

Operational resilience and improving liquidity

Allan Lockhart, Chief Executive commented: “The first half of the year was a period of unprecedented disruption and yet our operational performance has proved to be resilient. We have seen a significant increase in leasing activity, with over half a million square feet of transactions completed, which has led to occupancy in our retail portfolio increasing to more than 96% during the period. This reflects both our affordable rents and focus on essential and convenience retail.

We negotiated almost 300 revised payment agreements with our retail tenants, leading to overall rent collected or moved to alternative payments at 90% of that due. Once pubs were allowed to reopen, we saw a fast rate of revenue recovery over the summer months and we are confident that once lockdown restrictions are ended our pub business will return to growth.

Cash holdings were up by almost £60m during the period and so we ended the first half in an even stronger financial position with £235m of available cash and liquidity. Our loan-to-value (LTV), increased by 1% to 48%, helped by our strong retail and pub revenue recovery, and the excellent progress we made with disposals which were ahead of our target with £50m completed.

While our markets continue to be disrupted by COVID-19 in the short term, given the resilient first-half operational performance and the confidence we have in our portfolio it is the Board’s intention to reinstate a covered dividend at the full year.

Finally, I would like to pay tribute to my father, David Lockhart, who died in September. He was Chief Executive for many years, and the original driving force behind the success of NewRiver. He will be greatly missed by his colleagues and many friends in the industry.”

Financial highlights for HY21

- Underlying Funds From Operations (‘UFFO’) of £9.3 million (HY20: £26.4 million)
- UFFO per share of 3.0 pence (HY20: 8.6 pence)
- IFRS loss after tax of -£92.3 million (HY20: -£21.3 million) mainly due to non-cash reduction in portfolio valuation
- EPRA NTA per share of 171 pence (March 2020: 201 pence), impacted by an 8.2% like-for-like valuation decline

Operational performance for HY21

- Completed disposals of £50.2 million, at a blended NIY of 6.7% and 6% discount to March 2020 valuation
- Collected or alternative payments agreed on 92% of Q1 and 94% of Q2 retail rent due
- Retail occupancy of 96.2% (31 March 2020: 94.8%); Pubs occupancy of 98.0% (31 March 2020: 97.0%)
- Completed 504,700 sq ft of new lettings and renewals across the retail portfolio at only a 2.7% discount to March 2020 ERV
- Strong bounce back in like-for-like performance in our pub portfolio since reopening on 4 July 2020

Strong cash, Balance Sheet and available liquidity

- LTV of 48.1% at 30 September 2020 (31 March 2020: 47.1%)
- Fully unsecured balance sheet provides significant flexibility and capacity
- No bank refinancing events due until August 2023
- Cash of £140 million all of which is unrestricted due to Company’s unsecured capital structure
- Undrawn RCF of £45 million and an approved borrower under the CCFF scheme with a limit of up to £50 million which remains undrawn taking total accessible liquidity to £235 million
- Investment Grade balance sheet maintained at BBB with Stable Outlook

Financial Statistics

Performance	Note	HY21	HY20
Underlying Funds From Operations ('UFFO')	(1)	£9.3m	£26.4m
UFFO per share	(1)	3.0p	8.6p
Ordinary dividend		-	10.8p
Ordinary dividend cover	(2)	-	80%
Admin cost ratio	(3)	22.0%	14.6%
Interest cover	(4)	3.5x	5.1x
Net Property Income		£27.1m	£46.9m
IFRS Loss after taxation	(5)	-£92.3m	-£21.3m
IFRS Basic EPS		-30.2p	-7.0p
EPRA EPS		2.6p	8.1p
Total Accounting Return	(6)	-14.9%	-2.4%
GRESB Score	(7)	60	70

Balance Sheet	Note	Sep 2020	March 2020
IFRS Net Assets		£518.2m	£610.6m
EPRA NTA per share	(8)	171p	201p
Shares in issue		306.3m	306.2m
Balance Sheet (proportionally consolidated)	(9)	Sep 2020	March 2020
Net debt		£508.7m	£563.6m
Principal value of gross debt	(10)	£654.4m	£652.4m
Cash		£139.5m	£82.1m
Weighted average cost of debt	(11)	3.3%	3.4%
Weighted average debt maturity	(12)	5.4 years	5.9 years
Loan to value	(13)	48.1%	47.1%

- 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 11 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 corporate level and is calculated by comparing actual net property income received versus cash interest payable on a 12 month look-back basis
- (5) IFRS Loss after taxation due to non-cash valuation decline of £94.7 million, compared to a decline of £42.5 million in the first half of FY20
- (6) Total Accounting Return is the EPRA NTA per share movement during the half, plus dividends paid in the period, divided by EPRA NTA per share at the start of the period
- (7) GRESB is the leading sustainability benchmark for the global real estate sector, and its annual assessment scores participating companies out of 100. In 2020 GRESB Assessment structure fundamentally changed, establishing a new baseline for measuring performance. GRESB therefore advises against direct comparison between 2020 GRESB Scores and prior year results.
- (8) EPRA Net Tangible Assets ('NTA') is based on IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, the carrying value of intangibles, the mark-to-market on the convertible bonds, as well as deferred taxation on property and derivative valuations and is adjusted for the dilutive impact of share options
- (9) Proportionally consolidated means Group and share of JVs & associates
- (10) Principal value of gross debt being £635.0 million of Group and £19.4 million share of JVs & associates
- (11) Cost of debt assuming £215 million revolving credit facility is fully drawn
- (12) Average debt maturity assumes one-year extension options are exercised and bank approved. Excluding this option, debt maturity at 30 September 2020 is 5.0 years.
- (13) 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.

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 at 9:00am BST today on our website (www.nrr.co.uk) and at the following link: [https://kvgo.com/IJLO/NewRiver Half Year Results](https://kvgo.com/IJLO/NewRiver%20Half%20Year%20Results). 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 £1.1 billion portfolio covers 9 million sq ft and comprises 33 community shopping centres, 24 conveniently located retail parks and 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 2.6 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.

Chief Executive's review

We continued to make good operational and strategic progress in the first half and firmly believe that the quality and inherent liquidity in our portfolio, together with our best-in-class retail and pub platforms, has delivered our outperformance in retail rent collection, pub revenues, property returns and disposals.

Disposal progress

At our Full Year Results we outlined a strategy to dispose of £80 million to £100 million of assets during FY21, with the proceeds to be used to reduce debt. As at 30 September 2020, we were ahead of target and had completed disposals of £50.2 million. This figure rises to £71.9 million when including disposals currently exchanged or under offer, at pricing broadly in-line with March 2020 valuations.

The progress we have made with disposals to date reflects the liquidity and locational qualities of the Company's portfolio. We are continuing discussions on a number of additional assets and by the end of the year, we expect to be at the higher end of our £80 million to £100 million range.

Cash and liquidity

Since the beginning of COVID-19, our priority has been to prudently manage our cash resources and increase liquidity in the business. Over the first half, we increased our available cash and liquidity by almost £60 million, driven by disposals and the excellent progress we have made in retail rent collection. With £140 million of unrestricted cash and a further £45 million of undrawn revolving credit facility available, the Company had available liquidity of £185 million at 30 September 2020, compared to £127 million at 31 March 2020.

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 £235 million, and is available to be drawn until March 2021 at the Bank of England's discretion for a tenure of up to 12 months.

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.

Rebuilding our revenues

We saw a significant improvement in retail rent collection as the first half progressed, as we signed agreements with a number of key retailers, representing a large proportion of our outstanding rent.

Rent collected for the third quarter of the financial year currently stands at 81%, rising to 86% when including alternative arrangements, principally deferments, which is significantly ahead of collection rates at the same point in the first and second quarters. The proportion of rent that has either been collected or had alternative payments agreed for the first and second quarter now stands at 92% and 94% respectively. We continue to engage constructively with the small number of occupiers which represent rent outstanding.

Almost all of our Hawthorn community pubs in England, Scotland and Wales reopened at the start of the second quarter, and performance was ahead of our expectations. For the 12 week period from 5 July 2020, the day pubs were allowed to open in England, to 27 September 2020 like-for-like volumes in our Leased & Tenanted pubs were down only 8% compared to the same period in 2019, and like-for-like sales in our Operator Managed pubs were down 16% compared to the same period in 2019. Our trading performance compares favourably to the wider market over the same period, with data from the Coffer Peach Business Tracker reporting that pub like-for-like sales are down 18% compared to the same period last year.

Financial performance

Both our retail and pub businesses remained profitable in the first half, despite the significant impact of COVID-19, with Underlying Funds From Operations ('UFFO') of £9.3 million, compared to £26.4 million in the first half of FY20, mainly due to the impact of pub closures, support provided to our pub partners and reduced levels of retail rent collection.

Our overall portfolio on a proportionally consolidated basis was valued at £1.06 billion at 30 September 2020, compared to £1.20 billion at 31 March 2020, due principally to an 8.2% like-for-like decline in portfolio valuation. Our EPRA net tangible assets per share were 171 pence (31 March 2020: 201 pence), also due to the non-cash reduction in portfolio valuation, and our IFRS net assets were £518.2 million (31 March 2020: £610.6 million).

Our LTV increased from 47.1% at 31 March 2020 to 48.1% at 30 September 2020, with the decline in our portfolio valuation partially offset by the progress made with our disposal program. Our focus is to reduce LTV to be in-line with our target of being below 40%, through disposals in FY21.

Despite our strong financial position, uncertainty remains as to the impact of COVID-19 on our operations, in particular the new local restriction tier system that will be introduced in England from 2 December 2020, and similar measures in Scotland, Wales and Northern Ireland. For this reason, the Board has decided not to pay a dividend in respect of the first half in order to continue its focus on cash reserves and liquidity. However, it is the Board's intention that a covered dividend will be reinstated at the full year.

Operational performance

Our retail portfolio, focused on essential retailing for local communities, delivered robust operational metrics in the first half. Almost 40% of our retailers remained open throughout the national lockdown, and we were able to fully reopen all of our centres quickly after restrictions were lifted. Our strong relationships and collaborative approach saw our rent collection levels rise significantly ahead of the market and helped us to make significant progress in rebuilding our retail revenues.

During the first half, we completed 504,700 sq ft of new lettings and renewals across our retail portfolio, representing £3.1 million of annualised rent on terms 2.7% below ERV. This high volume of leasing activity means that our occupancy rate increased to 96.2% (31 March 2020: 94.8%). Our rental income is well-diversified, with 1,800 leases across over 850 different occupiers. This diversification, combined with our affordable rents of £11.85 per sq ft as at 30 September 2020 (31 March 2020: £12.66) has underpinned the sustainability of our income.

In our Hawthorn community pub business, our focus throughout the lockdown period was on protecting our financial position and supporting our pub partners. Our dedicated team ensured that our business and pub partners could access UK Government support packages where available, and reduced non-essential capex. Over 86% of our pub partners invested in their pub during the lockdown, and 97% of our pub partners said they were either satisfied or very satisfied with Hawthorn's help during the lockdown period.

Thanks to the dedication and preparedness of the Hawthorn team, our pubs were able to reopen safely from the beginning of July, with like-for-like volumes and sales outperforming the wider market. Hawthorn returned to profitability within eight weeks of reopening, collected close to 40% of rents during the national lockdown and consistently sold pubs during the first half. This experience meant that the portfolio was well positioned for the reintroduction of certain regional restrictions in September, and the subsequent lockdown following the period end. We are confident that with the experience gained from the first national lockdown, our return to profitability and normalised levels of trading will be even smoother once these latest restrictions are eased.

Development

Our development pipeline totals 2.6 million sq ft and is one of the ways in which we extract further value from our assets. Reflecting our focus on realising alternative use potential, over 75% of the pipeline relates to residential development.

Through our capital partnerships business we aim to support Local Authority partners as they address the key issue facing many towns and cities; an excess of retail space. COVID-19 has undoubtedly further accelerated this intervention, as Local Authorities are seeking additional income streams to address funding shortfalls, and because asset owners are facing increasing financial pressure. The 'Planning for the Future' white paper published by the UK Government in August 2020, where NewRiver participated extensively in the consultation process, provided further impetus by streamlining the planning process for town centre regeneration.

