.5
		530,686	-	-	-	338,000	338,000	

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 is provided in the Remuneration Report. The credit for the year recognised in the statement of comprehensive income was £0.8 million (2019: £1.6 million charge).

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)
2016	-	494,398	27,552	-	(521,950)	-	-	5.5
2017	-	1,263,442	44,488	-	(1,029,424)	278,506	-	6.5
2018	-	919,557	106,201	-	(63,263)	962,495	-	7.2
2019	-	1,537,006	176,392	-	(125,338)	1,588,060	-	8.3
2020	-	-	2,250,775	-	(182,562)	2,068,213	-	9.2
		4,214,403	2,605,582	-	(1,922,537)	4,897,274	-	

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 statement of comprehensive income for this scheme was £0.8 million (March 2019: £1.2 million).

Year issued	Average exercise price	Outstanding at start of year	Granted	Exercised	Lapsed	Outstanding at end of year	Number exercisable	Average remaining life (years)
2017	-	14,176	-	(14,176)	-	-	-	-
2018	-	254,472	6,293	(193,749)	-	67,016	-	0.3
2019	-	314,375	33,803	(67,221)	-	280,957	-	1.2
2020			448,633	(28,122)	-	420,511	-	2.2
		583,023	488,729	(303,268)	-	768,484	-	

Fair value

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

	2020	2019
Share price	1.770	2.885 – 2.715
Exercise price	Nil	Nil
Expected volatility	21%	18%
Risk free rate	0,548-0.7%	0.628% - 0.826%
Expected dividends*	12.2%	7.27% - 7.72%

* 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

	Valuation level	2020 £m	2019 (restated) £m
Financial assets			
Fair value through profit or loss			
Interest rate swaps	2	-	0.7
Financial assets at amortised cost			
Trade and other receivables		20.2	23.8
Cash and cash deposits		80.8	27.1
		101.0	51.6
Financial liabilities			
Fair value through profit or loss			
Interest rate swaps	2	(2.7)	(0.1)
At amortised cost			
Borrowings		(628.6)	(502.7)
Lease liabilities		(86.3)	-
Payables and accruals		(24.8)	(26.6)
		(742.4)	(529.4)
		(641.4)	(477.8)

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 (see note 18). 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.

Sensitivity analysis is carried out to assess the impact of an increase in interest rates on finance costs to the Group. Management consider that a significant movement in interest rates would be 200 bps and have therefore carried out sensitivity analysis of the impact of such a movement. The impact of a 200 bps increase in interest rates for the year would increase net interest payable in the statement of comprehensive income by £4.0 million (2019: £0.6 million). The impact of a 200 bps decrease in interest rates for the year would reduce the net interest payable in the statement of comprehensive income by £3.7 million (2019: £0.3 million). The directors consider this to be a reasonable sensitivity given historic interest rates and the possibility for short term swings in rates.

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 period 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, which may be impacted by covid-19. 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 on 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 current pandemic and likelihood that tenants will pay.

	2020 £m	2019 £m
Opening loss allowance at 31 March	1.7	0.8
Increase in loss allowance recognised in profit or loss during the year	2.5	0.9
Closing loss allowance at 31 March	4.2	1.7

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.

The Group's maximum exposure to credit risk as at 31 March 2020 was £26.7 million (31 March 2019: £30.9 million).

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 project-by-project basis. Cash flow reports are issued weekly to management and are reviewed quarterly by the Board. As a result of the Covid-19 pandemic, the Directors took the decision to utilise a further £50m of undrawn revolving credit facility. Meaning the Group has over £80m of cash in the bank and a further £45m of undrawn RCF as at the 31 March 2020. To preserve cash, the Group suspended the fourth quarterly dividend payment and suspended all non-essential capital expenditure projects, suspended business rates and marketing in the shopping centres and public houses, which should improve cashflow by a total of £28 million over the next 12 months. A summary table with maturity of financial liabilities is presented below:

