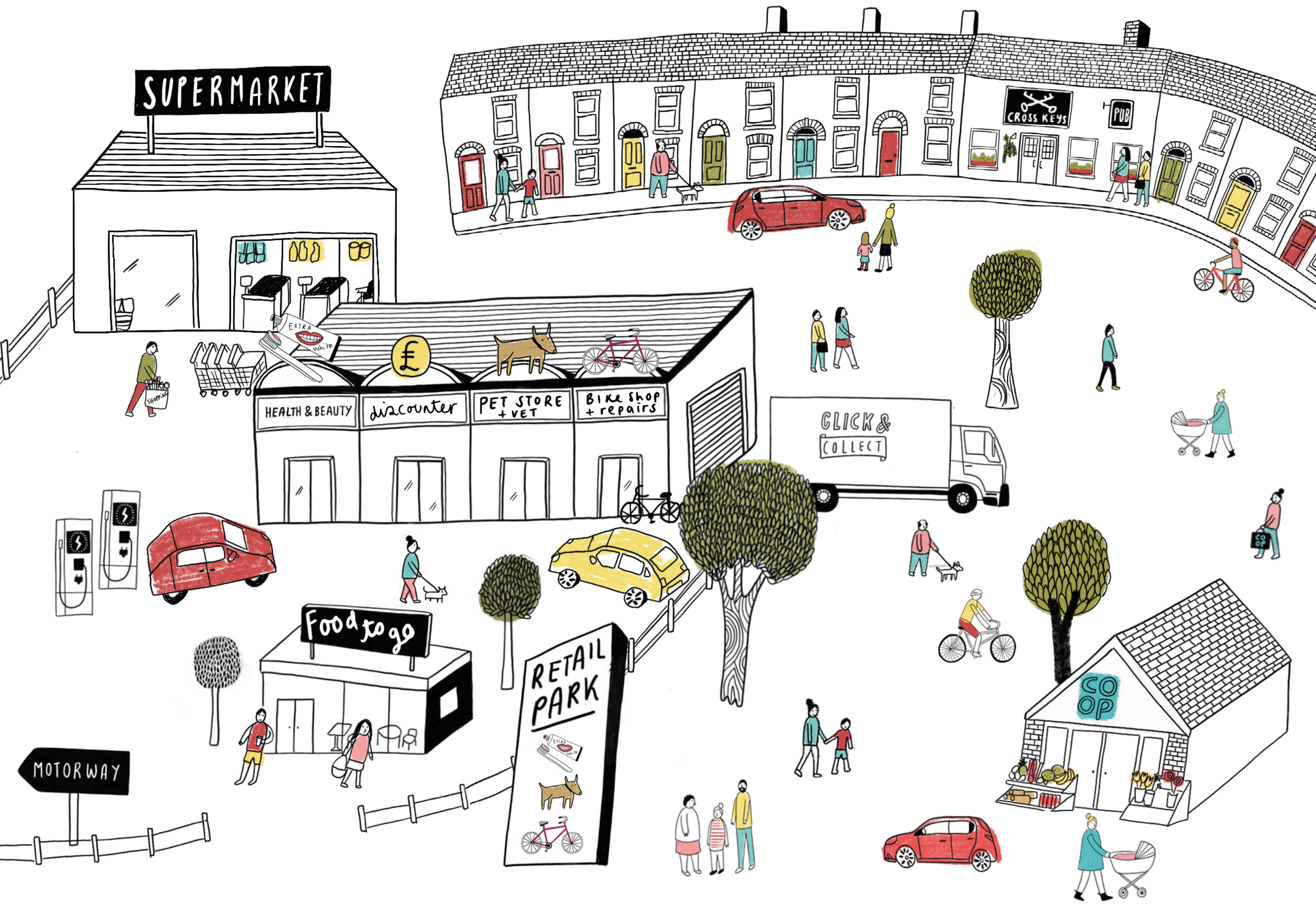
NEW RIVER

Annual Report and Accounts 2020

CONVENIENCE & COMMUNITY



NewRiver is a leading Real Estate Investment Trust specialising in buying, managing and developing retail and leisure assets across the UK. Every day, our shopping centres, retail parks and pubs provide essential goods and services to communities.

Revenue (proportionally consolidated)

£148.2M

FY19: £127.1M

Underlying Funds From Operations

£52.1M

FY19: £55.1M

IFRS (loss) / profit after tax

£(121.1)M

FY19: £(36.9)M

Underlying Funds From Operations per share

17.0P

FY19: 18.1P

Ordinary dividend per share

16.2P

FY19: 21.6P

Portfolio valuation

£1.2BN

FY19: £1.3BN

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Presentation of Financial Information

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.

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 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 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. Reconciliations between APMs and their nearest IFRS measures are provided on page 171, and definitions are provided in the glossary on page 172. The measures used in this report are all APMs presented on a proportionally consolidated basis unless otherwise stated.

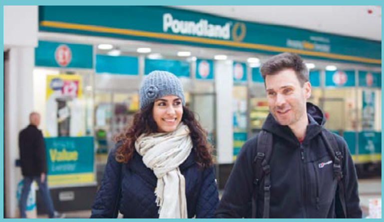
OUR INVESTMENT CASE

Our assets are integral to the communities they serve

Our community shopping centres, conveniently-located retail parks and community pubs are a key part of daily life for consumers, providing value for money on everyday essential goods and services.

We are focused on growing sub-sectors of the retail & leisure markets

Our portfolio is focused on retailers providing essential goods and services alongside wet-led community pubs. These sub-sectors are growing and are online resilient.



Our income is diversified and sustainable

Our portfolio is diversified by asset type, geography and tenant base, with over 800 different occupiers across our retail portfolio and over 550 individual tenants across our pub portfolio.

We extract further value from assets, through our market-leading platform

Our active approach to asset management, our risk-controlled development pipeline and our ability to recycle capital profitably enable us to extract further value from our assets.

We have a strong and unencumbered balance sheet

Our wholly unsecured balance sheet, with no bank refinancing events due until August 2023, provides significant operational flexibility.

Committed to our communities

We aim to enhance the lives of consumers and minimise our impact on the environment. This ensures thriving communities, reduces operating costs and unlocks opportunities.

SPECIALISTS IN CONVENIENCE & COMMUNITY

NewRiver's diverse portfolio of shopping centres, retail parks and pubs provides essential goods and services to communities across the UK.

33

Community shopping centres

Our community shopping centres are conveniently located in town centres. They have an occupier line-up focused on essential goods and services and typically include a value leisure element. These centres have income-generating car parks and other commercialisation opportunities, and often have the potential to develop residential units in the space above and adjacent to them. Their location also means these assets have strong alternative use potential.

25

Conveniently-located retail parks

Our retail parks are typically located on the edge of town centres and in close proximity to supermarkets. They offer a diverse line-up of retail and leisure operators and often have grab & go food provision through a drive-thru pod in the car park. With free parking and excellent transport links, they are the ideal location for retailers providing click & collect and other in-store services.

678k sq ft
Leasing deals completed in FY20

94.8%
Retail occupancy

£12.66
Average retail rent per sq ft

7.5%
Average Rent to Sales ratio

Top 10 occupiers are focused on essential goods and services

	% of rent roll		% of rent roll
1. Sainsbury's	2.3%	6. Boots	1.5%
2. B&M	2.1%	7. Primark	1.4%
3. Poundland	1.7%	8. TK Maxx	1.3%
4. Superdrug	1.7%	9. New Look	1.2%
5. Wilko	1.6%	10. M&S	1.2%

720

Community pubs

Our pubs are located in the heart of communities, within walking distance of residential areas and with good roadside visibility. The vast majority of our pubs are wet-led and operated through a leased and tenanted model, with occupiers often living in the free accommodation above. Many of our pubs have excess land on which we have received planning consent for residential units or to build convenience stores ('c-stores').

97.0%

Pub occupancy

82%

Operate under Leased & Tenanted model

4

Asset management mandates

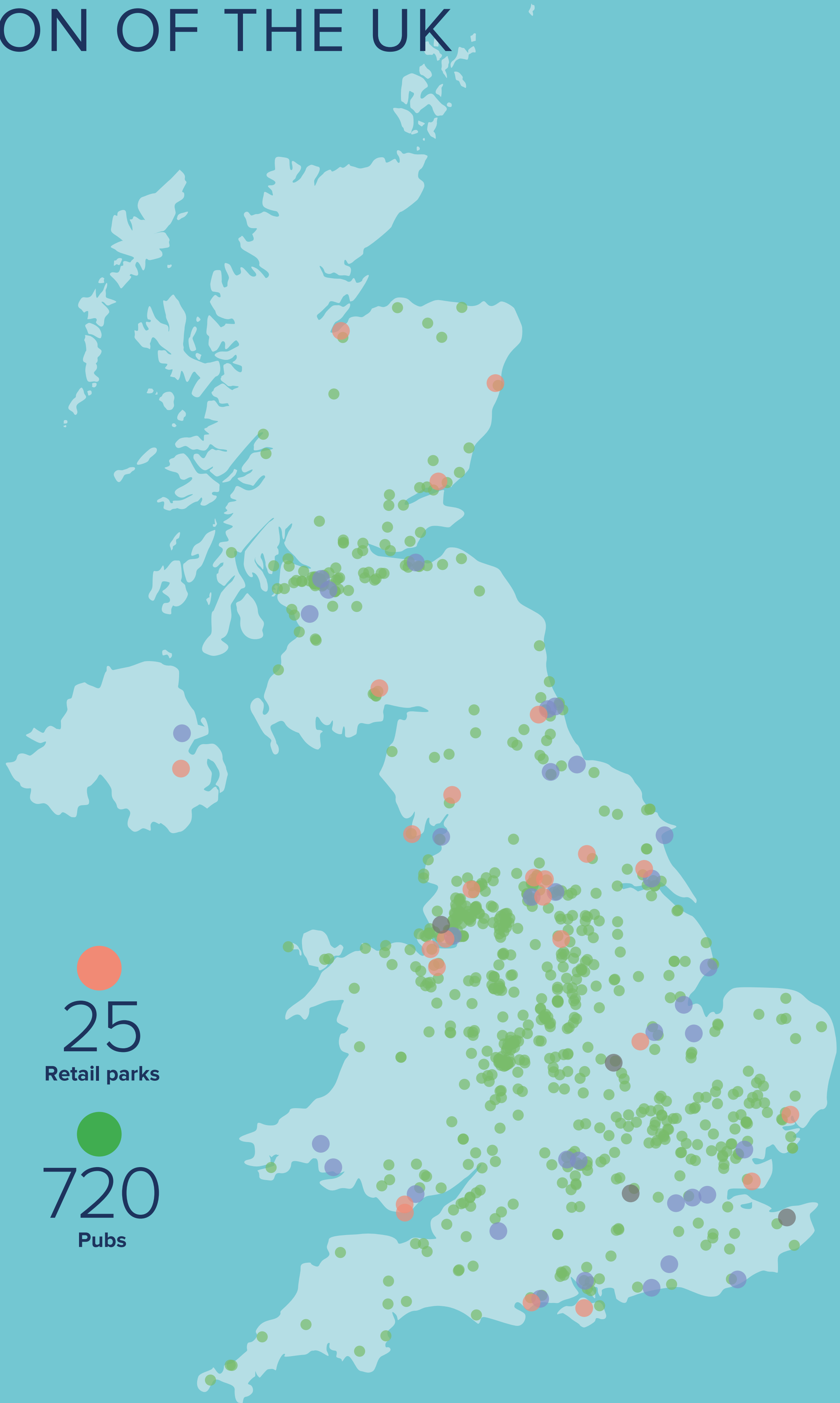
In addition to serving our own assets, our platform manages those owned by third parties. These owners are predominantly Local Authorities, which recognise the benefits of scale, relationships and governance credentials that a specialist asset manager can provide.

2.5m sq ft

Risk-controlled development pipeline

Our development pipeline is one of the ways in which we extract further value from our assets. For most of the projects in our pipeline, we intend to either develop through capital partnerships or sell the site with the benefit of planning. For smaller projects which typically have a lead time of less than 12 months, for example our c-store development programme, we will fund and manage the construction ourselves, using our experienced in-house development team.

INVESTED IN EVERY REGION OF THE UK



33
Shopping centres

25
Retail parks

4
Asset management mandates

720
Pubs

Portfolio by region

Northern Ireland

£103M 1 1

Key developments in the year

Acquired Sprucefield Retail Park in Lisburn in December 2019, and in March 2020 completed a new letting to B&M on a previously vacant unit.

Opened a new 34,000 Primark store and a new 11,000 sq ft Poundland store at the Abbey Centre, Newtownabbey. Both retailers were upsizing from stores elsewhere at the centre.

Scotland

£133M 4 4 108

Key developments in the year

Acquired Kittybrewster Retail Park in Aberdeen, Glendoe & Telford Road Retail Parks in Inverness, and units in Kingsway East Retail Park in Dundee in June 2019 in a joint venture with BRAVO.

Progressed a planning application for 36 residential units to be built adjacent to The Avenue shopping centre in Newton Mearns, which is under offer to a local housing developer.

North West England & the Midlands

£195M 2 6 302 2

Key developments in the year

Acquired Bravo Inns in December 2019, comprising 44 wet-led community pubs predominantly located in North West England.

Appointed by Knowsley Council as strategic asset manager for Kirkby Town Centre.

Sold Central Square Shopping Centre in Erdington, and a retail park in Daventry.

Wales

£60M 3 2 31

Key developments in the year

Developed two new drive-thru pods at Waterfront Retail Park, Barry, pre-let to Costa and Burger King.

Completed 43,300 sq ft of leasing deals at St Elli Shopping Centre in Llanelli, including renewals with Poundland and Wilko, and sold an Asda store at the site.

North East England & Yorkshire

£325M 8 6 72

Key developments in the year

A new letting to The Gym at Victoria Retail Park, Beverley saw the brand launch one of its first 'small-box' format gyms.

Received planning approval for the development of 58 residential units above the Prospect Shopping Centre in Hull, which will be sold to a housing developer.

South West England

£101M 3 2 53

Key developments in the year

Acquired Poole Retail Park in October 2019 in a 10% investment with BRAVO.

Completed our 26th Co-op c-store development at the site of the former Sea View Inn, which also includes 10 residential units.

London & South East England

£280M 12 4 154 2

Key developments in the year

Appointed by Areli Real Estate as asset manager for Nicholsons Shopping Centre, Maidenhead.

Completed over 40,000 sq ft of new lettings at Priory Meadow Shopping Centre, Hastings and gained planning approval for a new gym and budget hotel at the site.

Held our first community engagement on our proposed redevelopment of Grays Shopping Centre.

CHAIRMAN'S STATEMENT

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

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

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

“We stand ready to begin the full reopening of our portfolio and the rebuilding of our revenues in the coming months.”

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

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

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

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

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

Baroness Ford OBE
Non-Executive Chairman

18 June 2020

CHIEF EXECUTIVE'S REVIEW

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

Dividend per share

16.2P

FY19: 21.6P

Underlying Funds From Operations

£52.1M

FY19: £55.1M

Portfolio valuation

£1.2BN

FY19: £1.3BN

IFRS Net Assets

£610.6M

FY19: £796.1M

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

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

Performance overview for the year ended 31 March 2020

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

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

	Strategy	Description	Progress in FY20
1	**Disposing of lower yielding assets**	We set a target to dispose of 5% of our portfolio during the financial year, equating to c.£64 million, targeting disposal net initial yields of 5 to 7%.	– We completed disposals of £48.4 million, reflecting a blended net initial yield of 5.5% and a modest 1.5% discount to book value – We therefore achieved over 76% of our disposal target, as our progress was impacted in the second half by political uncertainty and COVID-19 – Disposals were completed across all asset types, demonstrating the inherent liquidity in our portfolio
2	**Capital Recycling, primarily in joint ventures**	In May 2019 we formed a new joint venture relationship with BRAVO, primarily to acquire and manage a portfolio of retail parks in the UK. We aim to make the majority of new acquisitions in joint ventures, as this increases returns on investment and ensures we maintain balance sheet strength.	– During the year, we completed £172.8 million of acquisitions (NewRiver share: £102.3 million), representing a blended net initial yield of 9.5% – In the retail portfolio, we acquired six retail parks, of which five were purchased as part of the joint venture relationship with BRAVO – We acquired one pub company, Bravo Inns, and one pub portfolio
3	**Leveraging our asset management platform**	Our market-leading platform comprises a highly experienced team of asset managers and finance, development and marketing professionals. We aim to leverage this platform to manage assets owned in joint ventures and support an increasing number of third-party owners, such as Local Authorities.	– Asset management fees increased to £0.9 million, from £0.3 million in FY19 – Our annualised management fee income at year-end was £1.1 million, a 120% increase on the prior year – This increase has been driven by the acquisition of properties in our joint venture with BRAVO and the signing of additional third-party asset management mandates
4	**Sharper asset management and operational efficiencies**	We aim to extract further value from our assets, using insights from our occupiers and enhancing co-ordination of asset management initiatives across the portfolio. We aim to lower service charges for our occupiers, removing costs and delivering scale-based synergies.	– We completed 678,100 sq ft of new lettings and renewals securing £5.7 million of annualised rent. Long-term deals were signed 1.2% ahead of previous passing rent – We reduced retail service charge budgets by 5% on average compared to the prior year, identifying further reductions in response to COVID-19 – We appointed a Head of Asset Management, Emma Mackenzie, to lead our occupier relationships and co-ordinate initiatives across our portfolio
5	**Growth from pubs**	In Hawthorn Leisure we have a pub management platform which has the scale and expertise to extract further growth from our community pubs business. This growth will be driven by asset management and development initiatives across the existing portfolio, and selective acquisitions to add further pubs to our platform.	– Until March 2020, Hawthorn Leisure delivered like-for-like EBITDA per pub growth of +5.9% during the year. Including March like-for-like EBITDA per pub performance was +2.3% – We completed 82 capital investment projects across the pub portfolio at a cost of £4.3 million and delivered our 26th c-store to the Co-op – In December 2019 we acquired Bravo Inns, with its portfolio of 44 wet-led community pubs, and acquired a further 28 pubs from Marston's in January 2020

Financial performance

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

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

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

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

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

FY20 TIMELINE

2019 May – Asset Management Agreement signed with Areli Real Estate for Nicholsons Shopping Centre, Maidenhead

Jun – Corporate charity partnership signed with the Trussell Trust

Jun – Disposal of Asda foodstore, Llanelli for £17.9m (NIY: 6.9%)

Jul – Acquisition of 4 retail parks for £60.5m (NRR share: £30.2m) in a JV with BRAVO (NIY 9.8%)

Aug

Sep – Acquisition of Poole Retail Park in a 10% investment with BRAVO for £44.7m (NRR share: £4.5m) (NIY of 8.0%)

Oct

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

Operational performance

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

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

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

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

Nov – Asset Management Agreement signed with Knowsley Council for Kirkby Town Centre

Dec – Acquisition of Sprucefield Retail Park for £40.0m (NIY of 8.7%)

Acquisition of Bravo Inns for £17.9m (NIY of 14.0%)

2020 Jan – Acquisition of 28 pubs for £9.7m (NIY of 9.5%)

Feb

Mar – Sold 14th c-store during FY20, bringing total proceeds from c-store disposals in the year to £15.6m (NIY: 5.2%)

delivered an average return on investment of 16.9%. Further details on the performance of our community pub portfolio can be found in the Property and Finance reviews.

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

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

Demonstrating leadership in ESG

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

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

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

Our response to COVID-19

Cash reserves, liquidity and financial position

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

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

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

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

Safety and wellbeing

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

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

Retail portfolio

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

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

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

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

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

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

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

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

Hawthorn Leisure operations

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

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

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

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

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

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

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

Outlook for the current financial year

Scenario analysis

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

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

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

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

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

Adapting our strategies to the changed operating environment

Disposal programme

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

Capital partnerships

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

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

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

Growth from pubs

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

Allan Lockhart
Chief Executive

18 June 2020

OUR MARKETPLACE

There are a number of long-term trends which will have a significant impact on the markets we operate in. We are well-placed to benefit from these trends.

Trend	Drivers	What it means for our stakeholders
Challenging retail operating market	– Retailers are facing unprecedented cost headwinds, relating to business rates, National Living Wage and investments in store portfolios and supply chains to retain market share. – The growth of online retailing has increased competition and price transparency amongst consumers, making them less brand-loyal.	– Retailer performance has diverged: those that are online-resilient have fared well, while department stores and mid-market fashion operators have struggled. – Challenged retailers have restructured through a combination of store closures, CVAs or administrations. – Successful retailers have become particularly focused on occupational costs.
A growing and ageing population	– The UK's population is growing, and by 2030, it is expected that 92% of us will be living in towns and cities, compared to around 82% today[1]. – The UK's population is ageing, and it is expected that one in four people will be over the age of 65 by 2050, compared to one in five today[1].	– Local Authorities have been set ambitious targets for the number and affordability of new homes. – National planning policy has encouraged residential development in urban areas, to improve accessibility and the vibrancy of town centres. – Health and social care policy is increasingly focused on delivering services closer to where people live.
Changes to the way we live and work	– The proportion of mothers working has grown from two-thirds at the start of the century to three-quarters today[1]. – The average size of a UK house has decreased in recent decades – at 85 sq m, it is now amongst the smallest in Western Europe[2]. – The number of single-occupant households in the UK is expected to increase by 60% by 2031[3].	– Convenience retailing has grown significantly, as households face increasing constraints on time and space. – Smaller houses and more people living alone have also increased the need for spaces outside the home for recreation and socialisation.
Changes in consumer behaviour	– UK consumers are spending an increasing amount of their income on experiences over material goods[4]. – UK consumers are increasingly focused on their own health and wellbeing. – Ethical consumerism is rising up the agenda for business, consumers and regulators, and plays an increasing role in spending habits.	– A rise in demand for low-cost gyms and value leisure destinations closer to home, as consumers look for convenient was to socialise and stay fit. – Increasing recognition of the pub as a place to unwind and socialise. – A growing demand for retailers, pub companies and real estate owners to contribute to the communities they serve.
Local authority intervention in town centres	– Local Authorities have faced cuts in central government grants and policies encouraging them to be more independent and forward-thinking. – Against this backdrop, driven by the availability of inexpensive financing from the Public Works Loan Board, Local Authorities have turned to commercial property to raise additional funds and deliver for their communities.	– Local Authorities have become much more active in the commercial real estate market, acquiring £6.6 billion of commercial properties over the past three years[5], over a third of which was retail property. – Local authorities also recognise their role as custodians of their town centres, bringing forward redevelopment programmes.
Technology and online retail	– Online transactions accounted for 19% of total retail sales in 2019[6], and have been steadily rising over the past decade. – Click & collect remains by far the most popular form of online sales fulfilment, accounting for up to 80%[6] of all sales for some retailers. – As competition increases, customer expectations of service and convenience has increased.	– The physical store remains a key part of retailers' multi-channel strategies, as the main last mile distribution channel and as a 'showroom'. – Retailers are investing in ways to broaden their online reach, by providing click & collect options outside their physical store footprint.

1. Office for National Statistics (ONS), June 2019.
2. Royal Institute of British Architects (Riba), December 2015.
3. Organisation for Economic Co-operation and Development (OECD).
4. Barclaycard UK consumer spending report, March 2020.
5. National Audit Office, 'Local Authority Investment in Commercial Property', Feb 2020.
6. Mintel, March 2020.

NewRiver's response	COVID-19 impact
– Our retail portfolio is deliberately focused on growing and online-resilient retailers focused on convenience, value and services, with minimal exposure to department stores, mid-market fashion and casual dining. – Our rents are affordable, and we have a track-record of reducing service charges for our occupiers. This means we are well-positioned to maintain rental income.	– COVID-19 has led to further divergence in retailer performance, and exacerbated the structural challenges facing department stores, mid-market fashion and casual dining operators. Our focus on retailers providing essential goods and services has provided some insulation from the impact of COVID-19. – As occupiers begin to build back revenues, there will be more focus than ever on occupational costs, where we are well-placed to respond.
– Our 2.5 million sq ft development pipeline is focused on residential development above or beside our assets. – Working with Local Authorities, we are bringing forward plans for new health hubs at a number of our assets. – We maintain a regular dialogue to ensure our assets are meeting the evolving needs of the communities we serve.	– While COVID-19 may have caused short-term disruption to development timelines, we expect the construction of new homes, particularly in urban areas, to resume relatively quickly after lockdown restrictions are eased. – The importance of comprehensive local healthcare systems will has been heightened by the crisis.
– Our retail assets are accessible and typically have a high frequency of visits and low dwell time, reflecting their purpose of providing everyday convenience and services to consumers. – Our pub assets are part of the fabric of community life, providing spaces for people to come together, relax and socialise.	– The increase in home working as a result of the lockdown will lead to further demand for spaces outside the home to relax, exercise and socialise. – While online retailing has grown during lockdown, so too has the proportion of people shopping locally at independent and convenience stores for everyday essentials.
– Our active approach to asset management and provision of convenient spaces with affordable rents, has made us a preferred partner for low-cost gym and value leisure brands. – Our pubs are focused on meeting the needs of communities, and we support our pub partners in meeting the needs of their communities. – Our comprehensive Environmental, Social & Governance ('ESG') programme ensures we help to develop thriving communities.	– COVID-19 may cause a short-term reduction in demand for leisure activities once lockdown restrictions are eased, but drivers of more experiential spend remain intact in the longer-term. – COVID-19 has shown how vitally important it is that people, companies and organisations come together to address some of society's biggest issues. As a result, our ESG programme is more relevant than ever.
– Local Authorities are looking for a partner with the relationships and expertise to manage multi-tenanted assets, and NewRiver's third-party asset management platform is aimed at meeting these needs. – The range of skills within the NewRiver platform makes us a chosen partner for Local Authorities wanting to take control and effect change within their town and city centres.	– COVID-19 is likely to increase levels of intervention, either because Local Authorities are seeking additional income streams to address funding shortfalls, or because asset owners are facing increasing pressure. – COVID-19 has highlighted the reliance of town and city centres on retail, further demonstrating the importance of mixed-use regeneration.
– Retail parks are an investment focus area for NewRiver, as they provide many characteristics that make them ideal for click & collect, such as free, surface-level parking and high accessibility. – We are working with retailers to bring forward innovative click & collect solutions, such collection pods in car parks.	– COVID-19 has undoubtedly led to an increase in online retail, but as the lockdown is eased and less time is spent at home, click & collect will once again be seen as a convenient fulfilment method.

IMPACT OF COVID-19

COVID-19 has resulted in significant disruption in our key markets, given the restricted ability of our occupiers to operate. We took early and decisive action to protect our financial position and insulate ourselves from its impact.

Available liquidity

£82m
Unrestricted cash reserves

+

£45m
Undrawn revolving credit facilities

+

£50m
Funding under the Covid Corporate Financing Facility

£177M
Available liquidity position

£28M
Cashflow improvements

£24m
Stopped non-essential capex

+

£4m
Suspended business rates and marketing

Preserving cashflow

Cash reserves, liquidity and financial position

At 31 March 2020 we had £82 million of cash reserves and £45 million of undrawn revolving credit facilities, providing available liquidity of £127 million. On 29 April 2020, we received confirmation from the Bank of England that we are eligible to access £50 million of funding under the Covid Corporate Financing Facility ('CCFF'), a joint HM Treasury and Bank of England lending facility. This facility is currently undrawn, but improves our available liquidity position to £177 million, and is available to be drawn at the Bank of England's discretion for a tenure of up to 12 months until March 2021.

Immediately prior to lockdown we took a prudent approach to preserve cashflow and reduce operational costs. First we drew £50m of our Revolving Credit Facility in mid-March 2020 to improve our cash flow position. We then suspended all non-essential capital expenditure projects and marketing across our portfolio, and suspended our fourth quarter dividend.

In-line with our risk-controlled approach, we have limited contractual capex requirements across our development pipeline.

Our wholly unsecured balance sheet is one of the differentiating characteristics of our financial position and provides significant operational flexibility. We have no bank refinancing events due prior to August 2023.

Fitch Ratings

BBB	BBB+	F2
NewRiver's Long-Term IDR, with stable outlook	**Senior rating for £300m unsecured bond dated 2028**	**NewRiver's Short-Term IDR**

Retail portfolio

Our retail portfolio is focused on occupiers providing essential goods and services, and almost two-thirds of our retail assets are anchored by a major food and grocery brand. As a result, 37% of our retail occupiers by gross income remained open throughout lockdown.

37%

Of retail occupiers remained open throughout lockdown

Of the rent with due dates between 25 March and 1 June, 75% has either been collected or is to be collected through alternative payments agreed with occupiers. We continue to engage with occupiers representing the rent outstanding, to either recover late payments or agree alternative arrangements. We are confident that collection rates will improve as lockdown eases.

SEE PAGE 13 FOR MORE ON RETAIL PORTFOLIO

Hawthorn Leisure

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

Since these closures, our Business Development Managers have been working closely with our pub partners to ensure they are receiving the support required for their businesses to emerge from the lockdown in a strong position. We have also focused on mitigating operating costs within the business.

For our Leased & Tenanted pubs, which represent 82% of our portfolio, rents due from lockdown to 30 June total £3.8 million. We have already recovered £1.4 million of this rent, and we have received commitments to pay a further £0.1 million, and are confident of recovering a further £0.2 million. The remaining rent will either be waived as part of our conditional support grants provided to pub partners, or will be subject to a claim for the business disruption and loss of rent caused by COVID-19. We do not receive any rental income from our operator managed pubs.

SEE PAGE 13 FOR MORE ON PUB PORTFOLIO

Safety and wellbeing

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

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

SEE PAGE 46 FOR MORE ON OUR PEOPLE

Committed to our communities during COVID-19

As an owner and operator of community assets throughout the UK, we have experienced first-hand the very significant impact that the COVID-19 has had on people across the country. We have also seen the extraordinary contributions made by our teams, customers, occupiers, advisers, and other stakeholders, to support those who are most in need.

In recognition of these circumstances, we announced in April that our Board of Directors will be waiving 20% of their base salaries or fees for three month, which will be donated to NewRiver's corporate charity partner, the Trussell Trust. The Trussell Trust's vital work supports over 1,200 food banks across the UK, while campaigning to ensure everyone can afford their own food.

NewRiver's partnership with the Trussell Trust began in June 2019, and to date the Company has donated close to £100,000 to support its efforts. In addition, NewRiver staff have volunteered at Trussell Trust sites, food collection points have been installed across NewRiver's shopping centre portfolio, and our assets have been made available for storage, awareness campaigns and volunteer recruitment.

SEE PAGE 48 FOR MORE ON OUR ESG PROGRAMME

DELIVERING GROWING CASH RETURNS AND THRIVING COMMUNITIES

Our business model

Disciplined stock selection

We target high yielding assets with low risk characteristics in our key sectors of community shopping centres, conveniently-located retail parks and community pubs. We acquire these assets either directly or through joint ventures. Our significant market experience and in-depth analysis enable us to price risk appropriately and buy assets at the right prices.

Active asset management

We enhance and protect income returns through our asset management initiatives, which range from the deployment of targeted capex to improve asset environments to measures to reduce occupational costs for occupiers. We draw on our in-house expertise, a deep understanding of our market and strong relationships with our occupiers to achieve this.

Risk-controlled development

We create income and capital growth through our risk-controlled development pipeline. Our in-house development team works with stakeholders to obtain valuable planning consents, which we can develop ourselves or sell to crystallise a profit. Our risk-controlled approach means that we will not commit to developments without securing significant pre-lets or pre-sales.

Profitable capital recycling

We regularly assess potential upside opportunities in disposing of assets and recycling capital into new opportunities, and we have a track record of doing this profitably. These disposals are typically of mature assets where our estimates of forward looking returns are below target levels, assets where we believe the risk profile has changed, or assets sold to special purchasers.

Leveraging our operating platform with a conservative balance sheet

We leverage the scale and expertise of our platform, underpinned by a conservative and unencumbered balance sheet, to drive further returns. This includes using our platform to manage assets owned by third parties or which we own through joint ventures with third parties.

Our ESG objectives

- Minimising our environmental impact
- Engaging our staff and occupiers
- Supporting our communities
- Leading governance and disclosure

Our Strategies

Disposing of lower yielding assets

Capital recycling, primarily in joint ventures

Leveraging our asset management platform

Sharper asset management & operational efficiencies

Extracting growth from our pubs

Our key stakeholders

Stakeholder and contribution	How we engage
Staff The expertise and commitment of our employees drives our success.	Our staff are at the heart of our business, and we aim to attract and retain the very best talent. We put the right people into the right roles and develop their careers to ensure that they grow with us. Central to this is our comprehensive staff wellbeing programme, which aims to support a healthy work-life balance. SEE PAGE 46 FOR MORE
Occupiers We have over 800 retail occupiers and over 550 tenants in our community pub portfolio.	Our diverse range of occupiers meet the everyday needs of our customers. We engage closely with our occupiers to ensure our centres are clean, secure and inviting, that our rents are affordable, and our occupational costs are low. Our annual occupier satisfaction survey guides us to how we can improve further. SEE PAGE 54 FOR MORE
Local Authorities We have established relationships with over 60 Local Authorities across the UK.	Local Authorities are the ultimate custodians of their town and city centres, and we are well-placed to help them safeguard the future of these vitally important places. We already work closely with councils that are local to our assets, and our third-party asset management platform allows us to bring our insight and expertise to many others. SEE PAGE 15 FOR MORE
Communities We meet the needs of UK communities, and support and champion local causes.	Our assets are located in communities across the UK and play an integral role in the lives of our customers. We aim to strengthen communities through meeting their everyday needs and supporting the causes that matter to them. During the year we established a charity partnership with the Trussell Trust, which operates the UK's largest food bank network. SEE PAGE 53 FOR MORE
Lenders Our relationship banks and bondholders provide us with the funding to execute our strategy.	The support of our lenders has ensured that we are in a strong financial position with a fully unsecured balance sheet, which is conservatively geared. This structure is highly efficient and covenant-light, affording us significant operational flexibility. We will continue to work closely with our relationship banks and bondholders to maintain this position. SEE PAGE 38 FOR MORE
Shareholders An open and continuous dialogue with shareholders ensures we build and maintain their support.	As owners of the business, our shareholders are key to our success. Our Chief Executive, Chief Financial Officer and Head of Investor Relations engage with them through an active programme of meetings, presentations and site visits through the year. Our Chairman and other members of the Board and Executive Committee also meet investors where appropriate. SEE PAGE 74 FOR MORE

OUR STRATEGIES TO DELIVER GROWTH

The execution of our proven business model, and focus on our ESG objectives, enables us to deliver beneficial outcomes for all our stakeholders.

Disposing of lower yielding assets

We set a target to dispose of 5% of our portfolio during the financial year, equating to c.£64 million, targeting disposal net initial yields of 5% to 7%. Our disposal target covers all asset types.

Progress in FY20

- We completed disposals of £48.4 million, reflecting a blended net initial yield of 5.5% and a modest 2% discount to book value.
- We therefore achieved over 75% of our disposal target, as our progress was impacted in the second half by political uncertainty and COVID-19.
- Disposals were completed across all asset types, demonstrating the inherent liquidity in our portfolio and the attractiveness of our assets to a large pool of potential buyers.