Our retail real estate operating platform already has significant experience in obtaining planning consent for town centre regeneration schemes, such as our projects in Burgess Hill, Cowley – Oxford, and Grays. During the first half, we received approval for our revised Burgess Hill development scheme, increasing its residential provision and reducing its retail

footprint, and submitted a pre-application to Thurrock Council following a very successful Community Engagement Weekend. We aim to partner with many other Local Authorities in order to transform their own town and city centres.

Committed to our communities

COVID-19 has demonstrated more than ever the importance of community, and we recognise the critical role that our assets play in local communities across the UK. During the first half, we continued to provide enhanced support to our corporate charity partner, the Trussell Trust, whose vital work supports over 1,200 food banks. We also increased the level of support provided to staff through the provision of wellness packs and mental health workshops. Across our portfolio, we continued to engage with Local Authorities to help them to transform their town centres into vibrant places that serve their local communities.

We believe we have wider responsibilities if our business model is to be sustainable over the long-term and following the most active year to date for our ESG programme, we were delighted to receive our first EPRA Sustainability Best Practice Recommendations award, a Bronze, in September 2020. Strong credentials in this area should also make us a more attractive long-term partner for our tenants, local authorities and lenders. We recognise that there is room for further improvement in this area, and this will guide our ESG programme response in the coming year.

Scenario analysis

At the full year, we provided the below table of the most realistic FY21 Net Property Income scenarios being tested as a result of COVID-19, factoring in the loss of income from our pub portfolio and reduced rental income from our retail portfolio.

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 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 modelled liquidity headroom. 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 full year, we expected our FY21 outturn to be somewhere between Scenario 2 and Scenario 3, with Group blended net property income down by 30% to 38%, compared to the Group's pre-COVID-19 forecast. Our operational performance, principally retail rent collection and pub trade post reopening, has tracked ahead of this level in the first half, and therefore our expected FY21 outturn has improved and is now in-line with Scenario 2.

New portfolio segmentation

In order to further improve understanding of the income and valuation profile of our assets, and our strategies to extract further value from our portfolio, we are today providing a new sub-segmentation of our shopping centre portfolio (Core/Regeneration/Work Out), which is included in the table below.

Sub-segment ¹	Description	% of portfolio by value	Strategy
Community pubs	Wet-led community pubs in suburban locations. Delivering EBTIDA and valuation growth pre-COVID-19	25%	Operational initiatives and small-scale development (e.g. c-stores) initiatives to enhance income and valuations
Core Shopping Centres	Located in areas with good supply/demand dynamics for retail space, resulting in sustainable income and valuations	22%	Asset management and small-scale development (e.g. combining units) initiatives to enhance income and valuations

Regeneration Shopping Centres	Centres with opportunities to deliver larger scale residential-led regeneration schemes	20%	Unlock value from regeneration opportunities through capital partnerships or selling with the benefit of planning
Retail Parks	Conveniently located food & grocery-anchored retail parks, offering free car parking and optimised for click & collect	17%	Asset management and small-scale development (e.g. drive thru pods) initiatives to enhance income and valuations
Work Out Shopping Centres	Located in areas with an oversupply of retail space, leading to downward pressure on rents and valuations	14%	Asset management initiatives to reposition centres and move them into the Core Shopping Centres segment, and selective disposals
Other	Standalone high street units, non-income generating development sites and other miscellaneous assets	2%	Asset management initiatives to protect income and selective disposals

1. Note that the Group considers its operating segments to be Retail and Pubs for reporting purposes

The segmentation shows that two-thirds of our assets are held in community pubs, core shopping centres and retail parks. Our strategies here are unchanged and are to deliver income and valuation growth through active asset management and small-scale developments. Our Regeneration Shopping Centres portfolio includes our assets with significant large-scale residential redevelopment potential, to be realised through our development pipeline or disposal programme. Our Work Out Shopping Centres portfolio is where a supply and demand imbalance is having a significant impact on rents, and our strategy is to either successfully reposition these centres to enable them to become core through active management, or create regeneration opportunities or dispose of them. All three scenarios will require time to both assess and implement.

Board Succession

As a Board we continually keep Board succession and performance under review. We are however mindful and grateful of the support and experience that our Non-Executive directors have contributed over this challenging period. We are therefore delighted that although Kay Chaldecott will reach her nine year term in 2021, Kay has agreed to extend her tenure for a further year so that we may continue to benefit from her significant knowledge and expertise of the retail real estate sector in these unprecedented times.

Outlook

For the second half of our financial year, we will continue to focus on rebuilding our retail and pub revenues and reducing our net debt, targeting a further £30 million to £50 million of disposals in the second half.

We have upgraded our outlook for the year based on our scenario analysis and expect to be at the top end of our disposal target range. The performance of our pubs post the first lockdown underpins our optimism in our largest segment and our core retail portfolio is stable. The longer term outlook is more encouraging given the strong performance of our pubs, our largest segment, post the first lockdown and that our core retail portfolio is stable. Through portfolio stability, asset and development management and disposals we remain confident in our ability to lower our LTV to below 40%.

Allan Lockhart
Chief Executive
26 November 2020

Portfolio review

Highlights

- Portfolio valued on a proportionally consolidated basis at £1.06 billion as at 30 September 2020 (31 March 2020: £1.20 billion)
- Total property return outperformed the MSCI-IPD benchmark by 20 bps, with a total decline of -5.7%,
- Completed £50.2 million of disposals at a blended NIY of 6.7% and 6% discount to March 2020 valuation
- Retail occupancy remained high at 96.2% (31 March 2020: 94.8%); average rent remains affordable at £11.85 per sq ft (31 March 2020: £12.66 per sq ft)
- Completed 504,700 sq ft of new lettings and renewals across the retail portfolio; long-term deals on average – 5.7% below previous passing rent -2.7% below 31 March 2020 ERV
- Hawthorn occupancy of 98.0% at 30 September 2020 (31 March 2020: 97.0%); Like-for-like volumes for Leased & Tenanted pubs (81% of Hawthorn) down -8% vs wider market down -18%
- Development pipeline stands at 2.6 million sq ft, of which over 75% relates to residential development

Valuation

At 30 September 2020, our portfolio was valued at £1.06 billion (31 March 2020: £1.20 billion), as a result of disposal activity and an 8.2% like-for-like decline in portfolio valuation. The decline was driven by 30 bps outwards yield shift and a -4.8% decline in ERVs. The portfolio is now valued off an equivalent yield of 9.3%. A breakdown of the key valuation movements by asset type is provided below.

As at 30 September 2020	Valuation (NRR share) (£m)	Portfolio Weighting (%)	Valuation deficit (%)	Topped-up NIY (%)	NEY (%)	LFL ERV Movement (%)
Pubs & C-Stores	262	25%	-4.5%	11.7%	11.7%	-
Shopping Centres - Core	229	22%	-10.4%	9.0%	8.8%	-6.8%
Shopping Centres - Regeneration	217	20%	-6.9%	6.0%	6.5%	-6.1%
Retail Parks	178	17%	-4.8%	7.1%	7.6%	-1.4%
Shopping Centres – Work Out	151	14%	-15.1%	8.7%	12.0%	-3.8%
Other	21	2%	-16.4%	8.8%	7.7%	-9.4%
Total	1,058¹	100%	-8.2%	8.7%	9.3%	-4.8%

1. See note 13 for reconciliation between Valuation (NRR share) shown in this table, and the relevant notes to the financial statements

Our valuation performance reflects the continued challenges facing the UK retail and pubs sectors due to COVID-19. As the table below shows, our portfolio outperformed the MSCI-IPD benchmark for both income return and capital growth during the first half, delivering a total return outperformance of +20 bps. In our view, this outperformance is driven by the affordability of our rents, which means our ERV decline was much less than our peers 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 £18.2 million for our shopping centres and £13.3 million for our retail parks.

Six months to 30 September 2020	Total Return	Income Return	Capital Growth
NRR portfolio	-5.7%	3.3%	-8.7%
MSCI-IPD Benchmark ¹	-5.9%	2.6%	-8.3%
Relative performance	+20 bps	+70 bps	-40 bps

1. Benchmark includes monthly & quarterly valued retails

Retail portfolio operations

Overview

Our UK wide retail portfolio comprises 33 community shopping centres, 24 retail parks and a small number of high street units. These assets have an occupier line-up focused on essential goods and services, and over two-thirds of them are anchored by a major food and grocery brand. Our community shopping centres are located in town and city centres, in close proximity to transport connections, civic services and other local amenities, and are characterised by a low travel time and a high frequency of visits. Our retail parks are located on the edge of urban areas, in close proximity to major A-roads, and are characterised by a spacious open-air shopping experience and large free car parks which make them optimised for retailers' click & collect strategies.

COVID-19 lockdown and rent collection

Following the UK Government's requirement that all non-essential retail premises had to temporarily close on 23 March 2020, our centre managers ensured that all of our centres were compliant with the regulations and that the centres were able to remain open and provide a safe and secure shopping experience for those requiring essential retail. Reflecting our focus on providing essential retail to local communities, almost 40% of our retailers remained open throughout the duration of the lockdown. Within days of non-essential retail being allowed to reopen in England on 15 June 2020, the proportion of our retail portfolio open and trading had increased to 60%, by the middle of July this had increased to over 80% and by the end of September this has increased to 94%. The impact of the national lockdown and ongoing COVID-19 measures can be seen clearly in the footfall measured across our shopping centre portfolio, which was 54% of the same period last year, outperforming the UK benchmark which was 44% of the same period last year due to our focus on essential retail.

Following the announcement by the UK Government of a second lockdown in England from 5 November 2020, 64% of our retailers by rent are currently open and trading (58% in shopping centres and 82% in retail parks), increased to 69% (64% in shopping centres and 82% in retail parks) when those retailers open for click & collect are added.

Since the national lockdown in March, we have engaged constructively with our occupiers to collect contractual rent due, and we have made significant progress by agreeing alternative payment plans with those occupiers representing rent outstanding. The table below shows the status of rent due in respect of each quarter of the financial year.

Status of rent collection as at 20 November 2020

	Q1 FY21	Q2 FY21	Q3 FY21
Collected	77%	81%	81%
Deferred	8%	5%	2%
Re-gear	7%	8%	3%
Total collected or alternative payments agreed	92%	94%	86%
Waived	4%	1%	2%
Rent outstanding	4%	5%	12%
Total (%)	100%	100%	100%

As this table shows, the majority of rent has been collected as originally requested. Of the alternative payment agreements, the majority have either had rent deferred, over a period of 2 to 18 months, averaging 10 months, or agreed to a re-gear, which typically entails a lease being extended in exchange for the granting of a rent-free period. We have agreed to waive rent in exceptional circumstances, for example for certain charities and small and independent retailers.

Leasing activity

During the first half we completed 504,700 sq ft of new lettings and renewals across our retail portfolio, representing £3.1 million of annualised rent. This compares to 337,900 sq ft of leasing activity in the first half of FY20. Long-term leasing deals were signed at a -5.7% discount to previous passing rent and a -2.7% discount to March 2020 ERV. Long-term leasing deals had an average length of 8.0 years. This high volume of leasing activity means that our occupancy rate increased to 96.2% (31 March 2020: 94.8%) despite the challenging market backdrop.

Our leasing activity in the first half reflected our focus on essential retailing. We signed four leasing deals with B&M, including three new lettings across our retail park portfolio, and signed deals with Holland & Barrett, The Works, Costa and Burger King. We also signed two leasing deals with Homebase and a further deal with Wren Kitchens. In September 2020,

we signed a portfolio detail with the value card and gift retailer Cardzone, which saw it take an additional six stores across our portfolio and more than doubled our rental income from this growing retailer.

Income profile

Top retail occupiers

Rank	Occupier	% Total gross income	Number of stores in portfolio
1	B&M	2.5	15
2	Poundland	1.8	20
3	Superdrug	1.8	16
4	Wilko	1.7	8
5	Boots	1.6	16
6	Primark	1.5	4
7	TK Maxx	1.4	8
8	Marks & Spencer	1.3	4
9	Iceland	1.2	14
10	Sainsbury's	1.2	3
	Subtotal	16.0	
11-25	e.g. Next, B&Q, WHSmith, Home Bargains	11.1	
26-100	e.g. Greggs, Costa, Tesco, Dunelm	18.7	
	Total	45.8	

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. Our 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 period end was B&M, accounting for 2.5% of total rent. This diversification, combined with our affordable rents of £11.85 per sq ft as at 30 September 2020 (31 March 2020: £12.66) underpin the sustainability of our income. Although we consider lease length to be less of a factor in supporting income sustainability, we were pleased to see our weighted average lease expiry remain relatively constant at 5.2 years (31 March 2020: 5.5 years).