2020 £m	Less than one year	One to two years	Two to five years	More than five years	Total
Borrowings	-	-	(335.0)	(300.0)	(635.0)
Interest on borrowings	(18.8)	(18.8)	(46.7)	(30.7)	(115.0)
Interest rate swaps	(0.9)	(0.7)	(1.3)	-	(2.9)
Lease liabilities	(3.4)	(3.4)	(10.2)	(256.7)	(273.7)
Payables and accruals	(24.8)	-	-	-	(24.8)
	(47.9)	(22.9)	(393.2)	(587.4)	(1,051.4)
2019 £m (restated)					
Borrowings	-	-	(210.0)	(300.0)	(510.0)
Interest on borrowings	(15.8)	(15.8)	(46.0)	(41.2)	(118.8)
Interest rate swaps	(0.1)	(0.1)	-	-	(0.2)
Payables and accruals	(26.6)	-	-	-	(26.6)
	(42.5)	(15.9)	(256.0)	(341.2)	(655.6)

Reconciliation of movement in the Group's share of net debt in the year	2020 £m	2019 £m
Group's share of net debt at beginning of year	475.1	344.7
Cash flow		
Net (increase)/decrease in cash and cash equivalents	(53.7)	88.7
New bank loans (net of expenses)	162.0	62.4
Bank loans acquired in business combinations	11.7	60.6
Bank loans repaid	(48.7)	(78.6)
Amortisation of bank loan fees	1.0	1.4
Group's share of joint ventures' and associates' cash flow		
Net increase in cash and cash equivalents	(0.9)	(0.1)
Bank loans repaid	-	(4.0)
New bank loans	17.1	-
Group's share of net debt	563.6	475.1
Being:		
Group borrowings	628.6	502.7
Joint ventures' and associates' borrowings	17.1	-
Group cash	(80.8)	(27.1)
Joint venture and associate cash	(1.3)	(0.5)
Group's share of net debt	563.6	475.1

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 9, 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 to reduce debt. 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.

During the year, the Group's LTV increased by 10% from 37% to 47% and the gearing ratio from 60% to 90% as at the 31 March 2020 as the valuation decline caused by the Covid-19 pandemic. The Group continually monitors LTV and will continue to monitor LTV closely, factoring in disposal activity and further valuation declines as mentioned in Note 1. The Group has remained compliant with all of its banking covenants during and since the year as discussed in Note 1.

Net debt to equity ratio	2020 £m	2019 £m
Borrowings	628.6	502.7
Cash and cash equivalents	(80.8)	(27.1)
Net debt	547.8	475.6
Equity attributable to equity holders of the parent	610.6	796.1
Net debt to equity ratio ('Balance sheet gearing')	90%	60%
Share of joint ventures' and associates' borrowings	17.1	-
Share of joint ventures' and associates' cash and cash equivalents	(1.3)	(0.5)
Group's share of net debt	563.6	475.1
Carrying value of investment property and public houses	1,102.3	1,254.1
Carrying value of managed houses	55.0	26.9
Share of joint ventures' and associates carrying value of investment properties	39.8	7.4
Group's share of carrying value of investment properties	1,197.1	1,288.4
Net debt to property value ratio ('Loan to value')	47%	37%

Reconciliation of financial liabilities

	Lease liabilities £m	Borrowings £m	Derivatives £m	Total £m
As at 1 April 2019	-	502.7	0.1	502.8
Adoption of IFRS16	87.1	-	-	87.1
(Decrease)/Increase through financing cash flows				
Repayment of Bravo Inns loan	-	(11.7)	-	(11.7)
Repayment of bank loans and other costs	-	(37.0)	-	(37.0)
Repayment of principal portion of lease liability	(0.8)	-	-	(0.8)
New borrowings	-	162.0	-	162.0
Decrease through changes in fair value				
Change in fair value of derivative	-	-	(2.8)	(2.8)
Increase through business combinations	-			
Acquisition of Bravo Inns	-	11.7	-	11.7
Other changes				
Loan amortisation	-	0.9	-	0.9
As at 31 March 2020	86.3	628.6	(2.7)	712.2

26. Contingencies and commitments

The Group has no material contingent liabilities (2019: None). The Group was contractually committed to £1.0 million of capital expenditure to construct or develop investment property as at 31 March 2020 (31 March 2019: £4.0 million).

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 £1.4 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 the one of the Partners at CMS who along with other Partners provides these legal services.