Priorities for FY21

As the real estate capital markets recover, we are targeting between £80 million and £100 million of asset disposals, while maintaining discipline in disposal pricing. The proceeds will predominantly be used to reduce debt, but we will also recycle into capital partnerships opportunities where appropriate.

KPIs

- Total Accounting Return
- Loan to Value
- GRESB Score

Capital recycling, primarily into joint ventures

In May 2019 we formed a new joint venture relationship with BRAVO, primarily to acquire and manage a portfolio of retail parks in the UK. We aim to make the majority of new acquisitions in joint ventures, as this increases returns on investment and ensures we maintain balance sheet strength.

Progress in FY20

- During the year we completed £172.8 million of acquisitions (NewRiver share: £102.3 million), representing a blended net initial yield of 9.5%.
- In the retail portfolio, we acquired six retail parks, of which five were purchased as part of the joint venture relationship with BRAVO
- We acquired one pub company, Bravo Inns, and one pub portfolio.

Priorities for FY21

Dislocations in real estate valuations following COVID-19 will provide significant opportunities to acquire high quality retail assets at attractive prices, and we will work closely with our joint venture partner, BRAVO, and others to identify these opportunities and build our existing joint venture relationship.

KPIs

- Underlying Funds From Operations
- Total Accounting Return
- Total Property Return
- Annualised Rent Roll
- Interest cover
- GRESB Score

Leveraging our asset management platform

Our market-leading platform comprises a highly experienced team of asset managers and finance, development and marketing professionals. We aimed to leverage this platform to manage assets owned in joint ventures and support an increasing number of third-party owners, such as Local Authorities.

Progress in FY20

- Asset management fees increased to £0.9 million, from £0.3 million in FY19.
- Our annualised management fee income at year-end was £1.1 million, a 120% increase on the prior year.
- This increase has been driven by the acquisition of properties in our joint venture with BRAVO and the signing of additional third-party asset management mandates.

Priorities for FY21

Local Authorities are naturally placed to take a leadership role in addressing a key issue facing many towns and cities, which is an excess of retail space. COVID-19 will likely further encourage this intervention. We aim to partner with many other Local Authorities in order to transform their own town and city centres.

KPIs

- Underlying Funds From Operations
- Total Accounting Return
- Annualised Rent Roll
- Admin cost ratio
- GRESB Score
- Total Property Return

Sharper asset management and operational efficiencies

We aim to extract further value from our existing assets, using insights from our occupiers and enhancing co-ordination of asset management initiatives across the portfolio. We aim to lower service charges for our occupiers, removing costs and delivering scale-based synergies.

Progress in FY20

- We appointed a Head of Asset Management, Emma Mackenzie, to lead our occupier relationships and co-ordinate initiatives across our portfolio.
- Completed 678,100 sq ft of new lettings and renewals representing £5.7 million of annualised rent. Long-term deals were signed 1.2% ahead of previous passing rent.
- We reduced retail service charge budgets by 8% on average compared to the prior year, identifying further reductions in response to COVID-19.

Priorities for FY21

Our new for retail asset management team structure will bring benefits to our occupiers and leasing activity in the coming year, despite a challenging market backdrop post-COVID-19.

KPIs

- Underlying Funds From Operations
- Total Accounting Return
- Total Property Return
- Annualised Rent Roll
- Admin cost ratio
- Retail occupancy
- Interest cover
- GRESB Score

Growth from pubs

In Hawthorn Leisure we have a pub management platform which has the scale and expertise to extract further growth from our community pubs business. This growth will be driven by asset management and development initiatives across the existing portfolio, and selective acquisitions to add further pubs to our platform.

Progress in FY20

- Until March 2020, Hawthorn Leisure delivered like-for-like EBITDA per pub growth of 5.9% in the year.
- We completed 82 capital investment projects across the pub portfolio at a cost of £4.3 million and delivered our 26th c-store to the Co-op.
- In December 2019 we acquired Bravo Inns and acquired a further 28 pubs from Marston's in J anuary 2020.

Priorities for FY21

Our first priority is the successful execution of our pub reopening strategy. Once reopened, we intend to continue our programme of targeted capital expenditure projects to improve returns and extract further value from our pub sites through development.

KPIs

- Underlying Funds From Operations
- Total Accounting Return
- Total Property Return
- Annualised Rent Roll
- Loan to Value
- Interest cover
- GRESB Score

ESG objectives

Minimising our environmental impact

Reducing greenhouse gas emissions in order to prevent climate change is one of the biggest challenges facing our society. We aim to minimise our environmental impact through procuring energy from renewable resources, reducing our consumption and encouraging stakeholders to be more sustainable.

Engaging our staff and occupiers

Our staff and occupiers are key stakeholders in our business, and their satisfaction and wellbeing is vital to our long-term success. We engage our staff and occupiers through maintaining and encouraging an open dialogue, in order to understand and act upon their needs.

Supporting our communities

Our assets are located in communities across the UK and play an integral role in the lives of our customers. We aim to enrich lives and strengthen communities through meeting the needs of all our customers and supporting and championing local causes.

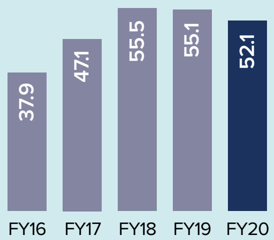
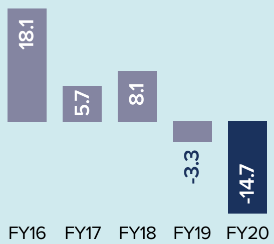
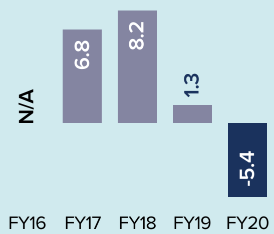
Leading governance and disclosure

High standards of corporate governance and disclosure are essential to ensuring we operate effectively, and to instil confident amongst stakeholders. We aim to ensure our governance and disclosure is in-line with best practice.

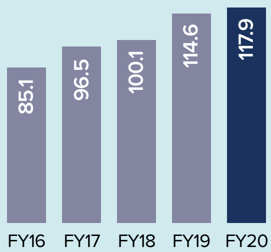
FOR MORE DETAILS SEE PAGE 49

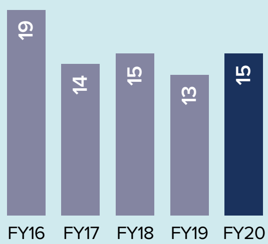
MEASURING OUR PROGRESS

We measure out progress against our strategic priorities and ESG objectives with reference to our key performance indicators (KPIs)

KPI	Description	Our performance
Underlying Funds From Operations £52.1m 	Underlying Funds From Operations ('UFFO') measures recurring cash profits and excludes other one off or non-cash adjustments. We consider this to be the most appropriate measure of the underlying performance of the business, as it reflects our generation of cash profits.	We delivered UFFO of £52.1 million, including lost income and provisions specifically relating to COVID-19 of £2.8 million, compared to £55.1 million in the prior year.
Total Accounting Return -14.7% 	Total Accounting Return ('TAR') is the change in EPRA Net Asset Value ('NAV') per share over the year, plus dividend paid, as a percentage of the EPRA NAV at the start of the year. TAR performance relative to UK-listed Real Estate Investment Trusts is a key metric used in setting the long-term incentive plan.	Our TAR was -14.7% over the year, compared to -3.3% over the previous year. This was principally due to a reduction in NAV from 261p at 31 March 2019 to 201p at 31 March 2020.
Total Property Return -5.4% 	Total Property Return is a measure of the income and capital growth generated across our portfolio. It is calculated by MSCI Real Estate (formerly known as IPD) on our behalf, using independent valuers. We assess our performance against the market by comparing our returns to the MSCI-IPD All Retail benchmark.	Our portfolio outperformed the benchmark by 480 bps. In our view, this outperformance is driven by the quality of our asset management, the affordability of our rents, and the liquidity of our assets.

KPI	Description	Our performance
Annualised rent roll £117.9m	Annualised rent roll is a measure of the scale of our business and the success of our active asset management and risk-controlled development. It is disclosed on proportionally consolidated basis, including rental income from joint ventures at our share.	Our annualised rent roll increased 3% to £117.9 million during the year, as increased rental income from acquisitions, including Hawthorn Leisure, and asset management initiatives more than offset rental income lost through disposals.
Admin cost ratio 15%	The admin cost ratio is total administrative expenses as a proportion of gross revenue on a proportionally consolidated basis, including our share of administrative expenses and gross revenue from joint ventures. It is a measure of our operational efficiency.	Our admin cost ratio was 15% during the year, increased from 13% in the previous year. This was mainly driven by the recognition of a full year of Hawthorn Leisure costs, and the transfer of management of our existing pub portfolio from a third-party specialist manager to the Hawthorn Leisure platform during the year.

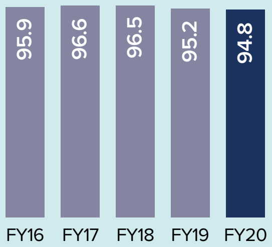




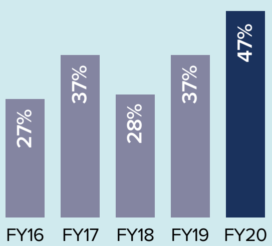
Strategic objectives

- Disposing of lower yielding assets
- Capital recycling primarily in joint ventures
- Leveraging our asset management platform
- Sharper asset management and operational efficiencies
- Extracting growth from our pubs
- ESG Environmental, Social and Governance
- Remuneration

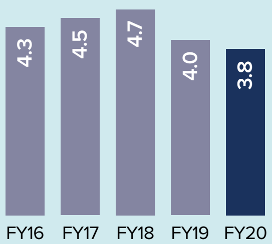
KPI	Description	Our performance
Retail occupancy 94.8%	Retail occupancy is the estimated rental value of occupied retail units expressed as a percentage of the total estimated rental value of the retail portfolio, excluding development activities.	Retail occupancy remained high at 94.8% at year-end. This was due to our active approach to asset management, our affordable rents, and out track record of reducing occupational costs for our retailers.

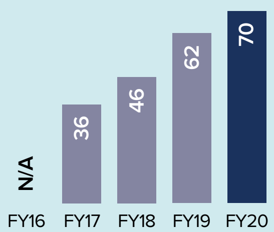


KPI	Description	Our performance
Loan to Value 47%	Loan to Value ('LTV') is the proportion of our properties that are funded by borrowings. The measure is presented on a proportionally consolidated basis, including our share of properties and borrowings held in joint ventures. Maintaining an LTV of less than 50% is one of our five key Financial Policies.	Our LTV increased over the year, from 37% at 31 March 2019 to 47% at 31 March 2020, principally reflecting valuation decline during the year and net acquisitions. Reducing debt levels through our disposal programme is a priority for FY21.



KPI	Description	Our performance
Interest cover 3.8x	Interest cover is the ratio of our operating profit to our net financing costs, on a proportionally consolidated basis, including our share of operating profit and net financing costs from joint ventures. Maintaining interest cover of more than 2.0x is one of our four key Financial Policies.	Our interest cover was 3.8x at 31 March 2020, slightly reduced from 4.0x at 31 March 2019, but still significantly ahead of our stated policy.



KPI	Description	Our performance
GRESB Score 70 	GRESB is the leading sustainability benchmark for the global real estate sector. Assessments are guided by factors that investors and the industry consider to be material in the sustainability performance of real asset investments, resulting in an overall score marked out of 100. Improvements in our GRESB Score can be used to measure the effectiveness of our ESG programme.	NewRiver has been a GRESB participant since 2016. In our 2019 GRESB assessment we received a GRESB Score of 70, a 13% improvement compared to our 2017 score. We also received our second GRESB Green Star. ESG

Strategic objectives

- Disposing of lower yielding assets
- Capital recycling primarily in joint ventures
- Leveraging our asset management platform
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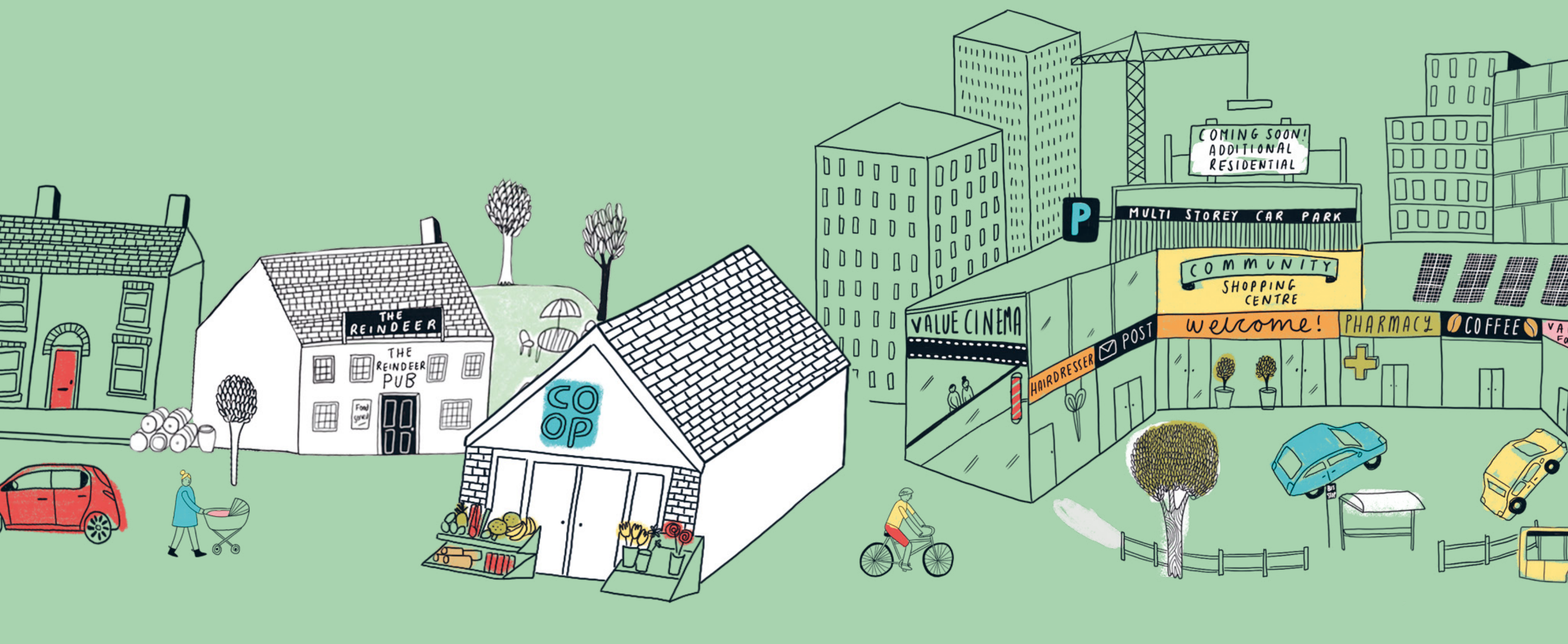
PROPERTY REVIEW

Highlights

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



Valuation

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

As at 31 March 2020	Valuation (NRR share) (£m)	Portfolio Weighting (%)	Valuation surplus/ (deficit) (%)	Topped-up NIY (%)	NEY (%)	LFL ERV Movement (%)
Regional shopping centres	*472*	*39*	*(17.6)*	*8.1*	*9.2*	*(6.7)*
London shopping centres	*148*	*12*	*(5.3)*	*5.8*	*5.9*	*(1.8)*
Shopping centres	620	52	(14.9)	7.6	8.4	(5.8)
Retail parks	224	19	(8.9)	7.5	7.4	(4.0)
High street	12	1	(17.0)	10.1	9.3	(4.5)
Pubs & c-stores	275	23	(8.2)	11.1	11.1	–
Development	66	6	14.0	–	–	–
Total	**1,197**	**100**	**(12.3)**	**8.4**	**8.9**	**(5.5)**

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

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

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

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

1. Benchmark includes monthly & quarterly valued retails.

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

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

1 Disciplined stock selection

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

12 months to 31 March 2020	Acquisition price (£m)	NewRiver share of acquisition price (£m)	Net initial yield (%)	Equivalent yield (%)
Kittybrewster Retail Park, Aberdeen	35.2	17.6	8.9	8.0
Telford Retail Park, Inverness	15.1	7.5	12.3	9.8
Units at Kingsway East Retail Park, Dundee	3.6	1.8	8.4	9.7
Wakes Retail Park, Newport, Isle of Wight	6.5	3.3	9.7	8.2
Poole Retail Park	44.7	4.5	8.0	7.9
Sprucefield Retail Park, Lisburn	40.0	40.0	8.6	7.9
Bravo Inns	17.9	17.9	14.0	14.0
Portfolio of 28 wet-led community pubs	9.7	9.7	9.5	9.5
Total	**172.8**	**102.3**	**9.5**	**8.9**

Kittybrewster Retail Park, Aberdeen

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

Telford Retail Park, Inverness

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

Units at Kingsway East Retail Park, Dundee

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

Wakes Retail Park, Newport, Isle of Wight

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

Poole Retail Park

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

Sprucefield Retail Park, Lisburn

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

Bravo Inns

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

Portfolio of 28 wet-led community pubs

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

2 Active asset management

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

Retail portfolio

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

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

Top retail occupiers

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

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

Pub portfolio

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

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

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

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

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

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

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

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

3 Risk controlled development

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

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

Total development pipeline

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

Additional residential potential[1]	–	–	–	–	–	451,200
Basingstoke Leisure Park	700,000	–	–	–	–	–

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

Developments completed or under construction in the year

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

Overview of key developments

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

Smaller residential developments

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

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

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

Convenience store ('c-store') developments

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

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

4 Profitable capital recycling

During the year, we completed £48.4 million of disposals, reflecting a blended NIY of 5% and a modest 1.5% discount to March 2019 valuation.

In-line with our strategy, disposals were typically of mature assets where our estimates of forward-looking returns were below target levels, assets where we believe that the risk profile has changed, or assets sold to special purchasers.

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

FINANCE REVIEW

Our financial performance was relatively robust during the year, against a challenging market backdrop which worsened in March 2020 with the onset of COVID-19. Underlying Funds From Operations ('UFFO') were £52.1 million, including lost income and provisions specifically relating to COVID-19 of £2.8 million, compared to £55.1 million in the prior year.

Our IFRS loss after tax was -£121.1 million, compared to a loss of -£36.9 million in the prior year, predominantly due to a non-cash reduction in portfolio valuation of £166.9 million.

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

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

Resilient balance sheet and strong liquidity position

Despite the disruption to operations caused by the COVID-19 pandemic, our balance sheet remains very well positioned, due to the hard work we completed in 2017 and 2018 to move to a fully unsecured and unencumbered capital structure. Our LTV increased from 37% at 31 March 2019 to 47%, with the majority of the increase occurring in the second half of the financial year, due predominantly to the decline in our portfolio

> Despite the disruption to operations caused by the COVID-19 pandemic, our balance sheet remains well positioned, due to the hard work we completed in 2017 and 2018 to move to a fully unsecured and unencumbered debt structure.

valuation, but also due to a reduction in the rate of completed disposals in Q4 due to COVID-19. While LTV at this level remains safely below our covenant thresholds, our focus will be to improve LTV to be more in-line with our guidance of being below 40%, through disposals in FY21. We have already completed, exchanged or are under offer on £30.3 million of disposals so far in FY21. Our interest cover ratio, the other covenant common across our unsecured facilities, remains high at 3.8x, which compares to our stated policy of >2.0x, and our closest covenant of 1.75x.

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

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

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

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

Key performance measures

The Group financial statements are prepared under IFRS where the Group's interests in joint ventures are shown as a single line item on the income statement and balance sheet. Management reviews the performance of the business principally on a proportionally consolidated basis which includes the Group's share of joint ventures on a line-by-line basis. The Group's financial key performance indicators are presented on this basis.

In addition to information contained in the Group financial statements, Alternative Performance Measures ('APMs'), being financial measures that are not specified under IFRS, are also used by management to assess the Group's performance. These include a number of the financial statistics included on Page 2 of this document. These APMs include a number of European Public Real Estate Association ('EPRA') measures, prepared in accordance with the EPRA Best Practice Recommendations reporting framework, which are summarised in the 'Alternative Performance Measures' section at the end of this document. We report these measures because management considers them to improve the transparency and relevance of our published results as well as the comparability with other listed European real estate companies. Definitions for APMs are included in the glossary and the most directly comparable IFRS measure is also identified. The measures used in the review below are all APMs presented on a proportionally consolidated basis unless otherwise stated.

The APM on which management places most focus, reflecting the Company's commitment to driving cash income returns, is UFFO. UFFO measures cash profits, which includes recurring cash profits and excludes other one-off or non-cash adjustments. We consider this metric to be the most appropriate for measuring the underlying performance of the business as it is familiar to non-property investors, and better reflects the Company's generation of cash profits. It is for this reason that UFFO is used to measure dividend cover.

The relevant sections of this Finance Review contain supporting information, including reconciliations to the financial statements and IFRS measures. The 'Alternative Performance Measures' section also provides references to where reconciliations can be found between APMs and IFRS measures.

Reconciliation of loss after taxation to UFFO

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

Underlying Funds From Operations

The following table reconciles IFRS profit after taxation to UFFO, which is the Company's measure of cash profits.

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

- Property operating expenses – reduced by £3.1 million
- Administrative expenses – reduced by £0.1 million
- Net finance costs – increased by £2.9 million
- Overall UFFO impact – increased by £0.3 million

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

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

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

Net property income

Analysis of retail net property income (£m)

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

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

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

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

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

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

Analysis of pub net property income (£m)

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

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

On 16 March 2020, in response to the COVID-19 pandemic, the UK Government advised the UK public against "non-essential" travel and suggested people should avoid pubs, clubs, theatres and work from home if possible. On 20 March 2020, the UK Government announced the immediate closure of all cafes, pubs, bars and restaurants across all the formations of the United Kingdom. Our pubs were therefore unable to trade for the final two weeks of our financial year, leading to a loss of £0.8 million of income across our portfolio of 720 pubs. Our like-for-like EBITDA per pub of +5.3% reflects the impact of COVID-19, and was +5.9% excluding the final month of the year. In addition, pub net property income includes a provision of £1.6 million, predominantly in relation to rent unlikely to be collected and stock wastage, required by IFRS 9 and as a consequence of COVID-19.

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

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

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

Administrative expenses

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

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

Net finance costs

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

Taxation

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

Dividends

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

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

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

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

The Company is a member of the REIT regime whereby profits from its UK property rental business are tax exempt. The REIT regime only applies to certain property-related profits and has several criteria which have to be met, including that at least 90% of our profit from the property rental business must be paid as dividends. We continued to meet these conditions in FY20, and we intend to continue as a REIT for the foreseeable future.

Balance sheet

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

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

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

Net assets

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

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

Properties at valuation

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

Net debt & financing

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

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

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

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

Financial policies

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

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

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

Additional guidelines

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

	Guideline	31 March 2020
Single retailer concentration	<5% of gross income	2.3% (Sainsbury's)
Development expenditure	<10% of GAV	<1%
Risk-controlled development	>70% pre-let or pre-sold on committed	100%
Pub weighting (excluding c-stores)	<30% of GAV	23%

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

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

Mark Davies
Chief Financial Officer

18 June 2020

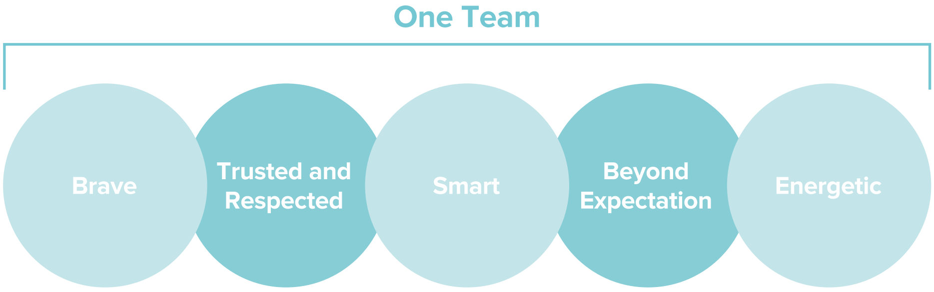
OUR PEOPLE

Our culture

Our people are our key asset. Their hard-work, dedication and entrepreneurial spirit sit at the heart of our business.

Our values

Our values mirror our culture. They are brought to life and embodied by our people.



Our approach

Our HR strategy places people at the heart of our business, enabling us to attract and retain our staff. We put the right people into the right roles and develop their careers to ensure that they grow with the business. A positive work environment where employees feel valued and supported underpins our strategy.

Communication

Effective communication starts at the top of the business and permeates throughout the organisation. It is equally important that our Board has the means of hearing directly the views and concerns of the wider team.

NewRiver has established a staff forum, which meets periodically, to liaise with the Board and to create an environment to raise and discuss issues. This ensures that the Board has regard to staff interests in taking its decisions. We regularly provide opportunities for our Non-executives to meet the wider staff on a both informal and informal basis to encourage open dialogue between the Board and the wider team We ensure employees can raise concerns in confidence directly with the Board.

Employee Engagement

During the year we undertook an extensive Employee Engagement Survey across the business with an excellent response rate of 86%. The survey covered all aspects of work life:

- Leadership and Management
- Company Culture
- Health and Wellbeing
- Personal Growth
- Teams
- Benefits and Recognition

This is a vital tool to test the temperature of the business to ensure that our HR strategies are effective. The overwhelmingly positive responses, with approval ratings in excess of 85% across all categories, will underpin and guide future refinement and development of our People Plans.

Recruitment

Our total head count across the Group, including our Managed Pubs division, is 205. Our gender diversity is 50/50 across the entire business with 102 (50%) female staff and 103 (50%) male staff. Within our head office locations in London and Birmingham, we employ a total of 132 staff. Our Managed Pub division employs a further 73 staff. Details of the Board and Executive Committee can be found in the Nomination Committee report on pages 86 and 87.

Our recruitment policies consider the needs of the business today and our aspirations for the future, whilst ensuring that our unique corporate culture is maintained.

Developing & Retaining

We are committed to maximising the skills, capability and performance of all employees. We provide all our colleagues with the opportunity to develop themselves and progress in their careers. Our support ranges from funding through professional qualifications including

RICS and ACCA to informal breakfast briefings with experts on a wide range of topics, which all staff members are encouraged to participate in. We also support the Apprenticeships Scheme. Over 55% of our staff undertook professional training this year and employees across the business spend an average of 28 hours per employee on training, including Continuing Professional Development.

In addition, all employees benefit from a tailored performance review and professional development plan which allows them to measure their progress and fulfil their potential. We have further developed our appraisal processes investing in an online appraisal and training platform which will allow managers and staff to monitor progress in real time and to further facilitate the identification and completion of relevant training and development. The support we provide to our staff has resulted in a high staff retention rate of 79%.

Reward & Recognition

We are committed to ensuring that we reward our employees through our remuneration policies, which include bonus entitlements for all staff to reward excellent performance, and our Long Term Incentive Plan. Our remuneration policies are tailored to reward excellence and ensure retention of our talented team.

We currently offer our employees comprehensive benefits, ranging from paid family medical insurance for all staff and dependents to income protection. We also offer enhanced shared parental pay entitlements. Our benefits packages are tailored and flexible, and all staff have the opportunity to discuss the benefits available with specialist advisers to ensure that they are suitable for their needs. We review these benefits each year to ensure they are meeting employee expectations.

Health & Wellbeing

We are committed to creating a safe and healthy environment which improves the quality of our employees' lives. We are proud participators in the "This is me" campaign which is committed to ending the stigma around mental health in the workplace. Across our business we have four mental health first aiders, along with a further four mental health champions, to ensure open and confidential access to support where it is needed.

Our Health and Wellbeing Working Group organises activities throughout the year, devising a comprehensive health and wellbeing calendar that promotes regular activities to encourage mental and physical wellbeing.

Our wellbeing initiatives range from exercise bootcamps to fresh fruit and healthy snacks for all. We also offer an Employee Assistance Programme, which is intended to help employees deal with personal problems that might adversely impact their work performance, health and wellbeing. This programme provides assessment, short-term counselling and referral services for employees and their immediate families.

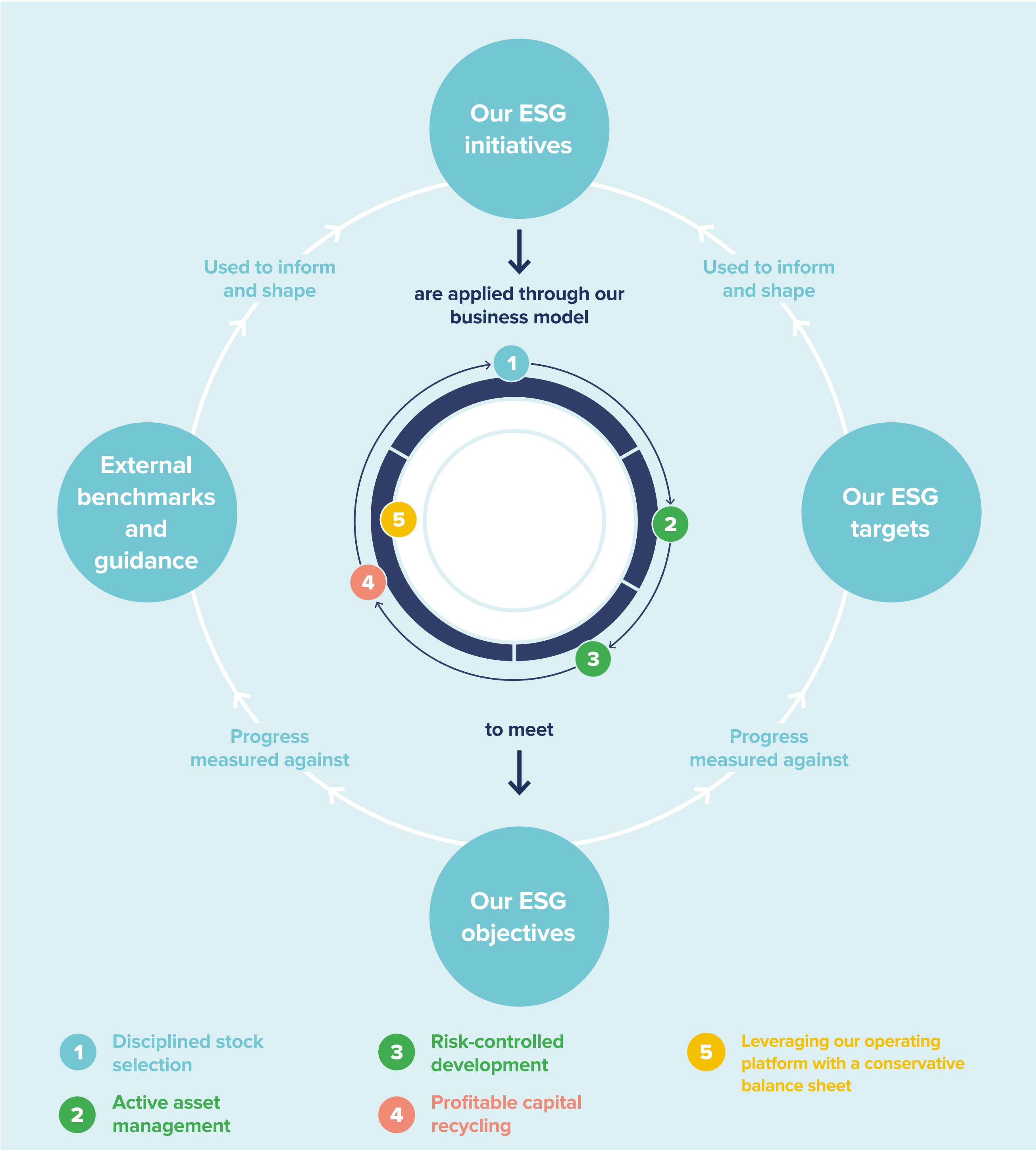
Our flexible working practices enable our staff to work in a way that is smart, focused and tailored to their individual needs. The effect of this is visible through our low absentee rates of less than 0.75%. We will continue our efforts throughout the year to promote a healthy work/life balance and provide support to enable all our staff to thrive.

Impact of Coronavirus (COVID-19) pandemic on working practices

The Coronavirus (COVID-19) pandemic has had a significant impact on the working practices of many of our staff. Having planned for this outcome well in advance of UK Government guidelines mandating working from home wherever possible, the business managed a successful transition to homeworking for all employees. We continue to monitor guidance closely and stand ready to advise staff of any changes to working arrangements.

All head office employees have been equipped with webcam-enabled laptops and a full suite of communications and productivity software. Employees are invited to participate in a weekly all-staff call to provide them with operational updates from around the business, and to ensure lines of communication are kept open. We also understand the importance of ensuring mental and physical wellbeing during prolonged periods of self-isolation and working from home. In response, we have devised an active programme of remote exercise classes and social gatherings for staff and provide a bi-weekly newsletter containing tips for keeping occupied and managing wellbeing at home. These measures have been well received by staff, with excellent attendance rates underlining the close, collaborative culture of NewRiver.

OUR APPROACH TO ESG



As an owner of assets located in communities across the UK, we are committed to enhancing the lives of the people we serve and minimising our impact on the environment.

At the same time, we want to ensure we are good neighbours in our communities, supporting and championing local causes and innovating to address the needs of local people. At a corporate level, we are passionate about engaging with our staff and our occupiers and maintaining our high standards of governance, to ensure we are an excellent employer and the best company to do business with.

Programme structure

Our ESG initiatives are informed and shaped by both external benchmarks and guidance, and our own ESG targets. These initiatives are applied at every stage of our business model in order to meet our ESG objectives. Our progress against these objectives is then measured against our ESG targets and external benchmarks on an annual basis, and this is used to determine our ESG activities for the following year. This approach generates a feedback loop whereby our ESG programme can adapt as our business changes and as best practice evolves.

ESG oversight

Our ESG programme is headed by Emma Mackenzie, Head of ESG and Head of Asset Management, who is also a member of our Executive Committee.
The programme is developed and reviewed by an internal ESG committee, headed by Emma Mackenzie, comprising representatives from our retail and pub asset management teams, our IR and HR functions, and from Cushman & Wakefield, our environmental consultants. The committee meets quarterly and its agenda is supplemented by monthly updates from Cushman & Wakefield, who are responsible for the collection and collation of our environmental data.

ESG objectives

Minimising our environmental impact

Reducing greenhouse gas emissions and preventing climate change is one of society's biggest challenges. We aim to minimise our environmental impact through procuring energy from renewable resources, reducing consumption and encouraging stakeholders to be more sustainable.

Engaging our staff and occupiers

Our staff and occupiers are key stakeholders in our business, and their satisfaction and wellbeing is vital to our long-term success. We engage our staff and occupiers through maintaining and encouraging an open dialogue, in order to understand and act upon their needs.

Supporting our communities

Our assets are located in communities across the UK and play an integral role in the lives of our customers. We aim to enrich lives and strengthen communities through meeting the needs of all our customers and supporting and championing local causes.

Leading governance and disclosure

High standards of corporate governance and disclosure are essential to ensuring we operate effectively, and to instil confidence amongst stakeholders. We aim to ensure our governance and disclosure is in-line with best practice.