Hawthorn community pub portfolio operations

Overview

Our Hawthorn community pub business owns 700 pubs throughout England, Scotland and Wales. Our community pubs are almost all wet-led and operated by individuals, typically as a family business, and at over two-thirds of sites, the operator lives in residential accommodation provided above or adjacent to the pub. Over 97% of our pubs are owned freehold, and occupancy was 98.0% at period end (31 March 2020: 97.0%).

Across Hawthorn, 81% of sites operate under a Leased & Tenanted model, whereby Hawthorn 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 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 19% of Hawthorn 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.

COVID-19 lockdown

The UK Government required the temporary closure of all hospitality businesses on 20 March 2020, and all of our portfolio was closed until 4 July 2020, when pubs in England were allowed to reopen. During the lockdown period, our focus was on protecting Hawthorn's financial position and supporting our pub partners. To protect our financial position, we accessed UK Government support packages, reduced non-essential capex and operating costs and collected close to 40% of rent from our pub partners. Our Business Development Managers were in close contact with our pub partners and provided support to access government support, including the Retail, Hospitality and Leisure Grant and the Covid Job Support Scheme. In addition, over 86% of our pub partners invested in their pub during the lockdown, particularly in improving

outside space. Reflecting this level of support, 97% of our tenants said they were either satisfied or very satisfied with Hawthorn's help during the lockdown period.

Reopening from 4 July 2020

From 4 July 2020, our pubs in England were allowed to reopen, and within a week over 90% of our pub portfolio in England was opened. Following the lifting of restrictions in Scotland and Wales several weeks later, over 90% of our entire portfolio was trading by mid-August 2020.

The underlying performance of our pubs was strong following reopening, with like-for-like volumes in our Leased & Tenanted portfolio down only -8% compared to the same period in 2019, and like-for-like sales in our Operator Managed pubs down only -16% compared to the same period in 2019. This performance compared favourably to the wider market over the same period, with data from the Coffer Peach Business Tracker showing that pub like-for-like sales were down -18% over the same period.

In order to support our pub partners recovery following reopening, we did not charge rent for the months of July or August 2020, and launched our innovative Partner Investment Fund, through which we matched investments made by pub partners. Both of these schemes were conditional on obtaining commitments from our pub partners that ensured we were able to retain the best tenants and operators for the long term.

New restrictions from October 2020

From October 2020, our pub operations began to face new restrictions, initially in the form of new hospitality closures in Scotland and culminating in the new national restrictions for England announced by the UK Government on 31 October.

Our Hawthorn team and our pub partners are now well-experienced in pub closure and reopening procedures, and we will ensure that our pub partners are supported throughout closure, particularly in accessing available Government support, to ensure these businesses can emerge strongly from the restrictions.

Hawthorn has outperformed the wider market from the easing of lockdown restrictions on 4 July 2020, and returned to profitability swiftly within eight weeks of reopening. We are confident that with the experience gained from the first national lockdown period, the return to profitability will be even quicker once these latest restrictions are eased. In addition, November typically represents the lowest contribution of any month to Hawthorn's Group EBTIDA, which provides some mitigation of the impact of these closures.

Development

Our development pipeline totals 2.6 million sq ft (2.2 million sq ft in the near-term) and is one of the ways in which we extract further value from our assets, particularly those in our Regeneration Shopping Centre segment. Reflecting our focus on realising alternative use potential, over 75% of the pipeline relates to residential development.

For the majority of 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 smaller projects 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	Retail Park	Health & Social Care	Hotel	C-store	Residential	Total Pipeline	Retail & Leisure Pre-let %	Resi Pre-sold %
	Sq ft	Sq ft	Sq ft	Sq ft	Sq ft	Sq ft	Sq ft		
Completed/Under construction in HY20	-	3,600	-	37,900	3,600	8,100	53,200	100	-
Planning granted	279,000	12,000	-	63,100	10,700	550,300	915,100	53	29
In planning	-	19,000	-	-	3,500	25,400	47,900	100	-
Pre-planning	-	77,300	54,200	-	3,500	1,056,900	1,191,900	41	-
Near-term pipeline	279,000	111,900	54,200	101,000	21,300	1,640,700	2,208,100		
Early feasibility stages	-	-	-	50,000	-	378,000	428,000		
Total pipeline	279,000	111,900	54,200	151,000	21,300	2,018,700	2,636,100		
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 period

During the period, we further progressed the development of a 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.

Development within our Regeneration Shopping Centre segment

Burgess Hill (Planning Granted)

In September 2020, Mid Sussex District Council approved our revised planning application for the 465,000 sq ft mixed-use regeneration of Burgess Hill town centre. Working closely with local stakeholders, we adjusted the design of the scheme consented in 2016 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.

Cowley, Oxford (Planning Granted)

Oxford City Council has approved plans for our 236,000 sq ft 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)

We acquired Grays Shopping Centre in June 2018, recognising a significant opportunity for a high density residential led redevelopment of 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 existing retail floorspace from 177,000 sq ft to 50,000 sq ft, increase public open areas and facilitate an improved pedestrian flow through Grays town centre, as well as providing over 800 new homes. Following a Community Planning Weekend in February 2020, a pre-application presentation 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.

Development within other segments

New unit at Poole Retail Park (Pre-planning)

We acquired Poole Retail Park in a 10% associate investment with BRAVO in October 2019. During the first half, we have agreed terms with a national food retailer to occupy a new 52,500 sq ft unit to be built on a site currently occupied by Homebase.

Expansion of existing unit at Rishworth Centre and Railway Street Retail Park, Dewsbury (Pre-planning)

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.

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. 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.

Disposals

During the first half, we completed £50.2 million of disposals, reflecting a blended NIY of 6.7% and a -6% discount to March 2020 valuations. 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 such as joint venture partners.

Six months to 30 September 2020	Number of transactions	Disposal price (£m)	March 2020 Valuation (£m)	Disposal vs Valuation (%)	Blended NIY (%)	Blended IRR (%)
Retail parks	2	40.2	42.9	-6	7.8	2.6
High Street	1	0.9	1.2	-28	15.2	-0.4
Development	1	2.6	2.5	+5	-	7.6
Pubs	20	5.3	5.6	-5	1.0	-4.0
C-stores	1	1.2	1.2	-	5.2	9.5
Total	25	50.2	53.4	-6	6.7	2.3

Finance review

Our financial performance in the first half was significantly impacted by the national lockdown in response to COVID-19. Underlying Funds From Operations ('UFFO') were £9.3 million, compared to £26.4 million in the first half of the prior year. Our IFRS loss after tax was -£92.3 million, compared to a loss of -£21.3 million in the first half of the prior year, predominantly due to a non-cash reduction in portfolio valuation of £94.7 million.

We paid no dividends in the period, compared to 10.8 pence in the first half of FY20. This followed the decision made in March 2020 to suspend payments due to the impact of COVID-19 on our operations.

Our portfolio was valued on a proportionally consolidated basis at £1.06 billion at 30 September 2020, compared to £1.20 billion at 31 March 2020, due to an 8.2% like-for-like decline in portfolio valuation and the successful execution of our disposal strategy. Our EPRA Net Tangible Assets per share were 171 pence (31 March 2020: 201 pence), also predominantly due to a non-cash reduction in portfolio valuation, and our IFRS net assets were £518.2 million (31 March 2020: £610.6 million), decreased for the same reason.

Resilient balance sheet and strong liquidity position

Despite the disruption to operations caused by COVID-19, our balance sheet remains well positioned, with a fully unsecured and unencumbered capital structure. Our LTV modestly increased from 47.1% at 31 March 2020 to 48.1% at 30 September 2020, as a decline in our portfolio valuation was partially offset by the progress made with our strategy to dispose of £80 million to £100 million of assets in this financial year. While LTV at this level remains safely below our covenant thresholds, our focus is to improve LTV to be more in-line with our guidance of being below 40%, predominantly through disposals. We have already completed, exchanged or are under offer on £71.9 million of disposals so far in FY21.

Our liquidity position remains strong, and as at 30 September 2020 we had £140 million of cash and £45 million of undrawn revolving credit facilities, giving available liquidity of £185 million. We also have received approval to access £50 million of funding under the Covid Corporate Financing Facility ('CCFF'), which is currently undrawn but improves our available liquidity to £235 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 we remain 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 August 2023, so our balance sheet is in a strong position in spite of the challenging market and its higher than guidance LTV. This will be a key focus for the rest of the 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

	30 September 2020 (£m)	30 September 2019 (£m)
Loss for the period after taxation	(92.3)	(21.3)
<i>Adjustments</i>		
Revaluation of property	92.9	40.4
Revaluation of joint ventures' investment properties	1.8	2.1
Loss on disposal of investment properties	2.1	0.8
Revaluation of derivatives	1.2	2.3
Loss on disposal of subsidiary	2.2	-
Acquisition costs	0.1	-
Deferred tax	0.1	0.4
EPRA earnings	8.1	24.7
Depreciation of properties	0.3	0.5
Forward looking element of IFRS 9	0.6	-
Abortive fees	0.3	-
Share-based payment charge	-	1.2
Underlying Funds From Operations	9.3	26.4

Underlying Funds From Operations is represented on a proportionally consolidated basis in the following table.

	30 September 2020				30 September 2019
	Group £m	Non-cash adjustments ¹ £m	JVs & Associates £m	Proportionally consolidated £m	Proportionally consolidated £m
UNDERLYING FUNDS FROM OPERATIONS					
Revenue	56.0	-	2.2	58.2	71.2
Property operating expenses	(31.1)	0.6	(0.6)	(31.1)	(24.3)
Net property income	24.9	0.6	1.6	27.1	46.9
Administrative expenses	(11.4)	0.7	(0.1)	(10.8)	(9.7)
Other income	4.3	-	-	4.3	-
Net finance costs	(13.1)	1.2	(0.4)	(12.3)	(10.8)
Taxation	0.9	0.1	-	1.0	-
Underlying Funds From Operations				9.3	26.4
UFFO per share (pence)				3.0	8.6
Ordinary dividend per share (pence)				-	10.8
Ordinary dividend cover				-	80%
Admin cost ratio				22.0%	14.6%
Weighted average # shares				306.4	305.6

1. Adjustments to Group figures to remove non-cash items, principally forward looking element of IFRS 9 (£0.6 million), depreciation of properties £(0.3) million, abortive fees and acquisition costs £(0.4) million, revaluation of derivatives £(1.2) million and Deferred tax £(0.1) million

Net property income

Analysis of retail net property income (£m)

Retail net property income for the six months ended 30 September 2019	33.3
Like-for-like rental income	(2.4)
Rent and service charge provisions	(6.3)
Lease modifications	(0.2)
Decline in like-for-like car park and commercialisation income	(2.4)
Acquisitions	2.8
Disposals	(0.4)
Asset management fees	0.2
Other property costs	(1.0)
Retail net property income for the six months ended 30 September 2020	23.6

On a proportionally consolidated basis, retail net property income was £23.6 million for the six months to 30 September 2020, compared to £33.3 million in the six months ended 30 September 2019.

Like-for-like net rental income declined by £2.4 million, or -9.0%, driven primarily by the cumulative impact of CVAs and administrations. The £6.3 million provision has been made in relation to retail rents and service charge amounts that we have deemed unlikely to be received as a result of the COVID-19, and the lease modifications reduction of £0.2 million reflects the impact of reprofiling rents where, for example, rent free periods have been offered as a result of the impact of COVID-19. Car park and commercialisation income has declined by £2.4 million, or -67%, reflecting reduced footfall across town centres during the national lockdown period.

The £2.8 million of additional income from acquisitions related to a full half of income from five retail parks acquired in our joint venture relationship with BRAVO, and the acquisition of Sprucefield Retail Park, in FY20. This more than offset the £0.4 million of income lost as a result of our asset disposal programme in FY20 and so far in FY21.

The £0.2 million 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.

