



**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.

NewRiver has a Premium Listing on the Main Market of the London Stock Exchange (ticker: NRR).

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2021 Highlights

REVENUE (PROPORTIONALLY CONSOLIDATED)

£95.7m

FY20: £148.2m

UNDERLYING FUNDS FROM OPERATIONS

£11.5m

FY20: £52.1M

IFRS LOSS AFTER TAX

£(150.5)m

FY20: £(121.1)m

UNDERLYING FUNDS FROM OPERATIONS PER SHARE

3.8p

FY20: 17.0p

ORDINARY DIVIDEND PER SHARE

3.0p

FY20: 16.2p

PORTFOLIO VALUATION (PROPORTIONALLY CONSOLIDATED)

£1.0bn

FY20: £1.2BN

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 182, and definitions are provided in the glossary on page 183. 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 essential sub-sectors of the retail and 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 530 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.
We are 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 growth opportunities.

CHAIRMAN'S STATEMENT

BARONESS FORD OBE

Non-Executive Chairman

When I wrote to shareholders in June last year, we all hoped that we were coming through the worst of the COVID crisis; and of course at that point we were anticipating the reopening of our retail and pubs.

That optimism was somewhat short-lived as we all now know. Very few people expected the second wave of the pandemic to be more serious than the first but that is indeed what we experienced and, of course, many of our retail occupiers and all of our pubs were obliged to close again.

So it is all the more remarkable to report that NewRiver's full year performance has been highly resilient. Our strategy of providing essential retail in convenient locations has once again distinguished our portfolio. And this against the most incredible headwinds.

Our whole team has worked tirelessly over the last year. I cannot thank our staff enough for the incredible effort that they have made. But the results speak for themselves. With excellent relationships in place across our very diverse customer base, our diligent asset management team has been able to collect or rebase 93% of rents due.

Our Hawthorn colleagues have shown phenomenal commitment to the pubs they own or manage. To have maintained energy and morale during such a significant period of closure is really admirable. The highly successful reopening of the pub estate (on both occasions) has demonstrated just how incredibly well the whole team has coped.

Consequently we finish the year with significant liquidity and Underlying Funds From Operations in excess of £11.5 million. Our unsecured debt has continued to underpin the strength of our balance sheet and our healthy financial position has led the Board to conclude that now is the right time to restore the dividend, as we promised one year ago.

However, we have not just used the last year to cope: we have used the time wisely to completely review our strategy and have drilled into the likely future performance of every single one of our assets. As a consequence, we are committed to creating the most resilient retail portfolio in the UK.

To accomplish this, we have a clear plan. We will divest ourselves of our pub portfolio. As a REIT, our exposure to this sector was always going to have a natural scale and we believe that now is the best time to realise the value that has been created for shareholders. We will then use the proceeds to lower our LTV to an appropriate level. This will establish a very strong financial foundation as we continue to reshape our assets to form the most sustainable retail portfolio in the UK. We clearly understand where and what resilient retail needs to look like in the future and we will only hold and acquire assets which fit those criteria.

This has been a remarkable year for everyone and in so many different ways. I believe that the leadership and stewardship of NewRiver has been as good as it possibly could have been. The Board has worked hard and has, at every turn, had the interests of shareholders front and centre in every decision we have taken.

Finally, it is with great sadness that I pay tribute to David Lockhart, the founder of NewRiver, who stepped down from the Board last year and passed away in September. David was a towering figure in UK real estate for over four decades but, more importantly, he was an exceptional human being. He was a highly valued colleague and enjoyed widespread respect from our shareholders. Above all else, he was a wonderfully loyal friend and mentor to everyone in the Company.

BARONESS FORD OBE

Non-Executive Chairman

9 June 2021

SPECIALISTS IN CONVENIENCE & COMMUNITY

Core Shopping Centres

Located in areas with good supply and demand dynamics for retail space, resulting in sustainable income and valuations. They are characterised by high occupancy and retention rates, and affordable rents. Through asset management and small-scale development initiatives, we can enhance income and valuations further.

22%
OF PORTFOLIO
BY VALUE

£13.15
AVERAGE RENT
PER SQ FT

96.6%
OCCUPANCY

Regeneration Shopping Centres

Providing opportunities to deliver larger-scale residential-led regeneration schemes. These assets benefit from relatively low capital values and desirable town and city-centre locations. We will unlock value from these assets through capital partnerships or through selling assets with the benefit of planning permissions.

22%
OF PORTFOLIO
BY VALUE

1.9m
SQ FT OF DEVELOPMENT
POTENTIAL

Work Out Shopping Centres

Located in areas with an oversupply of retail space, leading to downward pressure on rents and valuations. They are characterised by lower occupancy and retention rates. Through asset management initiatives, we aim to reposition some of these centres to become Core Shopping Centres, while selectively disposing of others.

13%
OF PORTFOLIO
BY VALUE

£9.00
AVERAGE RENT
PER SQ FT

94.3%
OCCUPANCY

Retail parks

Conveniently located on the edge of town centres, offering an essential retail line-up. With free parking and excellent transport links, they are optimised for retailers' 'click & collect' strategies. Through asset management initiatives and small-scale development, we can enhance income and valuations further.

16%
OF PORTFOLIO
BY VALUE

£12.28
AVERAGE RENT
PER SQ FT

97.6%
OCCUPANCY

Community Pubs

Hawthorn, our community pubs company, owns 673 predominantly wet-led, leased & tenanted pubs in suburban locations across England, Scotland and Wales. Before COVID-19, these pubs were delivering strong EBITDA and valuation growth, and trading has been strong on reopening.

25%
OF PORTFOLIO
BY VALUE

80%
OPERATE UNDER LEASED
& TENANTED MODEL

98.0%
OCCUPANCY

Asset management mandates

Our platform manages a number of assets owned by third-parties or within our capital partnerships. These owners, who include Local Authorities, recognise the scale, relationships and governance credentials that NewRiver can provide.

8
ASSET MANAGEMENT
MANDATES

£1.3m
ANNUALISED ASSET
MANAGEMENT FEES

Top 10 Occupiers

Top 10 occupiers are focused on essential goods and services

	% of rent roll		% of rent roll
1. 	1.9%	6. PRIMARK	1.6%
2. 	1.9%	7. 	1.5%
3. 	1.9%	8. M&S	1.3%
4. 	1.8%	9. Iceland	1.3%
5. 	1.7%	10. 	1.2%

OUR BUSINESS AT A GLANCE

INVESTED IN EVERY REGION OF THE UK

●
33
SHOPPING
CENTRES

●
19
RETAIL PARKS

●
673
PUBS

Northern Ireland

1 1

Key developments in the year

In September 2020, sold a 90% interest in Sprucefield Retail Park to our capital partner BRAVO for net proceeds of £34.7 million. This transaction took acquisitions made by our BRAVO relationship to £143.7 million (NewRiver share: £38.5 million). NewRiver was also appointed as asset manager, in return for a management fee and will receive a promote based on financial performance.

North West England & the Midlands

2 6 270

Key developments in the year

Completed store extension and renewal for B&M at Blackburn Retail Park, increasing the Weighted Average Lease Expiry of new leasing activity in the year by seven months. Secured renewal of asset management mandate from Knowsley Council to manage Kirkby town centre.

Wales

3 2 27

Key developments in the year

Completed letting to Instant Offices, at a significant premium to ERV, at Capitol Shopping Centre in Cardiff. Completed lettings to Costa and Burger King on two new drive-thru units we developed in Waterfront Retail Park, Barry. In Barry we also completed deals with B&M and Argos on terms in line with previous passing rent.

South West England

3 2 37

Key developments in the year

Completed lettings in line with ERV with Iceland and Pets at Home at our retail park in Newport, Isle of Wight. Completed the disposal of our c-store development, including 10 residential units, at the site of the former Sea View Inn, Poole. Completed a new letting with Sports Direct in Poole Retail Park, in line with ERV.

Scotland

4 3 94

Key developments in the year

Sold units at Kingsway East Retail Park in Dundee to an occupier for £2.2 million (NewRiver share), ahead of September 2020 valuation. Leasing deals signed with Wren Kitchens in Aberdeen and GO Outdoors in Inverness, both deals at a significant premium to ERV. Next opened one of its first car park collection & return pods at our retail park in Dumfries.

North East England & Yorkshire

8 3 85

Key developments in the year

Exchanged contracts to acquire The Moor, Sheffield in a 90:10 relationship with BRAVO. The 680,000 sq ft estate is anchored by Next, Sainsbury's and Primark and has significant development potential. Sold our retail park in Beverley for £6.0 million. Land at our shopping centre in Wallsend is under offer for development of a new medical centre.

London & South East England

12 2 160

Key developments in the year

Disposed of Canvey Island Retail Park in March 2021 for £11.9 million, generating a 13% profit on cost. NewRiver completed development of the 62,000 sq ft park in November 2018 and the park was fully let upon sale to M&S, Iceland, Sports Direct, B&M and Costa. Completed a new letting with Instant Offices in Bexleyheath, sublet to the Ministry of Housing, Communities and Local Government.

DELIVERING RESILIENT RETURNS AND SUPPORTING LOCAL COMMUNITIES

Our purpose

We buy, manage and develop retail and leisure assets across the UK that provide essential goods and services supporting the development of thriving communities.

Our values

We are Brave, Trusted and Respected, Smart, Beyond Expectation and Energetic in all that we do.

Our business model

5. 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.

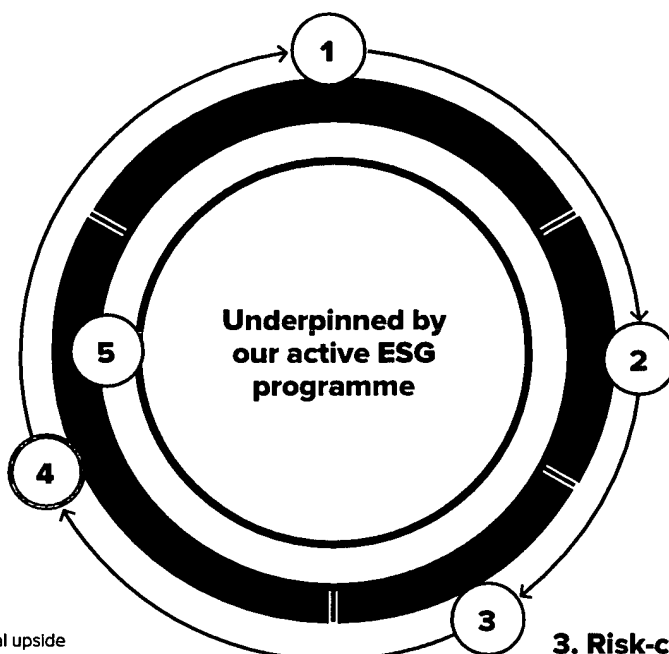
1. Disciplined stock selection

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.

2. 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.

Underpinned by our active ESG programme



4. 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.

3. 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.

Our stakeholders

SEE HOW WE ENGAGE WITH OUR
STAKEHOLDERS ON PAGE 10

Staff

The expertise and commitment of our employees drives our success.

Occupiers

We have over 800 retail occupiers and over 550 tenants in our community pub portfolio.

Local Authorities

We have established relationships with over 60 Local Authorities across the UK.

Communities

We meet the needs of UK communities, and support and champion local causes.

Lenders

Our relationship banks and bondholders provide us with the funding to execute our strategy.

Shareholders

An open and continuous dialogue with shareholders ensures we build and maintain their support.

Our strategies

FIND MORE ABOUT OUR STRATEGIES
ON PAGE 22

**DISPOSAL
PROGRAMME**

**CAPITAL
PARTNERSHIPS**

**PROTECTING
RETAIL AND
PUB REVENUES**

Our ESG objectives

FIND MORE ABOUT OUR ESG APPROACH
ON PAGE 46

**MINIMISING OUR
ENVIRONMENTAL
IMPACT**

**ENGAGING OUR
STAFF
AND OCCUPIERS**

**SUPPORTING
OUR
COMMUNITIES**

**LEADING
GOVERNANCE
AND DISCLOSURE**

OUR STAKEHOLDERS

Our stakeholders are of central importance to our strategy, business model and ongoing success. We are conscious of the range of stakeholder priorities and concerns and we strive to incorporate these into all strategic decision-making. The Board engages directly with stakeholders and regularly consults with team members across the business who have day-to-day contact with our occupiers and partners. The Board seeks to align all decisions with the Company's purpose, values and strategy and is committed to an open dialogue with our stakeholders – an essential element of effective corporate governance.

Staff

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.

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

Our culture

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

We are:

- Collaborative
- Supportive
- Focused
- Flexible
- Hardworking
- Adaptable
- Passionate
- Resilient

Our values

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

We are:

- One Team
- Brave
- Trusted
- Respected
- Smart
- Beyond Expectation
- Energetic

Engagement during the year

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-Executive Directors to meet the wider staff on both a formal 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.

We also strive to curate a working environment which positively encourages collaboration and communication across business lines. As part of this we have open-plan offices with flexible workspaces which encourage people to interact and engage with colleagues.

We carry out an extensive Employee Engagement Survey annually, which asks all employees to comment on various aspects of the Company including Leadership and Management, Company Culture, Health and Wellbeing, Personal Growth, Teams and Benefits and Recognition. Survey results are reported to the Board and Executive Committee to guide future refinement and development of our People Plans.

As a result of the COVID pandemic we amended our engagement strategies to ensure the wellbeing of our staff throughout these challenging times and, rather than undertaking our usual survey, instead focused on understanding the needs and views of all our staff at regular intervals during the year.

Impact of COVID-19 pandemic

The COVID-19 pandemic has had a significant impact on the working practices of many of our staff during the year. Having planned for this outcome in advance of UK Government guidelines mandating working from home wherever possible, the business managed a successful transition to home-working for all employees.

All employees were equipped with webcam-enabled laptops and a full suite of communications and productivity software. We provided a guidance pack on how to work safely and well from home. Employees were 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 were kept open.

Conscious of the importance of ensuring mental and physical wellbeing during prolonged periods of self-isolation and working from home, we devised an active programme of remote exercise classes and virtual social gatherings for staff and provided a fortnightly newsletter containing tips for keeping occupied and managing wellbeing at home. These measures were well received by staff, with excellent attendance rates demonstrating the close, collaborative culture of NewRiver. To further promote mental and physical wellbeing we organised a steps challenge in aid of our charity partner, the Trussell Trust. We covered 7,723 miles over three weeks by cycling, running and walking. A further steps challenge in January 2021 saw us walking and talking to 10 million steps.

In preparation for the gradual easing of lockdown we surveyed our employees to try and understand their individual circumstances and ensure that these were incorporated into our return-to-work plans and to effectively address any areas of concern. Staff have now started to return to the office on a flexible basis and in line with government guidance, and we feel well prepared to manage any requirements for future changes to working arrangements.

Recruitment

Our total head count across the Group, including our Managed Pubs division, was 169. Our gender diversity is 51%/49%: male/female across the entire business. Within our retail and pub head office locations in London and Birmingham, we employ a total of 143 staff. Our Managed Pubs division employs a further 26 staff. Details of Board and Executive Committee composition can be found in the Nomination Committee report on pages 93 and 94.

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 and Retaining our People

We are committed to maximising the skills, capability and performance of all employees. Our support ranges from funding professional qualifications including RICS and ACCA certification 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 UK government's Apprenticeships Scheme. 63% of our staff undertook professional training during the year and employees across the business spent an average of 18 hours 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. The support we provide has resulted in a high staff retention rate of 95% (excluding our Fully Managed Pubs division).

63%
OF STAFF
UNDERTOOK
PROFESSIONAL
TRAINING

95%
STAFF
RETENTION
RATE

Staff

Investing in our people

Reward and Recognition

We are committed to ensuring that we reward our employees fairly through our remuneration policies, which include bonus entitlements for all staff to reward excellent performance, and through 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 dependants 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 and Wellbeing

We are committed to creating a safe and healthy environment which improves the quality of our employees' lives. We are proud participants 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, confidential access to support where it is needed. This initiative has taken on even greater significance this year as our employees and their families faced the challenges posed by COVID-19.

Wellbeing initiatives such as exercise bootcamps, cycle-to-work schemes and fresh fruit and healthy snacks are now returning to the office environment, complementing the online initiatives we launched during COVID-19. 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. Like many companies we intend to maintain greater flexibility post COVID-19 in recognition of the new reality of the workplace and employee preferences. The success of our HR approach is seen through our low absentee rates of less than 0.5%. 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.

Fabienne joined NewRiver in 2013, working on branding and marketing. In recognition of the rising importance of sustainability, alongside Fabienne's interest and commitment, we sponsored her to undertake a Business Sustainability Management course at the University of Cambridge, which she passed with distinction in September 2020. Now working as Sustainability Manager, Fabienne supports the strategy, implementation and delivery of the Company's sustainability programme.

Communities

READ MORE ABOUT OUR COMMUNITY
ENGAGEMENT INITIATIVES ON PAGE 56

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.

Engagement during the year

During the year we adapted our customer surveys to include more questions regarding customers' perception of the health and safety and infection control measures in place in our retail assets. We also invested time in adapting our centre staff training programme in preparation for the full reopening of retail, recognising that the social distancing measures and various restrictions in place imposed new requirements on our staff and shoppers.

COVID-19 placed greater pressure on our local communities and we sought to offer practical help to support them throughout this period. Examples included transforming a unit in our shopping centre in Wisbech to a COVID-19 vaccination centre, housing community pop-ups in Burgess Hill and mobilising security teams to deliver shopping to those shielding.

During the year we continued to support the Trussell Trust, an NGO and charity working towards a hunger-free future, and we were delighted to raise £176,000. We achieved this through corporate donations, local site-led events, and the donation of salary sacrifices from our Board and executive teams to help those most in need. Despite local fundraising events not being permitted, over four tonnes of food were collected and donated to the Trussell Trust with the support of our on-site teams across our retail properties. We used our platform to encourage our local centre teams to share messages on their websites, social media channels and internal communications encouraging donations and highlighting the food donation points.

Occupiers

Our strategy relies on the continued prosperity of our occupiers, most of whom provide essential and value retail for their local communities. We remain in constant dialogue with occupiers, investing time in understanding their specific requirements, challenges and aspirations and enabling them wherever we can to grow within our portfolio. We engage closely with our occupiers to ensure our centres are clean, secure and inviting, that our rents are affordable, and that our occupational costs are low. We carefully select occupiers whose offering is consistent with our focus on essential retailing, value leisure and convenience and we deliberately avoid exposure to department stores, mid-market fashion and casual dining outlets which are most vulnerable to the rise of e-commerce.

Engagement during the year

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.

At the beginning of the crisis our asset management team devised a communication plan to understand the pandemic response plans of our retailers and to take steps to ensure our centres remained accessible and safe for customers. During the year we held meetings with over 250 different occupiers to gain a better understanding of their trading performance and business needs: meetings which were especially critical given the challenging operating environment produced by the pandemic. As a result of COVID-19 physical restrictions the majority of these meetings had to take place virtually, meaning more regular contact was often required in

order to maintain close occupier relationships and anticipate their requirements.

Our team worked with occupiers facing any short-term cash flow issues to agree revised payment terms, negotiating over 300 such agreements during the year. We have proactively engaged with many of our independent occupiers, recognising that the effects of the pandemic have been particularly detrimental to their cash flows. Through effective negotiation and co-operation we were able to achieve a rent collection rate of 93% for FY21, including deferrals and regears.

As part of our revised rental payment negotiations we have given a number of occupiers the option to be invoiced and pay rent monthly, rather than quarterly in advance, which more closely aligns our revenue collection with occupier cash flows.

Where possible we have continued to reduce service charge expenditure, conscious of occupiers' need to reduce costs. In the last four years we have reduced total service charge budgets by 12%.

In support of our occupiers and the wider retail sector we signed up to Revo's 'Shopkeepers Campaign' in February 2021, using our marketing channels to encourage our wider network to contact their MPs, asking them to promote the case for physical retail in the UK Government's Fundamental Review of Business Rates. We recognise that fundamental reforms to business rates will be a key factor in our occupiers' long-term success.

In our pub portfolio our Business Development Managers were in close contact with our pub partners throughout the year and provided help in accessing available government support. We also offered our tenants and pub operators practical support in reopening safely and efficiently once restrictions were eased.

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. This structure is highly efficient and covenant-light, affording us significant operational flexibility. We will continue to work closely with our relationship banks, bondholders and rating agencies to maintain this position.

Engagement during the year

We have engaged with our relationship banks, bondholders and rating agencies through regular meetings and presentations to ensure that they are kept up to date with business developments and performance. We have remained debt covenant compliant throughout the year. In December 2020 Fitch Ratings affirmed NewRiver's Long-Term Issuer Default Rating (IDR) at 'BBB' with Stable Outlook and our senior unsecured rating at 'BBB+.'

Local Authorities

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 (having established relationships with over 60 Local Authorities across the UK), and our third-party asset management platform allows us to bring our insight and expertise to many others.

Engagement during the year

Several of the areas where we hold retail assets have received significant funding under the Towns Fund. NewRiver is represented on a number of Towns Fund Boards including Thurrock (Grays), Bournemouth (Boscombe), Hastings and Wakefield, working in direct partnership with Local Authorities to redevelop and repurpose the area in and around our community-centred retail assets. NewRiver is also supporting

several Local Authorities in preparing bids under the Levelling Up Fund, including Mid Sussex (Burgess Hill) and Thurrock.

We are also supporting additional towns to prepare bids for funding under a range of national and local schemes, such as the Local Growth Fund and the 'Getting Building' Fund, launched by the government in recognition of the pressing need to reshape and revive town centres and high streets.

Despite a challenging year for Local Authorities and asset owners we are pleased to have secured a renewal of our third-party asset management mandates with Canterbury City Council and Knowsley Council to manage key retail assets in their town centres.

Shareholders

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.

The comprehensive calendar of engagement includes the AGM, regulatory announcements, conference calls and investor roadshows, as well as regular contact with financial analysts, financial media, investors, private client fund managers, retail investors and equity sales teams. Regular and targeted engagement ensures that our strategy, business model and investment case are well understood by shareholders and the wider market.

Engagement during the year

During FY21, we held 100 meetings with current and potential investors. In October 2020 we held a Capital Markets Day for analysts and institutional shareholders which focused on Hawthorn, our community pub business. The Capital Markets Day was also attended by the CEO, CFO and members of the Executive Committee.

For the FY21 half-year results presentation to analysts in November 2020, a live audio webcast with replay facilities was made available on our website.

The 2020 AGM was held in a closed format as a result of COVID-19 restrictions but we provided opportunities for shareholders to submit questions to the Board via email.

The pandemic has necessitated the use of online technology as a key part of our investor engagement programme. We have been impressed by how effective these web-based communications have been. We anticipate that virtual engagement will remain a feature of our Investor Relations programme in the future, allowing us to make most effective use of management time, present to investors across the globe, and reduce the need for extensive travel and associated carbon emissions.

CHIEF EXECUTIVE'S REVIEW

ALLAN LOCKHART

Chief Executive

Overview

In a financial year dominated by COVID-19 disruption, we made good progress against our strategic objectives of enhancing our cash and liquidity position, reducing net debt and thereby protecting our balance sheet. Ongoing restrictions in the second half of the year had an impact on our trading performance however our affordable offering and strong relationships with retailers meant that we achieved market-leading retail rent collection rates and secured 1.2 million sq ft of new leases and renewals during the year. Our pub performance also recovered quickly on reopening last summer and in April of this year. In spite of a challenging market we reached our FY21 disposals target of £80 million at only a modest discount to book value, further supporting our cash position and LTV. Our strategic progress has been underpinned by a robust financial and operational performance which reflects the inherent quality and liquidity of our portfolio, our clear market offering and best-in-class retail and pub platforms.

DIVIDEND PER SHARE

3.0p

FY20: 16.2P

UNDERLYING FUNDS FROM OPERATIONS

£11.5m

FY20: £52.1M

PORTFOLIO VALUATION (PROPORTIONALLY CONSOLIDATED)

£1.0bn

FY20: £1.2BN

IFRS NET ASSETS

£460.4m

FY20: £610.6M

Results and dividend resumption

Our financial performance in the year was inevitably affected by the national lockdowns and restrictions imposed in response to COVID-19. Underlying Funds From Operations ('UFFO') were £11.5 million, compared with £52.1 million in the prior year, and EPRA Net Tangible Assets per share were down 25%, driven largely by a non-cash reduction in portfolio valuation. Pressure on rents and yield expansion, exacerbated by COVID-19, has led to valuation declines across the retail real estate sector. The decline in our portfolio valuation has, however, been less pronounced than that of our peers, owing primarily to our affordable rents and structurally higher equivalent yields. Encouragingly, our valuation decline has slowed in the second half of the financial year and our retail park portfolio has returned to growth. Our total return for the year of -6.9% has outperformed the MSCI-IPD benchmark by +120 bps, driven by an income return outperformance of 180 bps. We believe that this outperformance is explained by the quality of our asset management, the affordability of our rents, our portfolio positioning, and the liquidity of our assets.

Since the start of the pandemic we have been focused on protecting our cash position and, in spite of significant disruption throughout FY21, we closed the year with an improved cash and liquidity position of £199.3 million, increased from £127.1 million at the start of the year. As a result, net debt reduced to £493.3 million from £563.6 million at the start of the year. This improvement was made possible by market-leading rent collection metrics and a successful disposal programme.

At the start of the financial year we set a target to dispose of between £80 million and £100 million of assets, with the proceeds to be used to reduce debt. We reached our target with completed disposals of £81 million during the year at a blended discount of only 6% to book values. To have achieved this in an exceptionally challenging market demonstrates the inherent liquidity in our portfolio. We have already exchanged or are under offer on a further £79 million of disposals so far in FY22.

The disposal programme has mitigated the effects of valuation declines on our LTV metric which, at 50.6% as at 31 March 2021, is higher than our guidance but still well within debt covenant thresholds. We are confident that we will significantly reduce LTV through the divestment of Hawthorn, our community pub business, and through further non-core retail disposals.

Given our resilient operational performance during the pandemic, the success of our disposal programme to date and the further net debt reduction to come from the disposal of Hawthorn, the Board has declared a dividend of 3.0 pence per share in respect of the year ended 31 March 2021. Our future dividend policy will be to pay dividends equivalent to 80% of UFFO, with any top up as required under the REIT regime rules to be confirmed at the full year results. Dividends will be declared twice annually at the Company's half and full year results, with reference to the most recently completed six-month period.

Retail operational performance

Our retail portfolio, focused on essential retailing for local communities, delivered robust operational metrics throughout the year. Our strong relationships with occupiers, awareness of their individual circumstances and affordable rents meant that our rent collection levels improved throughout the year. This was despite the UK Government's rental moratorium being in place for the full year. We closed the financial year with a blended retail cash rent collection rate of 86% across all four quarters (rising to 93% including rent either deferred or subject to regear).

During the year we completed 1.2 million sq ft of new lettings and renewals across our retail portfolio, representing £6.5 million of annualised rent. Our high volume of leasing activity has generated an increase in our occupancy rate to 95.8% (31 March 2020: 94.8%). Our rental income is well-diversified, with 1,700 leases across over 800 different occupiers. This diversification, combined with our affordable rents at an average of £11.51 per sq ft as at 31 March 2021, supports the sustainability of our income.

Hawthorn community pub business

In our Hawthorn community pub business, protecting our people, our financial position and supporting our pub partners has been our primary focus throughout the year. Over 86% of our pub partners invested in their pub during the first lockdown and, seeing the positive impact on initial reopening, we invested a further £0.9 million in improving our pubs' outside space during the second half of FY21. In total, we invested £7 million in over 200 capital projects in FY21, many of which enhanced the outside space of our pubs to ensure that they were ready to welcome as many customers as possible on reopening. The success of our approach during lockdown was recently recognised in the results of KAM Media's 'Licensee Index', the leading operator sentiment tracker for the UK licensed and tenanted pub sector. Hawthorn's overall rating in this Index – 8.5 out of 10 – was the highest of all major pub companies.

Despite lockdowns preventing our pub portfolio from operating for significant periods of the year, like-for-like volumes in our Leased & Tenanted pubs and like-for-like sales in our Operator Managed pubs recovered quickly on reopening in both July 2020 and April 2021. Pub occupancy remained high at 98.0% (31 March 2020: 97.0%).

We also made good progress on disposals, completing non-core pub sales of £9.8 million during the year, which further enhanced our cash and liquidity position and delivered on our strategic plan to exit from the fully managed segment of our portfolio.

Post the balance sheet date our insurers have confirmed that, in principle, our insurance policy should cover machine and wet rent losses incurred within our Leased and Tenanted estate for an indemnity period of three months. While the details and quantum of this claim are still to be confirmed it will, if successful, further improve our UFFO, cash and liquidity position in FY22.

Capital partnerships

Another strategic priority was to build on our BRAVO relationship to identify and pursue attractively priced acquisition opportunities.

In September 2020 we disposed of our 90% interest in Sprucefield Retail Park, Lisburn, to BRAVO for net proceeds of £34.7 million. This disposal expanded and strengthened our capital partnership with BRAVO while lowering our LTV. NewRiver retains a 10% interest in the asset, benefits from 10% of the net rental income and will also receive a management fee and 'promote' fee based on financial performance.

During the year we also exchanged contracts to acquire The Moor, Sheffield, in our capital partnership with BRAVO (completed in April 2021). The acquisition price of £41.0 million (NewRiver share: £4.1 million) reflects a significant discount to the breakup value of the individual assets acquired. It also represents an attractive net initial yield ('NIY') of 9.1% (rising to 9.8% following the completion of a number of leasing deals). Following this acquisition, the BRAVO capital partnership now has £192.8 million of assets under management (NewRiver share: £44.1 million) and we continue to review attractive acquisition opportunities to pursue within similar structures. Annualised asset management fee income is now £1.3 million.

Portfolio-wide strategic review

Alongside our FY21 objectives to execute our disposals programme, protect retail and pub revenues and strengthen capital partnerships, we also undertook a comprehensive portfolio-wide strategic review in the second half of the financial year. This strategic review, underpinned by the new portfolio segmentation we announced at half-year, involved analysing every asset in the portfolio in terms of current and projected resilience and value-creation opportunities. The review examined current and emerging trends across the retail landscape, including shoppers' changing behaviours and priorities, to determine how we can ensure that our portfolio remains as resilient in the future as it has proved to be during the pandemic.

The strategic review and its findings culminated in the Board's commitment to three key priorities for the business:

- Divest ourselves of our community pub business in order to reset our LTV and provide the firepower to reshape our portfolio
- Sell our non-core retail assets and recycle the resultant capital into resilient retail
- Transform our regeneration assets to create long-term value by jointly working with sector specialists and appropriate capital partners

Our clear strategic aim is that by 2025 assets in our portfolio will display only the characteristics of resilient retail, and we believe that these collective measures will transform our business into a more agile and resilient proposition which provides the appropriate balance of income and capital returns.

We will be hosting a Capital Markets Day to provide further details around our new retail strategy in September 2021.

ESG priorities – supporting our communities and our commitment to net zero carbon

COVID-19 has highlighted the importance of community and we are proud that our assets and operations could offer some support to local communities during a year of extreme uncertainty and hardship for many. The Initiatives we undertook in the year included security teams delivering shopping to those shielding, pubs converting into pop-up village shops to serve isolated neighbourhoods, and temporary units being used as vaccination centres to support the NHS. We continued to provide enhanced aid to our charity partner, the Trussell Trust, whose vital work supports over 1,200 food banks. One of our corporate fundraising initiatives included a steps challenge where we covered 7,723 miles over three weeks by cycling, running and walking – further than travelling to New York and back. We also focused on staff welfare, organising regular virtual events to maintain engagement and providing mental health and wellbeing workshops. Across our portfolio, we continued to engage with Local Authorities to help them secure and deploy funding to transform their town centres into vibrant places that serve their local communities.

We recognise the importance of promoting a robust ESG programme which is firmly embedded in our business model and were delighted to receive our first EPRA Sustainability Best Practice Recommendations award (Bronze) in September 2020. Another milestone in our ESG journey was reached in the year by the adoption of a net zero carbon target in-line with the UK's aim of achieving net zero carbon emissions by 2050. This year we reduced our greenhouse gas emissions by 33% compared to our baseline year of 2018. We will provide further details regarding our net zero pathway and progress later this year. Strong ESG credentials will form the basis of a sustainable business model and will also make us a more attractive long-term partner for our tenants, local authorities, capital partners and lenders. We will continue to identify potential improvements in this area which will shape our future ESG programme.

Outlook

COVID-19 has posed unprecedented challenges however our operational and financial achievements have reinforced our belief in the underlying strength of our portfolio and platform. As a result we have focused our efforts on ensuring that our portfolio remains resilient over the longer term.

The macroeconomic environment is improving; in May the Bank of England upgraded its 2021 growth outlook for the UK economy from 5% to 7.25%, driven by an anticipated sharp rise in consumer spending. Consumer confidence in the UK economy has returned to pre-pandemic levels and we are well placed to benefit from consumers' growing preference for shopping locally and supporting community assets.

In terms of the investment market, liquidity in retail parks improved during the year and investor demand for regeneration projects also increased over the second half of FY21, especially for assets located in areas with attractive underlying residential values. We are starting to see early signs of an uplift in shopping centre liquidity and we expect the investment market to improve further as we emerge from the COVID-19 crisis.

With the benefit of an improving market backdrop and the insights gained from our recent strategic review we are looking forward to the coming year with genuine optimism.

ALLAN LOCKHART
Chief Executive

9 June 2021

OUR MARKETPLACE

There are a number of long-term market trends, many accelerated by COVID-19, which present both challenges and opportunities. NewRiver's continued responsiveness to these will ensure the ongoing resilience of our portfolio.

	Rise of online retail	Technological innovation	Challenging operating environment for retailers
Drivers	Online sales rose to a record 33.9% share of all retail spending in 2020¹, mainly reflecting the impact of COVID-19 physical restrictions	The rapid expansion of data, artificial intelligence and computing is set to disrupt all sectors, but perhaps especially retail	- Retailers continue to bear significant costs including escalating business rates (excluding temporary COVID-19 relief) and increasing employment costs. Investment is also required to adapt stores, expand into digital channels and optimise supply chains in order to retain market share - Online retail growth has increased competition between retailers and price transparency amongst consumers, making them less brand-loyal
Stakeholder impact – C-19 and beyond	- Although the physical store remains a key part of retailers' omnichannel strategy, as the main last mile distribution channel and as a 'showroom', retailers must adapt quickly to the reality of e-commerce - Complementary to online retail, click & collect (C&C) is an important part of retailers' strategies which offers convenience, minimal contact, instant gratification (same-day pick-up often available) and no home-delivery charges - Online purchasers are increasingly aware of the environmental impact of home deliveries and are opting for sustainable delivery options such as C&C – 56% of 18-24-year-olds would be persuaded to shop with a competitor who offered more sustainable fulfilment²	- Customers are displaying new behaviours in response to shopping technologies and expect greater convenience, personalised experiences and contactless interactions - Retailers are remodelling space to reduce in-store selling and increase e-commerce order fulfilment footprints	- Retailer performance has diverged: operators comparatively unimpacted by e-commerce have fared relatively well, whilst department stores and mid-market fashion operators have continued to struggle - Challenged retailers have restructured through a combination of store closures, CVAs or administrations - Successful retailers are particularly focused on reducing occupational costs
NewRiver's response	- We have completed a comprehensive strategic review which analyses the likely impact of online retail on the resilience of our assets now and in the future and informs our capital allocation decisions. - Our retail portfolio is deliberately focused on essential retailers which serve the local community, and has minimal exposure to department stores, mid-market fashion and casual dining outlets which are most vulnerable to e-commerce - Retail parks are a key investment area for NewRiver as they provide many C&C-friendly characteristics such as free, surface-level parking and good access; we are developing innovative C&C solutions e.g. collection & return pods in car parks 24% of NewRiver's portfolio is expected to see higher C&C use than the UK average in the next 10 years³ - As the in-store vs. online sales dynamic evolves we will explore lease options which recognise the value generated by C&C orders and returns at specific stores, as well as the role physical store marketing plays in driving online sales	- We actively consider ways to adapt our assets to support and extract value from technological innovation - Alternative uses for our space include the provision of delivery lockers, charging and storage facilities for e-vehicles and dark kitchen installations to fulfil online food delivery orders - We are increasingly using data management and analytics to drive internal decisions and anticipate occupiers' space requirements	- We have a resilient tenant mix and our rents are affordable; we have a low Rent to Sales ratio of circa 6%* and the headroom from Affordable Rent to Sales ratio has been maintained even during COVID-19 - We work hard to deliver cost efficiencies, achieving a 12% reduction in service charge budgets over the last four years - We actively engage with the government and sector peers, especially through our work with the British Property Federation, to advocate for the business rates reform needed to support the successful future of retail

* Affordable rent to sales ratio calculated by CWM in November 2020

Sources:

1. Office for National Statistics (ONS) 2020
2. Doodle Pulse Sustainable Delivery 2020 Report
3. Understanding the New Normal for Real Estate, CACI research, 2021
4. Barclaycard UK consumer spending report, March 2020
5. COVID-19 and Working from Home Survey, University of Manchester and Strathclyde, March 2021
6. Organisation for Economic Co-operation and Development (OECD) 2020
7. Revo and Lambert Smith Hampton (LSH) survey, January 2021

Changes to the way we live, work and consume

- UK consumers are spending an increasing proportion of income on experiences over material goods⁴ as well as on their own health and wellbeing
- Localism and working from home are expected to continue post COVID-19 – a recent survey finds fewer than one in 10 wants to return to the office full time once restrictions are eased⁵
- From 2006 to 2031 the number of single-occupant households in the UK is expected to increase by 60%⁶

Growing Importance of ESG

- COVID-19 has catalysed several ongoing trends including the shift towards environmental, social and governance (ESG) considerations
- Regulated investors are under pressure to increase their proportion of sustainable assets
- More than 35 stock exchanges around the world have already issued (or are in the process of issuing) ESG reporting guidelines
- Ethical consumerism and community wellness are predicted to play a bigger role in consumers' post-pandemic behaviour

Increasing government support for town centre regeneration

- Under pressure to transform town centres, the government has launched the Towns Fund and Levelling Up Fund to accelerate capital projects in over 100 towns in the UK
- Increasing support for public-private sector collaboration in the regeneration of the UK's shopping and town centres

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 with around 82% today¹
- 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 with one in five today¹

- Rising demand for low-cost gyms and value leisure destinations closer to home, as consumers look for convenient ways to socialise and stay fit, especially in the post-lockdown period
- Suburban and residential areas will see a significantly stronger day-time economy post-pandemic
- Convenience retailing is more important to consumers as households face increasing constraints on time and storage space
- Smaller houses and more single-person households have also increased the need for spaces outside the home for recreation and socialising

- Retrofitting multi-tenanted buildings can be challenging as adapting areas of a building can affect the efficiency of existing systems, e.g. heating, cooling and ventilation
- Owners of older assets, constructed when energy efficiency was less widely embedded, face potentially significant remediation costs
- Landlords often do not have control over occupiers' energy procurement decisions – they can only aim to influence their decision

- Government support will help to improve the amenity and prosperity of local areas, reducing the retail footprint and improving the balance of demand and supply of retail space
- Local authorities increasingly need the support of commercial real estate managers and developers to reinvigorate their town centres
- A recent industry survey shows that public-private sector JVs and partnerships remain the preferred delivery and funding option for most town centre regeneration projects, identified by some 38% of all respondents⁷

- 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

- Our provision of convenient spaces with affordable rents has made us a preferred partner for low-cost gym and value leisure brands
- Our retail assets are easily accessible and typically see a high frequency of visits and low dwell time, reflecting their purpose of providing everyday convenience to consumers
- 68% of NewRiver's portfolio is not reliant on worker footfall for spend³
- As consumers move away from traditional offices, flexible or co-working arrangements present a viable solution for vacant retail space, because shopping centre workspaces offer instant access to amenities; we have recently leased space to Instant Offices in Cardiff and Bexleyheath

- We continue to invest in and explore opportunities for onsite generation of renewable energy, e.g. photovoltaic (PV) solar panels
- Scientific and technological developments are enabling us to make more accurate analysis of emissions and cost-effective implementation of carbon reduction measures
- This year we formalised our net zero commitment and are confident that our strong relationships with occupiers will enable successful cooperation in achieving net zero
- Our comprehensive ESG programme supports the development of thriving local communities

- Several of the towns where we have retail assets have received funding under the Towns Fund and we are currently working with Local Authorities to spend this money effectively in and around our shopping centres
- We are preparing bids for further towns to secure funding under a range of national and local schemes, e.g. the Future High Streets Fund, and will continue to support and help deliver town regeneration
- We maintain a regular dialogue with Local Authorities and stakeholders to ensure our assets meet the evolving needs of the communities we serve, exploring repurposing opportunities where appropriate

- NewRiver's 2.6 million sq ft development pipeline is weighted towards residential developments above or beside our assets
- The diversity of locations in our portfolio presents opportunities to deliver housing at scale in a variety of areas through potential partnerships with Housing Associations
- NewRiver has demonstrable experience in converting sites from retail to alternative uses, including securing vacant possession, community engagement and demolition
- Working with Local Authorities, we are bringing forward plans for new health hubs for a number of our assets

OUR STRATEGIES TO DELIVER GROWTH

The execution of our proven business model, underpinned by our active ESG programme, enabled us to deliver good progress against our FY21 strategic objectives and will form the basis of our ongoing success.