GRESB 2019
Green Star status and a score of 72

The Trussell Trust
Corporate partner

Taskforce on Climate-Related Financial Disclosures
Supporter

BREEAM
Very Good rating achieved for Canvey Island Retail Park

UN SDGs
Supporter

Applying ESG through our business model

Our ESG programme is aligned to our business model and strategies, and we factor ESG considerations into every aspect of our operations to meet our four key objectives. Progress against the objectives is measured against a comprehensive set of short, medium, and long-term internal targets. Our progress is also measured against a set of international benchmarks and frameworks including the UN Sustainable Development Goals.

ESG objectives	1 Disciplined stock selection	2 Active asset management	3 Risk-controlled development pipeline
Minimising our environmental impact	We undertake environmental due diligence as part of our stock selection process, including assessments of energy efficiency and flood risks.	We adapt our assets to improve monitoring, reduce energy consumption and procure renewable energy, such as solar panels, EV chargers and LED lighting.	Across our developments we aim for the highest sustainability standards, to reduce energy consumption and ensure they are fit for the future.
Engaging our staff and occupiers	Acquisition of new assets involves a thorough engagement with occupiers and other stakeholders to assess whether the asset is meeting their needs.	We work closely with occupiers to ensure they fit out stores sustainably and ensure that staff at our assets receive thorough training and development opportunities.	Most of our developments are pre-let, so our development team works with occupiers throughout the development process to ensure it meet their needs and specifications.
Supporting our communities	We invest in assets that are already part of the fabric of their communities. We aim to revitalise assets by providing the right mix of occupiers and uses for communities.	We ensure our assets provide the right mix of convenience, value and services for customers' everyday needs. We also use space in our assets to support and raise awareness of local charities.	We work closely with councils and local groups to ensure developments address community needs and provide the right balance of residential, retail, workplaces and other civic amenities.
Leading governance and disclosure	All acquisition decisions are subject to a rigorous review process, including Executive Committee or Board sign-off where appropriate, drawing on expertise from around the business.	We appointed a Head of Asset Management during the year to better co-ordinate asset management initiatives. The Head of Asset Management sits on our Executive Committee.	We ensure that development adheres to the most stringent health and safety standards, and that all suppliers sign up to our Supplier Code of Conduct.

4 Profitable capital recycling	5 Leveraging our platform / conservative balance sheet	UN SDGs link
Developments that we have owned or developed already have key environmental features that allow their new owners to operate sustainably.	By opening up our platform to third parties we can advise other asset owners on environmental best practice in asset management and development.	
When we dispose of an asset we engage with the staff and occupiers at the asst to ensure an orderly transition to new ownership.	We ensure that all head office staff have access to the training and development opportunities required to support their careers and their physical and mental wellbeing.	
We leave behind well-invested assets that are fit for the future and reinvest the proceeds into assets serving other communities elsewhere.	Our platform provides advisory and asset management services that enables Local Authorities to revitalise their town centres. Our staff are encouraged to support charities through our fundraising and volunteer programme.	
All disposal decisions are subject to a rigorous review process, including Executive Committee and Board sign-off where appropriate, assessing their impact on all stakeholders.	Our Board and its committees ensure that we work on behalf of shareholders and other stakeholders to drive the culture and discipline necessary for the Company to meet its goals.	

Science-Based Performance Targets

In 2018, we established our short, medium (by 2030) and long-term (by 2050) environmental reduction targets. For our GHG reduction targets, we used the Sectoral Decarbonisation Approach to align with the Science-Based Targets to limit average global warming to 2°C. Our intention was to set ambitious targets in line with the latest climate science data, which form part of our approach of managing our risk exposure to climate change and provide long-term resilience for our business.

Since we set our targets, the volume of scientific studies and climate science data has increased, and findings updated. Drawing on the latest IPCC Special Reports, we recognise that we must do more to hold off some of the worst climate impacts. To that end, we are reviewing our medium and long-term targets and the new technical resources published by the SBTi in 2019 to update our targets from the 2°C scenario to well below 2°C or 1.5°C. This is in line with the most ambitious goal under the Paris Agreement – 1.5°C and our Net Zero strategy.

Short-term (by 2022)

1. 100% of waste generated at our properties diverted from landfill
2. 85% recycling rate at our managed properties
3. At least 50% of our shopping centres to be providing annual work experience placements
4. Achieve a 75% response rate to our occupier satisfaction survey
5. Achieve a 90% response rate to our staff survey
6. All shopping centres to participate in the Quiet Hour initiative
7. All assets have a community engagement plan in place, updated on an annual basis
8. 50% of staff participate in our volunteer programme annually

Medium term targets (by 2030)

1. 75% of waste generated at assets is recycled
2. 75% of energy procured from renewable resources
3. 20% reduction in NewRiver-procured utilities
4. 20% reduction in GHG emissions

Long term targets (by 2050)

1. Over 25% of NewRiver energy generated from renewable sources at our own assets
2. 100% energy procured from renewable source
3. 40% reduction in NewRiver-procured utilities
4. 40% reduction in GHG emissions

Our ESG initiatives in action

Minimising our environmental impact

BREEAM Very Good certification for Canvey Island Retail Park

During the year we received a BREEAM Very Good certification for our Canvey Island Retail Park development, which was completed in the prior year. Measures taken as part of the BREEAM strategy included developing a pedestrian and cyclist friendly site design, exceeding regulatory energy performance requirements, the installation of low-level external lighting systems that avoid night-time light pollution and the sourcing of new materials with low embodied energy. The project development team included a BREEAM Accredited Professional, who continually reviewed proposals throughout the development to ensure the project embodied BREEAM principles.

Elsewhere in our development pipeline, in December 2019 we received a BREEAM pre-assessment for our forward-funded Romford hotel development, where we will also be aiming for BREEAM Very Good certification.

Improvements to waste data collection

This year we reviewed our waste data collection processes to enable us to categorise the waste produced by visitors to our assets and by individual occupiers. This has provided actionable insights and allowed us to better gauge the requirements of occupiers. These have led to the installation of additional customer recycling points in our centre and the provision of extra dry mixed recycling bins in our service yards for use by our occupiers.

Energy audits and management reviews

In 2019, all large companies in the UK were required to conduct energy audits of their significant energy uses to comply with the Energy Savings Opportunity Scheme (ESOS) in the UK. We completed most of the energy

> **We installed additional recycling points with posters above each to instruct what type of waste goes into each container and we put labels on existing bins. The response from our tenants was fantastic, everyone was engaging with the process and we have already seen great results.**

Centre Manager –
The Ridings shopping centre, Wakefield

audits significantly ahead of the regulatory deadline, as understanding the energy flows in our building has identified opportunities increase energy efficiency at our assets.

One example is our LED lighting rollout, with saw us upgrade an additional five shopping centres to new lighting systems during the year, which use on average 80% less energy than the conventional halogen sources they were replacing.

Energy broker tender to drive enhanced co-ordination

In 2019 we ran a comprehensive tender for energy procurement and management services. We appointed Zero Trace Procurement (ZTP) due to its industry-leading capabilities in energy procurement, utility bill management and energy consumption monitoring and reporting. With ZTP, we can better monitor energy consumption patterns through their online platform where everything related to energy gets captured. Our property managers will be using the platform to identify efficiency opportunities and evaluate the effectiveness of the measures we have taken to reduce energy consumption.

Optimising cellar cooling power in our pub portfolio

During the year, we rolled out cellar environmental monitors across our operator managed pub portfolio. These devices monitor surrounding influences on cellar temperature every 15 seconds and switch the cellar cooler on and off as required, as opposed to running it continually throughout the day. By switching off the cellar cooler during the night, when the cellar is not being used, we have achieved 33% energy savings.

Supporting our communities

Our partnership with the Trussell Trust

Our corporate charity partnership with the Trussell Trust began in June 2019. The Trussell Trust's vital work supports over 1,200 food banks across the UK, while campaigning to ensure everyone can afford their own food. As the pandemic unfolds, more people than ever are expected to need a food bank.

Since we started our partnership the Company has donated close to £100,000 to support its efforts. In addition, our staff have volunteered at Trussell Trust sites, food collection points have been installed across our shopping centre portfolio, and our assets have been made available for storage, awareness campaigns and volunteer recruitment.

In light of the very significant impact that the coronavirus pandemic has had on people across the country, we announced in April 2020 that our Board of Directors would be waiving 20% of their base salaries or fees for three months and donating these to the Trussell Trust.

> "We are grateful to NewRiver for our existing active partnership over the past year and we are further overwhelmed by the increasing support from NewRiver in light of the coronavirus outbreak. This level of generosity will help us continue to support our network of food banks to provide the best possible emergency help to people referred at an uncertain time. We're stronger together and this support will make a real difference to the lives of people in crisis – thank you."

Emma Revie –
Chief Executive, the Trussell Trust

Community and charity events across our portfolio

Our shopping centres hosted over 380 charity events over the year, and together have partners with over 200 charities.

Most of our centres now participate in the National Autistic Society's Autism Hour initiative, ensuring centres and their occupiers adapt their environments to make autistic shoppers more comfortable and to reduce sensory overload. The initiative has proven very popular with a wide range of shoppers, who appreciate the more relaxed shopping atmosphere, and we have plans to increase the frequency of these hours at many of our centres in the coming year.

We have 10 shopping centres now partnered with Age UK to combat loneliness amongst the elderly. At the Cornmill Centre in Darlington, the management team host a 'Cuppa with a Copper' once a month. This event allows the elderly community to socialise and provides a platform to talk with local police officers about any issues they may be facing.

Promoting local creative talent

During the year we continued our work with The Arts Council and Charities Commission to allow vacant spaces across our portfolio to be used as a platform for local artists. This includes the use of units for exhibition and gallery space, workshops, temporary studios, performance spaces and storage.

As part of this agreement, the charities take liability for the business rates on each unit and we cover any shortfall not covered by charity business rates relief. In addition, we make a monthly donation to the charities.

Supporting local employment and providing job opportunities

Central to our support of communities is creating job opportunities, either directly or through our occupiers, and by participating in the Apprenticeship scheme. In addition to our head office staff, we support a further 15,550 jobs across the UK include those workers employed at our assets by our property managers, and our retail occupiers.

Engaging our staff and occupiers

Improving our staff wellbeing

We now have employee wellbeing groups at NewRiver and Hawthorn Leisure. These groups meet on a monthly basis to discuss and implement health and wellbeing ideas for the benefit of all staff. Amongst the initiatives introduced by the group during the week were:

- Hydration and Nutrition week, raising awareness of healthy eating and providing a healthy free lunch for staff to eat together.
- Provision of free fruit for all staff.
- A refurbishment of the Hawthorn Leisure offices following feedback from employees. The refurbishment included new includes breakout areas and balconies to encourage better work life balance.
- Staff social events to encourage a healthy work life balance.
- Work station assessments and chair massages to highlight the importance of a healthy desk set-up and posture.
- Free exercise classes, including online exercise classes during the coronavirus pandemic.
- Provision of free flu jabs to all staff.

Listening to our occupiers

We have over 800 different occupiers in our retail portfolio and we are committed to continually improving the service we provide to these key stakeholders in the business.

As part of this, we held meetings with over 250 different occupiers during the year to gain a better understanding of their needs and future plans for their business and store portfolio. Many of these meetings take place at the head office of those retailers, which provides us with better insights into their operations and culture.

During the year, we continued to implement changes based on feedback from our occupier satisfaction survey. These changes are wide-ranging and cover areas such as:

- Facility and maintenance services.
- Centre manager communication and responsiveness.
- Cleanliness, safety and security.
- Factors impacting ease of doing business, staff retention and morale, and energy, water and waste management.

The coronavirus pandemic meant our lines of communication with occupiers had to be more open than ever. At an early stage we devised a communication plan amongst our asset management team to understand the pandemic response plans of our retailers, and take steps to ensure our centres remained accessible and safe for customers. Our team also worked with occupiers facing any short-term cash flow issues to agree alternative payment terms.

Streamlined energy and carbon reporting (SECR) disclosures

Under the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013, we are required to report our annual global GHG emissions for which we are responsible, one intensity ratio, our total energy use and a narrative on the energy efficiency measures we have implemented over the year.

Energy efficiency measures taken during the year to 31 March 2020

In the year, we continued to roll out LED across the portfolio, where we now have LEDs installed at nearly all communal areas in our shopping centre portfolio. Across our managed pub portfolio, we installed innovative monitoring equipment to optimise cooler efficiency in our pub cellars. We also completed Phase 2 of the Energy Savings Opportunity Scheme (ESOS) assessment and performed additional technical energy audits of our retail and pub assets, where we identified over 2,500MWh of potential energy savings. The insight from the asset-level ESOS reports has been reviewed by our asset managers and site teams and the recommendations used to inform our site-specific energy efficiency action plans for FY21.

SECR disclosure

Our SECR disclosure presents our total energy use including our use of electricity, gas and fuel used in personal cars on business use and our carbon footprint across Scope 1, 2 and 3 emissions, as well as an appropriate carbon intensity metric.

Sources of greenhouse gas emissions	FY20	FY19
Scope 1 *(tCO_2e)* *Combustion of fuel & operation of facilities*	**1,322**	1,895
Scope 2 (tCO_2e) Electricity, heat, steam and cooling purchased for own use	**3,356**	4,022
Scope 3 (tCO_2e) Emissions from business travel by private cars	**216**	45
Total footprint (tCO_2e)	**4,894**	5,917
Carbon intensity ratio (tCO_2e/sq m)	**0.040**	0.041
Total energy use (kWh)	**21,225,230**	24,697,635

Data notes

Reporting period	Aligned with our financial reporting, our GHG emissions relate to the financial year ended 31 March 2020. Emission data from the financial year ended 31 March 2019 has also been included.
Boundary	We have used the operational control method to outline our carbon footprint boundary. Occupiers' energy usage and emissions are not included as this is not deemed to be within our operational control boundary. We included Scope 3 emissions in the form of emissions from business travel by private cars because, following our acquisition of Hawthorn Leisure in the previous financial year, we now consider our emissions from business travel by private cars to be a material source of emissions.
Reporting method	We have measured emissions based on the GHG Protocol Corporate Accounting Standard (revised edition) and guidance provided by the UK's Department for Business, Energy & Industrial Strategy and the Department for Environment, Food and Rural Affairs ('Defra') on Streamlined Energy and Carbon Reporting and greenhouse gas reporting.
Emission factor source	The emission factors and conversions used for FY20 reporting are from the Defra greenhouse gas reporting tool 2019 and the factors and conversions used for FY19 reporting are from Defra's 2018 reporting tool. For Scope 1 emissions, we used the Gross calorific value (CV) this year instead of the net CV as we identified that most energy billing has been provided on a gross CV basis. For reporting consistency, the FY19 data has been updated using the Gross CV factor.
Scope 3 emissions	We used the GHG Protocol Scope 3 Standard to collate and report on our Scope 3 emissions in the form of emissions from business travel by private cars.
Intensity level	For intensity level reporting, we have used the operationally controlled area of each property as the denominator. For the retail portfolio, we estimated the floor area to be 28% of the total area of each property. Emissions from vacant units have been excluded in the intensity measure due to the variability of emissions and floor area year-on-year. In any event, vacant units represent a de minimis percentage of our total GHG emissions. We calculated the carbon intensity at a property level to determine the average ratio of the portfolio.

EPRA Sustainability Best Practices Recommendations (sBPR)

The performance disclosures below have been prepared in accordance with the European Real Estate Association's Sustainability Best Practices Recommendations Guidelines, September 2017. They aim to bring consistency and clarity to real estate companies' disclosures around their environmental, social and corporate governance performance.

Environmental Performance Measures

			Total Portfolio, Asset Type	Absolute Performance (Abs)		Like-for-like Performance (LfL)		
EPRA Code	**Performance Measure**	**Unit(s) of Measure**	**Total Portfolio, Retail, Pubs**	**FY20**	**FY19**	**FY20**	**FY19**	**% Change**
Elec-Abs, Elec-LfL	Electricity consumption	annual MWh	Total Portfolio	13,129	14,210	10,416	10,658	-2%
			Retail	10,005	11,241	8,077	8,368	-3%
			Pubs	3,125	2,969	2,339	2,289	2%
DH&C-Abs & LfL[1]	District heating and cooling	annual MWh						
Fuels-Abs, Fuels-LfL	Fuel consumption	annual MWh	Total Portfolio	7,189	10,301	5,424	6,170	-12%
			Retail	2,529	3,894	2,301	2,688	-14%
			Pubs	4,660	6,407	3,123	3,481	-10%
Energy-Int	Energy intensity	kWh / m² / year	Total Portfolio	91	124	137	144	-5%
			Retail	54	64	125	127	-2%
			Pubs	127	184	148	161	-8%
GHG-Dir-Abs	Scope 1 emissions	tonnes CO_2e	Total Portfolio	1,322	1,895	997	1,135	-12%
			Retail	465	716	423	495	-14%
			Pubs	857	1,179	574	640	-10%
GHG-Indir-Abs	Scope 2 emissions	tonnes CO_2e	Total Portfolio	3,356	4,022	2,662	3,017	-12%
			Retail	2,557	3,182	2,064	2,369	-13%
			Pubs	799	840	598	648	-8%
	Scope 3 emissions	tonnes CO_2e	Total Portfolio	216	45			
GHG-Int	Scope 1 and 2 emissions	tonnes CO_2e / m² / year	Total Portfolio	0.040	0.041	0.031	0.048	-35%
			Retail	0.017	0.017	0.031	0.035	-11%
			Pubs	0.062	0.064	0.031	0.060	-48%
Water-Abs, Water-LfL	Water consumption	annual cubic metres (m³)	Total Portfolio	196,459	87,545	53,981	50,929	6%
			Retail	105,434	87,545	53,981	50,929	6%
			Pubs	91,025				
Water-Int	Water intensity	m³ consumption /m²	Total Portfolio	1.66	0.19	0.19	0.18	6%
			Retail	0.21	0.19	0.19	0.18	6%
			Pubs	3.11				
Waste-Abs Waste-LfL	Total weight of waste and by disposal route	Tonnes total waste	Total Portfolio	4,310	4,563	3,895	3,859	1%
			Retail	3,958	4,098	3,741	3,683	2%
			Pubs	325	465	154	176	-13%
		Tonnes diverted from landfill	Total Portfolio	3,908				
			Retail	3,908				
			Pubs	290				
		Tonnes waste to energy	Total Portfolio	2,157				
			Retail	2,157				
			Pubs	141				
		Tonnes recycling	Total Portfolio	1,455				
			Retail	1,305				
			Pubs	150				
Cert-ToT[2]	Certification type and number of assets	Cert-ToT						

1. None of our properties were connected to or benefitted from district heating and cooling.
2. See page 55.

Social Performance Measures

EPRA Code	Performance Measure	Unit(s) of Measure		FY20	FY19
Diversity-Emp	Employee gender diversity	Percentage of employees, Board Diversity	NewRiver Board	29% Female / 71% Male	29% Female / 71% Male
		Percentage of employees, All employee gender diversity	NewRiver & Hawthorn Leisure head office employees	50% female / 50% male	48% female / 52% male
Diversity-Pay[3]	Gender pay ratio	Ratio of gender pay			
Emp-Training	Employee training and development	Average hour /employee	NewRiver & Hawthorn Leisure head office employees	28	30
Emp-Dev	Employee performance appraisals	Percentage of employees	NewRiver & Hawthorn Leisure head office employees	100%	100%
Emp-Turnover	New hires and turnover	Total number of new hires	NewRiver & Hawthorn Leisure head office employees	33	14
		Total number of leavers	NewRiver & Hawthorn Leisure head office employees	27	10
		Rate of new hires	NewRiver & Hawthorn Leisure head office employees	25%	12%
		Rate of employee turnover	NewRiver & Hawthorn Leisure head office employees	20%	8%
H&S-Emp	Injury rate	Per 100,000 hours worked	NewRiver & Hawthorn Leisure head office employees	0	0
	Lost day rate	Per 100,000 hours worked	NewRiver & Hawthorn Leisure head office employees	0	0
	Absentee rate[4]	Days per employee	NewRiver & Hawthorn Leisure head office employees	2.97	1.42
	Fatalities	Total number	NewRiver & Hawthorn Leisure head office employees	0	0
H&S-Asset	Asset health and safety assessments	Percentage of assets	Managed assets	100%	100%
H&S-Comp	Asset health and safety compliance	Number of incidents	Managed assets	0	0
Comty-Eng	Community engagement, impact assessments and development programmes	Percentage of assets	Managed assets	100%	100%

3. As we have fewer than 250 employees we are not obliged by The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 to disclose our gender pay information.
4. Reflects a full year of a larger employee base as a result of the Hawthorn Leisure acquisition.

Governance Performance Measures

EPRA Code	Performance Measure	Unit(s) of Measure	FY20	FY19
Gov-Board	Composition of the highest governance body	Number of executive board members		
		Number of independent/non-executive board members		
		Average tenure on the governance body		
		Number of independent/non-executive board members with competencies relating to environmental and social topics		
Gov-Selec	Process for nominating and selecting the highest governance body	Narrative on process		
Gov-Col	Process for managing conflicts of interest	Narrative on process		

PRINCIPAL RISKS & UNCERTAINTIES

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

The Audit Committee monitors the adequacy and effectiveness of the Company's risk management and internal controls and supports the Board in assessing the risk mitigation processes and procedures. The Executive Committee is closely involved with day-to-day monitoring of risk management, ensuring it is embedded within the Company's culture and values, and delegation of accountability for risk management to senior management. Senior Management manage and report on risk, ensuring that they are within the risk appetite as established by the Board.

Key features of the risk management policy:

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

Risk appetite

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

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

- We maintain an unsecured balance sheet, with the Company benefiting from a more diversified debt structure and gaining access to a larger pool of capital to help achieve our strategic goals.
- Our disciplined approach to stock selection.
- Deploying capital in joint ventures, thereby diversifying risk.
- A diverse tenant base in which there is no single tenant exposure of more than 3%.
- Our experienced Board and senior management.

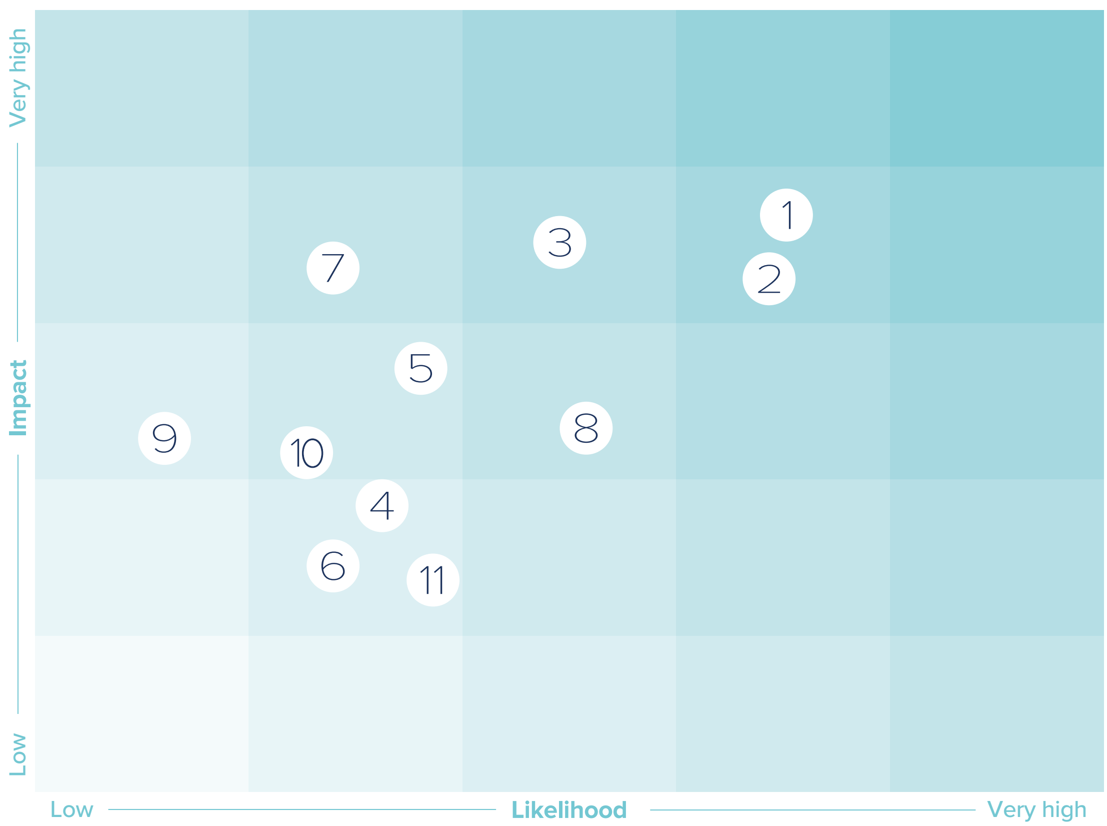
Risk monitoring and assessment

The identification of risks is a continual process which is reviewed regularly. The Company maintains a risk register in which a range of categories are considered. These risks are linked to the business model and strategic priorities of the Company and the appetite as described above.

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

Risk assessment during the year

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



Principal risks

External risks

1. Macroeconomic
2. Political and regulatory
3. Catastrophic external event
4. Climate change
5. Changes in technology and consumer habits

Internal risks

6. People
7. Financing
8. Asset management
9. Development
10. Acquisition
11. Disposal

External Risks

Risk and impact	Monitoring and management	Change in risk assessment during the year
1. Macroeconomic Economic conditions in the UK and changes to fiscal and monetary policy may impact market activity, demand for investment assets, the operations of our occupiers or the spending habits of the UK population.	– The Board regularly assesses the Company's strategy in the context of the wider macroeconomic environment. – The Board and management team consider updates from external advisers, reviewing key indicators such as forecast GDP growth, employment rates, interest rates and Bank of England guidance, and consumer confidence indices. – Our portfolio is focused on resilient market sub-sectors such as essential retailers and wet-led pubs. – Through regular stress testing of our portfolio we ensure our financial position is sufficiently resilient. – Closely monitoring rent collection and cash flow.	– Macroeconomic risk has **increased** during the year and is considered a **medium to high impact** risk with a **medium to high likelihood.** – The outlook for the UK was weakened by uncertainty surrounding Brexit negotiations and then the economic impact of the COVID-19 pandemic. – The uncertainty around the impact of the COVID-19 pandemic has resulted in sharp declines in asset valuations, which has narrowed the headroom on some of our debt covenants.
2. Political and regulatory Changes in UK Government policy, the adverse effects of Brexit on our tenants, or the impact of political uncertainty on the consumers' retail and leisure spend.	– The Board regularly considers political and regulatory developments and the impact they could have on the Company's strategy and operating environment. – External advisers, including legal advisers, provide updates on emerging regulatory changes to ensure the business is prepared and is compliant. – We regularly assess market research to gauge the impact of regulatory change on consumer habits. – We carry out stress testing on our portfolio in relation to regulatory changes which may impact our operations or financial position. – Where appropriate, we participate in industry and other representative bodies to contribute to policy and regulatory debate.	– Political and regulatory risk has **increased** during the year and is considered a **medium to high impact** risk with a **medium to high likelihood.** – An improvement in risk profile following the decisive UK General Election result in December 2019 has been more than offset by political uncertainty surrounding COVID-19, and the prospect of a no-deal Brexit. – We have carried out extensive scenario testing based on potential political and regulatory responses to lifting the current lockdown, and taken steps to ensure we are able to respond in each scenario.

Risk and impact	Monitoring and management	Change in risk assessment during the year
3. Catastrophic external event An external event such as civil unrest, a civil emergency, including a large-scale terrorist attack or pandemic, or a cyber-attack, could severely disrupt global markets and cause damage and disruption to our assets. This risk has been added in response to unprecedented disruption caused by the COVID-19 pandemic.	– The Board have developed a comprehensive crisis response plan which details actions to be taken at a head office and asset-level. – The Board regularly monitors the Home Office terrorism threat level and other security guidance. – The Board regularly monitors advice from the UK Government regarding pandemic responses. – Emergency procedures at our assets are regularly tested and enhanced in-line with the latest UK Government guidance. – We have robust IT security systems which cover data security, disaster recovery and business continuity plans. – The business has comprehensive insurance in place to minimise the cost of damage and disruption to assets.	– Catastrophic external event risk has **increased** during the year and is considered a **high impact** risk with a **medium likelihood.** – The impact of the COVID-19 has caused unprecedented economic and operational disruption. We mitigated the impact through our portfolio positioning focused on essential goods and services, our cash position and liquidity, and our active approach to asset management. – COVID-19 has also demonstrated the effectiveness of home working for the business, which will ensure preparedness for further restrictions to accessing our assets. – The Board will review the Company's response to the COVID-19 pandemic and make any necessary amendments to our crisis response plan.
4. Climate change Adverse impacts from environmental incidents such as extreme weather or flooding could impact the operation of our assets. A failure to comply with changes in climate change regulations, or to meet our Environmental, Social and Governance ("ESG") targets, could cause reputational damage.	– We have a comprehensive ESG programme which is regularly reviewed by the Board and Executive Committee. A detailed overview of the programme can be found in our standalone ESG report. – One of the key objectives of the programme is to minimise our impact on the environment, through reducing energy consumption, sourcing from renewable sources, and increased recycling. – We regularly assess assets for environmental risk and ensure sufficient insurance is in place to minimise the impact of environmental incidents. – ESG performance is independently reviewed by our external environmental consultants, and our performance is measured against applicable targets and benchmarks.	– Climate change risk has **increased** during the year and is considered a **low to medium impact** risk with a **low to medium likelihood.** – ESG has risen up the agenda of many stakeholders, and expectations of compliance with best practice have increased. – Regulatory requirements have also increased during the year, for example through the implementation of the European Energy Efficiency Directive. – Our ESG committee pre-empted these changes, and our initiatives and disclosure continue to evolve in-line with best practice.

Risk and impact	Monitoring and management	Change in risk assessment during the year
5. Changes in technology and consumer habits Changes in the way consumers live, work, shop and use technology could have an adverse impact on demand for our assets.	– The Board and Executive Committee regularly assess our overall corporate strategy, and acquisition, asset management and disposal decisions in the context of current and future consumer demand. – We closely assess the latest trends reported by Mintel, our research provider, to ensure we are aligned with evolving consumer trends. – Our retail portfolio is focused on essential spending on goods and services which are resilient to the growth of online retail. Our community wet-led pubs perform an important social and societal function, providing experiences which cannot be replicated online. – Our retail parks are ideally positioned to help retailers with their multi-channel retail strategies. – The alternative use valuation of our portfolio shows we have optionality in realising value from assets which do not have a future as retail assets.	– Changes in technology and consumer habits risk has remained **stable** during the year and is considered a **medium impact** risk with a **low to medium likelihood.** – Although COVID-19 lockdown restrictions have significantly increased home working and online shopping, we expect much of this to unwind upon easing of the restrictions – During the year, our acquisition focus has been on retail parks, which are ideally suited to click & collect, and we have worked closely with retailers as they reshape their physical store portfolios.
6. People The inability to attract, retain and develop our people, and ensure we have the right skills in place could prevent us from implementing our strategy.	– Attracting, retaining and developing talent is core to our HR strategy, which is regularly reviewed by the Board and Executive Committee. – We undertake an extensive Employee Engagement Survey once a year to gauge employee views on leadership, company culture, health and wellbeing, personal growth and benefits and recognition. This informs any changes to HR policy. – We regularly benchmark our pay and benefits against those of peers and the wider market. – Succession planning is in place for all key positions, and is reviewed regularly by the Nomination committee. – Longer notice periods are in place for key employees.	– People risk has remained **stable** during the year and is considered a **low to medium impact** risk with a **low to medium likelihood.** – It remains a challenging operating environment for the Company, which could present some issues in attracting and retaining talent, but this impact is mitigated by an active employee engagement programme and the alignment of reward with both individual and Company-level performance.

Internal Risks

Risk and impact	Monitoring and management	Change in risk assessment during the year
7. Financing If gearing levels become higher than our risk appetite or lead to breaches in bank covenants this would impact our ability to implement our strategy. The business could also struggle to obtain funding or face increased interest rates as a result of macroeconomic factors.	– The Board regularly assesses Company financial performance and scenario testing, covering levels of gearing and headroom to financial covenants and assessments by external rating agencies. – The Company has a programme of active engagement with key lenders and shareholders. – The Company has a wholly unsecured balance sheet, which mitigates the risk of a covenant breach caused by fluctuations in individual property valuations. – The Company has long-dated maturity on its debt, providing sufficient flexibility for refinancing. – Weekly working capital and cash flow analysis is reviewed by the Executive Committee. – Our credit rating is independently assessed by Fitch Ratings every six months.	– Financing risk has **increased** during the year and is considered a **high impact** risk with a **low to medium likelihood.** – Although macroeconomic developments, particularly in the wake of COVID-19 have impacted financial markets, the strength of the Company's balance sheet, and the results of our extensive scenario testing, and stress-testing of headroom, means we have significantly mitigated the risk of not being able to secure sufficient financing. – On 1 April 2020, Fitch Ratings affirmed NewRiver's Long-Term IDR at 'BBB' with a Stable Outlook and senior unsecured rating at 'BBB+'.
8. Asset management The performance of our assets may not meet with the expectations outlined in their business plans, impacting financial performance and the ability to implement our strategies.	– Asset-level business plans are regularly reviewed by the asset management team and the Executive Committee and detailed forecasts are updated twice yearly. – The Executive Committee reviews whole portfolio performance on a quarterly basis to identify any trends that require action. – Our asset managers are in contact with centre managers and occupiers on a daily basis to identify potential risks and improvement area. – Revenue collection is reviewed weekly by the Executive Committee.	– Asset management risk has **increased** during the year and is considered a **medium impact** risk with a **medium likelihood**. – The COVID-19 pandemic has placed significant restrictions on the operations of our occupiers and therefore impacted performance and rent collection at our assets. – Our COVID-19 response has focused on supporting occupiers and ensuring businesses can emerge from the crisis in robust financial shape.