Analysis of Hawthorn net property income (£m)

Hawthorn net property income for the six months ended 30 September 2019	13.6
Decline in like-for-like income	(0.4)
Conversions from Leased & Tenanted pubs to Operator Managed	0.1
Pub and c-store disposals	(0.3)
COVID-19 closure impact	(6.4)
Partner support provided	(3.8)
Bravo Inns acquisition (full half)	0.7
Acquisition of 28 pubs from Marston's (full half)	0.1
Beer destruction	(0.2)
Other	0.1
Pub net property income for the six months ended 30 September 2020	3.5

Pub net property income was £3.5 million during the six months to 30 September 2020, compared to £13.6 million in the six months to 30 September 2019, predominantly because on 20 March 2020 the UK Government announced the immediate closure of all cafes, pubs, bars and restaurants across the UK, in order to control the spread of COVID-19.

The pubs saw a £0.4 million decline in like-for-like income excluding the impact of the COVID-19 lockdown. This relates to the period following the reopening of our pubs, when performance was still impacted by reduced customer confidence,

some localised restrictions, and the Government's Eat Out to Help Out scheme, which adversely impacted our predominantly wet-led portfolio.

Pubs in England were allowed to reopen on 4 July 2020 in England, with pubs in Scotland and Wales allowed to fully reopen several weeks later. The direct impact of closing our pubs adversely impacted by income by £6.4 million, with the support provided to partners, predominantly in the form of rent waivers, further reducing income by £3.8 million. The cost of destroying beer supplies adversely impacted income by £0.2 million.

The impact of a full half of income from the acquisitions of Bravo Inns and 28 community pubs from Marston's in FY20 added £0.7 million and £0.1 million respectively, while the conversion of selected pubs from the Leased & Tenanted to Operator Managed models added a further £0.1 million.

Administrative expenses

Administrative expenses were £10.8 million in the first half, compared to £9.7 million in the first half of FY20. The main driver of the increase was the investment we have made into our Hawthorn operating platform in support of the acquisitions made in FY20.

Other income

Other income of £4.3 million was received in the first half, £2.7 million relating to our retail portfolio, and £1.6 million relating to our pub portfolio. In retail, other income related entirely to insurance proceeds received following the fire in October 2018 at the unit formerly occupied by B&M at Clifton Moor Retail Park in York.

In the pubs, we received a dilapidation payment from Marston's in relation to cost of repairs made to the 'Trent' portfolio of pubs following the end of our four-year leaseback agreement with Marston's in December 2017. This contributed a further £0.8 million to income. In addition, we received £0.8 million of government grants on our operator managed estate, due to the income disruption caused by the closure of the pub estate in Q1 as a result of COVID-19.

Net finance costs

Net finance costs were £12.3 million in the first half, compared to £10.8 million in the first half of FY20. This is mainly due to the strategic decision to draw on our RCF in order to protect our cash and liquidity position at the onset of COVID-19 (contributing £0.9 million of the increase), an increase in margin due to our LTV rising above 40% in the second half of FY20 (£0.4 million) and the impact of a full half of finance costs relating to the acquisition of five retail parks in FY20 in our joint venture relationship with BRAVO.

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 in the first half, reducing tax provisions made which are no longer expected to be required.

Dividends

On 19 March 2020, we announced that the Board had decided 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.

Despite our strong financial position, uncertainty remains as to the impact of COVID-19 on our operations, in particular the new local restriction tier system that will be introduced in England from 2 December 2020, and similar measures in Scotland, Wales and Northern Ireland. For this reason, the Board has decided not to pay a dividend in respect of the first half in order to continue its focus on cash reserves and liquidity. However, it is the Board's intention that a covered dividend will be reinstated at the full year.

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

least 90% of our profit from the property rental business must be paid as dividends. We intend to continue as a REIT for the foreseeable future.

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 30 September 2020			As at 31 March 2020
	Group £m	JVs & Associates £m	Proportionally consolidated £m	Proportionally consolidated £m
Properties at valuation	1,015.7	42.2	1,057.9	1,197.1
Right of use asset	86.9	-	86.9	87.2
Investment in JVs & associates	25.6	(25.6)	-	-
Other non-current assets	1.7	1.5	3.2	2.9
Cash	137.8	1.7	139.5	82.1
Other current assets	28.3	1.2	29.5	27.9
Total assets	1,296.0	21.0	1,317.0	1,397.2
Other current liabilities	(57.0)	(1.9)	(58.9)	(49.9)
Lease liability	(86.0)	-	(86.0)	(86.3)
Debt	(629.1)	(19.1)	(648.2)	(645.7)
Other non-current liabilities	(5.7)	-	(5.7)	(4.7)
Total liabilities	(777.8)	(21.0)	(798.8)	(786.6)
IFRS net assets	518.2	-	518.2	610.6
EPRA adjustments:				
Goodwill			(0.3)	(0.2)
Deferred tax			1.9	2.1
Fair value financial instruments			3.9	2.7
EPRA NTA			523.7	615.2
EPRA NTA per share			171p	201p
IFRS net assets per share			169p	199p
LTV			48.1%	47.1%

Net assets

As at 30 September 2020, IFRS net assets were £518.2 million (31 March 2020: £610.6 million). The reduction was primarily due to an 8.2% like-for-like decrease in portfolio valuation.

EPRA NTA is calculated by adjusting net assets to reflect the potential impact of dilutive ordinary shares, and to remove the fair value of any derivatives and goodwill held on the balance sheet. These adjustments are made with the aim of improving comparability with other European real estate companies. EPRA NTA decreased by 15% to £523.7 million, from £615.2 million at 31 March 2020. EPRA NTA per share decreased by 15% to 171 pence per share at 30 September 2020 compared to 201 pence per share at 31 March 2020. The decrease in EPRA NTA and EPRA NTA per share is primarily due to the 8.2% like-for-like decrease in portfolio valuation.

Properties at valuation

Proportionally consolidated properties at valuation was £1,057.9 million at 30 September 2020, compared to £1,197.1 million at 31 March 2020, due to an 8.2% like-for-like decline in valuations and the completion of £50.2 million of disposals, in-line with our strategy to complete between £80-100 million of disposals in FY21.

Net debt & financing

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

	Group	JVs & Associates	Proportionally consolidated
Net debt at 31 March 2020	547.8	15.8	563.6
Operating activities			
Net cash inflow from operating activities	(15.4)	(1.1)	(16.5)
Investing activities			
New borrowings	-	2.0	2.0
Investment in associate	2.0	-	2.0
Disposal of subsidiary	(38.5)		(38.5)
Disposal of investment properties	(12.1)	-	(12.1)
Purchase of plant and equipment	0.7	-	0.7
Development and other capital expenditure	4.7	-	4.7
Financing activities			
Ordinary dividends paid	1.4		1.4
Other	0.7	0.7	1.4
Net debt at 30 September 2020	491.3	17.4	508.7

Proportionally consolidated net debt decreased by £54.9 million in the first half to £508.7 million, primarily as a result of our investment activity.

Operating activities generated a net cash inflow of £16.5 million, compared with UFFO of £9.3 million. As part of our disposal programme, we received cash proceeds of £48.6 million, net of re-investment in the new Sprucefield associate of £2.0m, in addition to new debt taken out in associates of £2.0 million. The purchase of plant and equipment, and development and other capex, represented cash outflows of £0.7 million and £4.7 million respectively. The payment of withholding tax on the dividend relating to Q3 FY20 resulted in a net cash outflow of £1.4 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 slightly from 47.1% at 31 March 2020 to 48.1% at 30 September 2020, as valuation decline was offset by the progress made with our disposal programme and cash generation from our portfolio. 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	
		30 September 2020	31 March 2020
Net debt		£508.7m	£563.6m
Principal value of gross debt		£654.4m	£652.4m
Weighted average cost of debt ¹		3.3%	3.4%
Weighted average debt maturity ²		5.4 yrs	5.9 yrs
Loan to value	Guidance <40% Policy <50%	48.1%	47.1%
		HY21	HY20
Net debt: EBITDA	<10x	9.0x	6.4x
Interest cover	>2.0x	3.5x	5.1x
Ordinary dividend cover ³	>100%	-	80%
		Group	
		30 September 2020	31 March 2020
Balance sheet gearing	<100%	95%	90%

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 30 September 2020 is 5.0 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	30 September 2020
Single retailer concentration	<5% of gross income	2.5% (B&M)
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	25%

Mark Davies
Chief Financial Officer
26 November 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 lowering the 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	1. People
2. Political and regulatory	2. Financing
3. Catastrophic external event	3. Asset management
4. Climate change	4. Development
5. Changes in technology and consumer habits	5. Acquisition
	6. Disposal

Risk assessment during the six months to 30 September 2020

The general risk environment in which the Company operates remained relatively constant throughout the first half. While the easing of lockdown rules from June 2020 onwards removed some risk relating to COVID-19, particularly in our macroeconomic, catastrophic external event and asset management risk categories, the prospect of a second wave of infections and the imposition of new restrictions by the UK and other national governments from October 2020 onwards meant that much of that risk has returned. Wider concerns around the deterioration of the UK retail market, and continued political and economic uncertainty relating to the UK's departure from the EU, remained throughout the six months. The Company has reviewed its exposure to climate-related and other emerging business risks but has not identified any further risks that could impact the financial performance or position of the Company as at 30 September 2020.

External Risks

Risk and impact	Monitoring and management	Change in risk assessment during the period
<p>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.</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Macroeconomic risk has remained stable during the six months and is considered a medium to high impact risk with a medium to high likelihood. • UK GDP grew for five consecutive months to September 2020, but still remains 8% below pre-COVID-19 levels in February 2020, and unemployment has risen slightly • However, retail sales have rebounded since the first national lockdown and are ahead of pre-COVID-19 levels • The uncertainty around the impact of the COVID-19 pandemic continues to result in declines in asset valuations, which has narrowed the headroom on some of our debt covenants.
<p>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.</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Political and regulatory risk has remained stable during the half and is considered a medium to high impact risk with a medium to high likelihood. • Political uncertainty surrounding COVID-19, and the prospect of a no-deal Brexit persist, but has not deteriorated further • 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.

<p>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.</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Catastrophic external event risk has remained stable during the half 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 has ensured preparedness for any future lockdowns. • The Board continues to review the Company's response to the COVID-19 pandemic and make any necessary amendments to our crisis response plan.
<p>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.</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Climate change risk has remained stable during the half 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 half, in addition to the scoring criteria for certain ESG benchmarks such as GRESB • Our ESG committee pre-empted these changes, and our initiatives and disclosure continue to evolve in-line with best practice.
<p>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.</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Changes in technology and consumer habits risk has remained stable during the half 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. • Our portfolio is focused on providing essential retail to local communities, which continues to mitigate the impact of online retail on our portfolio.

Internal Risks

Risk and impact	Monitoring and management	Change in risk assessment during the period
<p>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.</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • People risk has reduced during the half and is considered a low to medium impact risk with a low 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. • However, the economic impact of COVID-19 has led to uncertainty and excess supply in the labour market, providing access to high quality talent and reducing the likelihood of people leaving employment.
<p>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.</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Financing risk has remained stable during the half 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. • Through our disposal programme strategy we have managed to mitigate the impact COVID-19 might otherwise have had on our cash and liquidity position and LTV.
<p>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</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Asset management risk has increased during the half and is considered a medium impact risk with a medium to high likelihood. • The COVID-19 pandemic has placed restrictions on the operations of our occupiers and impacted performance and rent collection at our assets. • There have been a number of high-profile retail failures since the beginning of the pandemic, including amongst our occupier base. • Our COVID-19 response has focused on supporting occupiers and ensuring businesses can emerge from the crisis in robust financial shape.
<p>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</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Development risk has remained stable through the half 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.

<p>10. Acquisition The performance of asset and corporate acquisitions might not meet with our expectations and assumptions, impacting our revenue and profitability</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Acquisition risk has remained reduced through the half and is considered a low impact risk with a low likelihood. • Our key capital allocation priority is to use cash proceeds to reduce debt, and therefore there will be limited acquisition activity for the foreseeable future, other than taking 10% stakes in capital partnerships where applicable.
<p>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</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Disposal risk has remained stable during the half and 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 • We have an active disposal programme, with the volume of transactions being completed naturally increasing disposal risk

Directors' Responsibility Statement

We confirm to the best of our knowledge:

- (a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- (b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

On behalf of the Board

Allan Lockhart
Chief Executive

Mark Davies
Chief Financial Officer

26 November 2020

Copies of this announcement are available on the Company's website at www.nrr.co.uk and can be requested from the Company's registered office at 16 New Burlington Place, London W1S 2HX.