FY21 strategic objectives

As a result of COVID-19 disruption our main priorities in FY21 were executing a focused disposal programme, strengthening capital partnerships and protecting our retail and pub revenues. These objectives reflected the challenging operating environment created by COVID-19 and the resulting need to protect income and safeguard our balance sheet and LTV metrics while still selectively participating in attractive growth and redevelopment opportunities. We made good progress against all of our revised objectives throughout FY21.

FY22 and beyond

In FY21 we completed a thorough review of all our assets and developed a clear view of what resilient retail looks like in the future. We believe that resilient retail assets in the future will be those located in catchments with long-term growth potential and the right balance between the supply of physical retail space and demand for that space; they will have an offering that meets the everyday needs of customers while playing a distinct role within their communities. We will reshape our portfolio to ensure that over the longer term we only own retail assets that display these key characteristics.

DISPOSAL PROGRAMME

We set a target to dispose of between £80 million and £100 million of assets in FY21, while maintaining pricing discipline, with the proceeds to be used to reduce debt.

Progress in FY21

- We reached our target and completed disposals of £81 million during the year at a modest discount to book value in spite of ongoing national lockdown restrictions throughout the financial year
- So far in FY22 we are currently exchanged or under offer on £79 million of further disposals
- We have reached our disposals target in a challenging investment market, demonstrating the inherent liquidity in our portfolio
- We have capitalised on improved liquidity in retail parks, driven by investor demand
- Investor demand for regeneration projects has also improved over the second half of FY21, especially for assets located in areas with attractive underlying residential values, and we are also starting to see early signs of an improvement in shopping centre liquidity. We expect the investment market to improve further as we emerge from the COVID-19 crisis

KPIs

- Total Accounting Return
- Loan to Value
- GRESB Score

CAPITAL PARTNERSHIPS

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 aimed to build on our relationship with our joint venture partner, BRAVO, to identify and pursue attractively priced acquisition opportunities. We sought to make the majority of new acquisitions in joint ventures, as this increases returns on investment through asset management fees and promotes and ensures we maintain balance sheet strength.

We also aimed to use our development experience to partner with more Local Authorities, who are under increasing pressure to transform their towns and city centres.

Progress in FY21

- In September 2020 we disposed of 90% of our interest in Sprucefield Retail Park, Lisburn, to our capital partner BRAVO for net proceeds of £34.7 million. This disposal expanded and strengthened our relationship with BRAVO while lowering our LTV
- During the year end we also exchanged on the acquisition of The Moor, Sheffield, in our capital partnership with BRAVO (completed in April 2021); the acquisition price of £41.0 million (NewRiver share: £4.1 million) reflects a significant discount to the breakup value of the individual assets acquired
- Following this acquisition our BRAVO relationship now has £192.8 million of assets under management (NewRiver share: £44.1 million) and we constantly review attractive acquisition opportunities to pursue within capital partnership structures
- Several of the areas where we hold retail assets have received significant funding under the Towns Fund. NewRiver is represented on a number of Towns Fund Boards including Thurrock (Grays), Bournemouth (Boscombe), Hastings and Wakefield, working in direct partnership with Local Authorities to redevelop and repurpose the area in and around our community-centred retail assets. NewRiver is also supporting several Local Authorities in preparing bids under the Levelling Up Fund, including Mid Sussex (Burgess Hill) and Thurrock
- We are also supporting additional towns to prepare bids for funding under a range of national and local schemes, such as the Local Growth Fund and the 'Getting Building' Fund, launched by the government in recognition of the pressing need to reshape and revive town centres and high streets

KPIs

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

Following the strategic review we committed to the following strategic priorities:

- Divest ourselves of our community pub business in order to reset our LTV and provide the firepower to reshape our portfolio. This includes a potential Initial Public Offer ('IPO') of Hawthorn
- Sell our non-core retail assets and recycle the resultant capital into resilient retail
- Transform our regeneration assets to create long-term value by jointly working with sector specialists and appropriate capital partners

Our clear strategic aim is that by 2025 assets in our portfolio will display only the characteristics of resilient retail and we believe that the collective measures outlined above will transform NewRiver into a more agile business committed to delivering attractive returns to shareholders.

In FY22 we will work towards this goal and focus our attention on driving enhanced value from our retail portfolio and platform.

We will host a Capital Markets Day in September 2021, at which we will communicate further details on our new retail strategy and how we intend to achieve our vision.

PROTECTING RETAIL AND PUB REVENUES

A key priority in FY21 was to engage effectively with retail occupiers to ensure robust rent collection metrics and to support our pub partners during periods of closure so that we could quickly restore pub revenues on reopening in July 2020 and April 2021.

Alongside this we focused on resuming our programme of targeted capital expenditure projects within our pub portfolio to improve returns and extract further value from these assets.

Progress in FY21

- We made good progress on rent collection, negotiating over 300 revised payment agreements with occupiers over FY21 and achieving a rent collection rate of 93% for the year, including rents either deferred or subject to regear
- Despite lockdowns preventing our pub portfolio from operating unrestricted for significant periods of the year, like-for-like volumes in our Leased & Tenanted pubs and like-for-like sales in our Operator Managed pubs recovered quickly on reopening in both July 2020 and April 2021
- In FY21 we invested over £7 million in over 200 capital projects, many of which enhanced the outside space of our pubs to ensure that they were ready to welcome as many customers as possible on reopening
- Hawthorn has consistently traded ahead of expectations and has performed well against the wider market following reopening in July 2020 and April 2021

KPIs

- Underlying Funds From Operations
- Total Accounting Return
- Total Property Return

ESG OBJECTIVES

Minimising our environmental impact

Measures to reduce our greenhouse gas emissions and energy use include procuring renewable energy, reducing consumption, adopting efficient technology, improving building efficiencies and broadening stakeholder engagement to better understand our occupiers' and stakeholders' needs and priorities.

Engaging our staff and occupiers

We enthusiastically encourage and support a holistic approach to managing our business. As owners we cannot achieve our targets without the support of our occupiers or of our staff. Clear and consistent communication with these key groups, involving two-way education, is vital for our success.

Supporting our communities

With a portfolio of assets in communities across the UK we can drive real, positive change within towns and cities by supporting and championing local causes. By creating jobs and supporting communities we are better placed to identify and respond to local needs, helping communities to thrive.

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.

MEASURING OUR PROGRESS

KPI	Description	Our performance	
UNDERLYING FUNDS FROM OPERATIONS £11.5m	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 £11.5 million, compared to £52.1 million in the prior year, largely driven by a significant reduction in gross revenue as a result of COVID-19 disruption; national lockdowns throughout the financial year led to lower retail rent collections and pub revenues.	
TOTAL ACCOUNTING RETURN -24.9%	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 -24.9% over the year, compared to -14.7% over the previous year. This was principally due to a reduction in NAV from 201p at 31 March 2020 to 151p at 31 March 2021.	
TOTAL PROPERTY RETURN -6.9%	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 All Retail benchmark.	Our portfolio outperformed the benchmark by 120 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 £98.4m	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 decreased 17% to £98.4 million during the year, largely as a result of asset disposals, loss of car parking income and general impact of COVID-19 disruption across our retail and pub operations.	
ADMIN COST RATIO 25%	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 25% during the year, increased from 15% in the previous year. The main driver of the increase was COVID-related revenue reduction.	

Alignment to our objectives

Strategic objectives

DISPOSAL PROGRAMME

ENVIRONMENTAL,
SOCIAL AND GOVERNANCE

CAPITAL PARTNERSHIPS

REMUNERATION

PROTECTING RETAIL
AND PUB REVENUES

OUR KEY PERFORMANCE INDICATORS

KPI	Description	Our performance	
RETAIL OCCUPANCY 95.8%	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 95.8% at year end. This was due to our active approach to asset management, our affordable rents, and our track record of reducing occupational costs for our retailers.	
LOAN TO VALUE 51%	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 47% at 31 March 2020 to 51% at 31 March 2021, principally reflecting the valuation decline during the year. Reducing debt levels through the disposal of non-core assets is an ongoing priority for FY22.	
INTEREST COVER 2.3x	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 five key Financial Policies.	Our interest cover was 2.3x at 31 March 2021, reduced from 4.8x at 31 March 2020, but still ahead of our stated policy.	

KPI	Description	Our performance
GRESB SCORE 60	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 estate 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 most recent GRESB assessment we received a score of 60, reduced from a score of 70 in FY20. The main driver of this was a fundamental change in the GRESB assessment structure in 2020, which included a move away from focusing on reporting and transparency to asset-level performance. This adversely impacted our score due to the average age of our assets and the inclusion of over 700 Hawthorn pubs in our assessment. GRESB advises against direct comparison between FY21 scores and prior year results.

Alignment to our objectives

Strategic objectives

DISPOSAL PROGRAMME

ENVIRONMENTAL,
SOCIAL AND GOVERNANCE

CAPITAL PARTNERSHIPS

REMUNERATION

PROTECTING RETAIL
AND PUB REVENUES

BUSINESS REVIEW

Highlights

- Completed £81 million of disposals at a blended NIY of 6.4% and 6% blended discount to valuation
- Exchanged on the acquisition of The Moor, Sheffield, in our capital partnership with BRAVO for total consideration of £41.0 million (NewRiver share: £4.1 million)
- Retail occupancy remained high at 95.8% (31 March 2020: 94.8%); average rent remains affordable at £11.51 per sq ft
- Completed 1.2 million sq ft of new lettings and renewals across the retail portfolio; long-term deals on average -3.1% below previous passing rent and +0.6% above valuation ERV
- Hawthorn occupancy of 98.0% at 31 March 2021 (31 March 2020: 97.0%); like-for-like volumes for Leased & Tenanted pubs (80% of Hawthorn) performed strongly following July 2020 and April 2021 reopening
- Development pipeline stands at 2.6 million sq ft, of which over 75% relates to residential development
- Portfolio valued on a proportionally consolidated basis at £974 million as at 31 March 2021 (31 March 2020: £1.20 billion)
- Total property return of -6.9%, outperforming the MSC-IPD benchmark by 120 bps

Capital Allocation

Disposals

During the year we reached our FY21 disposal target of £80 million to £100 million of assets, completing £81.2 million of disposals at an average blended NIY of 6.4% and a 6% blended discount to March 2020 valuations. Disposals were typically of assets where we had completed our asset management and development initiatives or where we were disposing to joint venture structures in-line with our capital partnerships strategy, as was the case for Sprucefield Retail Park.

We achieved our disposal target amidst a challenging market environment, taking advantage of improved liquidity in retail parks during the last six months of the financial year to dispose of assets in Dundee, Felixstowe, Beverley and Canvey Island. All of these assets have been subject to the completion of successful asset management initiatives by NewRiver.

The most significant disposal in the second half of the financial year was of Canvey Island Retail Park, Essex, a 62,000 sq ft A1 development which was developed by NewRiver and completed in November 2018. The retail park recently became fully occupied, with the final 15,000 sq ft unit let to Iceland on a 10-year lease, completing an occupier line-up which also includes M&S Foodhall, Sports Direct, B&M and Costa Coffee. The disposal was completed for a total consideration of £11.9 million, in-line with the March 2020 valuation, and generated a 13% profit on cost.

Our largest asset disposal in the year was of a 90% interest in Sprucefield Retail Park, Lisburn, to our capital partner BRAVO for net proceeds of £34.7 million, reflecting a NIY of 9.0% and a 5% discount to the March 2020 valuation. NewRiver will retain a 10% interest in the asset, will benefit from 10% of the net rental income and, as appointed asset manager, will also receive a management fee and promote fee based on financial performance. This disposal has helped us to manage our LTV and has expanded and strengthened our relationship with BRAVO as part of NewRiver's capital partnerships strategy.

The success of our disposal programme demonstrates the inherent liquidity of our essential retail and locally positioned portfolio despite FY21 being one of the most challenging periods on record. So far in FY22 we have exchanged on £16 million of disposals and £63 million of disposals are under offer.

Acquisitions

Our investment priorities during the year were focused on the successful execution of our disposal programme, and acquisition activity in FY21 was therefore rightly limited. However, our capital partnerships strategy allowed us to take advantage of market dynamics, while limiting balance sheet exposure, and in February 2021 we exchanged on a 10% interest in The Moor, Sheffield, as part of a £41.0 million acquisition by our BRAVO relationship. This acquisition completed in April 2021.

The Moor is a 680,000 sq ft retail and leisure estate located in Sheffield city centre close to the city's railway station, council offices, and both Sheffield University and Sheffield Hallam University. The estate is anchored by Next, Sainsbury's, and an occupier-owned Primark, and is next to a 670-space car park, a nine-screen cinema and The Moor Market, a covered marketplace owned by Sheffield City Council.

The estate comprises 15 assets capable of being sold separately, which provides inherent liquidity and offers a range of mixed-use development opportunities. NewRiver has identified the potential to develop up to 1,100 build-to-rent residential units and up to 300 purpose-built student accommodation units, offering significant capital growth opportunities.

The acquisition price of £41.0 million reflects a significant discount to the break-up value of these individual assets, as provided by an independent valuer. It also represents a NIY of 9.1%, which is imminently expected to rise to 9.8% following the completion of a number of leasing deals, with an equivalent yield of 11.3% and a reversionary yield of 14.6%. NewRiver will also be appointed as asset and development manager, in return for a management fee calculated with reference to the gross rental income and development costs of the asset, and will receive a 'promote' based on financial performance.

Capital expenditure

In-line with our strategy of protecting our cash and liquidity position we took a prudent approach to capital expenditure ('capex') during the year, investing a total of £5.3 million in capex projects across our retail assets. The projects selected were all income or value-accretive for the portfolio.

Projects undertaken across the retail portfolio during the year include:

- The construction of two drive-thru units at Waterfront Retail Park, Barry, let on 15-year leases to Burger King and Costa Coffee, improving the weighted average lease expiry (WALE) of the park and likely to increase footfall, dwell time and average spend;
- Amalgamation of the former Maplin and Mothercare units at Blackburn Retail Park to create a new 25,000 sq ft B&M Bargains unit and garden centre;
- Lease surrender and subsequent landlord shell works of an unoccupied unit in Wakes Retail Park, Newport, which we subsequently relet to Food Warehouse on terms which materially increased the WALE of the park to eight years and enhanced the asset's valuation;
- Landlord shell works, which included replacing a shop front with a large, glazed entrance, to facilitate a letting to Wren Kitchens at Kittybrewster Retail Park in Aberdeen;
- Subdivision of the 55,000 sq ft unit formerly occupied by Boots in The Prospect Centre, Hull; the ground floor area was subsequently re-let to B&M Bargains, improving the WALE.

Across the pub estate we invested £7.9 million in capex projects during the financial year (£8.1 million including c-stores) which largely focused on improving the outside space of our pubs to ensure that they were ready to welcome customers on reopening.

Retail portfolio operations

Overview

Our UK-wide retail portfolio comprises 33 community shopping centres, 19 retail parks and a small number of high street units. These assets have an occupier line-up focused on essential goods and services, and over two-thirds of them are anchored by a major food and grocery brand. Our community shopping centres are located in town and city centres, in close proximity to transport connections, civic services and other local amenities, and are characterised by a low travel time and a high frequency of visits. Our retail parks are located on the edge of urban areas, in close proximity to major A-roads, and are characterised by a spacious open-air shopping experience and large free car parks which make them highly compatible with retailers' click & collect strategies.

COVID-19 lockdown, rent collection and ancillary revenue

Following the UK Government's requirement that all non-essential retail premises had to temporarily close on 23 March 2020, our centre managers ensured that all of our centres were compliant with the regulations and that the centres were able to remain open and provide a safe and secure shopping experience for those requiring essential retail. The safety of our staff and customers remained our main priority throughout FY21, a period in which communities and businesses faced the challenge of three national lockdowns and interim periods of tiered restrictions.

Status of rent collection as at 27 May 2021

	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Total FY21
Collected	82%	87%	91%	84%	86%
Deferred	2%	2%	1%	4%	3%
Re-gear	7%	4%	3%	4%	4%
Total collected or alternative payments agreed	91%	93%	95%	92%	93%
Waived	7%	5%	1%	3%	4%
Rent outstanding	2%	2%	4%	5%	3%
Total (%)	100%	100%	100%	100%	100%

As this table shows, the majority of rent has been collected as originally requested. Of the alternative payment agreements, the majority of occupiers have either had rent deferred, over a period of 2 to 24 months, averaging 12 months, or have agreed to a re-gear, which typically entails a lease being extended in exchange for the granting of a rent-free period. We have agreed to waive rent in exceptional circumstances, for example for certain charities and small and independent retailers.

Our rent collection metrics have consistently tracked ahead of the wider market, demonstrating the strength of our occupier relationships, the affordability of our rents and the resilience of value and essential retail during an unprecedented period of disruption and uncertainty.

Car parking utilisation and income during FY21 was also significantly reduced as a result of COVID-19. We provided free parking for key workers in relevant centres however overall park usage was lower, leading to a 63% fall in car park income to £2.7 million.

Reflecting our focus on providing essential retail to local communities, on average 66% of our occupiers were open and trading throughout FY21.

Supported by affordable rents, occupiers across our portfolio have proved resilient, with the majority of retailers who were forced to close during lockdowns reopening within days of the easing of restrictions on non-essential retail. We have also made good progress in continuing to reduce occupier costs, achieving a 12% reduction in service charge budgets over the last four years.

Since the first national lockdown in March 2020, we have engaged constructively with our occupiers to collect contractual rent due, and we made significant progress by negotiating over 300 revised payment agreements. In a number of cases we have given occupiers the option to be invoiced and pay rent monthly, rather than quarterly in advance, which more closely aligns our revenue collection with occupier cash flows. Despite the UK Government's rental moratorium being in place for the full year, our rent collection figures improved throughout the period and we closed the year with a blended retail cash rent collection rate of 86% across all four quarters of the financial year. Including rent either deferred or subject to re-gear, this blended rate rises to 93%. Rent collection in respect of the first quarter of FY22, due on 25 March 2021, currently stands at 85% including deferrals and re-gears, ahead of collection at the same point last year.

In a similar way, commercialisation income has also suffered, reducing by 57% year-on-year to £1.2 million. As we emerge from COVID-19 we are focused on restoring commercialisation income to previous levels and note that commercialisation activity is recovering well following the easing of restrictions in April 2021. We have retained all of our mall retail operators and our food and beverage operators have performed particularly strongly, especially those within open centres. A number of mall operators have expanded into retail units in our centres in Newtownabbey and Middlesbrough. Pop-up markets have also increased in number; whilst not highly profitable in isolation, they generate considerable consumer interest, animate centres and thereby help to revive footfall and dwell times.

Leasing activity

During the year we completed 1,157,100 sq ft of new lettings and renewals across our retail portfolio, representing £6.5 million of annualised rent. This represents over a 70% uplift on leasing volume of 678,100 sq ft completed in the previous financial year. In the final two quarters of the year we witnessed a progressive increase in the rents secured compared with both passing rent and ERV. Long-term leasing deals for the year in aggregate were signed at a -3.1% discount to previous passing rent and a 0.6% premium to March 2020 ERV. Long-term leasing deals had an average length of 7.3 years. This high volume of leasing activity means that our occupancy rate increased to 95.8% (31 March 2020: 94.8%) despite the challenging market backdrop.

Our leasing activity throughout the year reflected our focus on essential retailing. During the year we signed four leasing deals with B&M, including three new lettings across our retail park portfolio, and further deals with Homebase, Marks & Spencer, Holland & Barrett, Wren Kitchens, The Works, Costa Coffee and Burger King. In September 2020, we signed a portfolio deal with the value card and gift retailer Cardzone, which saw it take an additional six stores across our portfolio and more than doubled our rental income from this growing retailer.

During the third quarter Next opened one of its first collection & returns pods in the car park of Cuckoo Bridge Retail Park, Dumfries, underlining the increasing importance of retail parks to retailers' click & collect strategies.

In the final quarter of the financial year we completed two significant leasing transactions totalling over 37,000 sq ft with Instant Offices, a flexible office provider, in our shopping centres in Cardiff and Bexleyheath. These transactions highlight the alternative use potential of our well-located, accessible assets. We also signed a new lease with Sports Direct for a 30,400 sq ft unit in Poole Retail Park.

Retail portfolio profile

Our retail rental income is well-diversified, with 1,700 leases across over 800 different occupiers, and our top occupiers are focused on providing essential goods and services. Our policy is that no single retailer will account for more than 5% of total rent, and our top tenants in terms of gross rental income at period end were B&M, Poundland and Superdrug, each accounting for 1.9% of total rent. This diversification, combined with our affordable rents of £11.51 per sq ft as at 31 March 2021, underpins the sustainability of our income. Although we consider lease length to be less of a factor in supporting income sustainability, we were pleased to see our weighted average lease expiry remain constant at 5.2 years (31 March 2020: 5.2 years).

Top retail occupiers

Rank	Occupier	% Total gross income	Number of stores in portfolio
1	B&M	1.9	11
2	Poundland	1.9	20
3	Superdrug	1.9	16
4	Wilko	1.8	8
5	Boots	1.7	16
6	Primark	1.6	4
7	TK Maxx	1.5	8
8	Marks & Spencer	1.3	3
9	Iceland	1.3	14
10	Sainsbury's	1.2	3
	Subtotal	16.1	
11-25	e.g. Next, B&Q, WHSmith, Home Bargains	11.1	
26-100	e.g. Greggs, Costa, Tesco, Dunelm	18.8	
	Total	46.0	

Retail portfolio operations (continued)

At our half-year results we provided a new sub-segmentation of our shopping centre portfolio (Core/Regeneration/Work Out) in order to further improve understanding of the income and valuation profile of our assets, and our strategies to extract further value from our portfolio. The segmentation, provided in more detail below, shows that two-thirds of our assets are held in community pubs, Core Shopping Centres and retail parks; strategies here are to deliver income and valuation growth through active asset management and small-scale developments.

Our Regeneration Shopping Centres portfolio includes our assets with significant large-scale residential redevelopment potential, to be realised through our development pipeline or disposal programme. Our Work Out Shopping Centres portfolio is where a supply and demand imbalance is having a significant impact on rents, and our strategy is to either successfully reposition these centres to enable them to become core through active management, or create regeneration opportunities or dispose of them.

Sub-segment ¹	Description	% of portfolio by value	Strategy
Community pubs	Wet-led community pubs in suburban locations. Delivering EBTIDA and valuation growth pre-COVID-19	25%	Operational initiatives and small-scale development (e.g. c-stores) initiatives to enhance income and valuations
Core Shopping Centres	Located in areas with good supply/demand dynamics for retail space, resulting in sustainable income and valuations	22%	Asset management and small-scale development (e.g. combining units) initiatives to enhance income and valuations
Regeneration Shopping Centres	Centres with opportunities to deliver larger scale residential-led regeneration schemes	22%	Unlock value from regeneration opportunities through capital partnerships or selling with the benefit of planning
Retail Parks	Conveniently located food & grocery-anchored retail parks, offering free car parking and optimised for click & collect	16%	Asset management and small-scale development (e.g. drive thru pods) initiatives to enhance income and valuations
Work Out Shopping Centres	Located in areas with an oversupply of retail space, leading to downward pressure on rents and valuations	13%	Asset management initiatives to reposition centres and move them into the Core Shopping Centres segment, and selective disposals
Other	Standalone high street units, non-income generating development sites and other miscellaneous assets	2%	Asset management initiatives to protect income and selective disposals

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

Impact of CVAs and administrations

Our retail portfolio was affected by a number of Company Voluntary Arrangements (CVAs) or administrations during FY21 which related to occupiers including BrightHouse, New Look, Clarks, Clintons, Peacocks and Bonmarché. CVAs and administrations have been far more prevalent in the mid-market fashion and department store sectors this year. As we have long recognised this vulnerability we have deliberately avoided over-exposure to these sectors, focusing instead on occupiers who provide essential retail and convenience to their local community. Mid-market fashion retailers account for less than 4% of our total rent and we do not have any department stores within our portfolio.

Total exposure to retailers involved in CVAs or administrations during the year was £5.3 million, or 5.7% of our annual net rental income at the start of the year. Adjusting for those stores unaffected by CVAs and amounts recovered through new leasing

transactions or transactions currently in legal on affected units, the net rental exposure falls by £1.3 million to £4.0 million. Furthermore, CVAs and administrations notably reduced in the second half of FY21; of the £5.3 million total exposure for FY21 only £1.7 million, primarily relating to New Look, Peacocks and Clarks, relates to the second half.

Asset management platform

Despite a challenging year for Local Authorities and asset owners we are pleased to have secured a renewal of our third-party asset management mandates with Canterbury City Council and Knowsley Council to manage key retail assets in their town centres. In addition, we have secured two further mandates for the assets acquired via our relationship with BRAVO during the year. The scale, relationships and governance credentials of the NewRiver platform continues to attract the interest of Local Authorities and private owners of retail assets.

Hawthorn community pub portfolio operations

Overview

Our Hawthorn community pub business owns 673 pubs throughout England, Scotland and Wales. Over 96% of our pubs are owned freehold, and occupancy was 98% at period end (31 March 2020: 97.0%).

Across Hawthorn, 80% of sites operate under a Leased & Tenanted model, whereby Hawthorn has an occupational lease with a tenant, who is responsible for all operating costs of the pub, including staff costs. Most of our Leased & Tenanted pubs are 'tied', meaning that tenants are required to purchase drinks from Hawthorn and lease games machines from Hawthorn-approved suppliers. In return, Hawthorn receives rental income, a margin between the wholesale price and sale price to tenants on drinks supplied, and a share of machine profits.

The remaining 20% of Hawthorn sites operate under an Operator Managed model, whereby Hawthorn enters into an operator agreement with a pub partner. Hawthorn incurs all operating costs of running the pub, except for staff costs, which are borne by the operator. In return, Hawthorn 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.

First COVID-19 lockdown and subsequent recovery

The UK Government required the temporary closure of all hospitality businesses on 20 March 2020, and our entire portfolio was closed until 4 July 2020, when pubs in England were allowed to reopen. During the lockdown period, our focus was on protecting Hawthorn's financial position and supporting our pub partners. To protect our financial position, we accessed UK Government support packages which we invested directly in pub partner assistance and reduced non-essential capex and operating costs. Our Business Development Managers were in close contact with our pub partners and provided help in accessing available government support, including the Retail, Hospitality and Leisure Grant and the Coronavirus Job Retention Scheme. In addition, over 86% of our pub partners invested in their pub during the lockdown, particularly in improving outside space. Reflecting this level of support, 97% of our tenants said they were either satisfied or very satisfied with Hawthorn's help during the lockdown period.

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

Hawthorn community pub portfolio operations (continued)

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

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

New restrictions from October 2020 and reopening from April 2021

From October 2020, our pub operations began to face new restrictions, initially in the form of new hospitality closures in Scotland but culminating in further national restrictions for England announced by the UK Government on 31 October. As a result of COVID-19 measures, our pubs were only able to trade for 17 weeks of the financial year and certain pubs have been able to operate for an even shorter period as a result of local tier restrictions. Furthermore, our pubs have also been subject to significant restrictions on trading capacity to satisfy social distancing requirements.

The experience gained during the first lockdown meant that we could act swiftly and effectively, offering financial aid and practical advice, to support our tenants and pub operators during this period of fresh restrictions.

During FY21 we invested £1.3 million of grant income in support payments to pub partners in our Operator Managed estate. These support payments, designed to cover operator living costs, were aimed at maintaining high levels of operator retention and occupancy. This ensured that our pubs were ready to welcome back customers on reopening and removed the burden of vacant property costs. At the end of our financial year only four pubs in our Operator Managed portfolio were vacant, representing a 96.4% occupancy level. This is a testament to the targeted support and strong relationships our Business Development Managers (BDMs) and wider team have forged with our pub operators.

Within our Leased & Tenanted pub estate we have invested almost £8 million in rental support to our pub tenants, enabling them to build cash reserves and recover swiftly on reopening. At the end of the financial year only 11 of our Leased & Tenanted pubs were unoccupied, representing a 98.0% occupancy level.

Following decisive action to invest in our portfolio during the first lockdown, and having seen the benefits of this on reopening, we took the opportunity to future-proof more of our pubs during the second half of FY21 and invested a further £0.9 million in improving outside space. An additional £0.3 million (matched by tenants) was also invested via our Partner Investment Fund to support 110 new schemes.

The dedication and talent of the Hawthorn team was recognised in the results of KAM Media's February 2021 'Licensee Index', the leading operator sentiment tracker for the UK licensed and tenanted pub sector. Hawthorn's overall rating in this index – 8.5 out of 10 – was the highest of all major pub companies, and in the area of COVID-related support specifically, Hawthorn scored 9.2 out of 10, again the highest amongst the major pub companies.

After several months of temporary closure, Hawthorn opened over 60% of its portfolio on 12 April 2021, following the easing of restrictions on outside trading, and reopened the vast majority of the remaining pubs following the easing of restrictions on indoor trading from 17 May. With a focus on well-located community and suburban pubs, and with the benefit of more consumers working from home and using their local services and facilities, we have once again been able to recover quickly on reopening and trading is tracking significantly ahead of budget. Since 12 April, like-for-like volumes in our Leased & Tenanted portfolio are down only 2% compared to the same period in 2019 which is a remarkable achievement given that for the majority of this time we have only been trading in outdoor space and the weather was poor. Like-for-like sales in our Operator Managed pubs are down 17% compared to the same period in 2019 but are still ahead of budget and in-line with the wider pub sector as measured by the Coffey Peach Business Tracker. Rent collection is progressing well; we have collected 95% of all rent billed since 4 December 2020.

In response to the revenue recovery in our pubs since reopening we made the decision to repay funds received under the Coronavirus Job Retention Scheme during lockdown last year. These funds were repaid to HMRC in April 2021.

Convenience store ('c-store') developments

To date we have delivered 26 c-stores to the Co-op and during the year we completed construction of 10 apartments at the Seaview Inn, Poole. We sold these apartments, including the c-store, for £2.8 million in February 2021 to a single purchaser. We received a premium payment of £275,000 from the Co-op in May 2020 following completion of the Seaview Co-op development. 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, comprising a c-store and up to 30 apartments.

Pub and c-store disposals

Our disposal programme across the pub estate progressed well despite the restrictions on pub operations throughout large parts of the year, reflecting the inherent liquidity of these assets. Since 1 April 2020 we have completed 45 pub disposals and two c-store disposals, generating total sales proceeds of £13.8 million. The pub disposals generated gross proceeds of £9.8m, representing an average blended discount of only 7% to book values, and during this period we exited from the fully managed segment by selling our remaining fully managed pubs, in-line with our strategy.

Development in the retail portfolio

Our development pipeline totals 2.6 million sq ft (2.2 million sq ft in the near-term) and is one of the ways in which we extract further value from our assets, particularly those in our Regeneration Shopping Centre segment. Over 70% of our development pipeline is within the Regeneration Shopping Centre portfolio and, reflecting our focus on realising alternative use potential, over 75% of the pipeline relates to residential development.

For the majority of projects in our pipeline, we intend to either sell the site with the benefit of planning or continue with development

through capital partnerships. However, for smaller projects with a lead time of less than 12 months, such as our c-store developments for the Co-op, we will typically fund and manage the construction ourselves, using our experienced in-house development team.

The disruption caused by COVID-19 has had an acute impact on our development progress during the year; Local Authorities' planning resources have been stretched even further and planning applications and on-site construction works across the UK have experienced significant delays. To protect our cash and liquidity position we also curtailed many of our capex projects at the outset of the pandemic and focused on projects where we were confident of generating positive returns with limited risk.

Development pipeline

	Shopping Centre	Retail Park	Health & Social Care	Hotel	C-store	Residential	Total Pipeline	Retail & Leisure Pre-let %	Resi Pre-sold %
	Sq ft	Sq ft	Sq ft	Sq ft	Sq ft	Sq ft	Sq ft		
Completed/Under construction in FY21	–	3,600	–	37,900	3,600	8,100	53,200	100	–
Planning granted	279,000	31,000	–	63,100	10,700	562,500	946,300	56	29
In planning	–	–	–	–	3,500	13,200	16,700	100	–
Pre-planning	–	77,300	54,200	–	3,500	1,056,900	1,191,900	41	–
Near-term pipeline	279,000	111,900	54,200	101,000	21,300	1,640,700	2,208,100		
Early feasibility stages	–	–	–	50,000	–	378,000	428,000		
Total pipeline	279,000	111,900	54,200	151,000	21,300	2,018,700	2,636,100		
Additional residential potential ¹	–	–	–	–	–	451,200			

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

Completed in period/Under construction

Romford Premier Inn: During the year we continued on-site at the development of an 85-room Premier Inn at a former high street unit in Romford, Greater London. This development has already been sold to a property investor as part of a pre-let forward funding agreement and practical completion is on schedule for the end of June. Our development team's efforts resulted in the achievement of BREEAM 'Very Good' certification for our design stages of the construction of the Premier Inn, which notably achieved 100% for Land Use & Ecology and Transport.

Planning granted

During the financial year over 436,000 sq ft of planning consents have been secured despite the considerable planning delays and disruption caused by COVID-19. A summary of some of the key projects is provided below.

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

The revised scheme includes a 16-lane bowling alley, a 10-screen multiplex cinema, and an 85-bed hotel with a new public café, alongside a significantly improved public realm to provide functional space for managed outdoor events. However, the impact of COVID-19 over the last 12 months has been particularly challenging for the leisure sector, which means that it is likely to take longer to deliver the cinema and bowling elements of the masterplan. Therefore, in the meantime we are consulting with Mid Sussex District Council to investigate the potential of bringing forward the 172-unit residential redevelopment scheme as a priority alongside completing a 'partial implementation' scheme to build the new carpark and refurbish the existing retail units.

Medical centre in Wallsend: In February 2021 planning consent was granted for the development of a new medical centre on our land adjacent to The Forum shopping centre in Wallsend. This land is under offer to a primary care property specialist, and we anticipate that the new medical centre will be open by Summer 2022.

Expansion of existing unit at Rishworth Centre and Railway Street Retail Park, Dewsbury: 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. We achieved planning in March 2021 and intend to start on site in late summer 2021.

Development in the retail portfolio (continued)

Newton Mearns extension and residential development:

We have planning for a 10,000 sq ft extension of Newton Mearns' The Avenue shopping centre – near Glasgow – to accommodate a fitness operator. We are also under offer from a local housing developer on adjacent land at the shopping centre which has the potential for 36 residential units.

Pre-planning

Our pre-planning progress has also been impacted by COVID-19 however we are working on a number of opportunities which we will be looking to accelerate in the coming months.

Grays: We acquired Grays Shopping Centre in June 2018, recognising a significant opportunity for a high-density residential-led redevelopment of the site, which is located just 35 minutes from central London by train. We are currently working closely with Thurrock Council to bring forward a redevelopment plan that would reduce existing commercial floorspace from 177,000 sq ft to 70,000 sq ft, increase public open areas and facilitate an improved pedestrian flow through Grays town centre, as well as providing over 800 new homes. In February 2021 an updated pre-application report was submitted to Thurrock Council setting out the evolution of the scheme following consultations with council officers. In May the council confirmed their broad support for the work carried out on the proposals so far and we are now

preparing presentations for the Design Review Panel in order to build further support for the outline planning application.

Fareham: We are awaiting planning consent to reconfigure the internal road network at Locks Heath shopping centre in Fareham, Hampshire, which will enable two land sales; one to a senior living housing developer and another to a local residential developer. Our value-add strategy will provide new homes adjacent to our thriving shopping centre and will improve overall returns from the asset.

Witham: At Newlands shopping centre in Witham, Essex, we are in negotiations to sell one site to a housebuilder alongside planning to deliver 37 apartments and potentially a new health centre on another site. Successful delivery will not only bring new homes into the centre of Witham but will also provide a much-needed community service in the heart of our shopping centre.

Valuation

During the year our portfolio valuation declined to £974 million from £1.20bn at 31 March 2020 as a result of disposal activity and a 13.6% reduction in portfolio valuation.

A breakdown of the key valuation movements by asset type is provided below.

As at 31 March 2021	Valuation (NRR share)	Portfolio Weighting	Valuation Deficit H1	Valuation Deficit H2	Valuation Deficit FY	Topped-up NIY	NEY	LFL ERV Movement
	(£m)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Pubs & C-Stores	248	25%	-4.5%	-4.2%	-8.5%	11.0%	11.0%	–
Shopping Centres – Core	210	22%	-10.4%	-8.5%	-18.0%	9.5%	9.3%	-9.9%
Shopping Centres – Regeneration	210	22%	-6.9%	-3.0%	-9.7%	5.9%	6.7%	-7.1%
Retail Parks	157	16%	-4.8%	0.7%	-4.8%	7.3%	7.7%	0.4%
Shopping Centres – Work Out	132	13%	-15.1%	-13.1%	-26.2%	9.3%	13.2%	-5.6%
Other	17	2%	-16.4%	-11.6%	-27.2%	9.1%	7.6%	-17.4%
Total	974¹	100%	-8.2%	-5.6%	-13.6%	8.8%	9.5%	-6.4%

1. See note 14 for reconciliation between Valuation (NRR share) shown in this table, and the relevant notes to the financial statements

Valuations in the shopping centre and retail park markets have been significantly impacted during the COVID-19 period through an acceleration of yield expansion, cash flow disruption and ERV decline. However, within our portfolio we are now seeing a clear trend towards valuation stabilisation, with our valuation decline slowing (H1 FY21: -8.2%, H2 FY21: -5.6%) driven by a significant improvement in ERV decline (H1 FY21: -4.8%, H2 FY21: -1.6%) as evidenced by our strong leasing performance during the year.

Overall, our shopping centre portfolio saw like-for-like equivalent yields expand by 81 bps resulting in the portfolio now being valued at an equivalent yield of 9.3%. Our shopping centre NIY is now 8.2% (260 bps higher than the 20-year MSCI long-term average of 5.6%).

Our Core shopping centre portfolio saw a valuation decline of 18% during the period attributable to 89 bps of yield expansion and 9.9% ERV decline. Regeneration shopping centres experienced a much lower rate of valuation decline of 9.7% owing to the portfolio's significant alternative use value ('AUV').

The resilience of our retail park assets was particularly evident in the second half of the financial year with ERV growth reverting to positive territory (H2 FY21: 2.0%) and yields stabilising (H2 FY21: -6 bps). Our retail park portfolio is now valued at an equivalent yield of 7.7%.

The Work Out shopping centre portfolio, which represents only 13% of all our gross assets, suffered a 26.2% valuation decline. This decline was mainly market driven with equivalent yields expanding by 206 bps to 13.2%. Whilst we do not anticipate further significant outward yield movement we remain committed to reducing our exposure to these assets over the medium term.

Despite the significant disruption to the pub sector during FY21 our pub values performed well, reporting just 8.5% of valuation decline, in part reflecting the portfolio's lack of exposure to city centre locations most affected by the abrupt shift to working from home.

As the table below shows, our portfolio outperformed the MSCI-IPD All Retail benchmark on a total return basis by 120 bps, attributable to an income return outperformance of 180 bps. When our portfolio returns are compared to the specific indices for shopping centres and retail parks, our portfolios show a considerably higher total return outperformance (total returns ahead by 1,670 bps for shopping centres and 430 bps for retail parks). In our view, our overall outperformance is driven by the affordable, sustainable nature of our rents, our smaller, more liquid lot sizes and our high occupancy levels, which means that our ERV decline was far less marked than our peers.

Year to 31 March 2021	Total Return	Income Return	Capital Growth
NRR portfolio	-6.9%	7.5%	-13.5%
MSCI-IPD Benchmark ¹	-8.1%	5.5%	-12.9%
Relative performance	+120 bps	+180 bps	-60 bps

Year to 31 March 2021	Total Return
NRR shopping centre portfolio	-10.8%
MSCI-IPD shopping centre Benchmark ¹	-23.6%
Relative performance	+1,670 bps
NRR retail park portfolio	0.6%
MSCI-IPD retail park Benchmark ¹	-3.6%
Relative performance	+430 bps

1. Benchmark includes monthly & quarterly valued retails

For a number of years we have been tracking the alternative use value ('AUV') for our retail assets and as at 31 March 2021 the AUV of our retail portfolio is £767 million which, for the first time, exceeds our retail book values by 6%. The majority alternative use in our portfolio is residential which has been a key driver of the increase in our AUV.

FINANCE REVIEW

MARK DAVIES

Chief Financial Officer

COVID-19 has inevitably had an impact on our financial performance in the year. At the outset of the pandemic we moved quickly and decisively to protect our cash and liquidity position by drawing down on our Revolving Credit Facility ('RCF'), accelerating our disposal strategy, cancelling non-essential capital expenditure and suspending dividend payments. As a result, no dividends were paid in the period, compared to 16.2 pence per share in FY20.

In recognition of the Company's increased cash and liquidity position, resilient performance during the pandemic and the improving market backdrop, the Board has today announced the resumption of dividends, declaring a dividend of 3.0 pence relating to FY21.