Risk and impact	Monitoring and management	Change in risk assessment during the year
9. Development Delays, increased costs and other challenges could impact our ability to pursue our development pipeline, and therefore our ability to profitably recycle development sites and achieve returns on development.	– We apply a risk-controlled development strategy through negotiating long-dated pre-lets (typically at least 70% of assets). – All development is risk-controlled and forms only 5% of the portfolio by value – Capital deployed is actively monitored by the Executive Committee, following detailed due diligence modelling and research. – An experienced development team monitors on-site development and cost controls.	– Development risk has remained **stable** through the year and is considered a **low to medium impact** risk with a **low likelihood.** – Although the COVID-19 pandemic has brought delays to many development projects, they remain a small part of our portfolio and committed capex is low. – Our largest developments, which include regeneration schemes in Burgess Hill and Cowley, Oxford, are driven by key trends which are likely to re-emerge after the immediate impacts of COVID-19 ease.
10. Acquisition The performance of asset and corporate acquisitions might not meet with our expectations and assumptions, impacting our revenue and profitability.	– We carry out thorough due-diligence on all new acquisitions, using data from external advisers and our own rigorous in-house modelling before committing to any transaction. – Acquisitions are subject to approval by the Board and Executive Committee, who are highly experienced in the retail and pub real estate sectors. – Our strategy is to acquire predominantly in joint ventures, thereby sharing risk. – Our portfolio is large and our average asset lot size is small, meaning that each asset represents only a small proportion of revenues and profits, thereby mitigating any impact of underperformance.	– Acquisition risk has remained **stable** through the year and is considered a **low to medium impact** risk with a **low likelihood.** – Market dislocation as a result of retail sector challenges and political uncertainty has provided significant opportunities to acquire high-quality assets at lower prices, reducing the risk of future underperformance.
11. Disposal We may face difficulty in disposing of assets or realising their fair value, thereby impacting profitability and our ability to reduce debt levels or make further acquisitions.	– Our portfolio is focused on high quality assets with low lot sizes, making them attractive to a wide pool of buyers. – Assets are valued every six months by external valuers, enabling informed disposal pricing decisions. – Disposals are subject to approval by the Board and Executive Committee, who are highly experienced in the retail and pub real estate sectors. – Our portfolio is large and our average asset lot size is small, meaning that each asset represents only a small proportion of revenues and profits, thereby mitigating the impact of a sale not proceeding.	– Disposal risk has remained **increased** during the year but remains a **low to medium impact risk** with a **low likelihood.** – Political uncertainty and the onset of COVID-19 in March 2020 has increased market uncertainty, causing some purchasers to reconsider or delay acquisition decisions. – Our portfolio focus means that our assets are viewed as resilient regardless of wider market uncertainty.

VIABILITY STATEMENT

Period of assessment

The UK Corporate Governance Code requires the Directors to appraise the viability of the Group over what they consider to be an appropriate period of assessment taking into account the Group's current position, its business model (page 20), strategy (page 22) and principal risks and uncertainties (page 58).

In making this assessment, the Directors view the Group's focus on resilient sub-sectors (convenience retail and community pubs), expertise in asset management and risk-controlled development, disposal track record and unencumbered balance sheet as the key aspects supporting the long-term sustainability of the business.

The Directors consider the appropriate period of assessment to be three years from the current financial year end, to 31 March 2023, reflecting the horizon reviewed in detail by the Directors during the Group's annual budget and business planning process. This period of assessment is also aligned to performance measurement and management remuneration, and in the opinion of the Directors, this period of assessment strikes the optimal balance of allowing the impact of strategic decisions to be modelled while maintaining the accuracy of underlying forecast inputs.

Principal risks

In making their viability assessment, the Directors assessed the potential impacts, in severe but plausible scenarios, of the principal risks as set out on pages 58 to 64, together with the likely degree of effectiveness of mitigating actions reasonably expected to be available to the Group.

The most relevant, with the highest potential impact, of these risks on viability were considered to be:

- 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, causing valuation declines.
- 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.
- Catastrophic external event – An external event such as a civil emergency, including a large-scale terrorist attack or pandemic could severely disrupt global markets and cause damage and disruption to our assets.
- 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.

Although the Board is encouraged that the UK Government has begun to relax its lockdown restrictions, at the time of writing there remains considerable uncertainty surrounding the long-term impact of the COVID-19 pandemic on the UK economy.

Process

The Group's annual budget and business planning process comprises a budget for the next financial year, together with a forecast for the following two financial years. This process takes place in the final quarter of the financial year, and culminates in a Board Strategy Session in early March, with final budget sign off by the Board typically taking place early in the new financial year. The exercise is completed at a granular level, on a lease-by-lease and pub-by-pub basis and considers the Group's profitability, capital values, loan to value, cash flows and other key financial metrics over the forecast period. The Group benefits from a wholly unsecured balance sheet, and has no bank refinancing events until August 2023.

This year, however, due to the COVID-19 pandemic and the subsequent lockdown instigated by the UK Government on 23 March 2020, the process following the Board Strategy Session has changed. Starting immediately prior to lockdown and continuing throughout April, the Directors of the Group held weekly Board calls, where attention was focused on operational matters and cash flow and liquidity management. During the lockdown, 37% of occupiers by rent in the Group's retail portfolio continued to trade, being essential in nature, and 52% of rent due between 25 March and 1 June 2020 was collected. As of 16 June 2020, following the easing of the lockdown restrictions regarding retailers effective from 15 June 2020, 60% of occupiers by rent were open and trading. The Group's pub portfolio has been closed since 20 March 2020, when the UK Government announced the immediate closure of all cafes, pubs, bars and restaurants across all the formations of the UK. The UK Government is yet to confirm its plan for the re-opening of pubs, and the phasing is expected to vary across the formations of the UK, but it is likely this will occur over the coming months, and could begin as soon as 4 July 2020.

As the UK entered lockdown, the Group focused on managing cash resources very carefully and maintaining liquidity in the business. As a consequence of this, the Board took the decision not to pay a fourth quarter dividend and the Group's budget was adjusted to remove £24 million of non-essential capital expenditure and £4 million of annual operational savings. The Directors reviewed detailed liquidity analysis and stress testing which modelled six different income scenarios on a quarterly basis in the year ended 31 March 2021. These scenarios ranged from stable retail income and a 50% reduction in pub income, to a 50% reduction in retail income and a 75% reduction in pub income. Under even the most pessimistic of these scenarios, the Group maintained available liquidity of over £100 million.

The forecast scenario selected by the Directors to assess the Group's viability is an evolution of one of these scenarios, which assumes a blended income collection rate of 57% of pre-COVID-19 levels. Under this scenario, the Group is forecast to maintain sufficient cash & liquidity resources and remain compliant with its financial covenants. Further sensitivity analysis was performed on this scenario, including removing all assumed disposals, assuming a more significant valuation decline and a lower income collection rate. Even applying this sensitivity analysis, the Group maintains sufficient cash and liquidity reserves to continue in operation throughout the assessment period.

Viability statement

On the basis of this and other matters considered by the Board during the year, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of their detailed assessment.

Going concern

The Directors of NewRiver REIT plc have reviewed the current and projected financial position of the Group making reasonable assumptions about future trading and performance. Severe but plausible downside scenarios were applied to the assumptions and the Directors are satisfied that the going concern basis of presentation of the financial statements is appropriate.

The Directors' Report was approved by the Board of Directors.

SECTION 172 STATEMENT

Under Section 172(1) of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequence of any decision in the long-term.
- the interests of the company's employees.
- the need to foster the company's business relationships with suppliers, customers and others.
- the impact of the company's operations on the community and the environment.
- the desirability of the company maintaining a reputation for high standards of business conduct.
- the need to act fairly as between members of the company.

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) and forms the Directors' statement under section 414CZA of The Companies Act 2006.

The Directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172(1)(a) to (f) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2020.

The content on our key stakeholders on page 21 highlights how we consider and engage with our key stakeholders. Further details of engagement and the Board activities are set out on pages 73 to 79 providing insight into how the Board makes decisions and their link to strategy.

The long term: As a Board of a REIT owning property assets which also includes a risk-controlled development pipeline the Board is always conscious of the long term and this is encompassed in our business model. The Board is also mindful of the long-term trends which will have a significant impact on the markets we operate in and these long term trends are factored into our long term strategies and indeed can provide opportunities. In September 2019 the Company appointed Mintel, one of the world's leading research houses as a research partner. The Board receives regular retail research and trends reports from Mintel. These include bespoke research projects that are future looking and investigate how trends will impact retail and hence retail real estate in the longer term. These insights and the Board's own extensive experience steers the long term strategic direction.

Employees: Our people are our key assets. Their hard-work, support and motivation is at the heart of our business. Communication, engagement and the development of our people is vital to the business and therefore front of mind in Board decisions. We have a collaborative and supportive culture that extends from the boardroom to our people. We are also hardworking and adaptable as well as passionate and resilient. This has been especially evidenced in the support and motivation of our teams across the business during the COVID-19 crisis. Further details on our communications and engagement with staff can be found in 'Our People' on pages 46 and 47.

Business relationships: The Board is committed to fostering the Company's business relationships with occupiers, local authorities and other stakeholders. These stakeholders are key to our business model and therefore members of the Exco (including Board members) have direct responsibilities for managing and developing these relationships. Further details regarding our engagement with our key stakeholders, including occupiers and local authorities can be found on page 21.

Community & environment: As set out in our Business Model the Company's purpose is growing cash returns and thriving communities. The Board is committed to our communities and our assets are integral to the communities they serve. We aim to enhance the lives of consumers and minimise our impact on the environment. These matters are therefore considered in all strategic decisions and embedded into the business model. How we support our communities and our efforts to minimise our environmental impact can be found on pages 48 to 57.

High standards of business conduct: Our values mirror our culture and as a team our values are to be trusted and respected and this is entrenched into Board decisions. The Board's focus on human rights (Modern Slavery policy) and anti-corruption and anti-bribery policies can be found on page 81.

Shareholders: The Board recognises the importance of treating all members fairly and monitors the views of the Company's shareholders through reports on investor and analyst communications so that their views and opinions can be considered when setting strategy. Further details regarding our engagement with our shareholders can be found on page 74.

BOARD OF DIRECTORS

Baroness Ford OBE

Allan Lockhart

Mark Davies

David Lockhart

Kay Chaldecott

Alastair Miller

Colin Rutherford

- Chair of committee
- A Member of Audit Committee
- N Member of Nomination Committee
- R Member of Remuneration Committee

Baroness Ford OBE N R

Non-Executive Chairman
Appointed July 2017

Key Skills and Experience

Baroness Ford has over 20 years' experience as a Non-Executive Director and Chairman of private and Stock Exchange listed companies and extensive experience of working with the Government. Margaret has extensive knowledge across the real estate market and is an Honorary Member of the Royal Institute of Chartered Surveyors. From 2002 to 2008, she was Chairman of English Partnerships (now Homes England) and from 2009 to 2012, she was a member of the Olympic Board and Chairman of the Olympic Park Legacy Company. Margaret was previously a Non-Executive Director of Taylor Wimpey plc and SEGRO plc, and the former Chairman of Grainger plc and May Gurney Integrated Services plc.

External Appointments

Listed Companies
STV Group plc (Chairman)
Lendlease Corporation (Non-Executive Director)

Other
Chairman of Challenge Board, Buckingham Palace Reservicing Programme
National President of the British Epilepsy Association
British Olympic Association
Baroness Ford was appointed to the House of Lords in 2006. She is a Cross bench peer and is currently on an extended leave of absence from Parliament.

Allan Lockhart

Chief Executive Officer

Key Skills and Experience

Allan has over 30 years' experience in the UK real estate market specialising in the retail sector. He started his career with Strutt & Parker in 1988 advising major property companies and institutions on retail investment and development. In 2002, Allan was appointed as retail director to Halladale and was responsible for coordinating the acquisition and implementation of the asset management strategies of over 20 shopping centres as well as acquiring and completing several profitable retail developments. In 2009 he co-founded NewRiver and served as Property Director since its IPO until being appointed Chief Executive Officer in May 2018.

External Appointments

None.

Mark Davies

Chief Financial Officer

Key Skills and Experience

Mark is a Chartered Accountant with over 20 years' experience who joined the Company at its inception in 2009 and has played an integral part in growing the business to a FTSE 250 Company. Mark has a strong track record in Capital Markets including raising £2 billion of new capital and as the steward of the Group balance sheet moving the Company to an unsecured debt structure following the issuance of a £300 million ten-year corporate bond in 2018. Mark is also Chief Executive Officer of Hawthorn Leisure, which is a business of over 700 community pubs and Convenience Stores. Mark led the acquisition of Hawthorn in 2018 and oversaw the successful integration of the business in early 2019. He also sits on the Board of the British Beer and Pub Association ("BBPA"). Prior to joining NewRiver Mark was CFO of Omega Land which was a £1 billion private equity fund owned by Morgan Stanley and prior to that an Audit and Corporate Finance Partner at Grant Thornton and BDO.

External Appointments

BBPA (Board member)

David Lockhart

Executive Deputy Chairman

Relevant skills

David Lockhart is a qualified Solicitor and Chartered Accountant and has over 40 years' operating experience in the UK real estate market. David is an experienced and successful entrepreneur, having founded several property businesses across the United Kingdom. David practised law in his family law firm before starting a career in property, initially founding a property development company based in Scotland. David served as Executive Chairman of Caltrust Limited until 1987 when the company was acquired by Sheraton Securities International plc, following which he served as Managing Director of newly formed Sheraton Caltrust plc until 1990. In 1991, David founded Halladale, a business which he ran as CEO. Halladale floated on AIM in 2001 and was acquired by Stockland Corporation in 2007. In 2009, he co-founded NewRiver and served as its Chief Executive from its IPO until being appointed Executive Deputy Chairman in May 2018.

External Appointments

Listed Companies
None.

Other
Family Trusts and Investments

Kay Chaldecott A N R

Independent Non-Executive Director
Appointed March 2012

Relevant skills

Kay has over 25 years' experience of developing and managing regional shopping centres throughout the UK. Kay is a member of the Royal Institution of Chartered Surveyors and has a breadth of industry knowledge covering the retail development process, retail mix and leasing and shopping centre operations. Kay was Managing Director of the shopping centre business of Capital Shopping Centres Group plc (now Intu Properties plc) and served as a main Board Director. She was also previously a Non-Executive Director of St. Modwen Properties PLC.

External Appointments

Listed Companies
None.

Other
Lichfields planning and development consultancy (Board member)
Next Leadership (member of the Advisory Board)

Alastair Miller A N R

Senior Independent Director
Appointed January 2016

Key skills and Experience

Alastair is a Chartered Accountant and has significant, recent and relevant financial experience. Throughout his career Alastair has developed skills over risk management, property, systems, company secretariat and investor relations. Having worked for New Look Group for 14 years, Alastair has an in-depth understanding of retailers and the factors that impact their trading and profitability. Alastair was formerly Chief Financial Officer of New Look Group, Group Finance Director of the RAC, and Finance Director of a company within the BTR Group. Alastair qualified as a Chartered Accountant with Deloitte Haskins and Sells and was a management consultant at Price Waterhouse. In addition to being the Senior Independent Director Alastair has responsibility for ensuring that the Board successfully engages with our workforce.

External Appointments:

Listed Companies
Superdry Plc (Director and Auditco Chair)

Other
RNLI (Risk and Audit committee member)

Colin Rutherford A N R

Independent Non-Executive Director
Appointed February 2019

Key skills and Experience

Colin is an international listed public and private company chairman and independent non executive director, with relevant sector experience including asset management, financials, leisure and real estate. Colin graduated in accountancy and finance and qualified with Touche Ross (now Deloitte) in 1984 and is a member of the Institute of Chartered Accountants of Scotland.

External Appointments

Listed Companies
Mitchells & Butlers plc (Director and Audit Committee Chairman)
Evofem Biosciences Inc, (Director and Audit Committee Chairman)

Other
Brookgate Limited (Chairman)

EXECUTIVE COMMITTEE


Allan Lockhart


Mark Davies


David Lockhart


Emma Mackenzie


Charles Spooner


Stuart Mitchell


Edith Monfries


Will Hobman

Allan Lockhart
Chief Executive Officer

See page 69 for key skills.

Mark Davies
Chief Financial Officer

See page 69 for key skills.

David Lockhart
Executive Deputy Chairman

See page 69 for key skills.

Emma Mackenzie
Head of Asset Management
Head of ESG

Relevant skills
Emma has overarching responsibility for the financial and operational performance of the retail portfolio throughout the UK. Emma's responsibilities also include oversight of NewRiver's property management, rent collection and the Company's Environmental, Social and Governance programme. Emma is a qualified chartered surveyor with over 25 years' experience in the retail property market. In 2018 she was one of the eight members of the High Streets Expert Panel chaired by Sir John Timpson and now sits on the High Street Task Force Board. Emma also sits on the Commercial Committee of the British Property Federation. Prior to NewRiver Emma worked in private practice as a retail agent and asset manager.

Charles Spooner
Head of Capital Markets

Relevant skills
As Head of Capital Markets, Charles has responsibility for the Company's capital markets activity, including managing NewRiver's acquisitions and disposals strategy, as well as overseeing the implementation of asset management initiatives within NewRiver's retail park portfolio.

Charles is a qualified chartered surveyor with over 20 years' experience in the retail real estate investment and asset management sector. Charles' previous experience includes asset management roles at F&C REIT and RREEF. He has also been an adviser at Cushman & Wakefield and advised Specsavers on their investment agency and development activity.

Stuart Mitchell
Asset Management Director

Relevant skills
Stuart is Head of Third Party Asset Management, has overall responsibility for the NewRiver Southern Portfolio and is responsible for NewRiver's Leasing and Commercialisation strategies. Stuart is a chartered surveyor with over 15 years' commercial property experience, specialising in the retail sector. He started his career at Fuller Peiser, which was later acquired by BNP Paribas Real Estate. Stuart is a member of the British Property Federation Insolvency Committee, Revo Asset Management Advisory Panel, RICS and a Director of several Business Improvement Districts.

Edith Monfries
Head of HR, NewRiver and Chief Operating Officer, Hawthorn Leisure

Relevant skills
Edith has responsibility for HR strategy for the Group and for the internal operations of Hawthorn Leisure, our community pubs business. Edith is a Chartered Accountant with over twenty years' experience, having trained with Deloitte, Haskins and Sells, specialising in advising businesses in strategic and operational matters, and talent development.

Will Hobman
Finance Director

Relevant skills
Will has responsibility for overseeing and directing NewRiver's financial operations, including Corporate Finance, FP&A, Financial Reporting, Investor Relations and Management Accounting, reporting to Mark Davies, Chief Financial Officer. Will is a Chartered Accountant with over 10 years' experience, having qualified at BDO LLP working in its Audit and Corporate Finance departments. Will previously worked within the Financial Reporting and FP&A teams at British Land and joined NewRiver as Head of Investor Relations.

CORPORATE GOVERNANCE REPORT

> We aim to enrich the lives and strengthen the communities where our assets are based. We are mindful of this aim when undertaking our work as a Board.

I have pleasure in introducing NewRiver's corporate governance statement for the year ended 31 March 2020. The Board continues to be committed to supporting strong governance and this section of the Annual Report describes how the Board and its committees worked on behalf of stakeholders to drive the culture and disciplines necessary for the Company to achieve its goals.

Last year I reported that the Board had reviewed the new requirements of the UK Corporate Governance Code ("the Code"), published in July 2018, which applies to accounting periods beginning on or after 1 January 2019. This year we have spent time embedding the new requirements into our governance framework to ensure that it serves to address the priorities of strategy, risk management, succession planning and stakeholder engagement. As part of that process we have reviewed a number of key documents, such as the terms of reference for all our Board committees and ensured that they are in line with the requirements of the Code. We have also given our Senior Independent Director, Alastair Miller, responsibility for ensuring that the Board successfully engages with our workforce. We have also established a staff forum to create an environment for staff to raise and discuss issues with the Board. We also, as a Board, receive feedback from the Audit Committee on our Whistleblowing policy procedures and effectiveness of the policy.

The Code requires that the Board satisfies itself that the purpose, values and strategy of the Group aligns with its culture. The Board has dedicated time to considering the Company's culture and its values. Site visits and engagement with staff enable the Board to witness the culture out in the business as well as in the head office. In early March 2020 the Board held its two day strategy meeting in Birmingham. As part of these days the Board spent time visiting some of the pub assets and meeting the pub team. We believe that NewRiver has a collaborative and supportive culture which gives every individual who works for us a sense of purpose and an opportunity to thrive. This is evidenced in our positive staff engagement responses. Our teams are also hardworking and adaptable as well as passionate and resilient. This has been especially evidenced in the support and motivation of our teams across the business during the COVID-19 crisis. Our culture and governance systems have supported the business during this challenge. The accessibility and flexibility of the Board and senior staff has aided the business and provided it with the ability to adapt and respond to the fast changing situation and communicate to employees and other stakeholders.

The Board regularly considers its purpose and strategy is considered at every board meeting. As set out in the strategic report our purpose is to grow cash returns and thriving communities. We aim to enrich the lives and strengthen the communities where our assets are based. We are mindful of this aim when undertaking our work as a Board. The execution of our proven business model, and focus on our ESG objectives enables us to deliver beneficial outcomes for all our stakeholders.

We believe that we have complied with all the requirements of the Code during the year under review and we look forward to continuing to evolve the framework over the coming year.

Baroness Ford OBE
Chairman

18 June 2020

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Board has complied with the principles and provisions of the UK Corporate Governance Code 2018 issued by the Financial Reporting Council (FRC) in July 2018 (the 2018 Code), which is available on the FRC website (www.frc.org.uk). The principles and provisions of the 2018 Code have applied throughout the year 31 March 2020. It is the Directors' view that the Company has applied the principles and complied with the provisions throughout the year.

In respect of Provision 36, a post-employment shareholding policy will be introduced as part of the new remuneration policy to be approved at the forthcoming AGM. Further details can be found on page 96.

In respect of Provision 38, the steps intended to be taken to align incumbent Executive Director pension contributions to those available to the workforce are set on page 94.

Details of the way the Code has been applied can be found in the following pages:

BOARD LEADERSHIP AND PURPOSE

The Role of the Board

The Board's role is to lead the Group and ensure that it delivers sustainable and growing returns for our shareholders over the longer term. The Board establishes the Company's purpose, values and strategy. The Board oversees the Group's active approach to asset management and the strategy of developing and recycling convenience-led, community-focused retail and leisure assets throughout the UK and this in turn contributes to the community and wider society.

The Board has overall authority for the management and conduct of the Group's business, strategy and development and is responsible for ensuring that this aligns with the Group's culture. The Board, supported by the company secretary, ensures the maintenance of a system of internal controls and risk management (including financial, operational and compliance controls) and reviews the overall effectiveness of the systems in place. The Board delegates the day-to-day management of the business to the Executive Committee. However, there is a schedule of matters reserved for the Board's decision which forms part of a delegated authority framework, to ensure that unusual or material transactions are brought to the Board for approval. The schedule is reviewed regularly to ensure that it is kept up to date with any regulatory changes and is fit for purpose. The last review and revision was undertaken in March 2020.

Stakeholder Engagement

The Board considers the Group's key stakeholders to be its Staff, Occupiers, Local Authorities, Communities, Lenders and Shareholders.

The Executive Committee is responsible for the day-to-day stewardship of all stakeholder relationships and its members report to the Board on the key metrics and initiatives. The Board, either directly or through its Executive Committee, engages or oversees engagement with the Company's stakeholders through regular dialogue with the individuals on the Executive Committee, direct dialogue with the stakeholders themselves and regular Board reports.

Staff: Our staff are at the heart of our business and our key asset. We have 205 people across the Group, including our Managed Pubs division. This small number of people makes engagement simple and continuous thorough the way we work together in an environment that is collaborative and supportive and through flexible employment policies. Alastair Miller is the Non-Executive Director responsible for ensuring the Board successfully engages with our workforce. All staff have been briefed on Alastair's role and are encouraged to contact him directly. Alastair meets with the HR Director regularly and we have set up a staff forum, which meets periodically, to liaise with the Board. An HR report forms part of the Board pack and regular verbal updates are provided by the CEO and CFO (for the Pub division) on staff matters and developments. Further details on our staff engagement and development can be found in 'Our People' on pages 46 to 47.

Occupiers: We have over 800 retail occupiers and over 700 tenants in our community pubs. We engage closely with these occupiers to ensure we are meeting their needs. Engagement is through the Executive Committee which includes the function heads of asset management and third party asset management and CEO of the Pub division. These individuals report regularly to the Board and the Board also has sight of the annual occupier satisfaction survey. Further details on our engagement with occupiers can be found on page 54.

Local Authorities: We have established relationships with over 60 Local Authorities and we work closely with councils that are local to our assets. Engagement is through our third party asset management programme, the head of whom is part of the Executive Committee. The CEO engages regularly with councils and details of meetings and discussions are included in his reporting to the Board. Further details on our engagement with local councils can be found on page 21 and also page 50 which sets out how we have also engaged with local councils through our ESG programme.

Communities: Our purpose is growing thriving communities and forms part of our business model. Our assets are located in communities across the UK. We aim to strengthen communities through meeting their everyday needs and supporting matters that are important to them. We are committed to enhancing the lives of people in these communities. This occurs through the revitalisation of assets that provide the right mix of occupiers and uses for the communities and the supporting of our communities through our ESG programme which supports and champions local causes. Engagement with communities occurs through these programmes, planning consultations and forums, and our work with the local councils. The Executive Committee and individual Board members (CEO and CFO) are involved directly in this engagement and reports are included at every board meeting.

Lenders: Our relationship banks and bondholders provide us with the funding to execute our strategy so is a permanent report on the Board agenda. We work closely with our relationship banks and bondholders. Executive Committee members, including the CFO and CEO attend regular meetings with these lenders.

Shareholders: The Board monitors the views of the Company's shareholders through reports on investor and analyst communications prepared by the Head of IR, which are included in the papers for each Board meeting and are reported on more fully by the Head of IR in person at most Board meetings. During 2019/20, the Board has spent time discussing and agreeing its IR strategy and communication programme setting measurable targets and KPIs in these areas. The Chief Executive Officer and Chief Financial Officer meet with analysts, hold conference calls and engage with shareholders by participating in the major roadshows after preliminary and half-yearly results are announced.

In September 2019 a Capital Markets Day was held in London for analysts and institutional shareholders at which we provided further information on our current investment focus and demonstrated the alternative use value inherent within its portfolio of retail assets. The capital markets day was also attended by the CEO, CFO and members of the ExCo. The Head of Investor Relations is responsible for maintaining existing relations with analysts and major shareholders on a day-to-day basis, which is done by way of telephone calls and meetings. When issues are being considered by a Board Committee for which the Committee Chair concerned believes that shareholder dialogue would be useful, contact may be made with leading independent shareholders to discuss their views on that matter. Such contact has been made this year with regards to the new Remuneration Policy which will be put to the shareholders for approval at the forthcoming AGM.

Conflicts of Interest

The Company Secretary keeps a register of all Directors' interests. The register sets out details of situations where each Director's interest may conflict with those of the Company (situational conflicts). The register is considered at and reviewed at each Board meeting so that the Board may consider and authorise any new situational conflicts identified. At the beginning of each Board meeting, the Chairman reminds the Directors of their duties under sections 175, 177 and 182 of the Companies Act 2006 which relate to the disclosure of any conflicts of interest prior to any matter that may be discussed by the Board.

Director Concerns

Directors have the right to raise concerns at Board meetings and can ask for those concerns to be recorded in the Board minutes. The Group has also established a procedure which enables Directors, in relevant circumstances, to obtain independent professional advice at the Company's expense.

Board Time Commitments

All Directors pre-clear any proposed appointments to listed company boards with the Board, prior to committing to them. The Non-Executive Directors are required, by their letters of appointment, to devote as much of their time, attention, ability and skills as are reasonably required for the performance of their duties. This is anticipated as a minimum of one day a month. The Board remains satisfied that all of the Directors spend considerably more than this amount of time on Board and Committee activity. This has been especially demonstrated during the COVID-19 crisis. Each Non-Executive Director has made themselves available at short notice to discuss the Crisis and its impact as events unfolded. During March and April 2020 the Board met at least weekly with full attendance.

Balance between Non-Executive and Executive Directors

During the year, the Board comprised three independent Non-Executive Directors (excluding the Chairman) and three Executive Directors. The Nomination Committee is of the opinion that the Non-Executive Directors remain independent, in line with the definition set out in the Code, and are free from any relationship or circumstances that could affect, or appear to affect, their independent judgement. The Chairman was independent on appointment and the Board still consider her to be independent.

Company Secretary

Prism Cosec Limited ("Prism") was appointed Company Secretary on 26 November 2019 and a representative of Prism attends all Board meetings and is responsible for advising the board on all governance matters. All Directors have access to the advice of the Company Secretary. The appointment of the Company Secretary is a matter for the Board.

Division of responsibilities

Role	Responsibilities
Chairman **Margaret Ford**	Margaret's role is to lead the Board and ensure that it operates effectively. Her responsibilities include: – setting the agenda, style and tone of Board meetings to ensure that all matters are given due consideration; – maintaining a culture of openness, debate and constructive challenge in the Board room; – ensuring the Board's effectiveness and ensuring it receives timely information; – ensuring each new Director receives a full, formal and tailored induction on joining the Board; – reviewing and agreeing training and development for the Board.
Executive Deputy Chairman **David Lockhart**	David's responsibilities include: – providing leadership and acting as an adviser to the Chief Executive Officer and Chief Financial Officer; – assisting the Executive Directors with developing and mentoring the senior leadership team; – working with the Board to develop the Company's strategy; – acting as Non-Executive Chairman of Pub Board.
Chief Executive Officer **Allan Lockhart**	Allan's responsibilities include: – managing the business of the Group; – recommending the Group's strategy to the Board; – Environment, Social & Governance strategy; – implementing the strategy agreed by the Board; – management of the Group's property portfolio, including developments.
Chief Financial Officer **Mark Davies**	Mark's responsibilities include: – implementing the Group's financial strategy, including balance sheet capitalisation; – overseeing financial reporting and internal controls; – executive responsibility for the pub portfolio.
Senior Independent Non-Executive Director **Alastair Miller**	Alastair's responsibilities include: – acting as a sounding board for the Chairman; – evaluating the Chairman's performance as part of the Board's evaluation process; – serving as an intermediary for the other Directors when necessary; – being available to shareholders should the occasion occur when there was a need to convey concern to the Board other than through the Chairman or the Chief Executive; – ensuring that the Board successfully engages with our workforce.
Non-Executive Directors	Non-Executive Directors Kay Chaldecott, Alastair Miller and Colin Rutherford bring independent judgement, knowledge and varied commercial experience to the meetings and in their oversight of the Group's strategy. Kay and Alastair chair the Remuneration and Audit Committees respectively.

Board and Committee Structure

Board

Responsible for leading the Group, setting the strategy and monitoring its progress.

It sets policies and monitors performance.

Audit Committee

Reviews and monitors the Group's risk management processes.

Monitors the integrity of the half-year and annual financial statements before submission to the Board.

Monitors the effectiveness of the audit process.

Remuneration Committee

Implements the remuneration policy of the Group which is to ensure that Directors and senior management are rewarded in a way that attracts, retains and motivates them and aligns the interests of both shareholders and management.

Nomination Committee

Reviews the succession planning requirements of the Group and operates a formal, rigorous and transparent procedure for the appointment of new Directors to the Board.

Executive Committee ("ExCo")

To assist the Chief Executive with the development and implementation of the Group strategy, the management of the business and the discharge of its responsibilities delegated by the Board.

Attendance

Each of the Directors has committed to attend all scheduled Board and relevant committee meetings and have committed to make every effort to attend ad hoc meetings, either in person or by telephone/video call. Board papers are circulated to Directors in advance of the meetings via an electronic board portal. This allows for an efficient and secure circulation of Board papers and if a Director cannot attend a meeting, he or she is able to consider the papers in advance of the meeting as usual and will have the opportunity to discuss them with the Chairman or Chief Executive and to provide comments. The Non-Executive Directors meet without the Executive Directors and the Chairman present, at least once a year.

Attendance at committee meetings is shown in the respective committee reports. Attendance at regular Board meetings is shown below:

Board Members	Attendance
Margaret Ford: Chairman	5/5
Allan Lockhart	5/5
Mark Davies	5/5
David Lockhart	5/5
Kay Chaldecott	5/5
Alastair Miller	5/5
Colin Rutherford	5/5

Since the start of the Coronavirus outbreak the Board has met regularly (at least weekly) on an ad hoc basis. All directors have been in attendance (via phone or video call) at all of these short notice ad hoc meetings.

Board activities

Strategy and culture

Finance

Audit and Risk

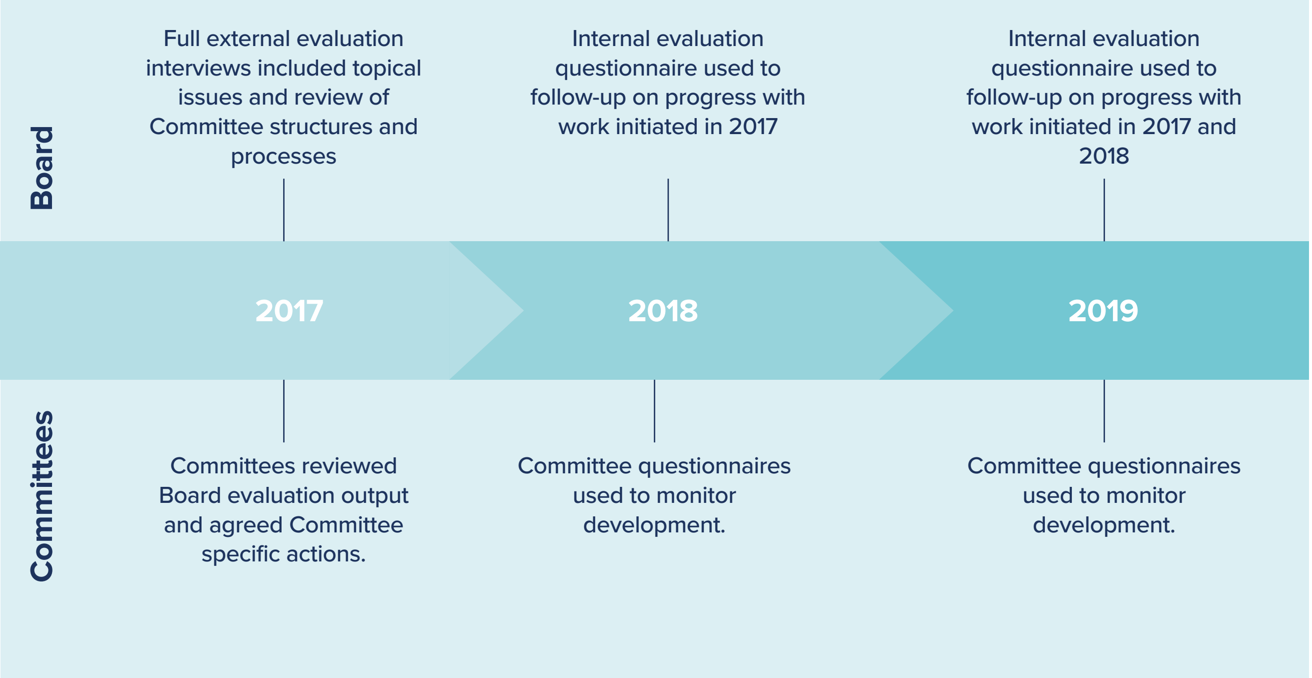
Operational and Investor relations

Stakeholders

Governance

Discussion	Link to strategy
– The Board held two full strategy days in March 2020 which also included visiting some of the Pub assets and presentations from the pub team – Presentation on Group culture and values	ESG £
– The Chief Financial Officer presented a financial report at each Board meeting – Approval of the annual report and interim report and associated financial statements – Approval of the annual budget – Approval of the quarterly interim dividends – Discussion and decision to not pay Q4 dividend in light of COVID-19. Further details can be found in the viability statement on pages 65 and 66	ESG £
– The Chair of the Audit Committee reported to the Board on the proceedings of each Audit Committee meeting – The Board considers the risk register and internal controls at least annually – Update to the Board on the Whistleblowing procedures	£
– The CEO presented a report at each Board meeting which also included updates on investor relations – Members of the ExCo are regularly invited to attend the meeting to present on various projects – Regular Board meetings have been held to consider the implications of Government announcements during the Coronavirus crisis	ESG
– Stakeholders including occupiers, councils and communities, lenders and shareholders are regularly considered as part of the CEO report – HR reports are either reported separately or in the CEO's report	ESG
– Cushman and Wakefield joined the Board meeting in November 2019 to present an update on the NewRiver 2020 ESG programme – The Committee chairs reported on key matters discussed at the Board Committees – The company secretary reported on key governance developments at each Board meeting – The Board have kept under review its progress on compliance with the 2018 Code	ESG

Board Evaluation Process



Composition, succession and evaluation

Board Composition

Details of the Directors, including the skills and experience that they bring to the Board, are on pages 68 to 69.