Management fees are charged to joint ventures for asset management, investment advisory, project management and accounting services. Total fees charged were:

	2020 £m	2019 £m
NewRiver Retail Investments LP	0.1	0.1
NewRiver Retail (Nelson) Limited	0.1	-
NewRiver Retail (Napier) Limited	0.1	-

There were no amounts outstanding at each year end.

Key management personnel

The Executive Directors of the Company who served during the year are considered to be key management personnel. The combined emoluments for the key management personnel (relating to the period they were a Director), based upon amounts included in the Group financial statements, are set out in the Directors' remuneration report.

The total compensation of key management personnel was £1.5 million (2019: £2.2 million), which comprised short-term benefits of £0.1 million (2019: £0.1 million)

The above is a complete list of the company's related parties. 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 parties, or transactions between disclosed related parties.

Related party relationships and transactions have been accounted for and disclosed in accordance with the requirements of IFRSs as adopted by the European Union or other requirements, for example, the Companies Act 2006.
All members of key management have been identified, as defined by IAS 24, and their remuneration is included in the disclosures of key management compensation.

28. Post balance sheet events

On 29 April 2020, the Group received confirmation from the Bank of England that it is eligible to access £50 million of funding under the Covid Corporate Financing Facility ('CCFF'), a joint HM Treasury and Bank of England lending facility. This facility is undrawn at this stage, and is available to be drawn at the Bank of England's discretion for a tenure of up to 12 months until March 2021.

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

COMPANY BALANCE SHEET
As at 31 March 2020

	Notes	2020 £m	2019 £m
Non-current assets			
Investment in subsidiaries	B	616.8	664.9
Interest in associates	F	15.4	-
Total non-current assets		632.2	664.9
Current assets			
Amounts owed from subsidiary undertakings		689.4	655.6
Other receivables		0.5	1.3
Cash and cash equivalents		53.1	3.3
Total current assets		743.0	660.2
Total assets		1,375.2	1,325.1
Equity and liabilities			
Current liabilities			
Trade creditors		-	1.3
Accruals		3.0	2.7
Other creditors		2.7	0.2
Amounts owed to subsidiary undertakings		60.6	18.3
Total current liabilities		66.3	22.5
Non-current liabilities			
Borrowings		628.6	502.7
Total non-current liabilities		628.6	502.7
Net assets		680.3	799.9
Equity			
Share capital		3.1	3.1
Share premium		227.4	225.0
Merger reserve		413.1	413.1
Retained earnings		36.7	158.7
Total equity		680.3	799.9

The notes on pages 67 to 71 form an integral part of the Company financial statements. The Company has applied the exemption in s408 of the Companies Act for omitting the income statement of the parent company. The loss for the period after taxation was £56.2 million.

The financial statements were approved by the Board of Directors on 18 June 2020 and were signed on its behalf by:

Allan Lockhart
Chief Executive

Mark Davies
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

	Share capital	Share premium	Merger reserve	Retained earnings	Total
	£m	£m	£m	£m	£m
As at 1 April 2018	3.0	223.3	413.1	25.9	665.3
Profit after taxation	-	-	-	197.7	197.7
Equity issue	0.1	1.7	-	-	1.8
Dividends paid	-	-	-	(64.9)	(64.9)
As at 31 March 2019	3.1	225.0	413.1	158.7	799.9
Loss after taxation	-	-	-	(56.2)	(56.2)
Equity issue	-	2.4	-	-	2.4
Dividends paid	-	-	-	(65.8)	(65.8)
As at 31 March 2020	3.1	227.4	413.1	36.7	680.3

The notes on pages 67 to 71 form an integral part of these financial statements. There was no other income in the year therefore the profit after taxation is the Company's total comprehensive income for the period.

Retained earnings reflects the Company's distributable reserves.

NOTES TO THE FINANCIAL STATEMENTS

A. Accounting policies

Basis of accounting
The Company's separate financial statements for the year ended 31 March 2020 are prepared in accordance with Financial Reporting Standard 101 (FRS 101) "Reduced Disclosure Framework" as issued by the Financial Reporting Council. The financial statements are presented in pounds Sterling. These financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate. The most critical estimates, assumptions and judgements relate to the determination of carrying value of the investment in the Company's subsidiary undertaking. The nature, facts and circumstance of the investment are taken into account on assessing whether there are any indications of impairment.