Independent review report to NewRiver REIT plc

Report on the Condensed consolidated interim financial statements

Our conclusion

We have reviewed NewRiver REIT plc's Condensed consolidated interim financial statements (the "interim financial statements") in the Half Year results of NewRiver REIT plc for the six month period ended 30 September 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Emphasis of matter

Without modifying our conclusion on the interim financial statements, we have considered the adequacy of the disclosures made in Note 2 (Critical accounting judgements and estimates), Note 13 (Investment properties) and Note 16 (Property, plant and equipment) to the interim financial statements. These notes explain that there is significant estimation uncertainty in relation to the valuation of the public house assets classified within Investment properties (Note 13) of £207.8m and of the public house assets classified within Property, plant and equipment (Note 16) of £54.2m included in the Condensed consolidated balance sheet as at 30 September 2020. The third-party valuers have included a material valuation uncertainty clause in their report. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of the public house assets within Investment properties (Note 13) and the valuation of Property, plant and equipment (Note 16).

What we have reviewed

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 30 September 2020;
- the Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half Year results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
26 November 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2020

	Notes	Six months ended 30 September 2020			Six months ended 30 September 2019		
		Operating and financing 2020 £m	Fair value adjustments 2020 £m	Total 2020 £m	Operating and financing 2019 £m	Fair value adjustments 2019 £m	Total 2019 £m
<i>Unaudited</i>							
Revenue	4	56.0	-	56.0	70.0	-	70.0
Property operating expenses*	5	(31.1)	-	(31.1)	(24.3)	-	(24.3)
Net property income		24.9	-	24.9	45.7	-	45.7
Administrative expenses	6	(11.4)	-	(11.4)	(11.3)	-	(11.3)
Other income	7	4.3	-	4.3	-	-	-
Share of loss from joint ventures	14	1.1	(1.5)	(0.4)	1.0	(2.1)	(1.1)
Share of loss from associates	15	-	(0.3)	(0.3)	-	-	-
Net valuation movement	13/16	-	(92.9)	(92.9)	-	(40.4)	(40.4)
Loss on disposal of a subsidiary	8	(2.2)	-	(2.2)	-	-	-
Loss on disposal of investment properties	9	(2.1)	-	(2.1)	(0.8)	-	(0.8)
Operating loss		14.6	(94.7)	(80.1)	34.6	(42.5)	(7.9)
Finance income	10	0.1	-	0.1	-	-	-
Finance costs	10	(13.2)	-	(13.2)	(13.0)	-	(13.0)
Loss for the period before taxation		1.5	(94.7)	(93.2)	21.6	(42.5)	(20.9)
Taxation		1.0	(0.1)	0.9	-	(0.4)	(0.4)
Loss for the period after taxation		2.5	(94.8)	(92.3)	21.6	(42.9)	(21.3)
Loss for the period after taxation				(92.3)			(21.3)
<i>Other comprehensive income</i>							
Revaluation of property, plant and equipment				(0.1)			-
Total comprehensive loss for the period				(92.4)			(21.3)
Loss per share							
Basic (pence)	11			(30.2)			(7.0)
Diluted (pence)	11			(30.1)			(7.0)

All activities derive from continuing operations of the Group.

*Included in property operating expenses is £5.5 million (2019: £nil) of expected credit loss relating to tenant debtors.

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 September 2020

	Notes	30 September 2020 £m <i>Unaudited</i>	31 March 2020 £m <i>Audited</i>
<i>Non-current assets</i>			
Investment properties	13	1,044.7	1,185.6
Right of use asset		3.7	3.9
Investments in joint ventures	14	21.7	22.1
Investments in associates	15	3.9	0.9
Property, plant and equipment	16	55.6	56.2
Goodwill		0.3	0.2
Total non-current assets		1,129.9	1,268.9
<i>Current assets</i>			
Trade and other receivables	17	26.9	26.7
Current taxation asset		1.4	0.7
Cash and cash equivalents		137.8	80.8
Total current assets		166.1	108.2
Total assets		1,296.0	1,377.1
<i>Equity and liabilities</i>			
<i>Current liabilities</i>			
Trade and other payables	18	56.9	46.8
Lease liability		0.7	0.7
Derivative current liabilities		0.1	0.1
Total current liabilities		57.7	47.6
<i>Non-current liabilities</i>			
Derivative financial instruments		3.8	2.6
Deferred tax liability		1.9	2.1
Lease liability		85.3	85.6
Borrowings	19	629.1	628.6
Total non-current liabilities		720.1	718.9
Net assets		518.2	610.6
<i>Equity</i>			
Share capital	20	3.1	3.1
Share premium	20	227.4	227.4
Merger reserve		(2.3)	(2.3)
Retained earnings	20	290.0	382.4
Total equity		518.2	610.6
<i>Net Asset Value (NAV) per share (pence)</i>			
EPRA	11	171p	201p
Basic	11	169p	199p
Diluted	11	169p	199p

The interim financial statements were approved by the Board of Directors on 26 November 2020 and were signed on its behalf by:

Allan Lockhart Mark Davies
Chief Executive Chief Financial Officer

NewRiver REIT plc
Registered number: 10221027

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 September 2020

<i>Unaudited</i>	Six months ended	
	30 September 2020 £m	30 September 2019 £m
Cash flows from operating activities		
Loss for the period before taxation	(93.2)	(20.9)
Adjustments for:		
Loss on disposal of investment property and property plant and equipment	2.1	0.8
Loss on disposal of subsidiary	2.2	-
Net valuation movement	92.9	40.4
Net valuation movement in joint ventures	1.5	2.1
Net valuation movement in associates	0.3	-
Share of income from joint ventures	(1.1)	(1.0)
Net interest expense	11.9	10.8
Revaluation of derivatives	1.2	2.3
Rent free lease incentives	(1.6)	(1.2)
Movement in expected credit loss	5.5	0.2
Amortisation of legal and letting fees	0.1	0.2
Depreciation on property plant and equipment	0.7	0.8
Share based-payment expense	-	1.2
Cash generated from operations before changes in working capital	22.5	35.7
Changes in working capital		
Decrease in trade and other receivables	(7.1)	(4.4)
Increase / (decrease) in payables and other financial liabilities	6.2	(0.4)
Cash generated from operations	21.6	30.9
Interest paid	(6.2)	(4.7)
Corporation tax refund	-	0.1
Dividends received from joint ventures	-	0.3
Net cash generated from operating activities	15.4	26.6
Cash flows from investing activities		
Interest income	0.1	-
Net cash proceeds from disposal of a subsidiary	38.5	-
Investment in associate	(2.0)	-
Investment in joint venture assets	-	(15.4)
Disposal of investment properties	12.1	36.0
Development and other capital expenditure	(4.7)	(9.0)
Purchase of plant and equipment	(0.7)	(0.4)
Net cash used in investing activities	43.3	11.2
Cash flows from financing activities		
Proceeds from issuance of new shares	-	0.3
Repayment of borrowings	-	(32.4)
New borrowings	-	22.0
Repayment of principal portion of lease liability	(0.3)	-
Purchase of derivatives	-	(0.1)
Dividends paid – ordinary*	(1.4)	(30.8)
Net cash used in financing activities	(1.7)	(41.0)
Cash and cash equivalents at beginning of the period	80.8	27.1
Net increase / (decrease) in cash and cash equivalents	57.0	(3.2)
Cash and cash equivalents at 30 September	137.8	23.9

*Dividends paid relates to withholding tax paid in relation to the prior period.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 September 2020

Notes	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings and other reserves £m	Total £m
As at 31 March 2020 (<i>Audited</i>)	3.1	227.4	(2.3)	382.4	610.6
Loss for the period after taxation	-	-	-	(92.3)	(92.3)
Revaluation of property, plant and equipment	-	-	-	(0.1)	(0.1)
Total comprehensive loss for the period	-	-	-	(92.4)	(92.4)
<i>Transactions with equity holders</i>	-	-	-	-	-
As at 30 September 2020 (<i>Unaudited</i>)	3.1	227.4	(2.3)	290.0	518.2
As at 31 March 2019 (<i>Audited</i>)	3.1	225.0	(2.3)	570.3	796.1
Loss for the period after taxation	-	-	-	(21.3)	(21.3)
Total comprehensive income for the period	-	-	-	(21.3)	(21.3)
<i>Transactions with equity holders</i>	-	-	-	-	-
Net proceeds from issue of shares	-	2.2	-	-	2.2
Share-based payments	-	-	-	1.2	1.2
Dividends paid	-	-	-	(32.8)	(32.8)
As at 30 September 2019 (<i>Unaudited</i>)	3.1	227.2	(2.3)	517.4	745.4

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 is 16 New Burlington Place, London, W1S 2HX.

The notes to the interim condensed consolidated interim financial statements ('interim financial statements') are unaudited with the exception of balances disclosed as at 31 March 2020.

These interim financial statements have been approved for issue by the Board of Directors on 26 November 2020.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all periods presented, other than where new policies have been adopted.

Basis of preparation

The financial information included in this announcement has been prepared on a going concern basis using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union, in accordance with IAS 34 Interim Financial Reporting, and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority.

The current period financial information presented in this document has been reviewed, not audited. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2020, which have been prepared in accordance with IFRS as adopted by the European Union. The same accounting policies are followed in the half year report as applied in the Group's latest annual audited financial statements, with the exception of the tax policy, which for the interim period is as follows: The current tax charge is calculated on profits arising in the period and in accordance with legislation which has been enacted or substantially enacted at the balance sheet date.

Going concern

The Group's going concern assessment considers the Group's principal risks, and is dependent on a number of factors, including cashflow and liquidity, continued access to borrowing facilities and the ability to continue to operate the Group's unsecured debt structure within its financial covenants. The Group'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 key assumptions listed below. All decreases in income are expressed with reference to pre Covid-19 forecasts.

- A further 10% blended reduction in capital values across the portfolio over the next six months, in addition to the 7.5% recorded in the period ended 30 September 2020
- 28% reduction in net income from our retail portfolio in H2 FY21 and 10% thereafter, excluding agreed deferrals, on the basis that 94% of rents relating to Q2 FY21 were collected or alternative payments agreed at the time of reporting
- 50% reduction in net income from our pub portfolio in H2 FY21, phased as 60% reduction in Q3 FY21 and 40% reduction in Q4 FY21, improving to a 25% reduction in H1 FY22 and 10% reduction thereafter
- £60m of further disposal proceeds in FY21, completed at a significant discount to 30 September 2020 book values, on the basis that £50m of disposals were completed in the half year to date at a small discount to 31 March 2020 book values, with no further disposal activity assumed in FY22
- No new financing is assumed, but existing facilities are presumed to remain available (earliest expiry August 2023)

Under this scenario, the Group is forecast to maintain sufficient cash and liquidity resources, and remain compliant with its financial covenants. 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 maintains sufficient cash and liquidity reserves to continue in operation throughout the going concern assessment period.

In light of the significant impact of Covid-19 on the UK economy, and the retail and leisure sectors in which the Group operates, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Group's interim financial statements for the period ended 30 September 2020.

Based on the consideration above, the Board believes that the Group has the ability to continue in business at least 12 months from the date of approval of the interim financial statements for the period ended 30 September 2020 and therefore have adopted the going concern basis in the preparation of this financial information.

Statement of compliance

The information for the year ended 31 March 2020 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, but the auditors did draw attention by way of emphasis to the material uncertainty within the valuation of investment property and public houses. The Group has restated its prior period comparatives in note 5. For comparative purposes, £1.9 million previously classified as Pub operating expenses has been reclassified to Other property operating expenses to ensure consistent classification with the current period. There is no impact to overall Property operating expenses. The net effect of this amendment on the profit / (loss) after tax, basic EPS, diluted EPS and net assets is £nil.