Board Succession

Succession planning is part of the Nomination Committee's remit and more information on that Committee's work is on page 87.

Board Evaluation Process

The Board appointed Prism to conduct a Board Evaluation in 2017. At that time Prism did not undertake any other work for the Company. The Board adopted a three-year strategy to its board evaluations for 2017 to 2019 as illustrated above.

For 2019, a questionnaire-based evaluation was used. The emphasis of the exercise was to:

- Follow up on actions agreed as a result of the 2018 Board and Committee evaluations;
- Consider how the Board was working together following changes to personnel over the last two years;
- Assess the current skills make-up of the Board and Committees and possible future requirements; and
- Reflect on the Board's engagement with key stakeholders and progress in moving towards compliance with the 2018 Code.

The evaluation concluded that good progress had been made since the 2018 evaluation and the Board was working together well and the new Board members had settled into their roles quickly and developing good working relationships. Overall, the action plan developed in response to the 2018 Board Evaluation exercise was considered to have been implemented well, again reflecting good progress. Evaluation recommendations raised to form an action plan for the rest of 2019 and beyond were as follows:

Area	Recommendation	Status
Culture	Conclude the work on establishing the key elements of the corporate culture and the measurement tools for culture.	Completed
Stakeholders	Agree the approach for the executive team to formally report to the Board on engagement with occupiers and communities as part of the Board's processes for understanding of the needs of all of its key stakeholder groups.	Completed – ExCo members are regularly invited to update the Board at Board meetings. The Board also receive the ExCo minutes
Investor relations	Allocate time to a Board review of the broader ongoing investor communications programme, Board responsibilities within that programme and the feedback and frequency of discussion about shareholder relations at each Board meeting.	Completed
Strategy	Discuss and decide whether any further meetings of the Board (formal or informal) are needed either generally or specifically to discuss strategy and/or provide opportunities for off-site visits. If it is concluded that they are needed, the Board Programme should be recalibrated accordingly.	Completed (a two day Board strategy meeting was held along with asset visits in March 2020)
Employee Engagement	Conclude planning work on mechanisms for the Board to engage with employees in order to complete implementation of the preferred mechanism.	Completed

The Board will be carrying out a further external Board Evaluation during 2020. The engagement of an external Board evaluation facilitator was initially delayed by the coronavirus outbreak. A facilitator has now been appointed and the evaluation process has commenced and will be reported on in the next annual report.

Induction of New Directors

The Chairman and Company Secretary manage an induction process to ensure that new Directors are fully briefed about the Company and its operations. This process included asset visits and meetings with members of the executive management team as well as specific briefing with regard to their legal and regulatory obligations as a Director.

Annual General Meeting ("AGM")

While in normal circumstances the AGM is the annual opportunity for all shareholders to meet with the Directors and to discuss with them the Company's business and strategy, in 2020 this may not be possible due to the Government's 'stay at home' provisions. A closed AGM is likely to be held for 2020. The Board will however make sure that shareholders are able to ask questions ahead of the AGM.

The notice of AGM is posted to all shareholders at least 20 working days before the meeting. Separate resolutions are proposed on all substantive issues and voting is conducted by a poll. The Board believes this method of voting is more democratic than voting via a show of hands since all shares voted at the meeting, including proxy votes submitted in advance of the meeting, are counted.

For each resolution, shareholders will have the opportunity to vote for or against or to withhold their vote. Following the meeting, the results of votes lodged will be announced to the London Stock Exchange and displayed on the Company's website.

Anti-corruption and anti-bribery

We are committed to the highest legal and ethical standards in every aspect of our business. It is our policy to conduct business in a fair, honest and open way, without the use of bribery or corrupt practices to obtain an unfair advantage. We provide clear guidance for suppliers and employees, including policies on anti-bribery and corruption, anti-fraud and code of conduct. All employees receive training on these issues appropriate to their roles and responsibilities.

Human Rights

Being mindful of human rights, the Company has a Modern Slavery policy to ensure that all of its suppliers are acting responsibly and are aware of the risks of slavery and human trafficking within their own organisation and supply chain. The Modern Slavery statement was updated and published during the year.

AUDIT COMMITTEE REPORT

> The Committee has overseen the transition to new external auditors while maintaining our focus on the assessment and management of key risks facing the business.

Key responsibilities
- Oversight of financial reporting and internal controls
- Risk management and review of control processes
- Managing the external audit process
- Maintaining a whistleblowing procedure
- Assessment of management judgements and external values

Key activities in 2019/20
- Oversight of introduction of new external auditors, managing the audit process and scope
- Assessing risk management and internal control procedures and ensuring emerging risks are assessed and addressed
- Considering the adoption and impact of IFRS 16
- Review of Group insurances

Area of focus in 2020/21
- Continued oversight of risk management and internal control practices.
- Expansion of scope of BDO LLP ('BDO') engagement further reviewing the Group's internal control systems and providing internal audit services.
- Managing the audit process and scope.
- Monitoring the impact of COVID-19 on the financial projections of the business.
- Maintaining the integrity of internal controls under remote working.
- Monitoring enhanced financial reporting during and post COVID-19.

Dear shareholders,

As Chairman of the Audit Committee I am pleased to present a summary of the work of the Committee in the last year.

In addition to the Committee's regular programme of work, the main areas of focus for the Committee during the year were monitoring the transition to PricewaterhouseCoopers LLP ('PwC') as the Group's new external auditor, and the adoption and impact of IFRS 16.

We have reviewed the significant financial reporting matters and judgements identified by the finance team and PwC through the external audit process, and the approach to addressing those matters is set out in the table on page 84 of this report.

We have also reviewed the Company's Whistleblowing Policy, and recommended updates to the Committee's terms of reference to ensure they are aligned with the 2018 UK Corporate Governance Code and best practice.

Our regular programme of meetings and discussions, supported by our interactions with the Company's management, external auditor and property valuers and the quality of the reports and information provided to us, enable the Committee members to effectively discharge our duties and responsibilities.

Alastair Miller
Audit Committee Chairman

18 June 2020

How the Committee operates

The Committee provides independent review and monitoring of the risk management and control procedures within the Group.

Audit Committee composition and attendance at Meetings

Committee Members	Attendance
Alastair Miller: Committee Chairman	4/4
Kay Chaldecott	4/4
Colin Rutherford	4/4

Each Committee member is independent and has broad commercial experience as a director. Alastair Miller is a Chartered Accountant and previously the Chief Financial Officer of New Look Group, and has significant, recent and relevant financial experience. Colin Rutherford also has significant, recent and relevant financial experience and is currently the Chairman of the Audit Committee of Mitchells & Butlers plc. The Committee as a whole have competence relevant to the sector in which the Company operates.

During the year the Audit Committee held four meetings.

The Chief Financial Officer, Finance Director and the Group's auditors were invited to attend the Committee meetings. The Company Secretary acts as secretary to the Committee.

Responsibilities of the Committee during the year

During the year, the Committee was responsible for:

- overseeing the Group's relationship with its auditors, PwC, including their remuneration;
- monitoring the integrity of the half-year and annual financial statements before submission to the Board;
- discussing any issues arising from the half-year review and year-end audit of the Group;
- reviewing significant financial reporting matters and judgments;
- reviewing the effectiveness of the Group's system of internal controls;
- reviewing and monitoring the Group's risk management processes;
- conducting an annual review of the need to establish an internal audit function; and
- monitoring and annually reviewing the auditor's independence, objectivity and effectiveness of the audit process.

Activities during the year

Relationship with the auditors

As reported last year, following a thorough tender process the Audit Committee recommended that PwC be appointed as the Company's external auditor to replace Deloitte who had served as external auditor for ten years.

During the year, the Committee has overseen the transition from Deloitte to PwC with particular focus on the development of PwC's understanding of the Group and the FY20 audit plan.

Chris Burns was named as the lead audit partner on PwC's appointment as external auditor during the year. In line with the policy on lead audit rotation, he is expected to rotate off the audit ahead of the 2025 audit.

During the year, the members of the Committee met twice with representatives from PwC without management present, to ensure that there are no issues in the relationship between management and the external auditor which it should address. There were none.

External auditor

The Committee considers the nature, scope and results of the external auditor's work and reviews, develops and implements a policy on the supply of any non-audit services that are to be provided by the external auditor. It receives and reviews reports from the Group's auditors relating to the Group's annual report and accounts and the external audit process.

In respect of the audit for the financial year ended 31 March 2020, PwC presented their audit plan (prepared in consultation with management) to the Committee. In addition to procedures to support the introduction of PwC as the Group's new auditor, the plan included a planning workshop, assessment of audit risks, and robust testing procedures.

The Committee approved the implementation of the plan following discussions with both PwC and management.

Audit & non-audit fees

The Company paid £550,000 in audit fees for the financial year ended 31 March 2020.

The Company has a non-audit services policy in place which limits PwC to working on the audit or such other matters where their expertise as the Company's auditor makes them the logical choice for the work. This is to preserve their independence and objectivity. The Company paid £50,000 in non-audit fees to PwC for the financial year ended 31 March 2020. The non-audit fees relate solely to PwC's review of the interim results for the six months to 30 September 2019.

Effectiveness and independence

The Chair of the Committee speaks regularly to the audit partner to ascertain if there are any concerns, to discuss the audit reports and to ensure that the auditor has received support and information requested from management.

As reported previously, following a tender process last year PwC were appointed to replace Deloitte. This is therefore their first year of audit. In accordance with the guidance set out in the Financial Reporting Council's 'Practice aid for audit committees' the assessment of the external audit has not been a separate compliance exercise, or an annual one-off exercise, but rather it has formed an integral part of the Committee's activities. This has allowed the Audit Committee to form its own view on audit quality, and on the effectiveness of the external audit process, based on the evidence it has obtained during the year.

Sources of evidence obtained and observations during the year:

– By referring to the FRC's Practice aid on audit quality.	The Committee has looked to this practice aid for guidance and has ensured that assessment of the audit is a continuing and integral part of the Committee's activities.
– Observations of, and interactions with, the auditors.	The Committee has met with the Audit Partner without management several times and has noted that PwC was performing well and the working relationship was good.
– The audit plan, the audit findings and the auditor's external report.	The Committee scrutinises these documents and reviews them carefully at meetings and by doing so the Committee has been able to assess the auditor's ability to explain in clear terms what work they performed in key areas, and also assess whether the description used is consistent with what they communicated to the Committee at the audit planning stage. The Committee has also regularly challenged these reports in the meetings.
– Input from those subject to the audit.	The Committee has requested the insights from the Chief Financial Officer, the Finance Director and the Finance team during the audit process.

Having regard to these matters the Committee has considered the effectiveness of the External Audit Process and feels that the auditor has demonstrated professional scepticism and challenged management's assumptions where necessary.

The Audit Committee is satisfied with the scope of PwC's work, and that PwC continues to be independent and objective. The Committee is therefore pleased to recommend that PwC be re-appointed as the Group's auditor at the 2020 AGM.

Key judgements and estimates

The Committee reviewed the external reporting of the Group including the interim review, quarterly announcements and the annual report. In assessing the annual report, the Committee considers the key judgements and estimates. The significant issues considered by the Committee in respect of the year ended 31 March 2020 are set out in the table below:

Significant issues and judgement	How the issues were addressed
Going Concern – COVID-19 developments have increased the going concern risk. Reduced trading performance and cashflows may arise from tenant bankruptcies/CVA's; the pub estate closure and an uncertain phased return to normalised trading.	Significant steps have been undertaken to preserve cash and liquidity, including the decision not to declare a dividend for the final quarter of FY20. Management's Going Concern forecasts include a downside scenario where the base case assumptions were sensitised to capture economic and financial downturn as a result of COVID-19. Under this downside scenario none of the Group's debt covenants were breached at any time throughout the forecast period. Sufficient headroom remained on the interest cover and liquidity was not considered a concern due to the Group's opening cash balance of £82 million and undrawn credit facility of £45m. The LTV ratio also had headroom. The Audit Committee and the Board discussed and challenged all assumptions in the modelling noting options available to management.
Valuation of Properties – changes in key estimates can have a significant impact on the valuation of properties. On 19 March 2020, the Royal Institution of Chartered Surveyors recommended that valuers should strongly consider including a Material Uncertainty Clause (in accordance with RICS Valuation Global Standards VPGA 10) in valuations undertaken after that date.	Both Colliers International Valuation UK LLP ('Colliers') and Knight Frank LLP ('Knight Frank') have included the material uncertainty clause in their valuation reports on the Group's properties as at 31 March 2020. The External Auditors confirmed with each of the valuers that the clause does not imply a limitation of scope and that the valuations as at 31 March 2020 are reported based on their professional judgement having considering the evidence available as at the valuation date. The Committee and management met with Colliers and Knight Frank on several occasions to discuss the valuation of the assets and understand the process that was followed, the key estimates used, and to ensure a robust and independent valuation had taken place. The meetings were productive and management and the Committee have confirmed that they continue to adopt the valuations as being the fair valuation of the properties as at the reporting date. In addition the External Auditors have performed additional audit procedures over the valuer judgements which were reported to and discussed with the Committee.

The Committee also reviewed the Group's adoption of IFRS 16 (Leases) and in particular the discount rate used to assess the lease liability. The Committee is comfortable with the incremental borrowing rates applied.

Risk management and internal controls

Internal control structure

The Board oversees the Group's risk management and internal controls and determines the Group's risk appetite. The Board has, however, delegated responsibility for review of the risk management methodology, and the effectiveness of internal controls, to the Audit Committee. The Group's system of internal controls includes financial, operational and compliance controls and risk management. Policies and procedures, including clearly defined levels of delegated authority, have been communicated throughout the Group. Internal controls have been implemented in respect of the key operational and financial processes of the business. These policies are designed to ensure the accuracy and reliability of financial reporting and govern the preparation of the Financial Statements. The Board is ultimately responsible for the Group's system of internal controls and risk management and discharges its duties in this area by:

- holding regular Board meetings to consider the matters reserved for its consideration;
- receiving regular management reports which provide an assessment of key risks and controls;
- scheduling regular Board reviews of strategy including reviews of the material risks and uncertainties (including emerging risks) facing the business;
- ensuring there is a clear organisational structure with defined responsibilities and levels of authority;
- ensuring there are documented policies and procedures in place; and
- reviewing regular reports containing detailed information regarding financial performance, rolling forecasts, actual and forecast covenant compliance, cashflows and financial and non-financial KPIs.

The process by which the Audit Committee has monitored and reviewed the effectiveness of the system of internal controls and risk management during the year has included:

- ongoing analysis and review of the Group's risk register;
- reviewing the assessment of key risks, the process of reporting these risks and associated mitigating controls, with particular emphasis on emerging risks;
- Updates from management; and
- engaging BDO, as an independent third party, to undertake bespoke reviews of the Group's internal control systems.

The Committee is satisfied that the risk management framework is effective and did not identify any failing in the control systems.

Further details of the Company's risk management process, together with the principal risks, can be found in the principal risks and uncertainties report.

Internal audit function

The Group employs an internal audit team within the pub division, responsible for conducting inventory and cash counts on a rolling basis across the managed pub estate, supported by external inventory auditors for certain geographic regions. This allows the business greater comfort over inventory balances, monitoring wastage and where relevant charging operators for any losses they have incurred. BDO also carried out an internal control review of the Hawthorn Leisure business in 2019 and made a number of recommendations. The Group does not have an internal audit team across its retail operations. The need for this is reviewed annually by the Committee. Due to the relative lack of complexity and the outsourcing of the majority of the day-to-day functions, the Committee continues to be satisfied that there is no requirement for such a team.

BDO, as an independent third party, is engaged to undertake bespoke reviews of the Group's internal control system to ensure that the Company has sufficient controls in place. These reviews had previously been conducted on a bi-annual basis, however the Committee has agreed that BDO will be engaged to carry out these reviews on an annual basis going forwards, and that the scope of BDO's internal audit service will be expanded in 2020/21 to include risk management controls and governance arrangements and cover all activities associated with the business.

Whistleblowing policy

The Committee conducts an annual review of the Group's whistleblowing policy to ensure it remains up to date and relevant and reports to the Board. There have never been any concerns raised through the whistleblowing process or through any other process to the Committee.

Statement of compliance

The Company confirms that it has complied with terms of The Statutory Audit Services for Large Companies Market Investigation (Mandatory User of Competitive Tender Processes an Audit Committee Responsibilities) Order 2014 ("the Order") throughout the year. In addition to requiring mandatory audit re-tendering at least every ten years for FTSE 350 companies, the Order provides that only the Audit Committee, acting collectively or through its Chair, and for and on behalf of the Board is permitted:

- to the extent permissible in law and regulation, to negotiate and agree the statutory audit fee and the scope of the statutory audit;
- to initiate and supervise a competitive tender process;
- to make recommendations to the Directors as to the auditor appointment pursuant to a competitive tender process;
- to influence the appointment of the audit engagement partner; and
- to authorise an auditor to provide any non-audit services to the Group, prior to the commencement of those non-audit services.

Fair, balanced and understandable

The Directors are required to confirm that they consider, taken as a whole, that the Annual Report is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Committee has satisfied itself that the controls over the accuracy and consistency of information presented in the Annual Report are robust, that the information is presented fairly (including the calculations and use of alternative performance measures) and has confirmed to the Board that the processes and controls around the preparation of the Annual Report are appropriate allowing the Board to make the "fair, balanced and understandable statement" in the Directors' Responsibilities Statement.

Viability statement and going concern

The Committee has reviewed the basis for the Company's Viability Statement that is drafted with reference to the financial forecasts for the next three years. 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 Committee placed additional scrutiny on the assumptions used in the forecasts to ensure they are appropriate. The Committee provides advice to the Board on the Viability Statement.

The Committee ensured sufficient review was undertaken of the adequacy of the financial arrangements, cash flow forecasts and lender covenant compliance. Accordingly, the Committee recommended to the Board that the statement be approved.

Similarly, and again in-light of the significant impact of COVID-19 on the Company's operations, the Committee placed additional focus on the appropriateness of adopting the going concern basis in preparing the Group's financial statements for the year ended 31 March 2020, and satisfied itself that the going concern basis of presentation of the financial statements and the related disclosure is appropriate.

NOMINATION COMMITTEE REPORT

> Planning for orderly succession to both the Board and senior executive positions has been the key focus this year.

Key responsibilities
- Identifying and nominating for approval candidates to fill Board vacancies
- Evaluating the Board's diversity and balance of skills
- Evaluating the performance of the Board
- Planning for orderly succession at Board and Executive Committee level

Key activities in 2019/20
- Considering the skills, knowledge, experience and diversity of the Board
- Planning for orderly succession for the Board and for the Executive Committee
- Considering the 2020 externally facilitated Board evaluation process

Area of focus in 2020/21
- Continuing to update succession plans for the Board and Executive Committee
- Continued focus on diversity
- Carry out and feedback on the external Board evaluation process

Dear shareholders,

I am pleased to present the Nomination Committee Report for 2020. Planning for orderly succession to both the Board and senior executive positions as well as diversity have been at the forefront of discussions at the Committee this year. Our succession and diversity discussions have focussed on the need for diversity of skills, knowledge, background, race and gender. The Committee will ensure that succession planning and diversity remains at the top of the agenda in the forthcoming year.

Baroness Ford OBE
Chairman

18 June 2020

Nomination Committee composition and attendance at Meetings

Committee Members	Attendance
Margaret Ford: Committee Chairman	4/4
Kay Chaldecott	4/4
Alastair Miller	4/4
Colin Rutherford	4/4

How the Committee operates

The Committee meets four times a year and holds ad-hoc meetings when required. It met four times during the year.

Only members of the Committee are entitled to attend the meetings. The Chief Executive Officer is invited to attend so that the Committee can understand the views of executive management when making its deliberations, especially on succession planning. The Head of HR is also invited to attend on occasion to assist with succession planning deliberations.

The Terms of Reference were reviewed and updated during the year to ensure that they were compatible with the New Corporate Governance Code 2018 and are available on the Company's website at www.nrr.co.uk.

Activities of the Committee during the year

Succession Planning

The Committee considers succession planning a key part of its remit. It recognises the importance of creating robust succession plans for both the Board and executive management so that they can fulfil the Company's long-term strategy.

The Committee acknowledges that succession plans should be regularly reviewed to enable employees and Board members to continue to have the skills and experience necessary to ensure the continuing success and good governance of the Company.

The Committee works with the Executive Directors to nurture a pipeline of talented employees below Board level who will be able to serve as the next generation of plc Board directors.

During the year the Committee actively considered the composition of both the Board and the Executive Committee.

Executive Committee: In September 2019 the Nomination Committee considered the structure of the Executive Committee and appointed Charles Spooner as Head of Capital Markets and Emma Mackenzie as Head of Asset Management and in early 2020 the Executive Committee was further strengthened by the appointment of Will Hobman.

Board Structure

Board Tenure

Under the UK Corporate Governance Code an appointment term of longer than nine years from election to the Board is a factor that may affect whether a Non-Executive Director is considered independent. Kay Chaldecott was appointed in 2012 and will therefore reach her nine year term in 2021. The Committee is of the opinion that Kay remains independent after eight years on the Board and Kay will be offering herself for re-election at the AGM. Succession plans have been discussed at the Committee and will be kept under review.

Independence

The Nomination Committee is of the opinion that the Non-Executive Directors and the Chairman remain independent, in line with the definition set out in the 2018 Code, and are free from any relationship or circumstances that could affect, or appear to affect, their independent judgement.

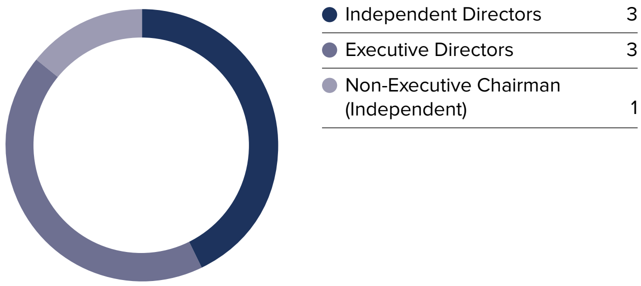
Diversity Policy

As a Company, we are committed to a culture of diversity and inclusion in which everyone is given equal opportunities to progress regardless of gender, race, ethnic origin, nationality, age, religion, sexual orientation or disability. We have been successful at recruiting key members of our senior management team from a range of different backgrounds. We continually strive to provide the most flexible employment policies to enable all our employees to have a fulfilling career supported by family-friendly policies.

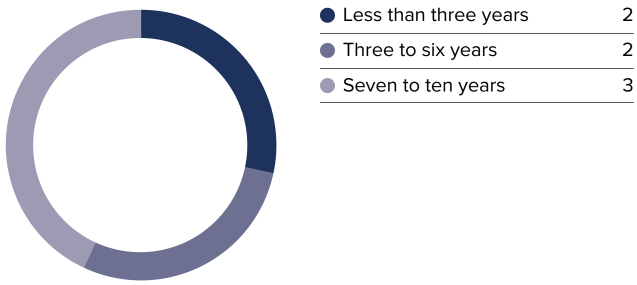
The Board currently comprises two female Directors and five male Directors, equivalent to 29% female representation. Below Board level in the Executive Committee there are two female ExCo members and six male ExCo members equivalent to 25% female representation. Direct reports of the Executive Committee are 43% female and 57% male.

When recruiting, the Company has always considered all aspects of diversity during the process. The Company is very mindful of the need to strive to create as diverse a Company as possible, and to create as many opportunities as possible for nurturing emerging female talent. The Company always ensures there is a selection of candidates who have a good balance of skills, knowledge and experience. The Committee places particular value on experience of operating in a listed company, experience of the real estate, retail and leisure sectors, with financial or real estate training. The Company aims to recruit the best candidates on the basis of their merit and ability.

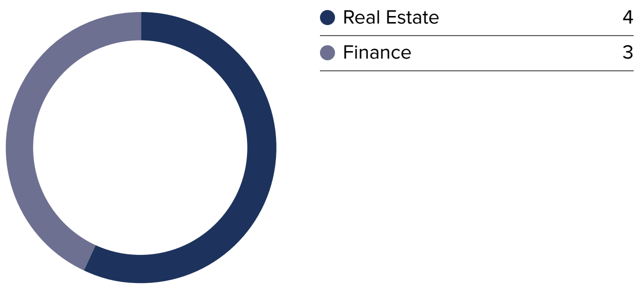
Composition of the Board during the year



Length of Directors' tenure



Director's core area of expertise



REMUNERATION COMMITTEE REPORT

> We have ensured that there is consistency of approach across the entire workforce, including the Executive Directors, and that for the most senior executives we have reflected the recent shareholder experience.

Introduction

Dear shareholders,

On behalf of the Board, I am pleased to present the Remuneration Committee Report for the financial year ended 31 March 2020 (FY20). In this statement I have summarised the link between remuneration and strategy, the proposed changes to the Directors' Remuneration Policy for FY21-FY23, the performance and decisions on remuneration for FY20 and the operation of the policy in FY21.

It has been a busy year for the Committee. In addition to the normal business of the Committee, we have conducted a detailed review of the Remuneration Policy.

The end of our financial year has been impacted by the COVID-19 pandemic and this has affected our financial performance, share price and our dividend policy. First and foremost we have considered the welfare of our workforce and stakeholders and taken steps to ensure that we are doing as much as possible in this regard. In relation to remuneration, we have ensured that there is consistency of approach across the entire workforce, including the Executive Directors, and that for the most senior executives we have reflected the recent shareholder experience of the low share price and cancelled fourth quarter dividend.

As a Committee we have used discretion to reduce the value of the FY20 annual bonus to nil and we have temporarily reduced base salaries for the Board and senior management, with the waived salaries donated to charity.

Proposed changes to the Directors' Remuneration Policy

Our current Remuneration Policy was approved by shareholders in July 2017. Whilst we believe that the current Remuneration Policy has worked well, we are proposing some changes in order to bring the structure of our policy and Executive Directors' contractual entitlements in line with the updated UK Corporate Governance Code, latest best practice and evolving investor views.

Set out below is a summary of our proposed policy changes:

Pension

Company pension contributions for future Executive Directors will be set in line with most of the UK workforce, currently 4% of salary.

We have reviewed pension arrangements for existing Executive Directors, considering the overall remuneration package and believe that current company pension contributions of 15% of base salary are appropriate for this policy period. However, as part of this policy approval we will, at the end of the policy period, reduce the pension rate for Executive Directors so that it matches the percentage rate applied to the majority of the workforce. New Executive Directors would have pension rates in line with the rate applying to the majority of the workforce.

Annual Bonus

The current remuneration policy on bonus deferral gives the Remuneration Committee the discretion to apply bonus deferral. Over the past three years, 30% of the bonus has been deferred into shares for two years. The proposed policy has been tightened to make this deferral mandatory.

The Remuneration Committee has always reviewed wider business performance when determining bonus outcomes and, where appropriate, has operated discretion to reduce the formulaic pay-out (as the Committee did for the FY20 bonus). The new policy again tightens our approach further by building in a specific provision for the Committee to override a formula based outcome.

Performance Share Plan

The current policy gives the Remuneration Committee the discretion to apply a two-year holding period on vested awards. The proposed policy will make this mandatory. In line with normal practice the shares subject to the holding period are not subject to an ongoing service requirement.

In addition, Executive Directors will no longer be eligible for grants of Executive Share Options. Share Options have not been granted to Executives under this plan for several years.

The provision whereby performance conditions may be waived has been removed.

Discretion and recovery provisions

Our clawback and malus provisions have been broadened to cover additional events such as corporate failure and serious reputational damage, in line with the 2018 UK Corporate Governance Code and the discovery period has been extended from two years to three. The Remuneration Committee will retain the discretion to adjust the formulaic outcomes of incentive awards to take into consideration broader performance factors and exceptional circumstances. Our policy wording will be updated to reflect these new additions. Plan rules and bonus and LTIP award documentation will also be reviewed to ensure the provisions are watertight and enforceable.

Shareholding requirements

The shareholding requirement for the CFO will be increased from 100% to 200% of base salary so that it is aligned with the CEO's requirement. The new policy will clarify that Executive Directors must retain at least half of the net shares vested under the deferred annual bonus and the PSP until the shareholding requirement is met. The five-year period to achieve the requirement will now be removed, although there will remain strong encouragement for Executives to continue to accumulate shares on a regular basis.

A post-cessation of employment shareholding will be introduced. After employment, Executive Directors will be required to retain the lower of the shareholding requirement during employment or actual shareholding at cessation for one year and in the second year, Executive Directors will be required to hold the lower of the actual shareholding at cessation or half of the shareholding requirement during employment.

Service Contracts

For historic reasons, there are several unusual features in the service contracts of the Chief Executive, Chief Financial Officer and Executive Deputy Chairman, including

- A payment in lieu of notice (PILON) clause of 125% of base salary, with no requirement to mitigate
- A change of control provision whereby if employment is terminated within 12 months (other than for cause) or the executive is constructively dismissed, the executive receives 125% of salary + pro rata bonus plus an amount equal to annual average of last 3 years' bonus
- Early payment of bonus if a good leaver

These clauses will be removed with no compensation paid so that, in line with normal market practice there will be

- A 12 month notice period (each way)
- A company discretion to break the contract by invoking a PILON and paying 12 months base salary, pension and benefits in 12 monthly instalments (subject to offset against earnings elsewhere)
- No different 'change of control' provisions
- Standard good/bad leaver provisions in the incentive plan rules (performance conditions always applicable and usually scale back on a time pro rata basis) – no 'early vesting' except for death in service, or serious ill-health

Performance in FY20 and incentive plan payments

During the year the management team continued to deliver robust performance against operational metrics and made good progress with the Company's strategies, although their implementation was impacted by political uncertainty, particularly in the second half, and the impact of the COVID-19 pandemic in March 2020. The Company's financial performance was also relatively robust, against a challenging market backdrop which worsened in March 2020 amid the COVID-19 pandemic.

Underlying Funds From Operations ('UFFO') were £52.1 million, compared to £55.1 million in the previous year, mainly due to the impact of £2.8 million of lost income and provisions relating to COVID-19, and the challenging operating market.

The Company paid three quarterly dividends of 5.4 pence per share during the year. In March 2020, the decision was taken not to pay a fourth quarter dividend due to the impact of COVID-19 on the Company's operations. The final dividend in respect of the year ended 31 March 2020 was therefore 16.2 pence per share, which is 105% covered by UFFO. The Company's EPRA net asset value per share was 201 pence per share at 31 March 2020 (31 March 2019: 261 pence), predominantly due to a –12.3% decline in portfolio valuation.

The Committee reviewed the results against the performance targets set for the annual bonus and Performance Share Plan, which were set to align the Directors' remuneration with strategy and shareholders' interests.

Annual bonus FY20

For the annual bonus the Committee set two growth-based targets, which rewarded outperformance in terms of Total Property Return against the IPD All-Retail (50% of salary) and earnings yield against the Company's peers (30%). Other performance conditions related to maintaining the Group's financial discipline (20%) and personal performance (25%) resulting in a total potential bonus of 125% of salary

In relation to the targets that were set, our Total Property Return outperformed the IPD All-Retail benchmark by 45%, which resulted in a full achievement against that measure and an indicative pay out of 50% of salary. Our earnings yield was similarly positive, as we ranked 1st out of the 22 companies in our peer group. However, our relatively high yield was primarily due to a fall in NAV performance over the year and particularly towards the end of the year as a result of COVID-19. So whilst this would have meant that the target had been achieved in full and delivered an indicative pay out of 30% of salary, the Committee would have used discretion on this particular aspect of the performance criteria to reduce the payment level, had it not been for the fact that overarching discretion has been used to reduce the total bonus payment to nil (see later). Our financial discipline was relatively strong across a variety of KPIs, resulting in an indicative pay out of 10.63% of salary out of 20%. Personal performance was strong, with Allan Lockhart and Mark Davies receiving an indicative pay out of 18.75% of salary. Based on individual performance and achievement of the targets, bonuses of just over 100% of salary were due to be awarded to Allan Lockhart and Mark Davies, out of the 125% of salary maximum.

However, in light of the shareholder experience over the year the Committee, with the agreement of the executives, has used its discretion to determine that no annual bonus should be payable to Executive Directors. Furthermore, the Committee has reviewed the measures set as part of the policy review so that there is a stronger link to the absolute performance of the business (rather than relative to peers) and which should reduce the likelihood of needing to use significant discretion to reduce the bonus to an appropriate level, as has happened in each of the past two years.

LTIP 2017 – 2020

The 2017 PSP award due to vest in 2020 by reference to performance over the previous three years was based on relative Total Shareholder return (TSR) against the FTSE All Share Index and relative Total Accounting Return (TAR) against a sector peer group. Both measures are unlikely to achieve the minimum performance threshold, based on performance to date, so the award will lapse.

Accordingly, overall incentive payments for the year will be nil.

Implementation of the new policy for FY21

Base salary and response to COVID-19

As an owner and operator of community assets throughout the UK, NewRiver has experienced first-hand the very significant impact that the Coronavirus (COVID-19) pandemic has had on people across the country. NewRiver has also seen the extraordinary contributions made by our teams, customers, occupiers, advisers, and other stakeholders, to support those who are most in need.

In recognition of these circumstances, the Board of Directors have waived 20% of their base salaries or fees for three months effective from 1 May 2020, which will be donated to NewRiver's corporate charity partner, the Trussell Trust. The Trussell Trust's vital work supports over 1,200 food banks across the UK, while campaigning to ensure everyone can afford their own food.

At such time as the immediate impact of COVID-19 eases we anticipate that base salaries would be reinstated at their current levels and there will be no further increase to base salary for the remainder of FY21.

Annual bonus

We have simplified the mix of measures for the annual bonus plan so that it is better aligned to the business strategy, focused on the business priorities and provides a more robust link between pay and performance: we currently intend that 20% will be based on TAR versus the relevant IPD benchmark, 30% on Underlying Funds From Operations, 25% on Loan to Value and 25% on individual strategic objectives and we have reduced the amount of bonus payable at target for each measure, from 60% to 50%. We will take great care when we confirm the measures and set the targets and when we assess their achievement at the year-end, to ensure that any bonus payments for FY21 are consistent with the bonus payments for the workforce and the experience over the year of our shareholders and other stakeholders. There will be a full narrative of the Committee's approach in next year's Directors' Remuneration Report.