For the Company's going concern assessment, refer to note 1.

Critical estimates

Impairment of intercompany loans

The impairment of intercompany loans is inherently subjective due to the forward-looking nature of the assumptions made. Due to the current climate the Company is operating in as a result of Covid-19, the Company has recognised an expected credit loss on intercompany debtors of £0.7m.

Disclosure exemptions
The Company has taken advantage of all disclosure exemptions allowed by FRS 101. These financial statements do not include:
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- certain disclosures in respect of financial instruments;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with wholly-owned members of the Group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated Group accounts into which the Company is consolidated.

Dividends
Dividend information is provided in note 11 to the consolidated accounts.

Investment in subsidiaries
Investments in subsidiary undertakings are stated at cost less provision for impairment.

Financial instruments
Financial assets
Financial assets consist of loans and receivables. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially measured at fair value plus directly attributable transaction costs. The Group's financial assets consist of cash, and loans and receivables.

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

The Company assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (that is the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit and loss.

If in a subsequent period 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.

Financial liabilities
Financial liabilities are classified as other liabilities. 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 cost 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 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.

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 balance sheet date of the number of instruments expected to vest. The fair value is recognised over the vesting period in the statement of comprehensive income of the company that employs the recipient of the share-based payment, with a corresponding increase in equity. The Company increases the carrying value of the subsidiary by the value of the share-based payment.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

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 at a general meeting.

Merger reserve

The merger reserve resulted from the acquisition of NewRiver Retail Limited and represents the difference between the value of the net assets acquired of £524.1 million and the nominal value of the shares issued, less the impairment in NewRiver Retail Limited following the payment of a dividend to the Company of £111.0 million.

B. Investment in subsidiaries

All subsidiaries were acquired by way of the group reorganisation, as detailed in note 1. All subsidiaries are held indirectly except NewRiver Retail Limited, the former ultimate parent of the Group.

Name	Country of incorporation	Activity	Proportion of ownership interest	Class of share
C-store REIT Limited	UK	Dormant company	100%	Ordinary Shares
Convenience Store REIT Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Capital Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Burgess Hill) Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Community Pubs Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver (Darnall) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Finance Company Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver REIT (UK) Limited	UK	Asset management	100%	Ordinary Shares
NewRiver Leisure Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Public Houses Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Bexleyheath) Holdings Limited	UK	Group holding company	100%	Ordinary Shares
NewRiver Retail (Bexleyheath) Limited	Jersey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Boscombe No. 1) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Broadway Square) Limited	Jersey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Cardiff) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Carmarthen) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Colchester) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Darlington) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Grays S.a.r.l	Luxembourg	Real estate investments	100%	Ordinary Shares
NewRiver Retail (GP3) Limited	UK	General partner	100%	Ordinary Shares
NewRiver Retail (Leylands Road) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Mantle) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Market Deeping No. 1)	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Morecambe) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Newcastle No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Nominee No.3) Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail (Paisley) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Penge) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 2) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 3) Limited	UK	Holding company	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 3) Limited	UK	Real estate investments	100%	Partnership
NewRiver Retail (Portfolio No. 5) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 6) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 4) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 8) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Ramsay Development)	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Ramsay Investment) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Skegness Developments)	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Skegness) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wakefield) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Warminster) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wisbech) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Witham No. 1) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wrexham) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Academy Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail Holdings Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 1 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 2 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 3 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 4 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 5 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 6 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 7 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Property Unit Trust	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 2	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 3	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 4	Jersey	Real estate investments	100%	Ordinary units

NewRiver Retail Property Unit Trust No. 5	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 6	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 7	Jersey	Real estate investments	100%	Ordinary units
Pub REIT Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail (Hamilton) Limited	UK	Dormant company	100%	Ordinary Shares
Bravo Inns 1 Limited	UK	Real estate investments	100%	Ordinary Shares
Bravo Inns 2 Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Sprucefield) Limited	UK	Real estate investments	100%	Ordinary Shares
Shopping Centre REIT Limited	UK	Dormant company	100%	Ordinary Shares
Hawthorn Leisure Holdings Limited	UK	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Limited	UK	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Finco Limited	UK	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Scotco Limited	UK	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Management Limited	UK	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Honey Limited	UK	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Acquisitions Limited	UK	Real estate investments	100%	Ordinary Shares