Given the difficult circumstances that we faced, it is unsurprising that Underlying Funds From Operations ('UFFO') came in at £11.5 million compared to £52.1 million in the prior year, however we have remained profitable in spite of the fact that our community pub business was only able to trade for 17 weeks of the financial year. Our IFRS loss after tax was -£150.5 million, compared to a loss of -£121.1 million in the prior year, predominantly reflecting a non-cash reduction in portfolio valuation of £152.9 million.

Our portfolio was valued on a proportionally consolidated basis at £0.97 billion at 31 March 2021, compared to £1.20 billion at 31 March 2020, reflecting a 13.6% like-for-like decline in portfolio valuation and the successful execution of our disposal strategy. Our EPRA Net Tangible Assets per share were 151 pence (31 March 2020: 201 pence) and our IFRS net assets were £460.4 million (31 March 2020: £610.6 million), with the changes predominantly explained by a non-cash reduction in portfolio valuation. The valuation declines across all segments of the portfolio have been less marked, or have reversed, in the second half of the financial year.

Improved cash and liquidity position despite unprecedented income disruption

Throughout the financial year, we have taken decisive actions to protect the strength of our unsecured and unencumbered balance sheet by maximising our cash and available liquidity position and reducing net debt. We ended the year with total available liquidity of £199.3 million, increased from £127.1 million as at 31 March 2020. This reflects the increase in our entirely unrestricted cash position from £82.1 million to £154.3 million. As a result, net debt reduced from £563.6 million to £493.3 million over the financial year.

Since the UK's first national lockdown in March 2020, we have closely monitored our liquidity position, undertaking detailed analysis and stress testing which continues to demonstrate that we remain a financially sound business with a capital structure that is well placed to absorb a prolonged period of uncertainty. We moved quickly to apply for the Covid Corporate Financing Facility ('CCFF'), for which our eligibility to draw £50 million was confirmed in April 2020. While we did not draw the CCFF, our eligibility meant that we had available undrawn debt facilities of £95 million including the undrawn portion of our revolving credit facility, until the CCFF lapsed in March 2021. In recognition of the resilience of our position, in December 2020, Fitch Ratings reaffirmed NewRiver's Long-Term Issuer Default Rating (IDR) at 'BBB' with Stable Outlook, its senior unsecured rating at 'BBB+', and its Short-Term IDR at 'F2'. The senior unsecured rating applies to NewRiver's £300 million senior unsecured bond dated 2028.

LTV increased by 350 bps from 47.1% at the start of the year to 50.6% at 31 March 2021, primarily as a result of non-cash valuation declines mitigated by the successful execution of our disposal strategy, with £81.2 million of completed disposals. Despite increasing during the year LTV remains safely below our covenant thresholds and, encouragingly, the rate of valuation decline has reduced significantly in the second half of the financial year with retail park valuations returning to growth. Notwithstanding a full year of COVID-19 disruption our interest cover ratio, the other covenant attached to our unsecured facilities, remains in compliance at 2.3x, ahead of our closest covenant of 1.75x.

Our LTV guidance is unchanged and we remain committed to reducing our LTV to below 40%. We plan to do this through further targeted disposals, as demonstrated by the £79 million of retail disposals we currently have exchanged or under offer, and the recently announced intention to divest ourselves of Hawthorn, our community pub business.

Finally, we have a covenant light capital structure with all of our balance sheet assets unencumbered. There are no refinancing events until August 2023, so our balance sheet is in a strong position as we emerge from COVID-19. Maintaining our balance sheet strength and executing our plan to reduce LTV will be a key focus for the rest of FY22 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 APMs include a number of European Public Real Estate Association ('EPRA') measures, prepared in accordance with the EPRA Best Practice Recommendations reporting framework,

I am committed to promoting the UN SDG Decent Work and Economic Growth within my role at NewRiver.

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which are summarised in the 'Alternative Performance Measures' section at the end of this document. We report these measures because management considers them to improve the transparency and relevance of our published results as well as the comparability with other listed European real estate companies. Definitions for APMs are included in the glossary and the most directly comparable IFRS measure is also identified. The measures used in the review below are all APMs presented on a proportionally consolidated basis unless otherwise stated.

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

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

Underlying Funds From Operations

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

Reconciliation of loss after taxation to UFFO

	31 March 2021 (£m)	31 March 2020 (£m)
Loss for the period after taxation	(150.5)	(121.1)
<i>Adjustments</i>		
Revaluation of property	154.7	162.6
Revaluation of joint ventures' investment properties	(1.8)	4.3
Loss on disposal of investment properties	5.5	1.8
Revaluation of derivatives	0.1	2.8
Loss on disposal of subsidiary	2.2	–
Acquisition costs	0.1	0.4
Deferred tax	(1.4)	0.5
EPRA earnings	8.9	51.3
Depreciation on public houses	1.1	0.8
Forward looking element of IFRS 9	0.6	–
Abortive fees	0.3	–
Share-based payment charge	0.6	–
Underlying Funds From Operations	11.5	52.1

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

	31 March 2021			31 March 2020	
	Group £m	Non-cash adjustments ¹ £m	JVs & Associates £m	Proportionally consolidated £m	Proportionally consolidated £m
UNDERLYING FUNDS FROM OPERATIONS					
Revenue	91.1	–	4.6	95.7	148.2
Property operating expenses	(47.1)	0.6	(1.0)	(47.5)	(55.3)
Net property income	44.0	0.6	3.6	48.2	92.9
Administrative expenses	(23.4)	2.1	(0.2)	(21.5)	(19.8)
Other income	7.2	–	–	7.2	–
Net finance costs	(22.8)	(0.1)	(0.8)	(23.7)	(22.0)
Taxation	2.7	(1.4)	–	1.3	1.0
Underlying Funds From Operations				11.5	52.1
UFFO per share (pence)				3.8	17.0
Ordinary dividend per share (pence)				3.0	16.2
Ordinary dividend cover				127%	105%
Admin cost ratio				24.9%	14.9%
Weighted average # shares				306.4	305.9

1. Adjustments to Group figures to remove non-cash items, principally forward looking element of IFRS 9 £(0.6) million, depreciation on public houses £(1.1) million, abortive fees and acquisition costs £(0.4) million, share-based payment charge £(0.6) million, revaluation of derivatives £0.1 million and Deferred tax £1.4 million

Net property income

Analysis of retail net property income (£m)

Retail net property income for the year ended 31 March 2020	68.4
Like-for-like rental income	(3.4)
FY21 CVAs and administrations	(2.4)
Rent and service charge provisions	(5.6)
Lease modifications	(1.6)
Car park and commercialisation income	(5.6)
COVID-19 impact	(15.2)
Acquisitions	2.1
Disposals	(2.2)
Asset management fees	0.3
Other property costs	(2.1)
Other	(0.7)
Retail net property income for the year ended 31 March 2021	47.2

On a proportionally consolidated basis, retail net property income was £47.2 million for the year ended 31 March 2021 compared to £68.4 million in the year ended 31 March 2020.

Like-for-like net rental income declined by £3.4 million, or -6.2%, including the impact of CVAs and administrations in the prior year. Further to this, CVAs and administrations in FY21, including New Look and Peacocks, reduced net property income by £2.4 million. The £5.6 million provision increase has been made in relation to retail rents and service charge amounts that we have deemed unlikely to be received as a result of the COVID-19, and the lease modifications reduction of £1.6 million reflects the impact of reprofiling rents where, for example, rent free periods have been

offered as a result of the impact of COVID-19. Car park and commercialisation income has declined by £5.6 million, or -59%, reflecting reduced footfall across town centres during the national lockdown period.

The £2.1 million of additional income from acquisitions related to a full half of income from five retail parks acquired in our relationship with BRAVO, and the acquisition of Sprucefield Retail Park, in FY20. This more than offset the £2.2 million of income lost as a result of our asset disposal programme.

The £0.3 million increase in asset management fee income, reflects our increased focus on leveraging our market-leading asset management platform, by managing assets on behalf of joint venture partners and third parties.

Analysis of Hawthorn net property income (£m)

Hawthorn net property income for the year ended 31 March 2020	24.5
Decrease in like-for-like income	(0.6)
COVID-19 closure impact	(14.6)
Partner support provided	(8.7)
Beer destruction	(0.4)
COVID-19 impact	(23.7)
Bravo Inns acquisition	0.8
Acquisition of 28 pubs from Marston's	0.2
Pub and c-store disposals	(0.3)
Other	0.1
Hawthorn net property income for the year ended 31 March 2021	1.0

Pub net property income was £1.0 million during the year to 31 March 2021, compared to £24.5 million in the year to 31 March 2020, predominantly due to the mandatory closure of our pub portfolio for the vast majority of the financial year as part of the UK Government's response to the COVID-19 pandemic. In England, where the majority of our pubs are located, we experienced seven months of national lockdowns, two months of the tiered system, and just three months of normal trading over the Summer of 2020. When the pubs were open and able to trade, performance was encouraging, with only a modest like-for-like decline of £0.6 million, reflecting reduced capacity, recovering customer confidence, some localised restrictions, and the Government's Eat Out to Help Out scheme.

The direct impact of closing our pubs throughout the sustained periods of lockdown in the year adversely impacted by income by £14.6 million, with the support provided to partners, predominantly in the form of rent waivers, further reducing income by £8.7 million. The cost of destroying beer supplies adversely impacted income by £0.4 million.

The impact of a full year of income from the acquisitions of Bravo Inns and 28 community pubs from Marston's in FY20 added £0.8 million and £0.2 million respectively.

Administrative expenses

Administrative expenses were £21.5 million in the year, compared to £19.8 million in FY20. A driver of the increase included the investment we have made into our Hawthorn operating platform in support of the acquisitions made in FY20.

Other income

Other income of £7.2 million was received during the year, £2.7 million relating to our retail portfolio, and £4.5 million relating to our pub portfolio. In retail, other income related entirely to insurance proceeds received following the fire in October 2018 at the unit formerly occupied by B&M at Clifton Moor Retail Park in York.

In the pubs, we received a dilapidation payment in relation to cost of repairs made to the 'Trent' portfolio. This contributed a further £0.8 million to income. In addition, we received £3.7 million of government grants on our operator managed estate, due to the income disruption caused by the closure of the pub estate in Q1 as a result of COVID-19.

Net finance costs

Net finance costs were £23.7 million in the year, compared to £22.0 million in the prior year. This is mainly due to the strategic liquidity decision to draw on our RCF in order to protect our cash and liquidity position at the onset of COVID-19 (contributing £1.1 million of the increase), and increase in margin due to our LTV rising above 40% in the second half of FY20 (£0.6 million).

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 £1.3 million during the year, reducing tax provisions made which are no longer expected to be required.

Dividends

On 19 March 2020 we announced that the Board had decided not to declare a fourth quarter dividend for the year ended 31 March 2020 due to uncertainty around the impact of COVID-19 on the Company's operations. When we announced our results for the first half of the financial year on 26 November 2020 we stated that, due to the uncertainty that remained at the time, the Board had decided not to pay a dividend in respect of the first half in order to continue its focus on cash reserves and liquidity, but that it was the Board's intention that a covered dividend would be reinstated at the full year.

Although significant uncertainty remains globally, with the success of the vaccine roll-out in the UK and with the easing of further restrictions on 17 May, England is on track to remove the majority of restrictions on 21 June 2021. In this context, together with the Company's increased cash and liquidity position and resilient performance during the pandemic, the Board has declared a dividend of 3.0 pence per share in respect of the year ended 31 March 2021.

Prior to COVID-19, NewRiver's policy was to pay dividends on a quarterly basis in equal instalments, and the quarterly dividend for the forthcoming year was set at the full year results. This policy was successful for a number of years, but ultimately did not allow management the flexibility to make the capital and operational decisions required in order to achieve the Company's strategic priorities.

As a consequence, NewRiver's dividend policy will now be to pay dividends equivalent to 80% of UFFO. These dividends will be declared twice annually at the Company's half and full year results, calculated with reference to the most recently completed six-month period.

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

A dividend of 3.0 pence per share in respect of the year ended 31 March 2021 will, subject to shareholder approval at the 2021 AGM, be paid on 3 September 2021. The ex-dividend date will be 29 July 2021. The dividend will be payable as a REIT Property Income Distribution (PID).

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 2021			As at 31 March 2020	
	Group £m	JVs & Associates £m	Proportionally consolidated £m	Proportionally consolidated £m	
Properties at valuation	930.1	44.1	974.2	1,197.1	
Right of use asset	86.5	–	86.5	87.2	
Investment in JVs & associates	30.9	(30.9)	–	–	
Other non-current assets	1.9	1.6	3.5	2.9	
Cash	150.5	3.8	154.3	82.1	
Other current assets	26.0	1.2	27.2	27.9	
Total assets	1,225.9	19.8	1,245.7	1,397.2	
Other current liabilities	(47.6)	(1.9)	(49.5)	(49.9)	
Lease liability	(84.9)	–	(84.9)	(86.3)	
Debt	(629.7)	(17.9)	(647.6)	(645.7)	
Other non-current liabilities	(3.3)	–	(3.3)	(4.7)	
Total liabilities	(765.5)	(19.8)	(785.3)	(786.6)	
IFRS net assets	460.4	–	460.4	610.6	
EPRA adjustments:					
Goodwill			(0.5)	(0.2)	
Deferred tax			0.7	2.1	
Fair value financial instruments			2.6	2.7	
EPRA NTA			463.2	615.2	
EPRA NTA per share			151p	201p	
IFRS net assets per share			150p	199p	
LTV			50.6%	47.1%	

Net assets

As at 31 March 2021, IFRS net assets were £460.4 million (31 March 2020: £610.6 million). The reduction was primarily due to a 13.6% like-for-like decrease in portfolio valuation.

EPRA NTA is calculated by adjusting net assets to reflect the potential impact of dilutive ordinary shares, and to remove the fair value of any derivatives and goodwill held on the balance sheet. These adjustments are made with the aim of improving comparability with other European real estate companies.

EPRA NTA decreased by 25% to £463.2 million, from £615.2 million at 31 March 2020. EPRA NTA per share decreased by 25% to 151 pence per share at 31 March 2021 compared to 201 pence per share at 31 March 2020. The decrease in EPRA NTA and EPRA NTA per share is primarily due to the 13.6% like-for-like decrease in portfolio valuation.

Properties at valuation

Proportionally consolidated properties at valuation was £974.2 million at 31 March 2021, compared to £1,197.1 million at 31 March 2020, due to a 13.6% like-for-like decline in valuations and the completion of £81.2 million of disposals, in-line with our strategy to complete between £80-100 million of disposals in FY21.

Net debt & financing

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

	Group	JVs & Associates	Proportionally consolidated
Net debt at 31 March 2020	547.8	15.8	563.6
Operating activities			
Net cash inflow from operating activities	(8.6)	(2.4)	(11.0)
Investing activities			
New borrowings	–	2.0	2.0
Investment in associate	2.4	–	2.4
Disposal of subsidiary	(38.5)	–	(38.5)
Disposal of investment properties	(40.1)	(2.1)	(42.2)
Purchase of plant and equipment	3.3	–	3.3
Development and other capital expenditure	10.0	0.4	10.4
Financing activities			
Ordinary dividends paid	1.4	–	1.4
Other	1.5	0.4	1.9
Net debt at 31 March 2021	479.2	14.1	493.3

Proportionally consolidated net debt decreased by £70.3 million during the year to £493.3 million, primarily as a result of our disposal activity.

Operating activities generated a net cash inflow of £11.0 million, compared with UFFO of £11.5 million. As part of our disposal programme, we received cash proceeds of £78.3 million, net of re-investment in associates, primarily Sprucefield, of £2.4m, in addition to new debt taken out in associates of £2.0 million. The purchase of plant and equipment, and development and other capex, represented cash outflows of £3.3 million and £10.4 million respectively. The payment of withholding tax on the dividend relating to Q3 FY20 resulted in a net cash outflow of £1.4 million.

Financial policies

Our conservative financial policies were put in place in consultation with shareholders and form a key component of our financial risk management strategy. Our LTV increased from 47.1% at 31 March 2020 to 50.6% at 31 March 2021 due to non-cash portfolio valuation declines, the effect of which was partially mitigated by the successful execution of our disposal programme and cash generation from our portfolio. While LTV at this level remains safely below our covenant thresholds, it is now ahead of both our stated policy and our guidance.

We are as committed as ever to reducing our LTV to below 40% and balance sheet gearing to below 100%, and we plan to do this through our actions, as demonstrated by the £79 million of retail disposals we currently have exchanged or under offer, and the recently announced intention to divest ourselves of Hawthorn, our community pub business.

Similarly, whilst our Net debt: EBITDA ratio is now above our stated policy, the strategic disposals outlined in these results alongside the projected revenue recovery following the easing of lockdown restrictions will significantly improve this metric in the future.

	Financial policy	Proportionally consolidated	
		31 March 2021	31 March 2020
Net debt		£493.3m	£563.6m
Principal value of gross debt		£653.1m	£652.4m
Weighted average cost of debt ¹		3.2%	3.4%
Weighted average debt maturity ²		4.8 yrs	5.9 yrs
Loan to value			
	Guidance <40%		
	Policy <50%	50.6%	47.1%
FY21			
Net debt: EBITDA	<10x	14.6x	7.7x
Interest cover	>2.0x	2.3x	4.8x
Ordinary dividend cover ³	>100%	127%	105%
Group			
		31 March 2021	31 March 2020
Balance sheet gearing	<100%	104%	90%

1. Cost of debt assuming £215 million revolving credit facility is fully drawn

2. Average debt maturity assumes one-year extension option is exercised and bank approved. Excluding this option, debt maturity at 31 March 2021 is 4.3 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 2021
Single retailer concentration	<5% of gross income	1.9% (B&M, Poundland and Superdrug)
Development expenditure	<10% of GAV	<1%
Risk-controlled development	>70% pre-let or pre-sold on committed	100%
Pub weighting (excluding c-stores)	<30% of GAV	25%

Conclusion

It has been a challenging year for the UK economy and lockdown restrictions have impaired the financial performance of the Company and impacted the valuation of our portfolio. In spite of this we remained profitable, generating £11.5 million of UFFO, our cash and liquidity position has improved over the year by £72 million and we have maintained our Investment Grade credit rating.

Key to the strength of our financial position in navigating our way through the pandemic has been our unsecured balance sheet, the flexibility and unencumbered nature of our banking facilities and our corporate bond, which have enabled us to take decisive action whilst not being distracted by any covenant issues,

with a covenant light capital structure that puts us at an advantage to manage risk and explore opportunities. The divestment of our community pub business will strengthen the balance sheet and reduce LTV towards our stated guidance of 40%.

NewRiver has one of the best and most efficient capital structures in the sector. This financial year has tested and proven this and we have come through FY21 in a strong financial position as we look forward to the year ahead.

MARK DAVIES

Chief Financial Officer

9 June 2021

OUR ESG APPROACH

ALLAN LOCKHART
CEO

Our well-established and robust ESG programme has allowed us to successfully navigate the challenges of the past 12 months, ensuring we build on our 5-year-strong track record and seize the opportunities to further minimise our environmental impact and support our local communities.

Since the inception of our ESG Programme in 2015, we have made significant strides in reducing our environmental impact, reporting a 15% decrease in energy usage across our like-for-like retail portfolio in FY21 compared with the previous year. From our baseline year of FY18, we have achieved a 33% reduction in total carbon emissions across our retail portfolio.

Our commitment to communities, stakeholders and the environment, alongside our wider strategy and long-term asset management approach, provides additional depth to our portfolio's resilience.

Social value

Our positive contribution to the social fabric of the communities served by our convenient shopping centres and pubs has always been a core element of our business model and ESG programme. This is endorsed on an ongoing basis by market accreditations.

Awareness of social cohesion and community support heightened during FY21 when 'shopping local' became a necessity rather than a choice. We witnessed our retail assets mobilise and adapt to support local communities in numerous ways. These included retail security teams delivering shopping to those shielding, pubs converting into pop-up village shops to support isolated neighbourhoods and vacant units being used as vaccination centres to support the NHS.

Over the past 12-month period we took the opportunity to further enhance our engagement with our occupiers at an operational level, releasing our Retailer Sustainability Handbook, designed to support our occupiers in improving the sustainability of their operations and to complement our own efforts to realise NewRiver's ESG targets. Alongside this, we rolled out bespoke shopping centre-led Environmental & Social Implementation Plans across 85% of our retail portfolio to guide on-the-ground efforts to achieve our ESG objectives and ensure the ESG needs of our local communities are recognised and met as a priority.

ESG engagement and training

Stakeholder engagement is a key element of delivering on our ESG objectives and we are pleased to report that, despite challenging circumstances, we were still able to provide our annual ESG training for our centre managers, head office staff and wider stakeholders. Supporting this training were our operational manuals which helped centres to continue providing key operational metrics throughout the year. This meant that we could monitor performance, adapt policies accordingly and ultimately ensure that our ESG objectives remained on track.

Charitable activities

Our continued support for the Trussell Trust, an NGO and charity working towards a hunger-free future, held poignant significance throughout 2020, and we are proud of the £176,000 raised by NewRiver. We achieved this milestone through corporate donations, local site-led events, as well as the donation of salary sacrifices from our Board and executive teams to help those most in need, during a time when local events could no longer take place during national lockdowns. Despite local fundraising events not being permitted, over four tonnes of food were collected and donated to the Trussell Trust with the support of our on-site teams across our retail properties.

Environmental highlights

Turning to the environment, we continue to make progress against our short-term targets set in 2020 and are optimistic about the ways we can minimise our environmental impact in the coming decade.

A significant milestone in our sustainability journey is the announcement of our commitment to net zero carbon through a three-step target set against an ambitious yet achievable timeline. This is an appropriate time to make this public commitment to address the challenges and opportunities presented to us by climate change and we plan to become a signatory of the Better Buildings Partnership (BBP) Climate Change Commitment in the next financial year. Further details can be found on page 55.

This is our third consecutive year reporting against the key aspects of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We continued to develop our capabilities and refine our internal processes and systems throughout the year to equip the business to respond to emerging climate-related risks across our business model. More details on the TCFDs can be found on page 72.

Our development team's efforts resulted in the achievement of BREEAM Very Good for our design stages for the construction of Premier Inn, Romford, which notably achieved 100% in the categories of Land Use & Ecology and Transport.

Our established Wellbeing and ESG Committees across NewRiver and Hawthorn ensure that our programme is well integrated within every department and level of the business, led by our Head of Asset Management and ESG, Emma Mackenzie, alongside whom I am delighted to co-sign this ESG section of our Annual Report.

ALLAN LOCKHART
CEO

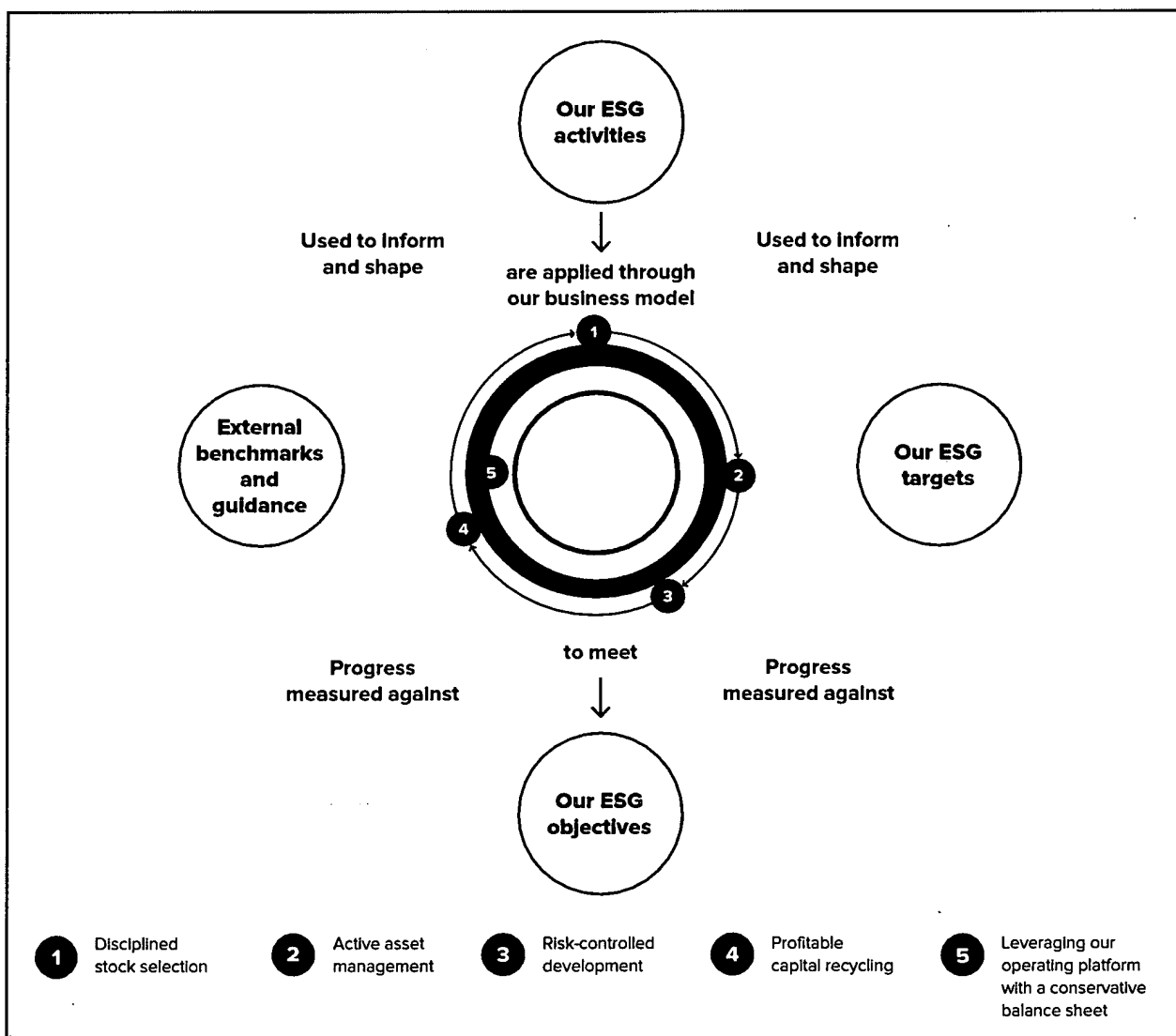
EMMA MACKENZIE
Head of Asset Management and ESG

**As custodian of the business,
I am proud to align my role
to the UN SDG Partnerships
for the Goals.**

MORE INFORMATION CAN BE FOUND
ON OUR WEBSITE WWW.NRR.CO.UK



Our approach to ESG



Our ESG activities are applied through our business model to meet our ESG objectives. Aligned with our corporate strategy, our ESG objectives are built around four focus areas which reflect the ESG Issues that are important to our stakeholders and our business.

Our ESG initiatives are informed and shaped by both external benchmarks and guidance, and our own ESG targets. These initiatives are applied to every area 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 the outcomes are 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.

In FY21 we made the decision to move to quarterly ESG reporting which will allow us to collect, analyse and monitor data on environmental performance across our assets in a timely manner and to adapt on-site operational procedures and approaches, where required.

As an owner of assets located in communities across the UK, we are committed to enhancing the lives of the people we serve and to 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, in order to ensure we are an excellent employer and the best company to do business with.

Our ESG objectives

MINIMISING OUR ENVIRONMENTAL IMPACT

Measures to reduce our greenhouse gas emissions and energy use include procuring renewable energy, reducing consumption, adopting efficient technology, improving building efficiencies and broadening stakeholder engagement to better understand our occupiers' and stakeholders' needs and priorities.

ENGAGING OUR STAFF AND OCCUPIERS

We enthusiastically encourage and support a holistic approach to managing our business. As owners we cannot achieve our targets without the support of our occupiers and our staff. Clear and consistent communication with these key groups, involving two-way education, is vital for our success.

SUPPORTING OUR COMMUNITIES

With a portfolio of assets in communities across the UK we can drive real, positive change within towns and cities by supporting and championing local causes. By creating jobs and supporting communities we are better placed to identify and respond to local needs, helping communities to thrive.

LEADING GOVERNANCE AND DISCLOSURE

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

EMMA MACKENZIE

Head of Asset Management & ESG

Programme structure

Our ESG strategy is guided by market trends, industry benchmarks, internal learnings, legislation, risks and opportunities identified by our risk management framework, and stakeholder engagement. These initiatives form our programme deliverables which are applied to every area of our business model to ensure we meet our ESG objectives. Progress is measured against both our own internal targets and external benchmarks to steer the next year's activities, which must adapt as the business changes and best practice evolves.

Emma Mackenzie, our Head of Asset Management and ESG, who is also a member of our Executive Committee, takes the lead on our ESG programme. The programme is developed, reviewed, and implemented by the internal ESG committee, comprising representatives from our retail and pub asset management teams, our IR and HR functions, and our ESG advisers (Cushman & Wakefield). The Committee meets quarterly, and its agenda is supplemented by monthly updates from Cushman & Wakefield, who advise on the implementation of key initiatives to support NewRiver to realise its ESG objectives.

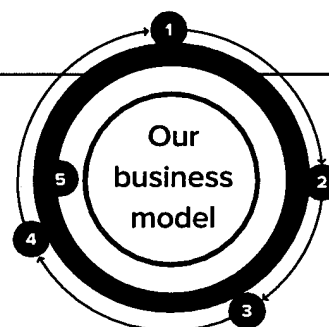
As Head of Asset Management & ESG, I champion the UN SDG of Zero Hunger through our corporate charity partnership.

MORE INFORMATION CAN BE FOUND
ON OUR WEBSITE WWW.NRR.CO.UK



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 ESG 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.



1

Disciplined stock selection

We undertake environmental due diligence as part of our stock selection process, including assessments of energy efficiency and flood risks.

2

Active asset management

We seek appropriate adaptations to our assets to improve monitoring and reduce energy consumption, such as solar panels, EV chargers and LED lighting. We also procure renewable electricity across 100% of our managed retail portfolio.

MINIMISING OUR ENVIRONMENTAL IMPACT

ENGAGING OUR STAFF AND OCCUPIERS

Acquisition of new assets involves a thorough engagement with occupiers and other stakeholders to assess whether the asset will meet their needs.

We have expanded the sustainability clauses within our leases to encourage our occupiers to provide sustainable fitouts, and we ensure that staff at our assets receive thorough training and development opportunities.

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.

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.

Our Head of Asset Management and ESG co-ordinates asset management initiatives through a sustainability lens and sits on our Executive Committee.

3

**Risk controlled
development pipeline**

Our developments aim for the appropriate market-guided sustainability standards, to reduce energy consumption and ensure they are fit for the future. Where possible we retrofit as opposed to more energy-intensive demolition and rebuilding.

4

**Profitable
capital recycling**

It is our intention that developments we have owned or developed should already include key environmental features that allow their new owners to operate sustainably.

5

**Leverage our platform/
conservative balance sheet**

By opening up our asset management platform to third parties we can advise other asset owners on environmental best practice in asset management and development.

Most of our developments are pre-let, so our development team works with occupiers throughout the development process to ensure it meets their needs and specifications.

When we dispose of an asset we engage with the staff and occupiers at the asset 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 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.

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.

We ensure that our development work adheres to the most stringent health and safety standards, and that all suppliers sign up to our Supplier Code of Conduct.

All disposal decisions are subject to a rigorous review process, including Executive Committee and Board sign-off where appropriate, which includes 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.

Our ESG targets

While we are finalising our pathway to net zero and setting new medium and long-term targets in line with the latest climate science, we will continue to work towards meeting the current medium (by 2030) and long-term (by 2050) targets set in 2018 with the addition of a net zero end point by 2050.

► Our short-term targets (2025)

Environmental

Minimising our environmental impact	
100% of waste generated at our managed properties is diverted from landfill by 2022	Building certifications targeted at 100% of new construction and major renovation projects by 2025
85% recycling rate at our managed properties by 2025	Achieve net zero carbon for all corporate-related carbon emissions (Scope 1, 2 and 3 emissions) by 2025
100% of landlord electricity procured from renewable sources by 2022	Conduct life-cycle and embodied carbon emission assessments for 100% of all new development projects by 2025
10% of landlord electricity use from on-site generation by 2025	
Electric vehicle charging points installed across 100% of retail properties with a surface-level car park by 2025	

Social

Engaging our staff and occupiers	Supporting our communities
Provide a minimum of one work experience placement per year at 50% of our managed retail assets by 2022	Achieve a 75% response rate to our occupier satisfaction survey by 2025
Achieve a 90% response rate to our annual staff wellbeing survey by 2022	
Supporting our communities	
All managed retail assets to participate in our Quiet Hour Initiative by 2022	Biodiversity plans to be in place for 15% of our managed properties by 2025
All managed properties have a community engagement programme in place updated on an annual basis by 2022	50% of NewRiver staff to participate in our volunteer work programme annually by 2022

Our performance – sustainability accreditations and commitments

We use industry-recognised indices to track our sustainability performance:

Accreditation or commitment	Score or equivalent	Observations
	Overall score 60/100	We outperformed our peers in our scores in Social (17/19) and Governance (18/20). Our area to focus and improve upon is our environmental score, which involves prioritising energy, water and waste consumption along with collating greater occupier data
	3 stars	Romford Premier Inn achieved a BREEAM Very Good rating
	C	2020 was our first submission and this score was in line with the European and global peer average, reflecting our ongoing commitment to develop climate risk reporting and governance disclosure processes
	We are committed to 11 of the 17 UNSDGs	We have specific targets and annually track our progress against them
	3rd consecutive year reporting	We continued to develop our capabilities and refine our internal processes and systems to equip the business to respond to emerging climate-related risks across our business model
HR Commitments	£247,000	Reflects total amount invested in staff training, subscriptions, staff surveys and online platforms across NewRiver and Hawthorn
Investing in people	2,093 hours	Total hours of training completed by head office staff
	£176,000 donated 4 tonnes of food	Reflects money raised and the weight of food collected to support our corporate charity
	2.9/5	We have participated in the ESG Ratings since 2017. In our most recent assessment (December 2020), we received an overall ESG Rating of 2.9 out of 5, above the 'Retail REIT' average of 2.7 and 'Financials' industry average of 2.5

► Medium-term targets (2030)

100% energy (electricity and gas) procured from renewable sources

20% reduction in NewRiver-procured utilities against the 2017 baseline year

50% reduction in carbon emission intensity across operational real estate by 2030

► Long-term targets (2050)

Over 25% of energy generated from renewable sources at assets

100% energy (electricity and gas) procured from renewable sources

40% reduction in NewRiver-procured utilities against the 2017 baseline year

Achieve net zero carbon on all operational Scope 1 and 2 emissions from the directly managed areas across our portfolio by 2040

By 2050, achieve net zero carbon in terms of operational and embodied emissions (scope 1, 2 and 3 emissions) at a corporate level and across our portfolio, whether assets are directly managed or managed by third parties

Our net zero commitment

The scale of the climate emergency and its impact has been transformational in the last 5 years. From the Paris Climate Agreement signed in 2015, to the announcement of the Task Force on Climate-related Financial Disclosures (TCFDs), set to be mandatory in the UK by 2025, there is growing momentum behind the adoption of low-carbon strategies to achieve long-term climate resilience. The UK Government has furthermore committed to bringing all greenhouse gas (GHG) emissions to net zero by 2050.

Our responsible approach requires transitioning to a more sustainable business for our essential retail and leisure for local communities. Minimising our impact on the environment is leading us to focus on reducing our energy consumption, improving efficiencies and harnessing stakeholder engagement.

Transitioning to a low-carbon model also helps to manage our portfolio's exposure to climate risks and to ensure the long-term resilience of our business.

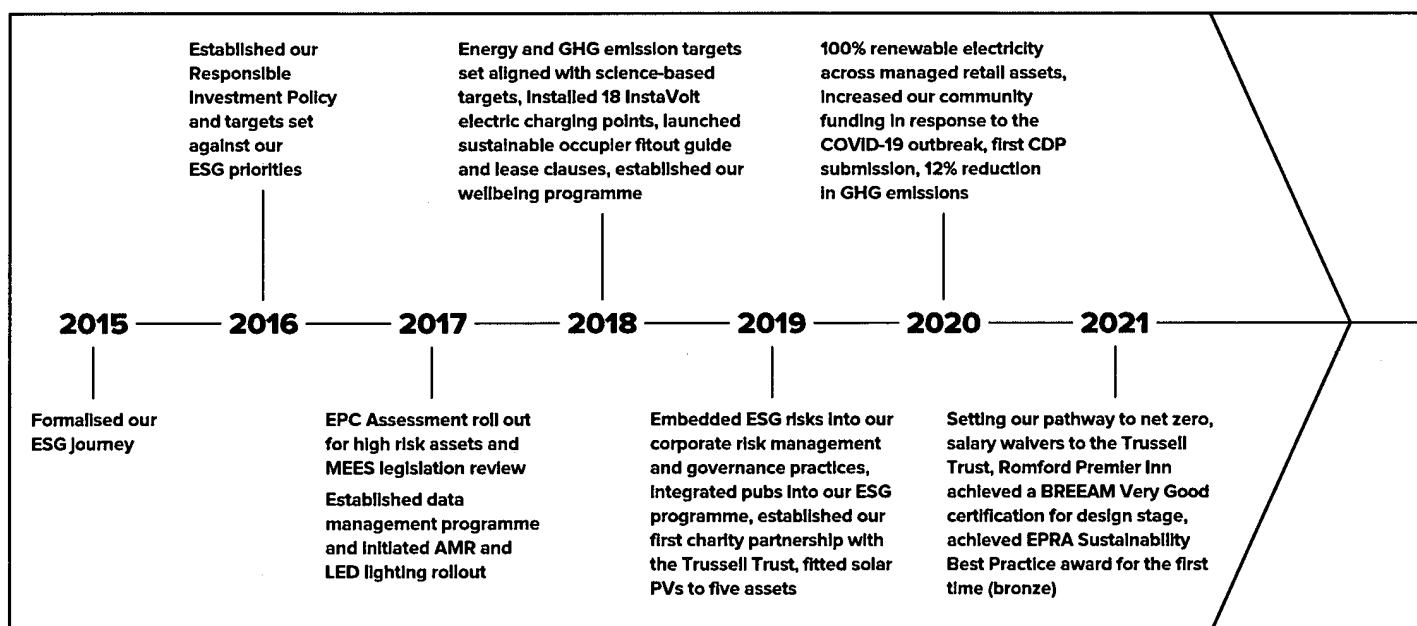
We recognise that the part we can play goes beyond our own real estate portfolio and business – it is a commitment to making a positive impact on the planet and something we are proud to uphold. We acknowledge that now is the time to demonstrate our commitment to carbon reduction and to address the challenges and opportunities that our pathway to net zero will present.

Progress to date

Since the inception of our Environmental, Social and Governance (ESG) programme in 2015, we have made significant progress in improving the environmental efficiency of our portfolio. In 2018, we developed GHG emission reduction targets using the science-based target methodology, which set our long-term reduction pathway for our Scope 1 and 2 emissions in line with the 2°C temperature limit scenario of the Paris Agreement. Since then, we have taken action to reduce our energy consumption and increased the level of renewable energy we procure and generate on site.

In 2019, following the Committee on Climate Change's review of the latest IPCC Special Report on Global Warming, it became clear that to limit warming to 1.5°C globally we need to achieve net zero GHG emissions by 2050. In June 2019 the UK Government announced a target of net zero for UK GHG emissions by 2050 and we began reviewing what this means for the real estate sector and our operations.

Our journey so far



Our approach

As the UK Green Building Council outlines there are a variety of ways to achieve net zero in the real estate sector. Our approach focuses primarily on reducing the energy demand across our properties, leading to a corresponding reduction in associated emissions, and increasing procurement of renewable energy. Furthermore, we will develop a net zero approach to our major refurbishment and development projects. Whilst we believe that the combination of these initiatives should significantly reduce our emissions, we recognise that some measures will not be technically or commercially feasible to implement. As such, we will aim to develop a carbon offsetting solution to ensure that we meet our reduction criteria.

We have set the following carbon reduction targets, aligned with a 1.5°C warming scenario, using the Science-Based Targets Initiative (SBTI) methodology:

- By 2025, achieve net zero carbon for all corporate head office related carbon emissions (Scope 1, 2 and 3 emissions)
- By 2040, achieve net zero carbon on all operational Scope 1 and 2 emissions from the directly managed areas across our portfolio
- By 2050, achieve net zero carbon in terms of operational and embodied emissions (scope 1, 2 and 3 emissions) at a corporate level and across our portfolio, whether assets are directly managed or managed by third parties

Alongside our targets, we will sign the Better Buildings Partnership (BBP) Climate Change Commitment which requires signatories to publish net zero carbon pathways and delivery plans, disclose the energy performance of their assets and develop comprehensive climate resilience strategies.

We commit to disclosing our progress against our targets annually and identifying ways to accelerate our pathway to net zero whenever possible.

Our strategy in 2021

We aim to publish our pathway timeline in the coming months to provide more detail on our targets. We believe that to achieve these targets we will need to rely on a combination of initiatives to significantly reduce our emissions. These include:

- further improvements to the energy efficiency of our assets
- expanding the use of green energy across all of our assets
- embedding our ESG principles across our developments, refurbishments and operation of assets
- carefully offsetting those emissions which we cannot eliminate

Our plan will recognise that, while some measures will not be technically or commercially feasible to implement, bold action is required to meaningfully achieve these targets.