Long Term Incentive Plan

We intend to grant awards after the 2020 AGM and we will consider the grant levels carefully in light of the share price prevailing at the time of grant and add additional provisions to ensure that executives cannot benefit from what the Committee considers to be a windfall gain should the share price recover strongly immediately following COVID-19.

Following a careful review of performance conditions we had intended to include a measure based on absolute Total Accounting Return (TAR). However, in light of the very significant market uncertainty, which makes the setting of accurate long term absolute targets very difficult, the Committee has decided that, whilst there should be flexibility in the policy to move to a different measure in the future, the FY21 awards should remain based 50% on Total Shareholder return (TSR) and 50% based on relative TAR compared to a sector peer group. In order to provide a closer link to the performance of the sector (and to avoid any windfall if the sector as a whole bounces back against the FTSE Index more generally), the TSR condition will use the same sector peer group as is used for the relative TAR performance measure, instead of the FTSE All Share Index.

Closing remarks

I would like to thank my fellow Committee members for their hard work and support during this busy year. I hope that you find the report helpful and informative and I look forward to your support at the AGM in relation to our approach to Directors' pay.

Kay Chaldecott
Committee Chairman

18 June 2020

Remuneration at a glance

FY2020 Annual Bonus Performance

Corporate (80% weighting)

	Measure	Achievement (% of max)
GROWTH BASED	**Total return vs IPD All retail**	100%
	Earnings yield (FFO)	100%
FINANCIAL DISCIPLINE	**LTV**	25%
	Gearing	25%
	Interest cover	100%
	Dividend cover	63%

Personal (20% weighting)

Measure	Achievement (% of max)
Personal objectives	75%

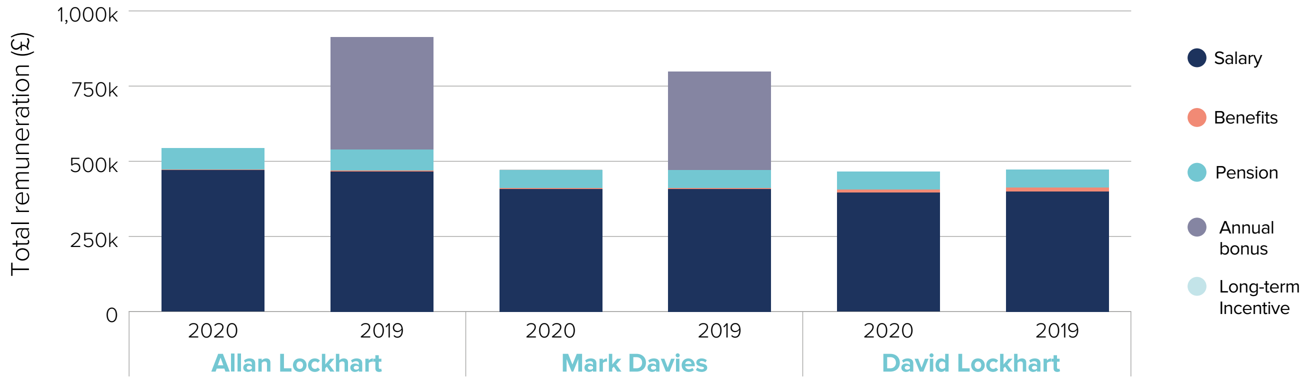
(Committee discretion used to reduce bonus to zero)

FY18-20 Performance Share Plan

(Long-Term Incentive)

Measure	Achievement (% of max)
Relative TSR vs. FTSE All Share Index	0%
Relative Total Accounting Return vs. peer group	0%
Total	0%

Executive Pay in FY2020



New three-year remuneration policy: Key changes

- Compulsory bonus deferral and LTIP post-vesting holding period.
- Discretionary override to reduce incentive payments.
- Executive pensions to reduce.
- Simpler updated service contracts.
- Stronger clawback provisions.
- Higher shareholding requirement for CFO.
- Post employment shareholding requirement.

Implementation of policy in FY21

Base Salaries	– Salaries have been frozen:
	  – Allan Lockhart: £470,000
	  – Mark Davies: £408,000
	  – David Lockhart: £395,000

Benefits	– No change
Pension	– 15% of salary

Annual Bonus	– Maximum opportunity 125% of salary
	– Performance conditions: (to be confirmed)
	  – 20% relative TAR
	  – 30% Underlying Funds From Operations
	  – 25% Loan to Value
	  – 25% individual objectives
	– 30% deferred into shares for 2 years

Long Term Incentive Plan	– Grant levels will not exceed 100% of salary
	– Performance conditions:
	  – Relative TSR (50%)
	  – Relative TAR (50%)
	– 2 year post-vesting holding period applies

Shareholding requirements	– 200% of salary

Remuneration Policy

In accordance with the remuneration reporting regulations, the remuneration policy as set out below is intended to apply, subject to shareholder approval at the 2020 AGM to be held on 14 August 2020, for a period of up to three years from that date.

The changes to the current Policy are set out in the Chairman's statement with the rationale and are summarised here:

Pension

New Executive Directors would have pension rates in line with the rate applying to the majority of the workforce.

At the end of the policy period, the pension rate for Executive Directors will reduce so that it matches the percentage rate applied to the majority of the workforce.

Annual Bonus

The policy will require that 30% of any bonus will be payable in shares, deferred for three years.

The target level of the annual bonus has reduced from 60% to 50% of the maximum. The maximum level payable for threshold performance has increased from 20% to 25% of the maximum.

Performance Share Plan

The current policy gives the Remuneration Committee the discretion to apply a two-year holding period on vested awards. The proposed policy will make this mandatory.

Executive Directors will no longer be eligible for grants of Executive Share Options.

The provision whereby performance conditions may be waived has been removed.

Discretion and recovery provisions

Clawback and malus provisions have been broadened to cover additional events such as corporate failure and serious reputational damage and the discovery period has been extended from two years to three.

The Remuneration Committee will have specific discretion to adjust the formulaic outcomes of incentive awards.

Shareholding requirements

The shareholding requirement for the CFO will be increased from 100% to 200% of salary.

The new policy will clarify that Executive Directors must retain at least half of the net shares vested under the deferred annual bonus and the PSP until the shareholding requirement is met. The five-year period to achieve the requirement will now be removed, although there will remain strong encouragement for Executives to continue to accumulate shares on a regular basis.

A post-cessation of employment shareholding will be introduced. After employment, Executive Directors will be required to retain the lower of the shareholding requirement during employment or actual shareholding at cessation for one year and in the second year, Executive Directors will be required to hold the lower of the actual shareholding at cessation or half of the shareholding requirement during employment.

Service Contracts

For historic reasons, there are several unusual features in the service contracts of the Chief Executive, Chief Financial Officer and Executive Deputy Chairman. These clauses will be removed with no compensation paid so that, in line with normal market practice there will be

- A 12 month notice period (each way).
- A company discretion to break the contract by invoking a PILON and paying 12 months base salary, pension and benefits in 12 monthly instalments (subject to offset against earnings elsewhere).
- No different 'change of control' provisions.
- Standard good/bad leaver provisions in the incentive plan rules (performance conditions always applicable and usually scale back on a time pro rata basis) – no 'early vesting' except for death in service, or serious ill-health.

Considerations in relation to the Policy Review

When reviewing the remuneration policy, the Committee considered a wide range of factors, including

- Where practicable improving the consistency of the Executive Directors' remuneration policy with that of the workforce, for example in relation to the pension provision.
- Taking into account the latest guidance from our institutional shareholders, investor representative bodies, regulators and statutory requirements.
- The overall market competitiveness of the senior executives' packages

In addition to the decision making process set out above, the Committee addressed the following factors when determining the remuneration policy and practices, as recommend by the UK Corporate Governance Code:

Principle	Committee approach
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	– As noted above there is a consistent approach taken, where possible, in relation to the application of the remuneration policy throughout the Company. For instance all employees participate in an annual bonus plan and the PSP. – During the year we will be consulting with employees to explain how the new policy for executive directors aligns with the pay and conditions of the workforce other than, for instance, where there are more stringent requirements in the Executive Directors' policy for corporate governance reasons.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	– The components of our remuneration policy are consistent throughout the Company so they are simple to operate and communicate.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	– We look carefully at the range of likely performance outcomes when setting performance target ranges and use discretion where this leads to an inappropriate pay outcome – Bonus deferral, holding periods on PSP awards, shareholding requirement and clawback and malus provisions all help to mitigate risk.
Predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	– Incentive plans are determined based on a proportion of base salary so there is a sensible balance between fixed pay and performance-linked elements. – There are provisions to override the formula driven outcome of incentive plans and deferral and clawbacks to minimise the likelihood of a poor link between reward and performance.
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.	– Incentive plans are determined based on a proportion of base salary so there is a sensible balance between fixed pay and performance-linked elements. – There are provisions to override the formula driven outcome of incentive plans deferral and clawbacks to ensure that poor performance is not rewarded.
Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy.	– Bonus plans operate widely throughout the Company and are all approved by the Committee to ensure consistency with Company purpose, values and the performance measures are linked to the business strategy.

Remuneration Policy Table

Executive Directors

Element	Purpose & Link to Strategy	Operation	Maximum	Performance Target
Fixed				
Salary	Market competitive remuneration base reflecting role, responsibilities, skills and experience.	Normally reviewed annually, effective 1 April although salaries may be reviewed more frequently or at different times of the year if the Committee determines this is appropriate. Paid in cash monthly. Reviewed in context of the salary increases across the Group. Reviewed periodically against peer companies.	There is no prescribed maximum. Increases will typically be dependent on the results of an annual review in the context of the average increase for the wider work force, inflation and market data. Increases will not normally be above the level implemented across the wider workforce. Increases may be above this level, for example if there is an increase in the scale, scope or responsibility of the role.	Not applicable
Pension	To provide competitive post-retirement benefits. To assist with recruitment and retention.	The Company currently contributes 15% of base salary for all existing Executive Directors. The Company reserves the right to pay a non-pensionable cash supplement in lieu of pension contributions.	The maximum Company contribution is 15% of base salary for existing Executive Directors. This will reduce to the rate applicable to the majority of the workforce at the end of the policy period. Future Executive Directors will receive Company contributions in line with the UK workforce, currently 4% of base salary.	Not applicable
Benefits	To provide a competitive and cost-effective benefits package. To assist with recruitment and retention.	The Company provides a range of non-pensionable benefits to Executive Directors which may include medical insurance, life assurance, permanent health insurance, holiday and sick pay. Other benefits such as relocation allowances may be offered if considered appropriate and reasonable by the Committee.	Benefits are set at a level which the Committee considers appropriate when compared to the Company's listed real estate investment trust peers. There is no prescribed maximum. For David Lockhart, the Company will reimburse him on a tax grossed-up basis for the cost of his personal private medical insurance policy.	Not applicable

Executive Directors

Element	Purpose & Link to Strategy	Operation	Maximum	Performance Target
Variable				
Bonus	To incentivise performance in the reporting year through the setting of targets at the beginning of the year. These annual targets are intended to be consistent with the Group's long term strategy. The deferral of a proportion of the bonus in shares aligns directors' interests with those of shareholders and to discourage short term decision making.	Awards of annual bonus are made pursuant to the Annual Bonus Plan. All measures and targets will be reviewed and set annually by the Committee at the beginning of the financial year and levels of award determined by the Committee after the year end are determined based on achievement of performance against the stipulated measures and targets. The Committee retains an overriding discretion to adjust pay-outs from formulaic outcomes to ensure that overall bonus payments reflect its view of corporate performance during the year and are fair to both shareholders and participants. Thirty percent of the bonus must be deferred into shares for two years. Vesting of the deferred shares will be subject to continued employment. The value of the bonus does not contribute to the pensionable salary. Clawback and malus provisions apply.	The maximum bonus is 125% of salary. On target performance would result in a bonus payment of 50% of maximum bonus. Threshold performance would result in bonus payment of up to 25% of maximum bonus.	All measures and targets relate to a financial year of the Company and are reviewed on an annual basis. At least 50% of the bonus will be subject to financial performance conditions.
Performance Share Plan	To incentivise and reward the delivery of returns to shareholders and sustained long-term performance. Aligns the Executive Directors' interests with those of shareholders. Rewards and helps retain/recruit executives.	Discretionary grant of nil-cost options. Awards normally vest three years from the date of award. Vesting of awards is subject to satisfaction of performance targets normally measured over a three-year period. The Committee has discretion to determine the applicable performance targets and their weightings to ensure they are appropriate. Performance conditions will be based on financial and stock market based measures. A holding period of two years will apply following vesting before participants are entitled to sell their shares. Clawback and malus provisions apply.	The maximum award level permitted under the 2016 PSP plan rules and this policy is 200% of salary. The normal annual award is 100% of salary for all Executive Directors. Awards would not be increased above 100% of base salary without prior consultation with shareholders. 25% of the award is payable at threshold performance.	Performance targets will apply in respect of a performance period which will not be less than three years. Notwithstanding the extent to which the performance targets are met, awards shall only vest if the Committee (in its absolute discretion) is satisfied that performance against the conditions is a fair reflection of underlying performance.

Executive Directors

Element	Purpose & Link to Strategy	Operation	Maximum	Performance Target
Variable				
Shareholding Requirement	To encourage long term share ownership and support alignment of interests with shareholders.	The Company operates a shareholding requirement which is subject to periodic review. At least half of the net shares vested under the deferred annual bonus and the LTIP must be retained until the shareholding requirement is met. After employment, shares that have been purchased voluntarily may be excluded from the post-cessation shareholding requirement.	During employment, Executive Directors must build up a shareholding worth 200% of salary. After employment, Executive Directors will be required to retain the lower of the shareholding requirement during employment or actual shareholding at cessation for one year. In the second year, Executive Directors will be required to hold the lower of the actual shareholding at cessation or half of the shareholding requirement during employment. The Committee has the discretion to relax this requirement in exceptional circumstances (e.g. serious ill-health).	Not applicable

Chairman and Non-Executive Directors

Element	Purpose & Link to Strategy	Operation	Maximum	Performance Target
Fees	To provide market-competitive director fees.	Annual fee for the Chairman. Annual base fee for the Non-Executive Directors. Additional fees are paid to Non-Executive Directors for additional responsibilities such as being the Senior Independent Non-Executive Director or chairing a Board Committee. Fees are reviewed from time to time taking into account time commitment, responsibilities and fees paid by companies of a similar size and complexity. Payable in cash. Expenses incurred by Non-Executive Directors in connection with the fulfilment of their roles are reimbursed (including any personal tax due on such expenses).	Fee increases are applied in line with outcome of the review.	Not applicable

Notes on the remuneration policy table

Dividend equivalents

Dividend equivalent shares will be added on to unvested awards under the 2016 DBP and the 2016 PSP on a reinvested basis, although this can be calculated in an alternative manner at the discretion of the Committee.

Malus and clawback

In the event of gross misconduct, or the material misstatement of financial information, or if an error is discovered in the calculation of any incentive plan payments, or where there has been an issue in relation to the company's reputation, or corporate failure, the Committee has discretion to exercise malus and clawback provisions in respect of all cash bonus and share awards. The Committee may reduce the vesting of awards prior to vesting and/or require the repayment or reimbursement of awards which have already vested and been exercised across all incentive plans.

The Committee may operate clawback on the terms stated above during the 36 months following the payment date of the annual bonus or vesting date of an award granted on the terms of the 2016 PSP.

Discretion

The committee may amend the remuneration policy to accommodate minor changes for administrative or legislative purposes.

In relation to the operation of the incentive plans there are discretions contained within the rules to allow committee discretion over events such as a change of control or a capital reorganisation.

Consideration of shareholders' views

The Committee's policy is to consult with major Shareholders in respect of significant decisions on executive remuneration and has done so regularly.

During the year the Committee consulted extensively in relation to the new remuneration policy and investor feedback helped shape the proposals, particularly in relation to our approach to executive pension provision.

How wider employee pay was considered during the policy review

The Committee considered carefully the pay and conditions in the workforce generally, as part of its review of the Directors' remuneration policy. While there has not yet been any engagement between the Remuneration Committee and workforce, the Company has set up a staff forum for the Board to consult and it is the intention of the Committee to consult with the forum later in the year to explain how executive pay aligns to that of the workforce.

Generally the policy for Executive Directors is rolled out on a consistent basis throughout the workforce. All salaried staff participate in the annual bonus plan and Performance Share Plan and we have a consistent approach in relation to benefits. As noted elsewhere the pension provision will be aligned by the end of the policy period.

Service Contracts and payments for loss of office

Executive Directors have signed new service contracts terminable by either party giving the other 12 months' written notice. If notice is served by either party, the Executive Director may continue to receive base salary, benefits and pension for the duration of their notice period during which time the Company may require the individual to fulfil their current role or may place the individual on garden leave. The Committee will seek to minimise the level of payments to a departing Director, having regard to all circumstances, including the Company's contractual obligations to the Director, the reason for departure, and the Company's policy on mitigation.

The Company may elect to make a monthly payment of base salary, plus an amount in lieu of benefits/pension contribution/equivalent or just base salary, in lieu of notice. Any payments in lieu of notice would be phased monthly and subject to offset against earnings elsewhere. Reasonable outplacement and legal costs may be payable.

Where a Director may be entitled to pursue a claim against the Company in respect of his/her statutory employment rights or any other claim arising from the employment or its termination, the Committee will be entitled to negotiate settlement terms with the Director that the Committee considers to be reasonable in the circumstances and is in the best interests of the Company, and to enter into a settlement agreement with the Director.

In addition to the contractual provisions regarding payment on termination set out above, the Group's incentive plans and share plans contain provisions relating to termination of employment. Good leaver provisions relate to termination of office or employment by reason of death, ill-health, injury, incapacity or disability of the award holder, redundancy or sale or transfer out of the Group or the Company or undertaking employing that employee, or any other circumstances stipulated by the Committee at the date of award.

For any good leaver the approach in relation to the incentive plans will be as follows:

Annual bonus: bonus may be payable pro-rata for the portion of the year worked. Outstanding deferred bonus awards would be retained and would vest at the usual time.

PSP awards: awards would vest at the usual time subject to the achievement of the performance conditions and would normally be scaled back pro-rata for the extent of the vesting period completed at cessation of employment (unless in exceptional circumstances the committee determines that the award should not be scaled back). The two year post vest holding period would usually continue to apply.

If an Executive Director is not deemed to be a good leaver, all bonus entitlements and LTIP awards would normally lapse.

Non-Executive Directors' letters of appointment incorporate a notice period of 3 months.

No payment for compensation for loss of office will be made to the Chairman or any Non-Executive Director other than where the Company determines that fees for the notice period should be paid.

The details of the service contracts for Executive Directors and Letters of Appointment for the Non-Executive directors are summarised below:

Executive Directors	Date of Appointment	Expiry date of service agreement of letter of appointment
Allan Lockhart	18 August 2016	12 month rolling contracts
Mark Davies	18 August 2016	
David Lockhart	18 August 2016	6 month rolling contract
Margaret Ford	1 September 2017	3 month rolling contracts
Colin Rutherford	5 February 2019	
Kay Chaldecott	18 August 2016	
Alastair Miller	18 August 2016	

The service agreements are available to shareholders to view at the Company's Registered Office on request from the Company Secretary and at the Annual General Meeting.

External Directorships and Memberships

Executive Directors may take up one external directorship, subject to the prior approval of the Board. In considering the appointment, the Board will consider whether the appointment will have an adverse impact on the Director's role within the Company and whether it will be a conflict of interest. Fees earned may be retained by the Director. At present, no Executive Director has an external directorship.

Executive Directors' are encouraged to join, when invited, advisory committees of industries and professional bodies directly related to the Company's business. This helps to keep the Company informed of any future regulations or trends which may affect it in the future, as well as providing the opportunity to influence future decision making.

Recruitment Arrangements

The Committee will apply the same remuneration policy and principles when setting the remuneration package for a new Executive Director. The Committee will take into consideration all relevant factors to ensure that pay arrangements are in the best interests of the Company and its shareholders.

Ongoing benefits, pension provisions, annual bonus participation and awards under both the DBP and the PSP will be in line with those stated in the policy.

Different performance measures may be set for any initial awards under the ABP and PSP considering the responsibilities of the individual and the point in the year that they joined and the rules of the applicable plan. The rationale will be clearly explained in the Annual Report following such recruitment. The level of bonus which may be paid will be pro-rated to reflect the time in the year when the Executive Director joins.

The Committee will have discretion to make payments or awards to buy out incentive arrangements forfeited on leaving a previous employer, i.e. over and above the approach outlined in the table above and may exercise the discretion available under Listing Rule 9.4.2R if necessary to do so. In doing so, the Committee will match the fair value of the awards forfeited, taking account of the applicable performance conditions, the likelihood of those conditions being met and the proportion of the applicable vesting period remaining.

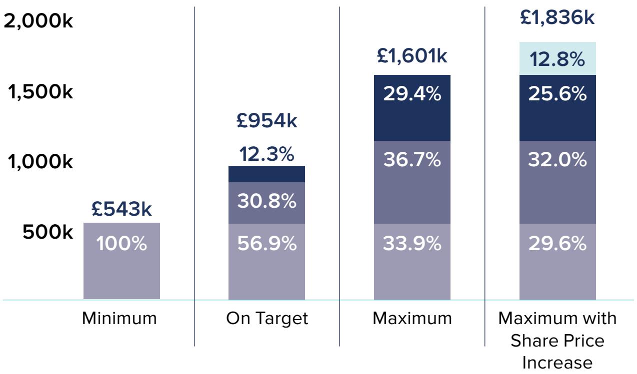
Where an Executive Director appointment is an internal candidate, the Committee will honour any pre-existing remuneration obligations or outstanding variable pay arrangements that relate to the individual's previous role.

Non-Executive directors will be recruited on the basis of a Letter of Appointment with a three month notice period.

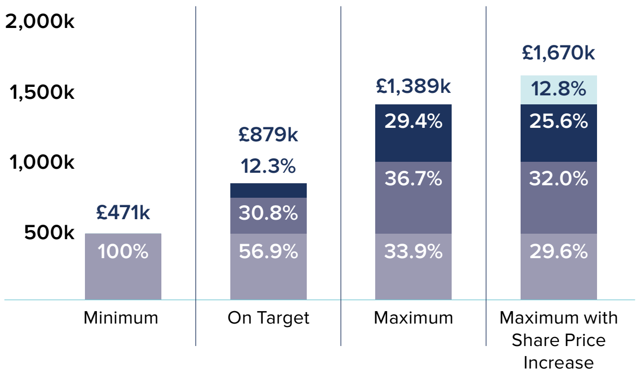
Illustration of Remuneration Policy

The charts below illustrate the remuneration opportunity provided to each Executive Director in line with the policy at different levels of performance for the FY21 financial year. Four scenarios have been illustrated for each Executive Director:

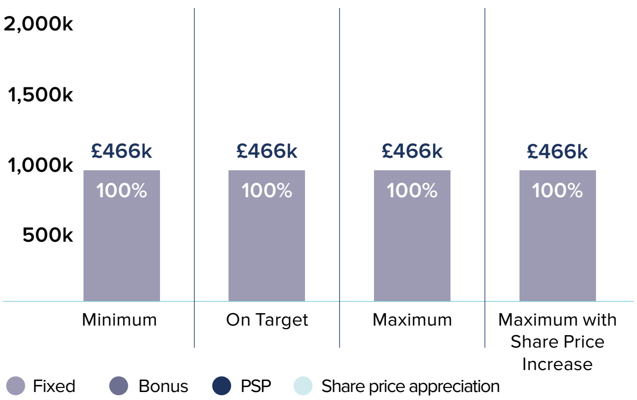
Allan Lockhart



Mark Davies



David Lockhart



1. Minimum performance:	– comprising the minimum remuneration receivable (being normal base salary (before the temporary waiver), pension and benefits calculated using the 2019/20 figures;
2. On target performance:	– comprising fixed pay, annual bonus payment at 50% of the maximum opportunity and long-term incentive awards vesting at 25% of maximum opportunity;
3. Maximum performance:	– comprising fixed pay, 100% of annual bonus and 100% vesting of long-term incentive awards, and
4. Maximum performance with share price increase:	– comprising fixed pay, 100% of annual bonus and 100% vesting of long-term incentive awards with the value increased for share price appreciation of 50%.

Remuneration Report

This section sets out how the Directors' Remuneration Policy was implemented during the financial year ended 31 March 2020. Where stated, disclosures regarding Director's remuneration have been audited by the Company's external auditor PwC. This section, together with the Chairman's Statement, is subject to an advisory vote at the 2020 AGM.

Remuneration Committee Attendance

The Remuneration Committee meets at least four times a year, together with ad-hoc meetings when required. It met six times during the year and attendance was as follows:

Committee Members	Attendance
Kay Chaldecott: Committee Chairman	6/6
Alastair Miller	6/6
Margaret Ford	6/6
Colin Rutherford	6/6

The Chief Executive Officer and Head of HR were invited to attend all or part of the meetings as relevant. These individuals were not present when their own remuneration was discussed. The Company Secretary acts as secretary to the Committee.

Role of the Remuneration Committee

The role of the Remuneration Committee is to establish a formal and transparent procedure for developing and implementing the remuneration policy. The Policy should have regard to the risk appetite of the Company and Executive remuneration should be aligned to the Company's purpose and values and be clearly linked to the successful delivery of the Company's long term strategy. The Committee also reviews the remuneration of the Chairman and senior executives below Board level.

Other main responsibilities of the Committee are to:

- ensure that the Directors and executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company and to align their interests with those of Shareholders;
- attract, retain and motivate Directors and executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of Shareholders and other stakeholders;
- review and have regard to workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting remuneration policy for Directors and especially when determining annual salary increases;
- consider the objectives, annual pay and targets for the Directors and executive management; and
- review the operation of the Group's share incentive schemes and the granting and vesting of the schemes.

Any potential conflicts of interest are managed carefully. No Director is present when their own remuneration is being discussed and Committee papers are redacted where appropriate to avoid individuals seeing proposals before they are discussed by the Committee. Each meeting minutes whether there are any potential conflicts for any members or attendees.

Focus of the Remuneration Committee during FY20

The Committee focussed on the following items within its remit during the year

- review and development of the remuneration policy to be put to shareholders at the AGM in 2020;
- reviewing and approving the Committee terms of reference to comply with the 2018 Code;
- reviewing the wider workforce arrangements and pay policies and reviews;
- tracking and updating on the shareholder consultation process;
- reviewing incentive plan performance conditions;
- approving the remuneration report; and
- considering carefully the impact of the COVID-19 pandemic on the application of the remuneration policy

Remuneration Committee Advisor

The Committee keeps itself fully informed on developments and best practice in the field of remuneration and it seeks advice from external advisers when appropriate. The Committee appoints its own independent remuneration advisers and appointed Korn Ferry in 2018 following a competitive process. During the year the Committee continued to retain the services of Korn Ferry. Korn Ferry is a member of the Remuneration Consultants Group and signatory to its Code of Conduct which can be found at www.remunerationconsultantsgroup.com. During FY20 Korn Ferry did not provide any other services to the Company. Fees charged by Korn Ferry were on a time and materials basis and totalled £60,126 in the year ended 31 March 2020. The Committee reviews the performance and independence of its advisers on an annual basis and is satisfied that the advice provided is objective and independent.

Total remuneration payable to Directors for FY20 (audited)

The following tables show a single figure total of remuneration for the year ended 31 March 2020 for each of the Directors and compares this figure to the prior year.

Executive Directors

	Financial Year	Salary £	Benefits[1] £	Pension £	**Subtotal for fixed pay £**	Cash bonus £[2]	Value of bonus deferred into shares £[2]	Long-term incentive plans[3] £	**Subtotal for variable pay £**	**Total £**
Allan Lockhart	2020	470,000	2,739	70,500	543,239	–	–	–	–	543,239
	2019	466,250	2,784	69,938	538,972	261,100	111,900	–	373,000	911,972
Mark Davies	2020	408,000	1,930	61,200	471,130	–	–	–	–	471,130
	2019	408,000	2,000	61,200	471,200	228,480	97,920	–	326,400	797,600
David Lockhart	2020	395,000	11,400	59,250	465,650	–	–	–	–	465,650
	2019	399,583	12,000	59,938	471,521	–	–	–	–	471,521

1. Benefits are the Director's private medical cover.
2. The Committee used discretion to reduce the value of the 2020 bonus (cash and shares) to zero and the Committee also used discretion to reduce the pay-out level of the 2019 bonus.
3. Although the performance period has not quite finished it is currently estimated that the LTIP awards will not meet the minimum performance hurdle and will lapse.

Non-Executive Directors

	Financial Year	Base Fee £	Audit Committee Chairman £	Remuneration Committee Chairman £	Senior Independent Non-Executive Director £	Total £
Margaret Ford[1]	2020	160,000				160,000
	2019	105,000	–	–	3,750	108,750
Kay Chaldecott	2020	50,000		7,500		57,500
	2019	50,000	–	7,500	–	57,500
Alastair Miller	2020	50,000	7,500		7,500	65,000
	2019	50,000	7,500	–	3,750	61,250
Colin Rutherford[2]	2020	50,000				50,000
	2019	7,628	–	–	–	7,628

1. Margaret Ford appointed Chairman effective from 1 October 2018, having previously served as Senior Independent Non-Executive Director.
2. Colin Rutherford was appointed on 5 February 2019.

Salaries

Salaries for Executive Directors remained unchanged during FY20.

Allan Lockhart – Chief Executive Officer	£470,000
Mark Davies – Chief Financial Officer	£408,000
David Lockhart – Executive Deputy Chairman	£395,000

Fees

Chairman	£160,000
Basic fee for a Non-Executive Director	£50,000
Additional fee for serving as Chairman of the Audit and Remuneration Committees	£7,500
Additional fee for serving as the Senior Independent Non-Executive Director	£7,500

Annual bonus for the year to 31 March 2020 (Audited)

Executive Directors had the opportunity to earn a bonus up to a maximum of 125% of salary on the basis of the achievement of the following measures.

	Threshold	Potential % salary	On target	Potential % salary	Stretch	Potential % salary	Actual result	Actual % awarded (before application of Committee discretion) Allan Lockhart	Mark Davies
Corporate									
Growth based									
Total return vs IPD All Retail	At index	12.5 %	10% ahead	31.25%	20% ahead	50%	-5.2% vs -9.8%	50%	50 %
Earnings yield (UFFO) – comparative*	At index	7.5%	Top Quartile	18.75%	Top 5	30%	1 out of 22	30%	30%
Financial discipline									
LTV	<50%	1.25%	-<40%	3.125%	<35%	5%	47%	1.25%	1.25%
Gearing	<100%	1.25%	<85%	3.125%	<75%	5%	90%	1.25%	1.25%
Interest cover	>2x	1.25%	>2.25x	3.125%	>2.5x	5%	3.8x	5%	5%
Dividend cover	100%	1.25%	105%	3.125%	110%	5%	106%	3.125%	3.125%
Personal									
Personal objectives	Discretionary	Discretionary	Good performance in line with expectations		Very strong performance		See below	18.75%	18.75%
Total: % of salary (before application of discretion)		25%		75%		125%		109.4%	109.4%
Amount awarded by Committee after applying downward discretion								NIL	NIL

* The comparator group for earnings yield was the same as for the TAR comparator group disclosed below.

The objectives of the CEO and CFO for the year were:

Objective	Performance	Amount awarded (before Committee discretion)
Allan Lockhart		
– To focus on delivering a growing and sustainable income stream and to grow the business to maximise the benefits of economies of scale.	The company had been challenged by severe sector headwinds and the impact of COVID-19 felt particularly in Hawthorn Leisure in the last few weeks of the Financial Year.	NIL
– To lead the formulation and regular review of the vision and strategy of the business.	Strategies have been effectively formulated and driven despite the challenging headwinds.	6.25%
– To ensure that the Company proactively engages with its stakeholders at all levels of the business.	An extensive programme of shareholder engagement continues to be delivered.	6.25%
– To develop the strength and depth of the leadership qualities within the Senior Management Team.	The Senior Management Team's capabilities continue to mature and develop.	6.25%
– Working with the CFO to develop the Group's Strategy to deploy capital in FY20 via structured joint ventures.	The company had been challenged by severe sector headwinds and the impact of COVID-19 felt particularly in Hawthorn Leisure in the last few weeks of the Financial Year.	NIL

Objective	Performance	Amount awarded (before Committee discretion)
Mark Davies		
– Ensure that the Balance Sheet is adequately capitalised and we secure an extension of the unsecured facility to 2024 and maintain our investment grade rating.	We have maintained our BBB long term rating and ensured that the Balance Sheet was protected with the advent of COVID-19.	6.25%
– Maintain strong working relationships with the Groups bankers, brokers and financial advisors.	A continuing programme of meetings and updates with key bankers and advisors cements the Company's strong relationships.	6.25%
– Working with the CEO to ensure pro-active engagement in the public equity markets in both the UK and internationally.	An extensive programmed of stakeholder engagement continued throughout the year.	6.25%
– Lead the pub business to deliver income and capital growth in FY20.	This has been a challenging trading year further undermined by the adverse impact of COVID-19 which resulted in the closure of the entire Pub Estate on 20 March 2020.	NIL

In light of the shareholder experience over the year the Committee, with the agreement of the executives, has used its discretion to determine that no annual bonus should be payable to Executive Directors.

Long-term Incentive Plans (Audited)

Vesting of Performance Share Plan awards

The performance conditions for the 2017 Performance Share Plan award that is capable of vesting on 22 June 2020 are:

	Performance period start	Performance period end	Minimum hurdle	Maximum hurdle	Achieved / estimated
Total Shareholder Return (50%)	June 2017	June 2020	100% of index	150% of index	Less than 100%
Total Accounting Return (50%)	1 April 2017	31 March 2020	100% of index	150% of index	Less than 100%

Although the performance period has not quite finished it is currently estimated that the awards will not meet the minimum hurdle and will lapse. Full details of the award are contained in the table of directors' share interests later in this report.

2019 comparative – the single figure table in the FY19 report included an estimate of the value on vesting of the LTIP awards granted in FY2017 (July 2016 and January 2017). This was due to the fact that the TSR performance period was not completed until after the report was published. The final TSR performance has now been assessed and, as predicted, the awards lapsed in full. Accordingly, no restatement of the 2019 single figure of remuneration is required.

PSP awards granted in the year to 31 March 2020 (Audited)

The following Performance Share Plan awards were granted to Executive Directors as nil cost options on 27 June 2019:

Executive	Value of awards at grant date* (% salary)	Number of shares comprising award	% of award vesting at threshold	Vesting Period End Date
Allan Lockhart	£470,000 (100%)	266,742	25%	27 June 2022
Mark Davies	£408,000 (100%)	231,555	25%	27 June 2022

* The closing price on the day before the grant date has been used to determine the number of shares comprising the award. This was £1.762.

50% of each award may vest based on the Company's TSR compared to that of companies within the FTSE All Share index.

50% of each award may vest based on the Company's Total Accounting Return ("TAR") compared to a group of UK REITs that report their NAV on an EPRA basis. TAR is defined as the annualised return over the performance period based on the change in EPRA NAV per share and the level of dividends paid per share.