Basis of consolidation

The interim financial statements incorporate the interim financial statements of the Company and its subsidiaries. The interim financial statements account for interest in joint ventures and associates using the equity method of accounting per IFRS 11. The same accounting policies, presentation and methods of computation are followed in the condensed consolidated interim financial statements as applied in the Group's latest audited financial statements, which can be found on our website www.nrr.co.uk. The Group's financial performance is not seasonal.

New accounting policies

Government grants

Monetary resources transferred to the Group by the government, government agencies or similar bodies are recognised at fair value, when the Group is certain that the grant will be received. Grants are recognised in the profit and loss account, on a systematic basis, over the same period during which the expenses, for which the grant was intended to compensate, are recognised.

Grants are disclosed in note 7 to the accounts.

Associates

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

Other income

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

New accounting standards

The following new and revised Standards and Interpretations have been issued and adopted. These have no material impact on the interim financial statements:

Issued, endorsed by the European Union, and effective

- Amendments to IFRS 3 Business Combinations: amendments to assess whether a transaction meets the definition of a business combination; effective for periods beginning on or after 1 January 2020
- Amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors' – definition of material issued, effective for periods beginning on or after 1 January 2020
- Amendments to IFRS 9, IAS 39 and IFRS 17: - Interest rate benchmark reform, effective for periods beginning on or after 1 January 2020

Issued, not endorsed by the European Union, not yet effective

- The following has not been adopted for the interim financial statements:
- Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities, effective for periods beginning on or after 1 January 2022.
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28, effective date to be determined.

2. Critical accounting judgements and estimates

The preparation of interim 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 period, 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 £207.8 million at 30 September 2020 (31 March 2020: £224.4 million) have been classified as Investment Property. Managed houses with an aggregate value of £54.2 million at 31 September 2020 (31 March 2020: £55.0 million) have been classified as Property, Plant 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 £3.4 million (30 September 2019: £7.5 million) in the period representing only the net margin earned on wet product sales, see note 4 for further details.

REIT Status

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

Sources of estimation uncertainty

Investment property and public houses

The Group's investment properties and public houses are stated at fair value. The assumptions and estimates used to value the properties are detailed in note 13. Small changes in the key estimates, such as the estimated rental value, can have a significant impact on the valuation of the investment properties, and therefore a significant impact on the balance sheet and key performances measures such as Net Asset Value per share. As at the 30 September 2020, the material uncertainty clause has been lifted within the UK Retail sector for the purposes of these valuations. The material uncertainty clause has not, however, been lifted in the leisure and hospitality sectors, including pubs. The external valuers have confirmed that the inclusion of the "material valuation uncertainty" declaration does not mean that the valuations for NewRivers pub portfolio 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. The pubs for which there is a material uncertainty amount to £207.8 million within investment property (note 13) and £54.2 million within property, plant and equipment (note 15).

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 13 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 interim 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 free periods 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. The Group has recognised an expected credit loss of £5.5 million (30 September 2019: £nil) in the period. A 10% increase in the sensitivity applied to the expected credit loss in respect of higher risk tenants in the period would result in a £0.1 million increase in other property costs and an equivalent increase in loss after tax. A 10% decrease in the charge in the period would result in a £0.2 million decrease in other property costs and an equivalent reduction in loss after tax. See note 17.

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	Six months ended 30 September 2020			Six months ended 30 September 2019				
	Retail	Pubs	Group	Retail	Pubs	Group		
	£m	£m	£m	£m	£m	£m		
Property rental and related income	31.9	7.6	39.5	37.4	7.4	44.8		
Managed pub income	-	7.2	7.2	-	9.4	9.4		
Turnover related rent	-	3.4	3.4	-	7.5	7.5		
Service charge income	6.2	-	6.2	8.2	-	8.2		
Amortisation of tenant incentives and letting costs	(0.9)	-	(0.9)	(0.8)	-	(0.8)		
Asset management fees	0.5	-	0.5	0.3	-	0.3		
Surrender premiums and commissions	0.1	-	0.1	0.6	-	0.6		
Segment revenue	37.8	18.2	56.0	45.7	24.3	70.0		
Service charge expense	(9.8)	-	(9.8)	(10.2)	-	(10.2)		
Rates	(1.2)	(0.2)	(1.4)	(1.5)	(0.6)	(2.1)		
Other property operating expenses	(7.0)	(12.9)	(19.9)	(1.9)	(10.1)	(12.0)		
Property operating expenses	(18.0)	(13.1)	(31.1)	(13.6)	(10.7)	(24.3)		
Other income	2.7	1.6	4.3	-	-	-		
Segment result	22.5	6.7	29.2	32.1	13.6	45.7		
Administrative expenses			(11.4)			(10.1)		
Share based payment expense			-			(1.2)		
Share of joint ventures' and associates' loss after tax			(0.7)			(1.1)		
Net valuation movement			(92.9)			(40.4)		
Loss on disposal of investment properties			(2.1)			(0.8)		
Loss on disposal of subsidiaries			(2.2)					
Finance income			0.1			-		
Finance costs			(12.0)			(10.7)		
Revaluation of derivatives			(1.2)			(2.3)		
Taxation			0.9			(0.4)		
Loss for the period after taxation			(92.3)			(21.3)		
Segment assets		30 September 2020			31 March 2020			
	Retail	Pubs	Unallocated	Total	Retail	Pubs	Unallocated	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<i>Non-current assets</i>								
Investment properties	836.9	207.8	-	1,044.7	961.2	224.4	-	1,185.6
Investments in joint ventures	21.7	-	-	21.7	22.1	-	-	22.1
Investment in associates	3.9	-	-	3.9	0.9	-	-	0.9
Public houses	-	54.2	-	54.2	-	55.0	-	55.0
Property, plant and equipment	-	-	1.4	1.4	-	-	1.2	1.2
Other non-current assets	-	-	4.0	4.0	-	-	4.1	4.1
Total non-current assets				1,129.9				1,268.9
<i>Current assets</i>								
Trade and other receivables	25.1	1.8	-	26.9	23.5	3.2	-	26.7
Current taxation asset	-	-	1.4	1.4	-	-	0.7	0.7
Cash and cash equivalents	-	-	137.8	137.8	-	-	80.8	80.8
Total current assets				166.1				108.2
Segment assets	887.6	263.8	144.6	1,296.0	1,007.7	282.6	86.8	1,377.1

4. Revenue

	Six months ended	
	30 September 2020	30 September 2019
	£m	£m
Property rental and related income*	39.5	44.8
Turnover related rent	3.4	7.5
Amortisation of tenant incentives and letting costs	(0.9)	(0.8)
Surrender premiums and commissions	0.1	0.6
Rental related income	42.1	52.1
Asset management fees	0.5	0.3
Managed pub income	7.2	9.4
Service charge income	6.2	8.2
Revenue	56.0	70.0

*Included within property rental and related income is car park income of £1.2 million (30 September 2019: £3.7 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.

5. Property operating expenses

	Six months ended	
	30 September 2020	30 September (restated)* 2019
	£m	£m
Service charge expense	9.8	10.2
Rates on vacant units	1.4	2.1
Expected credit loss	5.5	-
Pub operating expenses	11.0	8.3
Other property operating expenses	3.4	3.7
	31.1	24.3

For comparative purposes, £1.9m previously classified as Pub operating expenses has been reclassified to Other property operating expenses to ensure consistent classification with the current period.

6. Administrative expenses

	Six months ended	
	30 September 2020	30 September 2019
	£m	£m
Wages and salaries	5.6	5.5
Social security costs	0.7	0.5
Other pension costs	0.2	0.2
Staff costs	6.5	6.2
Depreciation	0.7	0.8
Share based payments	-	1.2
Other administrative expenses	3.8	3.1
	11.0	11.3
Professional fees in relation to the acquisition and integration of Bravo Inns Limited	0.1	-
Abortive fees	0.3	-
Administrative expenses	11.4	11.3

Net administrative expenses ratio is calculated as follows:

	Six months ended	
	30 September 2020	30 September 2019
	£m	£m
Administrative expenses	11.4	11.3
<i>Adjust for:</i>		
Asset management fees	(0.5)	(0.3)
Share of joint ventures' and associates administrative expenses	0.1	(0.1)
Depreciation of properties	(0.3)	(0.5)
Share-based payments	-	(1.2)
Professional fees in relation to the acquisition	(0.1)	-
Abortive fees	(0.3)	-
Group's share of net administrative expenses	10.3	9.2
Property rental and related income*	44.8	61.7
Share of joint ventures' and associates' property income	2.0	1.2
	46.8	62.9
Net administrative expenses as a % of property income (including share of joint ventures)	22.0%	14.6%

*This balance includes an expected credit loss of £5.3 million, which excludes the £0.6 million forward looking element of the calculation (30 September 2019: £nil) and includes the expected credit loss held in joint ventures and associates of £0.4 million (30 September 2019: £nil).

Average monthly number of staff

Directors	7	7
Operations and asset managers	49	41
Pubs	39	61
Support functions	89	75
	184	184

7. Other income

	Six months ended	
	30 September 2020	30 September 2019
	£m	£m
Insurance proceeds	2.7	-
Government grants	0.8	-
Dilapidations	0.8	-
Other income	4.3	-

8. Loss on disposal of subsidiary

On the 30 September, the Group disposed of a subsidiary which owned Sprucefield Retail Park. The Group then acquired a 10% interest. See note 15.

	Six months ended	
	30 September 2020	30 September 2019
	£m	£m
Gross disposal proceeds	38.5	-
Carrying value	(40.7)	-
Loss on disposal of subsidiary	(2.2)	-

9. Loss on disposal of investment properties

	Six months ended	
	30 September 2020 £m	30 September 2019 £m
Gross disposal proceeds	12.6	31.8
Carrying value	(14.2)	(32.2)
Cost of disposal	(0.5)	(0.4)
Loss on disposal of investment properties	(2.1)	(0.8)

Included in this calculation is a loss on disposal of property, plant and equipment. The property had a carrying value of £0.3 million and was disposed of for £0.3 million, leading to a loss on disposal of £nil.

10. Finance income and finance costs

	Six months ended	
	30 September 2020 £m	30 September 2019 £m
<i>Finance income</i>		
Income from loans with joint ventures	(0.1)	-
<i>Finance expense</i>		
Interest on borrowings	10.5	9.3
Finance cost on lease liabilities	1.5	1.4
Revaluation of derivatives	1.2	2.3
Net finance expense	13.1	13.0

11. EPRA Performance measures

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

	Six months ended	
	30 September 2020 £m	30 September 2019 £m
Loss for the period after taxation	(92.3)	(21.3)
<i>Adjustments</i>		
Revaluation of property	92.9	40.4
Loss on disposal of investment properties	2.1	0.8
Revaluation of derivatives	1.2	2.3
Loss on disposal of subsidiary	2.2	-
Acquisition costs	0.1	-
Deferred tax	0.1	0.4
<i>Group's share of joint ventures' adjustments</i>		
Revaluation of investment properties	1.8	2.1
EPRA earnings	8.1	24.7
Depreciation of property	0.3	0.5
Forward looking element of IFRS 9*	0.6	-
Abortive fees	0.3	-
Share-based payment charge	-	1.2
Underlying Funds From Operations (UFFO)	9.3	26.4

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

	Six months ended	
	30 September 2020	30 September 2019
	No. m	No. m
Number of shares		
Weighted average number of ordinary shares for the purposes of Basic EPS, UFFO and EPRA	306.4	305.6
<i>Effect of dilutive potential ordinary shares:</i>		
Deferred bonus shares	0.1	0.2
Performance share plan	-	0.4
Weighted average number of ordinary shares for the purposes of diluted EPS	306.5	306.2
Performance measures (pence)		
<i>IFRS</i>		
Basic EPS	(30.2)	(7.0)
Diluted EPS	(30.1)	(7.0)
<i>UFFO</i>		
UFFO per share	3.0	8.6
Diluted UFFO per share	3.0	8.6
<i>EPRA</i>		
EPRA EPS	2.6	8.1
Diluted EPRA EPS	2.6	8.1

EPRA NTA per share and basic NTA per share:

	30 September 2020			31 March 2020		
	£m	Shares m	Pence per share	£m	Shares m	Pence per share
Net assets	518.2	306.5	169p	610.6	306.2	199p
Unexercised employee awards		0.2		-	0.3	
Diluted net assets	518.2	306.7	169p	610.6	306.5	199p
Fair value of deferred tax liability	1.9	-		2.7	-	
Fair value derivatives	3.9	-		2.1	-	
Goodwill	(0.3)	-		(0.2)		
EPRA net assets	523.7	306.7	171p	615.2	306.5	201p

12. Dividends

There were no dividends paid within the period, the dividends paid in the prior year are set out below.