Pathway to net zero

Become a signatory of Better Buildings Partnership Climate Change Commitment, receive approval from the Science-Based Target Initiative (SBTI) for aligning net zero pathway with 1.5°C global warming trajectory

2021

50% reduction in carbon emission intensity across operational real estate, as required by the SBTi

2025

2030

2040

2050

Achieve net zero carbon in terms of operational and embodied emissions (scope 1, 2 and 3 emissions) at a corporate level and across our portfolio, whether assets are directly managed or managed by third parties

Achieve net zero carbon for all corporate related carbon emissions (Scope 1, 2 and 3 emissions)
Create inventory of all real estate operational carbon emissions and NewRiver corporate activities (Scope 1 and 2)

Achieve net zero carbon on all operational Scope 1 and 2 emissions from the directly managed areas across our portfolio

OUR ESG INITIATIVES IN ACTION

Supporting our communities: Partnership with the Trussell Trust

“We are seeing the very best of society and a desire to help one another. Your donation means we can remain agile to respond to the changing situation and ensure food banks continue to provide the lifeline of emergency food and support for people in crisis, whilst moving forwards to tackle root causes and campaign for long term change.

Your donation will make a significant difference to our ability to respond to the current crisis.”

SOPHIE CARRE
Head of Corporate Partnerships, Trussell Trust

“NewRiver are well integrated at many different levels of our partnership, beyond donations”

LISA ROMANOVA
Corporate Partnerships Manager

We marked our second year supporting the Trussell Trust, as our corporate charity partner, whose work supports over 1,200 food banks across the UK providing for those most in need in the community. In 2020, as the pandemic unfolded, the Trussell Trust network gave out 1.9 million three-day emergency food supplies to people in crisis and a third of these went to children, often providing more than 2,600 food parcels for children each day alone.

This year we have donated up to £176,000. These vital funds help to provide direct support to the network of food banks; sourcing food, liaising with local authorities, providing emotional and well-being support and training to food bank project managers and volunteers.

As the Trussell Trust adapted during the pandemic so have we – we have been able to create storage across our shopping centre portfolio and use our social channels to magnify the Trussell Trust’s first ever people powered campaign: Hunger Free Future. Our centres continue to support local food collections and across the shopping centre portfolio we have collected over four tonnes of food donations.

Whilst many physical events were unable to take place, our salary sacrifice by our Board and Executive team members allowed us to keep up momentum in donations during critical times for those most vulnerable in our communities. Additionally, whilst our staff worked from home we embarked on virtual fundraising events, with a UK coastal walk, raffles and bingo.

£176k
RAISED

> 4 tonnes
OF FOOD COLLECTED

Relevant objectives

ESG
objectives

SDGs

Supporting our communities: The Real Junk Food Project in Wakefield

Adam Smith, founder of The Real Junk Food Project, said

“Thank you to everyone involved at The Ridings for your amazing support.

It makes a huge difference in allowing us to carry out our vital work of feeding bellies not bins.”

2,531 parcels

> £25k in value

**> 5 tonnes
of food saved**

The Ridings Shopping Centre, Wakefield, partnered with The Real Junk Food Project (TRJFP) in April 2020 to provide free retail space to support the local community. TRJFP provided valuable food packs to the local community from two of the centre's units via the app 'Too Good to Go'. The food parcels contain quality excess food that has been donated from a range of suppliers, caterers and retailers and which would otherwise have ended up in bins as food waste. TRJFP intercepts perfectly edible food destined for landfill and by offering the 'Too Good To Go' boxes at a significantly reduced cost, TRJFP are able to supply good quality, fresh food to those who might otherwise be unable to afford it.

Relevant objectives

ESG
objectives

SDGs

Minimising our environmental impact:

Our environmental initiatives in action

“Our retailers were impressed with the ‘Small Acts Make Big Impacts’ booklet. It clearly demonstrated NewRiver’s and the Ridings’ commitment to ESG and it was a great tool enabling the management team to discuss completed, current and future initiatives to enhance our local community and reduce the centre’s impact on the environment, and importantly how our retailers can continue to get involved with us.”

LEE APPLETON

Centre Director of The Ridings Centre in Wakefield

BREEAM very good certification for Romford Premier Inn

We are committed to embedding ESG considerations across all aspects of our operations, which include our development activities. Following last year’s BREEAM certification of our Canvey Island Retail Park, this year, our forward-funded Romford Premier Inn development received a BREEAM ‘Very Good’ Design Stage certification. This exciting development is scheduled for completion at the end of June 2021.

In line with our ESG-focused development ethos, we ensured the project embodied BREEAM principles, and measures taken as part of the development strategy included exceeding regulatory energy performance requirements, adopting passive design measures to reduce the total heating, cooling, mechanical ventilation and lighting loads, and reducing energy consumption.

A feasibility study was undertaken by an energy specialist to establish the most appropriate recognised local (on-site or near-site) low or zero carbon energy sources for the development. This resulted in a meaningful reduction in the total energy demand of the building.

Relevant objectives

ESG objectives

SDGs

Environmental and social implementation plans

Our ESG programme places continued focus on providing our assets with the tools and mechanisms to implement on-the-ground initiatives to improve asset resilience and performance against our ESG objectives.

This year, we introduced Environmental and Social Implementation plans to assist centre managers in identifying and assessing the feasibility of various asset-level initiatives that would contribute to the achievement of our short, medium and long-term ESG targets. We suggested initiatives for consideration, such as the introduction of new habitats and the inclusion of sustainability agenda items in occupier meetings, and developed the method by which the environmental and social initiatives will be tracked for each centre.

These plans were implemented at 85% of our retail properties over the course of the year. Our ESG advisers also undertook an independent review of all plans to provide their recommendations as to where further ESG best practice adjustments can be made.

On-site renewable energy generation

Since 2018, when we set our long-term GHG emission reduction pathway for Scope 1 and 2 emissions within the 2°C temperature limit scenario in line with the Paris Agreement, we have taken continuous action to reduce our energy consumption and increase the proportion of renewable energy we procure and generate on site. In FY20, the electricity supplied to our managed retail assets was 100% renewable, and in FY21, 3.7% was generated on site.

Sustainability handbook for retailers

In March we issued all of our retailers with our ‘Small Acts Make Big Impacts’ booklet to advise our occupiers as to how changing what we do every day can enhance our communities and reduce our impact on the environment. The message is focused on the power of partnerships; communicating to our retailers how we demonstrate our commitment to ESG, and the ways in which we welcome our occupiers to work with us in ensuring we are on the right side of climate change history. The booklet also provides helpful hints and tips on small behavioural changes all occupiers can adopt independently, as well as offering support via our centre managers.

Improving the environmental performance of our pub portfolio

Building on the energy savings we achieved in 2019 through the installation of our cellar environment monitors, this year we made the best of the closure periods in connection with COVID-19 and continued the rollout of efficiency improvements across our managed pub portfolio. Key improvements include:

Installation of double glazing

5 sites

Switch to interior LED lighting

13 sites

Switch to exterior LED lighting

23 sites

Increase of insulation depth

4 sites

Boiler upgrades

8 sites

Water heater upgrades

2 sites

Co-ordinated approach to pub waste management

In 2020, Hawthorn ran a comprehensive tender for waste management services for our pub portfolio. We appointed ACM Environmental to support the portfolio's waste management, inspired by their leading sustainability credentials and capabilities in the management, monitoring and reporting of waste. With ACM, we can ensure our waste management makes a positive contribution towards realising our objective of minimising our environmental impact.

Relevant objectives

ESG
objectives

Supporting our communities: Burgess Hill – proving eco-friendly trading spaces for the community

“This year we are thrilled to have championed six local independent retailers and charities, each of which features a diverse mix of sustainability, health and wellbeing at the heart of their business models. These fantastic retailers have in turn supported their local community within a vibrant town centre whilst we develop our regeneration project. Championing local physical retail via these new retailers has also allowed us to make an annual rates saving of circa £108,000.”

NATASHA SOUTHWICK

Asset Manager

Mama Fit is a women's fitness space and café, a place for everyone to enjoy offering an open gym, health and wellbeing classes, personal training and kids dance classes. Co-owners, Chris and Elliot, are two young entrepreneurs who have a passion for people and communities. With the help of close friends and family they turned a walkway into a beautiful green café, with a gym above, for the local community to enjoy.

Scrapless is Burgess Hill's first refill food, produce and cleaning liquid store offering their customers a brand new shopping experience and convenient access to a zero-waste lifestyle in Burgess Hill, Mid Sussex. This plastic-free retailer also offers shoppers the opportunity to offset their carbon emissions by planting a tree in their Scrapless Forest at the check-out.

LoCa, another imaginative start-up, sells handmade children's clothing made by a local mum for children up to 8 years, workwear and personalised clothes and bags.

Relevant objectives

ESG
objectives

SDGs

**Supporting our communities:
Social resilience**

“The Centres are capable of delivering thousands of vaccines in the coming weeks and provide a major boost to our plans to offer protection to those who would benefit as quickly as possible.”

DR DAVID VICKERS
Medical Director, Cambridge Community Services
NHS Trust

“We are very pleased that the NHS has chosen this easily accessible location in the heart of Wisbech and we will continue to offer our support to them whilst they are here.”

KEVIN SMITH
Horsefair Centre Manager

During the pandemic, our team successfully facilitated the transformation of a unit from a community-based repurposing furniture and home décor occupier to a COVID-19 vaccination centre. In just a few weeks. The centre provided additional support to the vaccination hubs already operating in other larger vaccination centres, local hospitals and GP surgeries across the county. The centre’s location in the heart of the community, with a 400-space car park and bus stations nearby, meant those in most need could easily access the NHS service.

Care Packages in Middlesbrough

The team at Hillstreet Shopping Centre chose to support their local community by funding care packages containing essentials and a few festive treats. A total of 45 packages were put together and distributed in partnership with Ageing Better Middlesbrough. Operations Manager, Colln, said ‘they’ve been really well received by older people in our area grateful that we’re still thinking of them, especially during Christmas.’

Relevant objectives

ESG
objectives

SDGs

Streamlined energy and carbon reporting (SECR) disclosures

In line with the Companies Act 2006 (Strategic & Directors' Reports) Regulations 2013, we disclose the annual global GHG emissions for which we are responsible.

The table below presents our total energy use, including 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. Performance data presented below relates to our retail and pub portfolios for the financial year ended 31 March 2021.

Our approach

Our methodology to prepare these disclosures is aligned with the Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance (March 2020) issued by the Department for Business, Energy & Industrial Strategy (BEIS), and guidance outlined in the WBCSD/WRI Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition). Calculation of our annual GHG emissions is based on the BEIS 2020 UK emission conversion factors. Full details of our methodology are available on request.

Our FY21 SECR disclosures	FY21	FY20	% change
Combustion of fuel and operation of our assets	2,279	1,472	55%
Electricity purchased for own use (location-based)	3,445	3,356	2.7%
Electricity purchased for own use (market-based)	967		
Emissions from purchased goods and services, fuel and energy-related activities, waste, business travel, employee commuting and downstream leased assets	28,699	86,837	-67%
Total Scope 1, 2 and 3 CO₂e emissions (location-based)	34,423	91,665	-62%
Intensity Scope 1 & 2 (location-based) (tCO₂e/m²)	0.024	0.024	
Total energy use (kWh)	27,481,131	22,043,230	25%

Performance during the year

In FY21, we saw an increase in our total energy use across our portfolio, which was driven by the following key factors; firstly, we appointed a new energy broker who has significantly improved our data collection processes and enabled greater visibility on our portfolio's usage. As a result, we have collected gas usage data for 72 additional pub sites compared with last year. Secondly, the offices at our Piazza Centre have been occupied seven days a week by the NHS, with extended operating hours of 7am to 10pm. To facilitate the use of this building by the NHS, we also refurbished the Air Handling Units ('AHUs') and now have 11 working AHUs, compared with three last year. Throughout the COVID-19 disruption, our Templar Square Shopping Centre remained fully open and operational for the local community. To make this possible and safe, we were required to keep the main centre doors open (for air flow), meaning that the AHUs were working harder to maintain a comfortable temperature.

We achieved a 26% reduction in like-for-like electricity consumption across our portfolio, which was largely driven by the impact of lockdown measures, with activity being scaled back in line with social distancing restrictions implemented across the UK. This reduction can also, in part, be attributed to replacements of inefficient lighting with new LEDs. Our scope 3 emissions reduced by two-thirds to 28,699tCO₂e in 2021 (2020: 86,837tCO₂e), partly due to the transition of our staff to working remotely from home, contributing to our total scope 1, 2 and 3 location-based emissions reduction of 62%.

Energy efficiency measures implemented this year:

Despite the impact of lockdown restrictions on our retail and pub portfolios, we continued to prioritise the rollout of initiatives designed to improve environmental performance, reduce energy usage and improve the energy efficiency of our managed assets. We continued to roll out LED across the portfolio and now have LED technology installed across communal areas in our retail portfolio. We have also increased the proportion of common area AMRs within our retail portfolio by 12% over the course of the year. In addition to the optimised cooler efficiency technology installed in pub cellars across our operator managed pub portfolio, our property managers implemented six different types of efficiency measures this year, including superior insulation and boiler upgrades, which amounted to a total of 55 improvements across the managed pub portfolio.

Data Notes

Reporting Period	Aligned with our financial reporting, our GHG emissions relate to the financial year ended 31 March 2021. Emission data from the financial year ended 31 March 2020 has also been included.
Boundary	We have used the operational control method to outline our carbon footprint boundary. This year, we have expanded the boundary of our Scope 3 reporting to now include purchased goods and services, fuel and energy-related activities, waste, business travel, employee commuting and downstream leased assets. Occupiers' energy usage and emissions are not included in our Scope 1 and 2 reporting boundary as this is not deemed to be within our operational control boundary but are reported in Scope 3 as downstream leased assets.
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.
Emissions Factor	The emission factors and conversions used for FY21 reporting are from the Defra greenhouse gas reporting tool 2020 and the factors and conversions used for FY20 reporting are from Defra's 2019 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 FY20 data has been updated using the Gross CV factor.
Scope 2 emissions	This year for the first time, we are reporting both a location-based and market-based Scope 2 figure, in-line with the GHG Protocol Scope 2 Guidance. This demonstrates the purchasing decisions we have made over our retail portfolio, which is supplied by green tariffs.
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 purchased goods and services, fuel and energy-related activities, waste, business travel, employee commuting and downstream leased assets.
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.
Data Restatement	In our FY20 Annual report, we quoted the value 1,322 (tCO₂) for scope 1 emissions. In FY21, this has been restated as 1,472 (tCO₂). This restatement is due to re-invoicing following year end FY20. This change has also impacted our total emissions figure, which has been revised from 4,894 (tCO₂) to 5,044 (tCO₂), and total energy use from 21,225,230 (kWh) to 22,043,230 (kWh). In addition, due to the expanded scope 3 reporting boundary this year, we have restated the Scope 3 figure reported in FY20 of 216 (tCO₂) to make this more comparable. This has been restated as 86,837 (tCO₂) and covers the additional Scope 3 emissions sources reported this year (purchased goods and services, fuel and energy-related activities, waste, employee commuting and downstream leased assets).

EPRA sustainability best practice recommendations

The ESG performance disclosures in the following tables have been prepared in accordance with the European Public Real Estate Association's Sustainability Best Practices Recommendations guidelines and represent key ESG metrics monitored by the business on an ongoing basis. These metrics aim to bring consistency and clarity to real estate companies' disclosures of their environmental, social and corporate governance performance.

Environmental performance measures:

EPRA Code	Performance Measure	Unit(s) of Measure	Total Portfolio ¹ , Asset Type	% of data estimation	Absolute Performance (Abs)		Like-for-like Performance (Lfl)		
					FY21	FY20	FY21	FY20	% Change
Elec-Abs, Elec-Lfl	Electricity consumption	annual MWh	Total Portfolio	6%	14,778	13,130	9,021	12,197	-26%
			Retail	3%	10,631	10,005	7,315	9,716	-25%
			Pubs	11%	4,147	3,125	1,706	2,481	-31%
DH&C-Abs & Lfl	District heating & cooling ²	annual MWh							
Fuels-Abs, Fuels-Lfl	Fuel consumption	annual MWh	Total Portfolio	11%	12,396	8,007	7,657	6,655	15%
			Retail	4%	4,233	3,347	3,772	3,307	14%
			Pubs	14%	8,163	4,660	3,885	3,348	16%
Energy-Int	Energy Intensity	kWh/elec-eq/m ² /yr	Total Portfolio		82	89	79	97	-19%
			Retail		71	79	72	90	-20%
			Pubs		118	127	109	128	-15%
GHG-Dlr-Abs	Scope 1 emissions	tonnes CO ₂ e	Total Portfolio		2,279	1,472	1,408	1,223	15%
			Retail		778	615	694	608	14%
			Pubs		1,501	857	714	615	16%
GHG-Indlr-Abs	Scope 2 emissions – location-based	tonnes CO ₂ e	Total Portfolio		3,446	3,356	2,103	3,117	-33%
			Retail		2,479	2,557	1,705	2,483	-31%
			Pubs		967	799	398	634	-37%
	Scope 2 emissions – market-based	tonnes CO ₂ e	Total Portfolio		967		967		
			Retail		0		0		
			Pubs		967		967		
GHG-Int	Scope 3 emissions	tonnes CO ₂ e	Total Portfolio		28,699	86,837			-67%
			Total Portfolio		0.024	0.024	0.023	0.027	-14%
			Retail		0.019	0.021	0.020	0.020	0%
Water-Abs, Water-Lfl	Water consumption	annual cubic metres (m ³)	Pubs		0.039	0.039	0.037	0.040	-7%
			Total Portfolio	9%	107,769	198,530	80,951	150,931	-46%
			Retail	4%	66,019	105,434	65,543	105,427	-38%
Water-Int	Water Intensity	m ³ consumption/m ²	Pubs	12%	41,750	93,096	15,408	45,504	-66%
			Total Portfolio		0.716	1.516	0.648	1.271	-49%
			Retail		0.576	1.002	0.623	1.002	-38%
Waste-Abs, Waste-Lfl	Tonnes total waste	Tonnes	Pubs		1.159	3.620	1.200	3.544	-66%
			Total Portfolio	0%	2,613	4,283	2,613	3,895	-33%
			Retail	0%	2,031	3,958	2,031	3,741	-46%
	Tonnes diverted from landfill	Tonnes	Pubs	0%	582	325	582	154	278%
			Total Portfolio	0%	2,596	4,198	2,596	³	
			Retail	0%	2,022	3,908	2,022		
	Tonnes waste to energy	Tonnes	Pubs	0%	574	290	574		
			Total Portfolio	0%	764	2,298	764		
			Retail	0%	764	2,157	764		
	Tonnes recycling	Tonnes	Pubs	0%	0	141	0		
			Total Portfolio	0%	1,366	1,455	1,366		
			Retail	0%	921	1,305	921		
Cert-ToT	Type and number of sustainably certified assets ⁴	Total number by certification/rating/labelling scheme	Pubs	0%	445	150	445		

1. Data coverage: the figures reported against each performance measure represent 100% of the assets within our Operational Control reporting boundary.

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

3. Improvements have been made to our waste stream categorisation. Like-for-like comparison measures will be provided in FY22, when we have two consecutive years of comparable data.

4. Please refer to our ESG report for a detailed breakdown of this performance measure.

Social performance measures:

EPRA Code	Performance Measure	Unit(s) of Measure	Boundary	FY21	FY20
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 and Hawthorn head office employees	49% Female/ 51% Male	50% female/ 50% male
Diversity-Pay ¹	Gender pay ratio	Ratio of gender pay			
Emp-Training	Employee training and development	Average hours/employee	NewRiver and Hawthorn head office employees	18	28
Emp-Dev	Employee performance appraisals	Percentage of employees		100%	100%
Emp-Turnover	Total number of new hires	NewRiver and Hawthorn head office employees		26	33
	Total number of leavers			13	27
	Rate of new hires			18%	25%
	Rate of employee turnover			9%	20%
H&S-Emp	Injury rate	Per 100,000 hours worked	NewRiver and Hawthorn head office employees	0	0
	Lost day rate	Per 100,000 hours worked		0	0
	Absentee rate	Days per employee		0	2.97
	Fatalities	Total number		0	0
H&S-Asset	Asset health and safety assessments	Percentage of 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		100%	100%

1. 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.

Governance performance measures:

EPRA Code	Performance Measure	Unit(s) of Measure	FY21	FY20
Gov-Board	Composition of the highest governance body	Number of executive board members	2	3
		Number of independent/non-executive board members	4	3
		Average tenure on the governance body	3.8	4.5
		Number of independent/non-executive board members with competences relating to environmental and social topics	2	1
Gov-Selec	Process for nominating and selecting the highest governance body	Narrative on process	As a Stock-Exchange-Listed business, NewRiver is required under the UK Corporate Governance code to have a Nomination Committee which is responsible for identifying and nominating candidates to the Board. Refer to page 92 of the 2021 Annual Report and Accounts for the latest report from the NewRiver Nomination Committee	
Gov-Col	Process for managing conflicts of interest	Narrative on process	As a Stock-Exchange-Listed business, NewRiver is required under the UK Corporate Governance Code to identify and manage conflicts of interest. Directors also have duties under the Companies Act 2006. To manage this process, 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 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.	

OUR APPROACH TO RISK MANAGEMENT

Risk is inherent in all business and effective risk management is a key element in the delivery of our strategy and operation of our business model. The COVID-19 pandemic brought economic and social disruption over FY21 however our culture and strong governance systems have supported the business during this challenge. Our small workforce encourages flexibility and collaboration across the business in all areas including risk. The accessibility and flexibility of the Board and senior staff are particularly pertinent when adapting to emerging and external risks such as a global pandemic. This flexibility has enabled the business to adjust and respond to this fast-changing situation and prove its resilience and adaptability.

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

Risk appetite

There are multiple risks that could impact our ability to successfully execute our strategy. The Board generally has a low risk appetite but recognises that the external environment in which it operates is inherently risky. Mitigating actions are therefore agreed for all risks that exceed the Group's risk appetite. Our experienced leadership team continuously works to mitigate the risks arising from the external environment.

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

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

Risk monitoring and assessment including emerging risks

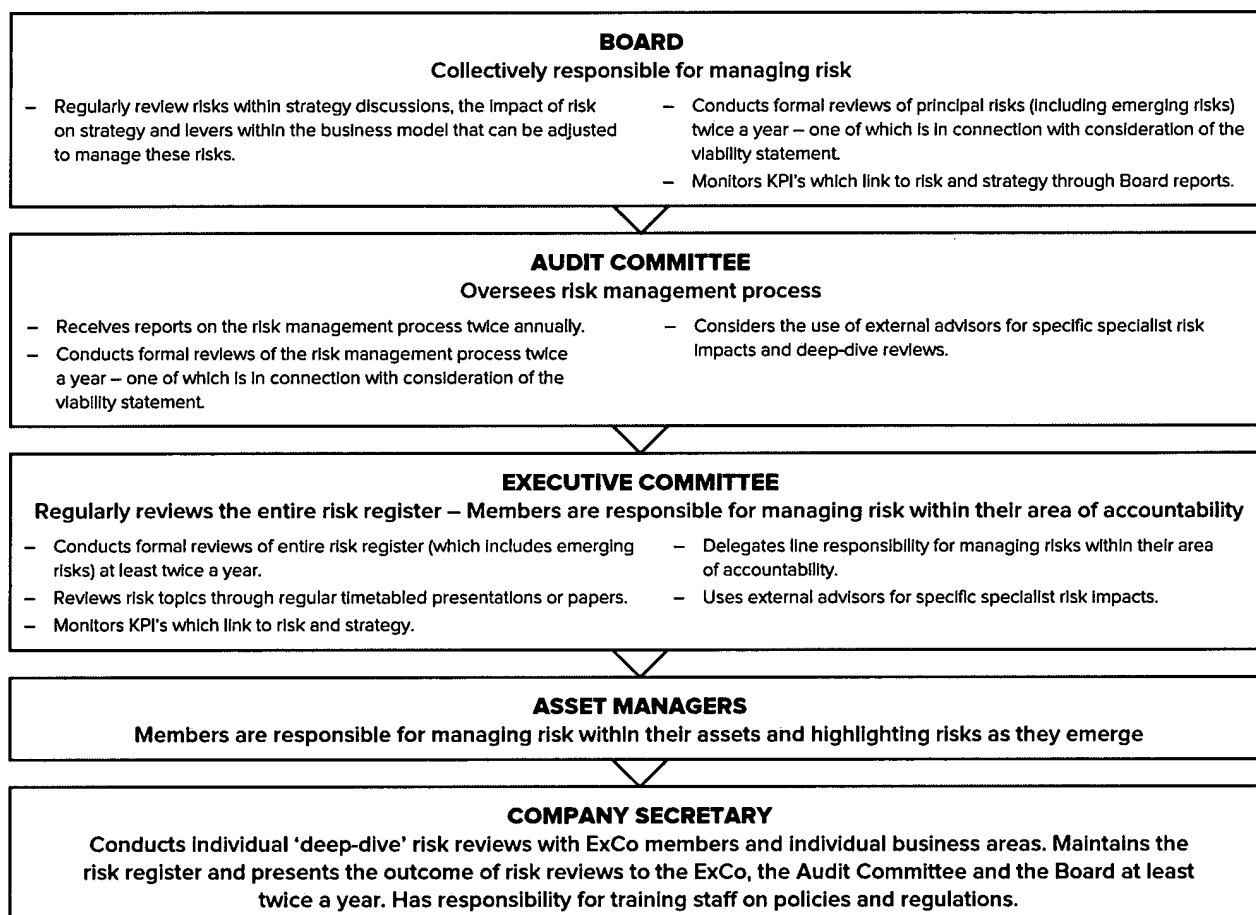
The identification of risks is a continual process which has been highlighted more so this year than ever before with a global pandemic creating uncertainty across all sectors both economically and socially. The Company maintains a risk register in which a range of categories are considered. These risks are linked to the business model and strategic priorities of the Company.

The risk register assesses the impact and probability of each identified risk. By identifying all risks on a register and continuously updating this register principal risks can be identified as those that might threaten the Company's business model, future performance, solvency or liquidity and reputation. Their potential impact and probability will also be a factor in whether they are classed as principal. The risk register also records actions that can be taken to further mitigate the risk and each action is assigned to an individual or group. Mitigation factors and actions are assigned to all risks whether they are principal, non-principal or emerging. The continuous updating of this risk register assists in identifying emerging risks as they develop and ensures that their impact is continually assessed as they emerge and progress. All risks on the register are 'scored' in terms of impact and probability. A risk heat map can be a useful visual aid to understand the potential impact and probability of each significant risk on a gross basis prior to mitigation.

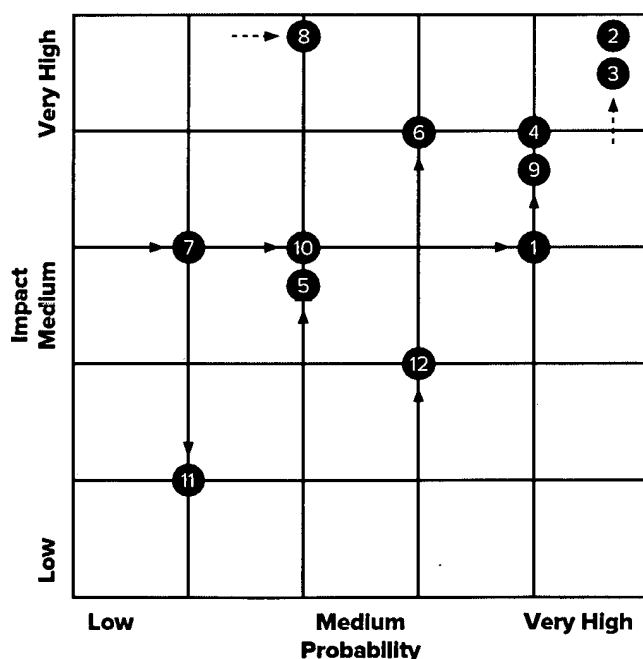
Risk assessment during the year

The general risk environment in which the Company operates remained uncertain throughout the year. While the easing of lockdown rules from June 2020 onwards removed some risk relating to COVID-19, particularly in our macroeconomic, catastrophic external event and asset management risk categories, the second wave of infections and the imposition of further restrictions by the UK and other national governments from October 2020 onwards meant that much of these risk factors returned. Wider concerns around the deterioration of the UK retail market and continued political and economic uncertainty relating to the UK's departure from the EU remained throughout the year.

The Risk Management process and responsibility



Risk matrix



Principal risks

External risk

- 1 Macroeconomic
- 2 Political and regulatory
- 3 Catastrophic external event
- 4 Climate change
- 5 Changes in technology and consumer habits
- 6 Cyber security (NEW)

Operational risk

- 7 People
- 8 Financing
- 9 Asset management
- 10 Development
- 11 Acquisition
- 12 Disposal

Movement from FY20

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External Risks

Risk and Impact	Monitoring and management	Change in risk assessment during the period
1. Macroeconomic Economic conditions in the UK and changes to fiscal and monetary policy may impact market activity, demand for investment assets, the operations of our occupiers or the spending habits of the UK population. Responsibility: Board & ExCo Link to strategy: Impact: Probability: Movement:	– The Board regularly assesses the Company's strategy in the context of the wider macroeconomic environment. This continued review of strategy focuses on positioning our portfolio for the evolving economic situation. – The Board and management team consider updates from external advisers, reviewing key indicators such as forecast GDP growth, employment rates, interest rates and Bank of England guidance and consumer confidence indices. – Our portfolio is focused on resilient market sub-sectors such as essential retailers 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 remained the same during the period and is considered a medium impact risk with a medium to high probability. – Although, retail sales and pub sales rebounded after the first national lockdown further restrictions by the UK and other national governments from October 2020 onwards meant that sales in pubs and non-essential retail were again impacted. Restrictions are however now lifting again and the vaccination programme is proving successful. – The uncertainty around the impact of the COVID-19 pandemic continues to result in declines in asset valuations, which has narrowed the headroom on some of our debt covenants. – Possible higher inflation could fuel wage growth and costs leading to rate increases above current forecasts. – The Bank of England is expecting a strong recovery to pre-pandemic levels so these Macroeconomic risks are expected to improve.
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. Responsibility: Board & ExCo Link to strategy: Impact: Probability: Movement:	– The Board regularly considers political and regulatory developments and the impact they could have on the Company's strategy and operating environment. – External advisers, including legal advisers, provide updates on emerging regulatory changes to ensure the business is prepared and is compliant. – We regularly assess market research to gauge the impact of regulatory change on consumer habits. – We carry out stress testing on our portfolio in relation to regulatory changes which may impact our operations or financial position. – Where appropriate, we participate in industry and other representative bodies to contribute to policy and regulatory debate. Individual ExCo constituents are members of BPA, BBPA and the High Street task force.	– Political and regulatory risk has increased in the period and is considered a high impact risk with a high probability. – Political uncertainty surrounding COVID-19 remains, although the roll out of vaccinations and opening up of restrictions is positive. – There still remain uncertainties around the longer term impacts of Brexit and also uncertainties relating to the possibility of Scottish Devolution. – The Coronavirus Act imposed a moratorium on landlords' ability to forfeit leases of commercial property for non-payment of rent in England and Wales and Northern Ireland. This moratorium has again been extended and will now expire on 30 June 2021. – There are further uncertainties around the outcome of the Government review of the Landlord and Tenant Act 1954.
3. Catastrophic external event An external event such as civil unrest, a civil emergency including a large-scale terrorist attack or pandemic, could severely disrupt global markets and cause damage and disruption to our assets. Responsibility: Board & ExCo Link to strategy: Impact: Probability: Movement:	– The Board have developed a comprehensive crisis response plan which details actions to be taken at a head office and asset-level. – The Board regularly monitors the Home Office terrorism threat level and other security guidance. – The Board regularly monitors advice from the UK Government regarding pandemic responses and emergency procedures at our assets are regularly tested and enhanced in-line with the latest UK Government guidance. – We have robust IT security systems which cover data security, disaster recovery and business continuity plans. – The business has comprehensive insurance in place to minimise the cost of damage and disruption to assets.	– Catastrophic external event risk has been increased during the period and is considered a high impact risk with a high probability. – The impact of COVID-19 has caused unprecedented economic and operational disruption. We mitigated the impact through our portfolio positioning focused on essential goods and services, our cash position and liquidity and our active approach to asset management. – COVID-19 has also demonstrated the effectiveness of home working for the business, which has ensured preparedness for any future lockdowns. – The Board continues to review the Company's response to the COVID-19 pandemic and make any necessary amendments to our crisis response plan. – The roll out of vaccinations and the opening up of restrictions is positive and our operational performance has proved the resilience of our portfolio.

Risk change during 2020/21**Risk has Increased****Risk has decreased****Risk has not changed****Impact and probability****Low****Medium****High****Risk and Impact****4. Climate change**

Adverse impacts from environmental incidents such as extreme weather or flooding could impact the operation of our assets. A failure to implement appropriate climate risk management measures, comply with evolving regulations and meeting our ESG targets could impact the operation and value of our assets, leading to a risk of asset obsolescence, reputational damage and erosion of investor value.

Responsibility:

Board & ExCo, CEO
and ESG Committee,
Head of ESG

Impact:**Link to strategy:****Probability:****Movement:****Monitoring and management**

- 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 are developing our pathway to Net Zero Carbon and setting new medium and long-term targets in line with the latest climate science.
- 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 is measured against applicable targets and benchmarks.
- We have included TCFD disclosures in our Annual Report.

Change in risk assessment during the period

- Climate change risk has increased during the period and is considered a medium impact risk with a 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 period, in addition to the scoring criteria for certain ESG benchmarks such as GRESB.
- Our ESG committee pre-empted these changes and our initiatives and disclosure continue to evolve in-line with best practice.
- ESG is embedded into capital allocations and is considered for all future acquisitions.

5. Changes in technology and consumer habits and demographics.

Changes in the way consumers live, work, shop and use technology could have an adverse impact on demand for our assets.

Responsibility:

Board & ExCo

Impact:**Link to strategy:****Probability:****Movement:**

- The Board and Executive Committee regularly assess our overall corporate strategy and acquisition, asset management and disposal decisions in the context of current and future consumer demand. Our strategy is designed to focus on resilient assets that take into account these future changes.
- We closely assess the latest trends reported by CACI, our research provider, to ensure we are aligned with evolving consumer trends.
- Our retail portfolio is focused on essential spending on goods and services which are resilient to the growth of online retail. Our 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 the same during the year and is considered a medium impact risk with a low to medium probability.
- Although COVID-19 lockdown restrictions have significantly increased home working and online shopping, we expect some of this to unwind in the short term but consumer habits will evolve over the medium term.
- Our portfolio is focused on providing essential retail to local communities, which continues to mitigate the impact of online retail on our portfolio.
- While COVID-19 may have accelerated the trend to online shopping this provides opportunities for our portfolio, particularly retail parks and local community shopping centres.
- Our strategy is to reshape our portfolio to ensure over the longer term we have the most resilient retail portfolio in the UK.

6. Cyber security

A cyber attack could result in the Group being unable to use its IT systems and/or losing data. This could delay reporting and divert management time. This risk could be increased due to many employees working from home during the pandemic.

Responsibility:

Board & ExCo,
Head of IT

Impact:**Link to strategy:****Probability:****Movement:**

- There are limited IT servers on sites.
- Multiple third party supplier programs are used which have their own security systems and are independently audited by Deloitte and ISO2000 accredited.
- ExCo receives quarterly reporting on IT matters.
- Security protocols are in place to ensure swift changes to data access following staff changes and authority limit access.
- We have reviewed our IT systems and have a number of focus areas to enhance over the year.
- Cyber insurance cover is in place.

- This is a New Principal risk. Whilst this risk has always been recorded and monitored on our risk register its prominence has been elevated in the year because one of our third party suppliers experienced a cyber security incident. No data breaches were found to have been made but our normal reporting systems were slower as a result of not having access to our normal reporting channels while the incident was being investigated.
- This risk could also be increased due to employees working from home during the pandemic.

Operational Risks

Risk and Impact	Monitoring and management	Change in risk assessment during the period
7. People The inability to attract, retain and develop our people and ensure we have the right skills in place could prevent us from implementing our strategy. Responsibility: Remco, ExCo, SID (as employee engagement director), Head of HR Link to strategy: Impact: Probability: Movement:	- 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. - Our recruitment policies consider the needs of the business today and our aspirations for the future, whilst ensuring our unique corporate culture is maintained.	- People risk remains unchanged during the period and is considered a low to medium impact risk with a low to medium probability. - 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. - We have focused on staff well-being during this challenging time. We have actively sought regular feedback from staff. Mindful of mental and physical well-being during these prolonged periods of self-isolation and working from home we devised an active programme of staff events such as virtual social gatherings and exercise classes to help staff keep engaged. - Our staff retention rate is 95%.
8. Financing If gearing levels become higher than our risk appetite or lead to breaches in bank covenants this would impact our ability to implement our strategy. The business could also struggle to obtain funding or face increased interest rates as a result of macroeconomic factors. Responsibility: ExCo & CFO Link to strategy: Impact: Probability: Movement:	- 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 and detailed forward assessments of cashflows are carried out regularly. - Our credit rating is independently assessed by Fitch Ratings every six months.	- Financing risk remains unchanged during the period and is considered a high impact risk with a low to medium probability. - Although macroeconomic developments, particularly in the wake of COVID-19 have impacted financial markets, the strength of the Company's balance sheet, and the results of our extensive scenario testing, and stress-testing of headroom, means we have significantly mitigated the risk of not being able to secure sufficient financing. - Through our disposal programme strategy we have managed to mitigate the impact COVID-19 might otherwise have had on our cash and liquidity position and LTV.
9. Asset management The performance of our assets may not meet with the expectations outlined in their business plans, impacting financial performance and the ability to implement our strategies. Responsibility: ExCo, Emma Mackenzie, Head of Asset Management and the Asset Managers Link to strategy: Impact: Probability: Movement:	- Asset-level business plans are regularly reviewed by the asset management team and the Executive Committee and detailed forecasts are updated frequently. - The Executive Committee reviews whole portfolio performance on a quarterly basis to identify any trends that require action. - Our asset managers are in contact with centre managers and occupiers on a daily basis to identify potential risks and improvement areas. - Revenue collection is reviewed weekly by the Executive Committee.	- Asset management risk has increased during the period and is considered a medium to high impact risk with a medium to high probability. - The COVID-19 pandemic has placed restrictions on the operations of our occupiers and impacted performance and rent collection at our assets. - There have been a number of high-profile retail failures since the beginning of the pandemic, including amongst our occupier base. - Our COVID-19 response has focused on supporting occupiers and ensuring businesses can emerge from the crisis in robust financial shape. - The roll out of vaccinations and the opening up of restrictions is positive and our operational performance has proved the resilience of our assets.

Risk change during 2020/21**Risk has increased****Risk has decreased****Risk has not changed****Impact and probability****Low****Medium****High****Risk and Impact****10. Development**

Delays, increased costs and other challenges could impact our ability to pursue our development pipeline and therefore our ability to profitably recycle development sites and achieve returns on development.

Responsibility:

Board & ExCo,
Development
team leaders

Impact:**Link to strategy:****Probability:****Movement:****Monitoring and management**

- 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.
- On large scale developments where construction is more than 12 months we look to carry out the project in partnership and/or forward sell.

Change in risk assessment during the period

- Development risk has remained unchanged through the period and is considered a low to medium impact risk with a low probability.
- 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.
- A number of our regeneration assets are under offer and this will decrease the proportion of assets focussed on development which inherently reduces risk exposure.

11. Acquisition

The performance of asset and corporate acquisitions might not meet with our expectations and assumptions, impacting our revenue and profitability.

Responsibility:

Board & ExCo,
Charlie Spooner Head
of Capital Markets

Impact:**Link to strategy:****Probability:****Movement:**

- We carry out thorough due-diligence on all new acquisitions, using data from external advisers and our own rigorous in-house modelling before committing to any transaction. Probability weighted analysis takes account of these risks.
- Acquisitions are subject to approval by the Board and Executive Committee, who are highly experienced in the retail and pub real estate sectors.
- We have the ability to acquire in joint ventures, thereby sharing risk.

- Acquisition risk has reduced through the period and is considered a low impact risk with a low probability.
- Our key capital allocation priority is to use cash proceeds to reduce debt therefore there will be limited acquisition activity for the foreseeable future, other than taking 10% stakes in capital partnerships where applicable.

12. Disposal

We may face difficulty in disposing of assets or realising their fair value, thereby impacting profitability and our ability to reduce debt levels or make further acquisitions.

Responsibility:

Board & ExCo,
Charlie Spooner Head
of Capital Markets

Impact:**Link to strategy:****Probability:****Movement:**

- 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 increased during the period and is considered a low to medium impact risk with a medium probability.
- Political uncertainty and the onset of COVID-19 has increased market uncertainty, causing some purchasers to reconsider or delay acquisition decisions.
- We have an active disposal programme, with the volume of transactions being completed naturally increasing disposal risk. The average lot size however is lower than most in the market so tends to be more liquid.