The targets for both performance conditions are as follows:

	TSR ranking vs. FTSE All Share Index (50% of award)	Total Accounting Return ranking vs. UK REITs (50% of award)	Vesting (% of award)[1]
Below threshold	Less than Median (50th percentile)	Less than Median (50th percentile)	0
Threshold	Equal to Median (50th percentile)	Equal to Median (50th percentile)	25
	Equal to 62.5th percentile	Equal to 62.5th percentile	75
Maximum	Equal to Upper Quartile (75th percentile) and above	Equal to Upper Quartile (75th percentile) and above	100

1. Vesting is calculated on a straight line basis between 25%, 75% and 100%.

The TAR comparator group was composed of the companies set out in the list below.

TAR Comparator Group			
SEGRO	INTU PROPERTIES	UNITE GROUP	LONDONMETRIC PROPERTY
LAND SECURITIES GROUP	GREAT PORTLAND ESTATES	TRITAX BIG BOX REIT	SAFESTORE HOLDINGS
BRITISH LAND	WORKSPACE GROUP	CAPITAL & COUNTIES PROPERTIES	UK COMMERCIAL PROPERTY REIT
DERWENT LONDON	BIG YELLOW GROUP	ST MODWEN PROPERTIES	PRIMARY HEALTH PROPERTIES
HAMMERSON	ASSURA	CLS HOLDINGS	GRAINGER
SHAFTESBURY			

Summary of Directors Interests (audited)

The beneficial interests of the Executive Directors in share awards and share options as at 31 March 2020 are shown in the following tables.

Allan Lockhart									
Grant Date	Plan	Vesting by	Exercise / share price at date of award £	At 31 March 2019	Granted	Dividend equivalent shares added	Lapsed	Exercised	At 31 March 2020
Sep 2009	USOP	Vested	2.50	192,686	–	–	(192,686)	–	–
Sep 2011	USOP	Vested	2.35	338,000	–	–	–	–	338,000
Sep 2015	PSP	Vested	3.40	131,589	–	7,334	(138,923)	–	–
Jul 2016	PSP	Vested	2.98	164,634	–	4,076	(168,710)	–	–
Jun 2017	PSP	Jun 2020	3.46	138,292	–	16,267	–	–	154,559
Jul 2017	DBP	Vested	3.42	41,444	–	1,026	–	(42,470)	–
May 2018	DBP	May 2020	2.86	55,648	–	6,546	–	–	62,194
May 2018	PSP	May 2023	2.98	152,800	–	17,972	–	–	170,772
Jun 2019	PSP	Jun 2024	1.77		266,742	24,173	–		290,915
Jul 2019	DBP	Jun 2021	1.79		61,389	5,563			66,952
Total				**1,215,093**	**328,131**	**82,957**	**(500,319)**	**(42,470)**	**1,083,392**

Mark Davies									
Grant Date	Plan	Vesting by	Exercise / share price at date of award £	At 31 March 2019	Granted	Dividend equivalent shares added	Lapsed	Exercised	At 31 March 2020
Sep 2015	PSP	Vested	3.40	112,790	–	6,285	(119,075)	–	–
Jul 2016	PSP	Vested	2.98	144,055	–	3,566	(147,621)	–	–
Jan 2017	PSP	Jan 2022	3.34	142,396	–	16,748	–	–	159,144
Jun 2017	PSP	Jun 2020	3.46	130,156	–	15,309	–	–	145,465
Jul 2017	DBP	Vested	3.42	39,008	–	965	–	(39,973)	–
May 2018	DBP	May 2020	2.86	54,620	–	6,424	–	–	61,044
May 2018	PSP	May 2023	2.98	143,811	–	16,914	–	–	160,725
Jun 2019	PSP	Jun 2024	1.77		231,555	20,985	–	–	252,540
Jul 2019	DBP	Jun 2021	1.80		53,720	4,867	–	–	58,587
Total				**766,836**	**285,275**	**92,063**	**(266,696)**	**(39,973)**	**837,505**

David Lockhart									
Grant Date	Plan	Vesting by	Exercise / share price at date of award £	At 31 March 2019	Granted	Dividend equivalent shares added	Lapsed	Exercised	At 31 March 2020
Sep 15	PSP	Vested	3.40	150,388	–	8,381	(158,769)	–	–
Jul 2016	PSP	Vested	2.98	174,924	–	4,331	(179,255)	–	–
Jun 2017	PSP	Jun 2020	3.46	146,428	–	17,223	–	–	163,651
Jul 2017	DBP	Vested	3.42	43,882	–	1,086	–	–	44,968
May 2018	DBP	May 2020	2.86	48,817	–	5,740	–	–	54,557
May 2018	PSP	May 2023	2.98	168,052	–	19,767	–	–	187,819
Total				**732,491**	**–**	**56,528**	**(338,024)**	**–**	**450,995**

DBP = Deferred Bonus Plan.
PSP = Performance Share Plan.
USOP = Unapproved Share Option Plan.

Unapproved Share Option Plan

Awards made under the Unapproved Share Option Plan have vested and the participants have until the tenth anniversary from the date of grant for each award in which to exercise the options. The exercise price per share to be paid upon exercise is shown against each award. There were no exercises of awards or market value share options during the year.

Details of the Directors' shareholdings and rights to shares (audited)

It is the Board's policy that Executive Directors build up and retain a minimum shareholding in the Company. Under the new remuneration policy the required shareholding level of the Chief Financial Officer has been increased to 200% of base salary, the same as the requirement for the Chief Executive Officer. The net of tax value of vested DBP and PSP awards may be counted towards the value of the executives' shareholdings.

The beneficial interests of Directors who served during the year, in the shares of the Company are as follows:

	Beneficially owned shares held at 31 March 2020	Value of holding as % of salary*	Unvested DBP awards held at 31 March 2020**	Unvested PSP awards held at 31 March 2020**	Vested DBP awards held at 31 March 2020**	Vested but unexercised PSP awards held at 31 March 2020	Vested but unexercised USOP awards held at 31 March 2020	Unconverted warrants held at 31 March 2020	Total held as at 31 March 2020
Allan Lockhart	256,611	33%	129,146	616,246	–	–	338,000	–	1,340,003
Mark Davies	243,587	36%	119,631	717,874	–	–	–	–	1,081,092
David Lockhart	1,855,000	280%	54,557	351,470	–	44,968	–	–	2,305,995
Margaret Ford	50,640	–	–	–	–	–	–	–	50,640
Kay Chaldecott	39,445	–	–	–	–	–	–	–	39,445
Alastair Miller	35,956	–	–	–	–	–	–	–	35,956
Colin Rutherford	–	–	–	–	–	–	–	–	–

* based on the closing share price of 59.7p as at 31 March 2020 and salary for 2020/21. Shareholding guidelines, under the new policy, require the CEO and CFO to hold a minimum number of shares with a value in excess of 200% of base salary and for the other Executive Directors to hold a minimum number of shares with a value in excess of 100% of their base salary.
** includes dividend equivalent shares added to that date.

DBP = Deferred Bonus Plan.
PSP = Performance Share Plan.
USOP = Unapproved (market value) Share Option Plan.

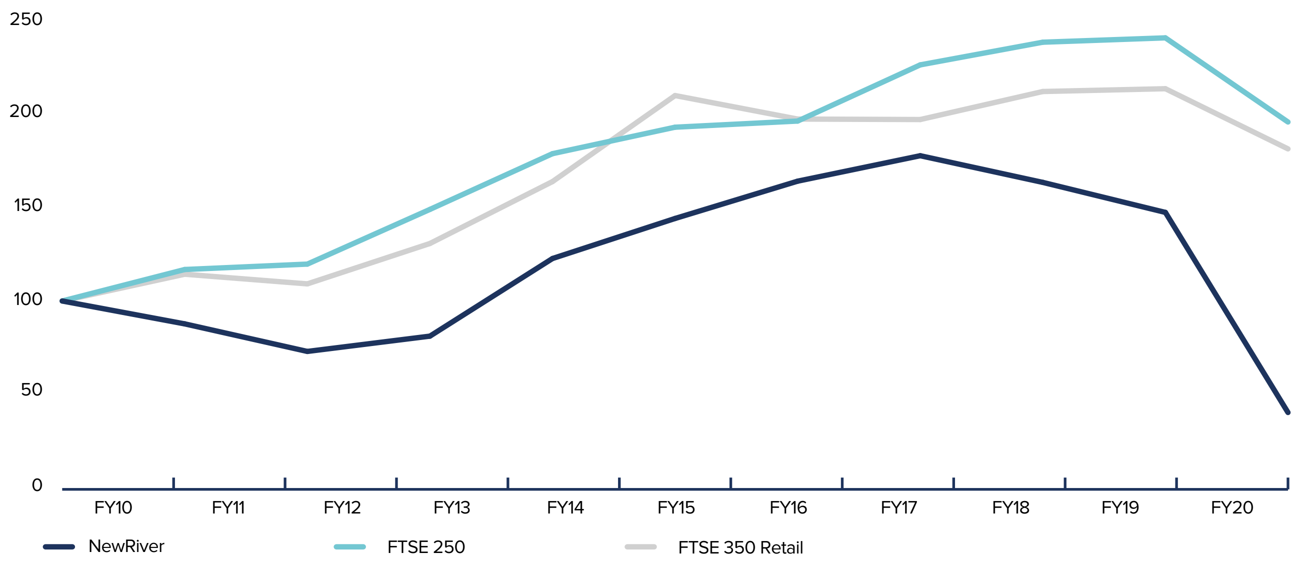
There have been no changes in the number of shares held from 31 March 2020 to 12 June 2020, being the latest practicable date before the publication of this Annual Report.

Payments to past Directors

There have been no payments to past Directors

Historic Total Shareholder Return performance and Chief Executive Officer remuneration

The following information allows comparison of the Company's TSR (based on share price growth and dividends reinvested) with the remuneration of the CEO over the last ten years, together with bonus and LTIP pay-outs (as a percentage of the maximum).



The chart shows the Company's TSR and that of the FTSE250 and the FTSE350 REIT Indices based on an initial investment of £100 on 1 April 2010 and values at intervening financial year ends over a ten-year period to 31 March 2020. These are considered to be appropriate benchmarks for the graph as the Company was a constituent of these indices during the financial year.

	2011 David Lockhart	2012 David Lockhart	2013 David Lockhart	2014 David Lockhart	2015 David Lockhart	2016 David Lockhart	2017 David Lockhart	2018 David Lockhart	2019 Allan Lockhart	2020 Allan Lockhart
Total remuneration (£)	337,500	467,500	504,000	642,000	850,000	1,792,205	1,341,958	1,012,946	911,972	543,239
Annual bonus (% of max)	42.0	36.5	32.6	69.0	70.0	100.0	66.7	77.3	64.0	–
Total LTIP vesting (% of max)	–	–	–	–	–	50.0	76.3	13.1	–	–

CEO pay ratio

As the Company has less than 250 employees, we are not required to disclose the CEO pay ratio. We however consider it appropriate to disclose our pay ratios on a voluntarily basis as we are committed to supporting strong governance and transparency. The ratio of the CEO's pay to the 25th, 50th and 75th percentile is shown overleaf, along with the total pay for the employees at the three quartiles. The Group employs the majority of its staff in managed pubs where the average age of its employees is significantly lower than the median for the rest of the Group's employees. Positions in managed pubs tend to offer hourly pay based on market rates, without any performance related bonuses.

We have based the calculation on the methodology outlined in Option A under the regulations, although we have chosen not to disclose the three salary levels for the relevant employees to allow a simpler comparison with the total pay of the CEO.

The ratio (calculated by reference to actual pay rates on 10 June and based on the CEO's full salary (before the 20% charitable donation) has reduced significantly compared to the prior year, principally because the CEO pay level has reduced. The total employee pay at the 50th and 75th percentile has changed due to changes to the make up of the workforce (rather than this being reflective of increases to pay levels in the workforce of this magnitude).

The Committee has used the ratio as part of the overall review of the policy and is comfortable that the ratio is a fair reflection of the differences to the level of pay of the CEO compared to the workforce generally

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY20	Option A	8:1	17:1	34:1
FY19	Option A	15:1	35:1	52:1

The total pay for the individuals identified at the Lower quartile, Median and Upper quartile positions in FY20 and FY19 are set out below:

	FY2020	FY2019
	Total Pay	Total Pay
Upper quartile	68,845	58,000
Median	31,542	24,000
Lower quartile	15,995	16,286

Chief Executive Officer pay compared to employees

The table below shows the percentage change in salary benefits and bonus for FY19 and FY20 for both the Chief Executive Officer and for all permanent employees of the Group, excluding joiners and leavers.

	Salary	Benefits	Annual Bonus
Chief Executive	0%	0%	-100%
All employees	4.4%	0%	-70%

Relative importance of spend on pay

The table below shows employee pay and distributions to shareholders for FY20 and FY19.

	FY20 £'000	FY19 £'000	% difference from prior year
Total spend on employee pay[1]	13,172	14,235	-7.5%
Total distributions to shareholders (including share buy-backs)	65,828	64,325	2.3%

Notes:
1. Includes salaries, bonuses, social security costs and pension costs as shown in the notes to the Financial Statements.

What the Executive Directors can earn in FY21

Salaries and fees

As noted in the Chair's Statement, Directors and senior management have waived 20% of their base salaries temporarily. It is anticipated that base salaries will revert to the normal level later in FY21:

	Temporary 20% reduction currently	Normal salary for FY21	
Allan Lockhart – Chief Executive Officer	£376,000	£470,000	(0% increase)
Mark Davies – Chief Financial Officer	£326,400	£408,000	(0% increase)
David Lockhart – Executive Deputy Chairman	£316,000	£395,000	(0% increase)

The non-executive directors' fees were last increased in April 2018. Fees payable to the Chairman and Non-Executive Directors are as follows:

	Temporary 20% reduction currently	Normal fee for FY21
Chairman	£128,000	£160,000
Basic fee for a Non-Executive Director	£40,000	£50,000
Additional fee for serving as Chairman of the Audit and Remuneration Committees	£6,000	£7,500
Additional fee for serving as the Senior Independent Non-Executive Director	£6,000	£7,500

Annual bonus

The annual bonus will operate as laid out in the remuneration policy. Executive Directors will have the opportunity to earn a bonus up to a normal maximum of 125% of salary.

The mix of measures for the annual bonus plan has been simplified to focus on the business priorities: we currently intend that 20% will be based on TAR versus the relevant IPD benchmark, 30% on Underlying Funds From Operations, 25% on Loan to Value and 25% on individual strategic objectives. Great care will be taken when the measures are confirmed and the targets are set and when they are assessed at the year-end, to ensure that any bonus payments for FY21 are consistent with the bonus payments for the workforce and the experience over the year of our shareholders and other stakeholders. There will be a full narrative of the Committee's approach in next year's Directors' Remuneration Report.

The measures have been selected to reflect a range of key financial and operational goals which support the Company's strategic objectives. The respective targets have not been disclosed as they are commercially sensitive. However, retrospective disclosure of the targets and performance against them will be set out in the Remuneration Report for the year ending 31 March 2021.

Long-term incentives – Performance Share Plan

We intend to grant awards after the 2020 AGM and we will consider the grant levels carefully in light of the share price prevailing at the time of grant and add additional provisions to ensure that executives cannot benefit from what the Committee considers to be a windfall gain should the share price recover strongly immediately following COVID-19. Grant levels will not exceed 100% of base salary.

Awards will be based 50% on TSR versus a sector peer group and 50% based on relative Total accounting return compared to a sector peer group and will be subject to two year holding period after the vesting date.

2017 and 2019 Annual General Meeting shareholder votes

At the Annual General Meeting held on 26 July 2019, votes cast by proxy and at the meeting in respect of the resolution to approve the remuneration report were as set out below:

	Votes for	%	Votes against	%	Total shares for & against	% of total voting rights	Votes withheld
That the Directors' remuneration report, be received and approved	219,594,501	99.11%	1,971,932	0.89	221,566,433	72.44	35,081

The remuneration policy was last approved at the Annual General Meeting held on 14 July 2017.

	Votes for	%	Votes against	%	Total shares for & against	% of total voting rights	Votes withheld
That the Directors' remuneration policy be received and approved	243,604,524	96.3	9,414,395	3.7	253,018,919	84.0	71,795

signed on behalf of the Board

Kay Chaldecott,
Committee Chairman

18 June 2020

DIRECTORS' REPORT

The Directors present their report for the year ended 31 March 2020.

Principal activities and status

NewRiver REIT plc ("the Company") is a premium listed REIT on the London Stock Exchange. The Company is a specialist real estate investor, asset manager and developer focused solely on the UK retail and leisure sector. Details of the Group's principal subsidiary undertakings are set out on pages 164 to 165.

Governance

The Financial Reporting Council published a revised UK Corporate Governance Code in July 2018 (the Code). Further information on the Code can be found on the Financial Reporting Council's website at: www.frc.org.uk. The Company's Statement on Governance can be found on page 73.

Additional Information

Additional information which is incorporated by reference into this Directors' report, including information required in accordance with the Companies Act 2006 and the Listing Rule 9.8.4R of the UK Financial Conduct Authority's Listing Rules, can be located as follows:

Directors' responsibility statement	Page 112
s.172 statement	Details can be found on page 67
People, culture and employee involvement	Our people – pages 46 to 47
Directors' interests	Details can be found on pages 88 to 108 of the Directors' Remuneration Report
Stakeholder engagement	Strategic report – page 21 Governance report – pages 73 to 74
Environmental policy	ESG report – pages 48 to 57
Greenhouse gas emissions	ESG report – page 55
Future business developments	Strategic Report – pages 1 to 67
Financial risk management objectives and policies	Pages 58 to 64
Governance report	Pages 72 to 81
Listing Rule	
9.8.4R (1)(2) (5-14)(B)	Not applicable
9.8.4R (4)	Long term incentive plans pages 88 to 108

Results and dividend

The results for the year are set out in the financial statements. During the year the Group paid quarterly interim dividends totalling £65.8 million (2019: £64.9 million). Further details on the dividend payments are set out in note 11 to the financial statements.

The Board

The Directors, who served throughout the year unless stated otherwise, are detailed below:

Margaret Ford	Non-Executive Chairman
Allan Lockhart	Chief Executive Officer
Mark Davies	Chief Financial Officer
David Lockhart	Executive Deputy Chairman
Kay Chaldecott	Non-Executive Director
Alastair Miller	Non-Executive Director
Colin Rutherford	Non-Executive Director

The roles and biographies of the Directors in office as at the date of this report are set out on pages 68 to 69.

Powers of Directors

Subject to the Company's Articles of Association, UK legislation and any directions given by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company.

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. It also sets up the Group's strategic aims, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and review management performance. The Board also sets the Groups values, standards and culture. There is also in place a schedule of matters formally reserved to it for its decision.

Directors' interests

Details of the Directors' share interests can be found in the Remuneration Committee report on pages 88 to 108.

All related party transactions are disclosed in note 27 to the financial statements.

Directors' indemnification and insurance

The Company's Articles of Association provide for the Directors and officers of the Company to be appropriately indemnified, subject to the provisions of the Companies Act 2006. The Company purchases and maintains insurance for the Directors and officers of the Company in performing their duties, as permitted by section 233 Companies Act 2006.

Articles of Association

The rules governing the appointment and replacement of Directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by shareholders in accordance with legislation in force from time to time. A copy of the Company's Articles of Association can be found on the Company's website, www.nrr.co.uk.

Significant interests

The table below shows the interests in shares notified to the Company in accordance with Chapter 5 of the Disclosure and Transparency Rules issued by the Financial Conduct Authority, As at 31 March 2020 and as at 10 June 2020 (being the latest practicable date prior to publication of the Annual Report):

As at 31 March 2020

Shareholder	Number of shares	% of issued Share Capital
Invesco	60,859,540	19.87%
BlackRock	15,741,568	5.14%

As at 10 June 2020

Shareholder	Number of shares	% of issued Share Capital
JPMorgan Asset Management	18,985,558	6.20%
M&G	17,768,427	5.80%
Norges	7,896,361	2.60%

Internal controls review

Taking into account the principal risks and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board, the Directors:

- are satisfied that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems and no significant failings were identified.

Branches outside the UK

The Company has no branches outside the UK.

Financial instruments

The Group's exposure to and management of capital risk, market risk and liquidity risk is set out in note 25 to the Group's financial statements.

Share capital structure

The Company has one class of share capital, being ordinary shares with a nominal value of one penny each. Details of the share capital, including the rights and obligations attached to the ordinary shares issued during the year ended 31 March 2020, are summarised in note 23 of the financial statements.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or of voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Authority for the Company to purchase its own shares

Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase. At the Annual General Meeting held in 2019, shareholders authorised the Company to make purchases (within the meaning of section 693 of the Companies Act 2006) of the Company's ordinary shares, up to a maximum of 10% of the issued share capital at that time, as well as the allotment of new shares within certain limits approved by shareholders. The Company has not repurchased any of its ordinary shares under this authority, which is due to expire at the AGM in 2020 and appropriate renewals will be sought.

There are no securities of the Company carrying special rights with regards to the control of the Company in issue.

Change of control – significant agreements

The Company was not party to any significant contracts that are subject to change of control permissions in the event of a change of control, but other agreements may alter or terminate upon such an event.

Compensation for loss of office

The Company does not have any agreements with any Executive Director or employee that would provide compensation for loss of office or employment resulting from a takeover except that the Group's incentive plans and share plans contain provisions relating to termination of employment. Further information is provided in the Directors' Remuneration Policy set out on pages 92 to 99.

Disclosure of information to Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and ensure that the auditor is aware of such information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

PricewaterhouseCoopers LLP has indicated their willingness to continue in office and a resolution seeking to re-appoint PricewaterhouseCoopers LLP will be proposed at the forthcoming AGM.

Annual General Meeting

The Annual General Meeting will be held on 14 August 2020. At the meeting, resolutions will be proposed to receive the Annual Report and financial statements, approve the Directors' Remuneration Policy, approve the Directors' remuneration report, re-elect Directors and appoint as auditor and determine the remuneration of PricewaterhouseCoopers LLP. In addition, it will be proposed that expiring authorities to allot shares and to repurchase shares are extended. An explanation of the resolutions to be put to the shareholders at the 2020 AGM and the recommendations in relation to them will be set out in the 2020 AGM Notice.

Political donations

No political donations were made by the Company or its subsidiaries during the year (2019: Nil).

Post balance sheet events

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

The Directors' Report was approved by the Board of Directors on 18 June 2020.

By Order of the Board

Margaret Ford
Chairman

18 June 2020

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Chairman's Statement, the Business Review and the Financial Review contain certain forward-looking statements with respect to the financial condition, results of operations and businesses of the Group. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward-looking statements are based on the Directors' current views and information known to them at 18 June 2020. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Nothing in this report should be construed as a profit forecast.

Directors' confirmations

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Governance Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Margaret Ford
Chairman

18 June 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWRIVER REIT PLC

Report on the audit of the financial statements

Opinion

In our opinion:

– NewRiver REIT plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2020 and of the Group's loss and cash flows for the year then ended;
– the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
– the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
– the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts 2020 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2020; the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

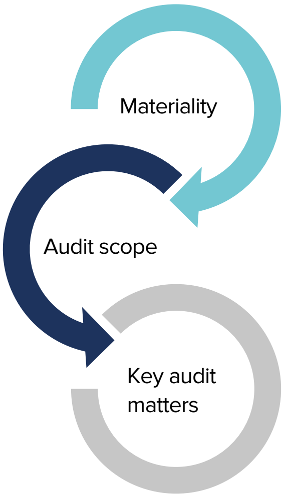
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in the Audit Committee report, we have provided no non-audit services to the Group or the Company in the period from 1 April 2019 to 31 March 2020.

Our audit approach

Overview



- Overall Group materiality: £13.7 million (2019: £13.4 million), based on 1% of total assets.
- Specific Group materiality: £2.3 million (2019: £2.6 million), based on 5% of EPRA earnings. This is applied to all balances excluding investment properties and public houses included in property, plant and equipment, and their related fair value movements.
- Overall Company materiality: £13.0 million (2019: £13.2 million), based on 1% of total assets.

- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Group financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

- Impact of Covid-19 (Group and Company)
- Valuation of investment properties and public houses held as property, plant and equipment (Group)
- Valuation of investments in subsidiary companies (Company)
- Recoverability of trade receivables, accrued income, lease incentives and service charge debtor balances (Group)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation including the Real Estate Investment Trust (REIT) requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and Listing rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties and public houses held as property, plant and equipment. Audit procedures performed by the Group engagement team included:

- Discussions with management, including consideration of known or suspected instances of non- compliance with laws and regulation and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Review of tax compliance, with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability over the nature, timing or extent of our testing, including testing lower value items and testing unexpected account combinations within our journals testing;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment properties and public houses held as property, plant and equipment (see related Key audit matter below); and
- Identifying and testing journal entries, in particular journal entries posted to revenue with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the Key audit matter
Impact of Covid-19 (Group and Company) Refer to note 1 to the Group financial statements for the directors' disclosures related to going concern; pages 65 and 66 for the directors' assessment of viability; and pages 84 and 85 for the views of the Audit Committee. The directors have considered the potential impact of the pandemic, Covid-19, on the current and future operations of the Group and the Company. In doing so, the directors have made estimates and judgements that are critical to the outcomes of these considerations in particular over the valuation of investment properties and public houses held as property, plant and equipment, the valuation of trade receivables, accrued income, lease incentives and service charge debtors and a particular focus on the ability of the Group and the Company to continue as a going concern, and their conclusions in respect of viability. Management has performed a detailed assessment of the impact of Covid-19 on the future cash flows of the Group and the Company. This analysis has been used to assess the Group's liquidity headroom and to consider its compliance with the debt covenants in its financing arrangements. As a result of the impact of Covid-19 on the sector, the wider economy and the Group's share price, we determined management's consideration of the potential impact of Covid-19 on going concern to be a Key audit matter. Disclosures of the risk to the Group and Company of Covid-19 and management's conclusions on going concern and viability have been included within the relevant sections of the Annual Report.	In assessing the directors' consideration of the potential impact of Covid-19, our audit procedures on Going Concern included: – We obtained management's paper that supports the Board's assessment and conclusions with respect to the disclosures provided over going concern. – We discussed the key assumptions underlying the going concern review and challenged the rationale for those assumptions, using our knowledge of the business and the industry. – We checked the accuracy of management's model and challenged the forecasts to ensure they reflect the latest expectations of the impact of Covid-19 on the Retail and Pubs sectors. – We understood the mitigating actions being taken by management, including suspending the dividend payment. – We reviewed management's sensitivity scenarios, which include further potential mitigating actions available to management, including property asset disposals. – We performed our own sensitivity analysis on the forecasts, focusing on the Loan to Value (LTV) covenant, to identify the key assumptions and understand the potential impact on the financial covenants and liquidity headroom. – We obtained confirmation of the Group's rolling credit facility, term loan and unsecured bond and checked the Group's long-term credit rating. Other procedures that we performed in relation to the impact of Covid-19 included: – Testing the assumptions over debt recoverability under IFRS 9, as explained in the Recoverability of trade receivables, accrued income, lease incentives and service charge debtors (Group) Key audit matter. – Assessing the impact on the valuations of the Group's property portfolio, as explained in the Valuation of investment properties and public houses held as property, plant and equipment (Group) Key audit matter. – Assessing the impact on the valuation of investments in subsidiary companies, as explained in the Valuation of investments in subsidiary companies (Company) Key audit matter. – Examining the directors' post balance sheet events disclosure in note 28 to the Group financial statements.

Key audit matter	How our audit addressed the Key audit matter
	Based on the results of the procedures performed, and on the information available as of the date of the directors' approval of the financial statements, we consider the forecasts to be reasonable, that it continues to be appropriate to prepare the Group and the Company on a going concern basis and that appropriate disclosures are provided in the Annual Report.

Key audit matter

Valuation of investment properties and public houses held as property, plant and equipment (Group)

Refer to page 84 (Audit Committee report), pages 128 to 150 (Notes to the financial statements - notes 12, 16 and 1 (Accounting policies) and note 2 (Critical accounting judgements and estimates)).

The Group owns and manages a portfolio of commercial assets within the UK which includes shopping centres, retail warehouses, high street shops, pubs and a number of development properties. The total value of the portfolio, excluding right of use assets, as at 31 March 2020 was £1,157.3 million (£1,102.3 million of investment properties and £55.0 million of public houses held as property, plant and equipment) (2019: £1,281.0 million).

This was identified as a Key audit matter given the valuation of the portfolio is inherently subjective and complex due to, among other factors, the individual nature of each property, its location, and the expected future rental streams for that particular property. The wider challenges facing the retail real estate market, including the impact of Covid-19 and the relative lack of comparable transactions, as well as the Government mandated closure of Pubs due to Covid-19, further contributed to the subjectivity for the year ended 31 March 2020. The valuations were carried out by external valuers, Colliers and Knight Frank, in accordance with RICS Valuation - Professional Standards and the Group accounting policies which incorporate the requirements of International Accounting Standard 40 'Investment Property'.

Material uncertainty clause included in the valuation reports

The third-party valuers engaged by management have included material valuation uncertainty clauses in their reports. These clauses highlight 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 investment properties and public houses held as property, plant and equipment.

How our audit addressed the Key audit matter

Given the inherent subjectivity in the valuation of investment properties, the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of the valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this matter.

Material uncertainty clause included in the valuation reports

We considered the adequacy of the disclosures made in notes 2 (Critical accounting judgements and estimates) and 12 and 16 (investment properties and public houses held as property, plant and equipment) to the financial statements. These notes explain that there is significant estimation uncertainty in relation to the valuation of the Group's property portfolio, excluding right of use assets, of £1,157.3 million (£1,102.3 million of investment properties and £55.0 million of public houses held as property, plant and equipment) (2019: £1,281.0 million) at 31 March 2020. We discussed this with management and obtained sufficient appropriate audit evidence to demonstrate that management's assessment of the suitability of the inclusion of the valuation in the Consolidated Balance Sheet and disclosures made in the financial statements was appropriate.

Assessing the valuers' expertise and objectivity

We assessed the external valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work. We also considered fee arrangements between the external valuers and the Group, and other engagement which might exist between the Group and the valuers. We found no evidence to suggest that the objectivity of the external valuers in their performance of the valuations was compromised.

Data provided to the valuers

We checked the accuracy of the underlying lease data, and capital expenditure used by the external valuers in their valuation of the portfolio by tracing the data back to the signed lease agreements on a sample basis. For the pub assets we traced the EBITDA data back to the underlying accounting records. We found the data provided by management to the valuers to be appropriate for the purposes of the valuation.

Key audit matter	How our audit addressed the Key audit matter
Retail assets The shopping centres, retail warehouses and high street assets are valued at investment value, reflecting the fact that the properties are largely existing operational properties generating rental income. In determining the valuation of retail assets, the valuers take into account property specific information such as the current tenancy agreements and rental income. They then apply judgemental assumptions such as estimated rental value ('ERV') and yield, which are influenced by prevailing market yields and where appropriate comparable market transactions, to arrive at the final valuation. Due to the unique nature of each property, the judgemental assumptions to be applied are determined having regard to the individual property characteristics at a detailed tenant by tenant level, as well as considering the qualities of the property as a whole. **Development assets** Development assets which are subject to active ongoing development are valued using the residual valuation approach. Certain operational properties which have development potential are valued at investment value, adjusted to account for development potential. In determining the valuation of development property held under a residual valuation, the valuers take into account the property specific information, such as the development plans for the site. They then apply a number of judgemental assumptions including ERV and yield within the gross development value, estimated costs to complete and developers profit to arrive at the valuation. Due to the unique nature of an ongoing development, the judgemental assumptions to be applied are determined having regard to the nature and risks associated with each development. In determining the valuation of operational properties with development potential, the valuers initially follow the same methodology as described previously to arrive at an investment value. The likelihood of the development progressing, and the status of planning consents for the development are taken into account and the valuers make adjustments to the valuation to reflect development potential. In determining the value of development land, valuers primarily take into account recent comparable land transactions.	**Assumptions and estimates used by the valuers** We read the external valuation reports for the property assets and confirmed that the valuation approach for each was in accordance with RICS standards and suitable for use in determining the final value for the purpose of the financial statements. We met with the external valuers to discuss and challenge the valuation process, the key assumptions and the rationale behind the more significant valuation movements during the year. It was evident from our interaction with the external valuers and from our review of the valuation reports, that close attention had been paid to the individual characteristics of each property, such as the tenant base, overall quality, latest leasing activity and geographic location, depending on the type of asset being valued. In addition, we performed the procedures described below for each type of property. We were able to obtain sufficient evidence to support the valuation and did not identify any material issues during our work. **Retail assets** For retail assets, we obtained details of each property and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the yield and capital value movement of each property with our expected range. We also considered the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as ERV. When assumptions were outside of the expected range, we undertook further investigations and, when necessary, obtained corroborating evidence to support the explanations received. This enabled us to assess the property specific factors that had an impact on the value, including recent comparable transactions where appropriate, to conclude on the reasonableness of the assumptions utilised. **Development assets** For significant developments valued by the residual method, we obtained the development appraisal and assessed the reasonableness of the valuers' key assumptions. This including comparing the yield to comparable market benchmarks, comparing the costs to complete estimates to development plans, and considering the reasonableness of other assumptions that are not so readily comparable, such as developer profits. Where necessary, we obtained corroborating evidence to support explanations received. For operational properties with development potential we performed the same procedures as described for retail assets. Additionally, we considered the reasonableness of any additional value recognised for development potential by reviewing the stage of progress of the proposed development, including any planning consent obtained.

Key audit matter	How our audit addressed the Key audit matter
Pub assets The pub assets are valued on the fair maintainable trade ('FMT') of the pub. A multiple is then applied to this FMT. The valuers use actual EBITDA to inform their opinion of FMT. Adjustments are made between the EBITDA and FMT dependent on a number of factors, such as management changes and impact of capital expenditure. In determining the multiples to be applied, the valuers take into account comparable market transactions. In forming their assessment of fair value of the Group's property portfolio at 31 March 2020 the valuers have had consideration for the impact of Covid-19.	**Pub assets** For the pub assets, we obtained details of the asset portfolio and set an expected range for multiple and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the multiple value and capital value movement of each portfolio with our expected range. We also considered the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as the EBITDA to FMT assumptions. When assumptions were outside of the expected range, we performed further investigation and, where necessary, obtained corroborating evidence to support the explanations received. We also tested a sample of asset disposals during the year to assess the level of profit or loss recognised as a guide to the historical accuracy of valuations at the individual asset level. We discussed the impact on the approach and assumptions applied to the valuations as a result of Covid-19 and performed additional procedures to sensitise the Covid-19 assumptions adopted by the valuer and assess the impact based on our experience and knowledge of the market. **Overall findings** We found that the assumptions used in the valuations were predominantly consistent with our expectations and comparable benchmarking information for the asset type and that the assumptions were applied appropriately and reflected the comparable market transactions. Where assumptions did not fall within our expected range, we were satisfied that the variances were due to property specific factors. We concluded that the assumptions used in the valuations by the external valuers were supportable in light of available comparable market evidence.