The Company's investments in joint ventures are detailed in note 13. The registered offices of the companies are:

- Guernsey – NewRiver Retail (GP1) Ltd, Floor 2 Trafalgar Court, Les Banques, St Peter Port, GY1 4LY
- UK – NewRiver Retail (Nelson) Limited, 16 New Burlington Place, London, W1S 2HX
- UK – NewRiver Retail (Napier) Limited, 16 New Burlington Place, London, W1S 2HX

Reconciliation of the movement in investment in subsidiaries:

	2020 £m	2019 £m
Opening balance	664.9	693.5
Investment in subsidiaries	-	121.4
Impairment in subsidiaries	(48.1)	(150.0)
Investment in subsidiaries	616.8	664.9

The Company has recognised an impairment charge of £48.1 million (2019: £150.0 million) to reflect the decline in the valuation of the overall assets of the Group as a result of an adverse movement in property valuations.

C. Auditors remuneration

The auditors' remuneration in respect of the Company is disclosed in note 6.

D. Average staff numbers

The average number of staff employed by the Company's subsidiaries was:

	2020	2019
Directors	7	7
Operations and asset managers	42	34
Pubs	52	53
Support functions	81	55
	182	149

The staff costs of the staff employed by the Company's subsidiaries were:

	2020 £m	2019 £m
Wages and salaries	9.9	7.8
Social security costs	1.5	1.9
Other pension costs	0.4	0.3
Staff costs	11.8	10.0

The Company itself has no direct employees. The Directors emoluments are disclosed in the remuneration report.

E. Borrowings

All borrowings issued by the Group at 31 March 2020 were issued by the Company. See note 21 of the consolidated financial statements for details.

F. Interest in associates

In the year, the Company invested £15.4million into a joint venture, NewRiver Retail (Napier) Limited. See note 14 of the consolidated financial statements for details.

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 following table.

	FY20	FY19
EPRA Earnings per Share (EPS)	16.7p	16.6p
EPRA Cost Ratio (including direct vacancy costs)	44.0%	38.3%
EPRA Cost Ratio (excluding direct vacancy costs)	41.4%	35.8%

	March 2020	March 2019
EPRA NAV per share	201p	261p
EPRA NNNAV per share	204p	262p
EPRA NIY	8.1%	7.5%
EPRA 'topped-up' NIY	8.5%	7.9%
EPRA Vacancy Rate	5.2%	4.8%

EPRA Earnings per Share: 16.7p

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

	FY20 (£m)	FY19 (£m)
Earnings per IFRS income statement	(121.1)	(36.9)
*Adjustments to calculate EPRA Earnings, **exclude:***		
Changes in value of investment properties, development properties held for investment and other interests	162.6	88.2
Profits or losses on disposal of investment properties, development properties held for investment and other interests	1.5	(0.9)
Negative goodwill / goodwill impairment	-	(7.0)
Changes in fair value of financial instruments and associated close-out costs	2.8	3.2
Acquisition costs on share deals and non-controlling joint venture interests	0.4	3.0
Deferred tax in respect of EPRA adjustments	0.5	-
Adjustments to above in respect of joint ventures (unless already included under proportional consolidation)	4.6	0.9
EPRA Earnings	**51.3**	**50.5**
Basic number of shares	305.9m	304.0m
EPRA Earnings per Share (EPS)	**16.7p**	**16.6p**

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

	FY20 (£m)	FY19 (£m)
EPRA Earnings	**51.3**	**50.5**
Share-based payment charge	-	2.5
Depreciation on public houses	0.8	0.8
Integration costs	-	1.3
Underlying Funds From Operations (UFFO)	**52.1**	**55.1**
Basic number of shares	305.9m	304.0m
UFFO per share	**17.0p**	**18.1p**

EPRA NAV per share: 201p

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.