TCFD: our journey to climate resilience

NewRiver's Board recognises the importance of adopting a sound framework that supports the business to enhance the resilience of our assets against the impacts of climate change. Achievement of our ESG objectives, in particular our objective to minimise our environmental impact, is crucial to the success of our response.

NewRiver is committed to embedding the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) within the Company. Our annual ESG disclosures present a transparent account of our processes and systems designed to support NewRiver's journey towards a low-carbon business model.

Our 2021 ESG report marks our third consecutive year reporting against the key aspects of the TCFD recommendations. We continued to develop our capabilities and refine our internal processes and systems to equip the business to respond to emerging climate-related risks across our business model.

This work supports NewRiver to appropriately respond to relevant climate risks across our portfolios, whilst remaining agile and realising the climate-related opportunities that exist across our business model. The disclosures below outline NewRiver's approach to climate matters in support of our journey to climate resilience and a net zero carbon future.

Governance

Our Board takes ultimate responsibility for our business resilience against climate issues and the transition of our portfolio to a low carbon business model. Material climate issues are considered by the Board when reviewing NewRiver's strategic approach to manage associated impacts on the day-to-day operation of our

assets and ensure our ability to create value for our investors and communities is preserved. Allan Lockhart, our Chief Executive and senior Board Director, retains overall accountability for our ESG programme and approach on climate matters.

Board oversight in this regard is supported by the ESG Committee, led by our Head of Asset Management and ESG. The Committee meets quarterly to oversee NewRiver's approach to managing climate issues, which is achieved through:

- day-to-day delivery of our energy efficiency and carbon management initiatives through our ESG programme; and
- ensuring appropriate resources are mobilised to support our holistic response to material climate issues.

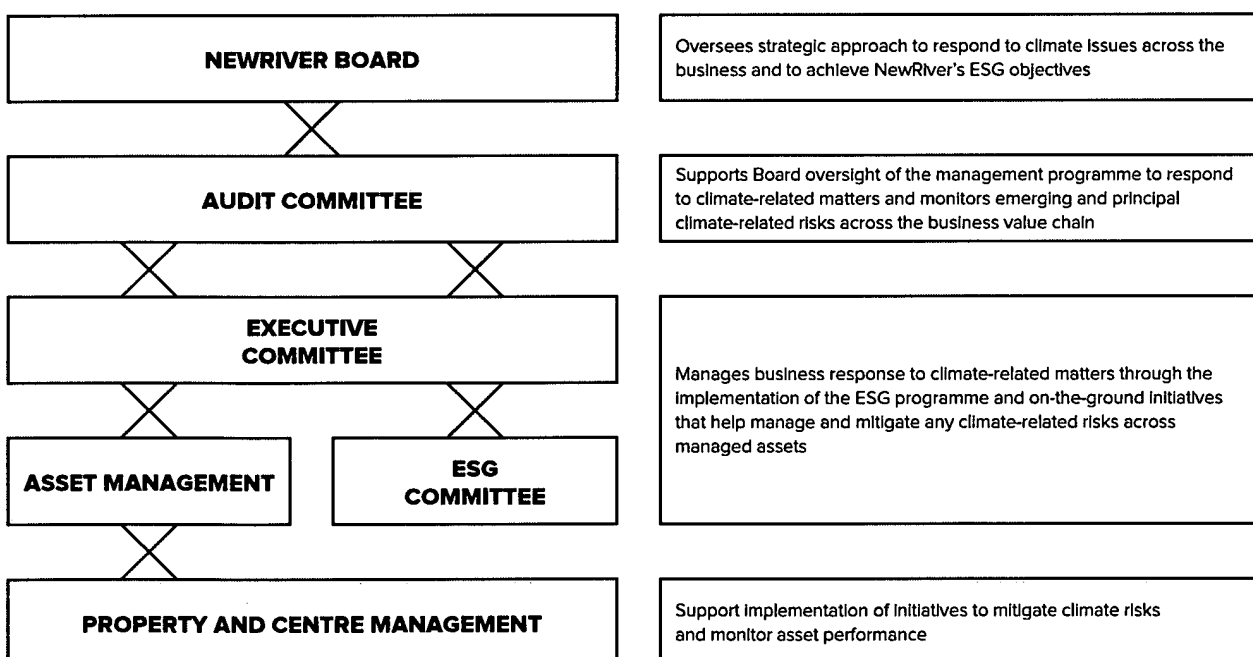
The Committee provides quarterly briefings to the Board, updating Board members on key milestones achieved by the ESG programme across key climate matters.

The NewRiver Audit Committee supports the Board's oversight and adoption of an integrated risk management approach on ESG and climate issues. The Committee regularly evaluates NewRiver's risk appetite, together with emerging and principal risks which are captured in the risk register maintained by the Company. The Committee considers a range of risks across six risk categories, linked to our business model, strategic priorities and external environment. Environmental and climate-related risk represents one of the principal risk categories monitored by the business.

The Committee regularly evaluates changes to identified risks and ensures that appropriate controls are applied, ensuring alignment with the Board's risk appetite.

NewRiver management involvement in the assessment and management of climate matters

Senior management are closely involved in our day-to-day management and response to climate issues. Through her dual



roles as Head of Asset Management and ESG, Executive Committee member Emma Mackenzie regularly engages with asset and property management teams to ensure appropriate energy and carbon management processes and policies are integrated within day-to-day property management activities. In addition, asset and property management teams interact with centre management to ensure that asset-specific energy and carbon management policies are implemented across our portfolio and that performance is tracked through our ESG programme. Quarterly performance updates are provided by Emma Mackenzie to the Board through the ESG Committee.

Strategy

There are multiple climate-related issues that could manifest across broad time horizons, which may impact our ability to realise our ESG objectives and deliver our corporate strategy.

NewRiver considers climate-related risks as well as opportunities that may arise from the physical impacts of climate change, as well as from the transition of the managed assets across the UK to a low-carbon operating model.

The Board has a low risk tolerance for principal risks affecting our business, including climate-related issues. In line with this appetite, NewRiver's ESG programme supports the business to respond to key climate-related issues, through the implementation of on-the-ground initiatives designed to improve the efficiency of our managed assets, reduce their environmental impact and enhance their resilience against climate issues.

Climate risks and opportunities can manifest across a range of timeframes in our retail and pub portfolios. Through our integrated risk management process, we identify climate-related issues across three clear time horizons, which may influence our ESG and corporate strategies.

				Time horizons		
				Short-term	Medium-term	Long-term
Climate-related risks and opportunities						
Physical risks and opportunities	Acute	Floods	Exposure to flood risk from extreme weather events across certain properties, where a heightened exposure risk exists due to a combination of factors.	●	●	●
	Chronic	Heat stress	Increased heat waves may manifest, affecting the operation of managed assets and installed plant equipment and leading to breakdowns from increased demand/running time.		●	●
		Sea-level rise	Long-term sea-level rise may affect the viability of certain managed assets in our portfolio which are located in geographies at a higher risk of sea-level rise.			●
Transition risks and opportunities	Policy and legal	Efficiency and low-carbon regulations related to managed assets	Evolving policy designed to support the UK's 2050 net zero commitment presents opportunities to improve the resilience of our managed assets by deploying initiatives to improve energy efficiency, reduce costs and transition to a low-carbon model.	●	●	●
	Technology	Costs to transition managed assets to low-carbon model	Opportunities exist to implement a range of efficient technologies across our portfolios, designed to improve environmental impact and efficiency across our assets.	●	●	●
	Market	Changing customer behaviour	Changes in consumer shopping patterns present an opportunity for our managed assets to implement key initiatives that cater to the evolving needs of our customers.		●	●
	Reputation	Avoid stigmatisation of the real estate sector based on ineffective response to climate change	Implement our net zero targets to seize opportunities to improve the resilience of our portfolio to climate-related risks, including adoption of efficient technologies which contribute to achieving the UK's 2050 net zero ambition.		●	●

Evaluation of the resilience of our strategic response

Together with developing a strategic response to realise our net zero commitments, we continue to develop our scenario analysis capabilities to evaluate the resilience of our business strategy to the physical and transition risks that exist across our portfolio. Detailed climate-related scenario analysis has not been undertaken as yet to understand the potential impacts of different pathways on our business. We will continue to review our approach to this as part of our resilience strategy over the next two years.

TCFD risk management disclosures

NewRiver's approach to climate risk identification and management

We regularly monitor risks that are linked to the business model and strategic priorities of our portfolio. Climate-related issues are identified through NewRiver's integrated risk management framework. Refer to page 97 in this Annual Report for further details of our framework.

Our risk management framework considers both emerging and principal risks with the potential to impact our business. We maintain a risk register that considers a range of categories, including environmental and climate change risk.

The risk register assesses the impact and likelihood of each identified risk. This is translated into a risk heat map used to determine the potential impact and probability of each significant risk prior to mitigation. Where the residual risk does not align with Board's risk appetite, management actions are recommended to further mitigate the risk.

Accountability for mitigating actions is assigned to a senior asset and property manager, who is responsible for the day-to-day management and mitigation of the risks across our portfolios. This approach allows NewRiver to ensure there is a top-down understanding of our principal risks across the business, backed by bottom-up mechanisms to support management's monitoring and management of principal risks.

We also adopt a bottom-up approach to manage climate risks. With the support of our property managers, we implement a host of initiatives designed to manage the environmental impact and promote the efficient operation of our managed assets.

Our TCFD metrics and targets

Annually, we disclose a suite of climate-related metrics which track performance across our managed assets towards realising our ESG objective of minimising our environmental impact. These metrics are aligned with the EPRA ESG performance metrics as described above. The EPRA performance tables on page 63 outline our 2021 performance across these metrics and are presented alongside historical performance.

We track our performance across these metrics using a set of short, medium and long-term targets, detailed on page 52 and 53. These targets are aligned with our environmental ESG objective and guide our efforts to reduce our environmental impact and positively contribute towards the UN Sustainable Development Goals, including SDG 13, Climate Action.

Our annual Scope 1, 2 and 3 carbon emissions

In line with our reporting obligations under the UK's Streamlined Energy and Carbon Reporting regulations, we disclose our annual carbon emissions performance. Please refer to page 63 of this report, where we provide further information on our 2021 emissions performance and comparison against our historical performance, as well as the methodologies used to prepare these disclosures, which are in line with the WBCSD/WRI Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.

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 8), strategy (page 22) and principal risks and uncertainties (page 66).

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 2024, 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 68 to 71, 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.
- 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 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.
- Financing – If gearing levels become higher than the Group's 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 with the success of the recent lockdown, the vaccine roll out and the UK Government's plan to unlock, 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 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.

The Directors have used the last year to complete a thorough review of all of the Group's assets and developed a clear view of what resilient retail looks like in the future. It is considered that resilient retail assets in the future will be those located in catchments with long-term growth potential and the right balance between the supply of physical retail space and demand for that space; they will have an offering that meets the everyday needs of customers while playing a distinct role within their communities. The Group will reshape its portfolio to ensure that over the longer term it only owns retail assets that display these key characteristics.

Taking account of all the factors noted above, the Group has committed to the following strategic priorities:

- Divest itself of its community pub business in order to reset its LTV and provide the firepower to reshape its portfolio. This includes a potential Initial Public Offer ('IPO') of Hawthorn
- Sell its non-core retail assets and recycle the resultant capital into resilient retail
- Transform its regeneration assets to create long-term value by jointly working with sector specialists and appropriate capital partners

By 2025 the Group's clear strategic aim is that assets in its portfolio will display only the characteristics of resilient retail and the Directors believe that the collective measures outlined above will transform the Group into a more agile business committed to delivering attractive returns to shareholders.

VIABILITY STATEMENT

The forecast scenario selected by the Directors to assess the Group's viability is linked to the strategy update announced on 14 April 2021. This assumes the divestment of the Hawthorn community pub business and other retail strategic acquisitions and disposals. 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 to align it with the assumptions used in the reasonable worst case scenario for the going concern review, including removing all uncommitted acquisitions and disposals including Hawthorn, 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.

The Strategic Report was approved by the Board on
9 June 2021

By order of the Board

ALLAN LOCKHART
Chief Executive Officer



THE CHAIRMAN'S LETTER ON GOVERNANCE 2021

MARGARET FORD
Chairman

Dear Shareholders

I have pleasure in introducing NewRiver's Corporate Governance report for the year ended 31 March 2021. In my introductory statement to the Annual Report 2021 on page 3 I comment on NewRiver's overall business performance and resilience during the past 12 months. In this letter I would like to comment briefly on the Board's continued commitment to strong governance and the work of the Board and its committees.

Purpose, culture and values

Our purpose is to buy, manage and develop retail and leisure assets across the UK which provide essential goods and services supporting the development of thriving communities. The onset of a global pandemic has proved that this business purpose provides us with a resilient and long-term sustainable business that will generate value for shareholders and contribute to wider society.

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 supports our purpose and 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. We have a small workforce with only 169 employees and this encourages flexibility and collaboration across the business. This proximity between the Board and the workforce makes it easier for the Board to engage with the culture and enables the Board to monitor and assess the Company's culture in a way not possible for larger companies. As a Board we feel we also lead by example. Our culture and strong governance systems have supported the business during this challenging time and 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 effectively with employees and other stakeholders.

Board membership

In September 2020 we were delighted to welcome Charlie Parker to the Board as a Non-Executive Director. Charlie brings with him a wealth of experience from his various leadership roles in the public sector, which is particularly relevant to our strategy of developing strong relationships with Local Authorities and public bodies.

Again mindful of the skills necessary on the Board going forward to execute our strategy we were delighted that Kay agreed to extend her tenure for a further year so that we may continue to benefit from her significant knowledge and expertise of the retail real estate sector as we continue to navigate the effects of the COVID-19 pandemic.

Board effectiveness

During the year we carried out an external Board effectiveness review. I am pleased to report that the Board review concluded that many of the Board's functions and activities were working well. The high level of personal and professional respect among the Directors contributed to the strong working relationships at both Board and Committee levels. The review further observed that Board discussions strike a good balance between constructiveness and challenge and whilst the review highlighted that there were a few areas for further improvement these were not significant. More details on the review process and recommendations are presented on page 90.

Board Priorities for FY22

The Board's priorities for FY22 will focus on our commitment to creating the most resilient retail portfolio in the UK. We will continue to monitor the culture across the business to ensure that it supports our strategy and listen to the feedback we receive frequently from our staff. We will also continue to focus on succession planning and ensuring that we have the right skills and diversity of thought at Board level and senior management level to execute our strategy.

AGM

We were disappointed that the uncertainties around UK restrictions on gatherings resulted in the 2020 AGM being held as a closed meeting. We hope that the arrangements for the AGM in 2021 will be less restrictive although at the time of writing this remains unclear. Irrespective of whether this will be possible my fellow Directors and I continue to welcome engagement with shareholders and would be pleased to answer any questions which you may have about the Board's work.

Yours sincerely

BARONESS FORD OBE
Chairman

9 June 2021

BOARD OF DIRECTORS

Baroness Ford OBE	Allan Lockhart
Mark Davies	Kay Chaldecott
Alastair Miller	Charlie Parker
● Chair of committee Ⓐ Member of Audit Committee Ⓝ Member of Nomination Committee Ⓡ Member of Remuneration Committee	Colin Rutherford

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 STV Group plc, Grainger plc and May Gurney Integrated Services plc.

External Appointments**Listed Companies**

Lendlease Corporation
(Senior Advisor to the Board)

Other

Chairman of Challenge Board;
Buckingham Palace Reservicing Programme; National President of the British Epilepsy Association;
British Olympic Association;
UK Oversight Board of Deloitte LLP and also Chair of the UK Audit Governance Board of Deloitte LLP. 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

Chair of the British Property Federation (BPF) Retail Board

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, which is a business of over 670 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 and Chair of the Finance Committee)

Kay Chaldecott ^{A N R}

Independent

Non-Executive Director

Appointed March 2012

Key Skills and Experience

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 Audit Chair)

Other

RNLI (Risk and Audit committee member & Council Member)

Charlie Parker ^{R A}

Independent

Non-Executive Director

Appointed September 2020

Key skills and Experience

Charlie Parker has recently retired as Chief Executive and Head of the Public Service for the Government of Jersey. He held the role from January 2018. During his time as Chief Executive, he set up and led an ambitious programme to transform and modernise Jersey's public services. He was also responsible for and led a range of largescale capital infrastructure and

regeneration projects including a major new office development, a new hospital campus and the preparation of a £400m mixed use leisure, conference and family entertainment complex. Charlie was previously Chief Executive of Westminster City Council from December 2013 to December 2017 and Chief Executive of Oldham Metropolitan Borough Council from October 2008 to December 2013. Prior to this, he held a number of investment, development and regeneration roles across national and local government bodies.

External Appointments**Listed Companies**

None

Other

Buckingham Palace Reservicing Programme Challenge Board

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. Colin was appointed as Chairman of Hawthorn, NewRiver's community pub business, in May 2021.

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
Emma Mackenzie	Charles Spooner
Stuart Mitchell	Edith Monfries
	Will Hobman

Allan Lockhart

Chief Executive Officer
See page 79 for key skills.

Mark Davies

Chief Financial Officer
See page 79 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

Head of Third Party
Asset Management

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

Relevant Skills

Edith has responsibility for HR strategy for the Group and for the internal operations of Hawthorn, 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. Edith is President of the Scottish Beer & Pub Association.

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, FP&A and Investor Relations teams at British Land and joined NewRiver as Head of Investor Relations. Will also sits on the Finance Committee of the British Property Federation.

BOARD LEADERSHIP AND COMPANY PURPOSE

Generation and preservation of value over the long term

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. NewRiver's business model and strategy is set out on pages 8 and 22 of the Strategic Report and describes the basis upon which the Company generates and preserves value over the long term.

Purpose, Values and Strategy

Our purpose is to buy, manage and develop retail and leisure assets across the UK which provide essential goods and services supporting the development of thriving communities. NewRiver's collaborative and supportive culture underpins this purpose and drives business practices.

Board Leadership

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 May 2021.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

As a Company with a premium listing on the London Stock Exchange, NewRiver is required under the Financial Reporting Council (FRC) Listing Rules to comply with the Code Provisions of the Corporate Governance Code 2018 Issued 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 2021. Throughout the financial year ended 31 March 2021, the Company has fully complied with all the provisions of the Code, except provision 38 and we provide a full explanation below.

Code Provision 38 requires, among other things, that the pension contribution rates for executive directors should be aligned with those available to the workforce. The Company currently contributes 15% of base salary for all existing Executive Directors. Following the adoption of the new Remuneration policy at the AGM in 2020 this contribution rate will reduce for incumbent directors to the rate applicable to the majority of the workforce at the end of the new policy period. Future Executive Directors will receive Company contributions in line with the UK workforce which is currently 4%.

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

BOARD LEADERSHIP AND COMPANY
PURPOSE PAGES 77 TO 87

DIVISION OF RESPONSIBILITIES
PAGES 88 TO 89

COMPOSITION, SUCCESSION AND
EVALUATION (INCLUDING THE
NOMINATION COMMITTEE REPORT)
PAGES 90 TO 94

AUDIT, RISK AND INTERNAL CONTROL
(THE AUDIT COMMITTEE REPORT)
PAGES 95 TO 98

REMUNERATION
(THE DIRECTORS' REMUNERATION
REPORT) PAGES 99 TO 117

Stakeholder engagement

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

In addition to considering our stakeholders the Board also consider the following in decision making:

The Long Term: As a Board of a REIT owning assets which also include a risk-controlled development pipeline the Board is always conscious of the long term. Looking to the future the Board and Executive Committee regularly assess the overall corporate strategy, and acquisition, asset management and disposal decisions in the context of current and future long-term trends and markets. We closely assess the latest trends reported by CACI, our research provider, to ensure we are aligned with evolving trends. These insights and the Board's own extensive experience steer the long term strategic direction.

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. During the year we have reviewed and updated our modern slavery policy and our anti-corruption and anti-bribery policy and provided extensive training to staff on these matters to ensure they are also entrenched in all staff decisions.

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-f) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2021.

Workforce Engagement Mechanism – the role of our designated Non-Executive Director

Alastair Miller our senior Independent director was given responsibility in 2019 for ensuring that the Board successfully engages with our workforce. During the year we considered and amended the leadership of the Board committees so that Alastair could also take the role of Remuneration Committee Chair. As Chair of the Remuneration Committee Alastair has direct engagement with shareholders on remuneration policy and is therefore best placed to answer questions from the workforce on Director remuneration and its alignment to group wide remuneration and strategy.

As explained in the Chairman's letter we have a small workforce. As a result of being a small team there is naturally proximity between the Board and the workforce which makes it easier for the Board to engage with staff directly especially as the Directors, in normal circumstances, visit the London office regularly and also other sites. This year has however been very different with staff working from home so a more formal arrangement was set up with Alastair joining the staff forums online to speak directly with all staff and answer questions. To ensure there was an opportunity for all staff to raise questions two separate forums were held one with Retail staff and one with Hawthorn staff. Questions were invited ahead of the forum as well as live on the day. The online nature of this forum ensured that all staff could join in and resulted in a good interaction. Questions ranged from strategy, results through to staff benefits and share price performance. As a result of some of the questions raised on staff benefits further training has been provided to staff on the share schemes available to staff and their operation and further training sessions are planned.

Board engagement with stakeholders

	Staff	Communities	Occupiers
Why we engage	– Our people are our key asset – A positive work environment where employees feel valued supports and underpins strategy	– Our assets are located in communities across the UK and play an integral role in the lives of our customers	– Our strategy relies on the continued prosperity of our occupiers
How we engage	– Designated Non-Executive Director who has Board responsibility for engaging with employees – Weekly and monthly all staff video calls and 'huddles', some attended by designated NED – Engagement surveys – Directors visit the London office and other sites when restrictions allow	– Customer surveys – Engagement through practical measures such as transforming a shopping centre into a vaccination centre – Reporting to the Board through CEO report and ESG reporting	– Constant dialogue to understand their needs and challenges – Increased dialogue through the pandemic as some occupiers were restricted from trading by Government measures through an asset management communication plan – Meetings with over 250 occupiers over the pandemic – Occupier survey
Engagement outcomes	– Full suite of communications and productivity software to all staff working remotely – Wellbeing programme including remote exercise classes, social gatherings and 'care packages' – Staff training on how the share plans work	– Waiving car park charges to support designated key workers – Centre staff training – Housing community pop up shops – Delivering shopping to those shielding – Charitable donations to the Trussell Trust	– Revised payment plans for occupiers facing short term cash flow issues – Partner support for pub partners – Reduced service charge expenditure to reduce costs for occupiers – Practical support to pub partners including help accessing government support and care packages

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

Local Authorities

- Local Authorities are ultimate custodians of their town and city centres and we are well placed to help them safeguard the future of these important places

Shareholders

- As owners of the business our shareholders are key to our success

- We engage through regular meetings with our relationship banks, bondholders and rating agencies
- These meetings involve the CFO, CEO and finance team with regular reports and oversight from the Board
- Presentations are given on business development and performance

- NewRiver representatives sit on some town boards where we hold assets
- Asset management teams work directly in partnership to redevelop and repurpose the area in and around our community centres retail assets

- CEO, CFO and Head of IR engage regularly through an active programme of meetings, presentations and site visits. Investor relations is a regular item on the Board agenda
- Board Committee chairs make themselves available for engagement on key issues – prior to the approval of the Remuneration policy there was engagement with shareholders on the shaping of the policy
- Investor roadshows and a capital markets day were moved to web-based meetings this year due to the pandemic

- We have remained covenant compliant
- Fitch Ratings affirmed NewRiver's Long-term Issuer Default Rating (IDR) at 'BBB' with stable outlook and our senior unsecured rating at 'BBB+'

- Renewals of third party asset management mandates with Canterbury City Council and Knowsley Council

- The Board are mindful of the investor experience and have borne this in mind when discussing bonus outcomes and Remuneration Committee exercise of discretion. Bonuses to Executive directors were not paid in FY20 and in FY21 Directors took the decision to reduce their salaries and fees by 20% for three months
- The Remuneration policy was amended following investor feedback prior to the approval at the AGM in 2020

Board activities

	Discussion	Link to strategy
Strategy	The Board held two strategy days in March 2021. Follow up work streams were carried out following these meetings and further strategic presentations were received in May 2021	
Finance	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 Discussions and decisions to not pay dividends in light of COVID-19. Further details can be found in the viability statement on pages 75 and 76	
Audit and Risk	The Chair of the Audit Committee reported to the Board on the proceedings of each Audit Committee meeting and meeting with valuers The Board considers the risk register and internal controls at least annually Update to the Board on the whistleblowing procedures and amendments to the policy	
Operational and Investor relations	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	
Stakeholders	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 The Board received updates from Alastair Miller's attendance at staff forums	
Governance	The Committee chairs reported on key matters discussed at the Board Committees The company secretary reported on key governance developments at quarterly Board meetings and on work carried out to update the Group's governance policies and procedures The Board have reviewed their schedule of matters and updated the terms of reference of the Board committees	

The Board's key pandemic-related discussions and decisions

Inevitably there were a number of matters arising directly from the COVID-19 pandemic and its impact on the Company and its stakeholders that were discussed by the Board during the year. The pandemic hit in the last week of the previous financial year and has continued over this entire financial year. In March and April 2020 the Board held weekly meetings

Discussion and action	
Shareholders	– Decision to change the AGM to a closed format meeting but provide opportunities for shareholders to submit questions to the Board via email – Investor roadshows were moved to web-based meetings
Financial	– Assessment of viability and going concern – Review of dividend policy and decision to not pay dividends during the year – Collective decision to temporarily reduce Directors fees by 20% during May to Aug 2020 and donate this to charity
Workforce	– Oversight of the successful transition to homeworking for all employees – Updates via the ExCo on weekly all-staff calls and well-being programmes – Direct updates on staff engagement from Alastair Miller
Occupiers	– Increased monitoring of the trading performance and business needs of retailers and pub partners – Accelerated capex to ensure pub garden spaces were ready to reopen in accordance with the Government roadmap restrictions – Retailer Survey
Communities	– Continued support to the Trussell Trust, including salary sacrifices of the Board and executive teams
Lenders	– Continued engagement to update on business performance and covenant compliance

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 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

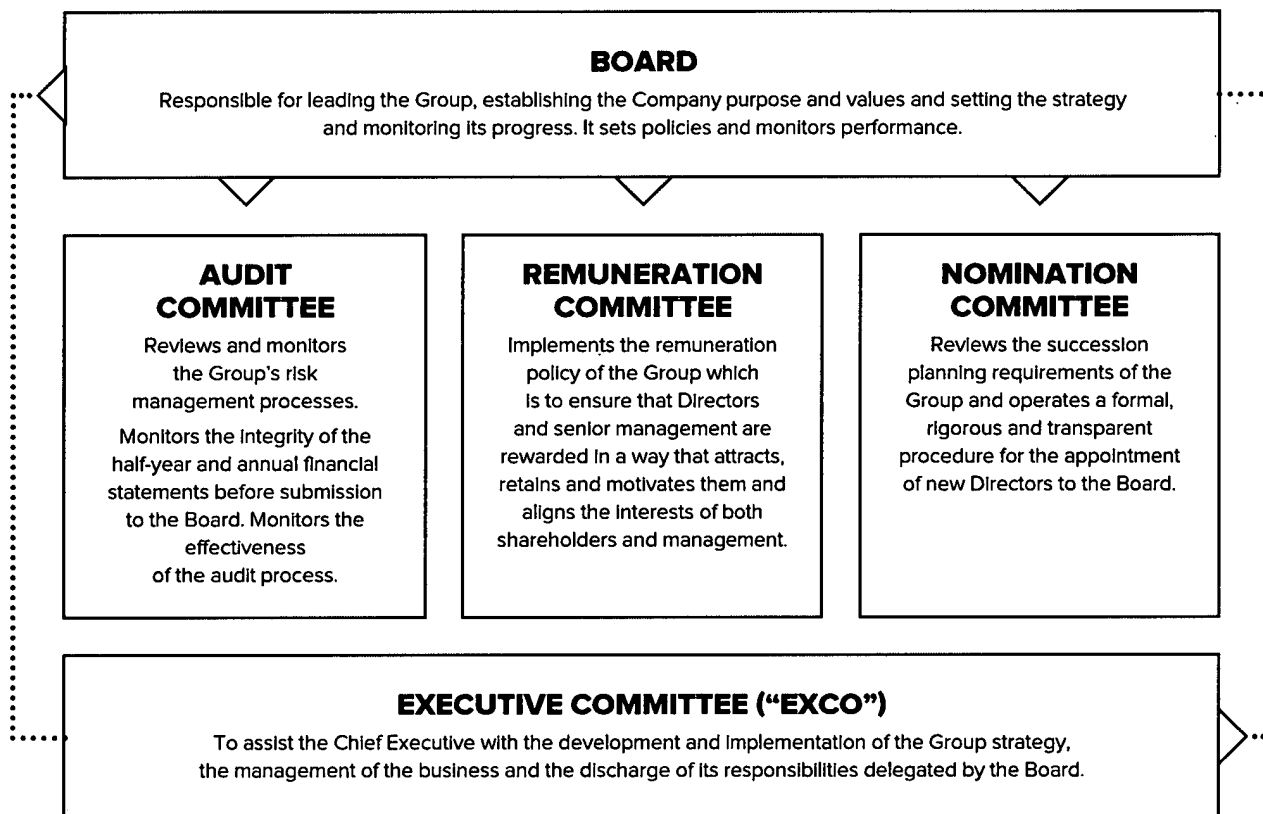
Directors have the right to raise concerns at Board meetings and can ask for those concerns to be recorded in the Board minutes. The Group has also established a procedure which enables Directors, in relevant circumstances, to obtain independent professional advice at the Company's expense.

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. Whilst a number of the Board have other Non-Executive directorships and commitments 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.

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.
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, Charlie Parker and Colin Rutherford bring independent judgement, knowledge and varied commercial experience to the meetings and in their oversight of the Group's strategy. Alastair and Colin chair the Remuneration and Audit Committees respectively.



Balance between Non-Executive and Executive Directors

The Board comprises four Independent Non-Executive Directors (excluding the Chairman) and two 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. All Directors are subject to re-election at the AGM each year.

Company Secretary

All Directors have access to the advice of the Company Secretary. The appointment of the Company Secretary is a matter for 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. Since the start of the Coronavirus outbreak the Board has met regularly on an ad hoc basis as well as its scheduled regular board meetings. All directors have been in attendance (via phone or video call) at all of these short notice ad hoc meetings.

Attendance at committee meetings is shown in the respective committee reports. Attendance at regular Board meetings is shown below. There were increased Board meetings this year due to the pandemic.

Board Members	Attendance
Margaret Ford: Chairman	11/11
Allan Lockhart	11/11
Mark Davies	10/11
Kay Chaldecott	11/11
Alastair Miller	11/11
Charlie Parker ¹	4/4
Colin Rutherford	11/11

1. Charlie Parker joined the Board on 14 September 2020

COMPOSITION, SUCCESSION AND EVALUATION

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 usually includes asset visits and meetings with members of the executive management team as well as specific briefings with regard to their legal and regulatory obligations as a Director. This year Charlie was provided with a series of video conference meetings with members of the ExCo and finance team. Once more established on the Board he has attended a number of video conference workshops with the teams responsible for local authority relationships. As the UK opens up we will ensure that Charlie gets the opportunity to visit the assets and meet members of the team in person.

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 was not possible due to the Government's 'stay at home' provisions. A closed AGM was held for 2020. The Board however made sure that shareholders are able to ask questions ahead of the AGM via email. This year we hope that there will be less restrictions and that the AGM can be held as a physical meeting.

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

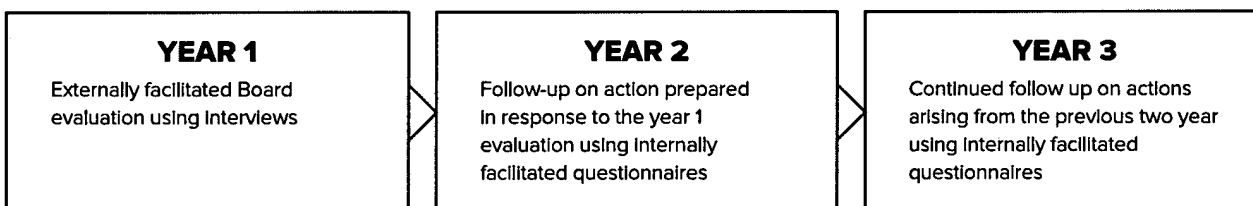
We are committed to the highest legal and ethical standards in every aspect of our business. It is our policy to conduct business in a fair, honest and open way, without the use of bribery or corrupt practices to obtain an unfair advantage. We provide clear guidance for suppliers and employees, including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

Human rights

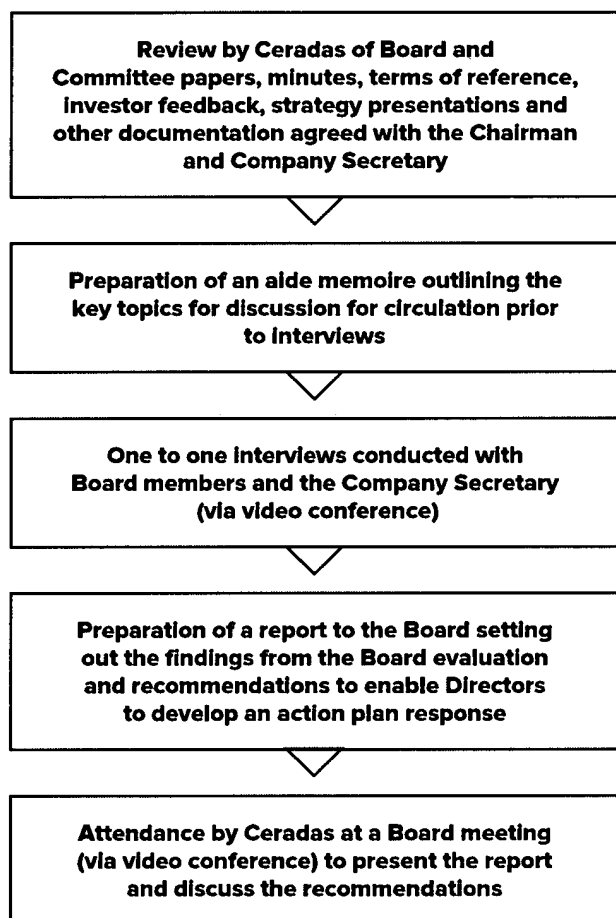
Being mindful of human rights, the Company has a Modern Slavery policy to ensure that all of its suppliers are acting responsibly and are aware of the risks of slavery and human trafficking within their own organisation and supply chain. The Modern Slavery statement was updated and published during the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

Board effectiveness review

In order to evaluate its own effectiveness the Board undertakes annual effectiveness reviews using a combination of externally facilitated and internally run evaluations over a three year cycle. The cycle of the Board evaluations is summarised as follows:



In 2020, Ceradas Limited, a Board Effectiveness consultancy with no other connection with the Company, were invited to undertake an effectiveness review of the Board. The aim of the Board Review was to provide an objective and rigorous feedback mechanism for improving the effectiveness of the Board by assessing the Board's activity over the past 12 months and highlighting potential areas for development. The Board review consisted of the following steps:



The review was undertaken over the course of summer 2020. Due to the pandemic interviews were via video conference as was the presentation to the Board which was held in October. All Board members actively engaged in the process and provided open and constructive comments.

Overall the conclusion of the review is set out below:

- the Board's functions and activities were working well.
- The high level of personal and professional respect among the Directors contributed to the strong working relationships at both Board and Committee levels.
- Board discussions strike a good balance between constructiveness and challenge.

- There was a high level of confidence in the strategy among the Board members and a sense that the clarity of the Board's strategic understanding going into the pandemic placed it well to respond to the challenges of the pandemic.
- The use of video conference during the lockdown period had given the Directors a new appreciation of the respective benefits of both face to face meetings and video conferencing which provides an opportunity for the Board to consider how best to optimise the benefits of both media
- Taking the addition of Charlie Parker into account the Board's composition was highly appropriate with strong skillsets and experience in real estate, retail development, pub estates, public sector, urban regeneration, corporate finance, capital markets and audit/financial management all well represented
- The close proximity between the Board and members of the workforce made it easier for the Board to engage with culture and the workforce generally compared to other plc boards. Nevertheless, it is generally felt that the Board plays its part in leading by example when it comes to culture. The executive team had a strong 'People First' emphasis on culture which is fully supported by the Board.

Recommendations to improve effectiveness were highlighted as follows:

- Consider the scope for executive team interim updates to the Board on key matters on a more regular basis;
- Schedule additional Board video calls outside of the quarterly Board meetings to provide opportunities for the Board to focus on specific strategic updates
- Consider whether the value of face-to-face meetings could be further utilised by scheduling one or two further informal meetings e.g. Board dinners during the year
- Review the role of the whole Board as well as the Nominations Committee in the succession planning process.
- agree further mechanisms for employee engagement that were appropriate and proportionate for the small workforce.

Actions arising from these recommendations:

- Schedule additional 'regular' Board meetings rather than quarterly
- Schedule more formal executive team updates to the Board
- Involve the whole Board in succession planning as well as the Nominations Committee
- Consider other mechanisms for employee engagement
- review the Board paper process to ascertain if improvements can be made

Nomination Committee report

Dear Shareholders

I am pleased to present the Nomination Committee Report for 2021. Ensuring the Board has the relevant skills to advance our strategy has been a key focus this year. We have also continued to plan for orderly succession to both the Board and senior executive positions as well as diversity.

In progress of our focus on relevant skills to support our strategy we have, this year, welcomed Charlie Parker to the NewRiver Board. Charlie brings with him a wealth of experience from his various leadership roles in the public sector, which is particularly relevant to our strategy of developing strong relationships with local authorities and public bodies. An outline of his appointment process is provided within this report.

We have been grateful of the support and experience that our Non-Executive Directors have contributed over this challenging period. Mindful of the experience we have in our Non-Executive Directors we have been aware that Kay Chaldecott will reach her nine-year term in 2021. We have considered this as a Committee against the backdrop of the unprecedented times we find ourselves in and the skills we need on the Board. We are therefore delighted that Kay has agreed to extend her tenure for a further year so that we may continue to benefit from her significant knowledge and expertise of the retail real estate sector as we continue to navigate the effects of the COVID-19 pandemic. We are currently vetting Recruitment Consultants who are committed to promoting diversity to seek Kay's replacement in 2022.

The Committee will ensure that succession planning and diversity remains at the top of the agenda in the forthcoming year.

BARONESS FORD
Chairman

9 June 2021

Committee role

- Regularly review the structure, size and composition of the Board and its Committees
- Review the Leadership and succession needs at Board and Executive Committee level
- 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
- Reviewing the time needed to fulfil the roles of Chairman, Senior Independent Director and Non-Executive Directors

Nomination Committee membership 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.

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 continued to be compatible with the Corporate Governance Code 2018 and best practice 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 and the Board have actively considered the composition of both the Board and its committees. Succession planning has been considered at the majority of its meetings to ensure that the Board, its Committees and the senior leadership team have the structure and the skills to carry out the Group's strategy. This assessment of skills necessary to execute strategy led us to seek the appointment of a further Non-Executive Director as detailed below.

Board appointment

To progress the Group's strategy of developing strong relationships in the public sector the Committee acknowledged that there was a need for a Board role that could support the CEO with this strategy. Accordingly, Charlie Parker was identified as a suitable candidate with these skills in the public sector and was approached about the role. Rockpools, a Global Executive Search Consultancy, with no other relationship with the Group other than Executive searches were at the same time commissioned to conduct an external assessment of other candidates for the role. Having studied this assessment to provide a detailed consideration of alternative candidates the Committee concluded that Charlie Parker was the best fit in terms of skills that were identified as important for this role. As part of the interview process all members of the Board met with Charlie individually. Charlie brings with him a wealth of experience from his various leadership roles in the public sector and he has already contributed greatly to our understanding of the public sector and towards continuing the development of strong relationships with Local Authorities and public bodies.

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. We have considered this as a Committee against the backdrop of the unprecedented times we find ourselves in and the skills we need on the Board. Kay has agreed to extend her tenure for a further year so that we may continue to benefit from her significant knowledge and expertise of the retail real estate sector as we continue to navigate the effects of the COVID-19 pandemic. The Committee is of the opinion that Kay remains independent after nine years on the Board and continues to exercise objective judgement. Kay will therefore be offering herself for re-election at the AGM for a further year. Succession plans have been discussed and the Committee is engaging with external search consultancies to progress a suitable replacement for Kay in 2022.

Board Committee membership

During the year we have considered the roles of each Committee and altered the leadership of the Committees to progress the work of each Committee further. In particular we felt it sensible that the Senior Independent Director and Director responsible for employee engagement should be our Chairman of the Remuneration Committee. This role change combines Alastair's duties efficiently to ensure the employee engagement discussions include, among other things, how executive remuneration aligns with the wider company pay policy.