	PID	Non-PID	Pence per share	£m
Year to March 2020				
<i>Ordinary dividends</i>				
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

Property Income Distribution (PID) dividends

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

Non-PID dividends

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

13. Investment properties

	30 September 2020 £m	31 March 2020 £m
Fair value brought forward 31 March 2020 / 31 March 2019	1,102.3	1,254.1
Acquisitions	-	44.1
Capital expenditure	4.7	14.1
Lease incentives, letting and legal costs	1.5	2.3
Reclassification to property, plant and equipment	(3.3)	(5.4)
Disposals	(13.9)	(47.9)
Disposal of a subsidiary	(40.7)	-
Net valuation movement	(89.1)	(159.0)
Fair value carried forward	961.5	1,102.3
Right of use asset (investment property)	83.2	83.3
Fair value carried forward	1,044.7	1,185.6

The Group's investment properties have been valued at fair value on 30 September 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 valuer considers this assumption to be standard practice in the pub industry and to be consistent with the Red Book's 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. As such, as at the 31 March 2020 the external valuers were faced with an unprecedented set of circumstances on which to base a judgement. The valuations across all asset classes were 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 – was attached to the valuations provided than would normally be the case.

As at the 30 September 2020, the material uncertainty clause has been lifted within the UK Retail sector for the purposes of these valuations. The material uncertainty clause has not, however, been lifted in the leisure and hospitality sectors, including pubs. The external valuers have confirmed that the inclusion of the "material valuation uncertainty" declaration does not mean that the valuations for NewRivers pub portfolio 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. Investment property for which there is material uncertainty amount to £207.8 million of public houses in the above balance.

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.

Sensitivities of measurement of significant inputs

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

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.

30 September 2020

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

Asset Type	£m	Impact on valuations of a 10% change in ERV		Impact on valuations of 100 bps change in yield	
		£m	£m	£m	£m
		Increase 10%	Decrease 10%	Increase 1.0%	Decrease 1.0%
<i>Retail asset valuation</i>					
Shopping Centres - Core	228.8	20.1	(18.9)	(25.5)	32.4
Shopping Centres - Regeneration	216.7	17.9	(19.0)	(27.5)	37.4
Shopping Centres – Work Out	146.3	12.8	(12.9)	(14.0)	16.7
Retail warehouses	140.9	10.3	(10.7)	(14.6)	19.2
High street and other	21.2	0.8	(0.8)	(0.5)	0.6
	753.9	61.9	(62.3)	(82.1)	106.3

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

Asset Type	£m	Impact on valuations of a 10% change in EBITDA		Impact on valuations of a 1.0x change in multiplier	
		£m	£m	£m	£m
		Increase 10%	Decrease 10%	Increase 1.0x	Decrease 1.0x
<i>Pub asset valuation</i>	262.0	26.2	(23.8)	33.8	(33.8)

31 March 2020:

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

Asset Type	£m	Impact on valuations of a 10% change in ERV		Impact on valuations of 100 bps change in yield	
		£m	£m	£m	£m
		Increase 10%	Decrease 10%	Increase 1.0%	Decrease 1.0%
<i>Retail asset valuation</i>					
Shopping Centres - Core	254.7	20.6	(19.0)	(26.2)	33.5
Shopping Centres - Regeneration	231.7	21.3	(20.5)	(30.1)	41.2
Shopping Centres – Work Out	171.3	15.4	(14.9)	(16.9)	20.5
Retail warehouses	186.9	13.4	(13.4)	(21.1)	28.0
High street and other	33.2	1.4	(1.4)	(1.4)	1.7
	877.8	72.1	(69.2)	(95.7)	124.9

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

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

Reconciliation to net valuation movement in the condensed consolidated statement of comprehensive income

	30 September 2020	31 March 2020
	£m	£m
Net valuation movement in investment properties	(89.1)	(159.0)
Net valuation movement in property, plant and equipment	(3.7)	(4.0)
Net valuation movement in right of use asset	(0.1)	0.4
Net valuation movement in Consolidated Statement of Comprehensive Income	(92.9)	(162.6)

Reconciliation to properties at valuation in the portfolio review

	Note	30 September 2020 £m	31 March 2020 £m
Investment property	13	961.5	1,102.3
Property, plant and equipment	16	54.2	55.0
Properties held in joint ventures*	14	34.2	35.4
Properties held in associates	15	8.0	4.4
Properties at valuation		1,057.9	1,197.4

*Included in non-current assets in joint ventures is £1.5 million (31 March 2020: £1.5 million) loan to joint venture which should be deducted from this balance.

14. Investments in joint ventures

Name	Country of incorporation	30 September 2020 % Holding	31 March 2020 % Holding
NewRiver Retail Investments LP ('NRI LP')	Guernsey	50	50
NewRiver Retail (Napier) Limited ('Napier')	UK	50	50

As at 30 September 2020 the Group has two joint ventures.

	30 September 2020 £m	31 March 2020 £m
Opening balance 31 March 2020 / 31 March 2019	22.1	7.6
Additions to investment in joint ventures	-	15.4
Loan to joint venture	-	3.0
Group's share of profit after taxation excluding valuation movement	1.1	2.0
Net valuation movement	(1.5)	(3.9)
Distributions and dividends	-	(2.0)
Investment in joint venture	21.7	22.1

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

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

Balance sheet	30 September 2020		31 March 2020	
	Total £m	Group's share £m	Total £m	Group's share £m
Non-current assets	68.4	35.7	70.7	36.9
Current assets	5.0	2.5	3.2	1.6
Current liabilities	(6.9)	(1.6)	(6.0)	(1.5)
Borrowings due in more than one year	(29.9)	(14.9)	(30.0)	(14.9)
Net assets	36.6	21.7	37.9	22.1

Statement of comprehensive income	Six months ended 30 September		Six months ended 30 September	
	2020	2020	2019	2019
	Total	Group's share	Total	Group's share
	£m	£m	£m	£m
Revenue	4.0	2.0	2.4	1.2
Property operating expenses	(1.0)	(0.5)	-	-
Net property income	3.0	1.5	2.4	1.2
Administration expenses	(0.2)	(0.1)	(0.2)	(0.1)
Net finance costs	(0.6)	(0.3)	(0.3)	(0.1)
	2.2	1.1	1.9	1.0
Net valuation movement	(3.1)	(1.5)	(4.0)	(2.1)
Profit on disposal	0.1	-	-	-
Loss after taxation	(0.8)	(0.4)	(2.1)	(1.1)
Add back net valuation movement	3.1	1.5	4.0	2.1
Group's share of joint ventures' profit before valuation movements	2.3	1.1	1.9	1.0

The Group's share of contingent liabilities in the joint ventures is £nil (March 2020: £nil).

15. Investments in associates

On the 30 September, the Group disposed of 90% of its ownership in Sprucefield Retail Park, retaining a 10% interest. This transaction meant that as at 30 September 2020 the Group had two associates.

	30 September 2020	31 March 2020
	£m	£m
Opening balance	0.9	-
Additions to Investment in associate	-	1.2
Loans to associates	3.3	-
Group's share of profit after taxation excluding valuation movement	-	0.1
Net valuation movement	(0.3)	(0.4)
Investment in associate	3.9	0.9

Name	Country of incorporation	2020
		% Holding
NewRiver Retail (Nelson) Limited ('Nelson')	UK	10
NewRiver (Sprucefield) Limited ('Pine')	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 and NewRiver (Sprucefield) 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	30 September 2020		31 March 2020	
	Total	Group's share	Total	Group's share
	£m	£m	£m	£m
Non-current assets	79.8	8.0	44.0	4.4
Current assets	3.7	0.4	2.0	0.2
Current liabilities	(35.7)	(3.6)	(15.0)	(1.5)
Borrowings due in more than one year	(42.0)	(4.2)	(22.0)	(2.2)
Net assets	5.8	0.6	9.0	0.9
Loans to associates	-	3.3	-	-
Net assets	5.8	3.9	9.0	0.9

Statement of comprehensive income	Six months ended 30 September 2020		Six months ended 30 September 2019	
	Total	Group's share	Total	Group's share
	£m	£m	£m	£m
Revenue	1.9	0.2	-	-
Property operating expenses	(0.7)	(0.1)	-	-
Net property income	1.2	0.1	-	-
Administration expenses	(0.1)	-	-	-
Net finance costs	(0.8)	(0.1)	-	-
	0.3	-	-	-
Net valuation movement	(2.8)	(0.3)	-	-
Loss after taxation	(2.5)	(0.3)	-	-
Add back net valuation movement	2.8	0.3	-	-
Group's share of associates' profit before valuation movements	0.3	-	-	-

16. Property, plant and equipment

	Office equipment £m	Fixtures and fittings £m	Public houses £m	Total £m
Cost or valuation				
At 1 April 2020	1.8	0.6	56.6	59.0
Additions	0.3	0.1	0.3	0.7
Revaluation:				
Recognised in other comprehensive income	-	-	(0.1)	(0.1)
Recognised in the condensed consolidation statement of comprehensive income	-	-	(3.7)	(3.7)
Net transfers from investment property	-	-	3.3	3.3
Disposals	-	-	(0.3)	(0.3)
At 30 September 2020	2.1	0.7	56.1	58.9
Accumulated depreciation				
At 31 March 2020	0.7	0.5	1.6	2.8
Charge for the period	0.1	0.1	0.3	0.5
Disposals	-	-	-	-
At 30 September 2020	0.8	0.6	1.9	3.3
Net book value at 30 September 2020	1.3	0.1	54.2	55.6
Net book value at 31 March 2020	1.1	0.1	55.0	56.2

	Office equipment £m	Fixtures and fittings £m	Public houses £m	Total £m
Cost or valuation				
At 1 April 2019	1.4	0.6	27.7	29.7
Additions	0.1	0.1	0.4	0.6
Revaluation:				
Recognised in the income statement	-	-	(0.3)	(0.3)
Net transfers from investment property	-	-	3.1	3.1
At 30 September 2019	1.5	0.7	30.9	33.1
Accumulated depreciation				
At 31 March 2019	0.3	0.5	0.8	1.6
Charge for the period	0.1	0.1	0.5	0.7
At 30 September 2019	0.4	0.6	1.3	2.3
Net book value at 30 September 2019	1.1	0.1	29.6	30.8
Net book value at 31 March 2019	1.1	0.1	26.9	28.1

The Group's public houses have been valued at fair value on 30 September 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 13 for further information on the valuation of the Group's properties. As mentioned in note 13, there is a material uncertainty clause on the public house valuations, amounting to £54.2 million in the note above.

The carrying amount of assets which have been revalued would have been £47.1 million (March 2020: £46.7 million) had they been carried under the cost model. Depreciation is also paid on the right of use asset of £0.2 million (March 2020: £0.4 million), which is not included in the note above.

17. Trade and other receivables

	30 September 2020 £m	31 March 2020 £m
Trade receivables (net)	10.6	6.2
Restricted monetary asset	5.3	8.1
Service charge receivables*	6.0	5.6
Other receivables	2.2	3.8
Prepayments	1.3	1.4
Accrued income	1.5	1.6
	26.9	26.7

*Included in service charge debtors is £0.8 million of Value Added Taxation (31 March 2020: £0.9 million), £0.2m of accrued income (31 March 2020: £2.2 million) and £5.0m of service charge debtors 31 March 2020: £2.1 million).

Trade receivables are shown after deducting a loss allowance of £9.7m (31 March 2020: £4.2m, 30 September 2019: £1.8m). The provision for doubtful debts is calculated as an expected credit loss on trade receivables in accordance with IFRS 9. The charge to the condensed consolidated statement of comprehensive income in relation to doubtful debts made against tenant debtors was £5.5 million (31 March 2020: £2.5 million, 30 September 2019: £nil). 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 and the ability of tenants to pay rent receivables. 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.