	March 2020 (£m)	March 2019 (£m)
NAV per the financial statements	610.6	796.1
Effect of exercise of options, convertibles and other equity interests (diluted basis)	-	1.7
Diluted NAV, after the exercise of options, convertibles and other equity interests	610.6	797.8
Exclude:		
Fair value of financial instruments	2.7	(0.1)
Deferred tax	2.1	1.6
EPRA NAV	**615.4**	**799.3**
Fully diluted number of shares	306.5m	306.0m
EPRA NAV per share	**201p**	**261p**

EPRA NNNAV per share: 204p

Definition
EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

Purpose
Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.

	March 2020 (£m)	March 2019 (£m)
EPRA NAV	615.4	799.3
Include:		
Fair value of financial instruments	(2.7)	0.1
Fair value of debt	15.0	3.8
Deferred tax	(2.1)	(1.6)
EPRA NNNAV	**625.6**	**801.6**
Fully diluted number of shares	306.5m	306.0m
EPRA NNNAV per share	**204p**	**262p**

EPRA NIY: 8.1%, EPRA 'topped-up' NIY: 8.5%

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 2020 (£m)	**March 2019 (£m)**
Investment property – wholly owned		1,157.3	1,281.0
Investment property – share of JVs/Funds		39.8	7.4
Trading property (including share of JVs)		0.3	-
Less: developments		(65.9)	(75.4)
Completed property portfolio		1,131.5	1,213.0
Allowance for estimated purchasers' costs and capital expenditure		74.8	83.9
Grossed up completed property portfolio valuation	**B**	**1,206.3**	**1,296.9**
Annualised cash passing rental income		110.0	107.5
Property outgoings		(11.9)	(10.0)
Annualised net rents	**A**	**98.1**	**97.5**
Add: notional rent expiration of rent free periods or other lease incentives		4.7	4.8
Topped-up net annualised rent	**C**	**102.8**	**102.3**
EPRA NIY	**A/B**	**8.1%**	**7.5%**
EPRA 'topped-up' NIY	**C/B**	**8.5%**	**7.9%**

EPRA Vacancy rate: 5.2%

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 2020 (£m)	**March 2019 (£m)**
Calculation of EPRA Vacancy Rate		£m	£m
Estimated Rental Value of vacant retail space	A	4.2	3.8
Estimated rental value of the retail portfolio	B	81.4	80.0
EPRA Vacancy Rate	**A/B**	**5.2%**	**4.8%**

EPRA Cost Ratio: 44.0%

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.

		FY20 (£m)	FY19 (£m)
Administrative/operating expenses per IFRS		55.0	48.4
Net service charge costs/fees		4.2	4.4
Management fees less actual/estimated profit element		(0.9)	(0.3)
Other operating income/recharges intended to cover overhead expenses less any related profits		(1.8)	(3.8)
Share of Joint Ventures and associates expenses (net of other income)		0.4	0.3
Exclude (if part of the above):			
Investment property depreciation		-	-
Ground rent costs		0.6	(2.9)
Service charge costs recovered through rents but not separately invoiced		-	-
EPRA Costs (including direct vacancy costs)	**A**	**57.5**	**46.1**
Direct vacancy costs		(3.4)	(3.0)
EPRA Costs (excluding direct vacancy costs)	**B**	**54.1**	**43.1**
Gross Rental Income less ground rents – per IFRS		127.3	119.6
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)		3.4	0.8
Gross Rental Income	**C**	**130.7**	**120.4**
EPRA Cost Ratio (including direct vacancy costs)	**A/C**	**44.0%**	**38.3%**
EPRA Cost Ratio (excluding direct vacancy costs)	**B/C**	**41.4%**	**35.8%**