Changes to the Board Committees:

- Kay Chaldecott stepped down as Chairman of the Remuneration Committee and remains a member of the Remuneration Committee.
- Alastair Miller stepped down as Chairman of the Audit Committee and remains a member of the Audit Committee. Alastair was then appointed as Chairman of the Remuneration Committee.
- Colin Rutherford was appointed as Chairman of the Audit Committee.

From 1 April 2021 we also invited Charlie Parker to join both the Audit Committee and the Remuneration Committee.

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. David Lockhart retired from the Board and his Executive Deputy Chairman role at the AGM in August 2020. Following his retirement and the appointment of Charlie Parker, the balance of independent directors (excluding the Chair) was a Non-Executive Chairman, two Executive Directors and four independent Non Executive Directors.

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 five male ExCo members equivalent to 29% female representation. Direct reports of the Executive Committee are 44% female and 56% 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.

Other Nomination Committee activity

During the year the Nomination Committee also considered the following matters:

- Approval of the Nomination Committee Report prior to publication;
- Review of the time commitment required from each Director and their external appointments; and
- Review of the Committee Terms of Reference.

Composition of the Board during the year

Chairman	1
Executive Directors	2
Non-Executive Directors (Independent)	4

Length of Directors' tenure

Less than three years	2
Three to six years	2
Seven to ten years	3

Gender Balance

	Female		Male	
Board	2	29%	5	71%
Executive Committee	2	29%	5	71%
Direct Reports of Executive Committee	11	44%	14	56%
Group	82	49%	87	51%

AUDIT, RISK AND INTERNAL CONTROL

Dear Shareholders

As Chairman of the Audit Committee since September 2020, I am pleased to present a summary of the work of the Committee. In the last year monitoring the impact of COVID-19 on the financial projections of the business and ensuring the integrity of internal controls under remote working has been a key focus.

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 97 of this report.

We have overseen a 'deep-dive' review of the Group's risk register and risk management framework. We have also reviewed and updated the Company's Whistleblowing Policy, reviewed a number of other compliance policies such as the Bribery Policy and recommended updates to the Committee's terms of reference to ensure they continue to be 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.

COLIN RUTHERFORD
Audit Committee Chairman

9 June 2021

Committee role

- 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

Audit Committee composition and attendance at meetings

Committee Members	Attendance
Colin Rutherford: Committee Chairman	4/4
Kay Chaldecott	4/4
Alastair Miller	4/4
Charlie Parker ¹	0/0

1. Charlie Parker was appointed to the Committee on 1 April 2021.

How the Committee operates

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

Each Committee member is independent and has broad commercial experience as a director. Colin Rutherford also has significant, recent and relevant financial experience and is currently also the Chairman of the Audit Committee of Mitchells & Butlers plc. Alastair Miller is a Chartered Accountant and previously the Chief Financial Officer of New Look Group and has significant, recent and relevant financial experience. 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 the Group's whistleblowing procedures and reports to the Board;
- 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

The Committee has primary responsibility for managing the relationship with the external auditor, including assessing their performance, effectiveness and independence annually and recommending to the Board their reappointment or removal.

Following a comprehensive tender in 2019, PricewaterhouseCoopers LLP (PwC) were appointed as the Group's auditor. Prior to this appointment, Deloitte had been the Group's auditor for ten years. The Committee keeps under review the need for future tenders in accordance with current regulations and subject to the annual assessment of the auditor's effectiveness and independence.

Chris Burns was named as the lead audit partner on PwC's appointment as external auditor last 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 2021, PwC presented their audit plan (prepared in consultation with management) to the Committee. The Audit plan included an assessment of audit risks, audit scope, independence, the terms of engagement and robust testing procedures.

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

Audit and non-audit fees

The Company paid £550,000 in audit fees for the financial year ended 31 March 2021.

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 £100,000 in non-audit fees to PwC for the financial year ended 31 March 2021. The non-audit fees relate solely to PwC's review of the interim results for the six months to 30 September 2020.

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.

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 throughout 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 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 2021 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 2021 are set out in the table below:

Significant issues and judgement	How the issues were addressed
Going Concern – given the ongoing uncertainties presented by the impact of COVID-19 there remains a significant risk over going concern. Trading performance has been impacted by tenant administrations/ CVAs; lower rents for retail tenants and closure of the pub estate for a significant portion of the year.	Significant liquidity measures have been taken to preserve cash headroom including cancelling the dividend and the disposal of assets generating proceeds of £81m. These measures have strengthened the Group's position against its covenants compared to FY20. Management's Going Concern forecasts include a downside scenario where the base case assumptions were sensitised to capture economic and financial uncertainty 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. 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 6 November 2020, the Royal Institution of Chartered Surveyors recommended that valuers should strongly consider including a market conditions explanatory note in valuations undertaken after that date.	Colliers International Valuation UK LLP ('Colliers') and Knight Frank LLP ('Knight Frank') and Duff and Phelps have included the market conditions explanatory note in their valuation reports on the Group's properties as at 31 March 2021. A material uncertainty clause remains in place for the Colliers Pubs valuations. The external auditors confirmed with Colliers that the clause does not imply a limitation of scope and that the valuations as at 31 March 2021 are reported based on their professional judgement having considered the evidence available as at the valuation date. The Committee and management met with Colliers, Knight Frank and Duff and Phelps 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.

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 these policies and procedures regularly; 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;
- overseeing a further 'deep-dive' of the Group's risk register to reassess each risk on the register and its risk scoring;
- reviewing the assessment of key risks, the process of reporting these risks and associated mitigating controls, with particular emphasis on emerging risks; and
- updates from management.

The effectiveness of the Company's risk management and internal control systems is reviewed annually and was last reviewed by the Committee in May 2021. The review concluded that:

- the systems established by management to identify, assess and manage risks, including emerging risks are effective; and
- the assurance on risk management and internal control is sufficient to enable the Committee and Board to satisfy themselves that they are operating effectively.

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. 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 operational functions, the Committee continues to be satisfied that there is no requirement for such a team.

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. During the year the Whistleblowing Policy was reviewed and updated. Staff were given refresher training on the Whistleblowing Policy and training on whistleblowing is now an annual compulsory training event for staff in our online training portal. Using this portal, the Company can monitor which individuals are missing their training. The Committee provides feedback to the Board on our Whistleblowing policy and procedures and effectiveness of the policy, at least every six months. There have never been any concerns raised through the whistleblowing process or through any other process to the Committee.

Other compliance policies and staff training

During the year we also reviewed our other employee and wider stakeholder compliance policies. This included the Bribery Policy and the Gifts and Hospitality Policy and the register process for gifts and hospitality. We have also engaged BDO to assist in carrying out a Corporate Criminal Offences (CCO) risk assessment. This included training and risk assessment workshops with relevant staff as well as a summary report. We are also setting up an e-learning module on the subject of Corporate Offences of Failure to Prevent Facilitation of Tax Evasion as set out in Part 3 of the Criminal Finances Act 2017, and associated HMRC guidance to assist in meeting staff training obligations under this legislation.

Statement of compliance

The Company is no longer a constituent of the FTSE 350 nevertheless the Company confirms on a voluntary basis that it has complied with terms of The Statutory Audit Services for Large Companies Market Investigation (Mandatory User of Competitive Tender Processes and 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.

To ensure this is the case the following process is in place:

- a core experienced team is responsible for the co-ordination of submissions, verification, review and consistency;
- the narrative sections are drafted by the members of the team with specific responsibility for that area, such as the Chairman, the CEO, the Head of IR, Sustainability Manager, Head of Corporate Reporting, Company Secretary;
- as narrative sections are prepared they are circulated to Board and ExCo members to review and comment; and
- the Committee reviews the Annual Report, taking into account the comments made by the Board and reports issued by PwC.

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 uncertainty surrounding the longer term 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 uncertainty surrounding the longer term 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 2021 and satisfied itself that the going concern basis of presentation of the financial statements and the related disclosure is appropriate.

REMUNERATION COMMITTEE REPORT

Dear Shareholders

On behalf of the Board, I am pleased to present the Remuneration Committee Report for the financial year ended 31 March 2021 (FY21). In this statement I have summarised the link between remuneration and performance, our decisions on remuneration for FY21 and how we will operate the policy in FY22.

In relation to FY21 the entire year has been impacted by the COVID-19 pandemic. Our main priority has been to consider the health and wellbeing of our workforce and stakeholders and we took steps to ensure that we were doing as much as possible in this regard. Further details of this can be found in our Stakeholder section on pages 83 to 85. In relation to remuneration, we have ensured that there is a consistent approach across the entire workforce, including the Executive Directors, and that for the most senior executives the low share price and cancelled dividends have been recognised in the remuneration payable and the level of LTIP awards granted.

During the year we received Government support under the Coronavirus Job Retention Scheme and topped up any furloughed employees to their full salary level. This Government support has since been repaid in full and we have received no other financial support from the Government.

Implementation of the policy in FY21 and steps taken in light of COVID-19

Base salary

As an owner and operator of community assets throughout the UK, NewRiver has experienced first-hand the 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 waived 20% or more of their base salaries or fees for three months effective from 1 May 2020. The resultant cost saving was 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.

The base salaries were reinstated at their previous levels in August 2020. There were no increases to base salary for the remainder of FY21.

Annual bonus FY21

Recognising the lower financial performance that was likely to be delivered in the year, the Committee determined at the start of the year that the bonus opportunity should be reduced from the normal policy level of 125% of salary to 100% of salary.

We simplified the mix of measures for the annual bonus plan so that it was better aligned to the business strategy, focused on the business priorities and provided a more robust link between pay and performance. Inevitably, the severe impact of the pandemic on our business operations hindered our financial performance. However, we made good progress against some metrics and the formula driven outcome would have resulted in a 25% of salary payout for Allan Lockhart and a 35% of salary payout for Mark Davies. Recognising that this was a year when our Total Accounting Return, although outperforming the MSCI Real Estate Index, was negative and we had suspended our dividend payment, the Committee reviewed the resultant bonus levels and determined that the annual bonus should be scaled back by 20%.

Overall, after this use of Committee discretion, the bonus payout was 20% of salary for Allan Lockhart and 28% of salary for Mark Davies. Bonus payouts for all eligible employees were similarly scaled back.

Long Term Incentive Plan

Awards granted in 2018 due to vest in 2021 by reference to performance over the previous three years were 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, and so the awards will lapse. We delayed the grant of the FY21 awards until after the 2020 AGM and when doing so we considered the grant levels carefully in light of the share price prevailing at the time of grant, to ensure that executives could not benefit from what the Committee considered to be a windfall gain should the share price recover strongly immediately following COVID-19. Accordingly,

REMUNERATION COMMITTEE REPORT

the grant levels were scaled back by one third from the normal policy level of 100% of salary to 66.6% of salary. As disclosed last year, the awards were based 50% on our Total Accounting Return (TAR) and 50% on our Total Shareholder Return (TSR), in both cases against our sector peer group.

Hawthorn divestment and operation of the policy in FY22

We announced on 14 April 2021 that our CFO, Mark Davies, would lead a potential IPO of the Hawthorn Pubs Business and leave NewRiver on completion of the transaction. Mark will, for his time as a PLC director, be eligible to receive a pro-rata FY22 annual bonus in line with the scheme operated for Executive Directors.

Following stepping down from the Board, he will continue to be paid his current salary and may participate in the bonus scheme in his capacity as a NewRiver employee alongside other Hawthorn management and employees.

Mark will not receive any further remuneration from the completion of the transaction and will receive no payment for loss of office. We intend that Will Hobman, who has been NewRiver's Finance Director for 18 months and with the Company for five years, will succeed Mark as CFO. Will's package will be in line with the remuneration policy and there will be full disclosure in next year's report.

Other than in relation to this potential transaction, the current remuneration policy will operate broadly unchanged from the approach in FY21. Salary will remain unchanged for the CEO and there will be no change to benefits. Pension will remain at 15% of salary and we have previously announced our intention to align pensions with the percentage rate applicable to the workforce by the end of this policy period.

The annual bonus plan will be based on Corporate and Strategic targets. We intend to make an award under the LTIP to the CEO and new CFO at the normal policy level of 100% of base salary, subject to considering the prevailing share price at the time of grant and the award will again be subject to our relative TSR and TAR against a peer group.

Closing remarks

We believe we have taken sensible steps to adapt the operation of our remuneration policy in the exceptional circumstances of the COVID pandemic and we have reflected the experience of shareholders, employees and other stakeholders. I would like to thank shareholders for their continued support and engagement during the year. We welcome feedback and if shareholders have any questions about remuneration generally, or the contents of this Report, I can be contacted through our Investor relations email at: info@nrr.co.uk.

Whilst we were unable to hold a conventional AGM in 2020 we hope that the arrangements for the AGM in 2021 will be less restrictive. My fellow Directors and I plan to attend the AGM and we would be pleased to answer any questions which you may have about the Committee's work.

ALASTAIR MILLER
Committee Chairman

9 June 2021

Remuneration at a glance

FY21 Annual Bonus Performance

Corporate (75% of salary)

	Measure	Achievement (% of salary)
Growth based	Relative TAR	
	Earnings Yield (FFO)	
Financial discipline	LTV	

Strategic Objectives (25% of salary)

Measure	Achievement (% of salary)
Strategic objectives (Allan Lockhart)	
Strategic objectives (Mark Davies)	
The Committee used discretion to reduce the bonus outcome by 20%, so the bonus was 20% and 28% of salary for the CEO and CFO respectively.	

Executive Pay in FY20/21

FY19-21 Performance Share Plan

(Long-term Incentive)

Measure	Achievement (% of Max)
Relative TSR vs FTSE All Share Index	
Relative Total Accounting Return vs Peer Group	
Total	0

Implementation of Policy in FY22

- Base Salaries**
- Salaries have been frozen:
 - Allan Lockhart: £470,000
 - Mark Davies: £408,000

- Benefits**
- No change

- Pension**
- 15% of salary

- Annual Bonus**
- Maximum opportunity will revert to 125% of salary
 - Performance conditions:
 - 75% Corporate Targets
 - 25% Individual strategic 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 COMMITTEE REPORT

Summary Remuneration Policy

The Remuneration Policy was approved by shareholders at the 2020 Annual General Meeting. The full Remuneration Policy can be found in the 2020 Annual Report which is available at www.nrr.co.uk

Executive Directors

Element	Purpose and 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.	Not applicable

Executive Directors

Element	Purpose and 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.

REMUNERATION COMMITTEE REPORT

Executive Directors

Element	Purpose and 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 and 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

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.

The Committee addresses the following factors when determining the remuneration policy and practices, as recommended by the UK Corporate Governance Code:

Principle

Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.

Committee approach

- 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.
- We use our appraisal process to explain and discuss with employees how the policy for executive directors aligns with the pay and conditions of the workforce. We also highlight where there are more stringent requirements in the Executive Directors' policy for Directors.

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.

Service contracts

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
Mark Davies	18 August 2016	rolling contracts
Margaret Ford	1 September 2017	3 month
Colin Rutherford	5 February 2019	rolling contracts
Kay Chaldecott	18 August 2016	
Alastair Miller	18 August 2016	
Charlie Parker	10 September 2020	

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.

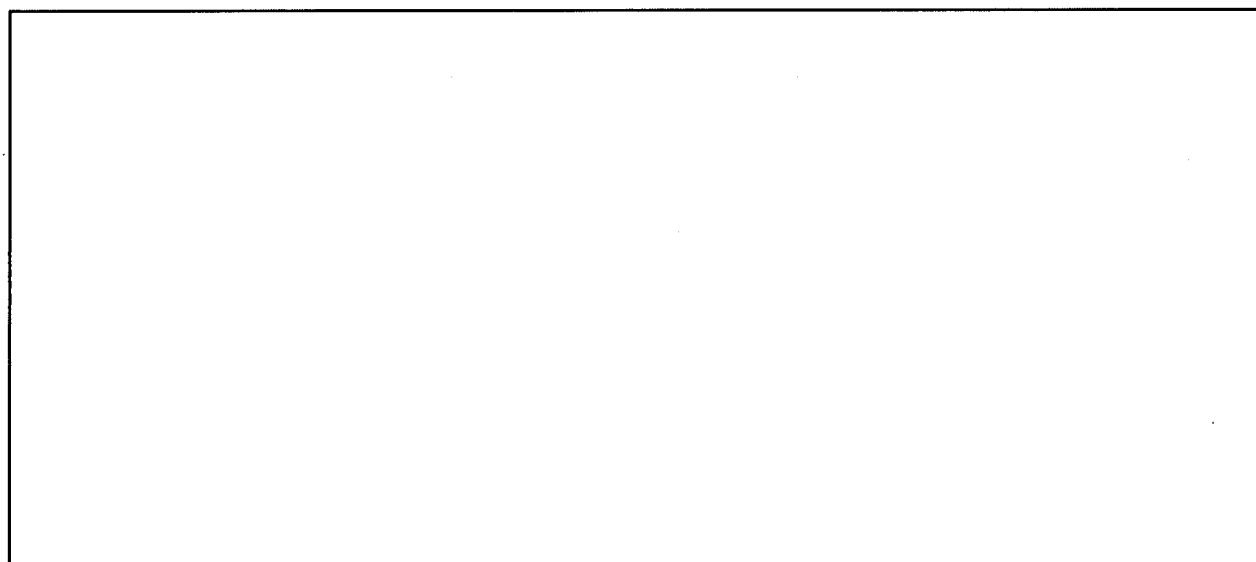
The Committee will have discretion to make payments or awards to buy out incentive arrangements forfeited on leaving a previous employer, i.e. over and above the approach outlined in the table above and may exercise the discretion available under Listing Rule 9.4.2R if necessary to do so. In doing so, 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 FY22 financial year (based on a full financial year for Mark Davies). Four scenarios have been illustrated for each Executive Director:



1. Minimum performance:	– comprising the minimum remuneration receivable (being normal base salary (before the temporary waiver), pension and benefits calculated using the 2020/21 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 COMMITTEE REPORT

Remuneration Report

This section sets out how the Directors' Remuneration Policy was implemented during the financial year ended 31 March 2021. 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 2021 AGM.

Remuneration Committee attendance

The Remuneration Committee is comprised of all the Non-Executive Directors including the Chair. During the year Kay Chaldecott stepped down as Chairman of the Committee, although remained on the Committee. Alastair Miller took over as Chairman of the Committee. Charlie Parker joined the Committee on 1 April 2021. The Remuneration Committee meets at least four times a year, together with ad-hoc meetings when required. It met four times during the year and attendance was as follows:

Committee Members	Attendance
Alastair Miller: Committee Chairman	4/4
Kay Chaldecott	4/4
Margaret Ford	4/4
Colin Rutherford	4/4
Charlie Parker	0/0

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;
- considering and setting 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 FY21

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

- considering carefully the impact of the COVID-19 pandemic on the application of the Remuneration Policy;
- reviewing the wider workforce arrangements and pay policies and reviews;
- reviewing incentive plan performance conditions;
- approving the remuneration report;
- review of a report from Korn Ferry on developments in market practice in remuneration matters;
- setting the bonus KPI's for the CEO and CFO for FY21 to align with strategy;
- considering the wider shareholder experience during the COVID-19 pandemic; and
- determining the grant level and performance conditions for the FY21 PSP award.

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 FY21 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 £25,993.75 in the year ended 31 March 2021. 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 FY21 (audited)

The following tables show a single figure total of remuneration for the year ended 31 March 2021 for each of the Directors and compares this figure to the prior year.

Executive Directors

	Financial Year	Salary ¹ £	Benefits ² £	Pension £	Subtotal for fixed pay £	Cash bonus ³ £	Value of bonus deferred into shares ³ £	Long-term incentive plans ⁴ £	Subtotal for variable pay £	Total £
Allan Lockhart	2021	470,000	2,839	70,500	543,339	65,800	28,200	—	94,000	637,339
	2020	470,000	2,739	70,500	543,239	—	—	—	—	543,239
Mark Davies	2021	408,000	1,883	61,200	471,083	79,968	34,272	—	114,240	585,323
	2020	408,000	1,930	61,200	471,130	—	—	—	—	471,130
David Lockhart ⁵	2021	197,500	24,139	29,625	251,264	—	—	—	—	251,264
	2020	395,000	11,400	59,250	465,650	—	—	—	—	465,650

1. Directors paid 20% of their base salaries to charity between 1 May – 1 August 2020.

2. Benefits are the Director's private medical cover.

3. The Committee used discretion to reduce the value of the FY20 bonus (cash and shares) to zero. The Committee also used discretion to reduce the value of the FY21 bonus (cash and shares) by 20%.

4. 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.

5. David Lockhart retired from the Board at the AGM on 14 August 2020. The amounts disclosed represent the remuneration for the period that David was an Executive Director.

Non-Executive Directors

	Financial Year	Base Fee ^{1,2} £	Audit Committee Chairman ³ £	Remuneration Committee Chairman ⁴ £	Senior Independent Non-Executive Director £	Total £
Margaret Ford	2021	160,000	—	—	—	160,000
	2020	160,000	—	—	—	160,000
Kay Chaldecott	2021	50,000	—	3,324	—	53,324
	2020	50,000	—	7,500	—	57,500
Alastair Miller	2021	50,000	—	7,500	7,500	65,000
	2020	50,000	7,500	—	7,500	65,000
Charlie Parker ²	2021	25,000	—	—	—	25,000
	2020	—	—	—	—	—
Colin Rutherford	2021	50,000	4,176	—	—	54,176
	2020	50,000	—	—	—	50,000

1. Directors paid 20% of their fees to charity between 1 May – 1 August 2020.

2. Charlie Parker was appointed on 10 September 2020 and waived his fee via salary sacrifice to charity from appointment date to 31 March 2021.

3. Colin Rutherford was appointed Audit Committee Chair on 10 September 2020. Alastair Miller stepped down as Audit Committee chair and took up the role of Remuneration Committee chair.

4. Kay Chaldecott stepped down as Remuneration Committee Chair on 10 September 2020.

REMUNERATION COMMITTEE REPORT

Annual bonus for the year to 31 March 2021 (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 % maximum	On target	Potential % Maximum	Stretch	Potential % Maximum	Actual result	Actual % awarded (before application of Committee discretion)	
								Allan Lockhart	Mark Davies
Corporate									
Growth based									
Relative TAR	At index	5 %	10% ahead	10%	20% ahead	20%	14.1%	10%	10 %
Earnings yield (UFFO) – £21.1m target	<5% below	6.25%	£21.1m	12.5%	>15% above	25%	£11.5m	0%	0%
Financial discipline									
LTV	<52.5%	7.5%	<50%	15%	<45%	30%	50.6%	7.5%	7.5%
Strategic									
Strategic objectives	Performance In line with expectations	6.25%	Good performance above expectations	12.5%	Very strong performance	25%	See opposite	7.5%	17.5%
Total: % of maximum (before application of discretion)		25%		50%		100%		25%	35%
Amount awarded by Committee after applying discretion to reduce the bonus by 20%								20%	28%

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

Objective	Performance	Amount awarded as a % of salary (before Committee discretion)
Allan Lockhart		
– ESG Targets :		2.5% out of 5%
– Governance – to Implement TCFD review recommendations relating to governance	– Significant Improvements have been made to the Schedule of Matters relating to ESG and key responsibilities for ESG	
– Social – Trussell Trust: Fund Raising in the year	– Food donations were up by 300% and financial donations by 109%	
– Environmental – to construct a tangible plan to achieve net zero emissions by 2050 or before	– Board approval of plan achieved	
– To make progress on the Disposal programme (threshold, target and stretch measures)	– Over £80m of disposals were achieved which is above the target measure	5% out of 10%
– To develop Public and private Partnerships	– Not achieved due to market conditions	0% out of 10%
		Total: 7.5% out of 25%

Objective	Performance	Amount awarded as a % of salary (before Committee discretion)
Mark Davies		
– ESG Targets:		2.5% out of 5%
– Governance – to Implement TCFD review recommendations relating to governance	– Significant Improvements have been made to the Schedule of Matters relating to ESG and key responsibilities for ESG	
– Social – Trussell Trust: Fund Raising in the year	– Food donations were up by 300% and financial donations by 109%	
– Environmental – to construct a tangible plan to achieve net zero emissions by 2050 or before	– Board approval of plan achieved	
– To make progress on the Disposal programme	– Over £80m of disposals were achieved which is above the target measure	5% out of 10%
– To progress a release of capital from pubs	– Good progress has been made on the divestment of pubs	10% out of 10%
		Total: 17.5% out of 25%

Long-term Incentive Plans (audited)

Vesting of Performance Share Plan awards

The performance conditions for the 2018 Performance Share Plan award that is capable of vesting on 29 May 2021 are:

	Performance period start	Performance period end	Minimum hurdle	Maximum hurdle	Achieved / estimated
Total Shareholder Return (50%)	May 2018	May 2021	100% of index	150% of index	Less than 100%
Total Accounting Return (50%)	1 April 2018	31 March 2021	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.

PSP awards granted in the year to 31 March 2021 (audited)

The following Performance Share Plan awards were granted to Executive Directors as nil cost options on 21 August 2020; with the grant level scaled back by one third from the usual policy level, recognising the fall in the share price from pre COVID levels.

Executive	Value of awards at grant date* (% salary)	Number of shares comprising award	% of award vesting at threshold	Vesting Period End Date	Holding Period End Date
Allan Lockhart	£313,333 (67%)	497,354	25%	21 Aug 2023	21 Aug 2025
Mark Davies	£272,000 (67%)	431,746	25%	21 June 2023	21 Aug 2025

* 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 a group of UK REITs.

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. UK REITs (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
	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 TSR and TAR comparator group was composed of the companies set out in the list below.

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

Summary of Directors Interests (audited)

The beneficial interests of the Executive Directors in share awards and share options as at 31 March 2021 are shown in the following tables.

Allan Lockhart

Grant Date	Plan	Vesting by	Exercise/ share price at date of award £	At 31 March 2020	Granted	Dividend equivalent shares added	Lapsed	Exercised	At 31 March 2021
Sep 2011	USOP	Vested	2.35	338,000	–	–	–	–	338,000
Jun 2017	PSP	Vested	3.46	154,559	–	–	(154,559)	–	–
May 2018	DBP	May 2020	2.86	62,194	–	–	–	–	62,194
May 2018	PSP	May 2021	2.98	170,772	–	–	–	–	170,772
Jun 2019	PSP	Jun 2022	1.77	290,915	–	–	–	–	290,915
Jul 2019	DBP	Jun 2021	1.79	66,952	–	–	–	–	66,952
Aug 2020	PSP	Aug 2023	0.63	–	497,354	–	–	–	497,354
Total				1,083,392	497,354	–	(154,559)	–	1,426,187

Mark Davies

Grant Date	Plan	Vesting by ¹	Exercise/ share price at date of award £	At 31 March 2020	Granted	Dividend equivalent shares added	Lapsed	Exercised ²	At 31 March 2021
Jan 2017	PSP	Vested	3.34	159,144	–	–	(159,144)	–	–
Jun 2017	PSP	Vested	3.46	145,465	–	–	(145,465)	–	–
May 2018	DBP	Vested	2.86	61,044	–	–	–	(61,044)	–
May 2018	PSP	May 2021	2.98	160,725	–	–	–	–	160,725
Jun 2019	PSP	Jun 2022	1.77	252,540	–	–	–	–	252,540
Jul 2019	DBP	Jun 2021	1.80	58,587	–	–	–	–	58,587
Aug 2020	PSP	Aug 2023	0.63	–	431,746	–	–	–	431,746
Total				837,505	431,746	–	(304,609)	(61,044)	903,598

DBP = Deferred Bonus Plan.

PSP = Performance Share Plan.

USOP = Unapproved Share Option Plan.

1. A holding period of two years is applied following vesting

2. Mark's awards were exercised on 18 June 2020, some were sold to cover tax at a share price of £0.683

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.

REMUNERATION COMMITTEE REPORT

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 of 200% of base salary. 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 2021	Value of holding as % of salary*	Unvested DBP awards held at 31 March 2021**	Unvested PSP awards held at 31 March 2021**	Vested DBP awards held at 31 March 2021**	Vested but unexercised PSP awards held at 31 March 2021	Vested but unexercised USOP awards held at 31 March 2021	Total held as at 31 March 2021
Allan Lockhart	347,355	82%	66,952	959,041	62,194	–	338,000	1,773,542
Mark Davies	275,838	63%	58,587	1,004,155	–	–	–	1,397,077
Margaret Ford	50,640	–	–	–	–	–	–	50,640
Kay Chaldecott	39,445	–	–	–	–	–	–	39,445
Alastair Miller	35,956	–	–	–	–	–	–	35,956
Colin Rutherford	–	–	–	–	–	–	–	–
Charlie Parker	–	–	–	–	–	–	–	–

* based on the closing share price of 93.8p as at 31 March 2021 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.

** Includes dividend equivalent shares added to that date. Although vested these awards have not yet been exercised.

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 2021 to 9 June 2021, 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 2011 and values at intervening financial year ends over a ten-year period to 31 March 2021. 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	2021 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	637,339
Annual bonus (% of max)	42.0	36.5	32.6	69.0	70.0	100.0	66.7	77.3	64.0	–	20.0
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 below, 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 31 May 2021 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
FY21	Option A	7:1	9:1	19:1
FY20	Option A	8:1	17:1	34:1

The total pay for the individuals identified at the Lower quartile, Median and Upper quartile positions in FY20 and FY21 are set out below:

	FY2021	FY2020
	Total Pay	Total Pay
Upper quartile	65,000	68,845
Median	50,000	31,542
Lower quartile	24,647	15,995

REMUNERATION COMMITTEE REPORT

Annual percentage change in remuneration of Directors and employees

The table below shows the percentage change in salary or fee, taxable benefits and bonus for FY20 and FY21 for each individual Director and for all permanent employees of the Group, excluding joiners and leavers.

	Salary/fee	Benefits	Annual Bonus
Executive Directors			
Allan Lockhart	0%	0%	100%
Mark Davies	0%	0%	100%
Non-Executive Directors			
Margaret Ford	0%	N/A	N/A
Kay Chaldecott	0%	N/A	N/A
Alastair Miller	0%	N/A	N/A
Charlie Parker	0%	N/A	N/A
Colin Rutherford	0%	N/A	N/A
All Employees¹	0%	0%	100%

1. All employees are used as there are no employees of the listed parent company.

Relative importance of spend on pay

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

	FY21 £'000	FY20 £'000	% difference from prior year
Total spend on employee pay ¹	13,033	13,172	-1%
Total distributions to shareholders (including share buy-backs)	–	65,828	-100%

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 FY22

Salaries and fees

The base salaries and fees for FY22 are set out below, which are unchanged from the prior year:

	salary for FY22	
Allan Lockhart – Chief Executive Officer	£470,000	0% increase
Mark Davies – Chief Financial Officer	£408,000	0% increase

Fees payable to the Chairman and Non-Executive Directors are as follows:

	Fee for FY22
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

The Non-Executive directors' fees were last increased in April 2018

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.

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. 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 2022.

Long-term Incentives – Performance Share Plan

Grant levels will not exceed 100% of base salary. Awards will be subject to 50% each of relative TSR and TAR compared to a sector peer group. Awards must be held for a further two years after vesting.

2020 Annual General Meeting shareholder votes

At the Annual General Meeting held on 14 August 2020, 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 and against	Votes withheld
That the Directors' remuneration report be received and approved	170,325,322	99.88	200,855	0.12	170,526,177	47,013
That the Directors' remuneration policy be received and approved	160,581,406	94.19	9,902,752	5.81	170,484,158	89,031

Signed on behalf of the Board

ALASTAIR MILLER
Committee Chairman

9 June 2021

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements and the report of the auditor for the year ended 31 March 2021.

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 175 to 176.

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 82.

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 121
s.172 statement	Details can be found on page 83
Staff, culture and employee involvement	Staff – pages 10 to 12
Directors' Interests	Details can be found on pages 99 to 117 of the Directors' Remuneration Report
Stakeholder engagement	Strategic report – page 10 Governance report – pages 83 to 85
Environmental policy	ESG report – pages 46 to 65
Greenhouse gas emissions	ESG report – page 63
Future business developments	Strategic Report – pages 1 to 76
Financial risk management objectives and policies	Pages 66 to 74
Going concern	Page 76 (Going Concern)
Governance report	Pages 77 to 91
Listing Rule:	
9.8.4R (1)(2) (5-14)(B)	Not applicable
9.8.4R (4)	Long term Incentive plans – pages 99 to 117

Results and dividend

The results for the year are set out in the financial statements. The Group did not pay any dividends during the year (2020: £65.8 million). Further details on the dividend payments are set out in note 13 to the financial statements.

The Board

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

	Service in the year 31 March 2021
Margaret Ford	Served throughout the year
Allan Lockhart	Served throughout the year
Mark Davies	Served throughout the year
David Lockhart	Retired 14 August 2020
Kay Chaldecott	Served throughout the year
Alastair Miller	Served throughout the year
Charlie Parker	Appointed 10 September 2020
Colin Rutherford	Served throughout the year

Unless stated otherwise these directors were in office during the year and up to the date of signing the financial statements. The roles and biographies of the Directors in office as at the date of this report are set out on pages 78 to 79.

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 Group's values, standards and culture.

Directors' interests

Details of the Directors' share interests can be found in the Remuneration Committee report on pages 99 to 117.

All related party transactions are disclosed in note 29 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. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 March 2021 and remain in force at the date of signing this report. 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. This insurance has been in place during the year and remains in place at the date of signing this report.

As at 31 March 2021

Shareholder	Number of shares	% of issued Share Capital
JP Morgan Asset Management	18,985,558	6.20%
M&G	17,768,427	5.80%
IntegraFin Holdings	15,308,090	5.00%
BlackRock	15,290,775	4.99%
Farringdon Capital Mgmt	9,663,935	3.16%

As at 9 June 2021

Shareholder	Number of shares	% of issued Share Capital
M&G	17,768,427	5.80%
IntegraFin Holdings	15,308,090	5.00%
Farringdon Capital Management	9,663,935	3.16%

Internal controls review

Taking into account the principal risks, emerging 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 27 to the Group's financial statements.

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 2021 and as at 9 June 2021 (being the latest practicable date prior to publication of the Annual Report):

Share capital structure

As at 31 March 2021, the Company's issued share capital consisted of 308,925,158 ordinary shares of one penny each. No shares are held in treasury. 2,625,006 ordinary shares are held in the Employee Benefit Trust. Therefore, the total number of voting rights in the Company is 306,300,152. Further details of the share capital, including changes throughout the year are summarised in note 25 of the financial statements.

Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands, every shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share of which he or she is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

There are no restrictions on the transfer of shares except the UK Real Estate Investment Trust restrictions. 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 on voting rights.

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 2020, 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 2021 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 summary set out on pages 102 to 107.

Disclosure of information to independent 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 27 July 2021. At the meeting, resolutions will be proposed to receive the Annual Report and financial statements, 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 2021 AGM and the recommendations in relation to them will be set out in the 2021 AGM Notice.

Political donations

No political donations were made by the Company or its subsidiaries during the year (2020: Nil).

The Directors' Report was approved by the Board of Directors on 9 June 2021.

By Order of the Board

KERIN WILLIAMS
Company Secretary

9 June 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under Company law, 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 for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether, for the group and company, International accounting standards in conformity with the requirements of the Companies Act 2006 and, for the group, International financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- applicable IFRSs as adopted by the European Union;
- have been followed, 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's 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.

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.

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's 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 Group financial statements, which have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB), give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and loss of the Company; 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.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

BARONESS FORD OBE

Non-Executive Chairman

9 June 2021

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 2021 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 accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

We have audited the financial statements, included within the Annual Report and Accounts 2021 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2021; 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.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in Note 1 to the financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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.

Other than those disclosed in Note 6 and in the Audit Committee report, we have provided no non-audit services to the Group or its controlled undertakings in the period under audit.

Our audit approach

Overview

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.

Key audit matters

- 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)
- Impact of COVID-19 (Group and Company)

Materiality

- Overall Group materiality: £12.2 million (2020: £13.7 million) based on 1% of Group's total assets.
- Specific Group materiality: £1.8 million (2020: £2.3 million) based on 5% of the Group's weighted average EPRA earnings from 2019 to 2021.
- Overall Company materiality: £11.6 million (2020: £13.0 million) based on 1% of total assets (capped at 95% of Group overall materiality).
- Overall performance materiality: £9.2 million (Group), specific performance materiality: £1.4 million (Group) and overall performance materiality: £8.7 million (Company).

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.

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.

The Key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the Key audit matter
<i>Valuation of investment properties and public houses held as property, plant and equipment (Group)</i> Refer to page 97 (Audit Committee report), pages 138 to 158 (Notes to the financial statements - Note 1)	Given the inherent subjectivity in the valuation of investment properties, the need for deep market knowledge when

(Accounting policies), Note 2 (Critical accounting judgements and estimates) Note 14 (Investment properties) and Note 17 (Property plant and equipment).

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 as at 31 March 2021 was £974.2 million (investment properties £877.3 million and £52.7 million public houses held as property, plant and equipment, and £44.1 million held on a proportional basis within the joint ventures) (2020: £1.2 billion).

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 2021. The valuations were carried out by external valuers, Colliers, Knight Frank and Duff & Phelps in accordance with RICS Valuation - Professional Standards and the Group accounting policies which incorporate the requirements of International Accounting Standard 40 'Investment Property'.

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 investment 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.

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 valuation uncertainty clause included in the public house valuation reports

We considered the adequacy of the disclosures made in notes 2 (critical judgements and estimates) and 14 and 17 (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 public house investment properties of £195.5 million, and the valuation of public houses held as property, plant and equipment of £52.7 million, for a total of £248.2 million included in the Consolidated balance sheet as at 31 March 2021. 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 also 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.

Assumptions and estimates used by the valuers

We read the external valuation reports for the 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.

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 investment 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.

Material uncertainty clause included in the public house valuation reports

The third-party valuers engaged by management to value the public houses, 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.

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 depending on a number of factors, such as management changes and the impact of capex spend. In determining the valuation of the pubs, the valuers take into account comparable market transactions. In forming their assessment of fair value as at 31 March 2021 the valuers have had consideration for the impact of COVID-19.

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 includes 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 developers profit. Where necessary, we obtained corroborating evidence to support explanations received. For investment 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. Properties held for future development are valued using the highest and best use method, by adopting the higher of the residual method of valuation allowing for all associated risks, and the investment method of valuation for the existing asset.

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. We considered specific assets within the portfolio on an individual basis based on risk criteria including multiple outliers or non-trading assets. When assumptions were outside the expected range, we undertook further investigations 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.

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 appropriate. 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.
<i>Valuation of investments in subsidiary companies (Company)</i> Refer to pages 173 to 175 (Notes to the financial statements - Note A (Accounting policies) and Note B (investments in subsidiaries)). The Company has investments in subsidiary companies of £570.3 million as at 31 March 2021 (2020 restated: £560.4 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 other revalued properties, management determined that there were indicators of impairment in the Company carrying values of investments in subsidiary companies and an impairment of £220.4 million was recorded as at 31 March 2021. In addition, management identified an error in the calculation of the impairment in investments in subsidiary companies in the prior year of £71.8 million. Given the material size of these investment impairments and the level of estimation involved, we considered this to be a Key audit matter.	We obtained the Company's assessment of the valuation of investments held in subsidiary companies as at 31 March 2021. - 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. For details on our work on property valuations, refer to the previous Key audit matter. - We verified that the carrying values of investment properties had been appropriately included in the assessment of the valuation of investments in subsidiary companies. - We reviewed the disclosures within the Annual Report, including the £119.9 million impairment restatement and the £15.4 million addition of the prior year investments in subsidiary companies and considered these to be complete and accurate. Based on the work performed, we concur with the amount of impairment recognised and that the commensurate transfer to merger reserves is appropriate. We evaluated the disclosures in the financial statements and found these to be appropriate.
<i>Recoverability of trade receivables, accrued income, lease incentives and service charge debtor balances (Group)</i> Refer to page 138 to 169 Note 1 (Accounting policies), Note 2 (Critical accounting judgements and estimates - Impairment of trade receivables) and Note 18 (Trade and other receivables). 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 2021, the uncertainty of cash collections and the estimation 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 trade receivables, accrued income, lease incentives and service charge debtors, incorporating debt collection history, discussions and agreements with specific tenants and management's expectations of the probability of default. As at 31 March 2021, the Group has an impairment provision of £9.3 million (2020: £4.2 million) against £18.9 million (2020: £10.4 million) of gross trade receivables. In estimating this, management has applied an 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 each of the ECL provisions. - We tested the calculations and assumptions used within the ECL calculations, and obtained supporting evidence to validate the risk profile 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. From the work we performed, we considered the level of impairment loss to be consistent with the evidence obtained and the ECL calculated by management to be a reasonable estimate.