	30 September 2020	31 March 2020
	£m	£m
<i>Opening loss allowance at 31 March</i>	4.2	1.7
Increase in loss allowance recognised in the statement of comprehensive income during the period	5.5	2.5
<i>Closing loss allowance at 30 September / 31 March</i>	9.7	4.2

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 condensed consolidated balance sheet.

18. Trade and other payables

	30 September 2020	31 March 2020
	£m	£m
Trade payables	2.5	2.6
Service charge liabilities*	12.5	13.7
Other payables	4.2	4.4
Accruals	21.7	13.6
Value Added Taxation	8.5	4.4
Rent received in advance	7.5	8.1
	56.9	46.8

*Service charge liabilities include accruals of £0.6 million (31 March 2020: £1.3 million) and deferred income of £9.0 million (31 March 2020: £9.5 million).

19. Borrowings

	30 September 2020	31 March 2020
	£m	£m
Maturity of bank facilities:		
Between two and three years	335.0	-
Between three and four years	-	335.0
After five years	300.0	300.0
	635.0	635.0
Less unamortised fees / discount	(5.9)	(6.4)
	629.1	628.6

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	(1.2)	168.8
Corporate bond	March 2028	300.0	300.0	(3.8)	296.2
		680.0	635.0	(5.9)	629.1

In the period the Group drew down £nil (year-ended March 2020: £125m) of the revolving credit facility.

20. Share capital and reserves

Share capital	Number of shares issued m's	Price per share pence	Number of shares		
			Total m's	Held by EBT m's	Shares in issue m's
Ordinary shares					
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
Shares issued under employee share schemes	0.1	-	309.0	2.7	306.3
30 September 2020			309.0	2.7	306.3

	Share capital £'000	Share premium £'000	Total £'000
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
30 September 2020	3,062	227,349	230,411

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

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 2,646,998 ordinary shares held by the EBT.

21. 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	30 September 2020 £m	31 March 2020 £m
Financial assets			
<i>Fair value through profit or loss</i>			
Interest rate swaps	2	-	-
<i>Financial assets at amortised cost</i>			
Trade and other receivables		23.1	20.2
Cash and cash deposits		137.8	80.8
		160.9	101.0
Financial liabilities			
<i>Fair value through profit or loss</i>			
Interest rate swaps	2	(3.9)	(2.7)
<i>At amortised cost</i>			
Borrowings		(629.1)	(628.6)
Lease liabilities		(86.0)	(86.3)
Payables and accruals		(31.7)	(24.8)
		(750.7)	(742.4)
		(589.8)	(641.4)

22. Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

During the period the Company paid £1.0 million (30 Sep 2019: £0.7 million) in professional legal fees to CMS Cameron McKenna Nabarro Olswang LLP for property services at commercial market rates. Allan Lockhart, CEO of NewRiver, has a personal relationship with one of the Partners at CMS who along with other Partners provides these legal services.

The Group have loans with a joint ventures of £3.0 million (note 14) and loans with associates of £3.3 million (note 15).

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

	Six months ended 30 September 2020 £m	30 September 2019 £m
NewRiver Retail Investments LP	0.1	0.1
NewRiver Retail (Nelson) Limited	0.1	-
NewRiver Retail (Napier) Limited	0.1	0.1

There were no amounts outstanding at each period end.

23. Post balance sheet events

On 1 October 2020, the Group disposed of a shopping centre in Wrexham for £0.5 million, for £nil profit. Eight pubs have been disposed of post year-end for £1.8 million, which in aggregate created a loss on disposal of £0.2 million.

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

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.

	HY21	HY20
EPRA Earnings per Share (EPS)	2.6p	8.1p
EPRA Cost Ratio (including direct vacancy costs)	60.8%	43.3%
EPRA Cost Ratio (excluding direct vacancy costs)	58.1%	40.0%

	September 2020	March 2020
EPRA NRV per share	192p	225p
EPRA NTA per share	171p	201p
EPRA NDV per share	179p	204p
EPRA NIY	8.1%	8.1%
EPRA 'topped-up' NIY	8.7%	8.5%
EPRA Vacancy Rate	3.8%	5.2%

EPRA Earnings per Share: 2.6p

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

	HY21 (£m)	HY20 (£m)
Earnings per IFRS income statement	(92.3)	(21.3)
<i>Adjustments to calculate EPRA Earnings, exclude:</i>		
Changes in value of investment properties, development properties held for investment and other interests	92.9	40.4
Profits or losses on disposal of investment properties, development properties held for investment and other interests	4.3	0.8
Negative goodwill / goodwill impairment	-	-
Changes in fair value of financial instruments and associated close-out costs	1.2	2.3
Acquisition costs on share deals and non-controlling joint venture interests	0.1	-
Deferred tax in respect of EPRA adjustments	0.1	0.4
Adjustments to above in respect of Joint Ventures and Associates (unless already included under proportional consolidation)	1.8	2.1
EPRA Earnings	8.1	24.7
Basic number of shares	306.4m	305.6m
EPRA Earnings per Share (EPS)	2.6p	8.1p

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

	HY21 (£m)	HY20 (£m)
EPRA Earnings	8.1	24.7
Share-based payment charge	-	1.2
Depreciation on public houses	0.3	0.5
Abortive costs	0.3	-
Forward looking element of IFRS 9	0.6	-
Underlying Funds From Operations (UFFO)	9.3	26.4
Basic number of shares	306.4m	305.6m
UFFO per share	3.0p	8.6p

EPRA NRV per share: 192p; EPRA NTA per share: 171p; EPRA NDV per share: 179p

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.

30 September 2020	EPRA NAV (£m)	EPRA NNAV (£m)	EPRA NRV (£m)	EPRA NTA (£m)	EPRA NDV (£m)
IFRS Equity attributable to shareholders	518.2	518.2	518.2	518.2	518.2
Fair value of financial instruments	3.9	-	3.9	3.9	-
Deferred tax in relation to fair value gains of Investment Property/ PPE	1.9	-	1.9	1.9	-
Goodwill as per the IFRS balance sheet	-	-	-	(0.3)	(0.3)
Fair value of debt	-	29.6	-	-	29.6
Purchasers' costs	-	-	65.5	-	-
EPRA NRV/NTA/NDV	524.0	547.8	589.5	523.7	547.5
Fully diluted number of shares	306.7m	306.7m	306.7m	306.7m	306.7m
EPRA NRV/NTA/NDV per share	171p	179p	192p	171p	179p

31 March 2020	EPRA NAV (£m)	EPRA NNAV (£m)	EPRA NRV (£m)	EPRA NTA (£m)	EPRA NDV (£m)
IFRS Equity attributable to shareholders	610.6	610.6	610.6	610.6	610.6
Fair value of financial instruments	2.7	-	2.7	2.7	-
Deferred tax in relation to fair value gains of Investment Property/ PPE	2.1	-	2.1	2.1	-
Goodwill as per the IFRS balance sheet	-	-	-	(0.2)	(0.2)
Fair value of debt	-	15.0	-	-	15.0
Purchasers' costs	-	-	75.3	-	-
EPRA NRV / NTA / NDV	615.4	625.6	690.7	615.2	625.4
Fully diluted number of shares	306.5m	306.5m	306.5m	306.5m	306.5m
EPRA NRV / NTA / NDV per share	201p	204p	225p	201p	204p

EPRA NIY: 8.1%; EPRA 'topped-up' NIY: 8.7%**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.

		September 2020 (£m)	March 2020 (£m)
Properties at valuation – wholly owned		1,015.7	1,157.3
Properties at valuation – share of Joint Ventures & Associates		42.2	39.8
Trading property (including share of Joint Ventures & Associates)		-	0.3
Less: Developments		(32.8)	(65.9)
Completed property portfolio		1,025.1	1,131.5
Allowance for estimated purchasers' costs and capital expenditure		67.1	74.8
Grossed up completed property portfolio valuation	B	1,092.2	1,206.3
Annualised cash passing rental income		101.1	110.0
Property outgoings		(12.5)	(11.9)
Annualised net rents	A	88.6	98.1
Add: Notional rent expiration of rent free periods or other lease incentives		6.7	4.7
Topped-up net annualised rent	C	95.3	102.8
EPRA NIY	A/B	8.1%	8.1%
EPRA 'topped-up' NIY	C/B	8.7%	8.5%

EPRA Vacancy rate: 3.8%**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.

		September 2020 (£m)	March 2020 (£m)
Calculation of EPRA Vacancy Rate		£m	£m
Estimated Rental Value of vacant retail space	A	2.6	4.2
Estimated rental value of the retail portfolio	B	68.0	81.4
EPRA Vacancy Rate	A/B	3.8%	5.2%

EPRA Cost Ratio (including direct vacancy costs): 60.8%;
EPRA Cost Ratio (excluding direct vacancy costs): 58.1%

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.

		HY21 (£m)	HY20 (£m)
Administrative/operating expenses per IFRS		32.3	25.7
Net service charge costs/fees		3.6	2.0
Management fees less actual/estimated profit element		(0.5)	(0.3)
Other operating income/recharges intended to cover overhead expenses less any related profits		(4.4)	(0.6)
Share of Joint Ventures and Associates expenses (net of other income)		0.6	0.2
<i>Exclude (if part of the above):</i>			
Ground rent costs		0.1	0.5
EPRA Costs (including direct vacancy costs)	A	31.7	27.5
Direct vacancy costs		(1.4)	(2.1)
EPRA Costs (excluding direct vacancy costs)	B	30.3	25.4
Gross Rental Income less ground rents – per IFRS		50.2	62.3
<i>Add: share of Joint Ventures and Associates (Gross Rental Income less ground rents)</i>		2.0	1.2
Gross Rental Income	C	52.2	63.5
EPRA Cost Ratio (including direct vacancy costs)	A/C	60.8%	43.3%
EPRA Cost Ratio (excluding direct vacancy costs)	B/C	58.1%	40.0%

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

		HY21 (£m)	HY20 (£m)
EPRA Costs (including direct vacancy costs)	A	31.7	27.5
<i>Exclude</i>			
Ground rent costs		(0.1)	(0.5)
Share of Joint Ventures and Associates property expenses (net of other income)		(0.5)	(0.1)
Other operating income/recharges intended to cover overhead expenses less any related profits		4.4	0.6
Net service charge costs/fees		(3.6)	(2.0)
Operating expenses (excluding service charge cost)		(20.7)	(15.5)
Tenant incentives (included within income)		(0.1)	(0.1)
Letting & legal costs (included within income)		(0.8)	(0.7)
Group's share of net administrative expenses as per IFRS	D	10.3	9.2
EPRA Gross Rental Income	C	52.2	63.5
Ground rent costs		(0.1)	(0.5)
Expected credit loss (included in property expenses)		(5.3)	(-)
Gross Rental Income	E	46.8	63.0
Administrative cost ratio as per IFRS	D/E	22.0%	14.6%

Alternative Performance Measures (APMs)

In addition to information contained in the Group interim 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 period after taxation	'Underlying Funds From Operations' section of the 'Finance Review'
EPRA Net Tangible Assets ('NTA') and EPRA NTA per share	Net Assets	'Balance sheet' section of the 'Finance Review'
Dividend cover	N/A	'Financial Policies' section of the 'Finance Review'
Admin cost ratio	N/A	Note 6 of the Interim Financial Statements
Interest cover	N/A	Note 4 of the 'Financial Statistics' table
EPRA EPS	IFRS Basic EPS	Note 11 of the Interim Financial Statements
EPRA NNAV	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 11 of the 'Financial Statistics' table
Weighted average debt maturity	N/A	Note 12 of the 'Financial Statistics' table
Loan to Value	N/A	Note 13 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 period 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 period end, divided by total Group debt in issue at the period 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 period.

EPRA: Is the European Public Real Estate Association.

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

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

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

ERV: Is Estimated Rental Value, the external valuers' opinion of 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.

ERV growth: Is the change in ERV over a period on our investment portfolio expressed as a percentage of the ERV at the start of the period. ERV growth is calculated monthly and compounded for the period subject to measurement, as calculated by MSCI Real Estate (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: Interest cover is tested at corporate level and is calculated by comparing actual net property income received versus cash interest payable on a 12 month look-back basis.

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.

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

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

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

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

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

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

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

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

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

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

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

Net rental income: Is the rental income receivable in the period after payment of 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.

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.

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

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

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

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

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

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

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.