Key audit matter	How our audit addressed the Key audit matter
Valuation of investments in subsidiary companies (Company) Refer pages 162 to 166 (Notes to the financial statements – note A (Accounting policies) and note B (Investment in subsidiaries)).	We obtained the Company's assessment of the valuation of investments held in subsidiary companies as at 31 March 2020. – We assessed the accounting policy for investments in subsidiaries and verified that the methodology used by the directors in arriving at the value of each subsidiary was compliant with FRS 101 "Reduced Disclosure Framework". – We identified the key judgement within the valuation of investments in subsidiary companies to be the valuation of investment properties and public houses held as property, plant and equipment. For details on this, refer to the previous Key audit matter.

Key audit matter	How our audit addressed the Key audit matter
The Company has investments in subsidiary companies of £616.9 million as at 31 March 2020 (2019: £664.9 million). The Company's accounting policy is to hold its investments in subsidiary companies at cost less any provision for impairment. As a result of material reductions in the valuations of investment properties and public houses held as property, plant and equipment, management determined that there were indicators of impairment in the Company carrying values of investments in subsidiary companies and an impairment of £48.0 million was recorded as at 31 March 2020. Given the material size of this investment impairment and the level of judgement involved, we considered this to be a Key audit matter.	– We verified that the carrying values of investment properties and public houses held as property, plant and equipment had been appropriately included in the assessment of the valuation of investments in subsidiary companies. No issues were identified as a result of this work.

Key audit matter	How our audit addressed the Key audit matter
Recoverability of trade receivables, accrued income, lease incentives and service charge debtor balances (Group) Refer to pages 128 to 151 (Notes to the financial statements - notes 17 and 1 (Accounting policies) and note 2 (Critical accounting judgements and estimates)). The recoverability of trade receivables, accrued income, lease incentives and service charge debtors was considered a Key audit matter in light of the impact of Covid-19 on the level of outstanding debtors as at 31 March 2020, the uncertainty on cash collections and the judgement required when calculating the expected credit loss (ECL). The Group has used historic and forward-looking information to estimate the probability of default on the gross value of lease and trade receivables, accrued income, lease incentives and service charge debtors, incorporating the debt collection to date, discussions with and agreements with specific tenants and management's expectations of the probability of default. At 31 March 2020 the Group has an impairment provision of £4.2 million (2019: £1.7 million). In estimating this, management has applied the ECL model in accordance with the Group's accounting policy and IFRS 9 Financial Instruments.	We obtained management's assessment and calculations over the IFRS 9 expected credit loss (ECL) which covered trade receivables, accrued income, lease incentives and service charge debtor balances. – We held discussions with management to understand their approach for calculating the ECL. – We tested the calculations and assumptions used within the ECL calculations and obtained supporting evidence to validate the risk profiling of the balances and the expected probability of default based on management's communications with the tenants and the recoverability of the debtors to date. – We performed subsequent receipts testing to support the recoverability of the balances. – We performed our own market analysis and used this to challenge management's assumptions over the probability of default. We found the ECL calculated by management to be a reasonable estimate, and no issues were identified by our testing.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Group financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's operations and properties are spread across two segments, Retail and Pubs, comprising of its subsidiary statutory entities with the Group financial statements being a consolidation of these entities, the Company and the Group's joint ventures and associate. We identified two significant components, being the legacy Hawthorn business that is included in the Pubs segment and the NewRiver REIT plc Company, and these components were subject to a full scope audit. Other components were subject to an audit of certain account balances, based on our assessment of risk and materiality of the Group's operations at each component. This covered 100% of the Group's property portfolio.

This work, all of which was carried out by the Group engagement team, together with additional procedures performed on the consolidation, gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£13.7 million (2019: £13.4 million).	£13.0 million (2019: £13.2 million).
How we determined it	1% of total assets.	1% of total assets (capped at 95% of Group overall materiality).
Rationale for benchmark applied	We determined that total assets would be the most appropriate basis for determining the overall materiality given that key users of the Group's financial statements are primarily focused on the valuation of the Group's assets, principally the investment property and pubs portfolio.	The Company is primarily a holding company for investments in subsidiaries of the Group and has limited trading.
Specific materiality	£2.3 million (2019: £2.6 million)	£0.4 million
How we determined it	5% of EPRA earnings.	5% of EPRA earnings.
Rationale for benchmark applied	We determined that EPRA earnings would be the most appropriate basis for determining the specific materiality, given that EPRA earnings is a focus of the key users of the Group's financial statements. This is applied to all balances excluding investment properties and public houses included in property, plant and equipment and their related fair value movements.	We determined that a lower level of materiality based on EPRA earnings was appropriate for the audit of any balances excluding investments in subsidiaries and intercompany balances.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £13.0 million overall materiality and £0.15 million to £1.7 million specific materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.69 million (Group audit) (2019: £0.27 million) and £0.65 million (Company audit) (2019: £0.27 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

In addition, we agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.12 million (Group audit) for misstatements related to all balances excluding investment properties and public houses included in property, plant and equipment, and their related fair value movements, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 *(CA06)*, ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 65 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on pages 65 to 66 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (*Listing Rules*)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 112, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 82 to 85 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 112, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors’ Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 4 July 2019 to audit the financial statements for the year ended 31 March 2020 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Operating and financing 2020 £m	Fair value adjustments 2020 £m	Total 2020 £m	Operating and financing (restated)* 2019 £m	Fair value adjustments 2019 £m	Total (restated)* 2019 £m
Revenue	4	144.8	–	144.8	140.2	–	140.2
Property operating expenses**	5	(55.0)	–	(55.0)	(51.2)	–	(51.2)
Net property income		89.8	–	89.8	89.0	–	89.0
Administrative expenses	6	(20.5)	–	(20.5)	(19.4)	–	(19.4)
Acquisition and integration costs	6	(0.4)	–	(0.4)	(3.3)	–	(3.3)
		(20.9)	–	(20.9)	(22.7)	–	(22.7)
Share of income/(loss) from joint ventures	13	2.0	(3.9)	(1.9)	0.8	(1.3)	(0.5)
Share of income/(loss) from associates	14	0.1	(0.4)	(0.3)	–	–	–
Net valuation movement	12/16	–	(162.6)	(162.6)	–	(88.2)	(88.2)
(Loss)/profit on disposal of investment properties	7	(1.5)	–	(1.5)	0.9	–	0.9
Operating profit/(loss)		69.5	(166.9)	(97.4)	68.0	(89.5)	(21.5)
Gain on bargain purchase		–	–	–	–	7.0	7.0
Finance income	8	0.1	–	0.1	–	–	–
Finance costs	8	(24.3)	–	(24.3)	(21.9)	–	(21.9)
Profit/(loss) for the year before taxation		45.3	(166.9)	(121.6)	46.1	(82.5)	(36.4)
Taxation	9	1.0	(0.5)	0.5	(0.5)	–	(0.5)
Profit/(loss) for the year after taxation		46.3	(167.4)	(121.1)	45.6	(82.5)	(36.9)
Loss for the year after taxation				(121.1)			(36.9)
Other comprehensive income							
Revaluation of property, plant and equipment				(1.0)			1.2
Total comprehensive loss for the year				(122.1)			(35.7)
(Loss)/earnings per share							
Basic (pence)	10			(39.6)			(12.1)
Diluted (pence)	10			(39.6)			(12.1)

All activities derive from continuing operations of the Group.

* The comparative figures for the year ended 31 March 2020 have been restated. Refer to Note 1 for further information on the restatement.
** Included in property operating expenses is a £2.5 million (2019: £0.3 million) of expected credit loss relating to tenant debtors.

The notes on pages 128 to 159 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2020

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

The notes on pages 128 to 159 form an integral part of these financial statements.

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

The financial statements on pages 124 to 127 were approved by the Board of Directors on 18 June 2020 and were signed on its behalf by:

Allan Lockhart
Chief Executive

Mark Davies
Chief Financial Officer

NewRiver REIT plc
Registered number: 10221027

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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

The notes on pages 128 to 159 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

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

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

The notes on pages 128 to 159 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General information

NewRiver REIT plc (the 'Company') and its subsidiaries (together the 'Group') is a property investment group specialising in commercial real estate in the UK. The Company is registered and domiciled in the UK and its' registered office of the Company is 16 New Burlington Place, London, W1S 2HX.

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

Summary of significant accounting policies

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

Basis of preparation

In light of the significant impact of Covid-19 on the UK economy, and the retail and leisure sectors in which the Group and Company operates, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Group's and Company's financial statements for the year ended 31 March 2020. The Group's and Company's going concern assessment considers the Group's and Company's principal risks, identified on pages 60 to 64 of this document, and is dependent on a number of factors, including cashflow & liquidity, continued access to borrowing facilities and the ability to continue to operate the Group's and Company's unsecured debt structure within its financial covenants. The Group's and Company's balance sheet is unsecured, which means that none of its debt is secured against any of its property assets, this type of financing affords significant operational flexibility, and consists of £380 million of unsecured bank facilities and a £300 million unsecured corporate bond with the earliest expiry date being August 2023. The debt has a number of financial covenants that the Group is required to comply with including an LTV covenant of less than 60%, and a 12 month historical interest cover ratio of more than 1.75x, and both sources of unsecured financing have cure provisions in the event of a breach.

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

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

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

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

Statement of compliance

The Group has restated its prior year comparatives to reflect management's conclusion that they are principal in the provision of service charge rather than agent. Management deem themselves as principal in the transaction as they control the provision of service charge before it is transferred on to the customer. The effect of this on the Consolidated Statement of Comprehensive Income is an increase in revenue and property operating expenses of £16.6 million and an increase in trade and other receivables and trade and other payables of £15.4 million. Included in the trade and other receivables balance is a restricted monetary asset of £9.3 million which relates to cash balances which legally belong to the Group but which the Group cannot readily access. They do not meet the definition of cash and cash equivalents and consequently are presented separately from cash in the balance sheet. The net effect of this amendment on the profit / (loss) after tax, basic EPS, diluted EPS and net assets is £nil.

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

Cash flow statement

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

Preparation of the consolidated financial statements

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

The consolidated financial statements account for interest in joint ventures using the equity method of accounting per IFRS 11. The financial statements for the year ended 31 March 2020 have been prepared on the historical cost basis, except for the revaluation of investment properties, the revaluation of property, plant and equipment and derivatives which are held at fair value through profit and loss. The financial statements have also been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC), and therefore comply with article 4 of the EU IAS regulation, and in accordance with the Companies Act 2006. In the current financial year the Group has adopted a number of minor amendments to standards effective in the year issued by the IASB and endorsed by the EU, none of which have had a material impact on the Group. The accounting policies used are otherwise consistent with those contained in the Group's previous Annual Report and Accounts for the year ended 31 March 2019.

Changes in accounting policy and disclosures

IFRS 16 Leases

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

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

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

The Group holds two types of leases.

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

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

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

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

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

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

1. Accounting policies continued

Impact on earnings per share from the adoption of IFRS 16:

The impact of applying IFRS 16 for the year to 31 March 2020 is set out below:

	31 March 2020 Pre IFRS 16 £m	IFRS 16 Adjustment £m	31 March 2020 Post IFRS 16 £m
Property operating expenses	**58.1**	(3.1)	**55.0**
Administrative expenses	**21.0**	(0.1)	**20.9**
Finance costs	**21.4**	2.9	**24.3**

As shown above, for the year ended 31 March 2020, property operating expenses of £3.1 million which would have been recognised under IAS 17 have been replaced with an increase in finance costs of £2.9 million and a decrease in administrative expenses due to depreciation of the right of use asset of £0.1 million, under IFRS 16. The expense relating to low value assets which have not been recognised under IFRS 16 was £0.1 million and the expense relating to variable lease payments not included in the measurement of lease liabilities was £nil million. The total cash outflow in relation to lease commitments for the year was £3.4 million.

Lease liability maturity table

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

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

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

New accounting polices

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

Leases

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

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

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

Each lease payment is allocated between the liability and finance cost. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined or if not, the incremental borrowing rate is used at 3.2% The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period.

The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment. ROU assets are included in the heading Property, plant and equipment, and the lease liability included in the headings current and non- current Trade and other payables on the balance sheet.

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

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

Revenue recognition

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

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

Service charge income

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

Turnover related rent

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

Managed pub income

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

Rental income

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

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

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

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

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

1. Accounting policies continued

Asset management fees

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

Promote payments

The Group is contractually entitled to receive a promote payment should the returns from a joint venture to the joint venture partner exceed a certain internal rate of return. This payment is only receivable by the Group on disposal of underlying properties held by the joint venture or other termination events. Any entitlements under these arrangements are only accrued for in the financial statements once the Group believes the above performance conditions have been met and it is highly probable that the associated revenue will not reverse.

Other standards

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

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

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

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

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

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

Other accounting policies:

Investment properties

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

Business combinations

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

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

Joint ventures

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

Property, plant and equipment

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

Public houses are initially measured at cost and subsequently measured at valuation, net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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

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

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

Lease commitments

Prior to adoption of IFRS 16 the group use to account for leases as follows:

As lessor

The cost of securing an operating lease are capitalised within the carrying amount of the related investment property and amortised over the lease term. Revenue from operating leases is recognised as per the revenue recognition policy.

As lessee

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

Cash and cash equivalents

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

Financial instruments

Financial assets

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

1. Accounting policies continued

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

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

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

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

Financial liabilities

Financial liabilities are classified at fair value through profit or loss or as other liabilities. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

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

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

Share capital

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

Taxation

Income tax

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

Deferred tax

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

Value added tax

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

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Share-based payments

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

Employee Benefit Trust

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

Dividends

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

Finance income and costs

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

Service charge income and expense

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

Other standards

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

2. Critical accounting judgements and estimates

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

Significant judgements

Leased and tied pub classification as investment property

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

Principal vs agent

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

Business Combinations

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

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

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

2. Critical accounting judgements and estimates continued

REIT Status

NewRiver is a Real Estate Investment Trust (REIT) and does not pay tax on its property income or gains on property sales, provided that at least 90% of the Group's property income is distributed as a dividend to shareholders, which becomes taxable in their hands. In addition, the Group has to meet certain conditions such as ensuring the property rental business represents more than 75% of total profits and assets. Any potential or proposed changes to the REIT legislation are monitored and discussed with HMRC. It is managements judgement that the Group has met the REIT conditions in FY20.

Sources of estimation uncertainty

Investment property

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

Rents, ERVs, EBITDA multiples and maintainable earnings have a direct relationship to valuation, while yield has an inverse relationship. Estimated costs of a development project will inversely affect the valuation of development properties. There are interrelationships between all these unobservable inputs as they are determined by market conditions. The existence of an increase in more than one unobservable input could be to magnify the impact on the valuation, see note 12 for sensitivity analysis.

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

Impairment of trade receivables

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

3. Segmental reporting

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

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

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

3. Segmental reporting continued

Segment assets	2020 Retail £m	2020 Pubs £m	2020 Unallocated £m	2020 Total £m	2019 Retail £m	2019 Pubs £m	2019 Unallocated £m	2019 Total £m
Non-current assets								
Investment properties	**961.2**	**224.4**	**–**	**1,185.6**	987.0	267.1	–	1,254.1
Investments in joint ventures	**22.1**	**–**	**–**	**22.1**	7.6	–	–	7.6
Investment in associates	**0.9**	**–**	**–**	**0.9**				
Public houses	**–**	**55.0**	**–**	**55.0**	–	26.9	–	26.9
Property, plant and equipment	**–**	**–**	**1.2**	**1.2**	–	0.4	0.8	1.2
Other non-current assets	**–**	**–**	**4.1**	**4.1**	–	–	0.7	0.7
Total non-current assets				**1,268.9**				1,290.5
Current assets								
Trade and other receivables	**23.5**	**3.2**	**–**	**26.7**	28.2	6.4	–	34.6
Current taxation asset	**–**	**–**	**0.7**	**0.7**				
Cash and cash equivalents	**–**	**–**	**80.8**	**80.8**	–	–	27.1	27.1
Total current assets				**108.2**				61.7
Segment assets	**1,007.7**	**282.6**	**86.8**	**1,377.1**	1,022.8	300.8	28.6	1,352.2

4. Revenue

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

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

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

5. Property operating expenses

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

6. Administrative expenses

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

Net administrative expenses ratio is calculated as follows

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

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

Average monthly number of staff

	2020	2019
Directors	**7**	7
Operations and asset managers	**44**	34
Pubs	**52**	53
Support functions	**79**	55
	182	149

6. Administrative expenses continued

Auditors' remuneration

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

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

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

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

8. Finance income and finance costs

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

9. Taxation

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

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

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

Real Estate Investment Trust regime (REIT regime)

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

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

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

Deferred tax

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

The following corporation tax rates have been substantively enacted: 19% effective from 1 April 2017. The deferred tax assets and liabilities have been calculated at the tax rate effective in the period that the tax is expected to crystallise. The Group has recognised a deferred tax liability calculated at 19% (2019: 17%). As at 31 March 2020, the Group has unrecognised tax losses of £22.5 million (March 2019: £9.0 million). The losses have not been recognised as an asset due to uncertainty over the availability of taxable income to utilise the losses. The losses do not expire but are reliant on continuity of ownership and source of trade.

10. Performance measures

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

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

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

10. Performance measures continued

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

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

Number of shares

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

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

EPRA NAV per share and Basic NAV per share:

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

11. Dividends

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

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

12. Investment properties

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

12. Investment properties continued

The Group's investment properties have been valued at fair value on 31 March 2020 by independent valuers, Colliers International Valuation UK LLP and Knight Frank LLP, on the basis of fair value in accordance with the Current Practice Statements contained in The Royal Institution of Chartered Surveyors Valuation – Professional Standards, (the 'Red Book'). The valuations are performed by appropriately qualified valuers who have relevant and recent experience in the sector. The pub valuations are each subject to a special assumption that similar commercial supply contracts would be available to a buyer of the Portfolio, or that the buyer would have agreements in place with brewers and suppliers which were at least as good as the Group. The valuer considers this assumption to be standard practice in the pub industry and to be consistent with the Red Books definition of adopting the highest and best use.

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

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

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

The fair value at 2020 represents the highest and best use.

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

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

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

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

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

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

The inputs to the valuation include:

- Rental value – total rental value per annum
- Equivalent yield – the net weighted average income return a property will produce based upon the timing of the income received.
- EBITDA multiples and maintainable earnings from each pub
- Estimated development costs

There were no changes to valuation techniques during the year.

The impact of Covid-19 on the retail valuation has been the impact on yields and the capital deduction based on rental income expectations. Within the pub business, the valuations have made allowances for a delinquency period. Valuation reports are based on both information provided by the Group, e.g. current rents and lease terms which is derived from the Company's financial and property management systems and is subject to the Group's overall control environment, and assumptions applied by the valuers, e.g. ERVs and yields. These assumptions are based on market observation and the valuers' professional judgement.

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

Sensitivities of measurement of significant inputs

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

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

As a result, the sensitivity analysis below illustrates the impact of changes in key unobservable inputs on the fair value of the Group's properties.

12. Investment properties continued

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

Asset Type Retail asset valuation	£m	Impact on valuations of a 10% change in ERV £m Increase 10%	 £m Decrease 10%	Impact on valuations of 1.0% change in yield £m Increase 1.0%	 £m Decrease 1.0%
Shopping centres	614.7	54.1	(51.3)	(70.3)	91.5
Retail warehouses	189.0	9.6	(17.1)	(21.1)	28.0
High street	12.1	0.7	(0.7)	(0.7)	0.8
Development	62.0	3.7	(3.6)	(3.6)	4.6
	877.8	68.1	(72.7)	(95.7)	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 £m Increase 10%	 £m Decrease 10%	Impact on valuations of a 1.0x change in multiplier £m Increase 1.0x	 £m Decrease 1.0x
Pub asset valuation	279.5	28.0	(25.4)	35.9	(35.9)

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

Asset Type Retail asset valuation	£m	Impact on valuations of a 5% change in ERV £m Increase 5%	 £m Decrease 5%	Impact on valuations of 50 bps change in yield £m Increase 0.5%	 £m Decrease 0.5%
Shopping centres	734.7	40.4	(37.1)	(53.5)	70.2
Retail warehouses	164.8	13.6	(12.4)	(19.1)	25.7
High street	16.7	1.5	(1.3)	(1.8)	2.3
Development	71.1	4.4	(4.4)	(3.6)	4.8
	987.3	59.9	(55.2)	(78.0)	103.0

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

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

Reconciliation to net valuation movement in income statement

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

13. Investments in joint ventures

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

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

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

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

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

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

Statement of comprehensive income

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

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

14. Investments in associates

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

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

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

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

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

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

Statement of comprehensive income

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

15. Business combinations

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

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

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

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

16. Property plant and equipment

	Office equipment £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	0.4	–	9.8	10.2
Business combinations	–	–	18.7	18.7
Revaluation:				–
Recognised in the statement of comprehensive income	–	–	(1.0)	(1.0)
Recognised in the income statement	–	–	(4.0)	(4.0)
Net transfers from investment property	–	–	5.4	5.4
At 31 March 2020	**1.8**	**0.6**	**56.6**	**59.0**
Accumulated depreciation				
At 1 April 2019	0.3	0.5	0.8	1.6
Charge for the year	0.4	–	0.8	1.2
Disposals	–	–	–	–
At 31 March 2020	**0.7**	**0.5**	**1.6**	**2.8**
Net book value at 31 March 2020	**1.1**	**0.1**	**55.0**	**56.2**
Net book value at 31 March 2019	1.1	0.1	26.9	28.1

16. Property plant and equipment continued

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

The Group's public houses have been valued at fair value on 31 March 2020 by independent valuers, Colliers International Valuation UK LLP, on the basis of fair value in accordance with the Current Practice Statements contained in The Royal Institution of Chartered Surveyors Valuation – Professional Standards, (the 'Red Book'). The valuations are performed by appropriately qualified valuers who have relevant and recent experience in the sector. Please see note 12 for further information on the valuation of the Group's properties.

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

17. Trade and other receivables

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

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

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

The Group monitors rent collection in order to anticipate and minimise the impact of default by tenants, which may be impacted by covid-19. All outstanding rent receivables are regularly monitored. In order to measure the expected credit losses, trade receivables from tenants have been grouped on a basis on shared credit risk characteristics and an assumption around the tenants ability to pay their receivable, based on conversations held and our knowledge of their credit history. The expected loss rates are based on historical payment profiles of tenant debtors and corresponding historical credit losses. These historical loss rates are then adjusted to reflect the current pandemic and likelihood that tenants will pay.

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

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

18. Derivative financial instruments

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

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

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

19. Cash and cash equivalents

There are no restrictions on cash in place.

20. Trade and other payables

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

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

21. Borrowings

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

2020

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

In the year the Group drew down £125m of the revolving credit facility.

22. Lease commitment arrangements

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

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

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

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

23. Share capital and reserves

Share capital

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

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

Warrants

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

Merger reserve

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

Retained earnings

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

Shares held in Employee Benefit Trust (EBT)

As part of the scheme of arrangement and group reorganisation, the Company established an EBT which is registered in Jersey. The EBT, at its discretion, may transfer shares held by it to directors and employees of the Company and its subsidiaries. The maximum number of ordinary shares that may be held by the EBT may not exceed 10% of the Company's issued share capital. It is intended that the EBT will not hold more ordinary shares than are required in order to satisfy share options granted under employee share incentive plans.

There are currently 2,776,725 ordinary shares held by the EBT.

24. Share-based payments

The Group has three share schemes for employees:

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

Share option scheme

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

Year issued	Average exercise price	Outstanding at start of year	Granted	Number Exercised	Lapsed	Outstanding at end of year	Number exercisable	Average remaining life (years)
2010	2.54	192,686	–	–	(192,686)	–	–	–
2012	2.35	338,000	–	–	–	338,000	338,000	1.5
		530,686	–	–	(192,686)	338,000	338,000	

Performance Share Scheme

Zero priced share options have been issued to senior management and executive directors under the Performance Share Scheme since 2013. The options vest to the extent that performance conditions are met over a three or four-year period. At the end of the period there may be a further vesting condition that the employee or director remains an employee of the Group. Further details on the scheme and the performance conditions is provided in the Remuneration Report. The credit for the year recognised in the statement of comprehensive income was £0.8 million (2019: £1.6 million charge).

Year issued	Average exercise price	Outstanding at start of year	Granted	Number Exercised	Lapsed	Outstanding at end of year	Number exercisable	Average remaining life (years)
2016	–	494,398	27,552	–	(521,950)	–	–	5.5
2017	–	1,263,442	44,488	–	(1,029,424)	278,506	–	6.5
2018	–	919,557	106,201	–	(63,263)	962,495	–	7.2
2019	–	1,537,006	176,392	–	(125,338)	1,588,060	–	8.3
2020	–	–	2,250,775	–	(182,562)	2,068,213	–	9.2
		4,214,403	2,605,408	–	(1,922,537)	4,897,274	–	

Deferred Bonus Scheme

Zero priced share options have been issued to senior management and executive directors under the Deferred Bonus Scheme since 2016. The options vest based on the employee or director remaining in the employment of the Group for a defined period (usually two years). The charge for the year recognised in the statement of comprehensive income for this scheme was £0.8 million (March 2019: £1.2 million).

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

Fair value

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

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

* based on quoted property sector average.

25. Financial instruments and risk management

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

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

Financial instruments

	Valuation level	2020 £m	2019 (restated) £m
Financial assets			
Fair value through profit or loss			
Interest rate swaps	2	–	0.7
Financial assets at amortised cost			
Trade and other receivables		**20.2**	23.8
Cash and cash deposits		**80.8**	27.1
		101.0	51.6
Financial liabilities			
Fair value through profit or loss			
Interest rate swaps	2	**(2.7)**	(0. 1)
At amortised cost			
Borrowings		**(628.6)**	(502.7)
Lease liabilities		**(86.3)**	–
Payables and accruals		**(24.8)**	(26.6)
		(742.4)	(529.4)
		(641.4)	(477.8)

25. Financial instruments and risk management continued

Market risk

Currency risk

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

Interest rate risk

The Group's interest rate risk arises from borrowings issued at floating interest rates (see note 21). The Group's interest rate risk is reviewed quarterly by the Board. The Group manages its exposure to interest rate risk on borrowings through the use of interest rate derivatives (see note 18). Interest rate caps and interest rate swaps are used to both mitigate the risk of an increase in interest rates but also to allow the Group to benefit from a fall in interest rates. The Group has employed an external adviser when contracting hedging to advise on the structure of the hedging.

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

Credit risk

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

The Group manages its credit risk through policies to ensure that rental contracts are made with tenants meeting appropriate balance sheet covenants, supplemented by rental deposits or bank guarantees from international banks. The Group may suffer a period a void period where no rents are received. The quality of the tenant is assessed based on an extensive tenant covenant review scorecard prior to acquisition of the property. The assessment of the tenant credit worthiness is also monitored on an ongoing basis. Credit risk is assisted by the vast majority of occupational leases requiring that tenants pay rentals in advance. The Group monitors rent collection in order to anticipate and minimise the impact of default by tenants, which may be impacted by covid-19. All outstanding rent receivables are regularly monitored. In order to measure the expected credit losses, trade receivables from tenants have been grouped on a basis on shared credit risk characteristics and an assumption around the tenants ability to pay their receivable, based on conversations held and our knowledge of their credit history. The expected loss rates are based on historical payment profiles of tenant debtors and corresponding historical credit losses. These historical loss rates are then adjusted to reflect the current pandemic and likelihood that tenants will pay.

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

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

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

Liquidity risk

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

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

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

25. Financial instruments and risk management continued

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any external capital requirements. As detailed in note 9, the Group is a REIT and to qualify as a REIT the Group must distribute 90% of its taxable income from its property business.

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

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

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

Reconciliation of financial liabilities

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

26. Contingencies and commitments

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

27. Related party transactions

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

During the year the Company paid £1.4 million in professional legal fees to CMS Cameron McKenna Nabarro Olswang LLP for property services at commercial market rates. Allan Lockhart, CEO of NewRiver, has a personal relationship with the one of the Partners at CMS who along with other Partners provides these legal services.

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

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

There were no amounts outstanding at each year end.

Key management personnel

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

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

The above is a complete list of the company's related parties. All transfer of resources, services or obligations between the company and these parties have been disclosed, regardless of whether a price is charged. We are unaware of any other related parties, or transactions between disclosed related parties.

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

All members of key management have been identified, as defined by IAS 24, and their remuneration is included in the disclosures of key management compensation.

28. Post balance sheet events

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

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

COMPANY BALANCE SHEET

AS AT 31 MARCH 2020

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

The notes on pages 162 to 166 form an integral part of the Company financial statements. The Company has applied the exemption in s408 of the Companies Act for omitting the income statement of the parent company. The loss for the period after taxation was £56.2 million.

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

Allan Lockhart
Chief Executive

Mark Davies
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

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

The notes on pages 162 to 166 form an integral part of these financial statements. There was no other income in the year therefore the profit after taxation is the Company's total comprehensive income for the period.

Retained earnings reflects the Company's distributable reserves.

NOTES TO THE FINANCIAL STATEMENTS

A. Accounting policies

Basis of accounting

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

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

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

Critical estimates

Impairment of intercompany loans

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

Disclosure exemptions

The Company has taken advantage of all disclosure exemptions allowed by FRS 101. These financial statements do not include:

- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- certain disclosures in respect of financial instruments;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with wholly-owned members of the Group.

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

Dividends

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

Investment in subsidiaries

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

Financial instruments

Financial assets

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

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

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

If in a subsequent period the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised costs at the reversal date.

Financial liabilities

Financial liabilities are classified as other liabilities. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

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

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

Share-based payments

The cost of equity settled transactions is measured with reference to the fair value at the date at which they were granted. Where vesting performance conditions are non-market based, the fair value excludes the effect of these vesting conditions and an estimate is made at each balance sheet date of the number of instruments expected to vest. The fair value is recognised over the vesting period in the statement of comprehensive income of the company that employs the recipient of the share-based payment, with a corresponding increase in equity. The Company increases the carrying value of the subsidiary by the value of the share-based payment.

Share capital

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

Dividends

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

Merger reserve

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

B. Investment in subsidiaries

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

Name	Country of incorporation	Activity	Proportion of ownership interest	Class of share
C-store REIT Limited	UK	Dormant company	100%	Ordinary Shares
Convenience Store REIT Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Capital Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Burgess Hill) Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Community Pubs Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver (Darnall) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Finance Company Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver REIT (UK) Limited	UK	Asset management	100%	Ordinary Shares
NewRiver Leisure Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Public Houses Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Bexleyheath) Holdings Limited	UK	Group holding company	100%	Ordinary Shares
NewRiver Retail (Bexleyheath) Limited	Jersey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Boscombe No. 1) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Broadway Square) Limited	Jersey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Cardiff) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Carmarthen) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Colchester) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Darlington) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Grays S.a.r.l	Luxembourg	Real estate investments	100%	Ordinary Shares
NewRiver (Grays) UK Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail (GP3) Limited	UK	General partner	100%	Ordinary Shares
NewRiver Retail (Leylands Road) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Mantle) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Market Deeping No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Morecambe) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Newcastle No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Nominee No.3) Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail (Paisley) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Penge) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 2) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 3) Limited	UK	Holding company	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 3) Limited Partnership	UK	Real estate investments	100%	Partnership
NewRiver Retail (Portfolio No. 5) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 6) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 4) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 8) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 10) Limited	UK	Group holding company	100%	Ordinary Shares
NewRiver Retail (Ramsay Development) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Ramsay Investment) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Skegness Developments) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Skegness) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wakefield) Limited	UK	Real estate investments	100%	Ordinary Shares

Name	Country of incorporation	Activity	Proportion of ownership interest	Class of share
NewRiver Retail (Warminster) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wisbech) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Witham No. 1) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wrexham) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Academy Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail Holdings Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 1 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 2 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 3 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 4 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 5 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 6 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 7 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Property Unit Trust	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 2	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 3	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 4	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 5	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 6	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 7	Jersey	Real estate investments	100%	Ordinary units
Pub REIT Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail (Hamilton) Limited	UK	Dormant company	100%	Ordinary Shares
Bravo Inns Limited	UK[1]	Real estate investments	100%	Ordinary Shares
Bravo Inns II Limited	UK[1]	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Sprucefield) Limited	UK	Real estate investments	100%	Ordinary Shares
Shopping Centre REIT Limited	UK[1]	Dormant company	100%	Ordinary Shares
Hawthorn Leisure Holdings Limited	UK[1]	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Limited	UK[1]	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Finco Limited	UK[1]	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Scotco Limited	UK[1]	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Management Limited	UK[1]	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Honey Limited	UK[1]	Real estate investments	100%	Ordinary Shares
Hawthorn Leisure Acquisitions Limited	UK[1]	Real estate investments	100%	Ordinary Shares

Registered office addresses:

- UK - 16 New Burlington Place, London W15 2HX
- UK[1] - Touchstone Pinewood Business Park, Coleshill Road, Marston Green, Birmingham, B37 7HG
- Luxembourg - Airport Centre, Luxembourg 5, Heienhaff, L1736, Senningerberg
- Jersey - IFC 5, St. Helier, Jersey JE1 1ST
- Guernsey - PO Box 286, Floor 2 Trafalgar Court, Les Banques, St Peter Port GY1 4LYX

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

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

Reconciliation of the movement in investment in subsidiaries:

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

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

C. Auditors remuneration

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

D. Average staff numbers

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

	2020	2019
Directors	**7**	7
Operations and asset managers	**44**	34
Pubs	**52**	53
Support functions	**79**	55
	182	149

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

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

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

E. Borrowings

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

F. Interest in associates

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

EPRA PERFORMANCE MEASURES

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

Introduction

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

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

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

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

EPRA Earnings per Share: 16.7p

Definition

Earnings from operational activities

Purpose

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

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

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

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

EPRA NAV per share: 201p

Definition

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

Purpose

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

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

EPRA NNNAV per share: 204p

Definition

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

Purpose

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

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

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

Definition

The basic EPRA NIY calculates the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

In respect of the 'topped-up' NIY, an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

Purpose

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

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

EPRA Vacancy rate: 5.2%

Definition

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

Purpose

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

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

EPRA Cost Ratio: 44.0%

Definition

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

Purpose

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

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

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

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

ALTERNATIVE PERFORMANCE MEASURES (APMS)

In addition to information contained in the Group financial statements, Alternative Performance Measures ('APMs'), being financial measures which are not specified under IFRS, are also used by management to assess the Group's performance. These include a number of measures contained in the 'Financial Statistics' table at the beginning of this document. These APMs include a number of European Public Real Estate Association ('EPRA') measures, prepared in accordance with the EPRA Best Practice Recommendations reporting framework. We report these because management considers them to improve the transparency and relevance of our published results as well as the comparability with other listed European real estate companies.

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

EPRA: Is the European Public Real Estate Association.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Passing rent: Is the gross rent, less any ground rent payable under head leases.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Underlying Funds From Operations (UFFO): is a measure of cash profits which includes recurring cash profits and excludes other one off or non-cash adjustments. UFFO is used by the Company as the basis for ordinary dividend policy and cover.

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

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

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

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

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

COMPANY INFORMATION

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(Non-Executive Chairman)

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(Chief Executive Officer)

Mark Davies
(Chief Financial Officer)

David Lockhart
(Executive Deputy Chairman)

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