Given the material size of these receivable balances, the size of impairment and the level of estimation involved, we considered this to be a Key audit matter.	
<i>Impact of COVID-19 (Group and Company)</i> Refer to page 138, Note 1 of the Group financial statements for the directors' disclosures related to going concern; page 144, Note 2 to the Group financial statements for the directors' disclosures of the critical accounting estimates and judgements; pages 75 and 76 for the directors' assessment of viability; and pages 95 to 98 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 areas of valuation of investment properties and public houses held as property, plant and equipment and the potential impairment of tenant receivables in light of the impact of the COVID-19 pandemic. Management has also 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. 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. Having considered these scenarios and the range of possible actions available, management has concluded that there is no material uncertainty in respect of these conclusions. As a result of the impact of COVID-19 on the business, the sector and the wider economy, we determined management's consideration of the potential impact of COVID-19, including the assessment of going concern and viability, to be a Key audit matter. In addition, management's way of working, including the operation of controls, has changed during the year as a result of the COVID-19 pandemic and employees have been working remotely and using technology enabled working practices.	An explanation of how our audit addressed the areas of COVID-19 pandemic risk associated with the valuation of investment properties and public houses held as property, plant and equipment and the potential impairment of tenant receivables is included in the Key audit matters described above. 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 supporting 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 during the year and active property asset disposals. - We reviewed management's sensitivity scenarios, which include further potential mitigating actions available to management. 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 confirmed the Group's rolling credit facility, term loan and unsecured bond and confirmed the Group's long-term credit rating. 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 and 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. Other procedures that we performed in relation to the impact of COVID-19 included: - 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 above. - Examining the directors' post balance sheet events disclosure in Note 30 to the Group financial statements. We also considered whether changes to working practices brought about by COVID-19 had had an adverse impact on the effectiveness of management's business process and IT controls. We did not identify any evidence of significant deterioration in the control environment.

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 financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group owns and invests in a number of shopping centres, retail warehouses, high street shops, pubs and developments across the United Kingdom. These are held within a variety of subsidiaries, joint ventures and associates. Based on our understanding of the Group we focussed our audit work primarily on three components being: Retail, Pubs and Joint ventures and associates. The Retail, Pubs and Joint ventures and associates components were subject to a full scope audit given their financial significance to the Group. All components were audited by the Group team. These procedures, together with additional procedures performed at the Group level (including audit procedures over the consolidation and consolidation adjustments), gave us the evidence we needed for our opinion on the Group financial statements as a whole. In respect of the audit of the Company, the Group audit team performed a full scope statutory audit.

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:

	Financial statements - Group	Financial statements - Company
<i>Overall materiality</i>	£12.2 million (2020: £13.7 million).	£11.6 million (2020: £13.0 million).
<i>How we determined it</i>	1% of Group's total assets	1% of total assets (capped at 95% of Group overall materiality).
<i>Rationale for benchmark applied</i>	We determined materiality based on total assets given the valuation of investment properties and pubs held as property, plant and equipment, whether held directly or through joint ventures and associates, is the key determinant of the Group's value. This materiality was used in the audit of investing and financing activities.	Given the NewRiver REIT plc entity is primarily a holding Company we determined total assets to be the appropriate benchmark.
<i>Specific materiality</i>	£1.8 million (2020: £2.3 million).	Not applicable.
<i>How we determined it</i>	5% of the Group's weighted average EPRA earnings from 2019 to 2021 (2020: 5% of the Group's weighted average EPRA earnings from 2018 to 2020).	Not applicable.
<i>Rationale for benchmark applied</i>	In arriving at this materiality we had regard to the fact that EPRA earnings are a secondary financial indicator of the Group (refer to page 179 of the financial statements which includes a reconciliation between IFRS and EPRA earnings) and a weighted average of the last three years from 2019 to 2021 was utilised to reflect the one off impact of COVID-19 on the Group's results in 2020 and 2021. This materiality was used in the audit of operating activities.	Not applicable.

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 for investing and financing activities was £5.0 million to £11.6 million. The range of materiality allocated across components for operating activities was £0.6 million to £1.7 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality for investing and financing activities was 75% of overall materiality,

amounting to £9.2 million for the Group financial statements and £8.7 million for the Company financial statements. Our performance materiality for operating activities was 75% of specific materiality, amounting to £1.4 million for the Group financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.61 million (Group audit) (2020: £0.69 million) for investing and financing activities, £0.09 million (Group audit) (2020: £0.12 million) for operating activities, and £0.58 million (Company audit) (2020: £0.65 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting 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 supporting 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;
- Considering management's forecasting accuracy by comparing how the forecasts made at the half year compare to the actual performance in the second half of the year;
- We understood the mitigating actions being taken by management, including suspending the dividend payment during the year and active property asset disposals;
- We reviewed management's sensitivity scenarios, which include further potential mitigating actions available to management. 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 confirmed the Group's rolling credit facility, term loan and unsecured bond and confirmed the Group's long-term credit rating; and
- Reverse stress tested the downside going concern assessment by assessing the total fall in investment property required in order to breach banking covenants.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this 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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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.

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.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and

- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, 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.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with health and safety or environmental and sustainability legislation and breaches of the Real Estate Investment Trust (REIT) status section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and

INDEPENDENT AUDITORS' REPORT

regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 or reduce expenditure, 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 engagement team included:

- Discussions with management, including the Company Secretary, over their consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Understanding and evaluating management's controls designed to prevent and detect irregularities;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters where relevant;
- Review of REIT tax compliance with the involvement of our tax specialists in the audit;
- Procedures relating to the valuation of investment properties and public houses held as property, plant and equipment described in the related Key audit matter above;
- Reviewing relevant meeting minutes, including those of the Board of Directors and the Audit Committee; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 obtained 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 members on 4 July 2019 to audit the financial statements for the year ended 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 31 March 2020 to 31 March 2021.



Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Operating and financing 2021 £m	Fair value adjustments 2021 £m	Total 2021 £m	Operating and financing 2020 £m	Fair value adjustments 2020 £m	Total 2020 £m
Revenue	4	91.1	–	91.1	144.8	–	144.8
Property operating expenses*	5	(47.1)	–	(47.1)	(55.0)	–	(55.0)
Net property income		44.0	–	44.0	89.8	–	89.8
Administrative expenses	6	(23.4)	–	(23.4)	(20.9)	–	(20.9)
Other income	7	7.2	–	7.2	–	–	–
Share of income / (loss) from joint ventures	15	2.3	1.2	3.5	2.0	(3.9)	(1.9)
Share of income / (loss) from associates	16	0.1	0.6	0.7	0.1	(0.4)	(0.3)
Net valuation movement	14/17	–	(154.7)	(154.7)	–	(162.6)	(162.6)
Loss on disposal of subsidiary	8	(2.2)	–	(2.2)	–	–	–
Loss on disposal of investment properties	9	(5.5)	–	(5.5)	(1.5)	–	(1.5)
Operating profit / (loss)		22.5	(152.9)	(130.4)	69.5	(166.9)	(97.4)
Finance income	10	0.3	–	0.3	0.1	–	0.1
Finance costs	10	(23.1)	–	(23.1)	(24.3)	–	(24.3)
(Loss) / profit for the year before taxation		(0.3)	(152.9)	(153.2)	45.3	(166.9)	(121.6)
Taxation	11	1.3	1.4	2.7	1.0	(0.5)	0.5
Profit / (loss) for the year after taxation		1.0	(151.5)	(150.5)	46.3	(167.4)	(121.1)
Loss for the year after taxation				(150.5)			(121.1)
Other comprehensive loss							
Other movement				0.2			–
Revaluation of property, plant and equipment				(0.5)			(1.0)
Total comprehensive loss for the year				(150.8)			(122.1)
Loss per share							
Basic (pence)	12			(49.1)			(39.6)
Diluted (pence)	12			(49.1)			(39.6)

All activities derive from continuing operations of the Group.

* Included in property operating expenses is a charge of £7.1 million (2020: £2.5 million) for expected credit losses relating to tenant debtors.

The notes on pages 138 to 170 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £m	2020 £m
<i>Non-current assets</i>			
Investment properties	14	934.9	1,185.6
Right of use asset		3.5	3.9
Investments in joint ventures	15	25.6	22.1
Investments in associates	16	5.3	0.9
Property, plant and equipment	17	54.1	56.2
Goodwill		0.5	0.2
Total non-current assets		1,023.9	1,268.9
<i>Current assets</i>			
Trade and other receivables	18	26.0	26.7
Current taxation asset		–	0.7
Cash and cash equivalents	21	150.5	80.8
Total current assets		176.5	108.2
Assets held for sale	19	25.5	–
Total assets		1,225.9	1,377.1
<i>Equity and liabilities</i>			
<i>Current liabilities</i>			
Trade and other payables	22	46.9	46.8
Lease liability	24	0.7	0.7
Derivative financial instruments	20	–	0.1
Total current liabilities		47.6	47.6
<i>Non-current liabilities</i>			
Derivative financial instruments	20	2.6	2.6
Deferred tax liability	11	0.7	2.1
Lease liability	24	84.9	85.6
Borrowings	23	629.7	628.6
Total non-current liabilities		717.9	718.9
Net assets		460.4	610.6
<i>Equity</i>			
Share capital	25	3.1	3.1
Share premium	25	227.4	227.4
Merger reserve	25	(2.3)	(2.3)
Retained earnings and other reserves	25	232.2	382.4
Total equity		460.4	610.6
<i>Net Asset Value (NAV) per share (pence)</i>			
EPRA	12	151p	201p
Basic	12	150p	199p
Diluted	12	150p	199p

The notes on pages 138 to 170 form an integral part of these financial statements.

The financial statements on pages 134 to 170 were approved by the Board of Directors on 9 June 2021 and were signed on its behalf by:

ALLAN LOCKHART

Chief Executive

NewRiver REIT plc

Registered number: 10221027

MARK DAVIES

Chief Financial Officer



STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	2021 £m	2020 £m
Cash flows from operating activities		
Loss for the year before taxation	(153.2)	(121.6)
Adjustments for:		
Loss on disposal of investment property	5.5	1.5
Loss on disposal of subsidiary	2.2	–
Net valuation movement	154.7	163.0
Net valuation movement in joint ventures	(1.2)	3.9
Net valuation movement in associates	(0.6)	0.4
Share of income from joint ventures	(2.3)	(2.0)
Share of income from associates	(0.1)	(0.1)
Net interest expense	22.9	18.7
Rent free lease incentives	(2.6)	(2.1)
Movement in expected credit loss	7.1	2.5
Amortisation of legal and letting fees	0.2	(0.2)
Depreciation on property plant and equipment	1.9	1.2
Share based-payment expense	0.6	–
Net movement from fair value of derivatives	(0.1)	2.7
Cash generated from operations before changes in working capital	35.0	67.9
Changes in working capital		
Increase in trade and other receivables	(8.2)	(1.7)
Increase / (decrease) in payables and other financial liabilities	2.2	(5.0)
Cash generated from operations	29.0	61.2
Interest paid	(22.1)	(17.7)
Corporation tax received	1.7	–
Dividends received from joint ventures	–	2.0
Net cash from operating activities	8.6	45.5
Cash flows from investing activities		
Disposal of subsidiary	38.5	–
Interest income	0.3	0.1
Investment in joint ventures assets	–	(15.4)
Investment in associate assets	(2.4)	(1.2)
Purchase of investment properties	–	(44.1)
Business combinations, net of cash acquired	–	(6.3)
Disposal of investment properties	40.1	50.7
Development and other capital expenditure	(10.0)	(14.1)
Purchase of plant and equipment	(3.3)	(10.1)
Net cash generated from / (used in) investing activities	63.2	(40.4)
Cash flows from financing activities		
Repayment of bank loans	–	(48.7)
New borrowings	–	161.9
Repayment of principal portion of lease liability	(0.7)	(0.8)
Dividends paid – ordinary	(1.4)	(63.8)
Net cash (used in) / generated from financing activities	(2.1)	48.6
Cash and cash equivalents at beginning of the year	80.8	27.1
Net Increase in cash and cash equivalents	69.7	53.7
Cash and cash equivalents at 31 March	150.5	80.8

The notes on pages 138 to 170 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings and other reserves £m	Total £m
As at a April 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	17	–	–	–	(1.0)	(1.0)
Total comprehensive loss for the year		–	–	–	(122.1)	(122.1)
Transactions with equity holders						
Net proceeds from issue of shares	25	–	2.4	–	–	2.4
Dividends paid	13	–	–	–	(65.8)	(65.8)
As at 31 March 2020		3.1	227.4	(2.3)	382.4	610.6
Loss for the year after taxation		–	–	–	(150.5)	(150.5)
Other movements		–	–	–	0.2	0.2
Revaluation of property, plant and equipment	17	–	–	–	(0.5)	(0.5)
Total comprehensive loss for the year		–	–	–	(150.8)	(150.8)
Transactions with equity holders						
Share-based payments		–	–	–	0.6	0.6
As at 31 March 2021		3.1	227.4	(2.3)	232.2	460.4

The notes on pages 138 to 170 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 the registered office of the Company is 16 New Burlington Place, London, W1S 2HX.

These consolidated financial statements have been approved for issue by the Board of Directors on 9 June 2021.

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

The financial information included in the consolidated financial statements has been prepared on a going concern basis using accounting policies consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and in accordance with the Companies Act 2006, and the Disclosure and Transparency Rules of the Financial Conduct Authority.

In addition to complying with International accounting standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Going concern

The Group and Company's going concern assessment considers the Group's principal risks, and is dependent on a number of factors, including cashflow and liquidity, continued access to borrowing facilities and the ability to continue to operate the Group's unsecured debt structure within its financial covenants. The Group's balance sheet is unsecured, which means that none of its debt is secured against any of its property assets. This type of financing affords significant operational flexibility, and consists of £380 million of unsecured bank facilities and a £300 million unsecured corporate bond with the earliest expiry date being August 2023. The debt has a number of financial covenants that the Group is required to comply with including an LTV covenant of less than 60%, and a 12 month historical interest cover ratio of more than 1.75x, and both sources of unsecured financing have cure provisions in the event of a breach.

The going concern assessment is based on a 12 month outlook from the date of the approval of these financial statements, using the Group's three year forecast. This forecast is based on a reasonable worst case scenario, which includes the key assumptions listed below.

- A further 6% blended reduction in capital values across the portfolio over the next twelve months, in addition to the 13.6% recorded in the year ended 31 March 2021
- A further 10% reduction in net income in our Retail portfolio, excluding agreed deferrals; this reflects a significant downside to rental agreements re-geared or re-negotiated throughout the pandemic given that 92% of rents relating to Q4 FY21 were collected or alternative payments agreed at the time of reporting despite a full national Lockdown being in place throughout the quarter in question
- A further full national Lockdown in Winter/Spring in 2021/22 in our pub portfolio, this has been modelled to mirror the full national Lockdown seen this past year and is phased as a 50% reduction in Q3 FY22 (i.e. throughout December, including Christmas and New Year), a 100% reduction in Q4 FY22 (i.e. full lockdown for the entire 3 months) and a 25% reduction in Q1 FY23 as the Pubs once again re-open through the Spring
- No disposal proceeds are assumed throughout the forecast period, despite the completion of £81 million of disposals during FY21, at a relatively tight discount to book values, with a further £79 million of assets exchanged or under offer
- 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 and liquidity resources, and remain compliant with its financial covenants. Further sensitivity analysis was performed on this scenario, including 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.

In light of the significant impact of COVID-19 on the UK economy, and the retail and leisure sectors in which the Group operates, the Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the Group's financial statements for the year ended 31 March 2021.

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 2021 and therefore have adopted the going concern basis in the preparation of this financial information.

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 acquisition and disposal 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 and associates using the equity method of accounting per IFRS 11 and IAS 28 respectively. The financial statements for the year ended 31 March 2021 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. In the current financial year the Group has adopted a number of minor amendments to standards effective in the year issued by the IASB, 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 2020.

New accounting policies

The Group has adopted the following amendments and Conceptual Framework for the first time in the year ended 31 March 2021:

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Definition of a Business (Amendments to IFRS 3)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Revised Conceptual Framework and amendments to References to the Conceptual Framework in IFRS Standards.

Adopting these amendments and Conceptual Framework has not impacted amounts recognised in prior periods or are expected to have a material impact in future periods based on the Group's current strategy.

Standards and amendments issued but not yet effective

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

Effective for the year ended 31 March 2022

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Effective for the year ended 31 March 2023

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

Effective for the year ended 31 March 2024

- Disclosure of Accounting Policies (Amendments to IAS 1)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

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

1. Accounting policies continued

Other accounting policies:

Revenue recognition

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 accounted for from the effective date of the modification, being the date at which both parties agree to the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

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

Service charge income

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

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

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.

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

Asset management fees

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

Car park income

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

Turnover related rent

Turnover related rent relates to the margin earned 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.

Other income

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

Government grants

Monetary resources transferred to the Group by the government, government agencies or similar bodies are recognised at fair value, when the Group is reasonably certain that the grant will be received. Grants are recognised in the consolidated statement of comprehensive income within other income, on a systematic basis, over the same period during which the expenses, for which the grant was intended to compensate, are recognised.

Grants are disclosed in other income in note 7 to the accounts.

Promote payments

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

IFRS 15

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

Service charge expense

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

Finance income and costs

Finance income and costs 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.

Taxation**Income tax**

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

Deferred tax

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

Investment properties

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

Property, plant and equipment

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

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
- 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.

1. Accounting policies continued

Joint ventures

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

Associates

Interests in associates are accounted for using the equity method of accounting. The Group's associates are entities over which the Group has significant influence with a partner. Investments in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associates, less any impairment or share of income adjusted for dividends. In assessing whether the Group has significant influence over a particular entity, the Group considers all of the contractual terms of the arrangement.

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 that are not classified as investment properties are disclosed on the face of the consolidated balance sheet on their own line, and the lease liability included in the headings current and non-current liabilities on the consolidated balance sheet.

Where the ROU asset relates to 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 consolidated statement of comprehensive income.

The Group has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for low value leases of less than £3,000. The payments for such leases are recognised in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Depreciation is also charged on the right of use asset of £0.4 million (2020: £0.4 million).

Financial instruments

Financial assets

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

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 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.

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 balance sheet.

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.

Value added tax

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

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

Share capital

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

Share-based payments

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

Employee Benefit Trust

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

Dividends

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

Business combinations

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

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

2. Critical accounting judgements and estimates

The preparation of financial statements requires management to make estimates 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 £195.5 million at 31 March 2021 (2020: £219.1 million) have been classified as Investment Property. Managed houses with an aggregate value of £52.7 million at 31 March 2021 (2020: £55.0 million) have been classified as Property, Plant and Equipment.

Principal vs agent

The Group has contracts with breweries and drinks distributors for the provision of wet product to its pub tenants. In assessing whether it is appropriate to recognise revenue as principal or agent, the Directors exercise their judgement in considering the criteria included in IFRS 15 'Revenue from Contracts with Customers'. The Group is not responsible for the delivery or the quality of the wet drink product and does not take physical control or assume inventory risk in the arrangement; these factors indicate that the Group is acting as agent and the Directors have concluded that this outweighs the fact that the Group sets the pricing with the tenant and bears an element of credit risk. In considering the nature of the relationship with its pub tenants, the Directors are satisfied that the provisions of IFRS 15 indicate that the Group is not acting as principal and has therefore recognised revenue of £4.5 million (2020: £13.8 million) in the period representing only the net margin earned on wet product sales, see note 4 for further details.

REIT Status

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

Sources of estimation uncertainty

Investment property

The Group's investment properties and public houses are stated at fair value. The assumptions and estimates used to value the properties are detailed in note 14. Small changes in the key estimates, such as the estimated rental value, can have a significant impact on the valuation of the investment properties, and therefore a significant impact on the consolidated balance sheet and key performance measures such as Net Asset Value per share. As at the 31 March 2021, the material valuation uncertainty clause has been lifted within the UK Retail sector for the purposes of these valuations. The material valuation uncertainty clause has not, however, been lifted in the leisure and hospitality sectors, including pubs. The external valuers have confirmed that the inclusion of the "material valuation uncertainty" declaration does not mean that the valuations for NewRiver's pub portfolio cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to valuations than would otherwise be the case. The pubs for which there is a material valuation uncertainty amount to £195.5 million within investment property (note 14) and £52.7 million within property, plant and equipment (note 17).

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 14 for sensitivity analysis.

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

Impairment of trade receivables

As a result of COVID-19 the Group's assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assumptions made, most notably around the assessment over the likelihood of tenants having the ability to pay rent as demanded, as well as the likelihood of rent deferrals and rent free periods being offered to tenants as a result of the pandemic. The expected credit loss which has been recognised is therefore subject to a degree of uncertainty which may not prove to be accurate given the uncertainty caused by COVID-19 at the reporting date and in the year ahead as the roadmap to unlocking the United Kingdom takes effect. The Group has recognised an expected credit loss on trade receivables of £5.6 million (31 March 2020: £2.5 million) in the year. A 10% increase to the percentage loss allowance rates applied to tenant receivables would result in a £0.1 million increase in other property costs and an equivalent increase in loss after tax. A 10% decrease to the percentage loss allowance rates applied to tenant receivables would result in a £0.1 million decrease in other property costs and an equivalent reduction in loss after tax. See note 18.

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. Included within the administrative expenses is £0.4 million (2020: £0.4 million) and £1.5 million (2020: £1.2 million) of depreciation in respect of the pubs and retail segments. Included in the taxation credit is £1.3 million credit (2020: £0.5 million charge) and £1.4 million credit (2020: £1.0 million credit) in relation to the pubs and retail segments.

	2021			2020		
	Retail £m	Pubs £m	Group £m	Retail £m	Pubs £m	Group £m
Segment revenues and result						
Property rental and related income	61.1	4.4	65.5	76.8	13.6	90.4
Managed pub income	–	9.1	9.1	–	22.5	22.5
Turnover related rent	–	4.5	4.5	–	13.8	13.8
Service charge income	11.6	–	11.6	16.9	–	16.9
Amortisation of tenant incentives and letting costs	(1.8)	–	(1.8)	(1.5)	–	(1.5)
Asset management fees	1.2	–	1.2	0.9	–	0.9
Surrender premiums and commissions	1.0	–	1.0	1.8	–	1.8
Segment revenue	73.1	18.0	91.1	94.9	49.9	144.8
Service charge expense	(17.5)	–	(17.5)	(21.1)	–	(21.1)
Rates	(2.2)	(0.3)	(2.5)	(2.3)	(1.1)	(3.4)
Other property operating expenses	(10.4)	(16.7)	(27.1)	(6.2)	(24.3)	(30.5)
Property operating expenses	(30.1)	(17.0)	(47.1)	(29.6)	(25.4)	(55.0)
Other income	2.7	4.5	7.2	–	–	–
Segment result	45.7	5.5	51.2	65.3	24.5	89.8
Administrative expenses			(23.4)			(20.9)
Share of joint ventures' and associates' profit / (loss) after tax			4.2			(2.2)
Net valuation movement			(154.7)			(162.6)
Loss on disposal of investment properties			(5.5)			(1.5)
Loss on disposal of subsidiaries			(2.2)			–
Finance income			0.3			0.1
Finance costs			(23.0)			(21.5)
Revaluation of derivatives			(0.1)			(2.8)
Taxation			2.7			0.5
Loss for the year after taxation			(150.5)			(121.1)

NOTES TO THE FINANCIAL STATEMENTS

3. Segmental reporting continued

Segment assets	2021				2020			
	Retail £m	Pubs £m	Unallocated £m	Total £m	Retail £m	Pubs £m	Unallocated £m	Total £m
Non-current assets								
Investment properties	739.3	195.6	–	934.9	961.2	224.4	–	1,185.6
Investments in joint ventures	25.6	–	–	25.6	22.1	–	–	22.1
Investment in associates	5.3	–	–	5.3	0.9	–	–	0.9
Public houses	–	52.7	–	52.7	–	55.0	–	55.0
Property, plant and equipment	–	–	1.4	1.4	–	–	1.2	1.2
Other non-current assets	–	–	4.0	4.0	–	–	4.1	4.1
Total non-current assets				1,023.9				1,268.9
Current assets								
Trade and other receivables	25.1	0.9	–	26.0	23.5	3.2	–	26.7
Current taxation asset	–	–	–	–	–	–	0.7	0.7
Cash and cash equivalents	–	–	150.5	150.5	–	–	80.8	80.8
Assets held for sale	25.5	–	–	25.5	–	–	–	–
Total current assets including assets held for sale				202.0				108.2
Segment assets	820.8	249.2	155.9	1,225.9	1,007.7	282.6	86.8	1,377.1

4. Revenue

	2021 £m	2020 £m
Property rental and related income*	65.5	90.4
Turnover related rent	4.5	13.8
Amortisation of tenant incentives and letting costs	(1.8)	(1.5)
Surrender premiums and commissions	1.0	1.8
Rental related income	69.2	104.5
Asset management fees	1.2	0.9
Managed pub income	9.1	22.5
Service charge income	11.6	16.9
Revenue	91.1	144.8

* Included within property rental and related income is car park income of £2.7 million (2020: £7.4 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

	2021 £m	2020 £m
Service charge expense	17.5	21.1
Rates on vacant units	2.2	3.4
Expected credit loss	7.1	2.5
Pub operating expenses	12.9	20.3
Other property operating expenses	7.4	7.7
	47.1	55.0

6. Administrative expenses

	2021 £m	2020 £m
Wages and salaries	11.3	9.9
Social security costs	1.4	1.5
Other pension costs	0.4	0.4
Staff costs	13.1	11.8
Depreciation	1.9	1.6
Share-based payments	0.6	–
Other administrative expenses	7.4	7.1
	23.0	20.5
Professional fees in relation to the acquisition and integration of Bravo Inns Limited and Hawthorn	0.1	0.4
Abortive fees	0.3	–
Administrative expenses	23.4	20.9

Net administrative expenses ratio is calculated as follows:

	2021 £m	2020 £m
Administrative expenses	23.4	20.9
Adjust for:		
Asset management fees	(1.2)	(0.9)
Share of joint ventures' and associates administrative expenses	0.2	0.1
Depreciation of properties	(1.1)	(0.8)
Less share based payments	(0.6)	–
Less professional fees in relation to the acquisition and integration of Bravo Inns Limited and Hawthorn	(0.1)	(0.4)
Abortive costs	(0.3)	–
Group's share of net administrative expenses	20.3	18.9
Property rental and related income*	77.6	124.2
Share of joint ventures' and associates' property income	3.9	3.4
	81.5	127.6
Net administrative expenses as a % of property income (including share of joint ventures)	24.9%	14.9%

* This balance includes an expected credit loss of £5.0 million (2020: £2.5 million), which excludes the £0.6 million (2020: £nil) forward looking element of the calculation and £1.5 million (2020: £nil) in relation to service charge and insurance (2020: £nil) and includes the expected credit loss held in joint ventures and associates of £0.3 million (2020: £0.1 million).

Full details of the Directors' emoluments, as required by the Companies Act 2006, are disclosed in the audited sections of the Directors' Remuneration report. The Company did not grant any credits, advances or guarantees of any kind to its Directors during the current and preceding year.

Average monthly number of staff

	2021	2020
Directors	7	7
Operations and asset managers	48	44
Pubs	28	52
Support functions	90	79
	173	182

6. Administrative expenses continued**Auditors' remuneration**

	2021 £'000	2020 £'000
Audit of the Company's financial statements	315	315
Audit of subsidiaries, pursuant to legislation	235	235
	550	550
Non-audit fees	100	50
Total fees	650	600

In addition to this the joint ventures and associates (NewRiver Retail (Nelson) Limited), NewRiver Retail (Napier) Limited and NewRiver (Sprucefield) Limited) paid £82k (2020: £28k) in audit fees.

7. Other income

	2021 £m	2020 £m
Insurance proceeds	2.7	–
Government grants	3.7	–
Dilapidations	0.8	–
Other Income	7.2	–

Insurance proceeds relates the full settlement received from a fire in one of the Group's retail parks, Government grants were received on the operator managed estate, due to the income disruption caused by the closure of the pub estate as a result of COVID-19.

8. Loss on disposal of subsidiary

On the 30 September 2020, the Group disposed of a subsidiary which owned Sprucefield Retail Park. The Group then acquired a 10% interest. See note 16.

Included in the carrying value were investment properties of £40.7 million and cash of £1.5 million.

	2021 £m	2020 £m
Gross disposal proceeds	38.5	–
Carrying value	(40.7)	–
Loss on disposal of subsidiary	(2.2)	–

9. Loss on disposal of investment properties

	2021 £m	2020 £m
Gross disposal proceeds	40.1	48.0
Carrying value	(44.7)	(47.9)
Cost of disposal	(0.9)	(1.6)
Loss on disposal of investment properties	(5.5)	(1.5)

Included in this calculation is a loss on disposal of property, plant and equipment. The properties had a carrying value of £0.9 million (2020: £nil million) and were disposed of for £0.9 million (2020: £nil), leading to a loss on disposal of £nil (2020: £nil).

10. Finance income and finance costs

	2021 £m	2020 £m
<i>Finance income</i>		
Income from loans with joint ventures	0.3	0.1
<i>Finance expense</i>		
Interest on borrowings	(20.2)	(18.7)
Finance cost on lease liabilities	(3.0)	(2.8)
Revaluation of derivatives	0.1	(2.8)
Net finance expense	(22.8)	(24.2)

11. Taxation

	2021 £m	2020 £m
UK Corporation Tax at 19% (2020: 19%)		
Current year	(1.4)	0.9
Prior year adjustment	(1.3)	(1.4)
Taxation credit	(2.7)	(0.5)

The credit for the year recognised in the consolidated statement of comprehensive income relates to a total income tax credit of £1.3 million (March 2020: £1.0 million) and a deferred tax credit of £1.4 million (March 2020: £0.5 million charge).

	2021 £m	2020 £m
Loss before tax	(153.2)	(121.6)
Tax at the current rate of 19% (2020: 19%)	(29.1)	(23.1)
Revaluation of property	29.3	30.9
Movement in unrecognised deferred tax	2.2	0.5
Non-taxable profit due to REIT regime	(6.7)	(9.7)
Non-deductible expenditure	2.9	1.9
Other	–	0.4
Prior year adjustment	(1.3)	(1.4)
Taxation credit	(2.7)	(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 2020 £m	Movement £m	31 March 2021 £m
Deferred tax asset	1.2	(1.2)	–
Deferred tax liabilities	(3.3)	2.6	(0.7)
Net deferred tax	(2.1)	1.4	(0.7)

	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 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% (2020: 19%). As at 31 March 2021, the Group has unrecognised tax losses of £46.0 million (2020: £22.5 million). The losses have not been recognised as an asset due to uncertainty over the availability of taxable income to utilise the losses. The losses do not expire but are reliant on continuity of ownership and source of trade.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and include reducing the main rate to 19%. The reduction to 17% from 1 April 2020 enacted as part of the Finance Bill 2016 has been cancelled as announced in the Budget on 11 March 2020, maintaining the rate of corporation tax at 19%. Deferred taxes at the balance sheet date have been measured using the expected enacted tax rate and this is reflected in these financial statements.

12. Performance measures

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

	2021 £m	2020 £m
Loss for the year after taxation	(150.5)	(121.1)
<i>Adjustments</i>		
Net valuation movement	154.7	162.6
Loss on disposal of investment properties	5.5	1.5
Revaluation of derivatives	(0.1)	2.8
Acquisition costs	0.1	0.4
Deferred tax	(1.4)	0.5
Loss on disposal of subsidiary	2.2	–
<i>Group's share of joint ventures' and associates' adjustments</i>		
Revaluation of investment properties	(1.8)	4.3
Revaluation of derivatives	0.2	–
Loss on disposal of investment properties	–	0.3
EPRA earnings	8.9	51.3
Share-based payment charge	0.6	–
Forward looking element of IFRS 9*	0.6	–
Depreciation on public houses	1.1	0.8
Abortive costs	0.3	–
Underlying Funds From Operations (UFFO)	11.5	52.1

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

Number of shares

	2021 No. m	2020 No. m
Number of shares		
Weighted average number of ordinary shares for the purposes of Basic EPS, UFFO and EPRA	306.4	305.9
Effect of dilutive potential ordinary shares:		
Deferred bonus shares	0.8	0.3
Weighted average number of ordinary shares for the purposes of diluted EPS, UFFO and EPRA	307.2	306.2
<i>Performance measures (pence)</i>		
<i>IFRS</i>		
Basic EPS	(49.1)	(39.6)
Diluted EPS	(49.1)	(39.6)
<i>UFFO</i>		
UFFO per share	3.8	17.0
Diluted UFFO per share	3.7	17.0
<i>EPRA</i>		
EPRA EPS	2.9	16.7
Diluted EPRA EPS	2.9	16.7

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

EPRA NTA per share and basic NTA per share:

	2021			2020		
	£m	Shares m	Pence per share	£m	Shares m	Pence per share
Net assets	460.4	306.5	150p	610.6	306.2	199p
Unexercised employee awards	–	0.8		–	0.3	
Diluted net assets	460.4	307.3	150p	610.6	306.5	199p
Deferred tax liability	0.7	–		2.1	–	
Fair value derivatives	2.6	–		2.7	–	
Goodwill	(0.5)	–		(0.2)	–	
EPRA net assets	463.2	307.3	151p	615.2	306.5	201p

13. Dividends

No dividends have been paid in the year to 31 March 2021. Details of dividends paid in the year to 31 March 2020 are set out below:

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

A dividend of 3.0 pence per share in respect of the year ended 31 March 2021 will, subject to shareholder approval at the 2021 AGM, be paid on 3 September 2021. The ex-dividend date will be 29 July 2021. The dividend will be payable as a REIT Property Income Distribution (PID).

Property Income Distribution (PID) dividends

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

Non-PID dividends

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

14. Investment properties

	2021 £m	2020 £m
Fair value brought forward	1,102.3	1,254.1
Acquisitions	–	44.1
Capital expenditure	10.0	14.1
Lease incentives, letting and legal costs	2.4	2.3
Reclassification to plant property and equipment	(4.1)	(5.4)
Transfer to assets held for sale	(25.5)	–
Disposals	(44.7)	(47.9)
Disposal of subsidiary	(40.7)	–
Net valuation movement	(147.8)	(159.0)
Fair value carried forward	851.9	1,102.3
Right of use asset (investment property)	83.0	83.3
Fair value carried forward	934.9	1,185.6

14. Investment properties continued

The Group's investment properties have been valued at fair value on 31 March 2021 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 outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. As such, as at the 31 March 2020 the external valuers were faced with an unprecedented set of circumstances on which to base a judgement. The valuations across all asset classes were therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – was attached to the valuations provided than would normally be the case.

As at the 31 March 2021, the material valuation clause has been lifted within the UK Retail sector for the purposes of these valuations. The material valuation uncertainty clause has not, however, been lifted in the leisure and hospitality sectors, including pubs. The external valuers have confirmed that the inclusion of the "material valuation uncertainty" declaration does not mean that the valuations for NewRivers pub portfolio cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to valuations than would otherwise be the case. Investment property for which there is material valuation uncertainty amount to £195.6 million (2020: £224.4 million) of public houses in the above balance.

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

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

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

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 31 March 2021 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) is set out below:

As at 31 March 2021

	Fair value (£m)	Property ERV			Property rent			Property equivalent yield Average %	EPRA topped up net initial yield Average %
		Min £ per sq ft	Max £ per sq ft	Average £ per sq ft	Min £ per sq ft	Max £ per sq ft	Average £ per sq ft		
Shopping Centres – Core	209.5	9.1	25.4	13.8	8.4	26.9	12.6	9.3%	9.5%
Shopping Centres – Regeneration	210.5	5.3	19.7	14.7	5.1	13.5	10.5	6.4%	5.7%
Shopping Centres – Work Out	127.5	6.4	17.1	10.1	3.3	9.1	5.8	13.1%	9.3%
Retail warehouses	117.1	9.5	14.1	11.6	2.3	14.7	9.4	7.7%	6.9%
High street and other	17.3	5.7	14.2	8.1	2.2	17.0	6.7	4.6%	5.4%
	681.9								

	Fair value (£m)	Property Rent (£ per site valuation)			EBITDA multiples (x) / Net Initial Yield (%)			EBITDA (£ per sq ft)		
		Min	Max	Average	Min	Max	Average	Min	Max	Average
Pub portfolio	246.8	–	–	–	0.6x	29.1x	7.4x	2.5	129.4	24.5
Convenience store development portfolio	1.4	88.6	88.6	88.6	6.2%	6.2%	6.2%	–	–	–
	248.2									
Total	930.1									

As at 31 March 2020

	Fair value (£m)	Property ERV			Property rent			Property equivalent yield Average %	EPRA topped up net initial yield Average %
		Min £ per sq ft	Max £ per sq ft	Average £ per sq ft	Min £ per sq ft	Max £ per sq ft	Average £ per sq ft		
Shopping Centres – Core	254.7	9.3	31.4	14.9	8.2	21.4	13.9	8.5%	8.5%
Shopping Centres – Regeneration	232.0	5.3	21.0	15.1	0.2	15.9	10.7	6.4%	5.7%
Shopping Centres – Work Out	171.3	7.3	15.7	10.7	3.6	11.7	6.5	11.0%	7.9%
Retail warehouses	187.0	8.0	15.7	12.0	2.0	16.0	11.2	7.4%	7.1%
High street and other	32.8	5.0	15.5	6.5	–	16.9	5.2	4.9%	5.0%
	877.8								

	Fair value (£m)	Property Rent (£ per site valuation)			EBITDA multiples (x) / Net Initial Yield (%)			EBITDA (£ per sq ft)		
		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									

14. Investment properties continued

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.

Sensitivities of measurement of significant inputs

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

Whilst the property valuations reflect the external valuers' assessment of the impact of COVID-19 at the valuation date, we consider +/-10% for ERV, +/-10% for EBITDA +/-100bps for NEY and +/-100bps for multiplier to capture the increased uncertainty in these key valuation assumptions, and deem it to be a reasonable possible scenario.

2021: Sensitivity impact on valuations of a 10% change in estimated rental value and absolute yield of 100 bps.

Asset Type		Impact on valuations of a 10% change in ERV		Impact on valuations of 100 bps change in yield	
		£m Increase 10%	£m Decrease 10%	£m Increase 1.0%	£m Decrease 1.0%
Retail asset valuation	£m				
Shopping Centres – Core	209.5	18.5	(16.9)	(22.1)	27.8
Shopping Centres – Regeneration	210.5	17.6	(18.2)	(26.2)	35.6
Shopping Centres – Work Out	127.5	10.8	(11.2)	(11.2)	13.4
Retail warehouses	117.1	8.9	(9.3)	(14.4)	18.9
High street and other	17.3	0.7	(0.7)	(0.4)	0.5
	681.9*	56.5	(56.3)	(74.3)	96.2

* This number includes assets held for sale of £25.5m.

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

£m		Impact on valuations of a 10% change in EBITDA		Impact on valuations of a 1.0x change in multiplier	
		£m Increase 10%	£m Decrease 10%	£m Increase 1.0x	£m Decrease 1.0x
Pub asset valuation	248.2	36.7	(30.0)	33.4	(33.4)

2020: Sensitivity impact on valuations of a 10% change in estimated rental value and absolute yield of 100 bps.

Asset Type	£m	Impact on valuations of a 10% change in ERV		Impact on valuations of 100 bps change in yield	
		£m	£m	£m	£m
		Increase 10%	Decrease 10%	Increase 1.0%	Decrease 1.0%
Retail asset valuation	£m				
Shopping Centres – Core	254.7	20.6	(19.0)	(26.2)	33.5
Shopping Centres – Regeneration	232.0	21.3	(20.5)	(30.1)	41.2
Shopping Centres – Work Out	171.3	15.4	(14.9)	(16.9)	20.5
Retail warehouses	187.0	9.4	(16.9)	(21.1)	28.0
High street and other	32.8	1.4	(1.4)	(1.4)	1.7
	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.

£m	£m	Impact on valuations of a 10% change in EBITDA		Impact on valuations of a 1.0x change in multiplier	
		£m	£m	£m	£m
		Increase 10%	Decrease 10%	Increase 1.0x	Decrease 1.0x
Pub asset valuation					
279.5		29.5	(24.1)	37.4	(34.5)

Reconciliation to net valuation movement in consolidated statement of comprehensive income

	2021 £m	2020 £m
Net valuation movement in investment properties		
Net valuation movement in investment properties	(147.8)	(159.0)
Net valuation movement in property, plant and equipment	(6.6)	(4.0)
Net valuation movement in right of use asset	(0.3)	0.4
Net valuation movement in consolidated statement of comprehensive income	(154.7)	(162.6)

Reconciliation to properties at valuation in the portfolio

	Note	2021 £m	2020 £m
Investment property	14	851.9	1,102.3
Property, plant and equipment	17	52.7	55.0
Assets held for sale	19	25.5	–
Wholly owned properties at valuation		930.1	1,157.3
Properties held in joint ventures*	15	35.2	35.4
Properties held in associates	16	8.9	4.4
Properties at valuation		974.2	1,197.1

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

NOTES TO THE FINANCIAL STATEMENTS

15. Investments in joint ventures

As at 31 March 2021 the Group has two joint ventures.