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

		FY20 (£m)	FY19 (£m)
EPRA Costs (including direct vacancy costs)	**A**	**57.5**	**46.1**
Exclude			
Ground rent costs		(0.6)	2.9
Share of Joint Ventures and associates property expenses (net of other income)		(0.3)	(0.2)
Other operating income/recharges intended to cover overhead expenses less any related profits		1.8	3.8
Net service charge costs/fees		(4.2)	(4.4)
Operating expenses (excluding service charge cost)		(33.8)	(30.5)
Tenant incentives (included within income)		(0.3)	(0.2)
Letting & legal costs (included within income)		(1.2)	(1.6)
Group's share of net administrative expenses as per IFRS	**D**	**18.9**	**15.9**
EPRA Gross Rental Income	**C**	**130.7**	**120.4**
Ground rent costs		(0.6)	2.9
Expected credit loss		(2.5)	(1.2)
Gross Rental Income	**E**	**127.6**	**122.1**
Administrative cost ratio as per IFRS	**D/E**	**14.9%**	**13.1%**

Alternative Performance Measures (APMs)

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	Note 10 of the Financial Statements
EPRA Net Asset Value ('NAV') and EPRA NAV per share	Net Assets	Note 10 of the Financial Statements
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 10 of the Financial Statements
EPRA NNNAV	Net Assets	'EPRA performance measures' section of this document
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 6 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 11 of the 'Financial Statistics' table
Loan to Value	N/A	Note 12 of the 'Financial Statistics' table

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).

Average debt maturity: Is measured in years, when each tranche of Group debt is multiplied by the remaining period to its maturity and the result is divided by total Group debt in issue at the year end.

Affordable Rent to Sales ratio: Is an estimate of the maximum Rent to Sales ratio that an occupier would deem affordable in relation to a particular retail unit. It is calculated for NewRiver by retail consultancy Harper Dennis Hobbs.

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 joint venture partnership in May 2019 to acquire and manage a portfolio of retail parks in the UK.

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

Cost of debt: Is the Group loan interest and derivative costs at the year end, divided by total Group debt in issue at the year end.

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 year.

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 and gains/losses on disposals.

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

EPRA NAV per share: Is EPRA NAV divided by the diluted number of shares at the year end.

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

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.

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).

Harper Dennis Hobbs is an independent strategic retail adviser which analyses the affordability of rents and other occupancy costs for assets on NewRiver's behalf.

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

IFRS: Is the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the EU.

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

Interest cover: Is the number of times net interest payable is covered by underlying profit before net interest payable and taxation.

Interest-rate swap: Is a financial instrument where two parties agree to exchange an interest rate obligation for a predetermined amount of time. These are used by the Group to convert floating-rate debt obligation or investments to fixed rates.

MSCI-IPD: MSCI Real Estate Investment Property Databank Ltd or 'IPD' produces independent benchmarks of property returns and NewRiver portfolio returns.

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 year on the standing investment properties expressed as a percentage of the ERV at the start of the year.

Like-for-like footfall: Is the movement in footfall against the same period in the prior year, 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, asset management determinations and surrender premiums.

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.

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 year after payment of ground rents and 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, less any ground rent payable under head leases.

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.

Promote: An incentive return based on the financial performance of a joint venture.

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.

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.

Rent to Sales ratio: Is the turnover of an occupier relation to a unit as a proportion of the headline rent of that unit. It is calculated for NewRiver by retail consultancy Harper Dennis Hobbs.

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.

Reversion: Is the increase in rent estimated by the external valuers, where the passing rent is below the estimated rental value. The increases to rent arise on rent reviews, letting of vacant space and expiry of rent-free periods.

Reversionary yield: Is the anticipated yield, which the initial yield will rise to once the rent reaches the estimated rental value.

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 NAV per share plus dividends paid in the year, expressed as a percentage of EPRA NAV per share at the beginning of the year.

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.

Total Shareholder Return (TSR): Is calculated by the growth in capital from purchasing a share in the Company assuming that the dividends are reinvested each time they are paid.

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 cash profits which includes recurring cash profits and excludes other one off or non-cash adjustments. UFFO is used by the Company as the basis for ordinary dividend policy and cover.

Unsecured balance sheet: The Company's balance sheet is unsecured, which means that none of its debt is secured against any of its property assets.

Voids: Are expressed as a percentage of ERV and represent all unlet space, including voids where refurbishment work is being carried out and voids in respect of pre-development properties. Temporary lettings of up to 12 months are also treated as voids.

Weighted average lease expiry (WALE): Is the average lease term remaining to first break, or expiry, across the portfolio weighted by rental income. This is also disclosed assuming all 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.