	2021 £m	2020 £m
Opening balance	22.1	7.6
Additions to Investment In joint ventures	–	15.4
Loan to joint venture	–	3.0
Group's share of profit after taxation excluding valuation movement	2.3	2.0
Net valuation movement	1.2	(3.9)
Distributions and dividends	–	(2.0)
Investment In joint venture	25.6	22.1

Name	Country of Incorporation	2021 % Holding	2020 % Holding
NewRiver Retail Investments LP (NRI LP)	Guernsey	50	50
NewRiver Retail (Napier) Limited (Napier)	UK	50	50

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

	2021				2020			
	Napier £m	NRI LP £m	Total £m	Group's share £m	Napier £m	NRI LP £m	Total £m	Group's share £m
Consolidated balance sheet								
Non-current assets	62.4	8.0	70.4	36.8	60.2	10.5	70.7	36.9
Current assets	7.0	1.6	8.6	4.3	2.8	0.4	3.2	1.6
Current liabilities	(6.5)	(1.0)	(7.5)	(1.8)	(5.8)	(0.2)	(6.0)	(1.5)
Borrowings due in more than one year	(27.3)	–	(27.3)	(13.7)	(30.0)	–	(30.0)	(14.9)
Net assets	35.6	8.6	44.2	25.6	27.2	10.7	37.9	22.1

	2021				2020			
Consolidated statement of comprehensive income	Napier £m	NRI LP £m	Total £m	Group's share £m	Napier £m	NRI LP £m	Total £m	Group's share £m
Revenue	6.6	1.3	7.9	4.0	5.1	1.3	6.4	3.2
Property operating expenses	(0.9)	(0.8)	(1.7)	(0.8)	(0.3)	(0.3)	(0.6)	(0.3)
Net property income	5.7	0.5	6.2	3.2	4.8	1.0	5.8	2.9
Administration expenses	(0.2)	(0.1)	(0.3)	(0.2)	(0.2)	(0.1)	(0.3)	(0.1)
Net finance costs	(1.3)	–	(1.3)	(0.7)	(0.8)	(0.1)	(0.9)	(0.5)
Group's share of joint ventures' profit before valuation movements	4.2	0.4	4.6	2.3	3.8	0.8	4.6	2.3
Net valuation movement	5.0	(2.6)	2.4	1.2	(4.7)	(3.2)	(7.9)	(3.9)
Loss on disposal	–	–	–	–	–	(0.5)	(0.5)	(0.3)
Profit / (loss) after taxation	9.2	(2.2)	7.0	3.5	(0.9)	(2.9)	(3.8)	(1.9)
Add back net valuation movement	(5.0)	2.6	(2.4)	(1.2)	4.7	3.2	7.9	3.9
Group's share of joint ventures' profit before valuation movements	4.2	0.4	4.6	2.3	3.8	0.3	4.1	2.0

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

The comparative information has been re-presented to show information per investment.

16. Investments in associates

On the 30 September 2020, the Group disposed of a subsidiary which owned Sprucefield Retail Park. The Group then acquired a 10% interest.

The Group has one investment in associate in which it has a 10% stake, Sealand S.à.r.l, which owns 100% of NewRiver Retail (Nelson) Limited, NewRiver Retail (Hamilton) Limited and NewRiver Retail (Sprucefield) Limited.

	2021 £m	2020 £m
Opening balance	0.9	–
Additions to investment in associates	3.7	1.2
Group's share of profit after taxation excluding valuation movement	0.1	0.1
Net valuation movement	0.6	(0.4)
Investment in associates	5.3	0.9

Name	Country of Incorporation	2021 % Holding	2020 % Holding
NewRiver Retail (Nelson) Limited (Nelson)	UK	10	10
NewRiver Retail (Hamilton) Limited (Hamilton)	UK	10	–
NewRiver Retail (Sprucefield) Limited (Sprucefield)	UK	10	10

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

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

	31 March 2021		31 March 2020	
	Total £m	Group's share £m	Total £m	Group's share £m
Consolidated balance sheet				
Non-current assets	89.5	8.9	44.0	4.4
Current assets	6.7	0.7	2.0	0.2
Current liabilities	(37.5)	(3.8)	(15.0)	(1.5)
Borrowings due in more than one year	(42.1)	(4.2)	(22.0)	(2.2)
Net assets	16.6	1.6	9.0	0.9
Loans to associates	–	3.7	–	–
Net assets	16.6	5.3	9.0	0.9

	2021		2020	
	Total £m	Group's share £m	Total £m	Group's share £m
Consolidated statement of comprehensive income				
Revenue	6.4	0.6	1.7	0.2
Property operating expenses	(1.6)	(0.2)	0.1	–
Net property income	4.8	0.4	1.8	0.2
Administration expenses	(0.2)	–	(0.1)	–
Net finance costs	(2.8)	(0.3)	(0.7)	(0.1)
	1.8	0.1	1.0	0.1
Net valuation movement	6.2	0.6	(3.6)	(0.4)
Profit / (loss) after taxation	8.0	0.7	(2.6)	(0.3)
Add back net valuation movement	(6.2)	(0.6)	3.6	0.4
Group's share of associates' profit before valuation movements	1.8	0.1	1.0	0.1

17. Property plant and equipment

Cost or valuation	Office equipment £m	Fixtures and fittings £m	Public houses £m	Total £m
At 1 April 2020	1.8	0.6	56.6	59.0
Additions	0.6	–	2.7	3.3
Revaluation:				
Recognised in the consolidated statement of comprehensive income	–	–	(0.5)	(0.5)
Recognised in the consolidated income statement	–	–	(6.6)	(6.6)
Net transfers from investment property	–	–	4.1	4.1
Disposals	–	–	(0.9)	(0.9)
At 31 March 2021	2.4	0.6	55.4	58.4
Accumulated depreciation				
At 1 April 2020	0.7	0.5	1.6	2.8
Charge for the year	0.4	–	1.1	1.5
At 31 March 2021	1.1	0.5	2.7	4.3
Net book value at 31 March 2021	1.3	0.1	52.7	54.1
Net book value at 31 March 2020	1.1	0.1	55.0	56.2

Cost or valuation	Office equipment £m	Fixtures and fittings £m	Public houses £m	Total £m
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 consolidated statement of comprehensive income	–	–	(1.0)	(1.0)
Recognised in the consolidated 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	0.3	0.5	0.8	1.6
At 1 April 2019				
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

The Group's public houses have been valued at fair value on 31 March 2021 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 14 for further information on the valuation of the Group's properties. As mentioned in note 17, there is a material valuation uncertainty clause on the public house valuations, amounting to £52.7 million (2020: £55.0 million) in the note above.

The carrying amount of assets which have been revalued would have been £51.3 million (2020: £52.7 million) had they been carried under the cost model. Depreciation is also charged on the right of use asset of £0.4 million (2020: £0.4 million), which is not included in the note above.

18. Trade and other receivables

	2021 £m	2020 £m
Trade receivables	9.6	6.2
Restricted monetary asset	5.6	8.1
Service charge receivables*	2.6	5.6
Other receivables	4.9	3.8
Prepayments	1.9	1.4
Accrued Income	1.4	1.6
	26.0	26.7

* Included in service charge receivables is £0.4 million of Value Added Taxation (2020: £0.9 million), £nil of accrued Income (2020: £2.2 million), £nil of prepayments (2020: £0.4 million) and £2.2 million of service charge debtors (2020: £2.1 million).

Trade receivables are shown after deducting a loss allowance of £9.3m (2020: £4.2m). The provision for doubtful debts is calculated as an expected credit loss on trade receivables in accordance with IFRS 9. The charge to the consolidated statement of comprehensive income in relation to doubtful debts made against tenant debtors was £5.6 million (2020: £2.5 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 and the ability of tenants to pay rent receivables. All outstanding rent receivables are regularly monitored. In order to measure the expected credit losses, trade receivables from tenants have been grouped on a basis of shared credit risk characteristics and an assumption around the tenants ability to pay their receivable, based on conversations held and our knowledge of their credit history. The expected 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.

	31 March 2021 £m	31 March 2020 £m
Opening loss allowance at 1 April 2020/2019	4.2	1.7
Increase in loss allowance recognised in the consolidated statement of comprehensive income during the year	5.6	2.5
Loss allowance write off	(0.5)	–
Closing loss allowance at 31 March 2021/2020	9.3	4.2

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

19. Assets held for sale

	2021 £m	2020 £m
Assets held for sale at 1 April 2020	–	–
Investment properties	25.5	–
Assets held for sale at 31 March 2021	25.5	–

In the year ended 31 March 2021 the Group has made a number of strategic disposals. As at 31 March 2021 there were three retail parks, included within the Group's retail segment, that were in negotiations for sale with a third party. These assets were considered to be in a condition ready for sale and are considered to meet the held for sale criteria under IFRS.

20. 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.

	2021 £m		2020 £m	
<i>Interest rate swaps</i>				
Current liabilities	–		(0.1)	
Non-current liabilities	(2.6)		(2.6)	
	(2.6)		(2.7)	

	Average contract interest rate		Notional principal amount		Fair value	
	2021 %	2020 %	2021 £m	2020 £m	2021 £m	2020 £m
<i>Interest rate swaps – receive floating pay fixed</i>						
In less than one year	–	0.4%	–	13.4	–	(0.1)
In more than one year but less than two	0.8%	–	137.2	–	–	–
In more than two years but less than five	1.5%	0.4%	137.2	274.5	(2.6)	(2.6)
<i>Interest rate caps</i>						
In less than one year	1.5%	0.5%	70.0	9.7	–	–
In more than one year but less than two	–	0.4%	–	70.0	–	–
In more than two years but less than five	–	–	–	–	–	–
			344.4	367.6	(2.6)	(2.7)

21. Cash and cash equivalents

There are no restrictions on cash in place (2020: nil). As at the 31 March 2021 and 30 March 2020 cash and cash equivalents comprised of cash held in bank accounts.

22. Trade and other payables

	2021 £m	2020 £m
Trade payables	4.4	2.6
Service charge liabilities*	10.9	13.7
Other payables	7.0	4.4
Accruals	15.0	13.6
Value Added Taxation	2.2	4.4
Rent received in advance	7.4	8.1
	46.9	46.8

* Service charge liabilities includes accruals of £0.3 million (31 March 2020: £1.3 million), service charge creditors and other creditors of £2.8 million (31 March 2020: £2.9 million) and deferred income of £7.8 million (31 March 2020: £9.5 million).

23. Borrowings

	2021 £m	2020 £m
<i>Maturity of bank facilities:</i>		
Between two and three years	335.0	–
Between three and four years	–	335.0
Between four and five years	–	–
After five years	300.0	300.0
	635.0	635.0
Less unamortised fees / discount	(5.3)	(6.4)
	629.7	628.6

	Carrying amount 2021 £m	Fair value 2021 £m	Carrying amount 2020 £m	Fair value 2020 £m
Unsecured borrowings:				
Term loan	165.0	165.0	165.0	165.0
Revolving credit facility	170.0	170.0	170.0	170.0
Corporate bond	300.0	283.7	300.0	285.0
	635.0	618.7	635.0	620.0

The fair value of the Group's corporate bond has been estimated on the basis of quoted market prices, representing Level 1 fair value measurement as defined by IFRS 13 Fair Value Measurement. The fair value of the Group's bank loans is approximately the same as their carrying amount, after adjusting for the unamortised arrangement fees, and also represents Level 2 fair value measurement.

	Maturity date	Facility £m	Facility drawn £m	Unamortised facility fees / discount £m	£m
Unsecured borrowings:					
Term loan	August 2023	165.0	165.0	(0.7)	164.3
Revolving credit facility	August 2023	215.0	170.0	(1.0)	169.0
Corporate bond	March 2028	300.0	300.0	(3.6)	296.4
		680.0	635.0	(5.3)	629.7

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

24. Lease commitment arrangements

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

The Group holds two types of leases.

- Head leases: A number of the investment properties 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.

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

	2021 £m	2020 £m
Right of use asset (Investment property)	83.0	83.3
Right of use asset (Property, plant and equipment)	3.5	3.9
Current lease liability	0.7	0.7
Non-current lease liability	84.9	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.

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.

The expense relating to low value assets which have not been recognised under IFRS 16 was £0.1 million (March 2020: £nil) and the expense relating to variable lease payments not included in the measurement of lease liabilities was £nil (March 2020: £nil). The total cash outflow in relation to lease commitments for the year was £3.5 million (March 2020: £3.4 million).

24. Lease commitment arrangements continued

Lease liability maturity table

	2021 £m	2020 £m
Within one year	0.7	0.7
Between one and two years	0.7	0.7
In the second to fifth year inclusive	2.1	2.1
After five years	82.1	82.8
	85.6	86.3

Lease commitments payments payable by the Group were as follows:

	2021 £m	2020 £m
Within one year	3.3	3.4
One to two years	3.3	3.4
Two to five years	10.0	10.2
After five years	253.9	256.7
	270.5	273.7
Effect of discounting	(184.9)	(187.4)
Lease liability	85.6	86.3

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

	2021 £m	2020 £m
Within one year	64.7	77.2
Between one and two years	55.9	71.6
In the second to fifth year inclusive	114.9	161.8
After five years	161.1	206.6
	396.6	517.2

The Group's weighted average lease length of lease commitments at 31 March 2021 was 5.2 years (March 2020: 5.2 years).

Operating lease obligations exist over the Group's offices, head leases on the Group's retail portfolio and ground rent leases in the Group's pub portfolio. Investment properties and public houses are leased to tenants under operating leases with rentals payable monthly and quarterly. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. The Group also grants lease incentives in order to encourage high quality tenants to remain in properties for longer lease terms. The expense for the year was £3.1 million (March 2020: £2.5 million).

25. 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 2019			307.8	3.0	304.8
Scrip dividends issued	0.9	206.8	308.7	3.0	305.7
Shares issued under employee share schemes	0.2	–	308.7	2.8	305.9
Exercise of warrants	0.3	116.0	309.0	2.8	306.2
31 March 2020			309.0	2.8	306.2
Shares issued under employee share schemes	0.1	–	309.0	2.7	306.3
31 March 2021			309.0	2.7	306.3

	Share capital £'000	Share premium £'000	Total £'000
1 April 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
31 March 2021	3,062	227,349	230,411

All issued shares are fully paid up.

Merger reserve

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

Retained earnings

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

Shares held in Employee Benefit Trust (EBT)

As part of the scheme of arrangement and group reorganisation, the Company established an EBT which is registered in Jersey. The EBT, at its discretion, may transfer shares held by it to directors and employees of the Company and its subsidiaries. The maximum number of ordinary shares that may be held by the EBT may not exceed 10% of the Company's issued share capital. It is intended that the EBT will not hold more ordinary shares than are required in order to satisfy share options granted under employee share incentive plans.

There are currently 2,625,006 ordinary shares held by the EBT.

26. 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 2020 or 2021. The charge for the year recognised in the consolidated statement of comprehensive Income was nil (2020: 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)
2012	2.35	338,000	–	–	–	338,000	338,000	1.5
		338,000	–	–	–	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 charge for the year recognised in the consolidated statement of comprehensive income was £0.3 million (2020: £0.8 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)
2017	–	278,506	–	–	–	278,506	–	5.5
2018	–	962,495	–	–	(962,495)	–	–	6.2
2019	–	1,588,060	–	–	(221,408)	1,366,652	–	7.3
2020	–	2,068,213	–	–	(250,060)	1,818,153	–	8.2
2021	–	–	3,129,236	–	(24,365)	3,104,871	–	9.4
		4,897,274	3,129,236	–	(1,458,328)	6,568,182	–	

Deferred Bonus Scheme

Zero priced share options have been issued to senior management and executive directors under the Deferred Bonus Scheme since 2016. The options vest based on the employee or director remaining in the employment of the Group for a defined period (usually two years). The charge for the year recognised in the consolidated statement of comprehensive income for this scheme was £0.3 million (March 2020: £0.8 million credit).

Year Issued	Average exercise price	Outstanding at start of year	Granted	Exercised	Lapsed	Outstanding at end of year	Number exercisable	Average remaining life (years)
2018	–	67,016	–	(3,462)	–	63,554	–	(0.7)
2019	–	280,957	–	(126,265)	–	154,692	–	0.2
2020	–	420,511	–	–	(97,499)	323,012	–	1.2
2021	–	–	526,640	–	–	526,640	–	2.4
		768,484	526,640	(129,727)	(97,499)	1,067,898	–	

Fair value

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

	2021	2020
Share price	0.63	1.770
Exercise price	Nil	Nil
Expected volatility	21%	21%
Risk free rate	-0.048 – -0.009%	0.548 – 0.7%
Expected dividends*	0%	12.2%

* based on quoted property sector average.

27. 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 and other 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	2021 £m	2020 £m
Financial assets			
<i>Financial assets at amortised cost</i>			
Trade and other receivables		22.4	20.2
Cash and cash deposits		150.5	80.8
		172.9	101.0
Financial liabilities			
<i>Fair value through profit or loss</i>			
Interest rate swaps	2	(2.6)	(2.7)
<i>At amortised cost</i>			
Borrowings		(629.7)	(628.6)
Lease liabilities		(85.6)	(86.3)
Payables and accruals		(29.4)	(24.8)
		(747.3)	(742.4)
		(574.4)	(641.4)

The fair value of the financial assets and liabilities at amortised cost are considered to be the same as their carrying value, with the exception of certain fixed rate borrowings, see note 23 for further details.

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 23). 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 20). 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 consolidated statement of comprehensive income by £4.0 million (2020: £4.0 million). The impact of a 200 bps decrease in interest rates for the year would reduce the net interest payable in the consolidated statement of comprehensive income by £4.0 million (2020: £3.7 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 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.

27. Financial instruments and risk management continued

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

	2021 Gross amount £m	2021 Loss allowance £m	2021 % applied £m	2021 Carrying amount £m	2020 Gross amount £m	2020 Loss allowance £m	2020 % applied £m	2020 Carrying amount £m
0-30 days	5.0	1.0	20%	4.0	6.8	0.8	12%	6.0
30-60 days	0.9	0.2	22%	0.7	0.7	0.5	71%	0.2
60-90 days	0.5	0.2	40%	0.3	0.5	0.5	100%	–
90-120 days	1.6	0.5	31%	1.1	0.3	0.3	100%	–
Over 120 days	10.9	7.4	68%	3.5	2.1	2.1	100%	–
	18.9	9.3		9.6	10.4	4.2		6.2

The Group recognises an expected credit loss allowance on trade debtors, as noted in the above table. The Group also recognises an expected credit loss allowance of £1.4 million on service charge debtors and £0.1 million on insurance debtors.

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

	2021 £m	2020 £m
<i>Risk level</i>		
Very high	3.9	–
High	2.4	2.4
Medium	4.4	5.4
Low	8.2	2.6
Gross carrying amount before loss allowance	18.9	10.4
Loss allowance	(9.3)	(4.2)
Carrying amount	9.6	6.2

	2021 £m	2020 £m
Opening loss allowance at 31 March	4.2	1.7
Increase in loss allowance recognised in profit or loss during the year	5.6	2.5
Loss allowance write off	(0.5)	–
Closing loss allowance at 31 March	9.3	4.2

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

The Group's maximum exposure to credit risk as at 31 March 2021 was £26.0 million (31 March 2020: £26.7 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 £50 million of undrawn revolving credit facility in the year to 31 March 2020 meaning the Group has over £154 million of cash in the bank (including share of joint ventures and associates) and a further £45 million of undrawn RCF as at the 31 March 2021. To preserve cash, the Group suspended dividends through the year and suspended all non-essential capital expenditure projects, suspended business rates and marketing in the shopping centres and public houses. A summary table with maturity of financial liabilities is presented below:

2021 £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	19.1	19.1	34.4	20.2	92.8
Interest rate swaps	0.7	1.3	0.6	–	2.6
Lease liabilities	3.3	3.3	10.0	253.9	270.5
Payables and accruals	29.4	–	–	–	29.4
	52.5	23.7	380.0	574.1	1,030.3
2020 £m					
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
Reconciliation of movement in the Group's share of net debt in the year					
				2021 £m	2020 £m
Group's share of net debt at beginning of year				563.6	475.1
Cash flow					
Net increase in cash and cash equivalents				(69.7)	(53.7)
New bank loans (net of expenses)				–	162.0
Bank loans acquired in business combinations				–	11.7
Bank loans repaid				–	(48.7)
Amortisation of bank loan fees				1.1	1.0
Group's share of joint ventures' and associates' cash flow					
Net increase in cash and cash equivalents				(2.5)	(0.9)
Bank loans repaid				(1.2)	–
New bank loans				2.0	17.1
Group's share of net debt				493.3	563.6
Being:					
Group borrowings				629.7	628.6
Joint ventures' and associates' borrowings				17.9	17.1
Group cash				(150.5)	(80.8)
Joint venture and associate cash				(3.8)	(1.3)
Group's share of net debt				493.3	563.6

27. 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 11, the Group is a REIT and to qualify as a REIT the Group must distribute 90% of its taxable income from its property business.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets 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 4% from 47% to 51% and the gearing ratio from 90% to 104% as at the 31 March 2021 mainly due to 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 end as discussed in Note 1.

	2021 £m	2020 £m
Net debt to equity ratio		
Borrowings	629.7	628.6
Cash and cash equivalents	(150.5)	(80.8)
Net debt	479.2	547.8
Equity attributable to equity holders of the parent	460.4	610.6
Net debt to equity ratio ('Balance sheet gearing')	104%	90%
Share of joint ventures' and associates' borrowings	17.9	17.1
Share of joint ventures' and associates' cash and cash equivalents	(3.8)	(1.3)
Group's share of net debt	493.3	563.6
Carrying value of investment property and public houses	851.9	1,102.3
Carrying value of managed houses	52.7	55.0
Carrying value of assets held for sale	25.5	–
Share of joint ventures' and associates carrying value of investment properties	44.1	39.8
Group's share of carrying value of investment properties	974.2	1,197.1
Net debt to property value ratio ('Loan to value')	51%	47%

Reconciliation of financial liabilities

	Lease liabilities £m	Borrowings £m	Derivatives £m	Total £m
Reconciliation of financial liabilities				
As at 1 April 2020	86.3	628.6	(2.7)	712.2
<i>(Decrease)/increase through financing cash flows</i>				
Repayment of principal portion of lease liability	(0.7)	–	–	(0.7)
Decrease through changes in fair value				
Change in fair value of derivative	–	–	0.1	0.1
<i>Other changes</i>				
Loan amortisation	–	1.1	–	1.1
As at 31 March 2021	85.6	629.7	(2.6)	712.7

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 IFRS 16	87.1	–	–	87.1
<i>(Decrease)/Increase through financing cash flows</i>				
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
<i>Decrease through changes in fair value</i>				
Change in fair value of derivative	–	–	(2.8)	(2.8)
<i>Increase through business acquisitions</i>				
Acquisition of Bravo Inns	–	11.7	–	11.7
<i>Other changes</i>				
Loan amortisation	–	0.9	–	0.9
As at 31 March 2020	86.3	628.6	(2.7)	712.2

28. Contingencies and commitments

The Group has no material contingent liabilities (2020: None). The Group was contractually committed to £4.0 million of capital expenditure to construct or develop investment property as at 31 March 2021 (31 March 2020: £1.0 million).

The Supreme Court has issued its judgement in respect of the FCA Business Interruption Test case and the appeal upheld the favourable decision for the FCA in the High Court. The issuer of certain insurance policies held by the Group confirmed in March 2021 that in principal the policy should cover certain losses incurred by the Group following earlier claims made. There is no certainty of the amount or timing of any receipts under these policies and no asset has been recognised in the consolidated balance sheet at 31 March 2021.

29. 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 £1.9 million (2020: £1.0 million) in professional legal fees to CMS Cameron McKenna Nabarro Olswang LLP for property services at commercial market rates. Allan Lockhart, CEO of NewRiver, has a personal relationship with one of the Partners at CMS who along with other Partners provides these legal services.

The Group have loans with a joint ventures of £3.0 million (note 15) (2020: £3.0 million) and loans with associates of £3.7 million (note 16) (March 2020: £nil). On the 30 September 2020, the Group disposed of a subsidiary which owned Sprucefield Retail Park. The Group then acquired a 10% interest, see note 8 and 16.

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

	2021 £m	2020 £m
NewRiver Retail Investments LP	–	0.1
NewRiver Retail (Nelson) Limited	0.1	0.1
NewRiver Retail (Napier) Limited	0.2	0.1
NewRiver Retail (Hamilton) Limited	–	–
NewRiver (Sprucefield) Limited	0.1	–

As at the 31 March 2021, an amount of £0.1 million was due to the Group relating to management fees.

During the year, the Group has recognised £0.3 million of interest from joint ventures and associates and as at the 31 March 2021 the amount owing to the Group was £0.2 million.

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 £1.4 million (2020: £1.5 million), which comprised short-term benefits of £0.1 million (2020: £0.1 million).

The above is a complete list of the Company's related parties other than its 100% owned subsidiaries. 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 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.

30. Post balance sheet events

On 1 April 2021, the Group completed an acquisition of a shopping centre in Sheffield, in which the Group holds a 10% interest. The gross asset value subject to the transaction was £41.0 million and NewRiver will hold a 10% interest in the asset (NewRiver share: £4.1 million). Seven pubs have been disposed of post year-end for £1.4 million, which in aggregate created a profit on disposal of £0.3 million and on 28 May 2021 the Group acquired 14 community pubs based in the East Midlands.

On the 14 April 2021 the Group announced its intention to divest its community pub business which could be via a potential Initial Public Offer ('IPO').

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 2021

	Notes	2021 £m	2020 (restated) £m
Non-current assets			
Investment in subsidiaries	B	570.3	560.4
Amounts owed from subsidiary undertakings		235.7	349.8
Total non-current assets		806.0	910.2
Current assets			
Amounts owed from subsidiary undertakings		250.5	345.6
Other receivables		0.8	0.5
Cash and cash equivalents		94.9	53.1
Total current assets		346.2	399.2
Total assets		1,152.2	1,309.4
Equity and liabilities			
Current liabilities			
Trade creditors		–	0.4
Accruals		1.1	2.9
Other creditors		2.1	2.4
Amounts owed to subsidiary undertakings		66.8	66.6
Total current liabilities		70.0	72.3
Non-current liabilities			
Borrowings		629.7	628.6
Total non-current liabilities		629.7	628.6
Net assets		452.5	608.5
Equity			
Share capital		3.1	3.1
Share premium		227.4	227.4
Merger reserve		24.2	211.7
Retained earnings		197.8	166.3
Total equity		452.5	608.5

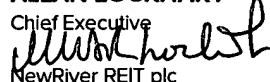
The Company has applied the exemption in s408 of the Companies Act for omitting the Income statement of the parent company. The loss for the year after taxation was £156.0 million (31 March 2020: loss of £128 million restated).

* The comparative figures as at 31 March 2020 have been restated. Refer to Note A for further information on the restatement.

The financial statements were approved by the Board of Directors on 9 June 2021 and were signed on its behalf by:

ALLAN LOCKHART

Chief Executive

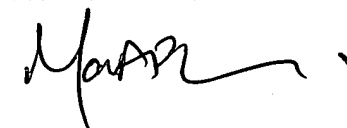


NewRiver REIT plc

Registered number: 10221027

MARK DAVIES

Chief Financial Officer



STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £m	Share premium £m	Merger reserve (restated)* £m	Retained earnings (restated)* £m	Total (restated)* £m
As at 1 April 2019 as previously reported	3.1	225.0	413.1	158.7	799.9
Adjustment	–	–	(98.2)	98.2	–
As at 1 April 2019 as restated	3.1	225.0	314.9	256.9	799.9
Loss after taxation	–	–	–	(56.2)	(56.2)
Restatement* - loss after taxation	–	–	–	(71.8)	(71.8)
Loss after tax - restated	–	–	–	(128.0)	(128.0)
Equity issue	–	2.4	–	–	2.4
Transfer from merger reserve*	–	–	(103.2)	103.2	–
Dividends paid	–	–	–	(65.8)	(65.8)
As at 31 March 2020	3.1	227.4	211.7	166.3	608.5
Loss after taxation	–	–	–	(156.0)	(156.0)
Transfer from merger reserve	–	–	(187.5)	187.5	–
As at 31 March 2021	3.1	227.4	24.2	197.8	452.5

* the loss after taxation reported in the prior year accounts was £56.2 million. See restatement paragraph for details of the restatement for these figures.

There was no other income in the year therefore the profit after taxation is the Company's total comprehensive income for the year.

NOTES TO THE FINANCIAL STATEMENTS

A. Accounting policies

Basis of accounting

The Company's separate financial statements for the year ended 31 March 2021 are prepared in accordance with Financial Reporting Standard 101 (FRS 101) "Reduced Disclosure Framework" as issued by the Financial Reporting Council and the Companies Act 2006. The financial statements are presented in pounds Sterling. Entities reporting under FRS 101 follow the same rules for correction of errors in IAS 8 as IFRS reporters. However, there is an exemption in FRS 101 from IAS 1's requirement to present a 'third balance sheet' as at the beginning of the earliest comparative year.

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 undertakings.

The nature, facts and circumstance of the investment are taken into account on assessing whether there are any indications of impairment.

The financial statements are presented in sterling. They are prepared on the historical cost basis, except for the derivative financial instruments which are included at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

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

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

Restatement

The Company has restated its prior year comparatives to reflect:

- an additional impairment to the investment in subsidiary balance as at 31 March 2020. Through reviewing the prior year investment impairment assessment, we identified a miscalculation and that there should have been an additional impairment charge of £71.8 million to the investment in subsidiary balance as at 31 March 2020. The net effect of this amendment is to increase the loss after tax and reduce net assets by £71.8 million.
- a change in accounting policy relating to impairments made between 2018 and 2020 that related to the Company's investment in NewRiver Retail Limited, the Company's sole investment at the time the merger reserve was created. Transfers from the merger reserve to retained earnings have been made to offset the impact of these impairments. This has resulted in £98.2 million and £103.2 million being transferred a restatement in the years to 31 March 2019 and 31 March 2020 respectively. This has no impact on net assets and has increased retained earnings by £201.4 million.
- an amount of £15.4 million that was disclosed as an investment in associate on the face of the balance sheet. This investment was an investment in a wholly owned subsidiary and the amount has been restated in the comparatives as an investment in subsidiary.
- the presentation of intercompany balances on the balance sheet. A review has been performed on the terms of intercompany balances at 31 March 2020 which has resulted in them being re-presented. Previously the Company balance sheet showed current amounts due from subsidiary undertakings of £689.4 million and amounts owed to subsidiary undertakings of £60.6 million, both classified as current. Post restatement, the Company now shows non-current amounts due from subsidiary undertakings of £349.8 million, current amounts due from subsidiary undertakings of £345.6 million and current amounts owed to subsidiary undertakings of £66.6 million. This adjustment has had no impact on net assets or profit and loss.

Critical estimates

Impairment of investment in subsidiaries

The carrying value of the Company's investment in subsidiaries are disclosed in note B. The Company tests its investment in subsidiary balances annually for impairment. An impairment is recognised where the fair value of the investment is below its carrying amount. The fair values of investments are mainly driven by changes in the value of investment properties held on the balance sheets of those investments and any distributions made to the Company.

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 £0.7 million (2020: £0.7 million). The Company has applied the full expected credit loss model under IFRS 9.

Changes to accounting policies

The Company has adopted the new accounting policies as set out in the accounting policies section of the Group financial statements. Adopting these new standards and amendments has not had a material impact on the Company in the current or prior years.

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

NOTES TO THE FINANCIAL STATEMENTS

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- 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 13 to the consolidated accounts.

Investment in subsidiaries

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

Financial instruments

Financial assets

The Group classifies its financial assets as fair value through profit or loss or amortised cost, depending on the purpose for which the asset was acquired and based on the business model test. Financial assets carried at amortised cost 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 full approach within IFRS 9. If it is determined that a 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. Financial assets at amortised cost consist of loans and receivables. The Company determines the classification of its financial assets at initial recognition. The Company's financial assets consist of cash, and loans and receivables.

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 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 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.

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 million and the nominal value of the shares issued, less subsequent impairments in NewRiver Retail Limited following the creation of the merger reserve in 2016.

B. Investment in subsidiaries

All subsidiaries are held indirectly except the companies marked* in the below listing.

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
Hawthorn Leisure 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
Hawthorn Leisure 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 (Broadway Square) UK Limited	UK	Dormant	100%	Ordinary Shares
NewRiver Retail (Bexleyheath) UK Limited	UK	Dormant	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 (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	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
Hawthorn Leisure (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	Real estate investments	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

NOTES TO THE FINANCIAL STATEMENTS

B. Investment in subsidiaries continued

Name	Country of Incorporation	Activity	Proportion of ownership interest	Class of share
NewRiver Retail (Skegness) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wakefield) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Warminster) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wisbech) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Witham No. 1) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wrexham) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail 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 Limited	UK	Real estate investments	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
Hawthorn Leisure REIT Limited*	UK ¹	Group holding company	100%	Ordinary Shares
Hawthorn Leisure (Bravo Inns) Limited	UK ¹	Real estate investments	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
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 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

The Company's investments in joint ventures and associates are detailed in notes 15/16. 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

UK – NewRiver (Sprucefield) Limited, 16 New Burlington Place, London, W1S 2HX

UK – NewRiver Retail (Hamilton) Limited, 16 New Burlington Place, London, W1S 2HX

UK¹ – Touchstone Pinewood Business Park, Coleshill Road, Marston Green, Birmingham B37 7HG

Reconciliation of the movement in investment in subsidiaries:

	2021 £m	2020 (restated) £m
Opening balance	560.4	664.9
Impairment in subsidiaries	(220.4)	(119.9)
Additions to investments	230.3	15.4
Investment in subsidiaries	570.3	560.4

The Company has recognised an impairment charge of £220.4 million (2020: £119.9 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.

In the prior year, an amount of £15.4 million was disclosed as an investment in associate on the face of the Balance Sheet. This investment was an investment in a wholly owned subsidiary and the amount has been restated in the comparatives as an investment in subsidiary.

An additional impairment of £71.8 million has been recognised in 2020, see restatement paragraph in note A for further details.

C. Auditors remuneration

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

D. Borrowings

All borrowings issued by the Group at 31 March 2021 were issued by the Company. See note 23 of the consolidated financial statements for details.

EPRA PERFORMANCE MEASURES (UNAUDITED)

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.

	FY21	FY20
EPRA Earnings per Share (EPS)	2.9p	16.7p
EPRA Cost Ratio (including direct vacancy costs)	61.3%	44.0%
EPRA Cost Ratio (excluding direct vacancy costs)	58.6%	41.4%

	March 2021	March 2020
EPRA NRV per share	170p	225p
EPRA NTA per share	151p	201p
EPRA NDV per share	155p	204p
EPRA NIY	8.2%	8.1%
EPRA 'topped-up' NIY	8.8%	8.5%
EPRA Vacancy Rate	4.2%	5.2%

EPRA Earnings per Share: 2.9p

Definition

Earnings from operational activities

Purpose

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

	FY21 (£m)	FY20 (£m)
Earnings per IFRS Income statement	(150.5)	(121.1)
<i>Adjustments to calculate EPRA Earnings, exclude:</i>		
Changes in value of investment properties, development properties held for investment and other interests	154.7	162.6
Profits or losses on disposal of investment properties, development properties held for investment and other interests	7.7	1.5
Changes in fair value of financial instruments and associated close-out costs	(0.1)	2.8
Acquisition costs on share deals and non-controlling joint venture interests	0.1	0.4
Deferred tax in respect of EPRA adjustments	(1.4)	0.5
Adjustments to above in respect of joint ventures (unless already included under proportional consolidation)	(1.6)	4.6
EPRA Earnings	8.9	51.3
Basic number of shares	306.4m	305.9m
EPRA Earnings per Share (EPS)	2.9p	16.7p

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

	FY21 (£m)	FY20 (£m)
EPRA Earnings	8.9	51.3
Share-based payment charge	0.6	–
Depreciation on public houses	1.1	0.8
Forward-looking element of IFRS 9	0.6	–
Integration costs and abortive fees	0.3	–
Underlying Funds From Operations (UFFO)	11.5	52.1
Basic number of shares	306.4m	305.9m
UFFO per share	3.8p	17.0p

EPRA NRV per share: 170p; EPRA NTA per share: 151p; EPRA NDV per share: 155p**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.

	EPRA NAV (£m)	EPRA NNNAV (£m)	EPRA NRV (£m)	EPRA NTA (£m)	EPRA NDV (£m)
31 March 2021					
IFRS Equity attributable to shareholders	460.4	460.4	460.4	460.4	460.4
Fair value of financial instruments	2.6	–	2.6	2.6	–
Deferred tax in relation to fair value gains of Investment Property/ PPE	0.7	–	0.7	0.7	–
Goodwill as per the IFRS balance sheet	–	–	–	(0.5)	(0.5)
Fair value of debt	–	16.3	–	–	16.3
Purchasers' costs	–	–	60.1	–	–
EPRA NRV / NTA / NDV	463.7	476.7	523.8	463.2	476.2
Fully diluted number of shares	307.3m	307.3m	307.3m	307.3m	307.3m
EPRA NRV / NTA / NDV per share	151p	155p	170p	151p	155p

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

EPRA PERFORMANCE MEASURES (UNAUDITED)

EPRA NIY: 8.2%, EPRA 'topped-up' NIY: 8.8%

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 2021 (£m)	March 2020 (£m)
Properties at valuation – wholly owned		904.6	1,157.3
Properties at valuation – share of Joint Ventures & Associates		44.1	39.8
Trading property (including share of Joint Ventures & Associates)		25.5	0.3
Less: Developments		(17.5)	(65.9)
Completed property portfolio		956.7	1,131.5
Allowance for estimated purchasers' costs and capital expenditure		47.3	74.8
Grossed up completed property portfolio valuation	B	1,004.0	1,206.3
Annualised cash passing rental income		96.4	110.0
Property outgoings		(13.7)	(11.9)
Annualised net rents	A	82.7	98.1
Add: Notional rent expiration of rent free periods or other lease incentives		5.4	4.7
Topped-up net annualised rent	C	88.1	102.8
EPRA NIY	A/B	8.2%	8.1%
EPRA 'topped-up' NIY	C/B	8.8%	8.5%

EPRA Vacancy rate: 4.2%

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 2021 (£m)	March 2020 (£m)
Calculation of EPRA Vacancy Rate			
Estimated Rental Value of vacant retail space	A	2.8	4.2
Estimated rental value of the retail portfolio	B	66.0	81.4
EPRA Vacancy Rate	A/B	4.2%	5.2%

EPRA Cost Ratio: 61.3%**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.

		FY21 (£m)	FY20 (£m)
Administrative/operating expenses per IFRS		52.0	55.0
Net service charge costs/fees		5.9	4.2
Management fees less actual/estimated profit element		(1.2)	(0.9)
Other operating income/recharges intended to cover overhead expenses less any related profits		(7.2)	(1.8)
Share of Joint Ventures and associates expenses (net of other income)		1.3	0.4
<i>Exclude (if part of the above):</i>			
Investment property depreciation		–	–
Ground rent costs		0.3	0.6
Service charge costs recovered through rents but not separately invoiced		–	–
EPRA Costs (including direct vacancy costs)	A	51.1	57.5
Direct vacancy costs		(2.2)	(3.4)
EPRA Costs (excluding direct vacancy costs)	B	48.9	54.1
Gross Rental Income less ground rents – per IFRS		79.5	127.3
Less: service fee and service charge costs components of Gross Rental Income (if relevant)		–	–
Add: share of Joint Ventures and associates (Gross Rental Income less ground rents)		3.9	3.4
Gross Rental Income	C	83.4	130.7
EPRA Cost Ratio (including direct vacancy costs)	A/C	61.3%	44.0%
EPRA Cost Ratio (excluding direct vacancy costs)	B/C	58.6%	41.4%

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

		FY21 (£m)	FY20 (£m)
EPRA Costs (including direct vacancy costs)	A	51.1	57.5
Exclude			
Ground rent costs		(0.3)	(0.6)
Share of Joint Ventures and associates property expenses (net of other income)		(1.1)	(0.3)
Other operating income/recharges intended to cover overhead expenses less any related profits		7.2	1.8
Net service charge costs/fees		(5.9)	(4.2)
Operating expenses (excluding service charge cost)		(28.9)	(33.8)
Tenant incentives (included within income)		(0.2)	(0.3)
Letting & legal costs (included within income)		(1.6)	(1.2)
Group's share of net administrative expenses as per IFRS	D	20.3	18.9
EPRA Gross Rental Income	C	83.4	130.7
Ground rent costs		(0.3)	(0.6)
Expected credit loss		(5.3)	(2.5)
Government grant money		3.7	–
Gross Rental Income	E	81.5	127.6
Administrative cost ratio as per IFRS	D/E	24.9%	14.9%

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 period after taxation	Note 12 of the Financial Statements
EPRA Net Tangible Assets ('NTA') and EPRA NTA per share	Net Assets	Note 12 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 12 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 period end.

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

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

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

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

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

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

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

EPRA: Is the European Public Real Estate Association.

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

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

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

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

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

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

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

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

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

IFRS: International Financial Reporting Standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Passing rent: Is the gross rent, less any ground rent payable under head leases.

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

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

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

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

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

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

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

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

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

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

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

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

Underlying Funds From Operations (UFFO): is a measure of cash profits which includes recurring cash profits and excludes other one off or non-cash adjustments. UFFO is used by the Company as the basis for ordinary dividend policy and cover.

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

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

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

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

COMPANY INFORMATION

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(Chief Executive Officer)

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(Chief Financial Officer)

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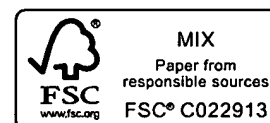
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